



CD PROJEKT®

GUIDE TO THE GENERAL MEETING
OF CD PROJEKT S.A.

This document is meant for information purposes only and does not constitute a binding interpretation of the applicable laws. All matters related to the General Meeting of CD PROJEKT S.A. are regulated by the relevant acts, the CD PROJEKT S.A. General Meeting Regulations and the Terms and Conditions of Participation in the General Meeting of CD PROJEKT S.A. Using Electronic Communication Tools. We encourage you to familiarize yourself with these documents.

Esteemed Fellow Shareholders,

It fills me with pleasure to be able to invite you to the General Meeting of CD PROJEKT S.A. which will take place on 28 July 2020 at 10:00 AM at the Company HQ – Warsaw, Jagiellońska 74.

In the recent years we reached a number of important milestones. Our company joined the WIG20 index, which aggregates the largest companies whose stock is traded on the Warsaw Stock Exchange. *The Witcher 3: Wild Hunt* elevated us to a new level in every possible respect. We also continued to develop The Witcher brand and – owing to *GWENT* and *Thronebreaker* – gain valuable experience with new types of electronic entertainment products.

We have recently announced that we had sold over 50 million copies of *The Witcher* videogames. This fact alone proves that we continue to deliver quality entertainment to millions of people around the world. Our company goes from strength to strength: we now employ over 1000 talented individuals from 44 countries at our offices in Warsaw, Kraków, Wrocław, Los Angeles, Shanghai, Berlin, Tokyo and Seoul.



In order to sustain this rate of growth we need to formulate bold and far-reaching plans. Human talent is the most precious resource in the highly competitive electronic entertainment industry. We want to be able to attract, retain and motivate individuals whose skills and experience can form the basis of our future dynamic growth. This is why, at the General Meeting scheduled for July, we will, among others, vote on a new Remuneration Policy and Incentive Program covering the years 2020-2025. Such tools will enable us to properly reward and motivate people whose involvement is necessary to secure the long-term standing of the CD PROJEKT Group.

We consider it very important to enable all of you to participate in the General Meeting and cast your votes. Given the situation around the COVID-19 pandemic, we understand that not every shareholder can attend the meeting in person; however, this year, in addition to online streaming of the General Meeting, we also – for the first time ever – provide support for remote voting. We would like to invite you to take advantage of this opportunity.

Thank you for being our shareholders!

Adam Kiciński
President of the Board



Frequently Asked Questions

Who is entitled to participate in the General Meeting (GM) of CD PROJEKT S.A. convened on July 28, 2020?

The right to participate in the General Meeting appertains specifically to those individuals who will have held at least one share of CD PROJEKT S.A. stock in their securities account sixteen days prior to the date of the General Meeting, i.e. on July 12, 2020 (this date is referred to as "Registration Day").

What should I do to be able to participate in the General Meeting?

First, you have to be a shareholder of CD PROJEKT S.A. on the Registration Day. Furthermore, you need to contact the brokerage house which manages the securities account where your CD PROJEKT S.A. shares are deposited, and request a named certificate of eligibility for participation in the GM. Shareholders can do so between the day on which convocation of the GM is announced (June 26) and the first business day following the Registration Day (July 13).

The list of shareholders entitled to participate in the General Meeting will be collated by the Company on the basis of data obtained from the National Depository for Securities.

General Meeting - basic information



Date: July 28, 2020

Time: 10:00 CEST*

Participation:



Traditional
"physical" tools



Remote, using electronic
communication

Important dates:

- June 26, 2020: convocation of the General Meeting
- July 12, 2020: Registration Day
- July 13, 2020: first business day following the Registration Day
- July 24, 2020: access provided to list of shareholders eligible for participation in the GM
- July 28, 2020: General Meeting date

*Due to the need to secure a larger meeting room and the fact that the General Meeting will be held on different premises than previously, and also in light of the planned livestream, we would like to ask everyone who intends to personally participate in the General Meeting to arrive and register before 10:00 CEST.

How can I check who is on the list of shareholders entitled to participate in the GM?

The Company will provide each shareholder entitled to participate in the GM with access to the list of all shareholders entitled to participate in the GM. This list can be accessed at the registered office of CD PROJEKT S.A. at Jagiellońska 74, Warsaw, between 9:00 AM and 4:00 PM throughout the three business days immediately preceding the General Meeting, i.e. between July 24, 2020 and July 28, 2020.

The list can also be obtained by e-mail sent to an address indicated by the shareholder. To arrange this method of delivery, please contact us at wza@cdprojekt.com.



Do I have to be physically present at the Company HQ in Warsaw to take part in the General Meeting?

Due to the ongoing pandemic, the Company – for the first time in its history – will provide shareholders with a remote participation option using electronic communication tools. Of course, physical participation at CD PROJEKT S.A. offices in Warsaw, will still be possible. This physical meeting will be organized in compliance with the applicable epidemiological guidelines – including physical distancing between participants and the availability of hand sanitizer.

We care for the well-being of all GM participants and would like to encourage you to take advantage of the remote participation and voting option with the use of electronic communication tools.

I want to participate in the General Meeting and exercise my voting rights remotely using electronic communication tools – what do I need to do?

In order to participate in the GM and exercise voting rights remotely using electronic communication tools, you need to – not later than 7 days prior to the GM – e-mail to wza@cdprojekt.com a properly filled out notification form, signed using your trusted profile or qualified electronic signature, or signed by traditional means and subsequently scanned and saved in PDF format (you can download the notification template [here](#)), together with documentation which enables us to identify you as a shareholder. Detailed information concerning the required documentation can be found in the [Terms and Conditions of Participation in the General Meeting of CD PROJEKT S.A. using Remote Electronic Communication Tools](#).

If a shareholder wishes to be represented at the GM by a plenipotentiary, we also need to receive documents which confirm that plenipotentiary rights have been granted. Further information can be found in the [Terms and Conditions of Participation in the General Meeting of CD PROJEKT S.A. using Remote Electronic Communication Tools](#).

Having obtained the required documents, CD PROJEKT will validate the eligibility of each applicant for participation in the General Meeting of the Company using electronic communication tools. If this validation is successful, not later than three days prior to the GM, the shareholder will receive detailed instructions concerning access to the GM voting platform, along with an initial login and password enabling them to register with the platform.

I'm not sure if my network connection and laptop meet the technical requirements of participation in e-GM. How do I make sure?

Technical requirements related to remote participation in the GM using electronic communication tools can be found in [Appendix no. 1 to the Terms and Conditions of Participation in the General Meeting of CD PROJEKT S.A. using Remote Electronic Communication Tools](#). To make sure things are working as expected, the shareholder will be able to personally test the platform one day before the GM.

As a shareholder, do I have to personally participate in the GM?

A shareholder who is a natural person may participate in the GM and exercise voting rights personally or through a plenipotentiary. A shareholder who is not a natural person may participate in the GM and exercise voting rights by being represented by a person authorized to issue declarations of will on their behalf, or by a plenipotentiary.

Detailed information concerning the required plenipotentiary authorization forms and other related conditions can be found in the CD PROJEKT S.A. General Meeting Regulations and the Terms and Conditions of Participation in the General Meeting of CD PROJEKT S.A. using Remote Electronic Communication Tools.

Who is authorized to submit draft resolutions?

According to the Commercial Companies Code, the right to demand that certain matters be included in the General Meeting agenda appertains to a shareholder or shareholders who collectively control at least 1/20 of the Company share capital, i.e. at least 4 806 000 shares. The abovementioned demand should be submitted to the Management Board of the Company not later than 21 days prior to the date of the General Meeting, i.e. by July 7, 2020. The demand should be accompanied by a justification or by a draft resolution which relates to the proposed agenda item, and may be submitted by e-mail at wza@cdprojekt.com.

Shareholders are entitled to submit to the Company, prior to the General Meeting date, in writing or by e-mail at wza@cdprojekt.com, draft resolutions concerning matters added to the General Meeting agenda or additional matters which should be considered at the General Meeting agenda.

At the General Meeting each shareholder of the Company may submit draft resolutions concerning matters on the General Meeting agenda.

Where can I find further information and documentation related to the General Meeting?

All documents related to matters on the General Meeting agenda or matters which are to be added to the General Meeting agenda prior to the General Meeting date, will be made available on the Company website at www.cdprojekt.com and at the Company registered office in Warsaw, Jagiellońska 74, between 9:00 AM and 4:00 PM.

The abovementioned documents include, among others:

- Notice of convocation of the GM, organizational information and meeting agenda,
- Draft resolutions which are to be considered at the GM, along with the corresponding justifications,
- Required forms (e.g. plenipotentiary authorization forms),
- Details concerning participation and exercise of voting rights using electronic communication tools.

The information and documentation related to the General Meeting available on www.cdprojekt.com will be updated as necessary.

Who to ask for help if I have questions concerning GM procedures?

Should you have any questions or concerns with regard to participation in the General Meeting, please contact the Company at wza@cdprojekt.com.

Draft Resolutions and Management Board Recommendations

Key matters	Resolution no.	Board recommendation	Justification
Approval of CD PROJEKT S.A. and CD PROJEKT Group financial statements and activity reports	3, 4, 5	SUPPORT	<u>8</u>
Allocation of profit – transfer to reserve capital	6	SUPPORT	<u>8</u>
Discharge of Management Board members on account of the performance of their duties	7, 8, 9, 10, 11, 12, 13	SUPPORT (for each Board member)	<u>9</u>
Discharge of Supervisory Board members on account on the performance of their duties	14, 15, 16, 17, 18	SUPPORT (for each Supervisory Board member)	<u>11</u>
Adoption of Remuneration Policy for members of the Management Board and Supervisory Board of the Company	19	SUPPORT	<u>14</u>
2016-2021 Incentive Program – proposed changes in the Program's terms and conditions, and empowerment of the Company Board to carry out buyback of shares which are to be assigned to Entitled Parties as a means of partially exercising their entitlements under the Program	20, 21	SUPPORT	<u>15</u>
2020-2025 Incentive Program	22, 23	SUPPORT	<u>18</u>

Key business events and financial highlights of 2019

The past year was, without a doubt, among the most intensive periods in CD PROJEKT Group's history. The final phase of *Cyberpunk 2077* development commenced, while the Company moved on to the next stage of the game's marketing campaign.

Although the development of *Cyberpunk* and preparations related to its promotional campaign dominated the past year, the Company also undertook a variety of other activities:

- The Studio's official merchandise store – CD PROJEKT RED Store – launched in May;
- Our games debuted on new platforms – *The Witcher 3: Wild Hunt* was released on the popular Nintendo Switch platform, while *GWENT* was released on iOS devices. The Company carried on with this direction of development in the first quarter of 2020, releasing *Thronebreaker: The Witcher Tales* on Switch and *GWENT* on Android devices;
- GOG.com kicked off the open beta phase of GOG GALAXY 2.0.

The past year was also marked by initiatives intended to pave the way for the Group's future activities. In the fourth quarter of 2019 the Company purchased the commercial property complex at Jagiellońska 74 in Warsaw, which had served as its headquarters for 20 years, and which the Company still intends to occupy as it continues to expand. Of note was also the agreement signed with Mr. Andrzej Sapkowski, creator of *The Witcher* universe, which establishes a framework for future collaboration.

2019 also proved to be a very good year for the Group in terms of earnings:

- 2019 the Group posted 521 million PLN in sales revenues (+44% y-o-y), while its net profit reached 175 million PLN (+60% y-o-y);
- With regard to sales revenues and net profit, Q4 2019 was the best fourth quarter in the entire to-date history of the CD PROJEKT Group;
- The Company paid out 101 million PLN in a dividend, while the Group invested 133 million PLN in fixed assets – most of which corresponds to the newly purchased property complex. Additionally, the Group incurred a record-breaking 165 million PLN in development expenditures related to new games and technologies. In spite of these outflows, at the end of 2019 the cumulative balance of the Group's cash and bank deposits stood at 482 million PLN.

Allocation of profit for 2019

The Management Board recommends that the net profit obtained in 2019, in the amount of 172 825 677.97 PLN (say: one hundred seventy-two million eight hundred twenty-five thousand six hundred seventy-seven PLN and 97/100) be fully transferred to the Company's reserve capital.

The activities of CD PROJEKT are strongly dependent on the development and release schedule of its products, and the Company does not have a formal, fixed dividend policy. When considering whether to apply to the Supervisory Board and the General Meeting to pay out a dividend, the Management Board always considers the Group's current cash and bank deposit balance, as well as anticipated needs which relate to its publishing, development and investment plans, while also taking into account the necessary cash buffers which the Group needs to continue operating in the competitive global digital entertainment industry.

The Company is currently implementing a key phase of preparations for the release of *Cyberpunk 2077*, scheduled for November 19 of the current year. In order to minimize potential risks and extend the strongest possible support for the launch of this title, CD PROJEKT must have at its disposal sufficient resources to carry out a broad, global promotional campaign while also financially securing its other activities.

Management Board and Supervisory Board – vote of discharge

Management Board of CD PROJEKT S.A.

Adam Kiciński – President of the Board

Associated with CD PROJEKT since its founding. Involved in establishing and managing a network of CD PROJEKT retail points, subsequently becoming the Marketing Director. Since 2004 co-directed the activities of CD PROJEKT RED related to developing the first game in *The Witcher* series.

In 2009 he spearheaded CD PROJEKT's merger with the publicly traded Optimus, later becoming a member of the Company Board, and – in late 2010 – its CEO. He is also the Chairman of the Polish Games Association.

- oversees formulation of the Company's and its Group's business strategies and supports their practical implementation,
- coordinates Company activities in the scope of investor relations.

Marcin Iwiński – Vice President for International Activities

Co-founder and joint owner of CD PROJEKT Group companies (since 1994), responsible for business growth and managing international contacts as a Board Member and Joint CEO of the Group.

- coordinates the Company's international activities,
- takes part in supervising and managing the Company's foreign subsidiaries,
- co-develops and coordinates global publishing activities,
- coordinates and oversees gamer relations.

Piotr Nielubowicz – Vice President, CFO

Since 1999, as co-owner, he actively participates in the activities of CD PROJEKT Group member companies, among others as Board Member responsible for the financial, accounting and administrative branches.

- coordinates the Company's financial, accounting and administrative branches; ensures that the Company meets its financial reporting obligations,
- participates in investor relations.

Adam Badowski – Board Member

Affiliated with the CD PROJEKT Group since 2002. As a 3D graphics designer and animator he took an active part in creating the initial team of developers working on *The Witcher* project in Łódź. As Board Member he has long been responsible for managing the studio and for development of CD PROJEKT RED games.

- heads the CD PROJEKT RED development studio which is owned by the Company,
- co-develops the conceptual and artistic vision of projects carried out by CD PROJEKT RED.

Michał Nowakowski – Board Member

Affiliated with the CD PROJEKT Group since 2005, first as the person in charge of international contacts and purchasing licenses in the framework of CD PROJEKT's publishing activities. A longstanding representative of CD PROJEKT RED, he manages the Studio's international contacts with collaborators and distributors of its products, while also managing the Studio's marketing branches. Member of the Board of the Polish Games Association (since 2015).

- co-formulates and coordinates global publishing activities,
- responsible for shaping and implementing the Company's sales and publishing policies.

Piotr Karwowski – Board Member

His professional career began in 1998 when he joined CD PROJEKT.

Over the years he has overseen the creation and development of CD PROJEKT and gram.pl online stores. He is one of the creators of GOG.com – a digital distribution platform rolled out in 2008. Since the platform's inception he has coordinated design and development work on the GOG.com store and later on the GOG Galaxy platform.

Since 2019 he manages the *GWENT* project which, during this period, underwent significant reorganization and was released on iOS, Android and Steam platforms.

- co-manages the GOG.com segment being mainly responsible for design and development of the platform and GOG GALAXY technology,
- supervises CD PROJEKT Group online services,
- since 2019 – responsible for operation and development of *GWENT*.

Supervisory Board of CD PROJEKT S.A.

Katarzyna Szwarz – Chairwoman of the Supervisory Board; member of the Audit Committee

Began her professional career in 2003 as a legal assistant at the Board Office of Mennica Polska S.A., with a registered office in Warsaw, where, in 2006-2007 she acted as a legal expert, while in 2007-2010 – as a legal department manager. Between 2010 and 2018 she was the legal department director of Mennica Polska S.A. Between March 2008 and April 2009 and between December 2009 and April 2013 she was Secretary of the Supervisory Board of Centrum Nowoczesnych Technologii S.A. with a registered office in Sosnowiec (formerly Energopol Południe S.A.) In 2007 she was appointed Chairwoman of the Supervisory Board of CD PROJEKT S.A. (which, until 2011, operated under the name Optimus S.A.) In 2008 she became Secretary, and in June 2018 – Chairwoman of the Supervisory Board of Newag S.A. Since January 2013 Katarzyna Szwarz is also a member of the Supervisory Board of Fundusz Inwestycji Polskich TFI S.A. with a registered office in Warsaw. She is a graduate of the Warsaw University Faculty of Law and Administration and of IESE Business School, University of Navarra – Advanced Management Program. Katarzyna Szwarz is a registered solicitor, affiliated with the Warsaw District Chamber of Solicitors.

Ms. Szwarz does not engage in competition with the Issuer's enterprise, and holds no membership of any official body of any entity which engages in competition with the Issuer. Ms. Szwarz is not listed in the National Registry of Insolvent Debtors, maintained in compliance with the National Court Registry Act.

Piotr Pągowski* – Deputy Chairman of the Supervisory Board; Member of the Audit Committee

Graduated from the Warsaw Technical University, majoring in Electronics. Piotr Pągowski has worked for the IT industry since 1993. He began his career at Baza Sp. z o.o. and Westwood. In 1995 he joined Intel, assuming responsibility, among others, for the company's development strategy in Central and Eastern Europe. Between 2006 and 2011 he worked for Microsoft and was charged with overseeing activities on the Polish consumer market, including the launch of the Xbox 360 gaming console and development of online services. In the 2011-2015 period, as Board Member of HP Poland he directed the company's personal computers division, which – following a reorganization – became the personal computers and printing devices division. Currently, he acts as a Member of the Board of Solwit SA, a company that provides software-related services for clients in various industries. Mr Pągowski is also affiliated with the Black Pearls VC investment fund as Chairman of its Supervisory Board. He engages in mentoring activities related to technical innovation, and supports innovative projects as an early-stage investor.

Maciej Nielubowicz – Secretary of the Supervisory Board, member of the Audit Committee

Graduated from the Warsaw University Faculty of Management, majoring in Accounting and Finance. Recipient of a SAIPEKS scholarship facilitating his employment in South Korea at AIG General Insurance and Ajin Extek, as well as studies at Kyungpook National University in Daegu. Between 2009 and 2015 he worked at Deloitte in the Financial Audit Department – Financial Services Industry team, where his tasks included reviews and audits of financial statement under Polish Accounting Standards and International Accounting Standards, as well as assessing compliance with the Sarbanes-Oxley Act and due diligence requirements. Since 2015 he has been affiliated with Grupa Generali Polska, where in 2018 he became Director of the Internal Audit Bureau at insurance companies grouped under the Concordia Ubezpieczenia brand.

Michał Bień* – Supervisory Board Member, Chairman of the Audit Committee

Graduated from the Faculty of Law and Administration at the University of Warsaw in 1996. In 2001 he became a licensed solicitor and member of the Warsaw District Chamber of Solicitors, and later on – an attorney affiliated with the Warsaw Bar Association. His professional activity, conducted within the framework of international law firms in Poland and his personal legal practice, involved in particular providing legal advice in mergers and acquisitions, joint ventures, initial public offerings (IPOs), regulatory, corporate and contract matters concerning Polish and international businesses, including listed companies representing energy, oil and gas, telecommunications, media, private equity, banking, finance and insurance sectors.

Krzysztof Kilian* – Supervisory Board Member, member of the Audit Committee

Graduate of the Gdańsk University of Technology Faculty of Mechanical Engineering and Technology. Began his professional career at the “Wisła” shipyard in Gdańsk in 1983. After 1989 he took an active part in the Polish political transformation, first as a Department Head in Jan Krzysztof Bielecki’s government, and then (in 1992-1993) as Communications Minister. Employed at Bank Handlowy between 1994 and 1997. Acted as advisor on matters concerning Poland at the Morgan Stanley Dean Witter investment bank (1997-1998), and at ING Barings (1999-2000), providing advice on mergers and takeovers. Until 2008 he also ran his own company which implemented telecommunications projects for PZU, PKO BP, BZWBK S.A., Siemens, Asseco, Prokom, Nokia and others. Between 2008 and 2011 he was Vice Chairman of the Board of Polkomtel S.A. in charge of marketing and customer relations. His duties included preparing and coordinating the sale of Polkomtel S.A. Between 2012 and 2013 he headed PGE Polska Grupa Energetyczna S.A. as Chairman of the Board. In the years 2016-2019 he was a member of International Business Council – Retail at INNOGY Essen. Possesses extensive experience in matters of corporate oversight, having served on the supervisory boards of PKO BP, TFI PZU, KGHM, BPH, PGF S.A. and Poczta Polska.

*independence criteria as described in 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

Remuneration Policy for members of the Management Board and Supervisory Board of CD PROJEKT

On 16 October 2019 an amendment to the act on public offering and the introduction of financial instruments into organized trading, and on public companies was introduced, mandating the adoption of a remuneration policy for members of the Management Board and Supervisory Board, by way of a General Meeting resolution. Below we summarize key aspects of the proposed CD PROJEKT Remuneration Policy which constitutes a component of the overall employment and remuneration policy at the Group.

Goals and tenets of the Remuneration Policy

The primary goal of the presented Remuneration Policy is to attract, retain and motivate personnel whose skills and experience are regarded as required for further dynamic growth of the CD PROJEKT Group. With regard to Management Board members the provisions of the policy base on the Company’s existing remuneration philosophy which foresees, in addition to fixed salaries, annual bonuses dependent on the Group’s earnings which are provided not only to Management Board members but to the Group’s entire workforce, as well as enrollment in long-term incentive programs settled in Company stock options, targeted at individuals holding managerial positions at CD PROJEKT Group member companies.

By fostering conditions which promote strong involvement in Company affairs, incentivize parties to which the Policy applies and forge long-term bonds between such parties and the Company itself, the regulations set forth in this Remuneration Policy contribute to implementation of the Group’s growth strategy, further its long-term interests and stability, and create value for all Shareholders.

Remuneration of Board members

The remuneration of Board members consists of a guaranteed fixed part, determined individually for each Board member by the Supervisory Board, and a variable part, which is not guaranteed but depends on fulfillment of certain financial and non-financial criteria.

Variable remuneration may take on the form of stock options, which vest as a result of attainment of specific goals, or monetary benefits dependent on the Group's earnings for the given financial year. In exceptional cases variable compensation may also comprise bonuses for carrying out specific tasks or achieving specific managerial goals.

The criteria governing assignment of variable compensation are directly related to the Group's earnings along with implementation of its goals and strategy. Validation of fulfillment of financial criteria depends on the contents of the Group's financial statement, while validation of fulfillment of non-financial criteria is based on objective standards and performance indicators associated with the given task or goal.

Table 1 Remuneration of Management Board members

Remuneration components	Description	Assignment frequency	Conditions
Fixed remuneration	Base remuneration for duties performed	Monthly	–
Variable remuneration – monetary benefits	Remuneration directly dependent on the segment's, company's or Group's earnings during the given fiscal year	Annually	Must post positive net earnings
Variable remuneration – bonuses for carrying out tasks or achieving managerial goals	Assigned by the Supervisory Board in justifiable circumstances	–	Carrying out a task or achieving a managerial goal
Variable remuneration – eligibility to claim subscription warrants which incorporate the right to acquire Company shares, or eligibility to acquire Company shares	Long-term incentive program targeting the Group's top managers	Within 6 years or earlier (depending on attainment of specific goals)	Market and result criteria – as adopted by GM

Remuneration of Supervisory Board members

The remuneration of Supervisory Board members is determined by the General Meeting by way of a resolution. It is commensurate with the duties and scope of activities of each Supervisory Board member – in particular, it acknowledges their involvement in the Supervisory Board and in its committees. It takes on the form of a fixed monthly payment.

The remuneration of Supervisory Board members is not tied to the Company's earnings and does not incorporate assignment of financial instruments or other non-monetary benefits.

Other provisions

As provided for by the Remuneration Policy, members of the Management Board and Supervisory Board are eligible for remuneration for the period which begins on the day of assumption of duties at the Company and ends concurrently with their tenure. The Company does not provide individual pension and retirement benefits to individuals covered by the Remuneration Policy, and does not enroll them in early retirement programs.

Applicability and amendments to the Remuneration Policy

The Remuneration Policy is adopted by the General Meeting at least once every four years. Verification of the Remuneration Policy and its implementation is carried out by the Supervisory Board which performs, at least once per year, a comprehensive review of the Remuneration Policy and determines whether it meets its stated goals and provisions. Following a review of the Remuneration Policy the Supervisory Board may submit to the General Meeting recommendations concerning its implementation or suggested amendments. For each fiscal year the Supervisory Board compiles a remuneration report which is audited by a licensed auditor and subsequently presented to the Ordinary General Meeting for endorsement.

Justification

The need to adopt a remuneration policy for members of the Company's Management Board and Supervisory Board stems from the amendment to the act on public offering and the introduction of financial instruments into organized trading, and on public companies.

In the Board's opinion the proposed structure of the Remuneration Policy is consistent with market standards and ensures that members of the managerial and supervisory bodies of CD PROJEKT are remunerated in line with their duties. In addition, with regard to members of the Management Board, the Policy provides for suitable variable compensation contingent upon attainment of criteria which benefit the Group's growth. Consequently, adoption of the presented Remuneration Policy helps develop long-term Company value, which is consistent with the interests of its Shareholders.

2016-2021 Incentive Program

As a result of the Tax Office's refusal to issue an interpretation of tax law concerning the effect of vesting of the 2016-2021 Incentive Program; in Resolutions no. 20 and 21 the Company proposes that the General Meeting adopt changes in the conditions of the existing Program whereby up to 10% of the assigned entitlements would be settled in Company shares bought back on the open market. The presented draft resolutions provide for the following:

- The option which would enable the Company would be able to buy back subscription warrants from the Entitled Parties for redemption is removed. As originally envisioned, the option would serve to limit dilution of Company stock and enable Entitled Parties to procure funds with which to finance exercise of their remaining entitlements.
- The Management Board is empowered to buy back the Company's own shares at a total price (including purchasing costs) not exceeding 250 million PLN and to create a commensurate reserve capital with which to finance acquisition of the Company's own shares to facilitate partial settlement of the Incentive Program.
- The total number of own shares bought back by the Company under the proposed regulation cannot exceed 516 700, i.e. 10% of the vested entitlements.
- The one year lock-up period applicable to shares bought back by the Company for the purpose of implementing the Incentive Program is voided, while the corresponding lock-up period applicable to shares issued by the Company in association with the exercise of subscription warrants remains in force.

Justification

In light of the anticipated vesting of the Incentive Program, in order to secure the fiscal settlements of CD PROJEKT S.A. and the Entitled Parties, the Company applied to the Director of the National Tax Information Office to issue a binding interpretation of tax law as relates to vesting of the Incentive Program.

In response to this application, the Director of the National Tax Administration Office issued an opinion stating that, with regard to the Incentive Program which, following attainment of its stated goals, may vest by way of an offer, extended by the Company to the Entitled Parties, to buy back some or all of the previously assigned subscription warrants, there is a reason to suspect infringement of the subject or aims of the Tax Law through unlawful reduction of the fiscal liabilities of the Entitled Parties. Based on this opinion, on May 20, 2020 the Director of the National Tax Information Office refused to issue the requested interpretation of tax law, thus preventing the Company from securing the fiscal settlements of itself and the Entitled Parties insofar as the current Incentive Program is concerned.

The goal of the proposed Resolutions no. 20 and 21 is to reconcile the conditions of the existing Incentive Program with the applicable legal regulations and secure the fiscal settlements of the Company and the Entitled Parties. Furthermore, the proposed changes – along with settlement of up to 10% of the assigned entitlements in shares bought back on the open market – mitigate dilution of Company stock and provide a source of funds which the Entitled Parties may draw upon to purchase Company shares in a way which helps them become long-term shareholders of the Company.

2020-2025 Incentive Program

In Resolutions no. 22 and 23 the Company applies to the General Meeting to institute a new incentive program covering the years 2020-2025 and approve the associated conditional increase in Company share capital by not more than 4 million PLN by issuing 4 million Series N bearer shares.

As proposed by the Board, the new incentive program is to be structured along roughly the same lines as the Company's past incentive programs. The goal is to create suitable conditions for the Company and its Group to further improve their financial standing and achieve long-term growth by forging long-term links between individuals enrolled in the Program with the Company's Group and its goals.

The Incentive Program will be implemented by granting to the Entitled Parties certain entitlements in the form of a conditional right to (i) claim dematerialized named subscription warrants entitling them to claim newly issued shares of the Company, or (ii) purchase Company shares which will have previously been bought back by the Company as part of a share buyback program. The total quantity of Entitlements granted under the Incentive Program shall not exceed four million. Entitled Parties who are also members of the Management Board shall not receive more than 50% of all Entitlements grantable under the Incentive Program.

Goals of the Incentive Program

The incentive program is based on achieving the following goals proposed by the Company Board:

Result goal – 80% of entitlements

Base variant, enabling exercise of Entitlements at their associated base price:

A situation where the consolidated net earnings from continuing operations of the Company's Group, increased by costs related to estimation of the granted Entitlements as entered in the accounts of Group member companies for each verification period, is at least as follows:

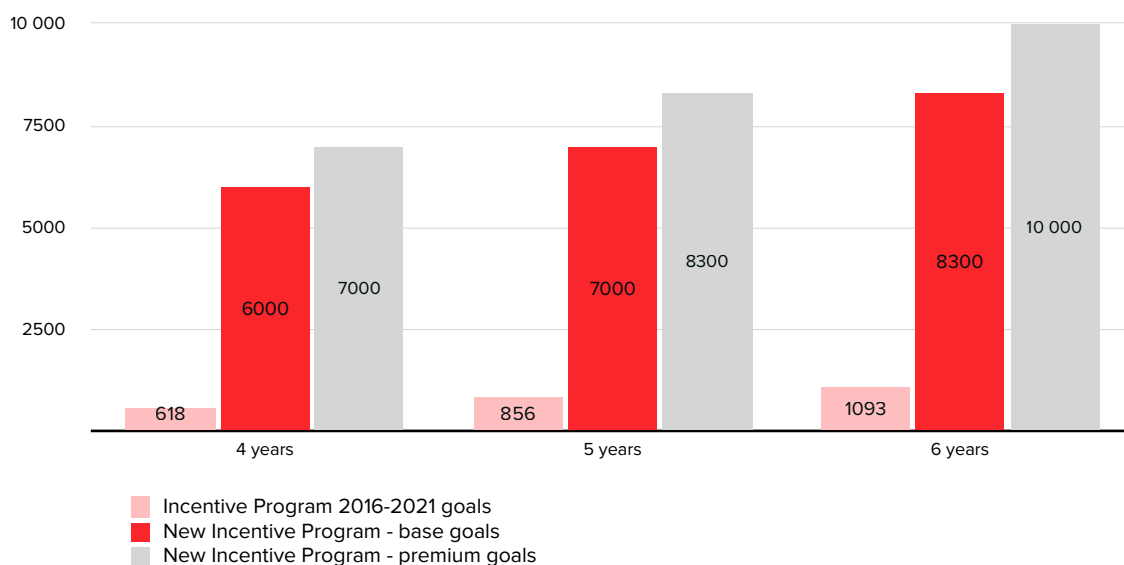
- a) for the financial years 2020-2023 – 6 billion PLN and at least 59.02 PLN per Company share existing on the final date of the corresponding verification period, or
- b) for the financial years 2020-2024 – 7 billion PLN and at least 68.86 PLN per Company share existing on the final date of the corresponding verification period, or
- c) for the financial years 2020-2025 – 8.3 billion PLN and at least 81.65 PLN per Company share existing on the final date of the corresponding verification period, or

A variant which corresponds to attainment of any of the abovementioned goals one year in advance, enabling exercise of Entitlements at a discount price:

A situation where the consolidated net earnings from continuing operations of the Company's Group, increased by costs related to estimation of the granted Entitlements as entered in the accounts of Group member companies for each verification period, is at least as follows:

- a) for the financial years 2020-2022 – 6 billion PLN and at least 59.02 PLN per Company share existing on the final date of the corresponding verification period, or
- b) for the financial years 2020-2023 – 7 billion PLN and at least 68.86 PLN per Company share existing on the final date of the corresponding verification period, or
- c) for the financial years 2020-2024 – 8.3 billion PLN and at least 81.65 PLN per Company share existing on the final date of the corresponding verification period, or
- d) for the financial years 2020-2025 – 10 billion PLN and at least 98.37 PLN per Company share existing on the final date of the corresponding verification period.

Chart 1 The Incentive Program 2020-2025 - results goals



Market goal – 20% of entitlements

A goal which is defined as a change in the price of Company stock on the Warsaw Stock Exchange in such a way that the percentage difference between the closing price of Company stock on the final trading day during the financial year covered by the Incentive Program and the corresponding closing price on 30 December 2019 is more than 100% greater than the corresponding change in the value of the WIG index over the same period.

Should either the result or the market goal be met to within less than 100% but more than 80% during the final year of the Program, each percentage point reflecting unrealized goals will result in a 2% decrease in the number of Entitlements which may be exercised by the Entitled Parties, compared with the quantity of exercisable Entitlements which corresponds to full attainment of either goal.

Entitlement exercise price

Following attainment of the goals of the Incentive Program, the Entitled Parties whose entitlements have been assigned by 30 September 2020 will be able to claim or purchase Company shares at the following prices:

- in case of attainment of the base variant of the result goal – the average closing price of Company stock on the Warsaw Stock Exchange calculated over 30 (thirty) trading days preceding the date of adoption of this Resolution by the Ordinary General Meeting;
- in case of attainment of the market goal or the result goal in the variant which corresponds to attainment of the program's goals one year in advance – the average closing price of Company stock on the Warsaw Stock Exchange calculated over 30 (thirty) trading days preceding the date of adoption of this Resolution by the Ordinary General Meeting, discounted by 5%.

With regard to Entitled Parties whose Entitlements are assigned on the basis of Management Board or Supervisory Board resolutions after 30 September 2020, following attainment of the Program's goals such parties will be able to claim or purchase Company shares at the following prices:

- in case of attainment of the base variant of the result goal – the closing price of Company stock on the Warsaw Stock Exchange on the day immediately preceding the adoption of the corresponding assignment resolution by either the Management Board or the Supervisory Board;
- in case of attainment of the market goal or the result goal in the variant which corresponds to attainment of the program's goals one year in advance – the closing price of Company stock on the Warsaw Stock Exchange on the day immediately preceding the adoption of the corresponding assignment resolution by either the Management Board or the Supervisory Board, discounted by 5%.

In all circumstances, the purchase price of shares claimed or purchased in the exercise of Entitlements assigned after 30 September 2020 may not be lower than the corresponding price defined for the given goal with regard to Entitlements assigned up until 30 September 2020, as described in the preceding paragraph.

In all circumstances, following positive verification of the goals and criteria of the Incentive Program the Company may, in order to mitigate dilution of stock, discretionarily present the Entitled Party with an offer to settle the Incentive Program by reducing the quantity of assigned Entitlements and commensurately lowering their exercise price to match the nominal value of Company shares.

Justification

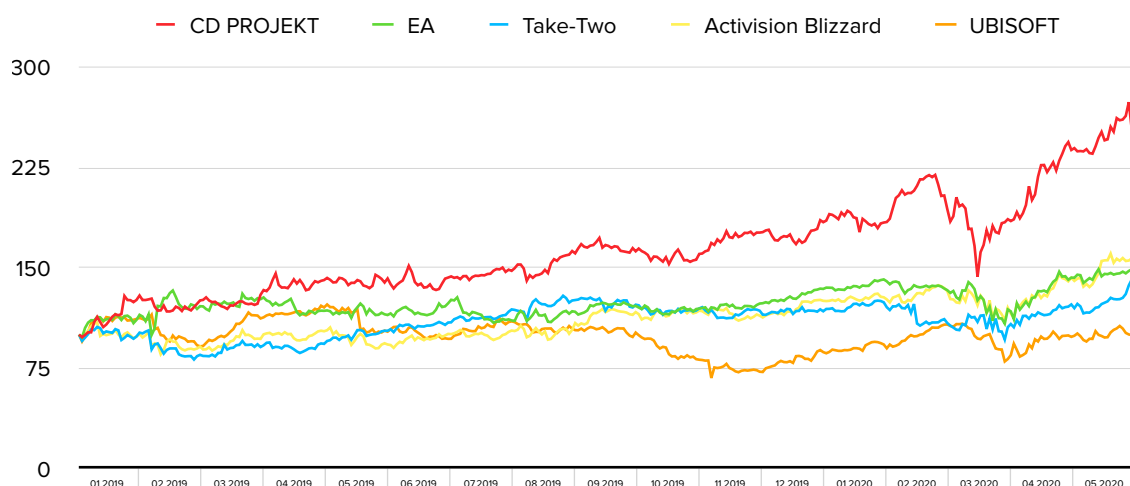
In line with widely adopted practices in our market segment – we wish to again provide holders of top managerial positions at CD PROJEKT Group member companies with an opportunity to participate in an incentive program, while also promoting the idea of joint ownership by Company by its employees. CD PROJEKT is part of the highly competitive global digital entertainment industry. For companies which compete for access to human talent, share-based incentive programs are an important component of comprehensive remuneration packages. The proposed 2020-2025 Incentive Program aims to retain and incentivize personnel whose decisions, initiatives and effort are a major factor in the CD PROJEKT Group's ultimate performance. In the Board's opinion the goals of the Program are very ambitious, requiring a manifold increase in the Group's consolidated net earnings as compared to previous years, as well as above-average performance of Company stock compared to other entities traded on the Warsaw Stock Exchange. Moreover, the goals of the Program are aligned with the interest of Company shareholders and focus on long-term growth in the Company's value.

Why invest in us?

We strive to be the best at what we do and have a material influence on the condition of our industry. To retain gamers' trust and acclaim, we pride ourselves on high quality, open and honest communication.

As a publicly traded company we want to be perceived in a favorable light, creating long-term value for shareholders, investors – both institutional and individual – as well as analysts. While Total Shareholder Return is an important measure of value, it is not the only one. You can find out more about our core values, including focus on our team and on fostering strong relations with the gaming community, in our strategy document available at <https://www.cdprojekt.com/en/capital-group/strategy/>.

Chart 2 CD PROJEKT S.A. stock price compared to other selected videogame sector entities between January 1, 2019 and May 31, 2020.



Communication with shareholders

CD PROJEKT makes every effort to provide investors with equal access to accurate information concerning the Company's current activities, employing a variety of tools tailored to the needs of individual investors, analysts, brokerage houses and investment fund managers.

The Board and the Investor Relations department regularly participate in meetings with representatives of domestic and foreign investment funds and with analysts who issue recommendations concerning CD PROJEKT stock. In 2019 Company representatives also took part in investors' meetings organized by brokerage houses, in eight international roadshows held throughout the world, and in a WallStreet conference dedicated to individual investors.



The Company replies to questions and addresses concerns voiced by any and all of its shareholders, regardless of the number of shares they control.

We invite you to contact us at:

Address: ul. Jagiellońska 74, 03-301 Warszawa

E-mail: gielada@cdprojekt.com

www.cdprojekt.com