

## **Regulations of the Audit Committee of CPD S.A.**

### **1. [Introduction]**

- 1.1. These regulations set out in detail the rules of operation and the procedure for conducting work by the Audit Committee of CPD Spółka Akcyjna.
- 1.2. The Audit Committee is a collegiate body operating within the structure of the Supervisory Board of CPD S.A.
- 1.3. The Audit Committee performs permanent consultative and advisory functions for the Supervisory Board of CPD S.A.

### **2. [Definitions]**

The terms used in the regulations shall mean:

1. Regulations – these regulations, adopted by the Supervisory Board.
2. Company, CPD S.A. – CPD Spółka Akcyjna with its registered office in Warsaw.
3. Articles of Association – the articles of association of CPD S.A.
4. General Meeting – the general meeting of CPD S.A.
5. Supervisory Board, Board – the supervisory board of CPD S.A.
6. Chairman of the Supervisory Board – the chairman of the supervisory board of CPD S.A.
7. Management Board – the management board of CPD S.A.
8. Independent Member of the Supervisory Board – a member of the Supervisory Board meeting the independence criteria indicated in: (i) 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 and (ii) the guidelines contained in the document "Best Practices for WSE Listed Companies 2016" (hereinafter: "WSE Best Practices 2016"), or (iii) as indicated in the regulations applicable on the date of election of the Independent Member concerning independence criteria required of independent members of supervisory boards of public interest entities.
9. Code of Commercial Companies, C.C.C. – the Act of 15 September 2000 – Code of Commercial Companies (Journal of Laws No. 94, item 1037, as amended).
10. Act on Statutory Auditors, Act – the Act of 11 May 2017 on statutory auditors, audit firms and public oversight (Journal of Laws of 2017, item 1089, as amended).
11. Audit Committee, Committee – the audit committee within the meaning of the Act on Statutory Auditors, established within the Supervisory Board of the Company.
12. Committee Chairman – the chairman of the Audit Committee of CPD S.A.
13. Independent Member of the Committee – a member of the Supervisory Board meeting the independence criteria indicated in the Act.

### **3. [Composition of the Audit Committee]**

- 3.1. The Audit Committee consists of three to five members appointed by a resolution of the Supervisory Board for the duration of its term of office from among the members of the Supervisory Board. Each member of the Committee may be removed from the Committee at any time by a resolution of the Supervisory Board.

- 3.2. The majority of the members of the Audit Committee, including its Chairman, should meet the independence criteria set out in Article 129(3) of the Act.
- 3.3. The Supervisory Board elects the members of the Audit Committee at the first meeting of a given term of office.
- 3.4. The members of the Audit Committee elect the Committee Chairman from among themselves at the first meeting of the Committee.
- 3.5. At least one member of the Audit Committee should have knowledge and skills in the field of accounting or auditing of financial statements.
- 3.6. Members of the Audit Committee should possess knowledge and skills in the industry in which the Company operates; this condition shall be deemed satisfied if at least one member of the Committee has knowledge and skills in that industry, or individual members have knowledge and skills in that industry within specific areas.
- 3.7. In the event of the expiry of the mandate of a member of the Supervisory Board elected to the Audit Committee before the end of the term of office of the entire Supervisory Board, or in the event of his/her resignation from the function in the Audit Committee, the Supervisory Board shall supplement the composition of the Committee by electing a new member of the Committee for the period until the expiry of the term of office of the Supervisory Board.
- 3.8. In a situation where, upon the expiry of the mandate of a member of the Supervisory Board elected to the Audit Committee, there is no member of the Board meeting the requirements of points 3.5 and 3.6 above, the Committee Chairman shall inform the Management Board of the necessity to elect to the Board, by the General Meeting, a person meeting the above requirements.

#### **4. [Rules of Operation of the Audit Committee]**

- 4.1. Audit Committee meetings should be held no less frequently than twice a year, in the periods before the Company publishes its financial statements (semi-annual and annual).
- 4.2. The work of the Committee is managed by the Chairman of the Audit Committee, who, among other things, supervises the preparation of Committee meetings, decides on the dates of their holding and on the agenda.
- 4.3. Meetings of the Committee are convened by the Chairman of the Audit Committee, who invites members of the Audit Committee to the meeting and notifies the remaining members of the Supervisory Board of the date of the meeting and the agenda. All members of the Supervisory Board have the right to attend Committee meetings.
- 4.4. Members of the Audit Committee should receive notice of the convening of a meeting no later than 7 days before the meeting, and in urgent matters no later than 1 day before the Committee meeting. A Committee meeting may be held without formal convening if all members of the Committee consent to its holding and to the proposed agenda of the meeting.
- 4.6. The Audit Committee acts collectively. All motions require resolutions of the Committee.
- 4.7. Resolutions of the Audit Committee are adopted by a simple majority of votes cast. In the event of a tie, the casting vote shall be that of the Committee Chairman. For the validity of resolutions, the presence at the Committee meeting of at least half of its members is required.
- 4.8. Members of the Committee may vote on the adoption of resolutions only in person. In urgent cases, Committee resolutions may be adopted by written procedure or using means of direct remote communication, but resolutions adopted by these procedures are valid if all members of the Committee have been notified of the content of the draft resolution.
- 4.9. Recommendations and assessments of the Audit Committee are adopted by way of resolutions. Recommendations and assessments are presented to the Supervisory Board by the Committee

Chairman. The President of the Management Board is informed of the recommendations and assessments communicated by the Committee to the Supervisory Board.

## **5. [Tasks of the Audit Committee]**

- 5.1. The task of the Audit Committee is to advise and support the Supervisory Board in performing its statutory duties in the area of control and supervision by:
  - a) monitoring the financial reporting process in the Company and its Capital Group,
  - b) monitoring the effectiveness of internal control systems and risk management systems and internal audit, including in the area of financial reporting,
  - c) monitoring the performance of financial audit activities, in particular the conduct of the audit of the Company by the audit firm; in this area, the Committee's task is in particular to monitor the independence of statutory auditors and the audit firm, and close cooperation with the above entities,
  - d) supporting financial planning processes in the Company, and controlling their implementation,
  - e) monitoring the Company's relations with related entities.
- 5.2. In the area of monitoring the financial reporting process of the Company, the Committee's activities include among others:
  - a) maintaining regular contact with the Management Board of the Company and the management bodies of related entities, in order to have current knowledge of the financial situation of the Company and the CPD Capital Group, including knowledge of planned changes in the accounting methods applied and the implementation of financial plans,
  - b) monitoring the reliability of financial information presented by the Company, consisting in the analysis of accounting methods applied by the Company (including the criteria for consolidation of the financial statements of the Company and the CPD Capital Group),
  - c) a preliminary assessment of the Management Board's report on the Company's activities, and the annual financial statements of the Company,
  - d) a preliminary assessment of all financial documents submitted to the Supervisory Board, including financial plans prepared by the Management Board,
  - e) providing opinions on the fundamental principles of the financial reporting system existing in the Company and presenting to the Supervisory Board conclusions and recommendations regarding the advisability of its modification aimed at ensuring the reliability of the financial reporting process in the Company, as well as informing the Supervisory Board of material irregularities of such a system known to the Committee or risks related to its organisation and functioning.
- 5.3. In the area of monitoring the effectiveness of internal control systems and risk management systems and internal audit, including in the area of financial reporting of the Company, the Committee's activities include among others:
  - a) providing opinions on the effectiveness of the internal control and risk management systems existing in the Company, and its internal audit in the area of the Company's financial reporting; the Audit Committee presents to the Supervisory Board once a year conclusions and recommendations regarding the assessment of their effectiveness, informs the Board of any identified irregularities in the above systems and the risks associated with them, and also submits proposals for possible changes to the

organisation of these systems in order to ensure the proper identification of the main risks and their minimisation,

- b) assessment of the results of internal controls,
- c) analysis of decisions and recommendations of regulatory or supervisory bodies concerning the Company's compliance with the provisions of law and the methods proposed by the Management Board for remedying identified irregularities, including necessary changes to the Company's internal procedures.

5.4. In the area of monitoring the performance of financial audit activities, in particular the conduct of the audit of the Company and its Capital Group by the audit firm, the Committee's activities include among others:

- a) controlling and monitoring the independence of the statutory auditor and the audit firm, in particular where services other than audit are provided to the Company by the audit firm,
- b) informing the Supervisory Board of the results of the audit of the annual consolidated financial statements of the CPD Capital Group and/or the audit of the annual financial statements of the Company as a public interest entity, and explaining how this audit contributed to the reliability of financial reporting in the Company, and what the role of the audit committee was in the audit process,
- c) assessing the independence of the statutory auditor and giving consent for the provision of permitted non-audit services by the statutory auditor in a public interest entity,
- d) developing a policy for the selection of the audit firm to conduct the audit of the annual consolidated financial statements of the CPD Capital Group and/or the audit of the annual financial statements of the Company as a public interest entity,
- e) developing a policy for the provision of permitted non-audit services by the audit firm conducting the audit, by entities related to that audit firm and by a member of the audit firm's network, and approving services provided by the audit firm after conducting an assessment of threats and safeguards to independence,
- f) determining the procedure for the selection of the audit firm by CPD S.A. as a public interest entity,
- g) presenting to the Supervisory Board the recommendation referred to in Article 16(2) of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014, in accordance with the policies referred to in points d) and e),
- h) submitting to the Board and the Management Board recommendations aimed at ensuring the reliability of the financial reporting process in the Company and its Capital Group,
- i) discussing with the Company's statutory auditors the nature and scope of the annual audit and periodic reviews of financial statements,
- j) verifying the effectiveness of the statutory auditor's work, in particular by maintaining ongoing contact with the statutory auditor during the audit of the financial statements of the Company and its Capital Group in order to discuss the progress of work, clarify doubts and the statutory auditor's reservations regarding the accounting policy applied or internal control systems,
- k) analysing the periodic and annual financial statements of the Company (individual and consolidated) audited by the statutory auditor, in particular with regard to: (i) changes in accounting norms, principles and practices, (ii) material adjustments resulting from the audit, (iii) compliance of the statements with the applicable provisions on accounting and reporting;

- l) presenting to the Supervisory Board conclusions and recommendations arising from the statutory auditor's report and opinion on the audit of the financial statements of the Company and its Capital Group, in particular in the event of a refusal to issue an opinion by the statutory auditor, the issuance of a negative opinion or the raising of reservations to the financial statements, and explaining how this audit contributed to the reliability of the Company's financial reporting, and what the role of the Committee was in the audit process,
  - m) expressing opinions on actions taken by the Management Board of the Company in connection with reservations raised by the statutory auditor to the financial statements or comments and recommendations submitted in another form regarding the correctness of the financial statements or the accounting principles applied by the Company.
  - n) investigating the reasons for the resignation of the statutory auditor and/or audit firm.
- 5.5. In the area of supporting financial planning processes in the Company, and controlling their implementation, the Committee's activities include among others providing opinions on annual budgets and strategic plans of the Company submitted to the Supervisory Board by the Management Board, and periodic monitoring of their implementation (at least once a year).
- 5.6. The tasks of the Audit Committee are carried out in particular by presenting to the Supervisory Board conclusions, opinions and reports concerning the scope of its tasks, formally adopted by resolutions of the Committee.
- 5.7. The Supervisory Board may entrust the Audit Committee with supporting the Supervisory Board in performing supervisory activities other than those specified in point 4.

## **6. [Powers of the Audit Committee]**

- 6.1. The Audit Committee is entitled to obtain from the Company or an entity of the CPD Capital Group specific information in the field of accounting, finance, internal audit and risk management, necessary for the performance of its tasks.
- 6.2. The Committee Chairman may invite members of the Management Board and members of the management bodies of CPD Capital Group entities to its meetings; if the presence of other persons is advisable for the proper performance of the Committee's tasks, the Committee Chairman may invite such persons to the meeting, including employees and associates of the Company (after consultation with the President of the Management Board).
- 6.3. The Audit Committee should be informed of the method of accounting for material and unusual transactions where different solutions may be applied.
- 6.4. Members of the Audit Committee have the right to contact the key statutory auditor and the representative of the audit firm at any time; employees of the Company acting as internal auditors and statutory auditors are guaranteed access to members of the Audit Committee.
- 6.5. The Audit Committee should receive the work schedules of internal auditors and statutory auditors.
- 6.6. The Audit Committee may request the key statutory auditor to discuss with the Audit Committee, the Management Board and the Supervisory Board the key issues arising from the audit that are set out in the additional report referred to in Article 11 of Regulation (EU) No 537/2014 of the European Parliament and of the Council.
- 6.7. The Audit Committee may submit to the Supervisory Board and the Management Board a request for the preparation, within the scope of the Committee's tasks, of expert opinions or for the engagement of specialists of indicated specialisations.
- 6.8. The Audit Committee submits an annual report on its activities to the Supervisory Board.

## **7. [Committee Minutes]**

- 7.1. Committee meetings are recorded in minutes. The minutes are drawn up by a person designated by the Committee Chairman – this person may also be, with the consent of the President of the Management Board, an employee of the Company.
- 7.2. The minutes contain: (i) the consecutive number of the minutes, (ii) the date and place of preparation, (iii) the list of those present or the working procedure of the Committee, (iv) the agenda, (v) motions submitted by Committee members, (vi) the content of resolutions, (vii) the results of voting on the adoption of resolutions, and (viii) dissenting opinions submitted by Committee members.
- 7.3. The draft minutes of a Committee meeting shall be sent to all members of the Committee present at that meeting no later than together with the notice of the next meeting.
- 7.4. The minutes are subject to approval at the next Committee meeting. The agreed minutes are signed by all members of the Committee present at the meeting to which the minutes relate.
- 7.5. Minutes of Committee meetings are kept at the registered office of the Company. All members of the Supervisory Board and the Management Board have access to the minutes and other documents produced as a result of the Committee's work.

## **8. [Other Provisions]**

- 8.1. The costs of the Audit Committee's operations are borne by the Company.
- 8.2. Organisational and technical support for the Audit Committee is provided by the Company.
- 8.3. These Regulations shall enter into force on the date of their approval by the Supervisory Board. Any amendments to the Regulations require approval by the Supervisory Board.