

## **Policy for the selection of an audit firm to audit the financial statements of LPP SA**

**Amended, consolidated text, effective from May 31, 2023.**

### **§1.**

#### **[Definitions]**

1. For the purposes of this policy, the terms used herein are understood as follows:

**Key certified auditor** – a key certified auditor or a certified auditor within the meaning of the Act on Certified Auditors, respectively, appointed by the Entity Authorized to Audit Financial Statements;

**Authorized Entity** – an audit company that audits the Financial Statements;

**Permitted Services Provision Policy** - Policy for the provision by the audit firm conducting the audit, by entities related to this audit firm and by a member of the audit firm's network of permitted non-audit services referred to in Article 130 section 1 point 6 of the Act on Certified Auditors, developed and adopted by the Audit Committee operating within the Supervisory Board of the Company;

**Selection Procedure** - The procedure for selecting the entity authorized to audit the Financial Statements of LPP S.A., referred to in Article 130 section 1 point 7 of the Act on Certified Auditors adopted by the Audit Committee operating within the Supervisory Board of the Company;

**Regulation 537** - Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on detailed requirements for statutory audits of public-interest entities, repealing Commission Decision 2005/909/EC;

**Financial Statements** - individual financial statements of the Company and consolidated financial statements of the LPP Capital Group;

**Company / audited entity** - LPP S.A. with its registered office in Gdańsk at ul. Łakowa 39/44, 80-769 Gdańsk, entered into the Register of Entrepreneurs kept by the District Court Gdańsk-Północ in Gdańsk, 7th Commercial Division of the National Court Register under KRS number: 0000000778;

**Act on Certified Auditors** - Act of May 11, 2017 on Certified Auditors, Audit Firms and Public Oversight [Journal of Laws of June 6, 2017, item 1089];

**Accounting Act** - Act of September 29, 1994 on accountancy [Journal of Laws of 1994, No. 121 item 591 as amended]

2. In the remaining scope, definitions and terms are used in accordance with the meaning given in the Act on Certified Auditors, Regulation 537 and the Selection Procedure.

## § 2

### [General rules]

1. This policy sets out the rules for selecting the Authorized Entity and has been drawn up pursuant to Article 130 section 1 point 5 of the Act of Certified Auditors, taking into account Regulation 537.
2. In case of interpretation doubts, this policy should be interpreted in accordance with the Act of Certified Auditors and Regulation 537.
3. The Authorized Entity selection policy was developed by the Audit Committee operating within the Supervisory Board of LPP S.A.
4. Pursuant to § 35 section 2 of the Company's Articles of Association, the selection of the Authorized Entity is made by the Supervisory Board of the Company, taking into account, to the extent applicable, the Selection Procedure and this Policy.
5. The Supervisory Board selects the Authorized Entity after reviewing the recommendation presented by the Audit Committee. The rules for issuing recommendations by the Audit Committee are set out in the Selection Procedure.

## § 3

### [Criteria for selection of the Authorized Entity]

1. In the course of preparing recommendations by the Audit Committee, and then in the process of selecting the Authorized Entity by the Supervisory Board of LPP S.A., the following criteria are taken into account:
  - a) previous experience of the Authorized Entity as well as qualifications and experience of persons delegated to perform financial audit activities;
  - b) knowledge of the industry in which the Company operates;
  - c) price conditions offered by the Authorized Entity;
  - d) proposed schedule of works related to financial audit activities;
  - e) completeness of services declared by the Authorized Entity;
  - f) reputation of the Authorized Entity;
  - g) the circumstance of providing audit services to the Company in the past, subject to the requirements of the Act on Statutory Auditors and Regulation 537 regarding the rotation of audit firms and key certified auditors.
2. In the course of the preparation of recommendations by the Audit Committee, and then in the process of selecting the Authorized Entity by the Supervisory Board of LPP S.A., the assessment prepared by the Authorized Entity and the Key Certified Auditor is also taken into account:
  - a) Compliance by the Authorized Entity with the independence requirements referred to in Article 69-73 of the Act of Certified Auditors;
  - b) Existence of threats to the independence of the Authorized Entity and the use of security measures to minimize them;
  - c) the Authorized Entity having competent employees, time and other resources enabling the proper conduct of the audit;
  - d) Possession by the person appointed as the key certified auditor of the authorization to conduct mandatory audits of financial statements obtained in a European Union member state where the audit is required, including whether he/she has been entered in the relevant registers of certified auditors kept in the European Union member state requiring the audit.
3. Before issuing a recommendation, the Audit Committee also assesses:
  - a) independence of the Authorized Entity and persons involved in financial audit activities in the light of Article 69-73 of the Act of Certified Auditors;
  - b) statutory restrictions relating to the possibility of providing services to the Company, in particular those referred to in § 4;

- c) possible findings and guidelines contained in the annual audit report issued by the Audit Oversight Commission referred to in Article 90 section 5 of the Act of Certified Auditors in relation to the Authorized Entity, which may affect the selection of the audit firm.
  - d) possible conclusions and guidelines contained in the PANA Report in relation to the Authorized Entity, which may affect the selection of the audit firm,
  - e) information contained in the annual Transparency Report, published by audit firms that have expressed interest in participating in the selection procedure and have been qualified for negotiations.
4. It is unacceptable to accept pressures or suggestions from third parties as to the choice, or to accept by the Company or its bodies or the Audit Committee any guidelines regarding the selection of the Authorized Entity, and it is also not allowed to conclude any agreements or undertake obligations in this regard.
  5. The selection is made from among audit firms that submitted offers for the provision of the statutory audit service in accordance with the Selection Procedure, with the proviso that:
    - a) the audit firm that audited the Company's Financial Statements after the expiry of the maximum duration of the contract may not audit the Company's financial statements in the period of four consecutive years,
    - b) the organization of the tender procedure does not exclude from participation in the selection procedure the firms which received less than 15% of their total remuneration for audits from public interest entities in a given European Union member state in the previous calendar year, included in the list of audit firms,
    - c) The Company may invite any audit firms to submit offers for the provision of the statutory audit service, provided that it does not violate the provisions referred to in par. 2 section 1 above.
  6. Each time, the selection of the Authorized Entity is made on the basis of the received tender applications submitted to the Company based on this Selection Policy and taking into account the *Selection Procedure*.

#### § 4

##### **[Limitations relative to the selection]**

1. Limitations related to the selection of the Authorized Entity:
  - a) the maximum duration of uninterrupted statutory audit contract carried out by the Authorized Entity or an audit firm related to the Authorized Entity or any member of the network operating in the European Union to which these audit firms belong may not exceed 10 years;
  - b) The key statutory auditor may not audit the annual consolidated financial statements of the Capital Group or audit the annual financial statements of the Company for a period longer than 5 years;
  - c) The key statutory auditor may re-audit the annual consolidated financial statements of the Capital Group or audit the annual financial statements of the Company after at least 3 years from the completion of the last audit.
2. The first contract for the audit of financial statements is concluded with the Authorized Entity for a period of not less than two years, with the possibility of extension for further periods of at least two years.
3. When making recommendations and selecting the Authorized Entity, the limitations resulting from the Policy for the provision of permitted services are also taken into account.

## § 5

### **[Remuneration]**

1. The remuneration for conducting the audit obtained by the Authorized Entity, its certified auditors and subcontractors acting on their behalf may not be:
  - a) subject to any conditions, including the result of the audit;
  - b) valued by or dependent on the provision to the Company or its affiliates of additional non-audit services by the Authorized Entity or any entity associated with the audit firm or belonging to the network.
2. The remuneration for conducting the audit reflects the labour intensity and complexity of the work and the required qualifications.

## § 6

### **[Final provisions]**

1. To the extent not covered by this Selection Policy, the provisions of generally applicable acts shall apply, in particular:
  - a) the Act on Certified Auditors,
  - b) Regulation 537,
  - c) Accounting Act,
  - d) Polish Financial Supervision Authority Guidelines.
2. Subject to points 3 and 4 below, the Company is free to choose the means and methods to the extent that the Selection Procedure and the Selection Policy leave discretion, including direct negotiations with interested bidders during the process.
3. The framework criteria and directional decisions regarding the Selection Procedure shall be defined by the Audit Committee. This may be done in particular by developing a draft Selection Procedure in cooperation with the Company's Management Board.
4. The Selection Procedure shall be adopted by the Company's Supervisory Board and then submitted to the Company's Management Board for implementation and enforcement.
5. The Audit Committee may, without the intermediation of the Company's Supervisory Board, request the Company's Management Board and the Authorized Entity to provide information, explanations and provide documents necessary to perform the tasks of the Audit Committee, including those related to recommending the selection of the Authorized Entity.