

**REPORT OF THE SUPERVISORY BOARD OF LC CORP SPÓŁKA AKCYJNA
WITH ITS REGISTERED OFFICE IN WROCLAW
ON THE EXECUTION OF SUPERVISION OF THE COMPANY'S OPERATIONS IN
THE PERIOD FROM 01/01/2016 TO 31/12/2016**

As at 1 January 2016, the composition of the Supervisory Board was as follows:

- Leszek Czarnecki, Chairperson;
- Andrzej Błażejowski, Deputy Chairperson;
- Remigiusz Baliński, Member;
- Jakub Malski, Member;
- Zbigniew Dorenda, Member.

On 20 January 2016, the Extraordinary General Meeting appointed new members to the Supervisory Board, Ms. Joanna Gransort and Mr. Grzegorz Korczyński.

On 11 March 2016 Mr. Jakub Malski resigned from his function in the Supervisory Board as of March 12, 2016, when he was appointed to the Company's Management Board.

As at 31 December 2016, the composition of the Supervisory Board has been as follows:

- Leszek Czarnecki, Chairperson;
- Andrzej Błażejowski, Deputy Chairperson;
- Remigiusz Baliński, Member;
- Zbigniew Dorenda, Member;
- Joanna Gransort, Member;
- Grzegorz Korczyński, Member.

The Supervisory Board did not have any committees, and the audit committee function was performed by the Supervisory Board as a whole.

In the course of execution of its duties in financial year 2016, the Supervisory Board of LC Corp S.A. held 4 (four) meetings at which it adopted 11 (eleven) resolutions and adopted 10 (ten) resolutions pursuant to Article 19.6 of Company's Articles of Association, i.e. under the circulatory procedure. The minutes were taken of the Supervisory Board's meetings which are kept together with the other documentation at the registered office of the Company.

The Supervisory Board executed constant supervision of the Company's activity in all areas of its activity.

The supervisory and control activities included specifically:

- analysing the Company's current financial results and their assessment;
- analysing periodical financial statements;
- familiarising itself with the Management Board's periodical information regarding the current and planned activity of the Company;
- analysing the materials received from the Management Board;
- approving and granting the consents to contracting liabilities by the Company, including the bank loans;
- granting the consent to the establishment of guarantees and sureties for Group's companies;
- granting the consent to the establishment of collaterals to loan agreements concluded by Group's companies;

Annex No. 3 to the Resolution of the Supervisory Board No. 3/2017

- granting the consent to the purchase and sale of real estate
- granting the consent to the donation.

As part of the performance of its duties, the Supervisory Board:

- issued opinions on draft resolutions prior to their presentation to the General Meeting;
- assessed the report on the activity of the Company's Management Board and the financial statements for financial year 2015;
- prepared and accepted the report on the activity of the Supervisory Board for financial year 2015;
- prepared and carried out the assessment of the Company;
- approved the Company's budget for 2017;
- granted consents to the Company's Management Board to draw bank loans by the Company;
- granted consents to the Company's Management Board to establish securities and guarantees for the Company's subsidiaries due to drawing bank loans by them;
- granted consents to the Company's Management Board to purchase and sell real estate by the Company and acquire and take up shares in other entities (including in the Group's companies);
- granted the consent to the Company's review of strategic options and to the conclusion of agreements related to its execution with an investment and legal advisor;
- selected the certified auditor of the Company to audit the individual and consolidated financial statements of the Company for 2016 and to carry out the mid-year audit.

Furthermore, the Supervisory Board monitored the Company's situation and issued opinions on the current and planned Company's activities. In the course of execution of its duties, the Supervisory Board obtained information necessary for their execution from the documents, information, presentations and explanations provided by the Management Board.

The Supervisory Board concludes that the cooperation with the Company's Management Board in the reporting period was correct and that the Management Board presented fairly and sufficiently the information regarding all aspects related to the activity of the Company and the companies forming the Group LC Corp and informed the Supervisory Board on an on-going basis about the issues covered by its competences.

Since the Company did not follow Rule I.Z.10.2 of the Good Practices of the Companies Listed on the Warsaw Stock Exchange 2016 with respect to meeting the independence criterion by Supervisory Board members, the Supervisory Board leaves that information out of its report.

The list of detailed activities undertaken by the Supervisory Board is contained in the minutes of the meetings of the Supervisory Board, which together with the resolutions adopted by the Supervisory Board in 2016, are archived at the registered office of the Company.

The Supervisory Board positively assesses its activity in 2016.