



CYFROWY POLSAT S.A.

**Corporate Governance Statement
for the year 2020**

Warsaw, March 25, 2021



Table of Contents

Table of Contents	2
1. Principles of corporate governance which the Company issuer is subject to	3
2. Internal control systems and risk management applied with respect to the process of preparing financial statements	6
3. Share capital and shareholding structure of Cyfrowy Polsat.....	7
3.1. Shareholders with qualifying holdings of shares of Cyfrowy Polsat.....	7
3.2. Information on material agreements, which can result in a change in the proportion of shares held by hitherto shareholders in the future	10
3.3. Shares of Cyfrowy Polsat held by Members of the Management Board and the Supervisory Board	10
3.4. Securities with special controlling rights	10
3.5. Limitations related to shares	10
4. Rules of amending the Articles of Association of the Company	10
5. General Shareholders' Meeting	11
6. Management Board of the Company	12
6.1. Rules regarding appointment and dismissal of the management.....	12
6.2. Composition of the Management Board and changes in 2020	13
6.3. Competences and bylaws of the Management Board	15
6.4. Remuneration of the Members of the Management Board.....	16
6.5. Managerial contracts with Members of the Management Board setting out severance packages payout as a result of their resignation or dismissal from the position without a material cause	16
7. Supervisory Board of the Company.....	16
7.1. Rules regarding appointment and dismissal of the Supervisory Board	16
7.2. Composition of the Supervisory Board	16
7.3. Competences and Bylaws of the Supervisory Board	20
7.4. Committees of the Supervisory Board	22
7.5. Agreements with an entity certified to perform an audit of the financial statements	26
7.6. Remuneration of the Members of the Supervisory Board.....	26
8. Diversity policy applicable to administrative, managing and supervising bodies of the Company	27

1. Principles of corporate governance which the Company issuer is subject to

In 2020, Cyfrowy Polsat S.A was subject to the set of principles of corporate governance outlined in the “Best Practices of WSE Listed Companies in 2016” (“Best Practices 2016”), constituting an appendix to resolution No. 26/1413/2015 of the Council of WSE of October 13, 2015. The rules set out in the Best Practices 2016 came into force on January 1, 2016. The document is available on the official website of the Warsaw Stock Exchange dedicated to the issues of the corporate governance of listed companies, at <http://corp-gov.gpw.pl>.

Application of principles of corporate governance

The Management Board of the Company has adopted the recommendations and principles specified in the Best Practices 2016. In 2020, the Company did not comply with recommendations III.R.1., IV.R.2., VI.R.1., VI.R.2., VI.R.3. and the detailed principles included in items I.Z.1.3., II.Z.7., III.Z.2., III.Z.4., III.Z.5., V.Z.6., VI.Z.4. At the same time, the Management Board decided that the recommendations and detailed principles, marked as items III.Z.6., VI.Z.1. and VI.Z.2. do not apply to the Company.

As of the date of approval of this Report, e.g., March 24, 2021, the Company complied with the recommendations included in items I.Z.1.3 and VI.Z.4.

In 2020, the Company did not comply or complied partially with the listed below recommendations and detailed principles included in the Best Practices 2016:

- **Principle I.Z.1.3.**, requiring the publication on the company’s website of a chart describing the division of responsibilities for individual areas of the company’s activity among management board members. In the past years the Company did not publish such a chart due to the fact that the division of responsibilities within the Management Board was not formulated in a clear and transparent manner as the Commercial Companies Code provides that in a joint stock company matters are managed by the Management Board in a collective manner, while a formal division of duties can be introduced optionally. As of the date of publication of this Report, the Company complies with the above mentioned principle.
- **Principle II.Z.7.** regarding the application of the provisions of Annex I to the Commission Recommendation 2005/162/EC of February 15, 2005 with respect to the tasks and the operation of the committees of the Supervisory Board. Within the Company’s Supervisory Board there are two standing committees operating: the Audit Committee and the Remuneration Committee. The Company does not fulfill all the detailed requirements regarding the functioning of supervisory board committees as indicated in the above mentioned Annex I to the Commission Recommendation.

Principles governing the creation, composition and operations of specific committees of the Supervisory Board of the Company are set out in § 7 of the Supervisory Board By-laws. Moreover, the provisions of the Bylaws of the Audit Committee apply to meetings, resolutions, and minutes of the Audit Committee.

At the current stage of operations of the Supervisory Board Committees, the Company do not see the justification for introducing more detailed regulations governing the functioning of these committees.

- **Recommendation III.R.1.** stating that the company’s structure should include separate units responsible for the performance of tasks in individual systems or functions, (that is internal control, risk management and compliance systems, as well as an internal audit function). An Internal Audit and Internal Control unit operates in the Company. No organizational units responsible for tasks related to risk management and compliance have been set up within the Company’s structure. Nonetheless, relevant internal processes and procedures have been implemented and are in place to guarantee effective financial and operational risk management as well as monitoring the compliance of the Company’s operations with regulations in force. In the Management Board’s opinion, the internal regulations and processes covering risk management function properly and effectively, and setting up of dedicated units responsible for risk management and compliance will not improve the efficiency of these processes and procedures in a substantial degree. At the same time, the Management Board is of the opinion that the cost associated with setting up and maintaining the above-mentioned organizational units will be incommensurate to the benefits offered by them.

Due to the fact that the Company has not implemented centralized, formal risk and compliance management systems, the Company does not apply **the principles marked as III.Z.2., III.Z.4. and III.Z.5.** to those systems. The Company applies the principle III.Z.2 with regard to persons responsible for internal audit. The person responsible for internal audit in the Company reports directly to the Chief Financial Officer and has the right to communicate directly with the Audit Committee. Once per year the Management Board and the person responsible for internal audit asses

independently the functioning of the internal control system and the internal audit function and present their assessment to the Supervisory Board.

Numerous internal procedures and processes are in place in the Company with regard to operational and financial risk management, including the process of drafting of financial statements. These procedures ensure effective identification and monitoring of various types of risks at the level of respective organizational units and they also provide for actions to be taken in the event a given risk materializes. High level managers in charge of the areas covered by respective procedures are responsible for ensuring effective and correct functioning of these procedures.

In spite of the lack of a centralized compliance system, the control of the Company's compliance with legal regulations in respective areas is regulated by internal corporate regulations and takes place at the level of individual organizational units, which deal with a relevant area of activity.

The Management Board carries out on-going verification of the correctness of functioning of internal processes in the areas of risk management and regulatory compliance, and takes necessary actions when needed. The Supervisory Board, and in particular the Audit Committee, monitors and evaluates the effectiveness of functioning of internal processes with regard to operational and financial risk management, including the process of drafting of financial statements, based on documents and reports submitted by the Management Board and the person responsible for internal audit as well as other information obtained during the daily business activities of the Supervisory Board.

- **Recommendation IV.R.2.** stating that the company should enable its shareholders to participate in a General Meeting using means of electronic communication, in particular through:
 - real-time broadcast of the General Meeting;
 - real-time bilateral communication where shareholders may take the floor during a General Meeting from a location other than the General Meeting;
 - exercise of the right to vote during a General Meeting either in person or through a plenipotentiary.

The Company ensures real-time broadcasts of General Meetings and the recordings of the meetings are published on the Company's website. In parallel, the Company does not ensure real-time bilateral communication where shareholders might take the floor during a General Meeting from a location other than the General Meeting. Furthermore, the Company does not ensure the exercise of the right to vote using electronic means of communication. Ensuring the smooth running and the correctness of passing resolutions by the General Meeting are the priorities of the Management Board. The adopted practice of holding General Meetings is aimed at reducing risk of organizational and technical problems, which may disturb the smooth running of the General Meeting, as well as a risk of possible questioning of the resolutions passed by the General Meeting, in particular due to the occurrence of technical defects. Furthermore, domestic and foreign investors have not reported to the Company their interest or need of organizing General Meetings in this form. In view of the above, the Management Board decided not to apply the said recommendation in full.

- **Principle V.Z.6.** stating that in its internal regulations, the company should define the criteria and circumstances under which a conflict of interest may arise in the company. The Company's internal regulations related to prevention, identification and solving of conflicts of interests do not meet in full the requirements of principle V.Z.6. In particular, they do not include a list of criteria and circumstances under which a conflict of interest may arise in the Company. In accordance with § 3 item 4 of the Supervisory Board By-laws and § 3 item 3 of the Management Board Bylaws, a Supervisory Board Member or a Management Board Member should inform the Supervisory Board, or both the Management Board and the Supervisory Board - in the case of a Management Board Member - of any existing conflict of interests, or the possibility of its emergence, and such an individual should refrain from participation in discussions or voting on resolutions related to a matter in which there exists a conflict of interests. Furthermore, the Remuneration Policy for the Management Board and Supervisory Board Members adopted by the Company includes corresponding provisions with regard to avoiding conflict of interests in the area of the remuneration policy. In the opinion of the Company's Management Board, current internal regulations properly address the principles of conduct in a situation of conflict of interests.
- **Recommendation VI.R.1.** stating that the remuneration of members of the company's governing bodies and key managers should follow the approved remuneration policy.

The Company complies to the recommendation VI.R.1 with regard to the Management and Supervisory Board Members on the basis of the Remuneration Policy for the Management Board and Supervisory Board Members adopted on July 23, 2020. The Company does not comply to the recommendation VI.R.1 with regard to key managers due to the fact that a formalized remuneration policy covering key managers has not been implemented in the Company. Nevertheless, individual corporate documents and internal regulations, the particular the Remuneration

Regulations, define the form, the structure and the manner of determining the remuneration of employees of the Company by the Management Board, thus covering also key managers.

- **Recommendation VI.R.2.**, stating that the remuneration policy should be closely tied to the company's strategy, its short- and long-term goals, long-term interests and results, taking into account solutions necessary to avoid discrimination on whatever grounds.

The Company will not comply with recommendation VI.R.2. with regard to tying it to the short- and long-term goals and results. The adopted Remuneration Policy aims to ensure sustained growth of the Company's value whose achievement by the Management Board and the Supervisory Board requires, among others, setting up of a relevant structure of remuneration of the members of the Management Board and the Supervisory Board on account of their overall duties. The aim is accomplished by restricting the remuneration of these individuals to a fixed part, allowing them to perform their duties concerning the overall operations of the Company, without focusing on the pursuit of selected specific goals only.

The Remuneration Policy for the Management Board and Supervisory Board Members of Cyfrowy Polsat is based on a general assumption that market volatility, the social and economic situation as well as the need for a flexible response to the emerging risks and business opportunities provide no justification for setting fixed goals. The required flexible response to the changing situation and to the emerging challenges is assured – in the case of Management Board Members – by potential bonuses that can be awarded to them. Such a solution offers flexibility in terms of assuring stable operations of the Company and achievement of its long-term interests.

- **Recommendation VI.R.3.** stating that if the supervisory board has a remuneration committee, principle II.Z.7. applies to its operations. A Remuneration Committee operates as a standing committee of the Supervisory Board. However, the Company does not fulfill all the detailed requirements related to functioning of the Remuneration Committee as listed in Annex I to the Commission Recommendations discussed in principle II.Z.7.

Principles governing the creation, composition and operations of specific committees of the Supervisory Board are set out in § 7 of the Supervisory Board By-laws. At the current stage of operations of the Supervisory Board Committees, Company authorities do not see the justification for introducing more detailed regulations governing the functioning of the Remuneration Committee.

- In its reports on activities of Cyfrowy Polsat and Polsat Group in 2019 the Company did not comply with **Principle VI.Z.4.**, regarding providing of general information on the Company's remuneration policy, due to the fact that the Company adopted its formalized Remuneration Policy for the Management Board and Supervisory Board Members in July 2020. The Company published relevant information on the remuneration policy in the report on the Cyfrowy Polsat and Polsat Group activities in the financial year 2020, thus as of the date of publishing this Report the said principle is applied.

2. Internal control systems and risk management applied with respect to the process of preparing financial statements

The Management Board is responsible for our internal control system and its effectiveness in the process of preparing financial statements and interim reports prepared and published in accordance with the provisions of the Ordinance of the Minister of Finance of March 29, 2018 regarding current and periodic information to be submitted by issuers of securities, and the conditions for recognizing equivalence of information required under non-member states regulations.

We draw on our employees' extensive experience in the identification, documentation, recording and controlling of economic operations, including numerous control procedures supported by modern information technologies used for recording, processing and presentation of operational and financial data.

In order to ensure the accuracy and reliability of the accounts of the parent and subsidiary companies, we apply Accounting Policies for Cyfrowy Polsat S.A. Group and various internal procedures relating to transaction control systems and processes resulting from the activities of the Company and the Group.

We keep our accounts in the computer systems integrated with the underlying source systems and auxiliary books. We ensure data security through the use of access rights on the need-to-know basis granted to authorized users. Systems operations are assured by the specialists with extended experience in this field. In addition, the system security is ensured by applying the appropriate solutions for physical security of the equipment. We have a complete IT system documentation in all its areas. In accordance with Article 10 of the Polish Accounting Act of September 29, 1994, the accounting information systems documentation is periodically reviewed and updated upon approval by heads of units.

An important element of risk management, in relation to the financial reporting process, is ongoing internal control exercised by the Finance and Controlling Department. The Internal Audit Department conducts an independent verification of functioning of the internal control system and, as such, complements its efficient operation.

The Internal audit functions on the basis of the Audit Charter adopted by the Management Board and the Audit Committee of the Supervisory Board. Its primary task is to test and evaluate controls for the reliability and consistency of financial data underlying the preparation of financial statements and management information.

The Controlling department functions on the basis of financial controlling system and business controlling system, and exercises control over both the current processes and the implementation of financial and operational plans, and preparation of financial statements and reports.

An important element of quality control and data review is the use of management standalone and consolidated reporting system, as well as regular monthly analysis of financial and operational performance and key indicators performed by the Management Board. The monthly results analysis is carried out in relation to both the current financial and operational plan and the prior period results.

The budgetary control system is based on monthly and annual financial and operational plans and long-term business projections. Both financial and operating results are monitored regularly in relation to the financial and operational plans. During the year, we perform additional reviews of the financial and operational plans for the year if such need arises. The financial and operational plans are always adopted by the Management Board and approved by the Supervisory Board.

One of the basic elements of control in the preparation of financial statements of the Company and the Group is verification carried out by independent auditors. An auditor is chosen from a group of reputable firms, which guarantee a high standard of service and independence. The Supervisory Board of the Company chooses the Company's auditor. In the subsidiaries, the auditor is chosen by either the Supervisory Board, the General Meeting or the Meeting of Shareholders. The tasks of the independent auditor include, in particular: a review of semi-annual standalone and consolidated financial statements and audit of annual standalone and consolidated financial statements. Auditor's independence is fundamental to ensure the accuracy of the audit.

The Audit Committee, appointed within the Company's Supervisory Board, supervises the financial reporting process in the Company. The Audit Committee oversees the financial reporting process, in order to ensure sustainability, transparency and integrity of financial information. As at the date of approval of this Report, two out of three Members of the Audit Committee meet the independence criteria set out in the Best Practices 2016 in section II.Z.4. and the requirements listed in article 129 item 3 of the Act of May 11, 2017 on Statutory Auditors, Audit Firms and Public Oversight.

Moreover, under article 4a of the Polish Accounting Act of 29 September 1994 of the accounting act, the duties of the Supervisory Board include ensuring that the financial statements and the report on activities meet the requirements of the law, and the Supervisory Board carries out this duty, using the powers under the law and the articles of association of the Company. This is yet another level of control exercised by an independent body to ensure the accuracy and reliability of the information presented in the standalone and consolidated financial statements.

3. Share capital and shareholding structure of Cyfrowy Polsat

3.1. Shareholders with qualifying holdings of shares of Cyfrowy Polsat

The table below presents Shareholders of Cyfrowy Polsat S.A. holding at least 5% of votes at the General Meeting of Cyfrowy Polsat S.A. as at the date of approval of this Report, i.e. March 24, 2021. Data included in the table is based on information received from shareholders on March 15, 2021 pursuant to Art. 69 of the Act of July 29, 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies (Journal of Laws 2019, item 623).

Shareholder	Number of shares	% of shares	Number of votes	% of votes
Zygmunt Solorz, through:	372,596,215	58.26%	532,313,726	65.00%
TiVi Foundation, including through:	306,432,094	47.91%	466,149,605	56.92%
Reddev Investments Limited	306,432,084	47.91%	466,149,585	56.92%
Embud 2 Sp. z o.o. S.K.A.	64,011,733	10.01%	64,011,733	7.82%
Tipeca Consulting Limited ⁽¹⁾	2,152,388	0.34%	2,152,388	0.26%
Others	266,949,801	41.74%	286,649,791	35.00%
Total	639,546,016	100.00%	818,963,517	100.00%

(1) Company under the presumption of the existence of an agreement referred to in Art. 87 Section 1 Item 5 of the Public Offering Act.

Changes in the structure of ownership of significant number of shares of the issuer in the period since the publication of the last periodic report

From the date of publication of the previous interim report, i.e. November 10, 2020 (report for the third quarter of 2020), until the date of approval of this Report, i.e. March 24, 2021, the Company received notifications pursuant to Article 69 of the Act on Public Offering from Mr. Zygmunt Solorz, TiVi Foundation and Reddev Investments Limited.

Mr. Zygmunt Solorz

In accordance with the notification received on March 15, 2021, the Company was informed about a change in the share in the total number of votes at the Company held by Mr. Solorz indirectly through an entity controlled by him, which took place on March 10, 2021 following the conclusion of transactions described below, i.e., the acquisition by Reddev, a subsidiary of TiVi Foundation, an entity controlled by Mr. Solorz, of 8,351,797 ordinary bearer shares of Cyfrowy Polsat,

Prior to the above mentioned transactions Mr. Zygmunt Solorz held indirectly 364,244,418 shares of the Company, constituting in total 56.95% of the share capital of the Company and carrying the right to exercise 523,961,929 votes at the Company's general meeting, representing 63.98% of the total number of votes at the Company's general meeting, in such a way that:

- (i) TiVi Foundation held:
 - a. directly, 10 registered, privileged with respect to votes shares of the Company, constituting 0.0000016% of the share capital of the Company and carrying the right to exercise 20 votes at the Company's general meeting, representing 0.0000024% of the total number of votes at the Company's general meeting, and
 - b. indirectly, through Reddev, 298,080,287 shares of the Company, constituting 46.61% of the share capital of the Company, carrying the right to exercise 457,797,788 votes at the Company's general meeting, representing 55.90% of the total number of votes at the Company's general meeting, including:
 - i. 159,717,501 registered, privileged with respect to votes shares of the Company, constituting in total 24.97% of the share capital of the Company, carrying the right to exercise 319,435,002 votes at the Company's general meeting, representing 42.72% of the total number of votes at the Company's general meeting, representing 39.00% of the total number of votes at the Company's general meeting;
 - ii. 138,362,786 ordinary bearer shares of the Company, constituting in total 21.63% of the share capital of the Company, carrying the right to exercise 138,362,786 votes at the Company's general meeting, representing 16.89% of the total number of votes at the Company's general meeting;
- (ii) Embud 2 spółka z ograniczoną odpowiedzialnością S.K.A., an entity indirectly controlled by Mr. Solorz, held directly 64,011,733 ordinary bearer shares of the Company constituting in total 10.01% of the share capital of the Company,

carrying the right to exercise 64,011,733 votes at the Company's general meeting, representing 7.82% of the total number of votes at the Company's general meeting;

and accounting for the shares held directly by Tipeca Consulting Limited which, pursuant to Art. 87 Section 4 Item 1 of the Public Offering Act, is under the presumption of the existence of an agreement referred to in Art. 87 Section 1 Item 5 of the Public Offering Act, and which held 2,152,388 ordinary bearer shares of the Company, constituting in total 0.34% of the share capital of the Company, carrying the right to exercise 2,152,388 votes at the Company's general meeting, representing 0.26% of the total number of votes at the Company's general meeting.

Following the above mentioned transactions Mr. Zygmunt Solorz holds indirectly 372,596,215 shares of the Company, constituting in total 58.26% of the share capital of the Company and carrying the right to exercise 532,313,726 of the total number of votes at the Company's general meeting, in such a way that:

- (i) TiVi Foundation holds:
 - a. directly 10 registered, privileged with respect to votes shares of the Company, constituting in total 0.0000016% of the share capital of the Company, carrying the right to exercise 20 votes at the Company's general meeting, representing 0.0000024% of the total number of votes at the Company's general meeting, and;
 - b. indirectly, through Reddev, 306,432,084 shares of the Company, constituting 47.91% of the share capital of the Company, carrying the right to exercise 466,149,585 votes at the Company's general meeting, representing 56.92% of the total number of votes at the Company's general meeting, including:
 - i. 159,717,501 registered, privileged with respect to votes shares of the Company, constituting in total 24.97% of the share capital of the Company, carrying the right to exercise 319,435,002 votes at the Company's general meeting, representing 39.00% of the total number of votes at the Company's general meeting, and
 - ii. 146,714,583 ordinary bearer shares of the Company, constituting 22.94% of the share capital of the Company, carrying the right to exercise 146,714,583 votes at the Company's general meeting, representing 17.91% of the total number of votes at the Company's general meeting;
- (ii) Embud 2 spółka z ograniczoną odpowiedzialnością S.K.A. holds directly 64,011,733 ordinary bearer shares of the Company, constituting in total 10.01% of the share capital of the Company, carrying the right to exercise 64,011,733 votes at the Company's general meeting, representing 7.82% of the total number of votes at the Company's general meeting;

and accounting for the shares held directly by Tipeca Consulting Limited, which, pursuant to Art. 87 Section 4 Item 1 of the Public Offering Act, is under the presumption of the existence of an agreement referred to in Art. 87 Section 1 Item 5 of the Public Offering Act, and which held 2,152,388 ordinary bearer shares of the Company, constituting in total 0.34% of the share capital of the Company, carrying the right to exercise 2,152,388 votes at the Company's general meeting, representing 0.26% of the total number of votes at the Company's general meeting.

TiVi Foundation

In accordance with the notification received on March 15, 2021, the Company was informed about an indirect acquisition by TiVi Foundation in the period between March 17, 2020 and March 10, 2021, through Reddev, a direct subsidiary of TiVi Foundation, of 8,351,797 ordinary bearer shares of Cyfrowy Polsat, constituting 1.31% of the share capital of the Company and carrying the right to exercise 8,351,797 votes at the general meeting of the Company, representing 1.02% of the total number of votes at the general meeting of the Company.

Prior to the above mentioned transactions TiVi Foundation held directly and indirectly 298,080,297 shares of the Company constituting 46.61% of the share capital of the Company and carrying the right to exercise 457,797,808 votes at the Company's general meeting, representing 55.90% of the total number of votes at the Company's general meeting, including:

- a) directly, 10 registered, privileged with respect to votes shares of the Company, constituting 0.0000016% of the share capital of the Company and carrying the right to exercise 20 votes at the Company's general meeting, representing 0.0000024% of the total number of votes at the Company's general meeting, and
- b) indirectly, through Reddev, 298,080,287 shares of the Company, constituting 46.61% of the share capital of the Company, carrying the right to exercise 457,797,788 votes at the Company's general meeting, representing 55.90% of the total number of votes at the Company's general meeting. The above shares consist of:

- (i) 159,717,501 registered, privileged with respect to votes shares of the Company, constituting 24.97% of the share capital of the Company and carrying the right to exercise 319,435,002 votes at the Company's general meeting, representing 39.00% of the total number of votes at the Company's general meeting, and
- (ii) 138,362,786 ordinary bearer shares of the Company, constituting 21.63% of the share capital of the Company and carrying the right to exercise 138,362,786 votes at the Company's general meeting, representing 16.89% of the total number of votes at the Company's general meeting.

Following the transactions TiVi Foundation n currently holds directly and indirectly 306,432,094 shares of the Company, which constitutes 47.91% of the share capital of the Company and entitles to exercise 466,149,605 votes at the Company's general meeting, representing 56.92% of the total number of votes at the Company's general meeting, including:

- a) directly, 10 registered, privileged with respect to votes shares of the Company, constituting 0.0000016% of the share capital of the Company and carrying the right to exercise 20 votes at the Company's general meeting, representing 0.0000024% of the total number of votes at the Company's general meeting, and
- b) indirectly, through Reddev, 306,432,084 shares of the Company, constituting 47.91% of the share capital of the Company, carrying the right to exercise 466,149,585 votes at the Company's general meeting, representing 56.92% of the total number of votes at the Company's general meeting. The above shares consist of:
 - (i) 159,717,501 registered, privileged with respect to votes shares of the Company, constituting 24.97% of the share capital of the Company and carrying the right to exercise 319,435,002 votes at the Company's general meeting, representing 39.00% of the total number of votes at the Company's general meeting, and
 - (ii) 146,714,583 ordinary bearer shares of the Company, constituting 22.94% of the share capital of the Company and carrying the right to exercise 146,714,583 votes at the Company's general meeting, representing 17.91% of the total number of votes at the Company's general meeting.

Reddev

In accordance with the notification received on March 15, 2021, the Company was informed about a change in Reddev's direct share in the total number of votes in the general meeting of the Company, which took place on March 10, 2021 as a result of a direct acquisition by Reddev in the period between March 17, 2020 and March 10, 2021 of 8,351,797 ordinary bearer shares of the Company, constituting 1.31% of the share capital of the Company and carrying the right to exercise 8,351,797 votes at the General Meeting of the Company at the Company's general meeting, representing 1.02% of the total number of votes at the general meeting.

Prior to the above mentioned transactions Reddev held directly 298,080,287 shares of the Company, constituting 46.61% of the share capital of the Company and carrying the right to exercise 457,797,788 votes at the Company's general meeting, representing 55.90% of the total number of votes at the general meeting. The above shares consisted of:

- (i) 159,717,501 registered, privileged with respect to votes shares of the Company, constituting 24.97% of the share capital of the Company, carrying the right to exercise 319,435,002 votes at the Company's general meeting, representing 39.00% of the total number of votes at the Company's general meeting, and
- (ii) 138,362,786 ordinary bearer shares of the Company, constituting 21.63% of the share capital of the Company, carrying the right to exercise 138,362,786 votes at the Company's general meeting, representing 16.89% of the total number of votes at the Company's general meeting.

Following the transactions Reddev holds directly 306,432,084 shares of the Company, which constitutes 47.91% of the share capital of the Company and entitles to exercise 466,149,585 votes at the Company's general meeting, representing 56.92% of the total number of votes at the Company's general meeting. The above shares consist of:

- (i) 159,717,501 registered, privileged with respect to votes shares of the Company, constituting 24.97% of the share capital of the Company, carrying the right to exercise 319,435,002 votes at the Company's general meeting, representing 39.00% of the total number of votes at the Company's general meeting, and
- (ii) 146,714,583 ordinary bearer shares of the Company, constituting 22.94% of the share capital of the Company, carrying the right to exercise 146,714,583 votes at the Company's general meeting, representing 17.91% of the total number of votes at the Company's general meeting.

3.2. Information on material agreements, which can result in a change in the proportion of shares held by hitherto shareholders in the future

As at the date of approval of this Report, i.e. March 24, 2021, the Company did not have any information on agreements which can result in a change in the proportion of shares held by hitherto shareholders in the future.

3.3. Shares of Cyfrowy Polsat held by Members of the Management Board and the Supervisory Board

To the Company's best knowledge Members of the Management Board did not hold any shares of the Company, directly or indirectly, as at the date of approval of this Report, i.e. March 24, 2021 as well as at the date of publication of the previous interim report, i.e. November 10, 2020 (report for the third quarter of 2020).

The table below presents the number of shares of Cyfrowy Polsat S.A. which, according to the Company's best knowledge, were held, directly or indirectly, by Members of the Company's Supervisory Board as at the date of approval of this Report, i.e. March 24, 2021, along with changes in shareholdings from the date of publication of the previous interim report, i.e. November 10, 2020 (report for the third quarter of 2020).

Name and Surname	Function	Holding as at November 10, 2020	Increases	Decreases	Holding as at March 24, 2021
Mr. Marek Kapuściński	Chairman of the Supervisory Board	22,150	-	-	22,150
Mr. Aleksander Myszk	Member of the Supervisory Board	56,886	-	-	56,886
Mr. Tomasz Szela ⁽¹⁾	Member of the Supervisory Board	25,500	-	-	25,500

(1) Tomasz Szela holds the Company's shares indirectly, through Pigreto Ltd.

To the Company's best knowledge the remaining Members of the Supervisory Board did not hold any shares of the Company, directly and indirectly, as at the date of approval of this Report, i.e. March 24, 2021, nor at the date of publication of the previous interim report, i.e. November 10, 2020 (report for the third quarter of 2020).

3.4. Securities with special controlling rights

Current shareholders do not have any rights in the General Meeting of Shareholders other than those resulting from holding the Company's shares. As at December 31, 2020 the shares of the A through D series are shares preferential as to the voting rights in the way that:

- Series A shares totaling 2,500,000 have preferential voting rights entitling their holder to two voting rights per share;
- Series B shares totaling 2,500,000 have preferential voting rights entitling their holder to two voting rights per share;
- Series C shares totaling 7,500,000 have preferential voting rights entitling their holder to two voting rights per share;
- Series D shares totaling 166,917,501 numbered 1-166,917,501 have preferential voting rights entitling their holder to two voting rights per share.

8,082,499 D Series shares, numbered 166,917,502-175,000,000; 75,000,000 E Series shares; 5,825,000 F Series shares, 80,027,836 H Series shares, 47,260,690 I Series shares and 243,932,490 J Series shares are ordinary bearer shares.

3.5. Limitations related to shares

There are no limitations to the exercise of voting rights in the Company.

Except for the limitations regarding our securities ownership rights transfer resulting from the general provisions of the law there are no other limitations, in particular contractual limitations, regarding our securities ownership rights transfer.

4. Rules of amending the Articles of Association of the Company

An amendment to the Articles of Association of the Company requires a resolution of the General Shareholders' Meeting and a registry in the Court register. The general provisions of law, the Articles of Association and the Bylaws of the General Shareholders' Meeting govern the procedure for adopting resolutions regarding amendments to the Articles of Association.

Pursuant to the provisions of the Articles of Association and taking into account the provisions of art. 417 § 4 of the Commercial Companies Code, an amendment to the Articles of Association may take place without a share buyback.

5. General Shareholders' Meeting

The General Shareholders' Meeting acts pursuant to the provisions of the Commercial Companies' Code, the Articles of Association, and the Bylaws of General Shareholders' Meeting adopted by Resolution 6 of the Extraordinary Shareholders' Meeting dated December 4, 2007 and amended by Resolution 29 of the Extraordinary Shareholders' Meeting dated April 23, 2009.

The General Shareholders' Meeting adopts resolutions regarding, in particular, the following issues:

- a) reviewing and approving the Management Board Report and the report of the Supervisory Board as well as the financial statements of the Company for the preceding accounting year and the consolidated financial statements,
- b) decisions on dividing the profit or on the manner of covering the losses,
- c) acknowledgement of the fulfilment of duties by the Supervisory Board Members and Management Board Members,
- d) establishing the remuneration of Supervisory Board Members, subject to the provision of Article 18 sec. 3 c) of the Articles of Association, i.e., determining the amount of remuneration of Supervisory Board Members delegated to perform temporarily the tasks of a Management Board Member,
- e) amending the Articles of Association,
- f) modifying the scope of the Company's operations,
- g) increasing or decreasing share capital,
- h) merging, dividing, or transforming the Company,
- i) winding up and liquidating the Company,
- j) issuing convertible bonds or senior bonds as well as issuing subscription warrants,
- k) selling or leasing the enterprise, its organised part or property components constituting a significant part of the enterprise as well as establishing limited rights *in rem* in the aforementioned scope,
- l) granting consent to any acquisition and sale of real property, perpetual usufruct right or interest in real property, as well as granting consent to establishing a limited right *in rem* on real property, perpetual usufruct right or interest in real property with a value exceeding the 0.2% ratio of the Company's unit EBITDA for the preceding accounting year as stipulated in Article sec. 3.19 of the Articles of Association,
- m) any and all issues connected with claims for remedying a loss caused upon the formation of the Company or in the course of its management or supervision.

As of January 1, 2025, the General Shareholders Meeting shall not be entitled to grant consent to the Company incurring any liability whatsoever if incurring it may result in the debt ratio, expressed as the ratio of the Group's net debt to EBITDA, exceeding a threshold of 2.0x.

The General Meeting shall be attended by persons who are shareholders of the Company sixteen days prior to the date of the General Meeting (the day of registration for participation in the General Meeting). The date of registration for participation in the General Meeting is consistent for bearer shares and registered shares holders. Holders of registered shares and interim certificates and lienors and users who have the right to vote, are entitled to participate in the General Meeting of the Company, provided they are entered in the register of shareholders on the day of registration for participation in the General Meeting.

A shareholder, being a natural person, is entitled to participation in the General Shareholders' Meeting and execution of voting rights in person, or through a proxy. A shareholder, being a legal entity, is entitled to participation in the General Shareholders' Meeting and execution of voting rights through a person authorized to make representations of intent on its behalf, or through a proxy.

The power of attorney to attend the General Meeting and exercise voting rights requires a written or an electronic form. The shareholder must notify the Company about electronically granting the power of attorney by sending the information specifying the Shareholder and the Shareholder's proxy, including the name and surname or company (the name) and address (seat), and indicating the number of shares and votes, of which the proxy is authorized to exercise to the address: akcjonariusze@cyfrowypolsat.pl.

The General Meeting should be attended by Members of the Management Board and Supervisory Board - in the composition which allows for substantive answers to the questions posed during the General Meeting.

The General Meeting shall be opened by the Chairperson or, in his/her absence, the Deputy Chairperson of the Supervisory Board (if appointed). In their absence, the General Meeting shall be opened by the President of the Management Board or a

person nominated by the President. Next, the General Meeting shall appoint the Chairperson of the Meeting from among persons authorised to participate in the General Meeting.

Each participant in the General Meeting is entitled to be elected the Chairman of the General Meeting, and also nominate one person as candidate to the position of Chairman of the General Meeting. Decisions shall not be made until Chairman of the General Meeting is elected.

The Chairman of the General Meeting directs proceedings in accordance with the agreed agenda, provisions of law, the Articles of Association and the By-laws, and in particular: giving the floor to speakers, ordering voting and announcing the results thereof. The Chairman ensures efficient proceedings and respecting of the rights and interests of all Shareholders. The Chairman may decide on issues of the order of the agenda.

After creation and signing of the attendance list the Chairman approves that the Shareholders' Meeting has been called in a proper manner and is authorized to pass resolutions; presents the agenda and orders the selection of the Ballot Committee.

The General Meeting may pass a motion regarding nonfeasance of voting over an item on the agenda, and also on adjourning the order of issues on the agenda. However, removing an item from the agenda, or its adjourning upon the request of shareholders, requires prior consent of all the shareholders present who have forwarded such a motion, supported by a majority of votes of the General Meeting. Motions regarding the aforementioned issues shall be justified in detail.

The Chairman, after opening an item on the agenda, may give the floor in order of application to speakers. In the event of a significant number of applications the Chairman may set a time limit or limit the number of speakers. The floor may be taken regarding items on the agenda and currently under discussion only. The Chairman may give the floor outside of the order of application to the Members of the Management Board or Supervisory Board, and also to the Company experts called by them.

The Meeting may not pass resolutions regarding items that are not on the agenda unless all the share capital is represented in the General Meeting and none of the present in the Meeting raises any objections as to the adoption of a resolution.

Voting shall proceed in a manner adopted by the General Meeting using a computerized system of casting and counting votes, ensuring that votes are cast in the number corresponding to the number of shares held and - in case of a secret ballot - allowing to eliminate the possibility of detecting the manner of voting by individual shareholders.

Subject to mandatory provisions of law, the General Meeting shall be valid if attended by shareholders representing jointly more than 50% of the total number of votes in the Company. The resolutions of the General Meeting shall be adopted by an absolute majority of votes cast, unless the provisions of the Commercial Companies' Code of or the provisions of Company's Articles of Association provide for a greater majority.

As at December 31, 2020 the shareholders participating in the General Meeting had the number of votes corresponding to the number of shares held, with the stipulation that shares listed in item 8.3.4. – *Securities with special controlling rights* – are preferential in such a way that each of them entitles to casting two votes at the General Meeting.

The Chairman of the General Meeting closes the General Meeting upon exhausting its agenda.

6. Management Board of the Company

6.1. Rules regarding appointment and dismissal of the management

Pursuant to article 14 of the Articles of Association of the Company the Management Board consist of one or more members, including the President of the Management Board. The President of the Management Board shall be appointed and dismissed by TiVi Foundation with its registered office in Vaduz, Liechtenstein as a personal right vested in that shareholder. The remaining Management Board Members shall be appointed and dismissed by the Supervisory Board. The number of Management Board Members in any given term of office shall be determined by the Supervisory Board. The term of office of the Management Board is joint and lasts three years.

The Management Board of the Company shall consist in their majority of persons holding Polish citizenship. Prior to their appointment, the Company's Management Board Members are required to submit a written statement that they have familiarised themselves with the Company's Articles of Association, the By-laws of the Management Board, the By-laws of the Supervisory Board, the Company's Organisational Regulations, Work Regulations, and Employee Remuneration Rules, and that they undertake to strictly observe and apply them.

6.2. Composition of the Management Board and changes in 2020

As at January 1, 2020 the Management Board comprised the following Members:

- Mirosław Błaszczuk – President of the Management Board,
- Maciej Stec – Vice President of the Management Board
- Jacek Felczykowski - Member of the Management Board,
- Aneta Jaskólska - Member of the Management Board,
- Agnieszka Odorowicz - Member of the Management Board,
- Katarzyna Ostap-Tomann - Member of the Management Board.

In 2020 there were no changes to the composition of the Management Board.

The following table presents names, surnames, functions, dates of appointment and dates of expiry of the current term of particular Members of the Management Board as at December 31, 2020.

Name and surname	Function	Year of first appointment	Year of appointment for the current term	Year of expiry of term
Mirosław Błaszczuk	President of the Management Board	2019	2019	2022
Maciej Stec	Vice-President of the Management Board	2014	2019	2022
Jacek Felczykowski	Member of the Management Board	2019	2019	2022
Aneta Jaskólska	Member of the Management Board	2010	2019	2022
Agnieszka Odorowicz	Member of the Management Board	2016	2019	2022
Katarzyna Ostap-Tomann	Member of the Management Board	2014	2019	2022

Mirosław Błaszczuk has been President of the Management Board of Cyfrowy Polsat S.A since April 2019. He is also President of the Management Board of Polkomtel Sp. z o.o. (since April 2019), Supervisory Board Member of Telewizja Polsat Sp. z o.o. and Muzo FM Sp. z o.o. and holds a position of Member of the Council of the Polsat Foundation. Earlier, in 2007-2019, has served as President of the Management Board of Telewizja Polsat Sp. z o.o., and, until March 2019, as President of the Management Board of Lemon Records sp. o.o. and Eska TV S.A.

From 1984 to 1988 he worked as director at Wrocław University of Technology, later he worked for a year as Assistant to President and Sales Representative of the company "Intersoft", next, from 1990 to 1991, as Sales Representative in Munich-based company "Ampol". From 1992 he worked for Przedsiębiorstwo Zagraniczne "Solpol"; until 1993 as Deputy Director, and later as Director of Legal Office. In 1994 he joined Telewizja Polsat, where, until 2007, he held the position of Director of Management Board Office and served as Proxy. At the same time, from March 2005 to September 2006, he was Deputy General Director of Polska Telefonia Cyfrowa Sp. z o.o. Mr. Błaszczuk also served in the past as Member of the Supervisory Boards in, among others, Plus Bank S.A. and Elektrim S.A.

Mr. Mirosław Błaszczuk graduated from the German Faculty at the Wrocław University.

Maciej Stec has been Vice President of the Management Board of Cyfrowy Polsat since April 2019, responsible for strategy and new areas of business development. He has been serving as Member of the Company's Management Board since November 2014. In April 2019 he became Vice-President of the Management Board of Polkomtel and Member of the Supervisory Board of Telewizja Polsat Sp. z o.o. Mr. Stec is Member of the Supervisory Board of Muzo.fm Sp. z o.o. He also holds the function of Management Board Member at Polsat Ltd. and Polsat JimJam Ltd.

In 2007-2019 he was Member of the Management Board and Sales & Foreign Acquisition Director of Telewizja Polsat while in 2018-2019 he served as President of the Management Board of Eleven Sports Network Sp. z o.o. From the beginning of his professional career Mr. Stec was linked with television market. From 1998 he worked, among others, for OMD Poland media house, owned by Omnicom Group, where in the years 1998-2003 he held a position of Managing Director of Brand&Media OMD. From February 2003 to May 2007 he was Managing Director of Telewizja Polsat's advertisement office - Polsat Media Sp. z o.o. (currently Polsat Media Biuro Reklamy Sp. z o.o. Sp.k.).

Mr. Stec graduated from the Management and Marketing Faculty of the Leon Kozminski Academy of Entrepreneurship and Management in Warsaw.

Jacek Felczykowski has been Member of the Management Board of Cyfrowy Polsat since April 2019. He is responsible in the Group for the areas of telecommunication network construction and maintenance as well as for broadly understood technology. Mr. Felczykowski has long-term and versatile experience in company management within the areas of finance and

innovative technologies, such as IT and telecommunications. Since 2015 he has been Member of the Management Board of Polkomtel Sp. z o.o.

In years 2006-2008 he served as President of the Management Board of Centrum Obsługi Wierzytelności Cross Sp. z o.o., and from 2007 to 2008 as Member of the Management Board of TFI Plejada S.A. In years 2008-2010 he managed, as President of the Management Board, NFI Midas S.A., one of the world's pioneers in implementation of fast, mobile Internet in LTE technology. In years 2010-2012 he was President of the Management Board of Sferia S.A. and from 2011 to 2013 he was President of the Management Board of IT Polpager S.A.

Aneta Jaskólska has been a Member of the Management Board of Cyfrowy Polsat since July 2010. She is responsible for the Customer Service Department as well as Information Security and Safety Department, including cybersecurity. Ms. Jaskólska is also a Member of the Management Boards of INFO-TV-FM Sp. z o.o., Liberty Poland S.A., CPSPV1 Sp. z o.o., CPSPV2 Sp. z o.o. and Polkomtel. She serves also as Vice-President of the Clean Poland Program Association.

Between 2004 and 2007 Ms. Jaskólska held the position of Proxy and Director of Legal Department of UPC Polska Sp. z o.o. She was also a Member of the Copyright Committee (Komisja Prawa Autorskiego). She has many years of experience in legal advisory and services to large business entities.

Ms. Jaskólska graduated from the Faculty of Law and Administration at the Warsaw University and completed legal internship with the District Chamber of Legal Advisers in Warsaw, receiving the title of a solicitor. She also graduated from Copyright, Publishing and Press Law Faculty at the Department of Management and Social Communication of the Jagiellonian University.

Agnieszka Odorowicz Member of the Company's Management Board since March 1, 2016 and is responsible for the film production and the management of the Company studios.

From 2001 until 2009 she was an academic staff member at the Department of Trade and Market Institutions at the Cracow Academy of Economics and the author of publications on cultural management and economics as well as the promotion of regions. In the years 2002-2004 the authorities of the Academy appointed her to the position of director of the Development and Promotion Center of the Cracow Academy of Economics. In the years 2003-2004 she acted as deputy Minister of Culture for structural funds, responsible for negotiations with the European Commission regarding the use of EU funds for the development of cultural infrastructure. During the years 1997-2003 she was the artistic director of the International Competition of Contemporary Chamber Music and producer of several dozen shows for public television. In the years 2004-2005 she held the position of Secretary of State at the Ministry of Culture, where she was responsible for the legal and economic departments as well as cooperation with the Parliament. During this period she was the Chairwoman of the inter-ministerial group for the media policy of the State. In the years 2005-2010 she was the first director of the Polish Film Institute. Reelected as director in a competition in 2010, she managed the Polish Film Institute until October 2015. In the years 2014-2015 she served as Member of the Supervisory Board of Polskie Radio S.A.

Ms. Odorowicz is a graduate of the Cracow University of Economics, an economist and a cultural manager. She is a co-author of numerous publications on culture economy. Awarded for her merit for culture, among others with the Officer's Cross of the Order of Polonia Restituta.

Katarzyna Ostap-Tomann has been connected with Cyfrowy Polsat Group since 2009, where she assumed the position of deputy CFO of the Capital Group in 2015, and she has been a Member of the Management Board responsible for the finances of the Group since October 2016. She also holds the position of Member of the Management Board of Polkomtel Sp. z o.o., INFO-TV-FM Sp. z o.o., CPSPV1 Sp. z o.o., CPSPV2 Sp. z o.o. and Polsat License Ltd. She is also a Member of the Supervisory Board of Plus Bank S.A. Earlier, until April 2019, she was also a Member of the Management Board of Telewizja Polsat Sp. z o.o.

She has competence and knowledge in the field of media and telecommunication sectors as well as in accountancy and financial reporting.

In the years 1996–2004 she was employed at various positions at Philip Morris in Poland and in the regional headquarters of the company in Switzerland, where she gained considerable experience in the fields of corporate finance, financial reporting, management accounting and internal audit. In the years 2004-2009 she worked for TVN Group as Financial Controller of the capital group. She was responsible for the preparation of financial statements at the capital group level and internal management reporting. In 2009 she took the position of Director of Controlling at Cyfrowy Polsat, where she became Financial Director in 2012. Since 2011 she has also held the function of Financial Director at Telewizja Polsat, where she was appointed as Member of the Management Board in 2014.

She has been a member of the ACCA since 2001. In 2013-2017 she was a member of the ACCA Council in Poland. Ms. Ostap-Tomann is a graduate of the Warsaw School of Economics with a major in International Economic and Political Relations and also holds the title of MBA from Oxford Brookes University.

6.3. Competences and bylaws of the Management Board

In accordance with the Company's Articles of Association, the Management Board conducts the business of the Company and represents it in external relations.

The following are entitled to submit statements on behalf of the Company:

- in the case of one person Management Board – the President of the Management Board acting together with a commercial proxy, and
- in the case of a more numerous Management Board – the President of the Management Board, a Management Board Member, and the commercial proxy acting jointly.

The Management Board operates under legal regulations in force, the Company's Articles of Association, the Bylaws of the Management Board, the Bylaws of the Supervisory Board, the Company's Organisational Regulations, Work Regulations, and Employee Remuneration Rules as well as under the resolutions of the General Shareholders Meeting.

The Management Board performs its obligations collectively whereas each of its Members manages specific areas of the Company's operations within the division of tasks, in accordance with the descriptions included in the biographical notes in item 8.6.2.

All issues related to our management, not restricted by the provisions of the law or the Articles of Association to the competence of the Supervisory Board or the General Meeting, are within the scope of competence of the Management Board.

Decisions regarding an issue or buy back of the Company's shares are within the competence of the General Shareholders' Meeting. The competencies of the Board in respect to the above are limited to the execution of any resolutions adopted by the General Shareholders' Meeting.

In accordance with the provisions of Art. 13 of the Company's Articles of Association, as from January 1, 2025, the Company's Management Board is obliged to manage the business of the Group in such a way that the debt ratio, calculated as the quotient of the Group's net financial debt and EBITDA, never exceeds 2.0x. In the period until December 31, 2024, the Company's Management Board shall be obliged to manage the business of the Group in such a way that a debt ratio not exceeding 2.0x is achieved by December 31, 2024 at the latest. The value of the Group's debt ratio as at December 31, 2024 shall ensue upon the Company's Management Board and the Company's Supervisory Board approving the consolidated financial statements for the accounting year ended on December 31, 2024.

Members of the Management Board may attend the sessions of the Supervisory Board. Furthermore, Members of the Management Board may participate in the sessions of any General Meeting. They provide substantive answers to questions asked during the General Meeting in accordance with the binding laws.

The Management Board conducts the Company's business on the basis of adopted resolutions.

The resolutions of the Management Board are adopted at Management Board's sessions. In extraordinary cases, the resolutions of the Management Board may be adopted without holding a session either in writing or using means of distance communication. Management Board resolutions adopted at a Management Board session are passed by an absolute majority of votes. If the votes are distributed equally, the President of the Management Board has a casting vote. Management Board resolutions may only be adopted if all Management Board Members have been duly notified of a Management Board session and if the session is attended by more than half of the Management Board Members.

Management Board resolutions may be adopted in writing or using means of distance communication if the draft of the resolution has been effectively served to all Management Board Members and the Chairperson of the Supervisory Board, if all Management Board Members take part in the vote, and if an absolute majority of Management Board Members consent to the resolution. Immediately after a resolution is adopted, the President of the Management Board is obliged to deliver it to the Chairperson of the Supervisory Board in the adopted wording together with information on the result of the vote.

Management Board sessions may be attended by the Chairperson of the Supervisory Board and a Supervisory Board Member or Supervisory Board Members appointed by the Chairperson of the Supervisory Board in writing. The President of the Management Board is obliged to notify the Chairperson of the Supervisory Board in writing of the date and agenda of the Management Board session. The aforementioned notification shall be served at least 72 hours prior to the appointed time of the session. In extraordinary cases, said notification may be served within a shorter time-limit upon the written consent of the Chairperson of the Supervisory Board. Management Board sessions may also be attended by the Company's commercial proxy. The Company's Management Board notifies the commercial proxy of the date of the session and the session agenda.

The Company's Management Board is obliged to maintain the continuity of the commercial power of attorney; in particular, if the commercial power of attorney expires for any reason whatsoever, the Company's Management Board shall be obliged to appoint another commercial proxy immediately. Granting a commercial power of attorney requires the consent of all

Management Board Members, subject to the stipulation that it shall only be permitted to grant a commercial power of attorney obliging the commercial proxy to perform transactions jointly with the President of the Management Board and a Management Board Member. A commercial power of attorney may only be granted by the Company's Management Board to candidates approved by the Supervisory Board. A commercial power of attorney shall be revoked by any Management Board Member.

6.4. Remuneration of the Members of the Management Board

Rules for remuneration of Members of the Management Board are regulated by the Remuneration Policy for the Management Board and Supervisory Board Members. Information regarding remuneration of Members of the Management Board in 2020 is included in Note 41 of the financial statements for the financial year ended December 31, 2020.

6.5. Managerial contracts with Members of the Management Board setting out severance packages payout as a result of their resignation or dismissal from the position without a material cause

The Company has concluded managerial contracts with the following Members of the Management Board: Aneta Jaskólska, Agnieszka Odorowicz and Katarzyna Ostap-Tomann. These contracts do not provide for the payment of severance packages as a result of the resignation of the mentioned above Members of the Management Board or their dismissal from the position without a material cause, or in the case when their resignation or dismissal results from a merger by acquisition of the Company.

7. Supervisory Board of the Company

7.1. Rules regarding appointment and dismissal of the Supervisory Board

In accordance with Art. 19 of the Company's Articles of Association, the Supervisory Board consists of five to nine members, including the Chairperson of the Supervisory Board. A Supervisory Board Member may be appointed Deputy Chairperson of the Supervisory Board under a resolution of the General Shareholders Meeting. The Chairperson of the Supervisory Board is appointed and dismissed by TiVi Foundation with its registered office in Vaduz, Liechtenstein as a personal right vested in that shareholder. The remaining Members of the Supervisory Board are appointed and dismissed by the General Shareholders Meeting.

The Supervisory Board is appointed for a joint five-year term of office. The number of Supervisory Board Members in any given term of office shall be determined by the General Shareholders Meeting.

The Supervisory Board of the Company shall consist in their majority of persons holding Polish citizenship. Prior to their appointment, the Company's Management Board Members and Supervisory Board Members are required to submit a written statement that they have familiarised themselves with the Company's Articles of Association, the Bylaws of the Management Board, the Bylaws of the Supervisory Board, the Company's Organisational Regulations, Work Regulations, and Employee Remuneration Rules, and that they undertake to strictly observe and apply them.

The Supervisory Board consists of two Members meeting the criteria of an independent Member of the Supervisory Board as set out in article 129 item 3 of the Act of May 11, 2017 on Statutory Auditors, Audit Firms and Public Oversight and in principle II.Z.4 of the Best Practices 2016. A Supervisory Board Member is required to submit a statement to the Management and Supervisory Boards of the Company on his or her compliance with independence criteria.

7.2. Composition of the Supervisory Board

As at January 1, 2020 the Supervisory Board comprised the following Members:

- Marek Kapuściński – Chairman of the Supervisory Board, Member of the Remuneration Committee,
- Józef Birka – Member of the Supervisory Board,
- Robert Gwiazdowski – Independent Member of the Supervisory Board, Chairman of the Audit Committee,
- Aleksander Myszka - Member of the Supervisory Board,
- Leszek Reksa – Independent Member of the Supervisory Board, Member of the Audit Committee,
- Tomasz Szelaąg - Member of the Supervisory Board, Chairman of the Remuneration Committee, Member of the Audit Committee,
- Piotr Żak - Member of the Supervisory Board.

Base on the resolutions adopted on July 23, 2020, the Annual Shareholders Meeting of the Company resolved that the Supervisory Board of the present term of office shall consist of nine members. Simultaneously, the Annual Shareholders Meeting

resolved to appoint Mr. Marek Grzybowski and Mr. Paweł Ziółkowski as Members of the Supervisory Board, effective July 23, 2020.

In parallel, during the Supervisory Board meeting held on July 23, 2020 Mr. Robert Gwiazdowski and Mr. Leszek Reksa resigned from their functions as Members of the Audit Committee. The Supervisory Board, acting based on § 7 item 3 of the Bylaws of the Supervisory Board, filled the vacancies in the Audit Committee by appointing to its composition Mr. Marek Grzybowski and Mr. Paweł Ziółkowski. In addition, the Supervisory Board, acting based on § 2 item 5 of the Bylaws of the Audit Committee, appointed Mr. Marek Grzybowski as Chairman of the Audit Committee.

The following table presents names, surnames, functions, dates of appointment and dates of expiry of the current term of particular Members of the Supervisory Board as at December 31, 2020.

Name and surname	Function	Year of first appointment	Year of appointment for the current term	Year of expiry of term
Marek Kapuściński	Chairman of the Supervisory Board Member of the Remuneration Committee	2016	2018	2021
Józef Birka	Member of the Supervisory Board	2015	2018	2021
Marek Grzybowski	Independent ⁽¹⁾ Member of the Supervisory Board Chairman of the Audit Committee	2020	2020	2021
Robert Gwiazdowski	Member of the Supervisory Board	2008	2018	2021
Aleksander Myszk	Member of the Supervisory Board	2015	2018	2021
Leszek Reksa	Member of the Supervisory Board	2008	2018	2021
Tomasz Szela	Member of the Supervisory Board Chairman of the Remuneration Committee Member of the Audit Committee	2016	2018	2021
Paweł Ziółkowski	Independent ⁽¹⁾ Member of the Supervisory Board Member of the Audit Committee	2020	2020	2021
Piotr Żak	Member of the Supervisory Board	2018	2018	2021

⁽¹⁾ conforms with the independence criteria listed article 129 item 3 of the Act of May 11, 2017 on Statutory Auditors, Audit Firms and Public Oversight and in principle II.Z.4 of the Best Practices 2016.

Marek Kapuściński joined the Company's Supervisory Board on October 1, 2016, and has performed the function of Chairman since October 25, 2016. He also serves as Member of the Remuneration Committee. Mr. Kapuściński graduated from the Faculty of Trade of the Academy of Planning and Statistics in Warsaw (now the Warsaw School of Economics) and completed postgraduate studies at SEHNAP in cooperation with Stern School of Business – New York University.

Until the end of September 2016, for over 25 years, he has been part of the Procter&Gamble team. From July 2011 as a General Manager and Vice President (that is a President of the Management Board/CEO) for nine key markets of the Central Europe, and before that – from January 2007 he was responsible for Poland and Baltic states. Currently, he is a Member of the Supervisory Boards of Bank Handlowy w Warszawie S.A. and Cydrownia S.A. and provides consulting services within the Essences Consulting Group. He is also involved in the activities of the public benefit organizations supporting the development of the young Polish culture and arts.

Józef Birka joined the Company's Supervisory Board in April 2015. He is an advocate and graduate of the Faculty of Law of Wrocław University. He has been associated with Telewizja Polsat S.A. since its inception, he was in charge of the function of the President of the Management Board of Telewizja Polsat during the first licensing procedure granting terrestrial license to broadcast the first independent nationwide TV channel in Poland. Since its establishment, he is a Member of the Board of the POLSAT Foundation, one of the largest non-governmental organizations operating in Poland.

Mr. Józef Birka has extensive experience of working in statutory bodies of commercial-law companies. He is a Member of the Supervisory Boards of Polkomtel Sp. z o.o., Telewizja Polsat Sp. z o.o. and Elektrim S.A. Between 2004 and 2006 he was also the Supervisory Board Member of Polska Telefonia Cyfrowa Sp. z o.o. He acted actively in the Association of Private Media Employers, incorporated into Polish Confederation of Private Employers "Lewiatan." He was honored by the Polish Bar Council with a medal "Commendable Service to the Advocates Bar."

Marek Grzybowski was appointed as Member of the Company's Supervisory Board in July 2020, where he is also a Chairman of the Audit Committee. Associate Professor Marek Grzybowski PhD has been a member of the Faculty of Law and Administration of Warsaw University since 1977.

He has authored and co-authored numerous academic publications: monograph studies, commentaries to the Act on the Bank Guarantee Fund, professional journal articles, and judicial interpretations. His academic research interests relate in the main to public policy issues of banking law, including regulation and supervision of financial markets and bank deposit guarantee schemes.

He is an attorney-at-law and, since 1983, a member of the Warsaw Bar Association of Attorneys-at-Law. Between 1987 and 2000, he was a partner in the law firms: Consultor LC and T. Komosa, C. Wiśniewski, M. Grzybowski and Wspólnicy LP. In the years 2001 – 2003, he was partner at the international law firm Linklaters LP, and, until 2020, attorney-at-law and proxy representing the firm. In the period 1995 – 1999, he sat on the Board of Directors of the Bank Guarantee Fund and was elected President of the Board of Directors of the Bank Guarantee Fund for the term of 1999 – 2003.

In 2005, he was awarded the Golden Cross of Merit for service to the Polish banking system.

Since 1997, he has been editor-in-chief of “GLOSA” – a monthly law journal until 2005, subsequently a quarterly, published by Wolters Kluwer. In the years 1999 – 2007, he was an editorial board member of the “Bezpieczny Bank” (Safe Bank) quarterly, and its editor-in-chief between 1999 and 2003. He currently sits on the editorial board of The European Journal of Legal Education.

Since 2012, he has been deputy dean in charge of financial affairs of the Faculty of Law and Administration of Warsaw University.

In 2014, he was elected member of the Board of the European Law Faculties Association (ELFA), of which he is now president since April 2019.

Robert Gwiazdowski has been a Member of the Company’s Supervisory Board since July 2008. Mr. Gwiazdowski holds a post-doctoral degree of Habilitated Doctor (*doctor habilitatus*) in law and is a professor at Łazarski University. Mr. Gwiazdowski is an active attorney-at-law and tax advisor.

In the years 2005-2014, he served as President of Adam Smith Centre. He is currently a Chairman of the Institute’s Council. In 2006-2007, he served as Chairman of the Supervisory Board of the Polish Social Insurance Institution (Zakład Ubezpieczeń Społecznych). At present, he serves as Member of the Supervisory Boards of the following listed companies: DGA S.A., SARE S.A., Dom Maklerski IDM S.A., and MNI S.A., which operates on the telephony and TV markets.

Aleksander Myszka joined the Company’s Supervisory Board in April 2015. He is a solicitor and graduate of the Faculty of Law of Wrocław University. In 1976, he commenced his career as a solicitor in a Law Firm in Oleśnica, and then he worked for Law Office No. 4 in Wrocław where he also held a position of a Director for two terms of office. In particular, he focused in his practice on civil law and since the mid-eighties he has specialized in commercial law and developed legal services for business entities. He was honored by the Polish Bar Council with a medal “Commendable Service to the Advocates Bar.” His career has been connected with Telewizja Polsat since its establishing, as he is one of its co-founders. For 12 years – in the period from 1995 to 2007 – he held the position of the President of the Management Board of Telewizja Polsat.

Since April 2007 he has been a Member of the Supervisory Board of Telewizja Polsat and since November 2011 - a Member of the Supervisory Board of Polkomtel. He is also Member of the Polsat Foundation Council since its creation, that is since 1996. He is also a co-founder and a Member of Stowarzyszenie Kreatywna Polska, a society gathering the community of artists and creative industries, whose main goals are the protection of copyrights and intellectual property. In 2015, he was elected to the Council of the Polish Film Institute.

Leszek Reksa was appointed as Member of the Company’s Supervisory Board in July 2008. He graduated from the Foreign Trade Faculty of the Central School of Planning and Statistics in Warsaw (currently: Warsaw School of Economics). He has also completed numerous specialist seminars and courses in management and finance, including a seminar on corporate management at the Faculty of Finance at DePaul University in Chicago.

He has vast experience in managerial positions at various companies, including 20 years in the banking sector (Powszechna Kasa Oszczędności Bank Polski S.A.). He also has many years' experience in serving on the governing bodies of commercial-law companies, which includes the positions of President of the Management Board of PHU BIMOT S.A., Member of the Supervisory Board of Bankowy Fundusz Leasingowy S.A., Member of the Supervisory Board of Zakłady Azotowe Kędzierzyn S.A. and Vice President (CFO) of the Management Board of AGRAIMPEX Sp. z o.o. Currently he is Member of Supervisory Board of EBU Węgrzynowo Sp. z o.o.

Tomasz Szelağ has been a Member of the Company’s Supervisory Board since October 2016, where he is also Chairman of the Remuneration Committee and Member of the Audit Committee. He graduated from the National Economy Faculty of the Economic Academy of Wrocław, with major in International Economic and Political Relations specializing in Foreign Trade. He has been involved with Cyfrowy Polsat since 2009. In 2016 he was appointed a Member of Supervisory Boards of Polkomtel Sp. z o.o., Telewizja Polska Sp. z o.o. and ZE PAK S.A.

He has extensive knowledge and competence in the field of media and telecommunication, finance and banking as well as preparing and auditing financial statements.

In 2000-2003, he was an assistant at Foreign Trade Faculty of the Economic Academy of Wrocław. In May 2003 he received his PhD title for a thesis on hedging transactions used by world copper producers and went on to become a lecturer in the Faculty of International Economic Relations of the Economic Academy of Wrocław. Between 2003 and 2004 he also held a position of lecturer at the Wrocław School of Banking - at the Faculty of International Economic Relations. Parallel to his academic career Mr. Szelaż also developed his professional career gaining experience in managerial positions in the area of finance and investment. From 2003, he was Chief Specialist in the Currency Risk Department of KGHM Polska Miedź S.A., and then of the Market Risk and Analysis Department. In September 2004, he became Director of the Department. In December 2004, he became Director of Hedging Department of KGHM and held the function until March 2007. From April 2007 to June 2008 he worked as Director of Branch of Société Générale Bank in Wrocław. In July 2008, he took the position of Vice-president for Finance in Telefonía Dialog S.A., which he held until March 2009. In Telefonía Dialog S.A. he was responsible for finance, accounting, controlling, and budgeting management, and also owner supervision and capital investment, logistics and purchases, project management and IT.

From May 2009 until September 2016 he held the position of Member of the Management Board and Chief Financial Officer at Cyfrowy Polsat and was responsible for broadly understood finances in Polsat Group. In the years 2010-2016 Mr. Szelaż was Member of the Management Boards of numerous companies from Polsat Group, including Telewizja Polsat (October 2011-October 2014), INFO-TV-FM (July 2012-November 2016), CPSPV1 and CPSPV2 (April 2013 – November 2016), Plus TM Management (April 2014-December 2016) and Polkomtel (September 2014-December 2016). He was also President of the Management Board of Cyfrowy Polsat Trade Marks Sp. z o.o. (2010-2016) and Telewizja Polsat Holdings Sp. z o.o. (2012-2016) and Member of the Supervisory Board of Plus Bank S.A. (2016-2018).

Paweł Ziółkowski was appointed as Member of the Company's Supervisory Board in July 2020, where he is also Member of the Audit Committee. Paweł Ziółkowski is a graduate of the Foreign Trade Faculty of the Warsaw School of Economics.

He has extensive experience in corporate and investment banking, in particular in the fields of finance management, risk management, relationship management, as well as trade finance and debt capital markets.

He began his career in banking in 1992 at ING Bank, where he acted as Department Head in the field of Trade and Commodity Finance until 1996. In the years 1996-1998 he held the position of Management Board Member at SBC Warburg Sp. z o.o. responsible for debt capital markets and global trade finance. From 1998, he worked for RBS Bank Polska S.A. (formerly ABN AMRO Bank Polska S.A.) where he held various functions. In the years 2000-2001 he was Head of Corporate Banking and from 2001 Member of the Management Board in charge of relationship management. In 2004, he was appointed CEO and President of the Management Board of RBS Bank Polska, a function he held until 2019. During the years 2000-2019 he was a Member of the Credit Committee and the ALCO at RBS Bank Polska.

From 2009 until 2016 he acted as Non-Executive Board Member of the Polish Banking Association.

Piotr Żak was appointed as Member of the Company's Supervisory Board in June 2018. He holds a graduate degree in economics from Royal Holloway, University of London. He also graduated from the Faculty of Management of the Warsaw University.

He has been pursuing business operations in Poland since 2014, among others in the area of establishing and supporting start-up enterprises. He focuses his activities on the high-technology sector, particularly on creating and developing innovative projects that exploit the potential of Internet and traditional media, Internet entertainment, and the use of data transmission in solutions, services and products addressed to individual and business customers. He pursues his professional interests also by developing and implementing modern marketing communications tools for enterprises from the media and telecommunications sector.

He is a founder of such companies as, among others, Frenzy Sp. z o.o., a dynamically developing entity from the e-Sports industry which since 2018 has been producing programs for Polsat Games, and Golden Coil Sp. z o.o., a company conducting operations in the field of marketing and Internet advertising.

Since March 2016 Mr. Piotr Żak has been a Member of the Supervisory Board of Telewizja Polsat and since June 2018 - a Member of the Supervisory Board of Netia in which he currently serves as Chairman. From June 2018 he is a Member of the Supervisory Board of Cyfrowy Polsat. In April 2019 he was appointed to the Supervisory Board of Polkomtel Sp. z o.o., the operator of Plus network. He has been on the Supervisory Board of Asseco Poland S.A. since July 2020 and on the Supervisory Board of Grupa Interia.pl Sp. z o.o. since November 2020.

7.3. Competences and Bylaws of the Supervisory Board

The Supervisory Board acts pursuant to the Commercial Companies Code and also pursuant to the Articles of Association of the Company and the Bylaws of the Supervisory Board.

Pursuant to the Articles of Association of the Company the Supervisory Board performs ongoing supervision of the Company's operations in all its fields. In order to exercise supervision in the scope and under the terms stipulated in the Articles of Association, the Supervisory Board is entitled to review any documents of the Company, request reports and explanations from the Management Board, and review the status of the Company's assets. The Supervisory Board performs its obligations collectively but may also delegate its members to perform specific supervisory activities independently. The Supervisory Board is entitled to establish committees in circumstances provided for under applicable law. The Supervisory Board is also be entitled to appoint other committees and determine the scope and terms of their operation.

The Chairperson of the Supervisory Board is authorised to perform individually supervisory tasks with regard to the manner of performing obligations by the Management Board stipulated under Article 13 sec. 1.3 of the Articles of Association as well as to the activity of the Management Board with respect to agreements, revenue, costs, and expenses.

The competencies of the Supervisory Board include matters restricted by the Commercial Companies Code and provisions of the Company's Articles of Association, in particular:

- a) reviewing the annual financial statements of the Company and the consolidated financial statements with respect to their consistency with both the books and documents and the facts; reviewing the annual Management Board Report on the Company's operations and the assessment of the Management Board's work, reviewing the Management Board's motions with respect to distributing profits or covering losses, and submitting a written report on the results of the aforementioned reviews to the Annual Shareholders Meeting,
- b) drafting a report on the activities of the Supervisory Board, the assessment of the Company's standing, the assessment of the manner of performing the information obligations by the Company, the assessment of the rationality of the policy pursued by the Company, including but not limited to the price policy, and the assessment of the internal control system and the system for managing significant risks for the Company, in each case in accordance with the terms of corporate governance adopted by the Company, and presenting them to the Annual Shareholders Meeting,
- c) delegating Supervisory Board Members to perform temporarily the tasks of a Management Board Member who has been revoked, has resigned or is unable to perform his/her duties for other reasons, for a period not longer than three months,
- d) determining the remuneration of Management Board Members,
- e) appointing a statutory auditor to audit the financial statements of the Company,
- f) granting consent to the payment of an advance towards the predicted dividend to the shareholders,
- g) approving the terms, plans and prices of acquisition or sale of goods and services by the Company in the scope stipulated under the Bylaws of the Management Board or a resolution of the Supervisory Board.

Moreover, the competencies of the Supervisory Board include:

- a) reviewing and issuing opinions on issues that shall constitute the object of the resolutions of the General Shareholders Meeting,
- b) approving quarterly, annual, and multi-year plans for the Company's operations drafted by the Management Board and monitoring their performance on an ongoing basis,
- c) determining the amount of remuneration of Supervisory Board Members delegated to perform temporarily the tasks of a Management Board Member,
- d) granting consent to the appointment and dismissal of supervisory board members of the following companies: Telewizja Polsat sp. z o.o. with its registered office in Warsaw, Polkomtel sp. z o.o. with its registered office in Warsaw, Netia S.A. with its registered office in Warsaw, and every company from the Group if that company's EBITDA in the preceding 12 months exceeded 5% of the Group's consolidated EBITDA, excluding supervisory board members of the above mentioned companies who are appointed and dismissed on the basis of personal rights granted to a partner or a shareholder of these companies,
- e) granting consent to the performance by the Company of any legal transaction that does or can result in the disposal in favour of or liability on any account towards a single entity in the value exceeding 0.2% of the Company's standalone EBITDA in the previous accounting year,

- f) approving the selection of bidders in the procurement proceedings held by the Company and approving bids submitted by the Company in procurement proceedings,
- g) granting consent to any acquisition and sale of real property, perpetual usufruct right or interest in real property, as well as to establishing a limited right in rem on real property, perpetual usufruct right or interest in real property with a value up to the 0.2% ratio of the Company's standalone EBITDA for the preceding accounting year,
- h) granting consent to hiring for the positions of director, deputy director, expert or consultant, irrespective of the basis for such employment, including in particular on the basis of employment relationship and other legal relationships. Modification and termination of the aforementioned employment shall also require the consent of the Supervisory Board.
- i) approving the Work Regulations and Employee Remuneration Rules,
- j) granting consent to the application for, modification or waiver of any license or permit stipulated under Article 6 sec. 2 of the Articles of Association, as well as to transferring or granting access to them to third parties,
- k) granting consent to the conclusion of any agreement on consultancy services by the Management Board,
- l) granting consent to the issue of bonds by the Company other than bonds convertible to shares or senior bonds,
- m) granting consent to any acquisition, sale, assumption or encumbrance of shares and stock in companies as well as any participation titles in entities and organisations other than companies,
- n) approving plans for merging or dividing the Company before they are passed and any plans for the reorganisation of the Company.

As from January 1, 2025, the Company's Supervisory Board is not entitled to grant consent to incurring any liability whatsoever if incurring it may result in exceeding the 2.0 threshold of the debt ratio expressed as the ratio of the Group's net financial debt and EBITDA.

The detailed terms of activity and operation of the Supervisory Board, including but not limited to the terms of operation of its respective committees, are determined in the Supervisory Board Regulations approved by the General Shareholders Meeting. Any amendment to the Supervisory Board Regulations shall require a resolution of the General Shareholders Meeting.

Sessions of the Supervisory Board take place at least once a quarter. Supervisory Board sessions are convened by the Chairperson of the Supervisory Board. In the absence of the Chairperson, a Supervisory Board session shall be convened by the Deputy Chairperson of the Supervisory Board (if appointed) or, if no Deputy Chairperson has been appointed, the session is convened by a Supervisory Board Member so nominated in writing by the Chairperson. Supervisory Board sessions are convened ex officio upon the motion of the Management Board or at least two Supervisory Board Members. Supervisory Board sessions are chaired by the Chairperson of the Supervisory Board or, in the Chairperson's absence, by the Deputy Chairperson (if appointed) or, if no Deputy Chairperson has been appointed, by a Supervisory Board member nominated by the Chairperson.

Apart from Supervisory Board Members, Supervisory Board sessions may be attended by Management Board Members, the commercial proxy, and invited guests. The person chairing a Supervisory Board session shall be entitled to order persons other than Supervisory Board Members to leave the room where the session is held.

Supervisory Board resolutions shall be passed by two-thirds of cast votes. All Supervisory Board Members must be invited to a Supervisory Board session and more than 50% of Supervisory Board Members must attend the session for the Supervisory Board resolutions to be binding. Supervisory Board Members shall be entitled to participate in adopting Supervisory Board resolutions by casting their vote in writing through the agency of another Supervisory Board Member. Casting a vote in writing shall not apply to issues added to the agenda at the session of the Supervisory Board.

The resolutions of the Company's Supervisory Board may be adopted without holding a session either in writing or using means of distant communication. Resolutions adopted in writing or using means of distant communication as well as electronically are passed, if the draft resolution has been effectively served to all Supervisory Board Members, if all Supervisory Board Members take part in the vote, and if at least two-thirds of Supervisory Board Members vote for the resolution. Resolutions may also be adopted electronically. An electronic vote shall be ordered by the Chairperson of the Supervisory Board. In the absence of the Chairperson, an electronic vote shall be ordered by the Deputy Chairperson of the Supervisory Board (if appointed) or, if no Deputy Chairperson has been appointed, by a Supervisory Board Member nominated by the Chairperson.

In 2020, the Supervisory Board held 15 sessions. Due to the restrictions introduced as a result of the COVID-19 epidemic, most of the sessions of the Supervisory Board were held remotely and resolutions were adopted in accordance with Article 21 item 4 of the Company's Articles of Association and Article 5 item 4 of the Bylaws of the Supervisory Board, i.e., using means of distant communication. In 2020, the average attendance at the Supervisory Board meetings was 100%.

The table below presents the attendance of the Supervisory Board Members in the sessions held in 2020.

Name of Supervisory Board Member	Average attendance at meetings in 2020
Marek Kapuściński	100%
Józef Birka	100%
Marek Grzybowski ⁽¹⁾	100%
Robert Gwiazdowski	100%
Aleksander Myszka	100%
Leszek Reksa	100%
Tomasz Szelaĝ	100%
Paweł Ziółkowski ⁽¹⁾	100%
Piotr Źak	100%

(1) Supervisory Board Member from July 23, 2020 to December 31, 2020, attendance for the indicated period.

7.4. Committees of the Supervisory Board

Pursuant to the Bylaws of the Supervisory Board, the Supervisory Board may appoint permanent committees, in particular an Audit Committee, a Remuneration Committee, or a Strategic Committee, as well as ad hoc committees to investigate certain issues remaining in the competence of the Supervisory Board or acting as advisory and opinion bodies of the Supervisory Board.

The functioning of the Audit Committee is regulated by the Bylaws of the Audit Committee. The provisions of the Bylaws of the Supervisory Board apply to sessions, resolutions, and minutes of remaining committees of the Supervisory Board.

The aforesaid committees may be appointed by the Supervisory Board from among its Members by means of a resolution. The committee appoints, by means of a resolution, the Chairman of the particular committee from among its Members. The mandate of a Member of a particular committee expires upon expiry of the mandate of the Member of the Supervisory Board. The Supervisory Board may, by means of a resolution, resolve to dismiss a Member from the composition of a particular committee before the expiry of the mandate of the Member of the Supervisory Board. Dismissal from membership in a committee is not tantamount to dismissal from the Supervisory Board.

The first meeting of a committee is convened by the Chairman of the Supervisory Board or another Member of the Supervisory Board indicated by him or her. Meetings of the committees are convened as the need arises, ensuring thorough delivery of duties assigned to a particular committee. Minutes of committee's meetings and adopted resolutions are made available to the Members of the Supervisory Board that are not Members of the committee. The Chairman of a given committee chairs its proceedings. The Chairman also performs supervision over the preparation of the agenda, distribution of documents, and preparation of minutes of the meetings of the committee.

Pursuant to article 128 item 1 of the Act of May 11, 2017 on Statutory Auditors, Audit Firms and Public Oversight, an Audit Committee functions in the Company.

As at January 1, 2020, **the Audit Committee** comprised the following Members of the Supervisory Board:

- Robert Gwiazdowski, independent Member of the Supervisory Board and Chairman of the Audit Committee,
- Leszek Reksa, independent Member of the Supervisory Board,
- Tomasz Szelaĝ.

At the session of the Supervisory Board held on July 23, 2020 Mr. Robert Gwiazdowski and Mr. Leszek Reksa resigned from their functions as Members of the Audit Committee. The Supervisory Board, acting based on § 7 item 3 of the Bylaws of the Supervisory Board, filled the vacancies in the Audit Committee by appointing to its composition Mr. Marek Grzybowski and Mr. Paweł Ziółkowski. In addition, the Supervisory Board, acting based on § 2 item 5 of the Bylaws of the Audit Committee, appointed Mr. Marek Grzybowski as Chairman of the Audit Committee.

As at December 31, 2020, **the Audit Committee** comprised the following Members of the Supervisory Board:

- Marek Grzybowski, independent Member of the Supervisory Board and Chairman of the Audit Committee,
- Paweł Ziółkowski, independent Member of the Supervisory Board,
- Tomasz Szelaĝ.

The composition of the Audit Committee meets the requirements listed in article 128 item 1 and article 129 item 3 of the Act of May 11, 2017 on Statutory Auditors, Audit Firms and Public Oversight and Best Practice and in principle II.Z.4 of the Best Practices 2016.

In 2020, the Audit Committee held nine sessions. Due to the restrictions introduced as a result of the COVID-19 epidemic, most of the meetings of the Audit Committee were held remotely and resolutions were adopted using means of distant communication.

The table below presents the attendance of the Audit Committee Members at meetings held in 2020.

Name of Audit Committee Member	Average attendance at meetings in 2020
Marek Grzybowski ⁽¹⁾	100%
Robert Gwiazdowski ⁽²⁾	100%
Leszek Reksa ⁽²⁾	100%
Tomasz Szelaĝ	100%
Paweł Ziółkowski ⁽¹⁾	100%

(1) Audit Committee Member from July 23, 2020 to December 31, 2020, attendance for the indicated period.

(2) Audit Committee Member from January 1, 2020 to July 23, 2020, attendance in 2020 for the indicated period.

A **Remuneration Committee** also functions within the Supervisory Board of the Company which, as at December 31, 2020, comprised the following Members of the Supervisory Board:

- Tomasz Szelaĝ, Chairman of the Remuneration Committee,
- Marek Kapuściński.

During 2020 the composition of the Remuneration Committee remained unchanged.

In 2020, the Remuneration Committee held 4 sessions. Due to the restrictions introduced as a result of the COVID-19 epidemic, most of the meetings of the Remuneration Committee were held remotely and resolutions were adopted using means of distant communication.

The table below presents the attendance of the Remuneration Committee Members at meetings held in 2020.

Name of Remuneration Committee Member	Average attendance at meetings in 2020
Tomasz Szelaĝ	100%
Marek Kapuściński	100%

Audit Committee

In accordance with the By-laws of the Audit Committee, the Committee consists of at least three Members, appointed for the term of office of the Supervisory Board. The Chairman of the Committee is appointed by the Company's Supervisory Board. Most Members of the Committee, including its Chairman, are independent from the Company that is they meet the independence criteria set out in Article 129 item 2 of the Act of May 11, 2017 on Statutory Auditors, Audit Firms and Public Oversight and principle II.Z.4 of the Best Practices 2016.

Among the Members of the Audit Committee, the statutory independence criteria are met by the following persons:

- Marek Grzybowski, an independent Member of the Supervisory Board and Chairman of the Audit Committee,
- Paweł Ziółkowski, an independent Member of the Supervisory Board.

The independence of the indicated Members of the Supervisory Board has been verified by the Supervisory Board on the basis of statements submitted by them confirming that they meet the independence criteria set forth in Article 129 item 2 of the Act of May 11, 2017 on Statutory Auditors, Audit Firms and Public Oversight and in principle II.Z.4 of the Best Practices 2016 and, moreover, based on the information gathered by the Company and sourced in the Company concerning the relations of the persons in question with the Company and other companies from Polsat Group, in particular the capital structure and the composition of governing bodies of Polsat Group and legal relations between the persons in question and the Company and the companies from Polsat Group.

Both Mr. Paweł Ziółkowski and Mr. Tomasz Szelaĝ, Members of the Audit Committee, possess knowledge and skills in accounting and/or auditing financial statements which were obtained during studies and extensive professional practice.

Furthermore, Mr. Tomasz Szelaż possesses knowledge and skills with regard to the sector in the which the Company operates, gained during many years of professional career on key managerial positions within Cyfrowy Polsat Group, among others, as Member of the Management Board responsible for finance in Cyfrowy Polsat.

Regulations of the Audit Committee apply to the meetings, resolutions and minutes of meetings of the Audit Committee.

Meetings of the Audit Committee are convened by the Chairman of the Audit Committee or a Member of the Audit Committee authorized by the Chairman and are held at least once a quarter, at dates determined by the Chairman of the Audit Committee. Additional meetings of the Audit Committee may be convened by the Chairman of the Audit Committee at the request of the Member of the Audit Committee, Chairman of the Supervisory Board or another Supervisory Board Member, as well as at the request of the Management Board.

The Audit Committee passes resolutions if at least half of its Members are present at the meeting and all Members were properly invited. Resolutions are passed by an absolute majority of votes and in the case of an equal number of votes, the Chairman of the Audit Committee shall have a casting vote. Members of the Audit Committee may participate in the Committee's meetings and vote in person, or by means of distant communication.

The work of the Audit Committee is managed by its Chairman who is responsible for preparing an agenda of each meeting or may appoint a Secretary of the Audit Committee whose tasks include in particular the preparation of an agenda of each meeting and organization of the distribution of documents for the Committee's meetings. A notification of the meeting, including its agenda together with all required materials, must be delivered to the Members of the Audit Committee at least 7 days before the meeting and in extraordinary circumstances a Committee's meeting may be convened at a shorter notice than the above mentioned deadline.

The Chairman of the Audit Committee may ask a relevant Management Board Member to prepare appropriate materials.

Minutes are taken of every meeting of the Audit Committee and are then signed by all Members who participated in a given meeting. Minutes of the Audit Committee meetings, including conclusions, instructions, opinions and recommendations are presented to the Supervisory Board at its next meeting as well as to the Management Board.

Members of the Supervisory Board who are not part of the Audit Committee may, at their own initiative, participate in the Committee's meeting, however without a voting right. The Chairman of the Audit Committee may invite Members of the Supervisory Board, auditors, employees of the Company and other persons as experts.

The tasks of the Audit Committee include in particular monitoring of the financial reporting process, efficiency of internal control systems and risk management systems as well as internal audit and performing financial revision activities, in particular carrying out audits by an audit company.

Pursuant to the Audit Charter, the Internal Audit Director meets directly the Audit Committee. In 2020, there were 9 such meetings. In addition, at the request of the Audit Committee he or she joins its sessions and presents additional/supplementary information.

The Audit Committee evaluates, controls and monitors independence of a certified auditor and audit company, in particular in the case when the audit company provides the Company with services other than auditing of financial documents in the Company and grants consent to provision of such services by the audit company. The Audit Committee notifies the Company's Supervisory Board about the results of audit and the role of the Committee in the auditing process as well as explains how this audit contributed to the reliability of financial reporting in the Company.

The tasks of the Audit Committee also include developing a policy of selection of an audit company to carry out the audit as well as developing a policy of provision by the selected audit company, its affiliated entities and members of the audit company's network of permitted services which are not part of the audit.

Main assumptions underlying the selection of an auditor in Cyfrowy Polsat

- In accordance with the Company's Articles of Association, the Company's Supervisory Board is the party selecting the chartered accountant (the auditor) for carrying out the statutory audit, while the General Meeting of Shareholders of the company is the party approving the Company's financial statement.
- The first contract with an auditor for carrying out the statutory audit is concluded by the Company for the period of at least 2 years, subject to the possibility of terminating the contract if justified grounds to do so emerge. It is assumed that the contract for the statutory audit can be extended once for another period of 2 years, however the maximum uninterrupted period of time during which statutory audits can be conducted by the same auditor or by a company related to that auditor, or any member of a given chain of companies operating in EU states of which such companies are members, may not exceed 5 years.

- The Audit Committee approves the procedure of selection of the auditor for performing the statutory audit. The auditor selection procedure is determined at Audit Committee's discretion.
- If the an auditor for statutory audit is selected, the selection procedure must meet the following criteria:
 - the auditor on its own, or as part of a chain of companies operating on the territory of the European Union, has not conducted statutory audits for the Company for a period of at least past 5 consecutive years, or of if such a company did conduct a statutory audit for the Company for a continuous period of 5 consecutive years in the past, then the period of at least 4 years has already elapsed since the last of such audits,
 - the organization of the tender process does not exclude, from the selection process, the companies which have obtained less than 15% of their total remuneration on account of auditing public interest units in the Republic of Poland during the past year which are found in the list of auditors published on the website of the Audit Oversight Committee (Komisja Nadzoru Audytowego) (a sub-page of www.mf.gov.pl).
 - neither the auditor, nor any member of the chain, of which the auditor is a member, has provided, either directly or indirectly to the company or to its subsidiaries, any prohibited services, as defined by Article 136 of the Act on Statutory Auditors, Audit Firms and Public Oversight of 11 May 2017, during the current financial year (the first year of the period covered by the tender), as well as any services related to development and implementation of internal control procedures or risk management procedures associated with the development or control of financial information, or development and implementation of any technological systems concerning financial information during the preceding year (the year preceding the first year of the period covered by the tender).
- The value of permitted services, other than required by the law as provided by the auditor performing a statutory audit of the company and by all of the entities being members of its chain, may not exceed 70% of the average compensation for the audits during past 3 years.

Major assumptions of the policy of provision by the selected auditor to Cyfrowy Polsat of the permitted services which are not audit services

- The Company shall not conclude, with the auditor, its related companies or the members of the chain of which the auditor is a member, any agreements for the provision of prohibited services, as defined in Article 5, section 1, paragraph 2 of the 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.
- Prior to contracting any work, being permitted services and not being an audit, the Audit Committee performs assessment of the threats and safeguards related impartiality, mentioned in Articles 69-73 of the Act on Statutory Auditors, Audit Firms and Public Oversight. The Audit Committee also oversees compliance of the performed work with the valid law.
- Permitted services include:
 - services involving due diligence procedures related to the company's economic-and-financial standing;
 - issuing comfort letters in connection with prospectuses issued by the audited entity, carried out in accordance with the national standard for related services and consisting of performance of agreed procedures;
 - assurance services related to pro forma financial information, forecasts of results or estimated results which are included in the audited unit's prospectus;
 - audit of historical financial information to be included in the prospectus which is mentioned in the 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;
 - verification of consolidation packages;
 - confirmation of fulfillment of the terms of facility agreements concluded by the Company based on the financial information coming from the financial statements examined by a given auditor
 - assurance services in the scope related to reporting on corporate governance, risk management and corporate social responsibility;

- services involving assessment of the compliance of the disclosures made by financial institutions and investment firms with the requirements related to disclosure of information concerning capital adequacy and variable components of remuneration;
- assurance concerning financial statements or other financial information intended for the supervisory authority, the supervisory board or any other supervising body of the company, or the owners whose scope exceeds the scope of the statutory audit and which are intended to assist these authorities in the fulfillment of their statutory duties.

The Audit Committee provides the Supervisory Board with recommendation regarding the selection of audit company.

In the financial year 2018 the Audit Committee recommended to the Supervisory Board to appoint Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością Sp. k. to audit the financial statements of the Company and the consolidated financial statements of the Company's capital group for the years 2018 and 2019. The recommendation fulfilled the criteria set in the adopted policy of selection of an audit company and followed the selection procedure organized by the company which met the binding criteria. The recommendation was accepted by the Supervisory Board.

In the financial year 2020 the Supervisory Board granted content to to extend the agreement and choose Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością Sp. k., with its registered office in Warsaw, for the performance of the audit of standalone financial statements of Cyfrowy Polsat S.A. and the consolidated financial statements of Cyfrowy Polsat Group for the financial years ended December 31, 2020, December 31, 2021 and December 31, 2022.

Additionally, the Audit Committee presents recommendations to the Company's Management Board aimed at ensuring the reliability of financial reporting in the Company.

7.5. Agreements with an entity certified to perform an audit of the financial statements

On July 6, 2018, the Company entered into an agreement with Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością Sp. k., with registered office in Warsaw, for the performance of an audit of standalone financial statements of Cyfrowy Polsat S.A. and the consolidated financial statements of Cyfrowy Polsat Group for the financial years ended December 31, 2018 and December 31, 2019.

On February 26, 2020, the Company's Supervisory Board consented to extend the agreement and choose Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością Sp. k., with its registered office in Warsaw, for the performance of the audit of standalone financial statements of Cyfrowy Polsat S.A. and the consolidated financial statements of Cyfrowy Polsat Group for the financial years ended December 31, 2020, December 31, 2021 and December 31, 2022.

The following summary presents a list of services provided by the certified auditor and remuneration for the services in the twelve month period ended on December 31, 2020 and December 31, 2019.

[mPLN]	For the year ended December 31	
	2020	2019
Review of interim financial statements	0.1	0.1
Audit of financial statements for the year and other services	0.4	0.3
Total	0.5	0.4

In the financial year 2020, Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością Sp. k. provided the following permitted services other than audit services: (i) the review of financial statements and (ii) the execution of agreed procedures with regard to verification of the fulfillment of conditions of concluded credit agreements, based on the analysis of the financial information from the audited consolidated financial statements of Cyfrowy Polsat Group, after being granted consent from the Audit Committee.

7.6. Remuneration of the Members of the Supervisory Board

Rules for remuneration of Members of the Supervisory Board are regulated by the Remuneration Policy for the Management Board and Supervisory Board Members. Information regarding remuneration of Members of the Supervisory Board in 2020 is included in Note 42 of the financial statements for the financial year ended December 31, 2020.

8. Diversity policy applicable to administrative, managing and supervising bodies of the Company

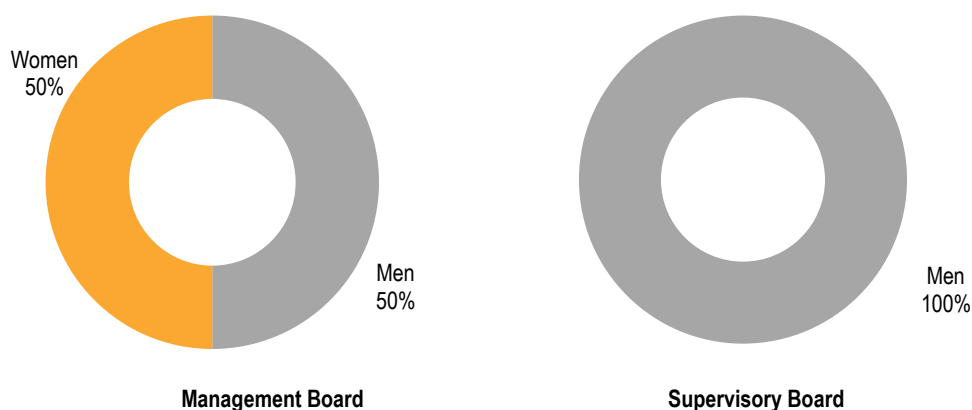
Polsat Group adopted the Diversity and Human Rights Policy of Cyfrowy Polsat Group (the “Diversity Policy”) which has the purpose of supporting the pursuit of the Group’s business goals. The policy enables the Group to respond in a better way to the employees’ expectations, make full use of their potential and at the same time help the companies who are part of the Group to adjust to the changes occurring on the labor market. We trust that diversity is one of the sources of our competitive advantage, and competing views, opinions, work styles, skills and experience generate new quality and enable companies to achieve better business results.

The basic principles of Polsat Group’s Diversity Policy include respect for human rights and prohibition of any discrimination due to gender, age, sexual orientation, competence, experience, potential degree of disability, nationality, ethnic and social origin, color of skin, language, parental status, religion, confession or lack of any confession, political views, or any other dimensions of diversity which are defined by valid law.

Within the empowerment of these principles, we have developed separate documents which protect diversity and indicate the basic ethical rules. These include, among others: Personal Policy, Anti-Mobbing Policy, Code of Ethics, Work Regulations, Remuneration Regulations or working time register. The Diversity Policy is implemented, among others, by including diversity-related issues in HR processes and tools, such as organization of training and staff development sessions and recruitment. We expect our leaders to have skills that allow for managing diversified teams and benefit from their diversity in order to fully leverage the potential of employees that make up those teams. An Ethics Ombudsman has been appointed in the Group whose tasks include, among others, the prevention of discrimination and mobbing.

The provisions of Polsat Group’s Diversity Policy apply to all employees, including Management Board Members and Supervisory Board Members. While our aim is to promote gender equality among top managerial positions, our policy is to appoint persons with appropriate competencies, professional experience and education to the Management and Supervisory Boards of the Company. The diagrams below present the gender and age structures of the Members of the Management and Supervisory Boards of Cyfrowy Polsat.

Structure of the Management Board and the Supervisory Board with respect to gender in 2020



As at December 31, 2020 three men and three women sat on Cyfrowy Polsat’s Management Board while the Supervisory Board included nine men.

Members of the Management Board and the Supervisory Board have education in such fields as management and marketing, law, economy, finance, or technical education as well as rich and diverse professional experience.

Structure of the Management Board and Supervisory Board with respect to age

