

CD Projekt Spółka Akcyjna

## A statement on the company's compliance with the corporate governance principles contained in Best Practice for GPW Listed Companies 2021

According to the current status of compliance with the Best Practice, the Company does not apply 9 detailed principles: 2.1., 2.2., 2.11.6., 3.1., 3.3., 3.4., 3.6., 3.7., 3.10.

### 1. DISCLOSURE POLICY, INVESTOR COMMUNICATIONS

**In the interest of all market participants and their own interest, listed companies ensure quality investor communications and pursue a transparent and fair disclosure policy.**

- 1.1.** Companies maintain efficient communications with capital market participants and provide fair information about matters that concern them. For that purpose, companies use diverse tools and forms of communication, including in particular the corporate website where they publish all information relevant for investors.  
*The principle is applied.*  
**Comments of the Company:** *The Company strives to provide investors with fair access to reliable information concerning its ongoing business activities, in the form of current and periodic reports, along with periodic communication activities targeting individual investors, brokerage analysts and investment fund managers. The Company's online presence is an important component of its policy of maintaining active communication with stakeholders. Materials published on the corporate website are available in two languages - Polish and English - to ensure convenient access to information for domestic and foreign investors alike. The Company engages in communication using e-mail, phone, social media profile and video commentaries where the Vice President/CFO discusses the Group's financial performance and its main achievements in each reporting period. The Company also takes part in domestic and international conferences with representatives of investment funds, journalists and analysts, as well as in live chat sessions dedicated to individual investors, accompanying periodic earnings reports.*
- 1.2.** Companies make available their financial results compiled in periodic reports as soon as possible after the end of each reporting period; should that not be feasible for substantial reasons, companies publish at least preliminary financial estimates as soon as possible.  
*The principle is applied.*  
**Comments of the Company:** *The Company strives to publish its financial results, in the form of periodic reports as soon as practicable following the close of each reporting period, having obtained reliable information concerning licensing royalties receivable for the given reporting period. Should compelling reasons prevent the Company from following its regular reporting schedule, the Company shall strive to publish earnings estimates.*
- 1.3.** Companies integrate ESG factors in their business strategy, including in particular:
- 1.3.1.** environmental factors, including measures and risks relating to climate change and sustainable development;  
*The principle is applied.*  
**Comments of the Company:** *The business strategy update adopted by the Company includes ESG-related ambitions, including those which concern environmental factors and climate change. Detailed information regarding the Company's ESG policy, along with a list of specific goals, performance indicators and identified risks, can be found on the Company website under the "ESG" tab. In conjunction with annual earnings reports, the Company publishes an annual CD PROJEKT Group Sustainability Report, where it informs on its progress towards the adopted goals, and defines new goals and performance indicators. In the environmental area, in future years the Company intends to focus on implementing goals set forth in its Environmental Policy. In 2021 the Company - for the first time ever - calculated and published its Scope 1 and 2 carbon footprint. The Company intends to publish information regarding its Scope 3 carbon footprint in the CD PROJEKT Group Sustainability Report for 2022. In 2022 the Company - also for the first time ever - performed a series of internal analyses and organized a workshop to identify risks and opportunities related to climate change. This is regarded as a preliminary step towards TCFD reporting compliance. In addition, the Company is working on an Environmental Management System at CD PROJEKT and intends to apply for its certification. An important element of CD PROJEKT's environmental policy is a set of actions which aim to increase environmental awareness of its team members (this is done via webinars dedicated to environmental protection and climate changes, actions which promote commuting by bike, etc.)*
- 1.3.2.** social and employee factors, including among others actions taken and planned to ensure equal treatment of women and men, decent working conditions, respect for employees' rights, dialogue with local communities, customer relations.  
*The principle is applied.*

**Comments of the Company:** The business strategy update adopted by the Company includes ESG-related ambitions, including those which concern team members and social matters. Detailed information regarding the Company's ESG policy, along with a list of specific goals, performance indicators and identified risks, can be found on the Company website under the "ESG" tab. In conjunction with annual earnings reports, the Company publishes an annual CD PROJEKT Group Sustainability Report, where it informs on its progress towards the adopted goals, and defines new goals and performance indicators. The Company is currently implementing a range of projects which aim to ensure appropriate employment conditions - this relates, among others, adjusting remuneration based on market standards, caring for the psychological well-being of team members and organizing training sessions devoted to awareness, tools and practices for counteracting misconduct. In future years the Company intends to focus its activities, among others, on organizing a set of career development programs, improving job satisfaction and motivation of its team members, fostering diversity and inclusion, and increasing the share of women in managerial positions, as well as within the workforce at large. The Company will continue to engage in social activities in which it can leverage its resources and skills.

- 1.4. To ensure quality communications with stakeholders, as a part of the business strategy, companies publish on their website information concerning the framework of the strategy, measurable goals, including in particular long-term goals, planned activities and their status, defined by measures, both financial and non-financial. ESG information concerning the strategy should among others:

The principle is applied.

**Comments of the Company:** The Company's business strategy, along with deep dive presentations by Management Board members responsible for specific areas of activity, is available on the Company website. Detailed information regarding the Company's approach to each of these areas, including ESG, can also be found on the Company website under the "Strategy" and "ESG" tabs. In conjunction with annual earnings reports, the Company publishes an annual CD PROJEKT Group Sustainability Report, where it informs on its progress towards the adopted goals, and defines new goals and performance indicators.

- 1.4.1. explain how the decision-making processes of the company and its group members integrate climate change, including the resulting risks;

The principle is applied.

**Comments of the Company:** In 2021 the Company carried out a stakeholder survey focusing on the materiality of ESG issues, on the basis of which it later formulated an ESG materiality matrix for the CD PROJEKT Group. The matrix describes the materiality of each issue in two aspects: interest to stakeholders and relevance for the Group's development. Given the results of this study, environmental protection and climate change were not identified as one of the areas which are material for the Company's activities. Irrespective of the above, in order to maintain a balance between the Group's dynamic growth and responsibility for the natural environment, CD PROJEKT strives to carry out its activities in a responsible and sustainable manner. In particular, the Company takes action to deploy solutions which reduce its negative impact on the environment and counteract climate change. Additionally, the Environmental Policy in force at the Company, declares that the Company will take environmental protection issues into account when making business decisions. The Company's website lists ESG-related targets which support the Company's business strategy and overall ESG ambitions. Given the specific nature of the industry and the dynamic environment in which the Company carries out its activities, the presented goals are both short-term, leading to a specific outcome, and long-term, where they can be effectively measured.

- 1.4.2. present the equal pay index for employees, defined as the percentage difference between the average monthly pay (including bonuses, awards and other benefits) of women and men in the last year, and present information about actions taken to eliminate any pay gaps, including a presentation of related risks and the time horizon of the equality target.

The principle is applied.

**Comments of the Company:** The Company attaches great weight to being an equal opportunity employer. It continually improves its remuneration policy to ensure equitable remuneration and career advancement opportunities for all employees regardless of gender, age or nationality. The employment structure at the Company is tied to the specific character of the videogame industry, both in Poland and abroad. For this reason, the Company applies the Compa Ratio when measuring its pay gap, since, in the Company's opinion, this coefficient accurately reflects the gender-related variance in remuneration. The Company operates a system whereby it compares its remuneration practices to market data - in the form of independent remuneration reports, which are consulted in order to ensure that team members are compensated for their work on the basis of objective criteria. The system in force at the Company does not take into account non-substantial factors and criteria such as gender. ESG-related goals which support the Company's business strategy and ESG ambitions, are listed on the Company website.

- 1.5. Companies disclose at least on an annual basis the amounts expensed by the company and its group in support of culture, sports, charities, the media, social organisations, trade unions, etc. If the company or its group pay such expenses in the reporting year, the disclosure presents a list of such expenses.

The principle is applied.

**Comments of the Company:** The Company takes part in selected non-profit activities. Such goals and activities are endorsed by the Company in the framework of grassroots initiatives, acknowledging current needs and the alignment of the given activity with the Company's corporate culture and internal regulations. The CD PROJEKT Group Sustainability Report provides information of charities which have received financial support from the Company and in Financial Statement, the amount contributed by the Company to each such charity.

- 1.6. Companies participating in the WIG20, mWIG40 or sWIG80 index hold on a quarterly basis and other companies hold at least on an annual basis a meeting with investors to which they invite in particular shareholders, analysts, industry experts and the media. At such meetings, the management board of the company presents and comments on the strategy and its implementation, the financial results of the company and its group, and the key events impacting the business of the company and its group, their results and outlook. At such meetings, the management board of the company publicly provides answers and explanations to questions raised.

The principle is applied.

**Comments of the Company:** As part of its active communication with the international community of shareholders, market analysts, trade experts and representatives of media which express an interest in CD PROJEKT S.A., the Company - in conjunction with its quarterly, semiannual and annual earnings releases - organizes teleconferences and live chat sessions where members of the Management Board answer questions concerning the financial results of the Company's Group, its adopted strategy, outlook and release plans.

- 1.7. If an investor requests any information about a company, the company replies immediately and in any case no later than within 14 days.

*The principle is applied.*

**Comments of the Company:** *The Company makes every effort to ensure that IR-related information published on its website and in social media remains clear to investors. The Company also engages in direct dialogue with investors at meetings, conferences and videocalls, and strives to reply to questions submitted by e-mail and phone, while at the same time protecting its trade secrets and observing the applicable legal regulations.*

## 2. MANAGEMENT BOARD, SUPERVISORY BOARD

**To ensure top standards of the responsibilities and effective performance of the management board and the supervisory board of a company, only persons with the adequate competences, skills and experience are appointed to the management board and the supervisory board.**

**Management Board members act in the interest of the company and are responsible for its activity. The management board is responsible among others for the company's leadership, engagement in setting and implementing its strategic objectives, and ensuring the company's efficiency and safety.**

**Supervisory board members acting in their function and to the extent of their responsibilities on the supervisory board follow their independent opinion and judgement, including in decision making, and act in the interest of the company.**

**The supervisory board functions in the spirit of debate and analyses the position of the company in the context of the sector and the market on the basis of information provided by the management board of the company and via the company's internal systems and functions and obtained from external sources, using the output of its committees. The supervisory board in particular issues opinions on the company's strategy, verifies the work of the management board in pursuit of defined strategic objectives, and monitors the company's performance.**

- 2.1. Companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%.

*The principle is not applied.*

**Comments of the Company:** *Thus far, the Company has not implemented formal diversity regulations related to its official bodies, which would be adopted by the Supervisory Board or the General Meeting of Shareholders. Nevertheless, since 2018 a Diversity Policy has been in force at the Company. Pursuant to this policy, a general non-discrimination principle applies to members of the Management Board and Supervisory Board, as well as to all team members. Furthermore, the Company is a signatory to the Diversity Charter, which prohibits workplace discrimination and obligates its signatories to engage in activities which foster and promote diversity. Diversity, equality and respect for human rights are all basic values enshrined in the Rules of the Game. CD PROJEKT Group Business and Ethics Standards. In its annual non-financial reports the Company provides diversity statistics related to age, gender and educational background.*

- 2.2. Decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1.

*The principle is not applied.*

**Comments of the Company:** *In line with existing practices at the Company, appointment of Management Board and Supervisory Board members has been based on factors which include professional experience, knowledge and education. Compliance with the presented policy depends on the diversity of available candidates and the outcome of votes held by the Supervisory Board or the General Meeting. As of the submission date of this statement, the Company does not ensure minority involvement on a level greater than 30% with regard to gender, and cannot ensure that in the future members of its Supervisory Board or shareholders who take part in General Meetings will pass resolutions consistent with this policy.*

- 2.3. At least two members of the supervisory board meet the criteria of being independent referred to in the Act of 11 May 2017 on Auditors, Audit Firms and Public Supervision, and have no actual and material relations with any shareholder who holds at least 5% of the total vote in the company.

*The principle is applied.*

**Comments of the Company:** *Members of the Company's Supervisory Board submit declarations of independence, including the lack of any actual and material relations with any shareholder who holds at least 5% of the total vote in the Company, as mandated by Annex II to the European Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board (2005/162/EC), as well as Art. 129 section 13 of the Act of 11 May 2017 on Auditors, Audit Firms and Public Supervision. According to the submitted declarations, two members of the Company's Supervisory Board meet independence criteria as expressed in the above policy.*

- 2.4. The supervisory board and the management board vote in an open ballot unless otherwise required by law.  
The principle is applied.  
**Comments of the Company:** According to the Company's internal regulations, the Supervisory Board votes on resolutions in open ballots. A secret ballot may be instituted upon request of a Supervisory Board member, as well as in specific matters listed in the Commercial Companies Code. As for the Management Board, it holds open ballots as a rule, unless the chairperson calls a secret ballot upon request of at least one Management Board member. Thus far, both the Supervisory Board and the Management Board of the Company have consistently voted in open ballots.
- 2.5. Members of the supervisory board and members of the management board who vote against a resolution may have their dissenting vote recorded in the minutes.  
The principle is applied.  
**Comments of the Company:** Both with regard to members of the Supervisory Board and the Management Board, those who vote against a resolution have the right to have their dissent recorded in the minutes. Information on dissents filed by individual members of the Supervisory Board is included in annual Supervisory Board reports upon request of the dissenting Supervisory Board member.
- 2.6. Functions on the management board of a company are the main area of the professional activity of management board members. Management board members should not engage in additional professional activities if the time devoted to such activities prevents their proper performance in the company.  
The principle is applied.  
**Comments of the Company:** Members of the Management Board of the Company act in a manner which ensures appropriate discharge of their duties. Involvement in the Company's Management Board represents the main area of professional activity of each Board member.
- 2.7. A company's management board members may sit on corporate bodies of companies other than members of its group subject to the approval of the supervisory board.  
The principle is applied.  
**Comments of the Company:** According to the Management Board Regulations in force at the Company, a member of the Management Board is not allowed to sit on corporate bodies of entities which do not belong to the Company's Group without prior approval by the Supervisory Board.
- 2.8. Supervisory board members should be able to devote the time necessary to perform their duties.  
The principle is applied.  
**Comments of the Company:** Members of the Supervisory Board devote sufficient time to performance of their duties to ensure that these duties are properly discharged, subject to current circumstances and requirements. In discharging its duties the Supervisory Board may avail itself of remote communication tools, and adopt resolutions by circulation, facilitating efficient ongoing supervision of Company matters.
- 2.9. The chair of the supervisory board should not combine this function with that of chair of the audit committee of the supervisory board.  
The principle is applied.  
**Comments of the Company:** Chairmanship of the Audit Committee is a distinct position, held by an independent member of the Supervisory Board who possesses the necessary qualifications and is not also the Chairperson of the Supervisory Board.
- 2.10. Companies allocate administrative and financial resources necessary to ensure efficient functioning of the supervisory board in a manner adequate to their size and financial standing.  
The principle is applied.  
**Comments of the Company:** The Company strives to provide the Supervisory Board with appropriate administrative, technical and organizational resources. The Company has enabled the Supervisory Board to make use of Company offices and equipment insofar as is necessary for the Supervisory Board to perform its duties, and provides the necessary financial resources in cases where the Supervisory Board decides to seek external expertise in order to render an impartial assessment.
- 2.11. In addition to its responsibilities laid down in the legislation, the supervisory board prepares and presents an annual report to the annual general meeting once per year. Such report includes at least the following:
- 2.11.1. information about the members of the supervisory board and its committees, including indication of those supervisory board members who fulfil the criteria of being independent referred to in the Act of 11 May 2017 on Auditors, Audit Firms and Public Supervision and those supervisory board members who have no actual and material relations with any shareholder who holds at least 5% of the total vote in the company, and information about the members of the supervisory board in the context of diversity;  
The principle is applied.  
**Comments of the Company:** The Supervisory Board prepares an annual report on its activities during the given financial year and submits it to the General Meeting. The report describes the composition of the Supervisory Board and its committees, indicating which members of the Supervisory Board meet independence criteria, which the Company assumes to include the lack of actual and material relations with any shareholder who holds at least 5% of the total vote in the Company.
- 2.11.2. summary of the activity of the supervisory board and its committees;  
The principle is applied.  
**Comments of the Company:** The Supervisory Board report details the work of the Supervisory Board throughout the reporting period, including tasks assigned to the Audit Committee.
- 2.11.3. assessment of the company's standing on a consolidated basis, including assessment of the internal control, risk management and compliance systems and the internal audit function, and information about measures taken by the supervisory board to perform such assessment; such assessment should cover all significant controls, in particular reporting and operational controls;  
The principle is applied.  
**Comments of the Company:** The Supervisory Board performs an assessment of the condition of the Company, including its internal control systems, risk management, compliance and internal audit, based on materials and information provided by the Management Board.

- 2.11.4.** assessment of the company's compliance with the corporate governance principles and the manner of compliance with the disclosure obligations concerning compliance with the corporate governance principles defined in the Exchange Rules and the regulations on current and periodic reports published by issuers of securities, and information about measures taken by the supervisory board to perform such assessment;  
*The principle is applied.*  
**Comments of the Company:** *The Supervisory Board performs an assessment of the discharge of disclosure obligations concerning corporate governance practices, including key risks applicable to the CD PROJEKT Group, based on analysis of financial statements published by the Company and the Group for the preceding financial year, as well as additional materials and information provided by the Management Board.*
- 2.11.5.** assessment of the rationality of expenses referred to in principle 1.5;  
*The principle is applied.*  
**Comments of the Company:** *The Supervisory Board assesses the validity of the expenses referred to in principle 1.5 in the report on the activities of the Supervisory Board.*
- 2.11.6.** information regarding the degree of implementation of the diversity policy applicable to the management board and the supervisory board, including the achievement of goals referred to in principle 2.1.  
*The principle is not applied.*  
**Comments of the Company:** *The Company has not adopted internal regulations related to diversity among members of the Management Board and the Supervisory Board pursuant to principle 2.1. Consequently, reports submitted by the Supervisory Board do not specify the extent to which the diversity policy is implemented in relation to these bodies, including the achievement of the corresponding objectives. Should the Company decide to adopt the corresponding regulations, the Supervisory Board's report will include information on the implementation of the diversity policy in relation to the Management Board and the Supervisory Board itself.*

### 3. INTERNAL SYSTEMS AND FUNCTIONS

**Efficient internal systems and functions are an indispensable tool of exercising supervision over a company.**

**The systems cover the company and all areas of activity of its group which have a significant impact on the position of the company.**

- 3.1.** Listed companies maintain efficient internal control, risk management and compliance systems and an efficient internal audit function adequate to the size of the company and the type and scale of its activity; the management board is responsible for their functioning.  
*The principle is not applied.*  
**Comments of the Company:** *The Company partially deviates from this principle insofar that it has not established a distinct internal audit function. Internal control at the Company is implemented on the basis of its existing managerial framework, including the finance and accounting departments. Control processes include, among others, bookkeeping based on internal systems deployed at the Company; analysis and validation of the generated results, including in the context of internal projections and expectations, ongoing monitoring of expenditures and contracts concluded by the Company, as well as assessment of the economic viability of anticipated projects. Certain internal control processes are carried out by legal departments, and - where development of videogames is concerned - by the Studio's development team. The Company also operates an information security team as part of its IT department. In discharging its internal control obligations, the Company also enlists the help of external experts by commissioning independent audits of specific areas of its activity. A formalized risk management process is in place at the Company, based on a Risk Management Procedure instituted by a Management Board resolution. Risks are identified on an ongoing basis, based on analysis of external and internal factors which may affect the likelihood of opportunities or irregularities arising in the course of the Company's daily activities. Identification and monitoring of risk factors is the responsibility of the Risk Management Committee, which comprises directors and managers at the Company (referred to as risk owners). Regarding compliance monitoring, the Company has instituted a Compliance Management Policy, which names a Chief Compliance Officer. The Privacy and Compliance department - part of the Company's legal team - is responsible for ongoing monitoring of daily activities with regard to compliance, and for discharging formal obligations incumbent upon the Company. Moreover, the Company has a number of formal procedures which uniformize control over key managerial and organizational processes within each department. There is no distinct internal audit unit. The Company declares that should it decide to establish such a unit as part of its organizational framework, it will comply with this principle.*
- 3.2.** Companies' organisation includes units responsible for the tasks of individual systems and functions unless it is not reasonable due to the size of the company or the type of its activity.  
*The principle is applied.*  
**Comments of the Company:** *Maintaining the internal control system is the responsibility of the Management Board of the Company, managerial staff and other employees whose tasks involve accounting, financial and operational supervision. Responsibility for appropriate preparation of financial statements rests with the Chief Accountant and the Company Vice President. Identification and monitoring of risks is the responsibility of the Risk Management Committee, which includes directors and other top managers (referred to as risk owners). Oversight of legal compliance is the responsibility of the Chief Compliance Officer as well as of the dedicated Privacy and Compliance team (part of the Company's legal department) and the Tax Department. In the course of their activities, both departments monitor changes in the Group's legal environment and discharge formal obligations incumbent upon the Company.*
- 3.3.** Companies participating in the WIG20, mWIG40 or sWIG80 index appoint an internal auditor to head the internal audit function in compliance with generally accepted international standards for the professional practice of internal

auditing. In other companies which do not appoint an internal auditor who meets such requirements, the audit committee (or the supervisory board if it performs the functions of the audit committee) assesses on an annual basis whether such person should be appointed.

The principle is not applied.

**Comments of the Company:** *There is currently no internal auditor or dedicated audit unit in place at the Company.*

- 3.4. The remuneration of persons responsible for risk and compliance management and of the head of internal audit should depend on the performance of delegated tasks rather than short-term results of the company.

The principle is not applied.

**Comments of the Company:** *Base remuneration of risk managers and compliance officers is fixed and follows existing market standards. Internal audit has not been disaggregated in the Company's structure as a distinct organizational unit; hence the Company is unable to comment upon the remuneration provided to such a unit.*

- 3.5. Persons responsible for risk and compliance management report directly to the president or other member of the management board.

The principle is applied.

**Comments of the Company:** *Key persons responsible for risk and compliance management are members of the Risk Management Committee and report to designated members of the Company Management Board.*

- 3.6. The head of internal audit reports organisationally to the president of the management board and functionally to the chair of the audit committee or the chair of the supervisory board if the supervisory board performs the functions of the audit committee.

The principle is not applied.

**Comments of the Company:** *Thus far, internal audit has not been disaggregated in the Company's structure as a distinct organizational unit.*

- 3.7. Principles 3.4 to 3.6 apply also to members of the company's group which are material to its activity if they appoint persons to perform such tasks.

The principle is not applied.

**Comments of the Company:** *The Company's subsidiaries have restricted organizational frameworks which are adapted to the size of each such entity. These frameworks do not include disaggregated internal audit, risk management and compliance units.*

- 3.8. The person responsible for internal audit or the management board if such function is not performed separately in the company reports to the supervisory board at least once per year with their assessment of the efficiency of the systems and functions referred to in principle 3.1 and tables a relevant report.

The principle is applied.

**Comments of the Company:** *The Management Board submits to the Supervisory Board its annual assessment of the efficiency of internal systems, including internal control, risk and compliance management, and internal audit. This assessment is provided in the form of a report.*

- 3.9. The supervisory board monitors the efficiency of the systems and functions referred to in principle 3.1 among others on the basis of reports provided periodically by the persons responsible for the functions and the company's management board, and makes annual assessment of the efficiency of such systems and functions according to principle 2.11.3. Where the company has an audit committee, the audit committee monitors the efficiency of the systems and functions referred to in principle 3.1, which however does not release the supervisory board from the annual assessment of the efficiency of such systems and functions.

The principle is applied.

**Comments of the Company:** *The Supervisory Board performs an annual assessment of the efficiency of internal systems and functions by issuing an activity report for each financial year, together with an overview of work performed by the Supervisory Board and a concise assessment of the Company's condition, including the performance of its internal control and significant risk management systems. This report is submitted to the General Meeting.*

- 3.10. Companies participating in the WIG20, mWIG40 or sWIG80 index have the internal audit function reviewed at least once every five years by an independent auditor appointed with the participation of the audit committee.

The principle is not applied.

**Comments of the Company:** *Given the lack of a distinct internal audit function, the Company has not heretofore subjected it to review by an independent auditor. The Company declares that should it decide to appoint an internal auditor, it will comply with this principle.*

#### 4. GENERAL MEETING, SHAREHOLDER RELATIONS

**The management board and the supervisory board of listed companies should encourage the engagement of shareholders in matters of the company, in particular through active participation in the general meeting, either in person or through a proxy.**

**The general meeting should proceed by respecting the rights of all shareholders and ensuring that passed resolutions do not infringe on legitimate interests of different groups of shareholders.**

**Shareholders who participate in a general meeting exercise their rights in accordance with the rules of good**

**conduct. Participants of a general meeting should come prepared to the general meeting.**

- 4.1.** Companies should enable their shareholders to participate in a general meeting by means of electronic communication (e-meeting) if justified by the expectations of shareholders notified to the company, provided that the company is in a position to provide the technical infrastructure necessary for such general meeting to proceed.  
The principle is applied.  
**Comments of the Company:** *The Company provides its shareholders with the ability to participate in General Meetings remotely and exercise their voting rights using electronic communication tools. Moreover, the Company publishes a Guide to the General Meeting of Shareholders, which includes a description of formal requirements associated with participation in and exercise of voting rights at each General Meeting, draft resolutions covered by the meeting agenda, as well as Management Board recommendations related to voting on selected resolutions. General Meeting materials, including video recordings thereof, are available on the Company's corporate website.*
- 4.2.** Companies set the place and date and the form of a general meeting so as to enable the participation of the highest possible number of shareholders. For that purpose, companies strive to ensure that the cancellation of a general meeting, change of its date or break in its proceedings take place only if justified and do not prevent or limit the exercising of the shareholders' rights to participate in the general meeting.  
The principle is applied.  
**Comments of the Company:** *When convening a General Meeting the Company strives to select a suitable date and venue so as to enable the greatest possible number of shareholders to participate. To this end, the Management Board organizes General Meeting at the Company's headquarters, permitting shareholders to participate personally or through a proxy. Furthermore, shareholders may participate in General Meeting using electronic communication tools. Information concerning the convocation of a General Meeting, including its date, venue, and commencement time, is provided on the Company's corporate website ahead of time in order to enable shareholders to plan their participation. The Company declares that should a General Meeting be canceled, rescheduled or adjourned, the corresponding changes in schedule will in no way serve to hinder the shareholders' right to participate in the General Meeting.*
- 4.3.** Companies provide a public real-life broadcast of the general meeting.  
The principle is applied.  
**Comments of the Company:** *The Company provides webcasts of its General Meetings on its corporate website using a live data streaming platform.*
- 4.4.** Presence of representatives of the media is allowed at general meetings.  
The principle is applied.  
**Comments of the Company:** *The Company allows media representatives to participate in its General Meetings.*
- 4.5.** If the management board becomes aware a general meeting being convened pursuant to Article 399 § 2 - 4 of the Commercial Companies Code, the management board immediately takes steps which it is required to take in order to organise and conduct the general meeting. The foregoing applies also where a general meeting is convened under authority granted by the registration court according to Article 400 § 3 of the Commercial Companies Code.  
The principle is applied.  
**Comments of the Company:** *Given that exercise of rights afforded by Art. 399 § 2 - 4 as well as Art. 400 § 3 of the Commercial Companies Code requires Management Board cooperation, the Company declares that should the Management Board receive information of a General Meeting be convened pursuant to Art. 399 § 2 - 4 as well as Art. 400 § 3 of the Commercial Companies Code, it will move without delay to facilitate the organization of such a General Meeting.*
- 4.6.** To help shareholders participating in a general meeting to vote on resolutions with adequate understanding, draft resolutions of the general meeting concerning matters and decisions other than points of order should contain a justification, unless it follows from documentation tabled to the general meeting. If a matter is put on the agenda of the general meeting at the request of a shareholder or shareholders, the management board requests presentation of the justification of the proposed resolution, unless previously presented by such shareholder or shareholders.  
The principle is applied.  
**Comments of the Company:** *The Company publishes the proposed resolutions, along with their justifications, on its corporate website. Should a shareholder demand that a specific matter be put on the General Meeting agenda, the Management Board declares that it will ask the shareholder to provide a corresponding justification for the proposed resolution.*
- 4.7.** The supervisory board issues opinions on draft resolutions put by the management board on the agenda of the general meeting.  
The principle is applied.  
**Comments of the Company:** *The Supervisory Board issues opinions on all draft resolutions in matters covered by the General Meeting agenda as adopted by the Management Board in the form of a resolution and submitted - together with any other relevant documentation - to the General Meeting.*
- 4.8.** Draft resolutions of the general meeting on matters put on the agenda of the general meeting should be tabled by shareholders no later than three days before the general meeting.  
The principle is applied.  
**Comments of the Company:** *With regard to submission of draft resolutions to the General Meeting in matters put on the meeting agenda, the Company applies the provisions of Art. 401 § 5 of the Commercial Companies Code, whereby any shareholder may, during the course of the General Meeting, submit draft resolutions in matters put on the meeting agenda. Nevertheless, the Company has declared to its shareholders its intention to apply the above rule and has defined the basic rules for submitting draft resolutions in the Guide to the General Meeting of Shareholders of CD PROJEKT S.A., available on the Company's website.*
- 4.9.** If the general meeting is to appoint members of the supervisory board or members of the supervisory board for a new term of office:
- 4.9.1.** candidates for members of the supervisory board should be nominated with a notice necessary for shareholders present at the general meeting to make an informed decision and in any case no later than three days before the general meeting; the names of candidates and all related documents should be immediately published on the company's website;

The principle is applied.

**Comments of the Company:** Information regarding candidates for members of the Supervisory Board, along with their resumes, is published by the Company on its corporate website in advance. In parallel, the Company publicly discloses the candidates' intent to seek election to the Supervisory Board. This is done in the form of a current report. The Company has declared to its shareholders its intention to apply the above principle and has defined the basic rules for submitting candidates for members of the Supervisory Board in the Guide to the General Meeting of Shareholders of CD PROJEKT S.A., available on the Company's website.

- 4.9.2. candidates for members of the supervisory board make a declaration concerning fulfilment of the requirements for members of the audit committee referred to in the Act of 11 May 2017 on Auditors, Audit Firms and Public Supervision and having actual and material relations with any shareholder who holds at least 5% of the total vote in the company.

The principle is applied.

**Comments of the Company:** Each member of the Supervisory Board submits a declaration concerning fulfillment of the requirements applicable to members of the audit committee referred to in the Act of 11 May 2017 on Auditors, Audit Firms and Public Supervision, along with any actual and material relations with any shareholder who holds at least 5% of the total vote in the Company.

- 4.10. Any exercise of the rights of shareholders or the way in which they exercise their rights must not hinder the proper functioning of the governing bodies of the company.

The principle is applied.

**Comments of the Company:** The Company acknowledges that shareholders' ability to exercise their rights is a crucial component of ownership, and takes action to ensure that its communication with shareholders serves to safeguard proper exercise of their rights. Thus far, the Company has not encountered a situation where exercise of shareholders' rights would obstruct the operations of Company's governing bodies; however, the Company declares that should such a situation materialize, it will provide the appropriate information to stakeholders.

- 4.11. Members of the management board and members of the supervisory board participate in a general meeting, at the location of the meeting or via means of bilateral real-time electronic communication, as necessary to speak on matters discussed by the general meeting and answer questions asked at the general meeting. The management board presents to participants of an annual general meeting the financial results of the company and other relevant information, including non-financial information, contained in the financial statements to be approved by the general meeting. The management board presents key events of the last financial year, compares presented data with previous years, and presents the degree of implementation of the plans for the last year.

The principle is applied.

**Comments of the Company:** Members of the Company's Management Board and Supervisory Board participate in General Meetings regardless of the manner in which such meetings are convened, insofar as is necessary to address shareholders' questions. In particular, General Meetings are attended by the President of the Board, the Vice President and CFO, and the Chairperson of the Supervisory Board. During the General Meeting, all questions raised by shareholders and addressed to Company representatives are duly replied to by members of the Company's governing bodies. Discussion of earnings, implementation of plans and significant events occurring in the past year, as well as the contents of reports and statements submitted to the General Meeting for approval takes place during a special conference devoted to annual earnings, pursuant to specific requests submitted by General Meeting participants.

- 4.12. Resolutions of the general meeting concerning an issue of shares with subscription rights should specify the issue price or the mechanism of setting the price or authorise the competent body to set the price prior to the subscription right record date within a timeframe necessary for investors to make decisions.

The principle is applied.

**Comments of the Company:** The Company has not submitted to the General Meeting a resolution concerning issue of shares with subscription rights; however, it declares that should such shares be issued, the corresponding resolution will specify their issue price or the mechanism of setting the price, and that furthermore the Company shall apply the presented policy in the future.

- 4.13. Resolutions concerning a new issue of shares with the exclusion of subscription rights which grant pre-emptive rights for new issue shares to selected shareholders or other entities may pass subject at least to the following three criteria:

- a) the company has a rational, economically justified need to urgently raise capital or the share issue is related to rational, economically justified transactions, among others such as a merger with or the take-over of another company, or the shares are to be taken up under an incentive scheme established by the company;
- b) the persons granted the pre-emptive right are to be selected according to objective general criteria;
- c) the purchase price of the shares is in a rational relation with the current share price of the company or is to be determined in book-building on the market.

The principle is applied.

**Comments of the Company:** In the Company's to-date activities, resolutions concerning issue of shares with exclusion of subscription rights have been adopted in the framework of the Company's incentive programs. The resulting issue of shares with exclusion of subscription rights and pre-emptive rights assigned to selected shareholders, adopted by General Meeting resolutions, was, in the Company's opinion, in the best interest of the Company and consistent with the provisions of its incentive programs. The goals of the incentive program in force at the Company were regarded as aligned with the interests and assumptions made by shareholders, and their primary objective was to facilitate long-term growth of the value of the Company. In the Company's opinion, the issue price of shares issued with exclusion of subscription rights did not constitute a violation of rights held by existing shareholders of the Company who did not participate in the take-up of such shares.

- 4.14. Companies should strive to distribute their profits by paying out dividends. Companies may retain all their earnings subject to any of the following criteria:

- a) the earnings are minimal and consequently the dividend would be immaterial in relation to the value of the shares;
- b) the company reports uncovered losses from previous years and the earnings are used to reduce such losses;
- c) the company can demonstrate that investment of the earnings will generate tangible benefits for the shareholders;
- d) the company generates insufficient cash flows to pay out dividends;



- e) a dividend payment would substantially increase the risk to covenants under the company's binding credit facilities or terms of bond issue;
- f) retention of the company's earnings follows recommendations of the authority which supervises the company by virtue of its business activity.

The principle is applied.

**Comments of the Company:** Given the specific nature of its activities, the Company has not adopted a fixed dividend policy. Each decision regarding allocation of earnings for the given financial year is preceded by analysis of the Company's financial resources, along with long-term production, investment and publishing plans. Prior to the General Meeting date, the Management Board publicly discloses, in the form of a current report, its recommendations concerning the allocation of earnings for the given financial year, which it submits to the General Meeting, along with a suitable justification, subject to a review by the Supervisory Board. The final decision regarding the allocation of profit and payment of a dividend rests with the Ordinary General Meeting of the Company.

## 5. CONFLICT OF INTEREST, RELATED PARTY TRANSACTIONS

**For the purpose of this section, 'related party' is defined within the meaning of the International Accounting Standards approved in Regulation No (EU) 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.**

**Companies and their groups should have in place transparent procedures for managing conflicts of interest and for related party transactions where a conflict of interest may occur. The procedures should provide for ways to identify and disclose such cases and the course of action in the event that they occur.**

**Members of the management board and members of the supervisory board should refrain from professional or other activities which might cause a conflict of interest or adversely affect their reputation as members of the corporate body, and where a conflict of interest arises, they should immediately disclose it.**

- 5.1. Members of the management board and members of the supervisory board notify the management board or the supervisory board, respectively, of any conflict of interest which has arisen or may arise, and refrain from discussions on the issue which may give rise to such a conflict of interest in their case.

The principle is applied.

**Comments of the Company:** According to the Management Board Regulations, Management Board members should notify the Supervisory Board whenever a conflict of interest has arisen or may arise in conjunction with the discharge of their duties. In addition, each member of the Supervisory Board should notify the board of circumstances when the adoption or non-adoption of a specific resolution would trigger a conflict of interest related to that person's membership of the Supervisory Board, and to recuse themselves from further discussions and voting on the resolution. Thus far, the Company has not encountered circumstances where a conflict of interest would arise with respect to a Management Board or Supervisory Board member; nevertheless, the Company commits to applying due diligence in implementing this policy in the future.

- 5.2. Where a member of the management board or a member of the supervisory board concludes that a decision of the management board or the supervisory board, respectively, is in conflict with the interest of the company, he or she should request that the minutes of the management board or supervisory board meeting show his or her dissenting opinion.

The principle is applied.

**Comments of the Company:** According to the Management Board Regulations and the Supervisory Board Regulations in force at the company, members of the Management Board and of the Supervisory Board are entitled to file dissenting opinions, which are then recorded in the corresponding minutes. Thus far, the Company has not encountered circumstances where a member of the Management Board or the Supervisory Board would determine that a given Management Board or Supervisory Board decision contradicts the Company's interest; however, the Company declares that should such a situation arise, the corresponding dissent will be duly recorded in the minutes.

- 5.3. No shareholder should have preference over other shareholders in related party transactions. The foregoing also concerns transactions concluded by the company's shareholders with members of the company's group.

The principle is applied.

**Comments of the Company:** Company regulations which govern related party transactions aim to ensure that Company interest is appropriately safeguarded, and that full transparency is maintained with regard to such transactions. Consequently, the Company declares that all significant transactions with related parties are aligned with the interest of the Company or its Group, and carried out in accordance with the adopted regulations.

- 5.4. Companies may buy back their own shares only in a procedure which respects the rights of all shareholders.

The principle is applied.

**Comments of the Company:** To-date activities related to buy-back of Company shares were carried out in a such a way as to respect the rights of shareholders, and did not assign undue privilege to specific shareholders. The Management Board of the Company adopts resolutions specifying the conditions and means of buying back shares, whereas the permission to carry out such buy-back is issued by the General Meeting. Information regarding share buy-back programs is disclosed in the form of current reports.

- 5.5. If a transaction concluded by a company with its related party requires the consent of the supervisory board, before

giving its consent the supervisory board assesses whether to ask a prior opinion of a third party which can provide valuation of the transaction and review its economic impact.

*The principle is applied.*

**Comments of the Company:** *In line with the regulations in force at the Company, in justifiable cases, the Supervisory Board may seek external advice.*

- 5.6. If a related party transaction requires the consent of the general meeting, the supervisory board issues an opinion on the rationale of such transaction. In that case, the supervisory board assesses whether to ask a prior opinion of a third party referred to in principle 5.5.

*The principle is applied.*

**Comments of the Company:** *In cases where a transaction requires General Meeting approval, the Company commits to applying this policy.*

- 5.7. If a decision concerning the company's significant transaction with a related party is made by the general meeting, the company should give all shareholders access to information necessary to assess the impact of the transaction on the interest of the company before the decision is made, including an opinion of the supervisory board referred to in principle 5.6.

*The principle is applied.*

**Comments of the Company:** *In cases where decisions regarding the conclusion of a significant transaction with a related party require General Meeting approval, the Company commits to applying this policy.*

## 6. REMUNERATION

**Companies and their groups protect the stability of their management teams, among others by transparent, fair, consistent and non-discriminatory terms of remuneration, including equal pay for women and men.**

**Companies' remuneration policy for members of corporate bodies and key managers should in particular determine the form, structure, and method of determining and payment of the remuneration.**

- 6.1. The remuneration of members of the management board and members of the supervisory board and key managers should be sufficient to attract, retain and motivate persons with skills necessary for proper management and supervision of the company. The level of remuneration should be adequate to the tasks and responsibilities delegated to individuals and their resulting accountability.

*The principle is applied.*

**Comments of the Company:** *Remuneration offered by the Company to members of its Supervisory Board and the Management Board, as well as other top managers, is, in the Company's opinion, sufficient to attract, retain and incentivize individuals who possess the necessary skills for proper management and supervision of the Company. The level of such remuneration is also adequate to the tasks and responsibilities delegated to individuals and their resulting accountability. In line with the applicable laws, the Company has adopted a formal Remuneration Policy for members of its Management Board and Supervisory Board.*

- 6.2. Incentive schemes should be constructed in a way necessary among others to tie the level of remuneration of members of the company's management board and key managers to the actual long-term standing of the company measured by its financial and non-financial results as well as long-term shareholder value creation, sustainable development and the company's stability.

*The principle is applied.*

**Comments of the Company:** *In adopting incentive schemes, the Company aims to create optimal conditions for an increase in the Company's and its Group's earnings, and promoting long-term growth of Company value. Under existing programs assignment of variable remuneration to members of the Management Board may depend on achieving certain financial or non-financial criteria.*

- 6.3. If companies' incentive schemes include a stock option programme for managers, the implementation of the stock option programme should depend on the beneficiaries' achievement, over a period of at least three years, of pre-defined, realistic financial and non-financial targets and sustainable development goals adequate to the company, and the share price or option exercise price for the beneficiaries cannot differ from the value of the shares at the time when such programme was approved.

*The principle is applied.*

**Comments of the Company:** *Vesting of the incentive program currently in force at the CD PROJEKT Group is dependent on increases in the Group's earnings and long-term growth of Company value, which serves to forge long-term bonds between program participants and the Group, and incentivizes them to work towards implementing the Group's goals. Exercise of entitlements assigned under the adopted incentive program also depends on fulfilling a loyalty condition, along with potential additional conditions set by the Management Board or Supervisory Board of the Company. In each case, the goals set under the program concern periods of at least three years.*

- 6.4. As the supervisory board performs its responsibilities on a continuous basis, the remuneration of supervisory board members cannot depend on the number of meetings held. The remuneration of members of committees, in particular the audit committee, should take into account additional workload on the committee.

*The principle is applied.*

**Comments of the Company:** *Members of the Supervisory Board obtain fixed monthly remuneration in association with discharging their duties as members of the Supervisory Board. Members of the Audit Committee obtain additional fixed monthly remuneration in association with their involvement in the Audit Committee. Members of the Supervisory Board do not receive any*

remuneration dependent on the number of meetings held, or on meeting additional criteria.

- 6.5.** The level of remuneration of supervisory board members should not depend on the company's short-term results.

*The principle is applied.*

**Comments of the Company:** *Members of the supervisory board are eligible to receive fixed monthly remuneration strictly on the basis of, and in amounts specified in, the relevant General Meeting resolution. Members of the Supervisory Board do not receive any remuneration dependent on the level of earnings posted by the Company.*