

## **Report on the activity of the Remuneration Committee of the Supervisory Board of Telekomunikacja Polska S.A. in 2012**

The Remuneration Committee was established by virtue of the Resolution of the TP Supervisory Board no. 385/04 dated June 16, 2004 regarding TP S.A. Supervisory Board's Remuneration Committee establishment as consultative body acting under the Supervisory Board.

The task of the Committee is to advise the Supervisory and Management Board on general remuneration policy of TP Group and to make recommendations on appointment, performance objectives, remuneration procedures and amounts to the Supervisory and Management Board.

### **Composition:**

In 2012, the Remuneration Committee was composed of the following persons:

Chairman:

Dr. Wiesław Rożłucki ("Independent Director")

Members:

Benoit Scheen

Nathalie Clere – until October 18, 2012

Marc Ricau – from October 18, 2012

The Secretary of the Committee was Jacek Kowalski, TP Management Board Member in charge of Human Resources.

### **Activity in 2012:**

In 2012, the Remuneration Committee held 6 meetings and in particular developed recommendations for Supervisory Board consideration focused on the following remuneration-related issues:

1. Benefits under the employment contract for the Management Board Members. Standardization of the contracts structure.
2. Analysis of solutions for remuneration and reporting to the stock exchange of the Management Board Members compensation - within the context of EU good practices.
3. Discussion about the general level of remuneration of the Management Board Members and directors reporting directly to the CEO, in comparison to market benchmarks.
4. Discussion and implementation of new system of distribution and evaluation of targets- Performance Management.
5. Evaluation of MBO's of the Management Board Members for H2 of 2011 and H1 of 2012. REMCO recommendation about bonuses for the Management Board.
6. Approval of the Management Board Members targets for H2 of 2012 and H1 of 2013 (according to the Performance Management rules).

Wiesław Rożłucki

Chairman of the Remuneration Committee

*March 28, 2013*