

WARIMPEX

# Corporate Governance Report

## Commitment to the Code of Corporate Governance

Warimpex is committed to compliance with the Austrian Code of Corporate Governance as well as the Polish Best Practice for GPW Listed Companies 2016. The Management Board declares that it complies with both sets of guidelines to the best of its ability and published its corporate governance report at [www.warimpex.com](http://www.warimpex.com) (About us/Corporate Governance). Deviations from individual corporate governance rules relate to the Company's structure and/or to Polish rules that are not complied with due to the Company's primary orientation towards the relevant Austrian regulations.

## Austrian Code of Corporate Governance, as amended in January 2015

The Austrian Code of Corporate Governance (as amended in January 2015 and which was applied for financial year 2016, [www.corporate-governance.at](http://www.corporate-governance.at)) contains rules that must be followed (L-Rules), rules that are not mandatory for the Company but for which justification must be provided in the event of non-compliance (C-Rules), and rules that are entirely optional for the Company. Failure to comply with them requires no justification (R-Rules). Overall, the Company's statutes and the internal terms of reference for the Management Board and the Supervisory Board comply with the L-rules in full, and with all of the C-Rules except as explained below:

- The Company has neither outsourced its internal auditing functions nor set up a separate staff unit for internal auditing purposes, which would be required by Rule 18. The Company has no intention to make such changes at this time. The Management Board has judged that such measures would be disproportionately cost intensive, and the implementation of Rule 18 is not planned for the foreseeable future for cost reasons.
- According to Rule 62, an external evaluation of compliance with the C-Rules must take place regularly, in any case at least every three years. The results of this evaluation must be presented in the corporate governance report. An internal evaluation is completed on the basis of the External Evaluation of Compliance with the Austrian Code of Corporate Governance questionnaire, which is also used for external evaluations. No external evaluation is conducted for cost reasons.
- An assessment by the financial auditor of the effectiveness of the Company's risk management system in accordance with Rule 83 did not take place because the operational risk management system is installed at the level of the Group's subsidiaries, and because equity-investment-specific risk management is an integral part of equity investment management in the Company's function as a holding company.

## Poland – Best Practice for GPW Listed Companies 2016

The Company has decided to comply with these Polish rules, with the following exceptions. The majority of the exceptions relate to Austrian law, to which the Company is subject.

### Rule I.Z.1:

A company should operate a corporate web site and publish documentation required under Polish law in a separate section of this web site. Warimpex is a company that is subject to Austrian law. Austrian law calls for a corporate governance report that contains a great deal of this information, but not all of it. Additional documents can also be accessed in other parts of the web site. The following items are not required by Austrian law, and are therefore not fulfilled:

- **1.2.:** Curricula vitae are only published on the web site for candidates for the Supervisory Board.
- **1.8.:** Selected financial indicators for the last five years are not available in a document enabling the recipient to process such data.
- **1.9.:** Information about the planned dividend and the dividend paid out by the company in the last five financial years, including the dividend record date and the dividend payment date, cannot be downloaded.
- **1.11.:** There is no internal guideline on changing the financial auditor.
- **1.15.:** There is no formulated diversity policy.
- **1.19.:** In accordance with Austrian law, questions from shareholders about agenda items are documented in the minutes of the Annual General Meetings, but not published by the Company on its own web site.
- **1.20.:** Audio and video recordings of the Annual General Meetings are not made by the Company, and are therefore not published on the Company's web site.

### Rule II.Z.10.:

Austrian law does not require an assessment by the Supervisory Board of the internal control, risk management, and compliance systems and other such systems. Austrian law requires that a Supervisory Board report be submitted to the Annual General Meeting; the contents of this report do not fully satisfy the Polish regulations.

### Rule III.Z.3ff.:

The Company has neither outsourced its internal auditing functions nor set up a separate staff unit for internal auditing purposes. The Company has no intention to make such changes at this time. The Management Board has judged that such measures would be disproportionately cost intensive, and the implementation of this is not planned for the foreseeable future for cost reasons.

### Rule IV.R.2. and IV.Z.2.:

Webcasts of the Company's Annual General Meeting are currently not offered, but will be offered in future when required by law. The Company allows votes to be cast by authorised proxy, and this option is exercised by numerous Polish institutional investors.

### Rule IV.R.3.:

Company capital measures that entail the acquisition of shareholders' rights are executed at the same time or during the same periods in Austria and Poland; excepted from this are Annual General Meetings, which are always held at a venue in Austria.

SUMMARY OF THE BOARDS AND THEIR REMUNERATION

# *Management Board*



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**Franz Jurkowitsch**

Chairman of the Management Board

Year of birth: 1948

First appointed: 2 September 1986

Appointed until 30 September 2019

Responsibilities:

Strategy, investor relations,  
and corporate communicationsChairman of the Supervisory Board of Vienna  
International Hotelmanagement AG, Vienna

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**Georg Folian**

Deputy Chairman of the Management Board

Year of birth: 1948

First appointed: 2 September 1986

Appointed until 30 September 2019

Responsibilities:

Finance and accounting, financial management,  
and human resourcesDeputy Chairman of the Supervisory Board of Vienna  
International Hotelmanagement AG, Vienna

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**Florian Petrowsky**

Member of the Management Board

Year of birth: 1967

First appointed: 1 May 2014

Appointed until 1 May 2021

Responsibilities:

Transaction management,  
organisation, and legal issues

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**Alexander Jurkowitsch**

Member of the Management Board

Year of birth: 1973

First appointed: 31 July 2006

Appointed until 30 September 2019

Responsibilities:

Planning, construction,  
IT, and information management

## SUMMARY OF THE BOARDS AND THEIR REMUNERATION

*Supervisory Board***Günter Korp**

Chairman of the Supervisory Board  
Chairman of the Audit Committee/financial expert  
Chairman of the Personnel Committee  
Deputy Chairman of the Project Committee

Year of birth: 1945  
First appointed: 16 October 2009  
Current period of office ends in 2016 (31st AGM)

**Thomas Aistleitner**

Deputy Chairman of the Supervisory Board  
Deputy Chairman of the Audit Committee  
Member of the Project Committee  
Member of the Personnel Committee

Year of birth: 1953  
First appointed: 11 June 2012  
Current period of office ends in 2016 (31st AGM)

**Hannes Palfinger**

(until June 2016)  
Member of the Supervisory Board  
Member of the Project Committee  
Member of the Audit Committee

Year of birth: 1973  
First appointed: 3 May 2011  
Current period of office ends in 2017  
Deputy Chairman of the Supervisory Board of Palfinger AG

All members of the Supervisory Board are independent as defined by C-Rule 53 of the Austrian Code of Corporate Governance. The guidelines for independence are the same guidelines as published in Annex 1 to the Code. A directors and officers liability insurance policy has been taken out.

For information regarding the remuneration paid to the Supervisory Board and the individual members of the Management Board and the principles of the Company's remuneration policy, please consult sections 9.3.2.2. and 9.3.2.3. in the notes to the consolidated financial statements.

**Information about the procedures of the Management Board and Supervisory Board****The Management Board**

The terms of reference for the Management Board govern the composition and procedures of the Board, collaboration between the Management Board and Supervisory Board, how conflicts of interest are to be handled, the reporting and disclosure obligations of the Board, and what decisions require the approval of the Supervisory Board (including the most important business transactions of the Company's material subsidiaries). The Management Board generally meets at least every two weeks to exchange information and decide on motions.

**Working principles of the Supervisory Board**

The Supervisory Board discusses the position and objectives of the Company and adopts motions to fulfil its duties, in particular the supervision and strategic assistance of the Management Board. In addition to the composition,



### William Henry Marie de Gelsey

Member of the Supervisory Board

Year of birth: 1921

First appointed: 31 May 2007

Current period of office ends in 2016 (31st AGM)

Chairman of the Board of Directors of Gedeon Richter Ltd, Budapest



### Harald Wengust

Member of the Supervisory Board  
Chairman of the Project Committee  
Deputy Chairman of the Personnel Committee  
Member of the Audit Committee

Year of birth: 1969

First appointed: 16 October 2009

Current period of office ends in 2016 (31st AGM)

Chairman of the Supervisory Board of Informica Real Estate AG



### Hubert Staszewski

(from June 2016)  
Member of the Supervisory Board

Year of birth: 1972

First appointed: 8 June 2016

Current period of office ends in 2017 (32nd AGM)

Member of the Supervisory Board of iAlbatros Group S.A.

procedures, working principles, and responsibilities of the Supervisory Board, the terms of reference for this Board also govern how conflicts of interest are to be handled and specify the Supervisory Board committees (Audit Committee, Personnel Committee, and the Project Committee) and their responsibilities and powers. The Supervisory Board held five meetings during the reporting period. Please refer to the Supervisory Board report for information about the focuses of the activities of and the number of meetings of the individual committees during the financial year.

Meetings were also held between the Supervisory Board and Management Board to discuss issues of Company management. All members of the Supervisory Board were physically present at more than half of the meetings of this Board during the reporting period.

#### Committees

The Supervisory Board appoints an Audit Committee, a Project Committee, and a Personnel Committee from among

its members. A separate strategy committee has not been formed because all such issues are handled by the Supervisory Board as a whole. The members of the committees are appointed for the duration of their tenure on the Supervisory Board. Each committee elects a chairman and a deputy chairman from among its members. Please refer to “Boards and Officers of the Company” for more information.

#### Measures for promoting women

Men and women completing the same tasks and having the same education receive equal salaries at Warimpex, and the ratio of women to men at the Warimpex head office is balanced. One woman has been appointed proxy. There are no concrete measures for the promotion of women in managerial positions at this time.

## Sustainability

The Warimpex Group's real estate development projects and the operation of its properties have an impact on the social, ecological, and economic environments in which it does business. Because of this, the Company bears great responsibility. It has firmly anchored the fulfilment of this responsibility into its corporate culture, and sees living up to this responsibility as a central element in its success. This applies to new and existing buildings. In the further development of existing hotel and office buildings, we attach considerable importance to compliance with the requirements for the preservation of the historic features of the properties. Building energy-efficient buildings is a matter of course for us because the operating costs of these buildings are lower, and this enables higher rents to be negotiated.

At the beginning of 2013, Warimpex completed the BREEAM – Good-certified Le Palais Office building in Warsaw. The Ogrodowa office building that is currently under construction in Łódź will be certified BREEAM – Very Good.

### Initiatives for boosting energy efficiency in the Hotels segment:

In 2014, a technical pilot project was launched to identify energy savings potential in hotels. The project covered the areas of electricity; heating, ventilation, and climate control; water consumption; and waste separation.

## andelsart

Andelsart.com was established at the andel's in Łódź.

The andel's in Łódź is a unique place where contemporary Polish art meets extraordinary design: a monument of European industrial architecture, a textile mill from the 19th century that was converted into a one-of-a-kind hotel. All of the historically important features were preserved during the refurbishment so that the old building defines how it is used without negatively impacting its utility. The andel's Łódź is not only a hotel, but also a place where contemporary art projects are regularly displayed. After the success of andelsart in Łódź, the project has been expanded to other andel's hotels.

The andel's Krakow is distinguished by its modern architecture, clear lines, and unique interior by the British designers Jestico + Whiles. The hotel contains a permanent collection of pieces by renowned Polish artists including Iwona Siwek-Front, Leszek Misiak, Teresa Tula-Pająk, Jacek Sroka, Małgorzata Borek, Leszek Bartkiewicz, and Sabina Woźnica.