

Gdańsk, 6 May 2014

**REPORT ON THE ACTIVITY OF THE SUPERVISORY BOARD OF  
LPP S.A. with its registered office in Gdańsk [the "Company"] on its activity in the financial year  
2013**

On 31 December 2013, the Supervisory Board consisted of the following persons:

- Jerzy Lubianiec, Chair of the Supervisory Board,
- Krzysztof Fąferek,
- Wojciech Olejniczak,
- Krzysztof Olszewski,
- Maciej Matusiak,

In 2013, in the performance of its obligations of constant supervision over the Company's operations as specified in the Articles of Association, the Supervisory Board specifically:

1. evaluated and analysed the financial standing of the Company and LPP S.A. Capital Group on an ongoing basis;
2. examined the financial statements (including the balance sheet and the profit and loss account) of LPP S.A. for the financial year 2012, the report of the Management Board of LPP S.A. for 2012, the Management Board's motion on the distribution of profit generated by the Company and other documents of the Company, both in terms of their compliance with the underlying accounts and documents as well as the actual state of affairs;
3. carried out a comprehensive assessment of the Company's position in 2012;
4. read the Management Board's plans for the Company's development;
5. familiarised itself with the position and development of LPP S.A. subsidiaries operating outside Poland;
6. produced its opinion on the matters included in the agenda of the Company's Annual General Meeting;
7. performed the duties of the Audit Committee;
8. adopted a resolution granting remuneration to the Management Board members for their service;
9. adopted a resolution approving the Company's internal control plan for 2013 and 2014 to be implemented by the Company's internal auditor;
10. adopted a resolution approving the report of the Supervisory Board on its activity in 2012;
11. adopted a resolution on the matters to be managed by the Supervisory Board of LPP S.A. in 2013 and 2014 in the performance of the duties of the Audit Committee;

12. analysed the results of the internal control reports of the subsidiaries of LPP S.A. and different departments of LPP S.A. prepared by the internal auditor of the Company;
13. examined the effectiveness of operation of stores opened in 2011 and 2012;
14. examined the adequacy of the management of foreign companies depending on their size;
15. analysed the appropriateness of the model of direct supplies from the manufacturers to the Russian subsidiary;
16. adopted a resolution on the extension to 2014 the date of performance by the Supervisory Board performing the duties of the Audit Committee, of the evaluation of the currently developed model of cooperation with entities that may engage in the sale of LPP products within the Arabian Peninsula under a franchise contract;
17. adopted a resolution granting a bonus to the Management Board Members for the Company's results in 2012;
18. adopted a resolution on the election of the Chair of the Supervisory Board;
19. adopted a resolution on the appointment of the Management Board Members;
20. adopted a resolution approving the Incentive Programme Rules and Regulations;
21. adopted a resolution granting to the key managers of the Company the Special Bonus Company referred to in point 6 of the Incentive Programme Rules and Regulations approved in a resolution of the Supervisory Board of 14 June 2013 on the approval of the Incentive Programme Rules and Regulations;
22. adopted a resolution on (i) the determination of the total number of subscription warrants to be issued in 2013 under the incentive programme; (ii) the determination of the number of subscription warrants to be issued in 2013 to eligible individuals under the incentive programme;
23. adopted a resolution on conversion of treasury shares acquired by the Company in 2008.

The Supervisory Board requests that the Annual General Meeting of Shareholders approve the Supervisory Board's report on its activity in 2013 and grant discharge to the following members of the Supervisory Board:

- Jerzy Lubianiec, Chair of the Supervisory Board,
- Krzysztof Fąferek,
- Wojciech Olejniczak,
- Krzysztof Olszewski,
- Maciej Matusiak,

for the performance of their duties as Supervisory Board Members in 2013.

1. Jerzy Lubianiec .....
2. Krzysztof Olszewski .....
3. Maciej Matusiak .....
4. Wojciech Olejniczak .....

5. Krzysztof Fąferek .....