

Report of Cyfrowy Polsat S.A. Capital Group and Cyfrowy Polsat S.A. on non-financial information for the year 2018

Place and date of publication: Warsaw, March 21, 2019

Place and date of approval: Warsaw, March 20, 2019

We have a pleasure of presenting to you the Non-Financial Report of Cyfrowy Polsat Capital Group, describing our activities in the year 2018. This publication has been developed according to the Global Reporting Initiative Standards (Core option) and the amended Polish Accounting Act. Our Report covers Cyfrowy Polsat Capital Group, and in particular the data related to the following companies:

- Cyfrowy Polsat S.A.
- Polkomtel Sp. z o.o.
- Telewizja Polsat Sp. z o.o.

This Report does not include non-financial data of Netia S.A., which – although it has been a part of Cyfrowy Polsat Capital Group since May 22, 2018 - as a listed company publishes a separate *Report on non-financial information of Netia S.A. and Netia S.A. Capital Group for 2018*.

TABLE OF CONTENTS

Letter of the President of the Management Board	3
1. Our business.....	6
1.1. Key figures	6
1.2. Sector context and business model of the CP Capital Group Television, telephony, Internet – fast, everywhere and state-of-the-art	7
1.3. What we offer to our customers?	10
1.4. We operate strategically	15
1.5. Opportunities and threats.....	16
1.6. Always acting responsibly.....	21
2. Care for the needs of our customers and viewers	28
2.1. Exceptional customers.....	28
2.2. Key figures 2018	29
2.3. Availability – Television and Internet for everyone.....	30
2.4. Safety – DNA of our operations	30
2.5. High quality products and services	32
2.6. We set standards	35
3. Success thanks to the people	42
3.1. Key facts and figures	42
3.2. Our culture of work.....	46
3.3. Motivation and development of employees.....	48
3.4. Constantly improving occupational health and safety.....	51
4. Digital Responsibility	55
4.1. Technological opportunity	55
4.2. Concern for safety.....	55
4.3. Care for children's health	57
4.4. Healthcare and sports thrills	61
4.5. Aid measured by smiles.....	64
5. Environment-friendly group	67
5.1. Key figures	67
5.2. We control our influence on natural environment	67
5.3. Waste and recycling.....	68
5.4. Electrical power consumption	70
5.5. Consumption of raw materials	71
5.6. Environmental impact of base transceiver stations.....	73
6. Our Corporate Social Responsibility and Communication Management Fundamentals	75
6.1. Key regulations	75
6.2. Transparent communications.....	75
6.3. Response to the requirements of new regulations.....	77
GRI content index.....	86

LETTER OF THE PRESIDENT OF THE MANAGEMENT BOARD

[GRI 102-14, GRI 102-15]

Dear Sirs,

I am very pleased to present to you a summary of most important events of the past year in Cyfrowy Polsat Group, both in operational as well as in corporate social responsibility area. This is a very special moment for me, and due to several reasons – 10th anniversary of presence of Cyfrowy Polsat on the Warsaw Stock Exchange, an anniversary of cooperation with our social partners and my decision about moving on to the Supervisory Boards of companies from our Group, as of April 1st 2019. I am writing this letter with a great sense of satisfaction, fulfillment and pride in managing in recent years such an exceptional and dynamically developing Group, with such an ambitious, clever and strong team of managers and employees who always not only took care of achieving business goals but also got actively involved in CSR activities.

The year 2018 was rich in important events for our Group. We not only achieved all that was planned or assumed, thus strengthening our position on the pay TV, telecommunications and television broadcasting and production markets, but we also undertook subsequent activities in the areas which are important from the point of view of sustainable business development – taking care of the needs of our customers and viewers, ensuring the possibility of development for our employees and the social mission we are fulfilling in the area of safety, aid to children and sport promotion.

We have been dynamically developing in the multi-play segment, by providing our customers with a broad range of services: pay TV, LTE and fixed-line Internet, mobile telephony, banking and insurance, electricity, gas or monitoring services. It is an element of consistent execution of our strategy, but also a social mission – to ensure universal availability of services provided by us, used by Polish families and companies every day. We have pursued this goal for years, both within our television as well as telecommunication operations, while showing that all Poles may use an equally attractive offer, irrespective of their place of residence, social status, profession or interests.

We have proven again that we have an idea how to shape our Group and we consistently implement it, which is strongly supported by high competence of our personnel, long-term experience in conducting business on the media and telecommunications markets, knowledge of the needs and expectations of Poles, assets at our disposal and activities we undertake in the area of corporate social responsibility.

Specific figures demonstrate our success in the best way – we have nearly 1.8 million multiplay customers who have already combined nearly 5 million television, telecommunication and Internet services. In total, for the first time in history, we provide over 14 million of contract services. Plus was the leader of Mobile Number Portability and the only infrastructure operator with a positive balance in number portability, whereas the churn rate was at the record low of 7.6%. The total audience share of our TV channels amounted to 24.3%, which ensured 27.2% share in the television advertising and sponsorship market for Polsat TV.

There were also important events taking place in the social area. Last year, Polsat Foundation allocated over PLN 7 million in aid to over 2 thousand children and 8 children's centers. We celebrated a 20th anniversary of cooperation of Plus network with the Polish Volleyball Association which was crowned by winning the gold medal by the Polish Men's National Volleyball Team during the FIVB Volleyball Men's World Championship 2018. 15 years of very effective cooperation of Plus network with WOPR, MOPR and TOPR and GOPR rescue services has passed and we have extended this cooperation for the next years, thinking about further development of the rescue system in the mountains and at the water which saved lives and health of many people in the recent years.

Our activities in 2018 were effectively supported by strategic acquisitions. Adding Netia to Cyfrowy Polsat Group enabled our companies to start operational cooperation in key areas. We enriched the smartDOM Program with the fiber-optic Internet access with data transfer up to 900 Mbps, and Netia's television offer was extended with new channels from a broad portfolio of Polsat TV channels and the package with UEFA Champions League and Europa League matches.

By purchasing the majority block of shares in Eleven Sports Network Polska the portfolio of our sports channels increased by four premium TV channels which are developing very fast on the Polish market. For our sports fans we started a multi-platform distribution of the rights to UEFA Champions League – we launched new Polsat Sport Premium channels and services broadcasting the matches, we introduced them to Cyfrowy Polsat, Plus network, Netia and IPLA and we took care of their presence at other operators on the market.

To ensure high availability of the latest technologies offered by us, which are the source of entertainment and knowledge or constitute a work tool for our customers every day, we also took care of modernization of our LTE network and strengthening of the pay TV offer. Over 99% of Poles are within the coverage of LTE Plus Internet, and 73% of Poland's population have access to the technology of higher parameters - LTE Plus Advanced. We have successfully offered an LTE Plus Home Internet, and the latest version of devices handling it - 300 LTE Plus Home Internet set supports the LTE Plus Advanced

technology and enables data transmission with maximum speed of even up to 300 Mbps during download. Furthermore, the television offer of Cyfrowy Polsat was enriched with two new set-top boxes from EVOBOX series – EVOBOX LITE and EVOBOX HD, manufactured in our factory InterPhone Service in Mielec – combining a reception of satellite television with a possibility of using VOD services via Internet.

Due to the fact that the production of content which is loved and anticipated by Poles is one of the key areas of our operations, we were also involved in production of films to be distributed in cinemas. In 2018, new titles appeared in cinemas: “Narzeczony na niby” (*Fake Fiancé*), “Serce nie sługa” (*Love is where you find it*) and “Dywizjon 303. Historia prawdziwa” (303 Fighter Squadron. True story) produced in cooperation with our Group. On the occasion of the 100th anniversary of regaining the independence by Poland, a film entitled “Independence” was co-produced by Polsat TV. The film is based on archival, renovated and colored footage from that era. We presented a new edition of IPLA – our online entertainment service. It received not only a new visual layout but also new features and programming content, including HBO channels and UEFA Champions League matches.

Our plans for 2019 include mainly further development and strengthening of our position and value on the media and telecommunications market, growth of the number of provided services and customers of the smartDOM program, taking care of the high quality of customer service, wide distribution of content we produce and providing our customers with entertainment, information and sports events at the highest possible level. Furthermore, we plan to continue our activities in the area of cooperation with the Polsat Foundation, supporting of Polish Volleyball and rescues services as well as promotion of sports events in our channels.

In conclusion and in connection with my transfer to supervisory boards of companies from Cyfrowy Polsat Group, I would like to thank all of you thanks to whom our dreams become business projects, plans are implemented, specific solutions are successful, and social project bring real benefits to the recipients to whom they are addressed. My thanks go out to the employees of the entire Group for their hard work, huge efforts, unwavering willingness to face new challenges and at the same time for their openness to helping others and involvement in employee volunteering, to the Supervisory Board – for approval of activities we recommended and support in their execution, to our partners – for successful cooperation, kindness and numerous inspirations, and to our customers and shareholders – for trust, loyalty and long-term relations.

The recent years have been the time of intensive development both for me personally and the entire Group – catering to the needs and expectations of customers and building the Group's value, while simultaneously taking care of the needs of other stakeholders of the Group. I am very pleased that we have jointly accomplished all tasks and with such good results. This allows me to look ahead with confidence to the future of our Group. I believe that it is prepared to face new challenges, now under the new leadership of experienced and proven managers.

Sincerely yours,

Tobias Solorz

President of the Management Board

Cyfrowy Polsat S.A.

CHAPTER 1

OUR BUSINESS

1. OUR BUSINESS

1.1. Key figures

Key figures 2018

[GRI 102-7, GRI 201-1], [Accounting Act – Key Performance Indicators]

No 1 – the biggest media and telecommunications group listed on the Warsaw Stock Exchange,
with the market capitalization of **PLN 14.4 billion**

Customers and services ¹		Financial results	
5.7 million	16.9 million	PLN 10,686²	
contract customers	RGUs provided	revenues of Cyfrowy Polsat Group (up by 11% YoY)	
5.4 million		PLN 9,809 million	PLN 908 million³
multi-play services		economic value distributed	economic value retained
PLN 83.2	Nearly 100%	PLN 406 million	949 million PLN
average revenue per one contract customer (acc. to IFRS 15)	Poles within the LTE Plus Internet coverage	payments to investors	payments to the State
Television market		Environment	
24.3%	27.2%	PLN 49 million	
Polsat TV audience share in the commercial group	Advertising market share	community investments	
Employees ⁴		Waste sent by Cyfrowy Polsat for recycling	
6 thousand		535 tons	
employees			

¹ Excluding operational indicators of Netia Group which are being published separately from the results of Cyfrowy Polsat Group.

² According to the applicable IFRS 15 standard and taking into account the consolidation of Netia. Consolidated financial statements for the financial year ended on December 31st, 2018 and our own estimates in relation to 2017.

³ The retained value presented above represents the amount remaining after the distribution of generated economic value between the stakeholders of the company. This amount is not matching net profit presented in the Income Statements as it also includes, among others, dividends paid (as the distributed economic value).

⁴ The average number of non-production plant employees in 2018, active employees, excluding persons temporarily de-registered (child care leaves, maternity leaves, sick leaves exceeding 30 days, unpaid leaves exceeding 30 days). It includes the employees of Netia Group.

[GRI 102-10]

In May 2018 a transaction in which Cyfrowy Polsat Group acquired 66% of shares in Netia took place. Netia is one of the largest Polish telecommunication operators providing, among others, complex, friendly-user solutions such as fast, fixed-line Internet access, advanced data transmission services and TV and multimedia entertainment. Netia's services are addressed to residential users, companies and institutions. Netia is listed on the Warsaw Stock Exchange. Following the above transaction, starting May 22, 2018 Cyfrowy Polsat Group consolidates the financial results of Netia. Nevertheless, Netia has not been included in this report since it has published, as a publically listed company, a separate document "The statement on non-financial information of Netia S.A. and Netia S.A. Capital Group for 2018", available at: <https://inwestor.netia.pl/raport/424530/raport-roczny-r-2018>.

1.2. Sector context and business model of the CP Capital Group | Television, telephony, Internet – fast, everywhere and state-of-the-art

[Accounting Act – business model]

Who are we?

[GRI 102-2]

Cyfrowy Polsat is the leading pay TV provider and one of the leading telecommunication operators on the domestic market. We are also one of Poland's leading private broadcasters in terms of both, audience and advertising market shares. We offer comprehensive multimedia services for the entire family: pay TV in DTH, DVB-T and Internet technology, mobile and fixed-line telephony services, data transmission services and broadband Internet Access, mainly in LTE and LTE Advanced technology, as well as through fixed-line network. We also offer a wide array of wholesale services on the telecommunications, pay TV and advertising markets.

We operate in two business segments: the segment of services provided to residential and business customers (pay TV services in DTH, DVB-T and Internet technologies, mobile and fixed-line telephony services, data transmission and broadband fixed and mobile Internet Access services) and the TV broadcasting and production segment (POLSAT main channel and over 30 thematic channels).

Our mission is to create and deliver the most attractive TV content, telecommunications products and other services for the home, as well as residential and business customers, using state-of-the-art technologies to provide top quality multi-play services that match the changing needs of the market, while maintaining the highest possible level of customer satisfaction.

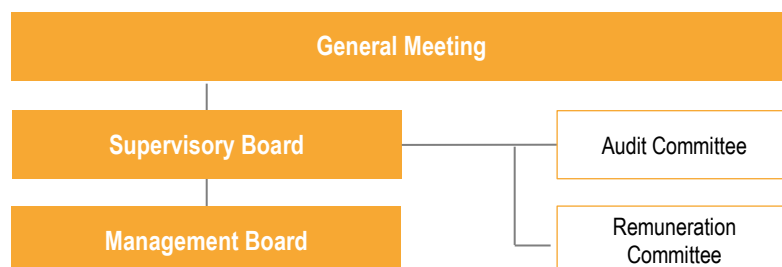
Good organization

[GRI 102-1, GRI 102-3, GRI 102-4, GRI 102-5, GRI 102-6, GRI 102-18]

Cyfrowy Polsat S.A. Capital Group operates in Poland and has its registered office in Warsaw. Since May 2008, our shares are listed on the Warsaw Stock Exchange. In terms of capitalization, which amounted to PLN 14.4 billion at the end of 2018, Cyfrowy Polsat is **the biggest media and telecommunications company listed on the Warsaw Stock Exchange and one of the biggest companies in Central and Eastern Europe.**

The status of public company obliges us to meet the highest management standards. Therefore, our goal is to manage the company in a transparent, predictable and value-oriented way. This helps to build the trust among our domestic and foreign investors, financial markets, our customers and business partners, as well as employees of the Group.

Governance structure of Cyfrowy Polsat **[GRI 102-18, GRI 405-1]**



The Company's Supervisory Board consists of seven Members, the Audit Committee and the Remuneration Committee operate within its structure.

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 Remuneration Committee Member	2016	2018	2021
Józef Birka	Supervisory Board Member	2015	2018	2021
Robert Gwiazdowski	Independent ⁽¹⁾ Supervisory Board Member Audit Committee Chairman	2008	2018	2021
Aleksander Myszk	Supervisory Board Member	2015	2018	2021
Leszek Rek	Independent ¹ Supervisory Board Member Audit Committee Member	2008	2018	2021
Tomasz Szela	Supervisory Board Member Audit Committee Member Remuneration Committee Chairman	2016	2018	2021
Piotr Źak	Supervisory Board Member	2018	2018	2021

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

The Company's Management Board consists of seven Members:

Status as of March 21st, 2019

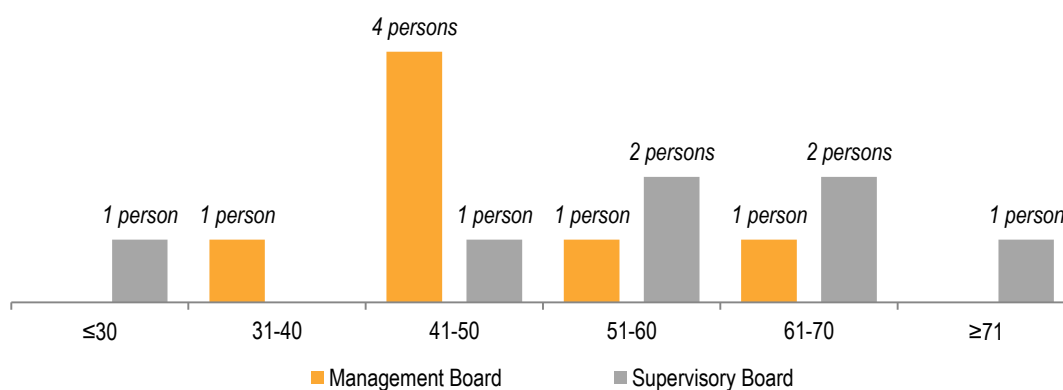
Name and surname	Function	Year of first appointment	Year of appointment for the current term	Year of expiry of term
Tobias Solorz	President of the Management Board	2014	2016	2019
Dariusz Działkowski	Member of the Management Board	2007	2016	2019
Tomasz Gillner-Gorywoda	Member of the Management Board	2014	2016	2019
Aneta Jaskólska	Member of the Management Board	2010	2016	2019
Agnieszka Odorowicz	Member of the Management Board	2016	2016	2019
Katarzyna Ostap-Tomann	Member of the Management Board	2016	2016	2019
Maciej Stec	Member of the Management Board	2014	2016	2019

Status as of April 1, 2019 (pursuant to the Resolution of the Supervisory Board dated January 17th and March 14th, 2019)

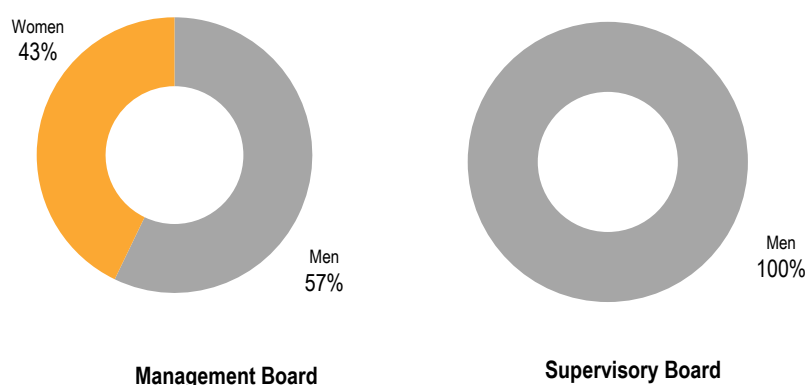
Name and surname	Function	Year of first appointment	Year of appointment for the current term	Year of expiry of term
Mirosław Błaszczuk	President of the Management Board	2019	2019	2019
Maciej Stec	Vice President of the Management Board	2014	2016	2019
Jacek Felczykowski	Member of the Management Board	2019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

Biographical notes of the Management Board Members are available on [Cyfrowy Polsat Group corporate website](#).

Structure of employment of the Members of the Management Board and Supervisory Board by age



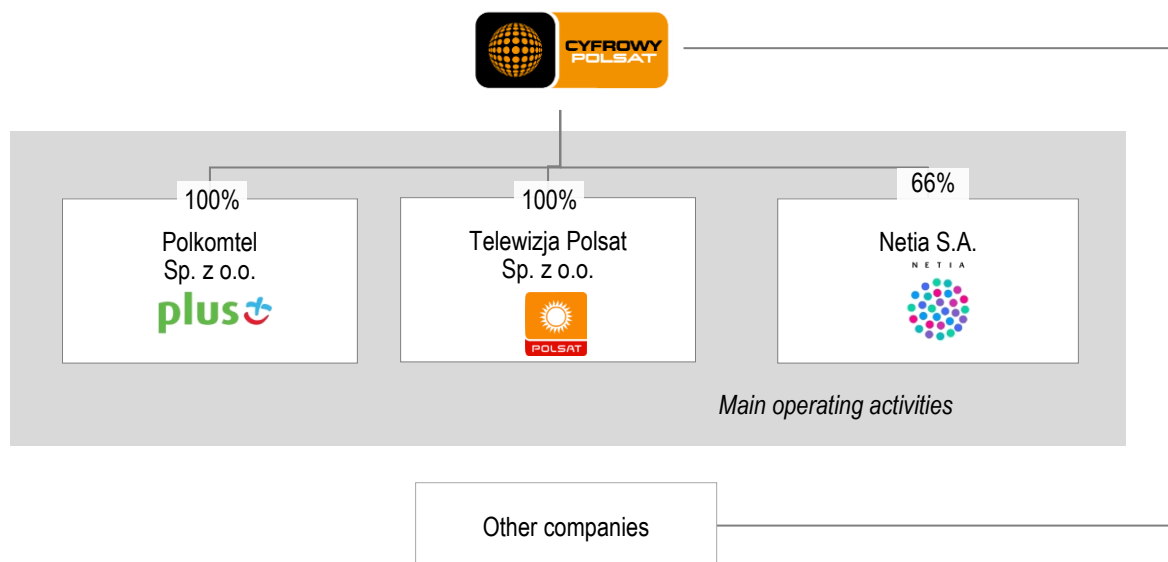
Structure of employment of the Members of the Management Board and Supervisory Board by gender



1.3. What we offer to our customers?

[GRI 102-2]

CAPITAL STRUCTURE OF POLSAT GROUP



Key areas of activities

PAY TV



Cyfrowy Polsat is the biggest pay TV provider in Poland and the leading DTH platform in Europe in terms of customer base size.

- It ensures access to approx. 170 channels.
- Thanks to Cyfrowy Polsat GO service, customers have access to thousands of shows available on demand and over 100 linear channels consistent with the satellite TV package selected by the customer. Thanks to On the Go option it can be used on three devices simultaneously: a PC, tablet and smartphone.
- Cyfrowy Polsat's Multiroom HD service enables use of the same TV package on as many as 4 TV sets.
- The platform has own broadcasting center which enables us to transmit TV channels to the transponders on the Hot Bird satellites.
- Cyfrowy Polsat is the only operator offering its own set-top boxes. This way we can control the production process, effectively manage costs and offer high quality equipment which meets our customer needs.



Netia offers to the customers the IPTV service under the brand *Telewizja Osobista (Personal Television)*. Under this product the customer receives:

- 'Netia Player' set-top box which ensures access to the pay digital television based on the IP protocol;
- fast and easy access to popular Internet services or the company's own multimedia content via the screen of a TV set;
- access to VOD services, such as IPLA, Player.pl or HBO GO.

The offer of Netia's "Telewizji Osobista" consists of 200 channels, including over 100 channels in HD or super HD technology.

Online video



IPLA is the leader of online video market in Poland, with the biggest legal base of TV content.

- It offers over 100 channels and several dozen thousands of VOD⁵ materials, including several hundred TV series, documentaries and kids programs.
- It offers around 500 hours monthly of live coverage from major sports events in Poland and abroad, a rich and constantly expanding library of movies, series and TV programs delivered by Polish and international licensors.
- IPLA materials can be viewed on PCs, tablets, laptops, smartphones, smart TVs, as well as via set-top boxes and game consoles.

TELECOMMUNICATIONS

Mobile telephony



Polkomtel Sp. z o.o. is the leading telecommunications operator in Poland who provides its services under the Plus brand and Plush brand. The company is the leader of LTE technology and relies on the most advanced telecommunications solutions while developing services for its customers:

- The residential contract offer includes a variety of contract plans. Currently, it is available in the contract and prepaid model as well as in the mix offer (a combination of a prepaid and contract offer).
- Business customers are mainly offered contract solutions, often on the basis of tenders which are invited by customers. Apart from the traditional mobile telephony services, Plus also offers fixed telephony services, Internet access solutions (mobile and fixed broadband Internet access), SMS Center services and other dedicated solutions.
- Plus provides international roaming services to our residential customers, who can use telecommunications services while being abroad and logged on to foreign networks. Starting from 15 June 2017, customers of Polkomtel may freely use roaming services in the countries of the European Economic Area according to the

⁵ VOD (*Video on Demand*) – the service which allows for watching film materials or listening to an audio recording on demand.

domestic prices and the rules applied in Poland. Thanks to the acquisition of new roaming partners in 2018 we opened 260 new international roaming services, thanks to which our customers may enjoy even broader coverage of telecommunication services while being abroad.

- Plus offers a wide array of state-of-the-art handsets and smartphones from such leading manufacturers as: Samsung, Huawei, Apple, Sony, LG but our offer also includes low and mid-end handsets of smaller manufacturers. Handsets are sold mainly in the installment plan model (with or without an initial fee).

Mobile Broadband Internet access



Polsat Group provides a comprehensive mobile broadband Internet access and data transmission services to both residential and business customers under two main brands: Plus and Cyfrowy Polsat, using LTE Plus technology since 2011 and currently also offering LTE Plus Advanced option.

- In return for a single monthly fee our offer includes broadband Internet access relying on all supported data technologies. Thanks to this, nearly 100% of Poles live within the coverage area of our LTE Plus Internet service, while 73% of Poles are within the coverage footprint of our LTE Plus Advanced Internet service with the maximum technological data transmission speed of 600 Mbps (selected areas).
- Contract price plans offer basic mobile broadband Internet access. In return for a monthly fee they offer either a limited data allowance or data transmission in LTE Plus network without limits under an additional service. While using this offer, customers may purchase or lease, among others, dongles, fixed and mobile routers. In addition, the offer also includes laptops, tablets and other devices, as well as offers without equipment - *SIM only*.
- The Group has also introduced the LTE Home Internet set, a unique solution developed in-house, as an alternative to fixed Internet access, which can considerably enhance the coverage area and signal strength of the LTE Internet. The latest 300 LTE Home Internet set supports the LTE Plus Advanced technology, is ideal at specific places, with poor availability and quality of the Internet signal, also at the places without cable Internet access.

Fixed Broadband Internet access



Netia and Plus also offer the services of the fixed broadband Internet access, among others in fiber optic technologies. The services of the fixed fiber optic Internet access are provided by our own access networks, which cover over 2.5 million homes in around 180 towns. They are also supported by a wide, national backbone infrastructure. Furthermore, Netia offers fixed Internet access services based on the regulated access to Orange Polska network. Netia provides fixed broadband Internet access services to residential and business customers.

- Internet services addressed to residential customers are sold mainly in packages with television and voice services, including a mobile offer provided in the MVNO model. The offer is supplemented with a number of value added services. The home multimedia platform, using the broadband Internet access in order to distribute content to household users, operates on the following devices: Netia Spot – wireless Wi-Fi router and Netia Player – an innovative multimedia set-top box with the access to a rich offer of television channels, VOD services, online applications and a possibility of playing its own multimedia files.
- The broadband Internet access services addressed to business customers are offered in the fiber optic, Ethernet, xDSL and HFC technologies. They are a part of the broad spectrum of services, including a traditional fixed-line telephony solutions (analog and ISDN access), state-of-the-art services of IP telephony with a hosted PABX (with NGN - Next Generation Network technology), unified communications services (Unified Communications), video communication (video conference calling in HD quality), SMSC services, and the lease of digital links, VPN and

Ethernet networks as well as the data center services which are addressed to the companies using the Internet in their business solutions, launching portals and online information services.

- Based on the Netia's infrastructure, in December 2018 Polkomtel implemented a new broadband fixed Internet offer *Plus Fixed Internet*. This service is addressed to residential customers living in single-family housing and multi-family housing, as well as to small companies from the SOHO segment. Plus Fixed Internet service is provided in four technologies, depending on the available infrastructure: copper (CU), Ethernet (ETTH), cable (HFC) and fiber optic line (PON). Under the offer, the customer receives an additional SIM card for the mobile Internet LTE Plus Advanced service. The service is also available in smartDOM and smartFIRMA Programs.

MULTI-PLAY SERVICES

We believe that combining of state-of-the-art services of Cyfrowy Polsat Group may produce measureable benefits for our customers. Our companies – Cyfrowy Polsat and Polkomtel – offer multi-play services, including a joint smartDOM program which allows for flexible combining of as many as ten products and services.

smartDOM is a unique savings program for homes which offers a wide array of products and services, thus enabling our customers to create a comfortable, safe and modern home. The program is based on a simple and flexible mechanism – a customer subscribed to one service with a specified value who purchases additional products of our Group, obtains attractive discounts throughout the entire term of the contract. This way every customer has the possibility to create a unique set of services for the family.

Apart from our basic, core products and services, i.e. Plus mobile telephony (including a fixed mobile solution), LTE Plus and Plus Advanced LTE Internet and satellite TV from Cyfrowy Polsat, smartDOM customers can also use banking services offered by PlusBank, comprehensive insurance services and home security services, such as monitoring. Moreover, the offer also comprises telecommunications devices and home electronics.

All of the offered products and services are important for households. Thanks to the unique formula of the smartDOM program, our customer can purchase all the products and services that households need from one place and generate savings on each additional service bought.

Our smartFIRMA loyalty program, addressed to business customers of SOHO segment, operates on similar rules as smartDOM, is addressed to business customers of the SOHO (Small Office / Home Office) segment.

TELEVISION (BROADCASTING AND PRODUCTION)

Polsat TV



Polsat Group's portfolio comprises 33 channels, including our main channel POLSAT, available in SD and HD quality, and 32 thematic channels. Additionally, there is a group of cooperating channels which are associated with the Polsat Group by capital or by joint broadcasting projects. The channels we broadcast include entertainment, sports, news, music, lifestyle, movie and children's channels. Our channels are available via cable and satellite. Six channels we offer – POLSAT, Super Polsat, TV4 and TV6, Polo TV, Eska TV – are part of the digital terrestrial television (DTT) on multiplexes MUX-1 and MUX-2⁶.

POLSAT, the main channel of our Group, is one of the leading television channels in terms of audience share in the group of viewers which is most valuable to advertisers (the so-called commercial group, viewers aged 16-49) – in 2018 it achieved 11.4% share in the commercial group. POLSAT's fine result in 2018 is the effect of its attractive and consistent programming offer, including successful spring and autumn schedule of the TV station which offers entertainment, films and TV series, one of the leading news programs, *Wydarzenia (The News)*, as well as thrilling sports coverage.

2018 ended successfully also for the whole Polsat Group with the audience share of 24.3% in the commercial group.

The content offered by the Group is attractive and diversified thanks to the following factors:

- Polish productions make up around 60% of all broadcast content⁷. Polsat strives to diversify the sources of its programs, which is intended to guarantee effective production cost management. Thanks to this, while having access to a broad portfolio of programs and in order to guarantee successful programming, Polsat is able to choose the offers which are both attractive and cost effective.
- Foreign productions. Licenses for foreign programs are to a great extent related to purchasing the rights for airing movies, TV series and sports events. Major film studios are the Group's key partners in acquisition of films and TV series. These partners include Sony Pictures TV International, 20th Century Fox TV, The Walt Disney Company, Warner Bros International TV Distribution, CBS Studios. Monolith Films is also a party offering foreign productions.
- Licenses for sports events - a broad and unique range of sport broadcasts is an element differentiating us against the competition, including among others qualifying matches for the 2020 UEFA European Championship and 2022 FIFA World Cup, two editions of the UEFA Nations League 2018/19 and 2020/21, great tournaments and attractive volleyball matches – Volleyball Women's and Men's World Championships 2022, new very attractive matches of the Volleyball Nations League (2018-2024), FIVB World Grand Prix 2019 and 2023 and qualifying tournaments for the Olympic Games in Tokyo (2020) and Paris (2024), Plus Liga and Orlen Liga volleyball matches, boxing and martial arts (KSW, FEN and UFC) galas, Wimbledon and ATP 1000 and 500 tennis tournaments and many other disciplines. Additionally, we have the rights to the most popular football matches in the world – UEFA Champions League and UEFA Europa League (for years 2018-2021). In 2018 we also acquired a controlling interest in Eleven Sports Network, a Polish company which owns attractive sports rights, including foreign football leagues LaLiga Santander, Bundesliga, Serie A TIM, The Emirates FA Cup or Formula 1™ races as well as Polish and foreign speedway competitions which are also resold in the form of Premium packages to pay TV operators on the Polish market.

⁶ MUX, i.e. a package of television, radio channels and additional services broadcast simultaneously in digital form to the recipient in one frequency channel.

⁷ Data for channels: POLSAT, Polsat2, Polsat Play, Polsat Cafe, Polsat Film, Polsat News, Polsat Sport, Polsat Sport Extra, Polsat Sport News, Polsat News 2, TV4, TV6, Polsat Romans, Disco Polo Music, Polsat Music, Super Polsat.

1.4. We operate strategically

[GRI 102-16]

The superior goal of our strategy is the permanent growth of the value of Cyfrowy Polsat for its Shareholders. We intend to achieve this goal through:

Growth of revenue from services provided to residential and business customers through consistent building of the customer base value by maximizing the number of users of our services as well as the number of services offered to each customer, while simultaneously increasing average revenue per user (ARPU) and maintaining high levels of customer satisfaction

Our goal is to effectively build revenue from the sale of products and services to our customers. Bearing in mind the occurring market changes, we will continue to create products that will satisfy the changing preferences of our customers.

The factor that will have a positive impact on revenue is the possibility of cross-selling of our existing and future products and services to the combined customer base of Cyfrowy Polsat, Polkomtel and Netia. Within our Group we create a unique portfolio of products and services which is simultaneously targeted at our customers. When properly addressed, both through sale of additional individual products or a multi-play offer, this potential may significantly increase the number of services per individual user, thus increasing the average revenue per customer (ARPU).

The integrated services market is poorly developed in Poland, especially outside big cities and thus it has substantial growth potential. We intend to continue expanding our portfolio of products and services, relying both on own projects, as well as on strategic alliances or acquisitions. We trust that a comprehensive and unique offer of combined services and the possibility of up-selling additional services, e.g. financial and banking products, or sales of electricity, when provided via diversified distribution platforms, will be decisive from the point of view of our competitive edge. It will also enable us to retain our existing customer base and offer an opportunity to acquire new customers, both on the pay TV and telecommunication markets as well as in the area of other services for the home and for residential customers.

We would like to build our position on the bundled services market by acquiring as many customers as possible for our mobile broadband Internet access services. Based on independent experts' estimates, broadband mobile Internet is the fastest growing Internet access technology in Poland. We trust that mobile technology (LTE in particular) will enable us to offer high quality services in areas inhabited by a majority of our customers, which, combined with the benefits offered by integrated services, should contribute to further improvement of customer satisfaction and growth of ARPU. We seek to attract as many viewers as possible by offering the best-value-for-money TV packages. We also intend to leverage the changes taking place on the Polish pay TV market and take advantage of the opportunities presented by the evolving needs and expectations of Polish consumers (such as increased interest in over-the-top services (OTT) and growing use of media content on mobile devices), by offering our customers an extensive range of additional services (Cyfrowy Polsat GO, VOD/PPV, catch-up TV, online video and music services, Multiroom and Mobile TV). By developing our pay TV offer and expanding it to include complementary products and services, we seek to generate higher ARPU and improve customer satisfaction and loyalty.

An effective combination of telecommunication and media services provides new opportunities for distribution of TV content. Thanks to this combination, the attractive content and the wide range of our services will be delivered through a variety of reliable distribution channels – via satellite (DTH), within digital terrestrial television (DVB-T), through mobile technologies: LTE and LTE-Advanced and via fixed-line technologies (IPTV, online video) – to all consumer devices, from TV sets through PCs to tablets and smartphones.

Growth of revenue from produced and purchased content by expanding its distribution, maintaining the audience shares of our channels and improving our viewer profile

The TV channels we produce and broadcast enjoy strong, well-established positions on the Polish TV market as well as high ratings in their target groups. We currently broadcast 33 channels, programmed to appeal to most target groups within the Polish audience. Additionally, there is a group of 8 cooperating channels, which are associated with the Polsat Group by capital or by joint broadcasting projects. Our goal is to maintain our audience share at a stable level and consistently improve our viewer profile. We believe that by making sensible investments in programming, and wider distribution of our own content, we will be able to gradually improve our viewer profile. This in turn will have a positive effect on the advertising airtime pricing.

Another crucial step in building the segment's value will be to maximize our distribution of produced and purchased TV content, both in terms of the customer groups it reaches (FTA and pay TV) and the technologies they use (terrestrial, satellite, Internet). These efforts, in our opinion, will not only allow us to reap the benefits of wide-scale distribution of our

content, but will also ensure a higher level of satisfaction among our customers and viewers, who will have more freedom to decide what, where and when to watch.

Effective management of the cost base of our integrated media and telecoms group by exploiting its inherent synergies

We are convinced that building a closely integrated media and telecoms group offers an opportunity for tangible synergies and for securing significant competitive advantages. We are implementing numerous projects aimed at simplifying the Group's structure by integrating relevant teams and harmonizing business processes and IT systems in the entire Group, which enables us to achieve potential, tangible cost synergies. On a continuous basis we pursue optimization efforts aimed at adapting our cost base to current market conditions and our Group's situation.

Effective management of the Group's finances, including its capital resources

The capital resources management policy adopted by us defines the method of using the funds generated from our operations. To guarantee the continuity and stability of the Group's operations, the generated free cash is used in the first place for financing current operations and for investments indispensable for the development of the Group. Effective debt management and its successive reduction is another of our priorities. The Management Board has set the desirable level of consolidated debt, measured by the net debt/EBITDA ratio, which should be reduced below the level of 1.75x.

Predictable dividend payouts to Shareholders constitute one of the main goals underlying our capital resources management policy. At the same time, we consistently aim to reduce our debt, which will assure attractive profitability levels for the capital employed by our Shareholders.

1.5. Opportunities and threats

[GRI 102-15, 102-11] [Accounting Act – Opportunities and threats]

We take advantage of our business opportunities

We are convinced that Poland is a very attractive market for the products and services that the Group currently provides or the ones it plans to provide in the future. The most important business opportunities are presented below:

- Low penetration of multi-play services, in particular in non-urbanized areas;
- Growing importance of convergent services;
- Development of the Internet market in Poland
- Development of the market of new technologies and devices, combined with a growth of access to audio and video content and consumption of such content;
- Growing popularity of smartphones and demand for data transmission;
- Development of advertising market in Poland;
- Growing importance of thematic channels.

We analyze risks in detail

We understand business risks accompanying our operations. We also analyze risks in the area of ESG (Environmental, Social, Governance) related to social, employee, environmental issues, respect for human rights and preventing corruption. The most important risks identified by us are as follows:

KEY RISK FACTORS ESG (selected examples)

Risk area	Key risk factors	Polsat Group	Cyfrowy Polsat	Risk management method
Operating activities	Products and services:			
	Losing the reputation of brands	✓	✓	We regularly monitor the satisfaction level of our customers. While taking care of the image and reputation, we systematically analyze the main parameters of our brands' condition (e.g. spontaneous and prompted brand awareness, Net Promotor Score) and their perception in relation to our main industry counterparts. We also cooperate with industry media and general media in order to build a positive image of our brands as well as consciously manage the relationships with our customers and partners. We regularly monitor discussion forums and social media in order to recognize possible negative phenomena and eliminate false information regarding our main brands. Moreover, we actively use our media (i.e., Polsat TV or IPLA platform) to positively expose our brands. We actively invest into pro-social activities, thus building a positive image of our brands.
	Lack of possibility to effectively maintain and upgrade the telecommunication network and offer our customers attractive products and services in the areas threatened by digital exclusion	✓		Inhabitants of small towns and rural areas have limited access to entertainment and education. We meet the expectations of these regions by presenting them with an attractive offer at affordable price. We also know that the universal Internet access is one of the biggest challenges of the information society of Poland and Europe at the moment. It is an extremely important element stimulating economic growth, culture and improvement of life of all citizens. Thanks to the investments into frequency, infrastructure and dedicated equipment, we have created a possibility of access to the fast speed Internet even in the areas in which there is no network coverage of other operators as well as to entertainment and education thanks to the television. Our network is constantly modernized and optimized, according to the best technical standards and achievements, also in cooperation with the proven business partners and while using their knowledge and experience, with the support of continuously improving competence and knowledge of our engineers, so that our customer could use better and better parameters of the telecommunication network and unlimited resources of the global network. In order to be able to maintain and continuously develop our offer, we invest into knowledge of our technical and marketing teams which are responsible for preparation of state-of-the-art technology and services for our customers. We remain in an active dialog with industry advisors, standardization bodies and manufacturers of state-of-the-art telecommunication equipment which supports advanced technologies in order to identify future market trends and future needs of our customers as early as possible. We monitor the demand of customers for new services offered by competing entities in order to identify a possible and right moment to offer equivalents of such services.
	Failing to maintain, extend or modify the distribution and sales network	✓	✓	We strive to build a diverse distribution network (stationary sales, tele-sales, online sales, door-to-door channels) in order to diversify our sales channels. In each sales channel we cooperate with many partners, avoiding monopolizing of any channel by one strong partner who could decide to terminate the cooperation with us in the future. We also strive to protect our distribution network by taking over lease agreements for specific locations of Points of Sale which are important from the point of view of our business. We support our partners operating the sales network in local promotional activities and share our knowledge with them. We organize attractive programs of rewarding the best sales representatives working in our sales channels.
	Insufficient protection of intellectual property rights	✓	✓	Within the concluded agreements we regulate the issue of obtaining the rights, we regularly monitor the time for which the licenses have been granted, we verify a need of obtaining intellectual property rights in each project, we contractually regulate the liability of entities granting rights for their possible legal defects.

A risk of fraudulent activities by our customers, in particular in relation to telecommunications and pay TV services



We constantly monitor the usage generated by SIM cards registered in our systems, looking for any unusual traffic, voice, SMS or MMS patterns, which might signal a risk of fraud. If such a case is identified, we immediately take steps to prevent further stream of suspected illicit traffic. These activities include, among others, blocking of accounts or numbering ranges in Poland and abroad, using of anti-fraud solutions, developed in-house and offered by the operators with whom we cooperate. In case of the international roaming services, accounts of our customers have usage limits, expressed as the maximum value of the bill, and the customer – after receiving a relevant SMS notification from us – can make an informed decision about cancelling such limits. This allows for reducing the risk of generating excessive charges by our customers, whereas the informed customers are charged with the bill corresponding to his/her actual usage of roaming services.

We constantly monitor whether the intellectual property rights and anti-piracy measures and safeguards protect us against illegal access to our services and theft of our programming content. In case of detection of this type of fraudulent activities we take necessary legal actions. A risk of piracy is particularly severe for the operations of our television broadcasting and production segment and the paid distribution of content, and it is propelled by technological progress and conversion of multimedia content to digital formats, which makes it easier for high quality illegal copies of programs delivered in pay-per-view system through set-top boxes, unlicensed and unscrambled broadcasts in television or via the Internet to be created, distributed and rendered available on various media. Illegal use of our intellectual property may have a negative impact on our operations, harming our reputation and undermining confidence of our business partners in our capability to protect our own and licensed content.

A specialized internal unit, using appropriate tools – both developed in-house as well as offered by our partners with whom we cooperate – constantly monitors illegal distribution of our content both in the Internet and via other technologies and devices. Intensified preventive measures are undertaken during special events, e.g. broadcasting of sports events in PPV system. We analyze in detail individual cases in order to implement possible precautionary measures, including legal steps, in order to eliminate the cases which had already occurred or to minimize their effects for our activities as well as to prevent similar situations in the future.

Alleged health risks of wireless communications devices leading to decreased wireless communications usage or increased difficulty in obtaining sites for base stations



We undertake educational activities with the aim to dispel possible concerns. We participate in local initiatives whose purpose is to provide the current status of knowledge to inhabitants of the areas in which we may possibly build our base stations. We strictly control signal strength on individual transmitters in order to meet the requirements of relevant standards for electromagnetic field emissions. We are actively involved in industry discussions accompanying legislative processes regulating the electromagnetic field emission standards.

Operational continuity:

Delays or lack of delivery of services, infrastructure or equipment and components from external suppliers



We strive to cooperate with more than one supplier of each type of equipment or elements of our infrastructure. We place orders for the delivery of selected equipment components gradually, as the demand for certain products increases, in order to eliminate the situation in which accumulation of orders within a short period of time could lead to delays in delivery of a selected component. We develop a mid- and long-term rollout plans for our infrastructure which are then communicated to our main suppliers in due advance, which enables them to prepare the components we need within the agreed deadline.

We create lists of suppliers by categories and conclude Framework Agreements which allow for starting the cooperation on a very short notice.

We prepare in advance plans for the delivery of end-user equipment and monitor delivery schedules on an on-going basis, while maintaining an optimum level of inventory turnover in the Warehouse and in the Sales Network.

We secure ourselves against delays in the delivery of services and equipment by applying financial penalties in agreements with suppliers.

Operational flexibility, agility and independence from external suppliers were the decisive factors behind a decision to establish our own set-top boxes factory in 2007, which now functions within the InterPhone Service, a company belonging to our Group. Furthermore, since last year a state-of-the-art logistics center has operated under this company. The center is used for the needs of the entire Group and allows for extremely effective and efficient managing of the distribution of products across the entire sales network, taking into account various sales channels and their characteristics.

Network and broadcasting infrastructure, including information and telecommunications technology systems, may be vulnerable to circumstances beyond our control that may disrupt service provision



We strive to have redundant resources of the broadcasting, telecommunications and information technology infrastructure, in order to prevent or limit negative consequences of any emergencies. Redundant systems are usually housed in geographically distant locations, which prevents exposure of our infrastructure to locally based failures. We continuously work with regulatory bodies, trying to solve problems related to external interferences in the used frequencies.

We have introduced and constantly maintain the Business Continuity Plan focusing on examination and early detection of risks in processes and services which are critical from the point of view of our operations. The impact of selected threats is minimized through early implementation of relevant recommendations and remedial measures to our processes and procedures.

	Human Resources			
	Losing managerial staff and key employees	✓	✓	We strive to ensure the attractiveness of the remuneration and incentive systems for our key employees and managerial staff. We regularly monitor the level of wages on the labor market, adjusting the level of remuneration offered by us to the market situation. We conclude clauses extending the notice period or non-competition clauses with selected employees. These clauses, among others, are to secure sufficient response time for us in order to prevent the loss of these employees. We support the development of key employees and managerial staff by offering them specialist trainings, MBA studies and other forms of professional trainings, while building their involvement and identification with the company.
	Disputes with employees; growth of labor costs	✓	✓	We take care of good relations with our employees and make sure that we meet all obligations of the employer under the labor law. If a dispute arises, we always strive to start a dialog in order to work out a compromise in the dispute with the employee. We have the Anti-Mobbing Policy and an efficient Anti-Mobbing Committee in place. We take good care of partner relations with employees' representatives, maintaining constructive dialogue with trade unions existing in our companies.
	Accidents of employees and sub-contractors	✓	✓	We regularly train all our employees with respect to general Occupational Health and Safety regulations, as well as specific requirements for the scope of duties performed by them. We ensure appropriate level of safety at the workplace, as well as high quality of equipment and clothing guaranteeing the safety of our employees and sub-contractors. The Civil Defense Formation operates within our structure, including over 100 employees trained in the pre-medical first aid.
	Reputation and financial risk in case of bribery and corruption	✓	✓	We regularly analyze the risk of corruption. We try to implement mechanisms which prevent or mitigate the risk of corruption. We strive to divide the responsibility related to making specific decisions, for instance through a multi-level and diverse path of approval of specific decisions. Such an approval usually goes across different areas in the structure of our company in order to minimize a risk of occurrence of corruption-generating circumstances. Areas particularly vulnerable to the risk of corruption are subject to the detailed control with respect to appropriate application of internal regulations and guidelines.
Market and macro-economic environment	Exposure to the effects of the regional or global economic slowdown	✓	✓	We strive to diversify our business activities into several areas and conclude contract agreements with our customers, which as a rule stabilizes our revenues in the mid-term. We try to offer services with a good quality-to-price ratio, which in our opinion will mitigate possible adverse impact of any economic slowdown on our financial results.
Legal and regulatory environment	A risk that the Polish Office of Competition and Consumer Protection (UOKiK) deems the practices we use as limiting competition or violating the Polish competition and consumer protection laws	✓	✓	We continuously analyze changes in the law which have implications for our market activities. All regulations, price lists and advertising campaigns prepared by our marketing departments are subject to verification and approval by our lawyers. We monitor the judicial practice of the Office of Competition and Consumer Protection (UOKiK) in order to adjust our activities to the guidelines defined by the Office.
	Unfavorable rulings in administrative or court proceedings:	✓	✓	We invest into knowledge of our own lawyers and we cooperate with specialized law firms which ensure the highest quality of legal services under the proceedings in which we are involved. Our in-house lawyers constantly monitor the judicial practice of courts or administrative bodies. We actively monitor the status of cases and participate in all meetings and hearings related to the cases in which we are involved. If an unfavorable ruling is issued in the end, we analyze with due diligence any appeal measures or methods of ensuring compliance with the recommendations of the relevant bodies or amicable solving of the dispute in cases in which there is a risk of upholding an unfavorable ruling by instances of appeal.
	A risk of violation of Polish and EU law regulating our operations on telecommunications, pay TV and television production and broadcasting markets as well as possible sanctions and fines resulting from such a violation	✓	✓	We invest into knowledge of the employees of our legal departments who are responsible for the implementation of new legislation to our business activities. We cooperate with specialized external law firms and consulting companies in order to support the organization in more complex projects. We actively participate in the activities of industry organizations which are involved in discussions with legislators and market regulators, in order to determine in due advance the scope of new legal obligations which may concern our activities.
	A risk of violation of personal data protection law or requirements specified by the General Inspector of Personal Data Protection as well as possible sanctions and fines resulting from such a violation	✓	✓	We invest into knowledge of the employees of our department dealing with personal data protection issues. We cooperate with specialized external law firms and consulting companies in order to support the organization in more complex projects. We invest into IT systems the aim of which is to restrict access to sensitive personal data of our customers only to justified cases and according to valid internal procedures. We continuously monitor the process of data processing of our employees, customers and subscribers and verify a legal basis for execution of specific business goal of our company.

A risk of violation of Polish and EU law regulating in particular information obligations of the issuers of securities as well as possible sanctions and fines resulting from such a violation



We invest into knowledge of the employees of our department dealing with investor relations. We cooperate with specialized external law firms and consulting companies in order to support the organization in more complex projects. We regularly participate in conferences and trainings organized by institutions specializing in the field of information obligations, e.g. Polish Association of Listed Companies.

More information about risks affecting our operational and financial activities can be found in the [Annual Report of Cyfrowy Polsat Group](#) which is available online.

Main market trends

The main trends which we believe to be likely to have a material impact on the Group's development prospects, revenue and profitability before the end of the current financial year include:

- high level of market penetration with services provided by the Group as well as a high level of competitiveness of the markets in which we operate;
- bundling of media and telecommunications services, as well as services from other sectors, such as electric energy or financial and banking products;
- decreasing volume of numbers ported by customers between mobile networks
- growing smartphone penetration among mobile network users; which entails the development of the mobile data transmission market;
- growing demand for data transmission and high-speed broadband connectivity driven by changing consumer preferences and the resulting growing complexity of data transmission-based services;
- development of state-of-the-art fixed broadband networks (NGA), optical fiber in particular;
- dynamic development of non-linear video content, distributed via VOD and OTT services, accompanied by growing online ad spending;
- entry of global VOD and OTT players to the Polish market, as well as investments of operators already present on the market in offered content in order to adjust it to the preferences of local viewers;
- increasing sales of smart-TVs - television sets with integrated Internet access;
- growing number of mobile customers and users, driven by, inter alia, gradual fixed-to-mobile substitution, and the growing popularity of *machine-to-machine* solutions;
- pressure on revenue from traditional mobile telecommunications services caused by the intensifying competition on the mobile services market, and by traditional mobile telecommunications services being driven out by data transmission communication;
- pressure on revenue from roaming services, resulting from the regulation of roaming charges in the European Union implemented in 2017;
- change of pricelists on the TV advertising market resulting from high demand for advertising observed in 2018 and expected in 2019;
- further fragmentation of the television market (growing share of thematic channels in audience and advertising revenue); and
- consolidation of the pay TV market, in the cable TV segment;
- consolidation on the fixed broadband Internet access;
- ownership changes in the broadcasting and television production market;
- consolidation of the telecommunications markets, manifested by acquisitions of local fixed-line operators by larger telecommunications groups; and
- Significant slowdown of the scale of migration of subscribers towards free of charge digital terrestrial television.

1.6. Always acting responsibly

We believe that the dialog should be the basis for any activities. We would like not only to receive feedback about ourselves, but also actively explain decisions we make and present our position. That is why we engage stakeholders in our activities, by exchanging views on many levels.

How do we engage our stakeholders?

[GRI 102-40, GRI 102-42, GRI 102-43]

- customers
- employees (employees and their families)
- regulators and state institutions
- suppliers
- social organizations
- shareholders and investors, analysts, financing institutions
- competitors
- business partners

Stakeholder group	Some entities belonging to the stakeholder group	Approach and type of engagement of stakeholders group (e.g. questionnaires, satisfaction surveys, dialog sessions, etc.)	Frequency of engagement by type	Key topics and concerns raised by stakeholders
Shareholders and investors, analysts, financing institutions	<ul style="list-style-type: none"> capital market players brokerage house analysts shareholders bondholders institutional and individual investors rating agencies 	<ul style="list-style-type: none"> financial reports current announcements corporate website individual meetings conferences and video conferences General Shareholders' Meetings Examining of shareholding structure — perception study 	<p>According to requirements resulting from the Company's presence on the Warsaw Stock Exchange:</p> <ul style="list-style-type: none"> financial reporting once a quarter on-going communication General Shareholders' Meeting at least once a year dialog and meetings, if necessary 	<ul style="list-style-type: none"> economic situation of the Group and financial policy strategy and development competitive environment risks and opportunities of operations company's value transparency of activities future investments
Customers	<ul style="list-style-type: none"> natural persons and companies subscribers of pay TV and telecommunications services viewers IPLA users 	<ul style="list-style-type: none"> website (questionnaires) customer service points and call center (dialog, questionnaires) opinion and satisfaction surveys, including User Experience and NPS 	<p>On-going – continuous activities, opinion survey – on as-needed basis, NPS satisfaction survey – at least once a year.</p>	<p>Examined areas:</p> <ul style="list-style-type: none"> general customer satisfaction with the operator, propensity to recommend brand, relations stability, propensity to select the operator again and satisfaction. Areas: <ul style="list-style-type: none"> offer customer service points telemarketing call center website Internet service centers financial benefits invoice
Employees	<ul style="list-style-type: none"> employees and their families 	<ul style="list-style-type: none"> employee satisfaction survey and periodic assessment trainings and development Intranet teambuilding events benefit programs volunteer programs 	<p>Ongoing and regular communication</p>	<ul style="list-style-type: none"> stability and attractiveness of employment family friendly HR policy friendly place of work development opportunities

Stakeholder group	Some entities belonging to the stakeholder group	Approach and type of engagement of stakeholders group (e.g. questionnaires, satisfaction surveys, dialog sessions, etc.)	Frequency of engagement by type	Key topics and concerns raised by stakeholders
Regulators and state institutions	<ul style="list-style-type: none"> KRRIT (National Broadcasting Council), UKE (Office of Electronic Communication), UOKiK (Competition and Consumer Protection Office) UODO (Personal Data Protection Office) GIOŚ (Chief Inspectorate for Environmental Protection), Marshal's Offices GUS (Main Statistical Office), KNF (Financial Supervision Authority), KRS (National Court Register) Council of Ministers Parliament and Senate European Commission, European Parliament and European Council BEREC National Media Council Digitization Council 	<ul style="list-style-type: none"> public consultations meeting of reporting obligations direct meetings joint initiatives and activities participation in industry conferences 	<ul style="list-style-type: none"> ongoing communication resulting from the reporting obligations on as-needed basis 	<ul style="list-style-type: none"> impact on the national economy market development service availability activities in compliance with standards and law
Suppliers	<ul style="list-style-type: none"> content providers, including TV stations and producers suppliers of end-user equipment suppliers of components for production of our own end-user equipment suppliers of network and other infrastructure elements service providers 	<ul style="list-style-type: none"> direct relations contracts cooperation within the industry organizations integration events industry conferences and workshops 	As needed – ongoing and regular	<ul style="list-style-type: none"> terms of cooperation transparent rules of tenders and cooperation good, long-term relations cooperation under industry initiatives
Social organizations	<ul style="list-style-type: none"> foundations social and environmental organizations culture institutions 	<ul style="list-style-type: none"> partnerships and joint initiatives employee volunteering sponsoring direct dialog (environmental organizations) scientific reports debates 	According to the needs of stakeholders and Group's capabilities	<ul style="list-style-type: none"> openness to dialog financial support and human involvement understanding values on which the company is based dispelling possible concerns/doubts regarding technological development

Stakeholder group	Some entities belonging to the stakeholder group	Approach and type of engagement of stakeholders group (e.g. questionnaires, satisfaction surveys, dialog sessions, etc.)	Frequency of engagement by type	Key topics and concerns raised by stakeholders
Competitors		<ul style="list-style-type: none"> cooperation within industry organizations industry conferences, debates and workshops joint initiatives (e.g. market reports) 	Ongoing communication depending on the market situation	<ul style="list-style-type: none"> market development appropriate market regulation standards
Business partners	<ul style="list-style-type: none"> distributors advertisers and advertising brokers scientific institutions industry organization and chambers of commerce sport associations 	<ul style="list-style-type: none"> direct communication channels (e.g. website for distributors) ongoing and regular meetings contracts Code of Good Practices and self-regulations conferences and workshops reports and reporting holding of positions in the authorities of industry organizations and chambers active involvement in joint projects and activities (e.g. within respective chambers of commerce, consultations and positions) 	<ul style="list-style-type: none"> communication depending on the needs of stakeholders pro-active activities depending on the market situation 	<ul style="list-style-type: none"> Group's involvement in shaping of the market solving problems of the market and promoting innovations transparency of activities observing standards and rules openness to dialog

[GRI 102-44]

In November 2016 we organized a joint dialog session with key external and internal stakeholders of Cyfrowy Polsat Capital Group. We were pleased to hear that they perceive our enterprise as the leader creating high standards on the market. The participants also appreciated high quality of delivered products and services, involvement in cooperation with organizations acting for the benefit of the society and the Polish capital of the Group.

Expectations regarding our CSR activities included among others:

- a strategic approach to business responsibility,
- activities related to building of responsible message,
- transparent and detailed communication regarding the social involvement of the company,
- monitoring of environmental impact.

In 2018 there were no substantial changes in our dialog with individual groups of stakeholders and the use of the communication channel with them, therefore when defining the key areas of our impact last year the following elements were used: results of the last dialog session, current talks with stakeholders and the knowledge of management supported by a long-term experience (the Group believed that there was no need to carry out a new dialog session for the needs of preparation of this report).

[GRI 102-12, GRI 102-13] Apart from direct contacts with stakeholders, we shape our market environment also through membership in industry associations. We are members of, among others:

- Polish Chamber of Information Technology and Telecommunications
- Polish Chamber of Commerce for Electronics and Telecommunications
- Polish Chamber of Digital Broadcasting
- IAB Poland
- Association of TV Programs Distributors SYGNAŁ
- Polish Internet Research (Polskie Badania Internetu)
- Advertising Council
- Creative Poland Association
- Polish Association of Listed Companies

Awards as a sign of appreciation

We are pleased that also independent experts notice our efforts. We treat them as the confirmation of the quality of our daily work, also in the area of corporate social responsibility. In the year 2018 we received numerous awards, including:

Transparency and investor relations

Institutional Investor 2018

Awards in the Institutional Investor 2018 ranking, covering listed companies from the entire Europe. In the general ranking, in the category evaluated by analysts, in the media companies sector, Cyfrowy Polsat received awards in the following areas:

- *Best Investor Relations Program* – 1st place;
- *Best CFO* – 3rd place for Katarzyna Ostap-Tomann, Management Board Member for Finance,
- *Best IR Professional* – 3rd place for Bartłomiej Drywa, then Investor Relations Director.

Additionally, in the ranking of small and medium enterprises (in the understanding of the European scale), by joint votes of analysts and investors, in the media sector, Cyfrowy Polsat received awards in 2 areas:

- *Best Investor Relations Program* – 3rd place;
- *Best Website* – 3rd place for our corporate service grupapolsat.pl.

CEE Capital Markets Awards 2018

The award in the fourth edition of the contest in the category of *Best IR Department of listed companies – Poland*. The company also received a nomination in the category *Best listed company of the year – Poland*.

Transparent Company of the year 2017

An award for Cyfrowy Polsat in the ranking prepared by the Institute of Accounting and Taxes and PARKIET stock exchange and investors daily ("Gazeta Giełdy i Inwestorów PARKIET") – *Transparent company of the year 2017*. The winners have been selected from among all the companies listed on the WSE (the Warsaw Stock Exchange) as part of the three major stock indices (WIG20, mWIG40, sWIG80).

Capital and prestige

Badge of Honor for the Merits in Protection of Children Rights

A Badge of Honor for Polsat Foundation for the Merits in Protection of Children Rights. The award was granted by the Ombudsmen for the Children's Rights, Marek Michalak "for thousands of saved children, for their life and health, for supporting pediatric hospitals".

Main Prize in the Social Reports Contest

Main Prize in the 12th edition of the Social Reports Contest for the Polsat Group's publication for the years 2016-2017. The award was presented for development of the report in a comprehensive, reliable and clear way. The Social Reports Contest is organized by the Responsible Business Forum and Deloitte.

Forbes's ranking 2018

Cyfrowy Polsat ranks no. 1 (third time in a row) in the ranking of *100 Biggest Polish Private Companies*, published by Forbes monthly. The ranking of the magazine's Polish edition presents the actual values of enterprises built by Polish businessmen based solely on Polish capital.

Silver Winner - SAP Quality Awards CEE 2018

Silver Winner award for Polsat Group in the SAP Quality Awards CEE 2018 contest in the category of Business Transformation in Central and Eastern Europe, for the *Mielec Logistic Center* project.

Quality of services and set-top boxes

Golden Bell

Golden Bell award in the Mobility Trends plebiscite for Plus and Cyfrowy Polsat for Internet LTE Plus Advanced in the category of *Mobile Internet of the year 2017*.

Gold Medal of Poznań International Fair

Gold Medal of Poznań International Fair and *Gold Medal 2018 – Consumers Choice* on the Digital Technologies Forum Poznań Media Expo 2018 for the LTE Home Internet Set 300 offered by Cyfrowy Polsat and Plus network. The set is manufactured in the factory belonging to the Polsat Group – InterPhone Service from Mielec.

Personality

Chief Financial Officer of the year

The title of the Chief Financial Officer in the 13th edition of the CFO of the Year contest in the category of Big Enterprises for Ms. Katarzyna Ostap-Tomann – Management Board Member for Finance in Cyfrowy Polsat, Polkomtel and Polsat TV. Organizers of the CFO of the Year contest: Association of Chartered Certified Accountants (ACCA), Centrum Idei Gospodarczo Ekonomicznych (*Center for Business and Economic Ideas*) and Euler Hermes.

CHAPTER 2

CARE FOR THE NEEDS OF OUR CUSTOMERS AND VIEWERS

2. CARE FOR THE NEEDS OF OUR CUSTOMERS AND VIEWERS

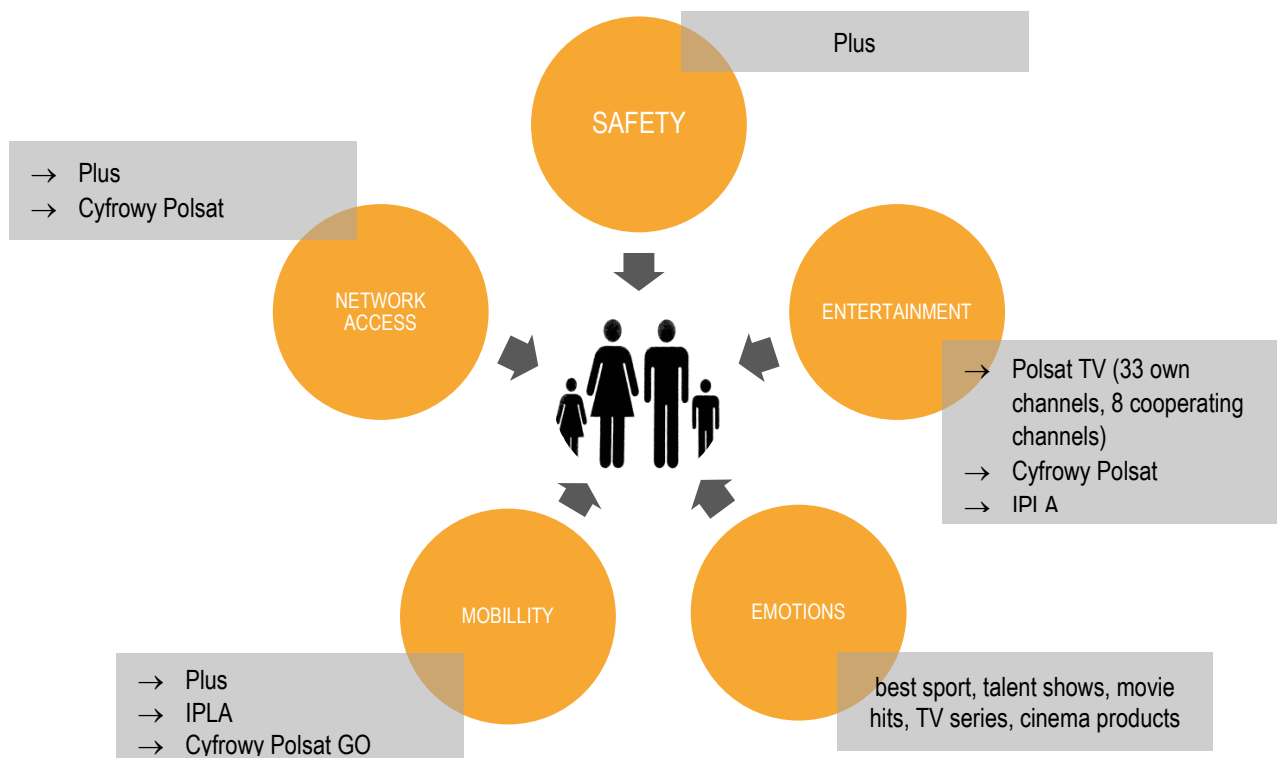
2.1. Exceptional customers

For Cyfrowy Polsat Group us each customer is unique – we make all efforts each day to prove this. We are proud to provide services practically to the entire demographic profile of the Polish society. Among nearly six million of our contract customers there are representatives of every social group, most probably of every profession and of vast majority of cities, towns and villages in Poland. Polsat TV, Cyfrowy Polsat and Plus network have become a permanent feature in the life of nearly half of Polish households – we treat this trust as a commitment to provision of highest quality services.

Each brand in Cyfrowy Polsat Group has its own unique identity, communication characteristics and visualization. Cyfrowy Polsat is a warm, traditional and family brand providing entertainment at home and outside of it. Plus, usually associated with modernity, lack of limitations and great possibilities, is represented by a popular and witty Szymon Majewski. We build our smartDOM Program on the communication platform while relying on a married couple of popular actors, Joanna Brodzik and Paweł Wilczek, who are associated with a joyful and happy home. Plush platform, a brand addressed to the youth, is based on a brand hero – a characteristic, expressive and uncompromising teddy bear called Plush. IPLA is communicated through the abundance of content and freedom and ease of access to it – at any place on any device.

Our services are available throughout Poland – statistically, each Pole owns either Cyfrowy Polsat subscription, or phone or Internet service from Plus, or knows someone who uses our services. According to the most recent surveys conducted by GfK Polonia in 2017, the prompted awareness of Cyfrowy Polsat brand at the level of 95% is the highest among pay TV operators in Poland. The prompted awareness of Plus brand, as the operator of voice calls, amounts to 98%; 86% of respondents associates our brand also with Mobile Internet services⁸. However, irrespective of the fact whether we deal with telecommunications services, access to satellite channels or viewers of Polsat TV, we would like to gain the best knowledge of our customer. Therefore, we regularly conduct comprehensive surveys trying to identify them and their opinions about our company. We believe that this is the only way to improve the quality of our cooperation..

Experience offered to customers through selected services provided by Cyfrowy Polsat Group



⁸ "Image survey of CP and Plus brands vs. competitors" in the period November – December 2017 conducted by GfK Polonia Sp. z o.o.

2.2. Key figures 2018

[Accounting Act – Key Performance Indicators]

16.9 million

provided RGUs

5.7 million

contract customers

64%

of Cyfrowy Polsat
customers live in small
towns or in rural areas

95%

prompted awareness of
Cyfrowy Polsat brand (as
the Pay TV provider)

24.2%

audience share of Polsat
TV channels in a
commercial group

nearly **2 million**

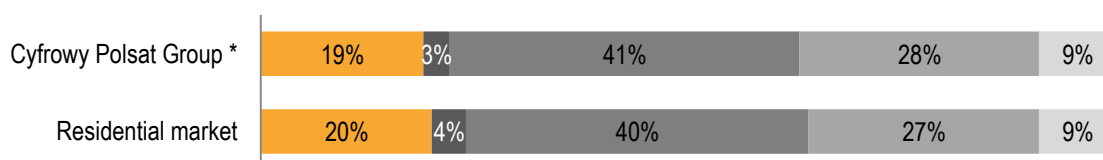
Internet RGUs

98%

prompted awareness of Plus brand (as the operator of
voice calls)

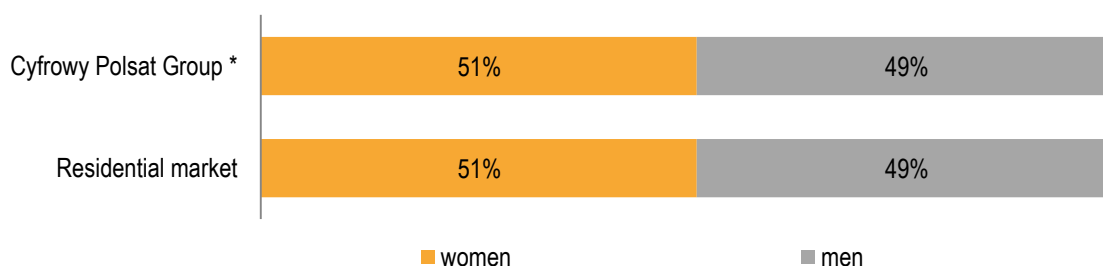
Who are customers of Cyfrowy Polsat Group?

Education

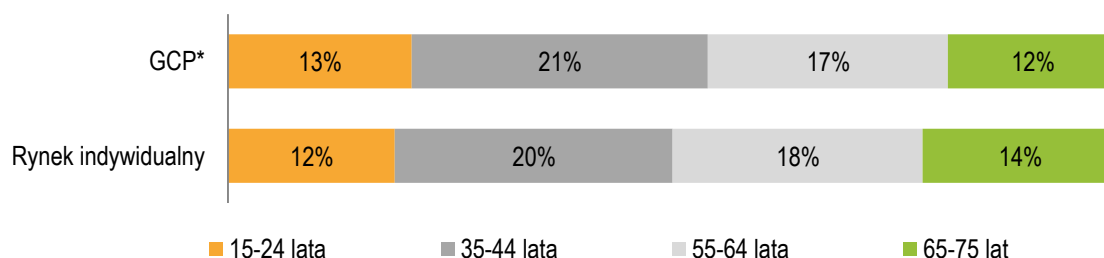


■ university degree /incomplete higher
■ post-secondary
■ secondary
■ basic vocational
■ primary and lower secondary

Gender



Age



* people who have at least one service in Cyfrowy Polsat or Polkomtel/residential market
 Source: Market Situation Survey 2018 (residential market) conducted in by IQS Sp. z o.o.
 Sample size was 12 763 and was representatives for Poles aged 6+

2.3. Availability – Television and Internet for everyone

Polsat Group is the biggest media and telecommunications group in Poland and the leading provider of multi-play multimedia services. Cyfrowy Polsat is the biggest provider of pay TV in Poland and the leading satellite platform in Europe. It provides over 5 million TV services. It ensures access to nearly 170 channels and state-of-the-art services: Cyfrowy Polsat GO – thanks to which over 100 linear TV channels and many other content on demand may be watched on mobile devices, as well as PPV, VOD Home Rental or Multiroom HD. Apart from the pay TV services it also offers broadband Internet access in wireless LTE and LTE-Advanced technologies.

Our mission is to ensure as broad availability of our services as possible and thanks to the unique combination of competence of the companies from our Group, we are able to develop and deliver to our customers the programming content they expect through a variety of reliable distribution channels using diverse technologies, so that they can use their favorite programs and titles on any device, based on ever changing trends and needs - via satellite (DTH), within digital terrestrial television (DVB-T), via Internet and mobile communication. The programming offer of Polsat TV and TV packages of Cyfrowy Polsat reaches millions of households in Poland, and similarly the Internet access provided by the companies from our Group has become a window to the world for many Polish families, not only in big cities but most of all in smaller towns and villages.

In Plus we regularly develop the LTE technology, to ensure that as many Poles as possible could use the high-speed Internet access – nearly 100% of Poles are within the coverage of LTE Plus network, and 73% of Poles have access to the technology of higher parameters - LTE Plus Advanced. Currently, the maximum technological data transmission speed of LTE Plus Advanced exceeds 600 Mbps.

To ensure equal access to our services to all the Poles we are there to help even in places in which ordinary solutions do not work or other technologies cannot reach. LTE Plus Home Internet set, a unique market solution developed in-house, can considerably enhance the coverage area and signal power of the LTE Internet. We have been successfully offering this set in a few editions since 2014. The set consists of an outdoor LTE modem and an indoor WI-FI router. The modem can be easily mounted outside on the building (e.g. on the roof or balcony) and connected to the existing TV antenna installation (satellite or terrestrial one). The latest 300 LTE Home Internet set supports the LTE Plus Advanced technology and enables data transmission with maximum speed of even up to 300 Mbps during download.

Since December 2018 we have offered our customers a possibility of purchasing offers with access to fiber optic lines in Plus with the speed even up to 900 Mbps. This ultra-fast Internet sent via the fixed link based on the Netia's infrastructure will meet the expectations of most demanding users and will ensure stable connection and high quality of the Internet, even if all members of the household use it simultaneously.

Furthermore, our subsidiary Aero2 provides free Internet access with limited functional parameters (BDI offer⁹). BDI customers are also offered a possibility of purchasing additional data packs which give access to higher speed Internet access, without constraints regarding the Internet session duration. BDI packages are sold in prepaid model.

2.4. Safety – DNA of our operations

Due to the nature of services provided by us we acquire a lot of sensitive data every day. To fully protect the data of each customer, the companies from Cyfrowy Polsat Group implemented the ICT Security Policy and ICT Security System Development Plan. The Policy defines fundamental rules of ICT security management, whereas the Plan shows the way to mitigate the anticipated risk. At the same time, we are aware that even state-of-the-art solutions will not be sufficient to ensure the appropriate level of ICT security. It is also an enormous responsibility of our employees every day and therefore we train them in this respect, while reminding them of the fundamental importance of issues related to safety.

We respect legal regulations

[GRI 416-2] In 2018 we did not record any cases of non-compliance with regulations or voluntary codes related to the impact of products and services on health and safety.

[GRI 418-1] In 2018, Polkomtel received 7 complaints from regulatory authorities regarding the personal data processing of our customers. 1 complaint was subject to the decision of the Personal Data Protection Office with respect to dismissal of the customer's complaint. The remaining cases have not been finally examined yet by the Personal Data Protection Office (former General Inspector of Personal Data Protection).

In 2018, Cyfrowy Polsat received 8 complaints related to the customer personal data processing. Cyfrowy Polsat provided relevant explanations, the cases are still pending.

⁹ BDI means Free Internet Access

The General Data Protection Regulation (GDPR), commented in the public debate, came into force on May 25th, 2018. The new regulation has introduced a new mode and rules of notification of breaches to the Personal Data Protection Office. As a result of numerous publications and materials appearing in mass media, there was an increase in the customers' awareness of the protection of their personal data. According to the new regulations, 137 cases of personal data protection breaches in Cyfrowy Polsat and 140 cases in Polkomtel were ascertained and notified to the Personal Data Protection Office in 2018. All of the aforementioned cases were of incidental nature. The Company has undertaken steps in order to minimize occurrence of this type of events in the future.

Each new service introduced to the market is analyzed from the point of view of security still at the design stage. Key requirements are defined, and all components are verified before the commercial launch

Obtaining of information about current cyber threats as soon as possible is extremely important for data security of our customers and employees. Therefore, our representatives cooperate with various groups dealing with security, including a security focus group at the International GSM Association – Abuse Forum Polska – an informal group associating the biggest Polish telecommunications operators and Internet Service Providers, and other entities including public ones, as well as with the National Cyber Security Center at NASK, which has been established by the Ministry of Digitization.

Cyfrowy Polsat Group is aware that services offered by it have an impact on the daily sense of security of millions of Poles. Apart from the cooperation with water and mountain rescue teams, a good example of this is the service called **"Gdzie Jest Bliski"** (*Where is my relative*) which allows for locating a member of the family. An SMS or a click in the application is enough for the system to send information with data about location of the person searched for and display his/her position on digital maps.

Just a mobile phone with active SIM card is required to start locating relatives. There is no need to install any additional software or enter complicated settings to the phone. A person searching for location – e.g. a parent – activates the service and adds a phone number of his/her relative who only needs to grant consent to sending his/her location. In case of the youngest relatives, a water-resistant watch, which performs the function of a phone and a location device, is an ideal solution. A child does not need to worry about the phone getting lost, damaged, wet or destroyed during play, whereas the parent not only has contact by phone with the child and knows his/her location, but is certain that in any emergency the child will send an SOS message along with his/her location on the map.



FIGHT AGAINST PIRACY

In Poland the level of piracy is much higher than on the developed markets of Western Europe or in the world, and the costs of this phenomenon affect not only the authors, but also the State Treasury and the labor market. The services of illegal access to content are usually very well organized and provided in order to obtain financial gains. The sector of such services has grown to the size exceeding legal online services offering online video content in Poland. According to Deloitte's estimates, the Polish economy loses over PLN 3bn per year because of piracy. It is the sum which could cover approx. 30% of annual expenditures of the State Treasury on culture and media or purchase four cinema tickets for every citizen.

Cyfrowy Polsat Group is aware of very detrimental effects of Internet piracy on the development of Polish economy and culture. For years, we have actively collaborated with "Sygnał" Association, which brings together 20 companies from media and telecommunications sector.

While looking for more effecting methods of combating the theft of television content, starting in 2018 the "Sygnał" Association has created an international anti-piracy coalition and has extended partnerships and activities to other countries. In the Autumn of 2018, the **International Content Protection Summit** – devoted to international cooperation with respect to combating the theft of content – was organized in Warsaw. The Summit has resulted in signing a **Warsaw Declaration** – an agreement signed by 35 organizations, institutions and firms for the cooperation in the future. ICPS is one of the elements of the international anti-piracy front. The aforementioned activities have been strengthened by the visits of the members of "Sygnał" Association at **conferences organized by Interpol and USPTO in Kiev** and at **"MESA Europe Content Protection Summit" in London**.

During its existence, the Association organized over 300 trainings for 20 thousand policemen and public prosecutors. In 2018, "Sygnał" Association organized 20 trainings for over one thousand policemen from Provincial Police Headquarters, public prosecutors of District Prosecutor's Offices and future law enforcement representatives in Police Academies in Szczytno, Legionowo, Piła and Katowice. The association also co-organized several conferences for policemen of the Main Police Headquarters, Provincial Police Headquarters and Police Academies related to the fight against the theft of television signal and technical aspects of ICT crimes. With the support of Cyfrowy Polsat, in Autumn of 2018, a conference **"Combating the theft of television signal and cooperation with telecommunication operators"** was organized in cooperation with the Main Police Headquarters. As a result of the conference, **a national program of trainings for policemen and public prosecutors – "piractwo.tv"** was organized, under which members of the Association carry out trainings in all Provinces devoted to the theft of intellectual property in the Internet and the theft of television signal. Program was inaugurated on December 11th, 2018 in the Provincial Police Headquarters in Gdańsk. **"Theft of TV content in the Internet. Handling Methodology"** brochure, including description of technical and legal aspects related to the theft of television content in the Internet, has been developed and published by the Association for the needs of trainings for law enforcement agencies.

In March 2018, once again the Commander-in-chief of Police presented Złote Blachy (*Gold Plates*) – awards for Police Units in recognition of their achievements in combating intellectual property thefts. Nominations to these awards are recommended by the organizations associated in the Anti-Piracy Coalition: "Sygnał" Association, ZPAV (Polish Society of the Phonographic Industry) and BSA (Business Software Alliance). This time the Cybercrime Unit of the Provincial Police Headquarters in Łódź, the Cybercrime Unit and Economic Crime Units of the Provincial Police Headquarters in Lublin, as well as the Economic Crime and Corruption Unit of the District Police Headquarters in Bełchatów were rewarded. A special award was presented to the Police Academy in Piła. An official gala took place on March 15th in the Main Police Headquarters in Warsaw. In 2018, the "Sygnał" Association continued and developed activities related to the "follow the money" strategy. A constant monitoring of illegal Internet portals is carried out, accompanied by educational activities addressed to the advertising market and cooperation with payment aggregators and integrators, and in 2018 also with e-commerce platforms.

Teresa Wierzbowska, Advisor to the Management Board of Cyfrowy Polsat for public affairs, is the President of "Sygnał" Association.

2.5. High quality products and services

Servicing of nearly six million customers is an enormous challenge. Constant technological progress opens new communication channels and forces continuous changes in the organization of work of our customer service representatives. When servicing customers and making efforts to ensure their satisfaction, there is no end to improvements – we know that good can be better and better can be best.

Decisions of our customers about contacting Cyfrowy Polsat Group stems from a specific case which they want resolved as soon as possible. Malfunctioning set-top box, lack of Internet access in customer's smartphone, a request to explain items on the invoice, poor signal from the satellite antenna – there are hundreds of reasons. We treat all of them with utmost care. Our priority is to resolve every issue during the first contact, so that the customers had exhaustive answers to their questions immediately after finishing the conversation with a customer service representative.

A committed and trained team of over two thousand customer service representatives, experienced managerial staff and great flexibility of operations are our main advantages. Latest technical achievements support customer service. We have created an advanced customer relationship management system which integrates all communication channels – both electronic as well as by phone or mail. Thanks to the implemented solutions we may carry out and document servicing of each customer more effectively.

The core of the Group's customer service is the customer service call center. This system comprises four separate call centers integrated through an intelligent call routing system. It guarantees reliability and an uninterrupted twenty-four hour, seven-day a week phone service. The intelligent distribution system handles calls depending on the subject matter and forwards the call to appropriate agents, which reduces customer service time. Nearly 2100 people work in our call centers – 1400 of them take phone calls from customers, the rest manages letters and e-mails. Customer service representatives are competent to handle all issues related to the services we deliver – they provide information about our services, act as agents in concluding subscriber agreements, accept possible complaints and provide information about payments. Contact numbers of our call center lines are universally available – we provide them when advertising services in the media.

We constantly modernize tools supporting customer service and implement the latest technical solutions available on the market. All of these is aimed at ensuring to our subscribers convenient and satisfying forms of handling their issues. These activities are extremely important in the today's world in which the technology is an important element of daily life, among others helping to save time. The received requests and complaints are qualified according to the problems and their sources. A regularly performed analysis of reasons allows for problem identification and solving as well as undertraining of preventive actions.

Furthermore, apart from the standard requests and inquiries, since May 25th, 2018, in connection with the application of the provisions of GDPR, the requests for processing of the personal data of customers by Polkomtel and Cyfrowy Polsat have been handled in Cyfrowy Polsat Group. To perform this task we have undertaken necessary steps to ensure that the legal obligations are fulfilled at the highest possible level. Establishing of the GDPR Team, dedicated to fast and effective handling of GDPR requests, was one of the initiatives implemented for this purpose. Thanks to establishing a dedicated unit we are able to ensure to our customers the service which is appropriate, compliant with the law and what is most important – meeting their expectations.

Customers who are service users of the smartDOM offer, which in the recent years has become a popular way to reduce the costs of core services, such as television, Internet access or telephone, may count on efficient service by specialized customer service representatives who have the knowledge about products of Cyfrowy Polsat and Plus. Furthermore, constant monitoring by the representatives of the quality of smartDOM services enables us to continuously improve this flagship offer of Cyfrowy Polsat Group.

Every year our customers are able to resolve more and more issues without the need for contacting our employees. Aside from interactive voice response systems, online customer service systems ensure safe and free-of-charge access – both Cyfrowy Polsat and Plus offer their own online platforms. Customers can purchase or modify their service packages by themselves, check the payment balance together with its history, control available units within the active service packages and make payments. Additionally, while using online systems they can modify their contact and address data, print a postal payment slip or direct debit form for a bank, check the technical specification of the owned equipment, print relevant operating manuals, renew connection with the satellite, restore factory settings of PIN in the set-top box, and contact us through the online contact form.

Since 2015 Polkomtel provides a mobile application dedicated to customer account management and accessing up-to-date information related to the account. The use of this service is free of charge and data traffic generated through this application is not subject to fees for data transmission

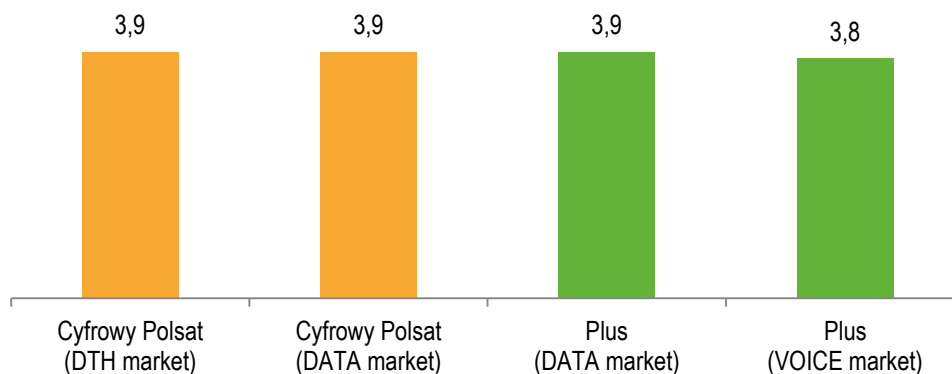
Since 2000, Polkomtel has had a consistently improved quality management system in place and since 2012 also an environmental management system. To confirm the above, Polkomtel obtained international certification ISO 9001:2015 and ISO 14001:2015.

We are very satisfied that the undertaken activities – both in terms of the quality of services and the quality of customer service – are appreciated by customers. This is proven by high scores received both by Cyfrowy Polsat and Plus under surveys conducted by GfK Polonia. In the most recent survey conducted in 2017 the customer satisfaction indicator for both

brands oscillated around the high score of 4 out of 5 possible points. We are also pleased with a very high awareness of our brands. The so-called "prompted brand awareness" of Cyfrowy Polsat equals 95%, and Plus – 98%. The surveys shows that customers appreciate above all the quality of offer, modern technology, experience and our reliability and credibility.

Polsat TV was ranked third in the 11th edition of the Top Marka (Top Brand) 2018 survey – the biggest ranking of brand media presence published by "Press" magazine and PRESS-SERVICE Monitoring Mediów news agency. For the needs of the report, materials from the press, Internet and social media published in the period from July 1st 2017 to June 30th 2018, were analyzed – in total over 52 million of pieces of information: 1 million texts in the press, 5 million items in the Internet and 46 million posts in the social media.

Synthetic Customer Satisfaction Index (CSI)¹⁰



Source: Satisfaction survey, conducted in the period from September to November 2017 by GfK Polonia sp. z o.o., Cyfrowy Polsat (DTH market) n=500, Cyfrowy Polsat (DATA market) n=300, Plus (DATA market) n=500, Plus (VOICE market) n=1200

Constantly changing offers on the dynamically developing telecommunications market may encourage some customers to draw a conclusion that "a new customer has better terms". In Cyfrowy Polsat Group we understand this concern, therefore we appreciate the loyalty of our customers. Irrespective of the owned services or packages, we offer them benefits which are unavailable to new customers signing agreements. First of all, thanks to the knowledge about preferences and habits of our existing customers we may offer them customized proposals of the best "tailored" offers – both in the area of equipment selection and terms of cooperation, packages and length of agreement.

¹⁰CSI - Customer Satisfaction Index is a synthetic satisfaction index which is an average of customer satisfaction scores related to a few attributes / areas / aspects evaluated during the survey

2.6. We set standards

Our television channels



We have 37 broadcasting licenses, including 6 universal broadcasting licenses and 31 broadcasting licenses for specialized channels, that is thematic television channels.

Trust and appreciation of our viewers are proven by the popularity of channels they choose to watch. In 2018, Polsat TV was one of the leading broadcasters in terms of audience share. In the commercial viewers group (aged 16-49), which is most popular among advertisers, POLSAT had 11.4% audience share, TVN – 12.2%, TVP2 – 6.9%, TVP1 – 6.7%. The audience share of the thematic channels of Polsat TV was also near the top of viewership rankings and amounted to 12.9%. Discovery thematic channels reached the audience share of 14.9% while TVP thematic channels had the audience share of 7.9%.

It is an honor to be one of the most popular TV channels in Poland, but at the same time it is an obligation to provide our viewers with high quality news, unforgettable sport experience and the best entertainment – both at the global and local level.

Objectivity as the basis of our journalistic activities

“Wydarzenia” (News) is our flagship news program, broadcast in Polsat, Polsat News and Polsat News 2. The main edition of the news program, presented by news anchors Dorota Gawryluk, Bogdan Romanowski and Agnieszka Mosór, is broadcast daily at 6:50 p.m. Since the beginning of the “Wydarzenia” we have focused on reliability and independence. Objectivity is the most important rule we follow in our daily work. We also keep an equal distance from all political forces and do not give in to pressure. We uncompromisingly monitor the activities of the representatives of public authorities. We pay particular attention to the social issues. This is our specialty and goal – to be close to people. We understand our work as a mission which consists in providing viewers with true and impartial news.

We control politicians on behalf of our viewers, while simultaneously not forgetting about the great responsibility that lies with journalists. The main edition of “Wydarzenia” in Polsat News channel is always followed by a current affairs program “Wydarzenia i opinie” (*News and Opinions*), in which the anchor interviews the people who made most important news of a given day.

CBOS survey, presented in April 2018, regarding the evaluation of the activities of the Parliament, President, local governments and media, showed that the respondents perceived Polsat as the best station. Similarly as in 2017, 70% of respondents had a positive opinion about Polsat activities. The activities of TVN are approved by 66% of respondents and of TVP – by 59%.

In the survey about current affairs and news programs, conducted by CBOS in 2017, 38% of respondents pointed to Polsat and Polsat News programs as the most objective source of information.

We are also pleased with the results of the IBRIS survey for “Rzeczpospolita” daily on the reliability of news programs conducted in January 2019, in which nearly 60% of respondents had a positive opinion about “Wydarzenia” broadcast in Polsat TV. “Fakty TVN” received the score of 56% and TVP “Wiadomości” – 50%.

In our journalism we not only inform, but also try to help viewers, whenever we have such a possibility. “**Interwencja**” (*Interventions*) program is an example of socially responsible journalism, thanks to which the viewers learn about dramatic, human stories. Reporters of the program are not indifferent to sufferings of ordinary people – for many of them this program is the last chance for help and justice. Many people, whose stories were shown in “Interwencja”, received help from other people or institutions. Effectiveness of the editorial team results in the increased number of received letters asking for help.

“**Państwo w Państwie**” (*State within a state*), broadcast in Polsat, Polsat News and Polsat News 2, is one of the most effective intervention programs in television. It is presented by Przemysław Talkowski, Polsat News journalist, and fights the common belief that any person conducting business activities is a potential criminal. Journalists of this program reveal extremely difficult situations that entrepreneurs in Poland face every day and identify inappropriate attitudes or regulations which are unfavorable to entrepreneurs.

“**Nasz nowy dom**” (*Our new home*) program is also worth mentioning. It is a unique program, which gives joy and hope for a better future to families in various parts of Poland – from the Baltic Sea to Tatra Mountains. In each episode, under the watchful eye of cameras, specialists (an architect with a construction team), race against time and difficulties, to successfully deliver what is most prosaic necessity in everyday life – a new, warm home. Each program presents a completely different, touching story of the family – sometimes suffering financial difficulties, sickness or bereavement. The program is presented by Katarzyna Dowbor, who with passion and involvement helps fulfill the dreams of the program’s participants. So far, Polsat TV, thanks to the support of sponsors, has already thoroughly renovated many houses and apartments, also providing basic furnishings, including modern TV sets, home appliances, but also tablets, smartphones and Internet access. So far, we have managed to help 136 families. Over 500 people live comfortably in the houses and apartments we have renovated. In 2018 alone we renovated as many as 18 houses and 6 homes.

Best entertainment and sport, good cinema and cartoons for kids – everyone can find something for themselves

Since the very beginning, entertainment was one of the most important elements of our programming. In 1993, we introduced the first Polish talk show – “**Na każdy temat**” (*On every subject*), and one of the biggest hits in our history – “**Idź na całość**” (*Go for it*) game show hosted by Zygmunt Chajzer in less than a month after its debut outclassed competitors in terms of viewership. “**Życiowa szansa**” (*Chance of my life*) game show with Krzysztof Ibisz as a host also became a hit with the audience of the program reaching 5.5 million viewers.

Also today Polsat’s viewers may count on great entertainment – cabarets, movies, TV series and game shows enjoy unwavering popularity with millions of viewers.

Popular “**Dancing with the Stars. Taniec z gwiazdami**” show is regularly watched by millions of Poles (based on surveys, three episodes of the eight edition – Spring 2018 – were watched by over 3 million viewers on average).

Over five years ago “**Twoja Twarz Brzmi Znajomo**” (*Your Face Sounds Familiar*) show appeared in Polsat and since the very start has attracted a faithful group of fans. Fan page of the program has nearly 330 thousand of fans, and metamorphosis of celebrities is still one of the hottest topics for Internet portals. During the Saturday’s live broadcast of the show, since the very first episode Polsat has been consistently the market leader in both audience groups. The charity is another advantage of this show. Every week the winner of a given episode transfers PLN 10 000, and after winning the grand finals – as many as PLN 100 000, to the selected charity – supporting a sick person, orphanage or animal shelter. During 10 editions of “Your Face Sounds Familiar” over 90 artists underwent nearly 800 transformations and many of them were absolutely perfect! They donated nearly PLN 2 million to selected charity.

The first edition of the new show **"Śpiewajmy razem. All Together Now"** started in September 2018. Singers participating in the show are evaluated by a jury composed of 100 people, creating the biggest wall of jury in the world! The main prize is PLN 100 thousand. Thanks to the victory in the show, the winner may make his/her dreams come true, just like Mateusz Łopaciuk – winner of the 1st edition of the show who is currently working on releasing his first record.

Cabarets are also breaking popularity records. Nearly 3 million viewers watched **"Opele Cabaret Night"** in Polsat TV in June 2018. **"Festival of Wedding Hits in Mrągowo"** also turned out a big hit in 2018. Each day on August 17th and 18th, concerts in Polsat were watched by over 3.1 million viewers in total. During two days of the Festival nearly 7.9 million viewers had fun listening to wedding its.

During the **Polsat SuperHit Festiwal 2018** we celebrated two anniversary concerts of two artists representing different generations and music styles. Sylwia Grzeszczak, a Polish pop star, celebrated her 10th anniversary on the stage of Opera Leśna and one and only Michał Bajor celebrated his 45th anniversary of artistic career on the music scene.

Our entertainment offer is also enriched by popular TV series *"Przyjaciółki" (Friends)*, *"W rytmie serca" (To the rhythm of the heart)*, *"Gliniarze" (Cops)*, *"Pierwsza miłość" (First Love)*, *"Świat według Kiepskich" (The world according to the Kiepski Family)* and *"Ślad" (Trace)*.

Irrespective of age, interest or hobby, each viewer will find something attractive in the portfolio of channels offered by Polsat TV.

Each year on Christmas Eve we invite viewers to sing carols together. Most beautiful Polish carols and pastorals are presented by the stars of the Polish music scene. In 2018 we sang carols in one of the most beautiful places in Poland – Święta Lipka Sanctuary, and the following artists sang for our viewers: Alicja Majewska and Włodzimierz Korcz, Barbara Kurdej-Szatan and Rafał Szatan, Ewa Farna and Ania Wyszkon, Michał Bajor, Filip Lato, Mateusz Ziółko, Tulia folk group and Enej and Pectus.

The broadcast of **"Kevin home alone"**, already a cult classic of our main channel, was watched by 4.5 million viewers on Christmas Eve, which is the 3rd best result in the history of broadcasting the movie about Christmas adventures of Kevin without which - as we know - it is difficult to imagine Polish Christmas.

15th edition Mikołajkowy Blok Reklamowy (*St. Nicholas Day Commercial Block*) had over 6.1 million viewers. Thanks to such a high audience, we managed to collect PLN 1,326,195.22. It is by over PLN 70 thousand more than collected during 2017 edition. The event organized by Polsat TV and Polsat Media advertising bureau again turned out be a huge success and the entire collected amount will be donated to treatment and rehabilitation of the children who are under the care of the POLSAT Foundation. During the 15th editions of Mikołajkowy Blok Reklamowy (*St. Nicholas Day Commercial Block*) we have collected nearly PLN 19 million.

Each year, we organize one of the biggest New Year's Eve parties in Poland. On the last night of 2018 we were having fun at Silesian Stadium during **"Sylwestrowa Moc Przebojów" (New Year's Eve Power of Hits)**. Maryla Rodowicz, Enej, Ewa Farna, Boney M., Feel, Cleo, The Show A Tribute To Abba, Michał Szpak, Ich Troje, Sławomir and many other artists invited to dance the audience of nearly 40 thousand people gathered at the stadium and nearly 2.4 million viewers sitting before their TV sets.

Best sport

Starting from the 2018/2019 season, the UEFA Champions League and Europa League matches are available in Polsat channels. Polsat has launched the most modern and biggest sports studio in Poland and each program is visually realizes using state-of-the-art technologies – VIZRT, augmented reality (AR) and 3D models as well as a virtual studio.

Sports studio of Polsat TV:

- 700 m2 of space,
- the only LED wall of this type in Poland – over 3m height and 24m in length of 4x4K resolution, which allows for showing many broadcasts simultaneously, and at the same time constitutes an important element of interior setting;
- four shooting locations, including a special place for discussing match statistics, a location with touch screen for drawing and conducting a detailed analysis of match highlights and greenbox which will virtually transpose the experts discussing a given action directly to the pitch, next to the players;
- the studio uses 9 cameras, including a steadicam and a camera crane with extendable arm;
- state-of-the-art, computer controlled LED studio and stage lighting;
- place for audience which will watch matches together with journalists and experts in the studio.

Last years, the viewers could watch on Polsat sports channels, apart from the UEFA Champions League and Europa League matches, also a successful mission of defending of the title of the World Champions by the Polish Men's Volleyball Team, Polish Football Cup matches and the final match of this Cup was also broadcast live in Polsat as well as Polsat Sport. Furthermore, the fans could watch the National Volleyball League, Grand Slam Wimbledon tournament matches or League of Nations football matches.

Thanks to Polsat TV, Polish viewers have the opportunity of watching the most important sports events which are followed by hundreds of millions of people around the world. We show the most popular and the most thrilling competitions and sports stars. Broadcasting of major events also means popularization of numerous disciplines of sport, which often stimulates people of all ages to practice a given sport. On the one hand it encourages children and teenagers to go outdoors and get interested in sports, and on the other it often helps adults in deciding to devote at least part of their leisure time to sports.

Polsat, as well as our sports and news channels willingly support activities which promote physical education by promoting such activities in the media and in the TV channels. Both, the news programs and the programs dealing with sports inform of mass sports events while encouraging viewers to participate in them. By presenting sports stars, who also willingly join such initiatives, we promote active leisure and tourism. We also promote mass running or cross-country skiing events while also supporting hockey, football and tennis tournaments for children.

Acquisition of the broadcasting rights as well as production of major sports events at world class level mean expenditures reaching hundreds of millions of zloty. Thus financing of such efforts only from the money obtained from sponsors or commercials is not possible. For that reason – similarly as in practically all countries in the EU and North America – part of the broadcasts are shown on paid (scrambled) channels. Ease of purchase of such services, affordable pricing as well as superb quality of the presented materials result in such services enjoying increasing understanding and popularity among our clients, and the need to pay fees is accepted now more often than in the past.

At the same time we try to make sure that individual events of top importance are available for the most extensive groups of viewers. The victorious match of the Polish team during the FIVB World Cup was broadcasted in an open channel. In accordance with the binding regulations, it is also most of the matches of Polish national teams in various sports disciplines, including football, volleyball and handball, that are not scrambled.

Digital Artist Zone (CST) operates within the Cyfrowy Polsat Group. It is a unique program in Poland under which we support domestic film productions. We offer to the filmmakers a possibility of submitting their projects which the Group could then support in the field of production, promotion and distribution. We are looking, among others, for original scripts and film projects in their initial phase.

Under the Digital Artist Zone (CST), Cyfrowy Polsat Group co-produced the feature film "Najlepszy" (The Best), directed by Łukasz Palkowski, which received an award at the 2017 Polish Film Festival in Gdynia. The film tells the story, inspired by real life, of Jerzy Górski who finished the "deadly race" while setting the world record in the triathlon world cup, and won the title of double Iron Man. Nearly 750 thousand people watched the movie in cinemas.

In 2018, we had 4 film premieres, including 3 films that were in the regular cinema distribution. Over 3.3 million viewers watched all these films. Our films were within top 10 of the most popular films in cinemas.

In the middle of January 2018 another feature film "Narzeczony na niby" (Fake Fiancé), directed by Bartosz Prokopowicz, opened in cinemas. The film has been produced by TFP Sp. z o.o., with co-producers: Polsat TV, Polkomtel, Cyfrowy Polsat and Edipresse Polska. The film, which tells the story of Karina who is looking for love, had the highest opening in cinemas in 2018. Over 250 thousand tickets were sold during the first weekend, and a 1.1 million people watched the film in less than a month after its debut.

"Dywizjon 303. Historia prawdziwa" (303 Fighter Squadron. True story) was produced under the Digital Artist Zone (CST). The film was distributed from September until the end of 2018. 1.6 million viewers bought tickets to watch this movie. The film tells a story of the No. 303 Polish Fighter Squadron Film which took part in the Battle of England. The film was distributed in over 12 countries.

In October 2018, another full-length feature of Polsat Group entered the cinemas – (Love is where you find it) (directed by Filip Zylber

On November 10th, 2018 there was an official premier of the “Independence” film directed by Krzysztof in Warsaw’s Grand Theater – National Opera. On the same day this film was aired by Polsat TV on the occasion of the 100th Anniversary of Poland’s Independence. This is a full-length documentary showing the path to regaining the independence by Poland in 1918 and the fight for shaping its borders. “Independence” is also a unique record of social, economic and cultural life of that era. The film was co-produced by Telewizja Polsat Sp. z o.o., MWM Media Sp. z o.o. and FINA-y, with the support of the Ministry of Culture and National Heritage. The documentary received many awards at film festivals, including a special jury prize at PFFA in Chicago and a special award TELEKAMERA.

In 2018, Mówi Serwis distribution company, which closely cooperates with us, received three “Golden Ticket” awards from the cinema industry for high film attendance in cinemas for the films produced under the Digital Artist Zone (CST).

In Cyfrowy Polsat Group we want to reach as many people as possible with our offer. Our Super Polsat channel – the first channel in Poland and Europe, in which most of the programming is adjusted to the needs of people with sight and/or hearing impairment – is more and more popular among viewers. Last year, Super Polsat was among the channels with the highest growth of audience rate. The offer of Super Polsat includes the best content from the Polsat TV productions – great entertainment, cooking and music programs as well as the best TV series which have acquired faithful fans. The schedule also includes well-known blockbuster movies. On Saturdays, viewers can watch classic movies of the Polish post-war cinema, and on Sundays – the best foreign movies – family films, great comedies and dramas – all content with closed captioning. The morning programming includes cartoons for the youngest viewers. Super Polsat also broadcasts sport events and concerts produced by Polsat TV.

Strictly regulated commercial time

In Polsat TV channels – according to regulations – at least 33% of the quarterly programming are broadcasts initially developed in Polish, and over 50% – European broadcasts, coming mainly from the EU member states.

We also strictly follow the obligations and restrictions regarding advertising. Commercial blocks in our channels are clearly distinguishable from broadcasts and do not take more than 12 minutes within one hour. Our announcements with information about our own programming do not take more than 2 minutes within one hour. All sponsored programs are clearly marked as such. We also reveal product and service placements.

Polsat Media Advertising Office offers a portfolio of 75 television channels – a big national Polsat channel and a dynamically developing range of thematic channels. The total audience share of channels serviced by Polsat Media in terms of advertising in 2018 exceeded 32% in the commercial viewers’ group (aged 16-49). Polsat Media means also a comprehensive offer of non-TV products, including Polsat Media Online (video and display advertising), Polsat Media AdScreen (digital media OOH), Polsat Media AdTube (a platform associating popular Internet creators – YouTube personalities and influencers) and Muzo.fm pan-regional radio station. In the years 2009, 2010, 2012, 2013, 2014 and 2017, Polsat Media was recognized as the best advertising office among national channels in the report of the *Media i Marketing Polska*. Last year, it received the highest overall score among the television media houses.

[GRI 417-3]

As a group operating on the market which is subject to numerous legal regulations, we are subject to constant monitoring and verification of our activities by regulatory authorities. In the previous years the Office of Competition and Consumer Protection (UOKiK) occasionally questioned selected aspects of our marketing communications – explanatory proceedings and our appeals against some of these decisions are still pending.

Whereas, in 2018 there were no incidents of non-compliance with regulations or voluntary codes concerning marketing communications, including advertising, promotion and sponsorship, which resulted in a fine being imposed. What is more, in 2018 also the Office of Competition and Consumer Protection (UOKiK) did not issue any decision in this respect which was unfavorable to us.

In 2018, there were four fines imposed on Polsat TV by the National Broadcasting Council (KRRiT): in the amount of PLN 10 thousand, 30 thousand and 7 thousand for broadcasting a beer commercial which was illegal according to KRRiT and PLN 10 thousand for the failure to make a match available in free-of-charge offer.

However, there were no other incidents of non-compliance with regulations or voluntary codes concerning marketing communications, including advertising, promotion and sponsorship, which resulted in a fine being imposed.

[GRI 102-12]

We are signatories of several voluntary industry agreements concerning ethics of program broadcasting. Most important are as follows:

- IAB Polska standards regarding online advertising formats.
- Television broadcasters agreement on the rules of distribution of advertisements and sponsor references regarding food products and beverages including ingredients which are not recommended in the daily diet in excessive quantities.
- IAB Polska Fair Advertising Initiative.
- Code of good practices concerning detailed rules of protection of minors in on-demand audiovisual media services.

CHAPTER 3

SUCCESS TO THE PEOPLE

3. SUCCESS THANKS TO THE PEOPLE

3.1. Key facts and figures

[Accounting Act – Key Performance Indicators]

Cyfrowy Polsat Group is the leader of the media and telecommunications market. The success of Cyfrowy Polsat Group is based not only on transmitters, state-of-the-art television studios, frequencies or licenses, but most of all on the involvement of our employees who may develop themselves personally and professionally through collaboration. It is thanks to their knowledge, experience, skills and competence that the Group may talk about the business success which it has enjoyed for years. Therefore, the approach to human resources management as well as the mutual relations between the employees are extremely important to us.

We provide attractive working conditions and additional benefits, ensuring that only the best employees will choose our organization. We would like our Group to be a good and friendly place of work, therefore we consistently take care of the transfer of knowledge and flow of good practices in HR area between the companies. We are glad that we attract great employees, but we are even more pleased that they stay with us for many years

Our employees

6 thousand		
Number of Cyfrowy Polsat Group's employees expressed as FTEs (Full Time Equivalents) ¹¹		
4 150		
Number of employees working for the three biggest Cyfrowy Polsat Group companies, out of which ¹²		
40% are women	60% are men	over 60% have university degree
2 678 number of employees of Polkomtel ¹³	783 number of employees of Cyfrowy Polsat	689 number of employees of Polsat TV
74		
ca. 9% staff turnover ratio ¹⁴	number of persons doing internships and on the job training (in the three biggest companies of the Group)	ca. 9 average number of years worked
ca. 19 average number of training hours in the three biggest companies of the Group	nearly 93% full-time employment rate	

¹¹ The average number of non-production plant employees in 2018, active employees, excluding persons temporarily de-registered (child care leaves, maternity leaves, sick leaves exceeding 30 days, unpaid leaves exceeding 30 days). It includes the employees of Netia Group.

¹² Status EOP 2018, FTE, active employees, excluding persons temporarily de-registered (child care leaves, maternity leaves, sick leaves exceeding 30 days, unpaid leaves exceeding 30 days)

¹³ Data refer to Polkomtel and Polkomtel Infrastruktura.

¹⁴ Blended staff turnover ratio for the three biggest companies of the Group in 2018

[GRI 102-10]

On August 31, 2018 an organized part of the enterprise of Polkomtel Sp. z o.o., including among others active and passive telecommunication infrastructure, was transferred to the new company - Polkomtel Infrastruktura Sp. z o.o. owned in 100% by the Cyfrowy Polsat Capital Group. The main goal of the above mentioned activity is to create our own operator of the entire mobile infrastructure as well as to simplify and streamline the structure of entities in our Group. As a result of this change, 370 FTE's have been moved from Polkomtel to Polkomtel Infrastruktura. The employees covered by this reorganization did not have the scope of their duties or the place at which they perform these duties changed. Any employee rights and benefits they had gained during their work at Polkomtel have also remained in force. In order to ensure the consistency of data as compared to the previous year we do not show Polkomtel Infrastruktura as a separate company when presenting the data. The presented data concerning Polkomtel also include Polkomtel Infrastruktura.

[GRI 102-8]

	2017										2018									
	Polkomtel		Total	Cyfrowy Polsat		Total	Polsat TV		Total	Total CP Group	Polkomtel ¹		Total	Cyfrowy Polsat		Total	Polsat TV		Total	Total CP Group
	Women	Men		Women	Men		Women	Men			Women	Men		Men	Men		Women	Men		
Temporary Contract	10.9% (104)	5.0% (78)	182	9.4% (34)	9.4% (40)	75	55.7% (118)	64.9% (323)	441	698	5.3% (55)	2.6% (42)	97	9.0% (34)	8.9% (36)	70	16.1% (34)	7.3% (35)	69	236
Permanent contract	89.1% (852)	95.0% (1 484)	2 336	90.6% (327)	90.6% (387)	714	44.3% (94)	35.1% (175)	269	3 319	94.7% (984)	97.4% (1596)	2581	91.0% (345)	91.1% (368)	713	83.9% (178)	92.7% (442)	620	3914
Total	956	1 562	2 518	362	427	789	212	498	710	4 017	1039	1638	2678	379	404	783	212	477	689	4150

¹ Data refer to Polkomtel and Polkomtel Infrastruktura.

We appreciate our employees, it is thanks to their involvement that Cyfrowy Polsat is an undisputed leader of the entertainment and telecommunications market. In 2018 we offered to some of our employees so far working on temporary contracts the change of the form of employment, as a result of which we reduced by nearly 70%, as compared to the previous year, the number of employees working on temporary contracts, thus increasing the number of employees working on permanent contracts.

Total number of employees by employment type

	2017										2018									
	Polkomtel		Total	Cyfrowy Polsat		Total	TV Polsat		Total	Total CP Group	Polkomtel ¹		Total	Cyfrowy Polsat		Total	TV Polsat		Total	Total CP Group
	Women	Men		Women	Men		Women	Men			Women	Men		Women	Men		Women	Men		
Full-time	93.2% (891)	95.5% (1 492)	2 383	84.5% (306)	83.8% (358)	664	97.3% (206)	99.2% (494)	700	3 747	92.0% (956)	95.4% (1 562)	2519	85.4% (323)	83.7% (338)	662	97.9% (207)	99.2% (473)	680	3 861
Part-time	6.8% (65)	4.5% (70)	135	15.5% (56)	16.2% (69)	125	2.7% (6)	0.8% (4)	10	270	8% (83)	4.6% (76)	159	14.6% (55)	16.3% (121)	121	2.1% (5)	0.8% (4)	9	289
Total	956	1 562	2 518	362	427	789	212	498	710	4 017	1039	1 638	2 678	378	404	783	212	477	689	4 150

¹ Data refer to Polkomtel and Polkomtel Infrastruktura.

3.2. Our culture of work

In Cyfrowy Polsat Group, which is so strongly linked to state-of-the-art technologies, we are aware of the value of our employees experience. Only highly qualified staff is able to ensure the highest quality of our services. Experts with unique skill types work for us, including for instance masters of fine arts in cinematography or organization of advanced television production (in case of Polsat TV), top IT professionals or experts in broadband electronic communications (in case of Polkomtel) or online video market practitioners, design aces or professional designers (in case of Cyfrowy Polsat). **Over 60% of our employees have a university degree.** Job tenure is the best confirmation of the strong identification with the company and satisfaction with work. At the end of 2018, in main companies of the Group – Polsat TV, Polkomtel and Cyfrowy Polsat - it amounted to **ca. 9 years on average.** Furthermore, as many as **9% of the Group's employees has worked for it for at least 20 years.** The staff turnover ratio at the Group level equals ca. 9%, Polsat TV has the lowest staff turnover.

Staff turnover ratio¹

[GRI 401-1]

	2017			2018		
	Polsat TV	Polkomtel	Cyfrowy Polsat	Polsat TV	Polkomtel ²	Cyfrowy Polsat
Women	1.0%	5.2%	5.8%	2.1%	4.1%	4.2%
Men	2.1%	4.7%	5.7%	5.8%	4.7%	6.2%
Total	3.1%	9.9%	11.5%	7.9%	8.8%	10.4%

¹ without including migration of employees between the companies of the Capital Group

² Data refer to Polkomtel and Polkomtel Infrastruktura.

According to the Human Resources Policy of the Cyfrowy Polsat Capital Group implemented in 2017, we do not favour any companies of the Group and ensure comparable working conditions in each of them. The main goal of the Human Resources Policy of the Cyfrowy Polsat Capital Group is to build an attractive work place for the current and future employees. We know that our success is the result of knowledge, skills and involvement of our employees who are the superior value of Cyfrowy Polsat Group. As a result of activities we pursued in 2018, we increased the percentage of people employed on permanent contracts, increased the number of training hours available at Polsat TV and maintained the Group's staff turnover ratio at the comparable, low level.

Competence is what really counts in Cyfrowy Polsat Group. When assessing our employees, we never discriminate based on age or gender. We follow the Policy of diversity and respect for human rights of Cyfrowy Polsat Capital Group. The year 2018 saw the increase of the percentage of employees subject to regular assessment, quality of work and professional career development reviews.

We counteract any forms of mobbing or discrimination in the workplace. We established an internal anti-mobbing committee at Polkomtel and Cyfrowy Polsat, based on relevant procedures. We also provide trainings in this respect to the employees. In Polsat TV, the proceedings in case of actions which may be classified as mobbing have been described in the Anti-mobbing Procedure which constitutes an internal document of the company. Code of Ethics also operates in the Polsat Group. It is a set of guidelines regulating the issue of fair competition, compliance with law and ethical activities. The publication is a guide for solving dilemmas of ethical nature which the employees may face in their daily work.

How do we remunerate our employees?

We do not look for savings on formal aspects of employment – employment contract is the basic form of employment in the Group, however depending on the specific nature of operations of individual companies in the Group and/or expectations of our co-workers, we also use different forms of employment.

We offer fair remuneration to our employees which depends on the type of duties they perform, area of responsibility and complexity of performed tasks. Limit values of remuneration on individual levels are laid down in the Remuneration Regulations. Minimum remuneration offered by the Group is compliant with the Polish law. Salaries grow in line with the growing specialization level and the position in the organizational structure.

We offer a number of benefits to the Group's employees, apart from the basic salary. We would like them to be not only a motivation and incentive, but also an expression of our gratitude for their daily work. At the same time, some benefits support achieving the balance between the work and private life.

Selected benefits available to the employees of Cyfrowy Polsat Group

[GRI 401-2]

Healthcare subscriptions

We take care of the health of our employees, providing them with easy access to medical care. All full-time employees of the Group are covered by free-of-charge private healthcare services. Furthermore, they also have a possibility to purchase, at preferential rates, medical care subscriptions for their family, and the employees of Polsat TV may also continue the medical care at preferential rates after termination of their employment contract with the company.

Sports Program

We offer to our employees a possibility to join a sport and recreation package which is provided by our partner and offers access sports facilities all over Poland. Each employee may purchase a monthly subscription for himself/herself and his/her relatives.

Employee promotions

Each employee of Cyfrowy Polsat Group may take advantage of a program of Employee Promotions – we offer a possibility of purchasing a special set, LTE Internet or fiber-optic Internet from Netia and mobile telephony in Plus, with special discounts. Under the offers dedicated to householders, employees may also use a promotion for the purchase of electricity at preferential rates.

Insurance

Employees of Cyfrowy Polsat and Polkomtel may use a unique offer of insurances guaranteed by one of the biggest insurance companies on the Polish market. Special discounts on houses/apartments, travel and vehicle insurance policies guarantee attractive prices of insurance.

Cyfrowy Polsat Group also offers a possibility to join a voluntary life insurance which is offered by our partners who provide insurance services.

At the same time, every employee of Cyfrowy Polsat Group has workplace accident insurance and accident insurance for business trips

Specials offers of theatres

Our employees may also take advantage of a special cultural offer. Selected theatres in Warsaw regularly invite employees to selected theatre plays under a special offer (a possibility to purchase tickets at attractive prices).

Company Social Benefits Fund is one of the elements of our social policy. The funds from the Company Social Benefits Fund are intended for: I) granting loans for housing purposes (attractive interest rate – 2%); II) providing material and financial assistance in case of events of fortuitous circumstances (illness or death, difficult family or material situation, etc.), III) co-financing of various forms of holidays, IV) subsidizing sport and recreation activities (sport, tourist, team-building, cultural events etc.). In 2018, we granted a few benefits of non-standard value to cover the costs of medical treatments, care and rehabilitation in connection with serious illnesses of our employees or members of their families.

Integration meetings, including the Family Picnic and other special events, are the permanent feature in the calendar of Cyfrowy Polsat Group. We try to combine integration meetings with educational activities – using the cooperation of the Group with WOPR, MOPR, GOPR and TOPR, we teach our employees safe behaviour in the mountains and at the water and how to provide first aid

In 2018 we organized a Family Picnic, for a fifth time. Traditionally, it is the biggest event of this type for the Group employees with families. Nearly 3.5 thousand people enjoyed 7 hours of great fun in picturesque landscapes of Ossa. Positive energy and mega smiles were visible everywhere, among others in skill, climbing, creative, scientific and gaming areas. Visage area and dance workshops led by Tomasz Barański and Nina Tyrka were also very popular. The event was hosted by a well-known presenter Krzysztof Ibisz.

During the Picnic, the volunteers from Cyfrowy Polsat Group, in cooperation with the Polsat Foundation, collected donations to aid new-borns with heart defects who are treated at the Neonatology Department in the Nowy Dwór Medical Centre in

Nowy Dwór Mazowiecki. The collected funds were utilized for the purchase of the integrated monitoring system for little patients. Apart from having fun together, we also support employee integration through sport. In each company of the Group there are employee sport teams – we run, play volleyball, football and ski together.

For years, Polsat News has actively supported mass national running events, both through broadcasts and by actively participating in the runs. In June 2018, the “Polsat Biega” (“Polsat Runs”) team – consisting of the employees of Polsat TV, Polkomtel and Cyfrowy Polsat – took part in the 4th Piotr Nurowski Memorial Run in Konstancin. 12 competitors from “Polsat Biega” team faced a 10-km distance. Polsat News channel was a media patron of the event, whereas Plus has become its strategic partner

For the first time, apart from a 10-km run, also a shorter 5-km run was prepared for beginners. Furthermore, 2 running courses for kids were prepared:

- ca. 650 m running course for children aged 9-13

- ca. 350 m running course for children aged 5-8

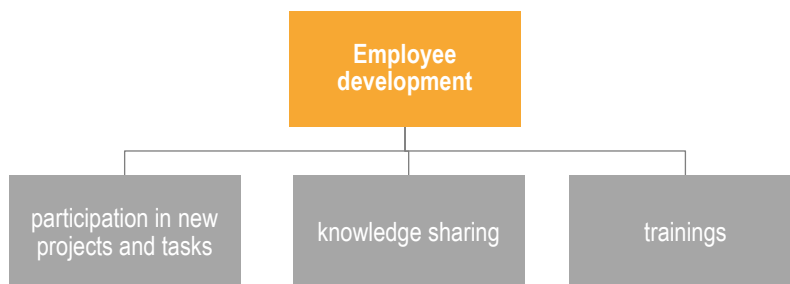
1026 adult competitors and ca. 150 children participated in the last year's Piotr Nurowski Memorial Run in Konstancin-Jeziorna.

The run promotes an idea of healthy and active life.

The competition is a tribute paid to the former long-term President of the Polish Olympic Committee and co-founder of Polsat TV - Piotr Nurowski who died in a plane crash in Smolensk catastrophe.

3.3. Motivation and development of employees

We see potential in each of the five thousand of the Group's employees. We want to motivate them and invest into their personal development.



We invest into development of our employees. Development process is based on the **70-20-10** rule

- **70** – development through experience (tasks, involvement in projects)
- **20** – development through relations with others (knowledge sharing, feedback, coaching, mentoring)
- **10** – development through participation in trainings

Trainings

Training needs of all employees are adjusted to the nature of the position held and scope of duties. We offer external and internal training courses which allow for gaining or improving employee qualifications. Many trainings at Polkomtel and Cyfrowy Polsat are related to specific subject-matter or tools, which helps to develop special competences and improve effectiveness of work. A rich offer of internal trainings in the area of customer service, products and services, prepares our employees to professional contact with customers, provision of high quality services, consistent with the customer needs. In Polsat TV we focus on specialist trainings related to television technologies and language trainings.

[GRI 404-1]

Average number of training hours per employee

	2017									2018								
	Polkomtel and Cyfrowy Polsat			Polsat TV			Cyfrowy Polsat Group			Polkomtel ¹ and Cyfrowy Polsat			Polsat TV			Cyfrowy Polsat Group		
	Women	Men	Total	Women	Men	Total	Women	Men	Total	Women	Men	Total	Women	Men	Total	Women	Men	Total
Total number of training hours by gender	55 863	61 681	117 544	1 547	2 041	3 588	57 410	63 722	121 132	47 957	61 143	109 100	2 113	4 514	6 628	49 504	63 184	115 728
Average number of training hours by gender	42.4	31.0	35.6	7.3	4.1	5.1	37.5	25.6	30.2	21.04	18.63	19.84	9.24	9.38	9.34	19.87	16.7	18.64 ²

¹ Data refer to Polkomtel and Polkomtel Infrastruktura.

² The decrease of the number of training hours vs. 2017 results, among others, from transferring products training from a traditional form to e-learning on the platform – 4 hours of traditional training corresponds to 1 hour of e-learning training.

Polsat TV has systematically developed the training policy, a training budget was established, accounting for the needs reported by managers of organization units, upon request of their employees. This resulted in a substantial growth of the training hours as compared to 2017.

Studies

Employees who work for us at least one year may apply for subsidizing their studies – both on Polish as well as foreign universities. There is one condition, the field of study must be related to the work performed for the Group. In 2017, 38 employees took advantage of this possibility.

English learning

If the knowledge of English is required on a given position, we invite employees to individual or group language lessons which take place in the offices of our companies.

[GRI 404-2]

We have prepared a unique offer of **Manager Academy** for people employed on managerial positions in Cyfrowy Polsat Group. Its goal is to promote the standard of managerial work and provide support in dealing with professional challenges. In the three years since the launch of the Manager Academy, 130 managers learnt the best practices of managerial work and gained knowledge necessary for efficient performance of tasks, through a series of e-learning trainings and direct meetings with experienced business trainers. Examples of topics of these trainings: Managing team in change, Building confidence and initiatives in a team, Delegation of Tasks, Feedback or Managing employee development.

We review the performance of managers

The work of managers in Cyfrowy Polsat and Polkomtel is based on the **360°Feedback** culture. Through the online Feedback Forum, evaluation is performed by subordinates, superiors and co-employees. The goal of the review is to strengthen the good practices through positive feedback, identification of areas for change, including assessment of development needs and support in the diagnosis of situation and decisions regarding local managerial challenges.

[GRI 404-3]

Percentage of employees receiving regular assessments, performance and career development review, by gender and employee category.

2017				2018			
Cyfrowy Polsat		Polkomtel		Cyfrowy Polsat		Polkomtel ¹	
Women	Men	Women	Men	Women	Men	Women	Men
11%	12%	51%	25%	9%	10%	58%	37%

¹ Data refer to Polkomtel and Polkomtel Infrastruktura.

In Polsat TV there is no comprehensive, systemic solution of assessment of employees, but their performance related to tasks performed by them is subject to ongoing assessment by their superiors.

Polkomtel's employees have a permanent access to e-learning platform including a comprehensive base of trainings for soft skills – office applications, offers, sales systems etc. In 2018 30 5565 hours of training were carried out this way. High opinion of the employees about this solution encouraged us to start the process of implementing this platform for all the companies in Cyfrowy Polsat Group at the end of 2016. Pursuant to the adopted schedule, the platform's implementation should be finalized in 2019.

We are open to young people

For years, we have invited young people to internships and apprenticeships to the companies of Cyfrowy Polsat Group. This is the best way to get a job in our enterprise later. Internship Program is an offer both for students and young graduates. Six month, paid internship, is an ideal way to acquire practical knowledge and skills. Each intern is entrusted with one project or specific technical task for the execution of which he/she is fully responsible. A host is also assigned to the intern who monitors his/her progress in work on an on-going basis as well as helps in execution of individual tasks. In 2018 we offered internships in the area of IT, Marketing and B2C.

We also prepared a Summer Apprenticeship Program for students who take their first steps on the labour market. Apprenticeship is a unique opportunity to actively spend the summer – students have a possibility to work among the best professional in the technological sector. Apprenticeship is paid and takes place during the two summer months. Each apprentice cooperates with a team within one business area. A host is assigned to apprentices during the entire period of apprenticeship, providing help and professional support.

In 2018, the Apprenticeship Program was organized for the 23rd time. In Cyfrowy Polsat there were 10 editions of the Program.

Polsat News also offers a possibility of unpaid apprenticeship for graduates under the care of experienced journalists. Apprenticeship gives a possibility of acquainting oneself with the specific nature and organization of work in the news television on various positions. Apprentices may gain knowledge and skills and performs journalistic and production tasks assigned to them. After completion of the program, the apprentices receive a certificate about taking part in the apprenticeship, specifying the scope of apprenticeship, gained skills and opinion about his/her performance. Apprentices with highest scores may apply for work in Polsat TV.

3.4. Constantly improving occupational health and safety

We would like to make all our employees feel safe at work as much as possible. Occupational health and safety units operate in each company. Their goal is to identify and evaluate the status of safety and all elements in the work environment which affect this status of safety. We provide periodical occupational health and safety, fire protection and first-aid trainings to our employees.

[GRI 403-3]

Employees of Polkomtel and Cyfrowy Polsat are undergoing specialist trainings with respect to safe work at height, safe work in electromagnetic fields and acquire valid electrical qualification certificates for supervision and/or operation of devices with voltages of up to 1kV. These trainings are necessary for performance of tasks at their working positions. According to the law, the measurements of electromagnetic fields are performed in places in which such threats were identified. The documentation in this respect is maintained – as per law. If the exceeding of relevant standards is ascertained the employees are not allowed to work.

The above mentioned tasks may be performed only by employees who passed medical examination to determine that there are no counter indications for them to perform this type of work.

Additionally, employees whose work involves exposure to electromagnetic field do not work in the danger zone. Employee may potentially work within the range of electromagnetic fields perform the work in an intermediate or threat zone. Their presence in an intermediate (protective) and threat zone is no longer than 8 hours during the entire work shift and is of incidental nature (it is not a permanent work). Environmental measurements of electromagnetic fields are performed periodically, appropriate marking of zones is used and the employees receive occupational health and safety instructions regarding work in electromagnetic fields. The work in the intermediate and threat zone may be performed only by employees who passed medical examination to determine that there are no counter indications for them to stay within the electromagnetic fields (intermediate and threat zone), and who were trained with respect to safe operation of the sources of electromagnetic fields and the rules of working in protective zones.

Each employee has also a right to refuse performing a hazardous work – there have never been and there will never be any negative consequences for such an employee. Equipping of employees who require this with personal protective equipment is a standard in our enterprise.

[GRI 403-2]

	2017							2018						
	Polkomtel		Cyfrowy Polsat		TV Polsat		Cyfrowy Polsat Group	Polkomtel ¹		Cyfrowy Polsat		TV Polsat		Cyfrowy Polsat Group
	Women	Men	Women	Men	Women	Men		Women	Men	Women	Men	Women	Men	
Total number of accidents at work	3	5	1	2	1	1	13	4	1	1	0	3	3	12
Work-related fatalities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Number of severe accidents	0	0	0	0	0	0	0	0	0	0	0	1	0	1
Number of minor accidents	3	5	0	0	0	0	8	4	1	1	0	2	3	11
Total number of injured people	8		3		2		13	5		1		6		12
Injury Rate (IR) ²	1.1	1.8	0.1	0.2	4.3	2.0	-	1.5	0.4	1.3	0	12.8	6.2	-
Total number of lost days due to accidents at work ³	13	35	55	52	6	32	193	32	6	19	0	89	98	244
Accident severity rate ⁴	4	7	55	26	6	32	-	8	6	19	0	29,6	32,6	-
Occupational Disease Rate (ODR) ⁵	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Absentee Rate (AR) ⁶	5.8%		5.3%		2.5%		-	5.4%		4.7%		5%		-

¹ Data refer to Polkomtel and Polkomtel Infrastruktura.

² Injury Rate (IR), calculated as the total number of injured people in accidents / headcount x 1000.

³ In the Report for 2017, as a result of graphical error, Lost Day Rate (LDR) - calculated as the rate of the total number of lost days to the number of planned hours of work of employees during the reporting period *200000 - was presented as the basis for calculations. Whereas, the presented data referred to the total number of lost days due to the accidents at work. The data for 2018 are presented in an analogous way.

⁴ Accident severity rate, calculated as the number of lost days due to the accident / number of accidents.

⁵ Occupational Disease Rate (ODR), calculated as <number of cases of occupational disease / total number of hours worked by all employees in a given period >* 200.000.

⁶ Absentee Rate (AR), calculated as the total number of days absent at work / number of days worked during a year *200000.

[GRI 102-41] [GRI 403-1, 403-4]

In Cyfrowy Polsat Group, each company has a separate Occupational Health and Safety Committee. Such Committees vary in size, but there is an equal number of members representing employer and employees in each Committee. The number of the Committee's members was determined individually in each company. The meetings of the Occupational Health and Safety Committee are organized at least once a quarter, with the minutes of each meeting drafted at the end. The tasks of the Committee include the review of conditions of work, periodical assessment of the status of occupational health and safety, providing opinions about the measures undertaken by the employer to prevent accidents at work and occupational diseases, as well as formulating recommendations regarding improvement of the conditions of work and collaboration with the employer in fulfilment of his obligations related to occupational health and safety. Meetings of the Occupational Health and Safety Committees are documented. Minutes of meetings of the Committee are available in the Occupational Health and Safety Section. The percentage of the total number of employees represented in formal Occupational Health and Safety Committees, composed of the management and the employees, in Polkomtel – 0.23%, in Polkomtel Infrastruktura – 1.99%, in CP – 0.62%, in Polsat TV – 0.5%.

Civil Defence Formation

While paying particular attention to ensuring the current safety of our employees, employees of service providers, consultants and people visiting our facilities for business purposes, an organized Civil Defence Formation operates in Cyfrowy Polsat Group, including nearly 120 trained first-aid responders. All members of the Civil Defence Formation have undergone basic trainings in first aid according to the staged training plan, acquiring appropriate certificates issued by the institution carrying out the training. Furthermore, nearly 30 rescuers have rescue certificates of the Qualified First Aid. All rescuers who are members of the Civil Defence Formation are full-time employees of the Group, they perform their rescue functions as volunteers, in parallel to performing their business duties. Ordinary employees as well as directors of the Group are among the members of the Civil Defence Formation.

Rescuers are organized in the Civil Defence Formation teams established in major facilities of the Group across Poland. Each rescuer has individual equipment in the form of a "R0 first aid kit", whereas each team has also team equipment at their disposal in each location, in the form of the basic WOPR kit, WOPR R1 kit, long spine board, oxygen bottle and defibrillator which are properly marked and stored. Apart from the mandatory trainings, the rescuers participate in refresher trainings organized by specialist external entities and are subject to self-learning process, which is possible thanks to the training equipment purchased for this purpose.

The to-date practice of functioning of the Defence Formation shows that its existence has largely contributed to minimizing the risk of safety and health hazards of the employees in the Group. In daily work, this means at least several rescue interventions per month, related to various events, mostly ill disposition, which often requires calling an ambulance. Thanks to the existence of the Civil Defence Formation a necessary first aid may be provided to the affected employees until the specialized vehicle of the emergency response team arrives. Furthermore the Civil Defence Formation in the Group is an important factor supporting the process of planned and organized fire drills in our locations, which take place in close cooperation with the State Fire Brigade and Police. At the same time the existence of the Civil Defence Formation in an optimum way supplements the crisis management system of the Group and is a part of its consistent policy aimed at fulfilment of the statutory obligations of the employer to effectively ensure protection of the employees' health and life. Civil Defence Formation is a novel and effective organizational solution helping to improve the safety in Cyfrowy Polsat Group among the telecommunication entrepreneurs operating on the Polish market.

CHAPTER 4

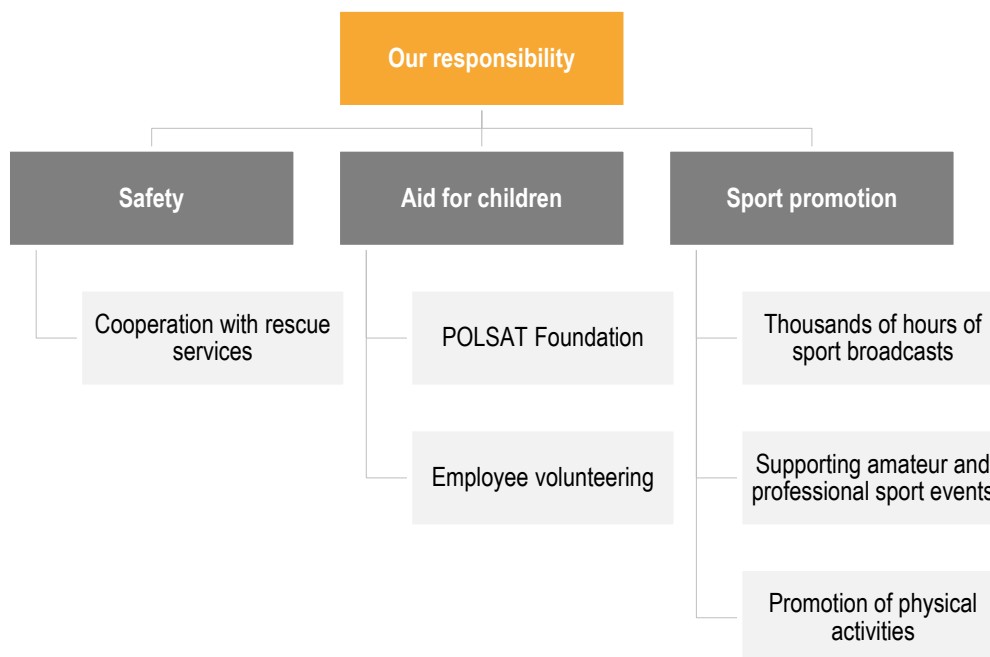
DIGITAL RESPONSIBILITY

4. DIGITAL RESPONSIBILITY

4.1. Technological opportunity

Digital services offered by our companies are available nationwide and they can be enjoyed by practically all Poles. The enormous coverage of our services offers us an opportunity for taking actions of non-standard influence, actions which comprehensively change many aspects of life of every Pole. We know how to exploit this opportunity in a wise and prudent manner, and we have been proving this every day for many years.

How do we understand our responsibility?



For many years we have been supporting the **Copernicus Science Center, one of the most modern European institutions combining promotion of science and culture**. Thanks to Polkomtel, since autumn 2017 the guests of the Center may use free Wi-Fi in the Center's building as well as in the adjacent Park Odkrywców (*Discovery Park*). We are now an exclusive partner of the Family Workshops organized in the Copernicus Science Center – together with the Center we have developed the workshop concerning communications, to acquaint the youngest visitors with modern and old ways of communications. Plus network prepared an application for mobile phones which enables visitors to get more details about most interesting exhibits as well as receive information about science exhibitions in the Center. Our plans include further development of the cooperation.

4.2. Concern for safety

In Cyfrowy Polsat Group we are convinced that state-of-the-art technology may not only improve the daily life, but can even save this life. We are particularly proud of the close cooperation with rescue services operating in Polish mountains and by the water. For a number of years, we have supported rescuers in their activities, financed trainings and provided funds for purchase of equipment. Year 2018 marked the 15th anniversary of our cooperation with the lifeguards from WOPR and MOPR units and mountain rescuers from TOPR and GOPR. The cooperation agreements have been extended for further years.

However, above all, thanks to our technology we have created a rescue system which has saved health and life of many people in recent years. Launching of the Integrated Water Rescue System and Rescue Coordination Centers in the mountains are unprecedented events in the history of Polish business. Thanks to joint activities with rescuers, all Poles may use an instant, precise and simple emergency call system in the health and life-threatening situations by the water and in the mountains. The solution introduced by Polkomtel enables effective communication between rescuers and the injured parties. Our rescue system has made it possible to shorten the time of reaching a person in danger **even by 20 minutes** – as experience shows, this time is often a thin line between effective help and human tragedy.



Two toll-free emergency lines launched by Plus – 601 100 100 (lifeguard rescue services) and 601 100 300 (mountain rescue services) – are easy to remember. We promote these numbers on posters and leaflets available at the places, where the knowledge of these numbers may save life. Information about the numbers is also available, among others, in mountain shelters, on the beaches, in marinas and tourist information points.

HOW THE INTEGRATED RESCUE SYSTEM WORKS

People calling emergency lines (601 100 100 and 601 100 300) are automatically forwarded to the nearest dispatcher center. A dispatcher needs to press just one button to send a rescue unit for help.

The system monitors entire regions, taking care of the safety of hundreds of thousands of people. It operates twenty four hours a day, all year long in the entire country. It is definitely the biggest and most advanced system in this part of Europe. Emergency lines cooperate with all mobile and fixed-line networks in Poland.

The system we have developed is supplemented by **Ratunek (Rescue) application** available for free for smartphones.



Using this application, a user may quickly and efficiently notify rescuers about an accident. The application allows for connection to the nearest rescue center, and during the call sends an SMS to the rescuer with the location of the affected person with accuracy to 3m.

At the end of 2018 there were over 61 500 active users of the application. In February 2019 the number of active users increased to 77 000.

Examples of successful rescue actions which were possible thanks to Ratunek application in 2018:

- Matterhorn, Italy – a couple of tourists from Poland had an accident and could not communicate with Italian units. Thanks to the application they reached GOPR Polish mountain rescue service and TOPR informed the local Italian units of the accident while providing precise location data to them. The action was then carried out efficiently and the tourists were saved.
- Beskid mountains in Poland – two simultaneous rescue actions during very heavy snowfall. Off-piste skiers got lost in a forest and fell into 2-3 meter-high snowdrift and were unable to get on their own. In addition, they did not know their location. Thanks to the application the rescuers were able to determine their location precisely and start the rescue action which lasted for 8 hours. The other rescue action took over 10 hours.
- Krynica, Poland – a tourist lost his way during a snowstorm. He was tired and very cold. Thanks to the application, the rescuers reached the tourist in time to save him – without the ability to determine his location the person could have died.
- Rescue action under Kozi Wierch mountain – a tourist who was very cold and injured could not tell his precise location. Thanks to installation of the application on his phone, the rescuers could locate him and start the rescue action which ended successfully.

In 2018 as many as 400 calls were received via Rescue application.

In 2017 we participated in a project called "**Korytarze życia**" (**Corridors of life**), several-meters-wide routes across a beach which enable the lifeguards to move among the beachgoers. The pilot program was launched by Władysławowo local commune in the 2017 summer season. It was so effective that lifeguards were able to reach in time and save two people. That is why in 2018 we developed a uniform project and we implemented on the entire Polish seaside. The project, which was consulted with WOPR lifeguard service, includes not only "the corridors of life" which run from the lifeguard towers across the beach to the waterfront, but also corridors running along the coastline. The routes are only demarcated by the

windbreaks and their surface is not hardened in any way. Thanks to the existence of such routes the lifeguards can reach, either on foot or in a quad, the people who need their help, both in the sea and on the land.

In 2018 Polkomtel was also one of the main sponsors of the Polish Championships of Sea Rescuers. It is the biggest event of this kind for lifeguards in Poland, organized during the summer season. Every year it attracts over 100 best lifeguards, both men and women, from all over Poland. The participants compete in spectacular events which are the simulations of actual rescue actions at sea and on the beach, while using professional equipment. The winners are presented medals, cups as well as prizes, including financial prizes.

We also support local rescue units. In 2018 we donated a jet ski for the WOPR lifeguard unit from Legionowo (a town located on Zalew Zegrzyński Lake near Warsaw).

4.3. Care for children's health

[GRI 203-1, GRI 203-2] [Accounting Act – Key Performance Indicators]



POLSAT Foundation – key figures

During 22 years:

<p>Aid provided to over 33.8 thousand children</p>	<p>Support for over 1 200 hospitals and medical centers</p>
<p>Over PLN 231 million allocated for financing statutory goals</p>	<p>PLN 19 million collected from the St. Nicholas Day Commercial Block</p>
<p>Over PLN 19.5 million of revenue from 1% tax</p>	

Children occupy a special spot when looking at the social impact of Cyfrowy Polsat Group. For more than 22 years, POLSAT Foundation has incessantly worked for improving the health of the youngest patients in Poland. It organizes big, national campaigns the profits from which are allocated to the purchase of medical equipment for hospitals and medical centers taking care of children.

The superior goal of the Foundation is support for the most needy. An illness of a child is for many Polish families not only an emotional drama but also a drama in financial dimension. Specialized treatment, newest pharmaceuticals, or complex operations mean costs which often exceed the parents' financial possibilities while financing by the state healthcare system is for many reasons insufficient.

[GRI 203-1, GRI 203-2]

In the **twenty second** year of POLSAT Foundation's operations the funds were donated to financing of operations, treatment and rehabilitation of 2 355 children. Financial support was granted to 8 medical centers which provide treatment and rehabilitation for children.

In 2018, POLSAT Foundation donated:

- PLN 740 775.50 for medical treatment of 337 children,
- PLN 3 921 567.92 for rehabilitation of 1 757 children,
- PLN 206 282.71 for the purchase of medical equipment for 83 children,
- PLN 407 468.28 for the purchase of rehabilitation equipment for 178 children,
- PLN 2 083 993.83 to 8 medical centers and hospitals where the children are treated and rehabilitated.

For 22 years POLSAT Foundation has been providing financial support to medical establishments and centers all over Poland. To this date aid reached 14 hospitals and medical centers involved in treatment, rehabilitation and therapy of children. The money was used for the purchase of state-of-the-art medical equipment as well as for renovation of pediatric wards of hospitals. Thanks to the fast and effective response to requests for aid, the Foundation is able to help thousands of children each year. The Foundation finances numerous operations, pharmaceuticals and therapies. Support went to, among others, wards for newborns, oncological wards, orthopedic wards, cardiologic wards and pediatric wards. During the 22 years aid in medical treatment was provided to 33 890 children in need.

POLSAT Foundation has been also closely cooperating with Instytut „Pomnik - Centrum Zdrowia Dziecka” IPCZD (Children's Memorial Health Institute). It is one of the most modern hospitals for children in Poland. It offers treatment and rehabilitation and is also involved in scientific and training activities.

During 22 years of its operations the Foundation contributed over PLN 25 000 000 to Klinika Chirurgii Dziecięcej i Transplantologii Narządów (Pediatric Surgery and Transplantation Department), Oddział Immunologii (Immunology Ward), Klinika Onkologii (Oncology Department), Klinika Rehabilitacji Neurologicznej (Neurological Rehabilitation Department), Klinika Okulistyki (Department of Ophthalmology), Klinika Neurochirurgii (Neurosurgery Department), Klinika Neonatologii Noworodka (Neonatal Pathology and Intensive Care Department), Klinika Rehabilitacji Pediatricznej (Pediatric Rehabilitation Department), Klinika Kardiologii (Cardiac Surgery Department) as well as for the construction of a four-storey building at IPCZD which will house the Post-Operation Intensive Care Ward and the Blok Operacyjny Chirurgii Ambulatoryjnej (Outpatient Surgery).

In May the Foundation once again supported Pediatric Surgery and Transplantation Department at the Children's Memorial Health Institute by buying a state-of-the-art ultrasound scanner supporting color Doppler mode (worth PLN 240 000).

POLSAT Foundation has been cooperating with the Pediatric Surgery and Transplantation Department since 1999. It was an important year for the Clinic and for the Foundation since the Foundation financed the introduction to Poland of the Liver Transplant Family Program. In the years 1999-2018 the Foundation donated in excess of PLN 2,000,000 for the purchase of state-of-the-art, specialist medical equipment for the Pediatric Surgery and Organ Transplant Clinic of CZD. Nearly 350 in-family liver transplants were performed between 1999 and 2018.

Thanks to the Foundation's help the Pediatric Surgery and Organ Transplant Department has seen the implementation of the first in Poland unique medical technology which involved the use of the so-called artificial liver (liver dialysis, MARS albumin dialysis) and interoperative neuromonitoring.

"I can clearly say that without the continued support of Polsat Foundation our Clinic would not be able to conduct such activities as it has done so far, both in the areas of transplantology and child surgery," says Professor Piotr Kaliciński who manages the ward.

POLSAT Foundation Pomeranian Center of Laser Therapy was opened in June 2018 following renovation and modernization work. It is the biggest and the best equipped center of this type in Poland. It was created in 2013 thanks to the purchase of 4 lasers, worth PLN 650,000, by POLSAT Foundation. Since the very start of its operations the Center provides treatment for children with inborn vascular anomalies and scars, especially burns. All the operations were conducted in one room. Following the operations, the children who had to be kept in the hospital were moved to a different floor, to the Children and Youth Surgery and Urology Clinic. At present the center has three operating theaters together with a room where children can stay after a surgery. As a result of better conditions the number of patients undergoing treatment will increase by 20% and the safety of applying anesthesia will improve (substantial percentage of operations require general anesthesia).

"The new ward offers decent, European-standard of treatment for our little patients" says Professor Piotr Czauderna, the Manager of the Children and Youth Surgery and Urology Ward of Gdańsk Medical University.

The Center offers care to around 2 000 patients with various vascular anomalies, with 200-300 patients undergoing treatment each year. The Pomeranian Center is the best equipped facility of this type in Poland and currently has 7 lasers.

Such an extensive of spectrum of lasers is important since the devices we have are narrowly focused on treatment of specific types of vascular anomalies or other birth defects and lesions, comments Prof. Piotr Czauderna.

Together with Port Praski Nowe Inwestycje Sp. z o.o. and Polsat TV, the Foundation has been supporting Specjalny Ośrodek Szkolno – Wychowawczy im. Marii Konopnickiej (Maria Konopnicka Special Training-and-Educational Center) in Otwock. The Center is the place of schooling and learning for children and youth with intellectual deficiencies. Around 30 pupils also have physical disabilities. Purchase and installation of an elevator for the building was financed in 2018. The cost of this project was PLN 125,000. Polsat Foundation also purchased equipment for treatment based on Tomatis Method therapy (PLN 57 115.23), while together with Polsat TV the Foundation purchased and donated equipment for sensory integration exercises for the pupils (PLN 10 002.99).

Together with Pampers brand the Foundation carried out modernization of the Pediatric Ward of Szpital Zachodnim im. św. Jana Pawła II hospital in Grodzisk Mazowiecki, thus contributing to the improvement of the conditions for the small patients and their parents. The included general renovation of two bathrooms, the existing dayroom was modified and adapted to serve the purpose of hospital room for small children with a bathroom being added. The ward was equipped with 3 new baby changing and bathing tables. The purchase of 22 reclining armchairs financed to improve the comfort of the parents watching their children at the ward.

"Mommy is the most important person for a child, she helps the child overcome the problems, develop and fulfill a child's dreams. She also with the child during difficult moments, such as illness or a hospital stay. It is the closeness of a mom that gives the child the feeling of security and that contributes to faster recuperation," explains Professor Anna Piaseczna-Piotrowska from Polish Mother's Memorial Hospital – Research Institute in Łódź.

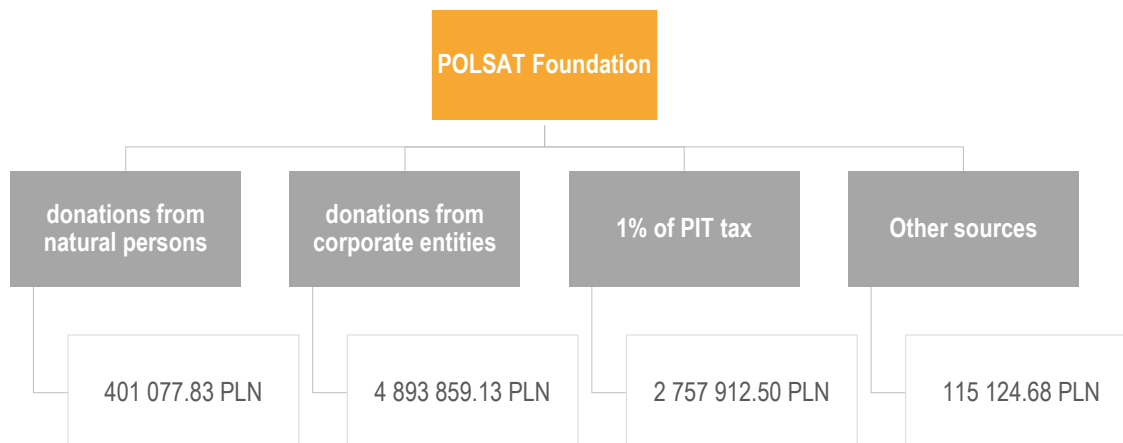
While following these principles, in the years 2015 – 2018 the Foundation was involved in creation of four rooms for children and mothers:

- In Łódź, in the Child Surgery and Urology of Polish Mother's Memorial Hospital – Research Institute.
- In Warsaw, in the Department of Neonatology, Pathology and Neonatal Intensive Care of the Children's Memorial Health Institute.
- In Otwock, in the Pediatric Ward of the County Health Center.
- In Grodzisku Mazowiecki and Hrubieszów – reclining armchairs were purchased for parents of children treated in pediatric wards of the two hospitals.

The Foundation's activities have for years been supported by Polsat TV, the actors and the producers of soap operas shown by Polsat, the journalists and anchors of POLSAT's "Wydarzenia" news program and of Polsat News channel. Information on important events of the POLSAT Foundation appear in "Wydarzenia" news program. A representative of the Foundation is also a guest of the "New Day" program in Polsat News every Thursday. The Foundation is present in this channel also in its Sunday program "Wystarczy chcieć" (*To want is all you need*). Authors of the program present stories of the parents of sick or disabled children, but also problems facing healthy children. Experts explain the essence of the presented cases, discuss a possibility of treatment or – in case of incurable diseases – suggest how the care for such patients should look like. The program is hosted by Bartosz Kwiatek, a journalist of Polsat News, whereas Izabela Talabska - mother of 12-year old Olaf with cerebral palsy who receives support from POLSAT Foundation – tells the stories of children and also seeks the opinions of experts about the cases discussed in the program.

All activities of POLSAT Foundation are possible thanks to the support from donors. We reach private people and sponsors, among others, through Polsat TV which for years has broadcast calls for help. Without television, POLSAT Foundation could not be so effective and could not operate on such a big, national scale.

Financing of POLSAT Foundation in 2018



[GRI 203-1, GRI 203-2]

For 15 years now, every December 6 at 6.45 p.m. Polsat TV and Polsat Media advertising bureau have been organizing the **Mikołajkowy Blok Reklamowy (St. Nicholas Day Commercial Block)**. This dozen or so minutes, filled with commercials, attract millions of Poles to their TV sets every year. The income from the St. Nicholas Day Commercial block, calculated on the basis of audience results, is donated to treatment and rehabilitation of the children who are under the care of the POLSAT Foundation.

In 2018 the St. Nicholas Day Commercial Block was also aired in IPLA online TV. A total of 6.1 million viewers watched the commercials. As a result over PLN 1.3 million was received on the Foundation's account. The amount of over PLN 19 million was collected during the past 15 editions of the St. Nicholas Day Commercial Block action. The entire amount was transferred for treatment and rehabilitation of children.

An important part of the Foundation's revenue also comes from the 1% of the tax transferred by tax payers to charity causes. For years Polsat TV has been encouraging its viewers to support the Foundation when filling in the yearly tax return forms. The Foundation offers access to free software which helps taxpayers fill in their tax return forms and which indicates POLSAT Foundation as the beneficiary of the 1% of the tax paid by a taxpayer. So far we have received nearly PLN 19.5 million this way thanks to the generosity of taxpayers. The entire amount thus received was used for treatment and rehabilitation of children in Poland.

Every year the Foundation's budget is also funded by donations from sponsors who include the biggest companies operating in Poland.

#	Name	Amount
1	POLKOMTEL SP. Z O.O.*	1 540 880.12 PLN
2	ORANGE POLSKA S.A.*	658 777.20 PLN
3	CYFROWY POLSAT S.A.	525 298.82 PLN
4	POLSAT MEDIA SP. Z O.O. SP.K.	438 487.10 PLN
5	T-MOBILE POLSKA S.A.*	431 145.00 PLN
6	P4 SP. Z O.O.*	315 460.00 PLN
7	PROCTER AND GAMBLE DS. POLSKA	240 000.00 PLN
8	POLSKA FUNDACJA OLIMPIJSKA	180 000.00 PLN
9	NETIA S.A.	150 000.00 PLN
10	PORT PRASKI NOWE INWESTYCJE SP. Z O.O.	125 000.00 PLN
11	PLUS BANK S.A.	100 000.00 PLN
12	FUNDACJA CHARYTATYWNY BAL DZIENNIKARZY	80 000.00 PLN
13	FORTUNA ONLINE ZAKŁADY BUKMACHERSKIE SP. Z O.O.	50 000.00 PLN

* charity and transferring of the entire income from the SMS campaigns carried out by the Foundation.

The activities of POLSAT Foundation, one of the biggest non-government organizations in Poland, are also appreciated by experts. In 2018 the Foundation was awarded:

- the Honorary Badge for Protection of Children's Rights. The honorable award was presented to the Foundation by the Children's Ombudsman, Marek Michalak, "for thousands of saved children, their lives and health, for the support for pediatric hospitals".
- "Przyjaciół Centrum Zdrowia Dziecka" (Friend of Children's Memorial Health Institute) medal for over 20-years-long support for the biggest children's hospital in Poland.

4.4. Healthcare and sports thrills

[GRI 203-1, GRI 203-2]

Promotion of sports is one of the social activities in which Cyfrowy Polsat is very much involved. Sports occupy a special place in the operations of Plus network (sponsoring) and of Polsat TV (sports coverage). One of the goals of this involvement is to promote sports, volleyball in particular, as well as other disciplines and the physical activity, in the broad sense of the term, among the society as a value in itself and as one of the most important elements of a healthy lifecycle and good functioning of the body. Sports is also many examples of behavior which are worth copying, behavior which shows the beauty of one's passion, of setting goals for oneself and striving to achieve them in the fair play spirit.

Long-standing involvement of Plus in the development and promotion of volleyball, is a good practice. Over the past 20 years volleyball has become one of the most valued sports disciplines in Poland. The success of both, the women's and the men's national volleyball teams has been the source of fantastic sports thrills and a reason for pride for Polish fans.

The year 2018 marks the 20th anniversary of cooperation between Plus and Polish Volleyball Association. The mobile network has been supporting volleyball as a sponsor since 1998, and during that time it acted as the Main Sponsor of Polish Women's and Men's National Volleyball Teams and the titular sponsor of men's PlusLiga and Women's Volleyball League. It is the longest lasting and model example of cooperation which sets the standards for sports sponsoring projects in Poland.

Cyfrowy Polsat Group has reason for pride. The 2018 FIVB Men's Volleyball World Championship which was won by Poland, following the victory over Brazil, is a fantastic crowning of the twenty years of cooperation between Plus and the athletes, the

confirmation of the effective sponsoring activities which have been supporting the development of Polish volleyball for two decades. During that time all Polish National Teams, men's and women's (seniors, juniors and cadets) won as many as 43 medals at various tournaments, including 20 gold medals, 12 silver medals and 11 bronze medals.

Major volleyball events were organized in Poland with the involvement of Plus, including four World League Finals, women's and men's European Championship, men's World Championship.

On the occasion of the 20 years of cooperation with PZPS Polish Volleyball Association the mobile network prepared a special promotion in 2018 so as to celebrate the anniversary with customers. On that occasion Plus customers could enjoy a 20% discount for tickets for all matches of Polish women's and men's national teams which were organized by the PZPS and played in Poland in 2018.

Polsat Group's involvement in volleyball is not only the sponsoring, carried out thanks to Plus. By adding the support provided by Polsat TV, who for 25 years now has been showing all major volleyball tournaments, from league matches and European cup matches to national teams' matches, we have been able to make volleyball a new national sport in Poland.

Building a positive image of volleyball in Poland, and making it a discipline watched by entire families, a sport that is safe and that is associated with great fun and entertainment, on the one hand, and with many international successes, on the other, has been a great success. Vast majority of Poles associate Plus brand with volleyball and with the success of our teams, with Plus and volleyball being virtually a synonym, which offers enormous value to the entire Cyfrowy Polsat Group.

Thanks to such extensive exhibition in a wide range of Polsat channels, Polish volleyball – both the clubs and the association – have made an enormous leap in terms of quality. New arenas and courts were built, serious sponsors joined in, audiences at the games increased and foreign volleyball stars came to Polish leagues. The Groups' efforts in the field of promotion of volleyball mean not only benefits for Plus itself, Polsat TV or the volleyball community in Poland but also benefits in the social context, achievement of the goals which assumed inspiration of volleyball spirit in Poles.

Seeing very positive results of long-term cooperation, Plus is satisfied and proud to support volleyball in 2019 and in the following years. Right now activities are planned for further years. By virtue of the agreement between Polsat TV and FIVB International Volleyball Association, concluded in 2018, for the next 7 years Polsat will be broadcasting the most important international volleyball events. Up until the end of the 2024 season Polsat and Polsat TV sports channels will show 1500 top international matches, including coverage of FIVB Volleyball Nations League matches and the Challenger Cup. Via our station Polish fans will be able to also watch the matches played by Polish men's and women's national teams during the 2022 FIVB World Championships, the FIVB World Cup in the years 2019 and 2023 as well as qualifying tournaments for 2020 and 2024 Olympics. The current contract is the extension and further strengthening of the cooperation between FIVB and Polsat TV.

"Acquisition of the broadcasting rights to major world volleyball events in which Polish national teams will participate is a strategic investment for our Group. On the one hand we acquire content for our TV channels and our digital platform, and on the other we invest in the trust of our viewers. It is for them that we bought these broadcasting rights and it is thanks to this that the best fans in the world will be able to watch volleyball at its best," said Maciej Stec, a Management Board Member of Telewizja Polsat Sp. z o.o. and Cyfrowy Polsat S.A.

For more than ten years we have been promoting volleyball and building its position in Poland. I am convinced that the next seven years of volleyball with Polsat will be seven "fat" years of well-being and success for viewers and fans. Polsat has been and will continue to stand by Polish volleyball and will sure bring luck, just as it brought luck to soccer," said Marian Kmita, the Sports Director at Polsat TV.

Sports and TV coverage in Polsat Group also mean many other disciplines. It is for its viewers that the Group has been consistently betting on football at its best, as played by the national team. The Group has extensive experience in bringing to Polish fans the national teams's matches from major international events – the 2002 FIFA World Cup in South Korea and Japan, the 2006 FIFA World Cup in Germany. In addition the UEFA Euro 2008 played in Austria and Switzerland, and the most recent UEFA Euro 2016 played in France, which was so fantastic for Polish team. Cyfrowy Polsat Group has successfully carried out a unique and comprehensive UEFA Euro 2016 project. For the first time in history the coverage of the matches on the free-to-air Polsat channel was combined with dedicated pay TV channels, i.e. Polsat Sport 2 and Polsat Sport 3 which operated round-the-clock, with all the 51 matches shown live, without any commercials and in HD quality. There were over 200 hours of live coverage during the 30 days of the UEFA Euro 2016. Such a strategy enabled the Group to achieve big success, both in terms of sales as well as operationally and financially. Also the most recent U-21 UEFA Euro 2017 tournament enjoyed high interest among viewers. Polsat TV has for many years been covering the UEFA Champions League matches – in the years 2001-2006 and then 2009-2012, as well as the UEFA Europa League during the 2009-2012 seasons.

In the next few years viewers of Polsat channels can also expect great football thrills, including Euro 2020 and FIFA 2022 World Cup qualifiers as well as two editions of the new UEFA Nations League tournaments which will be organized by the European federation in the seasons 2018/2019 and 2020/2021. The fans will be able to enjoy the thrills during matches played by such football powerhouses as Germany, Portugal, Spain, France, Italy, or England. Maximum four hours after the end of the matches we will be also providing a re-broadcast of Polish national team's matches. Up until 2022 we will show a total of nearly a thousand matches in the two qualifying series and in the Nations League.

For three consecutive years, starting from the 2018/2019 season, Cyfrowy Polsat Group will hold the rights to the UEFA Champions League and the UEFA Europa League. Match coverage will be available to Cyfrowy Polsat DTH platform subscribers, customers of Plus and Netia networks as well as users of IPLA service. The prestigious tournaments are broadcast via the newly created Polsat Sport Premium 1 and Polsat Sport Premium 2 channels as well as via four premium PPV TV services. Thanks to this, for the first time in the history of TV all Champions League matches are shown live, without commercials and in Super HD quality. Every seasons viewers will be able to enjoy several hundred matches with full sportcasting and visuals.

Bearing in mind the UEFA Champions League as well as the UEFA Europa League and UEFA Nations League matches, Cyfrowy Polsat Group has launched, in its head office at Łubinowa Street in Warsaw, the most advanced and the biggest sports studio in Poland. Thanks to the totally new possibilities and technology, Polsat Group's premium channels present the matches in a totally new dimension, both as regards the live broadcasts themselves and the match-related materials – analyses, statistics, replays of match situations, reporting or commentaries from experts. And all this is done not only with the involvement of Polsat Sport channel's best journalists and experts but also while using the most advanced technologies, e.g. – VIZRT, augmented reality (AR) and 3D models as well as the virtual window, with all of them offering even more information and sport thrills to fans.

"For the first time in Poland's history, and I am not sure whether it is not the first time in Europe and globally, we are broadcasting all the matches live. Someone who has purchased the Polsat Sport Premium package, which is understood as 6 channels and services, simultaneously showing all the matches live, will have the right to choose and will decide what they want to watch: Real Madrid, Benfica Lizbona, Bayern Munich, AS Monaco, or maybe some other favorite football clubs. It's a novelty and during the coming three seasons we will be guaranteeing such a possibility to viewers," said Marian Kmita, the Sports Director in Polsat TV.

"Top quality match visuals and commentary is something that our viewers expect from us today," said Marcin Zdanowicz, the Deputy Director of the TV Production Division of Polsat TV. "Our adventure with the project started in August 2017. It was already then that intense work started for our technical and TV production teams. We were looking for tools for storytelling, so that journalists could show the Champions League in the best and visually most extensive way. State-of-the-art systems, AR, virtual window, greenbox, video editing tools, tools for analyses, tools for interaction via social media – all of them offer an enormous array of possibilities for producing a perfect show and for supporting the entertainment offered by the UEFA Champions League and the UEFA Europa League matches.

Our channels regularly also show basketball, rugby, Polish boxing, biathlon, speed skating and tennis.

In May of 2018 **Polsat TV established strategic cooperation, on the Polish market, with ELEVEN SPORTS NETWORK Ltd.** Thus four Eleven Sports premium stations have been added the portfolio of Polsat TV's sports channels. They offer the viewers' access to such events as [matches of top European football clubs in such leagues as the Spanish LaLiga Santander, German Bundesliga, Italian Serie A TIM and English The Emirates FA Cup. Formula 1™ fans can watch all the races of the season as well as qualification sessions the training sessions on ELEVEN SPORTS. The broadcaster's portfolio includes also the rights to show ATP 250 tennis tournaments, EHF Velux Champions League (men's and women's handball), Cage Warriors martial arts galas as well as speedway matches which are so popular in Poland, including Nice 1. Speedway League, Swedish Elitserien, British SGB Premiership, as well as selected matches of Polish national team]. For Polsat TV, which for nearly 20 years has been investing in sports and providing, for the fans, access to the best and the most important events in various sports disciplines, this move was a natural step on the path of development and yet another strategic investment aimed at building the best offer of programs for millions of viewers who choose Polsat Group's channels every day.

Sports have always been extremely important for our Group, our viewers and the subscribers of our platform. For nearly 20 years it has been one of the pillars of Polsat TV's and Cyfrowy Polsat's programming offer. It is with the Polish fans in mind that we have been consistently developing our offer of sports programs, launching additional channels and bringing important

events to Poland. We have very big experience in the production and realization of sports programs, we cooperate with the best sportcasters and expect, and we know what the viewers expect from us. Thanks to the strategic cooperation with ELEVENSPORTS we will be able to strengthen this area further, make our offer even more attractive and assure even more true sport thrills," said Maciej Stec, Management Board member of Polsat TV and Cyfrowy Polsat.

Thanks to Polsat TV, Polish viewers have the opportunity of watching the most important sports events which are followed by hundreds of millions of people around the world. We show the most popular and the most thrilling competitions and sports stars. Broadcasting of major events also means popularization of numerous disciplines of sport, which often stimulates people of all ages to practice a given sport. On the one hand it encourages children and teenagers to go outdoors and get interested in sports, and on the other it often helps adults in deciding to devote at least part of their leisure time to sports.

Polsat, as well as our sports and news channels willingly support activities which promote physical education by promoting such activities in the media and in the TV channels. Both, the news programs and the programs dealing with sports inform of mass sports events while encouraging viewers to participate in them. By presenting sports stars, who also willingly join such initiatives, we promote active leisure and tourism. We also promote mass running or cross-country skiing events while also supporting hockey, football and tennis tournaments for children.

The Group's TV channels also promote tourism and leisure, with particular stress being put on travel in Poland. An important role is played by the actions which we carry out together with our partners during summer and winter vacations.

Acquisition of the broadcasting rights as well as production of major sports events at world class level mean expenditures reaching hundreds of millions of euros. Thus financing of such efforts only from the money obtained from sponsors or commercials is not possible. For that reason – similarly as in practically all countries in the EU and North America – part of the broadcasts are shown on paid (scrambled) channels. Ease of purchase of such services, affordable pricing as well as superb quality of the presented materials result in such services enjoying increasing understanding and popularity among our clients.

At the same time we try to make sure that individual events of top importance are available for the most extensive groups of viewers. The victorious match of the Polish team during the FIVB World Cup was broadcasted in a free-to-air channel. In accordance with the binding regulations, it is also most of the matches of Polish national teams in various sports disciplines, including football, volleyball and handball, that are shown in free-to-air channels.

4.5. Aid measured by smiles

Encyclopedias define corporate volunteering as supporting of charity activities by an employer with a voluntary cooperation from the persons who are employed in a given company. For us at Cyfrowy Polsat Group volunteering is associated with joy, support for others, smiles and happiness. The impulse for the development of employee volunteering activities has come from our internal needs of supporting ill persons, with particular focus on children. We try to note and understand the difficulties that such people have to cope with and help them in overcoming their problems. We are sensitive to human suffering or social exclusion. In volunteering we see benefits for both parties. Each action that we get involved in not only supports those in need but also unites us as a community. We develop the relations with our colleagues, we learn about our strengths, and we become aware that thanks to cooperation we can do more good. This gives the sense to our activities. Our employees simply enjoy helping others and supporting them in their efforts gives Cyfrowy Polsat Group a reason for pride.

[GRI 203-1, GRI 203-2]

In our employee volunteering activities we have for many years been closely cooperating with POLSAT Foundation and Fundacją Przyjaciółka Foundation.

In 2018 we organized 3 initiatives to support the persons under the care of POLSAT Foundation. The goal of our activities was to help with the treatment and rehabilitation of ill children:

- In March 2018 roku, before Easter, a fair during which Easter decorations were offered took place in Polkomtel's headquarters. Our employees, together with the children from the kindergarten and school in Halinów near Warsaw, prepared a stand where Easter decorations were offered. The income from selling the decorations was donated for the treatment and rehabilitation of Julka, a girl who is under the care of POLSAT Foundation and who suffers from post-hemorrhagic hydrocephalus and refractory epilepsy. The amount of PLN 928 was donated for her treatment.

- Cyfrowy Polsat Group's Family Picnic was another event during which our employees became involved in aid for ill children. It was not only the time of good fun and active leisure. Like each year, during the joint event for the employees of the Group's companies we were involved in collecting donations to support the fulfillment of the needs of the persons who are under the care of POLSAT Foundation. During the Picnic organized in 2018 we were encouraging the participants to help the newborns with heart diseases who are treated in the Neonatology Ward of Nowy Dwór Medical Center in Nowy Dwór Mazowiecki near Warsaw. The collected funds were used by POLSAT Foundation for the purchase of an integrated system for monitoring of little patients.
- During a Christmas workshop in December 2018 our employees, together with their children and the children from the kindergarten and school in Halinów near Warsaw made Christmas decorations which were then donated to help Artur, a boy who is under the care of POLSAT Foundation and who suffers from spinal muscular atrophy. The decorations made the children and by our colleagues could be then purchased at a Christmas fair organized in Cyfrowy Polsat Group's offices. We collected PLN6 500 for the boy.

In 2018 our colleagues also participated in 2 actions organized by Przyjaciółka Foundation. In this case the aim was to counteract social exclusion of disabled children and children from poor families:

- During the summer vacation season we conducted, once again, the "Fill-in the Backpack" action. This time we focused on the disabled children. Together we have managed to fill in the color backpacks of ill children with all the necessary learning aids so as to support their intellectual and physical development. We helped the children from the UNICEF Special Needs School in Rzeszów as well as the ill children of our employees. Together we collected over 300 various educational games, development exercises and rehabilitation aids for the 43 brave kids. Our business partners donated some 600 attractive gadgets which we also placed in the backpacks.
- In December 2018 275 employees of Cyfrowy Polsat Group prepared 110 Christmas gifts, worth PLN14 300, in response to the moving letters that children wrote to Santa Claus. The gifts were intended for the children from three community day care centers in Kierzkówek, Spytków and Opina.

There is yet another form of helping others that we readily join every year. It is the donation of 1% of our income tax to treatment and rehabilitation of the patients taken care of by POLSAT Foundation as well as by other foundations which take care of our employees, or their children who suffer from serious illnesses.

Though corporate volunteering is not covered by any formal procedures in Cyfrowy Polsat Capital Group, still we trust that by our joint efforts we can meet many challenges. Thanks to our employees we have noted further directions of development of volunteering in our organization and further areas which we can support as the Group.

CHAPTER 5

ENVIRONMENT-FRIENDLY GROUP

5. ENVIRONMENT-FRIENDLY GROUP

5.1. Key figures

[Accounting Act – Key Performance Indicators]

<1 W

the power consumed in standby mode
by the set-top boxes manufactured by Cyfrowy Polsat

11.5 tons

of waste electronic equipment was sent
by Polkomtel for recycling in 2017

535 tons

of waste was sent by Cyfrowy Polsat for recycling in 2017

3.3 tons

of data carriers were sent for recycling
by Polsat TV in 2017

5.2. We control our influence on natural environment

In Cyfrowy Polsat Group we do not forget about the influence we have on the environment. We control consumption of raw materials and save electrical energy. We are effective in managing waste and whenever possible we transfer the waste to specialized recycling firms. We also examine the impact that our transmission equipment has on the environment.

Important areas of Cyfrowy Polsat Group's influence on natural environment

	Cyfrowy Polsat	Polkomtel	Polsat TV
Consumption of raw materials	✓	✓	✓
Electrical power	✓	✓	✓
Waste management and recycling	✓	✓	✓
Impact of base stations and transmitters on the environment	✗	✓	✗

Management Approach

The InterPhone Service factory of set-top boxes holds ISO 9001:2015 and ISO 14001:2015 certificates in the field of design and production of electronic equipment as well the PN-N-18001:2004 certificate, issued by Dekra Certification Sp. z o.o., which covers design and production of electronic equipment. Polkomtel holds certificates which confirm the company's particular care for the quality of the services it offers (ISO 9001:2015) as well as its ecological responsibility (ISO 14001:2015) in such areas as sale of telecommunication products and services, sale of electricity, customer care and retention. The certificates were also issued by Dekra Certification Sp. z o.o.

Since 2014 environmental goals have been in place at Polkomtel. Observance of fulfillment of these goals has become an important element of the company's strategy. The company's priorities in the area of ecology include:

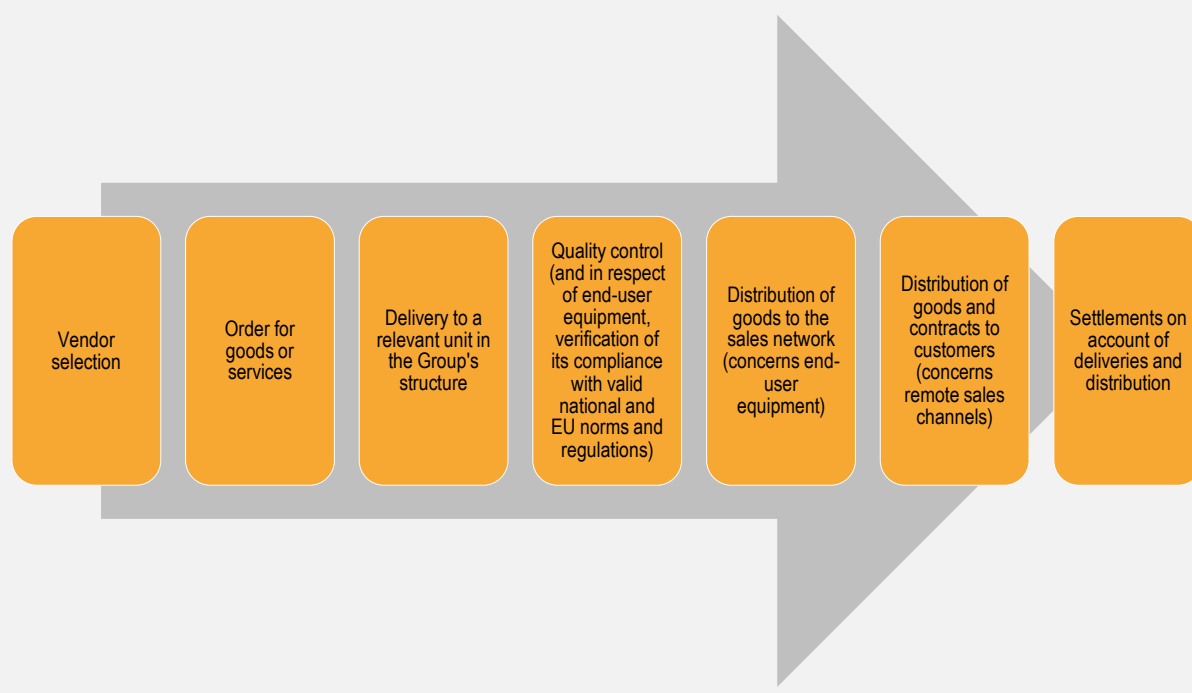
- the products launched to the market meet the requirements of relevant norms and regulations,
- achievement by the company of at least the legally-required levels of salvaging and recycling of the electrical and electronic equipment as well as batteries and packed products which it introduces to the market,
- sale of electrical energy produced from renewable sources, natural gas burning or cogeneration in the amounts which at least meet the levels required by the law,
- rational and thrifty management of electrical power,
- reduction of negative environmental impact in other essential environmental aspects.

The company has committed to make efforts to systematically increase the employees awareness in the field of environmental protection, improve its processes as well as reduce the negative impact it has on natural environment (while increasing the positive one) as well as meet the legal and other requirements related to environmental issues.

At Cyfrowy Polsat we regularly monitor our efforts from the point of view of their compliance with laws and regulations governing environmental protection as well as with any other environmental requirements which we may be bound by. If needed we contact the relevant authorities and cooperate with them in the field of monitoring of compliance of our activities with valid laws and regulations. According to our best knowledge, as of the date of this report no courts suits were filed against us on account of non-compliance with environmental protection regulations.

DELIVERY CHAIN [GRI 102-9]

Production of equipment, network maintenance, office space maintenance, or broadcasting of TV signal require day-to-day cooperation with hundreds of companies from Poland and abroad. All of Cyfrowy Polsat Group's companies follow the "Procurement and Vendor Selection Procedure". Our aim is to make our delivery chain as effective as possible while its uniform and consistent organization should support cost optimization and minimize the adverse impact that we may have on the environment.



5.3. Waste and recycling

Due to the technology-related nature of our operations, electro-waste is an important area for us. At Cyfrowy Polsat and Polkomtel, that is in the companies which introduce big numbers of STB's, mobile phones, modems, routers, antennas and other devices to the market every year, we try to make sure that as much of that equipment as possible is recycled. It is not only a way of reducing the volume of electro-waste but above all a method of reducing the negative impact that old devices have on the environment. At the same time recycling enables recovery of many valuable and rare metals for the industry.

According to the calculations made by GoRepair, an average smartphone contains 8.75 g of copper, 8.31 g of cobalt and 0.25 g of silver. A mobile phone also contains gold – 0.024 g, which means that by recycling 45 devices one can get 1 gram of gold. The average value of all the elements (precious metals) that one handset contains is as much as PLN 8.

[GRI 306-2]

Lp.	Total weight of safe and hazardous waste, depending on the procedure adopted	Weight of waste in 2017 [Mg]				Weight of waste in 2018 [Mg]			
		Non-hazardous waste				Non-hazardous waste			
		Cyfrowy Polsat	Polkomtel	TV Polsat	SUMA	Cyfrowy Polsat	Polkomtel ¹	TV Polsat	SUMA
1	Recycling	616.6	0	4.3	620.9	534.9	1.3	9.7	545.9
2	Salvaging (including recovery of energy)	0	0	0	0	0	0	0	0
3	Other	0	78.8	0	78.8	0	90.2	0	90.2
TOTAL		616.6	78.8	4.3	699.7	534.9	91.5	9.7	636.1

¹ Data refer to Polkomtel and Polkomtel Infrastruktura.

Polkomtel has for many years been consistently encouraging its customers to adopt a pro-ecological attitude. At the company's stationary points of sale one can deposit the waste equipment (handsets, accessories, etc.) which will be later on subjected, free-of-charge, to recycling. Special containers are also available where waste accessories can be dropped. In total, in 2018 we supplied over 11.5 tons of waste electronic equipment for recycling.

Our strategic clients – the big companies with whom Polkomtel has long-term cooperation – are offered assistance in disposing of their electronic equipment. At clients' requests we arrange both, the process of handing the equipment over to a recycling company as well as monitoring of execution of the waste disposal process.

Polkomtel fulfills its statutory duties in the field of recycling and recovery of raw materials and carries out the educational campaigns for the public thanks to the cooperation with specialized organizations. In 2018 Polkomtel introduced 400 tons of packaging and other waste related to electrical and electronic equipment to the market, out of which recycling organizations recovered 32 tons while 20 tons of waste were recycled.

Cyfrowy Polsat cooperates, on continuous basis, with the companies who collect and recycle all sorts of waste generated by the company. In 2018 Cyfrowy Polsat supplied nearly 535 tons of waste (617 tons in 2017) for recycling to specialized recycling firms, with more than half of this amount being electro-waste, while the waste related to packaging materials accounted for nearly 36% of the total volume.

BEST PRACTICE IN CYFROWY POLSAT

Recycling of electro-waste

All electro-waste generated by the staff who repairs customers devices, as well as the company's equipment intended for liquidation, is handed-over to specialized recycling firms. In 2018 over 314 tons of waste, consisting of electrical and electronic devices, were delivered to specialized recycling plants (375 tons in 2017).

Also every Cyfrowy Polsat set-top box we deliver to our customers is "ecological" – the specification of these devices always complies with the valid norms, while power consumption in standby mode does not exceed 1 W. We take care that the equipment is re-used – the devices are loaned to clients for a specific period of time and once they are returned and refurbished they go back to the market again.

Recycling of documents

The documents intended for recycling are shredded with the use of a heavy duty shredder. The shredder grinds the material in line with DIN norm (security level III) while the output is successively conveyed as paper waste for recycling to a company which has a relevant contract with Cyfrowy Polsat.

Recycling of packaging materials

The waste we produce, i.e. paper, plastics, Styrofoam, is carefully segregated by us. There are five big, clearly marked containers for collecting waste at our company location, and in addition we purchased the equipment which enables flattening of cardboard. Thanks to this more cardboard can be loaded onto trucks while waste containers with paper do not have to be emptied so often. The activities that we have undertaken enabled us to supply nearly 192 tons of cardboard and paper as well as 5 tons of plastic film and Styrofoam for recycling in 2018. A year earlier we supplied

nearly 212 tons of cardboard and paper as well as 6 tons of plastic film and Styrofoam for recycling.

Due to the profile of the operations of Polsat TV, ecological activities are predominantly associated with care for proper and efficient disposal of waste. All waste is transferred to specialized companies and recycled outside the company headquarters. In 2018 Polsat TV supplied the following amounts of waste to recycling:

- 275 kg of toner cartridges,
- 3 330 kg of data carriers,
- 1 767 kg electronic equipment,
- 4 400 kg of mixed construction materials.

ECOLOGICAL SET-TOP BOXES FROM INTERPHONE SERVICE

Our InterPhone Service STB factory is equipped with modern machinery and employs exceptional and professional staff at all positions. During more than 11 years of operations, around 8.1 million STBs rolled out of the factory, including the EVOBOX PVR which won the SAT Kurier Awards 2016 award for the best dedicated set-top box. The device is distinguished by its multi-functionality. EVOBOX is not only a satellite TV set-top box but also a device which can be used for showing photos from holiday trips, using the radio or video on-line services. Moreover, EVOBOX HD and EVOBOX LITE STB's, manufactured in the InterPhone Service factory, were launched to the market in 2018. The STB's have built-in Wi-Fi modules thanks to which they support wireless connection to the Internet, which in turn offers the possibility of use of on-line services and enables users to watch thousands of movies, TV series and shows in Cyfrowy Polsat GO services whenever a customer wishes to do so, also ahead of airing of these programs in TV. EVOBOX HD STB received an award in the SAT Kurier Awards 2018 contest for the best digital TV products on the market.

The factory also produces the 300 Home Internet Set which won an award at Poznań International Trade Fair. The set consists of an outdoor modem and a router. It offers access to LTE Advanced technology while supporting data transfer rates of even up to 300 Mbps. The product won the Mobily Trends 2018 contest in the "Mobile Internet Service of 2018" category.

Location of the factory – in EURO-PARK MIELEC Special Economic Zone – guarantees that the factory has no harmful influence on any valuable natural areas. It is also our intention that once the equipment we manufacture leaves our factory, it will have as little impact on natural environment as possible. That is why we strive to make sure that the packaging for all the devices we manufacture **comes from recycling**. In addition, while bearing in mind organizational efficiency, costs and protection of natural environment, we take care that the trucks and vans which transport the equipment and other materials to the sales network are loaded in an optimum way, which helps reduce CO₂ emission.

InterPhone Service set-top box factory holds the following certificates: ISO 9001:2015 and ISO 14001:2015 for design and manufacturing of electronic equipment and PN-N-18001:2004 for design and manufacturing of electronic equipment.

5.4. Electrical power consumption

Electricity savings is one of the most important ecology-related priorities of the Group. We are aware of not only the negative impact that wasted electrical energy has on natural environment but also of the potential financial benefits which can be achieved thanks to a thrifty power consumption policy. We do not disregard any seemingly minor efforts, such as for example leaving computers in stand-by mode – taking into account the size of our organization and the number of people working for us, such efforts translate to actual reduction of the adverse impact on natural environment. An example of this can be the policy introduced in Cyfrowy Polsat which assumes switching off the light when leaving a room, disconnecting chargers once device charging is completed, rational use of water as well as prudent use of air-conditioning.

ECO-RULES FOR CYFROWY POLSAT EMPLOYEES

1. Encourage use of eco-invoices (e-invoices) by our clients
2. Collect waste paper, segregate waste
3. Print only the documents whose printing is necessary
4. Promote ecological attitudes
5. Switch off the "red lights"
6. Conserve energy
7. Be prudent when using air-conditioning
8. Travel ecologically
9. Use eco-bags and containers
10. Play "eco-smileys"

[GRI 302-4]

Polkomtel has implemented ecological solutions in, among others, its continuously growing IT systems. State-of-the-art data storage solutions present in Plus network's server rooms allow the company to achieve tangible power consumption savings. At the same time, latest technological solutions, like highly efficient rectifiers in our power stations which supply electricity for telecommunications equipment, or the free-cooling systems installed in base stations, not only improve the comfort of use of our network for customers but also reduce power consumption and carbon dioxide emission. In addition LED-type lighting has for many years been used in Plus network company stores and partner points of sale for illuminating the signs with the company logo. It is also a standard to use power-saving bulbs and automatic light switches. Recently also cars with low CO₂ emission have been added to the company's car fleet.

[GRI 302-1, GRI 102-48]

Total consumption of energy: produced by own plants or purchased, with division into electrical energy, heat energy in joules or multiples thereof	2017				2018			
	Polkomtel	Cyfrowy Polsat	TV Polsat	Total	Polkomtel ¹	Cyfrowy Polsat	TV Polsat	Total
Electrical energy [MWh]	232 430	10 524	4 444	247 398	238 507	10 634	4 498	253 639
Thermal energy (including steam and consumption of cooling power) [GJ]	7 326	15 471	5 274	28 071	8 565	14 222	5 626	28 413
Natural gas [MWh]	0	0	254	254	0	0	251	251

¹The figures apply to Polkomtel sp. z o.o. and Polkomtel Infrastruktura sp. z o.o.

The "Report of Cyfrowy Polsat S.A. Capital Group and Cyfrowy Polsat S.A. on non-financial information for the years 2016-2017" contained an error concerning the number of MWh of electricity consumed by Polkomtel. The number indicated there was 159 562 MWh. The correct number is 232 430 MWh. The calculations for 2017 did not include power consumption by the base stations powered from the so-called sub-meters as well as those supplied with power on the basis of the so-called comprehensive agreements, i.e. the agreements which cover sale and distribution of electricity.

5.5. Consumption of raw materials

Wherever possible we modernize our infrastructure by replacing older solutions with the latest ones, which are natural environment-friendly. For several years now we have been consistently implementing a system of electronic circulation of documents and we also encourage our clients to do the same. While caring for natural environment and comfort of our customers, we launched so-called "eco-services". Users of all the three services from the Group's portfolio, i.e. TV, Internet access and mobile telephony, can receive invoices or payment slips in electronic form. Documents received electronically

mean convenience for customers, conservation of natural environment and savings in corporate costs. in 2018 over 91.9% of Cyfrowy Polsat customers and 95.3% of Polkomtel customers received electronic invoices.

[GRI 301-1]

Non-renewable	Raw materials/materials according to weight (t, cubic meters)	2017				2018			
		Polkomtel	Cyfrowy Polsat	TV Polsat	Total	Polkomtel ¹	Cyfrowy Polsat	TV Polsat	Total
	Copy paper (tons)	30	51	14	95	21	35	14	123

¹The figures apply to Polkomtel sp. z o.o. and Polkomtel Infrastruktura sp. z o.o.

[GRI 301-1, GRI 102-48]

#	Raw materials / materials consumed, according to weight/volume (tons, cubic meters)	2017				2018			
		Polkomtel	Cyfrowy Polsat	TV Polsat	Total	Polkomtel ¹	Cyfrowy Polsat	TV Polsat	Total
1	Diesel (cubic meters)	429.2	57.5	268.0	754.7	314.1	21.02	222.8	557.9
2	Aviation fuel (cubic meters)	0	0	9.5	9.5	0	0	13.8	13.8
3	Other raw materials and non-renewable materials	442	13.9	123.2	579.1	412.2	35.3	125.0	572.5

¹The figures apply to Polkomtel sp. z o.o. and Polkomtel Infrastruktura sp. z o.o.

Decrease of use of diesel results from the reduction of the number of vehicles with diesel engines. The purchasing trend in the Group changed in 2018 with very ecological gasoline-powered and electric vehicles being purchased.

The "Report of Cyfrowy Polsat S.A. Capital Group and Cyfrowy Polsat S.A. on non-financial information for the years 2016-2017" contained an error concerning consumption of other raw materials and non-renewable materials. In 2017 the value "0" was mistakenly entered for Polkomtel. The above table has been supplemented to include the correct figure for gasoline consumption, namely 442 cu. meters.

[GRI 306-1]

#.	Place of waste water disposal (in cubic meters)	2017				2018			
		Polkomtel	Cyfrowy Polsat	TV Polsat	Total	Polkomtel ¹	Cyfrowy Polsat	TV Polsat	Total
1	To subterranean waters	0	0	0	0	0	0	0	0
2	To surface waters (lakes, rivers, etc.)	0	0	0	0	0	0	0	0
3	Do przedsiębiorstw komunalnych	20 863	11 293	527	32 683	21 658	13 911	562	36 131
Total volume of waste water		32 683	11 293	527	32 683	21 658	13 911	562	36 131

¹The figures apply to Polkomtel sp. z o.o. and Polkomtel Infrastruktura sp. z o.o..

We also monitor the raw materials and other materials used by our Group. We strive to minimize their volume and mass, which should offer savings and translate to benefits for the natural environment.

5.6. Environmental impact of base transceiver stations

[GRI 413-2]

We are listening carefully to the opinions from the public discussion regarding alleged harmful influence of mobile base transceiver stations. Relevant permits, required by Polish law, are secured for each of our base stations before it is put on-air. The permits include the ones related to environmental impact. Polish regulations are still among the most stringent in Europe while our antennas are safe to both, human health and natural environment. As a result of amendments, introduced in 2016, of two orders related to work in electromagnetic fields, the recommended method of measuring the impact of electromagnetic fields has changed. The existing recommendation introduces the obligation to perform the electromagnetic fields measurements in a bigger number of points, which directly translates to improved safety of the people who are in the vicinity of a base station. In 2018 we actively participated in conferences and meetings organized by the National Institute of Communications under the patronage of the Polish Ministry of Digitization which concern the methodology of measurement of electromagnetic fields as well as monitoring of such fields and thie impact they have on the environment.

In 2014 the World Health Organization stated, in its "Electromagnetic Fields and Public Health: Mobile phones" declaration, that research related to the impact that mobile phones have on human health has been carried out for the past 20 years. No links have been determined on the basis of the research that would indicate any relation between use of mobile phones and harm to health. Meanwhile the risks associated with base stations are even smaller than the risk associated with the use of mobile phones.

CHAPTER 6

OUR CORPORATE SOCIAL RESPONSIBILITY AND COMMUNICATION MANAGEMENT FUNDAMENTALS

6. OUR CORPORATE SOCIAL RESPONSIBILITY AND COMMUNICATION MANAGEMENT FUNDAMENTALS

6.1. Key regulations

[Accounting Act – Key Performance Indicators]

We meet the requirements of **Directive EU 2014/95** and the resultant amendments to the Polish Accounting Act.

We operate on an extremely regulated market – while conducting our operations we have to account for several domestic laws, including the telecommunications law, the press law as well as the regulations governing radio and television, the EU law, or the capital market regulations and the best practice for listed companies.

Cyfrowy Polsat Group companies are members of **8 industry** organizations.

6.2. Transparent communications

[GRI 101, 102-45, GRI 102-46, GRI 102-47, GRI 102-50, GRI 102-51, GRI 102-52, GRI 102-54, GRI 102-56]

We understand the importance of responsible communication with the market, the employees and other stakeholders in our Group. For years we have been regularly publishing our financial reports and management reports while the high quality of our investor relations was recognized by numerous prestigious awards that we received. More information on this item can be found Chapter 1 – *Our business*.

We are handing to you the second non-financial report of Cyfrowy Polsat Capital Group which describes our activities in the period from January to December 2018. The first report containing non-financial information was published on 22 March 2018 and exceptionally covered a two-year period – from January 2016 to December 2017. The publication complies with the Global Reporting Initiative Standard in its Core option and with the amended Accounting Act. While complying with the requirements of the Polish Accounting Act, in the years to come we will be providing annual reports. Our non-financial report covers Cyfrowy Polsat Capital Group, and in particular the information related to the following companies:

- Cyfrowy Polsat,
- Polkomtel¹⁵,
- Polsat TV.

Netia S.A., the provider of broadband Internet access and IPTV service offered under the brand “Telewizja Osobista” (Personal TV), is an integral part of our Group. Netia S.A., being a listed company, publishes a separate non-financial statements which is available in the Internet at the following address: <https://inwestor.netia.pl/raport/424530/raport-roczny-r-2018>.

When looking from the point of view of the generated revenue, assets held and the nature of operations, it is the above-mentioned parties that are the key companies of our Group, and in our view they provide the basis for comprehensive description of our business. While responding to the requirements of the amended Accounting Act, all the data is presented with breakdown to the above mentioned companies including, in particular, the data for our dominant party, i.e. Cyfrowy Polsat S.A.

The report has not been subjected to any external verification.

Standard Global Reporting Initiative (GRI) is an international standard for reporting responsible business and sustainable growth for companies. Reporting principles defined by GRI have been created as an international framework for reporting on economic, environmental and social aspects of functioning of organizations. They account for the practical aspects of functioning of diverse organizations, from small firms to international organizations/companies who conduct their operations worldwide.

Source: <http://odpowiedzialnybiznes.pl/hasla-encyklopedii/gri-inaczey-wytyczne-do-raportowania-kwestii-zrownowazonego-rozwoju-ang-global-reporting-initiative/>

¹⁵ The data concerns Polkomtel and Polkomtel Infrastruktura

Just like a year earlier, our report has been compiled in line with the rules defined by the GRI Standard, thus while creating the publication we went through the processes of identification, prioritization and validation. In 2018 we did not hold a dialog session, we used the data collected in November 2016 during the survey relying on AA1000SES international dialog standard, since in our reality the aforementioned data did not lose its validity in any of the discussed areas. The discussion held in 2016 was attended by the representatives of 20 entities operating in our business environment. As assumed, the dialog defined the strategic topics which we have included in our corporate social activities as well as in the present report.

The discussion held during the dialog session in 2016 enabled us to prepare the Relevance Matrix – a set of the topics from the area of corporate social responsibility which are most important for the Group and for its stakeholders and which in our opinion still remained valid in 2018, taking into account the scope of the issues raised in our day-to-day contacts with the Group's stakeholders and based on the discussions with the managers.

[GRI 103-1]

List of key topics for Cyfrowy Polsat Capital Group – the topics which have been indicated as most important by the organization and the stakeholders:

Business and market:

- **Influence of CPCG on Polish economy and legislative environment**
- **CSR management fundamentals**
- **Corporate ethics and governance** (including risk management and prevention of corrupt practices)
- **Responsibility in relations with customers** (including quality of customer service, satisfaction surveys, management of complaints, customer data and privacy protection, assurance of safety of the children using the Internet)
- **Responsible marketing communication and advertising**
- **Responsibility while building TV messages** (including protection of intellectual property and copyrights, editorial standards, educational value of the topics related to sustainable growth, promotion of right attitudes)
- **Product quality**
- **Innovation** (including investments in research and development)

Workplace:

- **Working conditions**
- **Education and development of employees**
- **Work safety**

Positive influence on the social environment:

- **Activities carried out for local communities** (via the POLSAT Foundation, the Group and corporate volunteering)
- **Prevention of digital exclusion**
- **Safety**, offered thanks to the products and the services provided by Plus network
- **Sponsoring** of sports events
- **Promoting active lifestyle** thanks to promotion of sports

Minimization of adverse impact on natural environment:

- **Health and safety of products and services** (throughout the entire lifecycle of a product)
- **Waste**

6.3. Response to the requirements of new regulations

[GRI 103-2, GRI 103-3]

Industry standards and self-regulation

The details related to policies, due diligence procedures as well as result indicators can be found in the chapter Care for the needs of our customers and viewers.

Management fundamentals

All our activities are undertaken in compliance with the law valid in Poland. In particular we act in compliance with:

- Telecommunications Law
- Press Law
- Broadcasting Act

Every year, together with the yearly report, Cyfrowy Polsat Group publishes a statement concerning observance of corporate governance rules in a given year. Relevant documents for the year 2018 are available for the public on our website.

In Poland the corporate governance rules are found in a document entitled Best Practice for GPW Listed Companies 2016. The purpose of these rules is to consolidate the transparency of listed companies, improve the quality of communication between the companies and the investors, strengthen the protection of shareholders rights, also in the areas which are not regulated by the law. Best Practice covers these fields in which implementation of the rules could have positive influence on market valuation of companies, thus reducing the cost of acquisition of capital.

Due diligence procedures

In the case of each company from the Group, it is both the legal departments and the functional units, which carry out specific business activities, that are responsible for making sure that the operations are conducted in compliance with the law.

Our activities on the telecommunications market (Internet access and mobile telephony) are supervised by the Office of Electronic Communications (UKE), while the activity on the TV market is controlled by the National Broadcasting Council (KRRiT). Representatives of our company regularly participate in the work of Polish and international industry organizations while implementing and promoting the solutions developed by these organizations.

We are signatories of numerous voluntary industry agreements.

Most important ones include:

- IAB Polska standards concerning online advertising formats.
- Broadcasters' agreement regarding the principles of dissemination of advertisements and sponsor references regarding food or beverages containing components whose presence in excessive amounts in daily diet is not recommended.
- IAB Polska initiative for fair advertising.
- Code of good practice regarding the principles of protection of minors in respect of on-demand audio-visual media services.
- "Warsaw Declaration": International Cooperation Key to Combating Piracy
- 5G Strategy for Poland Agreement

No dedicated compliance management procedures have been implemented in the Group

Results

(GRI 419-1 Non-compliance with laws and regulations in the social and economic area (penalties for accounting fraud, discrimination in the workplace, etc.))

None of the Group's companies was penalized for non-compliance with laws and regulations in the social and economic area.

Cyfrowy Polsat assures DTH (satellite) access to over 170 Polish-language TV channels, including all the channels from the extensive portfolio of Polsat TV. Every day Polsat TV provides reliable and impartial information on all major events from Poland and from around the world. The top quality of work of our journalists is confirmed by, among others, the audits performed by KRRiT (The National Broadcasting Council).

The Internet access service we provide contributes to providing equal opportunities for the inhabitants of the cities and of the rural areas. Wireless LTE communication offered by **Plus** and **Cyfrowy Polsat** networks reaches both, big cities as well as villages and small towns. Our Internet access service is often the only possibility of getting the connection to the Internet, which reduces the threat of digital exclusion on nationwide scale.

Cyfrowy Polsat, while bearing in mind the good of underage viewers and their protection against harmful content, offers parental control which can be activated for specific channels or shows. As regards VOD, we have adopted the "Code of best practice in the field of protection of minors" which was developed by KRRiT jointly with the IAB Polska Association of the Employers of Internet Industry.

Polsat TV understands the special responsibility connected with the influence that TV, and advertising in particular, has on young viewers. That is why already in 2014, jointly with other leading broadcasters, we signed an agreement protecting children against unhealthy eating habits. We adopted clear principles of qualification of advertising spots and sponsor messages accompanying shows for children, while all advertisers in the industry have to submit declarations confirming compliance of the products they advertise with the criteria developed by the Polish Federation of Food Industry (PFPZ) and the Food and Nutrition Institute (IŻŻ).

Viewers with sight and hearing deficiencies were provided access to our Super Polsat channel in which vast majority of programs have been adapted to the needs of the people with deficiencies. It is a unique medium which serves as a benchmark in the audiovisual policy also outside Poland. Polsat TV also signed the Broadcasters Agreement of 2013 which defines the principles of development of facilities for disabled. In accordance with the relevant provisions, broadcasters are obligated to implement facilities for disabled for 10% of quarterly air time, excluding commercials and telesales, however already in 2019 the threshold will be raised to 15%. In our opinion the above percentage is still too low. That is why in the letters we take part in the consultations initiated by the National Broadcasting Council (KRRiT) and work on continuous increase of the share of programs meeting the expectations of viewers with impaired sight or hearing. The work we are involved in now go forward as far as 2028.

[GRI 102-12, GRI 102-13]

Our representatives participate in the activities of work groups of eight industry organizations of which we are members. Participation in the work of these groups is voluntary while the topics addressed by the groups include such items as development of the telecommunication market, regulation of media market and intellectual property protection. We are also a member of the Polish Association of Listed Companies.

Company	Cyfrowy Polsat	Polkomtel	Polsat TV
Polish IT and Telecommunications Chamber (PIIT)	X	X	
National Chamber of Commerce of Electronic Industry and Telecommunications (KIGEiT)	X		
Polish Chamber of Digital Broadcasting (PIRC)	X		
IAB Polska	X		
SYGNAŁ Association of Distributors of Television Programs	X		X
Polish Internet Surveys	X		
Advertising Council	X		X
Creative Poland Association (Stowarzyszenie Kreatywna Polska)			X

Prevention of corruption and bribery

Management approach disclosures

The Group has never permitted and will never give permission for any corrupt practices. Ethics in business has always had very high priority all over our organization – our Code of Ethics covers the Group's companies. The document defines fair competition, respect for law and ethical behavior.

Due diligence procedures

An internal audit unit operates in Cyfrowy Polsat Group (formally it is a division within Cyfrowy Polsat). Moreover, there is an Internal Control Office at Polkomtel while Polsat TV has the Board and Control Office. These units verify whether operations adhere to the procedures and regulations, and they also deal with the issues related to corruption and bribery in sensitive areas of the organization. Every suspicion of corrupt practices is examined meticulously and if our suspicions are confirmed, then we definitely end our cooperation with a given individual or firm.

In the case of Polsat TV, prevention of corruption and bribery is an element of the duties of the legal department which is responsible for assuring that the adopted ethical norms are observed by the employees.

No dedicated due diligence procedures associated with prevention of corruption exist in the Capital Group.

Results

Prevention of corruption

[GRI 205-3]

In 2018 Cyfrowy Polsat Capital Group noted 1 incident having the nature of corrupt practices. It occurred in Polkomtel.

Noted corruption incidents ended with:	2017	2018
termination of employment or a disciplinary penalty for employees	0	1
refusal to renew contracts with contracting parties due to violation of the rules related to corrupt practices	2	0
court suits related to corrupt practices filed against a reporting organization or its employees during a reporting period	0	0
Total	2	1

Whenever a case of corrupt practices is confirmed, apart from terminating the employment of the guilty person we introduce procedures in our companies to remind other employees of the valid principles and internal regulations. All the cases of violation of the rules by our partners in the years 2017-2018 were discovered while auditing one area (the sales channel). We have tightened the processes, modified the procedures as well as implemented and improved the systems which support this area of activity. We conduct numerous preventive and educational activities.

No incidents having the nature of corruption were discovered in Polsat TV and Cyfrowy Polsat in 2018.

Principles of free competition

[GRI 206-1]

No incidents involving behavior violating the freedom of competition or the anti-trust regulations occurred in Cyfrowy Polsat in 2018.

Two incidents having the nature of anti-competitive behavior and monopolistic practices were noted in Polkomtel in 2018.

No cases of anti-competitive behavior or monopolistic practices occurred in Polsat TV.

Responsibility towards employees

The details related to policies, due diligence procedures as well as result indicators can be found in the chapter: *“Success thanks to the people”*.

Management approach disclosures

In each of the companies who are members of Cyfrowy Polsat Capital Group the employee affairs are regulated by the valid Work Regulations.

We try to make sure that the policies that we use inside the organization reflect the valid standards. This rule also applies to our Work Regulations.

In 2017 we implemented the “Human Resources Policy” which is consistent across the entire Group. The main purpose of the policy is to build an attractive working environment for the existing and potential employees. The document has been based on the solutions that have been working finely in Polkomtel, Cyfrowy Polsat and Polsat TV, and it has been used to align the understanding of the principles of staff management with the values adopted by the Group.

Due diligence procedures

Human Resources Policy regulates the process of hiring of new staff, their adaptation, the offered terms of employment and organizational culture, competence development, freedom of association.

We offer fair remuneration to our employees, depending on the type of their duties, scope of responsibilities and complexity of their tasks. The boundary levels of remuneration at individual employment levels/position are defined by the Remuneration Regulations, while the minimum remuneration level offered by the Group complies with the regulations of Polish law. A common system of HR and payroll support exists across the whole Group, thanks to which the procedures, processes and data are consistent in the whole organization.

Results

The following indicators have been adopted to assess performance:

- **GRI 102-8 Information on employees and other workers**
- **GRI 102-41 Collective bargaining agreements**
- **GRI 405-1 Diversity of governance bodies and employees**
- **GRI 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities**
- **GRI 403-3 Workers with high incidence or high risk of diseases related to their occupation**
- **GRI 403-4 Health and safety topics covered in formal agreements with trade unions**
- **GRI 404-1 Average hours of training per year per employee**
- **GRI 404-3 Percentage of employees receiving regular performance and career development reviews**

We exceed the standards

Selected benefits available for Cyfrowy Polsat Group employees: **[GRI 401-2]**:

- Prepaid medical care package
- Prepaid sports pass
- Promotions for employees
- Insurance
- Special offers for theater tickets

Respect for human rights

The details related to policies, due diligence procedures as well as result indicators can be found in the chapter: "Success thanks to the people".

Management approach disclosures

In Poland respect for human rights is effectively enforced by Polish law. Forced labor or employment of minors are not the practices to which our business is exposed.

Cyfrowy Polsat Group has implemented the Diversity and human rights respect policy. We support the Universal Declaration of Human Rights and the Declaration of the International Labor Organization. The fundamental principles and rights stipulated by these declarations have been incorporated into the "Code of Ethics and Human Resources Policy of Cyfrowy Polsat Group".

By virtue of other regulations and codes (e.g. the Work Regulations or the Regulations of the Anti-Mobbing Committee), the Group's companies are obligated to protect their employees against any act of physical, verbal or psychological harassment; abuse, humiliation or threats coming from either the co-workers or the superiors with respect to the below listed dimensions of diversity: sex, age, sexual orientation, competence, experience, potential degree of disability, nationality, ethnic and social origin, color of skin, communication language, parental status, religion, denomination or lack of any denomination, political views or any other dimensions of diversity which are defined by valid law.

Due diligence procedures

An Internal Anti-Mobbing Committee has been appointed in Cyfrowy Polsat and Polkomtel as an element of the Anti-Mobbing Policy. The Committee is responsible for reviewing the complaints related to occurrence of mobbing. To familiarize our employees with the topic as well as to make them aware of potential threats and the rights they have, regular mandatory training is carried out for the employees with regard to this topic via our e-learning platform. In the case of Polsat TV, acts having the nature of mobbing are covered by the Anti-Mobbing Procedure which is an internal document of that company.

No dedicated procedures aimed at assuring respect for human rights have been adopted in Cyfrowy Polsat Capital Group.

Results

[GRI 406-1]

In December 2018 two complaints regarding mobbing behavior were received by the Anti-Mobbing Committee of Polkomtel Sp. z o.o. The complaints are currently in the process of being reviewed by the Committee.

Activities for the society (community)

The details related to policies, due diligence procedures as well as result indicators can be found in the chapter: "Digital responsibility".

Management approach disclosures

Social and community-related actions are carried out on our behalf by POLSAT Foundation whose mission includes saving the health and lives of children. The framework and the principles of the Foundation's activities are defined in the Incorporation Deed of POLSAT Foundation. The document is available on the Foundation's website – www.fundacjapolsat.pl.

No dedicated policy governing social responsibility issues exists in Cyfrowy Polsat Group.

Due diligence procedures

Due diligent and compliant with the statute performance of POLSAT Foundation's activities is supervised by the Foundation's Board. Since November 2016 the Board has had 8 members. The Board's members include the following:

- Małgorzata Nawrocka
- Katarzyna Ostap-Tomann
- Nina Terentiew-Kraśko
- Józef Birka
- Mirosław Błaszczuk
- Paweł Januszewicz
- Aleksander Myszka
- Tobiasz Solorz

The Foundation's activities are supervised by the Minister of Health.

Results

The following indicators have been adopted to assess performance:

- **GRI 203-1 Infrastructure investments and services supported**
- **GRI 203-2 Significant indirect economic impacts**

We exceed standards

Our definition of corporate social responsibility:

Cyfrowy Polsat Group sees and understands the impact that the services it provides have on local communities. The following are the pillars of our corporate social responsibility activities:

- Safety and security
- Aid for children
- Promotion of sports

For that reason our Capital Group cooperates with the rescue services, i.e. WOPR and MOPR lifeguard services, as well as TOPR and GOPR mountain rescue services, offers donations and supports the activities of POLSAT Foundation, supports amateur and professional sports events while also promoting physical activity among the society.

Key figures:

- POLSAT Foundation provided aid to over **33.8 thousand** children.
- The Foundation provided support to **over 1 200** hospitals and medical centers.
- More than **PLN 231 million** was donated for the Foundation's statutory goals.
- **PLN 19 million** has been obtained for the Foundation from the St. Nicholas Day's commercial block in Polsat TV.
- Over **PLN 19.5 million** was the amount obtained by POLSAT Foundation from the donation of 1% of the income tax.
- Two toll-free emergency numbers were activated by Plus network – 601 100 100 (for emergencies occurring at the seaside and on the lakes) and 601 100 300 (for emergencies in the mountains).
- Around 20 thousand interventions related to incidents occurring at the seaside or on the lakes were recorded during the 15 years of operation of the Integrated Rescue System.
- Over 70% of all the rescue operations in the mountains as well as on the water takes place following a call to one of Plus's emergency numbers.

Environmental impact

The details related to policies, due diligence procedures as well as result indicators can be found in the chapter: *"Environment-friendly Group"*.

Management approach disclosures

All our activities are undertaken while observing the legal order valid in Poland. Our Group operates in compliance with the following laws:

- Environmental Protection Act dated 27 April 2001,
- Waste Management Act dated 14 December 2012,
- Waste Electrical and Electronic Equipment Act dated 29 July 2005,
- Packaging Waste Management Act dated 13 June 2013,
- Waste Batteries and Accumulators Act dated 24 April 2009.

Due diligence procedures

Environmental goals have existed in Polkomtel since 2014. Their observance has become an important element of the Company's strategy. The Company's ecological targets include:

- introduction on the market of only the products which meet the relevant norms and regulations,
- achieving the levels of salvaging and recycling of electrical and electronic equipment, batteries and accumulators as well as packaged products which are not lower than the levels required by the law,
- sale of electricity generated from renewable sources of energy, gas burning or cogeneration in the amounts not lower than required by the law,
- rational and thrifty management of electrical energy,
- restriction of the negative environmental impact of other essential factors affecting the natural environment.

Cyfrowy Polsat in turn has 10 eco-principles, developed jointly with the employees, which demonstrate the pro-environmental attitudes and actions that are promoted by the company.

In addition, our InterPhone Service set-top box factory holds the following certificates: ISO 9001:2015 and ISO 14001:2015 in the field of design and manufacturing of electronic equipment as well as PN-N-18001:2004 standard in the field of design and manufacturing of electronic equipment which was issued by Dekra Certification Sp z o.o., while Polkomtel conforms with ISO 9001:2015 and ISO 14001:2015 standards.

Results

The following indicators have been adopted to assess performance:

- **GRI 301-1 Materials used by weight and volume**
- **GRI 302-1 Energy consumption within the organization**
- **GRI 306-1 Water discharge by quality and destination**
- **GRI 306-2 Waste by type and disposal method**
- **GRI 302-4 Reduction of energy consumption**

We exceed the standards

- We strive to make sure that every set-top box manufactured in Cyfrowy Polsat Group's factory is packed only in recycled packaging. In addition, while caring for organizational efficiency, costs and protection of natural environment we take care that the trucks and vans transporting the equipment and other materials to the sales network are loaded in an optimum manner, which enables reduction of emission of carbon dioxide into the atmosphere.
- The documents which are intended for reprocessing at Cyfrowy Polsat are destroyed in a special heavy duty shredder. The output is successively shipped as waste paper for recycling to the company with whom Cyfrowy Polsat has a relevant contract.
- We conduct continuous collection of waste paper and segregation of waste (e.g. waste toner cartridges). We support good habits which, taking into account the size of the company and the number of people employed, bring tangible changes. We use two-sided printing and copying, switch off the lights when leaving a room, we use the stand-by mode on computers while they are on, we disconnect chargers once battery charging ends, we rationally use water and are conscientious when using air-conditioning.

GRI CONTENT INDEX

[GRI 102-55]

GRI standard number	Indicator number	Indicator title	Required at CORE level	Is it marked in the Report?	Page
Reporting principles and foundation					
GRI 101		Reporting principles and foundation	CORE	Yes	75
General disclosures					
Organization profile					
GRI 102	102-1	Name of the organization	CORE	Yes	7
GRI 102	102-2	A description of the organization's activities, brands, products and/or services	CORE	Yes	7, 10
GRI 102	102-3	Location of the organization's headquarters	CORE	Yes	7
GRI 102	102-4	Location of the organization's operations	CORE	Yes	7
GRI 102	102-5	Ownership and legal form	CORE	Yes	7
GRI 102	102-6	Markets served	CORE	Yes	7
GRI 102	102-7	Scale of the organization	CORE	Yes	6
GRI 102	102-8	Information on employees and other workers of the organization	CORE	Yes	44
GRI 102	102-9	Supply chain	CORE	Yes	68
GRI 102	102-10	Significant changes to the organization and its supply chain	CORE	Yes	7, 43
GRI 102	102-11	Whether and how the organization applies the Precautionary Principle or approach	CORE	Yes	16
GRI 102	102-12	Externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses	CORE	Yes	25, 40, 79
GRI 102	102-13	Membership of associations and organizations	CORE	Yes	25, 79
Strategy					
GRI 102	102-14	Statement from senior decision-maker	CORE	Yes	3
GRI 102	102-15	Description of key impacts, risks, and opportunities	CORE	Yes	3, 16
Ethics and integrity					

GRI standard number	Indicator number	Indicator title	Required at CORE level	Is it marked in the Report?	Page
GRI 102	102-16	Organization's values, principles, standards, and norms of behavior	CORE	Yes	15
Governance structure					
GRI 102	102-18	Governance structure of the organization, including committees of the highest governance body	CORE	Yes	7
Stakeholder engagement					
GRI 102	102-40	A list of stakeholder groups engaged by the organization	CORE	Yes	21
GRI 102	102-41	<u>Employees</u> covered by <u>collective bargaining</u> agreements	CORE	Yes	53
GRI 102	102-42	The basis for identifying and selecting <u>stakeholders</u> with whom to engage	CORE	Yes	21
GRI 102	102-43	Approach to <u>stakeholder</u> engagement, including frequency of engagement by type and by stakeholder group	CORE	Yes	21
GRI 102	102-44	Key topics and concerns that have been raised through <u>stakeholder</u> engagement, including how the organization has responded to those key topics and concerns, including through its reporting	CORE	Yes	25
Reporting Practice					
GRI 102	102-45	Including in the report entities included in the organization's consolidated financial statements	CORE	Yes	75
GRI 102	102-46	Process for defining the report content and the <u>topic Boundaries</u>	CORE	Yes	75
GRI 102	102-47	List of the <u>material topics</u> identified	CORE	Yes	75
GRI 102	102-48	Effect of any restatements of information given in previous reports, and the reasons for such restatements (e.g. mergers, acquisitions, change of base year/periods, nature of business, measurement methods)	CORE	Yes	71
GRI 102	102-49	Changes in reporting	CORE	Not applicable	-
GRI 102	102-50	Reporting period	CORE	Yes	75
GRI 102	102-51	Date of the most recent previous report (if any)	CORE	Yes	75
GRI 102	102-52	Reporting cycle	CORE	Yes	75
GRI 102	102-53	Contact point	CORE	Yes	91

GRI standard number	Indicator number	Indicator title	Required at CORE level	Is it marked in the Report?	Page
GRI 102	102-54	Claims of reporting in accordance with the GRI standards: Core or Comprehensive option	CORE	Yes	75
GRI 102	102-55	GRI content index	CORE	Yes	86
GRI 102	102-56	Organization's policy and current practice with regard to seeking external assurance for the report	CORE	Yes	75
Management Approach					
GRI 103	103-1	Explanation of the material topic and its Boundary	CORE	Yes	76
GRI 103	103-2 103-3	The management approach and its components in the area of compliance with law and regulations Evaluation of the management approach in a given area	CORE	Yes	77
GRI 103	103-2 103-3	The management approach and its components in the area of Human Resources Evaluation of the management approach in a given area	CORE	Yes	46, 78
GRI 103	103-2 103-3	The management approach and its components in the area of Education and training Evaluation of the management approach in a given area	CORE	Yes	48-50
GRI 103	103-2 103-3	The management approach and its components in the area of Diversity and equal opportunity Evaluation of the management approach in a given area	CORE	Yes	44, 84
GRI 103	103-2 103-3	The management approach and its components in the area of Anti-corruption policies and procedures Evaluation of the management approach in a given area	CORE	Yes	83
GRI 103	103-2 103-3	The management approach and its components in the area of social impact Evaluation of the management approach in a given area	CORE	Yes	55, 77
GRI 103	103-2 103-3	The management approach and its components in the area of environmental impact Evaluation of the management approach in a given area	CORE	Yes	69, 86

Topic-specific disclosures					
Economic topics					
Economic performance					
GRI 201	201-1	Direct economic value generated and distributed (including revenues, operating costs, employee wages and benefits, donations and other community investments, undistributed profit and payments to providers of capital and government)		Yes	6
Indirect economic impacts					
GRI 203	203-1	Infrastructure investments and provision of services to communities through commercial, in-kind and pro bono engagements. Impact of these activities on communities		Yes	57, 58, 60, 61, 64
GRI 203	203-2	Identification and description of significant indirect economic impacts, including the scale and extent of impact		Yes	57, 58, 60, 61, 64
Anti-corruption					
GRI 205	205-3	Confirmed incidents of corruption and actions	Yesen	Yes	80
Naruszenie zasad wolnej konkurencji					
GRI 206	206-1	Total number of legal actions regarding anti-competitive behavior and violations of anti-trust and monopoly legislations and their outcomes		Yes	80
Environmental topics					
Materials					
GRI 301	301-1	Non-renewable / renewable materials used by weight or volume		Yes	72
Energy					
GRI 302	302-1	Energy consumption within the organization, including fuel types		Yes	71
GRI 302	302-4	Reduction of energy consumption		Yes	71
Effluents and waste					
GRI 306	306-1	Total volume of water discharge by destination		Yes	72
GRI 306	306-2	Total weight of waste by type and disposal method		Yes	69
Social topics:					
Employment					
GRI 401	401-1	New employee hires and employee turnover		Yes	46

GRI 401	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		Yes	47, 81
Occupational Health and Safety					
GRI 403	403-1	Percentage of workers represented in formal joint management-worker health and safety committees, which advise on occupational safety programs and monitor such programs		Yes	53
GRI 403	403-2	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities		Yes	52
GRI 403	403-3	Workers with high incidence or high risk of diseases related to their occupation		Yes	51
GRI 403	403-4	Health and safety topics covered in formal agreements with trade unions		Yes	53
Training and education					
GRI 404	404-1	Average hours of training per year per employee		Yes	49
GRI 404	404-2	Programs for upgrading employee skills and transition assistance programs which support continued employability and facilitate the retirement process		Yes	50
GRI 404	404-3	Percentage of employees receiving regular performance and career development reviews by gender and employee category		Yes	50
Diversity and equal opportunity					
GRI 405	405-1	Governance bodies and employees, by employee category, gender, age and other indicators of diversity		Yes	7
Non-discrimination					
GRI 406	406-1	Total number of incidents of discrimination and actions Yesen in this respect		Yes	82
Local communities					
GRI 413	413-2	Operations with significant actual and potential negative impacts on local communities		Yes	72
Customer health and safety					
GRI 416	416-2	Incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts		Yes	30
Marketing and labelling of products and services					
GRI 417	417-3	Incidents of non-compliance with regulations and voluntary codes concerning marketing communications		Yes	39
Customer privacy					

GRI 418	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Yes	30
Socioeconomic compliance				
GRI 419	419-1	Non-compliance with laws and regulations in the social and economic area	Yes	78
Requirements of the Directive 2014/95/EU				
Description of the undertaking's business model			Yes	Chapter 1 p. 6, Chapter 2 p.29
Description of key risk management			Yes	Chapter 1 p. 16
Description of the policies, due diligence processes and key performance indicators pursued by the undertaking in relation to employee matters			Yes	Chapter 3 p. 42 Chapter 6 p. 81
Description of the policies, due diligence processes and key performance indicators pursued by the undertaking in relation to environmental matters			Yes	Chapter 5 p. 67 Chapter 6 p. 84
Description of the policies, due diligence processes and key performance indicators pursued by the undertaking in relation to anti-corruption and bribery matters			Yes	Chapter 6 p. 79
Description of the policies, due diligence processes and key performance indicators pursued by the undertaking in relation to respect for human rights <i>We define human rights as: the right to the protection of private life, freedom from degrading treatment, right to non-discrimination</i>			Yes	Chapter 6 p. 82
Description of the policies, due diligence processes and key performance indicators pursued by the undertaking in relation to social matters			Yes	Chapter 4 p. 57 Chapter 6 p. 80

[GRI 102-53]

Should you have any questions regarding this publication, please contact us:

raportcsr@cyfrowypolsat.pl

www.grupapolsat.pl