

Pursuant to paragraph 29 of the Act 3 of the Rules of the Stock Exchange in Warsaw S.A. ELZAB Joint Stock Company submits a report on non-specific rules contained in the "Code of Best Practice for WSE Listed Companies 2016"

Information policy and communication with investors

I.P.1.7. Published by the company supplies information on the company's strategy and its financial results.

Comment of the company: The Company does not publish materials about the company's strategy and financial results, beyond the mandatory reports.

I.P.1.10. Financial projections - when the company decided to publish them published during at least the last five years, along with information about the extent of their implementation.

The principle is not applied. The Company does not publish financial forecasts.

I.P.1.11. The content of the company's internal rule of changing the company authorized to audit financial statements, or the lack of such rules,

The principle is not applied.

Comment of the company: The Company does not apply formal rule concerning changing the entity authorized to audit financial statements. Under the provisions of the Articles of Association the choice of this entity is at the discretion of the Supervisory Board.

I.P.1.15. Information containing the description of the company's diversity policy in relation to the management of the company and its key managers; the description should take into account such elements of the policy of diversity, gender, course of education, age, work experience, and indicate the objectives of diversity policies used and the manner of its implementation during the reporting period; if the company has not developed and does not implement diversity policies, publishes on its website an explanation of such a decision,

The principle is not applied.

Comment of the company: The company has not developed a diversity policy. The choice of members of the Management Board and the Supervisory Board is made respectively by the Supervisory Board and the Annual General Meeting of the Company on the basis of the candidates qualifications.

I.P.1.16. Information on the planned broadcast of the general meeting not later than 7 days before the date of the general meeting,

The principle is not applied.

Comment of the company: The Company does not plan to broadcast the proceedings of the general meeting. The reason is the lack of significant interest on the part of shareholders and the high costs associated with the transmission of the meeting.

I.P.1.20. Record of the proceedings of the general meeting, in the form of audio or video,

The principle is not applied.

Comment of the company: The Company does not record the image format audio or video due to lack of significant interest on the part of shareholders and also because of high costs.

I.P.2. The company, whose shares are classified as index WIG20 or mWIG40, ensures the availability of its website in the English language, at least to the extent specified in principle I.P.1. This rule should also apply outside the company of these indexes, if it is in their shareholding structure or the nature and scope of its operations.

The principle is not applied.

Comment of the company: Shares of the company are not qualified to index WIG20, or WIG 40.

The Management Board and Supervisory Board

II.P.8. The Chairman of the Audit Committee meets the independence criteria indicated in principle II.P.4.

The principle is not applied.

The supervisory board by choosing the chairman of the audit committee is guided by his experience, education and professional qualifications of the candidate.

II.P.10.1. Assessment of the company, including an evaluation of internal control systems, risk management, compliance and internal audit functions; This assessment covers all relevant controls, in particular relating to financial reporting and operations;

The principle is applied.

Comment of the company: The company was not established internal audit function.

Systems and internal functions

III.P.1. For the implementation and maintenance of effective internal control systems, risk management, compliance and internal audit functions corresponds to the company's management.

The principle is applied.

Comment of the company: The company was not established internal audit function.

III.P.2. Subject to the principle III.P.3, those responsible for risk management, internal audit and compliance reporting directly to the President or another member of the board, and also have the opportunity of reporting directly to the board of directors or audit committee.

The principle is applied.

Comment of the company: The company was not established internal audit function.

III.P.3. With regard to the person in charge of the internal audit function and other persons responsible for carrying out its tasks, the principles of independence set out in the universally recognized international standards of professional practice of internal audit.

The principle is not applied.

Comment of the company: The company has not established internal audit function.

III.P.4. At least once a year, the person responsible for internal audit (in the case of isolation in the company of such a function) and the board represent the supervisory board of its own assessment of the effectiveness of the functioning of the systems and functions referred to in principle III.P.1, together with the corresponding report.

The principle is applied.

Comment of the company: The company has not established internal audit function. However, the company is considering the future establishment of an internal audit function to comprehensively

apply this principle.

III.Z.5. The Supervisory Board monitors the effectiveness of the systems and functions referred to in principle III.P.1, based inter alia, on reports periodically supplied directly by the people responsible for these functions, and the company's management, as well as performs an annual assessment of the effectiveness of the functioning of these systems and functions accordance with the principle II.P.10.1. In cases where the company operates the audit committee monitors the effectiveness of the systems and functions referred to in principle III.P.1, however, does not exempt the supervisory board from making an annual assessment of the effectiveness of these systems and functions.

The principle is applied.

Comment of the company: With the exception of the internal audit function.

The General Assembly and relations with shareholders

IV.P.2. If this is justified due to the shareholding structure of the company, the company provides a widely accessible meeting broadcast in real time.

The principle is not applied.

Comment of the company: Due to the shareholding structure and economic reasons, the company does not provide transmission assemblies in real time.

Conflicts of interest and related party transactions

V.Z.6. The Company determines the internal regulations of the criteria and circumstances that can result in the company to a conflict of interest, as well as the rules of conduct in the face of conflict of interest or the possibility of its occurrence. Internal regulations of the company into account, inter alia, how to prevent, identify and resolve conflicts of interest, as well as rules-off member of the management or supervisory board of participation in dealing with matters covered by or at risk of conflict of interest.

The principle is applied.

Comment of the company: The Company has not introduced a special internal regulations concerning resolving conflicts of interest. In the event of conflict of interest are commonly applicable law.

Remuneration

VI.P.1. Incentive programs should be designed, inter alia, to make the level of remuneration of the members of the board of the company and its key managers from the real, long-term financial situation of the company and long-term growth in shareholder value and stability of the company.

The principle does not apply to the company.

Comment of the company: The company has not been adopted incentive programs.

VI.P.2. To link the remuneration of board members and key managers with long-term business objectives and financial companies, the period between the award under the incentive program options or other instruments linked to shares of the company, and the possibility of their implementation should be a minimum of 2 years.

The principle does not apply to the company.

Comment of the company: The company has not been adopted incentive programs.

VI.P.4. Company activity report presents a report on the remuneration policy, including at least:

1) general information on the company adopted the system of remuneration,

2) information on the conditions and amount of remuneration of each of the board members, broken down into fixed and variable components of remuneration, indicating the key parameters determining the variable remuneration components and principles of severance payments and other payments due to termination of employment, orders, or other legal relationship of similar in nature - separately for the company and each entity within the group,

3) information available to individual members of the board and key managers of non-monetary remuneration components,

4) an indication of significant changes, which in the past year occurred in the remuneration policy, or information about their absence,

5) the assessment of the functioning of the remuneration policy for the realization of its objectives, in particular long-term growth in shareholder value and stability of the company.

The principle is not apply. The Company has not adopted a remuneration policy.