Attachment

to the Supervisory Board resolution no. 8/18 dated 15 March 2018

THE SUPERVISORY BOARD'S REPORT

for the 2017 financial year

The Supervisory Board's report for the 2017 financial year includes:

1) the report on the activity of the Supervisory Board of Orange Polska S.A. and its committees,
2) the appraisal of the financial statements, the Management Board's report on activity and the motion on offsetting of the loss for the 2017 financial year,
3) the assessment of the Orange Polska Group's standing,
4) the assessment of the Group's system of internal control, risk management, compliance and internal audit,
5) the assessment of the compliance with disclosure obligations,
6) the assessment of the rationality of the sponsorship and charity policy.

I. REPORT ON THE ACTIVITY OF THE SUPERVISORY BOARD

Composition of the Supervisory Board

Composition on 1 January 2017:

1. Maciej Witucki - Chairman
2 Gervais Pellissier - Deputy Chairman and Chairman of the Strategy Committee
3. Marc Ricau - Secretary
4. Dr. Henryka Bochniarz - Independent Board Member
5. Federico Colom Artola - Board Member
6. Jean-Marie Culpin - Board Member
7. Eric Debroeck - Board Member
8. Ramon Fernandez - Board Member
9. Prof. Michał Kleiber - Independent Board Member
10. Russ Houlden - Independent Board Member and Chairman of the Audit Committee
11. Patrice Lambert de Diesbach - Board Member
12. Dr. Maria Pasło-Wiśniewska - Independent Board Member
13. Dr. Wiesław Rozłucki - Independent Board Member and Chairman of the Remuneration Committee
14. Valérie Thérond - Board Member

In 2017, there were no changes in the composition of the Supervisory Board.

On April 19, 2017, the mandates of Messrs.: Federico Colom Artola, Russ Houlden, Patrice Lambert de Diesbach and Valérie Thérond expired. On the same day, the above-mentioned persons were appointed by the Annual General Meeting for a new term.

Composition on 31 December 2017:

1. Maciej Witucki - Chairman
2 Gervais Pellissier - Deputy Chairman and Chairman of the Strategy Committee
3. Marc Ricau - Secretary

4. Dr. Henryka Bochniarz - Independent Board Member
5. Federico Colom Artola - Board Member
6. Jean-Marie Culpin - Board Member
7. Eric Debroeck - Board Member
8. Ramon Fernandez - Board Member
9. Prof. Michał Kleiber - Independent Board Member
10. Russ Houlden - Independent Board Member and Chairman of the Audit Committee
11. Patrice Lambert de Diesbach - Board Member
12. Dr. Maria Pasło-Wiśniewska - Independent Board Member
13. Dr. Wiesław Rozłucki - Independent Board Member and Chairman of the Remuneration Committee
14. Valérie Thérond - Board Member

There are five independent members of the Supervisory Board, namely Messrs. Dr. Henryka Bochniarz, Russ Houlden, Prof. Michał Kleiber, Dr. Maria Pasło-Wiśniewska and Dr. Wiesław Rozłucki.

Committees:

Three permanent committees operate within the Supervisory Board. Their composition was the following (as of 31 December 2017):

1) **Audit Committee**:
   Russ Houlden – Chairman
   Federico Colom Artola
   Prof. Michał Kleiber
   Dr. Maria Pasło-Wiśniewska
   Marc Ricau
2) **Remuneration Committee**:
   Dr. Wiesław Rozłucki – Chairman
   Dr. Maria Pasło-Wiśniewska
   Marc Ricau
   Valérie Thérond
3) **Strategy Committee:**
   Gervais Pellissier – Chairman
   Dr Henryka Bochniarz
   Jean-Marie Culpin
   Eric Debroeck
   Prof. Michał Kleiber
   Patrice Lambert de Diesbach
   Dr. Maria Pasło-Wiśniewska

The Audit Committee is chaired by Mr. Russ Houlden, an independent Member of the Supervisory Board having qualifications in accounting and treasury and relevant experience in audit and finance. On July 19, 2017 prof. Michał Kleiber was elected as the Audit Committee member, to fulfil the requirements of the Act dated 11 May 2017 on statutory auditors, audit firms and public oversight to have majority of independent members in the Audit Committee.

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

The reports of the three permanent committees of the Supervisory Board on their activities in 2017 are attached hereto.

Operation

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 2017 the Supervisory Board fulfilled its duties resulting from the provisions of the Commercial Companies Code:

1. Appraisal of the Management Board's report on Orange Polska SA operations and the financial statements for the financial year 2016 and the Management Board's motion for distribution of the Company's profit;
2. Appraisal of the Management Board's report on Orange Polska Group's operations and the consolidated financial statements for the financial year 2016;
3. 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 2016", of which the following should be mentioned:

1) expressing opinions on motions addressed to the General Meeting,
2) selecting an independent auditor to audit the Company's financial statements,
3) preparing opinions on Orange Polska S.A. and Orange Polska Group budget,
4) assessment of the Orange Polska Group's standing in 2016,
5) deciding on the composition of the Management Board and the evaluation of its performance.

Throughout 2017, the Supervisory Board focused on the following issues:

a) **Orange.one strategic plan for 2017 - 2020**

   A new approach to mid-term strategic plan for 2017 – 2020 was finally accepted and announced to the market in September as "Orange.one". The idea of the plan is to achieve the position of the first choice telecommunications operator for both retail and business customers by Orange Polska and provide a stable business model based on a balanced increase in both sales and profits over the longer term.

b) **Orange Love offer and benefits from the convergence**

   The Orange Love convergent offer addressed to Polish households and small businesses was launched successfully in February. Convergent customer base increased in 2017 by 471,000 or 56% year-on-year to 1.3 million. The simplicity of the offer, combined with its attractive price and our good execution were key driving forces behind the popularity of Orange Love. The Supervisory Board closely monitored the sale and the growth of the customer base as a result of this offer.

c) **fibre network and fixed broadband**

   Intensive expansion of the fibre access network by almost 70% meant that its coverage included almost 2.5 million households at the end of 2017. Considerably thanks to that fixed broadband revenues increased by 4.5% and the customer base grew by almost 11%. The increase in our TV customer base was also similar (11%). This has enabled us to increase market share. All this allowed us to grow market share.

d) **financial results and operational performance in comparison to the budget**

   Considering the high level of investment and a very strong competition, the Supervisory Board put much attention to the financial results. Orange Polska achieved 2017 adjusted EBITDA guidance at PLN 3,011 million and limited the decline in revenues, which in 2017 amounted to PLN 11,381 million and decreased by PLN 157 million, or -1.4% year-on-year, vs -2.4%

in 2016 and -2.9% in 2015. The decline in fixed revenues was below 3.2% compared to 7.5% in 2016. The increase by +5% (by 464,000) in the number of mobile post-paid customers should also be noted.

The company reported 2017 net loss at PLN 60 million. It resulted from PLN 204 million impact of the Social Agreement for the years 2018–2019 and the final settlement of the Social Agreement for the years 2016–2017.

e) **customer satisfaction**

Ensuring smart customer service and increasing customer satisfaction was still an important item on the agenda of the Supervisory Board. We believe mainly the Orange Love offer and fibre services brought us the promotion in the NPS (Net Promoter Score) ranking from the third place to the second.

f) **Incentive Programme**

Together with the Orange.one strategic plan the Supervisory Board adopted the Incentive Programme in the form of phantom shares settled in cash for the Management Board Members, Executive Directors and key managers of Orange Polska, including selected members of management boards of subsidiaries which is based on the Company's share price progress on the Warsaw Stock Exchange.

g) **the Management Board composition**

On February 7, 2017 the Supervisory Board reappointed Mariusz Gaca, Maciej Nowohoński and Jacek Kowalski for the next terms of office as members of the Management Board. In accordance with the Best Practice for GPW Listed Companies 2016 the renewals were made for more than two months before the expiration of their terms of office. Mariusz Gaca is the Vice-President of the Management Board in charge of Consumer Market, Maciej Nowohoński is the Board Member in charge of Finance and Jacek Kowalski is the Board Member in charge of Human Resources.

On 24 November 2017 Piotr Muszyński, Vice-President of the Management Board in charge of Strategy & Transformation resigned from his position with immediate effect for personal reasons.

The Supervisory Board met 6 times in 2017 and adopted 39 resolutions, of which 5 were in writing (by circulation). The attendance at the meetings was 91%.

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

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 was regularly monitoring the execution of its resolutions and recommendations, analysing the information presented by the Management Board.

Self-assessment

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,
- knowledge, experience and competence of each member and the composition, organisation and operation of the Supervisory Board and its committees allowed them effective supervision over the activities of Orange Poland,
- properly and with due care performed its duties in 2017.

II. APPRAISAL OF THE FINANCIAL STATEMENTS, THE MANAGEMENT BOARD'S REPORT ON THE ACTIVITY AND THE MOTION ON OFFSETING OF THE LOSS FOR THE 2017 FINANCIAL YEAR

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, has examined and appraised the following documents:

1) resolution No. 8/18 of the Company's Management Board dated 20 February 2018 on approval of the IFRS separate financial statements of Orange Polska S.A. for 2017;
2) the Orange Polska S.A. IFRS separate financial statements for the 2017 financial year, that include:
   a) balance sheet as at 31.12.2017, with the balance sheet total of PLN 22,716 million (in words: PLN twenty two billion seven hundred and sixteen million),
   b) profit and loss account for 2017 showing a net loss of PLN 69 million (in words: PLN sixty nine million),
   c) change in equity for 2017 showing a decrease in equity by PLN 80 million (in words: PLN eighty million),
   d) cash flow account showing an increase in net cash and cash equivalents by PLN 345 million (in words: PLN three hundred and forty five million),
   e) notes to the financial statements.
3) resolution No. 9/18 of the Company's Management Board dated 20 February 2018 on Management Board's motion on covering the Orange Polska S.A. net loss for the 2017 financial year.
4) resolution No. 10/18 of the Company's Management Board dated 20 February 2018 on the Management Board's declaration on non-payment of dividend in 2018.
5) Resolution No. 11/18 of the Company's Management Board dated 20 February 2018 on approval of the Management Board's report on the activity of Orange Polska Group and Orange Polska S.A. in 2017 and IFRS consolidated financial statements for 2017.
6) The Management Board's report on the Orange Polska Group and Orange Polska S.A. activity in 2017.
7) The Orange Polska Group IFRS consolidated financial statements for the 2017, that include.
   a) consolidated balance sheet as at 31.12.2017, showing the balance sheet total of PLN 22,933 million (in words: PLN twenty two billion nine hundred and thirty three million),
   b) consolidated profit and loss account for 2017 showing consolidated a net loss after taxation of PLN 60 million (in words: PLN sixty million), including a net loss attributable to equity holders of Orange Polska S.A. of PLN 60 million (in words: PLN sixty million),
   c) changes in total consolidated equity for 2017 showing a decrease in total consolidated equity by PLN 71 million (in words: PLN seventy one million), including a decrease of equity attributable to equity holders of Orange Polska S.A. by PLN 71 million (in words: PLN seventy one million),
   d) consolidated cash flow statement showing an increase in net cash and cash equivalents by PLN 384 million (in words: PLN three hundred and eighty four million),
   e) notes to consolidated financial statements.

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 2017, the Supervisory Board states as follows:

- the Orange Polska S.A. IFRS separate financial statements for the 2017 financial year,
- the Management Board's report on the Orange Polska Group and Orange Polska S.A. activity in 2017,
- the Orange Polska Group IFRS consolidated financial statements for the 2017,

are in compliance with the books and documents, and remain in conformity with the factual status as well as mandatory legal provisions.

The Supervisory Board recommends the Annual General Meeting:

1. to approve the Orange Polska S.A. IFRS separate financial statements for the 2017 financial year;
2. to adopt a resolution on covering the Orange Polska S.A. net loss for the 2017 financial year according to the motion of the Management Board included in the resolution 9/18;
3. to approve the Management Board's report on the Orange Polska Group and Orange Polska S.A. activity in 2017,
4. to approve the Orange Polska Group IFRS consolidated financial statements for the 2017,
5. to grant approval of the performance by the members of the Management Board of Orange Polska S.A. of their duties in 2017.

III. ASSESSMENT OF ORANGE POLSKA GROUP'S STANDING

This section contains the Supervisory Board assessment of the Orange Polska Group's performance in 2017 in accordance with the recommendation no. II.Z10.1 of the Best Practice for GPW Listed Companies 2016, introduced by the Warsaw Stock Exchange. The assessment is based on the 2017 financial results of the Group (the Company and its subsidiaries) as well as on the information obtained by the Supervisory Board during 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 evaluation 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 review and challenge the control, risk management and budgeting functions performed by the Management.

Group's Operational Review

In 2017 Orange Polska made significant changes to its commercial approach and announced a new strategic plan called Orange.one, which sets targets and actions till 2020. Thanks to the focus on value, the financial performance was improved while still delivering very solid commercial results.

In September, a new strategic plan for 2017–2020 called Orange.one was announced. The Group's vision is to become Poland's first choice telecommunications operator for consumers and businesses, while creating a business model that will generate sustainable growth in both sales and profits. These objectives will be achieved by developing services and products of the highest quality, supported by the development of our fibre network and digital capabilities, and by significantly increasing our operational efficiency. Orange.one reaffirms the key priorities of the strategy announced at the beginning of 2016, while giving them a new momentum. All Group's business decisions will be driven to a greater extent by value creation, and our customer propositions will be driven by simplicity and consistency.

In February 2017, Orange Polska launched the Orange Love offer, which introduced our customers to a new approach to convergence. Instead of offering discounts on each additional service purchased, Orange Love is based on a predefined set of services – a "hard bundle". This bundle includes broadband access (via the best available technology in each customer's location), a package of around 100 TV channels, abundant mobile service and a home phone. The basic package can be extended to include various additional services, and supplemented by a broad portfolio of smartphones. Orange Love – a unique offer on the market – has become our flagship proposal for Polish households. It has been very well received: almost 600,000 customers signed up by the end of the year. Total convergent customer base increased by 56%, exceeding 1.3 million customers as at the end of the year. Half of the residential Internet customers has also mobile services rendered by Orange Polska. This ratio rose from 35% at the end of 2016.

At the end of August 2017, Orange Polska radically revised its consumer market offers to make them simple, while increasing value generation; for example, the number of mobile voice tariffs was cut from 18 to 4 and they are simpler. In addition, value-dilutive offers, rebates and promotions were cancelled. Both mobile and convergent offers have become structured around a "more for more" approach. Although subsidised smartphones are available only as part of the Orange Love package, growth of the post-paid mobile customer base in 2017 was still strong, at 5%.

Significant investments in fibre network rollout and in mobile LTE network combined with an attractive convergent offer delivered spectacular rebound in fixed broadband. Revenue from this business was up 4.5% year-on-year, after many years of decline, as a result of rapid customer base expansion. The customer base grew by almost 11%, the highest annual increase in a decade. This impressive performance was made possible by the convergence strategy and investments in our fibre and mobile networks. Close to 2.5 million households were in the range of fibre at the end of 2017, making the Group's fibre service available in 75 cities, and in 21 of those Orange is present in more than 50% of households.

In 2017 the customer was at the centre of everything the Group did. As a result, its Net Promoter Score (NPS) put the Group at number 2 in the market at the end of 2017, up from number 3 a year earlier. On one hand, customers appreciate the rapid improvements in connectivity thanks to the expansion of the fibre network (mentioned above), convergent strategy, and the increasing simplicity of offers. On the other hand, the score reflects continual efforts to make the customer experience as simple as possible by eliminating unnecessary pain-points and procedures. Throughout 2017, the Group's approach evolved: it is now driven by customer journeys (different types of experience, such as purchase, payment, termination or help). This has allowed us to provide a standardized and coherent quality of service across all customer touchpoints.

Group's Financial Overview

The Group's key goals in 2017 were to:

- Draw benefits from the organisational changes in the Company that were introduced recently
- Maximise market opportunities from the newly launched convergence offer Orange Love
- Work out new actions that will improve monetisation of the strategy and business transformation, including new cost-cutting initiatives
- Consider balance sheet deleveraging initiatives
- Provide during the year an update regarding mid-term strategic and financial outlook
- Continue fibre network rollout to cover more than 1 million new households connectable
- Closely monitor the commercial strategy aimed mainly at monetisation of fibre network and develop further actions to strengthen the Company's position in all of its markets of operation
- Implement further improvements in the customer experience management to continue to increase customer satisfaction and loyalty
- Participate in the POPC programme
- Deliver restated EBITDA in the guidance of around PLN 3.0bn (raised from the range of PLN 2.8-3.0 billion in October 2017)

- Maintain financial stability and monitor closely the level of debt ratios (net debt-to-restated EBITDA not to exceed 2.6)

Revenues totalled PLN 11,381 million in 2017, down 1.4% or PLN 157 million year-on-year. There was a considerable improvement in the trend of fixed revenues, as their erosion was contained at 3.2% vs. 7.5% in 2016, despite a continued slump of about 13% in traditional voice revenues (affected by negative structural factors). Fixed broadband revenues improved greatly with growth of 4.5% in 2017 vs. a decline of 3.9% in 2016. This was driven by rapid customer base expansion, which increased by almost 11%.

The declining trend in mobile revenues can be mainly attributed to implementation of the value-driven commercial strategy. Focus on value and convergence was reflected in a radical reduction in handset subsidies, which resulted in a considerable rise in unit sales prices accompanied by a decline in sales volume and, consequently, a significant increase in the share of SIM-only transactions. This strategy led to an improvement in EBITDA, but had a negative impact on both mobile equipment sales and ARPU.

Other revenues jumped by 35% year-on-year, driven by sales of ICT equipment, higher sales of wireless broadband equipment and consolidation of results of acquired Multimedia Polska Energia (for less than four months).

2017 adjusted EBITDA came in at PLN 3,011 million and was PLN 152 million down versus 2016. Adjusted EBITDA margin stood at 26.5%, down 0.9 pp year-on-year. The decline of 4.8% was much lower than 10.1% a year ago. This was driven by an improvement in direct margin trend and optimisation of indirect costs.

The Group's bottom line for 2017 stood at PLN -60 million. The loss resulted from PLN 204 million impact of the Social Agreement for the years 2018–2019 and the final settlement of the Social Agreement for the years 2016–2017. Bottom line benefited from lower depreciation (down PLN 153 million as a result of extension of useful life of certain fixed assets) and PLN 55 million lower net financial costs (mainly owing to stronger PLN vs. EUR impacting discount expense).

Adjusted organic cash flow for 2017 came in at PLN 111 million, down versus PLN 620 million in 2016. This year-on-year decrease stemmed from lower EBITDA and much higher year-on-year working capital requirements (PLN 381 million). The latter was mainly a consequence of handset inventory restocking, lower year-on-year positive effect of reverse factoring transactions and different timing of settlements with one of carrier customers.

In 2017 the Group did not pay out dividend taking into consideration challenging business outlook, the decision to maximise cash allocation to strategic investment projects, and potential payment of EC fine.

Conclusions and 2018 Recommendations

In 2017 Orange Polska continued to enhance its commercial position on the Polish telecom market, especially in high-speed fixed broadband and pay-TV. Despite lower subsidies, satisfactory commercial results were maintained in mobile post-paid and customers' perception of Orange services further improved. Financial results were in line with objectives. In 2018 Orange Polska will focus mainly on executing the priorities set in Orange.one, which are to allow the turnaround.

The Supervisory Board's opinion is that in 2018 the Group should focus, in particular, on the following key aspects:

- Follow the priorities set in Orange.one
- Execute commercial plans, which include capitalisation on the new offer portfolio that we introduced in 2017
- Increasing monetisation of the fibre project

- Continue fibre network rollout to cover more than 1 million new households connectable (including implementation of the Digital Poland Operational Programme (POPC))
- Continue business transformation, including cost cutting initiatives to increase efficiency.
- Implement further improvements in the customer experience management to continue to increase customer satisfaction and loyalty
- Consider balance sheet deleveraging initiatives
- Deliver stable restated EBITDA vs. 2017, that is around PLN 3.0 billion under IAS18 accounting standard (around PLN 2.75 billion under IFRS15 new accounting standard)
- Maintain financial stability and monitor closely the level of debt ratios, that is net debt-to-restated EBITDA not to exceed 2.6 under IAS18 accounting standard (not to exceed 2.8 under IFRS15 new accounting standard)

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 of internal control and risk management facilitates the 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, but cannot give absolute, assurance that the risks significant to the Group are identified and addressed.

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 2017, published on 20 February 2018.

In 2017, the Group 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 2017.

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.

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 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, Group's requirements in the scope of current anti-corruption regulations. The Anti-corruption Policy of Orange Polska, 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 case of violation of anti-corruption procedures. Under the due diligence process, verification of the 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. Compliance Management function conducts cyclic reviews of corruption risks, also taking into the 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 suspecting the 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.

Training sessions 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.

A specific meeting for Supervisory Board members was organized to review the Foreign Corrupt Practices Act, the Bribery Act and Sapin 2 Law to give full knowledge to all Board members and to review what the OPL management is doing to reduce the risk.

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 DISCLOSURE OBLIGATIONS

This section contains the Supervisory Board assessment of the Company's performance of the obligations concerning compliance with the corporate governance principles defined in the Exchange Rules and the regulations on current and periodic reports published by issuers of securities in 2016 in accordance with the recommendation no. II.Z.10.3 of the Best Practice for GPW Listed Companies 2016.

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 2016. 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 rules concerning the transfer of current reports concerning the application of the detailed rules of the Corporate Governance are defined by the Resolution of the WSE Board (n 1309/2015) dated 1712.2005. According to the WSE regulations when the given rule is not applied in a constant way or is broken incidentally, the Company is obliged to publish on its web site a report in the analogical way as it is applied for a transfer of current reports. Reports concerning the application of detailed rules of the corporate governance are passed by mean of EBI (Electronic Basis of Information). The decree of the Minister of Finance dated 19 February 2009 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 analyzed the declaration about the application of the Corporate Governance included in the Management Board report about the activity of Orange Polska S.A. and the Orange Group in 2017. This declaration defines in a detailed way the issues concerning the Corporate Governance and contains the information from the decree of the Minister of Finance dated 19 February 2009 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 informed about the non-application of the recommendation IV.R.2 of the Best Practice for GPW Listed Companies 2016 referring to the providing the shareholders with the possibility of using the electronic communication during the general meeting. Orange Polska assures the transmission on-line of the session in the real time, but the two side communication is not provided, nor the possibility of voting in another location than this, in which the session of General Meeting takes place. Taking into account legal risks, the Management Board justifies the non-application of this rule by the legal risks related to such a communication.

Apart from the non-application of the above-mentioned recommendations, the Supervisory Board welcomes that the Company complies with all the rules of the Best Practice.

Orange Poland in accordance with the principle I.Z. 1. of the Best Practice runs a website in Polish and English, on which publishes all provided by law and best practice documents and information, including information on the application in the Company of principles and recommendations contained in the Best Practice for GPW Listed Companies 2016.

In the Supervisory Board' 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 the 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 rationality of the Group's sponsorship and charity policy in 2016 in accordance with the recommendation no. II.Z10.4 of the Best Practice for GPW Listed Companies 2016.

The Supervisory Board states that the sponsoring strategy led by the Company and focused in 2017 on three main areas supporting the brand (which were music, film and sport) brought the appropriate financial and marketing efficiency. According to the adopted strategy, in the strategic sponsorship areas Orange Polska creates complex long term projects on the territory of the whole Poland addressed to the most extensive group of its clients (present and potential) in which OPL plays a part of a titular sponsor. The involvement of Orange Polska is long term and multiple.

The Supervisory Board appreciates the charity activity led by Orange Polska in both forms – this 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.