

CORPORATE GOVERNANCE DECLARATION

The Management Board of LC Corp S.A. ("Issuer" or "Company") in performing the obligation described in Art. 91 par. 5 sub-paragraph 4 of the Regulation of the Minister of Finance concerning current and interim reporting by issuers of securities and the terms and conditions of harmonisation of the information required under regulations applicable in non-member states, communicates information regarding corporate governance principles applied by the Company to the public.

1.1. Indication of a set of corporate governance rules

This information has been prepared according to WSE Supervisory Board's Resolution No. 26/11413/2015 of 13.10.2015 – "Code of Best Practices for WSE Listed Companies 2016" effective from 1 January 2016. The text of the rules of corporate governance "Code of Best Practices for WSE Listed Companies 2016" is available on WSE website - <http://corp-gov.gpw.pl/publications.asp>.

1.2. Indication of reasons for withdrawal from the provisions of the set of corporate governance rules

Information policy and communication with investors

I.Z.1.16. information about planned broadcast of the general meeting – not later than within 7 days in advance of the date of the general meeting.

The Company does not apply the above-mentioned rule. This rule is not applied because Rule IV.Z.2 is not applicable.

I.Z.1.20. audio or video registration of the general meeting

The Company does not apply this rule. This rule is not applied because Rule IV.Z.2 is not applicable.

Management Board and Supervisory Board

III.Z.3. With reference to the manager of internal audit function and other individuals responsible for completing its tasks the rules of independence set out in the commonly recognized international professional internal auditing standards shall apply.

Currently, the Company is applying the above-mentioned rule and it plans to apply it in the future. Until the end of October 2018 the Company had no employee in charge of managing the internal audit function, and the Company implemented relevant internal systems adequate to the type and scale of its operations. In November 2018 the Company employed an internal auditor functionally reporting to the Supervisory Board, meeting the independence criterion as set out in the commonly recognized international professional internal auditing standards.

III.Z.4. At least once a year the individual in charge of internal audit (if such a function exists in the company) and the management board present their assessment of effectiveness of systems and functions referred to under rule III.Z.1, including the respective report, to the supervisory board.

Currently, the Company is applying the above-mentioned rule and it plans to apply it in the future. Until the end of October 2018 the Company had no employee in charge of managing the internal audit function, and this rule was not applied to the internal auditor because rule III.Z.3 was not applied.

General meeting and relations with shareholders

IV.Z.2. If reasonable with regard to the shareholding structure of the company, the company will ensure commonly accessible broadcast of the proceedings at the general meeting in real time.

The Company does not apply the above-mentioned rule. This rule is not applied because its application is not justified by the shareholding structure. Immediately after the general meeting the company will

publish the adopted resolutions in a current report, so that all shareholders can know the proceedings of the general meeting.

Conflict of interests and transactions with associates

V.Z.6. The Company's internal regulations indicate the criteria and circumstances in which a conflict of interests may occur in the company as well as set out the rules for proceeding in case of actual or potential conflict of interests. The Company's internal regulations take into account, among other things, methods of preventing, identifying and solving the conflict of interests, as well as the rules of excluding members of the management board or the supervisory board from participation in considering cases subject to actual or potential conflict of interests.

The Company does not apply the above-mentioned rule. This rule is not applied with reference to determining specific criteria and circumstances in which a conflict of interests may occur in the company. The Company is of an opinion that the applicable provisions regarding a possible conflict of interests set forth in the Regulations of the Management Board of the Company and in the Regulations of the Supervisory Board of the Company are sufficient.

Remuneration

VI.Z.1. Incentive schemes should be designed so as to make the remuneration of members of the company's management board and its key managers dependent on actual, long-term financial situation of the company and long-term increase in value for shareholders and stability of the company's operations.

Because the company has no incentives in place, the rules regarding incentives are not applicable.

VI.Z.2. In order to make a connection between remuneration of members of the management board and key managers and long-term business and financial objectives of the company, the period from granting options or other instruments related to the company's shares under an incentive scheme to their availability for realisation should be at least 2 years.

Because the company has no incentives in place, the rules regarding incentives are not applicable.

VI.Z.4. In its report on activities, the Company presents a report concerning its remuneration policy, at least consisting of:

- 1) general information about the system of remuneration adopted in the company,**
- 2) information about terms and conditions and amounts of remuneration for each member of the management board, disaggregated into fixed and variable remuneration components, indicating key parameters for establishing variable remuneration components and rules of severance payments and other payments by virtue of termination of employment, contract of mandate or another legal relationship of similar nature – separately for the company and for each entity forming part of the capital group,**
- 3) information about non-financial remuneration components to which respective members of the management board and key managers are entitled,**
- 4) indication of significant changes in the remuneration policy in the past financial year or information about the lack of such changes,**
- 5) assessment of the effectiveness of remuneration policy in terms of accomplishment of its objectives, and in particular long-term increase in value for the shareholders and stability of the company's operations.**

The Company does not apply the above-mentioned rule but it will consider its application in the future. The above-mentioned rule is not applied since the Company has not adopted the rules regarding remuneration policy. The remuneration for Members of the Management Board is established by the Supervisory Board of the Company and Members of the Supervisory Board receive flat rate monthly pay as agreed in the resolution of the General Meeting of the Company.