

Attachment

*to the Supervisory Board resolution
no. 14/19 dated 22 March 2019*

**THE SUPERVISORY BOARD'S REPORT
for the 2018 financial year**

The Supervisory Board's report for the 2018 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 Management Board's motions on distribution of the Orange Polska S.A. profit for the 2018 financial year and the profit from previous years, addressed to the Annual General Meeting,
- 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 2018:

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. John Russell 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 Théron - Board Member

In 2018 the following changes occurred in the composition of the Supervisory Board.

- on 20 April 2018, the mandates of Ms. Henryka Bochniarz, Mr. Jean-Marie Culpin, Mr. Ramon Fernandez, Ms. Maria Pasło-Wiśniewska, Mr. Wiesław Rozłucki and Ms. Valérie Théron expired'
- on the same day, Ms. Henryka Bochniarz, Mr. Thierry Bonhomme, Mr. Ramon Fernandez, Ms. Maria Pasło-Wiśniewska, Mr. Wiesław Rozłucki and Mr. Jean-Marc Vignolles were appointed by the Annual General Meeting as members of the Supervisory Board.

Composition on 31 December 2018:

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

In 2018, some amendments were introduced to the Company's Articles of Association regarding the number of independent members of the Supervisory Board and independence criteria of an independent Supervisory Board member, in accordance with the terms of the Act of 11 May 2017 on statutory auditors, audit firms and public supervision.

In accordance with these criteria, until November 9, 2018, Orange Polska had five independent members of the Supervisory Board, namely Dr. Henryka Bochniarz, John Russell Houlden, Prof. Michał Kleiber, Dr. Maria Paśło-Wiśniewska and Dr. Wiesław Rozłucki. At present, four members of the Supervisory Board meet the independence criteria, namely Dr. Henryka Bochniarz, John Russell Houlden, Prof. Michał Kleiber and Dr. Maria Paśło-Wiśniewska.

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

Committees:

Three permanent committees operate within the Supervisory Board. Their composition was the following (as of 31 December 2018):

1) **Audit Committee:**

John Russell Houlden – Chairman
Federico Colom Artola
Prof. Michał Kleiber
Dr. Maria Paśło-Wiśniewska
Marc Ricau

2) **Remuneration Committee:**

Dr. Wiesław Rozłucki – Chairman
Thierry Bonhomme
Dr. Maria Paśło-Wiśniewska
Marc Ricau

3) **Strategy Committee:**

Jean-Marc Vignolles– Chairman
Dr Henryka Bochniarz
Eric Debroeck
Prof. Michał Kleiber
Patrice Lambert de Diesbach

Dr. Maria Paśło-Wisniewska
Gervais Pellissier

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

During discussing specific matters at the meeting, the Chairmen of the committees present 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 2018.

The reports of the three permanent committees of the Supervisory Board on their activities in 2018 are attached hereto.

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

The main areas of activity of the Supervisory Board

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 2018 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 covering the Company's net loss for the 2017 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, 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 opinion on Orange Polska S.A. and Orange Polska Group budget,
- 4) preparing the report on the Supervisory Board's activity in 2017 including the assessment of the Orange Polska Group's standing, the assessment of the Group's system of internal control, risk management, compliance and internal audit, the assessment of the compliance with disclosure obligations and the assessment of the rationality of the sponsorship and charity policy,
- 5) deciding on the composition of the Management Board and the evaluation of its performance.

Throughout 2018, the Supervisory Board focused on the following issues:

a) Orange.one strategic plan for 2017 - 2020

In 2018, the Supervisory Board closely monitored the implementation of the new approach to the mid-term strategic plan for 2017-2020, which was adopted in September 2017 as "Orange.one". The plan aims to restore sustainable growth of Orange Polska's revenues and profits by achieving the position of the first choice telecommunications operator for both retail and business customers. The results achieved by Orange Polska validate the aforementioned assumptions.

b) Orange Love offer and growth in convergent services

2018 was the second consecutive year, in which the Orange Love convergent offer addressed to households and small businesses – which is based on simplicity and in its basic package combines broadband, TV, mobile post-paid and home phone services – generated a very significant increase in the convergent customer base, driving convergent revenue growth by 30% year-on-year. Each convergent customer uses on average four services, accounts for almost two SIM cards and spends more than PLN 100 a month on our services. The total number of services provided in the convergence scheme among B2C customers has exceeded 5 million. For Orange Polska, such a comprehensive offer is a major competitive advantage over its competitors, including CATV operators.

The Supervisory Board has been discussing the sales of convergent services and the implementation of the Company's strategy in this area on a current basis, focusing particularly on customer satisfaction improvement and churn reduction.

c) continued roll-out of the fibre network

According to the Supervisory Board, further rapid expansion of our fibre network in Poland provides Orange Polska's key competitive differentiator over alternative operators and major aid for convergent sales. In 2018, additional 900 thousand Polish households were covered by our fibre network, leading to a 71% increase in our fibre customer base. The Supervisory Board is pleased to note that the great majority (over 80%) of the acquired customers were new to Orange Polska. Furthermore, the Supervisory Board put attention to Orange Polska's involvement in the Operational Programme "Digital Poland" and issued a positive opinion regarding an agreement with T-Mobile on wholesale access to Orange Polska's fibre network.

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

At each meeting, the Supervisory Board discussed in detail the current financial and operational results of Orange Polska in comparison to the budget adopted at the beginning of the year.

An undeniable success of the strategy to ensure a stable business model generating sustainable growth in both sales and profits was the first adjusted EBITDA growth after 12 successive years of decline (by 3.1% year-on-year). This reflects very strong and rapid cost optimisations (a 10% reduction in indirect costs), improved revenue trend and record-high gains on sale of assets. In 2018, the years-long revenue erosion was contained to only -0.7% year-on-year, particularly owing to strong commercial performance in convergent, fibre and mobile services as well as 20% growth in IT/IS revenues.

In 2018, adjusted capital expenditures amounted to PLN 2,250 million (up 16% year-on-year), reflecting connectivity investments (in both fixed and mobile networks), development projects and business transformation.

e) market trends

The Supervisory Board closely monitored the developments in the telecommunications market, including consolidation trends and regulatory outlook. In the Supervisory Board's opinion, it is of paramount importance for the Company to adequately prepare for the launch of investments in the 5G network and provision of modern services based on this technology, taking into account the potential risks involved. Furthermore, in 2018 Orange Polska became the first operator in the Polish market to support devices with GSMA's embedded SIM (eSIM) cards. The Supervisory Board expects that in the long run this will contribute to accelerated growth of the market for smart devices. Another issue discussed was a change in attitude to provision of financial services under the Orange Finanse brand after the end of co-operation with mBank, as these services remain a major segment of the Company's portfolio.

f) the Management Board composition

On February 7, 2018, the Supervisory Board reappointed Bożena Leśniewska and Jolanta Dudek for the next terms of office as members of the Management Board. In accordance

with the Best Practice for GPW Listed Companies, the renewals were made more than three months before the expiration of their terms of office. Bożena Leśniewska is the Vice-President of the Management Board in charge of Business Market, while Jolanta Dudek is the Management Board Member in charge of Customer Experience.

On October 18, 2018, the Supervisory Board appointed two new members of the Management Board: Witold Drożdż and Piotr Jaworski. They took up their new positions on November 1, 2018. Witold Drożdż is the Management Board Member in charge of Strategy and Corporate Affairs, while Piotr Jaworski is the Management Board Member in charge of Network and Technology.

The Supervisory Board met 5 times in 2018 and adopted 30 resolutions, of which 2 were in writing (by circulation). The attendance at the meetings was 95,6% on average.

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 of the work of the Supervisory Board

At the end of 2018, members of the Supervisory Board completed detailed self-appraisal questionnaires.

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,
- extensive business experience, often supported by many years of professional practice, comprehensive knowledge in various fields and personal competence of the Supervisory Board's members as well as the diversified composition, organisation and operation of the Supervisory Board and its committees allowed for effective supervision over the activities of Orange Polska,
- in addition, the activities of the permanent Supervisory Board's committees have significantly contributed to the efficient and effective supervision over the key areas of Orange Polska's activities,
- properly and with due care performed its duties in 2018.

Detailed professional bios of members of the Supervisory Board are posted on the Company's website.

II. 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. 4/19 dated 19 February 2019, assessed:

- 1) the IFRS separate financial statements of Orange Polska S.A. for 2018 financial year;
- 2) the Management Board's report on the activity of Orange Polska Group and Orange Polska S.A. in 2018,
- 3) the IFRS consolidated financial statements for 2018.

Moreover, the Supervisory Board has reviewed and assessed:

- 1) resolution No. 9/O/19 of the Company's Management Board dated 20 February 2019 on the Management Board's motion on distribution of the Orange Polska S.A. profit for the 2018 financial year,
- 2) resolution No. 10/O/19 of the Company's Management Board dated 20 February 2019 on the Management Board's motion on distribution of the Orange Polska S.A. profit from previous years.

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 2018, the Supervisory Board recommends the Annual General Meeting:

1. to approve the Orange Polska S.A. IFRS separate financial statements for the 2018 financial year;
2. to adopt a resolution on distribution of the Orange Polska S.A. profit for the 2018 financial year according to the motion of the Management Board included in the resolution 9/O/19;
3. to adopt a resolution on distribution of the Orange Polska S.A. profit from previous years according to the motion of the Management Board included in the resolution 10/O/19;
4. to approve the Management Board's report on the Orange Polska Group and Orange Polska S.A. activity in 2018,
5. to approve the Orange Polska Group IFRS consolidated financial statements for the 2018,
6. to grant approval of the performance by the members of the Management Board of Orange Polska S.A. of their duties in 2018.

III. ASSESSMENT OF ORANGE POLSKA GROUP'S STANDING

This section contains the Supervisory Board assessment of the Orange Polska Group's performance in 2018 in accordance with the recommendation no. II.Z.10.1 of the Best Practice for GPW Listed Companies, introduced by the Warsaw Stock Exchange. The assessment is based on the 2018 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 oversee the accuracy of financial reporting and the functioning of the internal control and risk management system.

Group's Operational Review

The Group's key goals in 2018 were to:

- Follow the priorities set in Orange.one;
- Execute commercial plans, which included capitalisation on the new offer portfolio that we introduced in 2017;
- Increase monetisation of the fibre project;
- Continue fibre network roll-out to cover more than 1 million new households connectable (including implementation of the Operational Programme "Digital Poland" – 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).

2018 was a breakthrough year for Orange Polska in terms of financial results. After 12 successive years of decline, adjusted EBITDA was up 3%. This outperformed the stabilisation of this measure promised to the financial markets. In the Management Board's opinion, which is shared by the Supervisory Board, it is a consequence of the well-executed Orange.one strategy. Last year was the first full year of its implementation.

The Management Board kept the Supervisory Board updated about various aspects related to the strategy. The Supervisory Board shares the Management Board's opinion that the key conditions for success of the Group's strategy include consistent implementation of convergence as the main formula for competing in the mass market, monetisation of fibre investments and steady focus on value generation in commercial activities.

As part of the review of investments in the fibre network, the Management Board presented also the information about progress in the network development in the Operational Programme "Digital Poland". These investments are co-financed from the EU structural funds and are socially important, as they greatly contribute to the propagation of fast internet in non-urban areas and at schools. However, use of structural funds involves a risk of financing reduction or return in various cases, such as negative assessment of the formal dossier by control institutions or work delays beyond the settlement deadline.

2018 demonstrated that monetisation of this huge investment may be also effected through a wholesale offer. The agreement for the wholesale access of T-Mobile to the Orange Polska's fibre network was a subject of analyses and discussions at the Supervisory Board's meetings, and subsequently was given positive recommendation by the Supervisory Board. In the Supervisory Board's opinion, the wholesale co-operation will maximise usage of Orange Polska's infrastructure while avoiding fibre network overbuilding by other operators and accelerate convergence of telecom services in the Polish market based on fibre.

A major aspect of the Supervisory Board's discussions of strategy was the situation in the telecom market both in regulatory and competition terms. Although the market remains highly competitive, the Management Board is of opinion that service prices in Poland (particularly in the mobile sector) have stopped falling. The observed market trends in conjunction with favourable macroeconomic outlook for Poland (resulting, inter alia, in disposable income growth) indicate that the situation in the telecom market should improve in the coming years.

Furthermore, the Supervisory Board discussed the end of co-operation with mBank in the provision of financial services under the Orange Finanse brand. The discontinuation of this co-operation stems from a change in Orange Polska's business attitude to the provision of financial services to its customers. The new model will be more beneficial in terms of value generation for Orange Polska. Financial services remain a major pillar of the Company's services supplementary to its telecommunications portfolio.

Group's Financial Overview

The Management Board kept the Supervisory Board updated about the Company's financial performance. The Audit Committee of the Supervisory Board supervised the accuracy of financial

reporting on a current basis and submitted its opinions to the Supervisory Board prior to the publication of results for subsequent reporting periods.

The Group met its financial goals for 2018. In terms of adjusted EBITDA, the guidance was even exceeded. Under comparable accounting standards, adjusted EBITDA was up 3% year-on-year, outperforming the intended stabilisation. Both revenue evolution and generated cash improved.

Revenues (under IAS18 accounting) totalled PLN 11,296 million in 2018. The year-on-year decline was contained to just 0.7% or PLN 85 million despite continued structural pressure on legacy business lines (traditional retail and wholesale fixed telephony).

The Supervisory Board shares the Management Board's opinion that convergence is the strategic engine of this improvement. Convergence revenues were up 30% in 2018, which was broadly similar pace as in 2017.

2018 adjusted EBITDA came in at PLN 3,104 million (under IAS18 accounting) and was PLN 93 million higher versus 2017. This adjusted EBITDA performance stopped 12 consecutive years of EBITDA decline. It was driven by very strong cost optimisations (indirect costs in 2018 were down 10% year-on-year) and record-high gains on disposal of assets.

Net income for 2018 stood at PLN 190 million (under IAS18 accounting) versus a net loss of PLN 60 million in 2017. The significant improvement is mainly a consequence of much higher reported EBITDA, which in 2017 was affected by provisions of PLN 204 million related to the Social Agreement.

Adjusted organic cash flow for 2018 came in at PLN 453 million and increased significantly versus PLN 111 million in 2017. The most significant factor behind the improvement was receipt of PLN 275 million from T-Mobile pursuant to the wholesale agreement.

In 2018, the Group did not pay out dividend, which was given positive recommendation by the Supervisory Board. This decision was determined by challenging business outlook, particularly the need to maximise cash allocation to strategic investment projects and potential payment of EC fine.

Conclusions and 2019 Recommendations

- Orange Polska delivered its operating and financial goals for 2018 owing to the consistent implementation of its strategy, focus on value and comprehensive business transformation. The underlying objective is to build a company better structurally prepared to future competitive challenges and business opportunities, and able to generate sustainable growth. In 2019, Orange Polska will focus on the same strategic priorities in order to sustain the growth achieved in the preceding year.
- In the Supervisory Board's opinion, in 2019 the Group should focus, in particular, on the following key aspects:
 - Follow the priorities set in Orange.one;
 - Meet the forecasts and guidance for revenue and EBITDAaL growth published for the financial markets;
 - Execute commercial plans which reflect focus on value generation on both mass and business markets;
 - Accelerate monetisation of the fibre project;
 - Continue fibre network roll-out under the Operational Programme "Digital Poland" (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;
 - Prepare for 5G network investments;

- Maintain financial stability and monitor closely the level of debt ratios, that is net debt-to-EBITDAaL should fall below 2.4 reported at the end of 2018.

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 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 in their areas of responsibility. 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 2018, published on 20 February 2019.

In 2018, 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 2018.

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.

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.

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 2018 in accordance with the recommendation no. II.Z.10.3 of the Best Practice for GPW Listed Companies.

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 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 (no. 1309/2015) dated 17.12.2015. 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 2018. 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 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 informed about the non-application of the recommendation IV.R.2 of the Best Practice for GPW Listed Companies 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. 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.

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 2018 in accordance with the recommendation no. II.Z.10.4 of the Best Practice for GPW Listed Companies.

The Supervisory Board states that the sponsoring strategy led by the Company and focused in 2018 on music as the main area supporting the brand brought the appropriate financial and marketing efficiency. According to the adopted strategy, in the strategic sponsorship area 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 or main 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.