

Statement and  
report on  
compliance with  
corporate  
governance rules at  
Agora S.A.  
in 2017

8 March 2018

# STATEMENT AND REPORT

  

## ON COMPLIANCE WITH CORPORATE GOVERNANCE RULES AT AGORA S.A. IN 2017

This Statement and Report on compliance with corporate governance rules at Agora S.A. in 2017 has been prepared on the basis of § 91(5)(4) of the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state (consolidated text: Journal of Laws of 2014, item 133, as amended).

### **1. CORPORATE GOVERNANCE CODE APPLICABLE TO THE COMPANY IN 2017**

In 2017, Agora S.A. was required to comply with the corporate governance code set out in the document “Best Practice for WSE Listed Companies 2016” (“Code of Best Practice”). The Code of Best Practice was adopted by resolution No 26/413/2015 of the WSE Board dated 13 October 2015. The Management Board of the Company exercises due care in order to observe the principles of the Code of Best Practice. The Code of Best Practice has been published on the WSE’s website (<https://www.gpw.pl/dobre-praktyki>).

### **2. CORPORATE GOVERNANCE RULES THAT WERE NOT APPLIED BY THE ISSUER, TOGETHER WITH THE CIRCUMSTANCES AND REASONS FOR NON-APPLICATION OF THE ABOVE RULES, AND INFORMATION HOW THE COMPANY INTENDS TO ELIMINATE ANY POSSIBLE CONSEQUENCES OF NON-APPLICATION OF A GIVEN RULE OR WHAT STEPS IT INTENDS TO TAKE TO REDUCE THE RISK OF NON-APPLICATION OF THAT RULE IN THE FUTURE**

In 2017, the Company complied with all rules set out in the Code of Best Practice. The recommendation on providing shareholders with the possibility to participate in general meetings using electronic communication means (IV.R.2), as regards enabling shareholders to participate through real-time bilateral communication where shareholders may take the floor during a general meeting from a location other than the general meeting, was complied with by means of a dedicated e-mail address.

### **3. RECOMMENDATIONS FOR BEST PRACTICE FOR LISTED COMPANIES**

#### **3.1. DISCLOSURE POLICY AND INVESTOR COMMUNICATIONS**

As regards its disclosure policy, the Company observes the recommendations by ensuring that all interested parties have easy and non-discriminatory access to disclosed information using diverse tools of communication.

The Company operates a corporate website and publishes on it, in a legible form and in a separate section, information required under the legislation and detailed rules of the Code of Good Practice, as well as other corporate documents aimed at presenting the Company's business profile as broadly as possible to all interested parties. Although Agora S.A.'s shares are not qualified for the WIG20 and mWIG40 indices, the Company provides all the above information and documents also in English.

In addition, the Company operates a mobile version of the investor relations service and Agora's press office, as well as the Company's Twitter account, thus ensuring access to information on an ongoing basis. The Company ensures direct and personal contact with employees of the Investor Relations Department and representatives of the Company's Management Board. The Company also offers a subscription to the corporate newsletter containing selected corporate information or press releases. Additionally, the Company is engaged in industry-focused mailing activities, providing reports on individual media segments. On its website, the Company also publishes reports on compliance with corporate governance rules and information on the policy for changing the entity authorized to audit financial statements. In early 2018, the Company launched a new version of the corporate website.

Where the Company becomes aware that untrue information is disseminated in the media, which may significantly affect its evaluation or image, the Management Board of the Company, as soon as such information is known, decides how to respond to such information in the most effective way – whether by publishing a statement on the Company's corporate website or by using other, selected solutions, where such solutions are considered more appropriate due to the nature of the information and the circumstances in which such information is published.

The Company makes every effort to prepare and publish periodic reports as soon as possible after the end of a reporting period, taking into account the complexity of the Company's capital structure. The Management Board of Agora S.A. regularly meets with representatives of the capital market and the media at meetings held after the publication of quarterly results. These meetings are also broadcast online so as to enable all those who could not appear personally to follow the course of such a meeting, as well as to ask questions by e-mail.

### **3.2. BEST PRACTICES FOR MANAGEMENT BOARDS OF LISTED COMPANIES AND MEMBERS OF SUPERVISORY BOARDS**

The Company's Management Board and Supervisory Board act in the interest of the Company. The Management Board and the Supervisory Board have members who represent high qualifications and experience.

Serving on the Management Board of the Company is the main area of the professional activity of Management Board members. The division of responsibilities for individual areas of the company's activity among Management Board members is published by the Company on its corporate website. As part of the division of responsibilities among the Management Board members in 2017, one of them also served as the President of the Management Board of a subsidiary – Helios S.A. – included in the business segment directly supervised by that member. Another member of the Management Board was also a member of the Management Board of Stopklatka S.A., i.e. a subsidiary supervised by that member on behalf of Agora S.A. In the opinion of the Management Board, this supports the effective implementation of the development plan of both these companies and the entire enterprise of the issuer.

The Company's Supervisory Board has no control over the selection of candidates to the Management Board of the Company. Candidates for members of the Management Board are nominated by shareholders holding series A shares, while the Management Board members are appointed by the General Meeting (with the reservation that Management Board members may be co-opted in accordance with the Statutes). Nevertheless, when assessing the performance of individual members of the Management Board after the end of each financial year, the Supervisory Board discusses the professional plans with each of the Management Board members in order to ensure efficient operations of the Management Board.

Members of Agora's Supervisory Board represent diversified fields of expertise and many years of professional experience allowing them to look at issues related to the Company's and the Group's operations from a broader perspective. Supervisory Board representatives are able to devote the time necessary to perform their duties. If a Supervisory Board member resigns or is unable to perform his or her duties, the Company immediately takes steps necessary to ensure substitution or replacement on the Supervisory Board, provided that members of the Supervisory Board are appointed by the General Meeting. In accordance with requirements of the Code of Best Practice, at least two members of the Supervisory Board meet the criteria of being independent.

Members of the Company's Supervisory Board receive all necessary information on the Company's and Group's operations on an ongoing basis. In addition, the Company allows its Supervisory Board to use professional and independent advisory services (taking into account the Company's financial position) necessary for the Supervisory Board to exercise effective supervision in the Company.

The Supervisory Board of Agora did not depart from any of the Good Practices applied by members of the supervisory boards. As part of its responsibilities, the Board prepares a brief assessment of the Company's standing, including an evaluation of the internal control, risk management and compliance systems and the internal audit function. The aforesaid assessment covers all significant controls, in particular financial reporting and operational controls. This assessment is published by the Company together with all materials related to the general meeting on the Company's corporate website.

At the same time, the Supervisory Board reviews and issues opinions on matters to be discussed at the general meeting. Representatives of the Supervisory Board always participate in the General Meeting in a composition enabling them to answer any questions from shareholders, to the extent permitted by the applicable law. In 2017, the Supervisory Board was represented at the General Meeting by its Chairman, Mr Andrzej Szlęzak.

Each year, the Supervisory Board also prepares a report on its activities in the financial year. The Board will also prepare the report on its activities in 2017. This report will comprise information on: composition of the Board and its Committees, the Board members' fulfilment of the independence criteria, number of meetings of the Board and its Committees in the reporting period and self-assessment of the Supervisory Board's performance. The Supervisory Board will also present its assessment of the company's compliance with the disclosure obligations concerning compliance with the corporate governance principles defined in the Exchange Rules and the regulations on current and periodic reports published by issuers of securities, as well as an assessment of the rationality of the company's policy for sponsorship, charity or other similar activities or information about the absence of such policy.

Where there is any relationship between a member of the Supervisory Board and any shareholder who holds at least 5% of the total vote in the company, such member notifies the Company's Management Board and other members of the Supervisory Board of this fact. The same applies if there is a conflict of interest or a potential conflict of interest.

### 3.3. GENERAL MEETING AND SHAREHOLDER RELATIONS

At present, securities issued by the Company are traded only on the Warsaw Stock Exchange, hence all the Company's shareholders acquire their rights on the same dates in accordance with the Polish legal system. All shareholders have the same rights as far as the transactions and contracts executed between the Company and its shareholders or related entities are concerned. In the event of amendments to the rules of the general meeting, the Company endeavours to do so in good time in order to enable all shareholders to exercise their rights, and the Company strives to ensure that the amendments to the rules of the general meeting take effect at the earliest as of the next general meeting.

The Company also makes every effort (including determination of the venue and date of the general meeting) to ensure the participation of the highest possible number of shareholders in the general meeting. The Company informs without delay about any changes concerning the organization of the general meeting, including any changes to the agenda of the general meeting. Agora also enables media representatives to participate in the general meeting of the Company.

The Company strives to hold an ordinary general meeting as soon as possible (taking also into account the organization of the Agora Group's operations) after the publication of an annual report and set the date in keeping with the applicable legislation. On 21 June 2017, the Company's General Meeting, convened at the request of the

Management Board, was held at its registered office in Warsaw, and all documents related to its organization and course, including the recording of video broadcasts, were published on the Company's corporate website. The meeting was held in accordance with the provisions of the Commercial Companies Code and the Rules of the General Meeting. Members of the Management Board and Supervisory Board as well as the statutory auditor were present during the general meeting and were ready to provide explanations within the scope of their competences and legal regulations. In the case of questions from shareholders and answers given to them during the course of the general meeting, they are available to the public via real-time broadcasting of the general meeting. In addition, if necessary, the Company prepares a list of questions asked before and during the general meeting and answers to such questions. The questions are answered by representatives of the Company's Management Board and Supervisory Board present at the general meeting.

During the Ordinary General Meeting of the Company held in 2017, no amendments were made to the rules of the General Meeting and the Company's Statutes.

The General Meeting approved the Company's annual separate and consolidated financial statements for the financial year 2016 and the Management's Report on the Company's activities in the financial year 2016.

The General Meeting determined the number of members of the Supervisory Board of the term of office commencing with its conclusion at 6 persons, appointing Dariusz Formela, Tomasz Sielicki, Wanda Rapaczyński, Andrzej Szlęzak, Anna Maria Kryńska-Godlewska and Andrzej Dobosz to the Supervisory Board.

In 2017, the General Meeting hereby approves the appointment of Agnieszka Sadowska to the Management Board which took place by co-optation on 1 March 2017.

In 2017, the Ordinary General Meeting also adopted a resolution on covering the net loss from the Company's supplementary capital and authorized the Management Board to acquire the Company's treasury shares for subsequent redemption. For this purpose, the General Meeting allocated the amount of PLN 23,832,713 from the supplementary capital to a reserve fund created to execute the buy-back of treasury shares.

On 8 November 2017, an Extraordinary General Meeting was also held. It was convened at the request of the Management Board, held at its registered office in Warsaw, and all documents related to its organization and course, including the recording of video broadcasts, were published on the Company's corporate website. The meeting was held in accordance with the provisions of the Commercial Companies Code and the Rules of the General Meeting.

The Extraordinary General Meeting appointed Anna Kryńska-Godlewska and Grzegorz Kania to the Management Board of Agora for a joint term of office which will expire on the date of the General Meeting approving the financial statements for 2017.

For several years, the Company has provided real-time broadcast of the general meeting in Polish and in English. During both general meetings held in 2017, the Company provided shareholders with the possibility of bilateral real-time communication using electronic means of communication via a dedicated e-mail address. Due to significant financial and technological expenditure and potential legal doubts, the Company does not enable shareholders to exercise, in person or by proxy, their voting rights during the general meeting using electronic means of communication.

The Company strives to comply with all detailed rules concerning the general meeting and shareholder relations indicated in the Code of Best Practice.

#### **4. OPERATION AND KEY POWERS OF THE GENERAL MEETING, SHAREHOLDERS' RIGHTS AND THE MANNER OF THEIR EXERCISE**

The General Meeting of Agora ("GM") acts on the basis of the Commercial Companies Code and Agora's Statutes. Pursuant to Section 16(2) of the Statutes, the GM may adopt the Rules of the General Meeting, setting out the rules of its operation. The adoption, amendment or revocation of the Rules require three-quarters of the votes cast to be valid. The Rules of the GM is available at URL: <http://www.agora.pl/agora/1,114307,1647307.html#TRNavSST>. The GM is convened in accordance with the provisions of the Code of Commercial Companies.

Resolutions of the General Meeting are passed by an absolute majority of the votes cast unless the Code of Commercial Companies or the Statutes provide otherwise. Pursuant to § 15(2) of the Statutes, resolutions

concerning a merger of the Company with another entity, other forms of consolidation that are or will be allowed under law, division of the Company, remuneration of members of the Supervisory Board, including individual remuneration of those members who were elected to a continuous supervisory, are adopted by a majority of three-quarters of votes cast. The majority of three-quarters of votes cast when the shareholders representing at least 50% of the Company's share capital are present, is required for resolutions on the removal of matters from the agenda of the general meeting that were previously contained in the agenda. In the event a motion for such removal is submitted by the Company's Management Board, an absolute majority of votes cast is required in order to adopt such a resolution. Acquisition or disposal of real property, a perpetual usufruct right or interest in real property does not require the GM's resolution.

Pursuant to § 15(4) of the Statutes, the removal of any matters from the agenda of the general meeting at the request made, on the basis of Article 400 or Article 401 of the Code of Commercial Companies, by a shareholder representing at least such part of the Company's share capital as is indicated in the said provisions, requires consent of the shareholder who made such request. Adoption of a resolution relating to shareholder's liability with respect to the Company due to any reason shall require an absolute majority of three-quarters of votes cast in the presence of shareholders representing at least 50% of all the Company shares conferring the right to vote in the adoption of such resolution.

According to § 17(1) of the Statutes, none of the shareholders may exercise more than 20% of the overall number of votes at the general meeting, provided that for the purposes of establishing obligations of purchasers of material blocks of shares as provided in the Act on Public Offering such restriction of the voting rights does not exist. This restriction of the voting rights does not apply also to:

- ▶ shareholders holding the preferred series A shares;
- ▶ a shareholder who, while having no more than 20% of the overall number of votes at the general meeting, announced, in accordance with the Act on Public Offering, a tender for subscription for the sale or exchange of all the shares of the Company and in result of such tender purchased shares which, including the previously held Company shares, authorize the said shareholder to exercise at least 75% of the overall number of votes at the general meeting. For the purposes of calculating a shareholder's share in the overall number of votes at the general meeting referred to above, it is assumed that the restriction of the voting rights (up to 20%) does not exist.

Pursuant to § 17(5) of the Statutes, at any General Meeting the percentage of votes of foreign entities and entities controlled by foreign entities may not be greater than 49%. The limitation does not apply to entities with their seats or residence in a Member State of the European Economic Area.

Each share, whether preferred or not, entitles its holder to one vote in connection with passing a resolution regarding the withdrawal of the Company's shares from public trading.

Pursuant to § 7(1) of the Statutes, in addition to registered series A shares, the Company's share capital comprises also ordinary, both registered and bearer, BiD series shares. Series A registered shares are preferred in such a way that each of them carries five votes at the general meeting, subject to the above reservations.

Pursuant to § 11(1) of the Statutes, the sale or conversion of preferred series A shares into bearer shares requires the written consent of shareholders holding at least 50% of the preferred series A shares registered in the share register on the date of filing the request for a permit for sale or conversion of preferred series A shares into bearer shares. Within 14 days from the date of receipt of the request, the Management Board is obliged to deliver a copy of the request to each holder of preferred series A shares who are authorized to express their consent, to the address of each shareholder registered in the share register.

Candidates for members of the Supervisory Board may be nominated by shareholders holding preferred series A shares or shareholders who documented their entitlement to not less than 5% of the votes at the last general meeting before the candidates were nominated and who, at the time of making the nomination, hold not less than 5% of the Company's share capital (§ 21(1)(a) of the Statutes). Where a member of the Supervisory Board tenders his/her resignation, other Supervisory Board members may appoint by means of co-optation a new member who will perform his/her duties until the general meeting appoints a Supervisory Board member, however no longer than until the end of the common term of office of the Supervisory Board. Dismissal (removal) of a member of the Supervisory Board prior to the end of the common term of office of the Supervisory Board may be effected by a resolution of the general meeting adopted by a simple majority of votes, provided that until the expiry of the

preferred status of series A shares 80% of voting rights attached to all outstanding series A shares are cast in favour of such resolution.

Information on powers of the general meeting and rights of shareholders to appoint and dismiss the Management Board members is provided further in this document.

Bearer shares may not be converted into registered share.

The rights of the Company's shareholders, including minority shareholders, are exercised to the extent and in a manner consistent with the provisions of the Code of Commercial Companies.

In accordance with the principles of transparency, effective information policy and in an effort to ensure that all shareholders have equal access to information about the Company, Agora S.A. broadcasts the general meeting online, in Polish and English.

General meetings of the Company are always attended by representatives of the Company's Management Board, Supervisory Board and the statutory auditor.

## **5. COMPOSITION AND CHANGES THEREOF, AS WELL AS THE RULES OF OPERATION OF MANAGEMENT AND SUPERVISORY BODIES OF THE COMPANY AND THEIR COMMITTEES.**

### **5.1. Management Board**

The Management Board operates on the basis of the Commercial Companies Code and the Statutes. Pursuant to the Statutes, the Management Board is composed of 3–6 members with the exact number determined by the shareholders holding the majority of preferred series A shares, and following the expiration of such preferred status of all series A shares, by the Supervisory Board (§ 28 of the Statutes).

The term of office of the Management Board is 5 years (§ 29(1) of the Statutes). Remuneration and other benefits for Members of the Management Board are determined by the Supervisory Board in consultation with the President of the Management Board. In accordance with § 27 of the Company's Statutes, the Management Board manages the Company's affairs and represents the Company in dealings with third parties. Responsibilities of the Management Board include all matters related to conducting the Company's affairs not reserved for other governing bodies of the Company. Resolutions of the Management Board are adopted by a simple majority of votes cast (§ 34(1) of the Statutes). Each member of the Management Board is authorized to make binding statements with respect to property rights and obligations of the Company and to sign on behalf of the Company. The Management Board's organization and manner of operation is defined in detail in the rules of organization and operation of the Management Board.

Pursuant to § 35 of the Statutes, members of the Management Board are bound by a non-competition clause. In particular, they may not engage in any competitive business or participate in such business as its participant, shareholder or member of its governing bodies. This prohibition does not pertain to the participation by members of the Management Board in supervisory and management bodies of competing entities in which the Company directly or indirectly holds any shares and the acquisition by members of the Management Board of no more than 1% of the shares in competing public companies.

As at the date of presenting this Directors' Report, the Company's Management Board is composed of the following members:

- Bartosz Hojka - President of the Management Board,
- Tomasz Jagiełło - Member of the Management Board,
- Agnieszka Sadowska - Member of the Management Board (since 1 March 2017),
- Anna Kryńska-Godlewska - Member of the Management Board (since 8 November 2017),
- Grzegorz Kania - Member of the Management Board (since 8 November 2017).

**Bartosz Hojka**

Member of the Company's Management Board since 28 June 2013. President of Agora's Management Board since 12 March 2014.

He supervises Radio and Press Segments, Corporate Sales division, as well as Human Resources and Corporate Communications departments. He is a member of supervisory boards of Helios S.A., AMS S.A., Yeldbird Sp. z o.o., Goldenline Sp. z o.o. and Stopklatka S.A.

From the very beginning of his professional career, he has been involved with the electronic media, including working as an editor in Radio Katowice TOP and TVP regional center in Katowice. He started his work in Agora in 1998 as a program director in Silesian Karolina radio. Later, as a program and marketing director of all stations of Agora Radio Group (GRA) he was responsible for, among others, the launch of the Złote Przeboje brand. In 2005–2013, a member of the management board and managing director of GRA, a radio group comprising Radio Złote Przeboje, Rock Radio, Radio Pogoda and Radio TOK FM where GRA is the majority shareholder. He restructured Agora's radio operations which resulted in improvement of the segment's profitability. Under his leadership, Radio TOK FM has become one of the most influential media in Poland. At that time, GRA has increased the scale of its operations and developed, under the brand name Tuba.FM, innovative products dedicated to online, mobile device and SMART TV users. Furthermore, GRA founded Doradztwo Mediowe – the market leader in radio brokerage services. At present, it includes the Tandem Media team.

Bartosz Hojka is a member of the Digital News Initiative (DNI) Fund – a fund set up by Google, where publishers from all over Europe can apply for funding for projects to develop quality journalism through technology and innovation.

Born in 1974, graduate of journalism faculty at the University of Silesia. Since 2010, lecturer at the Department of Radio and Television at the University of Silesia.

#### **Tomasz Jagiełło**

Since 28 June 2013, a member of Agora's Management Board. He supervises Helios, NEXT FILM and Agora's Publishing House, as well as the General Counsel department of Agora. He is a member of supervisory boards of AMS S.A. and Stopklatka S.A.

Tomasz Jagiełło is the founder and president of the management board of Helios S.A., the largest cinema operator in Poland in terms of the number of cinemas. Co-founder of the company's success, from the beginning responsible for its development and strategy. He represented the company during the acquisition of 5 cinemas from the Kinoplex network in 2007 and during the acquisition of a majority stake in Helios by Agora SA in 2010. He was one of the initiators of establishing the company NEXT FILM Sp. z o.o., so that Helios has expanded its activities into film distribution market.

Long-time board member of the Association of Polish Cinemas. Over several years, he was also a member of the Polish Film Institute.

Born in 1967, graduated from the Faculty of Law at the University of Łódź and the Faculty of Law at the University of Edinburgh.

#### **Agnieszka Sadowska**

Member of Agora's Management Board since 1 March 2017. She supervises the Internet, Print and Outdoor Advertising segments, Magazines division, Big Data department and TV business.

Agnieszka Sadowska has been working at Agora since 1999. She began her career as a financial analyst. She also worked in the New Projects division, responsible for acquisitions and investments in the Agora Group, and was also head of Controlling & Business Development division.

In 2010–2013, she was the managing director of Publio.pl, an online platform with e-books and audiobooks. She was responsible for the concept of the platform and oversaw the creation and operation of the service which in just a year after the start was at the forefront of online bookstores with electronic publications.

Since November 2013, Agnieszka Sadowska has been successfully developing television business in the Agora Group, including development of Stopklatka TV, a TV channel run in cooperation with Kino Polska TV S.A. She is a member of the Management Board of Stopklatka S.A. and the co-creator of the company's success. The channel proved profitable after less than 3 year from its launch. At the same time, within the structures of Agora S.A., she was responsible for the Company's successful conduct through the licensing process and obtaining a license to broadcast terrestrial television channel METRO within MUX-8. Since 2016, she was the President of the Management Board of



Green Content Sp. z o.o. which received a license to broadcast the METRO channel. The channel was launched on 2 December 2016, and since the beginning it has achieved the best results among all TV channels on MUX-8. Agnieszka Sadowska also participated in the process of acquisition by Agora of strategic investor for the development of METRO, as well as in the subsequent sale of the channel to Discovery Poland.

Born in 1974, graduate of the Faculty of Finance and Banking at the University of Economics in Wrocław. In 1999, she earned an MBA at the Warsaw University of Technology Business School. She completed numerous training courses in management and finance, including ACCA, obtaining the status of ACCA member.

#### **Anna Kryńska-Godlewska**

Member of Agora's Management Board since 8 November 2017. She supervises the New Business Development division.

Anna Kryńska-Godlewska is a manager with more than twenty years of experience in the field of capital investment management. For the past 20 years, she has been associated with the Media Development Investment Fund, where she has been the Chief Investment Officer and Management Board Member, specialising in direct investments in media companies in Europe, Asia, Africa and South America for the past nine years. Previously, she worked at, among others, Fidea Management, the management company of X NFI, CIECH S.A. and Bank Handlowy in Warsaw. She was a member of Agora S.A.'s Supervisory Board from 23 June 2016 until 8 November 2017.

Born in 1972, she is a graduate of the Warsaw School of Economics, Faculty of Finance and Banking System and the Institute Francais de Gestion. She has complete further professional training courses, e.g. at Harvard Business School.

#### **Grzegorz Kania**

Member of Agora's Management Board since 8 November 2017. He supervises Finance and Administration as well as Technology divisions, and Internal Audit department.

Grzegorz Kania specialises in financial management and has nearly twenty years of experience in international companies. He started his career at PricewaterhouseCoopers, specialising in consulting and auditing services for companies in the new technology, media and entertainment industries. In 2003-2008, he was Deputy Chief Financial Officer of UPC Polska. In 2008-2011, he was responsible for finances of the Scandinavian BLStream Capital Group (now Intive), a provider of mobile applications and other IT solutions. Since 2012 he has been CFO at Ringier Axel Springer Poland and since 2014 he worked as CFO in Onet-RAS Poland Group.

Born in 1973, graduate of the Faculty of Computer Science and Management at the Wrocław University of Science and Technology. An ACCA member since 2001.

### **5.2. Supervisory Board**

The Supervisory Board operates on the basis of the Commercial Companies Code and the Statutes. In accordance with §18(1) of the Company's Statutes, the Supervisory Board is composed of no less than six and no more than ten members appointed by the General Meeting subject to other provisions of the Statutes. The number of Supervisory Board members is determined by the General Meeting. The General Meeting appoints the Chairman of the Supervisory Board. Members of the Supervisory Board may elect from among themselves a deputy of the chairman or persons performing other functions (§18(2) of the Statutes).

Members of the Supervisory Board are appointed for a joint term of office of three years. Consequently, the term of office of the previous Supervisory Board expired on the date of the Company's General Meeting approving the financial statements for 2015, i.e. on 23 June 2016. On the same day, the General Meeting of the Company's Shareholders appointed the current Supervisory Board whose term of office will expire on the date of the Company's General Meeting approving the financial statements for 2018.

Pursuant to § 20(4) of the Statutes, at least two members of the Supervisory Board are independent members. At present, the majority of the Supervisory Board members are independent. The majority of members of the Supervisory Board also meet the independence requirements specified in the Code of Best Practice. Specific competencies of Agora's Supervisory Board include, among others, assessment of the Directors' Report on the Company's operations and the Company's financial statements, assessment of the Management Board's proposals concerning profit distribution or loss coverage, determination of remuneration of the Management Board's members in consultation with the President of the Management Board, appointment of a statutory auditor and approval of significant transactions between the Company and its related parties, as well as other matters provided

for by the provisions of law and the Statutes. Pursuant to § 23(8) of the Statutes, the Supervisory Board meetings are convened at least once a quarter. The Chairman also convenes Supervisory Board meetings at the request of the Company's Management Board, expressed in a resolution or at the request of each member of the Supervisory Board. Supervisory Board meetings may be held with the use of means of remote communication in a manner allowing communication among all members taking part in such a meeting. The venue of a meeting held with the use of means of remote communication is the location of the person who chairs the meeting.

Pursuant to § 23(5) of the Statutes, resolutions of the Supervisory Board are adopted by an absolute majority of votes cast in the presence of at least half of the members of the Supervisory Board, except where other provision of the Statutes provide for a different majority and quorum.

As at the date of presenting this Directors' Report, the Company's Supervisory Board (current term of office) is composed of the following members:

- Andrzej Szlęzak – Chairman of the Supervisory Board,
- Andrzej Dobosz – Member of the Supervisory Board,
- Dariusz Formela – Member of the Supervisory Board,
- Wanda Rapaczynski – Member of the Supervisory Board,
- Tomasz Sielicki – Member of the Supervisory Board,
- Maciej Wiśniewski – Member of the Supervisory Board (since 9 November 2017).

As at the date of the Ordinary General Meeting of the Company's Shareholders, i.e. 21 June 2017, the Company's Supervisory Board (previous term of office) was composed of the following members:

- Andrzej Szlęzak – Chairman of the Supervisory Board,
- Andrzej Dobosz – Member of the Supervisory Board,
- Dariusz Formela – Member of the Supervisory Board,
- Anna Kryńska – Godlewska – Member of the Supervisory Board,
- Wanda Rapaczynski – Member of the Supervisory Board,
- Tomasz Sielicki – Member of the Supervisory Board.

#### **Andrzej Szlęzak, Ph.D.**

Partner in the Soltysinski, Kawecki & Szlezak (SK&S) law firm. He joined SK&S shortly after its founding in 1991, in 1993 he became a partner and in 1996 a senior partner. At SK&S, he was engaged in legal services in a number of privatizations and restructuring processes of various sectors of Polish industry and banking. He supervised numerous merger and acquisition projects, participated in greenfield projects, prepared a large number of transaction documents, and was the author of numerous legal opinions from the field of civil and commercial law. He is an arbitrator of the Court of Arbitration at the Polish Chamber of Commerce in Warsaw and Vice-President of the Council of Arbitration, and was frequently appointed as an arbitrator in disputes brought before the ICC International Court of Arbitration in Paris.

Andrzej Szlezak received his master's degrees in Law and English Philology at the Adam Mickiewicz University in Poznan. In 1979–1981, he was a trainee judge at the Regional Court in Poznan. Since 1979, he was a research worker in the Institute of Civil Law at the Adam Mickiewicz University, where he received his doctorate and habilitation degree in the field of civil law. In 1994, he was appointed professor of the Adam Mickiewicz University until his departure from the Faculty of Law in 1996. A. Szlezak, Ph.D., was a scholarship holder of a number of foreign universities, including the universities of Oxford and Michigan. Currently, A. Szlezak is a professor of the University of Social Sciences and Humanities (SWPS) in Warsaw. He is the author of numerous publications, including foreign-language ones, in the area of civil and commercial law.

The General Meeting of Shareholders appointed Andrzej Szlezak to the position of the Chairman of Agora S.A.'s Supervisory Board. Andrzej Szlezak is a member of the Human Resources and Remuneration Commission in Agora's Supervisory Board.

The independence of Supervisory Board Members and the Committees operating in the Supervisory Board are discussed in separate section of the report.

#### **Andrzej Dobosz**

Polish literary critic, journalist and non-professional actor. He used to be a member of Krzywe Koło Club, the Polish Writers' Union and Polish Philosophical Society. He is a member of Polish PEN Club, Association of Art Historians and Polish Filmmakers Association. Author of such publications as "Z różnych półek", "Pustelnik z Krakowskiego Przedmieścia", "Ogrody i śmietniki", "Generał w bibliotece".

He studied at the Polish Language Department and Philosophy at Warsaw University.

Andrzej Dobosz is a member of the Human Resources and Remuneration Commission in Agora's Supervisory Board.

#### **Dariusz Formela**

Since 2012, the president of the management board of Gobarto S.A. (previously PKM DUDA S.A.) responsible for development and implementation of the company's strategy. In 2009–2012, he was a member of the management board of PKM DUDA S.A. and president of the management board of CM Makton S.A. In 1998–2008, he worked for the ORLEN Capital Group, where he was also a member of the management board of PKN ORLEN and Możejki Nafta responsible for, among others, the oversight of the group companies and the integration of capital assets. He was also responsible for development and implementation of the restructuring plan in the ORLEN Capital Group. Dariusz Formela is a member of the Audit Committee of Avia Solutions Group S.A.

He is a graduate of the Law and Administration Faculty at the University of Gdansk. He also obtained an MBA diploma from the University of Bradford and Kozminski University.

Dariusz Formela is a member of the Audit Committee in Agora's Supervisory Board.

#### **Wanda Rapaczynski**

Associated with the company almost since its inception. In 1998–2007 and between 28 June 2013 and 12 March 2014, she served as the President of the Management Board. Under her leadership, Agora grew into one of the largest and most well-known media companies in Central and Eastern Europe. After resignation from the function of the President of the Management Board in 2007, she remained associated with Agora as an advisor to the Supervisory Board until her appointment to the supervisory body. Member of the Supervisory Board of the Company in 2009–2013. She represented Agora in the European Publishers Council and the Polish Confederation of Private Employers LEWIATAN, where she was a member of the main board and a member of the supervisory board of the Polish Private Media and Advertising Employers Confederation.

In 1984–1992, she was the Head of New Product Development in Citibank NA in New York. Previously, for two years she was the director of a research project at the Faculty of Psychology at Yale University, and in 1977–1979 a research worker at Educational Testing Service in Princeton, New Jersey. Her professional career began as a psychology lecturer at universities in New York and Connecticut.

She is a member of the Supervisory Board of Adecco S.A. since 2008, a Swiss company operating internationally, specialized in recruiting activities, where she chairs the Corporate Governance Committee. For years she was a member of the Council of the Central European University in Budapest, where she chaired its Audit Committee. She was also a member of the International Advisory Council at the Brookings Institution in Washington for many years. Since 2002 she has been a member of Polish Group in the Trilateral Commission.

In 1977 she received a Ph.D. in Psychology from City University of New York. A graduate of Yale University, School of Organization and Management, where in 1984 she received a Master of Private & Public Management.

Wanda Rapaczynski is a member of the Human Resources and Remuneration Commission in Agora's Supervisory Board.

#### **Tomasz Sielicki**

Tomasz Sielicki worked in Sygnity S.A. (formerly ComputerLand S.A.) since the company's inception in 1991. From 1992 to 2005, he served as the President of the Management Board, later for two years he served as the President of the Sygnity Group (formerly ComputerLand Group). He is widely considered to be the founder of the company's success. In 2007–2017, he was a member of the Supervisory Board of Sygnity S.A.

He is a member of, among others, the Information Society Development Foundation Council, Council of the Gessel Foundation for the National Museum in Warsaw, Trilateral Commission, Council of the United Way Foundation, Program Council of Leslaw Paga Academy of Capital Market Leaders, Public Affairs Institute, and a board member of the Polish Olympics Committee.

Tomasz Sielicki is a member of the Audit Committee in Agora's Supervisory Board.

### **Maciej Wiśniewski**

Maciej Wiśniewski has twenty years of experience in investment management and investment funds. He successfully founded, developed and sold Investors Towarzystwo Funduszy Inwestycyjnych S.A. which was one of the first private investment fund companies on the Polish market. Previously, he was associated with BZ WBK AIB Asset Management and LG Bank. He started his professional career at Raiffeisen Capital and Bank Millennium.

Maciej Wiśniewski graduated from the Faculty of Finance and Banking at the Warsaw School of Economics and the Faculty of Finance at London Business School.

Maciej Wiśniewski is a member of the Audit Committee in Agora's Supervisory Board.

## **5.3 Committee and Commission established within the Supervisory Board**

There is one Committee and one Commission operating within the Supervisory Board: the Audit Committee, and Human Resources and Remuneration Commission established in compliance with the Company's Statutes, performing advisory role to the Supervisory Board. Competences and procedures of the Audit Committee, and Human Resources and Remuneration Commission were set forth in the by-laws of these bodies adopted by virtue of resolutions of the Supervisory Board. As at the date of submission of this Report, the Committee and Commission are composed of the following members:

### *(i) Audit Committee:*

- Dariusz Formela – Chairperson of the Audit Committee,
- Tomasz Sielicki,
- Maciej Wiśniewski.

The Audit Committee is responsible for monitoring financial reporting of the Company and the Agora Group, as well as financial audit activities, performing supervisory functions with respect to monitoring of internal control systems, internal audit and risk management, and performing supervisory activities with respect to monitoring the independence of external auditors.

In order to exercise its powers, the Audit Committee may require the Company to provide certain information on accounting, finance, internal audit and risk management that is necessary for the performance of the Audit Committee's activities, and may examine the Company's documents.

The meetings of the Audit Committee are convened when necessary, but at least four times per year.

Meetings of the Audit Committee are convened by its chairman on his own initiative or at the request of a member of the Audit Committee, as well as at the request of the Management Board, internal or external auditor. Meetings of the Audit Committee may also be convened by the Chairman of the Supervisory Board.

The Audit Committee submits to the Supervisory Board its motions, positions and recommendations in time for the Supervisory Board to take appropriate actions, as well as annual and half-yearly reports on its activities in a given financial year and an assessment of the Company's situation in the areas within its competence.

Pursuant to a resolution of the Supervisory Board of 30 March 2017 and in accordance with the provisions of the Company's Statutes, KPMG Audyt Spółka z ograniczoną odpowiedzialnością spółka komandytowa with its registered office in Warsaw at ul. Inflancka 4A, a registered audit entity No 3546, was selected as the Company's statutory auditor who will audit the financial statements for 2017, 2018 and 2019.

In December 2017, the Supervisory Board of Agora S.A. adopted, in the form of a resolution, the "Policy of selection of the audit company for auditing the financial statements of Agora S.A. and the Agora S.A. Capital Group" and "Procedure of selection of the audit company in Agora S.A. and the Agora S.A. Capital Group". The obligation to

adopt the above documents resulted from the Act of 11 May 2017 on statutory auditors, audit firms and public supervision.

*(ii) Human Resources and Remuneration Commission:*

- Wanda Rapaczynski - chairperson of the Human Resources and Remuneration Commission,
- Andrzej Dobosz,
- Andrzej Szlęzak.

In accordance with the Bylaws of the Human Resources and Remuneration Commission, responsibilities of the Commission include periodic assessment of the principles of remuneration of the Management Board members and providing the Supervisory Board with appropriate recommendations in this respect, making recommendations regarding the amount of remuneration and granting additional benefits to individual members of the Management Board for consideration by the Supervisory Board.

When submitting the above recommendations to the Supervisory Board, the Commission should specify all forms of remuneration, in particular the fixed remuneration, the performance-based remuneration system and severance pay. Additionally, the Committee's competencies include advising the Supervisory Board on the selection criteria and the procedures for appointing Management Board members in cases provided for in the Company's Statutes, advising the Supervisory Board on the procedures to ensure proper succession of Management Board members in cases provided for in the Company's Statutes

Meetings of the Human Resources and Remuneration Commission are held as frequently as needed to ensure its proper operation, at least once a year.

Meetings of the Commission are convened by its Chairperson on his/her own initiative or at the request of a member of the Commission, Supervisory Board or of the President of the Company's Management Board. Meetings of the Commission may also be convened by the Chairman of the Supervisory Board.

The Commission submits to the Supervisory Board its motions, positions and recommendations in time for the Supervisory Board to take appropriate actions, as well as annual reports on its activities in a given financial year and an assessment of the Company's situation in the areas within its competence.

## **6. RULES GOVERNING APPOINTMENT AND DISMISSAL OF THE COMPANY'S MANAGEMENT PERSONNEL; POWERS OF THE MANAGEMENT PERSONNEL, INCLUDING IN PARTICULAR THE AUTHORITY TO RESOLVE TO BUY BACK OR ISSUE SHARES**

### **6.1. Appointment**

In accordance with § 28 of the Statutes, the Management Board is appointed by the General Meeting, except for the appointment of additional members of the Management Board by way of co-optation.

Subject to situations where additional members of the Management Board are co-opted, the Management Board is composed of 3–6 members with the exact number of members determined by the shareholders holding the majority of preferred series A shares, and following the expiration of such preferred status of all series A shares, by the Supervisory Board.

During the term of its office, the Management Board may appoint by co-optation not more than two additional members; the co-optation of additional members is effected by a resolution of the Management Board. In case a member of the Board is appointed by way of co-optation, the Management Board is obliged to include in the agenda of the nearest General Meeting an item concerning confirmation of appointment of a new member of the Board by way of co-optation and propose an appropriate draft resolution. Should the General Meeting not approve the appointment of the new member of the Management Board by way of co-optation, such Management Board member's mandate expires on conclusion of that General Meeting.

In accordance with the Statutes, the majority of members of the Management Board must be Polish citizens residing in Poland.

In accordance with § 30 of Agora S.A.'s Statutes, candidates for the Management Board members may be nominated exclusively by shareholders holding preferred series A shares, and following the expiry of the preferred status of all such shares, by the Supervisory Board.

In the event that the persons authorized to determine the number of members of the Management Board and to nominate candidates for such members do not exercise one or both of the above rights, the number of members of the Management Board may be determined by the General Meeting, while each shareholder during such General Meeting may nominate candidates for such members.

## 6.2. Dismissal

In accordance with § 31 of the Statutes, individual or all members of the Management Board may be dismissed (removed), due to important reasons, prior to the end of their term of office on the basis of a resolution of the General Meeting adopted by a simple majority of votes, provided that until the expiry of the preferred status of series A shares 80% of voting rights attached to all outstanding series A shares are cast in favour of such resolution. A resolution on dismissal (removal) of Management Board members should state the reasons for which such dismissal is made.

Members of the Management Board appointed by way of co-optation may be dismissed in the manner provided for above, or by a resolution of the Management Board; however, the persons concerned may not vote on this matter.

In the event that some members of the Management Board are dismissed or their mandate expires during the term of office for other reasons, supplementary elections shall be held only at such time as when the number of members of the Management Board performing their functions is less than three or when the requirement that the majority of members of the Management Board must be Polish citizens residing in Poland is no longer met.

If the number of members of the Management Board is lower than that required in the preceding paragraph, the Management Board will be required to immediately convene an extraordinary General Meeting in order to hold supplementary elections. Supplementary elections may take place also during the ordinary General Meeting if, in accordance with the provisions of law, such meeting must be convened within a short period of time, while convening an extraordinary General Meeting would not be appropriate in such case.

In the event of supplementary elections, provisions regarding the election of members of the Management Board for their full term of office apply.

In accordance with § 33(1) of the Statutes, members of the Management Board may elect the chairman or persons performing other functions among themselves.

## 6.3. Powers of the management personnel

In accordance with § 27 of the Company's Statutes, the Management Board of the Company manages its affairs and represents the Company in dealings with third parties.

Responsibilities of the Management Board include all matters related to conducting the Company's affairs not reserved for other governing bodies of the Company.

The authority to resolve to buy back or issue shares remains with the General Meeting of the Company.

## 7. SHAREHOLDERS WITH MAJOR HOLDINGS OF SHARES

To the best of the Company's knowledge, as at the day of publication of this Directors' Report, the following shareholders were entitled to exercise over 5% of voting rights at the General Meeting of the Company:

**Table 21**

	number of shares	% of share capital	number of votes at GM	% of votes at GM
<b>Agora-Holding Sp. z o.o.</b> <i>(in accordance with the last notification dated 24 September 2015)</i>	5,401,852	11.33	22,528,252	34.77

	number of shares	% of share capital	number of votes at GM	% of votes at GM
<b>Powszechne Towarzystwo Emerytalne PZU S.A. (Otwarty Fundusz Emerytalny PZU Złota Jesień and Dobrowolny Fundusz Emerytalny PZU)</b> <i>(in accordance with the last notification dated 27 December 2012)(1)</i>	7,594,611	15.93	7,594,611	11.72
<i>of which:</i>				
<b>Otwarty Fundusz Emerytalny PZU Złota Jesień</b> <i>(in accordance with the last notification dated 27 December 2012)(1)</i>	7,585,661	15.91	7,585,661	11.71
<b>Media Development Investment Fund, Inc. (MDIF Media Holdings I, LLC)</b> <i>(in accordance with the official notification received on 6 June 2016)</i>	5,350,000	11.22	5,350,000	8.26
<b>Nationale – Nederlanden Powszechne Towarzystwo Emerytalne S.A. (Nationale – Nederlanden Otwarty Fundusz Emerytalny and Nationale Nederlanden Dobrowolny Fundusz Emerytalny)</b> <i>(in accordance with the last notification dated 9 June 2016)</i>	4,493,055	9.43	4,493,055	6.93

(1) number of shares according to the shareholder's notification – as at 27 December 2012; proportion of voting rights and percentage of share capital of Agora S.A. were recalculated by the Company after registration of the reduction of Company's share capital.

The Management Board of Agora S.A. is not aware of any agreements which may result in future changes in holdings of shares by its current shareholders.

## 8. HOLDERS OF ANY SECURITIES CONFERRING SPECIAL CONTROL RIGHTS IN RELATION TO THE ISSUER

### Series A Shares

Agora Holding Sp. z o.o. is the only holder of registered preferred series A shares. The series A shares carry preferences regarding the number of votes per one share and right to determine the number of Management Board members and to propose candidates for the Management and Supervisory Board members, to dismiss those members, and to grant the consent to sell series A shares or convert them into bearer shares. Each of the series A shares carries 5 votes at the General Meeting and the restriction of the voting rights (according to which none of the shareholders may exercise more than 20% of the overall number of votes at the general meeting – pursuant to § 17 (1)) does not apply to shareholders holding the preferred series A shares.

Shareholders holding the preferred series A shares have the exclusive right to nominate candidates for the Management Board members. They also belong to the limited number of entities with the exclusive right to nominate candidates for the Supervisory Board of Agora S.A. Holders of the majority the preferred series A shares may also determine the exact number of the Management Board members.

Another preference carried by series A shares includes the right to dismiss members of the Management or Supervisory Board prior to the end of their term of office. The dismissal can be made on the basis of the resolution adopted by the General Meeting. For the dismissal, a simple majority of votes is required, provided that until the expiry of the preferred status of series A shares 80% of voting rights attached to all outstanding series A shares are cast in favour of such resolution.

The Statutes of Agora S.A. provide that none of the shareholders may exercise more than 20% of the overall number of votes at the General Meeting, provided that for the purposes of establishing obligations of purchasers of material

blocks of shares as provided in the Act on Public Trading in Securities such restriction of the voting rights does not exist. This restriction of the voting rights does not apply to shareholders holding the preferred series A shares.

Each share, whether preferred or not, entitles its holder to one vote in connection with passing a resolution regarding the withdrawal of the Company's shares from public trading.

## **9. RESTRICTIONS ON TRANSFER OF OWNERSHIP RIGHTS TO THE ISSUER'S SECURITIES**

Pursuant to the Statutes of Agora S.A., the sale or conversion of preferred series A shares into bearer shares requires the written consent of shareholders holding at least 50% of the preferred series A shares registered in the share register on the date of filing the request for such consent. The procedure for requesting and granting such consent is laid down in the Statutes. In addition, the sale of series A preferred shares may be made only at a price not higher than their nominal value.

## **10. LIMITATIONS ON THE EXERCISE OF VOTING RIGHTS**

According to the Company's Statutes, none of the shareholders may exercise more than 20% of the overall number of votes at the General Meeting. For the purposes of establishing obligations of purchasers of material blocks of shares as provided in the Act on Public Offering such restriction of the voting rights does not exist. The restriction of the voting rights referred to in the preceding sentence does not apply to:

- a) shareholders holding the preferred series A shares;
- b) a shareholder who, while having no more than 20% of the overall number of votes at the General Meeting, announced, in accordance with the Act on Public Offering, a tender for subscription for the sale or exchange of all the shares of the Company and in result of such tender purchased shares which, including the previously held Company shares, authorize the said shareholder to exercise at least 75% of the overall number of votes at the General Meeting. For the purposes of calculating a shareholder's share in the overall number of votes at the general meeting referred to above, it is assumed that the restriction on the voting rights provided for in § 17(1) of the Company's Statutes does not exist.

For the purposes of the aforementioned limitation on the voting rights and exception from the limitation provided for in item b), exercise of votes by a subsidiary is treated as the exercise of votes by a parent company as defined in the Act on Public Offering.

At any General Meeting, the percentage of votes of foreign entities and entities controlled by foreign entities may not be greater than 49%. The limitation does not apply to entities with their seats or residence in a Member State of the European Economic Area.

Each share, whether preferred or not, entitles its holder to one vote in connection with passing a resolution regarding the withdrawal of the Company's shares from public trading.

## **11. KEY FEATURES OF THE COMPANY'S INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS USED IN THE PROCESS OF PREPARATION OF FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS**

Management Boards of the Group companies are responsible for the internal control systems in individual companies and their efficiency in the process of preparing financial statements and periodic reports developed and published in accordance with the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state.

The Chief Financial Officer of the parent company or chief financial officer/management board of respective company, as appropriate, supervises the process of preparing the financial statements and periodic reports in individual Group companies from the subject-matter point of view. The process of drawing up annual and interim financial statements is coordinated by the Reporting Department of the Finance and Administration Division, as well as financial and accounting departments of individual Group companies. The Company constantly monitors changes



to the applicable stock market reporting laws and regulations, and makes preparations sufficiently in advance to incorporate them into its rules and policies.

Each month, following the closing of the books, the members of the Management Board of the Parent Company and the management staff of the Group receive management information reports, including analyses of key financial data and operating ratios of the business segments. On a monthly basis, meetings of the Management Board with management staff are also organized to discuss the Company's and the Group's performance by segment and division.

All financial data contained in the separate and consolidated financial statements and periodic reports are sourced from the financial and accounting systems, where all business events are recorded in accordance with the Company's and the Group's accounting policies (approved by the Management Board), based on the International Accounting Standards and the International Financial Reporting Standards. The Company has been preparing financial statements in accordance with International Financial Reporting Standards (formerly: International Accounting Standards) since 1992.

The consolidated and separate financial statements of the Company and the Group are submitted to the member of the Management Board supervising the Finance and Administration department and the Chief Financial Officer for preliminary verification and then to the Management Board for final verification. Prior to their publication, consolidated and separate financial statements are also submitted to members of the Audit Committee.

Meetings of the Supervisory Board are held at least once a quarter, during which, depending on the questions submitted by members of the Supervisory Board, the Management Board provides information on key financial data and operating ratios of business segments.

Consolidated and separate annual and semi-annual financial statements are subject to, respectively, independent audit and review by the Company's statutory auditor. The results of the audit and review are presented by the statutory auditor to the member of the Management Board supervising the Finance and Administration department, the management of the financial division (including the Chief Financial Officer) and published in the auditor's report.

Conclusions from the audit and review of the consolidated and separate financial statements are presented to the Audit Committee. Representatives of the Audit Committee analyze the results of the audit and review at closed meetings with the Company's auditor, also without the participation of the Company's Management Board.

In addition, the statutory auditor also provides the Audit Committee with recommendations concerning improvements of the internal control system in the Company and the Group, which were identified during the audit of the financial statements.

Additionally, the Company has an Internal Audit Department, whose main task is to identify risks and weaknesses of internal control. At its meetings, the Audit Committee discusses the results of the Internal Audit work with its director, also without the participation of the Company's Management Board.

The recommendations received from the statutory auditor and Internal Audit are discussed by the Audit Committee with the Company's Management Board.

## **12. RULES OF AMENDING THE STATUTES OF AGORA S.A.**

The Statutes of Agora S.A. do not contain any provisions different from the provisions of the Commercial Companies Code with respect to amendments to the Company's Statutes.

## **13. REMUNERATION POLICY**

As regards the recommendation concerning the policy for remuneration in the Company, the principles of determining remuneration of the Company's employees, except for members of the Management Board and Supervisory Board, are established in accordance with internal remuneration regulations. On the other hand, pursuant to the remuneration policy for key managers of the Agora Group adopted in 2015, the remuneration of the Company's Management Board members is determined by the Supervisory Board on the basis of a recommendation from the Human Resources and Remuneration Commission of the Supervisory Board. The Supervisory Board sets objectives and criteria for awarding bonuses to individual members of the Management Board for a given financial year and in a longer perspective. A report on its application is presented later in this document.

The Company's remuneration policy directly supports the implementation of the Agora Group's medium-term growth plans.

The Company's remuneration system is based on fixed remuneration and variable remuneration resulting from incentive plans and discretionary bonuses.

The Agora Group's remuneration policy differentiates the level of remuneration according to the position held, performance and competences. This variable part ensures flexibility and adaptability to the employer's needs.

Through the incentive scheme, the objectives closely linked to the Agora Group's medium-term growth plan are forwarded to the managers and to employees, which ensures effective support for Agora's business ventures.

The incentive-based remuneration system for employees and managers consists of a fixed part (base salary), a variable part (including annual bonuses and discretionary awards) and non-wage benefits. Base salary in the Company and Agora Group companies is related to the employee's potential, competence and performance in achieving his or her goals.

The aim of the system is to motivate employees to achieve high performance in their work through the implementation of individual goals and evaluation of attitudes, while the management staff can use it as a tool to motivate employees. The bonus system provides for an annual assessment of the employee's performance, summarising the employee's overall contribution for a given bonus year, indicating areas of strengths and areas that require further development. The annual assessment includes an assessment of the level of accomplishment of individual objectives and attitudes throughout the year, as well as an assessment of the total employee's work in a given bonus year and is the basis for calculating the bonus amount.

Agora also provides employees with non-wage benefits such as co-financing of medical care, cafeteria system or a company car. Employees can also take advantage of employee loans for, inter alia, housing purposes and are also beneficiaries of benefits from the Company's Social Benefits System.

Remuneration policy for members of the Management Board of Agora S.A.

Pursuant to the Statutes, the terms and conditions of contracts and remuneration of the President of the Management Board and other members of the Management Board fall within the competence of the Supervisory Board of Agora; however, the terms and conditions of contracts and remuneration of other members of the Management Board are determined in consultation with the President of the Management Board.

The remuneration system for members of the Management Board of Agora operates on the basis of three elements – a fixed part (base salary), a variable part (incentive system and discretionary bonus) and non-wage benefits, the range of which is determined by the Supervisory Board.

#### Remuneration paid to the Management Board members in 2017 (PLN '000)

Member of the Management Board	Total	Base salary	Variable remuneration	Other benefits
Bartosz Hojka	1,643	804	836	3
Tomasz Jagiełło	745	240	505	-

Agnieszka Sadowska (1)	560	283	272	5
Grzegorz Kania (2)	90	90	-	-
Anna Kryńska-Godlewska (2)	90	90	-	-
Grzegorz Kossakowski (3)	908	400	505	3
Robert Musiał (4)	606	100	505	1

(1) Agnieszka Sadowska was appointed to the Management Board of the Company on 1 March 2017.

(2) Anna Kryńska-Godlewska and Grzegorz Kania were appointed to the Management Board of the Company on 8 November 2017.

(3) Grzegorz Kossakowski was a member of the Company's Management Board until 5 September 2017.

(4) Robert Musiał was a member of the Company's Management Board until 28 February 2017.

Remuneration paid by Agora S.A. to members of the Management Board in 2017 amounted to PLN 4,642 thousand and this amount also includes payments of incentive bonuses.

Tomasz Jagiełło received additional remuneration for the function of President of the Management Board of Helios S.A. in the amount of PLN 356 thousand (in 2016: PLN 356 thousand) and Agnieszka Sadowska for the function of a Management Board Member of Stopklatka S.A. in the amount of PLN 253 thousand. Other members of the Management Board and Supervisory Board did not receive any remuneration for serving on the governing bodies of subsidiaries, jointly controlled entities and associates.

In 2017, four out of five members of the Management Board used company cars acquired by the Company. Tomasz Jagiełło used a company car purchased by Helios S.A.

The Agora Group also operated two incentive schemes based on financial instruments, in which members of the Management Board of Agora S.A. and members of the Management Board of the subsidiary Yieldbird Sp. z o.o. participated. For details on these schemes, see note 27 to the consolidated financial statements.

In 2017, there were no significant changes in the manner of remuneration of members of the Company's Management Board.

In 2017, remuneration for serving as members of management and supervisory bodies of subsidiaries in the Agora Group amounted to PLN 5,648 thousand (PLN 5,912 thousand in 2016).

Members of the Management Board of Agora S.A. are also provided with medical care on the same terms as other employees of the Company.

#### Remuneration paid to the Supervisory Board members in 2017 (PLN '000)

Member of the Supervisory Board	Base salary
Andrzej Szlęzak (Chairman of the Supervisory Board)	108
Wanda Rapaczynski	72
Tomasz Sielicki	72
Dariusz Formela	72
Dariusz Formela	72
Anna Kryńska - Godlewska (1)	62
Andrzej Dobosz	72

Maciej Wiśniewski (2)	10
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(1) Anna Kryńska-Godlewska was a member of the Supervisory Board until 8 November 2017.

(2) Maciej Wiśniewski is a member of the Supervisory Board since 9 November 2017.

The total remuneration amounted to PLN 468 thousand (2016: PLN 468 thousand).

#### **Employment contract terms of the Management Board members of Agora S.A.**

Existing employment contracts concluded with members of the Management Board of Agora S.A. provide that in the period of 18 months from the date:

- (i) on which the right of the shareholders holding series A shares to nominate candidates to the Management Board is removed from the Company's Statutes,
- (ii) on which one entity or a group of entities acting in concert exceeds the 50% threshold of the total number of votes at the General Meeting of Agora S.A.;
- (iii) on which the Supervisory Board of the Company is appointed by voting by separate groups, pursuant to Article 385 § 3-9 of the Code of Commercial Companies, should any of these contracts be terminated by the Company, the member of the Management Board of Agora S.A. will receive severance pay in the amount equal to the sum of the following components:
  - (i) the amount equivalent to 12 times the monthly base salary payable to the member of the Management Board of Agora S.A. for the month preceding the month in which the member of the Management Board of Agora S.A. receives the termination notice;
  - (ii) the amount equivalent to the annual bonus for the financial year preceding the year of termination of the employment contract.

The severance pay referred to in the preceding sentence is not due when the employment contract is terminated for reasons indicated in Article 52 § 1 of the Labour Code.

#### **Rules for determining the value of the Incentive Plan for 2016-2017**

Starting from the second quarter of 2016, Management Board members of the Company participate in an incentive scheme ("Incentive Plan"), on the basis of which, they will be eligible to receive an annual bonus based on two components described below:

- (i) the stage of implementation of the target based on the EBITDA of the Agora Group ("the EBITDA target"). The EBITDA target is specified as the EBITDA result (being the sum of operating profit/loss and amortization/depreciation) to be reached in the given financial year, as determined by the Supervisory Board. The amount of potential bonus in this component of the Incentive Plan depends on the stage of the EBITDA target implementation and will be determined on the basis of the audited consolidated financial statements of the Agora Group for the given financial year;
- (ii) the level of Company's share price increase ("the Target of Share Price Increase"). The amount of potential bonus in this component of the Incentive Plan will depend on the level of Company's share price increase in the future. The share price increase will be calculated as a difference between the average of the quoted closing Company's share prices in the first quarter of the financial year commencing after the financial year for which the bonus is calculated ("the Average Share Price IQ") and the average of the quoted closing Company's share prices in the fourth quarter of the financial year preceding the financial year for which the bonus is calculated ("the Average Share Price IVQ"). If the Average Share Price IQ is lower than the Average Share Price IVQ, the Target of Share Price Increase is not satisfied and the bonus in this component of the Incentive Plan will not be granted.

The bonus from the Incentive Plan depends also on the fulfillment of a non-market condition, which is the continuation of holding the post of the Management Board member during the year, for which the bonus is due.

The rules, goals, adjustments and conditions for the Incentive Plan settlement for the Management Board members are specified in the Supervisory Board's resolution.

As at 31 December 2017, the value of the EBITDA target bonus provision was estimated based on the best estimate

of the expected value of implementation of the EBITDA target in 2017 and was recognized in the income statement.

As at 31 December 2017, the value of the provision for the Share Price Increase Target bonus was estimated using the binomial model (*Cox, Ross, Rubinstein* model), which takes into account – inter alia – the current share price of the Company (as at the balance sheet date of the current financial statements) and volatility of the share price of Company during the last 12 months preceding the balance sheet date as at which the financial statements are prepared. The value was charged to the income statement in proportion to the settlement period of this component of the Incentive Plan.

The basic parameters of the binomial model used for calculation of the fair value of the potential bonus from the implementation of the Target of Share Price Increase are described below:

Agora S.A.'s share price as at the balance sheet date of the financial statements	PLN	14.44
volatility of Agora S.A.'s share price during the last twelve months	%	29.65
Average Share Price IVQ	PLN	11.13
risk free rate	%	1.19-1.52 (at maturities)

**The impact of the Incentive Plan on the separate financial statements of Agora S.A. is presented in the following table:**

	2017	2016
Income statement – increase in staff costs	3,052	1,457
Income statement – deferred tax	(580)	(277)
Accruals – closing balance	2,013	1,457
Deferred tax asset – closing balance	382	277

*\* the total cost in 2017 includes the plan costs for 2017 and a portion of the cost of the exchange rate element of the plan for 2016, settled in May 2017.*

**Total cost of the Incentive Plan related to the participation of members of Agora S.A.'s Management Board in this scheme:**

	2017	2016
Bartosz Hojka	1,103	521
Tomasz Jagiełło	631	312
Agnieszka Sadowska (1)	423	-
Grzegorz Kania (2)	62	-
Anna Kryńska - Godlewska (2)	62	-
Grzegorz Kossakowski (3)	495	312
Robert Musiał (4)	276	312
	<b>3,052</b>	<b>1,457</b>

- (1) *Agnieszka Sadowska was appointed to the Management Board of the Company on 1 March 2017.*
- (2) *Anna Kryńska-Godlewska and Grzegorz Kania were appointed to the Management Board of the Company on 8 November 2017.*
- (3) *Grzegorz Kossakowski was a member of the Company's Management Board until 5 September 2017.*
- (4) *Robert Musiał was a member of the Company's Management Board until 28 February 2017.*

## 14. DIVERSITY POLICY

With respect to the recommendation concerning the comprehensiveness and diversity of balanced participation of women and men in the company's governing bodies, the Management Board of the Company points out that it has no influence on the composition of the Company's main governing bodies. Candidates for members of the Supervisory Board may be nominated by shareholders holding preferred series A shares or shareholders who documented their entitlement to not less than 5% of the votes at the last general meeting before the candidates were nominated and who, at the time of making the nomination, hold not less than 5% of the Company's share capital (§ 21(1)(a) of the Statutes). In accordance with § 30 of Agora S.A.'s Statutes, candidates for the Management Board members may be nominated exclusively by shareholders holding preferred series A shares, and following the expiry of the preferred status of all such shares, by the Supervisory Board. In the event that the persons authorized to determine the number of members of the Management Board and to nominate candidates for such members do not exercise one or both of the above rights, the number of members of the Management Board may be determined by the General Meeting, while each shareholder during such General Meeting may nominate candidates for such members.

Moreover, the Management Board of the Company wishes to stress that according to the Agora Group's diversity policy adopted in December 2015, the main criteria for selection of candidates for all managerial positions, remaining in the competencies of the Management Board, include expertise, experience and skills necessary to perform the function in question. Applying these principles to all employees of the Company and the Group ensures healthy functioning of the organization and accepting new business challenges.

Diversity and openness are values which form an integral part of both the Company's business activities and employment policy. The diversity policy implemented at Agora S.A. is based on Agora's Charter, which was developed jointly between the Company and "Gazeta Wyborcza" daily.

As an employer, Agora S.A. is guided by the principles of equal treatment and counteracting all forms of discrimination, believing that this brings real benefits and supports Agora S.A.'s growth and innovation. One of the objectives of the diversity policy pursued by Agora S.A. is to emphasize the openness of the organization to diversity, which increases the effectiveness of work, builds trust and counteracts discrimination. The diversity practice also aims to fully tap into the potential of employees, their diverse skills, experiences and talents in an atmosphere of respect, support and teamwork.

As an employer, Agora creates an atmosphere at work, which makes employees feel respected, and gives them the sense that they are able to fully realize their professional potential. Agora creates a culture of dialogue, openness, tolerance and teamwork.

In 2016, Agora S.A. introduced a diversity policy which applies to all employees. Its aim is to consistently create a workplace that is free from discrimination, regardless of reasons, and at the same time engages the best specialists who contribute to the company's success. Agora S.A. is an employer who cares for the development of the team through internal and external training. Agora S.A.'s diversity policy is based on overcoming barriers such as age, gender or health status and is guided by the principle that the professional potential of employees is determined by their competence. In this manner, the Company wants to support implementation of its strategy to the best of its abilities and to offer the highest-quality products and services to its consumers.

### Supervisory Board

The procedure for the appointment of Supervisory Board members is set forth in the Company's Statutes, other laws and regulations applicable to the Company. The Company has limited impact on the composition of the body supervising its operations.

Despite this, the current 6-person composition of the Supervisory Board in 2017 reflected all the ideas underlying the diversity policy.

### Management Board

The procedure of appointing the Management Board is also specified in the Company's Statutes. Only holders of series A shares have the right to appoint candidates for a Management Board member. In the Company's opinion, when presenting candidates, these shareholders took into account, as a decisive criterion, first of all high qualifications, professional experience in the main areas of Agora Group's operations and professional preparation for the position of a member of the Management Board.

Members of the Company's Management Board have complementary experience and competences – they are graduates of: Warsaw School of Economics, Warsaw University of Technology University of Silesia, University of Łódź, University of Edinburgh, Wrocław University of Technology, Institute Francais de Gestion, Harvards Business School (professional training courses), University of Economics in Wrocław, MBA at the Warsaw University of Technology Business School.

It is worth emphasizing that the decisive aspect in selecting the governing bodies of the company and its key managers is ensuring versatility and diversity, especially in the area of professional experience, age, education and gender. High qualifications, as well as professional and substantive experience and preparation for the performance of a specific function are of decisive importance in this respect.

Gender structure in supervisory and management bodies of Agora S.A.

As at the end of	Men		Women	
	2017	2016	2017	2016
Management Board	3	4	2	0
Supervisory Board	5	4	1	2

On 1 March 2017 Agnieszka Sadowska was appointed to the Management Board of Agora S.A., and on 8 November 2017 Anna Kryńska-Godlewska was appointed to the Management Board. Thus, there are two women on the Management Board of the Company.

### Administrative bodies

The administrative bodies of the Agora Group comprise employees holding managerial positions. The diversity policy for administrative bodies involves the creation of a workplace free from discrimination based on gender, age, origin, health, education, political or religious beliefs, where competence and experience are the basis of the organizational culture. This approach is reflected in the diversity of teams across the Group. Gender equality is one of the key aspects of diversity due to the similar number of male and female employees (women accounted for 51.7% of employees in the entire Group as at 31 December 2017 and men accounted for 48.3%). The gender structure in the administrative bodies confirms that this objective has been achieved.

**Gender structure in administrative bodies (management positions) of Agora Group (without Helios S.A.) (as at 31 December 2017).**

	% in the Agora Group	
	Women	Men
Agora Group	50.9%	49.1%

On 8 March 2017, the Company, as the first media group in Poland, also signed the Diversity Charter, joining the European initiative to promote diversity in the workplace.

**15. ANY OBLIGATIONS ARISING FROM PENSIONS AND SIMILAR BENEFITS FOR FORMER MEMBERS OF MANAGEMENT, SUPERVISORY BODIES AND LIABILITIES INCURRED IN CONNECTION WITH SUCH PENSIONS, WITH AN INDICATION OF THE TOTAL AMOUNT FOR EACH CATEGORY OF BODY**

The Issuer has no retirement or similar benefit obligations with respect to former members of management, supervisory or administrative bodies.

**16. SOCIAL AND SPONSORING ACTIVITIES POLICY**

The **social and sponsoring activities policy at Agora Group** was adopted by the Management Board in 2016 to reflect the strategic approach to corporate social responsibility. In 2017, the Company continued its long-term activities within the following pillars: social, educational, cultural and charity, while launching new projects. These included national and regional initiatives implemented by Agora S. A. (including "Gazeta Wyborcza" and its branches from all over Poland, Gazeta.pl portal and its services, Agora's Publishing House), as well as by Radio TOK FM and Agora's radio stations, Helios cinema network, AMS outdoor advertising company and Agora Foundation.

As part of its **social** activities, Agora implements long-term campaigns for the benefit of seniors, civil society and sustainable urban development, and is involved in environmental issues. The **DługoWIECZNI** campaign once again addressed the subject of older people, among others thanks to a special supplement available with the "Gazeta Wyborcza" daily - **Koperta życia** (Life Envelope), and in connection with the celebration of the **Seniors' Week in Poznań**. From a civic point of view, important discussions were held with important personalities making up a series of **Wyborcza na żywo** (Wyborcza Live) meetings taking place all over Poland. Last year, nearly 7,000 people participated in almost 80 local meetings held as part of this project. Radio TOK FM prepares regular debates on important social issues – in 2017, the **Usłysz...** (Hear...) formula focused on the reform of education. In addition, for the 7th time Radio TOK FM has awarded its **Anna Laszuk Award** for a character, organization or institution that has an exceptional influence on reality. In 2017, initiatives for the development of cities and their communities, carried out for a number of years, were focused on the nationwide **Pracownia miast** campaign and regional events: **Miasta Idei na Śląsku** and **Śląskiego bez smogu!** The latter campaign was additionally connected with the social campaign **Oddychać po ludzku** (Decent breathing). In the environmental area, it is worth mentioning the activities of the Gazeta.pl portal, which has been involved in the Greenpeace's **Adoptuj pszczołę** (Adopt a Bee) campaign for the third time. Additionally, in 2017 Agora initiated new social projects addressed to various groups of stakeholders. The Wrocław division of "Gazeta Wyborcza" published a free newspaper for the Ukrainians "**Pryvit**", and the video team of Gazeta.pl prepared socially engaged films: "**Kiedy zobaczyłem Cię po raz pierwszy**" - related to Father's Day and "**Powstańcy 1944**" – commemorating the participants of the Warsaw Uprising, as well as talks with entrepreneurs on social issues as part of the Next.Gazeta.pl series entitled "Next Time". The Agora's Publishing House and the Information Society Development Foundation, together with libraries, promoted reading as part of the "**Paczka literacka**" campaign. On the other hand, the innovative "**Jutronauci**" project created by "Gazeta Wyborcza" supported the promotion of innovative attitudes in many dimensions. In articles, videos, meetings and conferences,



visionaries and researchers talked about their inventions, ideas and plans. In addition, 207 projects were submitted to the scholarship program "Bilet za horyzont" by future participants of the "Jutronauci" initiative. **NewsMavens.com**, the first European website created exclusively by women, has initiated an important discussion on the diversity of newsrooms and media coverage from the smaller EU countries. The pioneering project received funding from Google DNI and has already involved 21 female journalists from 13 editorial offices.

**Education** is a key topic of Agora's corporate social responsibility, and initiatives implemented by Agora include projects addressed to schools, teachers, parents and students. Support for educational institutions in the difficult process of change was the goal of the 16th edition of the **Szkoła z Klasą 2.0** campaign. 95 schools and 642 teachers and other school staff applied to the project implemented by the Szkoła z Klasą Foundation, Civic Education Center and "Gazeta Wyborcza" with the support of the Polish-American Freedom Foundation and the Agora Foundation. A similar educational project was the **Matematyka się liczy** (Mathematics counts) campaign carried out by "Gazeta Wyborcza" in cooperation with the mBank Foundation. Apart from the competition for schools, there was also an educational conference, workshops and fairs, as well as special information materials and the [Wyborcza.pl/matematyka](http://Wyborcza.pl/matematyka) website. The Helios cinema network is also developing its educational initiatives. **Kino na temat** and **Kino na temat Junior** are series of film meetings, during which young viewers have the opportunity to discuss important topics preceded by a screening of an interesting movie. Apart from taking part in the screening, the youngest children can participate in general development activities and games. In 2017, more than 2.5 thousand screenings were held throughout Poland.

The Agora Group's media are also involved in activities related to the **promotion and popularisation of culture**. Examples of such long-standing projects include literary awards (**NIKE Award, Ryszard Kapuściński Award**), Warsaw festivals and events (**Co Jest Grane Festival, European Music Fair Co jest Grane 24**) and **Olsztyn Green Festival**. Cultural prizes awarded in many local editorial offices of "Gazeta Wyborcza" are also important, such as Wdech in Warsaw, WARTO Award in Wrocław, and the Cegła z Gazety – Janoscha Award in Katowice. The **NIKE Award** for the Book of the Year has been awarded since 1998. This award and the NIKE Foundation's activities are funded by Agora and the Agora Foundation. **Ryszard Kapuściński Award**, organized since 2010 by "Gazeta Wyborcza" and the City of Warsaw, is a distinction granted to authors of the best reporter's book of the year and the best translation of the year. Additional activities related to this award are educational initiatives promoting the works of Ryszard Kapuściński among pupils of Warsaw schools. For 14 years now, the "Gazeta Wyborcza" weekly magazine "Co Jest Grane 24" has been organizing the Warsaw cultural awards "**Wdech**". Warsaw also hosts two major cultural and musical events: **Co Jest Grane Festival** in the summer and **European Music Fair Co Jest Grane 24** in the autumn. Olsztyn hosts the **Olsztyn Green Festival**. The Agora Group's activities also include promotion of Polish cinema. **Kultura Dostępna w Kinach** (Culture Available in Cinemas) is part of a multi-annual program organized by the National Cultural Centre and the Ministry of Culture and National Heritage throughout the country. Owing to the series, a wide audience can get acquainted with Polish film art. In 2017, nearly 2.2 thousand screenings of almost 50 Polish films were held in the Helios cinema network as part of the series. For 18 years now, AMS has been inviting young graphic designers to create posters focusing on social issues. The **AMS Poster Gallery** is probably the largest competition of this type in Poland. In 2017, the participants submitted nearly 500 projects on the subject "Rzeczpospolita = Rzecz wspólna". The winning works can be viewed for a year on AMS citylights all over Poland. New cultural initiatives of AMS included activities related to the promotion of Polish literature, which is why special thematic bus stops: "**Przystanek: Literatura**" and "**Przystanek: Wypiański**" were created. In 2017, "Gazeta Wyborcza" also initiated regular meetings with artists who are talked about and the works that are to be experienced. About 3 thousand people took part in 6 meetings under the slogan **Centrum Premier Czerska 8/10**, while several thousand people watched the broadcasts at [Wyborcza.pl](http://Wyborcza.pl) and social media. The list of guest included, among others: Agnieszka Holland, Olga Tokarczuk, Elżbieta Dzikowska, Martyna Wojciechowska, Marek Kamiński, Aleksander Doba, Krystyna Janda, creators of the movie "Loving Vincent", and Dan Brown. 2017 saw the first edition of the **Akademia Opowieści** (Academy of Stories) project, whose aim was to encourage the readers of "Gazeta Wyborcza" to describe the most important character in their lives. The initiative of reporters associated with "Duży Format" and the "Brama Grodzka – Teatr NN" Centre included meetings and workshops held in 12 Polish cities. They were accompanied by articles and materials published in "Duży Format" and on [Wyborcza.pl/akademiaopowiesci](http://Wyborcza.pl/akademiaopowiesci), as well as a competition and a conference summarising the results. In the contest entitled "The most important person in my life", the readers sent 1655 stories about people who were important, but not widely known.

The last of the pillars of Agora's social activities are **charitable initiatives**, in which the Company's employees are also involved. Examples include the long-term involvement of "Gazeta Wyborcza" in **charity campaigns on Children's Day**, as well as activities undertaken as part of **Fabryka świętego Mikołaja** in Wrocław and **Krzeseł dla ISKIERKI** initiative in Katowice. In addition, as a part of creating equal opportunities, the Agora Foundation and the Academy for the Development of Philanthropy have been running **Agrafka Agory** program for

many years. Employees, readers, listeners, viewers and customers of the Agora Group engage in auctions and fundraising for the benefit of **Wielka Orkiestra Świątecznej Pomocy, WOŚP** (The Great Orchestra of Christmas Charity). In 2017, a total of over PLN 22 thousand was collected and "Gazeta Wyborcza" was the media patron of the 25th Final of WOŚP. The local editorial offices of the daily newspaper and the Helios cinemas helped raising money for the initiative and hosted local WOŚP headquarters. Auctions were organized by Radio TOK FM, Gazeta.pl portal, Radio Złote Przeboje and Helios cinema network. In 2017, Agora Group radio stations also became involved in a special charity campaign "**Odbudowujemy wieś Wysoka Zaborska**" (We are rebuilding the village of Wysoka Zaborska), aimed at helping those who suffered in the August storm. In total, PLN 282 thousand was collected for the benefit of affected families, and PLN 15 thousand was transferred to the account of the Brusy Commune from the sale of a special advertising block. The Agora Radio Group also funded a housing container for one of the most affected families.

**Employees' involvement** in various pro bono activities is an illustration of the Company's priority approach to social issues. As part of the "Finished – Let's swap" campaign, the books donated by the employees are distributed among others to the single mother's homes and hospitals. In 2017 Agora's employees took part in an unpaid blood donation campaign in which 5 litres of blood were collected. They also participated in the "Recycling of kindness" poll, in which they chose an organization to which the Company transferred funds from the sale of the paper archive of "Gazeta Wyborcza".

The initiatives and projects implemented in the area of social involvement fully reflect the objectives set out in the **Social and sponsoring activities policy at Agora Group**: education, individual and social development, shaping civic attitudes and caring for human rights, promotion of culture and universal access to it, promotion of health and healthy lifestyle, care for the natural environment and other aspects of charity and support activities.

In Agora's opinion, the implementation of the **Social and sponsoring activities policy** is consistent with the interests of the Company and its stakeholders, including shareholders, as it creates goodwill, contributes to social development and reflects the Company's responsibility for its impact on the environment.

Warsaw, 8 March 2018

*Bartosz Hojka – President of the Management Board*

*Signed on the Polish original*

*Grzegorz Kania – Member of the Management Board*

*Signed on the Polish original*

*Agnieszka Sadowska – Member of the Management Board*

*Signed on the Polish original*

*Tomasz Jagiełło – Member of the Management Board*

*Signed on the Polish original*

*Anna Kryńska-Godlewska – Member of the Management Board*

*Signed on the Polish original*