

**SUBSTANTIVE REPORT ON THE ACTIVITIES
OF THE AUSCHWITZ-BIRKENAU FOUNDATION IN 2016**

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The Auschwitz-Birkenau Foundation was established in January 2009 by Professor Władysław Bartoszewski. Its objective is to collect 120 million Euros for the Perpetual Fund, the profits from which will finance conservatory work at the Memorial Site Auschwitz-Birkenau.

I. FORMAL INFORMATION

Auschwitz-Birkenau Foundation

KRS (National Court Register) No: 0000328383, REGON (statistical number): 141817074.

Registered office:

Warsaw (00-534), Mokotowska 56/9 St.

Official website: www.fundacja.auschwitz.org

In 2016, the Foundation was managed by the Management Board. The members of the Board are the following:

Piotr M. A. Cywiński – President of the Board

Rafał Pióro – Vice-President of the Board

Łukasz Rozdeiczer-Kryszkowski – Vice-President of the Board

Anna Miszewska – Member of the Board, Director General

Maciej Antosik – Vice-President of the Board, Financial Director (since January 1, 2016)

The principles, forms and the extent of the Foundation's statutory activity are detailed in the uniform text of the Auschwitz-Birkenau Foundation Statutes, adopted by the Council of the Foundation Resolution No. 3/2011 of May 31, 2011. The document has been published at the Foundation's official website.

The detailed information regarding income and its sources, as well as the costs of implementation of the statutory objectives, is detailed in the Financial Statements for the year 2016. The Statement also presents information on salaries and the value of the Foundation's assets in 2016. The document has been published at the Foundation's official website.

Information regarding the balance of the Foundation's bank accounts (as of December 31, 2016):

PLN current accounts: PLN 164 828.41

EUR current accounts: PLN 1 435 804.20

USD current accounts: PLN 16 186.51

PLN Short-term deposit, yield 1.04%, maturity: 04.01.2017: PLN 2 763 222.55
PLN Short-term deposit, yield 1.04%, maturity: 04.01.2017: PLN 2 278 624.77
USD Short-term deposit, yield 0.30%, maturity: 04.01.2017: USD 852 112.54
USD Short-term deposit, yield 0.50%, maturity: 04.01.2017: USD 230 000.00
PLN Short-term deposit, yield 1.26%, maturity: 28.04.2017: PLN 18 415.06

Accrued interests – short term deposits: PLN 681.34

Banks: PKO BP, PEKAO S.A. and BNP Paribas Fortis.

Information on securities held by the Foundation:

In 2016, the Foundation purchased from the Perpetual Capital funds government and corporate bonds with the total gross values of PLN 18 327 435.65 and USD 7 749 532.19. The issuers of the securities held by the Foundation are: Allianz SE, Electricite de France, State Treasury, National Road Fund, Capital City of Warsaw, Government of Lithuania, PKN ORLEN, Landesbank Berlin, DEPFA, Government of Slovenia, Morgan Stanley, Standard Chartered, Deutsche Bank, Rabobank, Credit Suisse, Abbey National, HSBC Holdings, UBS, Citigroup, PKO BP, mBank, Europejski Fundusz Leasingowy, eBay.

The total balance sheet value of the bonds in the Foundation's possession as at December 31, 2016 was PLN 458 632 452.02.

All securities transactions in 2016 from the Perpetual Capital funds were made through PEKAO S.A., Societe Generale S.A., Rabobank, BNP Paribas Fortis.

Information on other purchased fixed assets:

In 2016 the Foundation did not purchase any fixed assets.

Information on the value of assets and liabilities for statistical purposes:

Total assets: PLN 471 859 335.29

Total liabilities: PLN 295 764.10

Information on the Foundation's settlements of incumbent tax liabilities and information on filed tax declarations:

PIT-4R and CIT-8 declarations were filed for 2015. As of December 31, 2016, short-term liabilities to the Tax Office (US) and Social Insurance Institution (ZUS) due to salaries totalled PLN 31 609.87.

In November 2011, the Foundation was assigned the status of a Public Benefit Organisation, which means that individuals paying income tax in Poland may now decide to donate 1% of the tax to the Foundation.

Information on the total annual or average monthly remuneration paid to the members of the Management Board and other Foundation's bodies:

In the financial year, the total gross remuneration paid by the Foundation to the members of the management and supervisory bodies was PLN 373 412.35.

Information on remuneration paid for contract services:

Contract services in 2016 totalled PLN 209 637.96 gross.

Information on controls performed at the Foundation:

There were no controls at the Foundation in 2016.

II. ACTIVITIES AND COMPETENCIES OF THE FOUNDATION'S BODIES

1. Council of the Foundation

The Foundation is governed by the Council of the Auschwitz-Birkenau Foundation. The Council members in 2016 were: Marek Zajac (Chairman), Eleonora Bergman, Jürgen Rüttgers, Serge Klarsfeld, Józef Wancer, Piotr Kadłcik, Edward Kosakowski, Zbigniew Nosowski, Paweł Machcewicz, Henryk Wujec, Wojciech Soczewica, Marcin Barcz. In 2016, the meeting of the Council was held on June 20.

In 2016, the Council adopted unanimously the following resolutions, both during the meeting and by circulation:

- Selection of the statutory auditor to audit the Foundation's financial statements (Resolution No. 1/2016 of 19 February 2016);
- Approval of the Substantive Report on the Foundation's activity in 2015, delivered by the Board (Resolution No. 2/2016 of 20 June 2016);
- Approval of the financial statements of the Foundation for the year 2015 (Resolution No. 3/2016 of 20 June 2016);
- Acceptance of the annual action plan of the Foundation and the financial plans for the year 2016 (Resolution No. 4/2016 of 20 June 2016);
- Granting a vote of approval to Piotr Cywiński for the discharge of duties of the President of the Management Board in 2015 (Resolution No. 5/2016 of 20 June 2016);
- Granting a vote of approval to Rafał Pióro for the discharge of duties of the Vice-President of the Management Board in 2015 (Resolution No. 6/2016 of 20 June 2016);
- Granting a vote of approval to Łukasz Rozdeiczer-Kryszkowski for the discharge of

duties of the Vice-President of the Management Board in 2015 (Resolution No. 7/2016

of 20 June 2016);

- Granting a vote of approval to Anna Miszewska for the discharge of duties of the Member of the Management Board – Director General in 2015 (Resolution No. 8/2016 of 20 June 2016);
- Granting a vote of approval to Jacek Kastelaniec for the discharge of duties of the Member of the Management Board – Director General in 2015 (Resolution No. 9/2016 of 20 June 2016);
- Dismissal of members of the International Committee (Resolution No. 10/2016 of 20 June 2016);
- Appointment of members of the International Committee (Resolution No. 11/2016 of 20 June 2016);
- Dismissal of members of the International Committee (Resolution No. 12/2016 of 28 October 2016);
- Appointment of members of the International Committee (Resolution No. 13/2016 of 28 October 2016);

2. Management Board of the Foundation

The Management Board of the Auschwitz-Birkenau Foundation is the body managing and representing the Foundation to external actors. Board members are: Piotr M.A. Cywiński, Ph.D. (President), Rafał Pióro (Vice-President), Łukasz Rozdeiczer-Kryszkowski (Vice-President), Anna Miszewska (Member of the Board, Director General), Maciej Antosik (Vice-President, Financial Director since January 1 2016). In 2016, the Management Board held 4 meetings (February, May, September, December). Its particular duties were to: prepare the action plans and financial plans for the Foundation, managing the Foundation's assets, determining the size of the Foundation's staff and the amount of funds spent on salaries of the employees, according to the approved financial plan, accepting donations, inheritances, bequests, subsidies and donations. In managing the Foundation's current activities, the Management Board is supported by the Foundation Office, operating in premises rented from the Jewish Community of Warsaw.

In 2016, the Board's activities focused on developing cooperation with individual donors, mainly in the United States, as well as with the Friends of Auschwitz-Birkenau Foundation. In addition, the Management Board of FAB continued the cooperation with state donors and negotiations with representatives of the states that have not joined the project yet.

In 2016, the Management Board also concentrated on passing income earned on the Perpetual Capital for the conservation of the Memorial Site. 2016 was the fifth year during which the Foundation financed the conservation work in the area of the Auschwitz-Birkenau State Museum (Resolution of the Management Board No. 3/2/2016 dated February 15, 2016 on allocation of the profit of PLN 8 000 000.00 earned on the Perpetual Capital in 2015 to statutory purposes, i.e. conservation of the Memorial Site). According to the demands of the Auschwitz-Birkenau State Museum, PLN 5 946 351.58 was transferred to the Museum's account. In 2016, the Museum spent PLN 5 428 194.53. The remaining amount may be used by the Museum at any time.

The following projects were implemented under the Global Conservation Plan in 2016:

Projects started in the previous years and completed in 2016:

- Conservation research necessary to carry out further works related to the performance of the GCP and preservation of the Auschwitz-Birkenau Memorial Site – STAGE III. The research from previous years was continued. As part of the research on the methods of conservation, protection and reinforcement of structures, a wall smoothing and stabilisation simulation was conducted.
- As part of the research on the biological corrosion, additional research to identify non-breeding micro-organisms and corrosion metabolites was carried out. The scope of activities as part of the identification of construction materials was extended to include verification of the impact of biocidal substances on ground pores of mineral materials. The research involved the research on the effectiveness of reinforcement and waterproofing processes.
- Conservation of wooden facilities in the area of the former KL Auschwitz II-Birkenau – STAGE II. Conservation work on a half of B-210 barrack was completed.

Projects started and completed in 2016:

- Preservation of museum and archive objects – preservation of suitcases, cyclone B cans, and paper based objects – STAGE I. As part of the project, the examination of the condition of preservation of paper-based artistic objects was carried out. Also, the most urgent preventive measures were taken. 1675 objects were assessed. 724 camp letters contained in 11 volumes were preserved and digitalised. 65 plans from the Zentralbauleitung group were preserved, and 833 plans from the Zentralbauleitung group were digitalised. 100 suitcases and 15 cyclone B cans were preserved.

On-going projects:

- Regulation of water conditions of the former KL Auschwitz II-Birkenau – STAGE I. Piezometric measurements were continued. Works on the preparation of the tender procedure to select a contractor for a building design along with renovation and preservation of culverts and ditches were completed.

- Preservation and conservation of BI section along with all related facilities – conservation of B123 and B124 brick barracks. Preservation, renovation and construction works were carried out. The area of works was secured with two brand new tents as a result of which works may be continued regardless of weather conditions, the facility being protected. Tent halls may be used again in the next projects.
- Preservation and conservation of BI section along with all related facilities - STAGE IV. The following works were carried out: expert surveys of technical condition for three bricked barracks (B-72, B-75, B-87), preparation of design documentation for B-91, B-138, B-112, B-141 barracks, development of preservation work programmes for the barracks.
- Modernisation of the storeroom for textile objects from the collections of the Auschwitz-Birkenau State Museum in Oświęcim – STAGE II. Prototypes of special cabinets were made. The project completion date was postponed due to additional technical arrangements with the cabinet designer and manufacturer.
- Preservation of museum and archive objects - preservation of textile objects. A preservation work programme together with a cost estimate was prepared. By the end of 2016, 6 tallits were preserved.
- Preservation and protection of ruins of gas chambers and crematoria of the former Auschwitz II-Birkenau – STAGE I. A preservation work programme along with the necessary examinations, bill of quantities and cost estimate was prepared. Building works and preservation works related to the protection of walls of changing room along with photogrammetric documentation were carried out. The scope of building works and archaeological monitoring was extended to include a supplementary contract in connection with the discovery of a historic pavement near the northern wall of the ruins of the changing room of gas chamber and crematorium III.

In 2016, the activity of the Foundation was made possible thanks to the profit on the investment of the Perpetual Capital, part of which, in accordance with the Foundation's statute, was used to finance current activities, and thanks to the funds donated by KPMG Audyt Sp. z o.o. and Deloitte Doradztwo Podatkowe Tokarski i Wspólnicy Sp.k. (formerly Deloitte Doradztwo Podatkowe Sp. z o.o.) to administration activities.

In 2016, the Auschwitz-Birkenau Foundation employed five persons full time:

Director General– Anna Miszewska
Financial Director– Maciej Antosik
Office Manager – Katarzyna Złoch
Director for Preservation Projects– Anna Barbur
Assistant to Director General– Aleksandra Maj

The structure of administrative costs of the statutory activity in 2016 financed from the statutory part of profit from the Perpetual Fund and donation of KPMG Audyt Sp. z o.o. and the donation of Deloitte Doradztwo Podatkowe Tokarski i Wspólnicy Sp.k. (formerly Deloitte Doradztwo Podatkowe Sp. z o.o). is presented below.

ADMINISTRATION COSTS OF THE STATUTORY ACTIVITY	PLN
Depreciation	10 289,02
Materials and energy consumption	41 705,03
Outsourced services	717 179,24
Taxes and charges	514,88
Salaries	725 965,53
Social insurance and other benefits	151 767,62
Other costs by types	206 199,64
TOTAL	1 853 620,96

Detailed information on the cost of salaries and other costs is included in the Foundation's Financial Statements for the financial year 2016.

In 2016, an audit was conducted in the Foundation's Office for the year 2015. Following the resolution of the Council of the Foundation, the audit was conducted by KPMG Audyt Sp. z o.o. spółka komandytowa. In the audit report, the auditor expressed no objections. The audit report as well as all statements in Polish and English are available at the Foundation's official website.

3. Financial Committee

The members of the Financial Committee of the Auschwitz-Birkenau Foundation are: Józef Wancer (Chairman of the Committee), Włodzimierz Grudziński, Antoni F. Reczek, Ekkehard Thiesler, Claude Trink, Peter Hommelhoff and Alfred Finz.

In 2016, the Committee held 5 meetings. Its recommendations are based on the investment strategy for the Foundation's Perpetual Capital, approved in 2013 by resolution of the Council of the Foundation and updated in 2015. The Committee monitors the Foundation's assets and advises to the Management Board on investment decisions on the on-going basis.

4. International Committee

The International Committee of the Auschwitz-Birkenau Foundation gathers the representatives of donor states. The Committee was established to provide the donor states with full access to information, as well as to maintain full transparency of the Foundation's activities. The role of the Committee is to advise and express opinions. On 28 October 2016, the 6th Meeting of the International Committee of the Auschwitz-Birkenau Foundation took place.

The meeting was attended by:

- Emil Aghaahmadov representing the Republic of Azerbaijan;
- Stefan Andersson representing the Kingdom of Sweden;
- Sergey Andreev representing the Russian Federation;
- Isabelle Berro-Amadeï representing the Principality of Monaco;
- Johanna Birkstedt representing the Republic of Finland;
- Stephen de Boer representing Canada;
- Lina de Castro Mota representing the Portuguese Republic;
- Charles Chapouilly representing the French Republic;
- Ronald van Dartel representing the Kingdom of the Netherlands;
- Gommaar Dubois representing the Kingdom of Belgium;
- Loukas Evgeniou representing the Republic of Cyprus;
- Iván Gyurcsík representing Hungary;
- Wendy Hinton representing New Zealand;
- Manfred Huterer representing Federal Republic of Germany;
- Jakub Karfik representing Czech Republic;
- Gerard Keown representing Ireland;
- Karsten Klepshvik representing the Kingdom of Norway;
- Dušan Krištofik representing Slovak Republic;
- Hannah Lessing representing the Republic of Austria;
- Ia Lomidze representing Georgia;
- Agustín Núñez Martínez representing the Kingdom of Spain;
- Kathleen Morenski representing the United States of America;
- Alessandro De Pedys representing Italian Republic;
- Eric Pickles representing the United Kingdom;
- Patricia Beatriz Salas representing the Argentine Republic;
- Minijus Samuila representing the Republic of Lithuania;
- Lukas Schifferle representing the Swiss Confederation;
- Tiina Tarkus representing the Republic of Estonia;
- Tunç Üğdül representing the Republic of Turkey;
- Paul Wojciechowski representing the Commonwealth of Australia.

During the meeting, a Report on the Foundation's Activity in 2015, Financial Statements, Foundation's employment structure and audit report were presented. Also, activities within the Master Plan for Preservation were discussed. The situation of the Perpetual Capital and the activities of the Financial Committee were also presented.

III. SOLICITING DECLARATIONS OF FINANCIAL SUPPORT FOR THE PERPETUAL CAPITAL

1. Countries

The letter sent out in February 2009 by Polish Prime Minister Donald Tusk, informing the leaders of over forty countries about the key intentions of the Auschwitz-Birkenau Foundation, as well as the task to collect 120 million euro for the Perpetual Capital, was received very well among many governments and heads of states. The letter of Polish Prime Minister Donald Tusk was sent out again in 2014 to twelve leaders of European and non-European countries, and was also received very well. By the end of 2016, 36 countries were engaged in the Foundation's project. In addition, Ireland increased its contribution to the Perpetual Capital by EUR 15 000. All of the payments and payment declarations from 2016 and previous years amount to the total sum of ca. 112 million EUR, which provides an optimistic outlook on the plans of complex conservation of the remains of the former Nazi German concentration and extermination camp Auschwitz-Birkenau according to the intentions of the authorities of the Auschwitz-Birkenau State Museum and the will of the International Auschwitz Council. In 2017, other states are expected to join the project. The Auschwitz-Birkenau Foundation conducts intensive negotiations, among others, with Armenia, Rumania and Bulgaria on joining the Foundation's project.

2. Individual donors and "18 Pillars of Remembrance" project

According to the decision made in 2012, the Auschwitz-Birkenau Foundation extended its activities in the United States. In 2013, Friends of Auschwitz-Birkenau Foundation was established, an American organization raising funds for the Foundation. Owing to that, in 2014 the Auschwitz-Birkenau Foundation and the Friends of Auschwitz-Birkenau Foundation were able to initiate the "18 Pillars of Remembrance" campaign. The aim of the campaign is to invite 18 philanthropists to the project – individuals and institutions. Each of them will become a symbolic "Pillar of Remembrance" by supporting the Auschwitz-Birkenau Foundation with an amount of EUR 1 million. The Foundation has solicited 9 „Pillars of Remembrance" so far. There is also a number of people who decided to support the Foundation with amounts of less than EUR 1 million, but still quite significant amounts. In 2016, on the initiative of Ronald S. Lauder, the Auschwitz-Birkenau Foundation Committee was set up. The Committee members are the current donors of the Foundation

who are engaged in and understand the Foundation's mission and invite other interested persons to join the Committee. The objective of the Auschwitz-Birkenau Foundation Committee is to help building the Perpetual Capital among individual and institutional donors.

IV. EXTERNAL SUPPORT FOR THE STATUTORY ACTIVITIES

In 2016, the Foundation cooperated with law and accounting firms. Legal assistance is provided free of charge by Weil, Gotshal & Manges law firm. Tax advice, accounting and HR and payroll services are provided by Deloitte Doradztwo Podatkowe Tokarski i Wspólnicy Sp.k. (formerly Deloitte Doradztwo Podatkowe Sp. z o.o.). Courtesy of the Jewish Community of Warsaw, the Foundation rents office space. Once again the audit was performed by an independent auditor, KPMG Audyt Sp. z o.o. spółka komandytowa.

The Friends of Auschwitz-Birkenau Foundation, whose goal is the same as that of the Foundation, conducts and supports fundraising activities of the Auschwitz-Birkenau Foundation in the United States. In 2016, the Auschwitz-Birkenau Foundation initiated activities aimed to set up the Canadian Friends of Auschwitz-Birkenau Foundation in Canada, an organisation to support the Foundation's fundraising activities in Canada.

V. PLANS FOR 2017

In 2017, the main emphasis will be put on soliciting new state donors with a special focus on the states which the Foundation is conducting negotiations with (including Rumania, Bulgaria, Armenia, Denmark, Morocco), as well as the states considered important partners for the future (including Balkan States, India, South Africa). The Auschwitz-Birkenau Foundation will continue its close cooperation with the Friends of Auschwitz-Birkenau Foundation to solicit individual donors.