

Statement regarding the
implementation of corporate
governance rules at CD
PROJEKT S.A.

Disclosure of the set of corporate governance rules applicable to the Issuer and the location where these rules can be publicly accessed

CD PROJEKT S.A. (further referred to as the Issuer and/or the Company) is subjected to corporate governance rules set forth in the 2016 Code of Best Practice for WSE Listed Companies, annexed to the Stock Exchange Council resolution 26/1413/2015 of 13 October 2015. This document can be accessed on the Warsaw Stock Exchange website at <http://www.corp-gov.gpw.pl/>.

Scope of the Issuer's deviation from corporate governance rules

I. DISCLOSURE POLICY AND INVESTOR COMMUNICATIONS

- **I.Z.1. A company should operate a corporate website and publish on it, in a legible form and in a separate section, in addition to information required under the legislation:**

- I.Z.1.2 the full names of the members of its management board and supervisory board and the professional CVs of the members of these bodies including information on the fulfilment of the criteria of independence by members of the supervisory board,

Implementation of this policy is contingent on the Management Board and Supervisory Board members' willingness to submit the appropriate statements. The Issuer will strive to satisfy the policy but it cannot presently ensure that the affected individuals will perform the corresponding activities, thereby enabling the Issuer to meet the requirements listed in the policy. The Company declares that whenever a change occurs in the composition of its Management Board or Supervisory Board, it will petition the newly appointed members to submit their professional CVs along with written declarations of compliance with independence criteria. Such materials will be published on the Company's website immediately upon receipt.

- I.Z.1.11 - information about the content of the company's internal rule of changing the company authorised to audit financial statements or information about the absence of such rule,

No specific rules have been instituted at the Company with regard to changing the company authorized to audit financial statements. In this matter the Company follows the applicable legal regulations.

- I.Z.1.15 - . information about the company's diversity policy applicable to the company's governing bodies and key managers; the description should cover the following elements of the diversity policy: gender, education, age, professional experience, and specify the goals of the diversity policy and its implementation in the reporting period; where the company has not drafted and implemented a diversity policy, it should publish the explanation of its decision on its website;;

No specific diversity policies are in force with regard to the governing bodies or key managers at CD PROJEKT. Nevertheless, diversity among members of the Company's governing bodies and key managers is maintained as a result of the equal opportunity principle which CD PROJEKT embraces. The Company has consistently applied a policy whereby governing and managerial positions are filled by competent, creative individuals possessing the necessary experience and education. In the Issuer's opinion other factors, such as gender, are not relevant in this scope.

- I.Z.1.16 - information about the planned transmission of a general meeting, not later than 7 days before the date of the general meeting,

The Issuer does not provide broadcasts of its General Meetings. Should a decision be undertaken to provide such broadcasts, the Issuer will apply the above policy.

- I.Z.1.17 - justification of draft resolutions of the general meeting concerning issues and determinations which are relevant to or may give rise to doubts of shareholders, within a timeframe enabling participants of the general meeting to review them and pass the resolution with adequate understanding,

Justification will be provided for any resolutions submitted to the General Meeting by the Management Board, and will be published simultaneously with the corresponding draft resolutions. With regard to resolutions submitted by shareholders, publication of justifications will depend on whether such justifications are obtained from proposers. The Issuer is unable to ensure that its shareholders will comply with this policy and therefore cannot guarantee that the policy will be implemented as stated. For these reasons the Issuer has decided to withhold implementation of this policy.

- I.Z.1.19. - shareholders' questions asked to the management board pursuant to Article 428 § 1 or § 6 of the Commercial Companies Code together with answers of the management board to those questions, or a detailed explanation of the reasons why no answer is provided, pursuant to principle IV.Z.13,

The Company does not maintain a detailed record of the General Meeting, including all statements and questions posed by participants. The meeting agenda is set by the meeting chairman on the basis of the applicable legal regulations, the perceived importance of individual matters and any justifiable demands voiced by shareholders. This process is governed by Art. 428 of the CCC, and specifically by § 3 and 4 of same, as well as by § 5 and 6 in conjunction with § 38 Art. 1 item 12 of the Finance Minister's Regulation of 19 February 2009 regarding current and periodic disclosure of information by issuers of securities and recognition as equivalent of information whose disclosure is required under the laws of a non-member state. Accordingly, any such questions, together with the corresponding answers, are published on the Company website as soon as the abovementioned conditions are met.

- I.Z.1.20. - an audio or video recording of a general meeting,

The Company does not record its General Meetings. Noncompliance with this policy is due to technical and economic reasons. Nevertheless, the Issuer is contemplating institution of such recordings at a future date.

II. MANAGEMENT BOARD, SUPERVISORY BOARD

- **II.Z.2 - A company's management board members may sit on the management board or supervisory board of companies other than members of its group subject to the approval of the supervisory board,**

Due to the fact that neither the Issuer's Articles of Association nor its internal regulations stipulate mandatory disclosure of the relevant information by members of the Management Board, the Issuer cannot commit to implementation of this policy as it lacks the necessary legal tools.

- **II.Z.3 - At least two members of the supervisory board should meet the criteria of being independent referred to in principle II.Z.4,**

The above policy is not implemented. In accordance with the applicable legislation members of the Supervisory Board are appointed by the General Meeting. The Company's Articles of Association do not contain provisions related to the independence or the manner in which independent Supervisory Board members ought to be elected.

The Company is not in a position to implement the above policy as it lacks control over its Articles of Association and does not, by itself, appoint members of its Supervisory Board. All rights in this regard appertain to the Company's shareholders.

- **II.Z.4 – Annex II to the European Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board applies to the independence criteria of supervisory board members. Irrespective of the provisions of point 1(b) of the said Annex, a person who is an employee of the company or its subsidiary or affiliate or has entered into a similar agreement with any of them cannot be deemed to meet the independence criteria. In addition, a relationship with a shareholder precluding the independence of a member of the supervisory board as understood in this principle is an actual and significant relationship with any shareholder who holds at least 5% of the total vote in the company,**

Implementation of this policy is contingent upon the Supervisory Board members' willingness to voluntarily declare compliance with the European Commission's Recommendation no. 2005/162/WE of 15 February 2005, and to disclose relationships with shareholders who control at least 5% of the vote at the General Meeting. The Company declares that it will petition members of its Supervisory Board to submit notifications of any relationship with shareholders who control at least 5% of the vote at the General Meeting.

- **II.Z.5 – Each supervisory board member should provide the other members of the supervisory board as well as the company's management board with a statement of meeting the independence criteria referred to in principle II.Z.4,**

Implementation of this policy is contingent upon the Supervisory Board members' willingness to voluntarily declare compliance with the European Commission's Recommendation no. 2005/162/WE of 15 February 2005, and to disclose relationships with shareholders who control at least 5% of the vote at the General Meeting. The Issuer will try to fulfill the above listed requirements but is unable to ensure that the specified individuals will comply with this policy and therefore cannot guarantee that the policy will be implemented as stated. For these reasons the Issuer has decided to withhold implementation of this policy.

- **II.Z.6 – The supervisory board should identify any relationships or circumstances which may affect a supervisory board member's fulfilment of the independence criteria. An assessment of supervisory board members' fulfilment of the independence criteria should be presented by the supervisory board according to principle II.Z.10.2,**

Implementation of this policy is contingent upon the willingness of the Company's Supervisory Board to perform certain actions. While the Issuer declares its intent to comply with this policy, ensuring actual compliance falls upon the Supervisory Board. For these reasons the Issuer has decided to withhold implementation of this policy.

- **II.Z.7 – Annex I to the Commission Recommendation referred to in principle II.Z.4 applies to the tasks and the operation of the committees of the Supervisory Board. Where the functions of the audit committee are performed by the supervisory board, the foregoing should apply accordingly,**

The Issuer's Supervisory Board has not formed any committees. As the Supervisory Board currently consists of five members, it has decided that tasks of the Audit Committee, pursuant to the Act of 7 May 2009 on statutory auditors and their self-government, entities authorized to audit financial statements and public supervision, will be discharged by the full Board. Implementation of this policy is contingent upon the Supervisory Board members' willingness to voluntarily declare compliance with the European Commission's Recommendation no. 2005/162/WE of 15 February 2005, and

to disclose relationships with shareholders who control at least 5% of the vote at the General Meeting.

- **II.Z.8 – The chair of the audit committee should meet the independence criteria referred to in principle II.Z.4,**

The Issuer's Supervisory Board has not formed any committees. As the Supervisory Board currently consists of five members, it has decided that tasks of the Audit Committee, pursuant to the Act of 7 May 2009 on statutory auditors and their self-government, entities authorized to audit financial statements and public supervision, will be discharged by the full Board.

IV. GENERAL MEETING, SHAREHOLDER RELATIONS

- **IV.Z.2 – If justified by the structure of shareholders, companies should ensure publicly available real-time broadcasts of general meetings,**

The Issuer does not provide broadcasts of its General Meetings. Should a decision be undertaken to provide such broadcasts, the Issuer will apply the above policy.

- **IV.Z.9 – Companies should strive to ensure that draft resolutions of the general meeting contain a justification, if it helps shareholders to pass a resolution with adequate understanding. If a matter is put on the agenda of the general meeting at the request of a shareholder or shareholders, the management board or the chair of 15 the general meeting should request presentation of the justification of the proposed resolution. In important matters and matters which may give rise to any doubt of shareholders, the company should provide a justification, unless it otherwise provides the shareholders with information necessary to pass a resolution with adequate understanding.**

This policy contains stipulations of a general nature which may give rise to ambiguous interpretations as a result of which the Issuer may face groundless accusations of noncompliance. Additionally, meeting the requirements listed above is only possible when CD PROJEKT is aware of the justification of a draft resolution or otherwise possesses information which would help shareholders pass a resolution with adequate understanding. For these reasons the Issuer has decided to withhold implementation of this policy.

V. CONFLICT OF INTEREST, RELATED PARTY TRANSACTIONS

- **V.Z.2 – Members of the management board or the supervisory board should notify the management board or the supervisory board, respectively, of any conflict of interest which has arisen or may arise, and should refrain from voting on a resolution on the issue which may give rise to such a conflict of interest in their case,**

Implementation of this policy is contingent upon the willingness of the Company's Supervisory Board or Management Board members to perform certain actions. While the Issuer declares its intent to comply with this policy, it cannot ensure that the specified individuals will perform the necessary actions and therefore cannot guarantee that the policy will be implemented as stated. For these reasons the Issuer has decided to withhold implementation of this policy.

- **V.Z.5 – Before the company concludes a significant agreement with a shareholder who holds at least 5% of the total vote in the company or with a related party, the management board should request the supervisory board's approval of the transaction. Before giving its approval, the supervisory board**

should evaluate the impact of the transaction on the interest of the company. The foregoing does not apply to typical transactions and transactions at arm's-length made as part of the company's operations between the company and members of its group. If the decision concerning the company's significant agreement with a related party is made by the general meeting, the company should give all shareholders access to information necessary to assess the impact of the transaction on the interest of the company before the decision is made,

In the Company's opinion, the competences of Company bodies with regard to conclusion of transactions/agreements are specified with sufficient clarity in the applicable legal regulations coupled with the Company's Articles of Association. The competences of the Company's Supervisory Board include approval of any significant transactions which incur liabilities on the part of the Company.

- **V.Z.6 – In its internal regulations, the company should define the criteria and circumstances under which a conflict of interest may arise in the company, as well as the rules of conduct where a conflict of interest has arisen or may arise. The company's internal regulations should among others provide for ways to prevent, identify and resolve conflicts of interest, as well as rules of excluding members of the management board or the supervisory board from participation in reviewing matters subject to a conflict of interest which has arisen or may arise,**

No internal regulations are currently in force at CD PROJEKT concerning the criteria and circumstances under which a conflict of interest may arise or the rules of conduct where a conflict of interest has arisen or may arise. The Issuer intends to review its current practices in this regard and may, at a later date, introduce suitable internal regulations.

VI. REMUNERATION

- **VI.Z.2 - To tie the remuneration of members of the management board and key managers to the company's long-term business and financial goals, the period between the allocation of options or other instruments linked to the company's shares under the incentive scheme and their exercisability should be no less than two years.**

Implementation of this policy depends on the material content of General Meeting resolutions. The Issuer cannot guarantee that Company shareholders who take part in future General Meetings will take this policy into account when voting on resolutions. For these reasons the Issuer has decided to withhold implementation of this policy.

- **VI.Z.4 - In this activity report, the company should report on the remuneration policy including at least the following:**
 - 1) general information about the company's remuneration system;**
 - 2) information about the conditions and amounts of remuneration of each management board member broken down by fixed and variable remuneration components, including the key parameters of setting the variable remuneration components and the terms of payment of severance allowances and other amounts due on termination of employment, contract or other similar legal relationship, separately for the company and each member of its group;**
 - 3) information about non-financial remuneration components due to each management board member and key manager;**
 - 4) significant amendments of the remuneration policy in the last financial year or information about their absence;**
 - 5) assessment of the implementation of the remuneration policy in terms of achievement of its goals, in particular long-term shareholder value creation and the company's stability.**

The Issuer regards the remuneration policy in force at the Company as its trade secret. Information concerning the remuneration of individuals who are not members of the Company's Supervisory Board or Management Board is regarded as particularly sensitive and protected against disclosure. With regard to remuneration of Supervisory Board and Management Board members, the Issuer follows the applicable legal disclosure obligations.