

XTPL Spółka Akcyjna

A statement on the company's compliance with the corporate governance principles contained in Best Practice for GPW Listed Companies 2021

According to the current status of compliance with the Best Practice, the Company does not apply 12 detailed principles: 1.3.1., 1.3.2., 1.4., 1.4.1., 1.4.2., 2.1., 2.2., 2.11.6., 3.4., 3.5., 4.1., 4.3.

1. DISCLOSURE POLICY, INVESTOR COMMUNICATIONS

In the interest of all market participants and their own interest, listed companies ensure quality investor communications and pursue a transparent and fair disclosure policy.

- 1.1.** Companies maintain efficient communications with capital market participants and provide fair information about matters that concern them. For that purpose, companies use diverse tools and forms of communication, including in particular the corporate website where they publish all information relevant for investors.
The principle is applied.
Comments of the Company: *The Company has a website, including a service for capital market participants, with all essential corporate documents, articles of association, financial and current reports and other information documents, including quarterly presentations on the financial performance in a particular period. Currently, the Company does not publish on its website any answers provided to investors and shareholders via electronic correspondence. The Company's Management Board is considering publication of this correspondence in the near future. So far, the Company has not published recordings of investor meetings. The Management Board will consider the possibility of implementing this practice using the YouTube channel operated by the Company and available through its website.*
- 1.2.** Companies make available their financial results compiled in periodic reports as soon as possible after the end of each reporting period; should that not be feasible for substantial reasons, companies publish at least preliminary financial estimates as soon as possible.
The principle is applied.
Comments of the Company: *The Company starts work on drafting financial reports immediately after the end of the reporting period, setting the dates for publication of those reports well in advance. This is to ensure that financial results are presented as soon as practicable after the end of the reporting period, while maintaining the highest degree of care and integrity. For this reason, the Company does not plan to publish estimates prior to the publication of a financial report for a given period.*
- 1.3.** Companies integrate ESG factors in their business strategy, including in particular:
- 1.3.1.** environmental factors, including measures and risks relating to climate change and sustainable development;
The principle is not applied.
Comments of the Company: *The Company's business model or strategic goals do not make direct reference to environmental issues or the risk of climate change. This is also related to the type of the Company's activity, which does not have any significant adverse impact on the environment. However, the Company's Management Board and employees are environmentally aware and undertake actions aimed at mitigating the risk of climate change and ensure that the Company develops its business showing respect for the natural environment. If the Company updates its current development strategy, it will also take into account ESG matters.*
- 1.3.2.** social and employee factors, including among others actions taken and planned to ensure equal treatment of women and men, decent working conditions, respect for employees' rights, dialogue with local communities, customer relations.
The principle is not applied.
Comments of the Company: *The Company's business model or strategic goals do not make direct reference to social or employee matters. The Company adheres to the applicable employment law provisions relating to working conditions, respect for employee rights, equality and non-discrimination. In this regard, the Company has implemented a procedure to counteract mobbing, discrimination and harassment in the work environment. At the same time, in terms of relations with local communities and customers, the Company, its Management Board and employees follow the principles of mutual respect and kindness, and provides knowledge and education, e.g. by participating in business associations. If the Company updates its current development strategy, it will also take into account ESG matters.*
- 1.4.** To ensure quality communications with stakeholders, as a part of the business strategy, companies publish on their website information concerning the framework of the strategy, measurable goals, including in particular long-term goals, planned activities and their status, defined by measures, both financial and non-financial. ESG information

concerning the strategy should among others:

The principle is not applied.

Comments of the Company: *By ensuring proper and reliable communication with stakeholders, the Company publishes its business strategy on its website (in a separate service dedicated to investors and shareholders). Due to the specific nature of the Company's business, this strategy does not take into account ESG matters or financial/ non-financial metrics. If the Company updates its current development strategy, it will also take into account ESG matters.*

1.4.1. explain how the decision-making processes of the company and its group members integrate climate change, including the resulting risks;

The principle is not applied.

Comments of the Company: *Due to the specific nature of its business, with negligible impact on the environment and climate change, the Company did not include ESG matters in its development strategy. However, the Company's Management Board and employees have high environmental awareness and undertake actions aimed at development with respect for the natural environment. If the Company updates its current development strategy, it will also take into account ESG matters.*

1.4.2. present the equal pay index for employees, defined as the percentage difference between the average monthly pay (including bonuses, awards and other benefits) of women and men in the last year, and present information about actions taken to eliminate any pay gaps, including a presentation of related risks and the time horizon of the equality target.

The principle is not applied.

Comments of the Company: *Due to the specific nature of its business, providing data in the scope specified above would not reliably reflect the actual situation in terms of equal pay broken down by gender. The Company adopted internal rules of remunerating employees, with priority given to knowledge and experience, regardless of gender.*

1.5. Companies disclose at least on an annual basis the amounts expended by the company and its group in support of culture, sports, charities, the media, social organisations, trade unions, etc. If the company or its group pay such expenses in the reporting year, the disclosure presents a list of such expenses.

The principle is applied.

1.6. Companies participating in the WIG20, mWIG40 or sWIG80 index hold on a quarterly basis and other companies hold at least on an annual basis a meeting with investors to which they invite in particular shareholders, analysts, industry experts and the media. At such meetings, the management board of the company presents and comments on the strategy and its implementation, the financial results of the company and its group, and the key events impacting the business of the company and its group, their results and outlook. At such meetings, the management board of the company publicly provides answers and explanations to questions raised.

The principle is applied.

Comments of the Company: *Even though the Company does not currently belong to the WIG20, mWIG40 or sWIG80 indices, it regularly organizes earnings calls with investors, during which it discusses the financial results achieved, the most important events and implementation of strategic goals. During these meetings, the Company's Management Board also answers investors' questions. In addition, the Company regularly contacts the media informing them about the most important events, and the Management Board provides comments and interviews in this regard.*

1.7. If an investor requests any information about a company, the company replies immediately and in any case no later than within 14 days.

The principle is applied.

2. MANAGEMENT BOARD, SUPERVISORY BOARD

To ensure top standards of the responsibilities and effective performance of the management board and the supervisory board of a company, only persons with the adequate competences, skills and experience are appointed to the management board and the supervisory board.

Management Board members act in the interest of the company and are responsible for its activity. The management board is responsible among others for the company's leadership, engagement in setting and implementing its strategic objectives, and ensuring the company's efficiency and safety.

Supervisory board members acting in their function and to the extent of their responsibilities on the supervisory board follow their independent opinion and judgement, including in decision making, and act in the interest of the company.

The supervisory board functions in the spirit of debate and analyses the position of the company in the context of the sector and the market on the basis of information provided by the management board of the company and via the company's internal systems and functions and obtained from external sources, using the output of its committees. The supervisory board in particular issues opinions on the company's strategy, verifies the work of

the management board in pursuit of defined strategic objectives, and monitors the company's performance.

- 2.1.** Companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%.
The principle is not applied.
Comments of the Company: *The Company does not have a diversity policy. The Company employs people with appropriate qualifications and professional experience, without differentiating them by age or gender. When selecting candidates for members of the supervisory and management bodies, the Company's competent bodies follow the best interest of the Company and its shareholders, taking into account the candidates' qualifications, skills and performance.*
- 2.2.** Decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1.
The principle is not applied.
Comments of the Company: *The Company does not have a diversity policy. The Company employs people with appropriate qualifications and professional experience, without differentiating them by age or gender. Currently, men represent a majority in the Company's bodies. When selecting candidates for members of the supervisory and management bodies, the Company's competent bodies follow the best interest of the Company and its shareholders, taking into account the candidates' qualifications, skills and performance.*
- 2.3.** At least two members of the supervisory board meet the criteria of being independent referred to in the Act of 11 May 2017 on Auditors, Audit Firms and Public Supervision, and have no actual and material relations with any shareholder who holds at least 5% of the total vote in the company.
The principle is applied.
- 2.4.** The supervisory board and the management board vote in an open ballot unless otherwise required by law.
The principle is applied.
- 2.5.** Members of the supervisory board and members of the management board who vote against a resolution may have their dissenting vote recorded in the minutes.
The principle is applied.
- 2.6.** Functions on the management board of a company are the main area of the professional activity of management board members. Management board members should not engage in additional professional activities if the time devoted to such activities prevents their proper performance in the company.
The principle is applied.
- 2.7.** A company's management board members may sit on corporate bodies of companies other than members of its group subject to the approval of the supervisory board.
The principle is applied.
- 2.8.** Supervisory board members should be able to devote the time necessary to perform their duties.
The principle is applied.
- 2.9.** The chair of the supervisory board should not combine this function with that of chair of the audit committee of the supervisory board.
The principle is applied.
- 2.10.** Companies allocate administrative and financial resources necessary to ensure efficient functioning of the supervisory board in a manner adequate to their size and financial standing.
The principle is applied.
- 2.11.** In addition to its responsibilities laid down in the legislation, the supervisory board prepares and presents an annual report to the annual general meeting once per year. Such report includes at least the following:
- 2.11.1.** information about the members of the supervisory board and its committees, including indication of those supervisory board members who fulfil the criteria of being independent referred to in the Act of 11 May 2017 on Auditors, Audit Firms and Public Supervision and those supervisory board members who have no actual and material relations with any shareholder who holds at least 5% of the total vote in the company, and information about the members of the supervisory board in the context of diversity;
The principle is applied.
 - 2.11.2.** summary of the activity of the supervisory board and its committees;
The principle is applied.
 - 2.11.3.** assessment of the company's standing on a consolidated basis, including assessment of the internal control, risk management and compliance systems and the internal audit function, and information about measures taken by the supervisory board to perform such assessment; such assessment should cover all significant controls, in particular reporting and operational controls;
The principle is applied.
 - 2.11.4.** assessment of the company's compliance with the corporate governance principles and the manner of compliance with the disclosure obligations concerning compliance with the corporate governance

principles defined in the Exchange Rules and the regulations on current and periodic reports published by issuers of securities, and information about measures taken by the supervisory board to perform such assessment;

The principle is applied.

- 2.11.5. assessment of the rationality of expenses referred to in principle 1.5;

The principle is applied.

- 2.11.6. information regarding the degree of implementation of the diversity policy applicable to the management board and the supervisory board, including the achievement of goals referred to in principle 2.1.

The principle is not applied.

Comments of the Company: *The principle is not followed, as the Company does not apply principle 2.1. The Company does not have a diversity policy. The Company employs people with appropriate qualifications and professional experience, without differentiating them by age or gender. When selecting candidates for members of the supervisory and management bodies, the Company's competent bodies follow the best interest of the Company and its shareholders, taking into account the candidates' qualifications, skills and performance.*

3. INTERNAL SYSTEMS AND FUNCTIONS

Efficient internal systems and functions are an indispensable tool of exercising supervision over a company.

The systems cover the company and all areas of activity of its group which have a significant impact on the position of the company.

- 3.1. Listed companies maintain efficient internal control, risk management and compliance systems and an efficient internal audit function adequate to the size of the company and the type and scale of its activity; the management board is responsible for their functioning.

The principle is applied.

- 3.2. Companies' organisation includes units responsible for the tasks of individual systems and functions unless it is not reasonable due to the size of the company or the type of its activity.

The principle not applicable.

Comments of the Company: *The Company's structure does not include a separate unit that would be responsible for risk management and compliance due to the size of the Company and the scale of its operations. All tasks resulting related to those areas are performed directly by the Management Board and supervised by Audit Committee. The existing structure ensures proper control in this respect. However, in the future the Company might consider setting up relevant separate organizational units, if it is justified by the size or type of business carried on by the Company.*

- 3.3. Companies participating in the WIG20, mWIG40 or sWIG80 index appoint an internal auditor to head the internal audit function in compliance with generally accepted international standards for the professional practice of internal auditing. In other companies which do not appoint an internal auditor who meets such requirements, the audit committee (or the supervisory board if it performs the functions of the audit committee) assesses on an annual basis whether such person should be appointed.

The principle is applied.

- 3.4. The remuneration of persons responsible for risk and compliance management and of the head of internal audit should depend on the performance of delegated tasks rather than short-term results of the company.

The principle is not applied.

Comments of the Company: *The Company's structure does not include a separate unit that would be responsible for risk management and compliance. All tasks resulting related to those areas are performed directly by the Management Board and supervised by Audit Committee. The existing structure ensures proper control in this respect. However, in the future the Company might consider setting up relevant separate organizational units, if it is justified by the size or type of business carried on by the Company.*

- 3.5. Persons responsible for risk and compliance management report directly to the president or other member of the management board.

The principle is not applied.

Comments of the Company: *The Company's structure does not include a separate unit that would be responsible for risk management and compliance. All tasks resulting related to those areas are performed directly by the Management Board. The existing structure ensures proper control in this respect. However, in the future the Company might consider setting up relevant separate organizational units, if it is justified by the size or type of business carried on by the Company.*

- 3.6. The head of internal audit reports organisationally to the president of the management board and functionally to the chair of the audit committee or the chair of the supervisory board if the supervisory board performs the functions of the audit committee.

The principle is applied.

- 3.7. Principles 3.4 to 3.6 apply also to members of the company's group which are material to its activity if they appoint persons to perform such tasks.

The principle not applicable.

Comments of the Company: *The Company's group does not include entities that would be significant for its operations.*

- 3.8. The person responsible for internal audit or the management board if such function is not performed separately in the company reports to the supervisory board at least once per year with their assessment of the efficiency of the systems and functions referred to in principle 3.1 and tables a relevant report.
The principle is applied.
- 3.9. The supervisory board monitors the efficiency of the systems and functions referred to in principle 3.1 among others on the basis of reports provided periodically by the persons responsible for the functions and the company's management board, and makes annual assessment of the efficiency of such systems and functions according to principle 2.11.3. Where the company has an audit committee, the audit committee monitors the efficiency of the systems and functions referred to in principle 3.1, which however does not release the supervisory board from the annual assessment of the efficiency of such systems and functions.
The principle is applied.
- 3.10. Companies participating in the WIG20, mWIG40 or sWIG80 index have the internal audit function reviewed at least once every five years by an independent auditor appointed with the participation of the audit committee.
The principle not applicable.
Comments of the Company: *The Company is not a member of the WIG20, mWIG40 or sWIG80 indices.*

4. GENERAL MEETING, SHAREHOLDER RELATIONS

The management board and the supervisory board of listed companies should encourage the engagement of shareholders in matters of the company, in particular through active participation in the general meeting, either in person or through a proxy.

The general meeting should proceed by respecting the rights of all shareholders and ensuring that passed resolutions do not infringe on legitimate interests of different groups of shareholders.

Shareholders who participate in a general meeting exercise their rights in accordance with the rules of good conduct. Participants of a general meeting should come prepared to the general meeting.

- 4.1. Companies should enable their shareholders to participate in a general meeting by means of electronic communication (e-meeting) if justified by the expectations of shareholders notified to the company, provided that the company is in a position to provide the technical infrastructure necessary for such general meeting to proceed.
The principle is not applied.
Comments of the Company: *The principle is not followed by the Company due to the high cost of ensuring appropriate equipment and the technical resources needed to meet the obligations implied by this principle. In this regard, the Company complies with the applicable provisions of its Articles of Association and law, and operates an appropriate information policy.*
- 4.2. Companies set the place and date and the form of a general meeting so as to enable the participation of the highest possible number of shareholders. For that purpose, companies strive to ensure that the cancellation of a general meeting, change of its date or break in its proceedings take place only if justified and do not prevent or limit the exercising of the shareholders' rights to participate in the general meeting.
The principle is applied.
- 4.3. Companies provide a public real-life broadcast of the general meeting.
The principle is not applied.
Comments of the Company: *The current ownership structure of the Company does not justify the need to ensure publicly available real-time broadcasts of general meetings. The principle is not followed by the Company also due to the high cost of ensuring appropriate equipment and the technical resources needed to meet the obligations implied by this principle. In this regard, the Company complies with the applicable provisions of its Articles of Association and law, and operates an appropriate information policy. This ensures proper and effective exercise of rights from shares, and sufficiently safeguards the interests of all shareholders, including minority shareholders.*
- 4.4. Presence of representatives of the media is allowed at general meetings.
The principle is applied.
Comments of the Company: *Media representatives will be asked to notify their presence at the General Meeting in advance.*
- 4.5. If the management board becomes aware a general meeting being convened pursuant to Article 399 § 2 - 4 of the Commercial Companies Code, the management board immediately takes steps which it is required to take in order to organise and conduct the general meeting. The foregoing applies also where a general meeting is convened under authority granted by the registration court according to Article 400 § 3 of the Commercial Companies Code.
The principle is applied.
Comments of the Company: *Media representatives will be asked to notify their presence at the General Meeting in advance.*
- 4.6. To help shareholders participating in a general meeting to vote on resolutions with adequate understanding, draft resolutions of the general meeting concerning matters and decisions other than points of order should contain a

justification, unless it follows from documentation tabled to the general meeting. If a matter is put on the agenda of the general meeting at the request of a shareholder or shareholders, the management board requests presentation of the justification of the proposed resolution, unless previously presented by such shareholder or shareholders.

The principle is applied.

- 4.7.** The supervisory board issues opinions on draft resolutions put by the management board on the agenda of the general meeting.
The principle is applied.
- 4.8.** Draft resolutions of the general meeting on matters put on the agenda of the general meeting should be tabled by shareholders no later than three days before the general meeting.
The principle is applied.
- 4.9.** If the general meeting is to appoint members of the supervisory board or members of the supervisory board for a new term of office:
- 4.9.1.** candidates for members of the supervisory board should be nominated with a notice necessary for shareholders present at the general meeting to make an informed decision and in any case no later than three days before the general meeting; the names of candidates and all related documents should be immediately published on the company's website;
The principle is applied.
- 4.9.2.** candidates for members of the supervisory board make a declaration concerning fulfilment of the requirements for members of the audit committee referred to in the Act of 11 May 2017 on Auditors, Audit Firms and Public Supervision and having actual and material relations with any shareholder who holds at least 5% of the total vote in the company.
The principle is applied.
- 4.10.** Any exercise of the rights of shareholders or the way in which they exercise their rights must not hinder the proper functioning of the governing bodies of the company.
The principle is applied.
- 4.11.** Members of the management board and members of the supervisory board participate in a general meeting, at the location of the meeting or via means of bilateral real-time electronic communication, as necessary to speak on matters discussed by the general meeting and answer questions asked at the general meeting. The management board presents to participants of an annual general meeting the financial results of the company and other relevant information, including non-financial information, contained in the financial statements to be approved by the general meeting. The management board presents key events of the last financial year, compares presented data with previous years, and presents the degree of implementation of the plans for the last year.
The principle is applied.
- 4.12.** Resolutions of the general meeting concerning an issue of shares with subscription rights should specify the issue price or the mechanism of setting the price or authorise the competent body to set the price prior to the subscription right record date within a timeframe necessary for investors to make decisions.
The principle is applied.
- 4.13.** Resolutions concerning a new issue of shares with the exclusion of subscription rights which grant pre-emptive rights for new issue shares to selected shareholders or other entities may pass subject at least to the following three criteria:
- a)** the company has a rational, economically justified need to urgently raise capital or the share issue is related to rational, economically justified transactions, among others such as a merger with or the take-over of another company, or the shares are to be taken up under an incentive scheme established by the company;
 - b)** the persons granted the pre-emptive right are to be selected according to objective general criteria;
 - c)** the purchase price of the shares is in a rational relation with the current share price of the company or is to be determined in book-building on the market.
- The principle is applied.*
- 4.14.** Companies should strive to distribute their profits by paying out dividends. Companies may retain all their earnings subject to any of the following criteria:
- a)** the earnings are minimal and consequently the dividend would be immaterial in relation to the value of the shares;
 - b)** the company reports uncovered losses from previous years and the earnings are used to reduce such losses;
 - c)** the company can demonstrate that investment of the earnings will generate tangible benefits for the shareholders;
 - d)** the company generates insufficient cash flows to pay out dividends;
 - e)** a dividend payment would substantially increase the risk to covenants under the company's binding credit facilities or terms of bond issue;
 - f)** retention of the company's earnings follows recommendations of the authority which supervises the company by virtue of its business activity.
- The principle is applied.*

5. CONFLICT OF INTEREST, RELATED PARTY TRANSACTIONS

For the purpose of this section, 'related party' is defined within the meaning of the International Accounting Standards approved in Regulation No (EU) 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

Companies and their groups should have in place transparent procedures for managing conflicts of interest and for related party transactions where a conflict of interest may occur. The procedures should provide for ways to identify and disclose such cases and the course of action in the event that they occur.

Members of the management board and members of the supervisory board should refrain from professional or other activities which might cause a conflict of interest or adversely affect their reputation as members of the corporate body, and where a conflict of interest arises, they should immediately disclose it.

- 5.1. Members of the management board and members of the supervisory board notify the management board or the supervisory board, respectively, of any conflict of interest which has arisen or may arise, and refrain from discussions on the issue which may give rise to such a conflict of interest in their case.
The principle is applied.
- 5.2. Where a member of the management board or a member of the supervisory board concludes that a decision of the management board or the supervisory board, respectively, is in conflict with the interest of the company, he or she should request that the minutes of the management board or supervisory board meeting show his or her dissenting opinion.
The principle is applied.
- 5.3. No shareholder should have preference over other shareholders in related party transactions. The foregoing also concerns transactions concluded by the company's shareholders with members of the company's group.
The principle is applied.
- 5.4. Companies may buy back their own shares only in a procedure which respects the rights of all shareholders.
The principle is applied.
- 5.5. If a transaction concluded by a company with its related party requires the consent of the supervisory board, before giving its consent the supervisory board assesses whether to ask a prior opinion of a third party which can provide valuation of the transaction and review its economic impact.
The principle is applied.
- 5.6. If a related party transaction requires the consent of the general meeting, the supervisory board issues an opinion on the rationale of such transaction. In that case, the supervisory board assesses whether to ask a prior opinion of a third party referred to in principle 5.5.
The principle is applied.
- 5.7. If a decision concerning the company's significant transaction with a related party is made by the general meeting, the company should give all shareholders access to information necessary to assess the impact of the transaction on the interest of the company before the decision is made, including an opinion of the supervisory board referred to in principle 5.6.
The principle is applied.

6. REMUNERATION

Companies and their groups protect the stability of their management teams, among others by transparent, fair, consistent and non-discriminatory terms of remuneration, including equal pay for women and men.

Companies' remuneration policy for members of corporate bodies and key managers should in particular determine the form, structure, and method of determining and payment of the remuneration.

- 6.1. The remuneration of members of the management board and members of the supervisory board and key managers should be sufficient to attract, retain and motivate persons with skills necessary for proper management and supervision of the company. The level of remuneration should be adequate to the tasks and responsibilities delegated to individuals and their resulting accountability.
The principle is applied.
- 6.2. 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 standing of the company measured by its financial and non-financial results as well as long-term shareholder value creation, sustainable

development and the company's stability.

The principle is applied.

- 6.3.** If companies' incentive schemes include a stock option programme for managers, the implementation of the stock option programme should depend on the beneficiaries' achievement, over a period of at least three years, of pre-defined, realistic financial and non-financial targets and sustainable development goals adequate to the company, and the share price or option exercise price for the beneficiaries cannot differ from the value of the shares at the time when such programme was approved.

The principle is applied.

- 6.4.** As the supervisory board performs its responsibilities on a continuous basis, the remuneration of supervisory board members cannot depend on the number of meetings held. The remuneration of members of committees, in particular the audit committee, should take into account additional workload on the committee.

The principle is applied.

- 6.5.** The level of remuneration of supervisory board members should not depend on the company's short-term results.

The principle is applied.