

**Report on CCC S.A. Supervisory Board activities  
together with the performance of the duties of the Audit Committee by the Board  
for the period from 1 January 2014 to 31 December 2014  
/ adopted by CCC S.A. Supervisory Board on 20 May 2015 /**

**1. General Information**

The Supervisory Board of CCC S.A. realizing the corporate governance principles contained in the chapter II point 1 subpoint 6) "Best Practices of WSE Listed Companies" that constitute the annex to the Resolution No.19/1307/2013 of the Stock Exchange Board as of 21<sup>st</sup> November 2013, provides shareholders with the annual report on the activities and presents its own assessment of activities for the year 2014. The report hereby includes the description of the activities of the Board for the period 01.01.2014 - 31.12.2014 under the provisions of the Commercial Companies Code, the Statute and Regulations of the CCC S.A. Supervisory Board.

**2. The composition of the Supervisory Board and the execution of duties:**

Functioning rules of the Supervisory Board and the manner of operations is determined by the Company Statute and Regulations of the Supervisory Board of CCC S.A.

As on 1<sup>st</sup> January 2014, the Supervisory Board presents as follows:

Name and surname	Function	Period of serving a function in 2014.
Henryk Chojnacki	Chairman	01.01.2014 – 31.12.2014
Martyna Kupiecka	Member	01.01.2014 - 31.12.2014
Wojciech Fenrich	Member	01.01.2014 – 31.12.2014
Marcin Murawski	Member	01.01.2014 – 31.12.2014
Jan Rosochowicz	Member	01.01.2014 – 31.12.2014

In the above mentioned composition the Board was functioning as at December 31, 2014 and was working to the date of preparing this report. While remaining in the Supervisory Board of the Company, any of its members did not report any changes in terms of changing the status of independence and personal, actual and organizational connections with the shareholders of CCC S.A.

Pursuant to the Company's Statute The Supervisory Board of CCC S.A. is a fixed body of the supervision over the Company CCC S.A. in all operation areas of the Company. The Supervisory Board consists of five to seven members appointed by the General Meeting of Shareholders. The Supervisory Board members are appointed for a common term, which lasts two years. The Board exercises a constant supervision over the Company's activity and performs its tasks on the basis of specific powers which are conferred to the Supervisory Board by the Company's Statute, Regulations of the Supervisory Board and the Resolutions of the General Meeting with regard to Best Practices in Public Companies listed on WSE. The Board supervises the activities of CCC S.A. performing its functions at the Board's meetings. Pursuant to the Statute the Board meets as needed, not less than three times in a financial year. Its sessions are convened by the Chairman of the Supervisory Board.

In 2014 the meetings discussed in detail the proposals and documents submitted to the Board relating to the Company's activity. Members of the Supervisory Board attended the meetings and participated in several meetings and consultations related to the current Company's activity. In the reporting period 2014, the Supervisory Board of CCC S.A. held four meetings at the headquarters of the Company: 30 January, 15 April, 20 May, 12 August, adopting sixteen resolutions in 2014 including one in a current mode. Supervisory - control activities mainly covered analyzing the current economic - financial results of the Company and periodic financial statements, as well as familiarizing with the regular information of the Management Board as for the current and planned activities. The Members of the Supervisory Board had a meeting with the independent auditor.

The theme of the meetings were the following:

- 1) analysis and monitoring the activities of the Company;
- 2) analysis of carried out commercial, marketing and sponsorship activities of the Company;
- 3) financial security and liquidity of the Company;
- 4) the risk policy and key risk areas;
- 5) approving the financial plan for 2014;
- 6) granting additional remuneration to the members of the Management Board under the Regulations of payments: additional remuneration for 2013 and for the first half of 2014
- 7) approving the amendments in Company's Organizational Regulations.
- 8) the adoption for recommendation at the AGM of the CCC S.A. Company's financial statements and report on the activities of the Company for the year 2013;
- 9) the adoption for recommendation at the AGM of the consolidated financial statements and report on the activities of the Capital Group for the year 2013;
- 10) adoption of the report of the Supervisory Board on its activities in 2013;
- 11) adoption of the report of the Supervisory Board of the results of the evaluation of the financial statements and report on the activities of the Company and the consolidated financial statements

and reports on the activities of the Group, as well as the Management Board's proposal for distribution of profit for the year 2013;

- 12) giving an opinion and adopting for recommendation at the AGM the Management Board's proposal for distribution of profit for the year 2013;
- 13) adopting the conclusions for recommendation at the AGM on the exoneration of the Management Board for the year 2013;
- 14) opinioning the draft of reorganization of the Company's business of the supply chain and distribution of footwear in the CCC Capital Group and giving a consent to the contribution of the organized part of the enterprise of the Company as in-kind contribution to CCC Shoes & Bags Sp. z o.o. and on disposal of the enterprise (organized part of the enterprise) of a subsidiary of CCC Shoes & Bags Sp. z o.o. in the form of the Unit to a subsidiary CCC.eu Sp. z o.o.;
- 15) giving opinions on the amendments to the Statute of the Company in terms of authorizing the Management Board to increase the share capital within the authorized capital, with the possibility to deprive the shareholders by the Board, with the consent of the Supervisory Board, in whole or in part the pre-emptive rights to shares and subscription warrants entitling to subscribe for shares;
- 16) giving opinions on the amendments to the Statute of the Company for the addition of the business object: "activities of other transport agencies – PKD (EAC) 52.29.C";

### **3. Performing the duties of the Audit Committee by the Supervisory Board.**

The Supervisory Board of CCC S.A., performing the duties of the audit committee made in 2014 the evaluation of significant risks and threats to which the Company is exposed. In assessing the risks associated with asset management, the Board made, in particular, the analysis of control of cash management and due amounts, control of foreign exchange risk management, credit risk and interest rate changes in relation to the signed credit agreements. The Board states that the Company properly protects the current assets of the Company. In assessing the operational risk associated with investments and management of subsidiaries of CCC S.A., the Board made the analysis of the location of retail units, the dynamics of development of branch networks and their development costs and the efficiency of operating facilities. The Board stated that the implementation of the strategy chosen by the Company's organic growth and carefully selected location facilities, strengthen the market position, reducing the risk of misguided location, but may face a limited number of new attractive locations. The effect on results of operations and financial condition of the Company may have the economic situation in the country, its deterioration may reduce the purchasing power of consumers and their tendency to consume. The sales and stock value is affected by seasonality of demand (the peak demand is in Spring and Autumn). Disturbances of weather conditions may result in postponement of purchase decisions by customers or shortening the season of the highest sales. The Board noted that the Company having their own generating capacity can rapidly adapt the range of products to prevailing conditions and thereby reduce the level of sensitivity of CCC S.A. to seasonal factors and weather. The Board issued a positive opinion

of the Management Board's decisions on investments in the Company's foreign subsidiaries and the way the dominant entity CCC exercises the supervision: ownership, corporate and operating supervision over these companies and the transfer the operating activities to the Company CCC.eu Sp. z o.o.. In addition, the Supervisory Board in assessing the internal control system made a positive opinion on the circulation of documents, invoices, and the way they are controlled and accepted, which allows the Company registering economic events, and provides security in this area. While carrying out financial audit activities, the Board got familiar with the financial reports for 2014 prepared by the Company, it analyzed the risks, and met with the independent auditor and the Management Board of the Company. The Supervisory Board of CCC concluded that the financial reports prepared Company contain reliable information about the activities of the Company and were prepared in accordance with applicable requirements. The Board stated that in spite of many possible events negatively affecting the economy and the seasonality of demand, there are no important factors threatening the continuation of its activities both as an economic entity and as a public company.

**4. Evaluation of the work of the Supervisory Board**

This report illustrates the major directions of the Supervisory Board activities in a financial year 2014. The Supervisory Board acted in accordance with the principles of Best Practice for WSE Listed Companies and exercised the permanent supervision over the Company's activities and the work of the Management Board.

The Supervisory Board assessed its own work. Based on this assessment, the Supervisory Board states that all the statutory and code obligations were made. All members of Board did their utmost in performing their duties in the Board using its best knowledge, commitment and experience in conducting and supervising commercial companies.

The Supervisory Board believes that it performed in accordance with any formal – legal requirements and its work contributed to the growth of the company's value and contributed to increase the confidence of the shareholders. In addition, the Board during appointed meetings currently analyzed the situation of the Company and its subsidiaries and it supported the Management Board in a current activity. Therefore, the Supervisory Board positively assesses its operations in 2014 and appeals to grant its members the exoneration of the management for performing their duties for the working financial year 2014.

**Chairman of the Supervisory Board**

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*(Henryk Chojnacki)*

