

**Report on the Remuneration of
the Members of the Management Board and
Supervisory Board of Orange Polska S.A.
in 2019–2020**

This Report on the Remuneration of the Members of the Management Board and Supervisory Board of Orange Polska S.A. (“the Remuneration Report”) has been developed by the Supervisory Board of Orange Polska S.A. (“the Company”) 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 (“the Public Offering Act”).

The Report covers the financial years 2019–2020 and provides an overview of the remuneration granted in line with the Remuneration Policy of Orange Polska S.A. and, from 17 June 2020, also the Remuneration Policy for Members of the Management Board and the Supervisory Board of Orange Polska S.A. with subsequent amendments (“the Remuneration Policies”). The Remuneration Policies support the implementation of the Company’s strategy and the protection of its long-term interests. In particular, by ensuring market-competitive base salaries and additional benefits, the Company strives to recruit and retain the Company’s key people. The purpose of the short-term and long-term variable remuneration, which depends on the Company’s key financial indicators, is to motivate the Management Board Members to achieve strategic goals, which are subsequently cascaded to employees at lower levels in the form of management goals.

The Remuneration Policies applied by the Company are also an element of its comprehensive strategy. By enabling the recruitment, retention and motivation of the best managers and professionals in the specialised areas existing in Orange Polska S.A. they provide people prepared to achieve the strategic goals of the Company.

Remuneration levels within Orange Polska S.A. are regularly compared to the practices of competitive companies in the market. Total remuneration depends in particular on the Company’s financial results as well as one’s individual contribution and performance.

1. Changes in the Company’s Boards

On 19 February 2019, the Supervisory Board reappointed Jean-François Fallacher for the next term of office as the President of the Management Board of Orange Polska. On 6 February 2020, the Supervisory Board reappointed Mariusz Gacza (Gaca), Jacek Kowalski and Maciej Nowohoński for the next terms of office as Members of the Management Board. In line with the *Best Practice for WSE Listed Companies*, the renewals were made three months before the expiration of the current terms of office.

Effective on 31 March 2020, the following decisions on further changes in the composition of the Company’s Management Board were made:

- i. Jacek Kunicki was appointed to the position of the Chief Financial Officer as the Executive Director in charge of Finance and, from 21 July 2020, as the Management Board Member in charge of Finance;
- ii. The scope of responsibilities of Maciej Nowohoński as the Management Board Member changed. Currently, he is in charge of Carriers Market and Real Estate Sales (previously he was in charge of Finance and, from 6 February 2020, also Carriers Market).

Julien Ducarroz has been the President of the Management Board since 1 September 2020.

Ultimately, as of 31 December 2020, the Company’s Management Board was composed of: Julien Ducarroz, Bożena Leśniewska, Witold Drożdż, Jolanta Dudek, Piotr Jaworski, Jacek Kowalski, Jacek Kunicki and Maciej Nowohoński.

Regarding Supervisory Board Members, on 24 April 2019 the mandates of Federico Colom Artola, Eric Debroeck, Prof. Michał Kleiber, Gervais Pellissier, Marc Ricau, Dr. Wiesław Rozłucki and Maciej Witucki expired. On the same day, the Annual General Meeting appointed the following persons as Members of the Supervisory Board: Eric Debroeck (for another term of office), Prof. Michał Kleiber (for another term of office), Monika Nachyła, Gervais Pellissier (for another term

of office), Marc Ricau (for another term of office), Jean-Michel Thibaud and Maciej Witucki (for another term of office).

On 17 June 2020, the mandates of John Russell Houlden and Patrice Lambert-de Diesbach expired. On the same day, the Annual General Meeting appointed the aforementioned persons, that is John Russell Houlden and Patrice Lambert-de Diesbach, for the next terms of office.

On 20 October 2020, Gervais Pellissier resigned his position as a Member of the Supervisory Board and the Deputy Chairman of the Supervisory Board of Orange Polska S.A. On the same day, the Supervisory Board appointed Marie-Noëlle Jégo-Laveissière as a Member of the Supervisory Board.

2. Description of the Remuneration Policies

In line with the requirements set in the Public Offering Act, on 17 June 2020 the Annual General Meeting adopted the Remuneration Policy for Members of the Management Board and the Supervisory Board of Orange Polska S.A., which was subsequently amended on 27 August 2020. Under this Policy, the Company's remuneration system for the Management Board Members consists of fixed and variable components, including:

- i. base salary;
- ii. performance-based bonus (variable component of remuneration);
- iii. benefits and allocation benefits;
- iv. long-term capital remuneration;
- v. base premium for participation in the pension scheme;
- vi. jubilee awards;
- vii. employment termination benefits;
- viii. other benefits arising out of the provisions of labour law.

The remuneration paid in 2019–2020 was structured in compliance with the adopted Remuneration Policies and thus furthered the key objectives thereof.

The detailed terms of remuneration have been regulated in individual employment contracts with Members of the Management Board.

Some remuneration components due to the Management Board Members employed by the Company (including employee pension scheme premiums or some non-pecuniary benefits) were granted based on internal regulations which apply also to other employees of the Company.

In line with the Company's Articles of Association, Members of the Management Board were appointed by the Supervisory Board. The term of office of each Member of the Management Board is three years. Remuneration payments to the Management Board Members were effected pursuant to employment contracts concluded for their term of office.

Julien Ducarroz, who has been the President of the Management Board of Orange Polska S.A. since 1 September 2020, remains employed by Orange Global International Mobility S.A. ("OGIM"), an Orange S.A. Group company, and performs his duties as the CEO based on posting to Orange Polska S.A.

Members of the Supervisory Board are appointed and removed by the General Meeting. Their term of office is three years. No contracts related to their functions in the Supervisory Board are concluded with Supervisory Board Members. Their remuneration is payable pursuant to the relevant resolution appointing the Supervisory Board Member, Resolution No. 33 of the General Meeting of Orange Polska S.A. dated 9 March 2015 on the terms of remuneration of Members of the Supervisory Board, and the Remuneration Policy for Members of the Management Board and the Supervisory Board of Orange Polska S.A. Simultaneously, the Supervisory Board Members other than Independent Members may remain employed by an Orange S.A. Group company; then, no remuneration is due to such Supervisory Board Members for their functions in the Supervisory Board of Orange Polska S.A. At least four members of the Supervisory Board of

Orange Polska S.A. should be Independent Members, meeting the independence criteria specified in the Articles of Association of Orange Polska S.A. and the Act of 11 May 2017 on certified auditors, audit firms and public supervision with respect to Independent Members of the Audit Committee. Until 24 April 2019, Orange Polska S.A. had four independent members in the Supervisory Board, namely Dr. Henryka Bochniarz, John Russell Houlden, Prof. Michał Kleiber and Dr. Maria Paśło-Wiśniewska.

From 24 April 2019, the independence criteria are met by five members of the Supervisory Board, namely Dr. Henryka Bochniarz, John Russell Houlden, Prof. Michał Kleiber, Monika Nachyła and Dr. Maria Paśło-Wiśniewska.

3. Remuneration of the Members of the Management Board

a. Base salary

The terms of base salaries of the Management Board Members take into account the remuneration standards for particular positions related to the scope of duties and the market valuation of the work performed. Orange Polska S.A. monitors the remuneration market by comparing, at least annually, the Company's salaries and remuneration practices to those adopted by other companies in the Polish market.

In the reported period, Orange Polska S.A. determined remuneration terms based on non-discrimination, particularly with respect to gender, age, disability, race, religion, nationality, political opinion, trade union membership, ethnic origin and sexual orientation. The Company regularly reviewed its remuneration practices for non-discrimination.

Furthermore, with respect to the Management Board Members, the Remuneration Committee of the Supervisory Board has the right to recommend the terms of employment, including the amount of base salary, based on the following premises:

- i. scope of responsibilities and complexity specific to the position;
- ii. market competitiveness of the remuneration;
- iii. recommendation of the President of the Management Board (does not apply to the remuneration of the latter);
- iv. recommendation of the Member of the Management Board in charge of Human Capital in the Company (does not apply to the remuneration of the latter);
- v. individual contribution of the Management Board Member to the implementation of the Company's strategy.

Based on recommendations of the Remuneration Committee of the Supervisory Board, the Supervisory Board determined base salaries of the Management Board Members. The Supervisory Board accepted recommendations as to the base salaries of Jean-François Fallacher and Bożena Leśniewska in 2019 and of Mariusz Gatza (Gaca), Jacek Kowalski, Maciej Nowochoński and Jacek Kunicki in 2020. On 21 July 2020, the Supervisory Board of Orange Polska S.A., upon a positive recommendation of the Remuneration Committee of the Supervisory Board, determined the terms of performance of the function of the President of the Management Board by Julien Ducarroz based on posting from OGIM, an Orange S.A. Group company.

b. Benefits

The Company provided a package of benefits to its employees, including Members of the Management Board of Orange Polska S.A., in order to build a valuable offer supporting employee recruitment and retention, improving the quality of life and promoting employee integration. Orange Polska S.A. wants all its employees to be the ambassadors of the Orange brand; therefore, it provides them with access to its own products and services. Furthermore, Members of the Management Board were provided with benefits aimed to enable and facilitate the performance of their duties within the Company.

Members of the Management Board employed by Orange Polska S.A. were entitled to the following non-pecuniary remuneration components:

- i. training and studies aimed at improving professional qualifications;
- ii. medical care package for Members of the Management Board and their relatives (children, partners/spouses);
- iii. life insurance;
- iv. landline Internet at the place of residence (Orange Polska S.A.'s telecommunications infrastructure permitting);
- v. protection in the case of liability arising from the performance of the Management Board Member's duties, including in the form of insurance protection;
- vi. other non-pecuniary benefits to which the Company's employees are entitled in accordance with the internal regulations of Orange Polska S.A.

Members of the Management Board posted to Poland are entitled to all or some of the benefits listed above or benefits available according to regulations of the posting company, provided that they are approved by the Supervisory Board of Orange Polska S.A.

In 2019–2020, Members of the Management Board employed by Orange Polska S.A. were actually granted the following benefits (accounted for in the Table 1 below):

- i. medical care package for Members of the Management Board and their relatives;
- ii. life insurance;
- iii. landline Internet at the place of residence.

Members of the Management Board were also entitled to liability insurance in 2019–2020.

Members of the Management Board were granted some benefits from which also persons closely associated with them could benefit in line with the terms of their employment contracts. The value of such benefits was indicated in the Table 1 below.

While performing the duties of the President of the Management Board of Orange Polska S.A., Jean-François Fallacher and Julien Ducarroz were entitled to benefits resulting from the International Mobility Policy of the Orange Group, payable by Orange Polska pursuant to the employment contract in the case of Jean-François Fallacher or an agreement between Orange Polska S.A. and OGIM in the case of Julien Ducarroz. The amount of remuneration and benefits is shown in the Table 1 below.

In the reported period, Members of the Management Board of Orange Polska S.A., excluding Julien Ducarroz posted to the position of the President of the Management Board, did not receive remuneration from other Orange S.A. Group companies except for eligibility to participate in the Long Term Incentive Plan (LTIP).

c. Other benefits eligible to Members of the Management Board on the same terms as to all employees

Members of the Management Board employed by Orange Polska S.A. had the right to join the Employee Pension Scheme ("EPS"), which is financed by Orange Polska S.A. This scheme is a pension fund (Orange Polska Employee Pension Fund). Members of the Management Board become eligible after they have worked for at least six months in Orange Polska S.A. The Company finances a monthly base premium in the amount of 7% of the gross remuneration amount which constitutes the base for calculation of pension and disability insurance premiums. In 2019–2020, Members of the Management Board employed by Orange Polska S.A. made use of this benefit.

Members of the Management Board employed by Orange Polska S.A. had the right to jubilee awards for long service, namely for 10, 15, 20, 25 and 30 years of work, in accordance with the provisions of the Collective Labour Agreement for Employees of Orange Polska S.A. In 2019 no jubilee awards were granted, while in 2020 jubilee awards were granted to Jolanta Dudek and Mariusz Gatza (Gaca).

d. Benefits related to termination of employment with Orange Polska S.A.

In case of employment termination, employment contracts with Members of the Management Board employed by Orange Polska S.A. are terminated with a six-month notice, and they are entitled to base salary during this period.

In case of employment termination by Orange Polska S.A., in the cases specified in the employment contracts, Members of the Management Board were entitled to severance pay in the amount of their six-month base salary.

All Members of the Management Board are obliged to refrain from engaging in any competitive activities for twelve months after the termination of employment with Orange Polska S.A., and in return for refraining from competitive activities they are entitled to receive compensation in the amount of their six-month base salary.

In 2020, Jean-François Fallacher and Mariusz Gacza (Gaca) received compensation for the termination period and severance pay on the account of termination of their employment contracts.

On 21 July 2020, the Supervisory Board of Orange Polska S.A. determined the terms related to the end of tenure of Julien Ducarroz as the President of the Management Board of Orange Polska S.A.

e. Variable remuneration component

Each Member of the Management Board was entitled to variable remuneration component dependent on the achievement of annual and semi-annual financial and non-financial objectives.

The purpose of the bonus system was to motivate Members of the Management Board to achieve high performance by attaining the predefined and agreed objectives which support the implementation of the Company's strategy and growth of customer satisfaction. In addition, the system of objectives stimulated co-operation among employees and business units by setting some solidarity objectives in addition to individual ones.

For Members of the Management Board, the variable component of remuneration is more related to the Company's performance and depends more on the achievement of solidarity goals, which are financial objectives shared by all Members of the Management Board, than in the case of other employees of the Company.

The variable component of remuneration was determined in semi-annual settlement periods, and its calculation was based on the evaluation of the achievement of objectives defined for each Member of the Management Board in their individual task sheets.

The annual and semi-annual objectives for Members of the Management Board depended on the Company's business plans for a given period, scope of responsibility of the particular Member of the Management Board, recommendations of the President of the Management Board and recommendations of the Member of the Management Board in charge of Human Capital in the Company.

Solidarity objectives included EBITDAaL (EBITDA after leases), Organic Cash Flow, Revenues (for the whole Orange Polska Group or certain segments of its activity), Perception NPS (customer satisfaction with Orange services), and in 2019 also Fibre & Convergent Net Adds. Individual objectives were related to functional performance and management quality.

If objectives were assessed to have been achieved in 100%, the amount of the variable remuneration component was 50% of the base salary due for a given period under the employment contract. The achievement of the set objectives below or above 100% entailed a lower or higher amount of the variable remuneration, respectively. Performance in 2019 and 2020 permitted granting the variable remuneration component to all Members of the Management Board, which is reflected in the Tables 2a and 2b below.

In addition, the President of the Management Board of Orange Polska S.A. was entitled to the Stretch Bonus based on EBITDAaL and eCAPEX as financial triggers. This bonus was up to 35% or, from August 2020, 40% of his annual base salary. The Company's financial performance permitted payment of the Stretch Bonus for 2019. The amount of and the conditions of granting the Stretch Bonus were determined by the Supervisory Board in 2020. The amount of the Stretch Bonus for 2019 is included in the variable remuneration of the President of the Management Board in the Table 1a below.

Table 1a. Total remuneration of Members of the Management Board in 2019

Full name	1. Fixed remuneration (PLN '000)						2. Variable remuneration (PLN '000) ¹⁾			Total remuneration for 2019 (PLN '000)	Proportion between fixed and variable remuneration granted in 2019 (%)	Variable remuneration for 2018 paid in 2019 (PLN '000)
	Base salary	Benefits	Benefits for relatives	Compensation and severance pay	Other payments (including EPS)	Total fixed remuneration	Granted for the first half of 2019	Granted for the second half of 2019	Total variable remuneration			
Jean-François Fallacher	1516	579	27	-	989	3111	310	961*	1271	4382	71%/29%	681
Bożena Leśniewska	1320	25	0	-	141	1486	310	437	747	2233	67%/33%	365
Mariusz Gatza (Gaca)	1500	36	0	-	163	1699	341	489	830	2529	67%/33%	443
Witold Drożdż	864	29	0	-	82	975	196	282	478	1453	67%/33%	86
Jolanta Dudek	900	26	0	-	97	1023	207	298	505	1528	67%/33%	252
Piotr Jaworski	888	32	0	-	85	1005	204	289	493	1498	67%/33%	85
Jacek Kowalski	1044	31	0	-	114	1189	240	338	578	1767	67%/33%	314
Maciej Nowohoński	1080	29	0	-	117	1226	247	348	595	1821	67%/33%	323

¹⁾ Figures in the Table include the 2019 Stretch Bonus for the President of the Management Board

Table 1b. Total remuneration of Members of the Management Board in 2020

Full name	1. Fixed remuneration (PLN '000)						2. Variable remuneration (PLN '000) ¹⁾			Total remuneration for 2020 (PLN '000)	Proportion between fixed and variable remuneration granted in 2020 (%)	Variable remuneration for 2019 paid in 2020 (PLN '000)
	Base salary	Benefits	Benefits for relatives	Compensation and severance pay	Other payments (including EPS)	Total fixed remuneration	Granted for the first half of 2020	Granted for the second half of 2020	Total variable remuneration			
Bożena Leśniewska	1320	25	0	-	151	1496	379	373	752	2248	67%/33%	437
Witold Drożdż	864	28	0	-	100	992	251	244	495	1487	67%/33%	282
Jolanta Dudek	900	25	0	-	179	1104	259	261	520	1624	68%/32%	298
Piotr Jaworski	871	28	0	-	101	1000	253	251	504	1504	66%/34%	289
Jacek Kowalski	1131	29	0	-	127	1287	326	322	648	1935	67%/33%	338
Jacek Kunicki ¹⁾	377	4	0	-	27	408	0	206	206	614	66%/34%	0
Maciej Nowohoński	1167	29	0	-	130	1326	325	321	646	1972	67%/33%	348
Jean-François Fallacher ²⁾	1176	329	3	1718	1181	4407	503	167	670	5077	87%/13%	961
Mariusz Gatza (Gaca) ²⁾	1304	21	0	1560	308	3193	440	296	736	3929	81%/19%	489

¹⁾ Remuneration for a period from the date of appointment

²⁾ Remuneration for a period to the date of termination of employment

Table 1c. The amounts paid by Orange Polska S.A. on account of the reimbursement of the costs related to posting of the President of the Management Board

Full name	1. Fixed remuneration (PLN '000)	2. Variable remuneration (PLN '000) ¹⁾	Total remuneration (PLN '000)	Proportion between fixed and variable remuneration (%)
Julien Ducarroz ²⁾	1036	303	1339	77%/23%

¹⁾ The figure includes bonuses accrued in 2020 and payable in 2021

²⁾ From the date of appointment as the President of the Management Board of Orange Polska S.A.

f. Variable remuneration objectives for Members of the Management Board

The indicators presented above constituted the basis for setting solidarity objectives for Members of the Management Board and were settled in direct relation to the Company's annual performance. The total remuneration of each Member of the Management Board complied with the adopted Remuneration Policy of Orange Polska S.A. and the Remuneration Policy for Members of the Management Board and the Supervisory Board of Orange Polska S.A. The objectives and the way of setting them were approved, following a review, by the Remuneration Committee of the Supervisory Board.

The objectives for the Management Board Members were settled on a semi-annual basis (with reference to the Company's annual results) by the Supervisory Board of Orange Polska S.A. upon recommendations of the Remuneration Committee of the Supervisory Board. Orange Polska S.A. reports the financial indicators which determine the Company's financial standing to the stock exchange. The objectives pursued by the Management Board were closely related to these financial indicators, and the achievement thereof had a direct impact on the amount of the variable component of remuneration payable to each Member of the Management Board. Therefore, the achievement of these objectives contributed to the long-term performance of the Company.

Solidarity goals in 2019 and 2020 were as follows:

- i. In 2019: EBITDAaL, Organic Cash Flow, Fibre & Convergent Net Adds, Perception NPS;
- ii. In 2020: EBITDAaL, Organic Cash Flow, Revenues, Perception NPS.

The variable component of remuneration was determined on the basis of the achievement of both solidarity objectives and individual objectives.

Table 2a. Year-average share (%) of different categories of objectives in the amount of variable remuneration granted for 2019

Full name	Share of solidarity objectives (%)	Share of individual objectives (%)
Jean -François Fallacher	89%	11%
Mariusz Gatza (Gaca)	76%	24%
Bożena Leśniewska	74%	26%
Jolanta Dudek	75%	25%
Piotr Jaworski	75%	25%
Maciej Nowohoński	75%	25%
Jacek Kowalski	75%	25%
Witold Drożdż	76%	24%

Table 2b. Year-average share (%) of different categories of objectives in the amount of variable remuneration granted for 2020

Full name	Share of solidarity objectives (%)	Share of individual objectives (%)
Jean - François Fallacher	79%	21%
Julien Ducarroz ¹⁾	82%	18%
Mariusz Gatza (Gaca)	76%	24%
Bożena Leśniewska	77%	23%
Witold Drożdż	76%	24%
Jolanta Dudek	76%	24%
Piotr Jaworski	77%	23%
Jacek Kowalski	76%	24%
Jacek Kunicki ²⁾	80%	20%
Maciej Nowohoński	80%	20%

¹⁾ From 1 September 2020

²⁾ Accounting for twelve months of 2020

In 2019–2020, Orange Polska S.A. did not exercise the option to demand the return of the variable components of remuneration.

g. Orange Polska S.A. Incentive Programme in the form of phantom shares settled in cash

On 4 September 2017, the Supervisory Board of Orange Polska S.A. adopted the incentive programme for the key executives of Orange Polska S.A., including Members of the Management Board of Orange Polska S.A., based on derivatives (phantom shares), where the underlying instrument is the price of Orange Polska S.A. shares listed on the Warsaw Stock Exchange (WSE).

The purpose of the Programme was to link remuneration of Members of the Management Board to the Company's share price in the long term. According to the Programme Regulations, Members of the Management Board of Orange Polska S.A. voluntarily purchased phantom shares from the basic pool for a price of PLN 1 per phantom share and, as the NPS ranking condition specified in the Programme Regulations was met, they also purchased an additional package of phantom shares. Consequently, each Management Board Member and Executive Director purchased 9,000 additional phantom shares, while other programme participants purchased 4,500 additional phantom shares each. The price per phantom share was PLN 1. In 2020, the condition of the minimum Orange Polska share price on the WSE, obligating the participants to purchase an additional package of phantom shares, was not met.

According to the Programme Regulations, phantom shares will be bought back from Members of the Management Board by the Company at the average Orange Polska S.A. share price in the first quarter of 2021, provided that it is not lower than the arithmetic mean of Orange Polska share closing prices in the third quarter of 2017, which was PLN 5.46; otherwise, phantom shares will not be bought back and the participants will lose the invested funds.

Table 3. Incentive Programme in the form of phantom shares and the related costs recognised by Orange Polska S.A.

Full name	Award date	Additional pool award date	Effective purchase date	Purchase price	Phantom shares – initial pool (number)	Phantom shares – additional pool for the NPS condition (number)	Phantom shares – additional pool for the share price condition (number)	Recognised cost for 12 months of 2019 (PLN '000)	Recognised cost for 12 months of 2020 (PLN '000) ⁴⁾
Jean-François Fallacher ¹⁾	4 Sep 2017	1 Oct 2020	1 Apr 2021	PLN 1	0	0	0	324	-423
Mariusz Gatza (Gaca) ²⁾	4 Sep 2017	1 Oct 2020	1 Apr 2021	PLN 1	50 000	9 000	0	246	-94
Bożena Leśniewska	4 Sep 2017	1 Oct 2020	1 Apr 2021	PLN 1	50 000	9 000	0	246	-7
Witold Drożdż	4 Sep 2017	1 Oct 2020	1 Apr 2021	PLN 1	50 000	9 000	0	246	-5
Jolanta Dudek	4 Sep 2017	1 Oct 2020	1 Apr 2021	PLN 1	50 000	9 000	0	246	-7
Piotr Jaworski	4 Sep 2017	1 Oct 2020	1 Apr 2021	PLN 1	50 000	9 000	0	246	-5
Jacek Kowalski	4 Sep 2017	1 Oct 2020	1 Apr 2021	PLN 1	50 000	9 000	0	246	-7
Jacek Kunicki ³⁾	4 Sep 2017	1 Oct 2020	1 Apr 2021	PLN 1	15 000	9 000	0	n/a	30
Maciej Nowohoński	4 Sep 2017	1 Oct 2020	1 Apr 2021	PLN 1	50 000	9 000	0	246	-7

¹⁾ On 31 August 31 2020, Jean-François Fallacher ceased to be the President of the Management Board of Orange Polska and withdrew from further participation in the Programme; the Company redeemed his phantom shares and returned the amount of PLN 70 000 which had been paid for them.

²⁾ Costs to the end of tenure as the Member of the Management Board of Orange Polska S.A.

³⁾ Costs from the date of appointment as the Member of the Management Board of Orange Polska S.A.

⁴⁾ Costs recognised in 2020 are negative mainly as a result of reversal of costs of an additional pool of phantom shares recognised in previous years, as the condition of the Orange Polska S.A. share price was not met in the third quarter of 2020. In case of Jacek Kunicki, reversal was related to the costs recognised before the date of his appointment as the Member of the Management Board, so it was not accounted for in the table above.

h. Long Term Incentive Plan of the Orange Group

The Long Term Incentive Plan of the Orange Group is effected in three-year editions. It includes key managers in the Orange Group and conjuncts with the Orange Group's strategic plan.

Members of the Management Board were awarded a predefined number of free shares of Orange S.A. under the following conditions: continuous service in the Orange Group throughout the Plan and some performance-based criteria.

The Plan aims to recognise the engagement of the Group's key managers, to share the value created by the Orange Group's strategic plan, to achieve a balance between short-term and long-term remuneration, and to rely on well-known, monitored performance indicators.

The first edition of the Plan functioned between 2017 and 2019.

In July 2018, the next edition of the Long Term Incentive Plan of the Orange Group for 2018–2020 was made available.

In July 2019, the next edition of the Long-term Incentive Plan of the Orange Group for 2019–2021 was made available, and in October 2019 the Plan became operational.

In July 2020, the next edition of the Long Term Incentive Plan of the Orange Group for 2020–2022 was made available.

The conditions for receiving a predefined number of free shares of Orange S.A. are indicated in the Table 4 below. In the Long Term Incentive Plan of the Orange Group for 2017–2019, 2018–2020 and 2019–2021, shares were or are awarded upon achieving the objective in 100%.

The Board of Directors of Orange S.A. can modify the number of awarded shares by 15% depending on some criteria resulting from the strategic plan. Simultaneously, each participant of the Plan cannot realise a greater number of shares than awarded in the initial pool.

The terms of the Long Term Incentive Plan of the Orange Group for 2020–2022 were modified so that shares based on the achievement of the Organic Cash Flow objective can be awarded upon achieving it at the level equal to or greater than 95% of the target. With respect to other objectives, shares are awarded upon achieving them in 100%.

Table 4. Detailed parameters of the Long Term Incentive Plan

Name of the Plan	LTIP 2017–2019	LTIP 2018–2020	LTIP 2019–2021	LTIP 2020–2022
Performance assessment period	Years 2017–2019	Years 2018–2020	Years 2019–2021	Years 2020–2022
Award date	19 July 2017	18 July 2018	18 July 2019	21 July 2020
Ending date of the edition	31 December 2019	31 December 2020	31 December 2021	31 December 2022
Award condition	Continuous service in 2017–2019	Continuous service in 2018–2020	Continuous service in 2019–2021	Continuous service in 2020–2022
a) Financial indicator b) Indicator weight	a) Organic Cash-Flow ¹⁾ b) 50%	a) Organic Cash-Flow ¹⁾ b) 50%	a) Organic Cash-Flow ¹⁾ b) 50%	a) Organic Cash-Flow ¹⁾ b) 40%
a) Financial indicator b) Indicator weight	a) Total Shareholder Return ²⁾ b) 50%	a) Total Shareholder Return ³⁾ b) 50%	a) Total Shareholder Return ³⁾ b) 50%	a) Total Shareholder Return ³⁾ b) 40%
a) Financial indicator b) Indicator weight	n/a	n/a	n/a	a) CSR ⁴⁾ b) 20%

¹⁾ The Orange Group's Organic Cash Flow should be higher than budgeted in each year of the performance assessment period.

²⁾ The increase in Total Shareholder Return should be higher than in TSR for the Stoxx Europe 600 Telecoms index between the first four months of the year preceding the first year of performance assessment and the last four months of the last year of performance assessment.

³⁾ The increase in Total Shareholder Return should be higher than in TSR for the Stoxx Europe 600 Telecoms index between the last four months of the year preceding the first year of performance assessment and the last four months of the last year of performance assessment.

⁴⁾ 10% of the CSR objective corresponds to the achievement of the goal related to using energy from renewable sources at the end of the assessment period and the remaining 10% of the CSR objective corresponds to the intensity of CO₂ emissions with respect to customer service at the end of the assessment period.

Table 5a. Number of shares held in the Long Term Incentive Plan

Full name	Shares to be awarded (number)				Disposable shares awarded in LTIP 2017–2019 (number)
	LTIP 2017–2019	LTIP 2018–2020	LTIP 2019–2021	LTIP 2020–2022	
Julien Ducarroz	-	2 000	2 000	2 000	-
Jean-François Fallacher	2 000	2 000	2 000	2 000	1 717
Mariusz Gatza (Gaca)	2 000	2 000	2 000	2 000	1 717
Bożena Leśniewska	2 000	2 000	2 000	2 000	1 717
Witold Drożdż	2 000	2 000	2 000	2 000	1 717
Jolanta Dudek	2 000	2 000	2 000	2 000	1 717
Piotr Jaworski	2 000	2 000	2 000	2 000	1 717
Jacek Kowalski	2 000	2 000	2 000	2 000	1 717
Jacek Kunicki	-	1 000	1 000	1 000	-
Maciej Nowohoński	2 000	2 000	2 000	2 000	1 717

Table 5b. Cost of share-based payments in the Long Term Incentive Plan recognised by Orange Polska S.A.

Full name	Cost of share-based payments (PLN '000)							
	LTIP 2017-2019 ¹⁾		LTIP 2018-2020		LTIP 2019-2021		LTIP 2020-2022	
	For 12 months to 31 December 2019	For 12 months to 31 December 2020	For 12 months to 31 December 2019	For 12 months to 31 December 2020	For 12 months to 31 December 2019	For 12 months to 31 December 2020	For 12 months to 31 December 2019	For 12 months to 31 December 2020
Julien Ducarroz ²⁾	n/a	n/a	-	11	-	9	n/a	10
Jean-François Fallacher ²⁾	24	n/a	30	22	12	18	n/a	3
Mariusz Gatza (Gaca) ²⁾	24	n/a	30	28	12	23	n/a	7
Bożena Leśniewska	24	n/a	30	33	12	27	n/a	12
Witold Drożdż	24	n/a	30	33	12	27	n/a	12
Jolanta Dudek	24	n/a	30	33	12	27	n/a	12
Piotr Jaworski	24	n/a	30	33	12	27	n/a	12
Jacek Kowalski	24	n/a	30	33	12	27	n/a	12
Jacek Kunicki ²⁾	n/a	n/a	-	7	-	6	n/a	6
Maciej Nowohoński	24	n/a	30	33	12	27	n/a	12

¹⁾ The Plan was settled in 2020. Disposable shares were awarded upon completion of the Plan.

²⁾ Costs corresponding to the tenure as the Management Board Member.

4. Remuneration of the Members of the Supervisory Board

The remuneration of the Members of the Supervisory Board was determined by the General Meeting of Orange Polska S.A.

Members of the Supervisory Board were entitled to fixed monthly remuneration regardless of the number of meetings held in a given month. Members of the Supervisory Board were also entitled to additional remuneration depending on functions performed in the Supervisory Board, particularly sitting on any of the Committees of the Supervisory Board.

Within the Supervisory Board, there are three standing committees: Audit Committee, Remuneration Committee and Strategy Committee. Furthermore, the Supervisory Board may establish other Committees and define their tasks at its own discretion. In 2019–2020, the Supervisory Board did not establish any further Committees. If a person was a Member or the Chairman of several Committees of the Supervisory Board in the reported period, they did not receive the sum of additional remuneration but the highest remuneration to which they were entitled.

Members of the Supervisory Board employed by Orange S.A. or Orange S.A.'s subsidiaries did not receive remuneration for performing the function of Members of the Supervisory Board of Orange Polska S.A. or its Committees.

All Members of the Supervisory Board were entitled to reimbursement of costs related to their participation in the Board's work. Members of the Supervisory Board could be covered by protection against liability arising from the performance of the Supervisory Board Member's duties, particularly in the form of insurance.

In 2019, Members of the Supervisory Board were granted additional benefits in the form of invitations to sports, cultural, business events, etc.

Table 6a. Remuneration of the Members of the Supervisory Board for 2019

Full name	Remuneration for performing the function (PLN '000)	Of which: Remuneration for sitting on a committee (PLN '000)	Notes
Maciej Witucki	432	0	
Gervais Pellissier	0	0	1)
Marc Ricau	0	0	1)
Dr. Henryka Bochniarz	221	79	
Thierry Bonhomme	210	79	
Federico Colom Artola	0	0	1) 2)
Eric Debroeck	0	0	1)
Ramon Fernandez	0	0	1)
John Russell Houlden	394	263	
Prof. Michał Kleiber	214	79	
Patrice Lambert-de Diesbach	0	0	1)
Monika Nachyła	155	54	
Dr. Maria Pasło-Wiśniewska	287	151	
Dr. Wiesław Rozłucki	104	58	2)
Jean-Michel Thibaud	0	0	1)
Jean-Marc Vignolles	0	0	1)

1) A person employed by Orange S.A. who did not receive remuneration for the function performed.

2) A person who was not a Member of the Supervisory Board of the Company as at 31 December 2019.

Table 6b. Remuneration of the Members of the Supervisory Board for 2020

Full name	Remuneration for performing the function (PLN '000)	Of which: Remuneration for sitting on a committee (PLN '000)	Notes
Maciej Witucki	422	0	
Gervais Pellissier	0	0	1) 2)
Ramon Fernandez	0	0	1)
Marc Ricau	0	0	1)
Dr. Henryka Bochniarz	217	79	
Thierry Bonhomme	210	79	
Eric Debroeck	0	0	1)
Marie-Noëlle Jégo-Laveissière	0	0	1)
John Russell Houlden	394	263	
Prof. Michał Kleiber	218	79	
Patrice Lambert-de Diesbach	0	0	1)
Monika Nachyła	215	79	
Dr. Maria Pasło-Wiśniewska	317	184	
Jean-Michel Thibaud	0	0	1)
Jean-Marc Vignolles	0	0	1)

1) A person employed by Orange S.A. who did not receive remuneration for the function performed.

2) A person who was not a Member of the Supervisory Board of the Company as at 31 December 2020.

5. Derogations from the remuneration policy and from the process of its implementation

In 2019 and 2020, Orange Polska S.A. effected remuneration payments in line with the adopted Remuneration Policies, and there were no derogations from the rules specified therein.

6. Information on changes in remuneration terms and the Company's performance

On 27 August 2020, the General Meeting adopted a resolution on amendment to the Remuneration Policy for Members of the Management Board and the Supervisory Board of Orange Polska S.A.

Total remuneration of Members of the Management Board, selected financial metrics of Orange Polska S.A. and remuneration of employees other than Members of the Management Board and the Supervisory Board, for 2020 and the preceding five years, are shown in the Table 7 below. Remuneration of all persons performing the function of Management Board Members in 2015–2020 is included in the Table, excluding the impact of benefits related to the termination of employment.

The Table indicates percentage changes in individual indicators versus their value in the preceding year.

Table 7. Changes in the remuneration of Members of the Management Board and performance of Orange Polska S.A. over the last five years

Dynamics of changes in Orange Polska's consolidated results (%/PLN million)						
The Orange Polska Group reports a single operating segment in its IFRS financial statements as decisions about resources to be allocated and assessment of performance are made on a consolidated basis.						
Annual results	2015	2016	2017	2018	2019	2020
EBITDA/EBITDAaL ⁽¹⁾	3 521	3 163	3 011	2 881	3 006	2 797
EBITDA/EBITDAaL evolution ⁽²⁾	-	-10,1%	-4,8%	3,1% ⁽³⁾	7% ⁽¹⁾	2,9% ⁽⁴⁾
Revenue	11 840	11 538	11 381	11 101	11 406	11 508
Revenue evolution ⁽²⁾	-	-2,4%	-1,4%	-0,7% ⁽³⁾	2,9%	0,9%
NPS (Net promoter score - place on the Polish market of telecommunications operators)	3	3	2	3	2	1

⁽¹⁾ Starting from 2019, following the adoption of IFRS 16 "Leases", Orange Polska redefined the performance measures used and EBITDA was replaced by EBITDAaL (EBITDA after leases).

⁽²⁾ Evolution of performance measures was calculated on a comparable basis. Where applicable, previous year's results were restated to reflect changes in accounting policies, deconsolidation of subsidiaries and to conform to new definitions of performance measures.

⁽³⁾ In 2018, Orange Polska adopted IFRS 15 "Revenue from Contracts with Customers". Evolution of Orange Polska's results in 2018 was calculated on a comparable basis, i.e. based on IAS 18 "Revenue" and other standards and interpretations concerning revenue recognition applicable in 2017.

⁽⁴⁾ Starting from 2020, gains on disposal of assets are excluded from EBITDAaL. Evolution of EBITDAaL in 2020 was calculated on a comparable basis to conform to new definition used in 2020.

Management Board remuneration in thousand PLN gross ^{(1) (3)}

Name and Surname	2015	2016	2017	2018	2019	2020
Julien Ducarroz ⁽²⁾	n.a.	n.a.	n.a.	n.a.	n.a.	1 339
Fallacher Jean-François ^{(1) (3)}	n.a.	1 989	3 804	3 772	4 382	3 359
Gaca Mariusz ^{(1) (3)}	2 148	2 186	2 544	2 422	2 529	2 369
Dudek Jolanta ⁽³⁾	292	1 272	1 339	1 377	1 528	1 624
Kowalski Jacek	1 725	1 729	1 776	1 712	1 767	1 935
Leśniewska Bożena ⁽³⁾	327	1 449	1 820	1 960	2 233	2 248
Nowohoński Maciej	1 607	1 696	1 783	1 771	1 821	1 972
Drożdż Witold ⁽³⁾	n.a.	n.a.	n.a.	242	1 453	1 487
Jaworski Piotr ⁽³⁾	n.a.	n.a.	n.a.	244	1 498	1 504
Kunicki Jacek ⁽³⁾	n.a.	n.a.	n.a.	n.a.	n.a.	614
Muszyński Piotr ^{(1) (3)}	2 476	2 443	3 134	n.a.	n.a.	n.a.
Duthoit Bruno ^{(1) (3)}	3 140	1 799	n.a.	n.a.	n.a.	n.a.
Paschalis-Jakubowicz Michał ^{(1) (3)}	340	775	n.a.	n.a.	n.a.	n.a.
TOTAL	12 055	15 338	16 200	13 500	17 211	18 451
Employee remuneration (excluding the Management Board and Supervisory Board) ^{(1) (4)}						
Average total gross salary ⁽⁵⁾ in thousand PLN	106	107	105	110	115	122
Total remuneration ⁽⁵⁾ employees in thousand PLN gross in subsequent years	1 379 765	1 370 370	1 488 359	1 410 988	1 338 585	1 275 836
Management Board remuneration to employee remuneration ratio (%)	0,87%	1,12%	1,09%	0,96%	1,29%	1,45%
Number of employees ^{(5) (6)}	13 078	12 840	14 109	12 873	11 687	10 489

Comments:

n.a. - not applicable

⁽¹⁾ remuneration without taking into account paid compensation and severance pay in connection with termination of employment (including compensation for non-competition after termination of employment).

⁽²⁾ the amount borne by Orange Polska S.A. for reimbursement of costs related to the delegation to perform the function of the President of the Management Board.

⁽³⁾ total remuneration and benefits for Members of the Management Board (including the Employee Pension Program) without benefits from the social fund due from the date of appointment as a Member of the Management Board until the date of performing the function of a Member of the Management Board.

⁽⁴⁾ total salaries and benefits for employees (including the Employee Pension Program) excluding benefits from the social fund.

⁽⁵⁾ in October 2016, Orange Polska S.A. merged with Orange Customer Service Sp. z o.o. which influenced the average salary and employment in Orange Polska S.A.

⁽⁶⁾ average annual employment according to the GUS methodology (excluding the Management Board) in full-time jobs.

The evolution of the total remuneration of Members of the Management Board was the result of changes in its composition during 2015-2020, in particular, it was related to appointments

to the Management Board in the fourth quarter of the year - hence, for example, the decrease in remuneration in 2018 and an increase in 2019, where the Management Board operated in full composition throughout 2019. The increase in remuneration of Management Board Members in 2018-2020 was correlated with the improvement in the trend of revenue dynamics and operating profitability (EBITDA / EBITDAaL) in this period.

This Report presents developments related to the remuneration of Members of the Management Board and Supervisory Board, while omits developments related to changes in the terms of remuneration of the employees of Orange Polska other than Members of the Management Board or Supervisory Board, which occurred in 2019. The latter were disclosed in the Orange Polska Integrated Report 2019.

In 2020, changes were made in the Remuneration Policy of Orange Polska S.A., which applies to all employees. These were disclosed in the Management Board's Report on the Activity of the Orange Polska Group in 2020.

The detailed regulations concerning remuneration of the Members of the Management Board and Supervisory Board of Orange Polska S.A. are set out in the Remuneration Policy for Members of the Management Board and the Supervisory Board of Orange Polska S.A., which was adopted at the General Meeting on 27 August 2020.



This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

Independent Auditor's Reasonable Assurance Report

To the General Shareholders' Meeting and Supervisory Board of Orange Polska S.A.

Scope of service

At the request of the Orange Polska S.A. (the "Entity") we performed an independent reasonable assurance engagement relating to evaluation of the remuneration report of the Management Board and the Supervisory Board for the years 2019 and 2020 (the "Remuneration report") in terms

of the inclusion of the information required under Article 90g paragraphs 1-5 and paragraph 8 of the Act on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies of 29 July 2005 ("the Act").

Responsibility of the Supervisory Board of the Entity

Members of the Entity's Supervisory Board are responsible for the preparation of the Remuneration report in accordance with Article 90g of the Act. This responsibility also includes designing, implementing and maintaining internal control relevant to the preparation of the Remuneration report that is free from material misstatement whether due to fraud or error.



Auditor's Responsibility

Our objective was to evaluate the completeness of the information included in the Remuneration report against the criteria set out in the section "Identification of the criteria" and to issue an independent reasonable assurance conclusion based on the evidence obtained.

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' as adopted by the National Council of Statutory Auditors ('NCSA') as National Standard on Assurance Engagements 3000 (R). That standard requires that the auditor plan and perform procedures to obtain reasonable assurance about whether the Remuneration report has been prepared completely and that the information has been disclosed with the level of detail required by Article 90g paragraphs 1-5 and paragraph 8 of the Act.

The firm applies International Standard on Quality Control 1 „*Quality Control For Firms That Perform Audits And Reviews Of Financial Statements, And Other Assurance And Related Services Engagements*” as adopted by NCSA as national standard on quality control and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and ethics requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board For Accountants (IESBA) as adopted by the resolution of the National Council of Statutory Auditors, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior as well as other independence and ethical requirements, applicable to this assurance engagement in Poland.

The procedures selected depend on our judgment, including the assessment of the risks of material misstatement in Remuneration report, whether due to fraud or error. In making

those risk assessments, we have considered internal control relevant to the preparation of the Remuneration report in accordance with Article 90g paragraphs 1-5 and paragraph 8 of the Act in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of internal control.

Our procedures included, in particular:

- reading the content of the Remuneration report and assessing whether it contains quantitative and qualitative (descriptive) disclosures to the extent required by the Act;
- determining, by comparing to corporate documents, a list of persons for whom there is a requirement to include information in the Remuneration report and determining, by inquiring of persons responsible for preparing the Remuneration report, whether all information provided for in the criteria for preparation of the Remuneration report has been disclosed;
- reading the resolutions of the General Shareholders Meeting of the Entity regarding the remuneration policy for Members of the Management Board and Supervisory Board and assessing whether the information presented in the Remuneration report is consistent with the remuneration policy adopted by the Entity and effective during the period covered by the report;
- determining, by performing inquiries and verification of employment contracts, whether the remuneration of the Members of the Management Board and Supervisory Board includes cash or non-cash benefits granted to their closest family members in accordance with the requirements of the Act;
- determining whether the information concerning granted or offered financial instruments, including the number and general terms - complies with the adopted and approved variable remuneration component program adopted by the Entity.



The Remuneration report was not subject of audit within the meaning of National Standards on Auditing. The procedures performed by us do not constitute either an audit or review of this financial information, therefore we are not responsible for issuing or updating any reports or opinions on the Entity's historical financial information.

Our procedures were solely aimed at obtaining evidence that the information included by the Supervisory Board in the Remuneration report, in terms of its completeness complies with the applicable requirements. The purpose of our work was not to assess the sufficiency of the

Identification of the criteria

The evaluation criteria of the Remuneration report are set out in Article 90g paragraphs 1-5 and paragraph 8 of the Act.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined above.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Restriction of Use of Our Report

Our report has been prepared for the General Shareholders' Meeting and Supervisory Board in order to meet the requirements of the Article 90g paragraph 10 of the Act and shall not be used for any other purpose.

information included in the Remuneration report in terms of the purpose of preparing the Remuneration report, or to assess the correctness and integrity of the information contained therein, in particular as to the amounts disclosed, including estimates made for prior years, figures, dates, analysis, allocation methods and compliance with the adopted remuneration policy.

Our procedures also included an assessment of whether the subject matter of the engagement is appropriate and the criteria adopted for preparation of the Remuneration report are appropriate to the given circumstances.

In our opinion, the Remuneration report, in all material respects, contain all the elements listed in Article 90g paragraphs 1-5 and paragraph 8 of the Act.

KPMG accepts no liability in relation to this report, arising from contractual or non-contractual relationships (including negligence) in relation to third parties. The above does not exclude our liability where such exclusion is disallowed by law.

On behalf of audit firm

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.

Registration No.: 3546

Signed on the Polish original

Marek Gajdziński

Certified auditor
Registration No. 90061
Limited Partner, Proxy

Warsaw, 19 May 2021