

## **REPORT**

### **on the 2018 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 regarding TP S.A. Supervisory Board's Remuneration Committee establishment as a consultative body acting under the Supervisory Board.

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, performance objectives, conditions of remuneration and amounts of bonuses for the Members of the Management Board.

#### **Remuneration Committee members**

1. Dr. Wiesław Rożucki - Chairman - ("Independent Director" until 9.11.2018)
2. Thierry Bonhomme from 20.04.2018
3. Dr. Maria Pasło-Wiśniewska ("Independent Director")
4. Marc Ricau
5. Valérie Thérond until 20.04.2018

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

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

##### **Dear Shareholders,**

I am pleased to attach my report on the activities of the Remuneration Committee over the past 12 months. The Committee held 4 meetings during this year.

In 2018 Orange Polska was focused on development of telco infrastructure (both fixed-line and mobile) to provide high quality and innovative services and to deliver the best-in-class connectivity for its customers. Orange's strengths and key success factors in 2018, among others, were as follows: leadership in connectivity strongly supported by roll-out of FTTH network & extension of LTE coverage thanks to new frequencies and network cooperation with T-Mobile, 366k retail fiber-connected customers, launching of 1 Gbps Internet and e-SIM as a first operator in Poland, signing 10-years agreement with T-Mobile concerning wholesale access to the FTTH network provided by Orange, signing by OPL wholesale contract with Nexera to gain access to their FTTH lines,. Orange Polska has also agreed terms of bitstream access to Inea's FTTH network and 4 smaller local Internet Service Providers. OPL is the first mobile operator in Poland testing commercial 5G base station.

Orange Polska is also strongly focused on long-term relation with its customers rather than casual gaining of clients. Such relation is based on trust and loyalty.

One of the main responsibilities of the Remuneration Committee is to make recommendations to the Supervisory Board on appointments to the Management Board. As part of this, in 2018 the Committee recommended appointment two Management Board Members for the next term of office and recommended two new appointments to the Management Board.

In 2018 the Remuneration Committee reviewed the employment conditions of the Management Board Members and the Executive Directors and accepted some changes in their remunerations.

One of the main task of the Remuneration Committee is to provide an opinion on the remuneration policy for the Orange Polska and in 2018 the Committee accepted the remuneration policy in Orange Polska S.A., in accordance with Best Practice for GPW Listed Companies 2016. And then we recommended the policy to the Supervisory Board.

We also have been involved in assessment of the Management Board Members performance and gave our recommendations to the Supervisory Board regarding the amounts of theirs bonuses.

Additionally RemCo developed and recommended to the Supervisory Board a new structure of the MBO system based primarily on solidarity targets: EBITDA, Organic Casf Flow (OCF) and NPS.

The Committee presented to the Supervisory Board the report on its activities in 2017.

The Remuneration Committee also gave its positive recommendation to the Supervisory Board about the Orange SA Group Long Term Incentive Program for 2018 – 2020 and also about the update of the Regulations of the Orange.One Motivation Program which is voluntary program in Orange Polska.

Wiesław Rozłucki

Chairman of the Remuneration Committee

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

The key tasks of the Remuneration Committee are specified in its Terms of Reference attached to the Regulations of the Supervisory Board and include: 1) determining the conditions of employment and remuneration of the Members of Management Board, 2) considering proposals made by CEO or by the SVB concerning new appointments to the Management Board, taking part in the final stage of the interviewing and making the appropriate recommendation to the SVB about the candidates, 3) considering proposals made by CEO or by the SVB regarding dismissal or reports regarding resignations of any member(s) of the Management Board and making if necessary a relevant recommendation to the SVB, 4) giving recommendations to the SVB regarding the amounts of bonuses for the Members of the Management Board, 5) providing an opinion on remuneration policy for most senior executives, and on the general policy for the wider Orange Polska Capital Group: in both cases having regard to the relative positioning on the market of Orange Polska Capital Group's terms of engagement and remuneration levels, 6) producing a report for the SVB on the activity of the Committee and assessment of remuneration police of Orange Polska Capital Group.

In 2018 the Remuneration Committee was composed of four members, of which one is independent member and one was independent member until 9.11.2018.

The Committee shall meet according to its preferences at least four times a year.

A more detailed summary of the activities of the Remuneration Committee is presented below.

#### **During this year the following items have been on the Committee's agenda:**

1. Approval of the proposals presented by CEO concerning the appointments of Bożena Leśniewska and Jolanta Dudek as the Management Board Members for the next term of office from April 2018. The Remuneration Committee positively recommended these appointments to the Supervisory Board and theirs current employment contract conditions.
2. Approval of the proposals presented by CEO concerning new appointments to the Management Board: Witold Drożdż and Piotr Jaworski as the Management Board Members from 1 November

2018. The Remuneration Committee made positive recommendation to the Supervisory Board about two candidatures and their employment conditions.

3. Acceptance of the change in remuneration of the Vice-President of the Management Board in charge of Business Market and positive recommendation to the Supervisory Board.
4. Acceptance of the change in remuneration of the Management Board Member in charge of Customer Experience from 1 November 2018 and positive recommendation to the Supervisory Board.
5. Approval of the new name of the position of Jolanta Dudek since 1 May 2018: Management Board Member in charge of Customer Experience.
6. Acceptance of the change in remuneration of the Executive Director in charge of Network & Technology; the Executive Director in charge of Corporate Affairs; the Executive Director in charge of Carriers Market and the Executive Director in charge of Transformation & Effectiveness, from 1 November 2018.
7. Acceptance of the Stretch Bonus for Jean-François Fallacher for 2017 and positive recommendation to the Supervisory Board.
8. Acceptance of the conditions of the Stretch Bonus for Jean-François Fallacher for 2018 and positive recommendation to the Supervisory Board.
9. Acceptance of the new MBO rules for 2018.
10. Acceptance for the Management Board Members of: evaluation of the MBO goals for H2 2017, establishment and evaluation of the MBO goals for H1 2018 and establishment of the MBO goals for H2 2018.
11. Preparation for the Supervisory Board the Annual Report on the activities of the Committee in 2017.
12. Approval of the part of the Management Board's Report on the Activity of Orange Polska S.A. in 2017, including the remuneration policy in Orange Polska S.A., in accordance with Best Practice for GPW Listed Companies 2016.
13. Positive recommendation to the Supervisory Board about the Orange SA Group Long Term Incentive Program for 2018 - 2020.
14. Acceptance of update of the Regulations of the Orange.One Motivation Program and positive recommendation to the Supervisory Board.
15. Review of and opinions on the subject of Group Leader Tool for self-evaluation by SVB Members.