

**CD PROJEKT S.A. Supervisory Board Report**  
**concerning activities in the fiscal year 2020, along with an assessment of Supervisory**  
**Board actions and a summary assessment of Company status, its internal control systems**  
**and risk mitigation strategies**

**1. Composition of the Supervisory Board throughout the reporting period in 2020**

During 2020 the following people performed duties as members of the Supervisory Board:

Between 1 January and 31 December 2020:

- Katarzyna Szwarc – Chairwoman of the Supervisory Board; member of the Supervisory Board meeting independence criteria;
- Piotr Pągowski – Deputy Chairman of the Supervisory Board; member of the Supervisory Board meeting independence criteria;
- Maciej Nielubowicz – Secretary of the Supervisory Board;
- Krzysztof Kilian – Member of the Supervisory Board; member of the Supervisory Board meeting independence criteria;
- Michał Bień – Member of the Supervisory Board; member of the Supervisory Board meeting independence criteria;

**2. Scope of Supervisory Board activities in the reporting period, including discharge of duties of the Audit Committee:**

In discharging its legal and statutory duties the Supervisory Board maintained ongoing oversight of all matters affecting the Company throughout 2020.

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 2020 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 2020 the Supervisory Board held five sessions. The Supervisory Board also discharged its duties by adopting resolutions by circulation.

As part of its prerogatives, throughout 2020 the Supervisory Board applied a substantial portion of the Code of Best Practices for WSE Listed Companies insofar as these practices concern the supervisory boards of publicly traded companies.

Pursuant to the Act of 11 May 2017 on licensed auditors, audit firms and public supervision (hereinafter referred to as “the Act”) an Audit Committee was functioning with the following composition:

- I) Michał Bień – Chairman of the Audit Committee meeting independence criteria under Art. 129 section 3 of the Act,
- II) Maciej Nielubowicz – Member of the Audit Committee with knowledge and skill in the area of accounting or auditing financial statements,
- III) Krzysztof Kilian - Member of the Audit Committee meeting independence criteria under Art. 129 section 3 of the Act,

- IV) Piotr Pagowski – Member of the Audit Committee meeting independence criteria under Art. 129 section 3 of the Act, Member of the Audit Committee meeting criteria under Art. 129 section 5 of the Act,
- V) Katarzyna Szwarc – Member of the Audit Committee meeting criteria under Art. 129 section 5 of the Act.

During the reporting period the Audit Committee held four sessions.

With regard to duties of the Audit Committee, the Audit Committee oversaw the financial reporting process and discharged its auditory obligations, including reviews of Company financial statements prior to their publication, and periodic meetings with licensed auditors.

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 2020 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 except for 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, risk mitigation strategies, compliance and internal audit policies and fulfillment of statutory disclosure obligations related to corporate governance**

Based on Company and Capital Group financial statements for 2020, the Management Board report on the internal control system and risk mitigation strategies for 2020, as well as additional information obtained from the Management Board the Supervisory Board declares that the Company's condition is stable. Following assessment of the Company's condition in 2020 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 2020 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 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 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 registers transactions in line with the Company's accounting policy, itself consistent with the International Accounting Standards.

### **Internal control system**

A comprehensive internal control system exists at the Company, concerning in particular the preparation of financial statements and consolidated financial statements, aiming to ensure that the Company meets its stated goals with regard to operating efficiency and performance, reliability of financial statements and legal compliance.

### **Risk factors affecting the Group's operations and the corresponding mitigation strategies**

A comprehensive risk management system has been introduced at the Company, encompassing analysis and identification of risks, along with suitable standards and operating activities.

The Company identifies risks by analyzing external and internal factors which may give rise to irregularities in the scope of its current activities, and takes action to mitigate the effects of any identified risks. Moreover, the Company pursues an active insurance policy in the scope of transferring the identified risks.

A description of risks which affect the Company and its Capital Group, along with the corresponding mitigation strategies, can be found in the Management Board report on CD PROJEKT Capital Group and CD PROJEKT S.A. activities for the period between 1 January and 31 December 2020.

### **Compliance and internal auditing**

Given 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.

The organizational structure of CD PROJEKT is based on a set of formal procedures which aim to ensure consistent handling and control of the core managerial/organizational processes at each department.

### **Summary**

The Supervisory Board regards the internal control systems and key risk management systems in place at the Company as consistent. The Supervisory Board expresses a positive view on the internal control systems and key risk management systems in force at the Company in 2020, and has determined that their implementation serves to limit key risks faced by the Company in the course of its activities.

### **Assessment of sponsorships and other charitable activities**

The Company has not instituted a formal sponsoring and charity policy due to the incidental character of such activities.