



RESOLUTION
of the Supervisory Board of LPP SA
of 10 May 2016

on the evaluation of the means of fulfilling the Company's reporting obligation on application of corporate governance standards arising from good practices and regulations on current and interim information submitted by issuers of securities

LPP is required to meet reporting obligation on application of corporate governance standards arising 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 conditions for regarding information required by the law of a non-member state as equivalent (consolidated text: Journal of Laws [Dz.U.] of 2014, item 133). Applicable 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 particular principle of corporate governance is not applied on a permanent basis or it is breached incidentally, the issuer is required to publish a report on the matter. The report should be published on the official website of the issuer, in the manner analogous to that used for current reports. Pursuant to Resolution No. 1309/2015 of the WSE Management Board the reports on the application of specific corporate governance standards are communicated through the Electronic Information Base (EIB). The Regulation of the Minister of Finance of 19 February 2009 specifies information to be presented in the statement on corporate governance constituting a separate part of the report on the issuer's operations in the annual report of the company.

The Supervisory Board believes that LPP SA properly fulfil its reporting obligations related to the application of corporate governance standards.

It should be noted that until the end of 2015 applicable standards were stipulated in "Best Practice for WSE Listed Companies" adopted by Resolution No. 19/1307/2012 of the WSE Supervisory Board dated 21 November 2012.

The Management Board of LPP SA declared that in 2015 the Company and its authorities complied with the principles of "Best Practice for WSE Listed Companies" as described in parts II, III and IV, wherein:

- the requirement of section 9a part II, which regards the necessity to publish on a corporate website a record of the General Meeting in audio or video format, was not observed,

- the requirement of section 10 part IV, which regards the necessity to provide shareholders with the possibility to participate in the general meeting by means of electronic communication, was not observed.

Information on the principles of Corporate Governance were available on the Company's website www.lppsa.com/relacje-inwestorskie/lad-korporacyjny.

The Company does not apply corporate governance standards beyond the requirements of national law.

The Company and its authorities also followed the principles of "Best Practice for WSE Listed Companies" described in part I, except for:

- Section 5 - the applicable principles of remuneration did not comply with all the requirements described in the recommendations of the European Commission of 14 December 2004 and Recommendations of 30 April 2009.
- Section 9 - there were no formal principles for membership in the authorities of the company in relation to gender or schemes to promote balanced participation of women and men in performing the functions of management and supervision in LPP SA. Currently, all members of the Company's authorities are men.
- Section 12 – the company did not provide its shareholders to exercise in person or by proxy to vote during the general meeting, excluding the event of the general meeting by means of electronic communication.

From 1 January 2016 a new set of corporate governance standards came into force entitled "Best Practice for WSE Listed Companies 2016".

On 15 April 2016, the Management Board of LPP SA submitted to the Warsaw Stock Exchange (via the EIB system) its current report on the application of recommendations and principles stipulated 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, execution, in person or by a proxy, voting rights during the general meeting).
- Recommendation VI.R.1 - The remuneration of members of the company's governing bodies and key managers should follow the approved remuneration policy.
- 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.
- 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.

Apart from the aforementioned exceptions, the Supervisory Board finds no other violations of the "Best Practice for WSE Listed Companies 2016", and previous "Best Practice for WSE Listed Companies" in force until 31 December 2015.

In addition to communication via the EBI system LPP SA publishes on its website the documents specified in section I.Z.1 in Polish and English.

The Supervisory Board took note of the statement on corporate governance set out in the Annual Report of LPP SA and the annual report of LPP SA Capital Group. The statement details the issues concerning corporate governance and presents 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 conditions for regarding information required by the law of a non-member state as equivalent.

Furthermore, in accordance with section I.Z.1.13 of "Best Practice for WSE Listed Companies 2016", the Company publishes on its website information on the application of principles and recommendations stipulated in the above document. The information, in addition to rationale for non-compliance with the principles, presents comments to recommendations not applied by the company.

The Supervisory Board believes that information provided by LPP SA is consistent with the requirements and presents fairly the state of application of corporate governance standards.

<p style="text-align: center;">Jerzy Lubianiec Chairman of the Supervisory Board</p>	<p style="text-align: center;">_____ Jerzy Lubianiec</p>
<p style="text-align: center;">Maciej Matusiak Member of the Supervisory Board</p>	<p style="text-align: center;">_____ Maciej Matusiak</p>
<p style="text-align: center;">Wojciech Olejniczak Member of the Supervisory Board</p>	<p style="text-align: center;">_____ Wojciech Olejniczak</p>
<p style="text-align: center;">Krzysztof Olszewski Member of the Supervisory Board</p>	<p style="text-align: center;">_____ Krzysztof Olszewski</p>
<p style="text-align: center;">Dariusz Pachla Member of the Supervisory Board</p>	<p style="text-align: center;">_____ Dariusz Pachla</p>