

REPORT
**from the activities of the Strategy Committee
of the Supervisory Board of Orange Polska S.A. in 2018**

The Strategy Committee was established by virtue of the Resolution of the Supervisory Board no. 417/05 dated June 15, 2005.

The Strategy Committee is a collegial body whose role is to support the work of the SVB, in particular in the following areas:

- strategic plans set out by the Management Board and especially their main strategic options;
- the Management's planning processes;
- strategic projects related to the development of Orange Polska (such as strategic agreements, alliances, technological and industrial cooperation agreements; significant acquisitions and sales of assets).

The Strategy Committee provides, furthermore, support and advice to the Management Board in these areas.

Strategy Committee members in 2018:

Chairman:

Gervais Pellissier – until 20 April 2018, then a member
Jean-Marc Vignolles – from 20 April 2018

Members:

Dr. Henryka Bochniarz (“Independent Director”)
Jean-Marie Culpin – until 20 April 2018
Eric Debroeck
Prof. Michał Kleiber (“Independent Director”)
Patrice Lambert de Diesbach
Dr. Maria Pasło-Wiśniewska (“Independent Director”)

Permanent guests:

Maciej Witucki, Chairman of the Supervisory Board
Russ Houlden, Chairman of the Audit Committee

Other members of the Supervisory Board and the members of the Management Board actively participated in the works of the Committee, whenever appropriate.

In 2018 the Strategy Committee held three ordinary meetings.

Letter from the Chairman of the Strategy Committee

Dear Shareholders

In April last year, I had the honour of taking the post of Chairman of the Strategy Committee. I would like to thank Gervais Pellissier for his commitment to chair the work of the Committee and I count on his continued support, on his knowledge and experience.

Year 2018 was another important period in the Orange Polska activity, during which significant changes took place in the business environment, which required analysis and discussion within the Committee in order to support decisions taken by the company's Management Board.

During three ordinary meetings the Committee focused primarily on OPL's strategic plan 2019-2022 and those selected business areas that are relatively new in the business (electricity market) or in the light of market trends particularly important for integrated operators (content market). Last year, the Committee devoted a lot of attention to the analysis of global trends at the threshold of the digital revolution as well as important consolidation events on the domestic market. The acquisition of Netia by the Cyfrowy Polsat Group was considered particularly important for the Polish market, which on one hand confirmed the operators' aspiration for full-scale convergence and on the other hand showed how to successfully consolidate significant market players in the light of the theory and practice or regulations in Poland. This led the Committee to look at what further consolidations are still possible on the Polish market, what are the chances of success and the consequences for Orange Polska. The Committee was also very interested in the results of Orange Polska's activity, what market position and competitive potential they carry, as well as internal processes of changes taking place in the company, in order to raise this potential (new IT system and operational model) and meet the expectations of customers and keeping in mind the shareholders' interest.

Especially in the context of the strategic plan 2019-2022 I am strongly convinced of the need of focusing on the spectrum management, digitalisation as well as OPL strategy concerning financial services in the further work of the committee this year.

I want to thank not only Gervais, but also all Committee members and guests for their contribution to effective work for the sustainable development of the company and its market success last year.

Jean-Marc Vignolles

Chairman of the Strategy Committee

Issues on the Strategy Committee's agenda for 2018

OPL strategic plan 2019-2022

The principal assumptions and deliverables of the OPL strategic plan for 2019-2022 have been discussed, including main risks.

The plan's goals were considered realistic thanks to very strong efficiency programs that would be engaged. HR cost reduction was a sine qua non condition of the transformation, guaranteeing regaining profitability.

Orange Energy after MMP consolidation and next steps

Orange Energy should distinguish itself from the other energy providers, by concentrating on digitalisation and green energy. OPL positioning may also include helping households in managing the entire consumption and energy home expenses (which will also promote pro-environmental

attitudes). Although some tests of remotely operated home appliances have already been done, the market seems not to be fully ready yet for such solutions.

Content market overview

Content is very important from the perspective of FTTH monetization and being distinguished on the market (building a competitive advantage). In Poland the pay TV market is constantly growing and the Poles continue to spend a lot of time in front of the TV. It was pointed out that OTT players (Netflix, Amazon, etc.) are playing an increasingly important role in the content market, particularly in younger age segments. Nevertheless due to the popularity of sports content in Poland, linear TV still has a large share in overall content consumption. The production of content in Poland - especially the sports one - is strongly concentrated and mostly remains in the hands of two players.

New trends on telco market inspired by Netflix and Amazon

OPL is the precursor of eSIM solution on the Polish market and the phenomenon is perceived in the company both as a big challenge (change of the mobile operator is easier) and in the same time as a huge business opportunity in the future.

Inspiration of current trends and their smart implementation in the strategy has been recognized as the optimal path to ensure a leading position in building and maintaining customer relationships by the company.

Overview of CPG & Netia deal and other potential consolidation moves on Polish market

The importance of the CPG & Netia merger and its influence on the structure of Polish telecommunication market was stressed out. From a business perspective, the transaction confirms that pushing the market towards the convergence - the core of OPL's strategy - was right. This is also a trend visible in other European countries. The Committee has analysed also various consolidation possibilities on the Polish market their probability and business effect on OPL activity.

IT systems overview

The importance of the Online project completion concerning the new, simple and more efficient system used by all the Orange Polska shops and contact centres was pointed out, especially its elasticity and the role in facilitating the IT digital transformation in the company.