

**Information on the status of the company's application
of the recommendations and rules laid down in the
Best Practice for GPW (Warsaw Stock Exchange, WSE)
Listed Companies 2021.**

Silvair, Inc. is subject to the corporate governance rules described in the "Best Practice for WSE Listed Companies 2021".

Silvair, Inc. chose not to apply 18 rules namely: 1.3., 1.3.1, 1.3.2., 1.4., 1.4.1., 1.4.2., 2.1., 2.11.6., 3.6., 4.5., 4.8., 4.9.1., 4.12., 5.6., 5.7., 6.3., 6.4., 6.5. Described below are the reasons for the departure from the said recommendations and detailed principles:

Disclosure policy and investor communications

1.3. Companies integrate ESG factors in their business strategy, including in particular:

This principle is not applied.

Company's explanation: Due to the nature and scale of the Company's operations, its business strategy is limited to issues of key importance for the operation and development of the Company.

1.3.1. environmental factors, including measures and risks relating to climate change and sustainable development.

This principle is not applied.

Company's explanation: Due to the subject of the Company's activities, the potential impact of the Company's operation on environmental issues is positive, as the use of technological solutions provided by the Company enables, among others, reduction of electricity consumption and space maintenance costs. However, these effects are difficult to measure, and therefore their evaluation would be excessively costly for the Company due to its scale of operations.

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.

This principle is not applied.

Company's explanation: The Company, however, complies with all generally applicable provisions of law, in particular the provisions of labor law and other provisions prohibiting any discrimination, regardless of its cause.

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:

This principle is not applied.

Company's explanation: The principle is not fully applied. In order to properly communicate with stakeholders, the company publishes on its website information on the assumptions of its strategy, including in particular long-term goals and planned activities. The progress in implementing the Company's strategy, including those determined by financial measures, is presented in the Company's current and periodic reports. The company does not include the ESG area in its business strategy for the reasons specified in the explanation to rule 1.3.

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

This principle is not applied.

Company's explanation: The Company does not comply with this rule for reasons specified in the explanation to rules 1.3 and 1.4.

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.

This principle is not applied.

Company's explanation: The Company does not comply with this rule for reasons specified in the explanation to rules 1.3 and 1.4.

Management board and supervisory board

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%.

This principle is not applied.

Company's explanation: The company has not developed a diversity policy. See explanation to rule 2.3.

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.

This principle is not applied.

Company's explanation: See explanation to rule 2.1.

Internal systems and functions

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.

This principle is not applied.

Company's explanation: The rule is not implemented as the Company has not appointed an internal auditor for the reasons specified in the explanation to rule 3.2. See explanation to rule 2.3.

General meeting and shareholder relations

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.

This principle is not applied.

Company's explanation: The Company has been established and operates under the laws of the State of Delaware, hence the provisions of the Commercial Companies Code are not applicable to it. However, the Company complies with the relevant laws of the State of Delaware pertaining to the subject matter.

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.

This principle is not applied.

Company's explanation: See explanation to rules 4.1 and 4.5.

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;

This principle is not applied.

Company's explanation: The Company has been established and operates under the laws of the State of Delaware and is not governed by the Commercial Companies Code. Nevertheless, the Company will make efforts to ensure that the shareholders of the Company have the opportunity to get acquainted with the candidates as far in advance as possible in relation to the general meeting, subject to applicable law. See explanation to rules 2.3 and 4.1.

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 time frame necessary for investors to make decisions.

This principle is not applied.

Company's explanation: The Company has been established and operates under the laws of the State of Delaware, hence the provisions of the Commercial Companies Code are not applicable to it. Under the laws of the State of Delaware, existing shareholders do not have a statutory pre-emptive right to new issue shares.

Conflict of interest and related party transactions

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.

This principle is not applied.

Company's explanation: The Company has been established and operates under the laws of the State of Delaware, hence the provisions of the Commercial Companies Code are not applicable to it. The Company's Articles of Association also do not require any corporate approvals for any transaction. See explanation to rules 2.3 and 4.1.

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.

This principle is not applied.

Company's explanation: The Company has been established and operates under the laws of the State of Delaware, hence the provisions of the Commercial Companies Code are not applicable to it. The Company's Articles of Association also do not require any corporate approvals for any transaction. See explanation to rules 2.3 and 4.1.

Remuneration

6.3. If companies' incentive schemes include a stock option program for managers, the implementation of the stock option program 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 program was approved.

This principle is not applied.

Company's explanation: Options granted under the Company's stock plan (2016 Stock Plan) provide for the possibility of their partial exercise before the expiry of 2 years from the date of granting the options, i.e. within 2 years from granting the options as a result of partial exercise of options, a maximum of 50% of the Company's shares granted on the basis of options may be acquired. Despite the possibility of partial exercise of options before the expiry of 2 years from their granting, the Company generally applies a 4-year option exercise period.

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.

This principle is not applied.

Company's explanation: There is no supervisory board within the meaning of Polish law at the Company.

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

This principle is not applied.

Company's explanation: See explanation to rule 6.4.