

**Policy on provision by the audit firm which conducts an audit, by its affiliates and by members of the audit firm's network of permitted non-audit services at XTPL S.A., a joint stock company with its registered office in Wrocław**

Having regard to the changes connected with the entry into force of:

- Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC; and
- the Act on statutory auditors, audit firms and public oversight of 11 May 2017 (the "Act");

including limitation of the catalog of services that may be provided by audit firms performing statutory audit of separate and consolidated financial statements of the Company, acting pursuant to Article 130(1)(6) of the Act and Section 4.3.8. of the Terms of Reference of the Audit Committee, the Audit Committee hereby establishes the Policy on provision by the audit firm which conducts an audit, by its affiliates and by members of the audit firm's network of permitted non-audit services.

## **1. PURPOSE OF THE POLICY**

The purpose of the policy is to strengthen the mechanisms for verifying the independence and objectivity of statutory auditors, audit firms and members of their networks, to the extent in which they provide non-statutory audit services to the Company, its parent undertaking its controlled undertakings. The policy is also intended to help members of the Audit Committee to take decisions regarding consent to the provision of Permitted Services.

## **2. DEFINITIONS**

2.1. The terms used in this Policy have the meanings set forth below:

- 2.1.1. Audit Committee – an audit committee appointed from among the members of the Supervisory Board;
- 2.1.2. Policy – this document: Policy on provision by the audit firm which conducts an audit, by its affiliates and by members of the audit firm's network of permitted non-audit services.
- 2.1.3. Supervisory Board – the supervisory board of the Company;
- 2.1.4. Regulation – Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC;
- 2.1.5. Company – XTPL S.A. with its registered office in Wrocław;

- 2.1.6. Group – a corporate group of the Company within the meaning of the Accounting Act (if the Company creates a Group at any particular time) of 29 September 1994;
- 2.1.7. Permitted Services – services referred to in Section 4.1 of the Policy;
- 2.1.8. Prohibited Services – the services referred to in Section 5.1 of the Policy;
- 2.1.9. Act – the Act on statutory auditors, audit firms and public oversight of 11 May 2017;
- 2.1.10. Management Board – the management board of the Company.
- 2.2. Any terms which are not specified above shall have the meanings assigned to them in applicable laws, including the Act and the Regulation.

### 3. CONSENT TO THE PROVISION OF NON-AUDIT SERVICES

- 3.1. Having assessed whether the criteria indicated in Sections 3.1.1–3.1.3 have been met, the Audit Committee takes a decision, at the Management Board's request, on consent to the provision by a statutory auditor or an audit firm performing a statutory audit of the Company, an affiliate of that audit firm or a member of its network, of Permitted Non-Audit Services (for the Company, its parent undertaking and its controlled undertakings) provided that:
  - 3.1.1. The service is permitted based on the criteria set out in Section 4 of the Policy;
  - 3.1.2. The service is not prohibited based on the criteria set out in Section 5 of the Policy;
  - 3.1.3. There are no threats to independence, as referred to in Section 6 of the Policy.
- 3.2. The Audit Committee shall carry out the consent procedure without undue delay, taking into account the legitimate interest of the Company.
- 3.3. The Audit Committee shall communicate its decision to the Supervisory Board and the Management Board of the Company. A negative decision shall be duly justified by the Audit Committee.

### 4. PERMITTED SERVICES

- 4.1. 4.1. The following services are not considered prohibited (permitted services):
  - 4.1.1. Services:
    - 4.1.1.1. Due diligence services with regard to the economic and financial position of the entity;
    - 4.1.1.2. Issuing comfort letters in connection with prospectuses of the audited entity, carried out in accordance with the national standard for audit-related services, and consisting in performance of agreed procedures;
  - 4.1.2. Assurance services in the area of pro forma financial information, performance forecasts or estimates, included in the Company's prospectus;
  - 4.1.3. Audit of historical financial information for the purpose of the prospectus referred to in Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements;

- 4.1.4. Verification of consolidation packages;
- 4.1.5. Confirmation of fulfilment of the terms and conditions of the credit facility agreements entered into by the entity, on the basis of analyses of financial information contained in the financial statements audited by a given audit firm;
- 4.1.6. Assurance services in respect of reporting pertaining to corporate governance, risk management and corporate social responsibility;
- 4.1.7. Certificates pertaining to financial statements or other information for supervision bodies, supervisory board or other supervision body of the Company or owners, which go beyond the scope of the statutory audit and are aimed at aiding the above bodies in fulfilling their statutory duties;
- 4.1.8. Other services in accordance with the Act.
- 4.2. Permitted services may be provided only to the extent not related to the tax policy of the Company and after the Audit Committee has carried out an assessment of risks and independence safeguards, as referred to in Section 6.

## 5. PROHIBITED SERVICES

- 5.1. The statutory auditor or the audit firm performing a statutory audit of the Company, including members of their networks may not perform for the Company, its parent undertaking or its controlled undertakings any prohibited non-audit services ("Prohibited Services") in:
  - 5.1.1. the period between the beginning of the period audited and the issuing of the audit report; and
  - 5.1.2. the financial year immediately preceding the period referred to in Section 5.1.1 in relation to the services listed in Section 5.2.5
- 5.2. Prohibited services mean in particular:
  - 5.2.1. tax services relating to:
    - 5.2.1.1. preparation of tax forms;
    - 5.2.1.2. payroll taxes;
    - 5.2.1.3. customs duties;
    - 5.2.1.4. identification of public subsidies and tax incentives unless support from the statutory auditor or the audit firm in respect of such services is required by law;
    - 5.2.1.5. support regarding tax inspections by tax authorities unless support from the statutory auditor or the audit firm in respect of such inspections is required by law;
    - 5.2.1.6. calculation of direct and indirect tax and deferred tax;
    - 5.2.1.7. provision of tax advice;
  - 5.2.2. services that involve playing any part in the management or decision-making of the Company;
  - 5.2.3. bookkeeping and preparing accounting records and financial statements;

- 5.2.4. payroll services;
- 5.2.5. designing and implementing internal control or risk management procedures related to the preparation and/or control of financial information or designing and implementing financial information technology systems;
- 5.2.6. valuation services, including valuations performed in connection with actuarial services or litigation support services;
- 5.2.7. legal services with respect to:
  - 5.2.7.1. the provision of general counsel;
  - 5.2.7.2. negotiating on behalf of the Company, and
  - 5.2.7.3. acting in an advocacy role in the resolution of litigation;
- 5.2.8. services related to the Company's internal audit function;
- 5.2.9. services linked to the financing, capital structure and allocation, and investment strategy of the audited entity, except providing assurance services in relation to the financial statements, such as the issuing of comfort letters in connection with prospectuses issued by the audited entity;
- 5.2.10. promoting, dealing in, or underwriting shares in the Company;
- 5.2.11. human resources services with respect to:
  - 5.2.11.1. management in a position to exert significant influence over the preparation of the accounting records or financial statements which are the subject of the statutory audit, where such services involve: searching for or seeking out candidates for such position or undertaking reference checks of candidates for such positions;
  - 5.2.11.2. structuring the organisation design; and
  - 5.2.11.3. cost control;
- 5.2.12. other non-audit services, unless the service is in the catalog specified in Section 4.1.

## 6. THREATS TO INDEPENDENCE AND INDEPENDENCE SAFEGUARDS

- 6.1. Before adopting a resolution approving the provision of Permitted Services by the auditor or the audit firm the Audit Committee carries out an assessment of threats to their independence and the safeguards applied to mitigate those threats, as referred to in Article 69–73 of the Act and to the extent of the indications specified therein, subject to the provision of Section 6.3.
- 6.2. When making the assessment indicated in Section 6.1. the Audit Committee shall in particular examine whether:
  - 6.2.1. the entity that is to perform the service has appropriate competencies and professional qualifications;
  - 6.2.2. there are no circumstances indicating a potential conflict of interest, the possibility of self-control or deriving own benefits by the service provider;
  - 6.2.3. the entity that is to perform the service complies with the principles of professional ethics

and standards relating to performance of non-audit services.

- 6.3. Before taking the decision referred to in Section 6.1., the Audit Committee may request the audit firm to submit a declaration on compliance with all the requirements arising from the Act, including from Article 69–73 of the Act, whose template is attached to the Policy.

## **7. FINAL PROVISIONS**

- 7.1. This Policy was adopted on [\_\_]/[\_\_]/2018 and is effective as of that date.
- 7.2. Any changes to the Policy, including adoption of its consolidated text, shall be made using the procedure applicable to its adoption.
- 7.3. The Audit Committee shall make binding interpretations of the Policy, particularly in the situation where any of its provisions turn out to be unclear or vague.
- 7.4. Any matters not regulated by the Policy shall be governed, in particular, by the Act, the Regulation, and Company's internal regulations;

## Appendix

### Declaration of the audit firm

In connection with the intention to provide XTPL S.A. having its registered office in Wrocław (the "Company") (or its parent undertaking or its controlled undertakings) with permitted non-audit service (the "Service") within the meaning of the Act of 11 May 2017 on statutory auditors, audit firms and public oversight (the "Act"), acting on behalf of

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we declare that all the requirements arising from the Act (in particular those arising from Articles 69–73 of the Act) have been met, including:

1. we are independent from the Company and we do not participate in the Company's decision-making process;
2. our independence will not be affected by any actual or potential conflict of interest, economic relationship or any other direct or indirect relationships with the Company;
3. there is no risk of self-control, self-interest, promotion of the Company's interests, excessive closeness or intimidation caused by financial, personal, economic, employment or other relationships between the Company and the key statutory auditor, the audit firm, a member of the audit firm's network or a natural person who might influence the outcome of the Service, as a result of which an objective, reasonable and informed third party could conclude that the independence of the key statutory auditor or audit firm is threatened despite the use of safeguards designed to eliminate or mitigate the threat to an acceptable level;
4. the key statutory auditor, the audit firm and its employees participating in provision of the Service and the natural person directly participating in provision of the Service, whose services are used or who is supervised by the key statutory auditor or the audit firm, as well as their closely related persons:
  - a) do not hold or derive significant and direct benefits from financial instruments, including equity interests, securities within the meaning of Article 3(1) of the Act of 29 July 2005 on trading in financial instruments, loans or other debt instruments, including rights and obligations to acquire

those financial instruments and derivatives directly related to those financial instruments, issued, guaranteed or otherwise supported by any entity for which the Service will be provided;

- b) do not participate and will not participate in any transactions involving the financial instruments referred to in point a above.
5. the key statutory auditor, the audit firm, its employees and the natural person whose services are used or who is supervised by the key statutory auditor or the audit firm, as well as their closely related persons will not participate in any way in the provision of the Service and will not otherwise affect its outcome if:
- a) they have financial instruments, including equity interests, securities as defined in Article 3(1) of the Act of 29 July 2005 on trading in financial instruments, loans or other debt instruments, including rights and obligations to purchase those financial instruments and derivatives directly related to those financial instruments, issued by the entity for which the Service will be provided, with the exception of the instruments that are held indirectly through participation in diversified collective investment programs, in particular pension funds, investment funds and insurance capital funds offered by insurance companies as long as those programs are not controlled by those persons or companies and no investment decisions are taken with regard to those programs that would be influenced by those persons or firms, as well as except loans granted on commercial terms as part of the entity's ordinary business, authorized to issue credit under separate regulations;
  - b) they have financial instruments, including equity interests, securities as defined in Article 3(1) of the Act of 29 July 2005 on trading in financial instruments, loans or other debt instruments, including rights and obligations to purchase those financial instruments and derivatives directly related to those financial instruments, issued by the entity for which the Service will be provided, the holding of which might cause or might be perceived by an objective, reasonable and informed third party as a conflict of interest, with the exception of the instruments that are held indirectly through participation in diversified collective investment programs, in particular pension funds, investment funds and insurance capital funds offered by insurance companies as long as those programs are not controlled by those persons or companies and no investment decisions are taken with regard to those programs that would be influenced by those persons or firms;
  - c) during the period of provision of the Service, they will remain with the entity to which the Service will be provided bound by a an employment relationship, business relationship or other relationship that might cause or might be perceived by an objective, reasonable informed third party as a conflict of interest;
  - d) participated in keeping the books of account or preparing accounting records or financial statements of the entity for which the Service will be provided in the financial year preceding the year in which the Service will be provided and in the year of provision of the Service, until termination of the Service;
  - e) are legal representatives (attorneys), members of the supervisory and management bodies, or employees of the entity for which the Service will be provided or its affiliate;
  - f) participate in the process of managing the entity for which the Service will be provided and in its

decision-making process;

g) there are other circumstances that compromise independence to a degree that it is not possible to mitigate it by any safeguard, which precludes an impartial and independent provision of the Service.

6. The key statutory auditor, audit firm, its employees participating in the provision of the Service and a natural person directly involved in the provision of the Service, whose services are used or who is supervised by the key statutory auditor or audit firm, as well as their closely related persons may not request or accept from the entity for which the Service will be provided or its affiliate it any financial or personal benefits, unless an objective, reasonable and informed third party would consider their value insignificant or negligible.

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