

CORPORATE GOVERNANCE STATEMENT

(a) TP S.A.'s corporate governance policy

The Company, as an issuer of securities listed on the Warsaw Stock Exchange (WSE), is obliged to comply with the corporate governance practices set out in the *Code of Best Practice for WSE Listed Companies*, which is available at <http://corp-gov.gpw.pl>.

(b) Corporate governance compliance

In 2012, the Company complied with the corporate governance best practice referred to above.

Furthermore, referring to the Section I of the *Best Practice*, the Company informs that:

- (1) The Company's Supervisory Board and the Remuneration Committee of the Supervisory Board reviewed the recommendations of the European Commission (section I.5) for remuneration of members of supervisory and management bodies and will make such changes as considered appropriate.
- (2) One of the Company's priorities is to ensure equal access of women and men to management positions in the Company (section I.9). Therefore, TP S.A. has developed assumptions for a project, which will determine the proportion of employing men and women in managerial posts, as well as a new set of assumptions for the recruitment process. TP S.A. has followed a policy of appointing persons with proper competence, professional experience and expertise to its supervisory and management bodies.
- (3) TP S.A. has not made a decision yet on the application of a rule that a company should enable its shareholders to participate in a General Assembly using electronic communication means particularly through real-time bilateral communication, as well as exercise their right to vote during a General Assembly either in person or through a plenipotentiary (sections I.12 and IV.10).

(c) Description of major features of TP S.A.'s internal control and risk management systems with respect to the process of development of standalone and consolidated financial statements (Please see chapter IV for additional information on key risk factors)

The system of internal control and risk management in the Group has been designed and implemented by the Management Board to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Code of Ethics was adopted within the Group in 2008 which encompasses its relationship with customers, shareholders, employees, suppliers, competition and also with respect to the environment in which the Group operates. A warning system related to ethics and reporting of potential and actual fraud has been enhanced by the Group which is co-ordinated by the Ethics Committee. Training on ethics is provided to employees, which is confirmed by a personal certification. Formal channels for whistle blowing have been established, including reporting to the Chairman of the Audit Committee of the Supervisory Board, the Chairman of the Ethics Committee and the Group Internal Audit Director.

The Group is diligent in its approach to reporting financial results and its ongoing communication with the Polish and international investment community, as well as fulfilling its disclosure obligations. Key managers responsible for the financial, legal, regulatory and internal control functions review financial statements and make comments thereto at the Disclosure Committee. The purpose of the Committee's meetings is to ensure that financial disclosures are timely, exact, transparent, complete, and presented in accordance with all relevant laws, applicable regulations and recognised practices, as well as being properly representative of the financial and operational condition of the Group. In 2012, the Disclosure Committee had seven meetings.

The key elements of the Group's internal control and risk management system include the following procedures:

- (1) An internal audit function, which reports directly to the President of the Management Board. The internal audit programme is annually reviewed by the Audit Committee which also analyses the Group's Internal Audit reports. In order to promote an appropriate independent outlook for the Internal Audit, Management Board decisions regarding the appointment and remuneration of the Group Internal Audit Director require, since 2005, an opinion of the Audit and Remuneration Committees. The Group Internal Audit Director attends all meetings of the Audit Committee.

(2) The Group conducts ongoing assessments of the quality of the risk management system and controls. As part of this process, a Risk Map, which enables identification and classification of the Group's financial and non-financial risks, is maintained.

(3) Procedures were implemented in order to identify, report and monitor significant risks (i.e. legal, regulatory, environmental, financial reporting and operational) effectively on an ongoing basis. It provides a framework for ongoing risk-controlling activities.

In 2012, the Management Board again completed a comprehensive assessment of the Group's internal controls over financial reporting. Main deficiencies were 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 control over the financial reporting at 31 December 2012.

(d) Indication of shareholders holding, directly or indirectly, significant batches of shares, including the number of shares held, the interest in the Share Capital, the corresponding number of votes and the percentage of the total voting power at the General Assembly

The ownership structure of the share capital based on information available on 31 December 2012 was as follows:

Shareholder	Number of shares held	Number of votes at the General Assembly of TP S.A.	Percentage of the total voting power at the General Assembly of TP S.A.	Nominal value of shares held (in PLN)	Interest in the Share Capital
France Telecom S.A.	664,999,999	664,999,999	49.79%	1,994,999,997	49.79%
Other shareholders	647,357,480	647,357,480	48.47%	1,942,072,440	48.47%
TP S.A. (treasury shares) ⁽¹⁾	23,291,542	23,291,542	1.74%	69,874,626	1.74%
TOTAL	1,335,649,021	1,335,649,021	100.00%	4,006,947,063	100.00%

⁽¹⁾ Voting rights vested in treasury shares cannot be exercised at the General Assembly of TP S.A.

(e) Indication of holders of any securities granting special control rights and description of such rights

The Company has not issued any securities granting any special control rights to shareholders or other entities.

(f) Indication of any restrictions concerning the exercise of the voting rights on shares, such as restriction of the voting rights to a certain percentage or number of votes or temporary restriction of the voting rights, or regulations according to which, in conjunction with the Company, the rights on securities are separated from the ownership of securities

The Company has not introduced any specific restrictions concerning the exercise of the voting rights on shares.

(g) Indication of any restrictions concerning transfer of ownership of the securities issued by TP S.A.

The transfer of ownership of the securities issued by the Company is not subject to any restrictions.

(h) Description of procedures for appointment and removal of managing persons and their rights, particularly the right to make decisions regarding the issuance or redemption of shares

The Management Board consists of between 3 and 10 members, including the President. They are appointed and removed by the Supervisory Board by a simple majority of the votes cast. The term of office for the member of the Management Board is three years. The Management Board's remit comprises the management of all aspects of the Company's affairs, with the exception of the matters which under the Polish Commercial Companies Code or the Articles of Association shall be within the competence of the General Assembly or the Supervisory Board. In particular, the powers of the Management Board include development of the Group's strategy, economic and financial plans; establishment, transformation and liquidation of the Company's business units; and governance of the Group subsidiaries. Any decisions regarding the issuance or redemption of the Company's shares are exclusively within the competence of the General Assembly.

The powers of the Management Board are detailed in the Management Board by-laws, available at www.orange.pl/inwestorzy.

(i) Description of procedures for amending the Articles of Association or the deed of the company

Any amendment to the Articles of Association requires a resolution of the General Assembly adopted by a majority of the three quarters of votes.

(j) Rules of operation of the General Assembly and its major responsibilities, and description of the shareholders' rights and the way of exercise thereof, particularly the rules resulting from the General Assembly by-laws, if any, unless the information in this respect results directly from mandatory regulations

I. General Assemblies shall be held in Warsaw. The General Assembly shall be valid irrespective of the number of shares represented. According to the adopted by-laws, the General Assembly shall be opened by the Chairman of the Supervisory Board or his deputy, or, in case of their absence, by the President of the Management Board or a person designated by the Management Board. Thereafter, the Chairman shall be elected from among the persons entitled to take part in the General Assembly. After each subsequent matter on the agenda has been presented the Chairman of the General Assembly shall open a discussion giving floor to speakers in the sequence in which they have declared their willingness to speak. Upon the consent of the General Assembly several items of the agenda may be discussed jointly. The participants may speak only on the matters which have been put on the agenda and are being considered at that moment.

II. Pursuant to the Regulations of the General Assembly of TP S.A., the shareholders have the following rights:

(1) The shareholders may take part in the General Assembly and exercise the right of vote in person or by attorneys-in-fact (other representatives).

(2) Each shareholder has the right to candidature for the Chairman of the General Assembly or to put forward one candidature for the position of the Chairman of the General Assembly to the minutes.

(3) When every point on the agenda is considered each shareholder has the right to one speech of 5 minutes and a reply of 5 minutes.

(4) Each shareholder has the right to ask questions on any matters on the agenda.

(5) The shareholder has the right to object a decision of the Chairman of the General Assembly. The General Assembly shall decide in a resolution whether the decision of the Chairman be upheld or reversed.

(6) Each shareholder has the right to suggest amendments or additions to draft resolutions, which are covered by the agenda of the General Assembly, by the time of closing the discussion over the item on the agenda referring to the draft resolution to which the suggestion is related.

(k) Composition and changes thereof in the last financial year, and description of bodies that manage, supervise or administer TP S.A. and any committees thereof

I. The composition of the Management Board did not change in 2012.

Composition on 1 January 2012 and 31 December 2012:

1. Maciej Witucki - President of the Board
2. Vincent Lobry - Vice President of the Board
3. Piotr Muszyński - Vice President of the Board
4. Jacques de Galzain - Board Member
5. Jacek Kowalski - Board Member

On 12 April 2012, Mr. Vincent Lobry was appointed by the Supervisory Board as Vice President of the Management Board for Marketing for another term of office.

II. Composition of the Supervisory Board and its Committees and changes thereof in 2012

Composition on 1 January 2012:

1. Prof. Andrzej K. Koźmiński - Chairman and Independent Board Member
2. Benoit Scheen - Deputy Chairman and Chairman of the Strategy Committee

3. Nathalie Clere - Board Member and Secretary
4. Timothy Boatman - Independent Board Member and Chairman of the Audit Committee
5. Thierry Bonhomme - Board Member
6. Jacques Champeaux - Board Member
7. Dr. Mirosław Gronicki - Independent Board Member
8. Marie-Christine Lambert - Board Member
9. Pierre Louette - Board Member
10. Prof. Jerzy Rajski - Independent Board Member
11. Gérard Ries - Board Member
12. Dr. Wiesław Rozłucki - Independent Board Member

On 5 January 2012, Mr. Henri de Joux was appointed by the Supervisory Board as a Member of the Supervisory Board.

On 12 April 2012, the mandates of Mr. Henri de Joux, Ms. Marie-Christine Lambert, Mr. Jerzy Rajski and Mr. Wiesław Rozłucki expired.

On the same day, Ms. Henryka Bochniarz, Mr. Sławomir Lachowski, Ms. Marie-Christine Lambert and Mr. Wiesław Rozłucki were appointed by the Annual General Assembly as Members of the Supervisory Board.

Ms. Nathalie Clere resigned from her function on the Supervisory Board as from 18 October 2012.

On the same day, Mr. Marc Ricau was appointed by the Supervisory Board as a Member of the Supervisory Board.

Composition on 31 December 2012:

1. Prof. Andrzej K. Koźmiński - Chairman and Independent Board Member
2. Benoit Scheen - Deputy Chairman and Chairman of the Strategy Committee
3. Marc Ricau - Board Member and Secretary
4. Timothy Boatman - Independent Board Member and Chairman of the Audit Committee
5. Dr. Henryka Bochniarz - Independent Board Member
6. Thierry Bonhomme - Board Member
7. Jacques Champeaux - Board Member
8. Dr. Mirosław Gronicki - Independent Board Member
9. Sławomir Lachowski - Independent Board Member
10. Marie-Christine Lambert - Board Member
11. Pierre Louette - Board Member
12. Gérard Ries - Board Member
13. Dr. Wiesław Rozłucki - Independent Board Member and Chairman of the Remuneration Committee

At present, TP S.A. has six independent members in the Supervisory Board, namely: Prof. Andrzej K. Koźmiński, Timothy Boatman, Dr. Henryka Bochniarz, Dr. Mirosław Gronicki, Sławomir Lachowski and Dr. Wiesław Rozłucki.

Composition of the Committees of the Supervisory Board on 31 December 2012:

The Audit Committee

1. Timothy Boatman – Chairman
2. Marc Ricau
3. Sławomir Lachowski
4. Marie-Christine Lambert

The Audit Committee is chaired by Mr. Timothy Boatman, an independent Member of the Supervisory Board. He has relevant experience and qualifications in finance, accounting and audit.

The Remuneration Committee

1. Dr. Wiesław Rozłucki – Chairman
2. Benoit Scheen

3. Marc Ricau

The Strategy Committee

1. Benoit Scheen – Chairman
2. Dr. Henryka Bochniarz
3. Jacques Champeaux
4. Dr. Mirosław Gronicki
5. Gérard Ries

Prof. Andrzej K. Koźmiński, Chairman and Independent Board Member, and Mr. Timothy Boatman, Independent Board Member and Chairman of the Audit Committee, participate in the meetings of the Strategy Committee on a permanent basis.

III. Operations of the Management Board

The operations of the Management Board shall be managed by its President, who shall be the superior of all the Company's employees. Meetings of the Management Board are chaired by the President of the Management Board or, in case of his absence, another member of the Management Board designated by the President. Resolutions may be adopted if all members of the Management Board have been duly notified about the meeting. Resolutions of the Management Board shall be adopted by absolute majority of votes of all appointed members of the Management Board. Individual members of the Management Board shall manage the areas of the Company's operations assigned to them.

The responsibilities and obligations of the Management Board are detailed in the Management Board by-laws, available at www.orange.pl/inwestorzy.

IV. Operations of the Supervisory Board

The work of the Supervisory Board is co-ordinated by the Board Chairman with the assistance of the Board Secretary. The Supervisory Board shall hold a meeting at least once a quarter. The Management Board or a member of the Supervisory Board may demand convening a meeting, specifying a suggested agenda thereof. The Chairman of the Supervisory Board shall call a meeting within two weeks of the receipt of the aforementioned motion. In case the Chairman of the Supervisory Board fails to call a meeting within two weeks, the applicant may call it on his own, specifying the date, place and suggested agenda of the meeting. The Supervisory Board shall adopt resolutions by a simple majority of the votes cast and in the presence of at least half of all members of the Supervisory Board. In case of equal votes, the Chairman of the Supervisory Board shall have the decisive vote.

Although the Board performs its tasks collectively, it delegates some of the work. The committees to which these tasks are delegated are described in further paragraphs.

The Supervisory Board by-laws are available at www.orange.pl/inwestorzy.

In particular, the Supervisory Board is responsible for the appointment and remuneration of the members of the Management Board, the appointment of the Company's independent auditors, and the supervision of the Group's business. As part of its supervisory responsibilities, it examines the Group's strategic plan and annual budget, monitors the Group's operating and financial performance, formulates opinions on incurring liabilities that exceed the equivalent of €100,000,000, formulates opinions on disposal of the Group's assets in exceed the equivalent of €100,000,000, evaluates the Management Board's report on the Company's activities and the Management Board's proposals regarding distribution of profits or covering losses. In considering these matters, the Board takes into account the social, environmental and ethical considerations that relate to Group's businesses.

Furthermore, an amendment to the Polish Accounting Act, dated September 29, 1994 was published in 2009 which increased the responsibility of the members of the Supervisory Board in regards to the reliability and fair presentation of the Company's financial reporting.

V. Operations of the Committees of the Supervisory Board

(A) The Audit Committee

The task of the Committee is to advise the Supervisory Board on the proper implementation of budgetary and financial reporting and internal control (including risk management) principles in the Group and to liaise with the auditors of the Group.

The key functions of the Audit Committee include:

- 1) Monitoring the integrity of the financial information provided by the Company and the Group in particular by reviewing:
 - a. The relevance and consistency of the accounting methods used by the Company and the Group, including the criteria for the consolidation of the financial results;
 - b. Any changes to accounting standards, policies and practices;
 - c. Major areas of financial reporting subject to judgment;
 - d. Significant adjustments arising from the audit;
 - e. Statements on going concern;
 - f. Compliance with the accounting regulations;
- 2) Reviewing at least annually the Group's system of internal control and risk management systems with a view to ensuring that the main risks (including those related to compliance with existing legislation and regulations) are properly identified, managed and disclosed;
- 3) Reviewing annually the Internal Audit program, including the review of independence of the Internal Audit function, and coordination between the internal and external auditors;
- 4) Analysing reports of the Group's Internal Audit and major findings of any other internal investigations and responses of the Management Board to them;
- 5) Making recommendations in relation to the selection and remuneration of the Director of the Internal Audit and on such function's budget;
- 6) Reviewing and providing an opinion to the Management and/or the Supervisory Board (where applicable) on significant transactions with related parties as defined by the corporate rules;
- 7) Monitoring the independence and objectivity of the Company's external auditors and presentation of recommendations to the Supervisory Board with regard to selection and remuneration of the Company's auditors, with particular attention being paid to remuneration for additional services;
- 8) Reviewing the issues giving rise to the resignation of the external auditor;
- 9) Discussing with the Company's external auditors before the start of each annual audit on the nature and scope of the audit and monitoring the auditors' work;
- 10) Discussing with the Company's external auditors (in or without the presence of the Company Management Board) any problems or reservations, resulting from the financial statements audit;
- 11) Reviewing the effectiveness of the external audit process, and the responsiveness of the Management Board to recommendations made by the external auditor;
- 12) Considering any other matter noted by the Audit Committee or the Supervisory Board;
- 13) Regularly informing the Supervisory Board about all important issues within the Committee's scope of activity;
- 14) Providing the Supervisory Board with its annual report on the Audit Committee's activity and results.

(B) The Remuneration Committee

The Remuneration Committee's task is to advise the Supervisory Board and Management Board on the general remuneration and nomination policy of the Group, determining the conditions of employment and remuneration (including the setting of objectives) of the Members of Management Board and giving recommendations to the Supervisory Board regarding salaries and the amounts of bonuses for the members of the Management Board.

(C) The Strategy Committee

The tasks of the Strategy Committee include:

- (1) giving its opinion and recommendation to the Supervisory Board on the strategic plans put forward by the Management Board and any further suggestions made by the Supervisory Board regarding such strategic plan(s), and in particular on the main strategic options involved; and
- (2) consulting on all strategic projects related to the development of the Group, the monitoring of the evolution of industrial partnerships within the Group and projects involving strategic agreements for the Group. It then reports and makes recommendations on each of these projects to the Supervisory Board.

In particular, the Committee is invited to consider projects such as:

- (1) strategic agreements, alliances, and technological and industrial co-operation agreements, including aspects of the Group's strategic partnership with France Telecom; and
- (2) significant acquisitions and sales of assets.

