

***Attachment***

*to the Supervisory Board resolution  
no. 9/22 dated 25 March 2022*

# **ORANGE POLSKA S.A.**

## **THE SUPERVISORY BOARD'S REPORT**

### **for the 2021 financial year**

The Supervisory Board's report for the 2021 financial year includes:

- 1) letter from the Chairman of the Supervisory Board,
- 2) information about the members of the Supervisory Board and its committees,
- 3) information regarding the degree of implementation of the diversity policy applicable to the management board and the supervisory board,
- 4) summary of the activity of the Supervisory Board and its committees,
- 5) the appraisal of the Management Board's motion on distribution of the Orange Polska S.A. profit for the 2021 financial year,
- 6) the assessment of the Orange Polska Group's standing on a consolidated basis,
- 7) the assessment of the Group's system of internal control, risk management and compliance systems and the internal audit function,
- 8) the assessment of the Company's compliance with the corporate governance principles and the manner of compliance with the related disclosure obligations,
- 9) the assessment of the rationality of the sponsorship and charity policy.

## 1. Letter from the Chairman of the Supervisory Board

Dear stakeholders,

The most important development for Orange Polska in 2021 was the announcement of a new strategy for 2021–2024. The Supervisory Board and its Committees were involved in an intensive dialogue with the Management Board during the preparation thereof. The main target of our previous strategic plan was to reverse multi-year negative business trends. Our new .Grow strategy focuses on maintaining growth, laying the foundation for new sources of business expansion in the next strategic period, and further transforming the Company's corporate culture. The strategy was well received by the financial markets, which was reflected in the share price growth in subsequent weeks.

The excellent operational and financial performance in 2021 confirms that the first year of implementation of our new strategy was a very strong step towards its success. Income growth was driven by strong growth in revenues from core telecom services and ICT. The Management Board's decision to return to remunerating shareholders symbolically underscores the Company's sustainable turnaround and our confidence in solid prospects for future growth. Complementing the new strategy, the Supervisory Board adopted the new Long Term Incentive Programme, linked to the rise in the Company's value, to further motivate senior executives and better align their activities with the interest of the shareholders.

Another major development was the completion of the project related to the establishment of the joint venture Światłowód Inwestycje (FiberCo). The Supervisory Board was also heavily involved in this initiative. I consider this a textbook example of an infrastructure-related transaction that combines short-term benefits (proceeds of almost PLN 1.4 billion, of which two thirds were received on closing) with long-term ones (further significant expansion in the reach of the fibre network, which is the key element of Orange Polska's commercial strategy). The Supervisory Board would like to commend all the teams of the Company who relentlessly delivered in every complex step of the project.

Orange Polska has long been the leader in promoting and implementing the principles of sustainable growth. Last year, these efforts gained a new strategic dimension with the climate policy adopted by the Management Board and discussed at a meeting of the Strategy Committee of the Supervisory Board. Committed to achieve climate neutrality, we will actively reduce CO<sub>2</sub> emissions, mainly by increasing the share of energy from renewable sources. Further active contracting of wind energy from its producers seems particularly important in the context of the crisis in the energy market.

As every year, the Supervisory Board was also involved in all other decisions of key significance for Orange Polska. We monitored the Management Board's governance in managing the business to ensure that these activities were lawful and compliant with legal provisions and internal standards and policies, as well as appropriate and efficient. At each meeting, the Supervisory Board discussed in detail the Company's current financial and operational results in comparison to the budget adopted at the beginning of the year. More details of the Supervisory Board's assessment of Orange Polska are presented further in this chapter.

The frequency of the Supervisory Board and its Committees' meetings mean that we are in close contact with the Management Board. In 2021, seven meetings of the Supervisory Board and as many as eighteen meetings of its Committees took place – more than in previous years, owing to work on a new strategy and the Światłowód Inwestycje (FiberCo) project. The average participation rate was 97.4%. To adjust to the limitations imposed by the pandemic, for the second consecutive year we enabled shareholders to participate in and vote during the General Meeting in a fully remote way.

Looking forward to 2022, in the opinion of the Supervisory Board, the key tasks for the Management Board include meeting the challenges in the pursuit of the .Grow strategy goals in an exceptionally difficult macroeconomic environment, particularly the crisis in energy prices; obtaining 5G spectrum; and implementing a new hybrid work model in (hopefully) post-pandemic conditions.

As I write these words, a humanitarian tragedy has been unfolding in Ukraine for several weeks. The Supervisory Board and all of us in Orange Polska are deeply moved by this. Under such sad circumstances, connectivity becomes an absolute priority. And Orange Polska's employees have demonstrated a great commitment, offering support and assistance with an open heart. We have been

helping Ukrainian refugees to contact their relatives, providing shelter and care to them, and supporting the government services and NGOs that assist refugees.

Despite clear challenges, I am fully confident that we have the adequate resources and assets to meet them, in which the management will be supported by the Supervisory Board. Operating in an attractive market, we are guided in our activities by long-term value creation for all our stakeholders.

Maciej Witucki  
Chairman of the Supervisory Board

## 2. Information about the members of the Supervisory Board and its committees

### Composition of the Supervisory Board

Composition on 1 January 2021:

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

In 2021 the following changes occurred in the composition of the Supervisory Board:

- on 19 May 2021, Eric Debroeck resigned his position on the Supervisory Board, effective on 25 June 2021.
- on 25 June 2021, the mandates of Henryka Bochniarz, Thierry Bonhomme, Ramon Fernandez, Marie-Noëlle Jégo-Laveissière, Maria Pasło-Wiśniewska and Jean-Marc Vignolles expired.
- on the same day, the Annual General Meeting appointed the following persons: Philippe Béguin, Bénédicte David, Ramon Fernandez, Marie-Noëlle Jégo-Laveissière, Maria Pasło-Wiśniewska, Wioletta Rosołowska and Jean-Marc Vignolles for a new term of office.

Composition on 31 December 2021:

1. Maciej Witucki - Chairman
2. Ramon Fernandez - Deputy Chairman
3. Marc Ricau - Secretary
4. Philippe Béguin - Board Member
5. Bénédicte David - Board Member
6. John Russell Houlden - Independent Board Member and Chairman of the Audit Committee
7. Marie-Noëlle Jégo-Laveissière - Board Member
8. Prof. Michał Kleiber - Independent Board Member
9. Patrice Lambert de Diesbach - Board Member
10. Monika Nachyła - Independent Board Member

11. Dr. Maria Pasło-Wiśniewska - Independent Board Member and Chairman of the Remuneration Committee

12. Wioletta Rosołowska - Independent Board Member

13. Jean-Michel Thibaud - Board Member

14. Jean-Marc Vignolles - Board Member and Chairman of the Strategy Committee

Five members of the Supervisory Board met the independence criteria referred to in the Act of 11 May 2017 on Auditors, Audit Firms and Public Supervision and in the Company's Articles of Association, namely: John Russell Houlden, Prof. Michał Kleiber, Monika Nachyła, Dr. Maria Pasło-Wiśniewska and Wioletta Rosołowska.

The Supervisory Board assesses that there are no relationships or circumstances that may affect the independence of the above Supervisory Board members.

Seven members of the Supervisory Board have no actual and material relations with any shareholder who holds at least 5% of the total vote in the Company, namely: Maciej Witucki, John Russell Houlden, Prof. Michał Kleiber, Monika Nachyła, Dr. Maria Pasło-Wiśniewska, Wioletta Rosołowska and Jean-Marc Vignolles.

### Committees of the Supervisory Board

Three permanent committees operate within the Supervisory Board. Their composition was the following (as of 31 December 2021):

1. **Audit Committee:**

- 1) John Russell Houlden – Chairman
- 2) Monika Nachyła
- 3) Dr. Maria Pasło-Wiśniewska
- 4) Marc Ricau
- 5) Jean-Michel Thibaud

2. **Remuneration Committee:**

- 1) Dr. Maria Pasło-Wiśniewska – Chairwoman
- 2) Prof. Michał Kleiber
- 3) Marc Ricau
- 4) Jean-Marc Vignolles

3. **Strategy Committee:**

- 1) Jean-Marc Vignolles– Chairman
- 2) Philippe Béguin
- 3) Bénédicte David
- 4) Patrice Lambert de Diesbach
- 5) Monika Nachyła
- 6) Dr. Maria Pasło-Wiśniewska
- 7) Wioletta Rosołowska

Maciej Witucki, Chairman of the Supervisory Board, and John Russell Houlden, Independent Board member and Chairman of the Audit Committee, participate in the meetings of the Strategy Committee on a permanent basis. Moreover, all other members of the Supervisory Board are invited to meetings of the Strategy Committee and participate in them.

### 3. Information regarding the degree of implementation of the diversity policy applicable to the Management Board and the Supervisory Board

Since 2016, the Company has a Diversity Management Policy in the form of one comprehensive document defining various areas of management.

In addition, following the new “Best Practices of Listed Companies 2021” issued by the Warsaw Stock Exchange the Supervisory Board on 3 November 2021 adopted the diversity management policy for Members of the Management Board (“the Policy”).

The purpose of the Policy is to:

1. determine the standards that must be met in order for positions in the Company's Management bodies to be occupied by persons with appropriate qualifications, substantive knowledge, skills, professional experience, predispositions and reputation appropriate to perform such function.
2. Implement solutions for equal treatment and diversity in relation to the Management Board of Orange Polska.

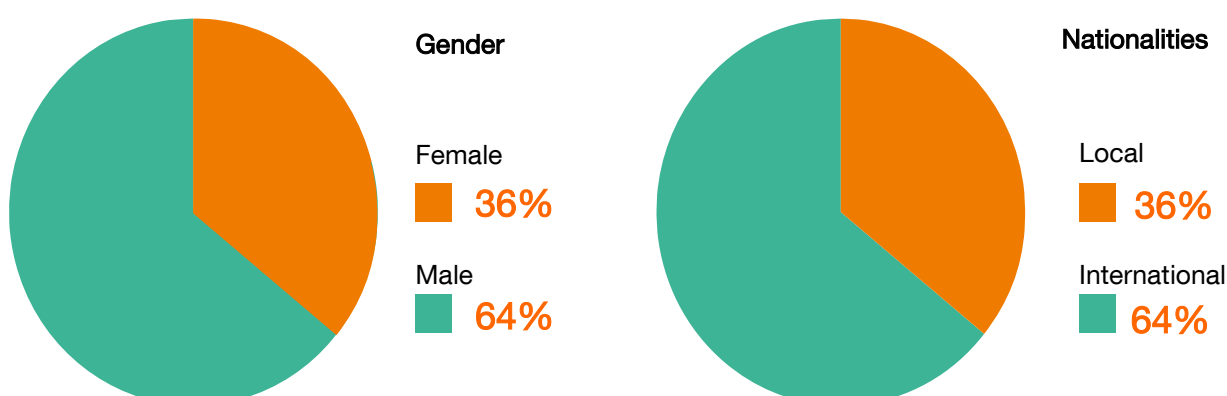
In the process of selection of members of Orange Polska's Management Board, the Supervisory Board:

1. is guided by the transparency of the principles and criteria for selecting candidates.
2. makes decisions on the selection of members based on the appropriate level of knowledge, skills, education, competences and professional experience of the candidates.
3. ensures that the members of management bodies include people of diverse gender, age, specialist knowledge, education and professional experience.
4. with regard to gender diversity, it aims to ensure a women participation of at least 30%.

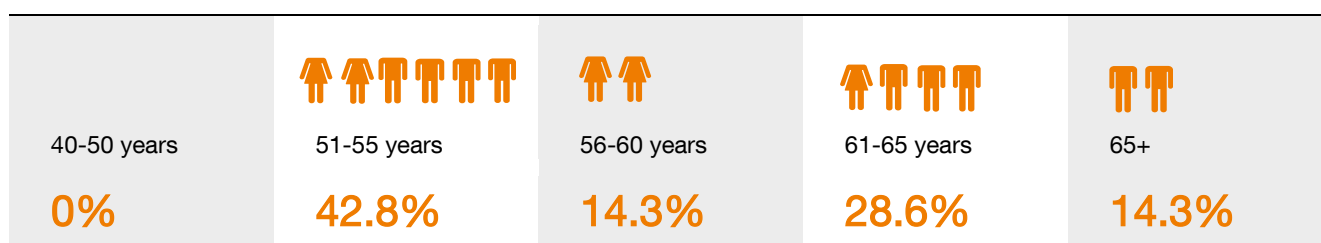
At the forthcoming Annual General Meeting, it is planned to adopt an appropriate policy with regard to the Members of the Supervisory Board.

Currently, the proportion of women to men in the Supervisory Board is 36% and 25% in the Management Board.

### Supervisory Board diversity



### Supervisory Board age profile



### Supervisory Board length of tenure

0-2 years

4 people

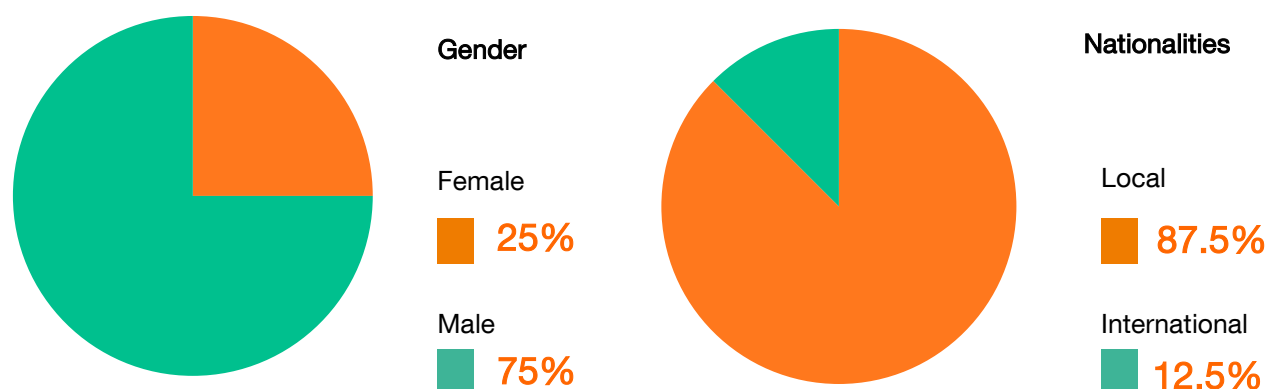
Philippe Béguin, Bénédicte David, Marie-Noëlle Jégo-Laveissière, Wioletta Rosołowska

2-4 years	<b>3 people</b>	Monika Nachyła, Jean-Michel Thibaud, Jean-Marc Vignolles
4-6 years	<b>2 people</b>	Michał Kleiber, Patrice Lambert - de Diesbach
6+ years	<b>5 people</b>	Maciej Witucki, Ramon Fernandez, Marc Ricau, John Russell Houlden, Maria Pasło-Wiśniewska

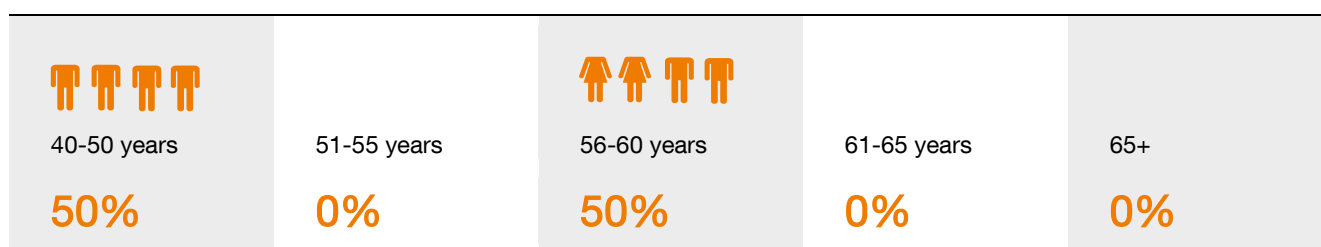
### Supervisory Board skills matrix

	Economics and Finance	Management and Strategy	Law and administration	Engineering and Technology	Psychology and Humanities	Sales and Marketing	Public administration	Scientific activity
Maciej Witucki	✓	✓		✓				
Ramon Fernandez	✓	✓	✓				✓	
Marc Ricau	✓	✓		✓		✓		
Philippe Béguin		✓	✓	✓		✓		✓
Bénédicte David	✓	✓		✓		✓		✓
John Russell Houlden	✓	✓		✓			✓	
Marie-Noëlle Jégo-Laveissière		✓		✓		✓		✓
Michał Kleiber	✓	✓		✓			✓	✓
Monika Nachyła	✓	✓			✓	✓		
Patrice Lambert- de Diesbach	✓	✓	✓					
Maria Pasło-Wiśniewska	✓	✓			✓		✓	✓
Wioletta Rosołowska		✓			✓	✓		
Jean-Michel Thibaud	✓	✓		✓				
Jean-Marc Vignolles	✓	✓	✓	✓		✓		

### Management Board diversity



### Management Board age profile



### Management Board length of tenure

0-2 years	2 people	Julien Ducarroz, Jacek Kunicki
2-4 years	2 people	Witold Drożdż, Piotr Jaworski
4-6 years	2 people	Jolanta Dudek, Bożena Leśniewska
6+ years	2 people	Jacek Kowalski, Maciej Nowohoński

## 4. The summary of the activity of the Supervisory Board and its committees in 2021

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 2021 the Supervisory Board fulfilled its duties resulting from the provisions of the Commercial Companies Code including the appraisal of the Orange Polska financial statements, the Management Board's report on activity and the Management Board's motion on distributing the Company's profit for the 2020 financial year and filing with the General Meeting reports presenting the results of the above mentioned appraisals.

The Supervisory Board took due care to ensure that the Management Board's reports and the financial statements were in compliance with the law.

The Supervisory Board also executed its rights and obligations arising from the Company's Articles of Association and the Best Practice for GPW Listed Companies 2021, of which the following should be mentioned:

- 1) stating an opinion on motions submitted by or via the Management Board to the General Meeting,
- 2) stating an opinion on Orange Polska S.A. and Orange Polska Group strategy plan,
- 3) stating an opinion on Orange Polska S.A. and Orange Polska Group budget,
- 4) preparing the report on the Supervisory Board's activity in 2020 including the assessment of the Orange Polska Group's standing,
- 5) deciding on the composition of the Management Board and the evaluation of its performance.

Throughout 2021, the Supervisory Board mainly focused on the following issues:

#### a) announcement of the new strategy

Supervisory Board and its Committees were closely monitoring and discussing with the management preparations of the new strategy and its announcement plan to the market. The Strategic Committee was in details discussing key strategic plan assumptions and scenarios, and, external environment including competitive and regulatory landscape. Owing to the previous

strategy the company is on right business tracks, with right assets and customer proposals. The key objectives of .Grow strategy is to sustain healthy growth trends and continue internal company transformation including further simplification of business processes, employees reskilling and bringing new talent onboard. Separate discussion point was related to dividend policy. Long-awaited by investors return to dividends will underscore OPL's turnaround and reflect management confidence in the future growth prospects.

**b) new Long Term Incentive Plan**

As a complement to .Grow strategy, Supervisory Board has adopted a new long term incentive plan for Company's executives and senior management to additionally motivate them and align with the strategic goals and interest of the shareholders. The plan is correlated with the shareholder value appreciation: its success is 35% based on the share price appreciation.

**c) FiberCo project (Światłowód Inwestycje)**

Progress on the FiberCo project (Światłowód Inwestycje) which was initiated in 2020 was of special interest for Supervisory Board. The transaction that was concluded in April and finalised in August 2021 has a few dimensions. Firstly, the amount of proceeds demonstrates strong value that was created over the past few years attached to the FTTH rollout program. The proceeds have significantly strengthened Company's balance sheet. Secondly, it secures further expansion of the fibre footprint which is key driving force for the commercial strategy. Finally, as the rollout will take place mainly in suburban areas it will significantly contribute to the the development of the country's digital infrastructure and will fight digital exclusion. Supervisory Board was impressed by the execution process and gives its credits to all Orange Polska teams involved.

**d) developments around cybersecurity law and 5G auction**

Supervisory Board was closely monitoring developments around new draft of the cybersecurity law that was published by the government in October 2021. The most discussed areas of this draft were those related to unexpected inclusion of provisions regarding the so called #PL5G project. Based on the proposal 700MHz spectrum is supposed to be operated by a wholesale company majority owned by government controlled entity and minority stake owned by telecom operators who would win licences for this spectrum. Supervisory Board shared Management concerns about legal and governance framework behind this project and weather in the proposed form it will secure the best interest of Orange Polska. The Board asked the Management to be in the active dialogue with lawmakers to protect company's interests.

**e) monitoring of operating and financial results and budget realisation**

Supervisory Board on a constant basis monitored commercial and financial results and realisation of 2020 budget. This was especially important in the light of the challenges related to the impact of the pandemic. In particular it was analysed how the economic situation influences customer receivables collection.

**f) the Management Board composition**

On 16 February 2021, the Supervisory Board reappointed Bożena Leśniewska, Witold Drożdż, Jolanta Dudek and Piotr Jaworski for the next term of office members of the Management Board. In accordance with the Best Practice for GPW Listed Companies, the renewals were made more than four months before the expiration of theirs terms of office.

The Supervisory Board met 7 times in 2021.

The attendance at the Supervisory Board's meetings was 96,9% and 97.4% including its committees.



## Supervisory Board attendance register 2021

	SUPERVISORY BOARD	AUDIT COMMITTEE	STRATEGY COMMITTEE	REMUNERATION COMMITTEE
Maciej Witucki	7/7			
Ramon Fernandez	7/7			
Marc Ricau	7/7	7/7		7/7
Philippe Béguin	3/3		2/2	
Henryka Bochniarz	3/4		2/2	
Thierry Bonhomme	4/4		2/2	
Bénédicte David	3/3		2/2	
Eric Debroeck	4/4		2/2	
John Russell Houlden	7/7	7/7		
Marie-Noëlle Jégo-Laveissière	7/7			
Michał Kleiber	7/7		4/4	7/7
Patrice Lambert-de Diesbach	7/7		4/4	
Monika Nachyła	7/7	5/7	4/4	
Maria Pasło-Wiśniewska	7/7	7/7	4/4	7/7
Wioletta Rosołowska	3/3		2/2	
Jean-Michel Thibaud	5/7	7/7		
Jean-Marc Vignolles	7/7		4/4	7/7

*\*) Actual number of meetings attended / Maximum number of scheduled meetings which the directors could have attended*

The Supervisory Board regularly monitored the execution of its resolutions and recommendations, analysing the information presented by the Management Board.

The Supervisory Board formulated a number of recommendations, remarks and motions to the Management Board, referring to different aspects of the Company's operations.

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

During discussing specific matters at the meeting, the Chairpersons of the committees presented appropriate recommendations and proposals for decisions to the Supervisory Board. In addition, the Supervisory Board regularly receives the minutes from the committees' meetings.

The committees of the Supervisory Board received relevant and reliable information and reports from the Management Board on time, enabling them to carry out their tasks in 2021.

The reports of the three permanent committees of the Supervisory Board on their activities in 2021 are attached hereto.

The tasks and the principles of the operation of the Supervisory Board and its permanent committees are defined in the Regulations of the Supervisory Board which are available on the Company's website.

### 5. Appraisal of the Management Board's motions addressed to the Annual General Meeting

The Company's Supervisory Board, acting pursuant to provisions of article 382 § 3 of the Commercial Companies Code and § 23.2.1-3 of the Company's Articles of Association, by the resolution No. 1/22 dated 15 February 2022, assessed:

- 1) the IFRS separate financial statements of Orange Polska S.A. for 2021 financial year;
- 2) the Management Board's report on the activity of Orange Polska Group and Orange Polska S.A. for 2021,
- 3) the IFRS consolidated financial statements for 2021.

Moreover, the Supervisory Board has reviewed and assessed resolution No. 5/22 of the Company's Management Board dated 16 February 2022 on the Management Board's motion on distribution of the Orange Polska S.A. profit for the 2021 financial year,

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 2021, the Supervisory Board recommends the Annual General Meeting:

1. to approve the Orange Polska S.A. IFRS separate financial statements for the year ended 31 December 2021;
2. to adopt a resolution on distribution of the Orange Polska S.A. profit for the 2021 financial year according to the motion of the Management Board included in the resolution 5/22;
3. to approve Orange Polska Group and Orange Polska S.A. Management Board's report on the activity for the year ended 31 December 2021,
4. to approve the Orange Polska Group IFRS consolidated financial statements for the year ended 31 December 2021,
5. to grant approval of the performance by the members of the Management Board of Orange Polska S.A. of their duties in 2021.

### 6. Assessment of Orange Polska Group's standing on a consolidated basis

This section contains the Supervisory Board assessment of the Orange Polska Group's standing on a consolidated basis in 2021 in accordance with the recommendation no. 2.11.3. of the Best Practice for GPW Listed Companies 2021, introduced by the Warsaw Stock Exchange. The assessment is based on the 2021 financial results of the Group (the Company and its subsidiaries) as well as on the information obtained by the Supervisory Board in conducting its statutory tasks.

The Supervisory Board, through the work of its committees and all its members (including independent members), was actively engaged in the process of evaluating of the most important initiatives, having in mind the interest of all the Group's stakeholders, including shareholders. In addition, it maintained oversight of the Group's operational and financial goals through management reporting at its quarterly meetings, and was able, through the Audit Committee, to oversee the accuracy of financial reporting and the functioning of the internal control, risk management and compliance systems and the internal audit function.

### Group's Operational Review

The Group's key goals in 2021 were:

- Sustaining strong commercial momentum with special focus on fibre, convergence and B2B
- Execution on FiberCo project

- Covid-19 impact management including plan for new operating model after the pandemic
- Acquisition of 5G spectrum
- Further cost transformation with special focus on automation and digital customer interactions
- Increased focus on digital and Green including finalisation of first projects contributing to increasing energy consumption from renewable sources
- Fulfilment of published financial forecasts and expectations regarding revenue growth and EBITDAaL
- Preparation of a new strategy for 2021-2024 and its announcement in due time.

2021 was obviously a year marked by announcement of the new .Grow strategy that sets priorities for Orange Polska for year 2021-2024. Supervisory Board was naturally involved in its preparation process. .Grow is an evolutionary strategy conceived to stimulate and accelerate sales and profit growth, as well as laying the foundation for growth beyond 2024. Important element of the strategy is return to dividends. The strategy was well received by the stock market which resulted in the growing share price in the weeks following the announcement.

A landmark development of 2021 was a sale of 50% stake in FiberCo (Światłowód Inwestycje) and establishing a joint venture with APG. It is very important in the context of implementing .Grow strategy. It will enable the Group to simultaneously continue increasing fibre reach and executing other projects that are important for the future, without increasing capex range.

The Group delivered on all its financial goals. Almost 6% EBITDAaL growth was at the high end of the guided range (low-to-mid single digit growth) which was increased during the year. The key success factor was successful combination of growing number of customers and improving trends in ARPO, in all key services. The Company pursued with its more-for-more value strategy in 2021 increasing mobile tariffs for B2C customers, adjusting some convergent packages and introducing changes to pre-paid plans. This was complemented by ongoing cost transformation, including automation and digitisation of business processes. The Company's has been implementing new balanced hybrid work model that will progressively result in significant savings in the office space used.

One of the Company's goals was to sustain strong commercial momentum from 2020. Commercial results were very solid in most areas taking into account lower customer activity following pandemic-related spike in demand in the second half of 2020. Results in fibre were particularly strong with retail fibre customer base increasing 30% in 2021. Orange fibre services were available for 6 million Polish households making the Company by far the largest fibre player in Poland.

The Supervisory Board was interested in the Management Board's view regarding potential changes in the competitive environment in Poland following announced acquisition of UPC, the largest cable company, by Iliad, owner of Play. If finalised, the transaction will result in creation of a new significant convergent player.

One of key topic for the Supervisory Board in 2021 was the situation regarding the auction for 5G C-Band spectrum and cybersecurity regulations. After the auction was annulled in 2020, unlike expected a new auction has not been announced in 2021 due to prolonging government works on the cybersecurity law. The new published draft of the law related unexpectedly included provisions regarding the so called #PL5G project. Based on the proposal 700MHz spectrum is supposed to be operated by a wholesale company majority owned by government controlled entity and minority stake owned by telecom operators who would win licences for this spectrum.

Supervisory Board shares Management view that last year was very successful for Orange Polska and constitutes a very good start for the implementation of .Grow strategy.

### Financial standing of the Group

The Management Board kept the Supervisory Board informed of the financial results. The Audit Committee of the Supervisory Board supervised the reliability of financial reporting on an ongoing basis and presented its opinions to the Supervisory Board before publication of the results for individual reporting periods.

The Group met all its financial goals for 2021 delivering strong results across the board. EBITDAaL growth rate accelerated to almost 6% as profitable revenue expansion translated into profits through Company's high operating leverage. 2021 was the fourth consecutive year of operating profitability growth which demonstrates that Orange Polska is consistent in delivering growth, while its business is predictable and defensive. The Group also successfully continued its cost transformation with savings in many areas including labour, subcontracting and general expenses.

Revenue increased 3.6% year-on-year in 2021 with all key lines contributing to this growth. In the opinion of the Supervisory Board it is especially worth noting that revenues from key telecom services, which are essential to margin generation, (combining convergence, mobile and fixed broadband) were up 6.7%. This growth rate further accelerated versus 2020 when it amounted to 2.9%. This was truly very high pace of growth which benefitted from strong growth of customer volumes and improving trends in ARPO. ICT business had another remarkable year with revenues advancing 18% as the Group further strengthened its position as integrator and digital services provider to Polish corporates.

Net profit was exceptionally high and amounted to almost PLN 1.7 billion. It was boosted by PLN 1.4 billion gain related to sale of the 50% stake in Światłowód Inwestycje. Excluding this extraordinary item net income was still much higher versus 2020, mainly as a result of higher EBITDAaL and lower depreciation. It is very positive that turnaround on EBITDAaL level has started to filter through to the bottom line.

Organic cash flow grew by a remarkable 35% in 2021 as a result of growing EBITDAaL, decreasing capex and better cash from disposal of real estate. Capex already benefitted from Światłowód Inwestycje joint venture.

Over the course of last year, the Group reduced its net debt by around PLN 1.5 billion as a result of solid cash flow generation and proceeds received on closing of the transaction related to Światłowód Inwestycje. As a consequence financial leverage decreased to 1.4x which illustrates strong balance sheet structure. This was a strong argument behind expected return to dividends in 2022.

In 2021 the Group did not pay a dividend which the Supervisory Board assessed as a positive decision. The decision considered still not finalised transaction related to Światłowód Inwestycje and uncertainties related to 5G auction and cybersecurity law. However at the same time the management committed to return to dividends from 2022. Indeed, in February 2022 it recommended payment of PLN 0.25 per share in 2022 from 2021 profits.

### Conclusions and recommendations for 2022

2021, for many reasons, was a very successful year for Orange Polska. Last year's performance was a first and very strong step to fulfil .Grow strategy. The Group confirmed all its strategic goals. It is quite obvious that 2022 will be much more challenging year due to extremely volatile macro environment and war on Poland's eastern border with impossible to judge today further development and ultimate consequences. Supervisory Board is convinced that the Group has the strategy best suited to bring the most of its assets and values.

The Supervisory Board shares the Management Board's opinion that in 2022 the Group should focus its operations in particular on the following key aspects:

- Further development of key value drivers including convergence, mobile, fibre and ICT, also taking into account possible changes in the competitive landscape following acquisition of UPC by Play
- To take measures in an attempt to pass high inflationary pressures to customers to protect profitability
- To weather risks related to unprecedented rise in energy prices among other through new Power Purchase Agreements (PPA)
- To assess risks related to the war in Ukraine and take on necessary mitigating actions
- Acquisition of 5G spectrum
- Pursue transformation of corporate culture to be more agile and cost effective as well as implement post-pandemic workplace model

- Fulfilment of published financial forecasts and expectations regarding revenue growth and EBITDAaL

## 7. Assessment of the Group's internal control, risk management and compliance systems and internal audit function

The Supervisory Board is responsible for reviewing the effectiveness of the Group's system of internal control and risk management designed and established by the Management Board, as well as the compliance system and the Internal Audit function.

This system facilitates management of the risk of failure to achieve business objectives and provides reasonable assurance against material misstatement or loss, (Risk management does not mean the full elimination of risk, but provides for better risk identification and the implementation of adequate measures as needed). The relevant processes are designed to give reasonable assurance that the risks significant to the Group are identified and addressed in the Company, but such assurances can never be absolute.

The Company continuously monitors the evolution of the control environment. It ensures that all significant changes are sufficiently controlled and any identified deficiencies in the internal control system are addressed with action plans. On a quarterly basis, the internal control system is monitored in a self-assessment tool implemented by the Company and, in addition senior managers certify the effectiveness of the internal controls. On a yearly basis, the controls are subject to testing by the internal control team, internal and external auditors, and the results are reported to the Audit Committee.

The key elements of the system of internal control, including risk management, were presented in the Management Board's Report on the Activity of the Group for 2021, published on 16 February 2022.

In 2021, the Company again completed a comprehensive assessment of its processes of internal control over financial reporting. Main deficiencies both in design and in effectiveness of internal control have been identified and corrected, or appropriate action points have been launched. As a result of the assessment, the Management concluded that there were no weaknesses that would materially impact the internal controls and financial reporting at 31 December 2021.

Both the internal and external auditors report to the Management Board and also to the Audit Committee on control deficiencies which they identified during their audit. Their recommendations are being implemented.

The most important risks are updated annually by the Management Board and presented to the Supervisory Board.

Matters related to compliance are being reported to the Audit Committee of the Supervisory Board in the following areas: ethics, general compliance with laws and regulations, anti-fraud, security and anti-corruption measures related with Anti-Corruption Policy that puts forward zero-tolerance rule towards corruption. The Compliance function carries out activities ensuring adjustment of Company's internal regulations and mechanisms to, among others, the Group's requirements in the scope of current anti-corruption regulations.

Orange Polska anti-corruption policy, complemented with detailed internal regulations, defines the required standards for employees' conduct. On the basis of relevant provisions of the policy, potential consequences are determined in cases of violation of anti-corruption procedures. Under the due diligence process, verification of current and future business partners is conducted with regard to threats related to corruption, fraud, non-compliance with economic sanctions, money laundering and financing of terrorism. The Compliance Management function conducts cyclic reviews of corruption risks, also taking into account control mechanisms and appropriate preventive measures.

Orange Polska employees and stakeholders may use dedicated channels to report their concerns or to ask for advice if they suspect a conflict of interests, bribery or any infringement of internal regulations of the Group or of other regulations of the law. Persons reporting irregularities can do so without fear of negative consequences.

Dedicated training sessions taking into account the exposure of individual areas of OPL to the risk of corruption and communication activities aim to constantly increase knowledge and build employees awareness. OPL also conducts regular reviews in this area, makes necessary improvements and monitors the correctness of payments made.

Activities of Compliance Management function, the results of planned inspections, as well as the results of inspections initiated by notification of irregularities (whistle -blowing) are monitored on the basis of reports submitted periodically. Applied actions and mechanisms are ensuring the effectiveness of Compliance function and maintenance of Group's anti-corruption regulations standards.

The Supervisory Board is presented on annual basis also with information on the implementation and effectiveness of the compliance program, related to the fight against corruption including the risk map as well as the corresponding action plan for the coming year.

The internal audit function, which reports directly to the President of the Management Board, ensures objective and independent assessment of the adequacy, effectiveness and quality of the Group's internal controls. The internal audit works in accordance with a charter approved by the Audit Committee, which also reviews annual internal audit program and analyses the Orange Polska's Internal Audit reports.

## **8. Assessment of the Company's compliance with the corporate governance principles and the manner of compliance with the related disclosure obligations**

This section contains the Supervisory Board assessment of the Company's performance of its obligations concerning compliance with the corporate governance principles as defined in the Exchange Rules, and with the regulations on current and periodic reports published by issuers of securities in 2021 in accordance with recommendation no. 2.11.4 of the Best Practice for GPW Listed Companies 2021.

Orange Polska as an issuer of shares admitted to trading on a regulated market is obliged to follow the rules of the Best Practice for GPW Listed Companies. Orange Polska accomplished its information duties concerning compliance with the corporate governance principles defined in the GPW Regulations and the regulations on current and periodic reports published by issuers of securities.

The publication of current reports regarding the application of detailed Corporate Governance rules is governed by the Resolution of the WSE Board no. 692/2021 dated 1 July 2021. According to the WSE regulations when a given rule is not applied in a consistent way or is broken incidentally, the Company is obliged to publish a report on its web site in the analogical way as it is applied for a publication of current reports. Reports concerning the application of detailed rules of the corporate governance are passed by means of EBI (Electronic Basis of Information). The decree of the Minister of Finance dated 29 March 2018 defines which information should be mentioned in the declaration on the application of the Corporate Governance constituting a separate part of the Management Board report about the activity of the Company.

The Supervisory Board analysed the declaration about the application of Corporate Governance included in the Management Board report about the activity of Orange Polska S.A. and the Orange Polska Group in 2021. This declaration defines in a detailed way the issues concerning Corporate Governance and contains the information from the decree of the Minister of Finance dated 29 March 2018 on the current and periodic information passed by issuers of securities and on conditions of the consideration as equal of the information required by the law of a state which is not a member.

In the above-mentioned declaration the Management Board described that in 2021, the Company complied with the corporate governance best practice referred to above except for the principle 2.1 in its part regarding a separate diversity policy for the Supervisory Board, and principle 2.2 in its part regarding diversity in the composition of the Management Board.

Orange Polska intends to develop and adopt a Diversity Policy for the Supervisory Board at the nearest General Meeting.

Furthermore, pursuant to the Diversity Management Policy applicable to the Management Board adopted by the Supervisory Board on 3 November 2021, with regard to gender diversity, in the process of



appointment of the Members of the Management Board of Orange Polska the Supervisory Board will strive to achieve the minimum participation of women of at least 30%. As of December 31, 2021, the participation of women in the Supervisory Board and the Management Board is 36% and 25%, respectively.

According to the principle 1.1. of the Best Practice, Orange Polska runs a website in Polish and English, on which the Company publishes all provided by law and best practice documents and information required by law and best practice, including information on the Company's application of principles and recommendations contained in the Best Practice for GPW Listed Companies.

In the Supervisory Board's opinion, the information provided by Orange Polska is in line with the requirements and honestly follows the rules of the Corporate Governance and the Company duly fulfils its disclosure obligations relating to the application of Corporate Governance principles set out in the Warsaw Stock Exchange Rules and regulations on current and periodic information.

## **9. Assessment of the rationality of the sponsorship and charity policy**

This section contains the Supervisory Board assessment of the compliance and rationality of the Group's policy of supporting culture, sport, charities, media, social organizations and others in 2021 with recommendation no. 2.11.5 of Best Practice for GPW Listed Companies 2021.

The Supervisory Board analysed the amounts expensed by Orange Polska Group in support of culture, sports, charities, the media, social organisations, trade unions, etc. in 2021.

The Supervisory Board states that the sponsorship strategy led by the Company and focused in 2021 on music as the main area supporting the brand brought the appropriate financial and marketing efficiency, although it was curtailed by the Covid-19 pandemic. According to the adopted strategy, in the strategic sponsorship area Orange Polska creates complex long-term projects across the whole of Poland. The projects, in which Orange Polska acts as titular or main sponsor, address the largest possible group of its clients (present and potential).

The Supervisory Board appreciates the charity activity led by Orange Polska in both forms – one led by the Donations' Fund and the other led by the Orange Foundation (created by the Company). The Orange Foundation acts for the modern education of children and youth. Through creative initiatives, Foundation encourages young people to acquire knowledge, participate in culture, and build communities using new technologies.