

**REPORT
OF THE SUPERVISORY BOARD OF BENEFIT SYSTEMS S.A.
ON THE ACTIVITY OF THE SUPERVISORY BOARD
IN FINANCIAL YEAR 2018**

I. THE ACTIVITY OF THE SUPERVISORY BOARD IN 2018

1. The Supervisory Board of Benefit Systems S.A. operates on the basis of the Code of Commercial Companies, the Articles of Association of the Company and the By-laws of the Supervisory Board of Benefit Systems S.A.
2. In accordance with the Articles of Association, the Supervisory Board consists of five members, including the Chairperson and the Deputy Chairperson.
3. In financial year 2018, like in the previous years, the Supervisory Board consisted of five (5) members. As at 31 December 2018 and as of the date of preparation of this report, the Supervisory Board was composed of:
 - 1) James Van Bergh, Chairman of the Supervisory Board,
 - 2) Marcin Marczuk, Deputy Chairman of the Supervisory Board; an independent member,
 - 3) Michael Rohde Pedersen, Member of the Supervisory Board; an independent member,
 - 4) Michael Sanderson, Member of the Supervisory Board, and
 - 5) Artur Osuchowski, Member of the Supervisory Board; an independent member.
4. In financial year 2018, the General Shareholders Meeting held on 12 June 2018:
 - (i) approved election of Zofia Dzik as a member of the Supervisory Board. She was elected by way of co-option on the basis of resolution No. 2017/11/15/2 of the Supervisory Board of 15 November, 2017;
 - (ii) appointed the following members to the Supervisory Board: James Van Bergh, Marcin Marczuk, Artur Osuchowski and Michael Sanderson, for a subsequent, and Mr Michael Rohde Pedersen, for a new joint term of office of five (5) years, which will elapse as of the date of approval of the financial statements for financial year 2022;
 - (iii) determined the amount and the terms of payment of remuneration to the members of the Supervisory Board; and
 - (iv) discharged members of the Supervisory Board from liability for the performance of their duties for year 2017.
5. On 23 July, 2018, in their resolution No. 2018/07/23/2, the Supervisory Board of the Company elected the Chairman of the Supervisory Board in the person of Mr James Van Bergh, and, in resolution No. 2018/07/23/3, Mr Marcin Marczuk as the Deputy Chairman of the Supervisory Board.
6. Until the date of this report, the composition of the Supervisory Board has not changed.
7. On 23 July 2018, in resolution No. 2018/07/23/3, the Supervisory Board of the Company appointed three members of the Audit Committee, including the chairperson, for the term of office of the Supervisory Board. The Audit Committee was composed of the following persons:
 - 1) Mr Marcin Marczuk, Chairman of the Audit Committee; an independent member;
 - 2) James Van Bergh, member of the Audit Committee; and
 - 3) Artur Osuchowski, member of the Audit Committee; an independent member.
8. In 2018, the Supervisory Board held five meetings and adopted resolutions by circular. The meetings and the resolutions of the Board were devoted to the topics of control and supervision of the on-going activity of the Company.

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9. The Board issued opinions on both the current and the contemplated activities of the Company, on the basis of documents and information presented to the Supervisory Board by the Management Board and the employees of the Company.
10. The main priorities of the Board were similar like in the previous years:
- (i) implementation of the corporate governance statutory obligations, including in particular long-term development plans and strategic goals of the Management Board;
 - (ii) analysis of the financial results, key financial ratios, the revenues and costs structure of Benefit Systems S.A. and of the individual companies of the Capital Group.
11. In 2018, the activities of the Supervisory Board included in particular:
- (i) opinioning of financial plans (budgets): the Supervisory Board approved the Consolidated Financial Plan of the Capital Group of Benefit Systems;
 - (ii) assessment of financial statements and activity reports: the Supervisory Board assessed the financial statements of Benefit Systems S.A. and the Capital Group of Benefit Systems, as well as the Management Board's report on the activity of the Company and its Capital Group for 2017;
 - (iii) issuing opinions on the matters submitted to the General Meeting for approval, in particular, the granting of authorisation to the Management Board for disposal of the treasury shares of the Company;
 - (iv) granting consent to the Management Board for incursion of liabilities in excess of 10% of the equity, in particular for:
 - a. the launching of incentive programmes for the key persons in the Fitness and Foreign segments;
 - b. the transaction concerning the transformation of Calypso Fitness S.A.
 - c. the transaction of sale of the treasury shares and issuance of series F ordinary bearer shares;
 - d. investment into development of the Zdrofit fitness segment;
 - e. raising the limits of the loans granted under the Partner Support Programme;
 - f. entering into credit agreements and establishing bank guarantee limits;
 - g. amendment to the investment agreement concerning Fit Fabric Sp. z o.o.; and
 - (v) supervision of the incentive programme of the Company.
12. In addition to the above, the Supervisory Board:
- (i) analysed the assumptions and strategic priorities of the Capital Group of Benefit Systems, the outcomes of the satisfaction survey and engaging AON with the Company and with the Capital Group of Benefit Systems, and the outcomes of the satisfaction survey among the partners, customers and users;
 - (ii) on 23 July 2018, in resolution No. 2018/07/23/10, appointed Mr Wojciech Szwarz as a new member of the Management Board, and determined his remuneration in subsequent resolutions adopted in the meeting held on 23 July 2018;
 - (iii) on 23 July 2018, in resolution No. 2018/07/23/4, verified the criteria of independence of the following members of the Supervisory Board: Marcin Marczuk; Michael Rohde Pedersen; Artur Osuchowski and the following candidate Members of the Audit Committee: Marcin Marczuk and Artur Osuchowski;
 - (iv) on 27 September 2018, approved changes in the fitness segment, including in particular, the process of merger and transformation of the companies of the Capital Group of Benefit Systems and on 14 December 2018, granted consent to the establishing of a branch.
13. As part of the function of the Audit Committee, which is more broadly discussed in Item II below, the Board performed review of the results of operation of the internal control system and the

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Internal Audit, supervised the preparation of the risk maps by the Management Board and the risk management methods, held conversations with Ms. Izabela Walczewska-Schneyder, the Management Board member responsible for finances, the external auditors of PricewaterhouseCoopers Sp z o.o. Audyt sp.k. and the individuals of the Controlling and Internal Audit divisions.

II. BRIEF ASSESSMENT OF THE SITUATION OF THE COMPANY INCLUDING ASSESSMENT OF THE INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT SYSTEM TO MANAGE THE RISKS THAT ARE MATERIAL FOR THE COMPANY

II.1 THE FINANCIAL AND THE MARKET SITUATION OF THE COMPANY

1. The Supervisory Board has positively assessed the situation of Benefit Systems S.A. (hereinafter, the “**Company**”) and of the Capital Group of Benefit Systems as of the end of 2018 (hereinafter, the “**Group**” or the “**Capital Group**”).
2. No material risk to the continuation of the Company and of the Capital Group of Benefit Systems as a going concern has been identified.

II.2 THE FINANCIAL SITUATION OF THE COMPANY:

II.2.1 Operating activity

1. Revenues from sales and subsidies amounted to PLN 787,413 thousand and accounted for 116% of the revenues for 2017. The highest revenues of the Company (98% of the total revenues) were generated from the sales of the MultiSport Cards (jointly with FitSport Polska sp. z o.o.) The costs of services and goods sold grew at a similar pace and reached the level of PLN 569,478 thousand, accounting for 110% of the costs of 2017. The above contributed to increase of gross profitability y-o-y (by 34%). In 2018, the costs of sales and overheads amounted to PLN 69,259 thousand and were higher by 3,944 thousand as compared to an analogous period of year 2017.
2. The Company incurred loss of PLN 667 thousand on other operating activity. In previous year 2017, loss on other operating activity amounted to PLN 377 thousand.
3. Finally, the Company generated result on operating activity in the amount of PLN 148,009 thousand, i.e. higher by PLN 51,596 thousand than in the preceding year.
4. In the opinion of the Supervisory Board, the results generated by the Company which are attributable to the achieved effect of scale should be considered as satisfactory.

II.2.2 Net result

5. The financial income amounted to PLN 45,511 thousand and was lower by PLN 619 thousand than in year 2017.
The financial expenses of the Company dropped and amounted to PLN 8,838 thousand in 2018.
6. The end gross result amounted to 184,682 thousand and was higher by 58,390 thousand as compared to an analogous period of year 2017.
7. The end net result amounted to 145,995 thousand and was higher by 58,390 thousand as compared to an analogous period of year 2017.

II.2.3 Cash flows and liquidity

8. The activities pursued by the Company in 2018 resulted in an increase of net cash flows up to PLN 18,945 thousand. In the analogous period of 2017, the Company held net cash in the amount of PLN 4,695 thousand. A change occurred in the structure of cash flows as compared to year 2017.

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9. The current liquidity ratio expressing the relation of the current assets to current liabilities was 0.62. The Company has unused credit capacities and has no problems with the settlement of its liabilities.

II.2.4 Structure of the balance sheet

10. The structure of the balance sheet as of the end of 2018 was correct. The assets were financed with equity in 69%. The working capital, expressing the difference between the current assets and short-term liabilities, has been negative (PLN -96,863 thousand as at 31 December 2018).

II.2.5 Distribution of profit to shareholders

11. In reliance on its 2016-2019 Distribution of Profit to Shareholders Policy, on 11 September 2018, the Company acquired 46,363 treasury shares in aggregate, each with the nominal value of PLN 1.00, which, (as at the date of settlement of accounts for the buy-back, i.e. 28 September 2018) in total accounted for 1.62% of the share capital of the Company and entited to 46,363 votes, thus representing 1.62% votes at the General Meeting of the Company. The purchase price was equal to PLN 1,100 per share and totaled PLN 50,999,300 for all the acquired shares. The buy-back of shares did not undermine the liquidity of the Company.

II.3 THE MARKET SITUATION OF THE COMPANY:

12. The Capital Group of Benefit Systems is the leading provider of the employee incentive services for institutions and businesses, and the only one listed on the Warsaw Stock Exchange in Warsaw S.A.
13. In 2018, the Company achieved the planned sales objectives in over 100%.
14. In particular, the Company achieved high dynamics of sales, in particular through a valuable growth in sales, increased penetration of employers with the Multisport programme and a better customer support. The Company has maintained the position of market leader who effectively and optimally manages an increasingly growing group of services affecting the effective management of its activities.
15. In 2018, the Company continued developing highly-specialised services and made efforts aimed at the launching of new areas of activity.

II.4 INTERNAL CONTROL SYSTEM

II.4.1 Internal control

16. In the opinion of the Supervisory Board, the internal control system functioning in the Company and in the Capital Group of Benefit Systems is effective in particular owing to:
- (i) the applicable internal regulations;
 - (ii) supervision over the control system exercised by the management;
 - (iii) the competence, knowledge and experience of the participants in the process;
 - (iv) the financial statements being reviewed by a statutory auditor.
17. The Company employs components of risk management system, in particular, with a view to managing the operating, legal and financial risks. Risk management is based on identification of risks that may be material for the activity of the Capital Group of Benefit Systems and on the establishing of the acceptable risk levels, identification of processes considered to be at risk and subjecting them to an effective internal control system. The components of the risk management system include in particular: decision limits, the requirement of subjecting all the important operations to the legal and financial-accounting assessment.
18. The internal control system is based on supervision exercised by superiors in line with the structure of the organisation. The more material is the decision itself, its type and the value

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involved the higher is the level within the organisational structure authorising to make the decision.

II.4.2 Financial statements

19. The Management Board of Benefit Systems S.A. is responsible for putting an internal control system into place and for its effectiveness in the process of preparation of financial statements. The system of internal control and risk management in the financial reporting process functions through:
 - (i) internal rules and procedures, a defined scope of reporting, determination of responsibilities in the process of preparation of financial statements and periodic reports, in particular, by ensuring the quality, accuracy, authorisation and publication of the financial statements;
 - (ii) regular reviews of the components of the internal control system by the Internal Audit and Compliance Teams.
20. The semi-annual and annual financial statements of the companies of the Capital Group are reviewed by a statutory auditor. The 2018 statements of the main companies of the Group were audited by statutory auditors' company "PricewaterhouseCoopers Sp z o.o." with its registered seat in Warsaw.
21. The accounts of individual companies of the Capital Group are maintained within the framework of Benefit Systems S.A., which provides the accounting services to the Company and to most of the other companies of the Group. The Company groups specific accounting divisions settling the accounts of the companies of individual business segments. The double-checking of the business transactions posted was introduced on principle and the posting of the economically uniform transactions is carried out in line with uniform accounting procedures. The accounting books for the companies of the Capital Group of Benefit Systems are maintained in accordance with the uniform accounting principles (accounting policy) that are based on IFRS, the internal procedures of service provision and the accounting principles adopted by the Capital Group of Benefit Systems.

II.5 RISK MANAGEMENT SYSTEM FOR THE COMPANY'S MATERIAL RISKS

22. The responsibility of managing Company's material risks rests with the Management Board, or, at the level of the Group, the Management Boards of the individual companies of the Group. In line with the expectations of the Supervisory Board, the Management Boards of the companies of the Group should be composed of the same persons as those who serve on the Management Board of the Company or of the members of the executive management of the Company. The Group is undergoing a restructuring and, consequently, most of the companies controlled by the Company in 100% will merge with the Company and their assets will be spun off to a self-balancing branch. As part of building the strategy of the Capital Group of Benefit Systems, the following main areas of the Company's material risks have been diagnosed:

II.5.1 Risk related to the business model not being adapted to the specifics of acting as an intermediary on the market for sports cards

23. The unique business model of the Capital Group of Benefit Systems consists in the provision of solutions to support physical activity and in the acting as an intermediary on the market for sports and recreation services by way of distribution of the MultiSport cards. A stable growth in the number of sports cards is the key element of development of the Group.
24. In determining the prices of the sports cards, the Companies of the Group are relying on their own estimations of the frequency of visits to the sports clubs. The main cost incurred by the Capital Group consists of payments to partners for the sports cardholders' visits to sports facilities. The Group is exposed to the risk of underestimating the number of visits which may translate into the profitability of individual contracts being lower than expected. The said impact is mitigated by

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way of providing short notice periods to the contracts and an option of renegotiating non-profitable contracts.

25. Additionally, the risk of a dropping profitability of the sports cards is minimised by a continuous growth in the number of the supported cards that follows from positive changes in the trends prevailing on the labour market and a growing popularity of the healthy lifestyle in Poland and other countries of operation of the Group.

II.5.2 Risks related to the management of a large capital group and to difficulties in the attaining of the planned operating efficiency

26. The size of the Capital Group, its planned development and increase in the number of clubs in future all contribute to a growing complexity of both the operations of the Group and their management. A limitation of the said risk requires significant commitment of resources and incursion of additional expenditures on the integration of new companies, introduction of uniform corporate governance rules, the designing and implementation of the components of the internal control system as well as management of the sports clubs.
27. The process of reorganisation of the structure of the Capital Group has already been started and now is much advanced. The reorganisation will consist in the simplification of the structure of the Group so that Benefit Systems SA will take over most of the companies of the group conducting activity in the fitness segment on the Polish market.

II.5.3 Regulatory risk, including the concentration and competition-related risks and the legal-tax risk

28. The regulatory risk and the legal-tax risk include in particular a possibility that decisions delivered in any pending or potential proceedings before administrative authorities, including the President of OCCP and/or fiscal administration might be adverse for the Company.
29. On 22 June 2018, the President of OCCP launched proceedings against Benefit Systems S.A. (and other entities). The proceedings were launched in connection with suspicion of actions potentially limiting competition on the national market for sports and recreation service packages or on the national or local fitness clubs markets or other relevant markets. On 28 November, 2018, Benefit Systems S.A. received decision from the Chairman of the Office of Competition and Consumer Protection (the "OCCP") providing that the anticipated date of completion of the antimonopoly proceedings would be extended, and the implied completion date was identified as 30 September 2019. In the grounds to the decision, the Chairman of OCCP explained that due to the complex character of the proceedings and due to the fact that the matter needed to be further examined, the proceedings could not be completed at the present stage.
30. The regulatory risk is adequately managed and monitored and the Group attaches much importance to treating fairly all its business partners, including its customers, users of sports-recreation cards and providers of sports services. However, an adverse decision of the competition protection authorities cannot be ruled out in particular in relation to the events of the past. In the opinion of the Company, potential decisions of the Chairman of OCCP might, to a limited extent, contribute to the risk of continued activity of Benefit Systems S.A., and, consequently, of the entire Group.
31. The legal-tax risk in particular pertains to the regulations and interpretation of the tax laws applicable to the business activity. Many of the applicable regulations are not sufficiently precise. Quite often, they lack an unambiguous interpretation, and the tax rulings (i.e. interpretations of tax regulations) issued by fiscal authorities and courts vary and are not consistent.

II.5.4 Market risk – risk of emergence of a new one or expansion of the existing competitors given absence of barriers to entering the market for non-payroll benefits and the market for sports services

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32. The Capital Group of Benefit Systems sees a risk in the possibility of emergence of new competitors. The risk may materialise in the form of entities offering sports and recreation services within organised frameworks, emergence of an entity operating in an operational model similar to the one of the Group or if large entity or entities enter the Polish or the foreign markets for services offered to the corporate customers, on which they have not been present before.
33. The Group perceives a similar risk with respect to new products, which in future may be copied by competitors as innovative solutions on the market. As a response to the risk, the Group undertakes appropriate measures, in particular, by launching distribution platforms and investing into sports clubs.
34. The Group can also see a risk of potential consolidation on the market for sports-recreation services. A large network of sports clubs that might be capable of competing with the Group's products by offering corporate customers carnets to such network's own facilities might negatively translate into the level of the prices for the services offered by the Company.

II.5.5 Risks within the area of personal data processing and data protection, in particular risks related to adaptation to GDPR in the legal, organisational and technical terms

35. The risk follows from the need to adapt the company's operations to new guidelines arising from Regulation of the European Parliament and of the Council (EU) 2016/679 of 27 April 2016 (GDPR).
36. The required changes and adaptation to the requirements are effected in different areas of the Company's operations, in particular within the scope of systemic, organisational and legal solutions, with the emphasis on the security of the Internet resources and IT systems.
37. Benefit Systems S.A. undertook a number of steps with a view to complying with the requirements arising from the regulations, for example those applicable to the updating of processes, adaptation of IT systems and updating the contracts with the Company's customers to entrust personal data for processing.

II.5.6 Risk related to the operations and expansion on foreign markets, including the political and currency risks

38. As part of the strategy of expanding the scale of the Group's operations, since 2015, the Group has continued the expansion on the foreign markets, in particular in the Czech Republic (MultiSport Benefit s.r.o., Fitness Place s.r.o, Beck Box Club Praha s.r.o.), in Slovakia (Benefit Systems Slovakia s.r.o.) and in Bulgaria (Benefit Systems Bulgaria eood, Fit Invest Bulgaria eood). In 2017, the Group has launched its activity in Croatia (Benefit Systems d. o. o. HR) and in 2018, in Greece (Benefit Systems Greece MIKE).
39. The Group has been reporting continued dynamic development on the Czech and Bulgarian markets. On the other markets, business development continues. However, it is not certain, whether the business model of Benefit Systems S.A., which has worked well in Poland, will get a full foothold on the new markets with their legal and cultural divergences and differences in the levels of sports activity and non-payroll incentives offered to employees.
40. A failure to implement plans in any of the new markets may have an adverse effect on the financial results of the Capital Group of Benefit Systems. It should however be noted that prior to making a decision to enter specific market, the Group will carry out a survey of the market potential including analysis of its potential threats. Additionally, the Group adopted a strategy of incurring the investment expenditures gradually so as to take into account the current market situation, the currency risk and the observed growth of business in specific country.

II.5.7 Risk of changed demographic situation in Poland and in the countries of operation of the Capital Group of Benefit Systems

41. In the long term, the operations of the Group may be affected by a change in the demographic structure of Poland and other countries of operation of the Group, in particular by the aging

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population tendency. It is not ruled out that in line with the developments and the resulting shrinking of the target group (the professionally active people) the products that the Group has now in their offer may cease to attract such a high interest which, in turn, may adversely affect the financial results of the Group in the long run. In the opinion of the Group, the impact of the said risk will be however limited by the fact that like in the developed Western European countries, we can also observe an increased interest in physical activity among older age groups, which may be a potential for the entering of a new market segment.

II.5.8 Risk related to implementation and maintenance of IT systems and cyber security

42. The Group manages the risk of the IT systems by implementing the relevant controlling procedures and mechanisms allowing an effective prevention and limitation of the consequences of materialisation of risks. In particular, the Company has been developing procedures and mechanisms for development and maintenance of systems, change management and information security. The Company takes advantage of redundant hardware and software solutions so as to minimise a risk of disturbance in the functioning of the key IT systems.
43. As part of cyber security management, the Company continuously updates the network security systems. The Group only employs solutions that have been well-tested and are renowned on the market.

II.5.10 The risk of procuring and management of human resources, including the risk of loss of key employees.

44. The factors influencing the operations of the Group include the labour force and the skills of the key persons, including the managerial staff as well as other teams and employees. In the opinion of the Management Boards of the companies of the Capital Group of Benefit Systems, the pace of development of the Group also depends on its ability to recruit and retain highly qualified managerial staff and key employees. Leaving the Group by a substantial number of those people could adversely influence the operating activity of the Group. The Group has been successful in recruiting appropriate human resources, helped by its renown of a highly regarded employer and a positive work atmosphere. The Group adopted a strategy of providing additional incentives by way of an incentive programme for the managerial staff and the key employees.
45. Risk factors related to the management of the human resources of the Group include changes on the labour market related to growth of the financial expectations of employees which may result in a growth of the operating costs of the Group.

III. ASSESSMENT OF HOW THE COMPANY COMPLIED WITH THE INFORMATION OBLIGATION WITH REGARD TO APPLICATION OF THE CORPORATE GOVERNANCE RULES AS SET OUT IN THE RULES AND REGULATIONS OF THE STOCK EXCHANGE AND REGULATIONS APPLICABLE TO THE CURRENT AND PERIODIC INFORMATION PROVIDED BY ISSUERS OF SECURITIES.

1. In 2018, the Company was subject to the corporate governance rules set out in: “Code of Best Practice for WSE Listed Companies” which was adopted in Resolution No. 17/1249/2010 of the Council of the Warsaw Stock Exchange in Warsaw S.A. of 19 May 2010 (as amended). On 13 October 2015, the Council of the WSE passed resolution concerning adoption of a new set of the corporate governance rules under the name of “Code of Best Practice for WSE Listed Companies 2016”. The new rules entered into force as of 1 January 2016 and are still binding.
2. The Supervisory Board positively assesses the way in which the information obligation was fulfilled with regard to application of the corporate governance rules laid down in the Rules and Regulations of the Stock Exchange and in the regulations applicable to periodic and current information provided by issuers of securities. The Supervisory Board also positively assesses the

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- policy pursued by the Company within the scope of the sponsoring, charitable or other similar activity (specific information concerning the sponsoring, charitable or other similar activity pursued by the Company is published by the Company in annual non-financial reports for the Company and for the Group for year 2018).
3. As of 13 July 2017, an independent Audit Committee at the Supervisory Board was appointed. In 2018, the functions performed by the audit committee were focused on:
- (i) monitoring work related to implementation of the annual Audit Plan for 2018;
 - (ii) monitoring the financial reporting process, including in particular the degree of implementation of the recommendations issued by the statutory auditor to the Management Board following an audit of the financial statements in the prior financial years and the important issues and perceived risks affecting individual balance sheet items and the financial profit or loss;
 - (iii) monitoring activities related to the process of change of the structure of the Capital Group;
 - (iv) preparing draft long-term and strategic plans of the Group for subsequent years;
 - (v) preparing draft annual Plan of the Company and of the Group for year 2018;
 - (vi) monitoring implementation of the annual plan approved by the Supervisory Board, in particular in the context of the assumptions of long-term plans;
 - (vii) monitoring activities within the scope of development of individual operational segments;
 - (viii) monitoring activities related to the planned business development operations;
 - (ix) monitoring the structure and the level of payroll and other labour-related costs;
 - (x) monitoring the (controlling and concentration) proceedings pursued by the Office of Competition and Consumer Protection.
 - (xi) recommending selection of the statutory auditor for years 2019 and 2020 to the Supervisory Board.
4. Furthermore, the Audit Committee adopted the Internal Audit Chart of the Company.
5. The Audit Committee monitors the functioning of the internal control, internal audit and risk management systems. As part of performance of the supervisory function, the Committee cooperates with the statutory auditor by holding cyclical meetings and discussions.

IV. CONCLUSIONS FROM THE ANALYSIS OF THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

1. Following its analysis of the Financial Statements and after having familiarised with and on the basis of the opinion issued by auditor PricewaterhouseCoopers Sp. z o.o. Audyt sp.k. with its registered seat in Warsaw, the Supervisory Board has positively assessed the consolidated Financial Statements for the period from 1 January through 31 December 2018 and proposes that the Ordinary General Meeting of the Company approve them.
2. Following its analysis of the Report of the Management Board on the activity of the Company and of the Group in the period from 1 January through 31 December 2018, the Supervisory Board assesses that the Report of the Management Board and of the Group for the period from 1 January through 31 December 2018 conforms to the books and documents and to the factual status.
3. Furthermore, the Supervisory Board states that the report of the Management Board on the activity of the Company and of the Group in the aforementioned period acknowledges provisions of Article 49 para 2 Item 7 and § 71 para. 1 Item 7 of Ordinance of the Minister of Finance of 19 March, 2009 concerning Current and Periodical Information Provided by Issuers of Securities and the Terms for Recognition, as Equivalent, of the Information Required by Legal Regulations of a State not being a Member State.
4. The aforesaid consolidated financial statements present fairly and clearly the financial and economic situation of the Company and of the Group. The statutory auditor affirmed that the Management Board's report on the activity of the Company and of the Group for financial year 2018 is complete and is compliant in terms of the information disclosed therein.

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The Supervisory Board positively assesses the Management Board's report on the activity of the Company and of the Group for the aforementioned period and proposes that the Ordinary General Meeting approve them.

V. REMARKS OF THE BOARD CONCERNING THE COOPERATION WITH THE MANAGEMENT BOARD

1. The Supervisory Board performed its controlling and supervisory functions in cooperation with the Management Board of the Company. Upon invitation from the Supervisory Board, members of the Management Board participated in the meetings of the members of the Supervisory Board, presented materials resulting from the agenda, and communicated important issues and events at the Company that were taking place inbetween the meetings, and also provided relevant explanations.
2. The Supervisory Board raises no objection to the method using which the Management Board was preparing documents for the meetings of the Board or to the way in which the meetings of the Management Board were organized.
3. Considering the economic results generated throughout 2018, efforts made by the Management Board with regard to managing the Company, including in particular activities related to the process of changing the structure of the Capital Group, the Supervisory Board positively assessed the work performed by the Management Board.

The Supervisory Board hereby moves to the Ordinary General Meeting for discharging all members of the Management Board from the liability for the performance of their duties within the period covered by the report.

Warsaw, on 21 May 2019

- 1) James Van Bergh
- 2) Michael Sanderson
- 3) Marcin Marczuk
- 4) Artur Osuchowski
- 5) Michael Rohde Pedersen