



WSE Dedicated Services



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Confirmation of submission of the report

Company: Photon Energy N.V.

Number: 1/2023

Date: 2023-03-21 19:10:18

Market types: CORPORATE GOVERNANCE - rynek regulowany

Title: Photon Energy N.V. Information on incidental breach of Best Practice 2021

Detailed data:

Pursuant to Article 29.3 of the Rules of the Warsaw Stock Exchange, Photon Energy N.V.; presents information on Best Practice 2021 compliance

INTERNAL SYSTEMS AND FUNCTIONS

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 was breached incidentally.

Comments of the Company on incidental breach of the principle: *Due to the fact that Photon Energy shares were included in WIG80 during the course of the year 2022, according to the principle 3.3 (see comments below), the Company is required to appoint an internal auditor to head the internal audit function so the status of this principle has been changed from non applicable to not applied.*

However, the Management Board and Supervisory Board believe that the current organization and resources responsible for the individual systems are sufficient and adequate for the size of the Company and the specifics of its business. Given the nature of the Company's business, it seems reasonable to keep the risk management and controlling department integrated as a part of the financial department, as they all provide necessary input for investment decisions. This ensures that both financial and non-financial information is collected, analyzed, and processed within the same department and that the most optimal business decision is taken. More details will be provided in the Supervisory Board report for the year 2022.

There has been no incidental breaches of the principle in the last two years:

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 was breached incidentally.

Comments of the Company on incidental breach of the principle: *Due to the fact that Photon Energy shares were included in WIG80 during the course of the year 2022, according to this principle, the Company is required to appoint an internal auditor to head the internal audit function in compliance with generally accepted international standards for the professional practice of internal auditing. However, the Audit Committee performed a thorough and continuous review of the internal systems including the internal audit function, throughout the year 2022 and also during its on-site visit. The assessment included the evaluation of the existing processes in place, human resources, competences, and responsibilities as well as the reporting structure within the organization. The chairman of the Audit Committee performed the analysis through consultations with the responsible personnel (the management, the head of accounting and consolidation, internal audit specialists, the head of legal, the head of compliance). He reviewed the procedures and evaluated whether adequate resources were in place and discussed relevant topics with external auditors. The results of this analysis were discussed with the Management Board. It was concluded that given the size of the Company, the current measures with respect to internal audit function are appropriate and satisfactory. This topic will be addressed again by Audit Committee during the course of year 2023 and if needed necessary steps to establish internal audit department will be undertaken.*

There has been no incidental breaches of the principle in the last two years:

Attachments:

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The company's representatives

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