



RESOLUTION
of the Supervisory Board of LPP SA
of 15 May 2017
on the granting of an opinion on matters to be the subject matter of resolutions of the
Annual General Meeting of Shareholders

The Supervisory Board adopts the following opinion on matters to be examined by the Annual General Meeting of Shareholders in 2017:

The Supervisory Board of LPP SA, having reviewed the Management Board's motion of 26 April 2017 to issue an opinion on matters to be the subject matter of resolutions of the Annual General Meeting of Shareholders, acknowledges that the agenda of the said Annual General Meeting, proposed by the Management Board, is consistent with the provisions of the Commercial Companies Code, the Company's Articles of Association and its internal regulations. Therefore, the Supervisory Board acknowledges that:

1. Item 1 to 4 on the agenda are exclusively procedural and necessary for the proper organization of the General Meeting.
2. Item 5 on the agenda stems from the duties arising from the Company's internal rules and regulations, including, in particular, the Regulations of the General Meeting and the Regulations of the Supervisory Board as well as corporate governance principles applied by the Company.
3. Item 6 on the agenda stems from the duty stipulated, among others, in Article 393(1) of the CCC, Article 395 § 2(1) of the CCC, Article 395 § 5 of the CCC, Article 49(1) and Article 55(2) in connection with Article 55(2a) of the Accounting Act of 29 September 1994 (consolidated text: Journal of Laws of 2016, item 1047, as amended), § 33.1.1 of the Company's Articles of Association and § 2.2.1 of the Regulations of the General Meeting of Shareholders.
4. Item 7 stems from § 33.1.1 of the Company's Articles of Association.
5. Item 8 on the agenda stems from the duty stipulated, among others, in Article 393(1) of the CCC, Article 395 § 2(1) of the CCC and Article 53(1) of the Accounting Act of 29 September 1994 (consolidated text: Journal of Laws of 2016, item 1047, as amended), § 33.1.1 of the Company's Articles of Association and § 2.2.1 of the Regulations of the General Meeting of Shareholders.
6. Item 9 on the agenda stems from the generally applicable provisions of Article 395 § 5 of the CCC and Article 63c(4) of the Accounting Act.
7. Item 10 on the agenda stems from the duty stipulated, among others, in Article 393 § 1(1) of the CCC, Article 395 § 2(3) of the CCC and § 33.1.4 of the Company's Articles of Association.
8. Item 11 on the agenda stems from the duty stipulated, among others, in Article 393 § 1(1) of the CCC, Article 395 § 2(3) of the CCC and § 33.1.4 of the Company's Articles of Association.

9. Item 12 on the agenda stems from the duty stipulated, among others, in Article 395 § 2(2) of the CCC, Article 53 § 3 of the Accounting Act and § 33.1.3 of the Company's Articles of Association.
10. Item 13 on the agenda involves a minor expansion of the scope of the Company's business activity, described in the Company's Articles of Association, by adding the following additional service activity: accounting, bookkeeping and auditing activities; tax consultancy - 69.20.Z, business and other management consultancy activities - 70.22.Z, office administrative service activities, including supporting activities - 82.11.Z, photocopying, document preparation and other specialised office support activities - 82.19.Z. According to Article 430 § 1 of the CCC, an amendment to the Articles of Association requires a resolution of the general meeting of shareholders. The Supervisory Board recommend that the resolution on expanding the scope of business activity be adopted as proposed.
11. Item 15: the Supervisory Board recommend that the Annual General Meeting of Shareholders should adopt the resolution on the approval of an incentive programme for key management officers of the Company.
12. Item 16 on the agenda is of procedural nature.



**RESOLUTION
of the Supervisory Board of LPP SA
of 15 May 2017**

on the evaluation of the Management Board's report on the operations of the Company's Capital Group in the financial year 2016 and the Management Board's report on the Company's operations in the financial year 2016 in terms of their compliance with accounting books and documents as well as the actual state of affairs

The Supervisory Board, having reviewed:

- the financial statement of LPP SA for the financial year 2016,
- the LPP SA Management Board's report on the operations of the Company's Capital Group in the financial year 2016, incorporating the report on the Company's operations in the said period,
- the Management Board's resolution on the motion for the allocation of the Company's net profit generated in the financial year 2016,
- the auditor's report and opinion on the audit of the Company's financial statements for the financial year 2016,
- the auditor's report and opinion on the audit of the consolidated financial statements of the Company's Capital Group for the financial year 2016,

acknowledges that, in the opinion of the Supervisory Board, the Management Board's report on the operations of the Company's Capital Group for the financial year 2016, incorporating the Management Board's report on the Company's operations in the said period, is complete, accurate and contains data which exhaustively present the Company's position.

Furthermore, the Supervisory Board indicate that the document titled the *Report of the Management Board on the operations of the LPP SA Capital Group (together with the statement on the application of Corporate Governance) for 2016 (with due consideration of disclosure requirements applicable to the Report on the operations of the Parent Company for the above-mentioned period* incorporates also the Management Board's report on the operations of the Company as parent company. The joint presentation of the two reports is permissible under Article 55 paragraph 2a of the Accounting Act of 29 September 1994 (consolidated text: Journal of Laws of 2016, item 1047, as amended) and § 83 subparagraph 7 of the Regulation of the Minister of Finance of 19 February 2009 on current and interim information submitted by issuers of securities and on the terms and conditions for recognition as equivalent of information required under the laws of a non-member state (consolidated text: Journal of Laws of 2014, item 133, as amended).

The Supervisory Board recommend that the Annual General Meeting of Shareholders should adopt the resolution approving the Management Board's report on the operations of the Company's Capital Group and the Company's operations in the financial year 2016.



**RESOLUTION
of the Supervisory Board of LPP SA
of 15 May 2017**

on the evaluation of the Company's financial statements for the financial year 2016 in terms of their compliance with accounting books and documents as well as the actual state of affairs

The Supervisory Board, having reviewed:

- the financial statements of LPP SA for the financial year 2016;
- the LPP SA Management Board's report on the operations of the Company's Capital Group in the financial year 2016, incorporating the report on the Company's operations in the said period,
- the Management Board's resolution on the motion for the allocation of the Company's net profit generated in the financial year 2016;
- the auditor's report and opinion on the audit of the Company's financial statements for the financial year 2016;

acknowledges that, in the opinion of the Supervisory Board, the Company's financial statements for the financial year 2016 are complete, accurate and contain data which exhaustively present the Company's position.

The Supervisory Board recommend that the Annual General Meeting of Shareholders should adopt the resolution approving the Company's financial statements for the financial year 2016.



**RESOLUTION
of the Supervisory Board of LPP SA
of 15 May 2017**

**on the evaluation of the consolidated financial statements of the LPP SA Capital Group
for the financial year 2016 in terms of their compliance with accounting books and
documents as well as the actual state of affairs**

The Supervisory Board, having reviewed:

- the LPP SA Capital Group's consolidated financial statements for the financial year 2016;
- the LPP SA Management Board's report on the operations of the LPP SA Capital Group in the financial year 2016;
- the auditor's report and opinion on the audit of the consolidated financial statements of the LPP SA Capital Group for the financial year 2016;

acknowledges that, in the opinion of the Supervisory Board, the consolidated financial statements of the LPP SA Capital Group for the financial year 2016 are complete, accurate and contain data which exhaustively present the position of the LPP SA Capital Group.

The Supervisory Board recommends that the Annual General Meeting of Shareholders should adopt the resolution approving the consolidated financial statements of the LPP SA Capital Group for the financial year 2016.



RESOLUTION
of the Supervisory Board of LPP SA
of 15 May 2017
on the examination of the Management Board's motion for the allocation of the
Company's net profit generated in the financial year 2016

The Supervisory Board, having examined the Management Board's motion for the allocation of profit generated in the financial year 2016, incorporated in the Management Board's resolution of 26 April 2017, recommend that the Annual General Meeting of LPP SA should adopt the resolution on allocation of the Company's net profit generated in the financial year 2016 in the amount of PLN 280 070 923.45 as proposed by the Management Board, i.e. as follows:

- PLN 65 531 268.00 (sixty five million five hundred thirty one thousand two hundred and sixty eight Polish zlotys) to be allocated among the shareholders as dividend,
- the remaining amount of net profit i.e. PLN 214 539 655.45 (two hundred fourteen million five hundred thirty nine thousand six hundred and fifty five Polish zlotys 45/100) to be excluded from allocation and appropriated for the reserve capital of the Company.

At the same time, the Supervisory Board expresses a favourable opinion on the Management Board's motion to set the dividend date (i.e. the date of determining the list of shareholders entitled to the dividend) at 4 September 2017 and the dividend payment date at 20 September 2017.



**RESOLUTION
of the Supervisory Board of LPP SA
of 15 May 2017**

on the comprehensive evaluation of the Company's position in 2016, including in particular: (i) evaluation of the financial reporting process, (ii) evaluation of the internal control system, internal audit and risk management system, (iii) evaluation of financial auditing activities, (iv) evaluation of the impartiality of the auditor auditing the financial statements of the Company and the LPP SA Capital Group, and (v) self-evaluation of the activity of the Supervisory Board

The financial year 2016 was yet another year of the development of the Company and its capital group. The revenues of the LPP SA Capital Group reached a record-breaking level exceeding PLN 6 billion (PLN 6 019 046 thousand), and the sales were conducted in 1 703 stores in eighteen countries on three continents.

As mentioned above, the sales revenues of the LPP SA Capital Group amounted to PLN 6 019 million and were 17.3% higher than those generated in 2015. In the financial year 2016, LPP SA generated net profit exceeding PLN 280 million, and the LPP SA Capital Group generated net profit of approx. PLN 175 million. In both areas, net profit is lower than that earned in the preceding financial year, with the net profit of the LPP Capital Group being lower by approx. 50%.

The stores' retail space was increased by approx. 77 thousand m² (i.e. by approx. 9.2%). At the end of 2016, the total retail sales space in the entire LPP SA Capital Group was approx. 920.8 thousand m², with approx. 424.2 thousand m² outside Poland.

In 2016, the sales of the LPP SA Capital Group through the e-commerce channel significantly increased. In 2016, the LPP SA Capital Group earned PLN 173 million of revenue from online sales (as compared to approx. PLN 79 million in 2015), which constituted 2.9% of the Group's sales (as compared to 1.5% in 2015). Approx. 86.0% of online sales were generated domestically. At the end of 2016, the LPP SA Capital Group had online stores of all five brands operating not only in Poland but also in Germany, the Czech Republic, Slovakia, Hungary and Romania. The Company was preparing to launch in the following year online stores in Russia, Ukraine, in the Baltic States and Great Britain.

At the end of 2016, the LPP SA Capital Group held nearly PLN 366 million in cash, with credit facilities totalling PLN 510 million, which means that its net debt amounted to PLN 144 million and was lower by PLN 477 million than a year ago. At the same time, the net debt / EBITDA ratio reflecting financial safety was reduced to 0.3 (from 0.9 a year ago). The Company is aiming at maintaining the net debt / EBITDA ratio below 1.0.

In the financial year 2016, the Company's profitability ratios decreased as compared to the previous period. Among others, the gross profit margin on sales decreased by 4.7%, while return on equity (ROE) decreased by 11.2%.

In 2016, in the LPP SA Capital Group, there were implemented numerous changes involving many aspects of the Group's operations, the effects of which should be seen in 2017 and the years to come. In the analysed 2016, the LPP SA Capital Group focused on changing and developing its most important brand i.e. RESERVED. Many changes have been introduced to improve the product itself (specifically in terms of fashion, aesthetics and the quality of workmanship), including changes in logistics (store categorisation and changes in stocking of stores) or more efficient management (reinforcement of product departments, employment of foreign designers, the opening of a new RESERVED design office in Warsaw). Furthermore, the clearance sales policy and the stock management system have been changed.

With due consideration of the increasing public awareness in respect of the protection of animal rights as well as expectations of many consumers, and in recognition of challenges concerning the alleviation of the environmental impact of the Company's operations, the LPP SA Capital Group has concluded an official memorandum with the "Open Cages" organisation, as part of which the LPP SA Capital Group has joined an international initiative called Fur-Free Retailer. Consequently, starting with the AW collection for 2016/17, the LPP SA Capital Group will give up natural fur in all brands.

In 2016, the attempt to introduce Tallinder, a new premium brand, to the market was unsuccessful. It had its debut in 2016, yet, due to its sales results substantially diverging from what was assumed, at the end of the year, the Company's Management Board decided to abandon developing that brand and close it, simultaneously increasing outlays for, and focusing on, RESERVED as the leading brand.

As mentioned above, despite the fact that, in 2016, the revenues of the LPP SA Capital Group increased by 17% y/y, its net profit was lower by 50% y/y and totalled PLN 175 million.

In conclusion, the Supervisory Board acknowledges that the overall position of the Company in 2016 was good.

In the opinion of the Supervisory Board, there are no prerequisites that may pose a real threat to the Company's going concern.

The Supervisory Board examined the financial reporting process implemented in LPP SA. In the opinion of the Supervisory Board, the financial reporting process in LPP SA complies with legal requirements and meets relevant functional needs.

The Supervisory Board examined the internal control, internal audit and risk management systems in LPP SA. As assessed by the Supervisory Board, the internal control and risk management systems operating in LPP SA meet relevant functional needs. While analysing those issues, the Supervisory Board reviewed the results of control procedures carried out by the Company's internal auditor. The reports did not provide for any significant threats to the Company's operations.

The Supervisory Board examined financial audit procedures in LPP SA. As assessed by the Supervisory Board, the financial audit procedures carried out in LPP SA comply with legal requirements and meet relevant functional needs.

The Supervisory Board assessed the independence of the auditor auditing the financial statements of the Company and the LPP SA Capital Group. In the opinion of the Supervisory Board, the auditor auditing the financial statements of the Company and the LPP SA Capital Group satisfies the independence criteria described in applicable provisions of law, including, in particular, Article 56 of the Act of 7 May 2009 on Certified Auditors and Their Self-Government, Entities Authorised to Audit Financial Statements and on Public Supervision.

The Supervisory Board evaluated its own activity. Following such assessment, the Supervisory Board acknowledges that the Supervisory Board has performed all the duties provided for in the provisions of law and the Company's internal regulations. In addition, during their meetings, the Supervisory Board analysed, on the day-to-day basis, the Company's standing and supported the Management Board's ongoing activity. Consequently, the Supervisory Board has positively assessed its activity in the financial year 2016.

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RESOLUTION
of the Supervisory Board of LPP SA
of 15 May 2017
on the approval of the Supervisory Board's report on their activity in the financial year
2016

The Supervisory Board of LPP SA hereby approve the following wording of:

REPORT OF THE SUPERVISORY BOARD
ON THEIR ACTIVITY IN THE FINANCIAL YEAR 2016

On 31 December 2016, the Supervisory Board was composed of the following persons:

- Jerzy Lubianiec - Chairman of the Supervisory Board,
- Wojciech Olejniczak,
- Krzysztof Olszewski,
- Maciej Matusiak,
- Dariusz Pachla.

In 2016, the Supervisory Board of LPP SA:

1. adopted the plan for, and the scope of responsibilities of, the Supervisory Board performing the duties of the Audit Committee in 2016;
2. reviewed the preliminary results of the LPP SA Capital Group, generated in the 4th quarter of 2015 and in the entire 2015;
3. reviewed the budgetary plans of the LPP SA Capital Group for 2016;
4. reviewed the results of the LPP SA Capital Group for January and February 2016;
5. reviewed the results of internal audits carried out by an internal auditor in accordance with the audit schedule for 2015;
6. reviewed the reasons for the conclusion of a lease agreement for a store at Oxford Street in London;
7. summed up the results of stores in Germany and discussed a 2016-2017 action plan for improving the profitability of the said stores;
8. adopted a new wording of the Regulations of the Supervisory Board;
9. reviewed the auditor's conclusions relating to: (i) the audit of the Management Board's report on the Company's operations in the financial year 2015, (ii) the Company's financial statements for the financial year 2015, (iii) conclusions regarding the audit of the Management Board's report on the operations of the LPP SA Capital Group in the financial year 2015, and (iv) the consolidated financial statements of the LPP SA Capital Group for the financial year 2015;
10. approved the evaluation of the Management Board's report on the Company's operations in the financial year 2015 and the Company's separate financial statements for the financial year 2015 in terms of their compliance with accounting books and documents and the actual state of affairs and adopted the resolution on the approval of the report on the results of the said evaluation;

11. approved the evaluation of the Management Board's report on the operations of the LPP SA Capital Group in the financial year 2015 and the consolidated financial statements of the LPP SA Capital Group for the financial year 2015 in terms of their compliance with accounting books and documents and the actual state of affairs and adopted the resolution on the approval of the report on the results of the said evaluation;
12. examined the motion of the Management Board for the allocation of net profit generated by the Company in the financial year 2015;
13. examined and approved the comprehensive evaluation of the Company's standing in 2015, comprising, in particular: (i) evaluation of the financial reporting process, (ii) evaluation of the internal control system, internal audit and risk management systems, (iii) evaluation of financial audit activities, (iv) evaluation of the independence of the auditor auditing the financial statements of the Company and the LPP SA Capital Group, (v) self-evaluation of the activity of the Supervisory Board;
14. approved the report on performance by the Supervisory Board of the duties of the Audit Committee in 2015;
15. approved the Supervisory Board's report on its activity in the financial year 2015;
16. approved the evaluation of the means of fulfilling the Company's reporting duties in respect of application of corporate governance principles arising from good practices and the provisions of law on current and interim information submitted by issuers of securities;
17. approved the evaluation of the rationale for the Company's charity and sponsorship policies;
18. examined and gave their opinion on issues being the subject matter of resolutions of the Annual General Meeting of Shareholders in 2016;
19. gave their opinion on the proposed incentive programme for the Company's key management officers and on the designation of treasury shares acquired in advance to that end;
20. consented to the change in the purpose of acquisition by the Company of its treasury shares;
21. reviewed the preliminary results of LPP SA and the LPP SA Capital Group for the first four months of 2016 and the current standing of the Company and its Capital Group;
22. reviewed the estimated results of the LPP SA Capital Group for the period of eleven months of 2016;
23. reviewed the forecast of results of the LPP SA Capital Group for the financial year 2016;
24. reviewed preliminary financial plans and budgetary targets for the financial year 2017;
25. approved a scheme of internal controls in the LPP SA Capital Group in 2017;
26. consented to the establishment of subsidiaries of LPP SA in Serbia and Slovenia;
27. approved the information on the required appointment of an auditor for auditing the financial statements of LPP SA and the LPP Capital Group for the financial year 2017;
28. held a meeting with the external auditor auditing the financial statements of LPP SA and the LPP SA Capital Group for the financial year 2016, covering, among others, the planning of the audit of the financial statements of LPP SA and the LPP SA Capital Group for the financial year 2016 and cooperation of the Supervisory Board with the auditor in light of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding

statutory audits of public-interest companies and repealing Commission Decision 2005/909/EC (Official Journal of the European Union of 2014, no 158, p. 77, as amended);

29. adopted resolutions on the conclusion of an annex to the agreement on the audit of financial statements of LPP SA and the LPP SA Capital Group;
30. reviewed the estimated results of the LPP SA Capital Group for the first three quarters of 2016;
31. approved the information of the Management Board on the reasons for closing the Tallinder brand;
32. analysed the financial position of the LPP SA Capital Group on the basis of semi-annual separate and consolidated financial statements;
33. assessed the Company's financial results as compared to the previous reporting period;
34. assessed the financial position of the LPP SA Capital Group and LPP SA (level of indebtedness, share of specific items in the balance sheet total);
35. adopted the Regulations of the Incentive Programme for the Company's key management officers.

The Supervisory Board did not have any separate committees and performed, as a whole, the duties of the audit committee.

In 2016, the Supervisory Board's meetings were held four times, with votes cast twice in writing or using means of direct remote communication.

In 2016, in the Supervisory Board, there were two independent members (Mr. Maciej Matusiak and Mr. Krzysztof Olszewski).

The Supervisory Board give a positive opinion on their activity in the financial year 2016.

The Supervisory Board request that the Annual General Meeting of Shareholders approve the Supervisory Board's report on their activity in 2016 and grant discharge to the following members of the Supervisory Board:

- Jerzy Lubianiec - Chairman of the Supervisory Board,
- Wojciech Olejniczak,
- Krzysztof Olszewski,
- Maciej Matusiak,
- Dariusz Pachla,

for performing their duties as Supervisory Board members in 2016.



RESOLUTION
of the Supervisory Board of LPP SA
of 15 May 2017
on the approval of the report on the performance by the Supervisory Board of LPP SA of
the duties of the Audit Committee in the financial year 2016

The Supervisory Board of LPP SA hereby approves the following wording of:

REPORT
on the performance by the Supervisory Board of LPP SA of the duties of the Audit Committee
in the financial year 2016

In 2016, while performing the duties of the Audit Committee, the Supervisory Board of LPP SA carried out the following activities:

1. examined the consolidated financial statements of the LPP SA Capital Group and the separate financial statements of LPP SA and analysed risks disclosed by the auditor;
2. approved the report on the performance by the Supervisory Board of the duties of the Audit Committee in the financial year 2015;
3. analysed the financial position of the LPP SA Capital Group on the basis of semi-annual and annual financial statements and an interview with the auditor;
4. carried out a merit-based control and assessment of reports drawn up by an internal auditor;
5. reviewed the results of the internal auditor's activities;
6. analysed the financial position of the LPP SA Capital Group on the basis of semi-annual separate and consolidated financial statements;
7. assessed the results of the LPP SA Capital Group as compared to the previous year and the budget;
8. assessed the financial position (level of indebtedness, share of specific items in the balance sheet total);
9. interviewed the auditor reviewing semi-annual financial statements;
10. assessed actions taken by the Management Board to improve collections of LPP brands;
11. analysed lease costs for the last 2 years,
12. analysed the profitability of stores in Germany,
13. analysed the issue of opening a store in London.

Reports comprising the results of controls covering the above-mentioned issues have been discussed and approved at the Supervisory Board meetings.



RESOLUTION
of the Supervisory Board of LPP SA
of 15 May 2017

**on the evaluation of fulfilment of the Company's reporting duties in respect of application
of corporate governance principles arising from good practices and the provisions of law
on current and interim information submitted by issuers of securities**

LPP is required to fulfil reporting duties in respect of application of corporate governance principles stemming from the Warsaw Stock Exchange Rules and the Regulation of the Minister of Finance of 19 February 2009 on current and interim information submitted by issuers of securities and on the terms and conditions for recognition as equivalent of information required under the laws of a non-member state (consolidated text: Journal of Laws of 2014, item 133, as amended). Current rules for providing current reports on the application of specific principles of corporate governance are defined in Resolution No. 1309/2015 of the Warsaw Stock Exchange Management Board, dated 17 December 2015. The WSE Rules stipulate that, when a specific principle of corporate governance is not applied on a permanent basis or is breached incidentally, the issuer is required to publish a report in that respect. The report should be published on the issuer's official website, in a manner similar to that applied for current reports. Pursuant to Resolution No. 1309/2015 of the WSE Management Board, reports on the application of specific corporate governance principles are communicated through the Electronic Information Base (EIB). The Regulation of the Minister of Finance of 19 February 2009 specifies information to be incorporated in the statement on corporate governance, constituting a separate part of the report on the issuer's operations in the company's annual report.

The Supervisory Board assesses that LPP SA properly fulfils its reporting duties related to the application of corporate governance principles.

On 15 April 2016, the Management Board of LPP SA made a statement that, in 2016, the Company would apply corporate governance principles attached as Enclosure to Resolution no 26/1413/2015 of Stock Exchange Council of 13 October 2015, titled the "Best Practice for WSE Listed Companies" (*DPSN*, Corporate Governance Principles), published on a website focusing on the issues of best practice of companies listed on Giełda Papierów Wartościowych w Warszawie SA, kept by Giełda Papierów Wartościowych w Warszawie SA at https://www.gpw.pl/lad_korporacyjny_na_gpw.

The Management Board of LPP SA declared that, in 2016, the Company and its governing bodies complied with recommendations and detailed principles provided for in the "Best Practice for WSE Listed Companies 2016", except for:

- recommendation IV.R.2 - conducting the annual general meeting by means of electronic communication (real-time broadcast of the meeting, two-way communication in real time, exercise, in person or by a proxy, voting rights during the general meeting);
- recommendation VI.R.1 - remuneration of members of the company's governing bodies and key management officers should follow the adopted remuneration policy;
- recommendation VI.R.2 - the remuneration policy should be strictly related to the company's strategy, its short- and long-term goals, long-term interests and results, taking into account solutions necessary to avoid discrimination on whatever grounds;
- detailed principle I.Z.1.20 – placing an audio or video recording of a general meeting on the corporate website;
- detailed principle IV.Z.2. - ensuring publicly available real-time broadcasts of general meetings;
- detailed principle VI.Z.4. - publishing a report on the remuneration policy in the report on operations. The Company does not apply this principle.

Information on the Corporate Governance principles was accessible at the Company's corporate website: www.lppsa.com/relacje-inwestorskie/lad-korporacyjny.

The Company does not apply corporate governance practices beyond the requirements set forth in the provisions of domestic laws.

Apart from the aforementioned exceptions, the Supervisory Board has ascertained no other violations of the "Best Practice for WSE Listed Companies 2016".

In addition to communication via the EBI system, LPP SA publishes on its website documents specified in section I.Z.1 in Polish and English.

The Supervisory Board reviewed the statement on corporate governance, incorporated in the Annual Report of LPP SA and in the Annual Report of the LPP SA Capital Group. The said statement specifies in detail corporate governance issues and provides information specified in the Regulation of the Minister of Finance of 19 February 2009 on current and interim information provided by issuers of securities and on the terms and conditions for recognition as equivalent of information required under the laws of a non-member state.

Furthermore, according to section I.Z.1.13 of the "Best Practice for WSE Listed Companies 2016", the Company publishes on its website information on the application of the principles and recommendations provided for in the said document. In addition to the rationale for non-compliance with the principles in question, the said information provides comments to recommendations not applied by the Company.

The Supervisory Board assesses that the information provided by LPP SA is consistent with the requirements and presents fairly the state of application of corporate governance principles.



RESOLUTION
of the Supervisory Board of LPP SA
of 15 May 2017
on the evaluation of the rationale for the charity and sponsorship policy followed by the
Company

The Supervisory Board of LPP SA positively assesses the charity and sponsorship policy followed by the Company in 2016 in terms of its reasonableness and adequacy.

Due to the nature of its operations, starting from 1996, the Company has made charitable donations of clothing of the brands owned by the Company. This form of support is addressed to over one hundred and twenty non-governmental organizations (associations and foundations) in Poland. In the years 1996-2016, the value of donations made by LPP SA in the said form totalled over PLN 18 million net.

Following the initiative of employees of LPP SA, a corporate volunteering programme has been implemented in the Company to take actions for the benefit of people and organisations in need of support.

So far, the Company has focused mainly on aid for the sick, children and the youth at risk of social exclusion, investing its funds in projects addressing the said issues.

Starting from 2010, in December, in the Company's headquarters, LPP employees continue their special programme "Santa's Time", collecting funds and preparing, with the Company's financial support, Christmas gifts for a chosen local organisation, including, for the last few years, Caritas Gdańsk. So far, the Company has given support to over 550 people in need from Gdańsk and Cracow. Owing to the commitment of employees, in 2016, "Santa's Time" has ended with record-breaking donations in kind and in cash of a total value exceeding PLN 100 thousand.

For many years, LPP has been also co-operating with the Gdańsk Hospice Foundation. That cooperation started over 10 year ago. By encouraging customers to transfer 1% of their income tax for the organisation and by donating clothes and gift cards to our stores that go to dozens of hospice establishments, the Issuer supports the Foundation also financially. In the years 2013-16, the Foundation received financial aid in the amount exceeding PLN 140 thousand. In 2016, LPP SA joined the Orphans Fund, providing funds for scholarships addressed to 42 programme beneficiaries.

In September 2016, LPP SA notified of having joined the Fur Free Retailer campaign. Starting from the AW 2016 season, collections of all 6 brands will be fur-free. It means that there will be no natural fur in any form in any collections, including accessories and winter coat trims. The Company has signed an agreement to that effect with the Open Cages Association. The decision of LPP has received a very positive feedback from customers, non-governmental organisations and other stakeholders.

In 2016, LPP SA signed an agreement for the preparation and organisation of a joint programme for employment activation of beneficiaries of the Social Innovations Foundation. The beneficiaries of the Foundation will gain their first professional experience through training sessions, by getting prepared for the requirements of the labour market and, ultimately, by being employed in the Issuer's sales network.

In 2016, a separate position was established in the Company, namely CSR Coordinator, in the Corporate Communication and Sustained Development Department. The duties of the CSR Coordinator cover, among others, the implementation and execution of the CSR strategy, preparation for non-financial reporting and the implementation of a policy for performing sponsorship and charity activities, which currently has no form of document.

In the opinion of the Supervisory Board, the said actions comply with corporate social responsibility requirements relating to a reasonable charity policy. The Company has carried out no major sponsoring activities.

Having presented the wording of the resolution, the Chairman of the Supervisory Board asked whether there were any other proposals for the resolution in question. None of those present proposed a resolution of a different wording or any changes to be made in the wording of the resolution proposed by the Chairman of the Supervisory Board.

Therefore, the Chairman of the Supervisory Board ordered a voting in favour of the only resolution proposed.

After the voting and following the calculation of votes, the Chairman of the Supervisory Board stated that the said resolution was adopted unanimously, with four votes "in favour", no votes "against" and no abstentions.