

Seco/Warwick Spółka Akcyjna

Information on the company's compliance with the principles contained in the Code of Best Practice for Companies Listed on the Warsaw Stock Exchange 2021

According to the current status of compliance with the Code of Best Practice, the Company does not comply with the following 9 principles: 1.4, 1.4.1, 1.4.2, 2.1, 2.2, 2.11.6, 3.6, 4.1, 6.4.

I. INFORMATION POLICY AND COMMUNICATION WITH INVESTORS

In the interest of all market participants and its own, a publicly traded company ensures proper communication with stakeholders by maintaining a transparent and reliable information policy.

- 1.1** The company maintains effective communication with capital market participants, providing reliable information on matters concerning it. To this end, the company uses a variety of communication tools and channels, primarily its corporate website, where it publishes all information relevant to investors. *The principle is applied.*
- 1.2** The Company makes its financial results, as contained in the interim report, available as soon as possible after the end of the reporting period; if this is not possible for justified reasons, it publishes at least preliminary estimated financial results as soon as possible.
The principle is applied.
- 1.3** The company also incorporates ESG issues into its business strategy, specifically covering:
- 1.3.1** environmental issues, including metrics and risks related to climate change and sustainable development;
The principle is applied.
- 1.3.2** social and labor issues, including, among others, actions taken and planned to ensure gender equality, decent working conditions, respect for employee rights, dialogue with local communities, and customer relations.
This principle is applied.
- 1.4** To ensure proper communication with stakeholders regarding its adopted business strategy, the company publishes information on its website about the strategy's objectives, measurable goals—including, in particular, long-term goals—planned actions, and progress in its implementation, as measured by both financial and non-financial metrics. Information on ESG strategy should include, among other things:
This principle is not applied.
Company comment: *The SECO/WARWICK Group actively implements a sustainable development strategy. In 2024, a comprehensive analysis of ESRS double materiality and carbon footprint reporting was conducted, and material IROs with assigned targets and KPIs were identified. Information on the ESG strategy, progress, and metrics was published in the management report. The Group plans to expand its ESG communication in the future through a dedicated section on its corporate website.*
- 1.4.1** Explain how climate change issues are taken into account in the decision-making processes of the company and its group entities, highlighting the resulting risks;
The principle is not applied.
Company comment: *As above 1.4.*

- 1.4.2** report the pay equity ratio for its employees, calculated as the percentage difference between the average monthly pay (including bonuses, awards, and other allowances) of women and men for the previous year, and provide information on measures taken to eliminate any inequalities in this regard, along with a presentation of the associated risks and the timeframe within which equality is planned to be achieved.
This principle is not applied.
Company comment: As above 1.4.
- 1.5** At least once a year, the company discloses the expenditures incurred by it and its group to support culture, sports, charitable institutions, the media, social organizations, trade unions, etc. If, during the reporting year, the company or its group incurred expenditures for such purposes, the information includes a breakdown of those expenditures.
The principle is applied.
- 1.6** For companies included in the WIG20, mWIG40, or sWIG80 indices, the company organizes an investor meeting once a quarter; for other companies, at least once a year. The company invites shareholders, analysts, industry experts, and media representatives to attend these meetings. During the meeting, the company's management board presents and comments on the adopted strategy and its implementation, the financial results of the company and its group, as well as the most important events affecting the company's and its group's operations, performance, and future prospects. During these meetings, the company's management board publicly answers questions and provides explanations.
The principle is applied.
- 1.7** If an investor requests information about the company, the company responds immediately, but no later than within 14 days.
This principle is applied.

II. MANAGEMENT BOARD AND SUPERVISORY BOARD

In order to achieve the highest standards in the performance of their duties by the company's management board and supervisory board and to ensure they are carried out effectively, only individuals possessing the appropriate competencies, skills, and experience are appointed to the management board and supervisory board.

Members of the Management Board act in the company's best interests and are responsible for its operations. In particular, the Management Board is responsible for providing leadership to the company, setting and implementing its strategic goals, and ensuring the company's efficiency and security.

In performing their functions and duties on the supervisory board, members of the supervisory board are guided in their conduct, including in decision-making, by the independence of their own opinions and judgments, acting in the company's best interests.

The supervisory board operates in a culture of debate, analyzing the company's situation against the backdrop of the industry and the market based on materials provided by the company's management board and the company's internal systems and functions, as well as information obtained from external sources, utilizing the results of its committees' work. In particular, the Supervisory Board reviews the company's strategy, evaluates the Management Board's performance in achieving established strategic goals, and monitors the company's results.

- 2.1** The company should have a diversity policy for the management board and the supervisory board, adopted by the supervisory board or the general meeting, as appropriate. The diversity policy sets out diversity goals and criteria in areas such as gender, field of study, specialized knowledge, age, and professional experience, and specifies the timeline and method for monitoring the achievement of these goals. With regard to gender diversity, the condition for ensuring diversity in the company's governing bodies is that the representation of minorities in a given body must be no less than 30%.
- This principle is not applied.*
- Company comment:** *The company does not have a diversity policy regarding this matter. The company provides its employees (including members of its governing bodies) with equal opportunities for professional development and promotion regardless of skin color, religion, gender, age, nationality, citizenship, minority status, marital status, political views, disability, or any other legally protected status. The composition of the Supervisory Board is determined by decisions made by the General Meeting of Shareholders, while the appointment of the Management Board falls within the competence of the Supervisory Board.*
- When selecting candidates, the bodies responsible for appointing members of the Management Board and the Supervisory Board are guided by the Company's current and long-term needs, which are reflected in the consideration of the candidates' professional experience, competencies, and education.*
- 2.2** Those responsible for selecting members of the company's Management Board or Supervisory Board should ensure the diversity of these bodies by appointing individuals who promote diversity, thereby enabling, among other things, the achievement of the target minimum minority representation set at no less than 30%, in accordance with the objectives set out in the adopted diversity policy referred to in Principle 2.1.
- This principle is not applied.*
- Company comment:** *The composition of the Supervisory Board is determined by decisions made by the General Meeting of Shareholders, while the appointment of the Management Board falls within the Supervisory Board's authority. When selecting candidates, the bodies responsible for appointing members of the Management Board and the Supervisory Board are guided by the Company's current and long-term needs, which are reflected in particular by taking into account the candidates' relevant professional experience, competencies, and education. As already mentioned in the explanations to section 2.1, factors such as skin color, religion, gender, age, nationality, citizenship, membership in a minority group, marital status, political views, and disability are not criteria for the selection of members of the Management Board and the Supervisory Board.*
- 2.3** At least two members of the supervisory board meet the independence criteria set forth in the Act of May 11, 2017, on Statutory Auditors, Audit Firms, and Public Oversight, and have no actual or material ties to a shareholder holding at least 5% of the total voting rights in the company.
- This principle is applied.*
- 2.4** Voting by the supervisory board and the management board is open, unless otherwise provided by law.
- This principle is applied.*
- 2.5** Members of the Supervisory Board and the Management Board who vote against a resolution may submit a dissenting opinion to the minutes.
- This principle is followed.*
- 2.6** Serving on the company's management board constitutes the primary focus of a management board member's professional activity. A management board member should not engage in additional professional activities if the time devoted to such activities prevents them from faithfully performing their duties at the company.
- This principle is applied.*
- 2.7** The performance by members of a company's management board of functions in the governing bodies of entities outside the company's group requires the consent of the supervisory board.
- This principle is applied.*
- 2.8** Members of the supervisory board should be able to devote the necessary amount of time to performing their duties.
- The principle is applied.*
- 2.9** The chair of the supervisory board should not combine this role with chairing the audit committee operating within the board.
- This principle is applied.*
- 2.10** The company, commensurate with its size and financial situation, allocates the administrative and financial resources necessary to ensure the efficient functioning of the supervisory board.
- This principle is applied.*
- 2.11** In addition to the activities required by law, the supervisory board prepares and submits an annual report to the ordinary general meeting for approval once a year. The report referred to above shall include at least:
- 2.11.1** information on the composition of the board and its committees, indicating which board members meet the independence criteria set forth in the Act of May 11, 2017 on Statutory Auditors, Audit Firms, and Public Oversight, as well as which of them do not have actual and significant ties to a shareholder holding at least 5% of the total number of votes in the company, as well as information on the composition of the supervisory board in the context of its diversity;
- The principle is applied.*

- 2.11.2** a summary of the activities of the board and its committees;
The principle is applied.
- 2.11.3** an assessment of the company's situation on a consolidated basis, including an evaluation of internal control systems, risk management, compliance, and the internal audit function, along with information on the actions the supervisory board took to conduct this assessment; this assessment covers all material control mechanisms, including in particular those related to reporting and operational activities;
This rule is applied.
- 2.11.4** an assessment of the company's application of corporate governance principles and the manner in which it fulfills its disclosure obligations regarding their application, as specified in the Stock Exchange Rules and regulations concerning current and periodic information provided by issuers of securities, together with information on the actions taken by the supervisory board to conduct this assessment;
The principle is applied.
- 2.11.5** an assessment of the appropriateness of the expenditures referred to in Principle 1.5;
The principle is applied.
- 2.11.6** information on the degree of implementation of the diversity policy with respect to the management board and the supervisory board, including the achievement of the objectives referred to in Principle 2.1.
The principle is not applied.
Company comment: *Due to the lack of a diversity policy adopted by the Company with respect to the Management Board and the Supervisory Board, the principle is not applied.*

III. INTERNAL SYSTEMS AND FUNCTIONS

Efficiently functioning internal systems and functions are an indispensable tool for exercising oversight over the company.

These systems cover the company and all areas of its group's operations that have a material impact on the company's situation.

- 3.1** A listed company maintains effective systems for internal control, risk management, and compliance, as well as an effective internal audit function, appropriate to the company's size and the nature and scale of its operations, for the operation of which the management board is responsible.
This principle is applied.
- 3.2** The company establishes within its structure units responsible for the tasks of individual systems or functions, unless this is not justified due to the size of the company or the nature of its business.
This principle is applied.
- 3.3** A company included in the WIG20, mWIG40, or sWIG80 index shall appoint an internal auditor to head the internal audit function, who shall operate in accordance with generally accepted international standards of professional practice for internal auditing. In other companies where an internal auditor meeting the above requirements has not been appointed, the audit committee (or the supervisory board, if it performs the functions of an audit committee) shall assess annually whether there is a need to appoint such a person.
This principle is applied.
- 3.4** The compensation of persons responsible for risk management and compliance, as well as the head of internal audit, should be contingent upon the fulfillment of designated tasks, rather than on the company's short-term results.
This principle is applied.
- 3.5** The persons responsible for risk management and compliance report directly to the CEO or another member of the management board.
This principle is applied.
- 3.6** The head of internal audit reports organizationally to the CEO and functionally to the chair of the audit committee or the chair of the supervisory board, if the supervisory board serves as the audit committee.
The principle is not applied.
Company comment: *Due to the Company's organizational structure and the scale of the Group's operations, the head of internal audit reports organizationally to the relevant member of the Management Board, while functionally reporting to the Chair of the Audit Committee.*

- 3.7 Principles 3.4–3.6 also apply to entities within the Company’s group that are of significant importance to its operations, provided that persons have been designated within those entities to perform these tasks.
The principle is applied.
- 3.8 At least once a year, the person responsible for internal audit, or, if such a function has not been established within the company, the company’s management board, shall present to the supervisory board an assessment of the effectiveness of the systems and functions referred to in Principle 3.1, together with a corresponding report.
The principle is applied.
- 3.9 The supervisory board monitors the effectiveness of the systems and functions referred to in Principle 3.1, based, among other things, on reports periodically provided directly to it by the persons responsible for these functions and the company’s management board, and also conducts an annual assessment of the effectiveness of these systems and functions, in accordance with Principle 2.11.3. If the company has an audit committee, it monitors the effectiveness of the systems and functions referred to in Principle 3.1; however, this does not relieve the supervisory board of the obligation to conduct an annual assessment of the effectiveness of these systems and functions.
The principle is applied.
- 3.10 At least once every five years, a company included in the WIG20, mWIG40, or sWIG80 index undergoes a review of its internal audit function conducted by an independent auditor selected with the involvement of the audit committee. *This policy is followed.*

IV. GENERAL MEETING AND RELATIONS WITH SHAREHOLDERS

The management board and supervisory board of a listed company should encourage shareholders to engage in company affairs, primarily through active participation in the general meeting, either in person or by proxy.

The general meeting should conduct its proceedings with respect for the rights of all shareholders and strive to ensure that the resolutions adopted do not infringe upon the legitimate interests of individual groups of shareholders.

Shareholders participating in the general meeting shall exercise their rights in a manner consistent with good practices. Participants in the general meeting should arrive at the meeting prepared.

- 4.1 The company should enable shareholders to participate in the general meeting using electronic means of communication (e-general meeting) if this is justified by the expectations of shareholders communicated to the company, provided that the company is able to provide the technical infrastructure necessary to conduct such a general meeting. *This principle is not applied.*
Company comment: The Company does not hold General Meetings using electronic means of communication (e-meetings). At present, the Company has not received any requests from a broader group of shareholders regarding this matter, which, in the Company’s view, may be due to the shareholder structure. In light of the above explanations, holding a General Meeting using electronic means of communication is not justified due to the significant cost involved. At the same time, the Management Board declares that if such a need is expressed by a broader group of Shareholders, it will make every effort to apply this principle.
- 4.2 The company determines the venue, date, and format of the general meeting in a manner that allows as many shareholders as possible to participate in the proceedings. To this end, the company also makes every effort to ensure that the cancellation of a general meeting, a change in the date, or the ordering of a recess in the proceedings occurs only in justified cases and does not prevent or restrict shareholders from exercising their right to participate in the general meeting.
This principle is applied.
- 4.3 The company ensures a publicly available real-time broadcast of the general meeting.
This principle is followed.
- 4.4 Media representatives are permitted to attend general meetings.
This principle is followed.

- 4.5** If the management board receives notice of the convening of a general meeting pursuant to Article 399 § 2–4 of the Commercial Companies Code, it shall immediately take the steps required of it in connection with the organization and conduct of the general meeting. This rule also applies in the event that a general meeting is convened pursuant to an authorization issued by the registry court in accordance with Article 400 § 3 of the Commercial Companies Code.
This rule is applied.
- 4.6** To enable shareholders attending the general meeting to vote on resolutions with due consideration, draft resolutions of the general meeting concerning matters and decisions other than those of a procedural nature should include a justification, unless such justification is evident from the documentation presented to the general meeting. If a matter is placed on the agenda of the general meeting at the request of a shareholder or shareholders, the management board requests that a justification for the proposed resolution be provided, unless it has already been provided by the shareholder or shareholders.
This principle is followed.
- 4.7** The supervisory board issues an opinion on draft resolutions submitted by the management board to the agenda of the general meeting.
This principle is applied.
- 4.8** Draft resolutions of the General Meeting regarding matters included on the agenda of the General Meeting should be submitted by shareholders no later than 3 days before the General Meeting.
This principle is followed.
- 4.9** If the agenda of the General Meeting includes the appointment of members to the Supervisory Board or the appointment of a new Supervisory Board for a new term:
- 4.9.1** Nominations for board members should be submitted in a timely manner to allow shareholders present at the general meeting to make an informed decision, but no later than 3 days before the general meeting; nominations, along with all relevant materials, should be published immediately on the company’s website;
This principle is followed.
- 4.9.2** A candidate for a seat on the supervisory board submits a statement regarding compliance with the requirements for audit committee members set forth in the Act of May 11, 2017 on Statutory Auditors, Audit Firms, and Public Oversight, as well as regarding the existence of actual and material ties between the candidate and a shareholder holding at least 5% of the total number of votes in the company.
This principle is applied.
- 4.10** The exercise of shareholders’ rights and the manner in which they exercise such rights must not impede the proper functioning of the company’s governing bodies.
This principle is applied.
- 4.11** Members of the Management Board and the Supervisory Board participate in the General Meeting, either in person at the venue or via real-time two-way electronic communication, in a composition that allows them to comment on the matters under discussion at the General Meeting and to provide substantive answers to questions asked during the General Meeting. The Management Board presents to the participants of the ordinary general meeting the company’s financial results and other material information, including non-financial information, contained in the financial statements subject to approval by the general meeting. The Management Board discusses significant events relating to the past fiscal year, compares the presented data with previous years, and indicates the degree to which the plans for the past year were implemented.
This rule applies.
- 4.12** A resolution of the general meeting regarding the issuance of shares with preemptive rights should specify the issue price or the mechanism for determining it, or require the authorized body to determine it prior to the preemptive rights date, within a timeframe that allows for an investment decision to be made.
The principle is applied.
- 4.13** A resolution on a new share issue excluding preemptive rights, which simultaneously grants selected shareholders or other entities the right of first refusal to subscribe for the new shares, may be adopted if at least the following conditions are met:
- a) the company has a rational, economically justified need to raise capital urgently, or the share issuance is related to rational, economically justified transactions, such as a merger with or acquisition of another company, or the shares are to be subscribed for under an incentive program adopted by the company;
 - b) the persons entitled to preemptive rights will be selected based on objective general criteria;
 - c) the subscription price for the shares will be reasonably related to the current market price of the company’s shares or will be determined through a market-based book-building process.
- The rule applies.*

- 4.14** The company should aim to distribute its profits by paying dividends. Retaining all profits within the company is permissible if any of the following conditions apply:
- a) the amount of such profit is minimal, and consequently the dividend would be insignificant in relation to the value of the shares;
 - b) the company has unrecovered losses from previous years, and the profit is allocated to reduce them;
 - c) the company demonstrates that allocating the profit to investments will bring tangible benefits to shareholders;
 - d) the company has not generated sufficient cash to pay a dividend;
 - e) the payment of a dividend would significantly increase the risk of breaching covenants under the company's binding loan agreements or bond issuance terms;
 - f) retaining the profit in the company is consistent with the recommendation of the supervisory authority overseeing the company due to the nature of its business activities.
- The principle is applied.*

V. CONFLICT OF INTEREST AND TRANSACTIONS WITH RELATED PARTIES

For the purposes of this chapter, a related party is a related party within the meaning of the international accounting standards adopted pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002, on the application of international accounting standards.

The Company and its group should have transparent procedures for managing conflicts of interest and entering into transactions with related parties in situations where a conflict of interest may arise. The procedures should provide for methods of identifying such situations, disclosing them, and addressing them should they occur.

A member of the management board or supervisory board should avoid engaging in professional or non-professional activities that could lead to a conflict of interest or negatively affect their reputation as a member of a company's governing body, and should immediately disclose any conflict of interest that arises.

- 5.1** A member of the management board or supervisory board shall notify the management board or supervisory board, as appropriate, of any existing conflict of interest or potential conflict of interest and shall not participate in the consideration of any matter in which a conflict of interest may arise with respect to that member.
This principle is followed.
- 5.2** If a member of the management board or supervisory board believes that a decision by the management board or supervisory board, as applicable, is contrary to the company's interests, they should request that their dissenting opinion on the matter be recorded in the minutes of the management board or supervisory board meeting.
This principle is followed.
- 5.3** No shareholder should be given preferential treatment over other shareholders with respect to transactions with related parties. This also applies to transactions entered into by the company's shareholders with entities belonging to its group.
This principle is followed.
- 5.4** The company may repurchase its own shares (buy-back) only in a manner that respects the rights of all shareholders.
This principle is applied.
- 5.5** If a transaction between the company and a related party requires the approval of the supervisory board, prior to adopting a resolution on granting such approval, the board assesses whether it is necessary to first seek the opinion of an external entity that will perform a valuation of the transaction and an analysis of its economic effects.
The principle is applied.
- 5.6** If entering into a transaction with a related party requires the approval of the general meeting, the supervisory board shall prepare an opinion on the appropriateness of entering into such a transaction. In such a case, the board shall assess the need to first seek the opinion of an external entity, as referred to in Principle 5.5.
This principle is applied.

- 5.7 Where the decision on the company's conclusion of a material transaction with a related party is made by the general meeting, prior to such a decision, the company shall ensure that all shareholders have access to the information necessary to assess the impact of that transaction on the company's interests, including the opinion of the supervisory board referred to in Principle 5.6.
This principle is applied.

VI. REMUNERATION

The company and its group ensure the stability of the management team, among other things through transparent, fair, consistent, and non-discriminatory remuneration policies, manifested, among other things, by equal pay for women and men.

The Company's adopted remuneration policy for members of the Company's governing bodies and its key managers specifies, in particular, the form, structure, method of determining, and payment of remuneration.

- 6.1 The remuneration of members of the management board and supervisory board, as well as key managers, should be sufficient to attract, retain, and motivate individuals with the competencies necessary for the proper management and supervision of the company. The amount of remuneration should be commensurate with the tasks and duties performed by individual persons and the associated responsibility.
This principle is applied.
- 6.2 Incentive programs should be designed, among other things, to link the compensation of the company's board members and key managers to the company's actual long-term performance in terms of financial and non-financial results, as well as long-term shareholder value growth, sustainable development, and the stability of the company's operations.
This principle is applied.
- 6.3 If one of the company's incentive programs is a management stock option program, then the exercise of the options should be contingent upon the beneficiaries achieving, over a period of at least three years, predetermined, realistic, and appropriate financial and non-financial goals and sustainable development objectives for the company, and the purchase price of the shares or the settlement price of the options determined for the beneficiaries may not deviate from the value of the shares at the time the program was adopted.
This principle is applied.
- 6.4 The supervisory board performs its duties on an ongoing basis; therefore, the remuneration of board members may not be contingent upon the number of meetings held. The remuneration of committee members, in particular the audit committee, should take into account the additional workload associated with serving on these committees.
This principle is not applied.
***Company comment:** The Company does not fully comply with this principle. The rules governing the remuneration of Supervisory Board members are set forth in the Company's remuneration policy adopted by the General Meeting of Shareholders. Supervisory Board members, regardless of their participation in committees operating within the Supervisory Board, receive a fixed remuneration independent of the number of meetings held. Members of the Supervisory Board participating in committees do not receive additional remuneration.*
- 6.5 The amount of remuneration for members of the supervisory board should not be dependent on the company's short-term results.
This principle is applied.