

# CYFROWY POLSAT S.A.

Report No. 6/2015

Report Date: January 21, 2015

Subject: **Information on non-compliance with certain rules of the Code of Best Practice for WSE listed Companies**

The Management Board of Cyfrowy Polsat S.A. (the "**Company**"), in performance of the obligation under § 29 section 3 of the Warsaw Stock Exchange Rules, hereby informs that it will not comply on a permanent basis with the indicated below corporate governance rules comprised in the "Code of Best Practice for WSE listed Companies", constituting an annex to Resolution No. 19/1307/2012 of the Supervisory Board of WSE of November 21, 2012, including changes of hitherto corporate governance rules, which entered into force on January 1, 2013.

*Rule I.5:* "A company should have a remuneration policy and rules of defining the policy. The remuneration policy should in particular determine the form, structure, and level of remuneration of members of supervisory and management bodies. Commission Recommendation of 14 December 2004 fostering an appropriate regime for the remuneration of directors of listed companies (2004/913/EC) and Commission Recommendation of 30 April 2009 complementing that Recommendation (2009/385/EC) should apply in defining the remuneration policy for members of supervisory and management bodies of the company."

*Explanation:* The Company will not comply with the recommendation in relation to setting the policy of remuneration of members of managing and supervising bodies. The rules of remuneration of members of managing and supervising bodies were not developed based on provisions of directives of the European Commission and thus, not all the recommendations are applied. In accordance with article 24 d) of the Company's Articles of Association, the remuneration of members of the Supervisory Board requires a resolution of the General Meeting, except for members of the Supervisory Board delegated to temporarily perform functions of a member of the Management Board, pursuant to article 19 2d) of the Company's Articles of Association, when the decision is taken by the Supervisory Board. The remuneration relates to the scope of tasks and responsibilities related to the function performed, reflects the size of the Company and keeps a healthy relation to its financial results. The remuneration of members of the Management Board is set by the Supervisory Board and reflects the duties and responsibilities appointed to them.

*Rule I.9:* "The WSE recommends to public companies and their shareholders that they ensure a balanced proportion of women and men in management and supervisory functions in companies, thus reinforcing the creativity and innovation of the companies' economic business."

*Explanation:* In Cyfrowy Polsat, members of the Supervisory Board and the Management Board are appointed by the General Meeting and the Supervisory Board, respectively, based on qualifications, experience and competencies of the candidates. Factors such as gender are not considered when choosing members of the Company's bodies. Company authorities believe that this approach guarantees the selection of the best persons to perform functions of management and supervision.

*Rule I.12:* "A company should enable its shareholders to exercise the voting right during a General Meeting either in person or through a plenipotentiary, outside the venue of the General Meeting, using electronic communication means."

*Explanation:* The Company has waived the recommendation I.12 given the legal questions concerning this issue. Ensuring the smooth running and the validity of the resolutions adopted by the General Meeting are the priorities of the Management Board and at present the Management Board does not plan to make changes to the organization of the General Meeting.

*Rule II.1.9a):* "A company should operate a corporate website and publish on it, in addition to information required by legal regulations a record of the General Meeting in audio or video format."

*Explanation:* The Company does not intend to record General Meetings in audio or video form or to place the recordings on its website. In the opinion of the Management Board the documentation and proceeding of the hitherto General Meetings ensure transparency of the Company and protect the rights of all shareholders. Moreover, the implementation of applicable regulations on disclosure requirements through the publication of current reports comprising the content of adopted resolutions, voting results and the information on raised objections, as well as the publication of the above on the Company's website, enable investors to acquaint themselves with significant points of the proceeding of the General Meeting. Furthermore, non-compliance with this rule secures the Company against potential claims of shareholders, who may not consent to the publishing of their image or statement.

*Rule IV.10:* "A company should enable its shareholders to participate in a General Meeting using electronic communication means through:

- 1) real-life broadcast of General Meetings;
- 2) real-time bilateral communication where shareholders may take the floor during a General Meeting from a location other than the General Meeting.

*Explanation:* At the moment the Management Board does not plan to make changes to the organization of the General Meeting. Ensuring the smooth running and validity of resolutions adopted by the General Meeting, as well as cost optimization are the priorities of the Management Board. Considering the small spread of the practice of conducting General Meetings using electronic means of communication and incomplete readiness of the market, and thus an increased risk of organizational and technical disturbances of the General Meeting, as well as an increased risk of contesting resolutions adopted by the General Meeting particularly due to technical issues, the Management Board decided to postpone the consideration of the implementation of the rule in question.

*Legal basis:* § 29 Section 3 of the Warsaw Stock Exchange Rules

Signed by:

/s/ Tomasz Gillner-Gorywoda

Tomasz Gillner-Gorywoda, President of the Management Board