

Appendix 1 to Resolution No 15 of the Supervisory Board of 3 April 2014

**“Report on Operations of the Supervisory Board of Agora S.A. (“Company”)
in 2013**

I. In the financial year 2013, the Supervisory Board of Agora S.A. (“Supervisory Board”, “Board”) consisted of the following members:

1. 1 January 2013 to 28 June 2013:

- c) Andrzej Szlęzak - Chairman of the Supervisory Board,
- d) Marcin Hejka - Member of the Supervisory Board,
- e) Wanda Rapaczynski - Member of the Supervisory Board,
- f) Tomasz Sielicki - Member of the Supervisory Board,
- g) Sławomir S. Sikora - Member of the Supervisory Board.

2. 28 June 2013 – present:

- c) Andrzej Szlęzak - Chairman of the Supervisory Board,
- d) Dariusz Formela - Member of the Supervisory Board
- e) Helena Łuczywo - Member of the Supervisory Board
- f) Tomasz Sielicki - Member of the Supervisory Board,
- g) Sławomir S. Sikora - Member of the Supervisory Board.

II. The activities of the Supervisory Board in 2013 were primarily focused on the following issues:

- 1) monitoring and discussing with the Management Board:
 - the Company’s and Agora Group’s financial results,
 - the Agora Group’s market position in the area of its activity,
 - the budget, competition and investment strategy of the Company and of the Agora Group,
 - the material business decisions, including decisions on acquisitions;
- 2) analysing and determining the remuneration and incentive bonuses for members of the Company’s Management Board.

The activities of the Supervisory Board were not limited to formal meetings only. Members of the Supervisory Board supported the Management Board in working meetings and consultations.

Moreover, the members of the Supervisory Board participated in the work of two advisory bodies operating at the Supervisory Board: the Audit Committee and the Personnel and Remuneration Committee, set up in line with §18 (3) of the Articles.

The Audit Committee's tasks include, without limitation:

- 1) oversight and supervision in respect of monitoring the financial reporting of the Company and the Agora Group as well as financial audit activities, consisting of the following activities in particular:
 - monitoring the process of financial report preparation (quarterly, semi-annual and annual),
 - presentation of recommendations to the Supervisory Board in respect of approval of the annual report audited by an external auditor,
 - monitoring the accuracy of the financial information presented by the Company,
- 2) oversight and supervision in respect of monitoring the internal control systems, internal audit and risk management, consisting of the following activities in particular:
 - review, at least on an annual basis, of internal control and risk management procedures to ensure compliance with the law and internal regulations,
 - assessment of compliance with the risk management policy and presentation of recommendations in this respect;
- 3) oversight and supervision in respect of monitoring the external auditors' independence, consisting of the following activities in particular:
 - presentation of recommendations to the Supervisory Board in respect of selection, appointment, reappointment and dismissal of the entity auditing the financial report (external auditor) and the terms and conditions of its engagement,
 - monitoring the independence of the external auditor in respect of the audit it carries out,
 - discussing the course of the audit with the external auditor.

The 2013 Report on Operations and statements of Audit Committee are appended hereto as Appendix 1.

Tasks of the Human Resources and Remuneration Commission include in particular:

- 1) advising the Supervisory Board on the selection criteria and the procedures for appointing Management Board members in cases provided for in the Company's Articles,
- 2) advising the Supervisory Board on the procedures to ensure proper succession of Management Board members in cases provided for in the Company's Articles,
- 3) advising the Supervisory Board on potential candidates for the Management Board members in cases provided for in the Company's Articles,

- 4) periodic assessment of the remuneration policy applicable to Management Board members and providing the Supervisory Board with the relevant recommendations in this respect,
- 5) preparation of remuneration proposals for each member of the Management Board to be considered by the Supervisory Board.

The 2013 Report on Operations and statements of Human Resources and Remuneration Commission are appended hereto as Appendix 2.

III. In the financial year 2013, six meetings of the Supervisory Board were held, convened according to §23 of the Company's Articles:

- 1) 4 February 2013: during the meeting, the Supervisory Board adopted the following resolutions:
 - (ii) on delegation of a member of the Supervisory Board to perform certain supervisory activities on his own;
 - (iii) on delegation of the Supervisory Board Member - Ms Wanda Rapaczynski - to temporarily handle the tasks of a Management Board member.
- 2) **20 February 2013:** during the meeting, the Supervisory Board discussed the operating and financial results of the Company and the Agora Group in Q4 2012, familiarised with the budget planned for 2013, discussed changes in the regulations of Best Practice of GPW Listed Companies and adopted resolutions concerning:
 - (ii) the criteria for granting bonuses to management board members,
 - (iii) conclusion of an agreement with a member of the Management Board.
- 3) **11 April 2013:** during the meeting, the Supervisory Board discussed, among other things:
 - the operating and financial results of the Company and of the Agora Group for 2012, taking into account the information provided by the Audit Committee from the meeting with the Company's external auditor,
 - a draft statement and report on compliance with corporate governance rules by the Company in 2012,
 - the strategy, development and acquisition plans,
 - the report on operations of the Board and its advisory bodies.

During the meeting, the Supervisory Board adopted resolutions concerning:

- approval of the report on operations of the Board, the Audit Committee and the Human Resources and Remuneration Commission in 2012,
- bonuses for 2012 for members of the management board,
- bonuses for three financial years – 2010 to 2012 – for members of the management

board,

- an additional bonus for a management board member.

- 4) **14 May 2013**: during the meeting, the Supervisory Board discussed, among other things:
- approval of the financial reports for 2012,
 - presentation of the operating and financial results of the Company and Agora Group for Q1 2013,
 - development and acquisition projects,
 - issues related to the General Meeting of the Company's Shareholders,

During the meeting, the Supervisory Board adopted the following resolutions, without limitation:

- Resolution No 1 concerning:
 - o assessment of the Company's financial statements (report) for the financial year 2012, the consolidated financial statement of Agora S.A. Group for 2012, the Directors' Report on operations of the Company in 2012, the Directors' Report on operations of Agora S.A. Capital Group in 2012 and the motion filed by the Management Board concerning the coverage of the net loss for 2012,
 - o submission of the results of said assessment to the Company's General Meeting,
 - o the request for discharging the members of the Management Board from their duties in 2012
 - No 2 - concerning a concise assessment of the Company's standing in 2012 taking into account the assessment of the internal control system and the system of management of the risks relevant to the Company.
- 5) **20 August 2013**: during the meeting, the Supervisory Board discussed, among other things:
- the reports of the Audit Committee from meetings held in August 2013
 - the operating and financial results of the Company and of the Agora Group for Q2 2013 and H1 2013, taking into account the information provided by the Audit Committee from the meeting with the Company's external auditor,
 - the Company's and Agora Group's current situation.

Additionally, the Supervisory Board adopted the following resolutions:

- on approval of the report of the Audit Committee on its operation in the first half of 2013,
 - the remuneration for a management board member.
- 6) **12 November 2013**: during the meeting, the Supervisory Board discussed, among other

things:

- the operating and financial results of the Company and Agora Group for Q3 2013, matters essential for the Company,
- a meeting of the Audit Committee and the Company's internal auditor, a schedule of meetings in 2014.

Additionally, the Supervisory Board adopted a corrective resolution concerning the incentive plan for members of the management board for 2013-2015.

In 2013, the Supervisory Board adopted the following resolutions in writing, according to Article 23 of the Company's Articles:

- 6 February 2013: concerning conclusion of an agreement with a member of the Management Board,
- 6 June 2013: concerning conclusion of agreements with members of the Management Board,
- 10 July 2013: concerning conclusion of employment contracts with members of the Management Board,
- 10 July 2013: concerning the conditions of a three-year incentive plan for 2013-2015 for members of the Management Board,
- 10 July 2013: concerning the appointment of the Audit Committee and the Human Resources and Remuneration Commission

Chairman of the Supervisory Board

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Andrzej Szlęzak

Appendix 1 to the Report on Operations of the Supervisory Board in 2013

Report on Operations and Statement of the Audit Committee operating at the Supervisory Board of Agora S.A. ("Company") in 2013

I. Audit Committee Members in 2013

From 1 January 2013 to 28 June 2013, the Audit Committee Members were:

- 4) Marcin Hejka - Chairman of the Audit Committee (*member of the Supervisory Board until 28 June 2013*),
- 5) Wanda Rapaczynski - Member of the Audit Committee (*member of the Supervisory Board until 28 June 2013*),
- 6) Tomasz Sielicki - Member of the Audit Committee (*member of the Supervisory Board of the Company*).

As at the date of submission of this Report, the Audit Committee Members were as follows:

- 7) Tomasz Sielicki - performing the duties of Chairman of the Audit Committee (*member of the Supervisory Board of the Company*).
- 8) Dariusz Formela - Member of the Audit Committee (*member of the Supervisory Board from 28 June 2013*),
- 9) Andrzej Szlęzak - Member of the Audit Committee (*Chairman of the Supervisory Board of the Company*).

II. The activities of the Audit Committee in 2013 were primarily focused on the following issues:

- 4) oversight and supervision in respect of monitoring the financial reporting of the Company and the Agora Group as well as financial audit activities, consisting of the following activities in particular:
 - monitoring the process of financial report preparation (quarterly, semi-annual and annual),
 - presentation of recommendations to the Supervisory Board in respect of approval of the annual report audited by an external auditor,
 - monitoring the accuracy of the financial information presented by the Company;
- 5) the activities of oversight and supervision in respect of monitoring the internal control systems, internal audit and risk management, consisting of the following activities in particular:
 - review of the internal control and risk management procedures to ensure compliance

with the law and internal regulations,

- assessment of compliance with the risk management policy and presentation of recommendations in this respect;
- 6) oversight and supervision in respect of monitoring the external auditors' independence, consisting of the following activities in particular:
- monitoring the independence of the external auditor in respect of the audit it carries out,
 - discussing the course of the audit of the financial report with the external auditor.

III. In the financial year 2013, six meetings were held:

- 7) **20 February 2013:** during the meeting, the Audit Committee discussed, among other things, the operating and financial results of the Company in Q4 2012 and met the new chief financial officer of the Company. No resolutions were adopted during the meeting.
- 8) **11 April 2013:** during the meeting, the Audit Committee discussed, among other things, the financial report for 2012. The meeting was also attended by the Company's internal auditor and representatives of KPMG Audyt Sp. z o.o. spółka komandytowa - the Company's external auditor. During the meeting, having familiarized with the external auditor's report and opinion on the audit of the Company's financial report and the consolidated financial report of Agora Group, the Audit Committee adopted a resolution concerning the report on operations of the Audit Committee in 2012. In the said report, the Audit Committee stated that it had no objections to the independence of the auditing procedure performed in the Company in 2012. Additionally, the Committee met the Company's internal auditor.
- 9) **14 May 2013:** during the meeting, the Audit Committee discussed the financial report for Q1 2013 and met the Company's internal auditor. No resolutions were adopted during the meeting.
- 10) **13 August 2013:** during the meeting, the Audit Committee discussed the financial report for Q2 2013 and met the Company's internal auditor. No resolutions were adopted during the meeting.
- 11) **20 August 2013:** during the meeting, the Audit Committee discussed the financial report for H1 2013, met the Company's external auditor and adopted a resolution concerning the report on operations of the Audit Committee in H1 2013, and met the Company's internal and external auditors. During the meeting, the Audit Committee met the new internal auditor – Mr Robert Owsiak.
- 12) **12 November 2013:** during the meeting, the Audit Committee discussed the financial results for Q3 2013 and met the Company's internal auditor with whom they discussed the terms and conditions of cooperation.

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Based on the activities described in section II of this report and meetings with the Company's external auditor described in section III, the Audit Committee raises no objections to the independence of the auditing procedures carried out in the Company in 2013.

Appendix 2 to the Report on Operations of the Supervisory Board in 2013

**Report on Operations and Statement of the Human Resources and Remuneration Commission
operating at the Supervisory Board of Agora S.A. ("Company") in 2013**

I. The Human Resources and Remuneration Commission consisted of the following members in 2013:

From 1 January 2013 to 28 June 2013, the Human Resources and Remuneration Commission Members were:

- 4) Wanda Rapaczynski - Chairperson of the Human Resources and Remuneration Commission (*member of the Supervisory Board until 28 June 2013*),
- 5) Sławomir S. Sikora - Member of the Human Resources and Remuneration Commission (*Member of the Company's Supervisory Board*),
- 6) Andrzej Szlęzak – Member of the Human Resources and Remuneration Commission (*Chairman of the Company's Supervisory Board*).

As at the date of presentation of this Report, the Human Resources and Remuneration Commission members were as follows:

- 10) Sławomir S. Sikora - Chairman of the Human Resources and Remuneration Commission (*Member of the Company's Supervisory Board*),
- 11) Helena Łuczywo - Member of the Human Resources and Remuneration Commission (*Member of the Company's Supervisory Board from 28 June 2013*),
- 12) Andrzej Szlęzak – Member of the Human Resources and Remuneration Commission (*Chairman of the Company's Supervisory Board*).

II. The activities of the Human Resources and Remuneration Commission in 2013 were primarily focused on the following issues:

- 3) periodic assessment of the remuneration policy applicable to Management Board members and providing the Supervisory Board with the relevant recommendations in this respect,
- 4) recommendations regarding the amount of remuneration and granting additional benefits to individual members of the Management Board to be considered by the Supervisory Board.

III. In 2013, two meetings of the Human Resources and Remuneration Commission were held:

20 February 2013: during the meeting, the Human Resources and Remuneration Commission discussed, among other things, the remuneration policy and the incentive plans for members of the Management Board and the draft agreement with a member of the management board.

11 April 2013: during the meeting, the Human Resources and Remuneration Commission

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discussed, among other things, the issues of accounting for the incentive plans for 2012 and the three-year plan for 2010-2012. During the meeting, the Commission adopted a resolution approving the report on its operations in 2012.

Additionally, the Human Resources and Remuneration Commission declares that in 2013 its members also worked outside the formal meetings, analysing materials and studies useful for the Commission's work, concerning, among other things, the development plans and the remuneration system for senior management.