

LPP

RESOLUTION
of the Supervisory Board of LPP SA
of 11 May 2018

on the evaluation of the Management Board's report on the operations of the Company's Capital Group in the financial year 2017 (comprising the Management Board's report on the Company's operations in the financial year 2017) 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 2017,
- the LPP SA Management Board's report on the operations of the Company's Capital Group in the financial year 2017 (incorporating the report on the Company's operations in the said period),
- the Management Board's resolution on the motion for the division of the Company's net profit generated in the financial year 2017,
- the auditor's report and opinion on the audit of the Company's financial statements for the financial year 2017,
- the statutory auditor's report and opinion on the audit of the consolidated financial statements of the Company's Capital Group for the financial year 2017,

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 2017, 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 indicates that the Management Board's report on the operations of the LPP SA Capital Group for 2017 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 2018, item 395, 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 recommends 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 2017.



**RESOLUTION
of the Supervisory Board of LPP SA
of 11 May 2018**

on the evaluation of the Company's financial statements for the financial year 2017 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 2017;
- the LPP SA Management Board's report on the operations of the Company's Capital Group in the financial year 2017 (incorporating the report on the Company's operations in the said period),
- the Management Board's resolution on the motion for the distribution of the Company's net profit generated in the financial year 2017;
- the statutory auditor's report and opinion on the audit of the Company's financial statements for the financial year 2017;

acknowledges that, in the opinion of the Supervisory Board, the Company's financial statements for the financial year 2017 are complete, accurate and contain data which exhaustively present the Company's position.

The Supervisory Board recommends that the Annual General Meeting of Shareholders should adopt the resolution approving the Company's financial statements for the financial year 2017.



**RESOLUTION
of the Supervisory Board of LPP SA
of 11 May 2018**

**on the evaluation of the consolidated financial statements of the LPP SA Capital Group
for the financial year 2017 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 2017;
- the LPP SA Management Board's report on the operations of the LPP SA Capital Group in the financial year 2017;
- the auditor's report and opinion on the audit of the consolidated financial statements of the LPP SA Capital Group for the financial year 2017;

acknowledges that, in the opinion of the Supervisory Board, the consolidated financial statements of the LPP SA Capital Group for the financial year 2017 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 2017.



**Resolution
of the Supervisory Board of LPP SA
of 11 May 2018
on the examination of the Management Board's motion for the distribution of the
Company's net profit generated in the financial year 2017**

Having reviewed the Management Board's motion for the distribution of the Company's profit generated in the financial year 2017, incorporated in the Resolution of the Management Board of 24 April 2018, the Supervisory Board recommends that the Annual General Meeting of Shareholders should adopt a resolution on the distribution of the Company's net profit generated in the financial year 2017, amounting to PLN 493 427 050. 71, as applied for by the Management Board, i.e. as follows:

- PLN 73 342 480 (seventy three million three hundred forty two thousand four hundred and eighty Polish zlotys) to be allocated among the shareholders as dividend,
- the remaining amount of net profit, i.e. PLN 420 084 570. 71 (four hundred twenty million eighty four thousand five hundred and seventy Polish zlotys 71/100) to be excluded from distribution and appropriated for the Company's supplementary capital.

At the same time, the Supervisory Board gives its positive opinion on setting the dividend date (i.e. the date of determining the list of shareholders eligible for the dividend) at 24 August 2018 and the dividend payment date at 14 September 2018.



RESOLUTION
of the Supervisory Board of LPP SA
of 11 May 2018

on the comprehensive evaluation of the Company's position in 2017, 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 and (iv) evaluation of the impartiality of the auditor auditing the financial statements of the Company and the LPP SA Capital Group

In the financial year 2017, LPP SA and its Capital Group generated the best results in their history and, first of all, managed to increase the turnover as never before in the 27-year period of operations. In particular, it worth mentioning that revenues increased by almost 17%, exceeding in 2017 the amount of PLN 7 bln, and that the net profit was generated in the amount of PLN 441 mln, i.e. by 150% more than a year before.

In the same year, the Company opened its flagship Reserved store in London, on a demanding British market, and had its debut on Serbian and Belarussian markets. The chain of stores comprises 1743 stores available in 20 countries in Europe and the Middle East, of an area jointly exceeding 1 million m². In 2018, it is planned to open stores selling the goods of LPP SA in Kazakhstan, Slovenia and Israel. The year 2017 was a breakthrough for the Company's operations also due to an enormous increase in online sales. During the financial year 2017, e-commerce sales doubled, reaching PLN 361 mln, i.e. 5.1% of the Group's sales. The online stores of LPP's brands operate on 11 European markets (in 2017, online stores were launched in Lithuania, Latvia and Estonia), and five new stores are planned to be launched in 2018.

In 2017, the Company and its Capital Group generated the sales of goods totalling PLN 7 005 440 thousand, increasing it by 16.8% compared to the previous year. Approx. 170 mln pieces of clothing were sold. A dynamic increase in the Group's revenues was generated owing to larger space, positive LFL (+10%) and high dynamics of online sales. In 2017, the Capital Group generated a net profit of PLN 440 851 078. 26, i.e. by approx. 152% more than in 2016 (approx. PLN 175 mln). The stores' retail space was increased by approx. 80 thousand m² (approx. 8.7%). At the end of 2017, the total area of retail stores of the entire LPP SA Capital Group reached approx. 1 000.6 thousand m², of which approx. 486.6 thousand m² outside Poland. Apart from the above-mentioned flagship Reserved store in London, there were opened, among others, three new stores on the German market (Berlin, Hamburg and Cologne). A gross margin on the sales of goods increased to 52.9%, i.e. by 4.2 p.p.

The LPP SA Capital Group maintained a conservative liability management policy aiming at maintaining a safe financing structure, i.e. keeping over 50% share of equity capital in liabilities (at the

end of 2017, the share of equity capital in liabilities was 58%, with equity capital totalling PLN 2 443 million). The LPP SA Capital Group finances its operations also with liabilities owed to suppliers (aiming at the prolongation of the liabilities repayment cycle) and using credit facilities – investment credits and working capital loans. At the end of 2017, credit facilities amounted to PLN 198 mln, i.e. PLN 312 mln less than compared to the end of the previous year.

In 2017, the equity capital increased by 21.7% mainly owing to the transfer of the generated profit to equity. Long-term liabilities decreased by 19.3%, and short-term liabilities increased by 19.6% compared to 2016.

In 2017, capital expenditures (CAPEX) reached PLN 441 mln, i.e. 62% more compared to 2016, mainly owing to capital expenditures incurred for developing retail stores in Poland and abroad.

In order to ensure compliance with security principles and human rights in plants manufacturing goods for LPP, in 2017, the Company concluded a contract with SGS, an auditor supervising and monitoring such compliance on its behalf.

In conclusion, the Supervisory Board acknowledges that the overall position of the Company in 2017 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 and the information provided by the Audit Committee. 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 statutory auditor auditing the financial statements of the Company and the LPP SA Capital Group. In the opinion of the Supervisory Board, the statutory 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, Articles 69-73 of the Act of 11 May 2017 on Statutory Auditors, Audit Companies and on Public Supervision (Journal of Laws of 2017, item 1089, as amended).



RESOLUTION
of the Supervisory Board of LPP SA
of 11 May 2018
on the approval of the Supervisory Board's report on its activity in the financial year 2017

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

REPORT OF THE SUPERVISORY BOARD
ON ITS ACTIVITY IN THE FINANCIAL YEAR 2017

On 31 December 2017, the Supervisory Board was composed of the following persons:

- Jerzy Lubianiec - Chairman of the Supervisory Board,
- Wojciech Olejniczak – Vice-Chairman of the Supervisory Board,
- Magdalena Sekuła,
- Piotr Piechocki,
- Antoni Tymiński,
- Miłosz Wiśniewski.

From 1 January 2017 to 20 October 2017, the Supervisory Board of LPP SA was composed of the following persons:

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

In 2017, the Supervisory Board of LPP SA adopted the following resolutions:

1. on 1 March 2017 – on the adoption of a plan for, and the scope of responsibilities of, the Supervisory Board for the financial year 2017 in their capacity as the Audit Committee;
2. on 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;
3. on 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;

4. on 15 May 2017 – on the evaluation of the consolidated financial statements for 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;
5. on 15 May 2017 – on the examination of the Management Board's motion for the distribution of the Company's net profit generated in the financial year 2016;
6. on 15 May 2017 – on the comprehensive evaluation of the Company's standing in 2016, 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 statutory 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;
7. on 15 May 2017 – on the approval of the report on performance by the Supervisory Board of LPP SA of the duties of the Audit Committee in 2016;
8. on 15 May 2017 – on the approval of the Supervisory Board's report on its activity in the financial year 2016;
9. on 15 May 2017 – on the evaluation of performance by the Company of 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;
10. on 15 May 2017 – on the evaluation of the rationale for the Company's charity and sponsorship policies in 2016;
11. on 15 May 2017 – on their opinion on issues to be the subject matter of resolutions of the Annual General Meeting of Shareholders;
12. on 15 May 2017 – on the appointment of an entity to audit the Company's financial statements and the consolidated financial statements for the financial year 2017;
13. on 15 May 2017 – on their opinion on the proposed incentive programme for the Company's key management officers and on the allocation of treasury shares previously acquired for that purpose;
14. on 15 May 2017 – on the granting of a consent for establishing a registered pledge on registered shares, for their exchange for bearer shares and the sale of registered shares;
15. on 21 August 2017 – on the granting of a consent for subscribing to shares in the company;
16. on 27 September 2017 – on determining the remuneration of members of the Company's Management Board;
17. on 27 September 2017 – on the approval of the report on the Supervisory Board's activity as the Audit Committee from 1 January 2017 to 27 September 2017;
18. on 27 September 2017 - on their opinion on issues to be the subject matter of resolutions of the Extraordinary General Meeting of the Company;
19. on 27 September 2017 – on the adoption of the Regulations of the Incentive Programme for the Company's key management officers;
20. on 20 October 2017 – on the appointment of the Audit Committee;
21. on 20 October 2017 – on the composition of the Audit Committee;

22. on 30 October 2017 – on the evaluation of fulfilment of independence criteria by members of the Supervisory Board;
23. on 30 October 2017 - on the appointment of the Chairman of the Supervisory Board;
24. on 30 October 2017 - on the appointment of the Vice-Chairman of the Supervisory Board;
25. on 30 October 2017 - on the adoption of a policy for appointing an audit company for auditing purposes;
26. on 30 October 2017 – on the adoption of a policy for the provision of permitted non-audit services by an audit company carrying out an audit, entities affiliated with an audit company and by a member of the audit company's network;
27. on 30 October 2017 – on the adoption of a procedure for appointing an audit company;
28. on 30 October 2017 on the adoption of the Regulations for the Audit Committee;
29. on 30 October 2017 – on the granting of a consent for the acquisition of shares in an English law company;
30. on 30 October 2017 – on the granting of a consent for the acquisition of shares in a Serbian law company;
31. on 30 October 2017 - – on the granting of a consent for the acquisition of shares in a Kazakh law company;
32. on 30 October 2017 - – on the granting of a consent for establishing a registered pledge on registered shares, a consent for exchanging them for bearer shares and for the sale of registered shares.

By 20 October 2017, the Supervisory Board did not have any separate committees, and performed, as a whole, the duties of the audit committee. The Audit Committee was separated (appointed) as of 20 October 2017 and was composed of the following persons:

- Jerzy Lubianiec,
- Piotr Piechocki,
- Magdalena Sekuła (as independent member),
- Antoni Tymiński (as independent member),
- Miłosz Wiśniewski (as independent member).

In 2017, the Supervisory Board's meetings were held four times, with one vote cast in writing or using means of direct remote communication. In 2017, there was one meeting of the full Audit Committee.

As at 31 December 2017, there were three independent members in the Supervisory Board (Mrs Magdalena Sekuła, Mr Antoni Tymiński and Mr Miłosz Wiśniewski). From 1 January 2017 to 20 October 2017, there were two independent members (Mr Maciej Matusiak and Mr Krzysztof Olszewski).

The Supervisory Board gives a positive opinion on their activity in the financial year 2017.

The Supervisory Board requests that the Annual General Meeting of Shareholders approve the Supervisory Board's report on their activity in 2017 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,
- Piotr Piechocki,
- Magdalena Sekuła,
- Antoni Tymiński,
- Miłosz Wiśniewski,

for performing their duties as Supervisory Board members in 2017.

The Supervisory Board has made a self-evaluation of its work. Following such evaluation, the Supervisory Board states that the Board has performed all duties set forth in the provisions of law and the Company's internal regulations. Additionally, at meetings held, the Board analysed the Company's position on an ongoing basis and supported the Management Board in day-to-day operations. Therefore, The Supervisory Board gives a positive opinion on their activity in the financial year 2017.



RESOLUTION
of the Supervisory Board of LPP SA
of 11 May 2018

**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) and the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC of 16 April 2014 (Official Journal of the European Union L, No 173, page 1) ("MAR"). 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 2016" (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.

In 2017, the Management Board of LPP SA did not change the said statement.

The Management Board of LPP SA declared that, in 2017, the Company and its governing bodies complied with recommendations and detailed principles provided for in the new “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.

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 comprises 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 its compliance with corporate governance principles.



RESOLUTION
of the Supervisory Board of LPP SA
of 11 May 2018
on the evaluation of the rationale for the charity and sponsorship policy followed by the
Company in 2017

The Supervisory Board of LPP SA positively assesses the charity and sponsorship policy followed by the Company in 2017 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 1996-2017, the value of donations made by LPP SA in the said form totalled approx. PLN 19 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.

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 have continued 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. 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 to 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 2017, LPP SA continued, as partner, its cooperation with the Orphans Fund, providing funds for scholarships addressed to 42 programme beneficiaries.

Since September 2016, LPP SA has taken part in the Fur Free Retailer campaign. Starting from the AW 2016 season, collections of all brands are 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 the second half of 2017, actions were initiated by LPP SA with the aim of establishing a foundation to coordinate and pursue a major part of charity activities financed by the Company.

In 2017, in the Company, there was a separate position of 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.

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.

LPP

RESOLUTION
of the Supervisory Board of LPP SA
of 11 May 2018
on the granting of an opinion on issues to be the subject matter of resolutions of the
Annual General Meeting of Shareholders

The Supervisory Board gives the following opinion on matters to be examined by the Annual General Meeting of Shareholders in 2018.

The Supervisory Board of LPP SA, having reviewed the Management Board's motion of 24 April 2018 to give an opinion on issues 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 2018, item 395, 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 2018, item 395, 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 of the agenda stems from the duty stipulated in Article 393 § 3 of the CCC and § 33.1.8 of the Company's Articles of Association and concerns the granting of a consent for the sale of an organised part of the enterprise of LPP SA, currently operating under Promostars brand, by contributing it in kind to the company operating under business name Amur spółka z ograniczoną odpowiedzialnością with its registered office in Gdańsk or another special purpose vehicle in which LPP SA will be a sole shareholder. The Supervisory Board recommends that a consent be granted for contributing the organised part of the enterprise of LPP SA, operating under Promostars brand, in kind to a subsidiary of LPP SA.
11. Item 14 of the agenda stems from Article 430 § 1 of the CCC and § 33.1.6 of the Articles of Association of LPP SA and concerns amendments to the Company's Articles of Association. The first amendment relates to a change of the Company's financial year. The second amendment relates to the annulment of the limitation to exercise voting rights by shareholders and waives personal rights held in that respect by Marek Piechocki and Jerzy Lubianiec. The Supervisory Board recommends that the resolutions be adopted in the proposed wording.
12. Item 15 of the agenda: the Supervisory Board recommends 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.
13. Item 16 on the agenda is of procedural nature.

LPP

**RESOLUTION
of the Supervisory Board of LPP SA
of 11 May 2018**

on giving an opinion on the proposed incentive programme for the Company's key management officers and on the allocation of treasury shares previously acquired for the said purpose

The Supervisory Board gives its positive opinion and recommends that the Annual General Meeting of the Company should adopt an incentive programme for the Company's key management officers, based on the Company's treasury shares acquired in 2008, which were allocated for the implementation of the incentive programme by Resolution no 22 of the Annual General Meeting of LPP SA of 17 June 2016 on the change of the designation of treasury shares acquired by the Company in 2008. These treasury shares were not used for implementing the incentive programme adopted by Resolution no 23 of the Annual General Meeting of LPP SA of 17 June 2016 due to the fact that the prerequisites for acquiring the rights in question had not been met. Consequently, these shares may be used for implementing another programme.

The work of key management officers of the Company has and will have a major impact on the Company's operations, its goodwill and the value of shares held by shareholders. In order to create incentives and mechanisms motivating such persons to effectively manage the Company and entities in the Company's capital group, ensuring a long-term growth of the Company's goodwill, and taking into consideration the need for stability of the Company's key management officers, and considering the fact that current incentive programmes for the Company's key management officers have been completed, the Supervisory Board recommends that a new incentive programme for the Company's key management officers be adopted, based on the following assumptions:

1. The Incentive Programme shall be implemented in the financial years 2018 - 2019. In 2019, the shares in the Company shall be acquired provided that the Programme Participants meet the prerequisites of the Programme.
2. Under the Programme, the Programme Participants fulfilling the terms and conditions stipulated in the Programme Regulations shall obtain the right to acquire the Company's shares from the Company, at a price equal to the nominal value thereof. The maximum number of shares covered by the Programme shall be 855.
3. The terms and conditions for obtaining the right, referred to in section 2 above, by the Programme Participants shall be set forth by the Supervisory Board, and they shall involve: (i) the attainment

of a certain level of operating profit of the LPP SA Capital Group for the financial year or a specific level of an increase in operating profit of the LPP SA Capital Group as compared to previous financial years (EBIT VALUE INCR index), or (ii) a decrease in operating expenses versus sales (decrease in OPEX/SLS index). In the Regulations for the incentive programme, referred to in section 6, the Supervisory Board shall determine a detailed bonus plan for the Programme Participants depending on the realisation by the LPP SA Capital Group of (i) operating profit of the LPP SA CG, generated in 2018, an increase in operating profit – an increase in EBIT VALUE INCR index, a decrease in operating expenses versus sales – a decrease in OPEX/SLS index.

4. The specific number of shares designated for acquisition by the Eligible Persons shall be determined by the Supervisory Board of the Company, with the reservation that that their total number may not exceed 855 shares in the Company.
5. The Eligible Persons shall be entitled to exercise their rights to acquire the Company's shares if the terms and conditions for obtaining the said right are met and there are no grounds for losing the right to participate in the Programme.
6. The detailed regulations of the Incentive Programme shall be set forth by the Supervisory Board.