

**RESOLUTION**  
**of the Supervisory Board of LPP SA**  
**of 21 May 2020**

**on the comprehensive evaluation of the Company's position in the financial year from 1.01.2019 to 31.01.2020, including in particular: (i) evaluation of the financial reporting process, (ii) evaluation of the internal control system, internal audit and risk management system, (iii) evaluation of financial auditing activities, (iv) evaluation of the impartiality of the auditor auditing the financial statements of the Company and the LPP SA Group**

In the financial year commenced on 1 January 2019 and ended 31 January 2020, LPP generated very good results in all areas of business, which translated into its stable market position. In its Group, the Company recorded, first of all, a sales increase of 13.1%, reaching PLN 9,899,243 thousand (with the Company's sales totalling PLN 7,718,922 thousand). These results were reflected in operating profit (EBIT), which was higher by 17.1% y/y, reaching PLN 806 mln. Net profit of the Company was, however, lower than the one generated in the preceding year and totalled PLN 421,697 thousand, which gives net profit per share in the amount of PLN 229.91 thousand (compared to PLN 311.21 thousand in the preceding year). Gross profit on sales was higher than a year before, totalling PLN 2,960,187 thousand (compared to PLN 2,892,307 thousand in the preceding year).

It should be noted that, in 2019/20, sales revenue in LFL stores (in local currencies) increased by 3.6%. In this period, positive LFLs were recorded by all brands, with the highest (two-digit) LFLs being generated by Sinsay. In geographical terms, the highest (two-digit) LFLs were recorded in the following countries: Ukraine, Romania, Great Britain and Lithuania. A key factor for the development of the Company and its Group was a substantial increase in online sales (with revenue reaching PLN 1,174 mln i.e. 46.3% more than in 2018).

In 2019/20, the Company's Group recorded an increase in operating costs by 10.2%, mainly due to increased distribution costs i.e. e-commerce, logistics and general costs, including marketing.

In the said period, the gross sales margin was 52%, being lower by 0.9% compared to the preceding year. The operating profit margin increased to 8.1% (by 0.3%). Return on assets (ROA) decreased to 4.8% (by 2.4%) and return on equity (ROE) decreased to 13.9% (by 2.9%).

In the reporting period, the Company and its Group focused on strengthening their position on markets with high sales potential and on further expansion abroad. In 2019, we opened our first stores of all five brands in Bosnia and Herzegovina and Finland. The retail space of the traditional store chain increased by 14.4% y/y, encompassing 1.23 mln m<sup>2</sup> at the end of the financial year. Simultaneously, online sales markets expanded to include, in 2019, 14 new markets including EU countries where no sales is pursued in traditional stores. In consequence, from Q2 2019, for the first time in the Company's history, revenue from foreign markets have exceeded domestic sales.

To ensure attainment of sales goals, in 2019, we completed the process of implementing RFID technology in the Reserved store chain. Owing to that, we increased product availability for customers by over 13%, with the delivery process being sped up by approx. 60% as reported by the Company. Another cost-consuming factor was the expansion of the distribution network. In 2019, in Romania, we

launched the Fulfilment Centre to handle online sales, offering the possibility of making deliveries to customers from the South-Eastern Europe even next day after the transaction. In 2019, we also signed a warehousing contract in Slovakia and, in January 2020, we launched yet another Fulfilment Centre. This warehouse is to play a key role in LPP's distribution network, handling deliveries to our customers in Slovakia, the Czech Republic, Hungary, Slovenia, Croatia as well as Bosnia and Hercegovina.

Having regard of corporate social responsibility, in the period in question, the Company announced its new sustainable development strategy "For People For Our Planet" for the years 2020-2025. Following its implementation, already in 2021, every fourth product is to be labelled as part of Eco Aware collections, and, in 2020, the Company plans to implement the Eco Aware Production programme in water management and power production areas.

When making a comprehensive assessment of the Company's position in the financial year ended 31 January 2020, reference should be made to changes in the economic environment, occurring after the balance sheet date and caused by actions taken by public administration authorities in numerous countries with the aim to limit the scale of the COVID-19 pandemic. Due to restrictions implemented by public administration bodies in almost all countries, involving the closure of shopping centres, 95% of retail stores of the Company's Group ceased its sales operations at that time. Therefore, the Management Board of LPP undertook numerous activities to ensure security for LPP employees and continuance of the Company's operations and to safeguard financial liquidity. The following actions were taken in particular:

1. Appointment of the Crisis Management Team in charge of ensuring security of employees and associates of LPP in all locations and implementing safety procedures in stores, warehouses and the head office;
4. Reduction of the volume of orders for products being part of Autumn/Winter 2020 collections;
5. Suspension of investments in new stores, office buildings and warehouse facilities;
6. Suspension of IT projects which do not directly support online sales;
7. Undertaking activities aimed at agreeing new terms and conditions for the use of retail space in shopping centres (specifically by introducing turnover-based rent instead of fixed rent);
8. Decrease of stores' operating costs;
9. Reduction of remunerations of employees working both in stores and the Company's head office;
10. Sourcing of additional funds for payroll purposes as part of governmental aid programmes (anti-crisis shield);
11. Substantial increase of sales and logistics capacities of the online store.

The Company monitors also its liquidity by carrying out stress tests – prognosed cash flows in terms of the Company's financial strength and solvency in a longer period, in several options – depending on when stores will be opened, how many customers will visit them and when, and how this will affect the Company's revenue. Furthermore, the Company is actively sourcing additional financing from banks, funds offered by the Polish Development Fund and additional payroll financing.

At the end of April 2020, the Polish government started alleviating quarantine-related restrictions and, consequently, on 4 May 2020, shopping centres resumed their operations and LPP stores in Poland

were re-opened. After alleviating the COVID-19 restrictions, the Company focuses on restoring normal business operations in stores, warehouses and the head office.

As assessed by the Supervisory Board, there are no prerequisites that may pose a real threat to the Company's going concern in the financial year ending 31 January 2021. Undoubtedly, there are significant risks which may arise from potential reimplementation of restrictions in business activity due to the increasing prevalence of COVID-19. Such unforeseeable circumstances could substantially affect the Company's position and the possibility of its remaining a going concern.

The Supervisory Board of LPP SA acknowledges that the financial reporting process for the financial year commenced on 1 January 2019 and ended 31 January 2020 gave rise to no reservations whatsoever.

In the reported period, the Supervisory Board focused, also through its Audit Committee and in cooperation with the audit company, on analysing and supervising the following areas of risk in financial reporting process, recognised by the Supervisory Board as being of key importance: (i) effect of implementation of IRFS 16 *Leases* on the Company's financial reporting, (ii) risks arising from the audit procedure involving the settlement of CIT in relation to license fees paid by LPP SA to Gothals Ltd (completed in the current financial year with the adjustment by LPP SA of tax returns and delivery to the Company of audit results and the decision of tax authorities) and tax consequences of the merger by acquisition of LPP SA and Gothals Ltd, adopted at the last Extraordinary General Meeting of 17 September 2019, (iii) risks arising from changes in taxation of foreign income of controlled entities with reference to the effect of the income of Gothals Ltd on the taxable basis of LPP SA, (iv) risks arising from the specific features of e-commerce sales (specifically the calculation of provisions for product returns), (v) impairment losses of stores generating negative financial results, (vi) settlement of the incentive programme for key management officers in the LPP SA Group. The examination covered also the process of implementing the change of the financial year under the resolution of the Ordinary General Meeting of LPP SA, held on 25 May 2018 (the change from the calendar year to the period from 1 February to 31 January of the following year), including, in particular, the consequences of prolonging to thirteen months the "transitory" financial year commenced on 1 January 2019 and its consequences in terms of financial reporting (specifically interim financial reporting) and financial audit.

Having regard of its needs and characteristics, the LPP Group has implemented an adequate internal control system which provides for the following:

- i. complete revenue invoicing,
- ii. appropriate cost control,
- iii. efficient use of resources and assets,
- iv. accuracy and reliability of financial information included in financial statements and interim reports,
- v. adequate protection of sensitive information and prevention of uncontrolled outflow of information from the company,
- vi. effective and prompt identification of irregularities,
- vii. identification of, and appropriate response to, major risks.

Elements of the internal control system in our Company include:

- i. control activities taken at all levels and in all departments of the Company, based on procedures (permits, authorisations, verification, 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 take actions necessary to identify and minimise errors and threats for the Company,
- ii. Workflow Guide - proper records and documentation circulation control system (to ensure compliance of account records with accounting evidence),
- iii. duly qualified controlling personnel,
- iv. division of duties excluding the possibility that one employee performs activities associated with execution and documentation of a business transaction from the beginning to the end,
- v. inventory manual, specifying the rules for the use, storage and stock-taking of assets,
- vi. principles for balance sheet amortisation of intangible and tangible fixed assets,
- vii. IT system - the Company's accounting books have been kept using SAP systems ensuring credibility, reliability and accuracy of information processed. Access to SAP information resources is limited to authorised personnel, for performance of their duties only,
- viii. 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,
- ix. electronic system for document processing (invoices, parts of employee documentation, commissioning of equipment purchases, payment orders, etc.).

In the process of preparing the Company's financial statements, both separate and consolidated, the auditing of financial statements by an independent statutory auditor, i.e. the external control, is an element supporting the system of internal control.

The statutory auditor is appointed by LPP's Supervisory Board. The tasks of the independent auditor include reviewing semi-annual financial 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. CSC (the Common Services Centre), the Reporting Department and the Investor Relations Department headed, respectively, by the Chief Accountant, the Controlling Director 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 in terms of 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.

The internal audit of, and closely related risk management in, financial reporting processes are matters of daily interest for the Management Board of our Company. LPP SA analyses business risk factors related to the Company's 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 audit company auditing and reviewing financial statements). 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 Group. In the opinion of the Supervisory Board, the statutory auditor auditing the financial statements of the Company and the LPP SA Group satisfies the independence criteria described in applicable provisions of law, including, in particular, Articles 69-73 of the Act of 7 May 2017 on Statutory Auditors, Audit Companies and on Public Supervision (Journal of laws of 2019, item 1421, as amended).

The Supervisory Board examined also the financial reporting process implemented in the Company in the reporting period from 1 January 2019 to 31 January 2020, making no reservations as to how the Company performs its duties in this respect.

**RESOLUTION**  
**of the Supervisory Board of LPP SA**  
**of 21 May 2020**  
**on the approval of the Supervisory Board's report on its activity in the financial year from**  
**1.01.2019 to 31.01.2020**

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

**REPORT OF THE SUPERVISORY BOARD**  
**ON ITS ACTIVITY IN THE FINANCIAL YEAR FROM 1.01.2019 TO 31.01.2020**

From 1 January 2019 to 31 January 2020, 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 2019 to 31 January 2020, the Supervisory Board had a single 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 on Public Supervision (consolidated text: Journal of Laws of 2019, item 1421, as amended), the “2016 Code of Best Practice for WSE Listed Companies” 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 in the business sector in which LPP pursues its operations – 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 2019/20, 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.

From 1 January 2019 to 31 January 2020, six meetings of the Supervisory Board were held.

In 2019/20, the Audit Committee held four meetings with all members being present.

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 from 1 January 2019 to 31 January 2020.

The Supervisory Board requests that the Ordinary General Meeting of Shareholders approve the Supervisory Board’s report on its activity in the financial year from 1 January 2019 to 31 January 2020 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 from 1 January 2019 to 31 January 2020.

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 from 1 January 2019 to 31 January 2020.

**RESOLUTION**  
**of the Supervisory Board of LPP SA**  
**of 21 May 2020**

**on the evaluation of fulfilment by the Company of its 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 Supervisory Board of LPP acknowledges that, as provided for in a relevant statement made by the Management Board, 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 the "2016 Code of Best Practice for GPW Listed Companies" (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](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.

The said recommendation is not applied by the Company 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 does not have a remuneration policy yet it is in the course of implementing one.

- 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 does not have a remuneration policy yet it is in the course of implementing one.

- 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.

Nonetheless, 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.

Nonetheless, 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 publish a report on its remuneration policy following its implementation. Currently, the Company is in the course of implementing such remuneration policy.

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 "2016 Code of Best Practice for WSE Listed Companies".

In addition to communication via the EIB 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 "2016 Code of Best Practice for WSE Listed Companies", 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 21 May 2020**  
**on the evaluation of the rationale for the charity and sponsorship policy followed by the**  
**Company**

The Supervisory Board of LPP SA positively assesses the charity and sponsorship policy followed by the Company in the financial year from 1.01.2019 to 31.01.2020 in terms of its rationale and adequacy.

The Company and its Group took action to build responsible relations with its neighbourhood and beneficiaries. The principles for such activities have been laid down in the Sustainable Development Strategy, 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, mainly children and young people,
- in-kind aid and projects supporting the Company's closest neighbourhood,
- innovative and ecological solutions in the textile industry.

In the financial year from 1.01.2019 to 31.01.2020, the Company executed, both independently and through the LPP Foundation, the following charity and sponsorship projects:

- funds and goods provided for charity purposes

In Poland, the value of cash and goods provided for charity purposes was over PLN 2.8 mln, including over 135 thousand items of clothing of the value of PLN over 2 mln, delivered to 114 organisations.

- the "First Fitting"

A group of 30 people leaving foster homes in Gdańsk and Warsaw were trained by LPP employees how to find a job, write a CV or prepare for a job interview. Nine participants were employed as interns in the LPP sales chain.

- cooperation with local community

In 2019, LPP became once again a strategic partner of the FETA International Street Theatre Festival. This is one of the largest and most highly acclaimed festivals of this type in Europe. The Company provided sponsorship aid totalling over PLN 172 thousand.

- school starter kits in Brześć Kujawski

As we plan to construct the Distribution Centre in Brześć Kujawski, the Company has started cooperating with local community there. Companies of the LPP Group funded school starter kits for 114 children: first-year pupils with required school accessories, providing school starter kits for 114 children: colourful cups, backpacks, shoe bags, water bottles, lunch boxes, pendants and pens. Those kits were given at a special school ceremony for first-year pupils in October 2019.

- "English with LPP" project

This project was addressed to all children from primary schools (classes 1-6) in the Brześć Kujawski commune (381 pupils altogether). As part of this project, LPP financed English lessons held once a week from October 2019 to May 2020. Additionally, we funded interactive whiteboards for foreign language classrooms in 5 primary schools and 1 nursery schools in the Brześć Kujawski commune.

- partnership in “King Łokietek goes to town” project

We organised 11 meetings with children from the Brześć Kujawski commune, each in a different location, during which children took part in sports activities in housing districts in the city area and in smaller towns in the commune area. This project was aimed at encouraging children to be active in sports and at integrating them.

- support for the Pruszcz Gdański Commune

We provided additional equipment for children’s playground situated in the Post-Glacial Landscape Park in Pruszcz Gdański. We partnered in Pruszcz Gdański Days in first aid for uniformed services.

- employee volunteering programme

In 2019, LPP’s employees spent 1 650 hours helping non-governmental organisations as volunteers. They decided to help once again a cat shelter facility *Pomorski Koci Dom Tymczasowy*, which, during summer holidays, renovates cat shelters in the Gdynia Shipyard. In 2 days, our volunteers painted, insulated and renovated over a dozen of cat shelters.

- children and young people threatened with social exclusion

Our employees re-arranged restaurant premises in a hotel which, being a social business, employs people leaving foster care to enable them to start leaving on their own in a safe environment. In that project, a female architect from LPP made a space re-arrangement design and a graphic designer created a mural in Gdańsk, which was subsequently transferred by a group volunteers to the restaurant’s walls.

- cooperation with children’s hospitals

In 2019, the LPP SA Group supported the renovation of the Night Health Care Centre and, in the Copernicus Hospital, our volunteers decorated the hall in the Anaesthesiology and Intensive Child Care Ward. On the Children’s Day and the St. Nicolas Day, our employees played fairy-tale characters distributing gifts to children treated in the Children’s University Hospital in Cracow. In 2019, this project was organised for the first time in the Polish Association for Persons with Mental Disability in Gdańsk.

- the First Edition of Small Grants

In 2019, for the first time, we launched a small-grants project. Our employees were given the opportunity to propose their own projects in the following areas: education, safety, culture, health, ecology, social and sports activities, diversity and the environmental impact of work in LPP. The best four projects received our financial support. Help was offered to the Single Mother’s Home in Matemblewo and a school in Bangladesh.

- forest planting

The Company became an official partner of the forest planting event organised by TORUS and aimed at forest restoration in the area of Lipusz, following forest destruction by tempest in 2017. On 19 and 26 October 2019, together with approx. 1 500 employees from nearly 40 companies, we restored the forest in the area of 11 hectares. This project was joined by 200 LPP employees.

- facing industry-specific challenges

Since July 2018, in cooperation with the Reserved brand, the LPP Foundation has been collecting, on a permanent basis, second-hand clothes in 20 largest Reserved stores in Poland. In 2019, this initiative was joined by our two other brands House and Mohito. All goods collected are delivered to St. Brother Albert Aid Society operating night shelters all over the country. Clothes are provided to the homeless and persons facing life's hardships throughout Poland. So far, we succeeded to collect over 3 tonnes of second-hand textiles.

#### **RESOLUTION**

**of the Supervisory Board of LPP SA**

**of 21 May 2020**

**on the examination of the Management Board's motion for the exclusion of the Company's net profit generated in the financial year 1.01.2019 – 31.01.2020 from distribution**

Having reviewed the Management Board's motion for the allocation of the Company's profit generated in the financial year from 1 January 2019 to 31 January 2020, the Supervisory Board recommends that the Ordinary General Meeting of LPP should adopt a resolution on the exclusion of the full net profit generated in the financial year from 1 January 2019 to 31 January 2020 from distribution and on its allocation for the Company's supplementary capital.

#### **RESOLUTION**

**of the Supervisory Board of LPP SA**

**of 21 May 2020**

**on the recommendation for granting discharge to members of the Company's Management Board for performing their duties**

The Supervisory Board recommends that the Ordinary General Meeting should grant discharge to all members of the Company's Management Board, performing their duties in the financial year from 1 January 2019 to 31 January 2020, i.e. Mr Marek Piechocki, Mr Jacek Kujawa, Mr Przemysław Lutkiewicz and Mr Sławomir Łoboda, for performing their duties in the period in question.

#### **RESOLUTION**

**of the Supervisory Board of LPP SA**

**of 21 May 2020**

**on the recommendation for adopting the Remuneration Policy for Management and Supervisory Bodies of LPP SA**

Having regard of the requirements set forth in Articles 90c-90g of the Act of 29 July 2005 on Public Offering, Terms and Conditions for Introducing Financial Instruments to Organised Trading and on Public Companies (consolidated text: Journal of Laws of 2019, item 623, as amended), the Superviso-

ry Board recommends that the General Meeting should adopt the Remuneration Policy for Management and Supervisory Bodies of LPP SA, in its wording attached as enclosure hereto.

The enclosure titled "Remuneration Policy for Management and Supervisory Bodies of LPP SA" constitutes an integral part hereof.

**RESOLUTION**  
**of the Supervisory Board of LPP SA**  
**of 21 May 2020**  
**on the recommendation for changing the form of registered share documents**

Having regard of Article 1 in connection with Article 23(1) of the Act of 30 August 2019 on the Amendment of the Commercial Companies Code and Certain Other Statutory Acts (Journal of Laws of 2019, item 1798) and Article 328<sup>12</sup> in connection with Article 328<sup>11</sup>(2) of the Commercial Companies Code, coming into force in their wording applicable from 1 March 2021, the Supervisory Board recommends that the General Meeting should adopt the resolution on the cancellation - as of the date on which the said provisions come into force – the document form of registered preferred shares and on their dematerialisation by way of registration in the securities depository within the meaning of Article 3(21) of the Act of 29 July 2005 on Trading in Financial Instruments, kept by Krajowy Depozyt Papierów Wartościowych SA in Warsaw and on the granting of consent for undertaking any and all activities required to fulfil the said obligation.

**RESOLUTION**  
**of the Supervisory Board of LPP SA**  
**of 21 May 2020**  
**on the recommendation for changing the remuneration of the Chairman of the Supervisory Board**

The Supervisory Board recommends that the General Meeting should adopt the resolution amending resolution no 7 of the Extraordinary General Meeting of LPP SA of 20 October 2017 on the determination of the remuneration of members of the Supervisory Board so that the lump-sum remuneration of the Chairman of the Supervisory Board for participation in a Supervisory Board meeting be reduced from PLN 26,500 (twenty six thousand five hundred Polish zlotys) to PLN 3,500 (three thousand five hundred Polish zlotys).