

## **INTERSPORT Polska S.A. SUPERVISORY BOARD'S REPORT ON ITS ACTIVITIES IN THE FINANCIAL YEAR 2016**

In reference to the adoption of Good Practices Applicable to Companies Listed on the Warsaw Stock Exchange (GPW), the Supervisory Board determines as follows:

**1.** Between 1st January 2016 and 31st December 2016, the Supervisory Board performing its supervisory duties with respect to the Company's operations and business was composed of the following persons:

1. Artur Olender – Chairman of the Supervisory Board and member of the Audit Committee,
2. Beata Mikołajko – Deputy Chairman of the Supervisory Board,
3. Łukasz Gil – member of the Supervisory Board and member of the Audit Committee,
4. Dorota Radwańska – member of the Supervisory Board and member of the Remuneration and Nomination Committee,
5. Piotr Dygas – member of the Supervisory Board and member of the Remuneration and Nomination Committee and of the Audit Committee,
6. Mathias Boenke – member of the Supervisory Board and member of the Remuneration and Nomination Committee,

**2.** In the financial year 2016, the Supervisory Board held four meetings, attended by members of the Supervisory Board, with the participation of the Management Board.

**3.** During the financial year concerned, the Supervisory Board adopted the following resolutions:

- a. on approval of the Supervisory Board's Report on its activities, including the activities of the committees formed within the Supervisory Board, as per Good Practices Applicable to Companies Listed on the Warsaw Stock Exchange (GPW);
- b. on approval of the summary assessment of the Company's condition, as per Good Practices Applicable to Companies Listed on the Warsaw Stock Exchange (GPW);
- c. on the selection of the entity to act as the Company's statutory auditor authorised to review mid-year financial statement of the Company;
- d. on the selection of the entity to act as the Company's statutory auditor authorised to audit the Company's financial statements for the period: 1st January 2016 - 31st December 2016.

**4.** Other tasks performed by the Supervisory Board in 2016 include:

- a. Discussion of the changes in legal regulations entering into force on 3rd July 2016 and

- concerning disclosure obligations of the Company being a public company.
- b. Becoming acquainted with the summary information of the Management Board, concerning the year 2015.
  - c. Becoming acquainted with the Management Board's plans for 2016 and with the progress on implementation thereof in January and February 2016.
  - d. Presentation by the Management Board of the current commercial cooperation with the key suppliers of the Company - INTERSPORT Germany and INERSPORT Austria.
  - e. Discussion on the written report on 2015 activities of the Audit Committee.
  - f. Discussion on the written report on 2015 activities of the Remuneration and Nomination Committee.
  - g. Summing up of 2015 activities of the Supervisory Board and adoption of the resolution on approval of the Supervisory Board's Report on its activities, including the activities of the committees formed within the Supervisory Board, as per Good Practices Applicable to Companies Listed on the Warsaw Stock Exchange (GPW);
  - h. Examination and approval of 2015 INTERSPORT Polska S.A Management Board Report.
  - i. Examination and approval of 2015 INTERSPORT Polska S.A. Financial Statements, taking into account the opinion of the statutory auditor auditing the statements.
  - j. Discussion on the summary assessment of the Company's condition, and adoption of the resolution on approval of the summary assessment of the Company's condition, as per Good Practices Applicable to Companies Listed on the Warsaw Stock Exchange (GPW);
  - k. Discussion on the draft resolutions prepared by the Management Board for the General Shareholders' Meeting convened for 16th June 2016, and expressing opinion on the same.
  - l. Becoming acquainted with the recommendation of the Audit Committee on the selection of the entity to act as the Company's statutory auditor authorised to review mid-year financial statements of the Company;
  - m. Becoming acquainted with the 1Q 2015 Company results presented by the Management Board.
  - n. Becoming acquainted with the result of the Company's financial plan implementation for the first half of 2016, presented by the Management Board.
  - o. Discussion on and assessment of the current situation of the Company.
  - p. Becoming acquainted with the report on implementation of the Company's financial plan in the first half of 2016, presented by the Management Board.
  - q. Becoming acquainted with the underlying assumptions for 2017 Company's financial plan, presented by the Management Board.
  - r. Becoming acquainted with the recommendation presented by the Audit Committee on the selection of the entity to act as the Company's statutory auditor authorised to audit the Company financial statements for the period: 1st January 2016 - 31st December 2016.

**5.** in 2016, the Audit Committee operating within the Supervisory Board (at four meetings) dealt with the following matters:

**a.** It recommended AMZ sp. z o.o. seated in Kraków to the Supervisory Board of INTERSPORT Polska S.A. as the entity to act as the Company's statutory auditor authorised to review mid-year financial statement of the Company;

**b.** It recommended AMZ sp. z o.o. seated in Kraków to the Supervisory Board of INTERSPORT Polska S.A. as the entity to act as the Company's statutory auditor authorised to audit the Company's financial statements for the period: 1st January 2016 - 31st December 2016;

**c.** It became acquainted with the effects of the work of the statutory auditor and with the report drawn up by the statutory auditor, concerning the period: 1st January 2015 - 31st January 2015.

**d.** It discussed the following issues:

- current situation of the Company and assessment of risks involved in the Company's business;
- 2015 Management Board's Report on the Company's operations;
- 2015 Company's financial statements;
- opinion and report of the statutory auditor auditing the Company's 2015 financial statements.

**e.** The Committee members discussed the performance of the Company's internal control systems, risk management, and compliance and assessed their functioning as adequate. They expressed the view that due to the size of the Company, there was no need to establish a separate internal audit function.

**6.** In 2016, the Remuneration and Nomination Committee operating within the Supervisory Board (at one meeting) dealt with the following matters:

**a.** It analysed the organisational structure of INTERSPORT Polska S.A.

**b.** It analysed the structure of remunerations of the members of the Management Board and the Supervisory Board, of officers and employees, and compared the same against the remuneration structure of other entities operating on the market.

**7.** In reference to item II.Z.10.2 of 2016 Good Practices Applicable to Companies Listed on the Warsaw Stock Exchange (GPW), the Supervisory Board has established that two members of the Supervisory Board – Artur Olender and Piotr Dygas satisfy the independence criteria.

**8.** In reference to item II.Z.10.2 of 2016 Good Practices Applicable to Companies Listed on the Warsaw Stock Exchange (GPW), the Supervisory Board has established that it operates effectively.

The meetings of the Supervisory Board were held at almost full attendance. Only in few justified cases one of the members of the Supervisory Board did not attend the meetings. The required quorum was present at all times. The Supervisory Board adopted all resolutions and

decisions unanimously. No instance of a member of the Supervisory Board voting against or abstaining occurred.

Throughout the reporting period, members of the Supervisory Board, including, in particular, the Chairman, were in regular contact with the Management Board and consulted the same on individual aspects of the Company's operations. An important factor facilitating day-to-day contacts between the Supervisory Board and the Management Board is the fact that the Chairman is often present in the Company's seat.

Four members of the Supervisory Board represent four major shareholders, while two - Artur Olender and Piotr Dygas - are independent members. The composition of the Supervisory Board reflects due care taken to ensure that its members represent the greatest possible variety of professional experience, expertise and skills and the broadest possible spectrum of views on the work of the Management Board and operations of the Company, while taking into account the need to ensure that each member possesses adequate professional knowledge on the operations of INTERSPORT Polska S.A.

All members of the Supervisory Board have the required skills and continuously expand their knowledge necessary to perform their duties.

For several years, two standing committees have operated within the Supervisory Board of INTERSPORT Polska S.A., established on the basis of the Board's resolution to perform selected supervisory tasks in the Company.

Legal basis: Good Practices Applicable to Companies Listed on the Warsaw Stock Exchange (GPW).

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Artur Olender – Chairman of the Supervisory Board