

**REPORT
OF THE INDEPENDENT STATUTORY AUDITOR
ON THE ASSURANCE ENGAGEMENT ENCOMPASSING
ASSESSMENT OF THE REMUNERATION REPORT**

For the General Meeting and the Supervisory Board of LPP S.A.

We have been engaged to assess the enclosed remuneration report of LPP S.A. (further referred to as “Company”) for 2019/2020 in terms of comprehensiveness of information provided therein as required under Article 90g paragraphs 1-5 and 8 of the Act of 29 July 2005 on Public Offering and the Terms and Conditions for Introducing Financial Instruments to Organised Trading and on Public Companies (consolidated text: Journal of Laws of 2020, item 2080, as amended) (further referred to as “Public Offering Act”).

Criteria Identification and Engagement Description

The remuneration report has been drawn up by the Supervisory Board to meet the requirements stemming from Article 90g paragraph 1 of the Public Offering Act. The said Act incorporates applicable requirements to be met by a remuneration report. [As at the date of publication of recommendations by the National Board of Statutory Auditors (*Krajowa Rada Biegłych Rewidentów*), the recommendations of the European Commission have not been published. Additionally, supplementary recommendations are incorporated in Recommendations for standard presentation of a remuneration report according to Directive 2007/36/EC of the European Parliament and of the Council, amended by Directive (EU) 2017/828 as regards the encouragement of long-term shareholder engagement.]

The requirements set forth in the preceding clause give grounds for preparing a remuneration report and, in our opinion, are recognised as adequate criteria for formulating our assurance conclusion.

According to Article 90g paragraph 10 of the Public Offering Act, the remuneration report is assessed by a statutory auditor in terms of inclusion of information required under Article 90g paragraphs 1-5 and 8 of the Public Offering Act.

This report has been drawn up to fulfil that above-mentioned requirement.

Responsibility of Members of the Supervisory Board

According to the Public Offering Act, Members of the Company’s Supervisory Board are responsible for preparing a remuneration report in line with binding provisions of law and, in particular, for its comprehensiveness and information provided therein. The scope of responsibility of the Supervisory Board encompasses also development, implementation and maintenance of an in-house audit system ensuring preparation of a comprehensive remuneration report free of any major distortions caused by a fraud or error.

Responsibility of a Statutory Auditor

Our goal was to assess comprehensiveness of information provided for in the enclosed remuneration report in terms of the criterion set forth in section *Criteria Identification and Engagement Description* and to draw up our independent conclusion, based on evidence obtained, on the assurance engagement.

We have performed the engagement in question in line with the regulations of the Polish Standard on Assurance Engagements Other than Audits or Reviews 3000 (Z), having the wording of the International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, adopted by Resolution no 3436/52e/2019 of the Polish Board of Statutory Auditors, dated 9 April 2019, as amended (further referred to as "PSAE 3000 (Z)").

According to this Standard, a statutory auditor is required to plan and carry out procedures so as to be reasonably assured that the remuneration report has been comprehensively prepared in accordance with relevant criteria.

Reasonable assurance is a high level of assurance, yet it does not guarantee that, when performing the engagement in line with PSAE 3000 (Z), an existing major distortion will always be found out.

Procedures are chosen based on the statutory auditor's judgment, including his/her estimation of risk of occurrence of major distortions caused by a fraud or error. When estimating that risk, the statutory audit takes into account in-house audit involving the preparation of a complete report in order to plan relevant procedures aimed at providing the statutory auditor with sufficient and adequate evidence. The functioning of the in-house audit system has not been assessed with the aim of drafting a conclusion on its effectiveness.

Summary of Works Performed and Procedure Limitations

The procedures we have planned and carried out comprised, in particular, the following:

- reviewing the wording of the remuneration report and comparison of information incorporated therein with applicable requirements;
- reviewing resolutions of the Company's General Meeting on the remuneration policy for Members of the Management and Supervisory Boards and resolutions of the Supervisory Board, providing details in that respect;
- determining, by comparing with corporate documents, the list of persons subject to the requirement of being encompassed by the remuneration report and further determining, by inquiring persons responsible for preparing the report and, if appropriate, also by inquiring directly individuals subject to the said requirement, whether all information referred to in the relevant criteria has been disclosed.

Our procedures were aimed solely at obtaining evidence that information provided by the Supervisory Board in the remuneration report is, in terms of its comprehensiveness, compliant with the requirements in question. Our works were not targeted at assessing exhaustiveness of information provided in the remuneration report in terms of the purpose of that report or at evaluating correctness and reliability of the information provided, specifically as regards figures disclosed, including estimates made for preceding years, numbers, dates, divisions, manner of allocation or compliance with the remuneration policy adopted by the Management Board.

The remuneration report has not been audited within the meaning of Polish Audit Standards. In the course of assurance procedures, we neither audited nor reviewed any information used for preparing the remuneration report and, therefore, we accept no liability for issuance or updating of any reports or opinions on the Company's historical financial information.

We hold the view that the evidence we obtained constitutes a sufficient and adequate basis for formulating the conclusion given below.

Ethics Requirements, Including Independence

When executing the engagement, the statutory auditor and the audit company met the requirements of independence and other ethics requirements set forth in the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants, adopted by Resolution no 3431/52a/2019, dated 25 March 2019, of the Polish Board of Statutory Auditors, on the code of ethics for statutory auditors (further referred to as "IESBA Code"). The IESBA Code is based on the basic principles of integrity, objectivism, professional competence and due diligence, confidentiality and professional conduct. We have also adhered to other independence and ethics requirements applicable to this assurance engagement in Poland.

Quality Control Requirements

The audit company applies Polish Quality Control Standards having the wording of International Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Service Engagements*, adopted by Resolution no 2040/37a/2018, dated 3 March 2018, of the Polish Board of Statutory Auditors, as amended (further referred to as "PQCS").

According to the PQCS, the audit company maintains a comprehensive quality control system incorporating documented policies and procedures for compliance with ethics requirements, professional standards and applicable legal and regulatory requirements.

Conclusion

The conclusion made by the statutory auditor is based on the issues referred to above. Therefore, the conclusion should be read with due consideration of the said issues.

We hold the view that the enclosed remuneration report comprises, in all material respects, all elements provided for in Article 90g paragraphs 1-5 and 8 of the Public Offering Act.

Clarification

In section 2.4 of the report of remunerations of Members of the Management and Supervisory Boards, there is information on reducing the remuneration of the Management Board and waiver by the Supervisory Board of their remuneration from April do July 2020.

The above was a deviation from the applied remuneration policy in accordance with Article 90f and was in line with the option provided for in the said policy. No disclosure in that respect is made in section 2.8 of the remuneration report, titled *Deviations from the Procedure for Implementation and Application of the Remuneration Policy*.

The conclusion made by the statutory auditor has not been modified as a result of the said deviation.

Limited Applicability

This report has been drawn up by Biuro Audytu i Rachunkowości PROMAR Sp. z o.o. for the General Meeting of Shareholders and the Supervisory Board and is designated solely for the purpose set forth in *Criteria Identification and Engagement Description*. The report should not be used for any other purpose whatsoever.

In connection with this report, Biuro Audytu i Rachunkowości PROMAR Sp. z o.o. accepts no liability arising from any contractual and noncontractual relations (including due to negligence) towards any third parties. The above shall not release us from liability in cases where such exemption is excluded by operation of law.

Agnieszka Kaim, statutory auditor no 12990, has carried out the engagement on behalf of Biuro Audytu i Rachunkowości PROMAR Sp. z o.o., entered on the list of audit companies under number 231.

Signed by:

Agnieszka Kaim

Date: 2021-05-31 2:51 p.m.

Key statutory auditor

Agnieszka Kaim

Registry no 12990

Biuro Audytu i Rachunkowości PROMAR Sp. z o.o.

ul. Władysława IV 43

81-395 Gdynia

audit company authorised to audit financial statements, entered on the list of audit companies, kept by the Polish Audit Supervision Agency, under no 231

Agata Frąć

Vice-President of the Management Board

Signed by:

Agata Frąć

Date: 2021-05-31 2:52 p.m.

Gdynia, 31.05.2021