

Procedure for the selection of an audit firm to audit the financial statements and perform the assurance of sustainability reporting of LPP S.A. with its registered office in Gdańsk and the LPP Group
(consolidated text, taking into account amendments introduced by resolution of the Supervisory Board of LPP S.A. of 2 April 2025)

§ 1

[Definitions]

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

Assurance of sustainability reporting - the assurance service in the scope of sustainability reporting and the group's sustainability reporting;

Emergency selection mode - selection of the Authorised Entity under the circumstances referred to in the Guidelines of the Office of the Polish Financial Supervision Authority, i.e. in particular in the event of the Authorised Entity losing its authorisations in the course of the audit or review or other reasons preventing the Authorised Entity from carrying out the audit or review within the time limit;

Key certified auditor and, respectively, the certified auditor - the key certified auditor or, respectively, the certified auditor within the meaning of the Act on Certified Auditors appointed by the Authorised Entity for auditing the Financial Statements or Assurance of the sustainability reporting;

Authorised Entity - an audit firm performing the audit of the Financial Statements or the assurance of sustainability reporting;

Permitted Services Provision Policy - Policy for the provision of permitted non-audit or non-assurance services referred to in Article 130(1)(6) of the Act on Certified Auditors by the audit firm conducting the auditing of Financial Statements or assurance of the sustainability reporting, by entities related to this audit firm and by a member of the audit firm's network, developed and adopted by the Audit Committee operating within the Supervisory Board of the Company;

Selection Procedure - The procedure for the selection of the entity authorised to conduct the auditing of Financial Statements and the Assurance of sustainability reporting referred to in Article 130(1)(5) of the Act on Certified Auditors, developed by the Audit Committee operating within the Supervisory Board of the Company;

Selection Procedure - The procedure for the selection of the entity authorised to conduct the auditing of Financial Statements and the assurance of sustainability reporting referred to in Article 130(1)(7) of the Act on Certified Auditors, developed and 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. Łąkowa 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;

PANA Report - a report of the Polish Audit Oversight Agency referred to in Article 90 section 5 of the Act on Certified Auditors;

Transparency report - report of the audit firm referred to in Article 13 of Regulation 537;

UKNF – Office of the Polish Financial Supervision Authority;

Assurance services - services designed to provide a high or moderate degree of assurance on matters including, in particular, financial and non-financial information, systems, processes and aspects of the behaviour or attitudes of particular entities, based on evidence obtained through appropriate procedures, as the basis for the evaluation of the matters covered by those services, in compliance with the accepted criteria, to be included in a report on the services performed;

Act on Certified Auditors - Act of 11 May 2017 on Certified Auditors, Audit Firms and Public Oversight;

Accounting Act - Act of 29 September 1994 on Accounting.

UKNF Guidelines - UKNF Guidelines of September 21, 2022, ref. DSP-DSPZR.4423.23.2022.JS;

Regular Selection Mode – selection of the Authorized Entity when the circumstances referred to in the UKNF Guidelines do not occur.

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

§ 2

[General rules]

1. This procedure sets out the mode for selecting the Authorised Entity and has been drawn up pursuant to Article 130(1)(7) of the Act on Certified Auditors, taking into account Regulation 537 and the UKNF Guidelines.
2. In case of interpretation doubts, this procedure should be interpreted in accordance with the Act of Certified Auditors and Regulation 537.
3. The procedure for selecting the Authorized Entity is determined by the Audit Committee operating within the Supervisory Board of LPP S.A. in accordance with § 6 section 3 of the Selection Policy.
4. The Selection Procedure is adopted in accordance with § 6 section 4 of the Selection Policy.
5. 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 Policy and this Procedure.
6. In the course of the procedure for selecting the Authorized Entity, the following are taken into account:
 - a) Selection Policy and Permitted Services Provision Policy,
 - b) Findings or conclusions contained in the annual PANA Report that may affect the selection of the audit firm,
 - c) Transparency Reports, published by audit firms that have expressed interest in participating in the selection procedure and have been qualified for negotiations,
 - d) Information on conclusions and findings from audits carried out by the Polish Audit Oversight Agency in relation to the entities referred to in point c) above, if they are publicly available.
7. The following entities may join the proceedings:
 - a) are qualified to audit Financial Statements or perform the Assurance of sustainability reporting;
 - b) have the necessary knowledge, experience and persons capable of conducting the audit or the assurance procedure, operating in accordance with the national professional standards referred to in the Act on Certified Auditors;

- c) have the economic and financial position ensuring the performance of the audit or the assurance procedure;
 - d) submit a tender including the required documents, declarations, annexes and certificates.
8. Only the following entities may participate in the procedure:
- a) specified in the Act on Certified Auditors;
 - b) holding a civil liability insurance policy in accordance with the Regulation of the Minister of Development and Finance of 7 November 2017 on compulsory civil liability insurance of an audit firm.
9. The selection of the Authorised Entity shall take place as part of:
- a) the Ordinary Selection Procedure, insofar as the conduct of the selection under this procedure allows the observance of all legal requirements and time limits related to the conduct of the audit, review or assurance and the publication by the Company of periodic reports containing the audit, review or assurance reports;
 - b) in the Emergency Selection Mode - in all cases other than the one indicated in point (a) of this paragraph.
10. In the case of the Emergency Selection Mode, the Company will consider, at the Management Board's own initiative or at the request of the Audit Committee, changing the date of publication of the next required periodic report to the maximum date provided for by law, unless such a date has already been set.

§ 3

[Start the process of collecting offers]

1. The process of collecting offers is started on the initiative of the Management Board by:
 - a) a notice about its commencement posted on the website or in another customary way - in the case of the Regular Selection Mode,
 - b) invitations to submit offers addressed to a group of not less than three and not more than five entities - in the case of the Emergency Selection Mode, however, in the first place, the invitation to submit offers should be addressed to those audit firms that audited the Company's financial statements in previous years, subject to the requirements of the Act on certified auditors and Regulation 537 regarding the rotation of audit firms and key certified auditors and firms that participated in previous selection processes but were classified by the Audit Committee on the list of candidates in positions two to five.
2. A request to start collecting offers may also be submitted by the Supervisory Board, and in particular by the Audit Committee, along with specifying the entities to which the request for proposals is to be addressed.
3. The proceedings referred to in section 1 of this paragraph conducted as part of:
 - a) the Ordinary selection procedure, should be initiated and carried out within a time limit enabling the Authorized Entity to participate in the inventory of the assets of the company whose report is being audited,
 - b) The Emergency selection procedure should be initiated and carried out immediately, upon confirmation by the candidate for the Authorised Entity of a possibility of meeting the deadline for auditing or reviewing financial statements or assurance of sustainability reporting, the publication of which is required by law.
4. The Company prepares tender documentation for Authorized Entities interested in commissioning, which:
 - a) enables these entities to learn about the activities of the audited public interest entity,
 - b) includes an indication of the financial statements to be audited,
 - c) contains transparent and non-discriminatory selection criteria that are used by the audited entity to evaluate the offers submitted by audit firms.

5. The process may also include tenders received before the date of commencement of the collection of tenders referred to in this paragraph, provided that these offers meet the criteria and requirements referred to in this procedure, the Selection Policy and the Permitted Services Provision Policy, respectively, which also applies to the need for the Company to provide the entities involved in the process with the required information.
6. All offers are considered under this Selection Procedure, taking into account the Policies referred to in § 2 section 6.
7. Subject to § 6¹ section 4 letter b), the entity joining the procedure shall submit a written offer to the Company within the time limit specified in the notice or invitation. The offers should include:
 - a) information on the certified auditor, form of conducting business, experience in auditing financial statements of companies listed on the regulated market and in performing the assurance procedure of the sustainability reporting,
 - b) a current excerpt from the relevant register or a certificate of entry in the register of economic activity,
 - c) a document issued by the National Chamber of Certified Auditors on the entry in the list of entities authorised to audit financial statements, supplemented with information on entities authorised to perform the assurance of sustainability reporting,
 - d) information on the number of certified auditors employed and information on the persons who will conduct the audit or assurance procedure (determination of the composition of the team conducting the audit of the Company's financial statements, specifying the persons authorised to audit the financial statements),
 - e) a civil liability insurance policy in accordance with the Regulation of the Minister of Development and Finance of 7 November 2017 on compulsory civil liability insurance of an audit firm.
 - f) information on conclusions and findings from the audits carried out by the Polish Agency for Audit Oversight, if any, which may affect the selection of the audit firm, in particular in terms of its ability to continue the provision of services in the period covered by the Company's call for tender, a statement that:
 - (i) the independence requirements referred to in Articles 69-73 of the Act on Certified Auditors have been met;
 - (ii) there are no threats to their independence and safeguards have been applied to mitigate any potential threats;
 - (iii) having competent employees, time and other resources enabling the proper conduct of the audit or assurance;
 - (iv) the person designated as the key certified auditor is authorised to conduct compulsory audits of financial statements and assurance of sustainability reporting obtained in the European Union Member State where the audit or assurance is required, including whether it has been entered in the relevant register of certified auditors kept in the European Union Member State requiring the audit or assurance;
 - h) price (net and gross) for reviewing the interim financial statements for a period of 6 months and auditing the Financial Statements as well as for the attestation of sustainability reporting,
 - i) a list of companies listed on the regulated market and entities with the State Treasury share, in which the tenderer has audited the financial statements or performed the assurance procedure in the last 5 years,
 - j) indication of the methods and dates of auditing the Company's financial statements, the work schedule specifying the methods of auditing and the dates of work related to the preliminary and final audit and participation in the stocktaking, as well as the date of submitting the opinion and report on the audit of the Company's financial statements, as well as methods, dates and the schedule of work relevant for the assurance of sustainability reporting,
 - k) information on the existence of circumstances that may result in the audit firm losing its authorisation to audit the financial statements or perform the assurance of sustainability

reporting, in particular taking into account information on the results of completed proceedings and on pending public oversight proceedings,

- 1) the current Transparency Report prepared by the audit firm.
8. The offer should be signed by a person authorized to represent the bidder, in accordance with the submitted registration deed. The required documents should be submitted in originals or in photocopies certified as true copies by a person authorized to represent the bidder.
9. The audit firm and the members of the team performing the audit, prior to commencing the audit, shall make a statement on meeting the independence requirements referred to in Article 69–73 of the Act of Certified Auditors, under pain of criminal liability for making a false statement. The person submitting the declaration is obliged to include the following clause in it: “I am aware of criminal liability for making a false statement.” This clause replaces the instruction on criminal liability for submitting a false declaration.
10. The procedure is also carried out in the case of submitting one valid offer. The previous sentence does not apply to the situation of selecting a new Authorized Entity, unless conducting a new tender procedure would involve the risk of not being able to meet all legal requirements and deadlines related to conducting a financial audit related to the audit or review and publication by the Company of periodic reports containing audit reports or review.
11. The deadline for submission of offers should not be shorter than:
 - a) in the case of the Regular Selection Mode - 14 days from the date of publication of the notice or from the start of the process in another usual way;
 - b) in the case of Emergency Selection Mode - 3 working days from the date of receipt of the invitation to submit offers.

§ 4

[Start of the selection process]

1. The procedure begins with checking whether the offers have been submitted on time, if any, and whether they contain all the documents indicated in the notice of procedure and whether the documents show that the bidder meets the requirements indicated in the notice of procedure and this procedure.
2. In the case of tenders that do not contain all the documents or statements indicated in the announcement of the proceedings, the Management Board of the Company shall request the tenderer to supplement them, provided that this does not interfere with a possibility of conducting the process within the time limit referred to in § 7(5) or performing the activities subject to the agreement with the Authorised Entity. If the documents and declarations are not received within the time limit referred to in the preceding paragraph, as well as in the case of tenders implying that the tenderer does not meet the requirements indicated in this Procedure, they shall be rejected and tenderers shall not be admitted to the procedure. Upon the approval of the Audit Committee, the Company may waive the procedure for completing the documentation, in particular when the number of correctly submitted tenders meeting the requirements referred to in the Selection Policy was, in the opinion of the Audit Committee, sufficient to enable the selection of an Authorised Entity in accordance with the Selection Policy.
3. The process of substantive selection of the Authorised Entity by the Supervisory Board of the Company is initiated by the Audit Committee.
4. The Audit Committee shall provide the Supervisory Board of the Company with a list of entities authorised to audit the Financial Statements as well as to carry out the sustainability reporting Assurance that meet the criteria referred to in this Procedure and in the Selection Policy from among all the tenders submitted to the Company by entities interested in performing these activities. In the case of the Emergency Selection Mode, the above the statement is submitted immediately, not later than within 3 business days from the date of closing the process of collecting and potential supplementing of the tenders.

5. Subject to section 2 above, the Audit Committee provides the Company with guidelines on obtaining from the entities included in the list referred to in section 4, any additional information and explanations, if such information is necessary to evaluate the offer submitted by such entity. The activities referred to in the previous sentence may also be performed directly by the Audit Committee. In the case of the Emergency Selection Mode, the above additional explanations are provided by the candidates for the Authorized Entity within one day of receiving the application in this matter.
6. If in the procedure for the selection of the Authorized Entity only one valid offer was received, submitted by:
 - a) the existing Authorized Entity - the proceedings are continued provided that the Audit Committee does not find any premises preventing the extension of the contract for the audit of financial statements with the existing Authorized Entity.
If the existence of the premises referred to in the previous sentence is found, the supplementary procedure referred to in section 6 letter b) below;
 - b) new Authorized Entity - supplementary proceedings are carried out, in which the Audit Committee provides the Company with guidelines on arranging direct contact with indicated alternative candidates for the statutory audit in order to obtain offers, or takes such actions directly. The provisions of § 2 section 7 and 8 and § 3 section 1-5 shall apply accordingly. The time limit for submitting bids in supplementary proceedings is determined by the Audit Committee, taking into account the requirement referred to in § 3 section 2.
7. If the Audit Committee issued guidelines to the Company referred to in section 5 above, the Company, after obtaining additional information and explanations from the bidders, immediately provides the Audit Committee with feedback on the information obtained.

§ 5

[Recommendation of the Audit Committee]

1. On the basis of the offers received and possible explanations, as well as conclusions and findings from the audits carried out by the Polish Audit Oversight Agency, subject to section 3, the Audit Committee presents the Company's Supervisory Board with a recommendation which:
 - a) indicates the audit firm to which it proposes to entrust the statutory audit;
 - b) declares that the recommendation is free from third party influence;
 - c) states that the audited public interest entity has not concluded any agreements containing the clauses referred to in Article 66 section 5a of the Act of September 29, 1994 on accounting;
 - d) indicates the mode referred to in § 2 section 9, under which the recommendation was issued.
2. A report is drawn up from the proceedings, which is signed by all members of the Audit Committee participating in the proceedings.
3. If the Audit Committee has any doubts as to the certainty concerning a possibility of performing the contract by the candidate for auditing the Financial Statements or performing the Attestation of sustainability reporting, in particular with regard to retaining authorisations for the time necessary to perform the audit of the financial statements and submit them to the Company within the agreed period, the Audit Committee will communicate its doubts to the Supervisory Board, and where the Audit Committee deems justified, it will refrain from recommending a particular audit firm and recommend another entity as to which no similar doubts have arisen.

§ 6

[Selection of a new Authorized Entity]

1. Subject to section 2 below, if the selection of the Authorized Entity does not concern the extension of the contract for the audit of financial statements, the recommendation of the Audit Committee referred to in § 5 above:

- a) contains at least two options for selecting an audit firm, along with a justification and an indication of the audit committee's justified preference for one of them, in accordance with the criteria adopted in the Selection Policy.
 - b) is drawn up following a selection procedure organised by the Company which meets the criteria referred to in Article 130(3)(2) of the Act on Certified Auditors, including in accordance with paragraphs 3 to 7 below.
2. If, as a result of the supplementary proceedings referred to in § 4 section 6 letter b) above, the Audit Committee may present only one option to choose an audit firm, the recommendation of the Audit Committee should include information on the actions taken by the Audit Committee to find an alternative candidate to conduct the audit.
 3. The Audit Committee assesses entities authorized to audit financial statements that may be recommended and then selected for the purpose of performing financial audit activities in LPP S.A., in particular with regard to a possible violation of Article 17(3) of Regulation No. 537/2014.
 4. The Company performs the final evaluation of the offers submitted in accordance with the selection criteria set out in the Selection Policy, and then prepares a report containing conclusions from the selection procedure, which is approved by the Audit Committee. In the case of the Emergency Selection Mode, the report referred to in the previous sentence shall be prepared within three days from the date of completion of the offer collection process, taking into account possible additional days for collecting information referred to in § 4 section 5.
 5. As part of the Authorized Entity Selection procedure, it is permissible for the Company to conduct direct negotiations with interested bidders.

§ 6¹

[Emergency procedure for selecting a new audit firm during the term of the agreement with the Authorized Entity]

1. The Audit Committee periodically updates information on the audit firm with which the Company currently has an agreement concluded, among others to audit the financial statements or perform the attestation of sustainability reporting, in particular, it verifies information on the conclusions and findings of the audits carried out by the Polish Agency for Audit Oversight.
2. In the event of any doubts as to the certainty of the submission of, respectively, the audit report, the report on the review of the financial statements or the report on attestation of sustainability reporting by the audit firm with which the current agreement is concluded, the Audit Committee immediately submits such information to the Supervisory Board. To the extent possible, the Audit Committee also provides the Supervisory Board with recommendations as to possible actions to be taken in order to secure the timely receipt of the audit report, the report on the review of the financial statements or the report on attestation of sustainability reporting.
3. In the event that the audit firm loses its authorisation to audit or review the financial statements or to perform the assurance of the sustainability reporting, or circumstances occur that may result in the loss of these authorisations at such a moment that there is a real risk of losing these authorisations in a way that prevents the audit firm from submitting the audit report or the review report or the report on attestation of sustainability reporting within the agreed period and the Company's publication of a periodic report, the Emergency procedure for selecting a new audit firm shall be implemented.
4. The emergency procedure for the selection of a new audit firm includes mechanisms that allow the audit, the review or the assurance to be completed in time allowing for the publication of the periodic report by the Company in accordance with applicable regulations, including the following activities:
 - a) immediate, i.e. within three business days, collection by the Company of offers from other audit firms, including in particular from the entities referred to in § 3 section 1 letter b);

- b) in order to ensure the possibility of immediate submission of the offer, together with its submission, it is allowed for the audit firm to submit a general written statement that it meets the formal and substantive requirements set out in the inquiry and that it is able and will provide at a later date all required information, statements, documents, etc. The selection of the offer in this case takes place on the condition that the above-mentioned documents in accordance with the declaration;
 - c) submission by the Company to the Audit Committee of a list of the offers collected;
 - d) joint discussion by the Audit Committee and the Supervisory Board of the collected offers and selection of a new audit firm.
5. In the event that the loss of the audit firm's authorisation to audit or review the financial statements or to perform the assurance of the sustainability reporting, or circumstances that may result in the loss of such authorisation occur outside the period of performing financial reporting activities, the Audit Committee shall assess whether it is necessary to implement the Emergency Mode for selecting a new audit firm. In the absence of this, the Ordinary Mode for selecting the audit firm described in this Procedure is implemented.
 6. After selecting a new audit firm, the Audit Committee and the Supervisory Board provide the Management Board with recommendations as to the steps to be taken towards the audit firm with which the original agreement was concluded, in particular and taking into account Article 66 section 7 of the Accounting Act, as to the termination of the agreement and the enforcement of other rights under the agreement.
 7. Unless specific solutions specific to the Emergency Selection Mode are reserved in this Procedure, the provisions of the Procedure for the Regular Selection Mode shall apply.

§ 7

[Selection by the Supervisory Board and conclusion by the Company of an agreement with the Authorized Entity]

1. After reviewing the Recommendation of the Audit Committee, the Supervisory Board of the Company, subject to §3 section 3, adopts a resolution on the selection of the Authorized Entity.
2. If the Supervisory Board makes a decision regarding the selection of an audit firm that deviates from the recommendations of the Audit Committee, the Supervisory Board justifies the reasons for not following the recommendation of the Audit Committee and communicates such justification to the General Meeting.
3. Technical and organizational activities related to the organization of the procedure and the conclusion of the contract with the selected Authorized Entity are carried out by the Management Board of LPP S.A.
4. The agreement for the audit of financial statements is concluded on a date enabling the audit firm to participate in the stock-taking of significant assets. The preceding sentence does not apply to the Emergency Selection Mode. In the case of a statutory audit within the meaning of Article 2 section 1 of the Act on auditors, the first contract for the audit of financial statements is concluded with an audit firm for a period of not less than two years, with the possibility of extension for further periods of at least two years.
5. The agreement shall also include the following provisions:
 - a) indication of the need for the certified auditor to participate in meetings of the Supervisory Board of the Company, as well as (if necessary) the General Meeting of the Company,
 - b) obliging the audit firm to provide the Company with periodic information on the occurrence of circumstances that may result in its loss of authorization to conduct the audit, giving rise to the risk of failure to submit the audit report or report on the review of the financial statement on time, respectively, including conclusions and findings from audits carried out by PANA affecting the possibility of continuing the implementation of the agreement,

- c) obliging the audit firm to submit the Transparency Report to the Audit Committee immediately after its preparation.
6. The Management Board of the Company concludes an agreement with the audit firm for performing the assurance of the sustainability reporting, while the cost of the assurance process shall be incurred by the Company.
7. If the Company uses state aid in a given period, the Supervisory Board of the Company, in its resolution, should take into account the need to extend the scope of the audit to include matters related to the accuracy of the state aid received and the implementation of restructuring plans.
8. The costs of the proceedings and the audit shall be borne by the Company.
9. The termination of the contract for the audit of financial statements, the contract for the audit of consolidated financial statements and the contract for assurance of the sustainability reporting is only possible if justifiable grounds exist, whereas the following circumstances are particularly regarded as justifiable grounds:
 - a) the occurrence of the events that prevent the compliance with the requirements defined in:
 - the regulations concerning conducting the audit or the assurance procedure of sustainability reporting, as appropriate;
 - the principles of professional ethics;
 - the regulations concerning independence;
 - the national professional standards;
 - b) the failure to comply with the terms of the contract other than those resulting in a possibility of issuing a qualified opinion, an unfavourable opinion or a refusal to give an opinion;
 - c) transformation, ownership changes, organisational changes that justify a change of the audit firm or failure to perform the audit or the assurance of sustainability reporting as appropriate.
10. The Management Board of the Company and the audit firm shall immediately inform the Polish Audit Oversight Agency and the UKNF about the termination of the contract for the audit of financial statements or the contract for assurance of the sustainability reporting, providing the appropriate explanation of the reasons for the termination.
11. Any doubts regarding the interpretation of this Procedure shall be resolved by the Supervisory Board of the Company.
12. Any matters not settled in this Procedure shall be governed by the provisions of the generally applicable Polish law and the EU law, in particular the Act on Certified Auditors, the Accounting Act and Regulation 537.
13. In the event that a change occurs in the scope of the body authorised to select the Authorised Entity, the Company shall immediately notify the Polish Financial Supervision Authority thereof.
14. The UKNF Guidelines form an integral part of the Procedure.