

## **REPORT**

### **on the 2020 activities of the Remuneration Committee of the Supervisory Board of Orange Polska S.A.**

The Remuneration Committee was established by virtue of the Resolution of the Supervisory Board no. 385/04 dated June 16, 2004 as a consultative body of the Supervisory Board.

#### **Remuneration Committee members**

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

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

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

Dear Shareholders,

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

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

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

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

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

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

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

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

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

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

**Maria Paśło-Wiśniewska**

Chairwoman of the Remuneration Committee

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

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

The Committee's detailed tasks include:

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

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

- 1) appointment from September 1, 2020 and the conditions of employment of the new CEO of Orange Polska;
- 2) appointment from July 21, 2020 and the conditions of employment of the new CFO of the Company, as well as changes in the division of duties among Management Board Members;

- 3) appointment of the Management Board Members in charge of Consumer Market, Wholesale Market & Real Estate Sale and Human Capital for the next term of office starting from June 17, 2020;
- 4) changes in the remuneration of the Management Board Members in charge of Consumer Market, Wholesale Market & Real Estate Sale and Human Capital in order to adjust it to the scale of their contribution to the implementation of the Company's strategy and tasks as well as the market levels of remuneration of persons of similar qualifications holding comparable positions;
- 5) assuming direct responsibility for the Consumer Market function by the new CEO after the deputy CEO in charge of this division left for the position of the CEO of Orange Moldova;
- 6) establishment of the common and individual goals for the Management Board Members for 2020, and determination of the rules of variable components of their remuneration depending on the level of implementation of these objectives;
- 7) evaluation of the achievement by the individual Management Board Members of their goals in the first and second half of 2020, and determination of their bonuses for these half-year periods, provided that the bonuses for the first half of the year constitute an advance payment towards their annual variable remuneration, which is contingent upon the achievement by the Company of its annual objectives;
- 8) terms of participation of the Members of the Management Board of Orange Polska in the Orange S.A. Group Long Term Incentive Plan for 2020–2022;
- 9) the list of eligible persons to acquire the Second Supplementary Pool Phantom Shares according to the Orange.One Incentive Programme.

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

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

The Remuneration Committee assessed the implementation of the Remuneration Policy in 2019 and, in accordance with Best Practice for GPW Listed Companies 2016, submitted its assessment to the Supervisory Board in a report, which is a part of the Orange Polska Integrated Report 2019.

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

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

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

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