

**REPORT**  
**on the 2014 activities of**  
**the Audit Committee**  
**of the Orange Polska S.A. Supervisory Board**

The Audit Committee (“the AC”) was established by virtue of the resolution of the Supervisory Board no. 324/V/2002 dated June 14, 2002 regarding the establishment of the AC as a consultative body acting under the Supervisory Board.

The principal tasks of the AC are to advise the Supervisory Board on proper implementation of budgetary and financial reporting and internal control (including risk management) principles in Orange Polska S.A. (the “Company”, “OPL”) and Orange Polska Group (the “Group”), and to liaise with its auditors.

**Composition**

In 2014, the AC was composed of the following persons:

Chairman:     until 10 April 2014: Mr. Timothy Boatman (“Independent Director”)  
                  from 10 April 2014: Mr. Russ Houlden (“Independent Director”)

Members:     Ms. Marie Christine Lambert  
                  Mr. Sławomir Lachowski (“Independent Director”)  
                  Mr. Marc Ricau

The Secretary of the AC was Mr. Jerzy Klonecki (until 6 February 2014) and Mr. Jacek Hutyra (from 6 February 2014).

Chief Executive Officer (Mr. Bruno Duthoit) and Chief Financial Officer (Mr. Jacques de Galzain until 28 February 2014 and Mr. Maciej Nowohoński from 17 March 2014), as well as Internal Audit Director (Mr. Jacek Chaber) generally attended all meetings of the AC. Other members of the Management Board, Executive Directors and other managers and invited guests attended the meetings when appropriate. The AC meetings were also attended, when appropriate, by representatives of the Company’s external auditor, Deloitte.

**Functions of the Committee**

The key functions of the Audit Committee, as specified in its Terms of Reference attached to the Regulations of the Supervisory Board, 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, to the extent possible, 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 programme, including the review of independence of the Internal Audit function and its budget, and coordination between the internal and external auditors;

- 4) Analyzing 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 engagement, termination, appraisal and/or remuneration (including bonuses) of the Director of the Internal Audit;
- 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.

#### **Activity in 2014**

The Audit Committee held 11 meetings in 2014, out of which 9 were regular meetings and 2 were dedicated ad-hoc meetings. The AC performed in particular the following activities:

- 1) Review of the Group's 2014 budget and addressing recommendations on it to the Supervisory Board;
- 2) Review of the Company's and Group's quarterly and annual financial statements, notably the relevance and consistency of the accounting methods used by the Company and the Group; particular attention was paid to those aspects where judgment is required, e.g., impairment of assets including goodwill and trade receivables, provisions for legal, tax and regulatory cases, revenue recognition and deferred tax;
- 3) Improvement of non-GAAP measures disclosure;
- 4) Review of reserves available for distribution as dividends and their reconciliation to retained earnings;
- 5) Review of the 2014 dividend proposed by the Management;
- 6) Monitoring the accounting standards evolution and expected relevant changes in the legislation;
- 7) Review of the accounting policies and approaches, and in particular quarterly consideration of all accounting issues, one-offs, estimates and judgments, as well as of the application of the IAS revenue recognition rules;
- 8) Review of the prior year performance of the external auditor and recommending to the Supervisory Board on the selection of the external auditor, its remuneration and terms of engagement. In accordance with the Code of the Best Practices for companies listed on the Warsaw Stock Exchange, the Audit Committee recommended to the Supervisory Board the appointment of Deloitte Polska Sp. z o.o. Sp. k. to the audit of the Company and the Group for the financial year 2014 and to review half-yearly financial statements for the period of six

months ended June 30, 2014. Deloitte Polska Sp. z o.o. Sp. k. was first appointed as statutory auditor for the year ended December 31, 2009;

- 9) Review of the scope and the results of the external audit, independence and objectivity (including scepticism) of the auditors and reporting its conclusions to the Supervisory Board. All non-audit services provided by external auditors were approved in advance by the Chairman of the Audit Committee. In addition, the Audit Committee reviewed the external auditors' proposed audit plan for the financial year 2014, including the materiality level set for audit testing, in the light of the Group's present circumstances and changes in accounting and auditing standards. The Committee has also monitored the Company's responsiveness to the recommendations from the external auditor made in its management letter. In addition, the Committee met privately with the lead partner of the statutory audit firm;
- 10) Consideration of the Polish component of audit tenders submitted in 2014 as part of the Orange SA Group audit tender process and providing advice to Orange SA of OPL preferences regarding the selection of two preferred joint auditors for Orange SA Group to allow an appropriate choice to be made by OPL in 2015;
- 11) Review of the Group's system of internal control and risk management as reported by the Management Board and, in particular, whether the Management Board sets the appropriate "control culture" and the way risks were identified, managed and disclosed by the Management. The Audit Committee received reports from Management on action plans in response to comments on internal controls from the internal and external auditors;
- 12) Review of the annual plan of Internal Audit, its budget and progress reports, as well as monitoring the responsiveness of management to Internal Audit findings and recommendations. In addition, the Committee met privately with the Director of the Group's Internal Audit and reviewed the independence of Internal Audit. The Committee was also provided with a report regarding the renewal in 2014 of the certification of Internal Audit activities by Institut Français de l'Audit et du Contrôle Interne (IFACI);
- 13) Review of the Company's compliance system, including reorganising the reporting to the AC on ethics and compliance by appropriate units into five clearly defined areas: ethics, overall compliance with laws and regulations; anti-fraud; security; anti-corruption. The Committee monitored, moreover, the operations of the Group's Ethics Committee and of the Group's Compliance office, as well as the results of investigations initiated by whistle-blowing;
- 14) Review of and opinions on significant transactions with related parties as defined by the corporate rules, in particular regarding the financing arrangements with the Orange Group (and the operation thereof); in line with internal regulations and best practices of corporate governance, the independent members of the Committee played the leading role in these considerations;
- 15) Issuing opinions on other matters referred to the Committee by the Supervisory Board and/or the Management Board;
- 16) Review of other matters of interest to the Committee, including but not limited to revenue assurance, hedging and insurance.

The Audit Committee complied with the *Recommendations on the work of the Audit Committee* issued in November 2010 by the Office of the Financial Supervision Authority in Poland.

Russ Houlden  
Chairman of the Audit Committee of the Supervisory Board  
March 12, 2015