

**“RESOLUTION
of the Supervisory Board of LPP SA
of 10 April 2019**

on the evaluation of the Management Board’s report on the operations of the Company’s Capital Group in the financial year 2018 (comprising the Management Board’s report on the Company’s operations in the financial year 2018) 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 2018,
- the LPP SA Management Board’s report on the operations of the Company’s Capital Group in the financial year 2018 (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 2018,
- the auditor’s report and opinion on the audit of the Company’s financial statements for the financial year 2018,
- 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 2018,

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 2018, incorporating the Management Board’s report on the Company’s operations in the said period, is complete and 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 2018 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 2019, item 351, as amended) and § 71 subparagraph 8 of the Regulation of the Minister of Finance of 29 March 2018 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 2018, item 757, 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 2018.

The Supervisory Board gives its opinion based on the results of the analysis of documents specified above and on the effects of works of the Audit Committee of the Supervisory Board of LPP SA and the Supervisory Board itself. In consideration of these activities, it may be acknowledged that the report of the Management Board on the operations of the Company’s Capital Group in the financial

year 2018 is complete and accurate and contains data which exhaustively present the Company's position."

**“RESOLUTION
of the Supervisory Board of LPP SA
of 10 April 2019**

**on the evaluation of the Company’s financial statements for the financial year 2018 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 2018;
- the LPP SA Management Board’s report on the operations of the Company’s Capital Group in the financial year 2018 (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 2018;
- the statutory auditor’s report and opinion on the audit of the Company’s financial statements for the financial year 2018;

acknowledges that, in the opinion of the Supervisory Board, the Company’s financial statements for the financial year 2018 are complete and 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 2018.

The Supervisory Board gives its opinion based on the results of the analysis of documents specified above and on the effects of works of the Audit Committee of the Supervisory Board of LPP SA and the Supervisory Board itself. In consideration of these activities, it may be acknowledged that the Company’s financial statements in the financial year 2018 are complete and accurate and contain data which exhaustively present the Company’s position.”

**“RESOLUTION
of the Supervisory Board of LPP SA
of 10 April 2019**

**on the evaluation of the consolidated financial statements of the LPP SA Capital Group
for the financial year 2018 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 2018;
- the LPP SA Management Board’s report on the operations of the LPP SA Capital Group in the financial year 2018;
- the auditor’s report and opinion on the audit of the consolidated financial statements of the LPP SA Capital Group for the financial year 2018;

acknowledges that, in the opinion of the Supervisory Board, the consolidated financial statements of the LPP SA Capital Group for the financial year 2018 are complete and 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 2018.

The Supervisory Board gives its opinion based on the results of the analysis of documents specified above and on the effects of works of the Audit Committee of the Supervisory Board of LPP SA and the Supervisory Board itself. In consideration of these activities, it may be acknowledged that the consolidated financial statements of the Company’s Capital Group in the financial year 2018 are complete and accurate and contain data which exhaustively present the Company’s position.”

**“RESOLUTION
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on the comprehensive evaluation of the Company's position in 2018, including in particular: (i) evaluation of the financial reporting process, (ii) evaluation of the internal control system, internal audit and the 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

The financial year 2018 was yet another successful year for LPP SA and its Capital Group. Compared to 2017, which was also very successful, sales increased by 14%, reaching over PLN 8 bln. The Company remains a sales leader on the Polish market. The Group closed 2018 having traditional retail stores in 23 countries on 3 continents and online stores on 11 markets. Products are offered in 1 765 brand stores with total space of 1 091.3 thousand m². Outside Poland, there were 806 stores (with retail space of 561.8 thousand m²). Compared to 2017, the total retail space increased by 9.1%.

Last year, the LPP SA Capital Group had its debut on three new markets – in Israel, Slovenia and Kazakhstan.

Revenues from sales in LFL stores (in local currencies) increased in 2018 by 7.2%. Positive LFLs were recorded in 2018 in all brands, except Mohito. The largest (two-digit) LFLs were generated by the House brand. The largest (two-digit) LFL results were generated in countries such as Romania, Ukraine, Hungary, Lithuania, Russia and Latvia.

In 2018, from online sales, the LPP Group gained revenues of PLN 712 mln - an increase of 97.3 % compared to the preceding year. High two-digit increases in online sales result from the development of e-stores abroad, marketing expenses and changes in domestic customers' habits (Sunday trading restrictions). In 2018, revenues from online sales constituted 8.8% of the LPP Group's sales and 10.2% of LPP SA's revenues. Approx. 61% of online sales were generated domestically.

In 2018, increased sales resulted in the increase in operating costs of the LPP Capital Group by 13.9%, mainly due to the increase in head office costs arising from increased costs of logistics, e-commerce and marketing. In 2018, CAPEX amounted to PLN 798 mln, of which PLN 490 mln were allocated for the construction of new brand stores and modernization of existing stores. PLN 75 mln PLN were allocated for the construction and extension of office space. Investment outlays for logistics purposes due to the extension of the existing distribution centre in Pruszcz Gdański and the commencement of a new investment comprising a new distribution centre in Brześć Kujawski amounted to PLN 179 mln. Due to the fact that the LPP Group applies to a major extent its own IT solutions, IT expenses reached PLN 53 mln. Total CAPEX in 2018 were higher by 81.0% compared to 2017. The said increase resulted from investments for the extension of our brand stores, head offices and the distribution centre.

The Group applies a centralised liquidity management model: the Parent Company (LPP SA) purchases goods and distributes them to subsidiaries and, next, subsidiaries pay the parent

company for those goods in a local currency. LPP SA is vested with decision-making capacities in terms of the flow of receivables, foreign currency exchange and the incurring of financial liabilities.

LPP has multi-purpose credit lines in 7, which totalled PLN 1.3 billion at the end of 2018. The said credit lines are utilised for banking guarantees, letters of credit for trade financing or as a revolving loan. At the end of 2018, amounts used based on specific products of the said credit lines of LPP were, respectively: PLN 145.7 mln, PLN 361.8 mln, PLN 78 mln.

At the same time, our two subsidiaries of LPP SA (Russian and Ukrainian) utilise credit lines extended by local banks. At the end of 2018, their value and consumption (converted to PLN) were, respectively: PLN 225 mln and PLN 119 mln.

Additionally, the Group uses a supplier financing programme (reversed factoring), which was utilised at the end of 2018 in the amount of PLN 552 mln.

Furthermore, we have a long-term debt to finance the extension of the logistics centre and the head office.

At the end of 2018, the Group had PLN 1 045 mln in cash, and, after deducting the credit debt, it had PLN 753 mln compared to PLN 316 mln a year ago.

In 2018, the LPP SA Capital Group maintained a quite 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 2018, the share of equity capital in liabilities was 53.2%, with equity capital totalling PLN 2 861 million). The LPP SA Capital Group finances its operations also with liabilities owed to suppliers (by prolonging the liabilities repayment cycle). Furthermore, the Company utilised bank loans, investment credit facilities and working capital loans.

As mentioned above, the increase by 14.5% in sales revenues compared to the previous year was achieved owing to very goods sales through both channels: traditional stores (specifically Reserved and Sinsay) and e-commerce. The increase in sales in traditional stores resulted from increased retail space (by 9.1% y/y) and positive LFLs. In 2018, the trade margin increased to 54.7%, i.e. by 1.7 pp compared to 2017 as a result of advantageous foreign exchange trends and highly appreciated collections of the majority of our brands. Operating costs increased in 2018 by 13.9%, with growth values lower than the increase in sales revenues. Additionally, in 2018, other net operating income had a less favourable impact y/y due to provisions. As regards financial activity, in 2018, the Group recorded increased financial costs compared to the previous year mainly due to foreign exchange differences. Consequently, in 2018, the Group generated net profit of PLN 505 176 thousand, i.e. 14.6% higher y/y/ and the largest in history.

In 2018, the Company made an important decision on the extension of warehouse space and the construction of a new distribution centre in Brześć Kujawski, of a total area of approx. 100 thousand m². Ultimately, in 2022, it is planned that the centre will employ approx. 1 000 people. Additionally, the Company made a decision to launch, at the end of 2019, a warehouse in Romania (near Bucharest), dedicated for logistics services for online sales of all brands owned by the LPP Group. The warehouse will ultimately handle orders from the entire South-East Europe.

In conclusion, the Supervisory Board acknowledges that the overall position of the Company in 2018 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 of LPP SA acknowledges that it had no reservations regarding the financial reporting procedures covering the financial year 2018. The Board emphasises that 2018 was the year of preparation for implementing a centralised SAP system and adjusting operations and the organisational structure (specifically Controlling, Finance and Accounting Departments) for implementation purposes. In the opinion of the Supervisory Board, the effects of those activities are adequate.

In 2018, the Supervisory Board, also through its Audit Committee and in cooperation with the auditing company, focused on analysing and supervising the following areas of risk in the financial reporting procedures, considered by the Board as specifically important: (i) risks arising from the tax audit procedure involving settlement of CIT for the years 2011 - 2013 in relation to licence fees paid by LPP SA to Gothals Ltd (specifically, in consideration of the course of tax audit procedures and their impact on provisions made by the Company), (ii) risks arising from changes in taxation of foreign income of controlled foreign companies (CFC) in terms of the impact of revenues of Gothals Ltd on the taxable base of LPP SA, (iii) rules for measurement of inventory, (iv) risks arising from the specific nature of e-commerce sales (mainly calculation of the provision for product returns), (v) impairment losses on stores generating negative financial results, (vi) measurement of the value of shares in subsidiaries, (vii) settlements concerning the incentive programme for key management officers of the LPP SA Capital Group, (viii) implementation of amended IFRS 9 and 15 standards.

The Supervisory Board analysed also initiated preparations to implement the change of the financial year in line with the resolution of the General Meeting of Shareholders of LPP SA, dated 25 May 2018, which, however, will have a greater impact on financial reporting procedures covering the financial year commencing on 1 January 2019.

In consideration of its needs and the specific nature of its operations, the LPP Group has an internal control system aiming at ensuring:

- complete revenue invoicing,
- adequate cost control,
- effective utilisation of resources and assets,
- accuracy and reliability of financial information in financial statements and interim reports,
- adequate protection of sensitive data and prevention of uncontrolled outflow of information from the company,
- effective and prompt identification of arising irregularities,
- identification of, and appropriate response to, major risks.

Elements of the internal control system in our Company include:

- control activities taken at all levels and in all departments of the Company, based on procedures (permits, authorizations, verifications, reconciliation, review of operational activities, distribution of duties) ensuring compliance with guidelines of the Company's Management Board and, at the same time, enabling to identify and take actions necessary to identify and minimise errors and threats for the Company,
- Workflow Guide - proper records and documentation circulation control system (to ensure compliance of account records with accounting evidence),
- suitably qualified controlling personnel,
- division of duties excluding a possibility that one employee performs activities associated with execution and documentation of a business transaction from the beginning to the end,
- inventory manual, specifying the rules for the utilisation, storage and stock-taking of assets,
- principles for balance sheet amortisation of intangible and tangible fixed assets,
- IT system - in 2018, the Company's accounting books were kept in AWEK, a computerised Integrated Enterprise Management System. From 1 January 2019, the Company's accounting books have been kept using SAP, thus ensuring credibility, reliability and accuracy of information processed. Access to SAP information resources is limited to authorised personnel, for performance of their duties only.
- the accounting policy recognising the principles of the International Accounting Standards and International Financial Reporting Standards (IAS/IFRS) and related interpretations published in the form of implementing regulations of the European Commission,
- the electronic system for document processing (invoices, elements of employee documentation, commissioning of equipment purchases, payment orders, etc.).

The auditing of financial statements by an independent statutory auditor is the basic element of internal control in the process of preparing the Company's financial statements, both separate and consolidated.

The statutory auditor is appointed by LPP's Supervisory Board, in due consideration of recommendations of the Audit Committee. The tasks of the independent auditor include reviewing semi-annual statements and auditing annual financial statements, controlling their accuracy and compliance with accounting principles.

Three departments are responsible for preparing the financial statements, i.e. Accounting, Finance and Investor Relations Departments headed, respectively, by the Chief Accountant, the Chief Financial Officer and the Investor Relations Manager. Before submitting financial statements to the independent statutory auditor, the Chief Financial Officer, responsible for the financial reporting process on behalf of the Management Board, verifies them for completeness and correctness of all economic events.

In LPP SA, the strategy and business plan performance are reviewed semi-annually. This is due to cycles occurring in the clothing trade. After closing the first half of the year, senior and middle management staff, with the participation of the finance department, review the Company's financial results. The operating results of the Company, individual trading departments or even individual stores are analysed each month.

Internal audit of, and closely related risk management in, financial reporting processes are matters of daily interest for the Management Board of our Company. The LPP SA Group analyses business risk factors related to company operations. An important role in this respect is also played by management staff responsible for controlling the activities of their departments, including identification and assessment of risks associated with the process of preparing financial statements in an accurate, reliable and lawful manner.

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 information provided by the Audit Committee and the key statutory auditor (team members of the auditing company auditing and reviewing the financial statements). The said reports did not provide for any significant threats to the Company's operations.

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 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).

The Supervisory Board assessed also the Company's financial reporting process in 2018, without making any reservations concerning performance by the Company of financial reporting duties."

**“RESOLUTION
of the Supervisory Board of LPP SA
of 10 April 2019**

on the approval of the Supervisory Board’s report on its activity in the financial year 2018

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

**REPORT OF THE SUPERVISORY BOARD
ON ITS ACTIVITIES IN THE FINANCIAL YEAR 2018**

From 1 January 2018 to 31 December 2018, 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.

In 2018, the Supervisory Board had one separate committee, i.e. the Audit Committee composed of the following persons:

- Jerzy Lubianiec – Vice-Chairman of the Audit Committee
- Piotr Piechocki,
- Magdalena Sekuła (as independent member),
- Antoni Tymiński – Chairman of the Audit Committee (as independent member),
- Miłosz Wiśniewski (as independent member).

Mrs Magdalena Sekuła, Mr Antoni Tymiński and Mr Miłosz Wiśniewski met independence criteria set forth in Article 129 (3) of the Act of 11 May 2017 on Statutory Auditors, Audit Companies and Public Supervision (Journal of Laws of 2017, item 1089, as amended), the “Best Practice for GPW Listed Companies 2016” and appendix II to the Commission Recommendation of 15 February 2005 on the

role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board.

Two members of the Supervisory Board and the Audit Committee have branch-specific knowledge and skills – Mr Jerzy Lubianiec (he used to act as President of the Management Board of LPP SA and has acted for many years as Chairman of the Supervisory Board of LPP SA) and Mr Piotr Piechocki (he worked for LPP SA and used, among others, to manage the Company's e-commerce department).

Furthermore, two persons have knowledge and skills in the area of accounting and the auditing of financial statements – Mr Antoni Tymiński (a licensed statutory auditor entered on the list of the Polish Chamber of Statutory Auditors; he gained experience as partner at Pricewaterhouse Coopers and manager at Deloitte&Touche, responsible for auditing financial statements) and Mr Miłosz Wiśniewski (who has knowledge and skills gained while he was Finance Director at Cereal Partners Worldwide and Boryszew SA). In the financial year 2018, the Audit Committee performed its duties set forth in the provisions of law, specifically in Article 130 paragraphs 1 and 2 of the Act of 11 May 2017 on Statutory Auditors, Audit Companies and on Public Supervision.

In 2018, seven meetings of the Supervisory Board were held – four meetings at which its members were present in person at the meeting's venue and three votings in writing or using means of remote communication.

In 2018, the Audit Committee held seven meetings with all members present thereat (including one voting in writing).

The Supervisory Board analysed the Company's day-to-day operations and position as well as examined motions submitted by the Management Board.

The Supervisory Board gives a positive opinion on its activity in the financial year 2018.

The Supervisory Board requests that the Annual General Meeting of Shareholders approve the Supervisory Board's report on their activity in 2018 and grant discharge to the following members of the Supervisory Board:

- Jerzy Lubianiec,
- Wojciech Olejniczak,
- Piotr Piechocki,
- Magdalena Sekuła,
- Antoni Tymiński,
- Miłosz Wiśniewski

for performing their duties as Supervisory Board members in 2018.

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 its activity in the financial year 2018."

“RESOLUTION
of the Supervisory Board of LPP SA
of 10 April 2019

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 29 March 2018 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 2018, item 757) 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 provided for 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 Supervisory Board assesses that LPP SA properly fulfils its reporting duties related to the application of corporate governance principles.

The Management Board of LPP declares that, in 2018, the Company applied corporate governance principles attached as Enclosure to Resolution No 26/1413/2015 of the Board of the Warsaw Stock Exchange, dated 13 October 2016, titled “Best Practice for GPW Listed Companies 2016” (Corporate Governance Principles), published in a website dedicated to good practice for companies listed on the stock exchange Giełda Papierów Wartościowych w Warszawie SA, operated by Giełda Papierów Wartościowych w Warszawie SA, at website address: https://www.gpw.pl/lad_korporacyjny_na_gpw, except for:

- Recommendation IV.R.2 – conducting of a general meeting using electronic communication means (real-life broadcast of the general meeting, real-time bilateral communication, exercise of the right to vote during a general meeting either in person or by proxy).

The Company does not apply the said recommendation as its implementation would involve a technical risk. The giving to shareholders of an option to communicate in the course of the general meeting without being present at the meeting, using electronic communication means, involves both technical and legal hazards for the proper and efficient conduct of the general meeting. In particular, the above brings about a real risk of technical interference preventing continuous

bilateral communication with shareholders present in venues other than the meeting room. Therefore, the Company is unable to guarantee the reliability of technical infrastructure. At the same time, in the Company's opinion, the currently applicable rules for participation in general meetings facilitate the proper and effective exercise of rights attached to shares and sufficiently secure the interests of all shareholders. Furthermore, the Company has not been informed of any expectations of shareholders in respect of conducting the General Meeting of Shareholders using electronic communication means.

- Recommendation VI.R.1 – remuneration of members of the company's governing bodies and key managers should follow the approved remuneration policy.

The Company does not apply the said recommendation. The Company has not implemented any remuneration policy. However, LPP does not exclude future application of the said rule.

- Recommendation VI.R.2 – the remuneration policy should be closely tied 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.

The Company does not apply the said recommendation. The Company has not implemented any remuneration policy. However, LPP SA does not exclude future application of the said rule.

- Detailed principle I.Z.1.20 – display on a corporate website of an audio or video recording of a general meeting.

The Company does not apply the said principle. The Company does not plan to make an audio or video recording of a general meeting and display it on its website. In the Company's opinion, the manner in which general meetings have been documented so far ensures transparency of the Company's operations and safeguards the rights of all shareholders. In particular, the Company makes available the wording of resolutions adopted, in the form of current reports and website publications. Additionally, detailed data on voting results and objections, if any, raised against adopted resolutions are made available in the same form. Consequently, investors may obtain the knowledge of the material parts of, and matters discussed at, a general meeting. However, the Company does not exclude future application of the said principle.

- Detailed principle IV.Z.2. – companies should ensure publicly available real-time broadcasts of general meetings.

The Company does not apply the said principle. The Company does not plan to provide real-time broadcasts of general meetings. In the Company's opinion, the manner in which general meetings have been documented so far ensures transparency of the Company's operations and safeguards the rights of all shareholders. In particular, the Company makes available the wording of resolutions adopted, in the form of current reports and website publications. Additionally, detailed data on voting results and objections, if any, raised against adopted resolutions are made available in the same form. Consequently, investors may obtain the knowledge of the material parts of, and matters discussed at, a general meeting. However, the Company does not exclude future application of the said principle.

- Detailed principle VI.Z.4. – publishing, in the report on the operations, of a report on the remuneration policy.

The Company does not apply the said principle. The Company will not publish a report on its remuneration policy due to the fact that no such policy has been implemented. However, LPP SA does not exclude future application of the said principle.

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 of the Management Board on corporate governance. The said statement specifies in detail corporate governance issues and provides required information. 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 10 April 2019**

**on the evaluation of the rationale for the charity and sponsorship policy followed by the
Company in 2018**

The Supervisory Board of LPP SA positively assesses the charity and sponsorship policy followed by the Company in 2018 in terms of its rationale and adequacy.

The Company has implemented the Sustainable Development Strategy 2017-2019, with its part involving charity activities being transferred for implementation purposes to the LPP Foundation. The decision on the establishment of the Foundation was made in December 2017. The Foundation’s goal is community and environment protection activities. According to the CSR Strategy, charity and sponsoring activities are aimed, in particular, at projects covering:

- support for persons at risk of social exclusion to become self-dependent, mainly children and young people,
- in-kind aid and projects supporting the Company’s closest neighbourhood,
- innovative and ecological solutions in the textile industry.

PLN 1.5 mln was the value of funds and goods donated in 2018 for charity purposes in Poland, including 78 thousand pieces of clothing of a value of over PLN 1 mln, delivered to 108 non-governmental institutions. Over PLN 500 thousand were donated in cash mainly for employee volunteering projects, holiday trips for children in foster care and for supporting sports activities for children at risk of social exclusion.

As mentioned above, since 2018, in-kind and financial aid has been provided by the LPP Foundation, with its activities covering , in particular:

- in-kind support:

In 2018, in-kind donations of the value of PLN 1 033 274 were granted to 91 entities (77 541 pieces of clothing).

- financial support:

In 2018, the LPP Foundation supported 27 initiatives, having cooperated with 25 entities as part of the Foundation’s registered activities in 3 areas:

1. Counteracting social exclusion /local community
2. Healthcare
3. Ecology and environment protection

To reach the goal specified in point 1 above, in 2018, the LPP Foundation:

- organised summer holiday trips for children from poor families and in foster care,
- granted scholarships to beneficiaries of the Orphans' Fund,
- purchased educational materials and school equipment for Primary School no 65 in Gdańsk (in the direct neighbourhood of the Company's head office),
- supported the organisation of the "Christmas Tree in the Dolne Miasto district" – events for the local community in the district where the Company's head office is located,
- founded gifts for St. Nicolas Day for children from day care centres and provided funds for additional equipment for the said centres,
- supported the organisation of a Christmas Eve dinner for the poor,
- founded sports equipment and supported sports activities for children in foster care,
- provided funds for the renovation of, and additional equipment for, the Children's Homes which LLP helped to construct in previous years.

PLN 208 thousand were donated for those activities.

To reach the goal specified in point 2 above, in 2018, the LPP Foundation:

- purchased an air-conditioning device and beds for the Paediatric Haematology and Oncology Ward,
- provided funds for health care and psychological help for the beneficiaries of the Pomerania for Children Foundation,
- provided funds to support the Cancer Academy,
- purchased a rehabilitation bed for a beneficiary of the Gdańsk Foundation for Social Innovation,
- provided funds for the operation of a hospice for oncology patients,
- renovated the ceiling at the Anaesthesiology and Intensive Care Unit of the Copernicus Hospital,
- renovated and provided equipment for the cystic fibrosis outpatient clinic of the Polanki Children's Hospital in Gdańsk,
- provided funds for LPP employees and their family members suffering from serious illnesses.

PLN 257 048.28 were designated for the said activities.

To reach the goal specified in point 3 above, in 2018, the LPP Foundation:

- provided funds for dog care activities,
- provided funds for cat care activities,
- provided funds for taking care of wild animals.

PLN 20 thousand were designated for the said activities.

In 2018, LPP employees devoted 858 hours to help non-governmental organisations. For example, they decided to help an organization taking care of cats, i.e. *Pomorski Koci Dom Tymczasowy*, which planned a renovation of cat shelters during summer holidays in the Gdańsk Shipyard and the Nauta Shipyard in Gdynia. In two days, LPP volunteers painted, insulated and renovated over a dozen of cat shelters.

The most spectacular initiative of our employees was the renovation of a cystic fibrosis outpatient clinic of the Polanki Children's Hospital in Gdańsk in response to the hospital's request. Two female architects designed a comprehensive makeover of the clinic's interiors, while female employees of the LPP Servicing and Maintenance Department chose a subcontractor to perform major renovation works (tiles, flooring and wall removal; wall construction). Finally, a group of our volunteers painted the rooms, assembled furniture and cleaned consulting rooms.

Another major project was carried out at the Paediatric Anaesthesiology and Intensive Care Unit of the Copernicus Hospital. As part of the volunteering programme, the employees of LPP designed new ceiling images in 4 rooms to make sure that pictures and colours bring joy to children. Next, 13 volunteers installed special boards with printed designs on the hospital's ceilings.

Since July 2018, in cooperation with Reserved, the LPP Foundation is engaged in the project involving collection of textiles in 20 largest Reserved stores in Poland. All items collected are delivered by the LPP Foundation to the St. Brother Albert Aid Society operating night shelters all over Poland. Clothes are distributed to the homeless and people facing life distress. So far, we have succeeded to collect almost 500 kg of second-hand clothes.

In 2018, the LPP Group sponsored the following projects in the total amount of PLN 162 thousand.

- the "First Fitting"

A group of 10 people leaving foster homes in 2018 were trained by LPP employees how to find a job, write a CV or prepare for a job interview. Some of the participants were employed as interns in the LPP sales chain. The First Fitting project is LPP's investment in the development of young people at the beginning of their professional careers.

- In 2018, LPP became once again a strategic partner of the FETA International Street Theatre Festival. Every year, shows performed near the Issuer's head office attract thousands of viewers. This is one of the largest and most highly acclaimed festivals of this type in Europe. Our employees are engaged in preparing a show with the assistance of professional artists and are given a chance to perform before a great audience.
- LPP X Fashion Illustration / Across Europe with Best Fashion Illustration 2018

LPP SA became engaged as partner in the project encompassing an international exhibition of works of fashion illustrators — Across Europe with Best Fashion Illustration. In 2018, it was hosted by 5 Polish cities: Gdańsk, Cracow, Warsaw, Łódź and Wrocław. The exhibition comprised over 60 works of 40 outstanding fashion illustrators from all over the world, for example Milan, New York, Berlin, Tokio and Gdańsk, cooperating with key magazines and fashion houses. Among the exhibited works, there were also illustrations by Kasia Smoczyńska from the Reserved team.

- The Development Initiating Fund – LPP supports local intra-branch initiatives thus helping to promote social economy in the region and the development and professional approach of non-governmental organisation.
- LPP supported also the following initiatives: printing of a tourist guide for the Dolne Miasto district, organisation of the Children’s Day event in a hospital, organisation of the Great Bike Ride in Gdańsk and Pruszcz Gdański, organisation of a water sports event, organisation of a charity run.

Due to commencement of the development of a new distribution centre in Brześć Kujawski, the LPP Group has started cooperating with local community there. The LPP Group made endeavours, among others, to provide all first-year pupils with required school accessories, providing school starter kits for 135 children: a shoe bag, lunchbox, water bottle, school accessories, reflective band. Those kits were given at a special school ceremony for first-year pupils in October 2018.

In 2018, LPP SA provided gift cards of the value of PLN 29 900 to support the following organisation: the Anna Dymna Foundation, the Hospice Foundation, *Gdański Archipelag Kultury*, Dance SIC! Association, the Rural Homemakers Club in Loryniec, the Ingenium Theater Association.”

**“RESOLUTION
of the Supervisory Board of LPP SA
of 10 April 2019**

**on the examination of the Management Board’s motion for the distribution of the
Company's net profit generated in the financial year 2018**

Having reviewed the Management Board’s motion for the distribution of the Company's profit generated in the financial year 2018, incorporated in the Resolution of the Management Board of 25 March 2019, 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 2018, amounting to PLN 592 294 929.66 (five hundred ninety two million two hundred ninety four thousand nine hundred twenty nine Polish zlotys 66/100) as applied for by the Management Board, i.e. as follows:

- PLN 110 065 020.00 (one hundred ten million sixty five thousand and twenty Polish zlotys) to be allocated among the shareholders as dividend,
- the remaining amount of net profit, i.e. PLN 482.229.909,66 (four hundred eighty two million two hundred twenty nine thousand nine hundred and nine Polish zlotys 66/100) 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 18 June 2019 and the dividend payment date at 27 June 2019.”

**“RESOLUTION
of the Supervisory Board of LPP SA
of 10 April 2019**

**on the granting of an opinion on issues to be the subject matter of resolutions of the
Annual General Meeting of Shareholders**

In consideration of principle II.Z.11. of the “Best Practice for GPW Listed Companies 2016” and the motion submitted by the Company’s Management Board on 7 May 2019, the Supervisory Board of LPP SA with its registered office in Gdańsk hereby gives the following opinion on matters to be examined by the Annual General Meeting of Shareholders to be held on 7 June 2019.

The Supervisory Board of LPP SA acknowledges that the agenda of the Annual General Meeting of Shareholders to be held on 7 June 2019, proposed in the notice on convening the Meeting, is consistent with the provisions of the Commercial Companies Code, the Company's Articles of Association and its internal regulations.

Therefore, in reference to specific items put on the agenda proposed in the the notice on convening the Meeting, the Supervisory Board acknowledges that:

1. Item 1 to 3 on the agenda are exclusively procedural and necessary for the proper organisation of the General Meeting.
2. Item 4 on the agenda stems 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. The Supervisory Board has already adopted resolutions specified in the said item of the agenda.
3. Item 5 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-2c) of the Accounting Act of 29 September 1994 (consolidated text: Journal of Laws of 2019, item 351, 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. The report of the Management Board on the operations of the LPP SA Capital Group for 2018 comprises also the Management Board’s report on the operations the Company (as parent company). The joint disclosure of both reports is permissible under Article 55(2a) of the Accounting Act of 29 September 1994 (consolidated text: Journal of Laws of 2019, item 351, as amended) and § 71(8) of the Regulation of the Minister of Finance of 29 March 2018 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 (Journal of Laws of 2018, item 757). The Supervisory Board has positively assessed the said report.
4. Item 6 stems from § 33.1.1 of the Company's Articles of Association and principle II.Z.10.2 of the “Best Practice for GPW Listed Companies 2016”.

5. Item 7 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 2019, item 351, 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. The Supervisory Board has positively assessed this report.
6. Item 8 on the agenda stems from the generally applicable provisions of Article 395 § 5 of the CCC and Article 63c(4) of the Accounting Act. The Supervisory Board has positively assessed this report.
7. Item 9 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. The Supervisory Board has positively assessed performance of duties by members of the Company's Management Board in the previous financial year.
8. 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.
9. Item 11 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 12 of the agenda concerns the adoption of an incentive programme for the Company's key management officers. According to Article 378(2) of the CCC, the General Meeting of Shareholders is competent to grant Board members rights to additional benefits.
11. Item 13 on the agenda is of procedural nature."