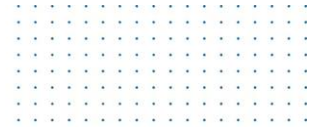




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EBI REPORT - CORPORATE GOVERNANCE

Disclosure of permanent non-compliance with Best Practice for GPW Listed Companies 2016

Current Report No 1/2016

Pursuant to Article 29.3 of the Regulations of Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange) TOYA Spółka Akcyjna, Wrocław, hereby submits a report on its non-compliance with certain detailed principles contained in *Best Practice for WSE Listed Companies 2016*

1. Detailed principle I.Z.1.3. – A company should operate a corporate website and publish on it, in a legible form and in a separate section, in addition to information required under the legislation a chart showing the division of duties and responsibilities among members of the management board drawn up according to principle II.Z.1; - The Company is not going to apply the detailed principle in question.

Explanation of the Company's departure from the application of the detailed principle I.Z.1.3.:

The Company has an internal organizational division among the members of its management board. At the same time, it does not see it necessary to publish a chart showing the division of duties and responsibilities among the members of its management board.

2. Detailed principle I.Z.1.7. information materials published by the company concerning the company's strategy and its financial results - The Company is not going to apply the detailed principle in question.

Explanation of the Company's departure from the application of the detailed principle I.Z.1.7.:

The Company's strategy and its financial results are published in periodic reports. The Company does not see it necessary to publish any additional information.

3. Detailed principle I.Z.1.10. - A company should operate a corporate website and publish on it, in a legible form and in a separate section, in addition to information required under the legislation financial projections, if the company has decided to publish them, published at least in the last 5 years, including information about the degree of their implementation; - The Company is not going to apply the detailed principle in question.

Explanation of the Company's departure from the application of the detailed principle I.Z.1.10.:

The Company does not publish financial projections due to the high volatility of the macroeconomic environment.

4. Detailed principle I.Z.1.17 - A company should operate a corporate website and publish on it, in a legible form and in a separate section, in addition to information required under the legislation justification of draft resolutions of the general meeting concerning issues and determinations which are relevant to or may give rise to doubts of shareholders, within a timeframe enabling participants of the general meeting to review them and pass the resolution with adequate understanding; - The Company is not going to apply the detailed principle in question.

Explanation of the Company's departure from the application of the detailed principle I.Z.1.17.:



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in the Company's opinion, the fact that it each time publishes draft resolutions before a general shareholders' meeting, together with additional, extensive documentation, in accordance with the generally applicable legal standards, directly following from the Commercial Companies Code of 15 September 2000 (i.e. *Journal of Laws* of 2013, item 1030, as amended), makes it possible for the shareholders to review relevant resolutions and pass them with adequate understanding. The Company declares that it is going to consider the application of the principle in the future if there is a significant change in the structure of shareholders.

- Detailed principle I.Z.1.20 - A company should operate a corporate website and publish on it, in a legible form and in a separate section, in addition to information required under the legislation an audio or video recording of a general meeting; - The Company is not going to apply the detailed principle in question.

Explanation of the Company's departure from the application of the detailed principle I.Z.1.20.:

On account of the structure of shareholders, at the moment, the Company does not see it necessary to make audio or video recordings of general meetings. The cost of introduction of the technology, recording of general meetings and publication of such broadcasts, the need to obtain comprehensive legal analyses of, among other things, the publication of the shareholders' image and statements, and the resulting organizational burden, all the more so warrant the non-introduction of these procedures at the Company. The Company will consider the adoption of the principle in question in the future.

- Detailed principle II.Z.1. - The internal division of responsibilities for individual areas of the company's activity among management board members should be clear and transparent, and a chart describing that division should be available on the company's website. - The Company is not going to apply the detailed principle in question.

Explanation of the Company's departure from the application of the detailed principle II.Z.1.:

The Company has an internal division of responsibilities for individual areas of the Company's activity among management board members, however, it does not see it necessary to publish the information in question on its website.

- Detailed principle IV.Z.2. - If justified by the structure of shareholders, companies should ensure publicly available real-time broadcasts of general meetings. - The Company is not going to apply the detailed principle in question.

Explanation of the Company's departure from the application of the detailed principle IV.Z.2.:

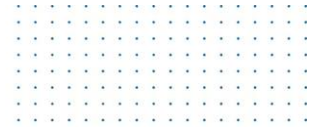
In the Company's opinion, the structure of shareholders does not justify the application of the principle in question. The adoption of this principle requires the Company to introduce several operating procedures. The cost of introduction of the technology, recording of general meetings and publication of such broadcasts, the need to obtain comprehensive legal analyses of, among other things, the publication of the shareholders' image and statements, and the resulting organizational burden, all the more so warrant the non-introduction of these procedures at the Company. If there is a fundamental change in the structure of shareholders, the Company will consider the adoption of the principle in question.

- Detailed principle V.Z.6. - In its internal regulations, the company should define the criteria and circumstances under which a conflict of interest may arise in the company, as well as the rules of conduct where a conflict of interest has arisen or may arise. The company's internal regulations should among others provide for ways to prevent, identify and resolve conflicts of interest, as well as rules of excluding members of the management board or the supervisory board from participation in reviewing matters subject to a conflict of interest which has arisen or may arise. - The Company is not going to apply the detailed principle in question.



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Explanation of the Company's departure from the application of the detailed principle V.Z.6.:

Due to the amendments to the reporting laws and regulations as brought about by the entry into force of: Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and repealing Directive 2003/6/EC of the European Parliament and of the Council, and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC - the so called MAR, and Directive of the European Parliament and of the Council No 2014/57/EU of 16 April 2014 on criminal sanctions for market abuse - the so called MAD, the Company is working on the creation of internal regulations to address, among other things, the matters involved in the principle in question.

9. Detailed principle VI.Z.1. - Incentive schemes should be constructed in a way necessary among others to tie the level of remuneration of members of the company's management board and key managers to the actual long-term financial standing of the company and long-term shareholder value creation as well as the company's stability. - The Company is not going to apply the detailed principle in question.

Explanation of the Company's departure from the application of the detailed principle VI.Z.1.:

Due to the discontinuation of the existing incentive scheme in 2015, the Company does not have an incentive scheme in place at the moment. Therefore, the principle is not applicable.

10. Detailed principle VI.Z.2. - To tie the remuneration of members of the management board and key managers to the company's long-term business and financial goals, the period between the allocation of options or other instruments linked to the company's shares under the incentive scheme and their exercisability should be no less than two years. - The Company is not going to apply the detailed principle in question.

Explanation of the Company's departure from the application of the detailed principle VI.Z.2.:

Due to the discontinuation of the existing incentive scheme in 2015, the Company does not have an incentive scheme in place at the moment. Therefore, the principle is not applicable.

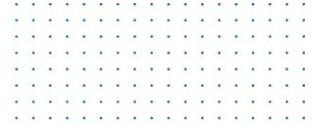
11. Detailed principle VI.Z.4. - In this activity report, the company should report on the remuneration policy including at least the following:

- 1) general information about the company's remuneration system;
- 2) information about the conditions and amounts of remuneration of each management board member broken down by fixed and variable remuneration components, including the key parameters of setting the variable remuneration components and the terms of payment of severance allowances and other amounts due on termination of employment, contract or other similar legal relationship, separately for the company and each member of its group;
- 3) information about non-financial remuneration components due to each management board member and key manager;
- 4) significant amendments of the remuneration policy in the last financial year or information about their absence;



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5) assessment of the implementation of the remuneration policy in terms of achievement of its goals, in particular long-term shareholder value creation and the company's stability.

- The Company is not going to apply the detailed principle in question.

Explanation of the Company's departure from the application of the detailed principle VI.Z.4.:

The Company does not have an approved remuneration policy. The remuneration of members of the Management Board, its amount, are set by the Supervisory Board. At the same time, the Company discloses the aggregate amount of remuneration, bonuses and benefits paid or payable to members of its governing and supervisory bodies in its activity report.

Grzegorz Pinkosz

President of the Management Board