

**REPORT AND  
DECLARATION  
RELATING TO  
AGORA S.A.  
COMPLIANCE WITH  
THE CORPORATE  
GOVERNANCE RULES  
IN 2018**

March 7, 2019

This Statement and Report on compliance with corporate governance rules at Agora S.A. in 2018 has been prepared on the basis of § 70(1)(14) of the Regulation of the Minister of Finance of 29 March 2018 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.

## **1. CORPORATE GOVERNANCE CODE APPLICABLE TO THE COMPANY IN 2018**

In 2018, 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 2018, 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**

In terms of the information policy pursued, the Company complies with the recommendations by providing anyone interested with an easy and non-discriminatory access to information through a variety of communication tools.

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 2018, 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 2018, 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 2018. 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 20 July 2018, 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 2018, no amendments were made to the rules of the General Meeting and the Company's Statutes. The content of the Statutes of the Company has changed in the passage regarding the amount of the share capital of Agora SA. It was reduced by PLN 1,084.595 from the amount of PLN 47,465,426 to PLN 46,580,831 as a result of program to acquire Company's shares for redemption them.

The General Meeting approved the Company's annual separate and consolidated financial statements for the financial year 2017 and the Management's Report on the Company's activities in the financial year 2017 and adopted the payment of dividend for the shareholders in the amount of PLN 23 290 415,50. The General Meeting determined the number of members of the Management Board of the term of office commencing with its conclusion at 5 persons, appointing Bartosz Hojka, Tomasz Jagiełło, Grzegorz Kania, Anna Maria Kryńska-Godlewska and Agnieszka Sadowska. to the Management Board.

In 2018, the General Meeting hereby approves the appointment of Maciej Wiśniewski to the Supervisory Board which took place by co-optation on 8 November 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 2018, 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: <https://www.agora.pl/media/Dokumenty/By-laws%20of%20the%20General%20Meeting%20of%20the%20Shareholders%20of%20Agora%20SA.pdf>. 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 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,
- Anna Kryńska-Godlewska - Member of the Management Board,
- Grzegorz Kania - Member of the Management Board.

#### **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., Yieldbird Sp. z o.o., and Goldenline Sp. z o.o. 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 the Supervisory board of AMS 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 segments, Magazines division, Big Data department and development of Wyborcza.pl.

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.

In 2013-2018, Agnieszka Sadowska was 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 was the President of the Management Board of Green Content Sp. z o.o. which received a license to broadcast the METRO channel. 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 Szlezak – 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 Wisniewski – Member of the Supervisory

**Andrzej Szlezak, Ph.D.**

Of Counsel in the Soltysinski, Kawecki & Szlezak (SK&S) law firm (before he was its Partner). 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 rożnych pól”, “Pustelnik z Krakowskiego Przedmiescia”, “Ogrody i smietniki”, “Generał w bibliotece”.

He is a graduate of the Polish Language faculty and Philosophy faculty at the Warsaw University.

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

#### **Dariusz Formela**

Since 1 September 2018 he is a member of Management Board of the Black Red White S.A. with its registered office in Biłgoraj and since 1 December 2018 he is a president of that company.

Before that, 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 chairman of the Audit Committee in Agora’s Supervisory Board and since August 9<sup>th</sup>, 2018 a member of the Human Resources and Remuneration Commission.

#### **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 was a member of the Supervisory Board of Adecco S.A. since 2008 to 2018, a Swiss company operating internationally, specialized in recruiting activities, where she chaired 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.

#### **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 and Public Affairs Institute.

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

## Maciej Wisniewski

Maciej Wisniewski 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.

Since December 2018 he is a chairman of The Board Of Directors in MacroEquity Global Investments UCITS SICAV. Maciej Wisniewski graduated from the Faculty of Finance and Banking at the Warsaw School of Economics and the Faculty of Finance at London Business School.

Maciej Wisniewski is a chairman of the Human Resources and Remuneration Commission and 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, an independent member of the Supervisory Board with knowledge and skills in the field of accounting acquired in the course of current professional activity,
- **Tomasz Sielicki** – a member of the Supervisory Board with knowledge about the business which the Company operates,
- **Maciej Wisniewski** – an independent member of the Supervisory Board with knowledge and skills in the field of accounting acquired in the professional education in the Faculty of Finance and Banking at the Warsaw School of Economics and the Faculty of Finance at London Business School as well as in the course of current professional activity.

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. In 2018 the Audit Committee was convened six times.

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. The auditor was selected prior to entry into force of provisions on the statutory obligation to conduct the audit firm selection process pursuant to the Act on Statutory Auditors, Audit Firms and Public Supervision of 11 May 2017. In December 2017, the Supervisory Board of the Company adopted, in the form of a resolution, the "Policy on selection of the audit firm

for auditing the financial statements of Agora S.A. and Agora S.A. Capital Group”, which also included provisions concerning the policy for the provision by the audit firm conducting the audit, by entities associated with this audit firm and by a member of the audit firm network of permitted non-audit services, 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.

The policy on selection of the audit firm for auditing the financial statements of Agora S.A. and Agora S.A. Capital Group sets out the rules and guidelines for the procedure aimed at selecting an audit firm authorised to conduct statutory audits and reviews of financial statements of Agora S.A. and Agora S.A. Capital Group by the Supervisory Board of the Company following a tender procedure provided for in the Selection Procedure, containing transparent and non-discriminatory selection criteria for the audit firm.

Pursuant to the policy for the provision by the audit firm conducting the audit, by entities associated with this audit firm and by a member of the audit firm network of permitted non-audit services together with the catalogue of prohibited services, neither the statutory auditor nor the audit firm conducting statutory audits of the Company nor any member of the network of which the statutory auditor or the audit firm are members shall provide, directly or indirectly to the Company, its parent company or any entities controlled by the Company within the European Union, any prohibited non-audit services or services other than financial auditing activities. Provision of services that are not prohibited by these entities shall be acceptable only to the extent not related to the Company's tax policy, after the Audit Committee has conducted an assessment of risks and independence safeguards, and provided its consent.

The audit firm KPMG Audyt Spółka z ograniczoną odpowiedzialnością spółka komandytowa with its registered office in Warsaw provided permitted non-audit services to Agora S.A. in the financial year 2018, i.e. services within the scope of review of condensed interim individual financial statements of Agora S.A., covering the period from 1 January 2018 to 30 June 2018, and within the scope of review of condensed interim consolidated financial statements of Agora S.A. Capital Group, covering the period from 1 January 2018 to 30 June 2018.

*(ii) Human Resources and Remuneration Commission:*

- Maciej Wisniewski - chairperson of the Human Resources and Remuneration Commission,
- Andrzej Dobosz,
- Dariusz Formela,
- Andrzej Szlezak.

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.

On November 23, 2018 Ms Wanda Rapaczynski, hitherto chairperson of the Human Resources and Remuneration Commission, resigned from the membership in the Commission.

On December 21, 2018 the Supervisory Board appointed Mr. Maciej Wiśniewski to be the member and Chairman of the of the Human Resources and Remuneration Commission.

## **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:*

	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) (1)</i>	5,401,852	11.60	22,528,252	35.36
<b>Powszechne Towarzystwo Emerytalne PZU S.A. (Otwarty Fundusz Emerytalny PZU Złota Jesien and Dobrowolny Fundusz Emerytalny PZU)</b> <i>(in accordance with the last notification dated 27 December 2012) (1)</i>	7,594,611	16.30	7,594,611	11.92
<i>of which:</i> <b>Otwarty Fundusz Emerytalny PZU Złota Jesien</b> <i>(in accordance with the last notification dated 27 December 2012) (1)</i>	7,585,661	16.28	7,585,661	11.91
<b>Media Development Investment Fund, Inc. (MDIF Media Holdings I, LLC)</b> <i>(in accordance with the official notification received on 6 June 2016) (1)</i>	5,350,000	11.49	5,350,000	8.40
<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) (1)</i>	4,493,055	9.65	4,493,055	7.05

*(1) 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 on August 23, 2018.*

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 2018 (PLN '000)**

Member of the Management Board	Total	Base salary	Variable remuneration	Other benefits
Bartosz Hojka	1,708	804	900	4
Tomasz Jagiello	790	240	550	-
Agnieszka Sadowska	1,045	491	550	4
Grzegorz Kania	685	600	81	4
Anna Krynska-Godlewska	681	600	81	-
Grzegorz Kossakowski (1)	374	-	374	-
Robert Musial (2)	89	-	89	-

(1) Grzegorz Kossakowski was a member of the Company's Management Board until 5 September 2017, the variable remuneration which was paid in 2018, consists the Incentive Plan for a period as a member of the Management Board in 2017.

(2) Robert Musial was a member of the Company's Management Board until 28 February 2017, the variable remuneration which was paid in 2018, consists the Incentive Plan for a period as a member of the Management Board in 2017.

Remuneration paid by Agora S.A. to members of the Management Board in 2018 amounted to PLN 5,372 thousand (in 2017: PLN 4,642 thousand) and this amount also includes payments of bonuses.

Tomasz Jagiello received additional remuneration for the function of President of the Management Board of Helios S.A. in the amount of PLN 357 thousand (in 2017: PLN 356 thousand) and Agnieszka Sadowska for the function of a Management Board Member of Stopklatka S.A. in the amount of PLN 175 thousand (in 2017: 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 2018, four out of five members of the Management Board used company cars acquired by the Company. Tomasz Jagiello 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 Boards of the subsidiaries Yeldbird Sp. z o.o. and Foodio Concepts Sp. z o.o. participated. For details on these schemes, see note 27 to the consolidated financial statements.

In 2018, there were no significant changes in the manner of remuneration of members of the Company's Management Board.

In 2018, remuneration for serving as members of management and supervisory bodies of subsidiaries in the Agora Group amounted to PLN 6,782 thousand (in 2017: PLN 5,648 thousand).

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 2018 (PLN '000)**

Member of the Supervisory Board	Base salary
Andrzej Szlezak (Chairman of the Supervisory Board)	108
Wanda Rapaczynski	72
Tomasz Sielicki	72
Dariusz Formela	72
Andrzej Dobosz	72
Maciej Wisniewski	72

The total remuneration amounted to PLN 468 thousand (2017: 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:

- 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,
- on which one entity or a group of entities acting in concert exceeds the 50.0% threshold of the total number of votes at the General Meeting of Agora S.A.;
- 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 in 2018**

Starting from the second quarter of 2018, Management Board members of the Company participate in an incentive scheme ("Incentive Plan"), which one of the components (related to the appreciation of the Company's share price) is a payment in the form of shares settled in cash. According to the Incentive Plan they are eligible to receive an annual bonus based on two components described below:

- (i) the stage of realisation of the target based on the EBITDA of the Agora Group ("the EBITDA target"). The amount of a potential bonus in this component of the Incentive Plan depends on the stage of the EBITDA target fulfillment, which is specified as the EBITDA level of the Agora Group to be reached in the given financial year determined by the Supervisory Board. The fulfillment of the EBITDA target will be determined on

the basis of the audited consolidated financial statements of the Agora Group for the given financial year;

- (ii) the percent of Company's share price increase ("the Target of Share Price Increase"). The amount of a potential bonus in this component of the Incentive Plan will depend on the percent 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 in IQ of Next Year") and the average of the quoted closing Company's share prices in the first quarter of the financial year for which the bonus is calculated ("the Average Share Price in IQ of Bonus Year"). If the Average Share Price in IQ of Next Year will be lower than the Average Share Price in IQ of Bonus Year, the Target of Share Price Increase is not satisfied and the bonus in this component of the Incentive Plan will not be granted, however, the Supervisory Board retains a right to the final verification of the Target of Share Price Increase by reference to the dynamics of changes in stock exchange indexes on capital markets.

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 2018, 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.

The value of the potential reward concerning the realization of the Target of Share Price Increase, was estimated on the basis of the Binomial Option Price Model (Cox, Ross, Rubinstein model), which takes into account – inter alia – actual 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. That value is charged to the Income Statement in proportion to the vesting period of this component of the Incentive Plan. As at 31 December 2018, the estimated Average Share Price in IQ of Next Year was below the Target of Share Price Increase and the accrual for this component of the Incentive Plan was not recognised in the balance sheet.



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	10.00
volatility of Agora S.A.'s share price during the last twelve months	%	36.61
Average Share Price IVQ	PLN	14.17
risk free rate	%	1.30-1.59 (at maturities)

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

	2018	2017
Income statement – increase in staff costs*	1,871	3,052
Income statement – deferred tax	(355)	(580)
Accruals – closing balance	1,167	2,013
Deferred tax asset – closing balance	222	382

\* the total cost in financial period includes the plan costs for 2018 and a portion of the cost of the exchange rate element of the plan for 2017, settled in May 2018.

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

	2018	2017
Bartosz Hojka	578	1,103
Tomasz Jagiello	355	631
Agnieszka Sadowska	355	423
Anna Krynska - Godlewska	230	62
Grzegorz Kania	230	62
Grzegorz Kossakowski (1)	99	495
Robert Musial (2)	24	276
	<b>1,871</b>	<b>3,052</b>

(1) Grzegorz Kossakowski was a member of the Company's Management Board until 5 September 2017 the impact of the plan in 2018 concerns the course element of the Incentive Plan for a period as a member of the Management Board in 2017.

(2) Robert Musial was a member of the Company's Management Board until 28 February 2017 the impact of the plan in 2018 concerns the course element of the Incentive Plan for a period as a member of the Management Board in 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.

	Men		Women	
As at the end of	2018	2017	2018	2017
Management Board	3	3	2	2
Supervisory Board	5	5	1	1

### 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 52.9% of employees in the entire Group as at 31 December 2018 and men accounted for 47.1%). The gender structure in the administrative bodies confirms that this objective has been achieved.

**Gender structure in administrative bodies (management positions) of Agora Group (as at 31 December 2018).**

	% in the Agora Group	
	Women	Men
Agora Group	54.3%	45.7%

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 the Agora Group** was adopted by the company's management board in 2016 to reflect the firm's strategic approach to social business responsibility. The objectives set out in the document are:

- ▶ education;
- ▶ personal and social development;

- ▶ shaping civic attitudes and concern for human rights;
- ▶ promotion of culture and its general accessibility;
- ▶ promotion of health and of living a healthy lifestyle;
- ▶ environmental concerns;
- ▶ social concern for others as expressed in charity and aid actions.

These objectives are largely based on the goals set out by the UN, namely the UN Sustainable Development Goals (SDGs). In 2018, Agora Group continued its long-standing activities within the social, educational, cultural and charity pillars, while at the same time initiating new actions. These activities are not only nation-wide; they include regional projects as well.

As part of the **social activities**, the companies and media team for the Agora Group, took, above all, initiatives promoting diversity within society. These were, among others, actions related to the 100th anniversary of Polish women gaining the right to vote (the Plebiscite for “Polish Woman of the Century” by *Wysokie Obcasy* editorial team, the “#Jestem” series by Wyborcza.pl video team, “Women on Walls” – action organised by *Wysokie Obcasy* and campaign of the editorial team with the slogan “Women know what they are doing”, and additionally, on the occasion of international women’s day, namely March 8, *Gazeta Wyborcza* which prepared a special edition of the journal - *Wyborcza for Women*.

Activities for **elderly people** were carried out within the Silesian initiative “The Long-Living”.

A major topic was also the function-ability of sustainable cities and in this regard, *Gazeta Wyborcza* organised a comprehensive questionnaire testing the knowledge of towns and metropolitan areas, namely Warsaw, Tri-city and Wrocław, with a series of meetings (e.g. Let us meet in Powiatowa 17 in Poznan District), as well as campaigns such as the cyclical action of Gazeta.pl together with Greenpeace Poland for the “Adopt a bee” program. In the context of activating the local community, a series of meetings “Wyborcza Live” was continued as well as the organization of “Hear Your City” debates as coordinated by TOK FM radio station. Moreover, the Rock Radio station engaged people living in Warsaw, Poznan and Opole to planting trees on the occasion of the 100th anniversary of regaining its national independence.

The **educational activities** undertaken by the Agora Group were specifically aimed at both children and the youth (e.g. the “Mathematics Counts Festival”, Family Fest and the Helios cinema network actions “Thematical Cinema” and “Thematical Cinema Junior”), as well as for the adults (the “Jutronauci” project). The Group’s media and brands also initiated public debate on issues such as health and the quality of life (19th edition of the AMS Poster Gallery entitled “Eat with caution”, an action organised by Katowice’s *Gazeta Wyborcza* “Dare to do it”, learning about first aid thanks to the „Uwaga, wakacje!”, in addition to *Gazeta Wyborcza*), and last but not least, the topic of responsible consumption, and in particular the avoidance of food waste (debate of the Warsaw’s *Gazeta Wyborcza* editorial entitled “Do eat, buy, think and not waste”).

As a part of their 2018 **cultural activities**, the companies and brands of Agora Group promoted cultural initiatives such as: The International Poster Biennale as part of the #PrzygarnijPlakat AMS action, supported readership in a special edition of *Gazeta Wyborcza* on the UNESCO World Poetry Day, and organised a series of meetings and events regarding books, films and authors as part of Centrum Premier Czerska 8/10. Eight talks were given in this series during 2018, including lectures by Wojtek Kurtyka and Bernadette McDonald; Anne Applebaum; Lucyna Kirwil and Jerzy Bralczyk; Katarzyna Surmiak-Domanska and Jerzy Stuhr, as well as a meeting entitled “Zawod: reporter” related to the premieres of *Jeszcze dzien zycia* and *53 wojny* and the film regarding the biography of Jacek Kuron. As part of the series, the play by Mikołaj Lizut entitled *Czekam na telefon* was also performed.

**Charitable activities** conducted by the Agora Group not only include the involvement of readers and recipients, employees and local community in actions directly supporting social organisations, but also focus on the promotion of philanthropy and charity. For example, Agora’s media raised a total of PLN 141.9 thousand in the 26<sup>th</sup> Finale of the Great Orchestra of Christmas Charity. *Gazeta.pl* organised a Week of the Good Heart in which it promoted charity, and Rock Radio held an auction in favour of the Rak’n’Roll Foundation. The Agora Publishing House prepared a record of the Karimski Club band, and Publio.pl released an audiobook whose profit was specifically donated to social purposes. It was the 13th time that *Gazeta Wyborcza*, together with its partner

conducted a charity advertising campaign on the occasion of Day of the Child, and Wrocław's editorial of the journal raised funds for the 15<sup>th</sup> time raised via the Santa Claus Factory.

Additionally, Agora brands implemented activities from the area of **socially involved marketing**, namely through involving readers in support of specific projects. Thanks to the subscribers of the digital version of the journal, in 2018 alone, *Gazeta Wyborcza* raised in total around PLN 255 thousand with the following calls to action: "Czytasz i pomagasz!", "Prenumerata Solidarnościowa" and "PrenumerATUJ". The profit gained on the sales of the subscriptions was transferred to specific non-governmental organisations: Campaign Against Homophobia, Centre for Women's Rights or Association for Legal Intervention, as well as the Agora Foundation, the Bread of Life Community of Małgorzata Chmielewska and Despite Everything Foundation of Anna Dymna, and the WWF Foundation. In the most recent action, digital subscribers could support protection of a selected animal species.

Companies of the Agora Group also seek solutions aimed at providing **access to their products and services** by the largest possible number of customers, in particular, by sensitive and excluded groups. The recipients of these activities are persons with various disabilities, foreigners and veterans. An example of such activities is, for instance, issuing *Pryvit* - the first newspaper for Ukrainians living in Poland, a joint initiative of Wrocław's editorial team of *Gazeta Wyborcza* and the Ukraina Foundation, as well as participation of a Helios cinema network in the "Veterans are among us – A Veteran-Friendly Place" programme. In addition, Helios as the number one cinema operator in Poland introduced in 2018 film sessions for Ukrainian viewers in its repertoire, and continued the action called Accessible Culture, during which 50 Polish films were presented in 4.4 shows.

The editorial teams belonging to Agora Group are attempting to develop the ability of how to use media and critical thinking among their recipients. At the same time, journalists and employees of the Group are actively involved in social campaigns and initiate a variety of actions, campaigns and initiatives that involve local communities and raise relevant social issues to the forefront. These activities included: the series #ZWYKLINIEZWYKLI prepared by the Gazeta.pl team, the video programme Wyborcza.pl "In Borrowed Suits", and Newsmavens.com — the first European website created exclusively by women. In addition, *Gazeta Wyborcza* and Wyborcza.pl conducted "My first time" campaign aimed at people who in 2018 were first enabled to take part in the local elections.

In addition to the above, the media of Agora Group, by organising competitions and awarding prizes, speak on important social issues and promote culture. Since 2011, TOK FM radio station, through the Anna Laszuk prize, has been rewarding individuals, institutions or organisations for courageous, unconventional, unusual activities, works or speeches which had a significant impact on social awareness over the past year or have successfully changed the Polish paradigm. Since 2010, "Gazeta Wyborcza" has been one of the organizers of the Ryszard Kapuscinski Award for Excellence in Reportage, and it has also been supporting the NIKE Literary Award. In addition, in 2018, Agencja Gazeta and *Gazeta Wyborcza* initiated the Krzysztof Miller Photographic Award for the courage of observation.

In 2018, **three new social organisations** were created with participation of Agora - two of them within the company's structures. In October 2018, Gazeta Wyborcza Foundation and Wysokie Obcasy Foundation were founded, which will be involved, respectively, in: Cultural and educational activity in the scope of education, culture, art, journalism and media development, and the promotion of equality between men and women. The foundations were registered in December 2018.

On the other hand, in September 2018, the company, through Agora Publishing House in collaboration with other sponsors in the publishing industry, established the Foundation for General Reading, dedicated to spreading the book culture in Poland, and the promotion of reading as a valuable leisure activity.

Since 2004, Agora Foundation has been operating under Agora Holding, and the "Academy of Integration. Work. Education. Sport" Foundation has been operating under AMS.

The implemented Policy of social and sponsoring activities has brought tangible benefits to the company: it has strengthened its position as a leader among media providers in the implementation of social projects, as well as the involvement and satisfaction of employees due to their participation in these activities.

In Agora's opinion, implementation of the Policy of social and sponsoring activities is consistent with the interest of the company and its stakeholders, including its corporate shareholders, as it creates goodwill, contributes to social development and reflects the company's responsibility for its impact on the environment.

Warsaw, 7 March 2019

*Bartosz Hojka - President of the Management Board*

*Signed on the Polish original*

*Tomasz Jagiello - Member of the Management Board*

*Signed on the Polish original*

*Agnieszka Sadowska - Member of the Management Board*

*Signed on the Polish original*

*Anna Krynska-Godlewska - Member of the Management Board*

*Signed on the Polish original*

*Grzegorz Kania - Member of the Management Board*

*Signed on the Polish original*