

THE SUPERVISORY BOARD'S REPORT

for the 2020 financial year

The Supervisory Board's report for the 2020 financial year includes:

- 1) letter from the Chairman of the Supervisory Board,
- 2) summary of the activity of the Supervisory Board of Orange Polska S.A. and its committees,
- 3) the appraisal of the Management Board's motions on distribution of the Orange Polska S.A. profit for the 2020 financial year and the profit from previous years, addressed to the Annual General Meeting,
- 4) the assessment of the Orange Polska Group's standing on a consolidated basis,
- 5) the assessment of the Group's system of internal control, risk management, compliance and internal audit,
- 6) the assessment of the compliance with the corporate governance principles and the manner of compliance with disclosure obligations,
- 7) the assessment of the rationality of the sponsorship and charity policy.

Letter from the Chairman of the Supervisory Board

Dear stakeholders,

Last year was of course marked by the outbreak of the Covid-19 pandemic, and turned out to be extremely different from what anyone had expected. The crisis tested our Company's ability to adapt to dramatic, unexpected changes to external conditions. The Supervisory Board has been impressed with the way management coped with the situation, both immediately after the outbreak and later during the year. Remote work for about 10,000 employees was organised within just a few days, ensuring the continuity of all our business processes, and all services were provided to customers under the new Covid-safe regime without compromising on quality. Even though the pandemic negatively impacted our business all financial goals were achieved, with significant support from extraordinary mitigation measures. Key to these achievements were our strong organisational set-up, efficient business processes and highly motivated and skilled employees.

2020 was the last year of implementation of Orange.one strategy. I have no doubts it was a great success. We proved that constant declines of key financial metrics are not necessarily fatal, and we delivered a turnaround. The key enablers to this strategy were fibre, commercial strategy based on value, growth in ICT and big efficiency gains. We managed to diminish and offset the burden of legacy businesses, transforming Orange Polska into a modern digital telco. Based on these already strong fundamentals, it's time to refocus on profitable growth of revenues, rather than cost savings, as our primary driver of growth. I am convinced that this will be addressed by the new strategy that will soon be announced and implemented under our new CEO, Julien Ducarroz.

The pandemic showed that fast and reliable connectivity has become more essential than ever to the needs of consumers and businesses. It particularly validated the investments in network quality that have always been at the centre of our strategy. The proof of this statement is the joint-venture project Światłowód Inwestycje that Orange Polska has recently announced in the partnership with APG. On the one hand, it allows the Company to continue to explore market potential independent of Orange Polska's balance sheet; on the other, to obtain significant proceeds that will support the Company's future strategy. The Supervisory Board has been very enthusiastic about this endeavour.

During the last financial year, the Supervisory Board was involved in all decisions of fundamental 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 2020, six Supervisory Board meetings and 14 meetings of the Supervisory Board's committees took place, with an average participation rate of 96.3%. Written votes were used on four occasions when resolutions were required between meetings. To adjust to limitations imposed by the pandemic we have enabled shareholders to participate and vote during the General Meeting in a fully remote way.

Looking forward to 2021, in the opinion of Supervisory Board, the key strategic tasks for the management include execution of the Światłowód Inwestycje partnership, obtaining 5G spectrum and design, and announcement of the new strategy covering 2021-2024.

I am convinced that Orange Polska's strong fundamentals and the prudent actions of the Management Board supported by the Supervisory Board will enable the Company to sustain momentum in financial performance, and that in due course this success will be shared with shareholders in the form of dividends.

Maciej Witucki
Chairman of the Supervisory Board

I. REPORT ON THE ACTIVITY OF THE SUPERVISORY BOARD

Composition of the Supervisory Board

Composition on 1 January 2020:

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

In 2020 the following changes occurred in the composition of the Supervisory Board:

- on 17 June 2020, the mandates of Mr. John Russell Houlden and Mr. Patrice Lambert - de Diesbach expired. On the same day, the Annual General Meeting appointed the following persons as Members of the Supervisory Board: Mr. John Russell Houlden (for another term of office), and Patrice Lambert - de Diesbach (for another term of office).
- on 20 October 2020, Mr. Gervais Pellissier resigned his position as Member of the Supervisory Board and Deputy Chairman of the Supervisory Board of Orange Polska. On the same day, the Supervisory Board appointed Ms. Marie-Noëlle Jégo-Laveissière as Member of the Supervisory Board of Orange Polska

Composition on 31 December 2020:

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
8. Prof. Michał Kleiber - Independent Board Member
9. John Russell Houlden - Independent Board Member and Chairman of the Audit Committee
7. Marie-Noëlle Jégo-Laveissière - Board Member
10. Patrice Lambert de Diesbach - Board Member
11. Monika Nachyła - Independent Board Member
12. Dr. Maria Paśło-Wiśniewska - Independent Board Member and Chairman of the Remuneration Committee
13. Jean-Michel Thibaud - Board Member
14. Jean-Marc Vignolles - Board Member and Chairman of the Strategy Committee

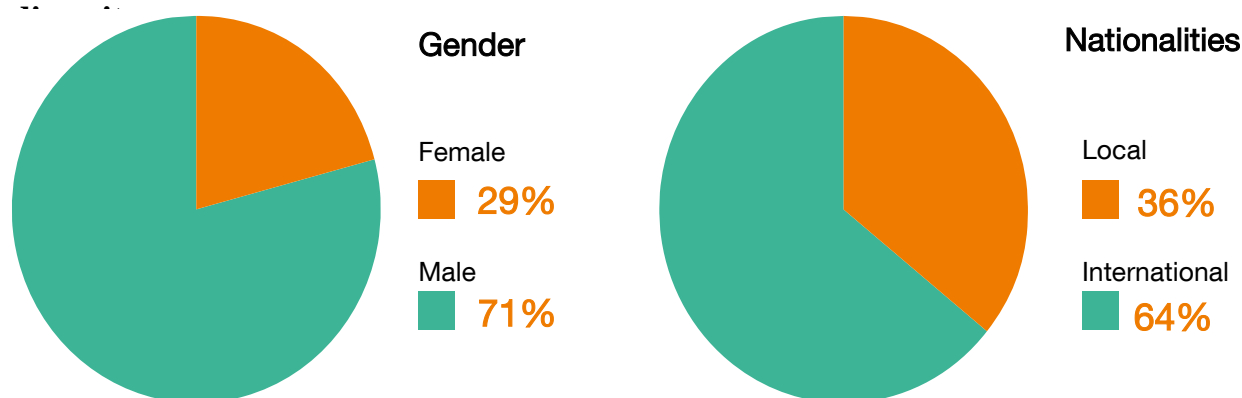
Five members of the Supervisory Board meet the independence criteria, namely: Dr. Henryka Bochniarz, John Russell Houlden, Prof. Michał Kleiber, Monika Nachyła and Dr. Maria Paśło-Wiśniewska.

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, Dr. Henryka Bochniarz, Thierry Bonhomme, John Russell Houlden, Prof. Michał Kleiber, Monika Nachyła and Dr. Maria Pasło-Wiśniewska.

Information about the members of the supervisory board in the context of diversity:

Supervisory Board



Committees

Three permanent committees operate within the Supervisory Board. Their composition was the following (as of 31 December 2020):

- 1) **Audit Committee:**
John Russell Houlden – Chairman
Monika Nachyła
Dr. Maria Pasło-Wiśniewska
Marc Ricau
Jean-Michel Thibaud
- 2) **Remuneration Committee:**
Dr. Maria Pasło-Wiśniewska – Chairwoman
Prof. Michał Kleiber
Marc Ricau
Jean-Marc Vignolles
- 3) **Strategy Committee:**
Jean-Marc Vignolles– Chairman
Dr Henryka Bochniarz
Thierry Bonhomme
Eric Debroeck
Patrice Lambert de Diesbach
Monika Nachyła
Dr. Maria Pasło-Wiśniewska

Mr. Maciej Witucki, Chairman of the Supervisory Board, and Mr. John Russell Houlden, Independent Board member and Chairman of the Audit Committee, participate in the meetings of the Strategy Committee on a permanent basis.

The summary of the activity of the Supervisory Board and its committees in 2020

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 2020 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 2019 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, of which the following should be mentioned:

- 1) expressing opinions on motions addressed to the General Meeting,
- 2) preparing opinion on Orange Polska S.A. and Orange Polska Group budget,
- 3) preparing the report on the Supervisory Board's activity in 2019 including the assessment of the Orange Polska Group's standing. the assessment of the Group's system of internal control, risk management, compliance and internal audit, the assessment of the compliance with disclosure obligations and the assessment of the rationality of the sponsorship and charity policy,
- 4) deciding on the composition of the Management Board and the evaluation of its performance.

Throughout 2020, the Supervisory Board mainly focused on the following issues:

a) implications of the pandemic

Supervisory Board closely monitored impact of the COVID-19 pandemic on operations of Orange Polska and management measures to cope with the unprecedented challenges. After the initial crisis the main focus was shifted to adjusting to the new situation and lessons learned after introduction of hybrid working model in the Company. The discussions also focused around implications of the pandemic to 2020 financial goals and Orange.one strategy. Supervisory Board highly appreciated extraordinary mitigating measures taken by the management that significantly contributed to Company's ability to meet 2020 goals. The measures concerned operating costs (mainly renegotiation of jubilee awards scheme and a renegotiation of certain elements of the 2020-2021 Social Agreement) and capex (necessary to offset much lower proceeds from real estate disposals as a result of freezing property market).

b) developments around 5G auction

Supervisory Board closely watched developments around 5G auction which was disturbed by the pandemic and caused the need for deep legal analysis of the situation. Following two rounds of market consultations long awaited 5G auction procedure was launched by the Regulator in March 2020. However on the back of legal uncertainties triggered by the pandemic-related legislations the auction was quickly suspended and then cancelled. Relevant for the future of this process was a change in the position of the head of the regulator than took place over the summer as well as draft of cybersecurity law that was published in September.

c) acquisition of Craftware

Supervisory Board gave its positive opinion on the acquisition of ICT company Craftware. This will further strengthen B2B operations and enable OPL entry into a fast growing market of CRM systems leveraging competencies already existing in our portfolio. An important argument for the Supervisory Board was good experience of acquisition of BlueSoft, which was successfully integrated and its financial performance has been exceeding expectations.

d) 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.

e) the Management Board composition

On 6 February 2020, the Supervisory Board reappointed Mariusz Gaca, Jacek Kowalski and Maciej Nowohoński 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 their terms of office. On 21 July 2020, the Supervisory Board appointed Julien Ducarroz for the President of the Management Board, effective on 1 September 2020 and appointed Jacek Kunicki as the Management Board Member.

The Supervisory Board met 6 times in 2020 and adopted 41 resolutions, of which 4 were in writing (by circulation). The attendance at the meetings was 95,7%.

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 2020.

The reports of the three permanent committees of the Supervisory Board on their activities in 2020 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.

Self-assessment of the work of the Supervisory Board

The Supervisory Board evaluates that:

- Supervisory Board members act in the interest of Orange Polska and the Orange Polska Capital Group and follow their independent opinions and judgement,
- extensive business experience, often supported by many years of professional practice, comprehensive knowledge in various fields and personal competence of the Supervisory Board's members as well as the diversified composition, organisation and operation of the Supervisory Board and its committees allowed for effective supervision over the activities of Orange Polska,

- in addition, the activities of the permanent Supervisory Board's committees have significantly contributed to the efficient and effective supervision over the key areas of Orange Polska's activities,
- properly and with due care performed its duties in 2020.

Detailed bios and professional profiles of members of the Supervisory Board are posted on the Company's website.

II. 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. 2/21 dated 16 February 2021, assessed:

- 1) the IFRS separate financial statements of Orange Polska S.A. for 2020 financial year;
- 2) the Management Board's report on the activity of Orange Polska Group and Orange Polska S.A. for 2020,
- 3) the IFRS consolidated financial statements for 2020.

Moreover, the Supervisory Board has reviewed and assessed:

- 1) resolution No. 30/O/21 of the Company's Management Board dated 19 May 2021 on the Management Board's motion on distribution of the Orange Polska S.A. profit for the 2020 financial year,
- 2) resolution No. 31/O/21 of the Company's Management Board dated 19 May 2021 on the Management Board's motion on distribution of the Orange Polska S.A. profit from previous years.

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 2020, 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 2020;
2. to adopt a resolution on distribution of the Orange Polska S.A. profit for the 2020 financial year according to the motion of the Management Board included in the resolution 30/O/21;
3. to adopt a resolution on distribution of the Orange Polska S.A. profit from previous years, according to the motion of the Management Board included in the resolution 31/O/21;
4. to approve Orange Polska Group and Orange Polska S.A. Management Board's report on the activity for the year ended 31 December 2020,
5. to approve the Orange Polska Group IFRS consolidated financial statements for the year ended 31 December 2020,
6. to grant approval of the performance by the members of the Management Board of Orange Polska S.A. of their duties in 2020.

III. ASSESSMENT OF ORANGE POLSKA GROUP'S STANDING ON CONSOLIDATED BASIS

This section contains the Supervisory Board assessment of the Orange Polska Group's performance in 2020 in accordance with the recommendation no. II.Z.10.1 of the Best Practice for GPW Listed Companies, introduced by the Warsaw Stock Exchange. The assessment is based on the 2020 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 and risk management system.

Group's Operational Review

The Group's key goals in 2020 were:

- maintaining the priorities set out in the Orange.one strategy
- fulfilment of published financial forecasts and expectations regarding revenue growth and EBITDAaL
- implementation of commercial plans that reflect a value creation-based approach to both the individual and business client market
- further monetisation of investments in fibre optic network
- further development of the fibre optic network within the Digital Poland Operational Program (POPC)
- further business transformation, including cost reduction initiatives to increase business efficiency
- introduction of further improvements in customer experience management to constantly increase customer satisfaction and loyalty
- preparations to invest in the 5G network, including acquiring new frequencies that will be the subject of the auction
- preparation of a new strategy for 2021-2023 and its announcement in due time.

2020 was obviously a year marked by the Covid-19 pandemic. The management reacted very swiftly, organising remote work for around 10,000 employees within just a few days, ensuring continuation of all business processes without disruption and focusing on the safety of employees and customers. Although our operations proved relatively resilient to the pandemic the business was negatively affected creating additional challenges to meeting full-year targets.

The company delivered on all of its financial goals which was significantly helped by special mitigating measures launched by the management. An important implication of the pandemic that was discussed by the Management Board and Supervisory Board was development of a new working model based on a hybrid formula. Its design engaged all employees. It requires the development of various new digital skills and new tools in our offices, but will contribute to optimisation of our office space after the pandemic.

A key topic for the Supervisory Board in 2020 was the situation regarding the auction for 5G C-Band spectrum. Unexpectedly the auction procedure, already in progress, was annulled in April by the regulator which resulted in some legal uncertainties. The Management Board kept the Supervisory Board informed on various aspects of this situation. Two further changes will prove relevant to the future of this process: the appointment of a new head of the regulator in the summer of 2020, and draft cybersecurity law that was published in September. The latter was important in the context of future selection of vendors for the 5G network rollout. Eyeing significant delay in C-Band spectrum distribution the management decided to launch 5G on 2.1GHz spectrum that is also used for 4G technology. In line with the value strategy, a 5G option became available only in the high-end tariffs.

The Supervisory Board also approved acquisition of Craftware. It shared Management Board view that Craftware is an appropriate target given its premiere exposure to the fast growing market of connected CRM and given expected scale of synergies with OPL existing ICT competencies. An important argument was the positive experience in the acquisition of BlueSoft (made in 2019), which was successfully integrated, with its financial performance exceeding expectations.

The Supervisory Board was interested in the Management Board's view regarding potential changes in the competitive environment in Poland following acquisition of Play by Iliad and announced plans of expansion in fixed broadband and convergence.

The Supervisory Board also followed the Management Board's views regarding further expansion of the fibre footprint. It shared the views about further market potential especially given strong demand for high-speed Internet among customers and significant value-creation potential for the Company. The track record so far indicates that fibre generates an attractive return on investment significantly above WACC.

2020 was the last year of Orange.one strategy implementation. The Supervisory Board shared management's view that the strategy was a great success. Orange Polska has considerably improved its market position in all key segments of the market, and has become a much more efficient operator. The crucial elements to this success were investments in the fibre network, which support the convergent strategy and provide for the Company's long-term competitive advantage. The Company has met all its financial goals set in the strategy, reversing prolonged negative trends and returning to sustainable growth. At the end of 2020, the Company was ranked the #number-one operator in terms of customer satisfaction, which had also been the strategic ambition. The highest ever absolute level of NPS is a consequence of our prolonged and consistent efforts to improve all the elements of the 'customer journey', from network connectivity to portfolio structure, sales and customer care.

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 its financial goals for 2020 despite unprecedented challenges resulting from the Covid-19 pandemic. EBITDAaL increased by almost 3%, marking a third year of consecutive growth, significantly helped by the exceptional efforts with respect to cost savings which offset the negative financial impacts of the pandemic stemming from roaming and risk provisions. Revenue dynamics were positive for the second year in a row, helped by a strong year-end, mainly in the ICT area.

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) more than doubled to 2,9% in terms of growth rate. This trend was driven by the Company's focus on value, combining strong customer volumes and improving trends in ARPO and was achieved despite significant drop in roaming revenues due to the pandemic.

Net profit in 2020 amounted to PLN 46 million versus PLN 82 million in 2019. The drop resulted from much lower gains on sale of assets, slightly higher depreciation (due to network investments) and financial costs being affected by foreign exchange losses.

Organic cash flow in 2020 amounted to PLN 642 million, which was PLN 95 million below the level generated in 2019. However excluding PLN 440 million lower cash proceeds from sale of assets (an outcome of record high real estate sales in 2019 versus a pandemic-related market slowdown in 2020) level of cash generated was PLN 345 million better than the year before. This is due to the growth of EBITDAaL, higher working capital release and lower cash capex.

Increased EBITDAaL on one hand and improved level of cash generated on the other led to a decrease of the debt indicator net debt / EBITDAaL down to 2.0x (from 2.2x), which was one of the targets the Supervisory Board set for the Management Board.

In 2020, the Group did not pay a dividend, which the Supervisory Board assessed as a positive decision. As in the previous three years, this decision was dictated by the perspective of business challenges, in particular the need for maximum allocation of funds for strategic investment projects: fibre optic network and new frequencies for 5G technology.

Conclusions and recommendations for 2021

The Group has met its operational and financial goals for 2020 thanks to consistent implementation of the strategy, value orientation, comprehensive business transformation and significant measures taken by the management to mitigate negative impacts of the pandemic. The Group has successfully completed implementation of Orange.one strategy building a company that is structurally better prepared for future competitive challenges and business opportunities, and which is able to grow in a sustainable way. In 2021, Orange Polska will focus on development on the new strategy and its presentation to the financial community in 2Q 2021.

The Supervisory Board shares the Management Board's opinion that in 2021 the Group should focus its operations in particular on the following key aspects:

- 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.

IV. ASSESSMENT OF THE GROUP'S INTERNAL CONTROL, RISK MANAGEMENT, COMPLIANCE AND INTERNAL AUDIT

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, 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 2020, published on 17 February 2021.

In 2020, 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 2020.

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.

V. ASSESSMENT OF THE 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 2020 in accordance with recommendation no. II.Z.10.3 of the Best Practice for GPW Listed Companies.

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. 1309/2015) dated 17.12.2015. 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 2020. 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 the application of all rules and recommendations of Best Practice for Warsaw Stock Exchange Listed Companies and this is welcomed by the Supervisory Board.

In accordance with the principle I.Z.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.

VI. 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 sponsorship and charity policy in 2020 with recommendation no. II.Z.10.4 of Best Practice for GPW Listed Companies.

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 2020.

The Supervisory Board states that the sponsorship strategy led by the Company and focused in 2020 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 2020 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. Dr Maria Pasło-Wiśniewska (“Independent Director”)
3. Marc Ricau
4. Monika Nachyła (“Independent Director”)
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.

One of the most important considerations of the Audit Committee in 2020 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 communication 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 also received an internal audit review of the impact of Covid-19 on the internal control environment. 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 communication.

The Audit Committee finalised the auditor selection process and recommended the reappointment of Ernst & Young as the auditor for 2020 and KPMG for the years 2021-2025.

In 2020, a significant part of the Audit Committee’s activities related to monitoring the implementation of changes to International Financial Reporting Standard 16 (Leases) with regard to the approach to cancellable leases and lease period valuation resulting from the interpretation of the International Financial Reporting Interpretations Committee (IFRIC) issued in December 2019. The Audit Committee thoroughly reviewed the manner of implementation proposed by Management and discussed

with Management as well as the auditor the judgments and estimates which were made and the reasons behind them. The Audit Committee is satisfied that the Company has implemented the standard in an appropriate way.

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 judgements and estimates proposed by Management. In addition to monitoring the Covid-19 impact and IFRS 16 implementation as mentioned above, the most significant areas requiring the exercise of judgement were those regarding the presentation of financial figures and disclosures related to the acquisition of Craftware. The Audit Committee also reviewed the impairment analysis results.

The Audit Committee has also been involved in reviewing internal control and compliance, the risk management processes and the external audit of the Company and Group financial statements. 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.

A more detailed summary of the activities of the Audit Committee is 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 in 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 meetings in 2020. The meetings were generally attended by the Chief Executive Officer, Chief Financial Officer, as well 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 also attended by representatives of the Company's external auditor, Ernst & Young.

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 to assess 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.

In 2020, as a result of significant changes in accounting standards, the Committee gave special attention to Alternative Performance Measures (APMs) to make sure that the new APMs reported by the Orange Polska Group were in line with the ESMA guidelines, relevant and understandable to shareholders and reflected properly the way in which the Management Board manages the operations of the Orange Polska Group.

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 auditor is Ernst & Young and 2020 was the sixth year of Ernst & Young being the auditor of the Orange Polska Group. The reappointment of Ernst & Young for a sixth year was authorised by the Financial Supervisory Authority as required by law.

The Audit Committee reviewed the external auditor's proposed audit plan for 2020 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 Board 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 feedback was sought 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 feedback was collated and presented to the Audit Committee in July 2020. The Audit Committee also asked the auditor for its feedback on the co-operation with the Company. The conclusions were discussed and it was noted that over previous periods the co-operation, had improved significantly and so there were now no issues requiring special attention.

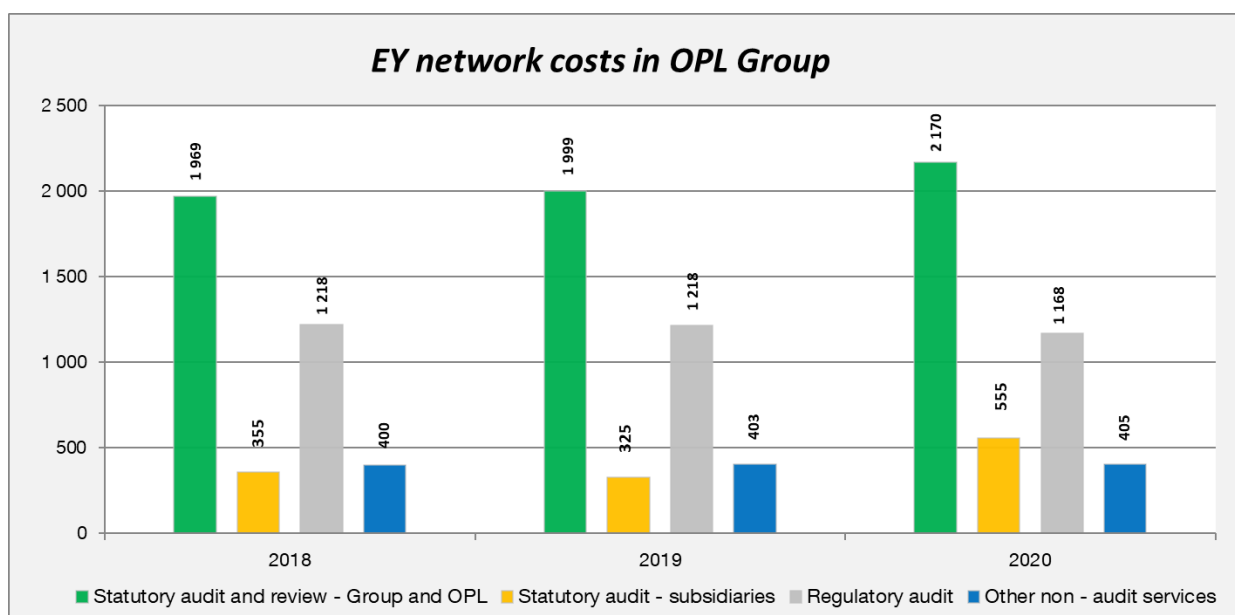
In summary, the Audit Committee concluded that the overall external audit process and services were effective and met the Group's high audit quality requirements.

Our approach to assessing the independence of the external auditor

There are three 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 per cent 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. Non-audit services provided by Ernst & Young were 17% of the audit fee in 2020, similar to 2019. Ernst & Young provides also a regulatory audit relating to the costs of regulated services rendered by the Company. That audit is commissioned by the regulator but its costs are borne by the Company. The costs of regulatory audit are also shown in the chart below.



Third, the feedback questionnaire referred to in the previous section included questions relating to the independence of the audit firm and individuals in the audit staff. There was no case of auditor's independence threat observed and reported by the respondents.

Taking into account all aspects described above the Audit Committee was satisfied that the auditor continues to be independent.

Recommendation on the appointment of the statutory auditor

The Company, around the same time as the Orange SA Group, last undertook a formal tender process for statutory audit services in 2014. The tender process for the Company was separate from the tender process for the Orange SA Group. Based on the tender, Ernst & Young was selected as an auditor of the Company and independently Ernst & Young was also selected as one of two auditors of the Orange SA Group. Ernst & Young presented their first audit report of the Orange Polska Group for the year ended 31 December 2015.

In 2017, based on the Polish Audit Act and Audit Regulation, a new Policy on the audit firm's selection was adopted by the Supervisory Board of the Company. The Policy formalised most of the requirements which were already followed by the Company but a new requirement was the time limitation for the appointment of an auditor to 5 consecutive years (with certain exceptions). The year 2019 was the fifth year of Ernst & Young acting as the statutory auditor of the Company. Ernst & Young was eligible to be reappointed for another year only in exceptional circumstances based upon consent of the Financial Supervisory Authority.

In 2019, the Company launched the tenders for statutory audit service for 2020 (if Ernst & Young turned out to have submitted the best offer) or 2020-2021 (if another company have submitted the best offer as it is not possible to appoint a new auditor for less than two years) and also for the following five year period. The Audit Committee Chairman monitored the process of the audit firm's selection and actively participated in this process, including discussions with the Financial Supervisory Authority.

As regards the year 2020, the offer of Ernst & Young was assessed to be the best based on a high quality audit team, the knowledge of the Polish telecom market and also the knowledge of the Orange Polska Group. Therefore, the Company applied to the Financial Supervisory Authority for its consent for Ernst &

Young being reappointed for another year explaining its high quality auditing standards and the special situation facing the Group in the year 2020 being, among others, the last year of implementation of its long term strategic plan and the number and diversity of lease contracts to be assessed in response to the December 2019 decision of IFRIC. In January 2020, the Financial Supervisory Authority issued its consent and the Audit Committee recommended to the Supervisory Board the reappointment of Ernst & Young as the statutory auditor for 2020.

As regards the following five year period, 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. As a result, the Audit Committee recommended to the Supervisory Board KPMG as the auditor for the years 2021-2025.

The Supervisory Board followed both recommendations of the Audit Committee.

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 judgement:

- 1) Covid-19 pandemic. As a result of the Covid-19 pandemic, the year 2020 was a turbulent period for the worldwide economy and businesses. The Company was no exception and its business has been and continues to be affected generally by the crisis and specifically by some of the restrictions aimed at slowing the pace of the pandemic within Poland. 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;
- 2) The Group's key judgments and estimates relating to significant one-off transactions such as:
 - a) Acquisition of Craftware, a company operating in the area of analysis, design and implementation of customer relationship management (CRM) systems. The Audit Committee focused on the recognition and valuation of the assets and treatment of post-transaction services;
 - b) Amendment to the Collective Labour Agreement. The Audit Committee focused on the impact of the amendment on the value of the related provision and on the income statement;
- 3) New accounting standard IFRS 16. The new standard was implemented by the Company in 2019 but, in December 2019, IFRIC issued an interpretation which necessitated a significant change to the accounting policy adopted in 2019 regarding cancellable leases and their lease period valuation;
- 4) 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;
- 5) Approach to immaterial errors identified in 2020;
- 6) Impairment indicators and impairment test prepared by Management as well as goodwill recognition and deferred tax recoverability;
- 7) Management's assessment of the length of the economic useful life of assets;
- 8) Disclosures in the Financial Statements and Management Report relating to new matters
- 9) Distributable capital calculation.

Internal control

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 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 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 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 2020 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 approved by the Management Board President and then submitted for review of 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 is composed of 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 2020, Orange Polska's Internal Audit maintained 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 2020.

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 done and reported twice a year.

The Supervisory Board received a report on top and emerging risks in July 2020.

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, 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, communication 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 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 prevent potential 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.

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 or observed irregularities (such as conflict of interest, cases of corrupt behaviour or other 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 whistleblowing system is fully confidential and guarantees anonymity. The Audit Committee reviews the summary of cases reported via the whistleblowing system.

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 preparation for the implementation of the European Single Electronic Format, approach to the General Presentation and Disclosures to be adopted by International Accounting Standards Board as well climate related financial disclosures.

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 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 2020

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 2020:

Chairman:

Jean-Marc Vignolles

Members:

Dr. Henryka Bochniarz ("Independent Director")
Thierry Bonhomme – since 17 June 2020
Eric Debroeck
Patrice Lambert de Diesbach
Monika Nachyła ("Independent Director")
Dr. Maria Pasło-Wiśniewska ("Independent Director")
Gervais Pellissier – until 20 October 2020

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 Strategic 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 2020 was Maria Janczar, Orange Polska Corporate Strategy & Market Research Director.

In 2020 the Strategy Committee held three meetings.

Letter from the Chairman of the Strategy Committee

Dear Shareholders,

The year 2020 was a year of unprecedented challenges for telecom market and for the whole world. It was also a year of accelerated digital transformation for our customers and for our internal operations. The Covid-19 pandemic has led to an inevitable surge in the use of digital technologies and revealed the importance of telecommunication services, especially fast and reliable internet connection.

Orange Polska has been investing in its fiber network rollout since 2015 and up to current date has covered over 5 million households in 154 Polish cities. The overview of market potential for further development of fiber infrastructure in Poland and the most value creative opportunities for the company rollout were the top priority topics discussed during our three Committee meetings in year 2020.

With final year of successful execution of Orange.one strategy a lot of Committee's attention was also devoted to long term vision of the company including sustained impact of coronavirus pandemic on future market environment and customer needs.

I want to thank all Committee members and guests for their valuable contribution to development of the company investment plan and strategic discussion enriching formulation of Orange Polska long term vision.

Jean-Marc Vignolles

Chairman of the Strategy Committee

Issues on the Strategy Committee's agenda for 2020

FTTH market perspectives and fiberCo concept.

Considering the market perspectives for further development of fibre network in Poland, strong demand for high-speed Internet among customers and significant value-creation potential for the Company, the Committee analysed the concept of continuation of roll-out of FTTH access network in areas devoid of high-speed broadband infrastructure in a dedicated company created in cooperation with external partner. The FiberCo would operate as an open network granting access on wholesale terms to Orange Polska and other retail operators.

OPL long term vision

The Committee discussed long term trends for evolution of telco environment including especially accelerated society and businesses digitalization, change in consumer needs resulting from coronavirus pandemic and future macroeconomic conditions. The principal assumptions and directions of OPL long term vision were analyzed.

Cash perspectives and dividend policy

The Committee reviewed current financial situation and the most probable cash scenarios for the coming years considering investors' expectations regarding the prospects of further business development of the Group.

REPORT

on the 2020 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 no. 385/04 dated June 16, 2004 as a consultative body of the Supervisory Board.

Remuneration Committee members

1. Maria Pasło-Wiśniewska, PhD (“Independent Director”) – the Chairwoman
2. Thierry Bonhomme – until June 17, 2020
3. Prof. Michał Kleiber (“Independent Director”)
4. Marc Ricau
5. Jean-Marc Vignolles – since June 17, 2020

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,

To start with a formal matter, I would like to inform you that in June 2020 the composition of the Remuneration Committee changed – Mr. Thierry Bonhomme left the Committee and we were joined by Mr. Jean Marc Vignolles.

Thank you very much, Thierry, for your contribution to the work of the Committee and welcome Jean Marc with the hope that you strengthen the Committee.

The year 2020 was unique. The Company had to adjust its functioning to the unexpected conditions set by the coronavirus pandemic. It was not an easy task. The Members of the Committee supported the Management Board and executive directors with an advisory voice in the preparation of the new rules of organisation and functioning of the Company which would ensure both the safety of employees and business continuity. The connectivity has become extremely important to people staying in the isolation caused by the pandemic. Orange Polska served clients continuously. The crisis management exam on an unprecedented scale has been passed successfully.

At the same time, the Committee faced the challenge to replace Jean-François Fallacher, the CEO of Orange Polska, who was asked to take the responsibility for the management of Orange Spain. The Committee recommended the Supervisory Board to appoint Julien Ducarroz as the Company’s new CEO.

Additionally, at the same time Mariusz Gaca, the deputy CEO in charge of the Consumer Market was promoted to the position of the CEO of Orange Moldova. Following the discussion with the new CEO, it was decided that for some time the managers of Consumer Market will report directly to him. A possible new division of duties among Management Board Members will be discussed later after the recognition of the Company’s situation and designing proposal by Julien Ducarroz.

Besides these extraordinary tasks the Committee carried out all its planned activities.

All the details about the activity of the Remuneration Committee in 2020 you will find in the report below, which I am pleased to present to the Shareholders.

As I mentioned before, the year 2020 was a great challenge for the Management Board and all employees of the Company. It was also a challenge for the Members of the Committee. The common goal was the implementation of the Company's strategy, keeping the high quality of customer services and strengthening the position of Orange Polska on the market as the best ways of delivering value to the Shareholders.

I can proudly say that it was successfully done. So let me take this occasion to express my gratitude to all Members of the Committee, to our colleagues from HR division, supporting us in the performance of our tasks, and to all employees of Orange Polska.

I wish everyone good health, so that we can successfully continue service of the growing number of Poles who have trusted us.

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 five meetings in 2020. During these meetings the Committee discussed and made recommendations to the Supervisory Board on the following matters:

- 1) appointment from September 1, 2020 and the conditions of employment of the new CEO of Orange Polska;
- 2) appointment from July 21, 2020 and the conditions of employment of the new CFO of the Company, as well as changes in the division of duties among Management Board Members;
- 3) appointment of the Management Board Members in charge of Consumer Market, Wholesale Market & Real Estate Sale and Human Capital for the next term of office starting

from June 17, 2020;

- 4) changes in the remuneration of the Management Board Members in charge of Consumer Market, Wholesale Market & Real Estate Sale and Human Capital in order to adjust it to the scale of their contribution to the implementation of the Company's strategy and tasks as well as the market levels of remuneration of persons of similar qualifications holding comparable positions;
- 5) assuming direct responsibility for the Consumer Market function by the new CEO after the deputy CEO in charge of this division left for the position of the CEO of Orange Moldova;
- 6) establishment of the common and individual goals for the Management Board Members for 2020, and determination of the rules of variable components of their remuneration depending on the level of implementation of these objectives;
- 7) evaluation of the achievement by the individual Management Board Members of their goals in the first and second half of 2020, and determination of their bonuses for these half-year periods, 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;
- 8) terms of participation of the Members of the Management Board of Orange Polska in the Orange S.A. Group Long Term Incentive Plan for 2020–2022;
- 9) the list of eligible persons to acquire the Second Supplementary Pool Phantom Shares according to the Orange.One Incentive Programme.

The Remuneration Committee was strongly involved in the process of preparation and implementation of the "Remuneration Policy for Members of the Management Board and Supervisory Board of Orange Polska S.A." in line with the Act of 16 October 2019 amending the act on public offering and the conditions for introducing financial instruments to the organised trading system and on public companies, and certain other acts.

This Policy was approved by the Shareholders at the Annual General Assembly held on August 27, 2020.

The Remuneration Committee assessed the implementation of the Remuneration Policy in 2019 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 Orange Polska Integrated Report 2019.

The Remuneration Committee was very much focused on keeping the highest standards of reporting information for Shareholders.

In order to ensure the performance by the Committee of all its tasks in 2021, the working plan for 2021 was prepared. In addition to the Committee's permanent responsibilities related to:

- the appointment of and division of duties among the Management Board Members;
- monitoring the adequacy of the Company's remuneration system to its strategy and the market situation; and
- establishment of the goals for the Management Board Members, their evaluation and determination of the variable components of their remuneration;

the Committee, as part of its advisory role to the Management Board and Supervisory Board, planned discussions on the subjects related to human resources management in the rapidly changing economic and social environment in Poland and worldwide.