

*Attachment*

*to the Supervisory Board resolution  
no. 10/22 dated 25 March 2022*

**Report on the Remuneration of the Members of the Management  
Board and Supervisory Board of Orange Polska S.A.  
in 2021**

This Report on the Remuneration of the Members of the Management Board and Supervisory Board of Orange Polska S.A. (“the Remuneration Report”) has been developed by the Supervisory Board of Orange Polska S.A. (“the Company”) in compliance with the Act of 29 July 2005 on public offering and the conditions for introducing financial instruments to the organised trading system and on public companies (“the Public Offering Act”).

The Report covers the financial year 2021 and provides an overview of the remuneration granted in line with the Remuneration Policy of Orange Polska S.A. and, from 17 June 2020, also the Remuneration Policy for Members of the Management Board and the Supervisory Board of Orange Polska S.A. with subsequent amendments (“the Remuneration Policies”). The Remuneration Policies support the implementation of the Company’s strategy and the protection of its long-term interests. In particular, by ensuring market-competitive base salaries and additional benefits, the Company strives to recruit and retain the Company’s key people. The purpose of the short-term and long-term variable remuneration, which depends on the Company’s key financial indicators, is to motivate the Management Board Members to achieve strategic goals, which are subsequently cascaded to employees at lower levels of the organisation in the form of management goals.

The Remuneration Policies applied by the Company are also an element of its comprehensive strategy. By enabling the recruitment, retention and motivation of the best managers and professionals in the specialised areas existing in Orange Polska S.A., they provide people prepared to achieve the strategic goals of the Company.

Remuneration levels within Orange Polska S.A. (the Company) are regularly compared to the remuneration practices of competitive companies in the market. Total remuneration depends in particular on the Company’s financial results as well as one’s individual contribution and performance.

## **1. Changes in the Company’s Boards**

On 16 February 2021, the Supervisory Board reappointed Witold Drożdż, Jolanta Dudek, Piotr Jaworski and Bożena Leśniewska for the next terms of office as Members of the Management Board. In line with the *Best Practice for GPW Listed Companies*, the renewals were made over four months before the expiration of the current terms of office.

As of 31 December 2021, the Company’s Management Board was composed of: Julien Ducarroz, Jolanta Dudek, Bożena Leśniewska, Witold Drożdż, Piotr Jaworski, Jacek Kowalski, Jacek Kunicki and Maciej Nowohoński.

Regarding Supervisory Board Members, on 25 June 2021 the mandates of seven persons expired, namely Henryka Bochniarz, Thierry Bonhomme, Eric Debroeck, Ramon Fernandez, Marie-Noëlle Jégo-Laveissière, Maria Paśło-Wiśniewska and Jean-Marc Vignolles.

On the same day, the Annual General Meeting appointed the following persons as Members of the Supervisory Board: Philippe Béguin, Bénédicte David, Ramon Fernandez, Marie-Noëlle Jégo-Laveissière, Maria Paśło-Wiśniewska, Wioletta Rosofowska and Jean-Marc Vignolles.

## **2. Description of the Remuneration Policies**

In line with the requirements set in the Public Offering Act, on 17 June 2020 the Annual General Meeting adopted the Remuneration Policy for Members of the Management Board and the Supervisory Board of Orange Polska S.A., which was subsequently amended on 27 August 2020.

Under this Policy, the Company's remuneration system for the Management Board Members consists of fixed and variable components, including:

- i. base salary;
- ii. performance-based bonus (variable component of remuneration);
- iii. benefits and allocation benefits;
- iv. long-term capital remuneration;
- v. base premium for participation in the pension scheme;
- vi. jubilee awards;
- vii. employment termination benefits;
- viii. other benefits arising out of the provisions of labour law.

The remuneration paid in 2021 was structured in compliance with the adopted Remuneration Policies and thus furthered the key objectives thereof.

The detailed terms of remuneration have been regulated in individual employment contracts with Members of the Management Board.

Some remuneration components due to the Management Board Members employed by the Company (including employee pension scheme premiums or some non-pecuniary benefits) were granted based on internal regulations which apply also to other employees of the Company.

In line with the Company's Articles of Association, Members of the Management Board were appointed by the Supervisory Board. The term of office of each Member of the Management Board is three years. Remuneration payments to the Management Board Members were effected pursuant to employment contracts concluded for their term of office.

Mr. Julien Ducarroz, who has been the President of the Management Board of Orange Polska S.A. since 1 September 2020, remains employed by Swiss-based Orange Global International Mobility S.A. (OGIM), an Orange S.A. Group company, and performs his duties as the CEO on the basis of appointment, as he has been posted to Orange Polska S.A.

Members of the Supervisory Board are appointed and removed by the General Meeting. Their individual term of office is three years. No contracts related to their functions in the Supervisory Board are concluded with Supervisory Board Members. Their remuneration is payable pursuant to the relevant resolution appointing the Supervisory Board Member and Resolution No. 33 of the General Meeting of Orange Polska S.A. dated 9 April 2015 on the terms of remuneration of Members of the Supervisory Board, and the Remuneration Policy for Members of the Management Board and the Supervisory Board of Orange Polska S.A. Simultaneously, the Supervisory Board Members other than Independent Members may remain employed by an Orange S.A. Group company; then, no remuneration is due to such Supervisory Board Members.

At least four Members of the Supervisory Board of Orange Polska S.A. should be Independent Members, meeting the independence criteria specified in the Articles of Association of Orange Polska S.A. and the Act of 11 May 2017 on certified auditors, audit firms and public supervision with respect to Independent Members of the Audit Committee.

In 2021, Orange Polska S.A. had five independent Members in the Supervisory Board, namely John Russell Houlden, Prof. Michał Kleiber, Monika Nachyła, Maria Paśło-Wiśniewska PhD and Wioletta Rosołowska.

### **3. Remuneration of the Members of the Management Board and Supervisory Board**

#### **a. Base salary**

The terms of base salaries of the Management Board Members take into account the remuneration standards for particular positions related to the scope of duties and the market valuation of the work performed. Orange Polska S.A. monitors the remuneration market by comparing, at least annually, the Company's salaries and remuneration practices to the remuneration in other companies in the Polish market.

In the reported period, Orange Polska S.A. determined remuneration terms based on non-discrimination, particularly with respect to gender, age, disability, race, religion, nationality, political opinion, trade union membership, ethnic origin and sexual orientation. The Company regularly reviewed its remuneration practices for non-discrimination.

On 3 November 2021, the Supervisory Board adopted the Diversity Management Policy applicable to the Management Board.

Furthermore, with respect to the Management Board Members, the Remuneration Committee of the Supervisory Board has the right to recommend the terms of employment, including the amount of base salary, based on the following premises:

- i. scope of responsibilities and complexity specific to the position;
- ii. market competitiveness of the remuneration;
- iii. recommendation of the President of the Management Board (does not apply to the remuneration of the latter);
- iv. recommendation of the Member of the Management Board in charge of Human Capital in the Company (does not apply to the remuneration of the latter);
- v. individual contribution of the Management Board Member to the implementation of the Company's strategy.

#### **b. Benefits**

The Company provided a package of benefits to its employees, including Members of the Management Board of Orange Polska S.A., in order to build a valuable offer supporting employee recruitment and the establishment of long-lasting relationships with the Company, improving the quality of life and promoting employee integration. Orange Polska S.A. wants all its employees to be the ambassadors of the Orange brand; therefore, it provides them with access to its own products and services. Furthermore, Members of the Management Board were provided with benefits aimed to enable and facilitate the performance of their duties within the Company.

Members of the Management Board employed by Orange Polska S.A. were entitled to the following non-pecuniary remuneration components:

- i. training and studies aimed at improving professional qualifications;
- ii. medical care package for Members of the Management Board and their relatives (children, partners/spouses);
- iii. life insurance;
- iv. landline Internet at the place of residence (Orange Polska S.A.'s telecommunications infrastructure permitting);
- v. protection in the case of liability arising from the performance of the Management Board Member's duties, including in the form of insurance protection;
- vi. other non-pecuniary benefits to which the Company's employees are entitled in accordance with the internal regulations of Orange Polska S.A.

Members of the Management Board posted to Poland are entitled to all or some of the benefits listed above, or the benefits available according to regulations of the posting company, provided that they are approved by the Supervisory Board of Orange Polska S.A.

In 2021, Members of the Management Board employed by Orange Polska S.A. were actually granted the following benefits (accounted for in the Table 1a below):

- i. medical care package for Members of the Management Board and their relatives;
- ii. life insurance;
- iii. landline Internet at the place of residence.

Members of the Management Board were also entitled to liability insurance in 2021.

Members of the Management Board were granted some benefits from which also persons closely associated with them could benefit in line with the terms of their employment contracts. The value of such benefits was indicated in the Table 1a below under the Benefits item.

While performing the duties of the President of the Management Board of Orange Polska S.A., Mr. Julien Ducarroz was entitled to the benefits resulting from the International Mobility Policy of the Orange Group, payable by Orange Polska S.A. pursuant to an agreement between Orange Polska S.A. and OGIM. The amount of his remuneration and benefits is shown in the Table 1b below.

In the reported period, Members of the Management Board of Orange Polska S.A., excluding Julien Ducarroz posted to the position of the President of the Management Board, did not receive remuneration from other Orange S.A. Group companies except for eligibility to participate in the Long Term Incentive Plan (LTIP).

In the reported period, Members of the Management Board of Orange Polska S.A. did not receive remuneration from other subsidiaries of the Orange Polska S.A. Group

**c. Other benefits eligible to Members of the Management Board on the same terms as to all employees**

Members of the Management Board employed by Orange Polska S.A. had the right to join the Employee Pension Scheme ("EPS"), which is financed by Orange Polska S.A. This scheme is a pension fund (Orange Polska Employee Pension Fund). Members of the Management Board become eligible after they have worked for at least six months in Orange Polska S.A. The Company finances a monthly base premium in the amount of 7% of the gross remuneration amount, which constitutes the base for the calculation of the pension and disability insurance premiums. In 2021, Members of the Management Board employed by Orange Polska S.A. made use of this benefit.

Members of the Management Board employed by Orange Polska S.A. had the right to one-off jubilee awards for long service in accordance with the provisions of the Collective Labour Agreement for Employees of Orange Polska S.A. In 2021, jubilee awards were granted to Jacek Kowalski, Jacek Kunicki, Bożena Leśniewska and Maciej Nowohoński.

Member of the Management Board, Piotr Jaworski, uses the housing unit from the Company's resources on the basis of a lease agreement concluded prior to his appointment to the Management Board. The rent for a dwelling is determined in the same way as for other people using the dwellings in the Company's resources.

#### **d. Benefits related to termination of employment with Orange Polska S.A.**

In case of employment termination, employment contracts with Members of the Management Board employed by Orange Polska S.A. are terminated with a six-month notice, and they are entitled to base salary during this period.

Upon employment termination by Orange Polska S.A., in the cases specified in the employment contracts, Members of the Management Board were entitled to severance pay in the amount of their six-month base salary.

All Members of the Management Board are obliged to refrain from engaging in any competitive activities for twelve months after the termination of employment with Orange Polska S.A. Subject to certain exceptions, in return for refraining from competitive activities they are entitled to receive compensation in the amount of their six-month base salary.

#### **e. Variable remuneration component**

Each Member of the Management Board was entitled to variable remuneration component dependent on the achievement of annual and semi-annual financial and non-financial objectives.

The purpose of the bonus system was to motivate Members of the Management Board to achieve high performance by attaining the predefined and agreed objectives which support the implementation of the Company's strategy and growth of customer satisfaction. In addition, the system of objectives stimulated co-operation among employees and business units by setting some solidarity objectives in addition to individual ones.

For Members of the Management Board, the variable component of remuneration is more related to the Company's performance and depends more on the achievement of solidarity goals, which are financial objectives shared by all Members of the Management Board, than in the case of other employees of the Company.

The variable component of remuneration was determined in semi-annual settlement periods, and its calculation was based on the evaluation of the achievement of objectives defined for each Member of the Management Board in their individual task sheets.

The annual and semi-annual objectives for Members of the Management Board depended on the Company's business plans for a given period, scope of responsibility of the particular Member of the Management Board, recommendations of the President of the Management Board and recommendations of the Member of the Management Board in charge of Human Capital in the Company.

Solidarity objectives included EBITDAaL (EBITDA after Leases), Organic Cash Flow, Revenues (for the whole Orange Polska Group or certain segments of its activity) and Perception NPS (customer satisfaction with Orange services). Individual objectives were related to functional performance and management quality.

If objectives were assessed to have been achieved in 100%, the amount of the variable remuneration component was 50% of the base salary due for a given period under the employment contract. The achievement of the set objectives below or above 100% entailed a lower or higher amount of the variable remuneration, respectively. Performance in 2021 permitted granting the variable remuneration component to all Members of the Management Board, which is reflected in the Tables 1a and 1b below.

In addition, the President of the Management Board of Orange Polska S.A. was entitled to the Stretch Bonus for 2021, the implementation of which was based on EBITDAaL and eCAPEX as

financial triggers. This bonus is up to 40% of his annual base salary. The Stretch Bonus for the President for 2021 will be paid in 2022.

**Table 1a. Total remuneration of Members of the Management Board in 2021**

Full name	1. Fixed remuneration (PLN '000)						2. Variable remuneration (PLN '000) <sup>1</sup>			Total remuneration for 2021 (PLN '000)	Proportion between fixed and variable remuneration granted in 2021 (%)	Variable remuneration for 2020 paid in 2021 (PLN '000)
	Base salary	Benefits*	Benefits for relatives	Compensation and severance pay	Other payments (including EPS)	Total fixed remuneration	Granted for the first half of 2021	Granted and paid for the second half of 2021	Total variable remuneration			
1	2	3	4	5	6	7	8	9	10	11	12	13
Jolanta Dudek	990	26	0	0	144	1,160	249	494	743	1,903	61%39%	261
Bożena Leśniewska	1,350	24	0	0	191	1,565	370	633	1,003	2,568	61%39%	373
Witold Drożdż	888	29	0	0	133	1,050	236	414	650	1,700	62%38%	244
Piotr Jaworski	924	29	0	0	136	1,089	236	432	668	1,757	62%38%	251
Jacek Kowalski	1,140	28	0	0	170	1,338	311	517	828	2,166	62%38%	322
Jacek Kunicki <sup>1</sup>	966	38	0	0	126	1,130	253	430	683	1,813	62%38%	206
Maciej Nowohoński	1,176	29	0	0	168	1,373	314	516	830	2,203	62%38%	322

\* together with family members, in accordance with the provisions of section 3b ii

<sup>1</sup> the item includes the variable part of the remuneration accrued in 2021. for payment in 2022, approved by the Supervisory Board of Orange Polska S.A.

**Table 1b. The amounts paid by Orange Polska S.A. in 2021 on account of the reimbursement of the costs related to posting of the President of the Management Board**

Full name	1. Fixed remuneration (PLN '000)	2. Variable remuneration (PLN '000) <sup>1</sup>	Total remuneration (PLN '000)	Proportion between fixed and variable remuneration (%)	Variable remuneration for 2020 paid in 2021 (PLN '000)
1	2	3	4	5	6
Julien Ducarroz	3,554	1,828	5,382	66%/34%	303

<sup>1</sup> The figure includes the variable remuneration component accrued in 2021 and payable in 2022, as approved by the Supervisory Board of Orange Polska S.A.

#### f. Variable remuneration objectives for Members of the Management Board

The indicators presented below constituted the basis for setting solidarity objectives for Members of the Management Board and were settled in direct relation to the Company's annual performance. The total remuneration of each Member of the Management Board complied with the adopted Remuneration Policy of Orange Polska S.A. and the Remuneration Policy for Members of the Management Board and the Supervisory Board of Orange Polska S.A. The objectives and the way of setting them were approved, following a review, by the Remuneration Committee of the Supervisory Board.

The objectives for the Management Board Members were settled on a semi-annual basis (with reference to the Company's annual results) by the Supervisory Board of Orange Polska S.A. upon recommendations of the Remuneration Committee of the Supervisory Board. Orange Polska S.A. reports the financial indicators which determine the Company's financial standing to the stock exchange. The objectives pursued by the Management Board were closely related to these financial indicators, and the achievement thereof had a direct impact on the amount of the variable component of remuneration payable to each Member of the Management Board. Therefore, the achievement of these objectives contributed to the long-term performance of the Company.

The indicators for setting solidarity objectives in 2021 were as follows: EBITDAaL, Organic Cash Flow, Revenues, and Perception NPS.

The variable component of remuneration was determined on the basis of the achievement of both solidarity objectives and individual objectives.

**Table 2. Year-average share (%) of different categories of objectives in the amount of variable remuneration granted to Members of the Management Board in 2021**

Full name	Share of solidarity objectives (%)	Share of individual objectives (%)
1	2	3
Julien Ducarroz	84%	16%
Jolanta Dudek	81%	19%
Bożena Leśniewska	80%	20%
Witold Drożdż	82%	18%
Piotr Jaworski	83%	17%
Jacek Kowalski	82%	18%
Jacek Kunicki	85%	15%
Maciej Nowohoński	85%	15%

In 2021 Orange Polska S.A. did not exercise the option to demand the return of the variable components of remuneration.

#### **g. Orange Polska S.A. Incentive Programmes**

##### **Orange Polska S.A. Incentive Programme in the form of phantom shares settled in cash**

On 4 September 2017, the Supervisory Board of Orange Polska S.A. adopted the incentive programme for the key executives of Orange Polska S.A., including Members of the Management Board of Orange Polska S.A., based on derivatives (phantom shares), where the underlying instrument is the price of Orange Polska S.A. shares listed on the Warsaw Stock Exchange (WSE).

The purpose of the Programme was to link remuneration of Members of the Management Board to the Company's share price in the long term. According to the Programme Regulations, Members of the Management Board of Orange Polska S.A. voluntarily purchased phantom shares from the basic pool for a price of PLN 1 per phantom share and, as the NPS ranking condition specified in the Programme Regulations was met, they also purchased an additional package of phantom shares. Consequently, each Management Board Member and Executive Director purchased 9,000 additional phantom shares each. The price per phantom share was PLN 1. In 2020, the condition of the minimum Orange Polska S.A. share price on the WSE, obligating the participants to purchase an additional package of phantom shares, was not met.

According to the Programme Regulations, phantom shares were to be bought back from Members of the Management Board by the Company at the average Orange Polska S.A. share price in the first quarter of 2021, provided that it was not lower than the arithmetic mean of Orange Polska S.A. share closing prices in the third quarter of 2017, which was PLN 5.46; otherwise, phantom shares were not to be bought back and the participants were to lose the invested funds.

On 1 April 2021, the average Orange Polska S.A. share price in the first quarter of 2021 was determined. It was higher than the arithmetic mean of Orange Polska S.A. share closing prices in the third quarter of 2017. On 30 April 2021, the Incentive Programme was completed and the phantom prices were bought back from the programme participants by the Company.



**Table 3. Incentive Programme in the form of phantom shares and the related costs recognised by Orange Polska S.A. in 2021**

Full name	Award date	Additional pool award date	Realisation date	Purchase price	Phantom shares – initial pool (number)	Phantom shares – additional pool for the NPS condition (number)	Phantom shares – additional pool for the share price condition (number)	Recognised cost for 12 months of 2021 (PLN '000)
1	2	3	4	5	6	7	8	9
Jolanta Dudek	4 Sep 2017	1 Oct 2020	1 Apr 2021	PLN 1	50,000	9,000	0	7
Bożena Leśniewska	4 Sep 2017	1 Oct 2020	1 Apr 2021	PLN 1	50,000	9,000	0	7
Witold Drożdż	4 Sep 2017	1 Oct 2020	1 Apr 2021	PLN 1	50,000	9,000	0	7
Piotr Jaworski	4 Sep 2017	1 Oct 2020	1 Apr 2021	PLN 1	50,000	9,000	0	7
Jacek Kowalski	4 Sep 2017	1 Oct 2020	1 Apr 2021	PLN 1	50,000	9,000	0	7
Jacek Kunicki <sup>1</sup>	4 Sep 2017	1 Oct 2020	1 Apr 2021	PLN 1	15,000	9,000	0	3
Maciej Nowohoński	4 Sep 2017	1 Oct 2020	1 Apr 2021	PLN 1	50,000	9,000	0	7

<sup>1</sup> Costs from the date of appointment as the Member of the Management Board of Orange Polska S.A.

**Table 3a. The number and value of the phantom shares bought back from Members of the Management Board by Orange Polska S.A.**

Full name	Options for additional phantom shares			Payments upon completion of the Programme in April 2021 (PLN '000)*
	Phantom shares – initial pool (number)	Share price condition (number)	NPS condition (number)	
1	2	3	4	5*
Jolanta Dudek	50,000	–	9,000	319
Bożena Leśniewska	50,000	–	9,000	319
Witold Drożdż	50,000	–	9,000	319
Piotr Jaworski	50,000	–	9,000	319
Jacek Kowalski	50,000	–	9,000	319
Jacek Kunicki	15,000	–	9,000	130
Maciej Nowohoński	50,000	–	9,000	319
<b>Total</b>	<b>315,000</b>	<b>–</b>	<b>63,000</b>	<b>2,044</b>

\* Number of shares × average share price in 1Q 2021

### **Long Term Incentive Programme for the key executives of Orange Polska S.A. based on derivatives (phantom shares; LTI 2021–2023)**

On 23 July 2021, the Supervisory Board of Orange Polska S.A. adopted the Long Term Incentive Programme for the key executives of Orange Polska S.A. based on derivatives (phantom shares), where the underlying instrument is the price of Orange Polska S.A. shares listed on the Warsaw Stock Exchange (WSE). The scheme aims to mobilise the key executives towards the long-term financial performance of the Company and value creation for the investors, as well as environmental care. The latter dimension of activities focuses on a reduction of CO<sub>2</sub> emissions and, as an incentive instrument, directly supports the implementation of one of the key elements of Orange Polska's strategy, which is environmental protection.

The Programme is based on three-year cycles (Programme Series), beginning in consecutive calendar years. The Programme consists of two series: 2021–2023 and 2022–2024.

According to the Programme Regulations, the President and other Members of the Management Board are eligible to purchase 43,200 phantom shares each. The participants have voluntarily purchased phantom shares for a price of PLN 0.50 per share. A necessary pre-condition for buy-out by Orange Polska S.A. of the phantom shares allocated to various success indicators – KPIs: EBITDAaL, Organic Cash Flow, reduction of CO<sub>2</sub> emissions, and achieving at least one of two

targets: (i) average share price in 1Q 2024, or (ii) Orange Polska S.A. shares outperforming the WIG20 Index) is achieving the business objectives defined for the particular success indicator. An additional pre-condition for buy-out of the phantom shares, in the number reflecting the results in KPIs, from the Programme participants by the Company is that the average Orange Polska S.A. share price in the first quarter after the end of the Programme series is not lower than the average price in the first six months of the Programme series. Otherwise, the phantom shares will not be bought back and the participants will lose the invested funds.

**Table 3b. The value of phantom share-based payments in the Long Term Incentive Programme recognised by Orange Polska S.A. with respect to Members of the Management Board**

Full name	LTI 2021-2023	
	Number of purchased phantom shares	Value of share-based payments recognised as the Company's costs for 12 months ended on 31 December 2021 (PLN '000)
1	2	3*
Julien Ducarroz	43,200	92
Jolanta Dudek	43,200	92
Bożena Leśniewska	43,200	92
Witold Drożdż	43,200	92
Piotr Jaworski	43,200	92
Jacek Kowalski	43,200	92
Jacek Kunicki	43,200	92
Maciej Nowohoński	43,200	92

\* Number of shares × valuation of share options as of 31 December 2021

#### **h. Long Term Incentive Plan of the Orange Group**

The Long Term Incentive Plan of the Orange Group is effected in three-year editions. It includes key managers in the Orange Group and conjuncts with the Orange Group's strategic plan.

Members of the Management Board were awarded a predefined number of free shares of Orange S.A. under the following conditions: continuous service in the Orange Group throughout the Plan and some performance-based criteria.

The Plan aims to recognise the engagement of the Group's key managers, to share the value created by the Orange Group's strategic plan, to achieve a balance between short-term and long-term remuneration, and to rely on well-known, monitored performance indicators.

The first edition of the Plan functioned between 2017 and 2019.

In July 2018, the second edition of the Long Term Incentive Plan of the Orange Group for 2018–2020 was made available. It ended with granting disposable Orange S.A. shares in April 2021.

In July 2019, the third edition of the Long-term Incentive Plan of the Orange Group for 2019–2021 was made available.

In July 2020, the fourth edition of the Long Term Incentive Plan of the Orange Group for 2020–2022 was made available.

In July 2021, the fifth edition of the Long Term Incentive Plan of the Orange Group for 2021–2023 was made available.

The conditions for receiving a predefined number of free shares of Orange S.A. are indicated in the Table 4 below. In the Long Term Incentive Plan of the Orange Group for 2018–2020 and 2019–2021, shares were or are awarded upon achieving the objective in 100%. The Board of Directors of Orange S.A. can modify the number of awarded shares by 15% depending on some criteria resulting from the strategic plan. Simultaneously, each participant of the Plan cannot realise a greater number of shares than awarded in the initial pool.

The terms of the Long Term Incentive Plan of the Orange Group for 2020–2022 and 2021–2023 were modified, so that shares based on the achievement of the Organic Cash Flow objective can be awarded upon achieving it at the level equal to or greater than 95% of the target. With respect to other objectives, shares are awarded upon achieving them in 100%.

**Table 4. Detailed parameters of the Long Term Incentive Plan**

Name of the Plan	LTIP 2019–2021	LTIP 2020–2022	LTIP 2021–2023
1	2	3	4
Performance assessment period	Years 2019–2021	Years 2020–2022	Years 2021–2023
Award date	18 July 2019	21 July 2020	28 July 2021
Ending date of the edition	31 December 2021	31 December 2022	31 December 2023
Award condition	Continuous service in 2019–2021	Continuous service in 2020–2022	Continuous service in 2021–2023
a) Financial indicator b) Indicator weight	a) Organic Cash-Flow <sup>1</sup> b) 50%	a) Organic Cash-Flow <sup>1</sup> b) 40%	a) Organic Cash-Flow <sup>1</sup> b) 50%
a) Financial indicator b) Indicator weight	a) Total Shareholder Return <sup>2</sup> b) 50%	a) Total Shareholder Return <sup>2</sup> b) 40%	a) Total Shareholder Return <sup>2</sup> b) 30%
a) Financial indicator b) Indicator weight	n/a	a) CSR <sup>3</sup> b) 20%	a) CSR <sup>4</sup> b) 20%

<sup>1</sup> The Orange Group's Organic Cash Flow should be higher than budgeted in each year of the performance assessment period.

<sup>2</sup> The increase in Total Shareholder Return should be higher than in TSR for the Stoxx Europe 600 Telecoms index between the first four months of the year preceding the first year of performance assessment and the last four months of the last year of performance assessment.

<sup>3</sup> 10% of the CSR objective corresponds to the achievement of the goal related to using energy from renewable sources at the end of the assessment period and the remaining 10% of the CSR objective corresponds to the intensity of CO<sub>2</sub> emissions with respect to customer service at the end of the assessment period.

<sup>4</sup> 10% of the CSR objective corresponds to the achievement of the goal related to a reduction of CO<sub>2</sub> emissions at the end of the assessment period and the remaining 10% of the CSR objective corresponds to the achievement of the goal related to the share of women in management positions at the end of the assessment period.

**Table 5a. Number of shares held by Members of the Management Board in the Long Term Incentive Plan of the Orange S.A. Group**

Full name	Shares to be awarded (number)				Disposable shares awarded in LTIP 2018–2020 (number)
	LTIP 2018–2020	LTIP 2019–2021	LTIP 2020–2022	LTIP 2021–2023	
1	2	3	4	5	6
Julien Ducarroz	2,000	2,000	2,000	2,000	607
Jolanta Dudek	2,000	2,000	2,000	2,000	607
Bożena Leśniewska	2,000	2,000	2,000	2,000	607
Witold Drożdż	2,000	2,000	2,000	2,000	607
Piotr Jaworski	2,000	2,000	2,000	2,000	607
Jacek Kowalski	2,000	2,000	2,000	2,000	607
Jacek Kunicki	1,000	1,000	1,000	2,000	304
Maciej Nowohoński	2,000	2,000	2,000	2,000	607

**Table 5b. Value of share-based payments in the Long Term Incentive Plan recognised as costs by Orange Polska S.A.**

Full name	LTIP 2019-2021	LTIP 2020-2022	LTIP 2021-2023
	For 12 months to 31 December 2021	For 12 months to 31 December 2021	For 12 months to 31 December 2021
1	2	3	4
Julien Ducarroz	27	19	10
Jolanta Dudek	27	19	10
Bożena Leśniewska	27	19	10
Witold Drożdż	27	19	10
Piotr Jaworski	27	19	10
Jacek Kowalski	27	19	10
Jacek Kunicki	14	10	10
Maciej Nowohoński	27	19	10

**i. Together 2021 –employee shareholding scheme of the Orange Group**

In March 2021, the Board of Directors of Orange S.A. decided to launch Together 2021, an employee shareholding scheme, to increase the employee capital of the Orange Group held by its employees. The scheme based on existing shares was offered to eligible employees at the Group’s French and international entities who are members of the Group Savings Plan (*Plan d'Epargne Groupe – PEGI*) and International Group Savings Plan (*Plan d'Epargne Groupe International – “PEGI”*), respectively. Orange Polska S.A. joined the scheme, enabling its full-time employees to purchase, on a voluntary basis, Orange S.A. shares at a 30% discount and receive the Company’s matching contribution in the form of bonus shares. The shares purchased under Together 2021 will be locked-in until 1 June 2026 unless early release conditions set out in the regulations apply. As a result of massive interest in the offering, the maximum amount of investment per employee was reduced; consequently, each employee could purchase up to 177 shares and receive up to 219 bonus shares.

**Table 6. Together 2021 employee shareholding scheme of the Orange Group with respect to Members of the Management Board**

Full name	Shares acquired for own contribution (number)	Bonus shares (number)	Own contribution* (PLN '000)	Value of bonus shares* (PLN '000)
1	2	3	4	5
Julien Ducarroz	177	219	5	6
Jolanta Dudek	177	219	5	6
Bożena Leśniewska	177	219	5	6
Piotr Jaworski	177	219	5	6
Jacek Kowalski	177	219	5	6
Jacek Kunicki	177	219	5	6
<b>Total</b>	<b>1,062</b>	<b>1,314</b>	<b>30</b>	<b>36</b>

\* Converted according to the National Bank of Poland’s EUR exchange rate as of 8 November 2021

**j. Remuneration of the Members of the Supervisory Board**

The remuneration of the Members of the Supervisory Board is determined by the General Meeting of Orange Polska S.A.

Members of the Supervisory Board are entitled to fixed monthly remuneration regardless of the number of meetings held in a given month. Members of the Supervisory Board are also entitled to additional remuneration depending on their functions performed in the Supervisory Board, especially participating and performing functions in any of the standing Committees of the Supervisory Board.

Within the Supervisory Board, there are three standing committees: Audit Committee, Remuneration Committee and Strategy Committee. Members of these Committees are entitled to remuneration set out on the Resolution 33 of the Annual General Meeting of 2015. Furthermore, the Supervisory Board may establish other Committees and define their tasks at its own discretion. However, members of such other Committees are not entitled to additional remuneration. In 2021, the Supervisory Board did not establish any further Committees. If a person is a Member or the Chairman of several Committees of the Supervisory Board in the given period, they do not receive the sum of additional remuneration but the highest remuneration to which they are entitled.

Members of the Supervisory Board employed by Orange S.A. or Orange S.A.'s subsidiaries do not receive remuneration for performing the function of Members of the Supervisory Board of Orange Polska S.A. or its Committees.

All Members of the Supervisory Board are entitled to reimbursement of costs related to their participation in the Board's work. Members of the Supervisory Board can be covered by protection against liability arising from the performance of the Supervisory Board Member's duties, particularly in the form of insurance.

In 2021, Members of the Supervisory Board were not granted any additional benefits in the form of invitations to sports, cultural, business events, etc.

**Table 7. Remuneration of the Members of the Supervisory Board for 2021**

Full name	Remuneration for performing the function (PLN '000)	Of which: Remuneration for sitting on a Committee (PLN '000)	Notes
1	2	3	4
Maciej Witucki	434	–	
Ramon Fernandez	–	–	1)
Marc Ricau	–	–	1)
Henryka Bochniarz PhD	108	38	2)
Philippe Béguin	–	–	1)
Thierry Bonhomme	102	38	2)
Bénédicte David	–	–	1)
Eric Debroeck	102	38	2)
John Russell Houlden	394	263	
Marie-Noëlle Jégo-Laveissière	–	–	1)
Prof. Michał Kleiber	214	79	
Patrice Lambert-de Diesbach	–	–	1)
Monika Nachyła	210	79	
Maria Paśo-Wiśniewska PhD	317	184	
Wioletta Rosołowska	109	41	
Jean-Michel Thibaud	–	–	1)
Jean-Marc Vignolles	–	–	3)
<b>Total</b>	<b>1,990</b>	<b>760</b>	

1) A person employed by Orange S.A. who did not receive remuneration for the function performed.

2) A person who was not a Member of the Supervisory Board of the Company as at 31 December 2021.

3) A person employed by Orange S.A. to 30 June 2021, who did not receive remuneration for the function performed.

#### k. Derogations from the remuneration policy and from the process of its implementation

In 2021, Orange Polska S.A. effected remuneration payments in line with the adopted Remuneration Policies, and there were no derogations from the rules specified therein.

#### l. Information on changes in remuneration terms and the Company's performance

Total remuneration of Members of the Management Board, selected financial metrics of Orange Polska S.A. and remuneration of employees other than Members of the Management Board and the Supervisory Board, for 2021 are shown in the Table 9 below. Remuneration of all persons performing the function of Management Board Members in 2021 is included in the Table.

Table 8 indicates the percentage change in the value of the key indicators in relation to their values in the previous year.

**Table 8. Evolution of Orange Polska's consolidated results (%/PLN million) over the last five years**

Evolution of Orange Polska's consolidated results (%/PLN million)					
Orange Polska Group reports a single operating segment in its IFRS financial statements, as decisions about resources to be allocated and assessment of performance are made on a consolidated basis.					
	2017	2018	2019	2020	2021
EBITDA/EBITDAaL <sup>1</sup>	3,011	2,881	3,006	2,797	2,963
EBITDA/EBITDAaL evolution <sup>2</sup>	-4.8%	3.1% <sup>3</sup>	7% <sup>1</sup>	2.9% <sup>4</sup>	5.9% <sup>4</sup>
Revenue	11,381	11,101	11,406	11,508	11,928
Revenue evolution <sup>2</sup>	-1.4%	-0.7% <sup>(3)</sup>	2.9%	0.9%	3.6%
NPS (Net promoter score – position on the Polish market of telecommunications operators)	2	3	2	1	2

<sup>1</sup> Starting from 2019, following the adoption of IFRS 16 "Leases", Orange Polska Group redefined the performance measures used, and EBITDA was replaced by EBITDAaL (EBITDA after Leases).

<sup>2</sup> Evolution of performance measures was calculated on a comparable basis. Where applicable, previous year's results were restated to reflect changes in accounting policies and deconsolidation of subsidiaries, and to conform to new definitions of performance measures.

<sup>3</sup> In 2018, Orange Polska adopted IFRS 15 "Revenue from Contracts with Customers". Evolution of Orange Polska's results in 2018 was calculated on a comparable basis, i.e. based on IAS 18 "Revenue" and other standards and interpretations concerning revenue recognition applicable in 2017.

<sup>4</sup> Starting from 2020, gains on disposal of assets are excluded from EBITDAaL. Evolution of EBITDAaL in 2020 was calculated on a comparable basis to conform to the new definition used in 2020.

**Table 9. Evolution of remuneration in Orange Polska S.A. over the last five years**

Management Board remuneration in PLN '000 (gross) <sup>1,3</sup>					
Full name	2017	2018	2019	2020	2021
Julien Ducarroz <sup>2</sup>	n/a	n/a	n/a	1,339	5,382
Jolanta Dudek <sup>3</sup>	1,339	1,377	1,528	1,624	1,903
Bożena Leśniewska <sup>3</sup>	1,820	1,960	2,233	2,248	2,568
Witold Drożdż <sup>3</sup>	n/a	242	1,453	1,487	1,700
Piotr Jaworski <sup>3</sup>	n/a	244	1,498	1,504	1,757
Jacek Kowalski	1,776	1,712	1,767	1,935	2,166
Jacek Kunicki <sup>3</sup>	n/a	n/a	n/a	614	1,813
Maciej Nowochoński	1,783	1,771	1,821	1,972	2,203

Jean-François Fallacher <sup>1,3</sup>	3,804	3,772	4,382	3,359	n.d.
Mariusz Gaca <sup>1,3</sup>	2,544	2,422	2,529	2,369	n.d.
Piotr Muszyński <sup>1,3</sup>	3,134	n/a	n/a	n/a	n.d.
<b>TOTAL</b>	<b>16,200</b>	<b>13,500</b>	<b>17,211</b>	<b>18,451</b>	<b>19,492</b>
<b>Employee remuneration (excluding the Management Board and Supervisory Board)<sup>1,4</sup></b>					
	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Average total gross salary in PLN '000	105	110	115	122	129
Total employee remuneration in PLN '000 (gross) in subsequent years	1,488,359	1,410,988	1,338,585	1,275,836	1,236,923
Management Board remuneration to employee remuneration ratio (%)	1.09%	0.96%	1.29%	1.45%	1.74% <sup>5</sup>
Number of employees <sup>5,6</sup>	14,109	12,873	11,687	10,489	9,622

n/a – not applicable

<sup>1</sup> Remuneration excluding compensation and severance pay paid in connection with termination of employment (including compensation for non-competition after termination of employment).

<sup>2</sup> The amount paid by Orange Polska S.A. on account of the reimbursement of the costs related to posting of the President of the Management Board.

<sup>3</sup> Total remuneration and benefits of Members of the Management Board (including the Employee Pension Scheme) excluding benefits from the social fund from the date of appointment as the Member of the Management Board to the end of tenure as the Member of the Management Board.

<sup>4</sup> Total salaries and benefits of employees (including the Employee Pension Scheme) excluding benefits from the social fund.

<sup>5</sup> In 2021, the remuneration of Members of the Management Board increased by payments pursuant to the completion of the Incentive Programme in the form of phantom shares (per Table 3a above) was assumed to determine the ratio.

<sup>6</sup> Average annual employment according to the Central Statistical Office's methodology (excluding the Management Board) in full-time equivalents.

The increase in the remuneration of Members of the Management Board in 2020–2021 was correlated with an improvement in the revenue growth and operating profitability (EBITDA/EBITDAaL) trends in the same period.

This Report presents developments related to the remuneration of Members of the Management Board and Supervisory Board, while omits developments related to changes in the terms of remuneration of the employees of Orange Polska other than Members of the Management Board or Supervisory Board, which occurred in 2021 (except for the data presented in Table 9 above).

The detailed regulations concerning remuneration of the Members of the Management Board and Supervisory Board of Orange Polska S.A. are set out in the Remuneration Policy for Members of the Management Board and the Supervisory Board of Orange Polska S.A., which was adopted at the General Meeting on 27 August 2020 ((Annex to Resolution No. 2 of the Extraordinary General Meeting of Orange Polska S.A. of August 27, 2020 on the adoption of the Remuneration Policy for Members of the Management Board and Supervisory Board of Orange Polska S.A.).

Report on the Remuneration of the Members of the Management Board and Supervisory Board of Orange Polska S.A. 2019-2020 has been developed and adopted by the Supervisory Board of Orange Polska S.A. in compliance with the Act of 29 July 2005 on public offering and the conditions for introducing financial instruments to the organised trading system and on public companies. Ordinary General Meeting of Orange Polska S.A. expressed a positive opinion on the Report on the Remuneration of the Members of the Management Board and Supervisory Board of Orange Polska S.A. 2019-2020 (Resolution No. 33 of the Ordinary General Meeting of Orange Polska S.A. of June 25, 2021).



*This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.*

# Independent Reasonable Assurance Report

## To the General Shareholders' Meeting and Supervisory Board of Orange Polska S.A.

### Scope of service

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At the request of the Orange Polska S.A. (the "Entity") we performed an independent reasonable assurance engagement relating to evaluation of the remuneration report of the Management Board and the Supervisory Board for the year 2021 (the "Remuneration report") in terms of the

inclusion of the information required under Article 90g paragraphs 1-5 and paragraph 8 of the Act on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies of 29 July 2005 ("the Act").

### Responsibility of the Supervisory Board of the Entity

Members of the Entity's Supervisory Board are responsible for the preparation of the Remuneration report in accordance with Article 90g of the Act. This responsibility also includes designing, implementing and maintaining internal control relevant to the preparation of the Remuneration report that is free from material misstatement whether due to fraud or error.





## Auditor's Responsibility

Our objective was to evaluate the completeness of the information included in the Remuneration report against the criteria set out in the section "Identification of the criteria" and to issue an independent reasonable assurance conclusion based on the evidence obtained.

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' as adopted by the National Council of Statutory Auditors ('NCSA') as National Standard on Assurance Engagements 3000 (R). That standard requires that the auditor plan and perform procedures to obtain reasonable assurance about whether the Remuneration report has been prepared completely and that the information has been disclosed with the level of detail required by Article 90g paragraphs 1-5 and paragraph 8 of the Act.

The firm applies International Standard on Quality Control 1 „*Quality Control For Firms That Perform Audits And Reviews Of Financial Statements, And Other Assurance And Related Services Engagements*” as adopted by NCSA as national standard on quality control and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and ethics requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board For Accountants (IESBA) as adopted by the resolution of the National Council of Statutory Auditors, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior as well as other independence and ethical requirements, applicable to this assurance engagement in Poland.

The procedures selected depend on our judgment, including the assessment of the risks of material misstatement in Remuneration report, whether due to fraud or error. In making

those risk assessments, we have considered internal control relevant to the preparation of the Remuneration report in accordance with Article 90g paragraphs 1-5 and paragraph 8 of the Act in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of internal control.

Our procedures included, in particular:

- reading the content of the Remuneration report and assessing whether it contains quantitative and qualitative (descriptive) disclosures to the extent required by the Act;
- determining, by comparing to corporate documents, a list of persons for whom there is a requirement to include information in the Remuneration report and determining, by inquiring of persons responsible for preparing the Remuneration report, and, where we deem it appropriate, also directly of persons who are subject to information requirement, whether all information provided for in the criteria for preparation of the Remuneration report has been disclosed;
- reading the resolutions of the General Shareholders Meeting of the Entity regarding the remuneration policy for Members of the Management Board and Supervisory Board and related detailed resolutions of the Supervisory Board and assessing whether the information presented in the Remuneration report is consistent with the remuneration policy adopted by the Entity and effective during the period covered by the report;
- determining, by performing inquiries and verifying the employment contracts, whether the remuneration of the Members of the Management Board and Supervisory Board includes cash or non-cash benefits granted to their closest family members in accordance with the requirements of the Act;
- determining whether the information concerning granted or offered financial instruments, including the number and



general terms - complies with the adopted and approved variable remuneration component program adopted by the Entity.

The Remuneration report was not subject of audit within the meaning of National Standards on Auditing. The procedures performed by us do not constitute either an audit or review of this financial information, therefore we are not responsible for issuing or updating any reports or opinions on the Entity's historical financial information.

Our procedures were solely aimed at obtaining evidence that the information included by the Supervisory Board in the Remuneration report,

#### **Identification of the criteria**

The evaluation criteria of the Remuneration report are set out in Article 90g paragraphs 1-5 and paragraph 8 of the Act.

#### **Conclusion**

Our conclusion has been formed on the basis of, and is subject to, the matters outlined above.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

in terms of its completeness complies with the applicable requirements. The purpose of our work was not to assess the sufficiency of the information included in the Remuneration report in terms of the purpose of preparing the Remuneration report, or to assess the correctness and integrity of the information contained therein, in particular as to the amounts disclosed, figures, dates, analysis, allocation methods and compliance with the adopted remuneration policy.

Our procedures also included an assessment of whether the subject matter of the engagement is appropriate and the criteria adopted for preparation of the Remuneration report are appropriate to the given circumstances.

In our opinion, the Remuneration report, in all material respects, contain all the elements listed in Article 90g paragraphs 1-5 and paragraph 8 of the Act.



### Restriction of Use of Our Report

Our report has been prepared for the General Shareholders' Meeting and Supervisory Board in order to meet the requirements of the Article 90g paragraph 10 of the Act and shall not be used for any other purpose.

KPMG accepts no liability in relation to this report, arising from contractual or non-contractual relationships (including negligence) in relation to third parties. The above does not exclude our liability where such exclusion is disallowed by law.

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On behalf of audit firm

**KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.**

Registration No.: 3546

*Signed on the Polish original*

Anna Burian-Szywacz

Key Certified Auditor

Registration No. 12579

*Proxy*

Warsaw, 25 March 2022