

*Attachment*

*to the Supervisory Board resolution  
no. 9/22 dated 25 March 2022*

**ORANGE POLSKA S.A.**  
**THE SUPERVISORY BOARD'S REPORT**  
**for the 2021 financial year**

The Supervisory Board's report for the 2021 financial year includes:

- 1) letter from the Chairman of the Supervisory Board,
- 2) information about the members of the Supervisory Board and its committees,
- 3) information regarding the degree of implementation of the diversity policy applicable to the management board and the supervisory board,
- 4) summary of the activity of the Supervisory Board and its committees,
- 5) the appraisal of the Management Board's motion on distribution of the Orange Polska S.A. profit for the 2021 financial year,
- 6) the assessment of the Orange Polska Group's standing on a consolidated basis,
- 7) the assessment of the Group's system of internal control, risk management and compliance systems and the internal audit function,
- 8) the assessment of the Company's compliance with the corporate governance principles and the manner of compliance with the related disclosure obligations,
- 9) the assessment of the rationality of the sponsorship and charity policy.

## 1. Letter from the Chairman of the Supervisory Board

Dear stakeholders,

The most important development for Orange Polska in 2021 was the announcement of a new strategy for 2021–2024. The Supervisory Board and its Committees were involved in an intensive dialogue with the Management Board during the preparation thereof. The main target of our previous strategic plan was to reverse multi-year negative business trends. Our new .Grow strategy focuses on maintaining growth, laying the foundation for new sources of business expansion in the next strategic period, and further transforming the Company's corporate culture. The strategy was well received by the financial markets, which was reflected in the share price growth in subsequent weeks.

The excellent operational and financial performance in 2021 confirms that the first year of implementation of our new strategy was a very strong step towards its success. Income growth was driven by strong growth in revenues from core telecom services and ICT. The Management Board's decision to return to remunerating shareholders symbolically underscores the Company's sustainable turnaround and our confidence in solid prospects for future growth. Complementing the new strategy, the Supervisory Board adopted the new Long Term Incentive Programme, linked to the rise in the Company's value, to further motivate senior executives and better align their activities with the interest of the shareholders.

Another major development was the completion of the project related to the establishment of the joint venture Światłowód Inwestycje (FiberCo). The Supervisory Board was also heavily involved in this initiative. I consider this a textbook example of an infrastructure-related transaction that combines short-term benefits (proceeds of almost PLN 1.4 billion, of which two thirds were received on closing) with long-term ones (further significant expansion in the reach of the fibre network, which is the key element of Orange Polska's commercial strategy). The Supervisory Board would like to commend all the teams of the Company who relentlessly delivered in every complex step of the project.

Orange Polska has long been the leader in promoting and implementing the principles of sustainable growth. Last year, these efforts gained a new strategic dimension with the climate policy adopted by the Management Board and discussed at a meeting of the Strategy Committee of the Supervisory Board. Committed to achieve climate neutrality, we will actively reduce CO<sub>2</sub> emissions, mainly by increasing the share of energy from renewable sources. Further active contracting of wind energy from its producers seems particularly important in the context of the crisis in the energy market.

As every year, the Supervisory Board was also involved in all other decisions of key significance for Orange Polska. We monitored the Management Board's governance in managing the business to ensure that these activities were lawful and compliant with legal provisions and internal standards and policies, as well as appropriate and efficient. At each meeting, the Supervisory Board discussed in detail the Company's current financial and operational results in comparison to the budget adopted at the beginning of the year. More details of the Supervisory Board's assessment of Orange Polska are presented further in this chapter.

The frequency of the Supervisory Board and its Committees' meetings mean that we are in close contact with the Management Board. In 2021, seven meetings of the Supervisory Board and as many as eighteen meetings of its Committees took place – more than in previous years, owing to work on a new strategy and the Światłowód Inwestycje (FiberCo) project. The average participation rate was 97.4%. To adjust to the limitations imposed by the pandemic, for the second consecutive year we enabled shareholders to participate in and vote during the General Meeting in a fully remote way.

Looking forward to 2022, in the opinion of the Supervisory Board, the key tasks for the Management Board include meeting the challenges in the pursuit of the .Grow strategy goals in an exceptionally difficult macroeconomic environment, particularly the crisis in energy prices; obtaining 5G spectrum; and implementing a new hybrid work model in (hopefully) post-pandemic conditions.

As I write these words, a humanitarian tragedy has been unfolding in Ukraine for several weeks. The Supervisory Board and all of us in Orange Polska are deeply moved by this. Under such sad circumstances, connectivity becomes an absolute priority. And Orange Polska's employees have demonstrated a great commitment, offering support and assistance with an open heart. We have been

helping Ukrainian refugees to contact their relatives, providing shelter and care to them, and supporting the government services and NGOs that assist refugees.

Despite clear challenges, I am fully confident that we have the adequate resources and assets to meet them, in which the management will be supported by the Supervisory Board. Operating in an attractive market, we are guided in our activities by long-term value creation for all our stakeholders.

Maciej Witucki  
Chairman of the Supervisory Board

## 2. Information about the members of the Supervisory Board and its committees

### Composition of the Supervisory Board

Composition on 1 January 2021:

1. Maciej Witucki - Chairman
2. Ramon Fernandez - Deputy Chairman
3. Marc Ricau - Secretary
4. Dr. Henryka Bochniarz - Independent Board Member
5. Thierry Bonhomme - Board Member
6. Eric Debroeck - Board Member
9. John Russell Houlden - Independent Board Member and Chairman of the Audit Committee
7. Marie-Noëlle Jégo-Laveissière - Board Member
8. Prof. Michał Kleiber - Independent Board Member
10. Patrice Lambert de Diesbach - Board Member
11. Monika Nachyła - Independent Board Member
12. Dr. Maria Pasło-Wiśniewska - Independent Board Member
13. Jean-Michel Thibaud - Board Member
14. Jean-Marc Vignolles - Board Member and Chairman of the Strategy Committee

In 2021 the following changes occurred in the composition of the Supervisory Board:

- on 19 May 2021, Eric Debroeck resigned his position on the Supervisory Board, effective on 25 June 2021.
- on 25 June 2021, the mandates of Henryka Bochniarz, Thierry Bonhomme, Ramon Fernandez, Marie-Noëlle Jégo-Laveissière, Maria Pasło-Wiśniewska and Jean-Marc Vignolles expired.
- on the same day, the Annual General Meeting appointed the following persons: Philippe Béguin, Bénédicte David, Ramon Fernandez, Marie-Noëlle Jégo-Laveissière, Maria Pasło-Wiśniewska, Wioletta Rosołowska and Jean-Marc Vignolles for a new term of office.

Composition on 31 December 2021:

1. Maciej Witucki - Chairman
2. Ramon Fernandez - Deputy Chairman
3. Marc Ricau - Secretary
4. Philippe Béguin - Board Member
5. Bénédicte David - Board Member
6. John Russell Houlden - Independent Board Member and Chairman of the Audit Committee
7. Marie-Noëlle Jégo-Laveissière - Board Member
8. Prof. Michał Kleiber - Independent Board Member
9. Patrice Lambert de Diesbach - Board Member
10. Monika Nachyła - Independent Board Member

11. Dr. Maria Pasło-Wiśniewska - Independent Board Member and Chairman of the Remuneration Committee
12. Wioletta Rosołowska - Independent Board Member
13. Jean-Michel Thibaud - Board Member
14. Jean-Marc Vignolles - Board Member and Chairman of the Strategy Committee

Five members of the Supervisory Board met the independence criteria referred to in the Act of 11 May 2017 on Auditors, Audit Firms and Public Supervision and in the Company's Articles of Association, namely: John Russell Houlden, Prof. Michał Kleiber, Monika Nachyła, Dr. Maria Pasło-Wiśniewska and Wioletta Rosołowska.

The Supervisory Board assesses that there are no relationships or circumstances that may affect the independence of the above Supervisory Board members.

Seven members of the Supervisory Board have no actual and material relations with any shareholder who holds at least 5% of the total vote in the Company, namely: Maciej Witucki, John Russell Houlden, Prof. Michał Kleiber, Monika Nachyła, Dr. Maria Pasło-Wiśniewska, Wioletta Rosołowska and Jean-Marc Vignolles.

### Committees of the Supervisory Board

Three permanent committees operate within the Supervisory Board. Their composition was the following (as of 31 December 2021):

1. **Audit Committee:**
  - 1) John Russell Houlden – Chairman
  - 2) Monika Nachyła
  - 3) Dr. Maria Pasło-Wiśniewska
  - 4) Marc Ricau
  - 5) Jean-Michel Thibaud
2. **Remuneration Committee:**
  - 1) Dr. Maria Pasło-Wiśniewska – Chairwoman
  - 2) Prof. Michał Kleiber
  - 3) Marc Ricau
  - 4) Jean-Marc Vignolles
3. **Strategy Committee:**
  - 1) Jean-Marc Vignolles– Chairman
  - 2) Philippe Béguin
  - 3) Bénédicte David
  - 4) Patrice Lambert de Diesbach
  - 5) Monika Nachyła
  - 6) Dr. Maria Pasło-Wiśniewska
  - 7) Wioletta Rosołowska

Maciej Witucki, Chairman of the Supervisory Board, and John Russell Houlden, Independent Board member and Chairman of the Audit Committee, participate in the meetings of the Strategy Committee on a permanent basis. Moreover, all other members of the Supervisory Board are invited to meetings of the Strategy Committee and participate in them.

### 3. Information regarding the degree of implementation of the diversity policy applicable to the Management Board and the Supervisory Board

Since 2016, the Company has a Diversity Management Policy in the form of one comprehensive document defining various areas of management.

In addition, following the new “Best Practices of Listed Companies 2021” issued by the Warsaw Stock Exchange the Supervisory Board on 3 November 2021 adopted the diversity management policy for Members of the Management Board (“the Policy”).

The purpose of the Policy is to:

1. determine the standards that must be met in order for positions in the Company's Management bodies to be occupied by persons with appropriate qualifications, substantive knowledge, skills, professional experience, predispositions and reputation appropriate to perform such function.
2. Implement solutions for equal treatment and diversity in relation to the Management Board of Orange Polska.

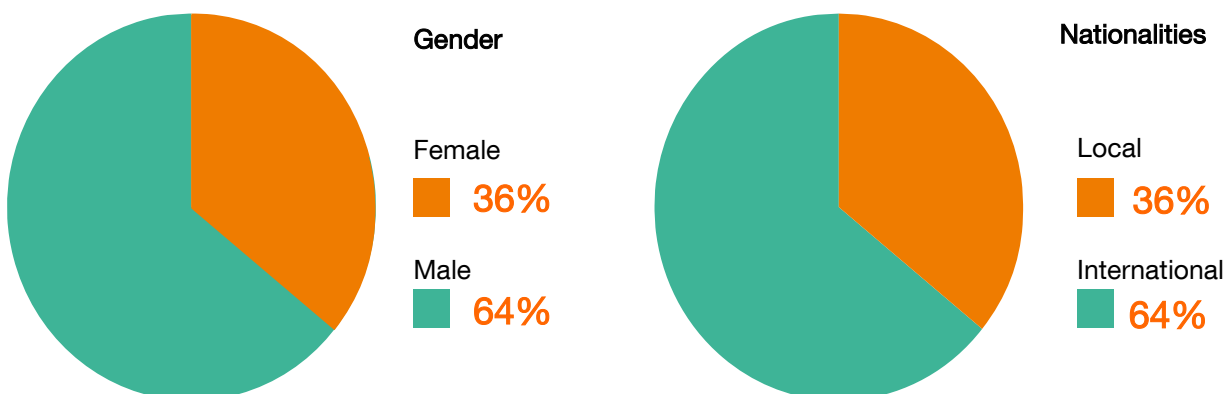
In the process of selection of members of Orange Polska's Management Board, the Supervisory Board:

1. is guided by the transparency of the principles and criteria for selecting candidates.
2. makes decisions on the selection of members based on the appropriate level of knowledge, skills, education, competences and professional experience of the candidates.
3. ensures that the members of management bodies include people of diverse gender, age, specialist knowledge, education and professional experience.
4. with regard to gender diversity, it aims to ensure a women participation of at least 30%.

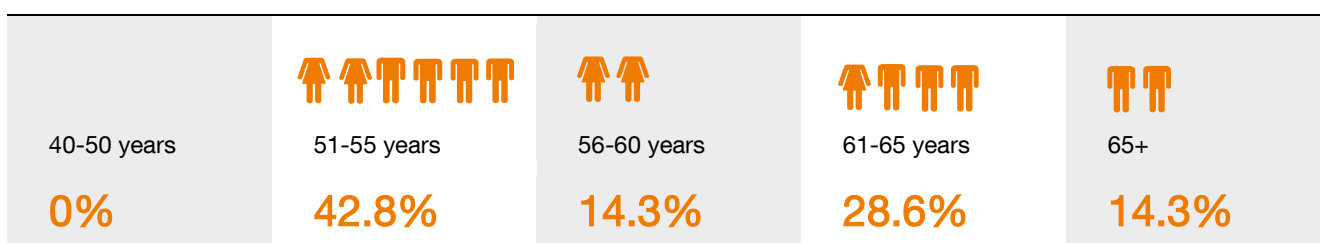
At the forthcoming Annual General Meeting, it is planned to adopt an appropriate policy with regard to the Members of the Supervisory Board.

Currently, the proportion of women to men in the Supervisory Board is 36% and 25% in the Management Board.

### Supervisory Board diversity



### Supervisory Board age profile



### Supervisory Board length of tenure

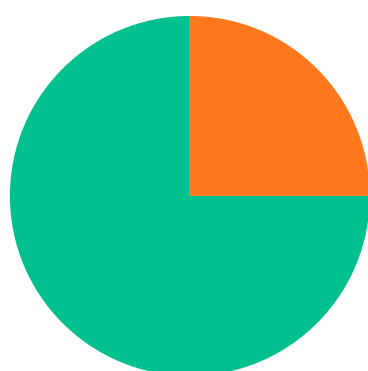


2-4 years	3 people	Monika Nachyła, Jean-Michel Thibaud, Jean-Marc Vignolles
4-6 years	2 people	Michał Kleiber, Patrice Lambert - de Diesbach
6+ years	5 people	Maciej Witucki, Ramon Fernandez, Marc Ricau, John Russell Houlden, Maria Pasło-Wiśniewska

### Supervisory Board skills matrix

	Economics and Finance	Management and Strategy	Law and administration	Engineering and Technology	Psychology and Humanities	Sales and Marketing	Public administration	Scientific activity
Maciej Witucki	✓	✓		✓				
Ramon Fernandez	✓	✓	✓				✓	
Marc Ricau	✓	✓		✓		✓		
Philippe Béguin		✓	✓	✓		✓		✓
Bénédicte David	✓	✓		✓		✓		✓
John Russell Houlden	✓	✓		✓			✓	
Marie-Noëlle Jégo-Laveissière		✓		✓		✓		✓
Michał Kleiber	✓	✓		✓			✓	✓
Monika Nachyła	✓	✓			✓	✓		
Patrice Lambert- de Diesbach	✓	✓	✓					
Maria Pasło-Wiśniewska	✓	✓			✓		✓	✓
Wioletta Rosołowska		✓			✓	✓		
Jean-Michel Thibaud	✓	✓		✓				
Jean-Marc Vignolles	✓	✓	✓	✓		✓		

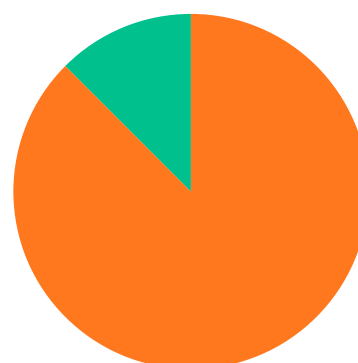
### Management Board diversity



Gender

Female  
■ 25%

Male  
■ 75%

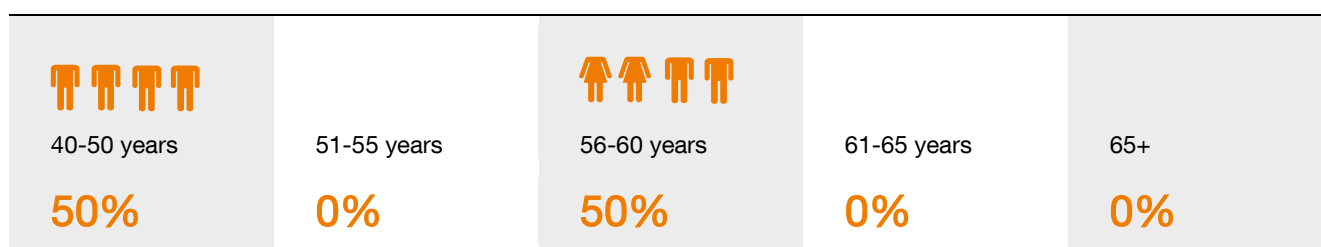


Nationalities

Local  
■ 87.5%

International  
■ 12.5%

### Management Board age profile



### Management Board length of tenure

0-2 years	2 people	Julien Ducarroz, Jacek Kunicki
2-4 years	2 people	Witold Drożdż, Piotr Jaworski
4-6 years	2 people	Jolanta Dudek, Bożena Leśniewska
6+ years	2 people	Jacek Kowalski, Maciej Nowohoński

## 4. The summary of the activity of the Supervisory Board and its committees in 2021

The Supervisory Board, acting in compliance with the provisions of the Commercial Companies Code and the Company's Articles of Association, exercised permanent supervision over the Company's operations in all fields of its activities.

In 2021 the Supervisory Board fulfilled its duties resulting from the provisions of the Commercial Companies Code including the appraisal of the Orange Polska financial statements, the Management Board's report on activity and the Management Board's motion on distributing the Company's profit for the 2020 financial year and filing with the General Meeting reports presenting the results of the above mentioned appraisals.

The Supervisory Board took due care to ensure that the Management Board's reports and the financial statements were in compliance with the law.

The Supervisory Board also executed its rights and obligations arising from the Company's Articles of Association and the Best Practice for GPW Listed Companies 2021, of which the following should be mentioned:

- 1) stating an opinion on motions submitted by or via the Management Board to the General Meeting,
- 2) stating an opinion on Orange Polska S.A. and Orange Polska Group strategy plan,
- 3) stating an opinion on Orange Polska S.A. and Orange Polska Group budget,
- 4) preparing the report on the Supervisory Board's activity in 2020 including the assessment of the Orange Polska Group's standing,
- 5) deciding on the composition of the Management Board and the evaluation of its performance.

Throughout 2021, the Supervisory Board mainly focused on the following issues:

#### a) announcement of the new strategy

Supervisory Board and its Committees were closely monitoring and discussing with the management preparations of the new strategy and its announcement plan to the market. The Strategic Committee was in details discussing key strategic plan assumptions and scenarios, and, external environment including competitive and regulatory landscape. Owing to the previous

strategy the company is on right business tracks, with right assets and customer proposals. The key objectives of .Grow strategy is to sustain healthy growth trends and continue internal company transformation including further simplification of business processes, employees reskilling and bringing new talent onboard. Separate discussion point was related to dividend policy. Long-awaited by investors return to dividends will underscore OPL's turnaround and reflect management confidence in the future growth prospects.

**b) new Long Term Incentive Plan**

As a complement to .Grow strategy, Supervisory Board has adopted a new long term incentive plan for Company's executives and senior management to additionally motivate them and align with the strategic goals and interest of the shareholders. The plan is correlated with the shareholder value appreciation: its success is 35% based on the share price appreciation.

**c) FiberCo project (Światłowód Inwestycje)**

Progress on the FiberCo project (Światłowód Inwestycje) which was initiated in 2020 was of special interest for Supervisory Board. The transaction that was concluded in April and finalised in August 2021 has a few dimensions. Firstly, the amount of proceeds demonstrates strong value that was created over the past few years attached to the FTTH rollout program. The proceeds have significantly strengthened Company's balance sheet. Secondly, it secures further expansion of the fibre footprint which is key driving force for the commercial strategy. Finally, as the rollout will take place mainly in suburban areas it will significantly contribute to the the development of the country's digital infrastructure and will fight digital exclusion. Supervisory Board was impressed by the execution process and gives its credits to all Orange Polska teams involved.

**d) developments around cybersecurity law and 5G auction**

Supervisory Board was closely monitoring developments around new draft of the cybersecurity law that was published by the government in October 2021. The most discussed areas of this draft were those related to unexpected inclusion of provisions regarding the so called #PL5G project. Based on the proposal 700MHz spectrum is supposed to be operated by a wholesale company majority owned by government controlled entity and minority stake owned by telecom operators who would win licences for this spectrum. Supervisory Board shared Management concerns about legal and governance framework behind this project and weather in the proposed form it will secure the best interest of Orange Polska. The Board asked the Management to be in the active dialogue with lawmakers to protect company's interests.

**e) monitoring of operating and financial results and budget realisation**

Supervisory Board on a constant basis monitored commercial and financial results and realisation of 2020 budget. This was especially important in the light of the challenges related to the impact of the pandemic. In particular it was analysed how the economic situation influences customer receivables collection.

**f) the Management Board composition**

On 16 February 2021, the Supervisory Board reappointed Bożena Leśniewska, Witold Drożdż, Jolanta Dudek and Piotr Jaworski for the next term of office members of the Management Board. In accordance with the Best Practice for GPW Listed Companies, the renewals were made more than four months before the expiration of theirs terms of office.

The Supervisory Board met 7 times in 2021.

The attendance at the Supervisory Board's meetings was 96,9% and 97.4% including its committees.



## Supervisory Board attendance register 2021

	SUPERVISORY BOARD	AUDIT COMMITTEE	STRATEGY COMMITTEE	REMUNERATION COMMITTEE
Maciej Witucki	7/7			
Ramon Fernandez	7/7			
Marc Ricau	7/7	7/7		7/7
Philippe Béguin	3/3		2/2	
Henryka Bochniarz	3/4		2/2	
Thierry Bonhomme	4/4		2/2	
Bénédicte David	3/3		2/2	
Eric Debroeck	4/4		2/2	
John Russell Houlden	7/7	7/7		
Marie-Noëlle Jégo-Laveissière	7/7			
Michał Kleiber	7/7		4/4	7/7
Patrice Lambert-de Diesbach	7/7		4/4	
Monika Nachyła	7/7	5/7	4/4	
Maria Pasło-Wiśniewska	7/7	7/7	4/4	7/7
Wioletta Rosołowska	3/3		2/2	
Jean-Michel Thibaud	5/7	7/7		
Jean-Marc Vignolles	7/7		4/4	7/7

*\*) Actual number of meetings attended / Maximum number of scheduled meetings which the directors could have attended*

The Supervisory Board regularly monitored the execution of its resolutions and recommendations, analysing the information presented by the Management Board.

The Supervisory Board formulated a number of recommendations, remarks and motions to the Management Board, referring to different aspects of the Company's operations.

The Supervisory Board used in its operations opinions of its Committees (the Audit Committee, the Remuneration Committee and the Strategy Committee), wherever applicable.

During discussing specific matters at the meeting, the Chairpersons of the committees presented appropriate recommendations and proposals for decisions to the Supervisory Board. In addition, the Supervisory Board regularly receives the minutes from the committees' meetings.

The committees of the Supervisory Board received relevant and reliable information and reports from the Management Board on time, enabling them to carry out their tasks in 2021.

The reports of the three permanent committees of the Supervisory Board on their activities in 2021 are attached hereto.

The tasks and the principles of the operation of the Supervisory Board and its permanent committees are defined in the Regulations of the Supervisory Board which are available on the Company's website.

### **5. Appraisal of the Management Board's motions addressed to the Annual General Meeting**

The Company's Supervisory Board, acting pursuant to provisions of article 382 § 3 of the Commercial Companies Code and § 23.2.1-3 of the Company's Articles of Association, by the resolution No. 1/22 dated 15 February 2022, assessed:

- 1) the IFRS separate financial statements of Orange Polska S.A. for 2021 financial year;
- 2) the Management Board's report on the activity of Orange Polska Group and Orange Polska S.A. for 2021,
- 3) the IFRS consolidated financial statements for 2021.

Moreover, the Supervisory Board has reviewed and assessed resolution No. 5/22 of the Company's Management Board dated 16 February 2022 on the Management Board's motion on distribution of the Orange Polska S.A. profit for the 2021 financial year,

Having analysed the above mentioned documents and taking into consideration the independent auditor's reports on the audit of the annual separate and consolidated financial statements for the year ended 31 December 2021, the Supervisory Board recommends the Annual General Meeting:

1. to approve the Orange Polska S.A. IFRS separate financial statements for the year ended 31 December 2021;
2. to adopt a resolution on distribution of the Orange Polska S.A. profit for the 2021 financial year according to the motion of the Management Board included in the resolution 5/22;
3. to approve Orange Polska Group and Orange Polska S.A. Management Board's report on the activity for the year ended 31 December 2021,
4. to approve the Orange Polska Group IFRS consolidated financial statements for the year ended 31 December 2021,
5. to grant approval of the performance by the members of the Management Board of Orange Polska S.A. of their duties in 2021.

### **6. Assessment of Orange Polska Group's standing on a consolidated basis**

This section contains the Supervisory Board assessment of the Orange Polska Group's standing on a consolidated basis in 2021 in accordance with the recommendation no. 2.11.3. of the Best Practice for GPW Listed Companies 2021, introduced by the Warsaw Stock Exchange. The assessment is based on the 2021 financial results of the Group (the Company and its subsidiaries) as well as on the information obtained by the Supervisory Board in conducting its statutory tasks.

The Supervisory Board, through the work of its committees and all its members (including independent members), was actively engaged in the process of evaluating of the most important initiatives, having in mind the interest of all the Group's stakeholders, including shareholders. In addition, it maintained oversight of the Group's operational and financial goals through management reporting at its quarterly meetings, and was able, through the Audit Committee, to oversee the accuracy of financial reporting and the functioning of the internal control, risk management and compliance systems and the internal audit function.

#### **Group's Operational Review**

The Group's key goals in 2021 were:

- Sustaining strong commercial momentum with special focus on fibre, convergence and B2B
- Execution on FiberCo project

- Covid-19 impact management including plan for new operating model after the pandemic
- Acquisition of 5G spectrum
- Further cost transformation with special focus on automation and digital customer interactions
- Increased focus on digital and Green including finalisation of first projects contributing to increasing energy consumption from renewable sources
- Fulfilment of published financial forecasts and expectations regarding revenue growth and EBITDAaL
- Preparation of a new strategy for 2021-2024 and its announcement in due time.

2021 was obviously a year marked by announcement of the new .Grow strategy that sets priorities for Orange Polska for year 2021-2024. Supervisory Board was naturally involved in its preparation process. .Grow is an evolutionary strategy conceived to stimulate and accelerate sales and profit growth, as well as laying the foundation for growth beyond 2024. Important element of the strategy is return to dividends. The strategy was well received by the stock market which resulted in the growing share price in the weeks following the announcement.

A landmark development of 2021 was a sale of 50% stake in FiberCo (Światłowód Inwestycje) and establishing a joint venture with APG. It is very important in the context of implementing .Grow strategy. It will enable the Group to simultaneously continue increasing fibre reach and executing other projects that are important for the future, without increasing capex range.

The Group delivered on all its financial goals. Almost 6% EBITDAaL growth was at the high end of the guided range (low-to-mid single digit growth) which was increased during the year. The key success factor was successful combination of growing number of customers and improving trends in ARPO, in all key services. The Company pursued with its more-for-more value strategy in 2021 increasing mobile tariffs for B2C customers, adjusting some convergent packages and introducing changes to pre-paid plans. This was complemented by ongoing cost transformation, including automation and digitisation of business processes. The Company's has been implementing new balanced hybrid work model that will progressively result in significant savings in the office space used.

One of the Company's goals was to sustain strong commercial momentum from 2020. Commercial results were very solid in most areas taking into account lower customer activity following pandemic-related spike in demand in the second half of 2020. Results in fibre were particularly strong with retail fibre customer base increasing 30% in 2021. Orange fibre services were available for 6 million Polish households making the Company by far the largest fibre player in Poland.

The Supervisory Board was interested in the Management Board's view regarding potential changes in the competitive environment in Poland following announced acquisition of UPC, the largest cable company, by Iliad, owner of Play. If finalised, the transaction will result in creation of a new significant convergent player.

One of key topic for the Supervisory Board in 2021 was the situation regarding the auction for 5G C-Band spectrum and cybersecurity regulations. After the auction was annulled in 2020, unlike expected a new auction has not been announced in 2021 due to prolonging government works on the cybersecurity law. The new published draft of the law related unexpectedly included provisions regarding the so called #PL5G project. Based on the proposal 700MHz spectrum is supposed to be operated by a wholesale company majority owned by government controlled entity and minority stake owned by telecom operators who would win licences for this spectrum.

Supervisory Board shares Management view that last year was very successful for Orange Polska and constitutes a very good start for the implementation of .Grow strategy.

### Financial standing of the Group

The Management Board kept the Supervisory Board informed of the financial results. The Audit Committee of the Supervisory Board supervised the reliability of financial reporting on an ongoing basis and presented its opinions to the Supervisory Board before publication of the results for individual reporting periods.

The Group met all its financial goals for 2021 delivering strong results across the board. EBITDAaL growth rate accelerated to almost 6% as profitable revenue expansion translated into profits through Company's high operating leverage. 2021 was the fourth consecutive year of operating profitability growth which demonstrates that Orange Polska is consistent in delivering growth, while its business is predictable and defensive. The Group also successfully continued its cost transformation with savings in many areas including labour, subcontracting and general expenses.

Revenue increased 3.6% year-on-year in 2021 with all key lines contributing to this growth. In the opinion of the Supervisory Board it is especially worth noting that revenues from key telecom services, which are essential to margin generation, (combining convergence, mobile and fixed broadband) were up 6.7%. This growth rate further accelerated versus 2020 when it amounted to 2.9%. This was truly very high pace of growth which benefitted from strong growth of customer volumes and improving trends in ARPO. ICT business had another remarkable year with revenues advancing 18% as the Group further strengthened its position as integrator and digital services provider to Polish corporates.

Net profit was exceptionally high and amounted to almost PLN 1.7 billion. It was boosted by PLN 1.4 billion gain related to sale of the 50% stake in Światłowód Inwestycje. Excluding this extraordinary item net income was still much higher versus 2020, mainly as a result of higher EBITDAaL and lower depreciation. It is very positive that turnaround on EBITDAaL level has started to filter through to the bottom line.

Organic cash flow grew by a remarkable 35% in 2021 as a result of growing EBITDAaL, decreasing capex and better cash from disposal of real estate. Capex already benefitted from Światłowód Inwestycje joint venture.

Over the course of last year, the Group reduced its net debt by around PLN 1.5 billion as a result of solid cash flow generation and proceeds received on closing of the transaction related to Światłowód Inwestycje. As a consequence financial leverage decreased to 1.4x which illustrates strong balance sheet structure. This was a strong argument behind expected return to dividends in 2022.

In 2021 the Group did not pay a dividend which the Supervisory Board assessed as a positive decision. The decision considered still not finalised transaction related to Światłowód Inwestycje and uncertainties related to 5G auction and cybersecurity law. However at the same time the management committed to return to dividends from 2022. Indeed, in February 2022 it recommended payment of PLN 0.25 per share in 2022 from 2021 profits.

### Conclusions and recommendations for 2022

2021, for many reasons, was a very successful year for Orange Polska. Last year's performance was a first and very strong step to fulfil .Grow strategy. The Group confirmed all its strategic goals. It is quite obvious that 2022 will be much more challenging year due to extremely volatile macro environment and war on Poland's eastern border with impossible to judge today further development and ultimate consequences. Supervisory Board is convinced that the Group has the strategy best suited to bring the most of its assets and values.

The Supervisory Board shares the Management Board's opinion that in 2022 the Group should focus its operations in particular on the following key aspects:

- Further development of key value drivers including convergence, mobile, fibre and ICT, also taking into account possible changes in the competitive landscape following acquisition of UPC by Play
- To take measures in an attempt to pass high inflationary pressures to customers to protect profitability
- To weather risks related to unprecedented rise in energy prices among other through new Power Purchase Agreements (PPA)
- To assess risks related to the war in Ukraine and take on necessary mitigating actions
- Acquisition of 5G spectrum
- Pursue transformation of corporate culture to be more agile and cost effective as well as implement post-pandemic workplace model

- Fulfilment of published financial forecasts and expectations regarding revenue growth and EBITDAaL

## 7. Assessment of the Group's internal control, risk management and compliance systems and internal audit function

The Supervisory Board is responsible for reviewing the effectiveness of the Group's system of internal control and risk management designed and established by the Management Board, as well as the compliance system and the Internal Audit function.

This system facilitates management of the risk of failure to achieve business objectives and provides reasonable assurance against material misstatement or loss, (Risk management does not mean the full elimination of risk, but provides for better risk identification and the implementation of adequate measures as needed). The relevant processes are designed to give reasonable assurance that the risks significant to the Group are identified and addressed in the Company, but such assurances can never be absolute.

The Company continuously monitors the evolution of the control environment. It ensures that all significant changes are sufficiently controlled and any identified deficiencies in the internal control system are addressed with action plans. On a quarterly basis, the internal control system is monitored in a self-assessment tool implemented by the Company and, in addition senior managers certify the effectiveness of the internal controls. On a yearly basis, the controls are subject to testing by the internal control team, internal and external auditors, and the results are reported to the Audit Committee.

The key elements of the system of internal control, including risk management, were presented in the Management Board's Report on the Activity of the Group for 2021, published on 16 February 2022.

In 2021, the Company again completed a comprehensive assessment of its processes of internal control over financial reporting. Main deficiencies both in design and in effectiveness of internal control have been identified and corrected, or appropriate action points have been launched. As a result of the assessment, the Management concluded that there were no weaknesses that would materially impact the internal controls and financial reporting at 31 December 2021.

Both the internal and external auditors report to the Management Board and also to the Audit Committee on control deficiencies which they identified during their audit. Their recommendations are being implemented.

The most important risks are updated annually by the Management Board and presented to the Supervisory Board.

Matters related to compliance are being reported to the Audit Committee of the Supervisory Board in the following areas: ethics, general compliance with laws and regulations, anti-fraud, security and anti-corruption measures related with Anti-Corruption Policy that puts forward zero-tolerance rule towards corruption. The Compliance function carries out activities ensuring adjustment of Company's internal regulations and mechanisms to, among others, the Group's requirements in the scope of current anti-corruption regulations.

Orange Polska anti-corruption policy, complemented with detailed internal regulations, defines the required standards for employees' conduct. On the basis of relevant provisions of the policy, potential consequences are determined in cases of violation of anti-corruption procedures. Under the due diligence process, verification of current and future business partners is conducted with regard to threats related to corruption, fraud, non-compliance with economic sanctions, money laundering and financing of terrorism. The Compliance Management function conducts cyclic reviews of corruption risks, also taking into account control mechanisms and appropriate preventive measures.

Orange Polska employees and stakeholders may use dedicated channels to report their concerns or to ask for advice if they suspect a conflict of interests, bribery or any infringement of internal regulations of the Group or of other regulations of the law. Persons reporting irregularities can do so without fear of negative consequences.

Dedicated training sessions taking into account the exposure of individual areas of OPL to the risk of corruption and communication activities aim to constantly increase knowledge and build employees awareness. OPL also conducts regular reviews in this area, makes necessary improvements and monitors the correctness of payments made.

Activities of Compliance Management function, the results of planned inspections, as well as the results of inspections initiated by notification of irregularities (whistle -blowing) are monitored on the basis of reports submitted periodically. Applied actions and mechanisms are ensuring the effectiveness of Compliance function and maintenance of Group's anti-corruption regulations standards.

The Supervisory Board is presented on annual basis also with information on the implementation and effectiveness of the compliance program, related to the fight against corruption including the risk map as well as the corresponding action plan for the coming year.

The internal audit function, which reports directly to the President of the Management Board, ensures objective and independent assessment of the adequacy, effectiveness and quality of the Group's internal controls. The internal audit works in accordance with a charter approved by the Audit Committee, which also reviews annual internal audit program and analyses the Orange Polska's Internal Audit reports.

#### **8. Assessment of the Company's compliance with the corporate governance principles and the manner of compliance with the related disclosure obligations**

This section contains the Supervisory Board assessment of the Company's performance of its obligations concerning compliance with the corporate governance principles as defined in the Exchange Rules, and with the regulations on current and periodic reports published by issuers of securities in 2021 in accordance with recommendation no. 2.11.4 of the Best Practice for GPW Listed Companies 2021.

Orange Polska as an issuer of shares admitted to trading on a regulated market is obliged to follow the rules of the Best Practice for GPW Listed Companies. Orange Polska accomplished its information duties concerning compliance with the corporate governance principles defined in the GPW Regulations and the regulations on current and periodic reports published by issuers of securities.

The publication of current reports regarding the application of detailed Corporate Governance rules is governed by the Resolution of the WSE Board no. 692/2021 dated 1 July 2021. According to the WSE regulations when a given rule is not applied in a consistent way or is broken incidentally, the Company is obliged to publish a report on its web site in the analogical way as it is applied for a publication of current reports. Reports concerning the application of detailed rules of the corporate governance are passed by means of EBI (Electronic Basis of Information). The decree of the Minister of Finance dated 29 March 2018 defines which information should be mentioned in the declaration on the application of the Corporate Governance constituting a separate part of the Management Board report about the activity of the Company.

The Supervisory Board analysed the declaration about the application of Corporate Governance included in the Management Board report about the activity of Orange Polska S.A. and the Orange Polska Group in 2021. This declaration defines in a detailed way the issues concerning Corporate Governance and contains the information from the decree of the Minister of Finance dated 29 March 2018 on the current and periodic information passed by issuers of securities and on conditions of the consideration as equal of the information required by the law of a state which is not a member.

In the above-mentioned declaration the Management Board described that in 2021, the Company complied with the corporate governance best practice referred to above except for the principle 2.1 in its part regarding a separate diversity policy for the Supervisory Board, and principle 2.2 in its part regarding diversity in the composition of the Management Board.

Orange Polska intends to develop and adopt a Diversity Policy for the Supervisory Board at the nearest General Meeting.

Furthermore, pursuant to the Diversity Management Policy applicable to the Management Board adopted by the Supervisory Board on 3 November 2021, with regard to gender diversity, in the process of

appointment of the Members of the Management Board of Orange Polska the Supervisory Board will strive to achieve the minimum participation of women of at least 30%. As of December 31, 2021, the participation of women in the Supervisory Board and the Management Board is 36% and 25%, respectively.

According to the principle 1.1. of the Best Practice, Orange Polska runs a website in Polish and English, on which the Company publishes all provided by law and best practice documents and information required by law and best practice, including information on the Company's application of principles and recommendations contained in the Best Practice for GPW Listed Companies.

In the Supervisory Board's opinion, the information provided by Orange Polska is in line with the requirements and honestly follows the rules of the Corporate Governance and the Company duly fulfils its disclosure obligations relating to the application of Corporate Governance principles set out in the Warsaw Stock Exchange Rules and regulations on current and periodic information.

### **9. Assessment of the rationality of the sponsorship and charity policy**

This section contains the Supervisory Board assessment of the compliance and rationality of the Group's policy of supporting culture, sport, charities, media, social organizations and others in 2021 with recommendation no. 2.11.5 of Best Practice for GPW Listed Companies 2021.

The Supervisory Board analysed the amounts expensed by Orange Polska Group in support of culture, sports, charities, the media, social organisations, trade unions, etc. in 2021.

The Supervisory Board states that the sponsorship strategy led by the Company and focused in 2021 on music as the main area supporting the brand brought the appropriate financial and marketing efficiency, although it was curtailed by the Covid-19 pandemic. According to the adopted strategy, in the strategic sponsorship area Orange Polska creates complex long-term projects across the whole of Poland. The projects, in which Orange Polska acts as titular or main sponsor, address the largest possible group of its clients (present and potential).

The Supervisory Board appreciates the charity activity led by Orange Polska in both forms – one led by the Donations' Fund and the other led by the Orange Foundation (created by the Company). The Orange Foundation acts for the modern education of children and youth. Through creative initiatives, Foundation encourages young people to acquire knowledge, participate in culture, and build communities using new technologies.

## **REPORT**

### **on the 2021 activities of the Audit Committee of the Orange Polska S.A. Supervisory Board**

The Audit Committee was established by virtue of the resolution of the Supervisory Board no. 324/V/2002 dated June 14, 2002 regarding the establishment of the Audit Committee as a consultative body acting under the Supervisory Board.

The role of the Committee is to review the integrity of the financial information reported externally, the independence and objectivity of the external auditors of Orange Polska (the “Company”, “OPL”) and Orange Polska Group (the “Group”), the nature and scope of the audit and the auditors' work as well as internal audit, internal control and risk management systems and significant transactions with related parties, and to advise the Supervisory Board on these issues as appropriate.

#### **Audit committee members**

1. John Russell Houlden – Chairman (“Independent Director”)
2. Monika Nachyła (“Independent Director”)
3. Dr Maria Pasło-Wiśniewska (“Independent Director”)
4. Marc Ricau
5. Jean –Michel Thibaud

The Audit Committee is chaired by Mr. John Russell Houlden, an Independent Director of the Supervisory Board. He has relevant experience and/or qualifications in finance, accounting and audit. Other Independent Directors of the Committee are Dr Maria Pasło-Wiśniewska and Monika Nachyła.

#### **CORPORATE GOVERNANCE**

##### **Letter from the Chairman of the Audit Committee**

Dear Shareholder,

I am pleased to attach my report on the activities of the Audit Committee over the past 12 months.

The most important transaction concluded by the Company was the establishment of the joint venture, Światłowód Inwestycje Sp. z o.o., aimed at expanding the fibre footprint available to the Company going forward. The Audit Committee was involved from the very beginning, starting from setting up a special purpose company and contributing to it a part of its fibre network, and then the disposal of 50% of the shares in that company to APG, the partner selected within a competitive process. The transaction constituted a loss of control of the new company, the gain in respect of which amounted to PLN 1.6 billion, which made up the majority of the Group's net income in 2021. The Audit Committee looked into all accounting interpretations, judgements and estimates involved in the process.

Similarly, as in 2020, one of the most important considerations of the Audit Committee was monitoring the impact of the Covid-19 pandemic on the Company, as well as on the Polish economy. In particular, the Audit Committee monitored the way in which that impact was reflected in the Company's financial reporting and its communications to the market. The Audit Committee received periodic reports



on the Covid-19 impact and had regular discussions with Management in this regard. The Audit Committee is satisfied with the way that the Covid-19 impact is reflected in the Company's financial information as well as its external communications.

Another important achievement of the Audit Committee in 2021 was the finalisation of the auditor selection process and the recommendation on the appointment of KPMG as the statutory external auditor for the years 2021-2025. The Audit Committee closely monitored the first year of the new auditor's assignment. Periodic meetings with the auditor were organised to discuss the auditor's view on key reporting and audit matters. Also, the Audit Committee worked on the preparation of a set of Audit Quality Indicators in order to be better able to monitor the quality of the auditor's work.

One of the main responsibilities of the Audit Committee is to ensure proper financial reporting by the Company and the Group. As part of this, we review all significant accounting interpretations, judgements and estimates proposed by Management. The Audit Committee also reviewed the impairment analysis results.

In addition to its oversight of the external audit of the Company and the Group financial statements, the Audit Committee has also been involved in reviewing internal control and compliance, and risk management. In particular, the Audit Committee worked to ensure the independence of both the external auditor and internal audit team, and had private meetings with the external auditor and the head of the Company's internal audit team to give them an opportunity to discuss any issues which may have arisen in their interactions with Management.

Last, but not least, the Independent Directors on the Audit Committee reviewed and, when necessary, challenged the terms of significant transactions with related parties including, in particular, the majority shareholder, Orange S.A.

Further details of the activities of the Audit Committee are presented below.

### **Russ Houlden**

Chairman of the Audit Committee

### **Main responsibilities of the committee**

The key functions of the Audit Committee are specified in its Terms of Reference attached to the Regulations of the Supervisory Board and include but are not limited to (i) monitoring the integrity of the financial information reported externally, (ii) reviewing the Group's internal control and risk management systems, (iii) reviewing plans for internal audit and their reports, (iv) reviewing and giving opinions on significant transactions with related parties, (v) recommending the selection and re-appointment of the audit firm, (vi) monitoring the independence and objectivity of the Company's external auditors, the nature and scope of the audit and monitoring the auditors' work, (vii) giving the Supervisory Board recommendations to ensure the faithful representation and relevance of the financial reporting process and information published by the Company and the Group.

The Committee must consist of at least three members, the majority of whom, including the Chairman, are independent of the Company. The Audit Committee must meet (physically or virtually) at least on a quarterly basis before the publication of the financial statements.

The Audit Committee held six scheduled and two ad hoc meetings in 2021. The meetings were generally attended by the Chief Executive Officer, Chief Financial Officer as well as Internal Audit Director. Other members of the Management Board, Executive Directors and other managers and invited guests attended

the meetings when appropriate. The meetings were generally attended by representatives of the Company's external auditor, KPMG.

### **Our approach to monitoring the financial reporting process**

As required by law, the Audit Committee monitored the process of financial reporting. The goal of the Audit Committee was to assess and provide advice to the Supervisory Board on whether the financial statements as well as the Management report on the Company's operations, taken as a whole, secured faithful representation and relevance of the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

The Audit Committee reviewed the quarterly and annual financial statements. The Committee reviewed also Orange Polska Group's strategic plan as well as budgets. The aim of the review was to ensure that the key messages being followed in the annual and periodic reports were aligned with the Company's position, performance and strategy and that the narrative sections of the reports were consistent with the financial statements. In order to assess that the reports and the financial statements secured faithful representation and relevance of the information, the Audit Committee also reviewed reports on financial performance of the Company, accounting policies and procedures, accounting estimates and judgments, one-off items as well as market guidance and Orange Polska Group's performance against the budget and other information with the aim of assessing the Company's position and performance. The Audit Committee was satisfied that all the key events and issues which had been reported by the Management Board during the year, both good and bad, had been adequately referenced or reflected within the annual report.

The auditor was regularly participating in the meetings of the Audit Committee and gave its view on issues significant from an accounting perspective as they arose during the year. Subsequently, the auditor presented, and the Audit Committee reviewed and where appropriate discussed with the auditor, the additional report prepared as required by the Regulation (EU) No 537/2014 of the European Parliament and of the Council.

### **Our approach to monitoring the performance of the auditor**

The Audit Committee is responsible for the relationship with the external auditor and that role involves examining the effectiveness of the audit process as well as the independence of the auditor. The year 2021 was the first year of KPMG being the auditor of the Orange Polska Group. The Audit Committee monitored the selection process of the auditor to ensure that the best of the potential auditors was selected and to make sure that high quality of the process was ensured and all legal requirements related to the selection were met. As a result the Audit Committee recommended to the Supervisory Board KPMG as the statutory auditor to carry out the statutory audit of the Company and the Orange Polska Group for 2021-2025. The Supervisory Board appointed KPMG as the statutory auditor on 19 March 2021. The Audit Committee monitored the transition from Ernst & Young to KPMG to make sure that the quality of the audit was secured at the high level starting from the first year of KPMG's engagement.

The Audit Committee reviewed the external auditor's proposed audit plan for 2021 including key auditing matters to be focused on, the materiality level set for audit testing and schedule of planned works and reporting along with planned interactions with the Audit Committee. Subsequently, the Audit Committee reviewed and discussed the auditor's recommendations, observations and comments on key areas requiring special consideration taking into account also the views of the management on those issues. The key auditing personnel participated in the meetings of the Audit Committee to allow for discussion of

all issues as they arose during the year. Also, private meetings with the auditor were held by the Audit Committee to ensure open and transparent discussion between the auditor and the Audit Committee without the presence of the Management Board. The Audit Committee monitored the progress of the audit and its quality against the audit plan throughout the year.

In order to assess the performance and independence of the auditor as well as generally the relationship with the auditor the feedback on the auditor is collected from all members of the Audit Committee, the Management Board, key members of the senior management team and those who have regular contact with the auditor. The first feedback on the new auditor will be collated and presented to the Audit Committee in 2022 after finalisation of the first year audit by KPMG. The Audit Committee regularly asks the auditor for its feedback on the co-operation with the Company.

To enhance the process of monitoring of the audit, the Audit Committee agreed with the auditor a set of Audit Quality Indicators (AQIs) and implemented AQIs as an additional tool of audit quality monitoring.

Also, the Audit Committee discussed with KPMG the report on its quality control issued by the Polish Agency for Audit Supervision on 30 December 2021. Based on documentation relating to prior years, this highlighted some relatively minor areas for improvement in KPMG's system of quality control and in some of its audits (not relating to Orange Polska). KPMG had accepted the findings and committed to implementing the report's recommendations by 31 March 2022.

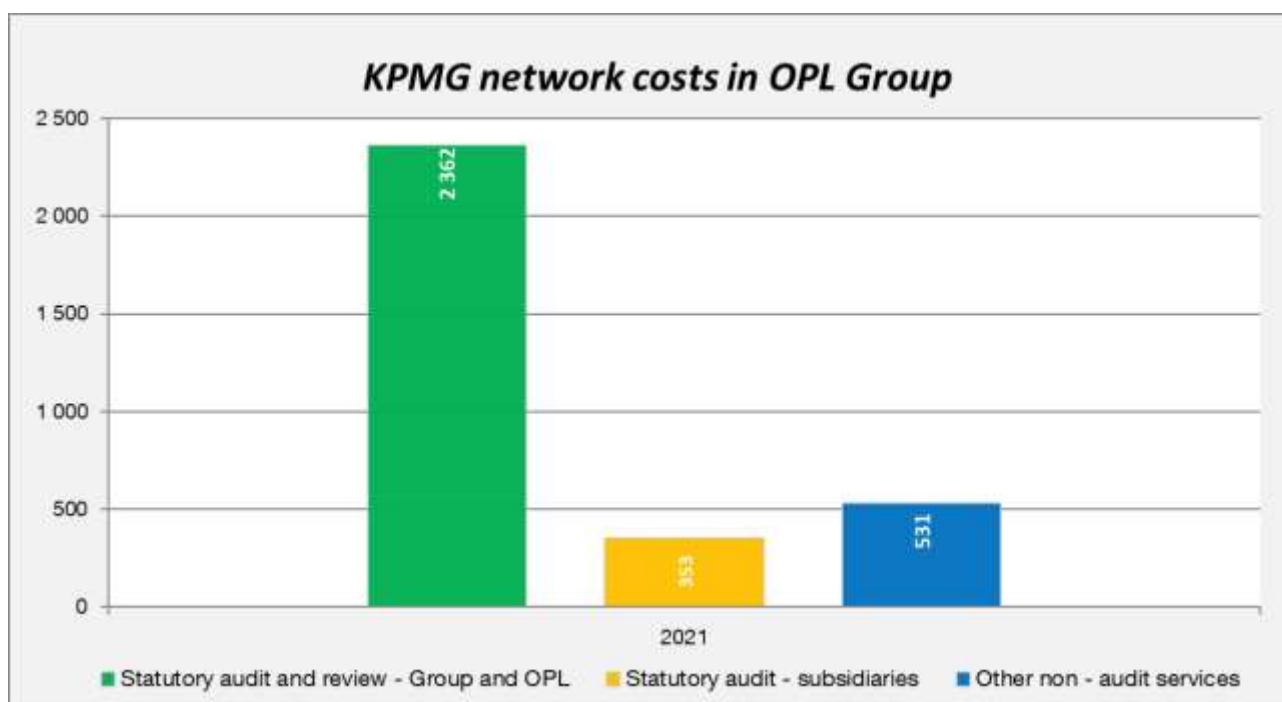
In summary, the Audit Committee concluded that the overall external audit process and services were effective and met the Group's high audit quality requirements.

### **Our approach to assessing the independence of the external auditor**

There are several aspects to auditor independence that the Audit Committee monitors to ensure the external auditor remains independent of the Company.

First, in assessing the independence of the auditor from the Company, the Audit Committee takes into account the information and assurances provided by the auditor. The Audit Committee received the auditor's statement on independence made in accordance with the Polish Act on Auditors of 11 May 2017 (Polish Audit Act) and the Regulation (EU) No 537/2014 of the European Parliament and of the Council (Audit Regulation).

Second, the Audit Committee reviews the proportion of the value of non-audit services rendered by the auditor or its affiliated entities and the audit fees. As required by law, the Company has a Policy on the provision of authorised non-audit services by the audit firm and its affiliated entities. Following the Policy all authorised non-audit services should be approved in advance by the Audit Committee taking into account their potential influence on the independence of the auditor. Also, any non-audit service allowed by the law requires prior consent from the Audit Committee. According to the relevant law as well as the Policy, authorised non-audit services are subject to a fee cap of no more than 70% of the average annual statutory audit fee for the three consecutive financial years preceding the year in which the cap will apply. The 70% rule has been applicable since 17 June 2016 under the Audit Regulation. Management provides the Audit Committee with information on the value of non-audit services compared to the average statutory audit fee presenting data for the previous three years. For the first year of KPMG assignment the level of the auditor's services fees was also monitored by the management and reported to the Audit Committee. Non-audit services provided by KPMG were 20% of the audit fee in 2021.



Taking into account all aspects described above the Audit Committee was satisfied that the auditor's independence.

#### **Recommendation on the appointment of the statutory auditor**

In March 2021 the Audit Committee recommended to the Supervisory Board KPMG as the auditor for the years 2021-2025. The recommendation was preceded by the tender process for statutory audit service which took place in 2019 and 2020. The Audit Committee Chairman monitored and actively participated the process of the audit firm's selection. The offers of KPMG and Deloitte both met the Group's high audit quality standards and were similarly priced. The Audit Committee selected KPMG partly because of the high quality of the audit team proposed and partly to provide a fresh view of the audit given that KPMG, unlike Deloitte, had not audited the Group in the last decade.

#### **Significant issues considered by the Audit Committee in relation to the financial statements and how these were addressed**

In relation to the Group's financial statements, the Audit Committee reviewed the following principal areas of interpretations, judgements and estimates:

- 1) Światłowód Inwestycje, a joint venture with a financial partner APG. The Audit Committee reviewed the loss of control over the company and the proposed accounting relating to the commercial agreements with OPL;
- 2) Covid-19 pandemic. As a result of the Covid-19 pandemic, the years 2020 and 2021 were a turbulent period for the worldwide economy and businesses. The Company and its business were affected by the pandemic as well. The Audit Committee reviewed the Company's approach to the analysis of the Covid-19 impact on its financial statements and the results of the analysis. The Audit Committee paid special attention to the impact on the Company's financial plans and impairment tests, bad debt allowance calculation, valuations based on interest rates and foreign exchange rates, as well as all other potentially affected areas including provisions and commitments;
- 3) Significant one-off sales transactions;
- 4) Significant investment projects and transactions in the Orange Group in particular the Operational Program Digital Poland 2;

- 5) Hedging transactions;
- 6) Social plan resulting in workforce optimisation in 2022-2023;
- 7) Management's assessment of risks relating to claims and litigation, tax proceedings as well as other matters and the level of related provisions or decisions on the lack of provisions;
- 8) Impairment indicators and impairment test prepared by Management as well as goodwill recognition and deferred tax recoverability;
- 9) Management's assessment of the length of the economic useful life of assets;
- 10) Disclosures in the Financial Statements and Management Report relating to new matters;
- 11) Distributable capital calculation.

### **Internal control over financial reporting**

Management implements internal controls at various levels of the organisation. The scope of these controls includes, but is not limited to, transactional level controls, line managers' or corporate reviews, trend analysis, reconciliation controls and entity level controls. The aim is to provide reasonable assurance in safeguarding assets, detecting errors, the accuracy and completeness of accounting records, and the overall reliability of the financial statements. The Company continuously monitors the evolution of the control environment. It ensures that all significant changes are sufficiently controlled and any identified deficiencies in the internal control over financial reporting system are addressed with action plans. On a quarterly basis, the system is monitored in a self-assessment tool implemented by the Company and, in addition, senior managers certify the effectiveness of the internal controls over financial reporting in their areas of responsibility. On a yearly basis, the controls are subject to testing by the internal control team, internal and external auditors, and the results are reported to the Audit Committee.

The Audit Committee received reports from Management on the internal control over financial reporting system, and monitored the appropriateness of the "control culture" as well as the way risks were identified, managed and disclosed. The Committee also reviewed reports from Management on implementation of actions in response to comments on internal controls from the internal and external auditors. In addition, the Audit Committee received assurance from management after completion of a yearly comprehensive assessment of Orange Polska Group's internal controls over financial reporting. All deficiencies identified were corrected or appropriate action points have been adopted. Management concluded that there were no weaknesses that would materially impact internal control over financial reporting in the year ended 31 December 2021 and the Audit Committee was satisfied that Management's conclusion was reasonable in light of the reports it had received.

### **Internal audit function and assessing the effectiveness of the internal audit function**

The Internal Audit function provides the Audit Committee, the Management Board and senior management with independent and objective assurance and advice on governance, risk management and internal control. It assists the organisation in reaching its objectives by systematically and methodically evaluating its processes, risk management and internal control system.

In addition to reviewing the effectiveness of these areas and reporting on aspects of the Orange Polska Group's compliance with them, Internal Audit makes recommendations to address any key issues and improve processes. Once any recommendations are agreed with management, Internal Audit monitors their implementation and reports to the Audit Committee on progress made at every meeting.

Internal Audit considers all of Orange Polska Group's activities, and reports to the Audit Committee, and to the Management Board President. The Director of Internal Audit attends all scheduled meetings of

the Audit Committee, and also has the power to raise any matters with the members of the Committee without the presence of management.

Internal Audit responsibilities are clearly defined and approved as stated in the internal audit charter which is reviewed and approved annually by the Audit Committee. The Internal Audit function acts in conformity with the Standards for the professional practice of Internal Auditing and the Code of Ethics issued by the Institute of Internal Auditors (IIA). Internal Audit plans are drawn up annually and take account of risk assessment, changing business needs and issues raised by management, follow-up on prior audit findings and cyclical review planning. The approach also builds reserved hours into the plan for ad-hoc, specially requested audits, and for urgent audit issues that arise throughout the year. The annual plan of Internal Audit is submitted for review and opinion by the Audit Committee. Progress against the annual Internal Audit plan, is monitored and regularly reported to the Audit Committee.

In the course of its work, the Internal Audit function also liaises with the statutory auditor, discussing relevant aspects of their respective activities and assisting them in internal control testing which ultimately supports the assurance provided to the Audit Committee and management.

The effectiveness of the Internal Audit is monitored using the quality assurance and improvement programme which comprises internal assessment activities and annual external assessment by IFACI - l'Institut Francais de l'Audit et du Controle Interne (the French Chapter of the IIA). Following the assessment carried out in 2021, Orange Polska's Internal Audit renewed its IIA certification from IFACI.

The Audit Committee reviews the annual plan of Internal Audit, its budget and progress reports. The Committee monitors the periodic reporting on internal audit actions and findings and responsiveness of management to Internal Audit recommendations. In addition, the Committee meets privately with the Director of Internal Audit and reviews the independence of the Internal Audit process.

### **Risk management**

The Audit Committee monitors the effectiveness of the risk management system. An update report on the system's design and operation was reviewed by the Audit Committee in July 2021.

Risks are identified within all relevant business units. The risks which are perceived by members of the Management Board or by Executive Directors as most significant for Orange Polska operations are qualified as top risks. In addition to top risks, emerging risks which may become top risks in the longer term are also identified. Review of top risks along with emerging risks and their update is reported to and assessed by the Supervisory Board once a year. All risks are grouped into clusters (risks of similar nature) to ensure consistent and effective risk management across all business units in OPL.

The Supervisory Board received a report on top and emerging risks in July 2021.

The top risk analysis is taken into account in the preparation of the annual Internal Audit plan. The plan addresses different aspects of top risks. The plan is submitted to the President of the Management Board for his approval and then to the Audit Committee for its review.

### **Compliance**

Matters related to the implementation of the Compliance Management Programme are reported to the Audit Committee in the following areas: ethics, general compliance with laws and regulations, anti-fraud, non-telco fraud, security and anti-corruption. As part of its periodic reports, the Compliance Management area informs the Audit Committee about activities carried out, including among others the corruption risk map, due diligence on new contracting partners, communication and training activities and results of inspections initiated by notification of irregularities through dedicated channels. Orange

Polska actively cooperates with the Compliance areas within the international Orange Group, sharing good practice and maintaining the Orange Group's anti-corruption standards.

The Compliance Management Programme in Orange Polska embraces the Company's obligations to act in line with the law, applicable standards, regulations, market and industry standards, as well as ethical principles, both in dealings with clients and business partners and between employees. One of the key elements of the Compliance Management Programme is the Anti-Corruption Policy, through which the Company adopts a zero-tolerance approach towards corruption with regard to every aspect of its activities. The correct application of Anti-Corruption Policy rules is supported by internal regulations with detailed guidelines and instructions aiming to identify and effectively prevent irregularities.

Also, in order to guard against the risks of corruption, non-compliance with economic sanctions, money laundering, terrorism financing and frauds, Orange Polska applies due diligence procedures in relationships with its business partners.

To prevent and control conflict of interest at Orange Polska, dedicated regulations were reinforced in the Company.

The Compliance Management area provides continuous information and training to build employees' awareness and knowledge. If a problematic situation arises, employees can access ongoing consultation, advice and opinions.

### **Whistleblowing**

The Company provides different channels of communications where all employees and stakeholders can also report their doubts, observed irregularities or violations of applicable laws through dedicated channels, either anonymously or openly, without fear of negative consequences. All such notifications are treated confidentially and examined and addressed with due diligence. The Audit Committee reviews the summary of cases reported through the whistleblowing system.

Orange Polska is closely monitoring the upcoming changes to the legal regulations applicable to whistleblowing and will adapt its internal procedures to the new requirements .

### **Monitoring changes in the legal environment and changes in accounting standards**

Relevant changes in the legal environment, together with updates to accounting standards and recommendations from regulatory bodies, were considered by the Audit Committee, as well as the question of how Orange Polska Group approached and implemented them. The Audit Committee in particular looked also into the Company's implementation of the European Single Electronic Format, the climate related financial disclosures, and planned changes to the tax environment.

### **Other areas of interest**

The Audit Committee reviewed and issued opinions on significant transactions with related parties, in line with internal regulations and best practices of corporate governance. Orange SA's nominees are excluded from voting at Supervisory Board meetings and Audit Committee meetings on transactions involving Orange SA or its subsidiaries. The Committee reviewed other matters of interest, including but not limited to revenue assurance, hedging, insurance, tax and M&A transactions. Also the Audit Committee issued opinions on other matters referred to the Committee by the Supervisory Board and/or the Management Board including financing and granting bank guarantees to OPL's subsidiaries.

## **REPORT**

### **from the activities of the Strategy Committee of the Supervisory Board of Orange Polska S.A. in 2021**

The Strategy Committee was established by virtue of the Resolution of the Supervisory Board dated June 15, 2005.

The Strategy Committee is a collegial body whose role is to support the work of the SVB, in particular in the following areas:

- strategic plans set out by the Management Board and especially their main strategic options;
- the Management's planning processes;
- strategic projects related to the development of Orange Polska (such as strategic agreements, alliances, technological and industrial cooperation agreements; significant acquisitions and sales of assets).

The Strategy Committee provides, furthermore, support and advice to the Management Board in these areas.

#### **Strategy Committee members in 2021:**

Chairman:

Jean-Marc Vignolles

Members:

Dr. Henryka Bochniarz ("Independent Director") – until 25 June 2021  
Philippe Béguin – from 25 June 2021  
Thierry Bonhomme –until 25 June 2021  
Bénédicte David – from 25 June 2021  
Eric Debroeck – until 25 June 2021  
Patrice Lambert de Diesbach  
Monika Nachyła ("Independent Director")  
Dr. Maria Pasło-Wiśniewska ("Independent Director")  
Wioletta Rosołowska ("Independent Director") – from 25 June 2021

Permanent guests:

Maciej Witucki, Chairman of the Supervisory Board  
Russ Houlden, Chairman of the Audit Committee

All Supervisory Board Members are invited to participate in Strategy Committee meetings.

Supervisory Board members and Orange Polska Management Board actively participated in the works of the Committee, whenever appropriate.

Secretary of the Strategy Committee in 2021 was Maria Janczar, Orange Polska Corporate Strategy & Market Research Director.

In 2021 the Strategy Committee held four meetings.



## Letter from the Chairman of the Strategy Committee

Dear Shareholders,

2021 was a year filled with important accomplishments for Orange Polska. Like the year before, there were many pandemic challenges to contend along with encouraging new opportunities and actions. The company have continued to serve reliable and well appreciated services to its clients, supporting them in digital transformation while the internal Orange Polska operations entered “new normal” hybrid working mode.

But 2021 is to be remembered the most as the year of new Orange **.Grow** strategy formulation and announcement to the market. In June, following extensive discussions during our Committee meetings, the new four-year plan for company development by 2024 was approved.

Orange **.Grow** is a bold next step on value creation journey, conceived as an important evolutionary step to stimulate and accelerate sales and profit growth, while laying the foundation for further growth.

Among top priority topics discussed during our Committee meetings was Orange Polska commitment to grow in social responsible way. In its **.Grow** strategy the company has set ambitious ESG goals for itself and is ideally placed with its services both to help others reduce their own environment footprint and to ensure that no one is left behind.

A lot of Committee’s attention was also devoted to one of the big achievements of 2021 - the creation of a FiberCo co-owned with financial investor APG. This joint venture aims to support the rollout of fiber in Poland, in areas where access to very high-speed broadband infrastructure is limited or inexistent. It will allow Orange Polska to pursue its ambitious fiber-optic rollout strategy by sharing investment costs.

Let me take the opportunity to express my sincere thank you to all Committee members and guests who have supported the company with their expertise and experience in such constructive and open exchanges.

**Jean-Marc Vignolles**

Chairman of the Strategy Committee

## Issues on the Strategy Committee's agenda for 2021

### *OPL strategic plan*

Committee analysed successful conclusion of Orange One strategic plan. Its ambitious targets were met and multi-year negative trends in sales and profitability were reversed. Based on these foundations and embracing current market and customer trends, the new four-year plan by 2024 was defined by Management Board and reviewed and discussed by the Committee.

### *VHBB investment strategy*

Fixed broadband retail market in Poland is quickly becoming VHBB oriented thanks to growing fiber coverage, cable technology upgrades and rising customer demand. Orange Polska is a leading player in fiber market with ambition to provide access to more than 8M households by 2024. Wholesale VHBB market in Poland is gradually building-up as more ISPs are opening its networks to others. The Committee discussed additional fiber rollout potential in areas that still lack reliable internet access across the country with a business model that aims to maximize available revenues by opening-up wholesale access to third-party operators and investment shared with financial partner.

### *OPL green plan*

Poland is a challenging market as energy production is highly carbonised, with more than 70 per cent still coming from coal. Climate responsibility is an indispensable part of Orange Polska daily activities and an immanent element of .Grow strategy. The Committee analysed company plans to cut the emissions it produces by 65 per cent in 2025 compared with the level in 2015, mainly through sourcing at least 60 per cent of its electricity from renewable energy. Between 2015 and 2020 Orange Polska completed more than 200 initiatives which have allowed it to save more than 700 Gigawatt hours of energy, reducing carbon emissions of 530,000 tonnes.

### *5G monetization: Campus Networks*

5G monetization is a key element of Orange .Grow strategy. This new technology will be a catalyst for new businesses in B2B as it would bring new perspectives for revenues beyond the legacy services market and accelerate ICT development. The Committee reviewed current Orange Polska achievements in campus networks as well as opportunities and plans by 2024.

### *Mobile infrastructure*

The Committee analysed Orange Polska mobile network development plans by 2024 with special attention put on 5G deployment, 3G switch off and spectrum refarming as well as network assets valuation in perspective of mobile infrastructure landscape in Poland.

## **REPORT**

### **on the 2021 activities of the Remuneration Committee of the Supervisory Board of Orange Polska S.A.**

The Remuneration Committee was established by virtue of the Resolution of the Supervisory Board dated June 16, 2004 as a consultative body of the Supervisory Board.

Remuneration Committee members

1. Maria Paśło-Wiśniewska, PhD (“Independent Director”) – the Chairwoman
2. Prof. Michał Kleiber (“Independent Director”)
3. Marc Ricau
4. Jean-Marc Vignolles.

The Secretary of the Committee was Jacek Kowalski, Management Board Member in charge of Human Capital.

#### **Letter from the Chairwoman of the Remuneration Committee**

Dear Shareholders,

In 2021 Orange Polska, while still operating in the COVID-19 pandemic, successfully concluded its Orange.One four-year strategic plan and started new strategic plan **.Grow**.

In order to align our internal structures with the priorities of the new strategy we have made changes to the organisation. In particular, the structures of our key business lines – consumer and business markets – were entrusted with customer relations, to constitute an end-to-end customer value proposition. We have also set up a new unit dedicated to digital, reporting directly to the CEO. This marks the importance of this area to our future.

In order to motivate management and senior managers to achieve objectives, resulting from Orange Polska’s **.Grow** strategy, the Long Term Incentive Programme for the Management Board Members, Executive Directors and key managers of Orange Polska Group were adopted. The Programme is based on phantom shares. The success factors of the Programme are aligned with the goals of the strategy. It is important to mention that one of them is related to CO2 emissions reduction which underlines the importance of our Green agenda.

The Remuneration Committee reviewed of the Management Board Members’ conditions of the employment contracts and Non-Competition Agreements after the expiry of employment and all the Management Board Members signed new these approved documents.

The Remuneration Committee always follows legal requirements and new legal procedures in Poland. In 2020 for the first time “Report on the Remuneration of the Members of the Management Board and Supervisory Board of Orange Polska S.A. in 2019–2020” was required to be presented

for the Shareholders by the Supervisory Board and the Remuneration Committee was involved in the preparation of such Report.

I would like to thank very much to all Members of the Committee and to our HR colleagues, supporting the Committee in the performance of our tasks and to all employees of Orange Polska who returned to the offices in September working in a hybrid work model.

Please find below all the details about the activity of the Remuneration Committee in 2021.

### **Maria Pasło-Wiśniewska**

Chairwoman of the Remuneration Committee

### **Main responsibilities of the Committee**

The Remuneration Committee should meet at least four times a year. The task of the Committee is to advise the Supervisory Board and Management Board on the general remuneration policy of Orange Polska Group and to make recommendations on appointments to the Management Board.

The Committee's detailed tasks include:

- determining the conditions of employment and remuneration of the Members of the Management Board;
- considering proposals made by the President or the Supervisory Board concerning new appointments to the Management Board, taking part in the final stage of the process and making the appropriate recommendation to the Supervisory Board about the candidates;
- considering proposals made by the President or the Supervisory Board regarding resignation of any Member(s) of the Management Board and making, if necessary, a relevant recommendation to the Supervisory Board;
- giving recommendations to the Supervisory Board regarding the amounts of bonuses for the Members of the Management Board;
- providing an opinion on the remuneration policy for most senior executives, and on the general policy for the wider Orange Polska Group: in both cases having regard to the relative positioning on the market of Orange Polska Group's terms of engagement and remuneration levels;
- producing a report for the Supervisory Board on the activity of the Committee and assessment of the remuneration policy of Orange Polska Group.

The Remuneration Committee had seven meetings in 2021.

### **Recommendations of the Remuneration Committee to the Supervisory Board on the following matters:**

- 1) appointment for the next term of office starting from June 25, 2021 and changes in the remuneration from July 1, 2021 of the Vice-President of the Management Board in charge of Business Market, Management Board Member in charge of Network and Technology and Management Board Member in charge of Strategy and Corporate Affairs;
- 2) appointment for the next term of office starting from June 25, 2021 the Management Board Member in charge of Customer Experience and nomination for the position of Vice-President of the Management Board in charge of Consumer Market from July 1, 2021;
- 3) establishment of the conditions of Stretch Bonus for the CEO for 2021;
- 4) changes in the remuneration of the Management Board Member in charge of Finance;

- 5) evaluation of the achievement by the individual Management Board Members of their goals in second half of 2020 and the first half of 2021, and establishment of their bonuses for 2021, provided that the bonuses for the first half of the year constitute an advance payment towards their annual variable remuneration, which is contingent upon the achievement by the Company of its annual objectives;
- 6) review of the Management Board Members' conditions of the employment contracts and Non-Competition Agreements after the expiry of employment and gave its positive recommendation to the Supervisory Board. All the Management Board Members signed their employment contracts and non-competition agreements after the expiry, according to the new approved templates;
- 7) terms of participation of the Members of the Management Board of Orange Polska in the Orange S.A. Group Long Term Incentive Plan for 2021–2023;
- 8) terms of participation of the Management Board Members, Executive Directors, Senior Managers who are responsible for functions on N+1 level, CEO in subsidiary companies and Leaders in local program Long Term Incentive Program LTI 2021– 2024;
- 9) terms of participation of the employees of Orange Polska in the Orange S.A. phantom shares program;

#### **The Remuneration Committee's opinion on the Report on the Remuneration of the Members of the Management Board and Supervisory Board of Orange Polska S.A. in 2019-2020**

Remuneration Committee for the first time was involved in preparation of "Report on the Remuneration of the Members of the Management Board and Supervisory Board of Orange Polska S.A. in 2019–2020". The Remuneration Committee provided to the Supervisory Board its positive opinion to this Report, which was prepared in cooperation with PwC and audited by KPMG, in compliance with the Act of 29 July 2005 on public offering and the conditions for introducing financial instruments to the organised trading system and on public companies. This "Report on the Remuneration of the Members of the Management Board and Supervisory Board of Orange Polska S.A. in 2019–2020" is a part of the Orange Polska Integrated Report 2020.

#### **Recommendations of the Remuneration Committee on the appointment of the auditor of Report on the Remuneration of the Members of the Management Board and Supervisory Board of Orange Polska S.A. for the next years**

The Remuneration Committee advised the Orange Polska S.A. on the selection of the auditor of "Report on the Remuneration of the Members of the Management Board and Supervisory Board of Orange Polska S.A. in 2021" and also for the next years to 2025.

#### **The Remuneration Committee's opinion on the Remuneration Policy in 2020**

The Remuneration Committee also assessed the implementation of the Remuneration Policy in 2020 and, in accordance with Best Practice for GPW Listed Companies 2016, submitted its assessment to the Supervisory Board in a report, which is a part of the Management Board's Report on the Activity of Orange Polska S.A. in 2020.

#### **Recommendations of the Remuneration Committee on the "Diversity management policy for Members of the Management Board**

The Remuneration Committee accepted the document "Diversity management policy for Members of the Management Board, prepared in accordance with Best Practice for GPW Listed Companies 2021,

and gave its positive recommendation to the Supervisory Board. This policy supports the adherence to the highest corporate governance standards and the achievement of Orange Polska S.A. business goals.

**The Remuneration Committee supported also the proposals of:**

- 1) nomination a new Executive director in charge of IT and his employment conditions.
- 2) nomination a new Executive Director in charge of Digitalization and his employment conditions.
- 3) changes in the remuneration of the Executive Director in charge of Transformation & Effectiveness.

**Significant issues considered by the Remuneration Committee in relation to:**

- a) the right skills for tomorrow in Orange Polska - people development, culture & skills: skills anticipation program and tools, recruitment, talent development focus, skills development, HR resource management & Developing new ways of working: cultural change, agility, digital collaboration, organization adjustment, innovation management.
- b) the vaccination program for volunteers in Orange Polska OPL offered by the medical provider of the services in the company.
- c) new project in Orange Polska - SWAP of the Management Board Members who taking part in a two-week exchange of duties, to extend professional comfort zone and experience the new business challenges.
- d) changes in the Orange Polska's organization caused by COVID 19, with sanitary regime and the hybrid work starting from September 2021.

**Other areas of interest**

The Remuneration Committee got information about the Orange Polska succession plan 2021 for the Management Board Members and Executive Directors.

As every year, the Remuneration Committee operated in accordance with its working plan for 2021 approved by all the Remuneration Committee's Members.