

Documentation submitted for perusal by the Ordinary General Meeting of Shareholders of CD PROJEKT S.A. scheduled for 24 May 2016

On 10 March 2016 the Company published its annual financial statement, which included, among others, the following items:

- Management Board report on Company activities in 2015;
- Company financial statement for 31 December 2015;
- Audit report concerning the Company financial statement for 2015;
- Consolidated Financial Statement of the CD PROJEKT Capital Group for 31 December 2015;
- Report on CD PROJEKT Capital Group activities in 2015;
- Audit report concerning the Consolidated Financial Statement of the CD PROJEKT Capital Group for 2015.

This documentation has been published on www.cdprojekt.com and is also available at the Company headquarters.

Draft resolutions and Supervisory Board reports submitted to the Ordinary General Meeting:

**Resolution no. 1
of the Supervisory Board of CD PROJEKT S.A.
of 27 April 2016**

concerning approval of the Management Board report on Company activities, Company financial statement for 2015, Management Board recommendation concerning allocation of net profit for 2015 and submission to the General Meeting of the Supervisory Board report concerning the Management Board report on Company activities, Company financial statement for 2015 and Management Board recommendation concerning allocation of net profit for 2015

Acting in compliance with Art. 382 § 3 of the Commercial Company Code, the Supervisory Board hereby declares the following:

§ 1

1. Following analysis of the Company financial statement and the Management Board report on Company activities in 2015, and of their corresponding audit reports, the Supervisory Board has determined that the Company financial statement and the Management Board report on Company activities in 2015 are materially consistent with Company accounts, as well as being factually correct.
2. The Supervisory Board submits the Company financial statement and the Management Board report on Company activities in 2015 to the General Meeting and recommends their approval.
3. Following analysis of the Financial Statement, the Management Board report on Company activities in 2015 and the Management Board recommendation concerning allocation of net profit, conveyed in the CD PROJEKT S.A. Management Board resolution no. 6/2016 of 10 March 2016, and acting in compliance with the CD PROJEKT S.A. Management Board resolution no. 8/2016 of 25 April 2016 concerning approval and submission to the General Meeting of the financial statement of CD PROJEKT S.A. for 2015 along with the corresponding audit report, the Supervisory Board recommends that the net profit for 2015 in the amount of

336,200,229.96 PLN be partly allocated towards coverage of losses incurred in the preceding years, with the remainder allocated towards reserve capital.

4. The Supervisory Board hereby submits to the General Meeting its report concerning the outcome of assessment of the Management Board report on Company activities, Company financial statement for 2015 and Management Board recommendation concerning allocation of net profit for 2015, which is attached to this resolution.

§ 2

The resolution enters into force on the date of its adoption.

CD PROJEKT S.A. Supervisory Board report concerning the outcome of assessment of the Management Board report on Company activities, Company financial statement for 2015 and Management Board recommendation concerning allocation of net profit for 2015

I. Assessment of the CD PROJEKT S.A. financial statement for the period between 1 January and 31 December 2015

In the course of discharging its statutory duties, on 28 May 2015 the Supervisory Board adopted resolution no. 11, selecting PKF Consult Sp. z o.o. as the entity charged with auditing the Company financial statement and Management Board report on Company activities for the period between 1 January 2015 and 31 December 2015.

The object of the audit was the financial statement for the period between 1 January 2015 and 31 December 2015, prepared on 10 March 2016.

The Management Board communicated the outcome of the audit to the Supervisory Board and provided a copy of the audit report prepared by the aforementioned licensed auditor.

With regard to the Company financial statement, on 10 March 2016 the licensed auditor issued an opinion declaring that the financial statement, which comprises numerical data and textual explanations:

- faithfully conveys all information important from the point of view of assessing the Company's material and financial standing, as well as its financial result for the period covered by the financial statement,
- was prepared, in all key respects, in a manner consistent with the guidelines mentioned in the audit report and on the basis of valid accounts and records,
- complies with all applicable legal regulations and provisions contained in the Company Articles.

The presented outcome formed the basis of the Supervisory Board assessment of the Company financial statement for 2015.

Following assessment of the Company financial statement for 2015, the Supervisory Board hereby declares that the financial statement is materially consistent with the Company accounts and records, as well as being factually correct.

II. Assessment of the CD PROJEKT Management Board report on Company activities for the period between 1 January and 31 December 2015

With regard to the Management Board report for the period between 1 January and 31 December 2015, the Supervisory Board also availed itself of the reports and opinions supplied by the licensed auditor mentioned in section I above. The Supervisory Board

concur with the auditor's opinion, formally expressed in the audit report of 10 March 2016, that the Management Board report materially conforms to Art. 49 section 2 of the Accounting Act and the Finance Minister's directive of 19 February 2011 concerning publication of current and periodic information by issuers of securities, and that the financial data contained in the Management Board report is consistent with the Company financial statement.

III. Assessment of the CD PROJEKT Management Board recommendation concerning allocation of net profit for 2015

Following analysis of the Company financial statement, Management Board report on Company Activities in 2015 and Management Board recommendation concerning allocation of net profit, conveyed in the CD PROJEKT S.A. Management Board resolution no. 6/2016 of 10 March 2016, and acting in compliance with the CD PROJEKT S.A. Management Board resolution no. 8/2016 of 25 April 2016 concerning approval and submission to the General Meeting of the financial statement of CD PROJEKT S.A. for 2015 along with the corresponding audit report, the Supervisory Board recommends that the net profit for 2015 in the amount of 336,200,229.96 PLN be partly allocated towards coverage of losses incurred in the preceding years, with the remainder allocated towards reserve capital.

**Resolution no. 2
of the Supervisory Board of CD PROJEKT S.A.
of 27 April 2016
*concerning approval of the Report on Capital Group activities, Consolidated Financial Statement for 2015, and submission to the General Meeting of the Supervisory Board report concerning the Report on Capital Group activities and the Consolidated Financial Statement for 2015***

Acting in compliance with Art. 382 § 3 of the Commercial Company Code, the Supervisory Board hereby declares the following:

§ 1

1. Following analysis of the Consolidated Financial Statement and the Report on Capital Group activities in 2015, and of their corresponding audit reports, the Supervisory Board has determined that the Consolidated Financial Statement and the Report on capital Group activities in 2015 are materially consistent with Capital Group accounts, as well as being factually correct.
2. The Supervisory Board submits the Consolidated Financial Statement of the Capital Group and the Report on Capital Group activities in 2015 to the General Meeting and recommends their approval.
3. The Supervisory Board hereby submits to the General Meeting its report concerning the outcome of assessment of the Report on Capital Group activities and the Consolidated Financial Statement of the Capital Group for 2015, which is attached to this resolution.

§ 2

The resolution enters into force on the date of its adoption.

CD PROJEKT S.A. Supervisory Board report concerning the outcome of assessment of the Report on Capital Group activities and Consolidated Financial Statement for 2015

In the course of discharging its statutory duties, on 28 May 2015 the Supervisory Board adopted resolution no. 11, selecting PKF Consult Sp. z o.o. as the entity charged with auditing the Consolidated Financial Statement of the Capital Group and the Report on Capital Group activities for the period between 1 January 2015 and 31 December 2015. The object of the audit was the consolidated financial statement for the period between 1 January 2015 and 31 December 2015, prepared on 10 March 2016.

The Management Board communicated the outcome of the audit to the Supervisory Board and provided a copy of the audit report prepared by the aforementioned licensed auditor.

With regard to the consolidated financial statement, on 10 March 2016 the licensed auditor issued an opinion, declaring that the financial statement, which comprises numerical data and textual explanations:

- faithfully conveys all information important from the point of view of assessing the material and financial standing of the Capital Group, as well as its financial result for the period covered by the financial statement,
- was prepared, in all key respects, in a manner consistent with the guidelines mentioned in the audit report and on the basis of valid accounts and records,
- complies with all legal regulations and provisions applicable to the Capital Group.

The presented outcome formed the basis of the Supervisory Board assessment of the Consolidated Financial Statement for 2015.

Following assessment of the Consolidated Financial Statement for 2015, the Supervisory Board hereby declares that the financial statement is materially consistent with the accounts and records of the Capital Group, as well as being factually correct.

With regard to the Report on Capital Group activities for the period between 1 January and 31 December 2015, the Supervisory Board also availed itself of the reports and opinions supplied by the licensed auditor mentioned in section I above. The Supervisory Board concurs with the auditor's opinion, formally expressed in the audit report of 10 March 2016, that the analyzed report materially conforms to Art. 49 section 2 of the Accounting Act and the Finance Minister's directive of 19 February 2011 concerning publication of current and periodic information by issuers of securities, and that the financial data contained in the analyzed report is consistent with the Consolidated Financial Statement of the Capital Group.

Resolution no. 3 of the Supervisory Board of CD PROJEKT S.A. of 27 April 2016

concerning submission to the General Meeting of a recommendation for a vote of acceptance to the President of the Management Board, Mr. Adam Kiciński, on account of the performance of his duties in the 2015 fiscal year

Pursuant to Rule No. II section 11 of the Code of Best Practices for WSE Listed Companies, the Supervisory Board hereby decides the following:

§ 1

Having assessed the performance of duties by Mr. Adam Kiciński, President of the Management Board, the Supervisory Board submits to the General Meeting a recommendation for a vote of acceptance to Mr. Adam Kiciński on account of the performance of his duties in the 2015 fiscal year.

§ 2

The resolution enters into force on the date of its adoption.

Resolution no. 4
of the Supervisory Board of CD PROJEKT S.A.
of 27 April 2016
concerning submission to the General Meeting of a recommendation for a vote of acceptance to the Vice President of the Management Board, Mr. Marcin Iwiński, on account of the performance of his duties in the 2015 fiscal year

Pursuant to Rule No. II section 11 of the Code of Best Practices for WSE Listed Companies, the Supervisory Board hereby decides the following:

§ 1

Having assessed the performance of duties by Mr. Marcin Iwiński, Vice President of the Management Board, the Supervisory Board submits to the General Meeting a recommendation for a vote of acceptance to Mr. Marcin Iwiński on account of the performance of his duties in the 2015 fiscal year.

§ 2

The resolution enters into force on the date of its adoption.

Resolution no. 5
of the Supervisory Board of CD PROJEKT S.A.
of 27 April 2016
concerning submission to the General Meeting of a recommendation for a vote of acceptance to the Vice President of the Management Board, Mr. Piotr Nielubowicz, on account of the performance of his duties in the 2015 fiscal year

Pursuant to Rule No. II section 11 of the Code of Best Practices for WSE Listed Companies, the Supervisory Board hereby decides the following:

§ 1

Having assessed the performance of duties by Mr. Piotr Nielubowicz, Vice President of the Management Board, the Supervisory Board submits to the General Meeting a recommendation for a vote of acceptance to Mr. Piotr Nielubowicz on account of the performance of his duties in the 2015 fiscal year.

§ 2

The resolution enters into force on the date of its adoption.

**Resolution no. 6
of the Supervisory Board of CD PROJEKT S.A.
of 27 April 2016**

concerning submission to the General Meeting of a recommendation for a vote of acceptance to Mr. Adam Badowski, Member of the Management Board, on account of the performance of his duties in the 2015 fiscal year

Pursuant to Rule No. II section 11 of the Code of Best Practices for WSE Listed Companies, the Supervisory Board hereby decides the following:

§ 1

Having assessed the performance of duties by Mr. Adam Badowski, Member of the Management Board, the Supervisory Board submits to the General Meeting a recommendation for a vote of acceptance to Mr. Adam Badowski on account of the performance of his duties in the 2015 fiscal year.

§ 2

The resolution enters into force on the date of its adoption.

**Resolution no. 7
of the Supervisory Board of CD PROJEKT S.A.
of 27 April 2016**

concerning submission to the General Meeting of a recommendation for a vote of acceptance to Mr. Michał Nowakowski, Member of the Management Board, on account of the performance of his duties in the 2015 fiscal year

Pursuant to Rule No. II section 11 of the Code of Best Practices for WSE Listed Companies, the Supervisory Board hereby decides the following:

§ 1

Having assessed the performance of duties by Mr. Michał Nowakowski, Member of the Management Board, the Supervisory Board submits to the General Meeting a recommendation for a vote of acceptance to Mr. Michał Nowakowski on account of the performance of his duties in the 2015 fiscal year.

§ 2

The resolution enters into force on the date of its adoption.

**Resolution no. 8
of the Supervisory Board of CD PROJEKT S.A.
of 27 April 2016**

concerning submission to the General Meeting of a recommendation for a vote of acceptance to Mr. Piotr Karwowski, Member of the Management Board, on account of the performance of his duties in the 2015 fiscal year

Pursuant to Rule No. II section 11 of the Code of Best Practices for WSE Listed Companies, the Supervisory Board hereby decides the following:

§ 1

Having assessed the performance of duties by Mr. Piotr Karwowski, Member of the Management Board, the Supervisory Board submits to the General Meeting a recommendation for a vote of acceptance to Mr. Piotr Karwowski on account of the performance of his duties in the 2015 fiscal year.

§ 2

The resolution enters into force on the date of its adoption.

**Resolution no. 9
of the Supervisory Board of CD PROJEKT S.A.
of 27 April 2016**

concerning approval and submission to the General Meeting of the report on Supervisory Board activities in 2015, including an assessment of the execution of duties by the Supervisory Board and an assessment of Company status, including its internal control systems, risk management strategies, internal audit policies and fulfillment of statutory disclosure obligations

Pursuant to § 14 section 2 of the Company Articles and to Rule II section 10 of the Code of Best Practices for WSE Listed Companies the following is hereby decided:

§ 1

1. The Supervisory Board hereby approves the report on Supervisory Board activities in 2015, including an assessment of the execution of duties by the Supervisory Board and an assessment of Company status, including its internal control systems, risk management strategies, internal audit policies and fulfillment of statutory disclosure obligations. The contents of this report are attached to this resolution.
2. The Supervisory Board submits the Report on CD PROJEKT S.A. Supervisory Board activities in 2015 to the General Meeting with a recommendation for its approval.

§ 2

The resolution enters into force on the date of its adoption.

CD PROJEKT S.A. Supervisory Board Report

concerning activities in the fiscal year 2015, along with an assessment of Supervisory Board actions and a summary assessment of Company status, its internal control system and risk mitigation strategies

1. Supervisory Board composition throughout the reporting period in 2015

During 2014 the following people performed duties as members of the Supervisory Board:

Between 1 January and 7 May 2015:

- Katarzyna Szwarc – Chairwoman of the Supervisory Board; Supervisory Board Member meeting independence criteria
- Cezary Iwański – Deputy Chairman of the Supervisory Board; Supervisory Board Member meeting independence criteria
- Maciej Majewski – Secretary of the Supervisory Board; Supervisory Board Member meeting independence criteria
- Grzegorz Kujawski – Member of the Supervisory Board; Supervisory Board Member meeting independence criteria
- Piotr Pągowski – Member of the Supervisory Board; Supervisory Board Member meeting independence criteria

Between 7 May and 28 May 2015:

- Katarzyna Szwarc – Chairwoman of the Supervisory Board; Supervisory Board Member meeting independence criteria
- Maciej Majewski – Secretary of the Supervisory Board; Supervisory Board Member meeting independence criteria
- Grzegorz Kujawski – Member of the Supervisory Board; Supervisory Board Member meeting independence criteria
- Piotr Pągowski – Member of the Supervisory Board; Supervisory Board Member meeting independence criteria

Between 28 May and 31 December 2015

- Katarzyna Szwarc – Chairwoman of the Supervisory Board; Supervisory Board Member meeting independence criteria
- Piotr Pągowski – Deputy Chairman of the Supervisory Board; Supervisory Board Member meeting independence criteria
- Maciej Majewski – Secretary of the Supervisory Board; Supervisory Board Member meeting independence criteria
- Grzegorz Kujawski – Member of the Supervisory Board; Supervisory Board Member meeting independence criteria
- Krzysztof Kilian – Member of the Supervisory Board; Supervisory Board Member meeting independence criteria

2. Scope of Supervisory Board activities in the reporting period:

In discharging its legal and statutory duties the Supervisory Board maintained ongoing oversight of all matters affecting the Company throughout 2015.

In particular, the Supervisory Board assessed the plans of the Management Board concerning business strategies implemented by the Company and the Capital Group, as well as day-to-day activities of the Company and its financial condition.

Throughout 2015 the Supervisory Board faithfully discharged all duties to which a supervisory board of a public company is unconditionally obligated by law, the Company Articles and Supervisory Board regulations.

In 2015 the Supervisory Board held four sessions. The Supervisory Board also executed its duties by adopting resolutions by circulation.

As part of its prerogatives, throughout 2015 the Supervisory Board applied a substantial portion of the Code of Best Practices for WSE Listed Companies insofar as these practices apply to supervisory boards of public companies.

As the Supervisory Board comprises five members, the duties of the Audit Committee specified in the Act of 7 May 2011 regulating the activities of licensed auditors, their self-government, entities charged with auditing financial statements and public oversight were discharged by the full Board.

In the Supervisory Board's opinion its current composition is sufficient to ensure performance of all duties to which a supervisory board of a public company is legally obligated.

Throughout 2015 the control and oversight duties of the Supervisory Board of CD PROJEKT S.A. were discharged faithfully and with due diligence. The Supervisory Board closely monitored all affairs substantially affecting the Company while the Management Board supplied timely reports on the Company's legal status and each of its activity segments.

In discharging its control and oversight duties the Supervisory Board relied on written reports submitted by the Management Board and on clarifications provided by Management Board members attending Supervisory Board meetings. As a rule, Supervisory board meetings were attended by members of the Management Board with the exception of matters related to the performance of the Management Board and its individual members. A significant portion of Supervisory Board activities was performed with the use of remote communication tools, enabling better oversight of current Company affairs.

3. Summary assessment of Company status, its internal control system and risk mitigation strategies

Based on Company and Capital Group financial statements for 2015, the Management Board report on the internal control system and risk mitigation strategies for 2015 of 25 April 2016, as well as additional information obtained from the Management Board the Supervisory Board declares that the Company has successfully attained the goals set by the Management Board with regard to operations of individual members of the CD PROJEKT S.A. Capital Group. The long-term goal of CD PROJEKT S.A. is to foster the development of a global digital entertainment conglomerate. Accordingly, the Group focuses on the following activity segments:

- Videogame development;
- Global digital videogame distribution;
- Other activities.

In the opinion of the Supervisory Board the Capital Group's structure has been optimized in such a way as to enable further dynamic growth in each of its activity segments. The Company's condition is stable and ongoing development work is regarded as likely to result in further commercial successes on a global scale. Following assessment of the Company's condition in 2015 as well as key risk factors affecting the Company, the Supervisory Board perceives no substantial threat which could jeopardize the continuation of Company activities.

Throughout 2015 the Company conducted its business in a manner consistent with legal regulations applicable to public companies, including corporate governance law. In the Supervisory Board's opinion, the Company met its disclosure obligations relating to compliance with corporate governance law.

The Management Board of the Company is responsible for its internal control and risk mitigation systems and for periodic assessment of risk factors which may affect the Company during the given fiscal year.

The Management Board of the Company is responsible for the effective operation of its internal control system in preparing the Company's financial statements. It is also responsible for ensuring the correctness of said statements, as well as of its own periodic reports. To this end, the Management Board is tasked with supervising the preparation of any legally required documents. Financial data reported in these documents is derived from the Company's accounting system which operates in accordance with the International Accounting Standards.

I. Internal Control Systems

Throughout 2015 the accounts and ledgers of CD PROJEKT S.A. (further referred to as "the Company") were managed by the Company's internal accounting department. This department also provided paid accounting services to Company subsidiaries – GOG Poland sp. z o.o., Brand Projekt sp. z o.o. and CD PROJEKT Brands S.A. – and provided HR and payroll services to CDP.pl sp. z o.o., GOG Poland sp. z o.o., Brand Projekt sp. z o.o. and CD PROJEKT Brands S.A. The accounts and ledgers of GOG Ltd. – a foreign subsidiary – were managed by EKAVI LIMITED, while the accounts and ledgers of CD PROJEKT Inc. were managed by Armanino LLP.

In 2015 the core ERP systems used to manage the accounts of CD PROJEKT S.A. and GOG Poland sp. z o.o. included IFS Applications, deployed on 1 January 2015, and Workflow Plus, deployed later on in 2015.

IFS Applications (Sweden) is among the world's foremost ERP solutions, covering all fundamental aspects of commercial activity: finances, accounting, HR, payroll, production, distribution, inventory management and project management. Deployment of IFS Applications at the CD PROJEKT Capital Group ensures better cohesiveness, reliability and accuracy of data required by the Company's executive staff. This task coincides with further optimization of the Group's business processes.

Workflow Plus (Poland) is a document digitization system which streamlines the document flow at commercial enterprises. CD PROJEKT S.A. makes use of its invoicing, incoming/outgoing mail registration and contract management components. The goal is to institute a fully electronic document flow augmented by a digital archive. Paper documents are superseded by electronic ones whenever possible, enhancing management, improving control and enabling financial data to be fed into ERP workflows without undue delays.

Throughout 2015 the Company also prepared the groundwork for deployment of Tagetik (Italy) – one of the most advanced CPM (Corporate Performance Management) systems available on the market. The purpose of CPM systems is to support the corporate decisionmaking process. The Company has decided to deploy the following Tagetik modules: Budgeting, Financial Consolidation, Liquidity Management, Reporting and Managerial Analyses. This deployment should provide the Company's executive staff with easier and faster access to accurate financial data, enabling them to make correct business decisions.

The separate and consolidated financial statements of CD PROJEKT S.A. are subject to review by an independent auditor in accordance with the applicable legal regulations.

In 2015 the accounts of the Company's minor domestic subsidiaries (Brand Projekt sp. z o.o. and CD PROJEKT Brands S.A.) were managed with the use of IT tools previously applied on the Capital Group level, namely Symfonia Forte. Starting on 1 January 2016 IFS Applications was deployed at CD PROJEKT Brands S.A., while Brand Projekt sp. z o.o. was subsumed into CD PROJEKT S.A. as a result of a merger.

From the financial perspective the internal control system relies on monthly assessment of financial results in relation to previous estimates published by each subsidiary of the Capital Group. In justified cases subsidiaries may prepare alternative estimates:

- “conservative” estimate – used to determine the safety thresholds for cash provisions and access to financing sources,
- “target” estimate – submitted to directors of each subsidiary as a business target with ambitious criteria which can only be achieved under favorable circumstances.

In accordance with the reporting and assessment policy in force at the Company the Management Board of CD PROJEKT S.A. performs monthly reviews of financial results and compares them with previous estimates. Top managers in charge of individual subsidiaries/activity segments of the Capital Group participate in this process. Review meetings also address important events and circumstances affecting each member of the Group as well as the outlook for attaining business goals in subsequent months.

In between monthly review meetings the Management Board of CD PROJEKT S.A. liaises with the managers of each of its subsidiaries and participates in developing joint business strategies.

Liquidity planning within the Capital Group is performed on a monthly basis and the plans themselves are subdivided into weekly periods. This procedure facilitates optimization of financial management via cash pooling agreements involving banks which provide services to Group members.

Each payment within the Capital Group is remitted on the basis of a properly filed accounting document. An accounting document may only be filed if it is valid in all respects and has been approved by a party authorized to approve such documents. The person who files an accounting document is also responsible for ensuring its validity. Day-to-day payments are processed by the financial department in collaboration with the accounting department. Any exceptions to this rule require Management Board approval.

All subsidiaries of CD PROJEKT S.A. are entitled to consult with experts working for the parent company under the corporate and legal oversight policy implemented by the Capital Group.

II. Risk factors affecting the Group's operations, with mitigation strategies

■ Risk factors specific to the Group's activity profile

Risks associated with customers

In the scope of the videogame development activity segment the pool of customers consists of distributors and publishers who purchase licenses to publish and distribute Company products. Efficient cooperation with customers is dependent on a number of factors, including the appeal of the product, customers' own publishing plans, customers' preferences in specific countries and the financial terms offered by each customer. CD PROJEKT S.A. makes every effort to ensure high quality of its products, rendering them more desirable and attractive to final customers and increasing licensee and distributor retention. Additionally, in order to minimize credit risk, the Company seeks out business partners who hold a dominant position on each key market and whose own financial standing is regarded as stable. In certain cases, the Company collect advance payments for its products.

In the scope of products and services offered by the Group the final customers are natural persons with access to the retail market. Demand for products and services may fluctuate depending on market trends or sudden changes in perception among key demographics. Internet discussion forums and other social media provide customers with the ability to easily communicate with one another and influence one another's opinions. Unforeseen changes in perception among final customers and trendsetters are beyond the Group's control. Group members strive to maintain open channels of communication with final customers. In line with the Group's mission statement, the Company and its subsidiaries emphasize open, honest and diligent communications as a foundation for mutual trust and long-term customer relations.

Risk of losing key suppliers

In the videogame development segment CD PROJEKT S.A. relies on external suppliers for certain components required in the development of games, such as physics systems, audio libraries and other specialized software. Given that a wide range of commercial development tools is available the Company actively monitors the market and may take steps to replace selected components or tools used in the production process, should such changes become necessary.

The operations of GOG Ltd. depend on cooperation with developers, producers and publishers who supply final products and with whom publishing, distribution and retail sale agreements are negotiated. The company mitigates the risk of losing suppliers by maintaining good trade relations and by working to diversify its supply chains and attract new suppliers.

Risk of incorrectly estimating demand and future sales

Developing, publishing and distributing products, whether proprietary or licensed, requires that their sales volume be estimated before the given product is released. In practice, individual products differ greatly with respect to their revenue generation potential. Group members draw upon their experience to determine the commercial potential of each product they release; however the risk of incorrectly estimating demand and sales volume cannot be entirely eliminated.

Risk of delays in videogame development

Postponed releases are a commonplace occurrence in the videogame industry. Developing games is a highly complex and costly activity, based – to a large extent – on creative effort. This raises the likelihood of incorrect estimation of the required workload, delays due to technical issues in the programming layer (e.g. failure to meet quality assurance criteria or technical glitches), or problems caused by insufficient funding.

With regard to products purchased by GOG Ltd. Group members have no control over delays arising on the supplier side. With regard to development of proprietary products by CD PROJEKT S.A. the company actively manages its development schedule in order to minimize the likelihood of delays.

Risks associated with development of games for “closed” platforms

Development of games for “closed” hardware platforms, such as gaming consoles or iOS devices, requires direct cooperation with the proprietors of each platform. Before a game can be released on the open market it must first undergo certification. Termination of cooperation between the developer and the platform proprietor is a significant risk, as are delays in the certification process or denial of certification. Each of those events may adversely impact the revenue stream for a given game. CD PROJEKT S.A. devotes substantial effort to meeting its contractual obligations due to platform proprietors and consistently prioritizes the quality of its videogames.

Risks associated with employee retention

Losing key employees may significantly impact the operations and financial status of the Capital Group. The activities of Group members and their growth outlook are greatly dependent on the skill, experience and knowledge of key Management Board members, middle managers, employees and collaborators. Group members offer competitive employment conditions and benefits to their employees. In 2012 the Capital Group instituted a long-term incentive program through which persons regarded as crucial for the Capital Group and its individual members may be rewarded with Company stock options.

Risk of insolvency and credit risk

The Group compares its results to annual plans which include liquidity goals. Such evaluation is performed on a monthly basis and subdivided into weekly cycles.

In order to minimize the risk of customer insolvency the Company performs ongoing monitoring of the collection of receivables. Debt collection is subcontracted to specialized third parties. The Group identifies key customers whose total share in the Group’s revenue stream exceeds 10%.

The Group actively manages its liquid assets and monitors its debt in relation to the Group’s equity and financial results, both current and anticipated.

As of the publication date of this report CD PROJEKT does not have any outstanding liabilities under credit or loan agreements, and has set aside provisions in cash. Cash management on the level of the Group is performed in such a way that excess cash in one subsidiary may be loaned to other subsidiaries or invested in low-risk financial instruments deposited at banks with which the Group cooperates. The Group relies on this mechanism to perform day-to-day management of its liquid assets, ensure sufficient liquidity, meet any liabilities arising from its ordinary activities and permit unhindered continuation of videogame development projects.

Risks associated with credit agreements and interest rate risks

In order to carry out ordinary activities Group member companies may, in the future, require access to sources of financing, including credit agreements, third-party loans, lease agreements or bonds. In 2015 no member of the Group had any outstanding liabilities due to bank credit agreements, third-party loans or bond issues. Several lease agreements concerning passenger cars are in force at the Group, however their aggregate value is far lower than the Group’s cash holdings.

Since surplus cash is primarily invested in bank deposits, reductions in interest rates may negatively affect the Group's financial revenue stream.

Risks associated with sureties

The credit and cash-pooling agreements as well as selected trade agreements concluded within the CD PROJEKT Capital Group may involve CD PROJEKT S.A., GOG Ltd., GOG Poland sp. z o.o., cdp.pl sp. z o.o., Brand Projekt sp. z o.o. (until 31 December 2015), CD PROJEKT Brands S.A. and CD PROJEKT Inc. acting as guarantors. These provisions may potentially compel each guarantor to cover the liabilities of other parties to whom guarantees have been contractually provided. Detailed information regarding sureties and guarantees pledged by members of the CD PROJEKT Capital Group can be found in the Consolidated Financial Statement of the CD PROJEKT Capital Group for 2015, in the section titled "Conditional liabilities".

Risks associated with market consolidation trends

There is a notable global tendency for developers and publishers of videogames to consolidate. These trends may ultimately strengthen the market position of several global suppliers, publishers and distributors. Consolidation trends may cause the Company to lose key suppliers due to decisions imposed by the acquiree, or reduce the number of publishers/distributors who carry Company products.

The Group mitigates this risk by implementing an active publishing policy and maintaining good relations with its business partners. Additionally, Group members work to diversify their suppliers and sales channels.

Risks associated with illegal distribution of CD PROJEKT Capital Group products

Group revenues are negatively affected by the actions of parties who distribute its products – either directly or over the Internet – without the owner's consent, thus violating intellectual property laws. Group members have no direct control over the scale of such illegal distribution. Insofar as it is possible, Group members try to attract customers by releasing products in various price brackets, published in an appealing manner and therefore providing good value for money – both on the domestic market and via services operated by GOG Ltd.

Risks associated with the emergence of new technologies

The digital entertainment segment which is the Group's primary area of activity is characterized by dynamic changes in the applied technologies and IT solutions. This rapid pace of development necessitates frequent corrective actions, development of novel systems and increasing sophistication of the products offered. Technological changes may also influence the means by which games and other products are delivered to the final customer, as well as the capabilities of gaming platforms.

The eighth generation of gaming consoles was unveiled in late 2013, approximately 8 years after the debut of the preceding generation. The latest release of the Company's proprietary gaming engine – REDEngine 3 (which drives The Witcher 3) – supports both the PC and current-generation consoles. Developing games for new consoles carries clear advantages but also introduces certain risks due to vendor lock-in in a dynamically changing environment.

Group members monitor technological changes which may affect their operations and take steps to adapt their strategy to such changes.

Asset impairment tests

In accordance with the International Financial Reporting Standards the Company performs asset impairment tests. Positive results of future tests cannot be guaranteed.

Exchange rate risks:

Risks associated with PLN strengthening against EUR and USD

Due to the global character of its activities the Capital Group is subject to risks associated with sudden exchange rate changes involving PLN and foreign currencies, particularly EUR and USD. A significant portion of publishing and distribution agreements to which CD PROJEKT S.A. is party (as a videogame developer) is denominated in foreign currencies – mostly USD and EUR. Accordingly, the strengthening of PLN against foreign currencies is viewed as an unfavorable circumstance by the Group, reducing its revenues from distribution and licensing contracts. CD PROJEKT S.A. performs hedging as a means of mitigating exchange rate risks, however such risks cannot be entirely eliminated.

GOG Ltd. revenues are denominated primarily in USD and – to a lesser degree – in EUR, DBP, AUD and RUB, while costs are borne in USD, EUR and PLN. Accordingly, the strengthening of PLN or EUR against the currencies in which GOG Ltd. obtains revenues is viewed as an unfavorable circumstance by the Group, reducing the profitability of GOG Ltd.

Risks associated with major shareholders' actions

As of the date of preparation of this report CD PROJEKT S.A. has several major shareholders, as described elsewhere in this report. Owing to their share in the Company share capital and the total number of votes at the General Meeting the major shareholders, when acting in concert, exercise effective control over the Company. They may use their majority at the General Meeting to effect significant decisions – for example introduce changes in the Company Articles, issue new stock, reduce the Company share capital, issue convertible bonds, pay out dividends and perform other actions which, according to the Commercial Company Code, require a majority or supermajority of votes at the General Meeting. The major shareholders acting in concert also possess a sufficient number of votes to exercise *de facto* control over the composition of the Supervisory Board by directly appointing all or most of its members (depending on whether group voting is instituted). In turn, the Supervisory Board may appoint the President of the Management Board as well as other members of the Management Board in accordance with the major shareholders' wishes. Due to the above listed prerogatives investors should not assume that the major shareholders will always act in the interest of other shareholders of the Company.

■ Risk factors associated with the Group's market environment

Risks associated with changes in macroeconomic conditions

The overall condition of the global economy, including global political crises and deterioration of economic conditions both in Poland and worldwide, may have a negative impact on the Group's financial standing.

A negative macroeconomic outlook may force consumers to adopt a conservative stance and therefore negatively affect product sales through official distribution channels. Additionally, negative macroeconomic conditions may hinder access to sources of financing, reducing the scope of game development projects. Group members monitor the impact of global economic conditions on their respective markets and adjust their actions accordingly.

Risks associated with legislative changes and conflicts of jurisdiction

Legal regulations, both in Poland and abroad, are subject to frequent changes. These changes, as well as the variability in the interpretation of existing law, constitute a risk which manifests itself e.g. with regard to taxation, trade regulations, intellectual property law, labor law and capital market law. Any change in legislation has the potential to negatively impact Group activities, either by increasing their costs or invalidating projections concerning future events. Legislative changes may also impact the legal environment in which the Group conducts its operations. Introduction of new regulations may be associated with inconsistent case law and conflicting or outright unfavorable interpretations by public administration bodies (including tax authorities).

Members of the CD PROJEKT Capital Group are subject to legal regulations in countries where they distribute their products as well as – to some extent – in countries in which they purchase or license products for publication, or acquire technologies used in the game development process. Large portions of sale, purchase and licensing agreements concluded with foreign parties are governed by foreign law. This creates the risk of incorrect interpretations by Group members. In order to mitigate this risk, Group members employ the services of foreign legal consultants who specialize in the relevant fields.

Risks associated with competitors' actions

The Group's business performance is affected by its competition's strategy, financial standing and the ability to procure financing on favorable terms. The Group encounters competition when negotiating game publishing and distribution agreements, conducting marketing campaigns and introducing its own products to external distribution channels. The Group mitigates this risk by implementing an active publishing policy and maintaining good relations with its business partners. Additionally, Group members work to diversify their suppliers and sales channels.

III. Insurance policies

An important element of the Company risk management strategy is active insurance management, performed in cooperation with an insurance broker. The following (significant) insurance policies were applicable to the Company and its subsidiaries in 2015:

- all-risk insurance against property loss or damage caused by fire and other acts of God, including insurance against additional costs caused by events covered by this insurance policy;
- specialist insurance of electronic equipment;
- general civil liability insurance including product liability insurance;
- corporate liability insurance for top managers of the Company and its Capital Group – including insurance against claims associated with the discharge of official duties by members of the Management Board, procurers and members of the Supervisory Board;
- travel insurance – breakdown coverage, assistance and civil liability insurance (Polish AC/OC/NNW) for motor vehicles owned by the Company and its subsidiaries;
- compulsory civil liability insurance associated with provisioning of commercial accounting services;
- foreign travel insurance for employees.

IV. Physical security

The offices of CD PROJEKT S.A., CD PROJEKT Brands S.A. and GOG Poland Sp. z o.o. are located in Warsaw, at Jagiellońska 74. The offices are equipped with an access control system supporting different security clearance levels for various parts of the premises. At nighttime as well as during weekends and holidays the premises are patrolled by an external security company. Vacant sections of the premises are equipped with an alarm system which is capable of dispatching automatic notifications to a monitoring HQ. The entrance and main hallways are monitored by CCTV. The offices are part of a closed industrial complex which provides additional security staff.

V. Compliance and internal auditing

Due to the scale and nature of Company activities, no formalized compliance and internal auditing mechanism is in force at the Company and no dedicated organizational unit has been established for this purpose. An ownership supervision department exists within the CD PROJEKT S.A. organizational structure, tasked with fiscal and legal supervision of Capital Group activities and proper discharge of statutory duties incumbent upon the Company. In justifiable cases Capital Group member companies employ the services of external law firms in order to mitigate legal and fiscal rights.

Summary

In the Supervisory Board's opinion the internal control system and risk mitigation strategies described above are consistent. As such, the Supervisory Board deems the internal control system and risk mitigation strategies applied in 2015 appropriate and believes that they materially reduce key risks which may threaten Company operations.

**Resolution no. 10
of the Supervisory Board of CD PROJEKT S.A.
of 27 April 2016**

concerning assessment of Management Board recommendations submitted to the General Meeting

Pursuant to Rule No. II section 11 of the Code of Best Practices for WSE Listed Companies, the following is hereby decided:

§ 1

The Supervisory Board concurs with the recommendations submitted to the General Meeting of Shareholders by the Management Board of CD PROJEKT S.A. regarding the adoption of resolutions covered by the agenda of the General Meeting convened on 24 May 2016, as published by the Management Board in Current Report 12/2016 of 26 April 2016 concerning convocation of the Ordinary General Meeting of Shareholders of CD PROJEKT S.A. on 24 May 2016 and submission to the Supervisory Board of a set of recommendations concerning resolutions to be adopted at the General Meeting.

§ 2

The resolution enters into force on the date of its adoption.