

**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 2013 to 31 December 2013  
/ adopted by CCC S.A. Supervisory Board on 20 May 2014 /**

**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 provides the annex to the Resolution No.19/1307/2012 of the Stock Exchange Board of 21<sup>st</sup> November 2012, provides shareholders with the annual report on the activities and presents its own assessment of activities for the year 2013. The report hereby includes the description of the activities of the Board for the period 01.01.2013 - 31.12.2013 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 2013, the Supervisory Board presents as follows:

Name and surname	Function	Period of serving a function in 2013.
Henryk Chojnacki	Chairman	01.01.2013 – 31.12.2013
Martyna Kupiecka	Member	01.01.2013 - 31.12.2013
Wojciech Fenrich	Member	01.01.2013 – 31.12.2013
Marcin Murawski	Member	01.01.2013 – 31.12.2013
Piotr Nadolski	Member	01.01.2013 – 26.06.2013

On 26<sup>th</sup> June 2013 the Annual General Meeting of Shareholders and together with the expiry of the two-year term of the Board, appointed the Supervisory Board for another fifth term for the years 2013-2015. The Board comprised of :

Name and surname	Function	Period of serving a function in 2013.
Henryk Chojnacki	Chairman	01.01.2013 – 31.12.2013
Martyna Kupiecka	Member	01.01.2013 - 31.12.2013
Wojciech Fenrich	Member	01.01.2013 – 31.12.2013
Marcin Murawski	Member	01.01.2013 – 31.12.2013
Jan Rosochowicz	Member	26.06.2013 – 31.12.2013

The aforementioned composition of the Board was as of 31<sup>st</sup> December 2013 and has been working until the date of making this report.

A new member in the composition of the Board Mr. Jan Rosochowicz made a statement regarding compliance with the independence criteria set out in the Code of Best Practice for WSE Listed Companies and other provisions, and provided information on the lack of personal, actual and organizational connections with the shareholders of CCC S.A. The other 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.

At the first meeting of the Board which was held after the annual general meeting at which the Board was appointed for another term, on 25<sup>th</sup> September 2013, the Supervisory Board pursuant to § 2 par. 10 of the Regulations of the Supervisory Board on the basis of the regulations contained in § 13 par.4 the Company's Statute and the Code of Best Practice for WSE Listed Companies adopted a resolution 01/09/2013/RN on determining the number of persons who meet the independence criteria set out by the European Commission in the Attachment II to the Commission Recommendation of 15<sup>th</sup> February 2005 on the role of non-executive directors or being members of the supervisory board of listed companies and the board committee (supervisory board). There are four independent members out of five that comprise the composition:

<b>Name and surname</b>	<b>Function</b>	<b>The relationship to the shareholders of the Company</b>
Henryk Chojnacki	Chairman	independent
Martyna Kupiecka	Member	independent
Wojciech Fenrich	Member	dependant
Marcin Murawski	Member	independent
Jan Rosochowicz	Member	independent

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 2013 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 2013, the Supervisory Board of CCC S.A. held four meetings at the headquarters of the Company: 19 February, 16 April, 22 May, 25 September, adopting twenty six resolutions in 2013 including five 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 2013;
- 6) selecting an independent auditor to review the interim financial statements of the Company and interim consolidated financial statements of CCC S.A. Capital Group and reviewing the individual financial statements of the Company and the consolidated financial statements for the years 2013-2014;
- 7) 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 2012;
- 8) the adoption for recommendation at the AGM of the consolidated financial statements and report on the activities of the Capital Group for the year 2012;
- 9) adoption of the report of the Supervisory Board on its activities in 2012;
- 10) 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 2012;
- 11) giving an opinion and adopting for recommendation at the AGM the Management Board's proposal for distribution of profit for the year 2012;
- 12) adopting the conclusions for recommendation at the AGM on the exoneration of the Management Board for the year 2012;
- 13) appointing the Management Board for another term;
- 14) adopting the remuneration Policy of the Management Board members of CCC S.A. Company;

- 15) approving the Incentive Scheme Regulations;
- 16) recommending the draft resolutions presented at the AGM and EGM;
- 17) granting the Management Board members additional remuneration pursuant to Regulation of remuneration;
- 18) approving the new Company's Organizational Regulations and amendments to Regulations.

### **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 2013 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. 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. In carrying out financial audit activities, the Board got familiar with the financial reports for 2013 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 working year 2013. 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 2013 and appeals to grant its members the exoneration of the management for performing their duties for the working financial year 2013.

**Chairman of the Board**

.....  
(Henryk Chojnacki)