

#2021 Orange Polska

Integrated Report

orange™



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About our Group



Message from our CEO

Dear Stakeholders,

I invite you to read the new, 2021 edition of Orange Polska's integrated annual report. In it, we combine both the financial and non-financial aspects of our results into one document – which allows us to show you our performance in a wider context, and to discuss how we create value for our various stakeholders while building a more sustainable business for the long term.

In 2021 we announced our new .Grow strategy, making this a fitting moment to refresh and enhance the content of this report, which I hope you will appreciate. We added a new output to our business model dedicated to our more-and-more important activity on the business market. To complement extensive presentation of the new strategy we asked all management board members to give additional insight into particular aspects of the strategy. Finally, for the first time, we have integrated climate-related issues according to TCFD requirements. This enhances the transparency of our ambitions and actions for the climate. I am proud that our efforts related to climate are being recognised: the UN Environmental Programme's Warsaw affiliate ranked our climate strategy third in Poland among listed companies.

2021 was the first year of implementation for our ambitious .Grow strategy and last year's performance was an excellent first step in its execution. We delivered on all our commitments: EBITDAaL increased by nearly 6%, a very strong performance, driven by profitable revenue expansion and we maintained disciplined allocation of capital expenses. I am also pleased that we accelerated our work on reducing CO_2 emissions: Last year's reduction was the first to be achieved with support from renewable energy.

2022 presents us with another set of challenges related to the inflationary macro environment and Russian aggression in Ukraine. Immediately after the start of the war we used our resources to provide help and support, including dedicated connectivity offers, network enhancement and offering our properties to host Ukrainian refugees. I am impressed and moved by the engagement of Orange teams that dedicate their time and energy to providing humanitarian aid. I am confident in the strength of our assets, growing customer demand and the quality of our services, and that we will overcome all this year's challenges.

Julien Ducarroz

President and CEO of Orange Polska

Our company

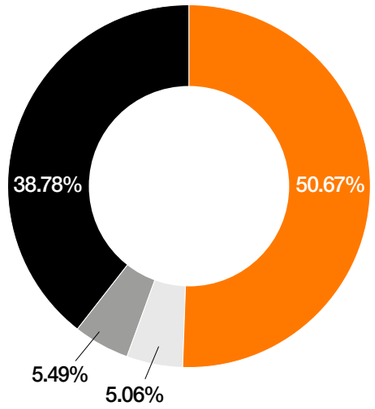
Orange Polska is one of leading telecommunication providers in Poland, operating in all segments of the Polish telecoms market and a leading player in the ICT market. The Group owns the largest telecom infrastructure in Poland, providing a broad portfolio of products and services for individual, business and wholesale customers on fixed and mobile netwoks. We are the biggest fixed-mobile convergent operator in Poland based on FTTH technology. For business customers we offer end-to-end solutions assisting in digital transformation.

Orange Polska is 50.67% owned by Orange S.A., one of Europe's leading telecom operators. Orange Polska's success is founded on a portfolio of competitive products, a powerful, proactive sales force and outstanding customer care, supported by a robust infrastructure and highly motivated employees. Co-ordinating our efforts around a lean, agile operating model will ensure that we deliver healthy and sustainable returns to our shareholders.

New .Grow strategic plan 2021-2024, a bold next step on the value creation journey

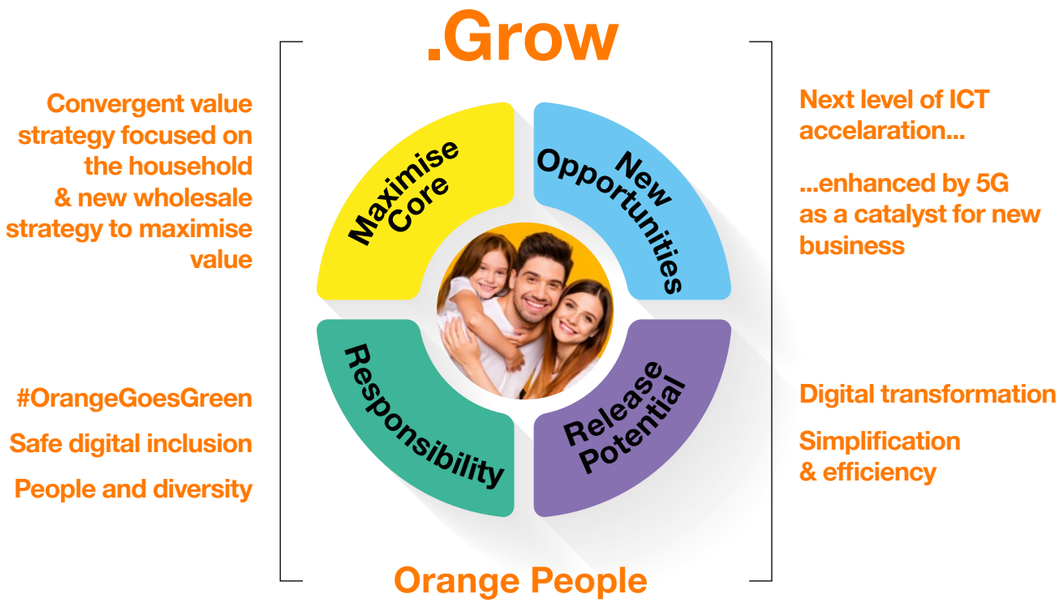
After having successfully completed a turnaround Orange.one strategy, in June 2021 we have announced a new strategic plan called .Grow for 2021-2024. The .Grow strategy is an evolutionary step to stimulate and accelerate sales and profit growth, while laying the foundation for growth beyond 2024.

Orange Polska shareholders*



Orange S.A.	664 999 999
Aviva Open Pension Fund	72 053 524
Nationale-Nederlanden Open Pension Fund	66 448 705
Other shareholders	508 855 251
Total	**1 312 357 479**

* Information on 25 April 2022



Orange Group mission



Orange Polska in 2021 in numbers

Revenues
11.93 bn PLN
+3.6% yoy

EBITDAaL
2.96 bn PLN
+5.9% yoy

24.8%
EBITDAaL margin

eCAPEX
1.74 bn PLN
-3.6% yoy

Organic Cash Flow
867 m PLN
+35% yoy

ROCE 4.4%
+2.8x yoy

Market cap
11.1 bn PLN
at year end

Cash dividend
PLN 0.25 per share
to be paid in 2022 from 2021 profits

almost **400 million**
phishing attempts blocked by our CyberShield

9% CO_2 reduction

6% renewable electricity
as % of total electricity consumption

>6.8k children & >40k teachers
in digital education programmes

10,452 employees
in FTEs incl. NetWorkS!

66%
Total capitalization equity

Convergent customers (B2C)	Mobile accesses (SIM cards)	Fixed broadband access (retail)	TV customers	Fixed voice lines (retail)
1,552,000 (+4.7% yoy)	16,800,000 (+6.7% yoy) o/w Mobile handset 8,424,000 (+4.1% yoy) o/w Pre-paid 4,953,000 (+1.9% yoy)	2,746,000 (+1.6% yoy) o/w Fibre 945,000 (+30% yoy)	995,000 (-2.0% yoy) o/w IPTV 710,000 (+17%yoy)	2,660,000 (-8.2% yoy)

Our value creation model

Orange Polska creates value for its customers by providing a friendly and effortless customer experience. We do this by supplying unmatched connectivity, and by selling a broad portfolio of innovative convergent, mobile and fixed products and services, supported by a proactive sales force, outstanding customer care, and highly motivated employees. Satisfied customers provide the revenues and profits the Company needs to reinvest in the business, ensuring continued value creation for all our stakeholders.

Taking into account our new strategy .Grow, in which we place great emphasis on our role as an integrator of comprehensive transformation services for business, we decided to add a new output to our value creation model: “Full value chain for digital transformation of companies.”

As the climate neutrality is a challenge for the whole world and we are actively reducing our impact on the environment, we perceive “Climate” as our natural resource.

External environment
(Regulatory, Economic, Telecom market, Supply Chain, Social, Environmental)

KEY RESOURCES

Natural
- Spectrum
- Energy
- Climate

Financial
- Debt
- Equity

Manufactured
- Network infrastructure
- Software
- Points of Sale

Human & intellectual
- Employees
- Innovation
- Knowledge about customers and market

Social & relationship
- Relations with market regulator, authorities and financial communities
- Brand
- Business partners
- Social impact

BUSINESS MODEL



OUTPUTS

Unmatched data connectivity for households and businesses
- Providing best connectivity
- Delivering a palette of services adjusted to customer needs

Effortless and friendly customer experience
- Optimal sales channel mix
- Making customer journey easy and friendly

Full value chain for digital transformation of companies
- Being integrator and digital service provider

Acting in an effective and responsible manner
- Focus on efficiency
- Management of the impact on the environment
- Impact on society
- Being digital and caring employer

OUTCOMES

Value creation for all stakeholders

Performance measures KPIs

Risk management

Internal environment
(Corporate governance, Corporate culture)

Key resources

Natural

Spectrum

Orange Polska is Poland's leading telecommunication provider, operating in all segments of the Polish telecom market and holding licences for 800 MHz, 900 MHz, 1800 MHz, 2100 MHz and 2600 MHz frequencies. Spectrum is a scarce and unique natural capital, to which access is regulated at the national and European Union level. Our access to the spectrum required for rendering telco services is at the regulator's discretion. The amount of spectrum that is at our disposal influences the competitiveness and quality of the services we render.

Energy

Expansion of the telecommunications infrastructure in response to the growing demand for information flow entails higher demand for electrical energy in our industry. In order to compensate for this environmentally unfriendly trend, we take steps to optimise energy consumption. We also reduce electricity consumption through replacement of older technical devices with modern energy-efficient ones, modernisation of cooling systems, introduction of energy saving functionalities, and so on. We manage natural resources efficiently, monitoring the consumption of energy and other resources, as well as carbon dioxide emissions related to our operations.

Climate

Expansion of the telecommunications infrastructure in response to the growing demand for information flow entails higher demand for electrical energy in our industry. Poland's energy mix is based on coal, so the only reasonable way towards a sustainable reduction in our climate (carbon) footprint is increasing the proportion of energy from new renewable sources, coupled with initiatives aiming to optimise consumption volume.

Climate neutrality is a challenge for the whole world, including Orange. The overall objective for Orange Polska is to achieve net zero carbon emissions already by 2040 for all emissions (own and the entire value chain's) with a key milestone to reduce own CO_2 emissions by 65% by 2025 versus 2015.

We are permanently looking for new sources of renewable energy and contract such energy directly with its producers from facilities developed specifically for our needs in Poland. In parallel, we take steps to optimise energy and resources consumption. We manage natural resources efficiently, monitoring their consumption, as well as carbon dioxide emissions related to our operations.

Financial

Debt and equity

We aim to maintain a responsible capital structure to support our business operations and finance capital expenditures. Equity and debt are balanced to remain within the frame of a safe financial structure and good credit standing. Since 2014, our external funding needs are sourced from our majority shareholder Orange S.A. Such a policy allows for synergies in processes and cost efficiencies, as Orange S.A. is one of the largest telecom companies in Europe with ready access to a broad range of financing sources. The funding is provided on an 'arm's length' basis, supported by market benchmarks. All our entire debt is denominated in the local currency and is insensitive to currency fluctuations and vast majority of it is hedged to fixed interest rate.

At the end of 2021 the duration of debt stood at 3.4 years on average. This is allowing us to maintain a balance between optimal costs and stable financial structure. Our leverage is closely monitored and the ratio of net financial debt to adjusted EBITDAaL is a key measure of financial structure and liquidity.

Manufactured

Network Infrastructure

Our activities require significant manufactured capital: our mobile and fixed line networks, service platforms and IT systems are the foundations of the products our customers rely on. Maintaining a reliable and fault-free network is critical to our business success. We have to respond to changes in technologies and invest in the right mix of technologies - for example, for the last few years we were making significant investments in the rollout of the fibre network. This is necessary for us to stay competitive in the market and be in a position to offer the best convergent services. Over the last 10 years we have invested over PLN 24 billion in fixed assets.

Software

We run a number of service platforms that combine our network and IT resources to underpin many of the key products we offer. Our internal IT systems enable us to manage our processes, handle customer information and deliver our products and services.

Distribution channels

We reach our customers and sell our products through various distribution channels: traditional points of sale (POS), telesales, active sales, alternative channels and on-line sales. This wide distribution network ensures that everyone has access to our products and services. Our distribution network is constantly evolving in line with changing customer preferences with increasing share of digital channels. We have more than 600 points of sale all over Poland of which more than 20% are adapted to the needs of customers with disabilities.



Human and intellectual

Employees

Engagement of adequately skilled employees plays a critical role in achieving our business goals. We invest in our people so they can succeed and contribute effectively to our business. We value diversity, providing equality of opportunities which we believe leads to higher skills-set and higher innovation – diverse workforce fosters greater innovation, helps us to better understand and serve our customers and empowers our people to deliver their best. We conduct regular employee satisfaction surveys and engage in dialogue with trade unions. At the end of 2021, Orange Polska Group has 10,452 employees, while outsourced staff number 2,246.

Innovation

We have created Orange Labs to support development of new technologies and innovations. It is part of the international Orange Labs network, which includes over a dozen research and development (R&D) centres and laboratories. Orange Labs co-operates with external partners to develop, select and implement innovations, undertaking R&D tasks for both Orange Polska and the Orange Group. Any financial settlements between Orange Polska and Orange Group are done on an 'arm's length' basis, supported by market benchmarks. The main areas of activity are: Digital Personal Life, Software Infrastructure, Ambient Connectivity, Digital Society, Data & Knowledge, Trust & Security and Internet of Objects. R&D and co-operation with start-ups within Orange Fab are very important to our business; we spend around PLN 50 million on research and development annually. We follow the Open Innovation model. As a result, our social impact is not limited to the direct influence of our innovations on the lives of people and communities, but is also reflected in the transfer of know-how to our partners.

Knowledge about customers and market

Knowledge about our customers and our market is crucial to our success. Building trust and loyalty among our customers and giving them what they want is vital to our sustainability in an increasingly competitive industry. The voice of our customers has a major influence on our business decisions. To deliver unmatched experience throughout the customer journey, we engage in active dialogue with our customers on different levels.

We conduct comprehensive surveys which compare our offers, products and network quality to those of our competitors. Our managers are engaged in various initiatives to solve customers' problems and to better understand our own strengths as well. They also help frontline employees to understand the customer perspective.

Social and relationship

Brand

Orange – strong globally...

Orange is a global company, serving over 259 million customers around the world and present in 29 markets.

In 2021 the Brand Finance ranking valued the Orange brand at $19.09 billion, making it the 91st most valuable brand in the world.

...and leading in Poland

According to external market research conducted in December 2021 (by PBS Research Agency), Orange was the first choice brand for Polish consumers with respect to Mobile voice (28%), Mobile broadband (24%), Fixed broadband (24%), Packages (23%) and Fibre (24%).

We are optimistic about technology, while making it accessible to as many people as possible. That's why our role is "always in touch to connect what's essential in your life".

Our brand is first and foremost a human brand, helping us stay close to our customers, in touch with their needs whether they are a multinational company or teenager with their first phone. We want everyone to be able to easily use digital technologies and to know their possibilities.

The Orange brand is our consistent asset across all countries, and one of most valuable. It is also instrumental in demonstrating that we are a digital, efficient and responsible company. We act responsibly, taking care of the development of circular economy services in the field of customer devices: telephones, modems, TV set-top boxes. We extend their lives - thanks to caring for them under 4 initiatives: recycling - repurchase, repairing them (regeneration - repair), transferring for renewal, further use (renovation - renewal), care for responsible disposal at the end of life (recycling - return). Thanks to these initiatives, we contribute to lower consumption of raw materials and energy and less greenhouse gas emissions.

Relations with the market regulator, local authorities and the financial community

Good relationships with our key stakeholders are vital to the success of our business. To us, this means building trust, readiness for dialogue, and keeping in touch on an ongoing basis. In particular it is essential for us to establish and maintain constructive dialogue with the telecom regulator and local authorities. As a listed company we take care of our investors and the financial community by providing transparent communication of our financial results and engaging in direct dialogue with them.



Relations with business partners

Orange Polska is a partner or member of a number of industry, business and social organisations. We want our relations with our suppliers and business partners to be based on transparent long-term relationships and adherence to ethical standards and principles. We co-operate with both global vendors and local market players. Our activities include both one-off purchases and long-term contracts with 2,990 suppliers. We follow a competitive and open procurement policy which is ensured by the Procurement Process Rules. The document includes procurement procedures which regulate supplier selection, contracting and confidentiality, and address potential conflicts of interest. Our principles of co-operation with suppliers regarding social, ethical, environmental and human rights issues are contained in the Supplier Code of Conduct, which is part of the contract.

Social impact

It is important for us to maximize Orange Polska's positive social impact and minimize any negative consequences, which is why we have created a corporate social responsibility (CSR) strategy. Combating socio-digital exclusion is an important element of this strategy, involving not only access to new technologies but also education, particularly of young web users as well as residents of small towns and rural areas and seniors. We believe that teaching people to use new technologies for both their own benefit and that of the community is just as important as providing the technologies themselves. Through its initiatives the Orange Foundation has been encouraging people to gain knowledge, participate in culture and build communities with skillful use of the internet and digital technologies. This knowledge not only improves quality of life and contributes to society as a whole, but also benefits the long-term development of our business.

Business model

Licences and regulations

To be able to render mobile telecom services we require access to radio spectrum. The amount of spectrum that is at our disposal influences the competitiveness and quality of the services we render and ultimately the customer experience. This is especially important in the light of huge growth in mobile data consumption.

In order to continue to assure the best customer experience we need to continuously optimise our effective use of spectrum. In 2021 we concluded the second phase of Refarming project. Scope of this phase was aimed at extending LTE2100 10 MHz carrier to 15 MHz by removing UMTS2100 5 MHz carrier. Afterwards, entire Orange 2100 MHz spectrum is dedicated to LTE service (or LTE/5G DSS) and total Orange LTE bandwidth should reach 50 MHz.

The main point of concern is however the acquisition of frequency resources necessary for 5G development. It is assumed that three bands will be used for the new generation network: 3.4–3.8 GHz, 700 MHz and 26 GHz.

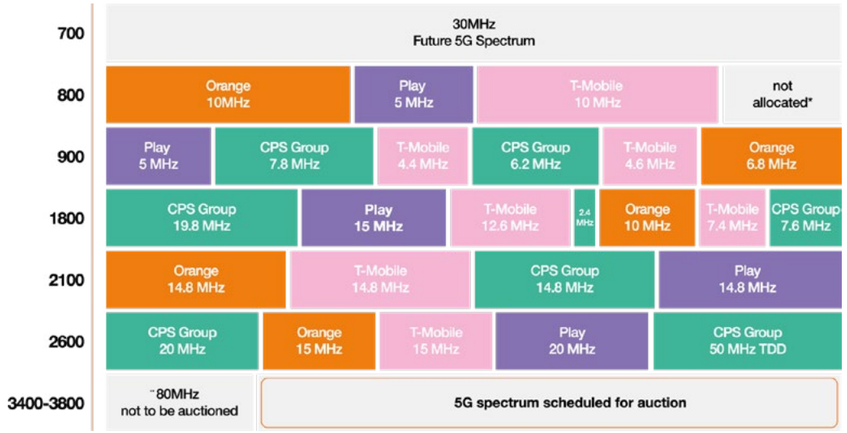
Although the initiated auction procedure in the 3480–3800 MHz range was cancelled in June 2020, a new one has not been announced yet. The cancelled auction procedure, which had been launched in the beginning of 2020, provided for allocating four frequency licences of 80 MHz each, valid for 15 years. Only one entity from each group of companies was eligible to participate in the auction. Each participant (or its group) had to demonstrate a record of investments of at least PLN 1 billion in telecommunications infrastructure between 2016 and 2018, and to hold a frequency licence in the 800, 900, 1800, 2100 or 2600 MHz band (it is of paramount importance, as the 5G network will be initially deployed in a Non-Standalone (NSA) architecture). The starting price for each block was set at PLN 450 million.

Recently, the Regulator initiated the discussion concerning the method of distribution of the so-called ‘block 0’ in the 3400–3800 MHz band, particularly whether it could be effectively used by non-telecom companies for the purpose of private 5G networks. The process of the block 0 distribution is subject of public consultation.

Due to the auction annulment in 2020, the Company has decided to implement Dynamic Spectrum Sharing (DSS) in the 2100 MHz band, which allows dynamic allocation of spectrum resources to 4G or 5G as required. Over 1700 stations enabled such 5G service for OPL customers at the end of 2021.



Current distribution of frequencies for the 700–2600 MHz bands and 3400-3800 MHz bands



* License for Cyfrowy Polsat Group to use this block expired at the end of 2018
** Public consultations on future usage ongoing

Details of telecommunications licences are as follows

(in PLN millions)	Acquisition date	Years to expiration [2]	Net book value	
			At 31 December 2021	At 31 December 2020
800 MHz	2016	9.1	1,858	2,062
900 MHz	2014	7.5	180	204
1800 MHz	1997	5.6	-	-
1800 MHz [1]	2013	6.0	95	111
2100 MHz	2000	1.0	100	195
2600 MHz	2016	9.1	71	79
Total telecommunications licences			**2,304**	**2,651**

(1) Licence held under agreement with T-Mobile Polska S.A.
(2) Remaining useful life in years as at 31 December 2021.

700 MHz band is currently required to be available by 30 June 2022. However, the availability of this part of spectrum also depends on international arrangement with eastern neighbours of Poland, where this spectrum is used for digital and analogue TV and also for radionavigation (in Russia). Additionally model of the allocation of this spectrum still has not been decided. The new idea of 700 Mhz usage is described in a draft act amending the act on the national cybersecurity system published in October 2021. It includes provisions regarding the establishment of the Strategic Security Network Operator (OSBB) and the company Polskie 5G [Polish 5G] as well as the related 700 MHz spectrum allocation method (via a tender procedure). Under the proposed scheme, frequencies in this bandwidth would be allocated in part to OSSB and in part to a telecommunications operator or a consortium of operators. The frequencies would be subsequently used for a single telecommunication network, that is a nationwide wholesale 5G network operated by Polskie 5G. Perspectives for allocation of 26 GHz band were consulted by UKE with the market in 2020. Taking into account availability of devices, general level of 5G maturity and delay in C-band allocation we do not expect allocation of ths band sooner than in 2023.

Orange Polska has been actively involved in discussions about future bandwidth distribution plans, coming up with initiatives aimed to ensure quick and effective 5G spectrum allocation.



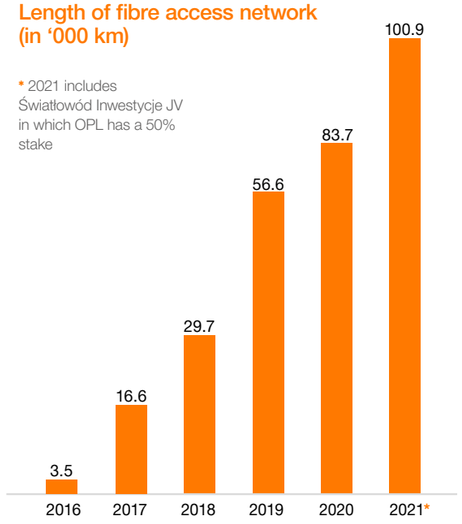
Network

The largest network infrastructure in Poland

As the former incumbent operator, we have the largest network infrastructure in Poland, supporting both fixed and mobile services. It includes around 15,400 km of fibre in backbone, 92,700 km of fibre in aggregation network and more than 363,400 km of access copper network. The access network is predominantly built in copper technologies, fibre access network accounts for around 100,900 km (incl. Światłowód Inwestycje JV in which OPL has a 50% stake) at the moment, although it is growing rapidly in line with our intensive fibre investment plans.

Fibre is also increasingly used to connect our mobile base stations, on the one hand to boost our capacity to accommodate growing data consumption, and on the other hand to ensure greater reliability of the network. In 2021 additional 250 base stations were connected via fibre. At the end of the year, about 57% of our mobile base stations were connected to the backbone through fibre. Mobile and fixed networks share not only cable infrastructure but also higher network layers like core, control and service platforms. We will gradually transition our network to be fully IP-based in the years ahead, which will require the elimination of certain network elements (e.g. PSTN stacks).

Length of fibre access network (in '000 km)



To ensure the best connectivity and optimal resource allocation, we take the specifics of local markets into account. In cities, we are focusing on the development of Fibre to the Home (FTTH) coverage, whereas in less populous areas, copper-based technologies, supplemented by mobile ones, are the primary broadband access solution. We also roll out our fibre network in smaller towns and in suburban areas on a selective basis, within the framework of Operational Programme 'Digital Poland' (POPC). We are increasingly expanding our fibre network into single-family housing districts, though apartment buildings are still the primary target for our investments. At the end of 2021, our fibre access network covered 5.9 million households in 211 cities.

Co-operation with third-party operators has also made a big contribution to the development of our fibre optic network. Thanks to this approach, whenever co-operation is possible, we avoid uneconomical duplication of fibre optic networks. If the extant network meets the standards guaranteed by Orange, we try to use such networks in the first place.

Orange Polska's mobile network services are broadcast from nearly 12,000 base stations with over 99% of them offering 4G LTE broadband data covering almost 100% of the population and 98% of the country's territory. In response to the growing demand for high-speed Internet access, Orange Polska is also steadily increasing the number of locations supported by LTE Carrier Aggregation technology (4G+), which multiplies available bandwidth.

Network reliability and resilience requires the constant upgrade of self-healing network mechanisms and continuous quality monitoring. We are capable of monitoring service quality not only at the statistical level but also from the perspective of an individual customer. We are proactive in our approach and respond before parameters start to deteriorate, preventing network congestion, thus ensuring the same connectivity experience, whether customers use our mobile or fixed networks.

First campus networks launched:

It is Orange Polska's ambition to actively participate in the implementation of the 5G network in Poland in order to provide our customers with access to this network and modern services based on it. The ongoing roll-out of our fibre network is a precondition for the efficient operation of the future 5G mobile network. In December 2020, we signed an agreement with the Łódź Special Economic Zone for the development of an internal 5G network on the 3.6 GHz band. At the end of May, 5G LAB was launched in the Zone. It is Poland's first 5G campus network for startups and a space for testing innovative projects using exactly the same 5G infrastructure which is to be deployed in Poland in the future. In addition, as a result of our co-operation with Miele, which has its factory in Ksawerów near the city of Łódź, we developed another 5G campus network on the 3.6 GHz band. With this network, Miele can deploy innovative digital solutions to automate production and quality control processes for manufactured products and conduct virtual reality-based training for employees on a wide scale. Furthermore, in mid-December we announced the launch of a 4G and 5G campus network at Nokia factory in Bydgoszcz. The network developed for Nokia is an R&D base for implementing production process optimisation projects for industry 4.0.

During the implementation of the aforementioned projects, Orange Polska collected unique experience on the Polish market, which we believe will pay off in subsequent implementations, especially that private 5G networks are undoubtedly one of the elements of the future of an effective industry.

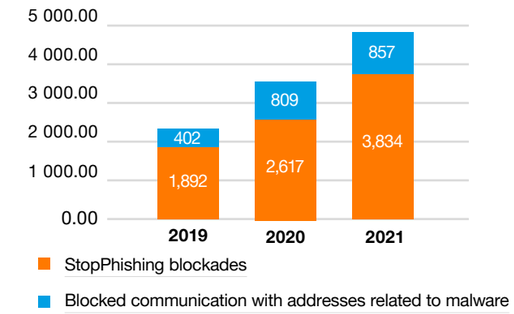
5G services in the 2100 MHz band

Orange Polska maintains its position that only quick allocation of frequencies in the 3400–3800 MHz spectrum band will enable the launch of full-fledged 5G services of adequate parameters for customers in Poland. However, due to the auction annulment, the Company implemented and expanded Dynamic Spectrum Sharing (DSS) in the 2100 MHz band, which allows dynamic allocation of spectrum resources to 4G or 5G as required. As at the end of 2021, Orange Polska offered commercial 5G services via a network of 1,727 base stations.

Network security as our top priority

Throughout 2021, Orange Polska CERT (Computer Emergency Response Team) observed unusually high activity among phishing campaigns. Main distribution channels of these campaigns were e-mail messages and SMS. Social media were also important sources of cybercrime campaigns. This significant increase in security incidents in the online cyberspace has led to growing customer interest in cybersecurity services. To detect phishing campaigns and collect malware samples, Orange Polska uses internal Threat Intelligence solutions based on Artificial Intelligence algorithms, as well as self-developed 'Honey Pot platforms (solutions simulating customers' equipment/systems which are exposed to cybersecurity attacks) controlled by Orange Polska. These allow for the proactive collection of malware samples, and identification of new methods of cybersecurity attacks. The chart alove shows statistics on phishing and malware attacks blocked in the Orange Polska network. Each blockade represents one customer protected against phishing attack or malware.

No. of unique users [k]

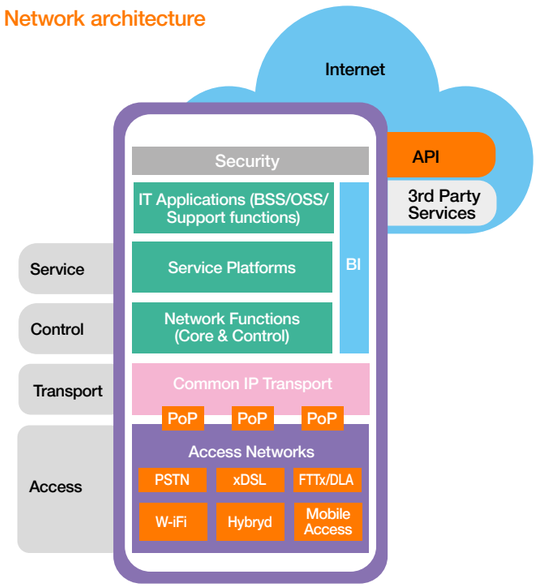


Orange Polska CERT operates around the clock, taking care of all cybersecurity issues that impact users who access the Internet through the Orange Polska network. Customers are protected by CyberTarcza (CyberShield), launched in 2014 as a service to answer a specific market need for the detection of threats in the network and for securing users from malicious activity. Due to the benefit of seamless and automatic work performed in the background, the comfort of use is highly advantageous to the users. Orange Polska is still the unique ISP (Internet Service Provider) in Poland offering advanced cybersecurity services. Almost every day CyberShield informs various groups of customers about detected threats related to possible virus (malware) infections on their computers or mobile phones.

Network efficiency

To increase the efficiency of our infrastructure, legacy technologies and solutions which are mainly voice-oriented are being replaced with a converged network capable of handling all types of traffic: voice, data and video. We implement solutions that fully support IP technology, and, thanks to self-healing and dynamic reconfiguration mechanisms, provide for higher service quality while improving cost-effectiveness thanks to massive deployment of 100 Gb/s technology. In our efforts to provide customers with the best network in Poland, we leverage our own investments by using third-party infrastructure and benefiting from EU funds for network construction.

Network architecture



On the mobile side, we are continuously cooperating with T-Mobile and NetWorkS! (a company responsible for network construction and operation). With T-Mobile we share RAN infrastructure (nearly 12,000 shared sites), which enabled the fast introduction of 4G and optimisation of operating costs and capital expenditures.

Products and services

We aim to meet the needs of our customers by delivering unmatched data connectivity and products and services that matter to them. We want to be the number one operator for Polish households and the trusted partner of choice for businesses, supporting digital transformation. We offer a broad portfolio of telecommunication products and services for individual, business and wholesale customers. We are the biggest fixed-mobile convergent operator in Poland, offering fixed connectivity based on different technologies. Our success as a business depends on delivering value to all our customers, enabling them to fulfil their needs and aspirations. This translates into increased market share on the one hand, and on the other hand into revenues and profits. To achieve success we have to design a palette of services that fit customer needs, are competitive and allow us to differentiate ourselves on the market. Finally, the offer has to be properly communicated.

Fitting customer needs

As customer needs are evolving rapidly and the continued digitisation of society generates a vast increase in demand for data transfer, we have to constantly develop our offer, adjusting it to customer needs and providing the right products at the right price. Our activities in this respect are different for the mass consumer market and for business customers. Furthermore, the business customer group is not homogenous either. We make a distinction for internal purposes between small businesses, bigger corporate customers and the largest customers (key accounts). An example of a change in customer needs is the trend towards fulfilling the digital needs of entire households, as opposed to the single service contracts that were the market standard a few years ago. Our products are available to all our customers regardless of their age, ability, skills or place of residence. We conduct an active dialogue with our customers to ensure that our services and products meet the relevant needs and requirements.

Competitiveness and differentiation

In order to be successful, our service portfolio must be competitive. So we very closely monitor the activities of our competition and react appropriately. The Polish market is very competitive with a significant number of players in all its segments. The level and dynamics of competition have had a very significant influence on our financial results. We are constantly looking for innovations in our product portfolio and the right balance between features and price. The key differentiator and the source of competitive advantage for us is the ability to offer both mobile and fixed services, which we call convergence. By addressing the household's telecommunication needs in a comprehensive manner and encouraging customers to buy additional services, convergence increases customer satisfaction and reduces churn as compared to single service users. We accelerated our convergence strategy by introducing the Orange Love convergent offer and making it the key commercial formula in the Orange.one strategy. We launched a highly innovative Orange Flex offer, fully manageable from a smartphone application. We believe total flexibility and digital experience will be the key factors for telecommunications services customers in the future. We also develop adjacent services that complete our basic telecom product portfolio for a household, like energy resale. On the business market, a good example of differentiation strategy is our development of competencies in ICT, which in a lot of cases helps us to win business in our core services. Our global and widely recognised Orange brand is a vital source of competitive advantage and also helps us to differentiate.

Sales and distribution

We aim to make it easy for our customers to access our products and services. We use different channels to connect with customers, including traditional points of sale (our own or our agents'), online, telesales and door-to-door. To maximise value generation we must ensure the right mix of distribution channels, reflecting market evolution, local specifics, customer needs, our competitors, and the range of services we offer.

More effective selling with a local approach

The Polish telecom market is heterogeneous: households are divided fairly equally between big cities, small towns and rural areas. Each of these three zones is different with respect to factors such as competitive environment, our market shares in particular segments, connectivity options and customer needs. We diversify our sales approach to match local expectations and needs as well as customer purchase history. This allows us to reach them with an appropriate offer, through an appropriate sales channel.

For example, in the competitive Warsaw market we run special digital campaigns and dedicated cross-channel actions to generate traffic at points of sale. These actions have proved effective and generated in good sales results. In sales outlets we meet with customers who need assistance in choosing an offer; for time-sensitive customers we offer telesales; and those who prefer to have the complete information set and extensive price comparisons before making their decisions can choose to purchase online. This approach allows us to adapt to customer expectations, better recognise the potential of local markets and more effectively adjust our network investments to local demand.

Digitalisation and cross-channel

When it comes to getting the right mix of sales channels, our strategy is primarily driven by two elements: evolving customer purchasing preferences and the need for internal efficiency. We carefully monitor cost-to-revenue ratios. One obvious trend is the growing importance of online sales.

On our website, we continue to enhance personalisation: customers are presented with dedicated content depending on their actions and the services they use. We also create a positive user experience across all customer touchpoints with innovative customer communication tools, such as:

- Bot-messenger – enables our customers to communicate in a near-natural language via applications such as Facebook Messenger;
- Max – a voicebot and chatbot which allows customers to get support on simple topics, e.g. it provides information about payments, allows them to report failures, calls back with an invoice payment reminder if necessary, or sends an SMS with payment information on request;
- Orange Guide (content marketing).

Customers demand the same quality of experience regardless of distribution channel: face-to-face, by phone or online. To address this, we have developed an omnichannel approach. Despite the impact of COVID-19 and growth of online sales, traditional points of sale still retain their importance. POS accounted for almost half of total sales in 2021, and we expect a similar ratio in the coming years. Increasingly, we see customers hopping between these channels: they may start a transaction online but finalise it in a shop, or vice versa.

Customer care

Delivering top-quality customer care remains our priority. We want every customer interaction with Orange to be positive, and to ensure a uniform and consistent experience, regardless of the contact channel chosen by customers. To manage the best customer experiences, we use the Customer Journey Management methodology proven in the Orange Group. According to our customer experience strategy and the ongoing pandemic situation, we pay special attention to the development of remote and digital channels.

Omnichannel experience

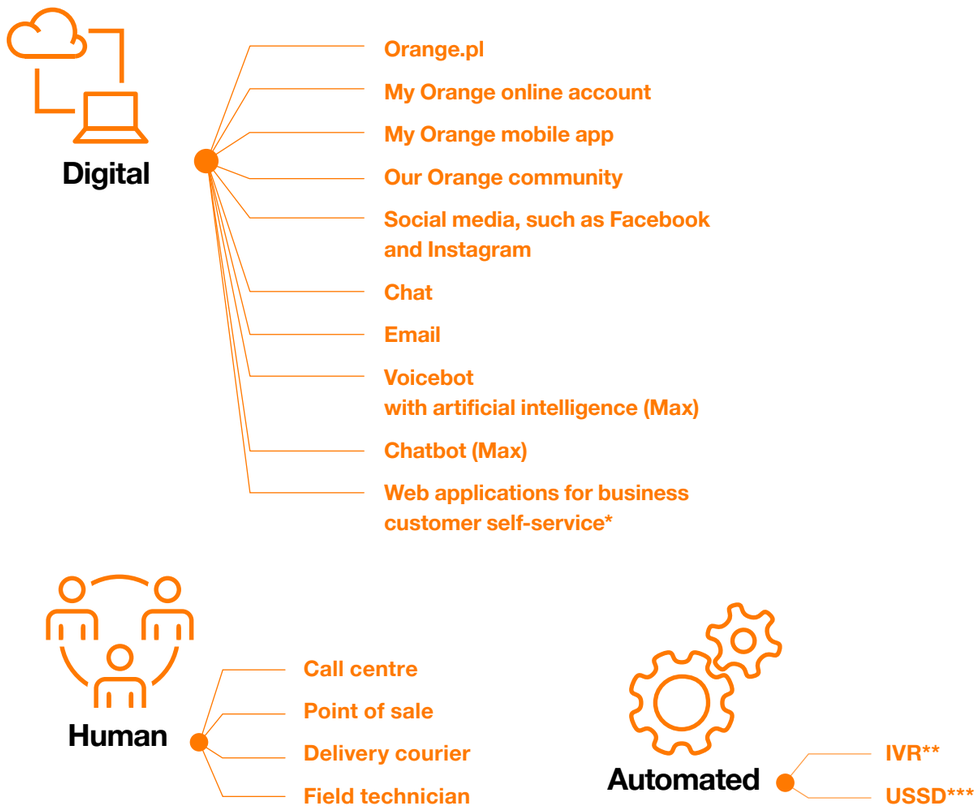
Our priority is to provide the best omnichannel experience, based on the preferences and capabilities of our customers and our business goals, which is to increase the share of digital channels, primarily our Voice & Chatbot Max and My Orange.

My Orange is both a mobile app and an account available on our Orange.pl website, which provides customers with service information and management functionalities. My Orange enables customers to quickly and easily check their credit balance, activate or deactivate services, and review details of fees and charges on their own. The framework for our activities for the development of digital channels is a dedicated digital programme, launched in 2020 and continued last year.

Artificial intelligence (AI) and robotization have played a major role in the development of our customer service channels. Since 2019, our customers have been supported by Max, the AI voice of Orange. Max answers all calls to our service infolines and supports outbound campaigns concerning service purchase offers, overdue payment handling and situations in which customers are not satisfied with how their matter has been handled through traditional contact channels.

As for improving traditional channels of service, our priority was further standardization and related improvement of service quality. We are the only telecom provider in Poland that has been operating in compliance with the global COPC (Customer Operations Performance Center) standards for a number of years. The COPC certificate attests to the highest quality in customer care management, particularly with regard to efficiency monitoring, quality, and employee recruitment and development. Our special pioneering achievement was the implementation of the COPC Enterprise standard, which encompasses customer operations enterprise-wide rather than concentrating on the efficiency of individual locations.

Customer contact channels mix



* Premium Support Portal and Fleet Manager are free self-service systems for B2B customers, enabling them to submit requests, verify data, view invoices and manage agreements.
- Premium Support Portal is a system dedicated to Fibre Business Package, Business Package, data services and advanced services.
- Fleet Manager is a system dedicated to mobile services.

** IVR – Interactive Voice Response – is a system allowing interactive caller support. The caller, after hearing the recorded messages, selects items from the menu.

*** USSD is Unstructured Supplementary Service Data. After choosing the selected menu on the handset screen, the customer activates another menu that includes the information they need. The menu is visualised on the screen (if the phone has one).

Customised service

Our goal is to provide the right service according to the special needs of various groups of customers:

- Senior citizens (over 65)
- Foreigners
- People with disabilities
- Customers preferring digital channels
- Premium customers

As a result of this customisation, we can handle customer matters much better, accurately adapting to the customer's age, individual needs or required access features.

Our external environment

Regulatory



General rules

The Polish telecommunications market is subject to wide sector regulation including the one established at EU level and transposed to national legislation. It is supervised by a National Regulatory Authority, the Office of Electronic Communications (UKE). As a general rule the telecom market is divided into separate markets for wholesale and retail services (so-called "relevant markets"). UKE analyses the level of competition within each of these markets and, based on this analysis, decides on the necessary level of regulations. As a former incumbent operator on the fixed services market, Orange Polska is designated an entity with significant market power and is subject to regulations in certain market segments. In particular the Company is obliged to prepare regulatory accounting separation statements and perform cost calculation for LLU and BSA services, which are to be verified by independent auditor annually. As such, this regulatory regime has a significant impact on some of the services we provide. On the mobile market, regulations are equal for Orange Polska and other big market players. Our activities are also subject to supervision by the Office of Competition and Consumer Protection (UOKiK).

Core regulations

We consider the following regulations to be the most important for our business at the moment:

- Access to wholesale broadband services (also known as Bit Stream Access, or BSA) and physical access to last mile infrastructure (Local Loop Unbundling, or LLU) are mandatory under cost orientation obligation (verified by Margin Squeeze/ Price Squeeze tests) and non-discrimination rules (including Chinese Walls), and this legislation covers both fibre and copper lines. Orange Polska is not obliged to provide BSA on fibre and copper infrastructure in 151 deregulated municipalities. LLU is not required in 51 deregulated municipalities. Orange Polska, as other beneficiaries of public funds is also providing wholesale access to its network built within POPC programme based on BSA and LLU as well as access to infrastructure.
- Regulation of call termination services. The level of termination rates is established in Delegated Regulation, and the following rates apply:
  - The single EU-wide maximum rate for voice call termination on a mobile network (MTR) will be 0.2 cents per minute from 1 January 2024. Since 01.01.2022 MTR was decreased to 0.0252 PLN/min. Next decrease of MTR will be implemented since 01.01.2023 and MTR will decrease to 0.4 ec/min.
  - The maximum EU-wide rate for terminating a voice call in a fixed network (FTR) is 0.0032 PLN/min since 01.01.2022.

Obviously, as a business entity we must also comply with administrative decisions and general laws and regulations. Recently the legal environment has been changing dynamically.

Further amendments to telecom rules are pending both at European and national level.

Recent trends in regulatory environment

The regulatory regime over the past few years has been evolving toward a policy of balanced intervention. This is mainly related to changes in the structure of the overall telecom market in Poland and a much higher degree of competition in particular segments (e.g. the emergence of cable operators as important players in retail fixed broadband).

In particular, the Office of Electronic Communications (UKE) has issued decisions that will ensure symmetrical access to cable ducts and regulate access to in-house wiring operated by the largest infrastructure owners. The relevant regulatory obligations have been imposed not only on telecom operators, but also on the biggest cable TV operators.

At EU level, the list of markets susceptible for ex ante regulation of significant market players has been limited to two markets: Wholesale local access provided at a fixed location (LLU) and Dedicated capacity (incl. mobile backhaul). The implementation of the EC recommendation requires a new market review and relevant UKE's decisions.

At national level, there are ongoing legislative works (currently at the government level) on the draft law on national cybersecurity system. This draft law includes inter alia the assessment scheme of the so called high-risk supplier.

Economic

Changes in the Polish economy, such as GDP growth, inflation, unemployment, disposable income, interest rates or foreign exchange rates, can influence our ability to create value. Whilst these areas are outside of our direct control, we can use our hedging strategies to mitigate the potential adverse impact of market movements. The outbreak of COVID-19 pandemic in 2020 affected significantly the global economy. In Poland, within the last two years the business environment is changing rapidly with still active, ongoing pandemic impact. Despite relatively shallow economy recession in Poland in 2020 in comparison to West European countries, in 2021 the economy revived. We believe that Polish economy has good long term prospects ahead despite many uncertainties affecting business environment, including high inflation and energy prices, growing interest rates, supply chain instability, and geopolitical situation, in particular war in the Ukraine.

GDP growth

The pandemic outbreak has dynamically changed the market situation. In 2020, the first recession in Poland from 30 years was noted with GDP decline of -2,5%. The negative economic conditions were related to COVID-19 pandemic and resulted mainly from decline in domestic demand, investments as well as private consumption. Despite ongoing COVID-19 pandemic, in 2021 the economy grew by a very solid 5.7% according to the Central Statistical Office's early estimates. That was possible mainly by the consumption growth. Consensus predicts that the economy will slow down in 2022-2023 mainly due to much higher inflation, growing interest rates and very unstable geopolitical situation.

Inflation

Average annual CPI reached 5.1% in 2021, which was the highest level in many years. Inflationary pressures accelerated not only in Poland but also globally, mainly as a result of a rise in raw material prices (gas, energy) and problems with global supply chains. The inflationary pressure in Poland is expected to continue in the upcoming years. According to the current consensus forecast it is expected to exceed 10% in 2022. In March 2022 CPI in Poland came at 10.9%, surprising significantly on the upside, driven by food and energy inflation.

Disposable income

The average monthly disposable income per person amounted to PLN 2,062 in 2021 and grew by a strong 7.5% year-on-year. It has been continuously growing year after year in the past two decades. It represents the money available to a household for spending on goods or services and for savings growth.

Unemployment and labour costs

Unemployment rate in Poland at the end of 2021 amounted to 5.4% and decreased from 6.3% at the end of 2020. The impact of the outbreak of the COVID-19 pandemic on Poland's labour market was limited. With the economic recovery after the end of the lockdown period and partial lifting of restrictions in 2020, the demand for labour increased. In 2021, the continued economic recovery coupled with rapidly growing private consumption expenditure resulted in a further increase in the demand for employees; furthermore, workforce shortages and rapidly growing inflation in Poland led to growing pressure on wages. In 2022, in the context of continued economic growth, these trends are expected to continue.

Interest rates

In 2020, in the face of the pandemic, the Polish central bank lowered the reference rate to its historic low of 0.10%. This low interest rate was maintained throughout the first three quarters of 2021. In the fourth quarter, due to rapidly growing inflation, the Monetary Policy Council raised the reference rate to 1.75%. By April 2022 it was increased further to 5.25%. The prospects of much higher inflation (which exceed 10%) are likely to result in further interest rate increases.

Foreign exchange rates

Foreign exchange rate fluctuations affect Orange Polska's liabilities denominated in foreign currencies and settlements with foreign operators. However, this influence is greatly contained by a portfolio of hedging instruments held by Orange Polska. In 2021, the Polish zloty lost 1.1% against the euro and 9.7% against the US dollar. Any potential depreciation of the Polish zloty should not influence Orange Polska's liabilities denominated in foreign currencies or settlements with foreign operators owing to a high hedging ratio.

Telecom market

Polish telecom market at a glance

The Polish telecom market is mature, with high penetration in most segments. This sector is very important for the Polish economy, particularly in the digital age. Together with the IT and content industries, it shapes the information society and actively participates in the transformation of Polish companies. The COVID-19 outbreak in 2020 made the telecom sector more visible than before, as it has significantly accelerated market changes in Poland towards digital solutions. Network quality was revealed to be essential for everyone, which is why we could observe higher market demand for fixed broadband connectivity, especially fibre services. It also accelerated a digital transformation of Polish enterprises. The telecommunications market is also evolving in terms of technology. Fibre has become the leading fixed broadband technology and we are at the dawn of 5G in mobile. Even though allocation of spectrum dedicated to 5G has been delayed, it is expected to be of key importance in the coming years – especially for the business market. The telco industry faces many business and technical challenges that will require large investments in infrastructure in order to provide individual, public sector and corporate customers with fast and secure internet access (both wired and wireless), as well as new services and equipment to meet new requirements.

The Polish telecom market is characterised by high levels of competition and relative fragmentation. It is mainly driven by mobile services and a high degree of fixed-to-mobile substitution in both voice and data. In the past, these factors have had a critical impact on the overall performance of the market and resulted in the prices of Polish telecom services being among the lowest in the European Union. The market landscape changed significantly in 2019 thanks to mobile operators increasing tariffs in a 'more for more' formula. This came as a consequence of the favourable economic situation in Poland in 2019, very low prices of telecom services and the relatively equal market shares among major players. Convergence has become the leading formula to compete for household customers. This triggered acceleration in market consolidation mainly between fixed and mobile players. A need to invest, growing inflation and relatively low prices of telecom services build expectations that the market participants will continue to focus on value generation.

According to our estimates, the value of the Polish telecom market experienced growth in 2019, remained stable in 2020 (the year of the pandemic outbreak), and managed to record solid growth in 2021. This revival is mainly due to the adoption of 'more for more' strategies by market participants, the rebound of roaming revenues and equipment sales.

Historic perspective: destructive price competition led to low prices and quick fixed-to-mobile substitution through several stages.

- A very high level of price competition in mobile services was exacerbated by several price wars in both the B2C and B2B segments, mainly between 2010-2013. This has led to prices in Poland being among the lowest in the European Union. The key disruptor was Play, a latecomer to the market, which pursued an aggressive strategy to gain market share.
- The structural decline of fixed voice services, influenced mainly by rapid proliferation of affordable mobile services, partial regulation of this segment and unfavourable demographic trends.
- Underdeveloped fixed broadband infrastructure, especially outside of big cities, which in combination with the rapid development of mobile services and strategies of mobile-only market players resulted in partial fixed-to-mobile substitution. Poland has a much higher penetration of mobile broadband positioned as home Internet access compared to the EU average.
- These trends have had a significant impact on Orange Polska compared to the overall market, and this has been reflected in many years of falling revenue. This was mainly due to:
  - the need to adjust to high price competition in mobile to defend market shares in both the B2C and B2B segments;
  - very significant exposure to fixed voice, as an incumbent operator;
  - underperforming the overall market in fixed broadband due to regulations and weak infrastructure in big cities, resulting in the loss of market share to cable operators;
  - no significant exposure to the pay-TV market.

Current and future trends are more benign, with a focus on value and drive for convergence based on fibre.

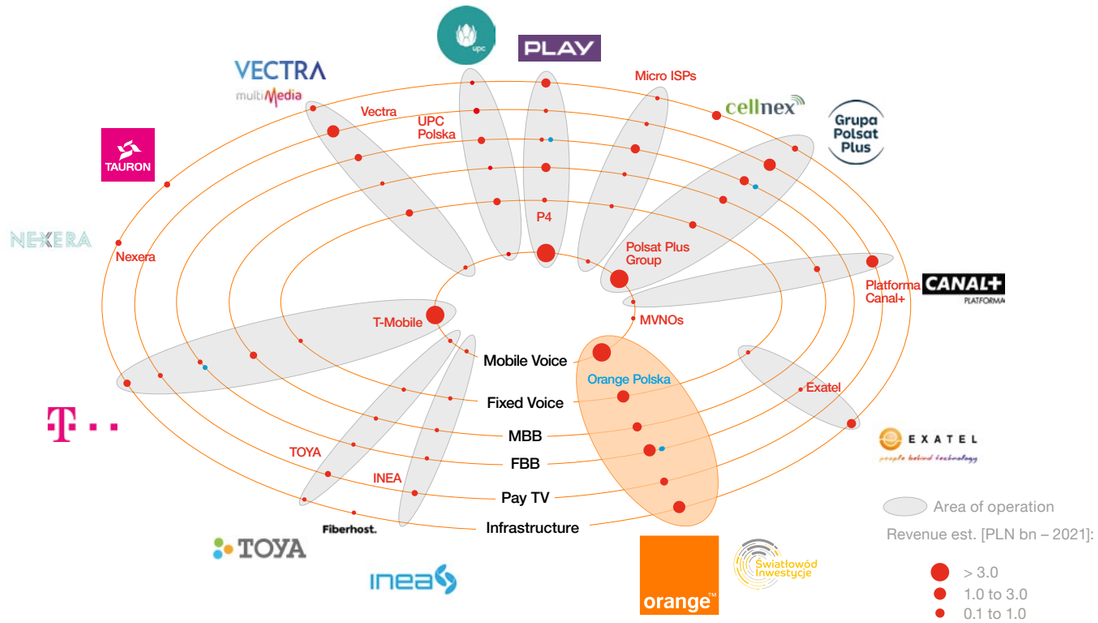
- **Focus on value:** Even though the Polish telecom market remains very competitive, all key players have become more focused on value pursuing more-for-more strategies, mainly in mobile. The competition has shifted from being based solely on price to other elements of the offer and quality of customer care. This is mainly driven, on the one hand, by the relatively low prices of telecom services compared to other EU countries and growing disposable income; and on the other hand, by the need of operators to invest in infrastructure and to mitigate cost inflation. Taking into account inflationary challenges, 'more for more' strategies seem to be more of a must than an option in order to protect profitability. Prices of telecom services in Poland continue to be among the lowest in the EU. Orange Polska has been the first operator to increase its mobile tariffs, first for B2B customers at the end of 2018, and subsequently for consumers in May 2019. Since then we have been pursuing with more-for-more strategy in all major product categories including convergence, mobile post-paid and pre-paid and fixed broadband. Value creation is at the core of our commercial strategy.
- **Fixed-Mobile convergence at the core of commercial strategies:** Convergence – sales of mobile and fixed-line service bundles – is increasingly recognised by all market players as the household business-winning formula. Over the past few years all mobile players have started to also offer fixed services, while leading fixed operators have entered the mobile market. This is conducted either through wholesale partnerships or though acquisitions. Examples of wholesale partnerships include T-Mobile's entrance to part of Orange's fibre network, or the co-operation of Play with cable operator Vectra. Convergence strategies are also facilitated by emerging fibre network operators that provide only wholesale services, for example Światłowód Inwestycje (a JV of Orange Polska and APG) or Fiberhost. Proliferation of the fibre footprint available for all players is also driven by fibre networks built within the EU-sponsored programme Digital Poland (POPC). Orange Polska initiated its highly successful convergence strategy in 2017 introducing Orange Love as our flagship offer for Polish households. By the end of 2021 it had attracted more than 1.5 million customers.
- **Consolidation mainly triggered by a push towards convergence:** The Polish market remains quite fragmented especially among fixed operators. However over the past few years there have been a few consolidation transactions between larger players. Two of the mobile operators – Plus (Cyfrowy Polsat) and Play – acquired the fixed-only companies Netia (the leading alternative fixed-line operator) and UPC (the largest cable company) respectively. Acquisition of UPC by Play is being finalised at the moment with the clearly communicated aim of creating a convergent player. The other significant transaction conducted in the past few years was between two cable companies in which Vectra (the second-largest cable company on the market) acquired Multimedia (the third-largest).

- **High demand for fast broadband connectivity, with fibre emerging as the leading technology:** The pandemic and overall trend towards digitisation has increased demand for fast connectivity, which has become an essential utility for households. Investments in the fast Internet infrastructure have accelerated in recent years, especially outside of big cities, in areas where the infrastructure has historically been quite weak, causing fixed-to-mobile substitution. FTTH has emerged as the leading technology. This acceleration resulted mainly from Orange Polska's massive investments in fibre since 2016 and the EU co-funded Digital Poland programme aimed at rolling out infrastructure in less-urban areas. By our estimates at the end of 2021 between 8 and 9 million households in Poland (out of around 15 million in total) were within range of fibre service. Orange Polska is by far the largest fibre operator in Poland. At the end of 2021 its network comprised access to almost 6 million households, of which 2.2 million relied on the networks of other operators. Out of this 2.2 million, more than 0.8 million were accounted for by Światłowód Inwestycje, a JV between Orange and APG, to which Orange contributed access to 0.7 million households within the framework of the transaction. We expect fibre rollout in the country to continue with investments carried on by Światłowód Inwestycje as one of the most important drivers.

- **Transactions related to infrastructure:** In 2021, Cellnex, an infrastructure market player, on the European market, entered the Polish market via acquisition of mobile infrastructure from Play (March of 2021) and Cyfrowy Polsat (July of 2021). Cellnex entered the contract with Play as a majority shareholder in On Tower Poland Sp. z o.o. (Cellnex Poland with 60% of shares, 40% belong to Iliad) and acquired some 7,000 mobile sites for ca. PLN 3.7bn (€800m). In the case of Cyfrowy Polsat the transaction concerned both passive infrastructure c. 7,000 sites) and active infrastructure (c. 37,000 radio carriers; c. 11,300 km of fibre backbone and fibre-to-the-tower backhaul, and a national network of microwave radio links). The transactions value amounted to PLN 7.1bn. Also in 2021, Orange Polska signed an agreement to sell a 50% stake in a joint venture entity operating under the name Światłowód Inwestycje (FiberCo) which will build fibre infrastructure and offer wholesale access services based on FTTH technology. By 2025 FiberCo will aim to build fibre networks to 1.7m households located mainly in low- and mid-competition areas. Orange Polska has contributed 0.7 million households of its current fibre footprint. The transaction valued Światłowód Inwestycje at PLN 2.748 million (on a debt-free, cash-free basis). Orange Polska sold a 50% stake in the joint venture to APG for a total consideration of PLN 1.374 million.



Main Players on Polish Telco Market – view as of end of 2021



Note: market view as of EoY 2021 Cellnex: new infrastructure player on PL market, w/o revenues in 2021

- **Data consumption booming:** Data consumption is on the rise, spurred by the proliferation of mobile devices and the rapid growth of data per customer, the latter being driven mostly by multimedia content and social media. We foresee data consumption continuing to grow at the current pace for at least the next few years while the smartphone revolution continues in Poland. Responding to customer expectations of the best-possible, always-on Internet access requires a convergent approach to connectivity. That is why development of both fixed (FTTH) and mobile networks (4G and 5G) is crucial.

- **5G at the dawn:** 5G as a marketing concept has been present on the Polish market for the past two years but it is so far only offered by operators on the frequencies used for 4G in DSS technology. The auction for so-called C-band (3.4-3.8 GHz spectrum dedicated for 5G) has been very much delayed. 5G is expected to open new opportunities for both consumers and business and should be one of the growth triggers for the market in the years to come. 5G will make mobile data transmission much faster, but more importantly for its future applications it will have much lower latency (the time needed for two devices to communicate) and much bigger capacity (the number of devices that can be connected to the network at once). 4G is not able to handle the constantly growing number of connected objects, all of which are transferring more and more data. From today's perspective it seems that 5G offers more monetisation opportunities on the business market that will go beyond simple connectivity. 5G will open up a whole array of possibilities to automation processes and to the use of artificial intelligence in various industries – from manufacturing to agriculture. All the devices receive and process data much faster, enabling, for example, the remote steering of manufacturing processes in real time. These processes will function in closed ecosystems often on designated slices of the mobile network. This means much bigger synergies between connectivity and ICT area, and Orange Polska is very well positioned to benefit.

- **Pay-TV – OTT content is increasingly popular but linear TV is still strong:** The pay-TV market should remain relatively stable. Poland still has very strong linear TV. Both Pay TV and OTT are growing markets, with OTT as the growth engine (e.g. initially non-linear services like Netflix, HBO Go, Amazon Prime Video). The COVID-19 pandemic further accelerated the adoption of OTT services. What's more, 2021 has reshaped the OTT market as linear OTT content has gained importance. Of course, OTT content is growing fast, but it should remain an add-on to linear TV, rather than a significant substitution factor.

Orange Polska: a key player in all market segments and well positioned to benefit from market trends

Orange Polska is the leading telecom operator in Poland operating in all market segments. We have the largest customer base in both the fixed and mobile segments

as well as the largest share of telecom infrastructure in Poland. Following successful implementation of the Orange.one strategy in 2017-2020, we delivered a turnaround and reshaped our business profile to one suited for growth and positioned to benefit from market opportunities. Essential to the value-creation plan were heavy investment in the fibre network, pursuing a convergence value strategy and development of the ICT area. Development of business lines with growth prospects, as well as exploring unique market opportunities, were necessary to offset ongoing pressure on our revenues coming from legacy services – which once constituted the core of our operations, and which have been in structural decline for a number of years. At the same time, we were radically transforming our operations to be more agile, digital and flexible, with a strong online presence and highly automated processes. In 2021 we announced the new .Grow strategy that is focused on sustainable growth of revenues and profits, through maximisation of our key growth levers and exploration of new market opportunities.

Supply chain

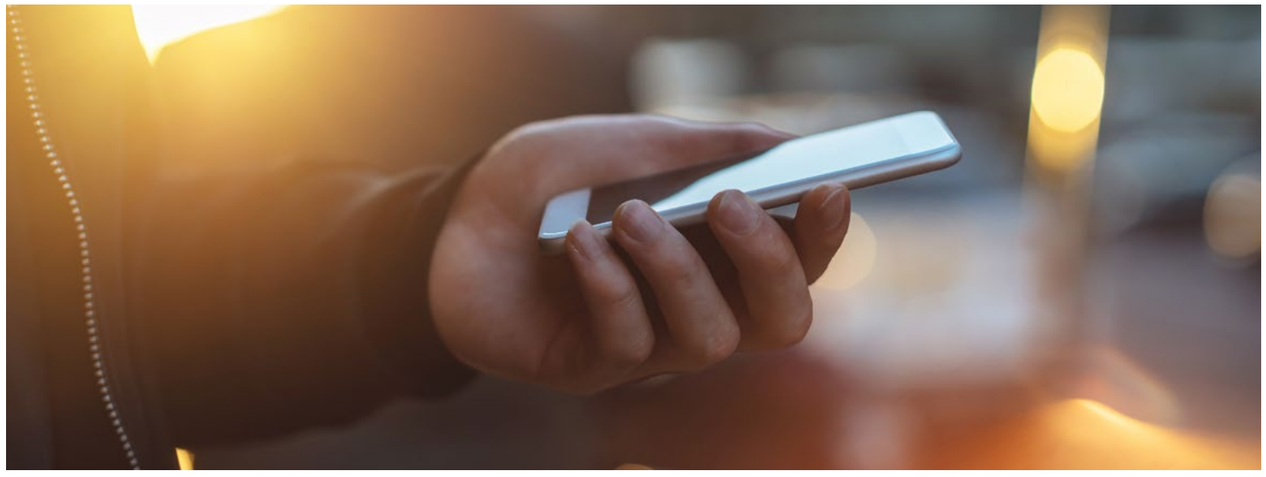
We aim to build strong, long-term relationships with our suppliers. We want our relations with suppliers and business partners to be based on transparent principles and a mutual obligation to abide by ethical standards.

Supplier assessment

We take an active part in the implementation of the Orange Group's global supplier assessment programme, QREDIC. The results of the assessment are used in the process of negotiating with and selecting suppliers at the global level; for example, for subscriber devices or network equipment purchases. A supplier is disqualified if the assessment reveals definite non-compliance with ethical and environmental standards.

At the global level, Orange Group is a founding member of the Joint Audit Co-operation (JAC), an association which groups together telecommunications operators to control, evaluate and develop the implementation of CSR principles by global suppliers of the ICT sector. As of today, there are 18 telecom operators from 16 countries which have joined the JAC initiative. Altogether, JAC represents more than 50% of the industry revenue and more than 2.7 billion connections.

Local suppliers are required to sign up to a compliance clause, which is included in agreements with our Company. The clause includes an obligation to comply with ethical and responsible conduct rules, particularly concerning human rights, environmental protection, sustainable development and anti-corruption. In addition, an anti-corruption clause is included in all purchase agreements. From 2021, suppliers who are in the highest risk groups are asked to



complete a CSR questionnaire, which relates to the areas of environmental protection, occupational health and safety, employee rights, diversity, compliance and ethics.

Building long-standing relations with suppliers

In 2021, we co-operatated with 2,990 suppliers in Poland, including subscriber and network equipment suppliers, network contractors, IT equipment suppliers, personnel outsourcing agencies and media houses. We strive to build our relations with suppliers on the basis of long-term contracts providing for transparent terms of co-operation. Almost 97% of purchases (by value) are executed under long-term framework agreements. We are working towards effecting all payments to suppliers within due time. The timely payment rate is 88.6%. The standard term of payment to suppliers is up to 30 days (93% of agreements).

Transparent supplier selection process

We follow a competitive and open procurement policy. The transparency of our supplier selection process is ensured by the Procurement Process Code, a set of rules which must be followed by all procurement organisation employees in their direct and indirect contacts with suppliers. The Code includes procurement procedures which transparently regulate supplier selection, contracting and confidentiality. From 2019, the CSR clause was included in the templates of purchase contracts. We are gradually supplementing its implementation also among long-term suppliers who concluded contracts before its introduction. In 2021, 100% of buyers from the procurement department of Orange Polska completed online training dedicated to the main CSR aspects in procurement.

Currently, over 96% of orders (by volume) are placed electronically, via an online procurement tool that automatically analyses submitted offers. Moreover, suppliers who want to co-operate with Orange Polska can register to join a database of potential suppliers, allowing them to participate in the Company's procurement processes.

Social

Poland's standard of living has been improving steadily over the years. Despite the COVID-19 pandemic, resulting in lockdowns and restrictions affecting the functioning of companies since 2020, Poland's economic situation was strong at the end of 2021. GDP was up 5.7%. The situation in the labour market was also very good. The only major problem was high inflation, as annual CPI reached 8.5% in December 2021 and as much as 10.9% in March 2022. This picture, however, will rapidly evolve in the coming months due to admission by Poland of millions of Ukrainian refugees fleeing the war after February 24, 2022. A large proportion of them will stay in Poland for long, or even permanently, thus greatly affecting the country's economy, labour market, education, housing market and health care system.

By the end of 2021, Poland's labour market had successfully tackled the impact of COVID-19 – also compared to the rest of Europe. At the end of 3Q 2021, the employment rate for the 15–64 age group in Poland was 71% (i.e. up 2p.p. year-on-year, but still down 2.6p.p. vs. the start of the pandemic). For the second year in a row it was above EU average, which stood at 69.7% in 2021. At the end of June 2021, the unemployment rate in Poland, as reported by Eurostat, fell to the record low of 2.9%, which was the second lowest figure in Europe (with EU average of 7%).

The problem faced by Poland for years is that the employment rate varies considerably across educational attainment levels and with respect to gender. At the end of 2021, the employment rate in the 20–64 age group was almost 90% for people with tertiary education, but slightly over 71% for people with upper secondary education and only 47% for those with primary or lower secondary education. Women with primary or lower secondary education face a particularly high risk of exclusion from the labour market: only slightly more than 34% of them in the 20–64 age group were in employment. Moreover, loss of jobs during the pandemic was particularly high in this group, especially among younger women.

Recent years have seen a range of initiatives to eradicate poverty and reduce inequalities in Poland. Since 2015, an increase in the minimum wage, changes in civil-law contracts and – above all – programmes of social benefits for families (PLN 500 monthly allowance per child, PLN 300 yearly allowance for school starter kits) have radically improved the situation of many vulnerable groups, particularly those of lower social and economic status. However, since 2020, the increased inflation has diminished the impact of social transfers, which are not subject to indexation (purchasing power of 500+ has fallen by 13.1% since 2016).

The Gini coefficient of income inequality, which measures the distribution of equivalised disposable income across the society, fell from almost 35.6 in 2005 to 28.1 in 2020, well below EU average. However, these figures reflect people's declarations in surveys. Poland's inequality levels based on tax data might be even 25% higher than the official statistics based on survey data – thus placing Poland among the least equal societies in EU (see Blanchet, Chancel & Gethin, 2019).

Poland is still facing the challenges of a rapidly ageing population. The unfavourable demographic trends are already reflected in a decline in the working-age population. The problem is compounded by the falling number of births, which decreased by 5% in 2020 and a further 7% in 2021, reaching the lowest level in 15 years.

As the Internet has become the main way of functioning in many fields of life, digital exclusion touching certain social and demographic groups seems an especially urgent problem. According to the Central Statistical Office (GUS), as of 2021 over 92% of Polish households had access to the Internet – a fairly steep rise since 2019, when slightly more than 8 out of 10 households had it. A major improvement in broadband adoption since the start of the pandemic has been seen in rural areas and small towns, nearly closing a digital gap to the biggest cities in this respect.

Nevertheless, use of the Internet and modern technologies still varies with social and demographic factors, especially age, professional activity, and education. The Internet is used by the great majority of young people and very few seniors. Digital divide starts in the 55+ age group, but the most affected group is those aged over 65 – with only 46% of them regularly using the Internet. Education level plays a major role as well, with 98.6% of Poles with tertiary education being regularly online, compared to 78.2% of those with upper secondary education and 71% with primary or lower secondary education. The problem is also greater among unemployed, with nearly 17% of them not using the Internet regularly in 2020.

As a telecommunications company, we must respond to the diverse needs of our customers, both the older ones, who are less convinced of the need to adopt new technologies, and the younger ones, who are used to constant online presence and try to keep up with the latest technological trends. Telecommunications expenditure is a permanent component of any household budget, and we try to ensure that each customer, regardless of their income, can find a suitable offer for them and their relatives. Nowadays, it is no longer network access itself but rather the ability to use new technologies wisely and safely which has become a social challenge.

Human rights

Owing to the nature of our business model and supply chain, we follow the human rights policy formulated at the international level by the Orange Group. In addition to the general framework of the International Labour Organization conventions, the Universal Declaration of Human Rights and the Global Impact Principles, Orange Group complies with the UN Guiding Principles on Business and Human Rights adopted in 2011. The Group's activities with respect to safeguarding fundamental human rights focus on three main areas:

- relations with employees;
- relations with suppliers; and
- privacy and freedom of expression.

These areas are all addressed in the Orange Polska Code of Ethics. We respect all people and their right to privacy. We accept diversity in terms of background, race, gender, culture, age and marital status as well as religious beliefs, political views and membership of social or professional organisations.

We use a Supplier Code of Conduct at Orange Polska. The Code has been developed at the Orange Group level and adapted to national laws and regulations. It seeks to encourage compliance with these laws and regulations, and ensure that they are faithfully and effectively enforced. Suppliers are required to respect human rights and avoid being complicit in human rights abuses of any kind.

The Code covers the following areas:

- social responsibility: freedom of association and the right to collective bargaining, forced labour, child labour, diversity and non-discrimination, remuneration, working hours, and health and safety;
- environmental responsibility: environmental protection, natural resources, and waste management; and
- prohibited business practices: anti-corruption policy, competition, sponsorship, political contributions, money laundering, data security, and data protection.

The Code has been published and incorporated into our contracts with suppliers. We are currently working on a human rights policy specific to Orange Polska.

We also launched an e-learning training on human rights that was completed by 100% of the procurement team. Rights related to diversity are covered by our diversity management policy (more on p. 104), while privacy and data protection by our customer safety policy (more on p. 80).

A separate corporate social responsibility clause is included in all contracts. Pursuant to the clause, the parties undertake to comply with, and ensure that their employees, suppliers and sub-contractors comply with all national, European and international rules associated with standards of ethical and responsible behaviour, including standards on human rights, environmental protection, human health and safety, and sustainable development. They also undertake to combat any infringements of human rights and fundamental freedoms, as well as any risks to the health and safety of persons and the environment. In addition, they declare that they will require their employees, suppliers and sub-contractors to refrain from using child labour or forced labour, and shall combat any discrimination. The clause has been included in all new purchasing contracts since 2019.

Human rights have also been referred to in the Orange Polska risk map in the form of the so-called The Vigilance Plan, which has been adopted across the international Orange Group. This plan covers the management of risks related to human health, safety and security, environmental damage and serious violations of human rights or fundamental freedoms.

Orange Polska takes all issues related to human rights very seriously, paying particular attention to the rights to privacy and personal data protection. In order to prevent theft or unauthorised modification or processing of personal data of its customers and employees, or personal data entrusted by Orange Polska, we have implemented security measures consistent with international standards. In addition, we are introducing a process to identify and prevent violation of rights and freedoms of data subjects.





Environmental

Digital technology is used daily by 6 billion people worldwide. The ICT sector (fixed and mobile networks, Internet of Things (IoT) devices, VPNs, data centres, as well as user devices: smartphones, computers, set-top boxes, etc.) accounts for about 3.6% of global energy footprint and about 1.4% of global CO_2 emissions, and is expected to grow.[1]

Orange Polska is sensitive to global challenges related to the natural environment and natural resources. We have set ambitious goals and are taking concrete actions to reduce our environmental impact, both direct and indirect. Our target is to become net zero carbon already by 2040 with respect to our own direct and indirect emissions as well as value chain emissions. This is perfectly aligned with global, science-based Orange Group climate objectives that fall in line with Paris Agreement's target of limiting global warming in the 21st century to below 1.5 degrees vs. the pre-industrial era.

In addition to the efforts we make to reduce the impact of our own operations on the environment, as a provider of telecommunication services we can significantly contribute to reducing the negative impact of business activities of others. Digital technology is now integrated into all sectors of human activity, and developing its sustainable uses is becoming our daily challenge. Moreover, by radically transforming the industrial world, digital technology also creates the potential for more innovative and sustainable solutions to the challenges posed by energy use and ecological damage.

[1] Source: Malmodin and Lundén, Sustainability Journal 2018, International Energy Agency.

Modern digital technologies are a major tool to solve climate issues. Telecommunication services support green transformation and offer solutions which enable our customers to reduce their carbon footprint. Tele- and video-conferences decrease business travel (especially by plane), while IoT solutions, particularly in the Smart City domain, optimise consumption of resources (e.g. electricity or water) and reduce emissions and pollution thanks to smart management and monitoring systems for municipal services (e.g. utilities supply, city lighting, parking places, city bikes or waste collection).

Use of new technologies is a huge opportunity on the one hand, in terms of economic and social development and finding more ecofriendly solutions; on the other hand, it presents a challenge when it comes to the rapid obsolescence of products and increased demand for energy. It poses a problem about what to do with devices that are no longer wanted and provokes us to think about ecoefficiency inside the Company as well as relations with our suppliers. It also means educating customers and encouraging them to return ICT devices they no longer use. Digital can and should be a part of the solution to the climate emergency, but it also has a clear responsibility of bringing to net zero its emissions across the entire value chain.

Our stakeholders

Through dialogue with our stakeholders, we learn to respond to their expectations more effectively. This chart identifies our key stakeholders, their concerns and how we engage with them. In the course of our business activities, we come into contact with members of each of these groups, every day.

	Why it is important to engage	Ways we engage	How often we engage	What matters most to them
Business partners	Building strategic alliances can help to ensure the quality of our network and broaden our portfolio of customer offers.	One-on-one business meetings; agreements based on fair rules of co-operation	Regular and ongoing contact.	Transparent and fair rules of co-operation. (pp. 17, 30, 111)
Communities	Empowering local economies strengthens the socioeconomic context in which we operate.	Co-operation with communities; programme partnership with educational and social institutions.	Regular and ongoing contact.	Investment in infrastructure; social investment in communities. (pp.114-123)
Customers	Our customers are vital for the success of our business and we put them at the heart of everything we do.	Dialogue with customers: listening & responding; customer satisfaction surveys, including NPS.	Continuous direct contact; regular customer opinion surveys (monthly, quarterly, annual and ad hoc).	A reliable and resilient network; good coverage; safe services; simple, transparent offers and pricing; good convergent offer; excellent customer service; easy access to services. (pp. 42-45, 76-81)
Investors	As a listed company we take care of our investors and the financial community.	Providing detailed and transparent communication of financial and operational results; engaging in direct dialogue with investors through participation in roadshows, conferences and meetings; dedicated IR website.	Quarterly and annual results publication and meetings; surveys; continuous direct contact.	Transparent financial information; opportunity to meet management; sustainable growth of revenue, EBITDA and cash flow; dividend policy; monetisation from network investment. (pp. 9, 97-99)
Employees	Engagement of adequately skilled and motivated employees plays a critical role in delivering excellent customer service and increasing long-term value generation.	Employee training, and talent development; dialogue with employees: satisfaction survey; dialogue with trade unions.	Continuous direct contact; regular satisfaction surveys once a year.	Friendly and modern work environment; competitive remuneration levels; safety standards; clear career path and motivation system; opportunities for development. (pp. 102-111)
Government and regulators	As our industry is regulated, it is essential for us to establish and maintain constructive relationship with the regulator.	Maintaining constructive dialogue with the regulator; consultation process; dedicated reporting; meetings; participating in industry conferences.	Regular and ongoing contact.	Licensing and compliance; quality of services and network performance; wider access to broadband; partnership in health and education; investment in disadvantaged communities. (pp. 18-19, 25, 121)
Suppliers	Suppliers and contractors impact on our ability to provide products and deliver services.	Dialogue and building of long-term relations with suppliers; group assessment: opinion surveys; audit.	Regular and ongoing contact; opinion surveys at least once a year.	Fair treatment; transparent rules of tenders and co-operation; timely payment, favourable terms. (p. 30)



Our internal environment

Corporate governance

Corporate Governance in Orange Polska is designed to provide responsible company management and supervision in order to achieve the company's strategic goals and enhance its value. To these ends, we have created a strong corporate governance framework to support the structures, processes and controls which help us to operate more efficiently and mitigate risk. The ability of the company to create value is ensured by having capable governing bodies with a proper division of responsibilities and optimal representation of experience, skills and education. The sustainability of the company is secured by the ability to allocate fairly and sustainably the created value which is necessary to the company's long-term success. The details of Orange Polska's corporate governance are described in the Corporate Governance Chapter of this report on page 165.

Corporate culture

Orange Polska attaches great importance to ensure equal treatment for all employees, along with clear evaluation and promotion criteria, professional and personal development opportunities, and good and safe working conditions. We aim to create a culture of dialogue and collaboration in which all employees feel respected and can freely express their opinions, the culture where all departments aim to reach a company goal together - as one team. We aim to be a company focusing on making things and procedures simpler, so we introduce agile ways of work and enhance our people to be innovative.

Orange Polska conducts regular employee satisfaction surveys and engages in dialogue with trade unions. We build the foundations that help create a friendly workplace. We take care of employees' safety, health and retirement plans. We provide preventive healthcare, care about employees' wellbeing and offer help and support in difficult life situations.

We value diversity and believe that skillful diversity management in a workplace creates new opportunities. It is essential for us to foster an organisational culture based on mutual respect for the differences between us.

Following the launch of our new strategic programme .Grow we believe that only by mutual investment in our people, their development, engagement, creating for them friendly and inspiring work environment we can grow as a company.

In order to be close to the needs of employees and to know their opinion on the Company's activities, we regularly conduct two global surveys: Organisational Health Survey and Your Employee Barometer. Both of them set the directions for further activities within the framework of building a proper organisational culture, which supports the implementation of our strategic goals .Grow and is in line with Orange's values (close, simple, bold and positive).

The details of Orange Polska's corporate culture are described in the "Priorities of the culture change: what we do to be close, simple, bold and positive" section on page 102.



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Our strategy

Q&A with Julien Ducarroz,

CEO and President of the Management Board



Q: In your opinion, what are the key success factors for the .Grow strategy?

The previous .One strategy was a breakthrough for Orange Polska. We reversed multiyear negative trends, we proved that declines in sales and profits are not fatal and that we can grow. Our business is on the right track: we have products that are demanded by our customers, we have the right assets to support them and we are much more efficient. That is why the .Grow strategy is an evolution. This means that the main pillars of our strategy do not change. But this does not mean that this strategy is less ambitious. Maintaining good growth trends could prove equally challenging. This is the first 'growth' strategy at this Company in around 15 years.

Let me mention some of the key components to succeed in our .Grow plan.

First, and foremost our people. Rightly skilled people will determine our success in all pillars of our strategy. We can have the state-of-the-art systems and a top quality network, but if there is no team to make it work and market it to our customers we will fail. This is why cultural transformation and investments in reskilling are so essential from my point of view. Technologies change very fast and our people's skillsets need to follow suit. By 2024, we want to equip 70% of our employees with data skills.

Secondly, we must have a good understanding of the needs of our customers, which are changing faster than ever. I mean here both consumers and businesses. The COVID-19 pandemic has accelerated digitisation and blurred the boundaries between work, home and on-the-go; some habits were changed permanently. This creates a lot of opportunities for the telco industry, but also challenges. We have to keep up with changing customer needs or even anticipate them using new technologies. This is not only about attractive offers but all of the processes that make up a holistic customer experience including customer care, invoicing and complaints. All this impacts our net promoter score, which is one of the key measures of our success.

Finally, implementing .Grow we have to simultaneously invest in the new services and new areas of growth for the future. This is very important because we are still managing the decline of our legacy business and also because some of the services that are currently growing will gradually saturate. So in the .Grow strategy we will place selective bets on new and emerging trends and technologies, knowing that not all will pay off. They will not be key to our financial performance until 2024, but their development will be critical for us in the next strategic cycles. Various services based on 5G technology which today are in their infancy, like IoT solutions, enhanced connectivity and big data analytics, are a good example. This is why one of the pillars of the strategy is called New Opportunities.

Q: Responsibility is one of the four pillars of .Grow strategy: why is this so important?

Responsibility defines us as a business. It is not a marketing slogan. It is in the DNA of our Company, embedded in our daily business logic. I believe that this is the only way to go. Only authentic engagement brings value to all stakeholders, rather than just generating costs – like focusing on empty slogans does. Let me quote the former CEO of Orange Group, Stephane Richard who was convinced that in the years ahead strong economic performance will not be possible without exemplary performance on social and environmental issues.

Green transformation and the fight with global warming to me is the biggest challenge of all. Because it is the one that we as humans cannot fail with, it is a matter of our survival. It is a race. The dimension of this problem is much bigger than skills and other things that we are able to control. If we do not train our people or we do not service our customers properly it would certainly not be good for our business, but we would still exist and be able to fix it. With climate change whatever we fail to do today to counteract it, that opportunity is lost and only adds to the burden of the future. Actions conducted today will be less costly than in the future. Especially as there is a risk that climate changes will bring additional challenges that we are not even aware of at present.

This is why, Orange Polska, as the only listed company in Poland, has a climate officer – a person that coordinates all our efforts related to reduction of our impact on the environment. This is also why in 2021 we formally adopted our climate strategy with clear goals of CO_2 emissions reduction. Goals related to CO_2 emissions are among the three key business KPIs embedded in the long-term incentive programme for our top managers.



.Grow strategy 2021-2024



Our key strategic goals

- Growth of financial outputs through sustainable development
- Long-term value creation for all stakeholders

Key trends

- Demand for fast connectivity
- Digitisation
- Transformation of businesses
- Eco-awareness
- High level of competition

From recovery to sustainable growth

In 2020 we successfully concluded our Orange.one strategy. Its ambitious targets were met and multi-year negative trends in sales and profitability were reversed. We delivered on the turnaround. We are now better prepared for the future, with products that are demanded by customers, assets that support these products and a more efficient cost structure. Orange Polska is now a different company, a strong leader in all key market segments. We are ready to exploit new opportunities and face future challenges.

The .Grow strategy is an evolutionary step to stimulate and accelerate sales and profit growth, while laying the foundation for growth beyond 2024. Evolution means that the main pillars of our strategy do not change. Convergence remains a key growth lever on the consumer market, helping us gain and maintain customer trust and loyalty. The arrival of 5G will provide a brand-new growth lever, adding an exciting dimension of connectivity for consumers and businesses. In this respect, we see ICT as a key growth driver in our B2B business.

As we manage the decline of legacy business, we are adding new sources of profitable growth, including wholesale customers for our fibre and mobile networks. We will place selective bets on new and emerging trends and technology, knowing that not all will pay off, because we want to grow beyond 2024.

As part of .Grow, we want to release our internal potential resulting from digital transformation. We are heading in the direction our customers expect, while improving our internal efficiency by leveraging more on big data and artificial intelligence.

Last but certainly not least, we want to grow in social responsibility. We have set ourselves ambitious ESG goals, and our services put us in the ideal place both to help others reduce their environmental footprint and to ensure that no one is left behind.

In financial terms, with .Grow we are embarking on a path of faster and more sustainable growth, based on solid foundations. EBITDAaL growth is to accelerate, driven by revenue expansion fuelled by commercial activity. It will be a fundamental change from our previous strategy, when the turnaround – after years of decline – was generated by huge savings on indirect costs, while direct margin continued to fall. Our Capex structure will gradually evolve to incorporate higher share of investments in mobile networks. However we aim to keep eCapex at a steady annual level of PLN 1.7–1.9 billion on average over the period. This is how our business growth will translate into increasing generation of cash flow. We will share benefits of this growth with our shareholders by returning to dividends.



Consumer Market: Convergence based on fibre to remain a key growth lever

In the mass market, convergence – or sales of mobile and fixed-line service bundles – will remain the key to value creation. It addresses household telecommunication needs in a comprehensive manner, increasing customer satisfaction and reducing churn. And it allows us to upsell more services, winning a higher share of household media and telecom budgets.

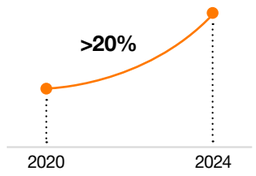
Orange Love – a proven track record

We have already bet on convergence in 2017 introducing Orange Love as our flagship offer for Polish households. The Orange Love offer is a predefined set of fixed and mobile services, bundled together and sold at an attractive fixed price. The basic package can be extended with extra fees for additional SIM cards, higher fibre-broadband speed and additional TV content. On top of that we offer a wide range of smartphones at attractive prices. Importantly, Orange Love is available on any broadband technology (fibre and copper), and also on LTE positioned as home broadband. This allows us to market this offer all over the country, which is very efficient. By the end of 2021 Orange Love had attracted more than 1.5 million customers.

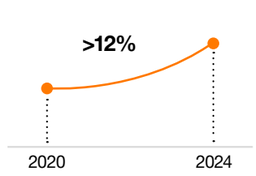
More potential in convergence

The Polish market is becoming increasingly convergent, similar to some other EU markets, but we continue to see significant potential to both upselling additional services to households where we are already present and reaching new households with our services. Our ambition is to expand our convergent customer base by at least 20% by the end of 2024, while achieving a further significant increase in ARPO.

Convergent customers growth fuelled by fibre expansion



ARPO growth driven by value strategy and upsell



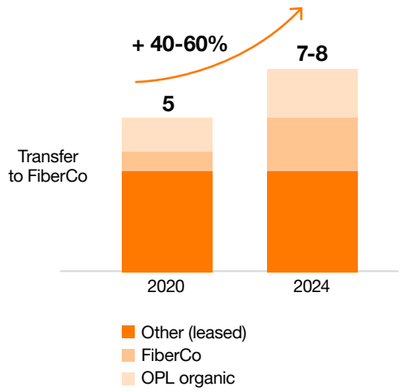


Other operators are also increasingly in pursuit of a convergence strategy based on fixed broadband, which will result in increased competition. This will require us to differentiate with a comprehensive service offer and quality customer care. We will leverage the great power of our brand and our excellent image among customers (NPS #1), and will also attempt to address the needs of more price-sensitive customers.

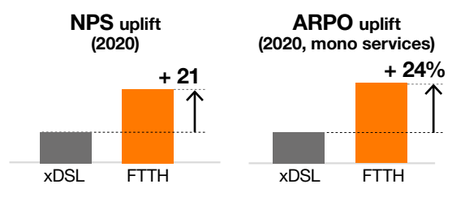
Fibre – a key success factor

The main success factor to reach our convergent ambitions will be further expansion of our fibre reach. We intend to increase it by 2–3 million households by 2024 – an increase of 40–60% compared to the end of 2020. Over the last few years we have heavily invested in fibre network rollout, establishing fibre as a synonym for fast and reliable Internet in Poland, which has been reflected in Orange Polska's perception as the Internet provider of choice. In the coming years, we will rely more on wholesale access to the networks of other operators. These will be mainly the networks constructed by FiberCo and those built within the Digital Poland Operational Programme (POPC). Fibre generates much higher average revenue per user compared to copper technologies. This can be attributed mainly to broader opportunities to sell content and to higher speeds, making these services better perceived by customers and an increasingly popular choice.

We will further significantly expand fibre reach (mn households)



Fibre value creation



TV content – an important element of the convergent offer

An important factor in the success of our convergent strategy is also the quality of TV content, which is very important for Polish consumers when choosing a service provider. While demand for OTT content has grown rapidly, the linear TV offer continues to be very popular. We intend to remain a content reseller: our strategy does not foresee any investments in exclusive content. Our offer comprises more than 200 linear channels and we are increasingly promoting OTT content as well. Our TV customer base stood at around 1 million at the end of 2021. Around 70% of that base accounts for IPTV technology. Customer base in this technology is growing strongly, driven by expansion of our fibre footprint. The remaining part accounts for satellite TV, which we consider a legacy technology and no longer develop.

Beyond connectivity – more services for households

Fixed and mobile connectivity will remain our main services but we aim to explore and test other value-added services following a vision of the 'extended home'. We want to reach customers with new offers that will make their everyday life easier thanks to modern technologies. We plan to add further elements to our convergent packages: cybersecurity services, smart devices, new possibilities of using digital entertainment, and solutions related to the use of environmentally friendly, clean energy. Besides infrastructure, we have highly skilled technicians, sales representatives and sales network to install and advise our customers on those areas. Those assets give us unique positioning to develop and design new services.



Q&A with Jolanta Dudek,

Vice-President in charge of the Consumer Market



Q: How is your household offering evolving under .Grow strategy?

Household offering is the bedrock of our strategy and the key to our future success. The keystone of our consumer proposition is superior infrastructure for both mobile and fixed. Based on supreme connectivity, 4G and (very soon) 5G and fibre, we continue to build a comprehensive offer for the household comprising connectivity and entertainment. This worked very well in the previous strategy, so we will continue in this direction, improving the offer and adding new attractive features for our customers.

Over the past two years it became clearer than ever that 'home' is the new frontier. Our homes became our offices and schools. The pandemic has hopefully receded, but the changes that it generated will be with us for the long term.

Fibre is a key driver of value for us and for our customers who are getting top-quality service thanks to this technology and are much more likely to recommend Orange services. This is why further expansion of the fibre footprint continues to be our top priority. We aim to reach more than 50% of Polish households by 2024.

The next step that lies ahead is the augmented home, an extended vision of the home. We want to reach customers with new offers that will make their everyday life easier thanks to modern technologies. We plan to add further elements to our convergent packages: security services, smart devices, new possibilities of using digital entertainment and solutions related to the use of environmentally friendly, clean energy.

Our goal is to maintain healthy growth of customer volume and simultaneously improve average revenue generation from every offer. Our excellent 2021 results have proven that this is possible.

Q: How is your distribution network evolving? How important is omnichannel?

The quality of our sales and distribution network is one of the essential factors to the success of our strategy. This network is constantly evolving for two primary reasons. Firstly, it is changing in line with the needs and preferences of our customers. Secondly, we are constantly looking for ways to improve our own efficiency. I would say that mastering the omnichannel strategy is critical for achieving those goals.

Let's start with defining 'omnichannel'.

The customer has a choice of different channels through which to contact us, ranging from various digital channels to contacting our call centre or visiting our physical point of sale. Omnichannel integrates these channels to provide continuity and connectivity across all of them. This allows customers to move freely between channels without experiencing interruptions or having to repeat context from interactions on previous channels. In short, it provides a single, consistent customer journey, no matter how the customer chooses to make contact.

Why is omnichannel more critical now than ever?

Nobody will be surprised that, as technological changes influence the behaviour of consumers, the importance of digital channels in growing. That is obvious. But it is only part of the story. Higher usage of digital usually means customer interactions in other channels. A clear trend in consumer behaviour is ROPO (research online, purchase offline), which means that a consumer searches the Internet for information about a product and then purchases the item in a physical store. Or vice versa. According to market research, in Poland this trend is responsible for around 50% of purchases. This is in line with our own observations. With Orange Polska, more than 40% of buyers use two or more sales channels during the sales process. Moreover, while the number of users of the MyOrange application is constantly and dynamically growing, the number of contacts with human channels in the customer journey is not decreasing. This all means that distribution channels are more and more interrelated and we have to adjust our processes and strategy to fit into these changing customer preferences. We have to be where our customers want to meet us.

How do we master our omnichannel strategy?

I would say that digital thinking has to be in the centre of customer interactions in all distribution channels. Obviously we focus strongly on the development of digital, boosting usage of the My Orange application and improving our website and online store. By 2024 we want every fourth sales transaction to take place online. Our points-of-sale network has been evolving in recent years and the changes will continue going forward. Their role is changing but their importance is not. They are increasingly becoming show rooms, especially in big cities, having highly functional design and visualisation supported by IT tools. We are thinking of introducing even more technology, like artificial intelligence, to provide live demonstration of products and improve the customer journey.

The future is also in self-service. The physical points-of-sale network is expensive to run and maintain. That's why in transforming our network we put a lot of effort towards making optimal decisions regarding location, surface and number of consultants. We use advanced geo-spatial models to support us in these decisions. Along with the growing popularity of various digital tools the relative importance of telesales is declining. However we are also working on a better synchronisation between this channel and online. At the same time we are very much aware that not all our customer groups are open for digital channels. Poland's population is ageing and so are our customers. Our elderly customers prefer direct human contact and this is also an important part of our strategy. Omnichannel is our way to deliver a human and digital best-in-class customer experience on every stage on the customer journey.

Business Market: ICT-centred strategy

Orange Polska is the leader in all business segments of the telecommunications market and a leading player in the ICT market. Over the course of the previous strategy we have travelled a long way from a legacy telco operator to a trusted partner in the digital transformation of Polish corporates. The two key enablers of the turnaround in B2B operations were: monetisation of our investments in fibre, and focus on ICT development through organic growth and selective acquisition to complement a portfolio of competences. As a result we were able to uniquely combine connectivity services with systems integration, cybersecurity, counselling, services in the field of software, and applications.

Digital transformation of businesses in Poland is now a fact. It has accelerated over the past two years in practically all sectors of the economy as a result of the pandemic. Upon the implementation of .Grow we will continue our strategy, strengthening our position as an integrator of transformational solutions. We will continue to accompany businesses on their technological journey, expanding the portfolio of solutions of the future.

We want to maintain the dynamic growth of ICT revenues, at around 10% annually by 2024. We will achieve it by leveraging our key resource – that is, mobile and fibre networks – enhanced by a broad portfolio of services comprising the entire value chain of digital transformation. The key role in this process will be played by further stable growth of our subsidiary Integrated Solutions, the third-largest integrator in the Polish market. And we will achieve acceleration in ICT by monetising our investments in new areas and competencies, that is in BlueSoft and Craftware. The highest growth is to be achieved in the areas of cybersecurity and software and applications, based on both the expertise of our subsidiaries and the competence developed for internal needs.

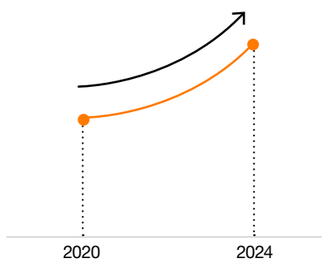
We will intensify migration to cloud. In terms of adoption of cloud solutions, Polish companies are still below the European average. Cloud data processing and network virtualisation are the first step in digital transformation of business. Subsequent stages include the automatic analysis of data, the volume of which will expand in the wake of 5G implementation, and the use of artificial intelligence for the development of future-oriented solutions.

5G technology will be a new catalyst for the ICT market, particularly in the Internet of Things domain. The new network will be faster and more efficient. It will be able to support millions of connected devices at the same time. Companies will be the first to take advantage of its capabilities. We want to be the market leader in mobile private networks. We have already made first implementations on the 3.6 GHz spectrum that will be used for 5G in the future. Together with our customers we want to create more than 40 campus networks by 2025.

The development of the 5G network will bring new benefits and new development opportunities for business. The Internet of Things, virtualisation of everyday operations, process automation, and good use of huge amounts of data, supported by artificial intelligence algorithms, will transfer business in Poland to the next level of digital development. The implementation of the .Grow strategy will secure a leading position for us in the field of counselling and integration of comprehensive transformation services for business, enabling enterprises and institutions to efficiently function in the new digital world.

ICT revenues ambition

c.10% CAGR



Software & Apps

bluesoft

Cloud & CRM

craftware

Cybersecurity

CERT Orange Polska

Network & Communication

INTEGRATED SOLUTIONS

We will be focused on multi-cloud based services

Build multi-cloud platform management solution to support full product life cycle

Strong Partner Ecosystems to implement hybrid cloud approach addressing data storage demand



Multi cloud



Hybrid cloud



Managed cloud



Edge Computing

Provide managed cloud solutions to build continuous relationships with clients

Focus on Edge Computing that leverages benefits of 5G to create B2B2C opportunities

We will offer future-oriented solutions based on 5G



Smart City



Leader of Mobile Private Networks



Industry 4.0



Transport and Logistics

IoT Internet of Things

Expert in IoT in Smart Cities and Industry 4.0 partner

DATA/AI momentum catcher to be a full-fledged partner in digital transformation



Health Sector

Q&A with Bożena Leśniewska,

Vice-President in charge of the Business Market



Q: What does it actually mean that Orange Polska is a digital services provider for corporates?

In current times it is difficult to imagine any business without technology. Digitisation brings various efficiencies, reduces costs, provides for new sales channels and enables data analysis, just to mention a few obvious reasons why it is such an important factor. It's no longer low labour costs, but the level of digitisation that largely determines competitiveness. Until recently financial services were the leaders of the digital transformation; the retail sector quickly followed suit. At the moment the transport and logistics industry is developing, and manufacturing will be next. A key enabler here will be the development of 5G technology. According to Google research, over the time of the COVID-19 pandemic digitisation processes accelerated by a decade. The pandemic forced a lot of businesses to rethink their business model and base it on new technologies.

What does this digitisation involve?

This term may have different meanings for different industries but the first basic common denominator is access to fast internet. Secondly, migration of data, whole systems and applications to web-based cloud services. This provides a number of benefits including flexibility of operations, agility and scalability, and all at a lower cost despite the initial investment needed. The third pillar is development of data analytics and artificial intelligence. A combination of 5G, IoT solutions and AI will be key for future competitiveness as it will facilitate the automation of industrial processes.

How do we help our customers to digitise?

Thanks to our very strong foothold in connectivity (owing to our massive investments in fibre) and competencies in the ICT area (built organically and through acquisitions) we are the only company in Poland capable of delivering end-to-end solutions allowing for digital transformation to corporates from every sector. The services range from cloud, infrastructure and cybersecurity delivered in integration model, to software and applications. One very important factor in strengthening our position here were the acquisitions of BlueSoft and Craftware. They allowed us to capture immense growth of the software and application and CRM markets just as their acceleration was triggered by the pandemic. Both companies generated revenue growth exceeding 25% in 2021.

Q: How might 5G change the B2B market in the future?

Previous generations of mobile technologies (3G and 4G), while they influenced the business market, were mainly revolutionising the consumer market with the ability to send pictures online and watch video. It seems that 5G will be a game changer mainly for the B2B market.

What makes this technology different?

Apart from higher speeds, it is low latency (the time needed for two devices to communicate) and much bigger capacity. The latter means that the number of devices that can be connected at the same time will be much higher, even up to 1 million objects per $1m^2$. This is 10 times more than 4G technology. These last two features, when combined, are critical to open completely new application opportunities for enterprises in many industries. The other unique feature is network slicing, making it possible to dedicate a certain 'slice' of mobile spectrum for dedicated use on a given premises for a given customer. This means that mobile network can be also for 'private' use not only public. 5G will be very synergetic with the development of technologies like machine learning, artificial intelligence (AI), virtual and augmented reality (VR/AR) or big data. Another very important element here is the cloud. 5G will co-exist with systems and services that are moved to the cloud, that is increasingly taking place among Polish corporates.

What does it mean for businesses?

It opens a whole array of new opportunities that I believe will be revealed over many years to come. I do not exaggerate when I say, it will be a revolution. It concerns both private and public sectors. 5G will enable the creation of ecosystems of digital solutions for business transformation called campus networks. Many sectors will take advantage of that opportunity, but we see the highest potential in Industry 4.0 concept in areas like logistics centres, ports or refineries. Many sectors will take advantage of it, but it seems that a particularly high spectrum of benefits exists in industrial processes that include warehouse and logistics management. Manufacturing processes will be automated and because production robots will communicate between each other, these processes will be much more efficient. Analysis and monitoring of data generated in this production will be conducted in real time and will be much more accurate. It will improve quality control, supply chain management and preventive maintenance. This means higher productivity and a higher competitive position on the market. What is particularly important is that this private ecosystem means that network is safe, as its elements are separated, dedicated and located at the customer's premises.

The other key group of beneficiaries are cities. Rapidly growing urban populations result in mounting problems related to transportation, environmental pollution, traffic jams or waste management. So-called smart city solutions based on IoT are a key route to finding solutions. In essence this comes down to creating a communication network between huge numbers of connected devices, allowing the management and analysis of the flow of data generated by this network – to make right decisions in real time. 5G will allow full-scale implementation of solutions like traffic light management, smart water or electricity metering or installation of sensors measuring air quality. Such solutions can generate savings for cities and improve the quality of life for citizens.

What does it mean for the telco sector and for Orange Polska?

This means the emergence of completely new markets, and our sector will be able to benefit from and monetise these opportunities. Of course, this applies not only to telecom operators but also equipment vendors, system integrators and other providers of advanced digital solutions. In Orange Polska, we have been preparing for this revolution for a few years now. We have already made the first implementation of campus private networks using 5G technology. Our smart city IoT solutions are effective in a few dozen cities in Poland. All our 5G-based solutions can be demonstrated and tested in our newly opened Orange 5G Lab. Allocation of dedicated 5G spectrum will fully unlock this potential.



Wholesale Market: More business opportunities

We are co-operating with a few dozen other telecom operators on the wholesale market, opening our own infrastructure or using infrastructure owned by others. Such co-operation avoids unnecessary infrastructure overbuild. As of June 2021 Orange fibre was available to around 1.1 million households based on this co-operation.

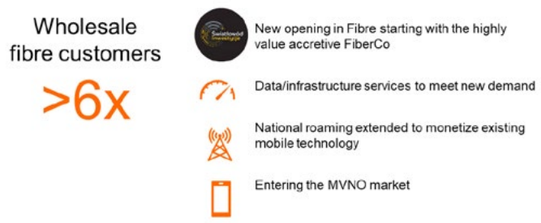
As part of the .Grow strategy, we intend to open for even more business opportunities in wholesale. On the one hand, it is a natural consequence of our investments in the mobile and fixed infrastructure and our ambition to better achieve their monetisation – we have the largest share of telecom infrastructure in Poland. On the other hand, we see wholesale potential resulting from the development of the fast Internet access market, entry of other market players into the convergence market and gradual deployment of 5G mobile networks.

We will strive to acquire a higher number of customers for our fibre network, both that which has been deployed in previous years and that built within the Digital Poland Operational Programme (POPC). It is our ambition to increase the number of fibre customers serviced by other operators at least six times versus the end of 2020, when their base stood at 26,000. The latter increased to 53,000 at the end of 2021. In addition, we intend to provide greater access to our transport infrastructure. This will include rendering services to Światłowód Inwestycje. We also see potential here for other mobile infrastructure operators interested in connecting their base stations to our fibre network.

As part of the development of wholesale, in June 2021 we extended a national roaming contract with P4 (operator of the Play network). The co-operation is continued in the take-or-pay scheme, which guarantees Orange Polska additional minimum revenue of PLN 300 million in total for 2021–2025. The agreement concerns relatively limited volume of traffic compared to that generated by Orange Polska's own customers, and has built-in controls in order to secure the adequate quality of services.

Furthermore, we would like to enter the MVNO wholesale market, offering our network to fixed operators willing to enter the market for mobile services.

The new opening in wholesale will maximise the monetisation of our assets



Q&A with Maciej Nowohoński,

Management Board Member in charge of Carriers Market and Real Estate Sale



Q: One of the elements of the .Grow strategy is a new approach to wholesale. Why is wholesale now more important for Orange?

We could say that there are two elements to that: infrastructure supply and demand for it.

We are the largest telecom infrastructure operator in Poland with a market share of around 40%. This is one outcome of our history as an incumbent operator and of our huge investments in the fibre network over the past seven years. Our network includes around 53k km of ducts, 15k km of fibre in backbone, 92k km of fibre in aggregation network and more than 85k km of access network. And all these parameters are constantly expanding. The access network is increasingly built in fibre – the share of copper is systematically decreasing. If we offer this infrastructure to other operators we will increase its utilisation. The better this infrastructure is utilised, the higher return that Orange Polska will realise on the capital invested. By sharing our infrastructure we are also avoiding duplication of existing facilities, which is in line with the aims of the Cost Directive of the European Commission.

On the other hand we see potential for other operators to be interested in our infrastructure. This will stem from the development of the fast Internet access market, entry of other players into the convergence market and deployment of 5G mobile networks (after the new spectrum is distributed). 5G will not function effectively without fibre. Its backbone is based on the cable even more than 4G because it will use more base stations and radio equipment. So fibre optic infrastructure will be necessary to fully benefit from the advantages of 5G.

An important element in this picture is our strong position on the retail market. Over the past few years we have developed retail offers that are highly demanded by our customers. So we have the tools to effectively compete for retail customers while providing access to our infrastructure to other operators. We are proving that they are not only our competitors but also important business partners.

Q: Is the real estate market rebounding after the pandemic? How did the pandemic change it?

As a consequence of technological progress, digitalisation and copper removal, we are gradually freeing up space – or optimising it for its technological use. This allows us to monetise properties, to give them a 'second life' through better market usage, adjusted to local needs. Selling these properties supports our savings in maintenance, heating and energy consumption. It also brings better usage of the capital, which is redirected into core business areas like fibre network or mobile infrastructure.

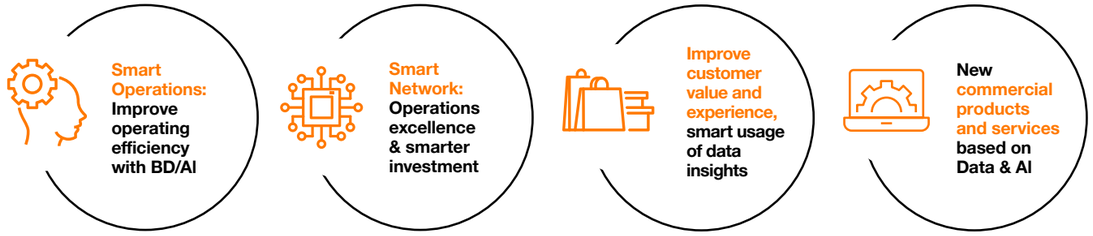
In the past five years we have sold properties worth in excess of PLN 900 million in various places all over Poland. At the moment our portfolio of ready-to-be-disposed properties comprises around 400 pieces of various sizes and locations worth around PLN 1 billion in market value. This value is to be realised over a number of years. Another group of around 500 pieces, with much lower value, is in the preparation process – so there is a long way to go.

The properties are being sold on a project basis with strong co-operation with future buyers in order to optimise the network infrastructure that usually stays on the property in a secured area. The presence of Orange Polska's infrastructure on the property is a specific feature that makes the selling process more complex. However, in most instances the property's premium location within its local context compensates for this difficulty. The network presence is a factor that lengthens the selling process in almost all transactions.

Around 80% of our portfolio for sale is comprised of office space and is geographically dispersed. The pandemic had significant impact on the office real estate market in Poland and its new, post-pandemic normal in that area is yet to settle. The conflict in Ukraine is bringing additional uncertainty for business decision makers in the real estate industry, at least in the short-term. High inflation seems to be a factor supporting long-term investments in office property, provided that the business outlook stabilises at a controllable level on the longer horizon.

In order to facilitate business in this complex context Orange Polska took an agile stance with intensive marketing activities, promotions and a solutions-open approach to buyers. This hands-on effort has already brought results. On top of that, we are constantly seeking other value-accretive ideas that would accelerate the monetisation of property.

Releasing potential to be more digital – but with people at the centre...



We need to become more digital ourselves in order to help our customers to grow in a digital world. Our ambition is to be the digital operator for Poland. We are the first company in the Orange Group to appoint a Chief Digital Officer. The new structure is our competence hub, working for and with all business lines and operations. We have strong assets and experiences that we can build on. For example, our fully digital offer Flex, which is a unique product on the Polish market; and voicebot Max, which allows customers to get support on simple topics.

Designing Max we have enhanced customer care using big data (BD) and artificial intelligence (AI) solutions. Big data will allow us to better position and tailor specific offers for specific customers, translating, for example, into increased loyalty. Big data and AI can be used in network planning and management. Employing AI for network diagnostics can help us prevent failures based on analysis of data about the network's behaviour. It can support investment processes, by helping us recommend specific locations for rollout based on actual traffic and customer needs.

We want to go to the market with those solutions and further monetise the potential that big data and AI contain.

Our ambition is that by end of 2024 one out of every four sales are made through online channels, and three out of every four customer-care contacts happen through digital. This is a major shift towards efficiency: automating routine tasks, making customer contact with Orange easier, better and more suited to our customers' needs – wherever they are, whenever they want.

At the same time, we understand that not all customers will want to go online with all of their business with Orange. That is why we believe in omnichannel – making it easy to start your process online, and complete it on the phone or in the store, directly supported by another human being. Because we understand that relationships are based on empathy and companionship – and you cannot simulate that with AI. This need for human contact is another thing that we saw vividly during COVID-19 pandemic. So, we want to be digital but we know that there is no digital without people at the centre.

Customer experience is going digital



Q&A with Artur Stankiewicz,

Chief Digital Officer



Q: What are the key success factors – and the key challenges – in achieving the .Grow strategy's digital goals?

Technological changes significantly influence the behaviour of consumers and the importance of the growth of digital channels in practically all industries. Sale of telecommunication services is not an exception but certain specific features particularly impact its dynamics. It appeared that our very ambitious goals regarding growth of digital channels, as set in our previous .One strategy, needed more time and efforts to be reached. Now in the .Grow strategy, digitisation has been given a new dimension both with respect to organisational setup and to the tools that we have.

Let me briefly mention some of the basic but important considerations that need to be taken into account in this process.

Firstly, our post-paid services require signing of the agreement which makes the purchasing process more complex than, for example, buying a piece of apparel or another simple commodity service. Secondly, our services often require decisions on the offer parameters, and sometimes the installation process. In the customer mindset this usually warrants human touch. Customers are used to visiting points of sale or calling telesales. This is obviously changing along with the development of digital tools but according to our observations, despite much higher use of the My Orange application, the volume of interactions with traditional channels is not necessarily falling. Around 50% of customers are using more than one channel in their purchasing process. So, there are strong interactions between traditional and digital channels. In addition, as age is sometimes a barrier for technological skills, we have to take into consideration that our customer base is older than average age of the society.

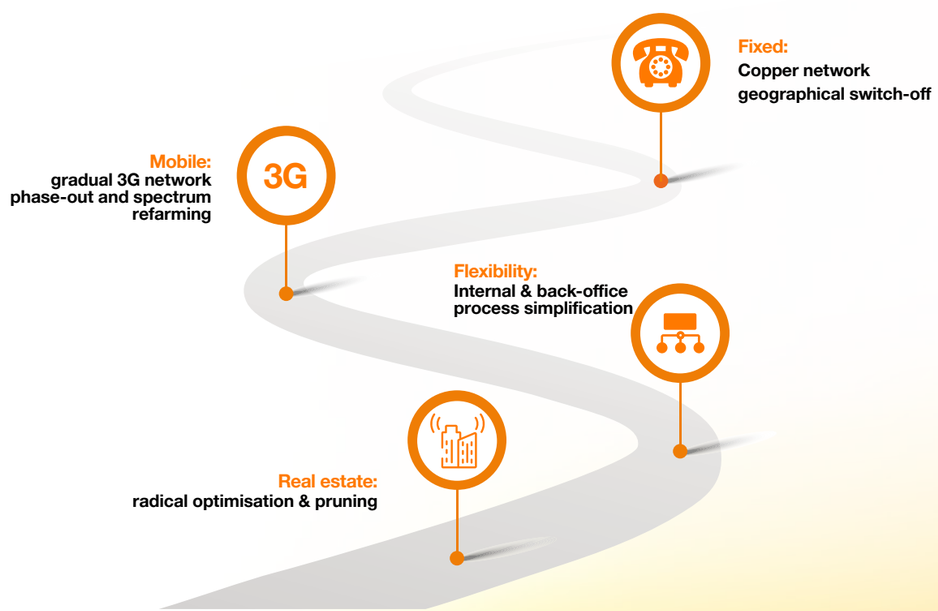
Q: So taking into consideration the above what is our plan to reach our goals?

I would say that there are two key success factors. Firstly, we put the My Orange app at the centre of all our actions. We carry our smartphones with us all the time. We want the app to become the first natural point of contact with Orange so that its use is a part of customers' routine behaviour. Banking is our reference point here. In order to achieve that we need to improve its functionalities, make it simpler and more attractive to our customers. For example our goal is to make a one-click retention process. To push its usage we are introducing special value propositions available only in digital. Secondly, we need to design our internal processes with a digital approach. Digital channels should be treated as an integral part of our omnichannel approach rather than as complementary. To reach our goals we will benefit from detailed personalised offer targeting based on the use of artificial intelligence, data science and machine learning. Digital, with its embedded agility, is best suited to be a recommendation engine mainly for upsell and cross-sell. In order to compete effectively and further increase our efficiency, we need to digitise our activities faster and more effectively – whether in sales, customer service or our internal processes.

… and simplifying our asset portfolio

To release our potential we also need to continue to simplify and focus on building strong foundations for the future. We need to make room for transformation. This includes phasing out older access technologies that we will gradually be replacing: 3G, by the end of 2024, and copper.
They will be replaced by next-generation mobile and fixed networks, which will improve efficiency and curb the cost of legacy systems. This also applies to our real estate portfolio. We will continue our strategy in that area.

Our roadmap for more simplification & legacy phase-out





Q&A with Piotr Jaworski,

Management Board Member in charge of Network and Technology



Q: Why it is necessary for you to renew your radio access network?

Orange Polska has always positioned itself as the number-one network in Poland. Not only because we have the biggest infrastructure in Poland but because we prioritise the high quality of the network. Technologies evolve and customer needs change, so in order to maintain this high quality that our customers are used to, we have to invest.

This year we are starting a major modernisation of our radio access network that will not only comprehensively prepare us for 5G but also for the gradual phase-out of older technologies in the future. The project is designed to take place over the next few years. Its timing will be synchronised with rollout of 5G network on the C-band spectrum that we hope will be distributed very soon.

I will just mention a few of the most important initiatives within this project. Some hardware equipment that we are using in our RAN was installed over a decade ago when we were implementing co-sharing of the network with T-Mobile. This needs replacement as vendors' support for this equipment is coming to an end. The 2100 MHz spectrum will be able to serve 5G in DSS mode (dynamic spectrum sharing). We will also significantly increase LTE capacity of 1800 MHz and 2100 MHz spectrum on existing sites to better cope with the data explosion and to minimise the need to build new sites in the future. All new equipment installed will be much more energy effective, which will contribute to meeting our environmental goals.

As you have seen in the past, we are able to monetise higher data consumption through ARPO growth, so I am confident that these investments will create long-term value. As we were presenting in our strategy meeting, Orange Polska's total eCapex range will not change versus the previous few years. Decreasing investments in the fibre rollout will be replaced by higher capex related to the mobile network, which was very low in the past few years.

Q: What is your road to phasing out older technologies?

Replacing older obsolete technologies with next generation mobile and fixed networks is a normal course of events to improve efficiency and curb costs of legacy systems. We are making room for the future.

In our strategy we have declared that we will switch off 3G technology by 2025. Around 96% of data traffic is accounted for by 4G; 3G accounts for only 3%. Voice traffic on 3G is also decreasing, migrating gradually to VoLTE. The radio frequencies currently used for 3G will be used to improve the overall capacity and coverage of 4G and 5G networks both in urban and rural areas. Mobile customers will benefit from upgraded experience with higher voice quality over VoLTE, higher throughput and lower latency for data and improved security.

Within the period of the .Grow strategy we also plan to significantly advance replacement of copper with fibre. We will focus on network capacity adaptation to services occupancy, simultaneous with extended migration of services to FTTH or LTE/5G, where copper parameters are limited.

Doing all that we will put the needs of our customers first. We will inform them in advance and provide technical and customer care support to make sure the migration path is as seamless as possible.

Responsibility: Clear environmental and social targets

Along with other pillars of our business we want to grow in social responsibility, which has always been very high on our agenda. It is in the DNA of Orange Polska, embedded in our daily business logic. We believe only authentic engagement brings value to all stakeholders. Orange Polska has set ambitious ESG goals for itself and is ideally placed with its services both to help others reduce their own environmental footprint and to ensure that no one is left behind. We believe that the telecom sector has an essential role to play in the transition to carbon neutrality.

Our primary goal is to be climate-neutral and achieve Net Zero Carbon by 2040, ten years ahead of the EU climate goals. Net Zero covers the entire emissions of Orange Polska: Scopes 1 and 2 (own direct and indirect emissions) and Scope 3 (emission throughout the entire value chain – suppliers, employees, customers). In the first period of action, by 2025, we will reduce our CO_2 emissions in Scopes 1 and 2 by as much as 65% compared to 2015. We want to achieve it primarily through increasing the share of renewable energy in the energy mix to at least 60% by 2025 from 0% in 2020. This means that we have to proactively search and support new projects in this area. We will also continue to optimise energy consumption: we have been reducing consumed energy volumes each of the past few years despite constant increase of data volumes on our networks. Deployment of new, much more efficient technologies, such as fibre and 5G, will also contribute here. Average electricity consumption per fibre customer is around 80% lower compared to copper.

To reach our 2040 goal, we will also accelerate efforts to reduce emissions in the entire supply chain, including suppliers and customers. This will include implementation of the principles of a circular economy. For example we will buy back older smartphones and accept used or broken ones for recycling in every Orange store.

Digital inclusion has a particularly important social dimension today. This means dissemination of high-speed Internet access on the one hand, and education and development of digital competencies on the other. We are active in both of these fields. We invest in optical fibre, and by using public funds strive to reach areas more distant from major cities. These areas often lack infrastructure and access to modern services. In addition, we have been supporting the digital education of Poles for more than 15 years through our Orange Foundation. The Orange Foundation is committed to this and implements digital education programmes in schools. Over 5,000 children take part in such programmes each year. Along with our social partners, we also train teachers as part of the project called Lesson:Enter, which is co-financed by the European Union. This is the largest initiative of its type in Poland. In total, 75,000 teachers will benefit from this programme.

Open culture and diversity are also very important for us: data prove that diverse teams are more effective and work better. This applies to all levels of an organisation, from the frontline to the management board. We want to pursue more opportunities and greater diversity focusing on increasing the share of women leaders (to 35%), and of female managers (to 40%).

Environment

- **Net Zero 2040 ambition**
  - ~65% CO_2 emission reduction till 2025 mainly thanks to renewable sources
  - promotion circular economy (buy-back and recycling of used or broken smartphones in every Orange store)

Social

- **Reducing socio-digital exclusion of vulnerable groups: NPS #1 in senior segment**
- **Digital education:**
  >5500 children/year in educational programmes (safety, programming)
  >75 000 teachers in programmes enchancing their digital skills in 2020-2023

Governance

- **Focus on equality in employment:**
  - 40% women in magagement
  - Responsible management and supervision to achieve strategoic goals
  - Transparent communication of commitments

Q&A with Jacek Kowalski,

Management Board Member in charge of Human Capital



Q: Why is corporate culture so important to the success of the strategy?

It is very simple: healthy organisations achieve better business results. At Orange Polska, we know perfectly well that an organisational culture that does not match the requirements of the strategy can be a significant blocker for the company's continuous development and achieving its business goals. The culture also needs to adjust to the people that make up the organisation, to be an attractive culture that they can identify with. Research shows that companies with a culture that supports innovation, knowledge exchange, open communication and high management standards achieve up to three times better stock market results (measured by total shareholder return) within a given industry than those that neglect this area.

That is why, at Orange Polska, we have put cultural transformation and the development of teams' potential very high on the agenda of our .Grow strategy. How do we achieve these goals? First of all, we invest in the development of competencies for the future, especially those related to new technologies (e.g. digital, big data, AI, cloud, cybersecurity, 5G). We want our employees to have the opportunity to develop together with the Company and in response to the needs of the market and our customers. We want to bring new talents on board and encourage our people to grow, sometimes changing their skillsets. By 2024, we want to equip 70% of our employees with data skills. We also focus on strengthening innovation within our teams, giving them space to learn in communities, participate in so-called hackathons (innovative tools for solving concrete business problems) and promote a culture of feedback. And finally we implement agile ways of work and create a friendly work environment that fosters open communication and constant improvement.

We grow together with our teams and we are convinced that only by investing in people can we be the leader of the market and new technologies. Our people are essential to our success.

Q: How does the .Grow strategy address diversity?

Diversity management is a major aspect of our strategy. As a technology company with a global presence, we realise the importance of a positive attitude towards diversity. We consider it a valuable asset and we want to fully use the potential of each employee and each team. On the one hand, it means adopting an individual approach to employee development and career paths as well as accounting for different work styles, competencies or skills and making use of such individualities within diverse teams. On the other hand, it involves recognising various aspects of diversity, such as gender, (dis)ability or age, and undertaking specific actions to ensure equal treatment and non-discrimination. This is why we have set specific objectives in our strategy: we want 40% of management positions filled by women, which is their overall share among the Company's employees. We also encourage women to work in technology areas and pursue competencies of the future. We know that good diverse management is a valuable tool in building an open and inclusive corporate culture.

Q&A with Witold Drożdż,

Management Board Member in charge of Strategy and Corporate Affairs



Q: What is corporate social responsibility for Orange?

For us, corporate social responsibility is a way of management and operation that maximises our positive impact, while minimising our negative impact on the social and natural environment. It is an approach to business and corporate development accounting for benefits to all stakeholders. This is why our .Grow strategy considers ‘responsibility’ to be one of the four pillars of business growth. We can state that we want to grow in a responsible manner. We define our responsibility based on the areas of influence of Orange as a technological company: we feel responsible for digital inclusion as well as climate and environmental impact. And we have set specific and measurable objectives in these domains, as demonstrated, for example, by our climate strategy.

Q: And what does digital inclusion mean for Orange?

We see our business as a chance to ensure that everybody has access to the digital world regardless of their place of residence, age, (dis)ability, skills or income. Therefore, when we mention digital development, we mean social development as well. It means that we not only offer services and technologies but also show how to use them in a responsible and secure way, and demonstrate how they can benefit local communities and society as a whole. In practice, it involves concrete investments in infrastructure and fibre network rollout as well as collaboration with local governments and businesses. It further involves providing quality services at affordable prices, while ensuring that they are available to customers with disabilities and the elderly. It is also reflected in data security and network protection as well as care for the youngest to make the digital world friendly and safe for them. Digital inclusion in this sense is an integral part of business for us. We believe that such an approach generates benefits for the Company and its environment, leads to long-term development and contributes to the improvement of everyone’s lives.

.Grow Financial Ambitions:
Growth of results and return to dividend payments

Our previous strategy reversed multi-year negative trends, delivering a financial turnaround, and improved the structure of our balance sheet. With .Grow we are entering a path of faster and more sustainable growth, based on solid foundations.

While expanding revenues we will benefit from high operating leverage that will accelerate EBITDAaL and cash flow growth. Generation of sustainable returns is the key to .Grow and this is what makes it stand out from past performance. In our previous strategy, the turnaround was generated by huge savings on indirect costs, while direct margin continued to fall. In the coming years, the key driver for EBITDAaL growth will be revenue expansion fuelled by commercial activity. It will make this growth fundamentally healthier.

We will expand revenues at an average rate of low single digits between 2020 and 2024. Our core business (which constitutes around 75% of revenues) will be fundamental to achieving this plan. Within the core business there are three main growth engines: convergence, ICT and wholesale. We plan to grow convergence and ICT revenues at a minimum CAGR of 8% and around 10%, respectively. Legacy services, comprising mainly traditional fixed line and interconnect will be in decline. By the end of the plan, legacy will represent less than 10% of total revenues, so their further impact will be very limited. We will also devise new services – new areas of growth. These are small today, but are very future-oriented and will multiply at a high pace. Examples include services based on IoT, big data, campus networks or the augmented home. They are not key to our financial performance until 2024, but their development will be critical for us in the next strategic cycles.

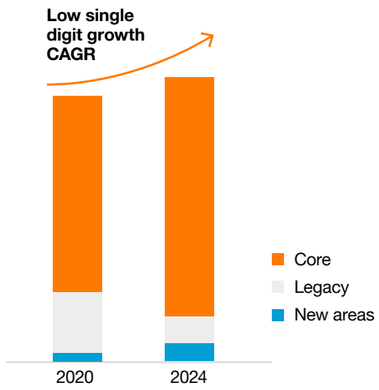
We will expand EBITDAaL at a low-to-mid single-digit pace. This growth will be predominantly driven by the expanding direct margin, as high operating leverage will allow us to



Revenue growth driven by core business

	Expected 2021-2024 trends
Core services Love	**Growth engine** Low-to-mid single digit growth CAGR
Legacy serveces	**Decreasing** PSTN/xDSL/wholesale – trends maintained Interconnect affected by MTR/FTR cuts (PLN – 1 bn impact, very limited margin loss)
New areas	**Hedge for the future** high growth rates

Total revenues



benefit from higher revenues. Growth through commercial development will make our fundamentals much more solid and sustainable for the long term. Our cost transformation will continue. Indeed, the same digitisation trends that are enabling our growth leverage will also help us drive down costs further still. At the same time, using AI and process automation, we will improve our customer service: a win-win. We expect inflationary pressure to offset some of this margin expansion, but enough will find its way to operating profit to be able to grow our EBITDAaL margin.

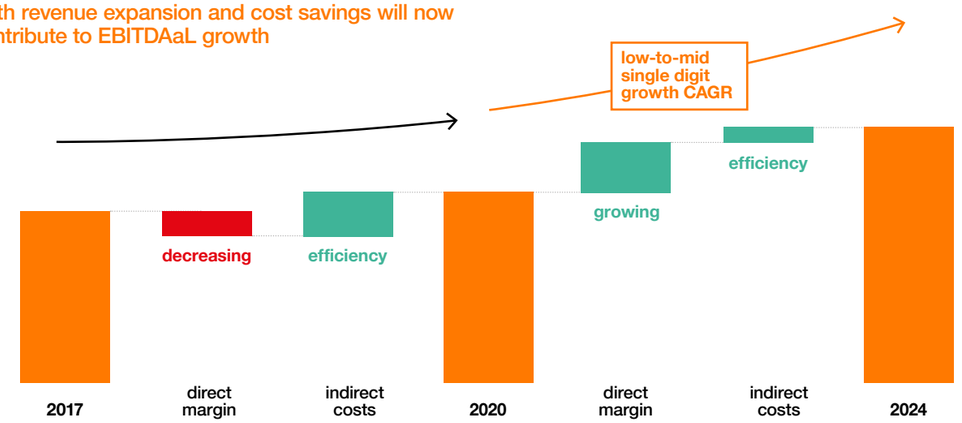
Our smart investment strategy will focus on growth, especially fibre and 5G, and on efficiency. Our capex structure will gradually evolve from the one driven by fibre to higher share of mobile. We will embark on landmark modernisation of our mobile network. It is critical in order to ensure that we cope with the explosion of data, which is already taking place and will only accelerate in the future. It will be done on the occasion of the 5G rollout. While we will continue to expand our fibre footprint it will not require significant direct capex engagement as it will be mainly realised through partnerships. Despite these significant investments, we aim to keep eCapex at a steady annual level of PLN 1.7–1.9 billion on average over the period. This is how our business growth will translate into increasing cash flow generation.

Within the .Grow strategy we intend to resume dividend payments and we have presented a transparent dividend policy. Along with the 2021 results announcement in February 2022, the management recommended a dividend payment of PLN 0.25 per share to be paid in 2022 from the 2021 results. This recommendation was approved by the Annual General Meeting in April. Return to shareholder remuneration underscores the confidence that we have in our growth prospects and in our sound balance sheet. We consider a PLN 0.25 per share dividend level to be a sustainable floor for the future. In the future, we will conduct further changes to dividends on a yearly basis, taking into account projections of underlying financial results and the long-term financial leverage forecast versus 1.7x to 2.2x leverage corridor.

Core revenues key growth drivers

Love **Convergence households strategy**	**Customer base growing** (fuelled by fibre expansion)	+	**ARPO growing** (value, 5G & multiservice)	= **Revenues >8% CAGR**
ICT-centered B2B strategy	**Growth on core integration, software & cybersecurity**	+	**New potential + cloud, 5G, data & IoT**	= **ICT revenues 9-10% CAGR**
New Wholesale monetising our assets	**Fibre on existing & new reach**	+	**New growth in infrastructure & MVNO**	= **New sources of revenues**

Both revenue expansion and cost savings will now contribute to EBITDAaL growth



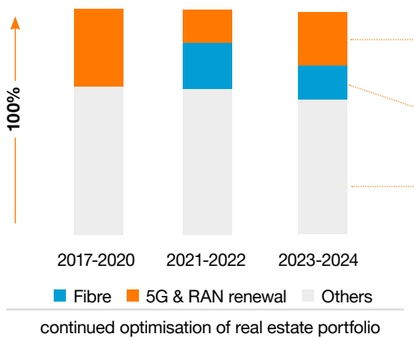
Evolving capex structure but steady average annual level

Maintained eCAPEX range (PLN bn)

1.7-1.9

1.7-1.9* yearly average

CAPEX spendings redirected from fibre to 5G



continued optimisation of real estate portfolio

Significant fibre footprint expansion realised mainly through partnerships

PLN 0.4-0.5 bn yearly for 5G rollout & once-in-a-decade RAN renewal, to prepare network for further growth

Fibre capex of PLN <0.3 bn yearly allocated to B2B & customer connections

Other capex progressively optimised & focused on supporting transformation

Return to sustainable dividends



Cash dividend

PLN 0.25

to be paid in 2022 from 2021 profits*

Sustainable floor for the future

Future changes to be considered yearly, including:

- Projections of underlying financial results
- Long-term finacial leverage forecast vs the 1.7x to 2.2x leverage corridor

Medium-term financial guidance – summary

	2021-2024[1]
Revenue growth	Low single-digit CAGR[2]
EBITDAaL growth	Low-to-mid single-digit CAGR[2]
eCapex (PLN bn)	1.7 to 1.9 annual average
ROCE[3]	Increase 3–4x (from 1.6% in 2020)
Dividends	Return to dividends from 2021 results (payable in 2022) PLN 0.25 per share as sustainable floor
Net debt / EBITDAaL	Range of 1.7–2.2x in the long term

1 Subject to final provisions of cybersecurity law and excludes major non-organic changes to Orange Polska's structure; CAGR vs. 2020.
2 Compound annual growth rate
3 Return on capital employed

CSR Strategy: Being responsible

In Orange Polska, we have been successfully implementing a policy of corporate business responsibility in all areas of our business for several years now. Our CSR strategy accounts for the Company's business objectives and fits into their implementation. The conclusions from a dialogue with stakeholders as well as market trends and social challenges for our industry in Poland and abroad have been key elements in our organizational culture, which takes account of the expectations of employees and other stakeholders' groups – customers, investors, suppliers, business and social partners as well as the environment – in creating and implementing our business strategy. We believe that such an approach generates benefits for the Company and its environment, leads to long-term development and contributes to the improvement of everyone's lives. Therefore, in Orange Polska we have created a social responsibility strategy which focuses on five areas which are of key importance from the point of view of our sector and our operations on the Polish market.

In 2021 we launched the new CSR strategy for 2021-2025. This strategy continues our previous social and environmental policies and commitments.

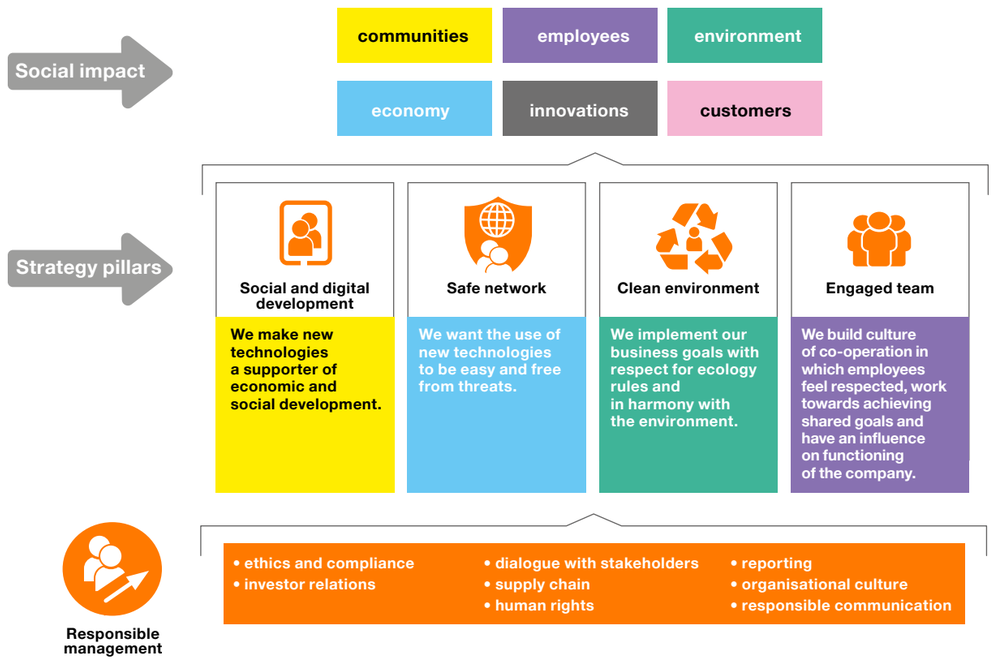
A strong foundation of this strategy is responsible management – our values, ethics and compliance, and our dialogue with stakeholders as a tool for understanding their expectations.

On this foundation are based four pillars of our CSR strategy:

- Social and digital development – We make new technologies an ally to economic and social development.
- Safe network – for the use of the latest technologies to be easy and risk-free.
- Clean environment – to pursue our business objectives with respect for ecological principles and in harmony with the environment.
- Engaged team – We build culture of co-operation in which employees feel respected, work towards achieving shared goals and have an influence on functioning of the Company.

Responsible management and actions within these four pillars account for our social impact, which is analysed in 6 areas: economy, innovations, customers, environment, communities and employees.

Last year, we announced a new strategy – Grow. It is also important from the point of view of social responsibility and sustainable development. For the first time, social responsibility has found itself on a par with other strategic pillars, being one of the four main areas of the Company's activity. Activities and goals in the "Responsibility" pillar focus primarily on two issues - the impact on the climate and environment and ensuring broadly understood digital inclusion. More about the .Grow strategy on our website.





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Orange Polska in 2021

Results

Q&A with Jacek Kunicki,
Orange Polska CFO



Q: Almost 6% EBITDAaL growth in 2021 is a really strong achievement. What made this growth rate that high?

Indeed, our results for 2021 were strong across the board and almost 6% EBITDAaL growth is a remarkable achievement. However, please note that 2021 was already the fourth consecutive year in which we reported growth of our operating profitability. This means that we are consistent in delivering growth. In 2019 our growth amounted to almost 4%, so last year is in line with the trend. It was also slightly enhanced by the low comparable base of 2020, during which we had to incur certain COVID-related provisions.

This dynamic is a natural consequence of many of the strategic initiatives that we conducted over the previous years that now bear fruit. I will mention large-scale fibre rollout, value-driven strategy in convergence and mobile, smart expansion of competencies to value-added ICT services on the B2B market and huge cost transformation. I am particularly pleased that growth last year for the first time was driven by profitable revenue expansion and not only by cost savings, as was the case in previous years.

Our strong 2021 performance makes me confident about our ability to achieve financial ambitions embedded in the .Grow strategy, despite the obvious challenges that we are dealing with in 2022.

Q: Speaking of 2022 challenges. How is inflation impacting your costs in 2022?

Inflation in Poland is on a more than 20-year high and the situation continues to be dynamic due to the war in Ukraine. So naturally, this environment will significantly affect our operating expenses this year.

In 2022 this important impact is predominantly seen in electricity prices. Current spot energy prices are more than two times higher than those realised by us in 2021. By the end of 2021, we had secured about 50% of our energy consumption for 2022 at much higher prices than realised in 2021, yet much lower than in the spot market at the end of the year. The average energy price we pay is positively affected by much cheaper energy from renewable sources, which we expect to provide about 10% of our energy mix in 2022.

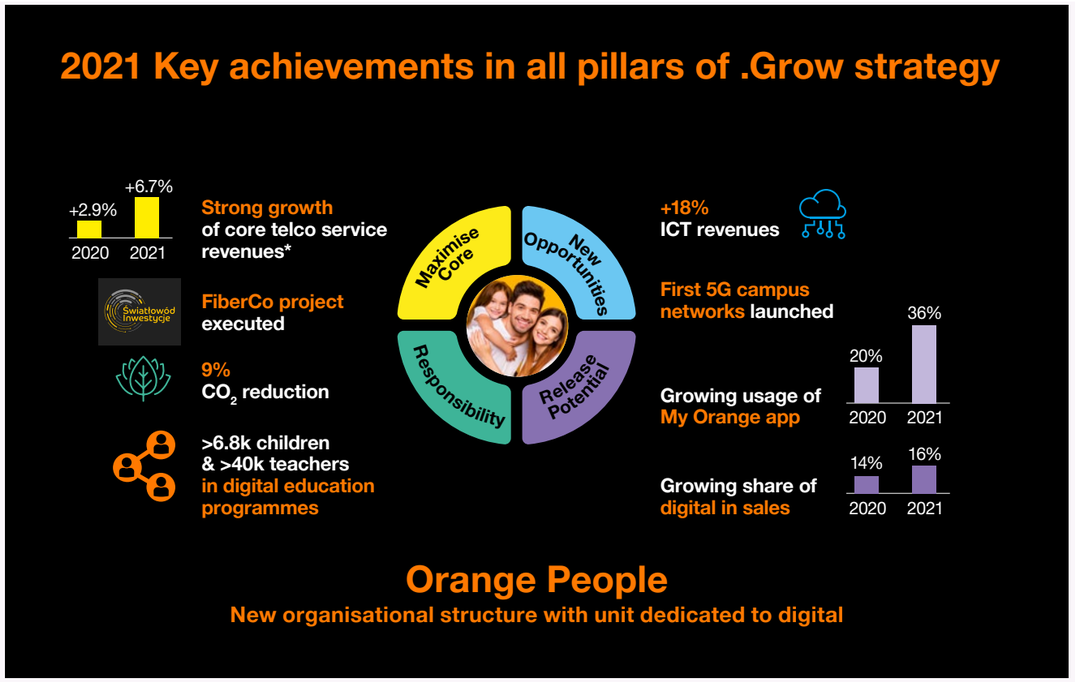
The majority of our contracts of leased telecommunication infrastructure, sales outlets and office space are indexed to the previous year's inflation rate, which will further contribute to higher costs in 2023. Similarly, the costs of outsourced consulting, technical assistance and customer care services are subject to inflationary pressure.

Another area of inflation is obviously related to salary pressures in our Company. Together with our social partners we agreed on the level of salary increases for 2022-2023. Salary levels in Orange Polska are on a market level, which we are systematically monitoring. For many years we have been consistently increasing them, sometimes above the rate of inflation. So, the agreed 4% annual increases lie in the context of this long-term remuneration policy and constructive dialogue with our social partners.

Q: What are your options to pass this inflation on to your customers?

For years, we have focused on value generation in our commercial strategy, changing the tariffs for our core services in the 'more for more' formula. We will continue to be active in our commercial value strategy, keeping in mind that the nature of our subscription business – proven very sound during the turbulent times of pandemic lockdowns in 2020-2021 – requires more effort to adapt to an inflationary environment. Inflation coupled with weakening of the Polish zloty also results in the higher price of mobile handsets. However in this case we are able to quickly react and adjust our prices to pass higher costs to our customers. We also have higher price elasticity in some of our ICT services. This is particularly important as in the ICT area we experience particularly high pressure on the cost of our workforce.

Excellent 2021 performance is a strong first step of the .Grow strategy





THE BUSINESS CASE: FiberCo

In 2021, we signed an agreement to sell a 50% stake in a joint venture company operating under the name Światłowód Inwestycje (FiberCo) which will build fibre infrastructure and offer wholesale access services based on FTTH technology. By 2025 FiberCo will aim to build fibre network reaching 1.7m households located mainly in low- and mid-competition areas. Meanwhile, Orange Polska has contributed 0.7 million households of its current fibre footprint to the project. So in total, FiberCo will operate fibre network to 2.4 million households, being the largest fibre wholesale operator in Poland. The joint venture will operate in an open access model, providing wholesale access to its fibre network to Orange Polska and other interested operators. The transaction valued Światłowód Inwestycje at PLN 2,748 million (on a debt-free, cash-free basis). Orange Polska sold a 50% stake in the joint venture to APG for a total consideration of PLN 1,374 million.

Why did we do it?

Fibre rollout was a key element of our previous strategy and was instrumental to the success of our turnaround. We delivered on our ambition to have 5 million households within reach. But we wanted to expand this footprint further – especially as we have seen a big customer demand and we were satisfied with the rate of return realised so far.

While the centres of big cities are well covered, usually with a few competing infrastructures, there are plenty of areas in Poland that rely only on inferior copper technologies and wireless for fixed access. In the new fibre project our aim was to primarily address these undersupplied areas of smaller cities and outskirts of big cities where demand is high and infrastructure weak.



How did we do it?

We concluded that the open access model was optimal to pursue rollout in low- and mid-competition areas. It allows us to maximise customer take-up in both wholesale and retail and to prevent potential overbuild by other infrastructure providers. In addition, we saw an active interest in the telecom industry of funds ready to invest for a very long term in infrastructure projects.

In a transparent and competitive process we selected APG as the best partner for the joint venture. Equally important was selection of financing banks. The debt facility covers more than 80% of the total network rollout capex estimated at PLN 3 billion until 2025. The financing was provided at no recourse to Orange Polska.

Important to the negotiations were agreements detailing co-operation between Orange Polska and the JV. Orange Polska is a natural anchor tenant for S-I services (but there is no commitment from the Company regarding any minimum purchase of services) and the key industrial partner. The latter is quite natural as we have been building fibre for the previous six years and we are by far the most experienced in this area in Poland. This covers not only technical aspects but also equally important know-how regarding dealing with local authorities, infrastructure owners and different legal bodies. We guarantee network construction within a fixed budget.

Preparation and implementation of this very complex and transformational start-up-like project involved a lot of different Orange Polska teams, who were highly motivated to deliver its success.

How do we benefit from it?

The project is highly beneficial to Orange Polska for many reasons.

First and foremost, it fulfils our main goal, which is securing the future fibre rollout that is so vital to our commercial strategy. By 2025 we will have access to additional 1.7 million households for our services based on fibre in highly attractive areas.

Secondly, as this rollout will take place outside of our balance sheet we will be able to simultaneously continue increasing our fibre reach and executing projects in other areas without increasing total capex spent.

Finally, attractive transaction terms (proceeds of almost PLN 1.4 billion of which 2/3 was received on closing) reveal the underlying value of our infrastructure assets and significantly strengthen our balance sheet. And the transaction has also an important social aspect. It will significantly contribute to the development of digital infrastructure of the country and will fight digital exclusion.

Outputs & outcomes

By following our business model and fulfilling our strategic objectives we deliver unmatched data connectivity for households and businesses and a palette of services adjusted to our customers' needs. We aim to deliver an effortless and friendly customer experience across all customer touchpoints. Simultaneously we aim to be an agile and flexible company with a proven ability to find efficiency savings. Orange Polska is sensitive to the global challenges related to the natural environment and natural resources. We implement our business goals with respect for the rules of ecology and in harmony with the environment.



Unmatched data connectivity for households and businesses

- **Providing best connectivity**
  - reliable and resilient network
  - best connectivity regardless of the customer's location
- **Delivering a palette of services adjusted to customer needs**
  - broad portfolio of competitive, telco services
  - the right products at the right price

Effortless and friendly customer experience

- **Optimal sales channel mix**
  - optimisation and enhancement of remote sales channels
- **Making customer journey easy and friendly**
  - simplified procedures and elimination of needless procedures and pain points
  - problems solved during one contact
  - high NPS ratio
  - services accessible to all

Full value chain for digital transformation of companies

- **Being integrator and digital service provider**
  - counselling and integration of comprehensive transformation services for businesses
  - digital partner in security, cloud and IT infrastructure & networking

Acting in an effective and responsible manner

- **Focus on efficiency**
  - an agile and flexible company with proven ability to find efficiency savings
  - constant transformation of indirect costs
  - process optimisation and automation
- **Management of impact on the environment**
  - business goals implemented with respect for the rules of ecology and in harmony with the environment
- **Impact on society**
  - social investment programmes
- **Being digital and caring employer**
  - investing in employee development

To help measure our progress on how well we are adding value for our stakeholders and delivering the outputs described above, we use KPIs and success measures presented in this chapter.

Unmatched data connectivity for households and businesses

Providing best connectivity

Our commitment	KPI	Performance
To offer best connectivity, in both mobile and fixed, regardless of our customers' location.	Number of households connectable within our fibre network	Number of HH connectable: 2019: 4.2 m 2020: 5.0 m **2021: 5.9 m**
To densify LTE Carrier Aggregation services while simultaneously deploying 5G technology.	4G coverage	Outdoor: 2019: 99.9% 2020: 99.9% **2021: 99.9%** Indoor: 2019: 96.9% 2020: 97.3% **2021: 97.4%** 4G Carrier Aggregation: 87.64%

Connectivity is a vital pillar of our strategy. As the demand grows for greater quantities of data and higher speeds of transmission, investing in the right spread of technologies and maintaining and upgrading our network infrastructure helps to ensure that Orange can continue to attract customers with the promise of fast and reliable services. In 2021 we continued to concentrate our efforts on fibre technology to keep pace with the demand for high-speed broadband, and we improved the quality of our mobile 4G/LTE network to accommodate the explosive growth of mobile data traffic.

Fixed line

A fast, modern and reliable network is a critical factor to success in convergence. Due to great differences in the competitive environment, the technological options related to population density, our market shares and customers' needs, we use a local approach in our activities, which varies in big cities, medium to small towns and rural areas. In big cities we focus on development of fibre coverage and recovery of market share in fixed broadband by capitalising on our excellent position in the mobile market. In rural areas, mobile technologies, supplemented by fixed ones, are the primary broadband access solution.

We extend the fibre coverage not only by building completely new networks, but also using our previously built network, on which we launch additional fibre coverage for neighbouring households with low effort (coverage density increase), which previously were not covered by fibre access. Such action allows us to better manage our existing resources, improve financial results and increase customer satisfaction.

We use all possible channels of contacts with customers and our subcontractors to improve the quality of provided services, which is reflected in NPS results compared to other operators. We implement modern technologies to monitor orders by customers, contact our service technicians (using a mobile application) and base our activities on modern BI / data solutions.

Anticipating 'the new normal' after the COVID-19 pandemic, we have been developing new technical possibilities for our customers, giving them the chance to use our services and fix problems in the self-service mode (or with the remote support of our advisors) - which meets the customers' demands and is the part of our .Grow strategy.

Since 2015, in line with the previous strategy, we have focused on massive development of FTTH lines. By the end of 2020, we had delivered on our strategic ambition to deploy fibre to 5 million households – almost one-third of all households in Poland. At the end of 2021, over 5.9 million households in 211 Polish cities were connectable with fibre.

We also use the infrastructure of other operators to expand the reach of our fibre services. Where it is technically possible and economically viable, we enter into wholesale agreements with other fibre network operators for the efficient use of the existing infrastructure in the relevant locations. The main benefit is quicker access to the FTTH network. This is in line with the aims of the Cost Directive of the European Commission, which recommends avoiding duplication of the existing facilities. At the end of 2021, we used the infrastructure of over 50 operators for 2.2 million households (including Światłowód-Inwestycje).

In our new .Grow strategy framework, we will further significantly increase the reach of our fibre, which is one of the key drivers of value creation and expansion of convergent services. However, contrary to previous years, we will be more reliant on partnerships, while our own network rollout will be limited to projects implemented within the Digital Poland Operational Programme. One of the key partnerships is the one with Światłowód Inwestycje, which is expected over the next few years to deploy fibre network in low- and mid-competition areas to 1.7 million households.

Orange Polska is Poland's largest wholesale service provider. The demand for transmission bandwidth is growing, especially for n×1 and n×10 Gbps lines. To meet these needs, Orange Polska has continued to expand nationwide OTN (Optical Transport Network) trunk lines. In 2021, we increased the number of OTN transport nodes, thus expanding the aggregate network capacity from 7 Tbps at the end of 2020 to 10 Tbps at the end of 2021.

Orange Polska is Poland's sole operator of the network to which all the Emergency Communication Centres (ECCs) are connected – the services answering calls to the emergency numbers 112, 997, 998, 999 and eCall. About 90% of all emergency numbers in Poland (over 500 locations) are connected to Orange Polska's network. This provides the Company with revenue from alternative operators for emergency call termination on the Orange network, as well as subscription revenue.

The Call Setup Success Rate on the fixed network stood at 98.84% at the end of December 2021, which confirms the very high quality of Orange Polska's fixed-line services.

TV service

At the end of 2021, the number of Orange Polska's TV customers exceeded 1 million. In August 2021, Orange Polska's first set-top box based on Android was commercially launched.

Orange was the first operator in Poland to implement a device with ultra-fast Wi-Fi 6 1 Gbps standard. It provides faster and smoother Wi-Fi parametres and responds to the growing demand for the home Wi-Fi network, which is a key factor in customer satisfaction.



Mobile

In response to rapid growth in data traffic volume, we have steadily increased the number of our base stations and enhanced their capacity. In 2021, our customers got access to a further 219 base stations. LTE coverage for all bands was 99.89% of the population on 98.50% of Poland's territory at the end of December 2021. Orange Polska provided 4G services via 11,844 base stations. This included 10,220 base stations enabling spectrum aggregation (compared to 9,831 at the end of December 2020).

In January 2021, Orange Polska launched its 5G service in the Dynamic Spectrum Sharing (DSS) mode in the 2100 MHz band in Tricity; subsequently, it was made available in Lublin in June and in Konin in November. Besides these locations, today, our customers can use 5G in Łódź, Cracow, the Upper Silesian conurbation, Poznań, Wrocław, Opole, Częstochowa, Rzeszów, Kielce, Bielsko-Biała and Tychy. At the end of 2021 the number of our 5G DSS base stations stood at 1,727.

We are gradually implementing the LTE-M technology on the 800 MHz band for Internet of Things. LTE-M is currently available nationwide on 10,400 base stations. In the areas where the use of this band is excluded (i.e. in the border areas that require international co-ordination), we use 1800 MHz frequencies. In order to boost the use of the latest technologies we intensively expand our portfolio of 4G/5G mobile terminals at the expense of 2G/3G ones.

LTE outdoor coverage evolution

Date	Geographical Coverage	Population Coverage	System
31 Dec 2019	98.25%	99.86%	All LTE bands
31 Dec 2020	98.43%	99.88%	All LTE bands
31 Dec 2021	**98.50%**	**99.89%**	All LTE bands

LTE indoor coverage evolution

Date	Geographical Coverage	Population Coverage	System
31 Dec 2019	85.32%	96.90%	All LTE bands
31 Dec 2020	86.33%	97.27%	All LTE bands
31 Dec 2021	**86.62%**	**97.41%**	All LTE bands

Delivering a palette of services adjusted to customer needs

KPI	Our commitments	Performance
To offer a full palette of services, enriched by non-telco products, to strengthen our position as the unique convergent player in Poland	Number of B2C convergent customers	2019: 1,369k 2020: 1,483k **2021: 1,552k**
	Number of mobile SIM cards	2019: 15,284k 2020: 15,752k **2021: 16,800k**
	Number of mobile handset SIM cards	2019: 7,748k 2020: 8,095k **2021: 8,424k**
	Number of mobile pre-paid SIM cards	2019: 5,047k 2020: 4,860k **2021: 4,953k**
	Number of fixed retail broadband customers	2019: 2,607k 2020: 2,702k **2021: 2,746k**
	Number of fibre retail customers	2019: 520k 2020: 725k **2021: 945k**
	Number of fibre wholesale customers	2019: 5k 2020: 26k **2021: 53k**
	Convergence penetration in B2C fixed broadband customer base	2019: 62% 2020: 65% **2021: 67%**
	Number of fixed voice customers	2019: 3,109k 2020: 2,899k **2021: 2,660k**

In 2021 our commercial activity remained focused on delivering a package of mobile and fixed services, which we define as convergence. It is our competitive edge, it constitutes a good customer loyalty tool and it allows us to upsell more services, winning a higher share of household media and telecom budgets.

Convergence addresses the household telecommunication needs and is a powertrain of our strategy

One of the key strategic objectives of Orange Polska is to be the leader in telecommunication services sales to households. Convergence, or sales of mobile and fixed-line service bundles, addresses household telecommunication needs in a comprehensive manner, increasing customer satisfaction and reducing churn (as churn rate is significantly lower than among single service users). It also contributes to revenue growth and increased efficiency of IT and marketing spending. Through our convergent offer we are able to enter new households with our services as well as upsell additional services to households where we are already present.

In 2021, there were no significant changes in our flagship convergent offer, Orange Love. After a surge in sales in the second half of 2020 as a result of the pandemic, customer additions slowed down in 2021. Our B2C convergent customer base increased by 69 thousand (or almost 5%), reaching 1.55 million. It should be noted that saturation of our broadband customer base with convergent services has already reached a significant level (67%). The majority of new mobile and fixed broadband acquisitions are still attained in the convergent bundle formula. Our convergent offer is a major competitive advantage over CATV operators, as they provide no or very limited mobile services. The total number of services provided in the convergence scheme among B2C customers reached 6.2 million, which means that, on average, each convergent residential customer uses more than four Orange services.

Convergent ARPO grew by 5.9% year-on-year, mainly as a result of price increases and a growing share of fibre customers, who generate the highest revenue.



Improving trends in mobile reflect effective value strategy

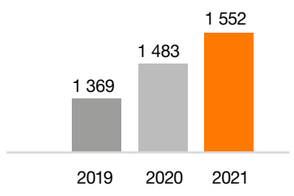
In 2021 we continued our policy of price increases in the ‘more for more’ formula. In each post-paid tariff plan for B2C customers we raised the price by PLN 5, while simultaneously increasing data pools. These pools can be expanded with My Orange application, which is to encourage customers to use digital sales and customer care channels. Furthermore, customers subscribing to two high-end plans have access to 5G technology and can buy the HBO GO service at a reduced price. In our pre-paid portfolio, in June we increased prices of calls and text messages again for customers charged per price lists.

By the end of 2021, Orange Polska had a mobile services base of almost 16.8 million, which is an increase of 6.7% year-on-year. The growth was generated mainly in the post-paid segment, while the number of pre-paid services increased slightly.

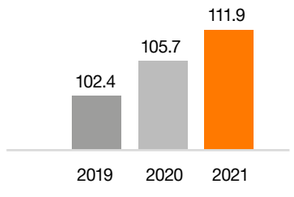
In the post-paid services, there were no significant changes in SIM card trends:

- Volume growth in handset offers (which are of crucial business importance) was over 4%, almost the same as in the previous year, as a result of the consistent implementation of a value-based commercial strategy, concentration on the Orange Love convergent offer in customer acquisition, growing take-up of the Orange Flex offer and strong additions in the business market;

B2C convergent customer base (in ‘000)



B2C convergent ARPO (in PLN)



- The number of mobile broadband services continued to fall due to increased popularity of mobile broadband for fixed use offers as well as growing data packages for smartphones in mobile voice tariff plans;
- Strong growth in the number of SIM cards related to M2M services (up as much as 34%), owing to the execution of contracts for the delivery of SIM cards for electricity and gas meters as well as solutions for the e-Toll system for road toll collection.

In order to better reflect our commercial strategy, since the beginning of 2018 we have separately presented our convergent mobile customers and those who use mobile services only. Notably, volume growth was achieved in both groups. The growth in the former category is driven by convergent customer base expansion and upsales of additional SIM cards to Orange Love customers, whereas the rebound in the number of non-convergent services (excluding M2M) was driven mainly by a growing business customer base and take-up of the Orange Flex and Nju Mobile brands.

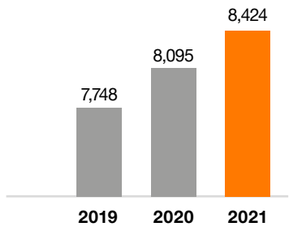
The number of pre-paid services was up 1.9% in 2021, after a decline throughout 2020, which had resulted mainly from lower activations of new pre-paid cards as a consequence of pandemic-related factors, including a decrease in the activity of small businesses, much lower sales to foreign residents and reduced tourism during the summer season.

Blended ARPO (from mobile-only services) amounted to PLN 20.2 in 2021 and was up 3.1% year-on-year. The growth was generated by both post-paid and pre-paid services.

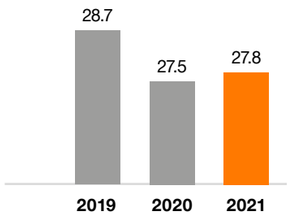
The post-paid ARPO grew 1.6% after a decrease of over 4% in 2020. The improvement resulted from the following factors:

- Focus on value and related price increases (in line with our ‘more for more’ strategy) in both the consumer market (introduced in May 2019 and May 2021) and the business market (introduced to SOHO customers in November 2018 and February 2020);
- Lower penetration of mobile broadband in the mobile customer base; as a result, post-paid ARPO is less affected by substantial declines in mobile broadband ARPO (reflecting much lower take-up of this service);
- Significant recovery of roaming revenues following a slump in 2020 due to pandemic-related restrictions regarding people’s mobility.

Mobile handset customer base
(in '000)



Mobile-only handset ARPO
(in PLN)



Fixed broadband: fibre brings competitive advantage and gives support to convergence

Total fixed broadband customer base increased by 44 thousand (or almost 2%) in 2021. It was slower growth than in 2020, particularly its second half, which saw an explosion of demand as the pandemic and the resulting remote-work and remote-learning boom made high-speed Internet access a basic necessity for a great number of households. Fixed broadband growth was driven exclusively by fibre, and our fibre customer base increased by over 220,000, which is more than in 2020.

The strong growth in fibre is driving the technological transformation of our broadband customer base. The share of fibre in the total broadband customer base increased to 34% at the end of 2021 from 27% a year earlier, leaving behind the share of mostly non-competitive ADSL technology, which fell from 30% to 25%.

In line with the revenue reporting layout introduced in 2018, we separate convergent broadband customers (their number being equal to that of convergent customers) from non-convergent broadband customers. Our non-convergent broadband customer base has continued to shrink as a result of migration to convergence but also due to churn, though at a relatively slow pace since the beginning of 2020. This can be attributed mainly to the roll-out of our fibre network and higher demand for fixed broadband during the COVID-19 pandemic.

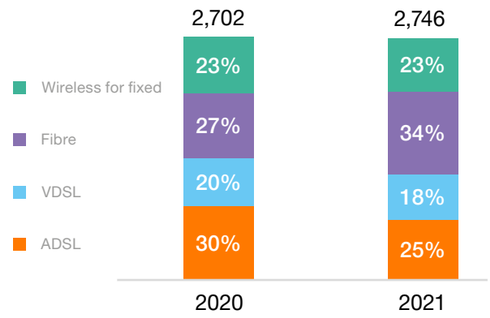
Despite a slight decline in customer base, revenues from fixed broadband-only services remained almost flat year-on-year. It is a consequence of an increase of over 2% in broadband ARPO, which rebounded in 2020 after years of decline. This can be attributed to the following factors:

- Our value strategy; and
- Growing share of fibre customers, who generate much higher average revenue per user owing to higher penetration of a TV service, growing share of customers from single-family houses (where the service price is higher), and growing share of customers using high-speed options (600 Mbps and 1 Gbps), which are more expensive.

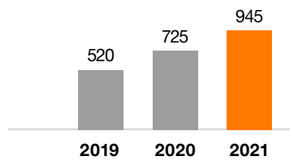
Fixed voice services: unfavourable trends continue

Erosion of the fixed voice customer base (excluding VoIP) totalled 248 thousand in 2021 and was similar to that in 2020. The decline in these services can be attributed mainly to structural demographic factors and the popularity of mobile services with unlimited calls to all networks. It is also a result of our convergence strategy, which stimulates partial migration of customers to VoIP. Average revenue per user was flat at about PLN 37.

Broadband customer base
(in '000)



Fibre retail customer base
(in '000)





Effortless and friendly customer experience

Optimal sales channel mix

Our commitment	KPI	Performance
To make it easy for all customers to access our products and services through different channels of contact	Number of POSs	2019: 708 2020: 687 **2021: 653**
	% of POSs adapted for customers with disabilities	2019: 20% 2020: 20% **2021: 21%**
	Number of POSs modernised (Best Retail Network)	2019: 235 2020: 317 **2021: 365**
	% of digital sales	2019: 11% 2020: 14% **2021: 16%**

Strong push for customer sales path optimisation

Following the experience of 2020 – in which we saw huge customer behavioural shift to digital channels – we decided to further build on this momentum. Omnichannel customer experience, which was a focus throughout 2020, was boosted in 2021. This strategy puts the customer at the centre of our actions and concentrates on delivering the most comfortable shopping path possible.

We continued development of five omnichannel pillars:

- **Personalisation**, which is delivered by predicting the needs of customers and offering them services that suit them best;
- Gathering data during contacts with our customers and ensuring that all points of contact have **Customer 360 view** (sales, customer care, billing, etc.);
- A strong trend of customers shifting to online results in a further increase in significance of the online channel considered **as the digital hub with the MyOrange app as the heart** of customer relationship management;
- **Common stock management** in one system allows for real-time management of available devices in our Central Warehouse with a set of delivery options – pick up in POS, courier, parcel lockers;
  Processes and tools based on upscaling tools like 'Contact Leading', 'Link With Offer' (through which the customer completes the order online, for those who could not complete their order during the first contact with a salesperson in-store or on the phone) and 'Visit schedule in POS'.

We strongly feel that the omnichannel direction is the key step to ensure the best shopping experience, especially in post-pandemic new-normal reality.

Optimisation and increasing the effectiveness of our sales channels

Our key objectives include further development of our online sales channel as well as the optimisation and modernisation of our sales outlets to align with market and consumer demands. These objectives directly result in greater customer satisfaction and further efficiency gains.

The rapid development of online sales, combined with omnipresent digitalisation, influences the expectations and purchase preferences of our customers. As a result, sales outlets are losing their dominance as the main contact channel through which most customers new to Orange make their purchase decisions. On the other hand, most existing customers who want to buy additional services still choose retail outlets. That means we need to invest in the development of our point-of-sale network.

2021 saw a gradual return to normal in various aspects of life, including telecommunication service purchases. Customers largely returned to physical points of sale (POSs), which are still the biggest sales channel.

As at the end of 2021, Orange Polska had a chain of 653 POSs all over Poland. Our sales network is subject to continuous modernisation and optimisation. This involves on the one hand a reduction in the number of outlets (there were 687 of them at the end of 2020), but on the other hand transformation to better suit customers' needs. Our 'Best Retail Network' (BRN) project is underway. Solutions that were previously only implemented in large Smart Stores, such as intuitive and functional interiors, are also being implemented in smaller outlets. By the end of December 2021, 369 of our outlets had been modernised in a new visualisation (compared to 317 at the end of 2020).

The Best Retail Network programme combines a comprehensive set of activities to improve sales efficiency and customer experience, in four streams:

- Best POS – a modernisation of our outlet network, working towards all stores having a highly functional design and visualisation supported with IT tools;
- Best Location – in-depth revision of Orange POS network based on sales potential and sales efficiency (city-by-city analysis);
- Best People – focus on improvement of our staff retention rate and enhancement of sales force efficiency and engagement;
- Best Quality – improvement of customer experience and sales efficiency through the rationalisation of both work standards and quality control in our stores.

The changes introduced are appreciated by our customers, as confirmed by a Kantar poll which indicates that another year in a row we are the #1 network in terms of transactional NPS for our outlets (i.e. customers visiting Orange outlets declare that they would recommend a visit there to others more frequently than customers of alternative operators do that with respect to their outlets).

2021 brought further growth of sales in digital channels by both volume and value. Customers are using available tools and platforms more easily, and the digital transformation has been additionally stimulated by the pandemic situation, which has accelerated educational processes in all social groups. From Orange Polska's perspective, 2021 saw strong expansion in sales and customer service with My Orange app, which provides access to the key information about the customer's account, presents our offers and supports customer service processes. High effectiveness of our online sales was supported by marketing campaigns based on current events as well as behavioural customer profiles. With marketing automation and artificial intelligence tools, we are able to recommend offers to customers that might interest them most. In order to provide benefits to customers for making online purchases, at the end of the first half of 2021 we introduced a dedicated online offer with a free month extra. The growth in online channels is driven by traditional offline channels, which we use to promote the My Orange application. We also intensively educate customers in the use of self-service channels. As a result of these efforts, sales via digital channels further increased to 16%, which is in line with our strategic goal to reach 25% by 2024.

Our pure digital mobile voice offer - Orange Flex, continues its growing path in 2021 growing its customer base by more than 30%. Growth was supported by smart targeting, dedicated offer for students (including foreigners, for whom Flex is really easy to join, thanks for digital ID verification) and Christmas offer based on promo codes. Orange Flex maintains the highest NPS among all Orange products, which is highly connected with engaging actions, transparent communication and environmental-friendly positioning (Flex was announced Poland's first climate neutral telecom service).

The Telesales channel, which is operated by our external partners and our own call centre, also performed well in the reported period. In this channel we concentrate on dedicated campaigns accounting for customer profiles and behavioural patterns to ensure best offer customisation. Owing to specialisation and development of competencies of our consultants, we are highly effective in our operations, while great focus on retention campaigns enables us to effectively secure our customer base and mitigate churn. In 2021 we significantly improved upselling of additional products, including smartphones, accessories and Orange Energy.

We are also working on a hybrid work model for our telesalesforce, which will involve remote work after the end of the pandemic. It will increase the competitiveness of our agents on local labour markets by adapting to the market expectations.

Customers can also benefit from direct contact with representatives of our Active Sales channel. Orange Polska uses advanced geomarketing tools for efficient planning of sales territories. Typically, our sales representatives operate in urban areas of our fibre investments.

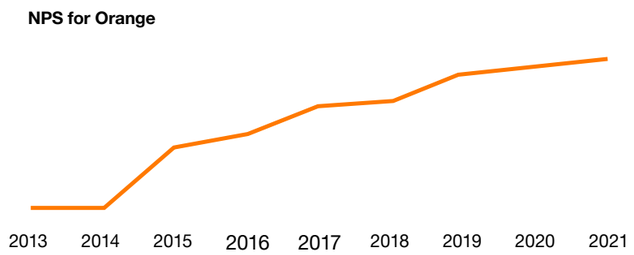
Our pre-paid top-ups are available in over 80,000 retail POSs (grocery stores, kiosks and petrol stations). Consumer behaviour with respect to topping-up has been evolving, and the COVID-19 pandemic reinforced this process. Our customers increasingly recharge their pre-paid accounts in remote channels (through online banking portals, orange.pl website and My Orange mobile app). We actively support these channels, while promoting the #OrangeGoesGreen approach: paperless top-ups without scratch cards. In 2021, there was an increase of 17% year-on-year in top-up sales through all online channels.

Orange Polska offers a range of sales channels, meeting the expectations of various groups of customers regardless of their preferences and needs – also in case of random conditions like the state of pandemic.



Making customer journey easy and friendly

Our commitment	KPI	Performance
To improve the customer experience by offering attractive products and services, accompanied by improvements in customer service and sales channels, both traditional and online. To be innovative and flexible in responding to our competitors' moves.	NPS (Net Promoter Score)	**NPS for Orange**
To provide security for Internet users at Orange Polska network	Number of activations of our safety solutions	Customers protected by CyberShield 2019: 2.5 million times 2020: 3.5 million times **2021: 4.5 million times**



Building positive customer experiences

The customer is at the centre of everything we do. Therefore, we focus on building positive customer experiences as well as developing strong, long-term relationships, using modern digital channels. From product and process planning to customer care in all contact channels, we unite all our employees around the common goal of providing Orange customers with best experience.

For several years we have been assessing our customers' experience with Orange through the NPS (Net Promoter Score) performance indicator. Our NPS is increasing gradually, which vindicates our complete focus on customers in all our activities.

The increase in our NPS has been driven mainly by the following:

- Portfolio developments: growing customer base for our fibre services and Orange Love bundle, simplification of both mobile and fixed-line offers and their better adjustment to customer needs.
- Network developments: increased capacity of our LTE & 5G network, increased coverage of our mobile and fixed-line networks.
- Improved customer experience owing to process simplification and automation, development of digital channels and digitisation of customer journey paths, and continuous improvement in customer care by salespeople, technicians and infoline consultants in traditional channels.
- Transparent communications with customers across all channels.

Approach driven by customer journeys and digitisation

Our comprehensive customer experience management is based on Customer Journeys Management. For the purpose of customer experience design, we use modern methodologies – Customer Journey Design and Design Thinking – which take into account customer needs, opinions and emotions.

Over recent years we have focused on the development of digital journeys, introducing a number of innovative and often revolutionary solutions to the Polish telecom market. In 2021, we implemented the following solutions:

- **Voice biometrics** - effortless customer authentication on the infoline, which results in more efficient customer service by the consultant. This functionality also offers the potential to be used in remote sales confirmation.
- **Digitalisation of contact with technicians** – the customer has a preview of the details and ability to change the date, as well as to track where the technical partner is currently.
- **Order management in the MyOrange application with status tracking** - the customer can check the details of the services ordered, a summary of fees and the status of delivery.
- **Self-diagnosis of damage** – the customer can diagnose their services on their own in the MyOrange application by the speed-test.
- **New payment functions** - BLIK payment in Max's chat for customers with a debt collection block, convenient payment in the Żabka retail network.
- **Voicebot and chatbot** - further development.

Artificial intelligence (AI) and robotisation have played a major role in the development of our customer service channels. Since 2019, our customers have been supported by Max, the AI voice of Orange. Max answers all calls to our service infolines and supports outbound campaigns concerning service purchase offers, overdue payment handling and situations in which customers are not satisfied with how their matter has been handled through traditional contact channels. In 2021, Max successfully resolved more than 50% of these calls to service infolines without having to transfer to a consultant.

Our customers are increasingly using online chat functions. Max is used in all customer service chats, and in 2021 served over 45% of all issues raised in chats without the need for follow-up by a consultant.

In 2021, we also continued to expand the automation and robotisation of customer service processes (RPA), providing for top service quality combined with cost effectiveness.

Contact channels

We offer a wide selection of contact channels to our customers, which we constantly improve to best meet their expectations.

Digital channels

- Prices and availability
- Buy new services and renew agreements
- Customer care, e.g. diagnose devices or services
- Learn how to easily effect customer self-care: connect a device, use self-service tools (Orange Expert tutorials)

Call Centre

- Obtain product and payment information
- Request changes in services and the account
- Buy new services and renew agreements
- Customer care (complaints, technical issues, payments)

POS

- Browse showroom
- Try or test products
- Buy products and services
- Obtain information
- Pick up orders
- Customer care

Social media

- Obtain product and services information
- Share experience
- Demand information
- Customer support (not associated with account details)
- Demand opinions



Personal data security

We control a vast amount of personal data of our customers, employees, business partners, etc. Personal data are one of the categories of confidential information (together with data protected by the telecommunication secret and proprietary information). In order to prevent a potential breach of security of confidential information, including personal data, we have implemented security measures consistent with international standards. The Company has operated the Information Security Management System, which is compliant with the ISO 27001 standard. Orange Polska has also obtained a certificate of compliance with ISO 27018. In addition, the Company regularly renews the FIRST and the Trusted Introducer certificates for CERT Orange Polska.

At each stage of data collecting and processing, we ensure that customers are informed about the purpose and scope of data processing, as well as their right to access and rectify their personal data. In 2021, the Office for Personal Data Protection imposed on the Company several reminders for breach of the provisions on the protection of personal data. Despite all the precautions taken, considering the modern threats related to information technologies used for processing of information, including personal data, it is not possible to fully exclude the risk of a breach of the security thereof.

Recourse to liability proceedings is facilitated by the General Data Protection Regulation (GDPR). A potential breach of the security of personal data could have a considerable impact on Orange Polska's reputation and a heavy impact on its liability, potentially including criminal liability, and hence have an adverse impact on the Company's future financial performance.

In accordance with GDPR, ISO 29134:2017 and the Article 29 Working Party Guidelines, in 2018 we implemented a process to identify and prevent violation of rights and liberties of data subjects. Furthermore, we also conduct dedicated training courses for employees and associates of Orange Polska, as well as the initial training process for new joiners as well as e-learning courses on information security and personal data protection.

Safe network

As an operator of the largest number of fixed Internet connections in Poland and, at the same time, an operator of a mobile network, we observe that although the number of attacks on the mobile network is still relatively low, the power of attacks on this network is slowly reaching that of attacks on the fixed network.

Orange Polska's CyberShield is a mechanism, that – based on network traffic supervision – intercepts traffic directed at confirmed malicious/phishing sites and blocks it. In some cases, the user receives additional information that one of their devices is trying to access a malicious address. Sites that phish various types of data from users (e.g. login details for online banking, social networks, Internet accounts or websites), fake payment gateways, sites impersonating well-known service providers and prompting the installation of malware, as well as the Command & Control botnet addresses (i.e. those the malware communicates with) have all been protected with the CyberShield mechanisms.

In 2021, cybersecurity threats still included those with COVID-19 motif, but the latter lost some of its popularity among cybercriminals. "Parcel surcharge" scams – used by fraudsters to intercept banking logins and passwords at a fake payment gateway – were back after a short break. Other popular scams were targeted at sellers on the OLX platform or related to spoof courier company or voice mail applications. By getting full access to the victim's phone, cybercriminals were able to eavesdrop on their activity and intercept their logins and passwords.

In 2021, CyberShield blocked almost 400 million phishing attempts and protected 4.5 million people from loss of sensitive data or savings.

Polish electromagnetic field (EMF) emission standards

Mobile phones

All mobile phones in Orange Polska's portfolio meet the emission standards specified by the International Commission on Non-Ionizing Radiation Protection (ICNIRP). We ensure that they are thoroughly tested and the safety of their use is verified in the process of examining their conformity with essential requirements. All mobile devices in Orange Polska's portfolio are safe for users and are accompanied by information on the Specific Absorption Rate (SAR), which is always lower than official limits (below 2 W/kg). SAR for mobile phones refers to the maximum level of radio waves that the user can be exposed to during a call. SAR values can be found in the user manual (technical specifications), which is provided by the manufacturer.

Base stations

Orange Polska uses only proven and worldwide-used wireless communication technologies which are consider as safe for all users.

Since January 1, 2020, the limits of exposure to electromagnetic fields applicable in Poland have been consistent with the Council Recommendation 1999/519/EC. The new limits were set in the Decree of the Minister of Health of 17 December 2019 on the limit values of electromagnetic fields in the environment (Journal of Law of 2019, item 2448). This replaced the Decree of the Minister of Environment of 30 October 2003 on the limit values of electromagnetic fields in the environment and methods of verification thereof (JoL No 192, item 1883), which expired upon coming into force of the Act of 30 August 2019 on amending the act on supporting the development of telecommunications services and networks and certain other acts (JoL of 2019, item 1815) in line with Article 34(2) thereof.

Orange Polska complies with all standards regarding electromagnetic field (EMF) emissions around base transceiver stations (BTSs) and broadcasting stations. We implement technical solutions to ensure protection against EMF emissions by radio communication systems of the base stations developed through our investments or operated on our networks. We ensure compliance with the relevant applications through the following:

- Developing the estimates of the EMF impact on the environment at the planning stage of BTS construction or modernisation projects;
- Reporting EMF measurements (vs. limits) to environmental protection bodies, which decide whether to carry out public consultation or not (public consultation and dialogue concerning network facilities are carried out as part of administrative proceedings and initiated and supervised by the relevant government agencies).

Orange Polska and all other mobile operators delivered input data (base stations parameters and results of PEM measurements) to the Institute of Telecommunications. These data allow the operation of the SI2PEM system. This system, which was launched on 20 July 2021, is available on the Internet and includes information on the predicted PEM levels and results of PEM measurements in Poland. Its users are able to obtain data regarding PEM levels in their areas of interest.

5G technology

The 5G network has no confirmed negative or positive impact on people in terms of the electromagnetic field or the range of frequencies used. In terms of human exposure to EMF emissions, 5G systems have the same impact as former 2G, 3G and 4G systems. 5G devices will not exceed the Polish standards regarding EMF emissions. These standards have been established on the basis of scientific research in such fields as medicine, epidemiology, biology and dosimetry in accordance with the guidelines of the International Commission on Non-Ionizing Radiation Protection (ICNIRP).

Radio waves are electromagnetic waves of a frequency lower than that of infrared radiation or visible light (which is also an electromagnetic wave). Radio waves are not ionizing radiation (such as X-rays), and their levels used in mobile networks guarantee safety by a large margin. The electromagnetic fields used in mobile telephony have no confirmed adverse effects on human beings. Radio waves and microwaves are not considered a potential cause of cancer by the World Health Organization (WHO). They have been included in the category of phenomena and substances whose impact on the development of tumors requires further research, but this does not mean that, according to WHO, such an effect exists.

Full value chain for digital transformation of companies

Our commitment	KPI	Performance
▪ Being a leader in consultation and integration of comprehensive transformation services for business ▪ Digital partner in security, cloud and IT infrastructure & networking	ICT revenues	**ICT revenues** (in PLN million) 2019: 719 2020: 930 **2021: 1,094**

Being an integrator and digital service provider

Orange Polska is the leader in all business segments of the telecommunications market and a leading player in the ICT market. Upon the implementation of the .Grow strategy we will become the leader in consultation and integration of comprehensive transformation services for business, enabling companies and institutions to operate effectively in the new digital world. We will achieve it by leveraging on our key resources, that is mobile and fibre networks, enhanced by a broad portfolio of services comprising the entire value chain of digital transformation. The key role in this process will be played by further stable growth of our subsidiary Integrated Solutions, the third largest integrator in the Polish market. And we will achieve acceleration in ICT by monetising our investments in new areas and competences, such as in BlueSoft and Craftware. The highest growth is to be achieved in the areas of cybersecurity and software and applications, based on both the expertise of our subsidiaries and the competence developed for internal needs.

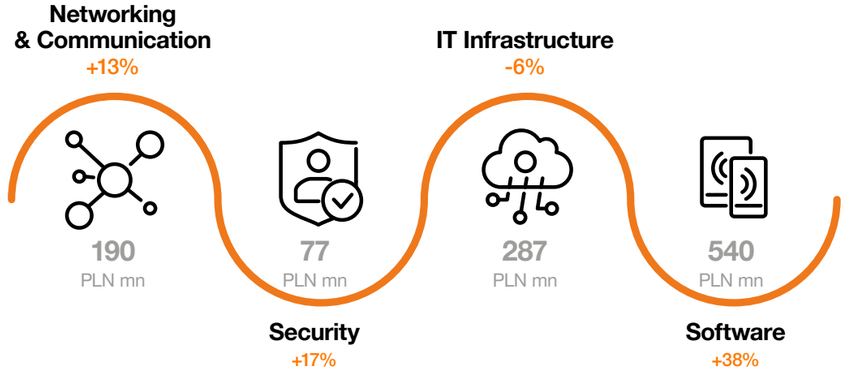
2021 was another year of our strong performance in the ICT area. It further enhanced our position as a leading integrator and provider of full value chain for digital transformation of companies in Poland.

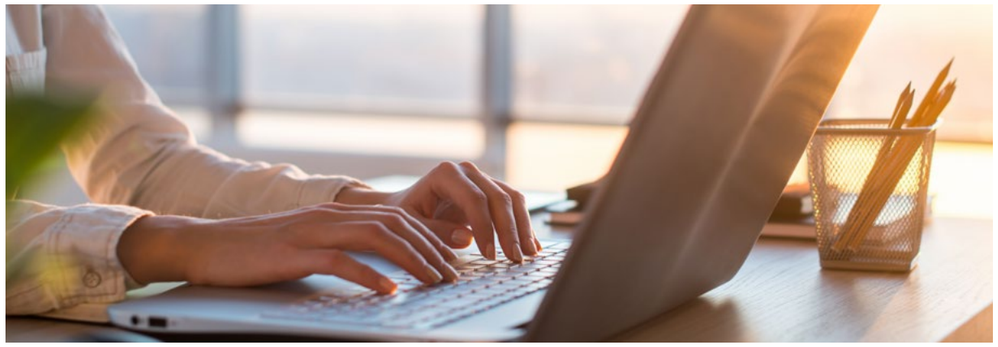
We grew our ICT revenues by 18% year-on-year to PLN 1.1 bn. Growth came equally from organic growth and from Craftware acquisition done in December 2020. Craftware as a CRM company specialises in solutions based on Salesforce technology. It was very well integrated to our organisation and further dynamically expanded its business, growing revenues by 27% to almost PLN 100 mn. Close co-operation with BlueSoft enabled Craftware to create synergies and resulted in gaining new customers and enlarging the scope of existing business. BlueSoft confirmed its strong position in the area of digital transformation of the financial and pharma sectors. In addition, in 2021 it became an important service provider to the retail sector. It doubled revenue from this sector, which is under rapid transformation in the area of cloud, data-based software and application solutions.

The year 2021 was much more difficult for our IT integration activities due to the chipset crisis and delays of hardware deliveries. It forced us to refocus our activities into professional services and license reselling. Such a shift resulted in lower infrastructure sales than a year ago but much higher software domain development. As a result, combined revenues growth of Orange Polska and its subsidiary Integrated Solutions amounted to 4% in 2021.

We were also an active player in moving companies to hybrid work and in digitisation of the work environment. It resulted in significant growth of networking and communication as well as security. Recently all three our ICT subsidiaries were recognised among Forbes Diamonds 2022.

Revenue performance of key ICT domains (% yoy in 2021)





BUSINESS CASE: Electronic City Services Platform for the City of Warsaw

Project Background: Challenges for the Capital City

To ensure efficient access to services addressed to its residents, the City of Warsaw launched a project to develop the Electronic City Services Platform (PeUM), which was to offer a range of services using various authentication methods. The platform was to adopt a fully digital approach to the provision of services to residents, enabling them to handle formal matters online in the self-service model. It was to enable correspondence with various offices, paying taxes, filling in various forms or applications, and – with a Warsaw City Card (which was to be an integral part of PeUM) – getting access to additional services, such as buying a public transport ticket, paying a parking fee, renting a city bike or borrowing a book from a library.

Implementation

Based on the functionalities specified by the municipality, Integrated Solutions (IS) has developed **a comprehensive e-service platform for the Capital City of Warsaw (PeUM)**, Moja WARSZAWA [My WARSAW], and provides for its 24/7 operation and maintenance. It has been launched in a private cloud developed and provided by IS in the PaaS model. The platform comprises database, computing, container and security infrastructure as well as centralised tools for monitoring of events and platform/application efficiency.

Moreover, Integrated Solutions has created the **Central Resident Register**, which constitutes the basis for a uniform system of service provision to users. An authentication module enables user authorisation with the Trusted Profile not only for the applications managed by the City of Warsaw, but also for other systems, such as a public transport ticket system or Municipal Police systems. Residents can access multiple services of municipal companies, including cultural, sports and educational institutions, via the portal.

Technology

The platform employs various forms of integration via data and service buses, microservices and application container management mechanisms, through which service applications may be added to PeUM, and thus made available to residents. Origin Kubernetes Distribution (OKD) container technology facilitates system management and ensures full scaleability and reliability of services.

Outcomes and benefits

The platform developed by Integrated Solutions takes the key assumptions for innovative e-services within a modern city and implements them in practice:

- The services are offered on a self-service basis – Residents, entrepreneurs and other users can access a number of useful services online in a single place;
- The services are customised – Upon authentication, users get access to all the services and applications to which they are authorised (single login procedure);
- The services are open – The technological solutions used in the PeUM Platform enable administrators and providers to develop new city services based on its REST API interface.

Owing to the solution created by IS, the Capital City of Warsaw has pioneered technological development, showing other municipalities the way to digital transformation.

The platform provided to the City of Warsaw by Integrated Solutions demonstrates that modern IT solutions are becoming easily scalable and user-friendly both at the implementation and maintenance stage, as confirmed by an audit conducted upon the City's request.

The My WARSAW project was among the initiatives recognised with the Innovation in Politics Awards 2021. The platform's innovativeness was recognised by an international jury comprising 1,032 experts from 25 EU countries.

Acting in an effective and responsible manner

Focus on efficiency

Our commitment	KPI	Performance
To be an agile and flexible company with proven ability to find efficiency savings ▪ Constant transformation of indirect costs ▪ Process optimisation and automation ▪ IT spending optimisation as well as facilitation of commercial initiatives, especially in convergence	Indirect costs	**Indirect costs** (in PLN million) 2019: 3,598 2020: 3,446 **2021: 3,553**

Our ambition is to be an agile company, digital and flexible, with a strong online presence and highly automated processes, as well as a proven ability to cut costs and find efficiency savings. This approach is reflected in both our commercial activity and our financial results.

In 2021 we continued with our redefined commercial approach: to become more selective and more balanced between volume and value. In 2018, we took a major step by introducing the first ever tariff increases on the consumer market according to a 'more for more' formula. This followed a number of value-accretive moves in prior years: reduction of handset subsidies, simplification of tariff structure, cancellation of value-dilutive promotions and bonuses, and changes in tariff features encouraging customers to migrate to more expensive tariffs. In 2021 we also continued to optimise the distribution channel mix.

In 2021 we continued our comprehensive transformation programme to simplify, and where possible to automate and digitise our business processes. Despite the continued cost transformation, indirect costs were 3% year-on-year higher in 2021 as a result of certain key factors. Firstly, they benefitted from our ongoing cost transformation with savings mainly coming from labour, CRM subcontracting services and general expenses. Secondly, the year-on-year comparison reflects the positive impact of COVID crisis-related mitigating measures in 2020, mainly a PLN 64 million one-off due to curtailment of jubilee awards scheme. And thirdly, in 2021 our advertising and promotion costs accelerated after pandemic-related slowdown in 2020.

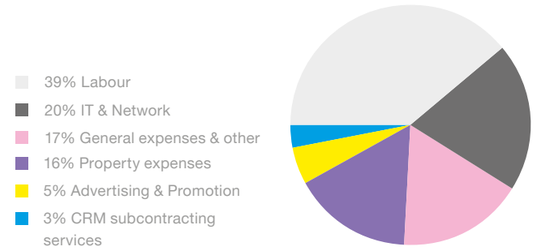
As of December 31, 2021, the Orange Polska Group employed 10,452 people (in full-time equivalents), which is a decrease of 8% compared to the end of December 2020.

Orange Polska's workforce reduction was mainly a result of the implementation of the Social Agreement for the years 2020–2021. Pursuant to the Social Agreement, 885 employees left the Company in 2021. Severance pay in Orange Polska S.A. averaged PLN 93.6 thousand per employee in 2021. On December 7, 2021, the Management Board of Orange Polska concluded negotiations with the Social Partners on the terms of a new Social Agreement that will remain in force in 2022–2023. In particular, the Social Agreement for 2022–2023 sets the number of voluntary departures in the next two years at 1,400 people and determines a financial package for employees leaving Orange Polska under the voluntary departure scheme.

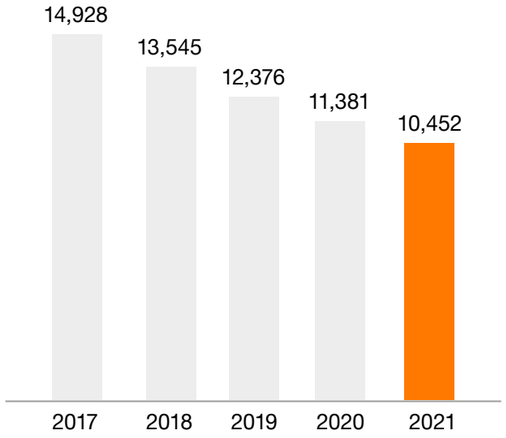
Direct margin (difference between revenues and direct costs) increased more than 4% mainly owing to strong performance of margin from core telecom services and IT/IS. Its dynamics were also supported by last year's low comparable base, when we created some COVID-related provisions.

We will continue our cost transformation in line with the .Grow strategy. Indeed, the same digitisation trends that are enabling our growth leverage will also help us drive costs down further still. At the same time, using AI and process automation, we will improve our customer service: a win-win. We expect inflationary pressure to offset some of this margin expansion, but enough will find its way to operating profit to be able to grow our EBITDAaL margin.

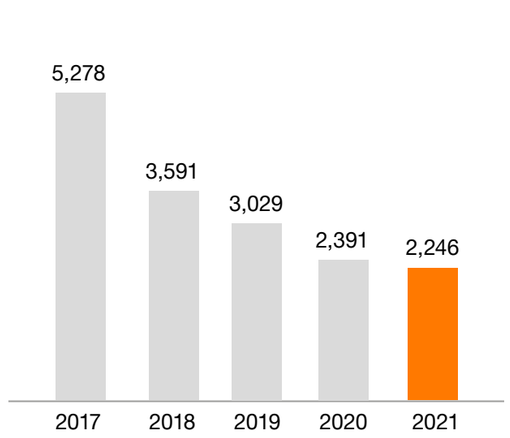
Indirect costs split in 2021



Employment evolution (in kFTE)



Employment evolution (in kFTO)





Minimising our impact on the environment

Our commitment	KPI	Performance
To implement business goals with respect for the rules of ecology and in harmony with the environment, including optimisation of energy use in the following areas: real estate, infrastructure and network, data centres; supervision over Orange Polska's impact on the environment; increase in the number of recycled, re-used and refurbished devices	Energy consumption	**Electricity consumption (GWh)** ▪ 2019: 552 ▪ 2020: 541 ▪ 2021: **533**
	Own CO_2 emissions (GHG Scopes 1+2)	**Total CO_2 emissions ('000 tones)** ▪ 2019: 425 ▪ 2020: 405 ▪ 2021: **367**
	% of renewable energy	▪ 2019: 0% ▪ 2020: 0% ▪ 2021: **6%**
	Number of recycled and refurbished devices	**Mobile collection (buyback & recycling)** ▪ 2019: 36,671 ▪ 2020: 33,609 ▪ 2021: **37,765** **Refurbished mobiles sold** ▪ 2019: 8,561 ▪ 2020: 11,515 ▪ 2021: **12,628** **Refurbished CPE devices** ▪ 2019: 410,774 ▪ 2020: 503,045 ▪ 2021: **655,447**

In Orange, we believe that technological progress must be available to everyone, but it should not occur at the expense of the natural environment. We take responsibility for our impact on climate. We have set specific, ambitious climate objectives and we are investing in new, more efficient and energy-saving technologies, such as fibre. We are also looking for green energy sources. In addition to reducing its own emissions, the technology industry has a special role to play. The modern digital technologies and services we offer support the green transformation of numerous other industries. We also get our customers involved in environmental initiatives.

Orange Polska, like the whole global Orange Group, wants to become climate neutral and achieve Net Zero Carbon by 2040. Neutrality will cover both direct and indirect own emissions (Scopes 1 and 2 of the GHG Protocol) and emissions in the value chain (Scope 3). By 2025, the Company intends to reduce its CO_2 emissions in Scopes 1 and 2 of the GHG Protocol (direct and indirect own emissions) by 65% compared to 2015. Orange Polska's targets are in harmony with Orange Group's global, science-based climate goals, which have been confirmed by the Science-Based Targets Initiative (SBTI) to be aligned with the objectives of the Paris Agreement (holding the increase in the global average temperature in the 21st century to 1.5°C above pre-industrial levels).

Our 2025 goal will be achieved primarily through increasing the share of renewable energy in our energy mix to at least 60% by 2025, based on long-term procurement agreements directly with renewable energy producers (PPAs) as well as work on further improvement of energy efficiency of our networks. With our Energy Optimisation Programme, we have gradually reduced energy consumption. In 2021, it stood at 533 GWh (vs. 541 GWh in 2020) and for the first time included electricity from renewable sources, which accounted for 6% of our energy mix. We have also accelerated efforts to reduce emissions in the entire value chain, including emissions by suppliers and customers.

This is a direct continuation of the Company's efforts. Despite growing volume of data traffic on its networks, Orange Polska achieved a 27% reduction in its own emissions between 2015 and 2021. In 2021, its CO_2 emissions were 367,000 tonnes versus 405,000 tonnes in 2020, which means a further 9% reduction year-on-year.

Looking towards 2025, Orange Polska is focused on three main priorities: responsibility for reducing its CO_2 emissions; value for its customers, shareholders and other stakeholders; and impact on the green, digital transformation of the Polish economy.

Furthermore, Orange Polska implements the principles of circular economy in an attempt to reduce its carbon footprint throughout the entire supply chain. We buy back older smartphones and accept broken ones for recycling in every Orange store; we refurbish and relaunch several hundred thousand modems and set-top boxes per annum; we implement innovations in our devices to extend their service life and reduce energy consumption; and we aim to expand our portfolio of refurbished smartphones. In 2021, we collected over 37,700 handsets from the market (which is about 1% of sold phones), and refurbished and relaunched over 12,600 of them. We also refurbished 655,000 fixed-line network devices (modems, set-top boxes (which is about 59 % of devices placed on the market)) and reassigned them to other customers for further use.

Orange Polska has monitored and managed its environmental impact for years. The Company has adopted the Environmental Management System, certified for compliance with the ISO 14001 standard for both fixed-line and mobile networks. It provides for the development of the Company's environmental policy; determination of environmental aspects of its operations; identification of the applicable legal requirements related to environmental protection; definition and implementation of environmental goals and outcome monitoring; and management of potential breakdowns dangerous to the environment. All activities of the Company related to its environmental impact comply with the relevant standards and regulations. Since 2008, Orange Polska has followed the Environmental Protection Policy, which aims to reduce the Company's environmental impact, while maintaining the quality of services and customer satisfaction with them. In 2021, Orange Polska adopted the Climate Policy, which defines ambitious goals for reducing its negative impact on the climate.

» For more see the section on Climate and environment.

Impact on society

Our commitment	KPI	Performance
To expand access to new technologies for residents of small towns – digital development of local communities	Number of participants (residents of small towns and villages) in educational activities	**81** Orange Studios in villages and small towns for **711,000** residents
To develop digital competencies among children and schools	Number of participants (schools, children) in educational programmes	**150** schools and **4,000** children in the MegaMission programme **280** schools and **2,839** children in the #SuperCoders programme
To provide and support education on children's online safety in schools and kindergartens all around Poland with the Safety on the internet programme	Number of participants (children) in the Safety on the internet programme	**522,505** children using our educational materials

As an ICT infrastructure provider, we have the power to enhance the investment attractiveness of particular regions and specific locations as places to live and do business.

As a provider of telecom services, we facilitate communication between people. This has its social consequences, as through this process some people gain by using technologies to improve their functioning in social life, while others are left behind due to digital exclusion.

As a large business organisation, we contribute directly to the development of local communities. We employ people and build relations with suppliers and business partners in local markets; we also provide telecommunication services to local governments.

As one of the corporate social responsibility leaders in Poland, we engage in social campaigns and initiate many educational and social programmes.

Access to technologies, experience in using them and the competencies they require, as well as attitudes and motivation needed to learn them have become the key asset. Its deficit more than ever affects the life chances of people in Poland, as it means lack of opportunities for access to important information, effective education, good jobs, decent life and extensive social relations.

This is why for many years Orange Polska has attached great importance to education on the wise and responsible use of new technologies. This is the main area of activity of the Orange Foundation.

The Foundation educates people how to use modern technologies in a responsible and valuable manner. It carries out its own educational projects aimed at developing digital skills of children and young people as well as teachers. The Foundation's projects are based on research, analyses and consultation by experts so as to effectively address social needs. They are free, nationwide and intended as long-term. Furthermore, all projects are subject to evaluation. In their implementation, the Foundation co-operates with teachers all over Poland, leaders from small towns, Orange volunteers, and other non-governmental organisations.

Orange Studios, created to facilitate access to information, knowledge and technology in small towns and villages, have been operating since 2012. The studios are open to everyone not only as a place for developing digital skills, but also as meeting spaces for integration, courses, workshops or interesting events. Currently, there are 81 Orange Studios available to a total of 711,000 people from local communities. Since 2020, we have been providing a makerspace in Orange Studios. We want to transfer the FabLab experience to small towns and support workshops using new technologies in the DIY approach.

Our social projects are addressed to schools. MegaMission is a 10-month course for grades 1 to 3 of primary schools which has been created to help kids to gain balance and safety online. Children develop 'healthy' digital habits and learn what can be published online and how to protect their privacy, practice netiquette, respect the copyright, find reliable information, observe good manners on the net, protect their devices and spend time online in moderation. A total of 4,000 children from 150 schools participated in the project in the school year 2020/2021.

#SuperCoders is a course in programming and robotics for primary school students of grades 4 to 8. The project develops creativity, logical thinking and teamwork skills. Children learn coding not only during computer science but also other classes. There is also a dedicated module for students with special educational needs. In addition, teachers gain new competencies and schools receive grants for equipment purchases. A total of 2,839 children from 280 schools participated in the project in the last school year.

Furthermore, we strive to ensure the safety of children online. For over a decade, in co-operation with the Empowering Children Foundation, we have been educating pupils, parents and teachers on how to avoid the dangers of the digital world. We estimate that our educational materials – such as courses, educational games, lesson scenarios and publications – were used by more than 522,500 children last year.

» For more see the section on Society.

Being a digital and caring employer

Our commitment	KPI	Performance
To create culture of co-operation in which all employees feel respected and freely pursue their professional goals and life passions To offer better working conditions, constant enhancement of the work environment and focus on talent development To continue workforce optimisation in co-operation with trade unions	Number of employees*	2019: 12,058 2020: 10,967 **2021: 10,144**
	Share of women among managers	2019: 33% 2020: 33% **2021: 34%**
	Number of training hours per year per employee	2019: 25 2020: 24.1 **2021: 24.7**
	Employees satisfaction index (International Social Barometer)	2019: 31.1 2020: 33.9 **2021: 43.6** (on a scale from -100 to +100)

* excluding Networks!

Building a good work environment is one of the key challenges for every company. Our commitment in the employment area is to create a culture of co-operation in which all employees feel respected and freely pursue their professional goals and life passions.

Orange Polska is the biggest employer in the telecommunications industry in Poland and one of the country's largest corporations. The Company offers good working conditions and development opportunities to its employees. It also prides itself on having one of the most extensive social programmes, including a country-unique retirement benefit scheme. Furthermore, it puts a strong emphasis on developing employees' competencies and setting high professional and ethical standards at work. Employees in different areas and at different levels of the organisation as well as persons working for Orange Polska within a growing outsourcing scheme of selected functions are eligible for various levels of benefits. Owing to the global range of Orange, its employees also have development opportunities outside their native country.

Offering the most attractive terms of employment is a challenge for any company, particularly facing strong market competition, increased by the crisis. However, it becomes a necessity for an organisation that wants to be considered close and positive, acting in a courageous and straightforward manner.

Orange Polska's workforce comprises over 10,000 people working in more than 140 locations all over Poland. More than half – 56% of them – live in the five biggest cities, while others work in smaller towns. The majority of our crew, about 60%, are men. There are also people with disabilities among us. Every year, about 500 of Orange Polska's employees become parents. Our employees differ in professions and positions. All of this makes diversity management one of the key challenges in the area of HR management.

The key diversity dimensions identified in Orange Polska are gender; age; competence, expertise, experience and mindset; psychophysical skills – (dis)abilities; and parental status. Other diagnosed dimensions include religion and beliefs; workplace location (HQ vs. region); type of employment; and nationality/ethnic origin.

It is important to account for all of these aspects in diversity management, particularly to take care of employees with disabilities, to enable intergenerational knowledge sharing and to build an open and inclusive corporate culture.

In terms of the Company's growth prospects, it is important to provide broad training and development opportunities to its employees. Challenges related to extremely fast technological progress, digitisation, big data development, AI and cloud emergence carry the need for new competencies. Therefore, we attach great importance to providing our employees with access to the best possible training offer. On average, there are 24.7 hours of training per employee annually. We also want our employees to acquire the skills of the future and new qualifications that will enable them to better respond to the rapidly evolving expectations of the telecommunication and technology market.



The key to creating a friendly and motivating work environment is listening to employees' opinions about the Company, seeking solutions to the reported problems and suggesting positive changes. Therefore, Orange Polska has been conducting periodic employee satisfaction surveys, Our Barometer. Thanks to its regularity, we can compare results year-on-year and introduce improvements based on the employee feedback on a current basis. The results are communicated to the entire organisation. The survey aims to measure satisfaction of employees with their daily work at Orange in three main dimensions: competencies of the future, agile working methods and engagement.

In the last edition of the survey (January 2021), the overall satisfaction index among employees was 43.6 points. Converted to percentage, it means that almost 72% of our team are fully satisfied or satisfied with their work at Orange. Pride from working for Orange is declared by as many as 89% of employees (up 7 pp. vs. 2020), while 84% would recommend us as an employer (up 11 pp.). Our employees also appreciate the Company's efforts to provide a friendly and digital work environment: Orange is positively assessed in this area by 91% of employees (up 10 pp.).

» For more see the section on Human capital.

Financial Review

Financial Key Performance Indicators (KPIs)

We use the following financial and operational KPIs to track Orange Polska's performance

KPI (in PLN million unless otherwise stated)	2021 Outlook and guidance	Performance	2022 Outlook and guidance	.Grow ambitions 2021–2024
Revenues	Low single digit growth vs 2020	2019: 11,406 2020: 11,508 **2021: 11,928**	Very small decline due to MTR/FTR cuts vs 2021	Low single-digit CAGR
EBITDAaL	Low-to-mid single digit growth	2019: 2,718 2020: 2,797 **2021: 2,963**	Flat/low single digit growth (energy prices as key uncertainty vs 2021	Low-to-mid single-digit CAGR
EBITDAaL margin		2019: 23.8% 2020: 24.3% **2021: 24.8%**		
eCAPEX	PLN 1.7–1.9 bn, depending on proceeds from asset disposal	2019: 1,701 2020: 1,801 **2021: 1,737**	1.7–1.9 bn range	1.7 to 1.9 bn annual average
Organic Cash Flow (OCF)		2019: 737 2020: 642 **2021: 867**		
Net income		2019: 82 2020: 46 **2021: 1,672***		
ROCE		2019: 3.0% 2020: 1.6% **2021: 4.4%**		Increase 3–4x (from 1.6% in 2020)
Net debt/ EBITDAaL		2019: 2.2 2020: 2.0 **2021: 1.4**		Range of 1.7–2.2x in the long term
Divided per share (DPS) (in PLN)		2019: 0 2020: 0 **2021: 0.25****		Return to dividends from 2021 results (payable in 2022) PLN 0.25 per share as sustainable floor

* Net income before gain related to FiberCo transaction amounted to PLN 272 m
** Dividend from 2021 profit, to be paid in 2022

2021 revenues up 3.6% year-on-year driven by core telecom services and IT/IS

Revenues totalled PLN 11,928 million in 2021, up PLN 420 million or 3.6% year-on-year. Revenue growth considerably accelerated over 2020, when it was 0.9% year-on-year.

Our core telecom services, consisting of convergence, mobile-only and fixed broadband-only services, remain the key growth engine. Combined revenues of these three categories were up 6.7% year-on-year (versus a 2.9% increase in 2020), improving in each category. The main growth driver was convergence with revenue growth of 15%, fuelled by steadily growing customer base and ARPO improvement. Improving ARPO was a consequence of price increases and a growing share of fibre customers, who generate the highest revenue. Mobile-only revenues achieved growth for the first time as a category in this reporting layout and were up 3.1%. This resulted mainly from a growing post-paid customer base and an increase in ARPO. The customer base is expanding, despite partial migration from mobile-only to convergent services, owing to B2B customers as well as Nju and Flex brands. Post-paid ARPO increased by more than 1%, following its earlier decline, under the positive influence of our value strategy and partial recovery of roaming revenues following a slump amid the COVID-19 pandemic.

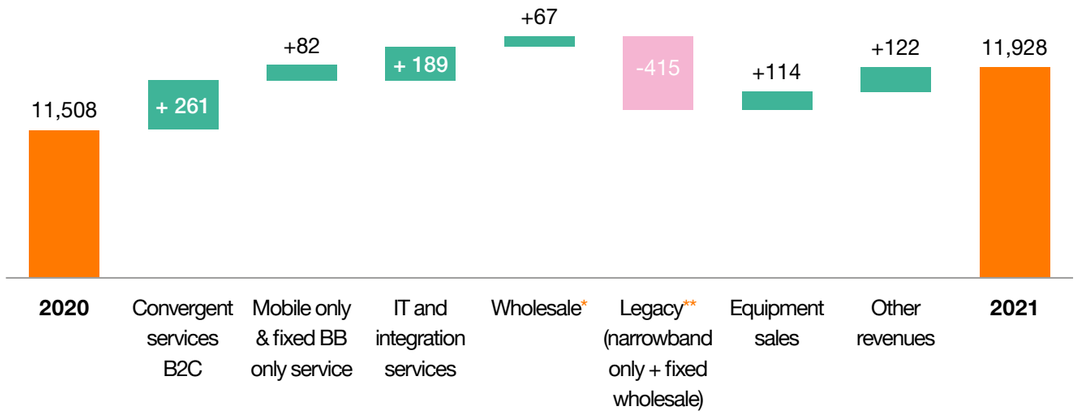
Revenues from IT and integration services maintained their very strong growth rate (up 19% year-on-year), benefitting from both organic growth and the consolidation of Craftware acquired at the end of 2020.

In the second half of the year, revenue evolution was negatively impacted by regulatory cuts in both fixed and mobile termination rates (FTR and MTR). A decrease of approximately 60% and 30% in FTR and MTR respectively led to revenue erosion of approximately PLN 170 million, which contributed to a 10% decrease in all-year wholesale revenue.

Revenue evolution in 2021 was also influenced by the following factors:

- An almost 34% increase in other revenues owing to a higher volume of energy resale versus 2020;
- A further structural decline in fixed voice telephony legacy revenues (by 15% year-on-year);
- An 8% increase in equipment sales, as demand for smartphones partially recovered.

Revenue evolution (yoy change in PLN mn)



* Wholesale excluding non-fibre fixed wholesale and interconnect
** Legacy: narrowband only, non-fibre fixed wholesale and interconect revenues

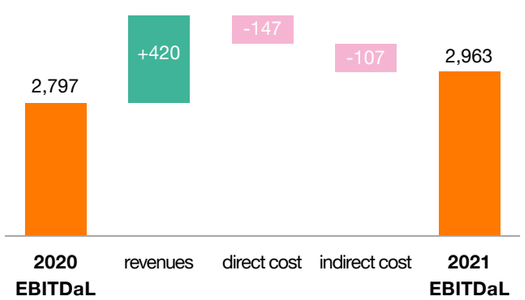
2021 EBITDAaL was up 5.9%, achieving the high end of our guidance, driven by strong performance of core telecom services

EBITDA after Leases (EBITDAaL) for 2021 came in at PLN 2,963 million and was up PLN 166 million or 5.9% year-on-year. This is the fourth consecutive year in which we are reporting growth of our operating profitability. Operating margin (ratio of EBITDAaL to revenues) increased to 24.8% from 24.3% in 2020. EBITDAaL growth accelerated from 2020, when it was 2.9%, and, what is equally important, its structure changed. Last year, EBITDAaL growth was generated by improving direct margin – that is, revenue growth fuelled mainly by the successful implementation of our value strategy in core telecommunication services (especially convergence) and the ICT sector. In previous years, the turnaround after years of decline was driven by cost savings. This change, aligned with the goals of our new strategy, makes our growth structure healthier and based on solid foundations.

Cost evolution can be attributed mainly to the following factors:

- A decrease of 10% in interconnect expenses, resulting mainly from cuts in both fixed and mobile termination rates and reflecting a decrease in wholesale revenue;
- An increase of 8% in commercial expenses, driven by growth in smartphone and ICT equipment sales;
- An increase of 17% in other external purchases, resulting mainly from higher costs of energy for resale (related to higher revenues in this segment) and higher costs of ICT services (partially due to the acquisition of Craftware at the end of 2020);
- A decrease of over 50% in costs of impairment of trade receivables and contract assets, mainly because provisions for bad debts due to the impact of the pandemic were recorded in 2020.

EBITDAaL evolution (yoy change in PLN mn)



2021 bottom line boosted by one-off gain related to FiberCo transaction

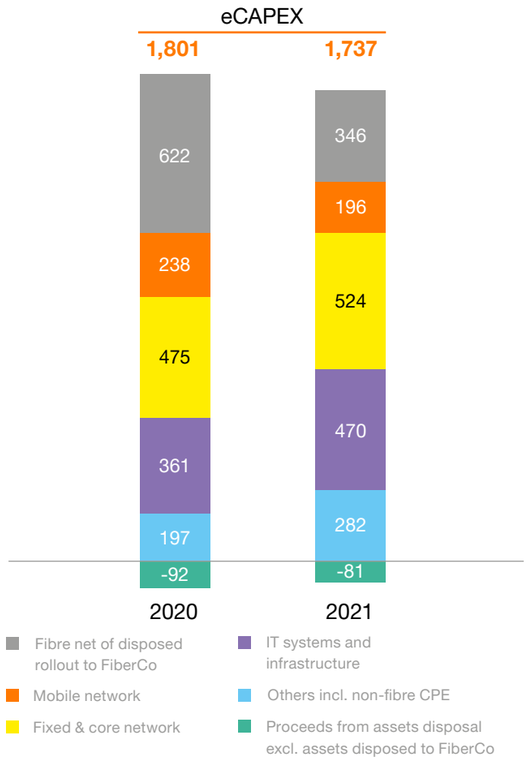
Net income for 2021 at PLN 1,672 million was significantly boosted by PLN 1,400 million (net of tax) gain on the sale of a 50% stake in Światłowód Inwestycje. Excluding this one-off development, net income was PLN 272 million, significantly higher than PLN 46 million recorded in 2020. This improvement resulted from the growth of EBITDAaL, lower depreciation (which benefitted from extension of useful lives of certain assets) and lower financial costs (which were elevated in 2020 by foreign exchange losses mainly on euro-denominated long-term leasing liabilities). The bottom line was also impacted by PLN 136 million provision related to the new social plan.

eCapex in line with guidance, already benefitting from FiberCo JV

The Group's economic capital expenditures in 2021 amounted to PLN 1,737 million and were lower by PLN 64 million year-on-year. (Starting from 2020, this measure includes accrued proceeds from asset disposals.) These included mainly the following:

- Investments in our fibre network, which included roll-out of the fibre access network, mainly to cover the rollout agreement with Światłowód Inwestycje (these assets were subsequently sold to the latter), further commercialisation of the constructed network (including customer premises equipment and service delivery), and fibre rollout to dedicated business customers;
- Investments to enhance the range of LTE services and the mobile network connectivity, expand the capacity and range of GSM/UMTS services, and adapt the mobile access network to the 4G technology requirements, particularly in the areas not covered by the mobile access network consolidation project (i.e. strategic or underinvested regions);
- Expansion of the mobile transport and core network in order to handle the growing volume of data transmission and ensure the service quality expected by customers;
- Implementation of transformation programmes;
- Investment projects related to the portfolio development, sales and customer service processes as well as the modernisation and enhancement of the IT technical infrastructure; and
- Excluding sale of fibre network assets to Światłowód Inwestycje, proceeds from sale of assets were slightly lower year-on-year and reflected the ongoing, difficult, pandemic-related situation of the office real estate market.

Split of eCapex (PLN mn)

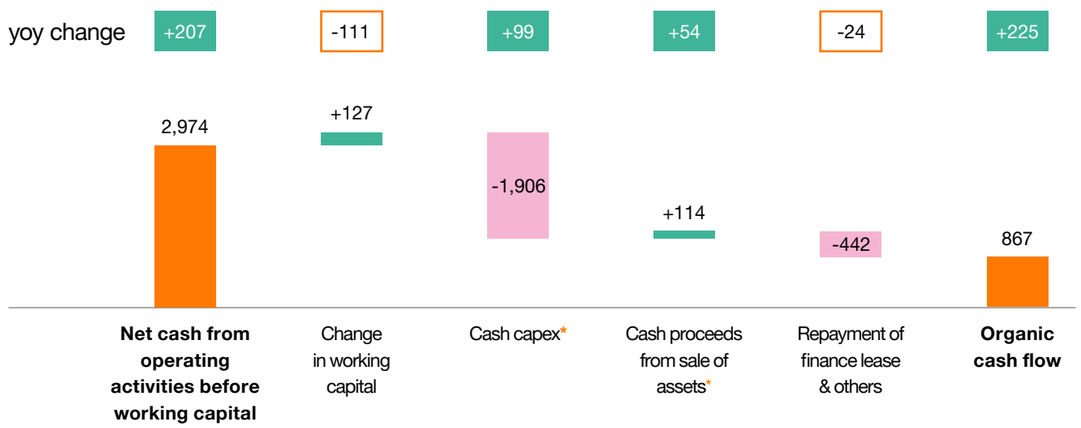


2021 Organic Cash Flow reflects strong cash generation from operating activities and higher proceeds from sale of assets

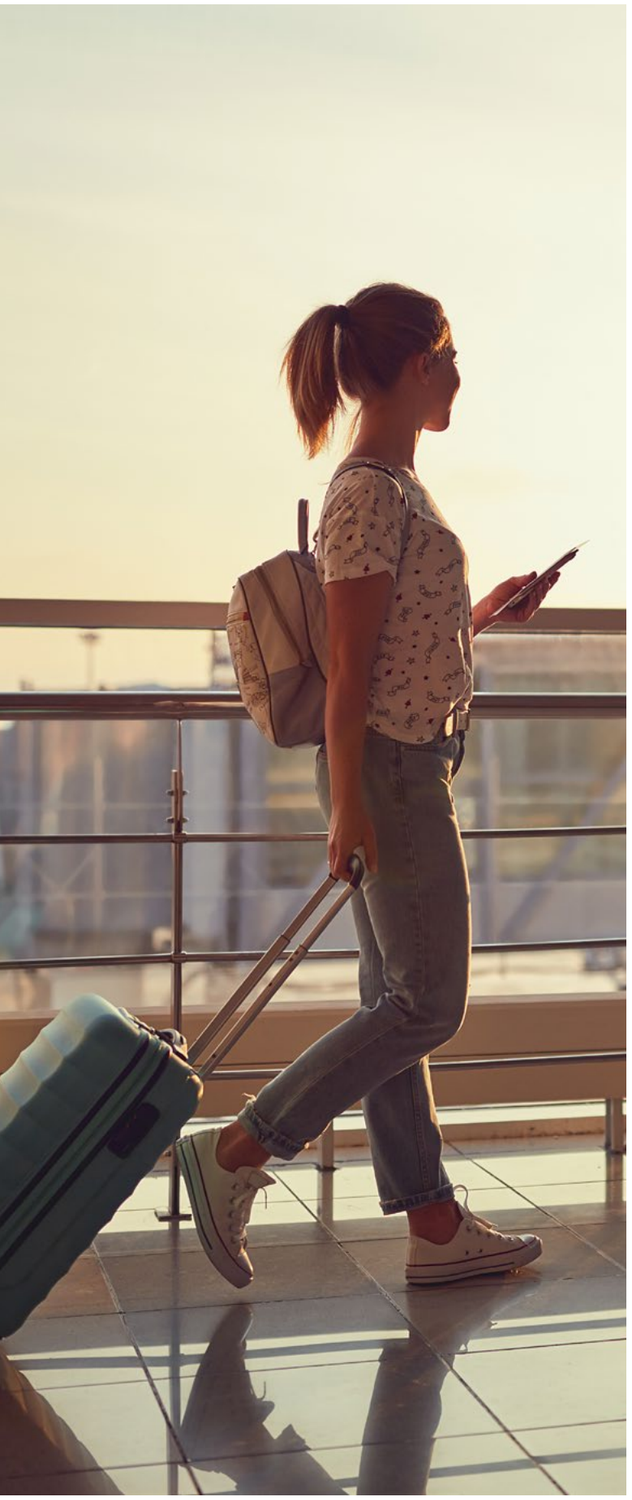
Organic cash flow for 2021 was PLN 867 million, a growth of 35% (or PLN 225 million) year-on-year. There were three key factors contributing to this performance:

- Firstly, more than PLN 200 million better cash generation from operating activities before working capital reflected higher EBITDAaL;
- Secondly, cash proceeds from sale of assets at PLN 196 million were much higher year-on-year owing to improved disposal of real estate (from a very low, pandemic-related level in 2020) and sale of network assets to Światłowód Inwestycje (sale of fibre network assets that Orange Polska had started to build before the signing of the transaction);
- These two strong positives were partly offset, however, by PLN 111 million lower year-on-year working capital release mainly as higher receivables balance reflected better equipment sale on instalments.

Cash flow evolution breakdown in FY 2021 (in PLN mn)



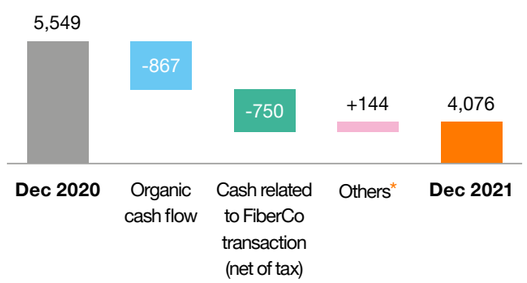
* Cash capex reduced by PLN 82 mn of cash proceeds from sale of fibre network assets to FiberCo (excluded from cash proceeds from sale of assets)



Leverage ratio down to 1.4x

Our net financial debt in 2021 decreased by around PLN 1,473 million to PLN 4,076 million mainly owing to solid cash generation and the FiberCo transaction. Our leverage ratio stood at 1.4x at the end of 2021, having strongly decreased over the previous 12 months. It reflects improving business fundamentals and balance sheet optimisation initiatives. Our debt is denominated in PLN only, so is insensitive against currency movements. As of December 31, 2021, the Group's proportion between fixed/floating rate debt (after hedging) was 91/9% as compared to 99/1% on December 31, 2020. Owing to such a high level of hedging, changes in interest rates in the market will have limited impact on our debt cost until mid 2024.

Net debt evolution (in PLN mn)



2.0x	net debt to EBITDAaL	1.4x
3.1%	effective interest rate on debt	2.9%

* Includes mainly settlements related to Digital Poland programme subsidies, and payments related to acquisition and integration of subsidiaries

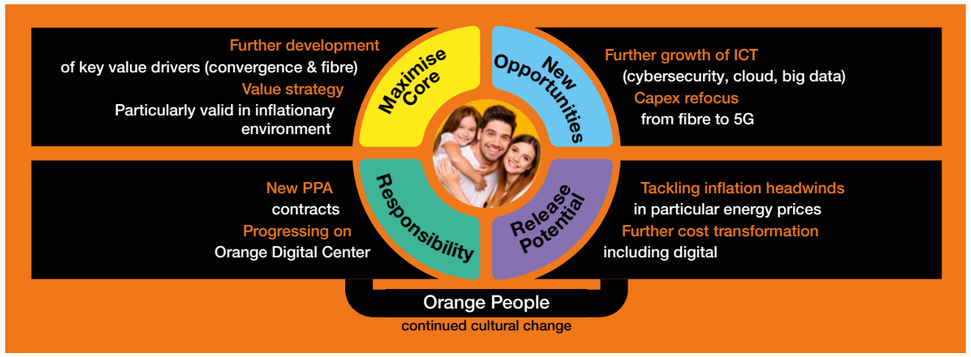
Return to dividend payments

Considering the success of the concluded Orange.one strategy as well as the new strategic plan, .Grow, which assumes stable growth of the Company's financial results, the Management Board is convinced that Orange Polska is on the right track to resume sustainable shareholder remuneration. The PLN 0.25 per-share dividend was proposed by the Management to be paid in 2022 (from 2021 profits) and has already been approved by the General Meeting. We see the PLN 0.25 per-share dividend as a sustainable floor for the future. Further changes to dividends will be conducted on a yearly basis taking into account projections of underlying financial results and long-term financial leverage (net debt/EBITDAaL) forecast versus 1.7x to 2.2x leverage corridor.

2022 outlook: confident in .Grow ambitions in a challenging macro environment

2022 priorities driven by the .Grow strategy

Key priorities for 2022



2022 will be the second year of implementation of our .Grow strategy. It is quite obvious that it will be taking place in a volatile and sometimes challenging macro environment with inflation pressures, the energy crisis and political turmoil. Despite that we are as confident as ever that our strategy is the best suited to make the most of our assets, our know-how and our values.

We will pursue our value commercial strategy, which is particularly vital in the inflationary environment. However, one must keep in mind that the nature of our subscription business – proven very sound during the turbulent times of the pandemic lockdowns in 2020-2021 – requires more effort to adapt to inflation, especially in the short term.

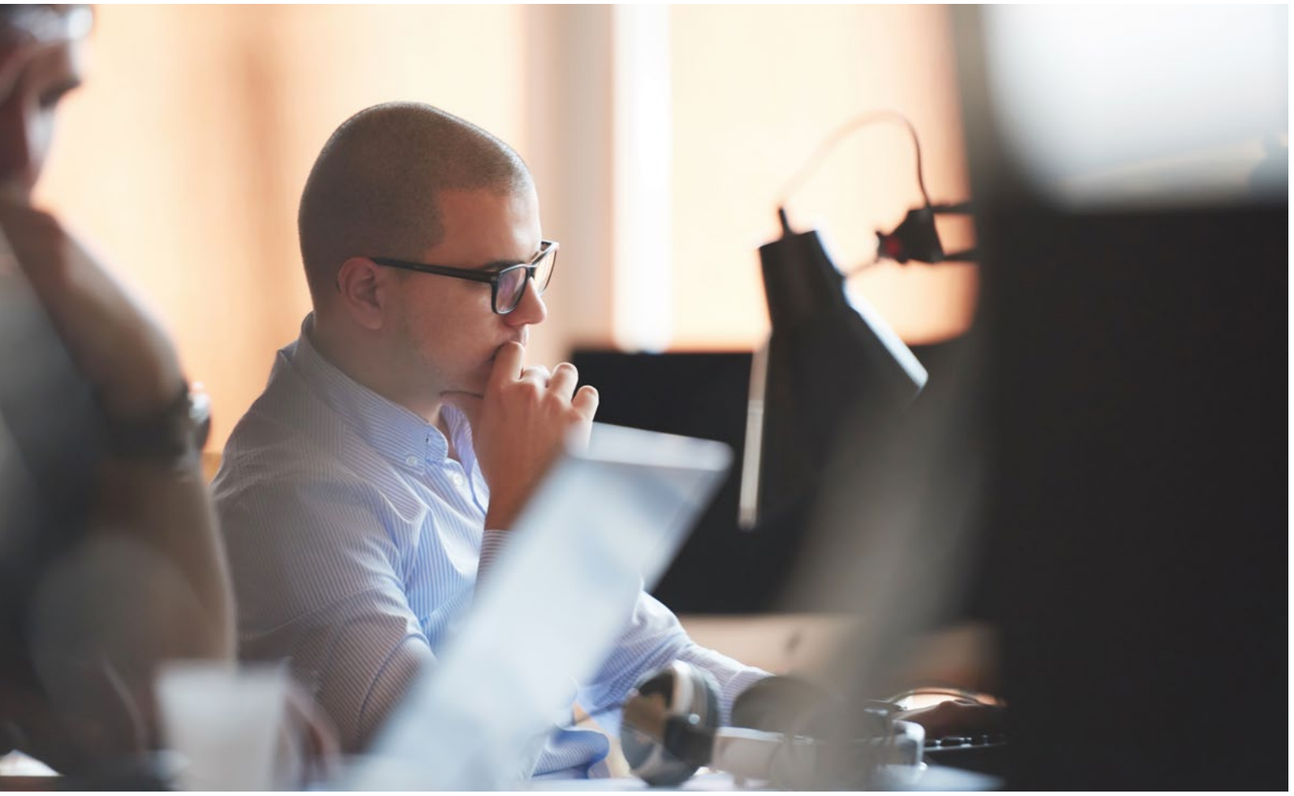
We hope that 2022 will be the year of 5G. We are counting on the 5G spectrum auction to be completed, so that we can begin the 5G network rollout using dedicated spectrum. It will be a very important element, opening new prospects for services and growth in both the consumer and business markets.

Green will be high on our agenda on both the environmental and social fronts. Signing new PPA contracts is even more important in the context of the energy crisis. We will also prepare the launch of a new hub for digital skills, Orange Digital Center.

Finally, we are pursuing a transformation improving our corporate culture, making it more agile and cost effective, which includes further digitisation of our business processes. As presented in the .Grow strategy, we want to invest in our core asset – people, which includes new forms of co-operation and of the workplace. This is especially important in the post-COVID era

Inflation to weigh on growth; strategic goals intact

We expect the positive trends in our business that were driving our results last year to also support our performance in 2022. In particular, we expect EBITDAaL to be supported by profitable revenue expansion in all key areas of business, as well as our continued focus on value and further cost optimisation. However, the outlook for EBITDAaL growth is more challenging due to external macroeconomic factors. Inflation in Poland recently hit 9% and the consensus is that it will exceed 10% for the full year. From our perspective the key challenge is the huge increase in energy prices that we have experienced over the past few months, not only in Poland but all over Europe – a situation exacerbated by the war in Ukraine. This creates more uncertainty than usual and because of that we expect EBITDAaL in 2022 to be flat or growing by a low single-digit percentage.



We forecast that our revenues will decline slightly in 2022. The decline will result from regulatory cuts of mobile and fixed termination rates that affect our wholesale revenues (with limited impact on profit margin). Excluding this regulatory impact, revenues are expected to grow, supported mainly by further growth of our core telecom services (convergence, mobile-only and broadband-only), IT/IS and equipment sales.

Our eCapex level should be in the same range as last year with the structure evolving to include a greater share of mobile, as we plan to begin rollout of the 5G network and start a major modernisation of our radio access network.

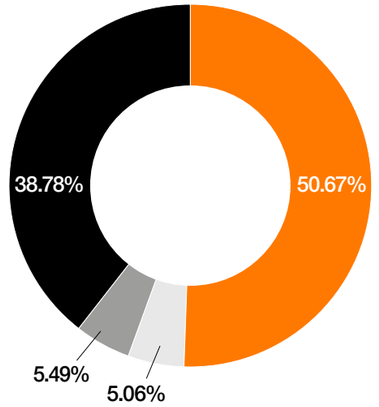
We are confident in the strength of our assets, growing customer demand and the quality of our services and we are fully confirming all of our long-term strategic ambitions.

	Revenues	EBITDAaL	eCAPEX
2021 results: very strong first step in .Grow strategy	+3.6% yoy	+5.9% yoy	PLN 1.74 bn
2022 outlook	very small decline due to MTR/FTR cuts	flat/low single digit growth (energy prices as key uncertainty)	PLN 1.7-1.9bn
.Grow **2020-24 ambitions** confirmed	low single digit grotwh CAGR	low-to-mid single digit growth CAGR	PLN 1.7-1.9bn yearly average over the period

Orange Polska on the Warsaw Stock Exchange in 2021

Ownership structure

Interest in the Share Capital (%) *



Number of shares held**

Orange S.A.	664 999 999
Aviva Open Pension Fund	72 053 524
Nationale-Nederlanden Open Pension Fund	66 448 705
Other shareholders	508 855 251
Total	**1 312 357 479**

* Information on 25 April 2022 ** 1 share = 1 vote at AGM

Listing of Orange Polska S.A. shares on the Warsaw Stock Exchange

Since November of 1998, shares of Orange Polska S.A. (formerly Telekomunikacja Polska S.A.) have been listed on the primary market of the Warsaw Stock Exchange (WSE) within the continuous listing system.

The Company's shares are included in the following indices:

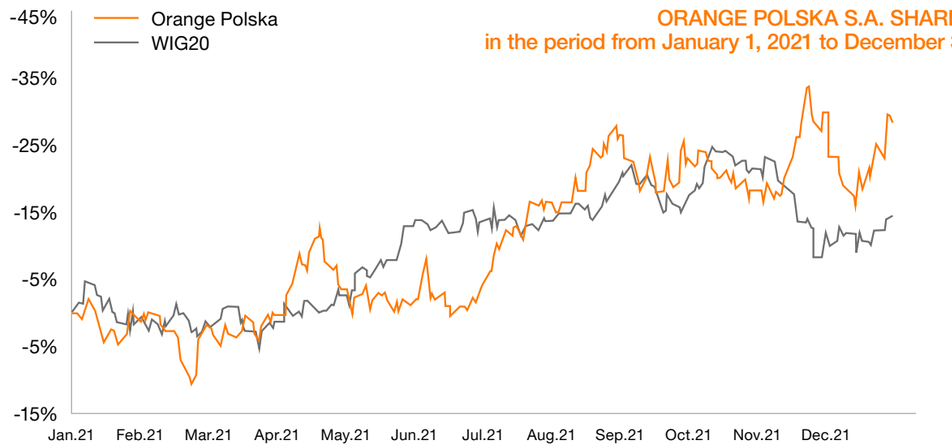
- WIG20 and WIG30 large-cap indices;
- WIG broad-market index;
- WIG ESG Index of socially responsible companies.

In 2021, Orange Polska S.A. was once again included in a prestigious group of listed, socially responsible companies. The portfolio of the WIG ESG Index announced by the Warsaw Stock Exchange comprises 60 companies. Orange Polska S.A. has been present in the index portfolio since its first edition. The WIG ESG Index has been increasingly popular among companies and investors, who have noticed a link between consideration for social and environmental impact and financial performance.

In addition, Orange Polska S.A. has been included in the global FTSE Russell's ESG Ratings, a global index that measures companies' performance across environmental, social and governance (ESG) areas.

2021 brought gains in the indices on the Warsaw Stock Exchange (WSE). Orange Polska shares were up 28%, while the large-cap index, WIG20, gained 14% in the period.

ORANGE POLSKA S.A. SHARE PRICE
in the period from January 1, 2021 to December 31, 2021



Recommendations and reports for Orange Polska S.A. shares are issued by the following financial institutions (according to the Company's knowledge as of the date of this report)*:

Name of the Institution
Citigroup
Dom Maklerski Banku Ochrony Środowiska
Dom Maklerski mBanku
Dom Maklerski Pekao S.A.
Dom Maklerski Santander
Erste Bank Investment
Haitong Bank
Ipopema Securities
Trigon Dom Maklerski S.A.
Wood & Company

* For an updated list of brokers with the related institution data please visit the Company's website at https://www.orange-ir.pl/analysts/

Orange Polska Investor Relations

Our activity in the area of investor relations focuses primarily on ensuring transparent and proactive communication with capital markets through active co-operation with investors and analysts, as well as performance of disclosure obligations under the existing legal framework. Orange Polska's Investor Relations together with the Company's representatives regularly meet with investors and analysts, both Polish and international, and participate in the majority of regional and telecom industry investor conferences.

Orange Polska Group's financial results are presented during quarterly conferences, which are available also via a live webcast. In 2021, the Company held four results presentations. The most important development was the presentation of our new .Grow strategy, which was held as a separate special event in June 2021.

Orange Polska's activity and performance are monitored by analysts representing both Polish and international financial institutions. In 2021, a dozen or so financial institutions published their reports and recommendations concerning the Company.

» The up-to-date list of analysts is available on our website: https://www.orange-ir.pl/analysts/

In March and September, Orange Polska CFO, Jacek Kunicki presented the Company's operations and answered retail investors' questions during online conferences organised by the Association of Individual Investors.

The key purpose of all Investor Relations efforts towards investors is to enable a reliable assessment of the Company's financial standing, its market position and the effectiveness of its business model, taking strategic development priorities into account in the context of the telecom market and the Polish and international macroeconomic environment.

We provide the investment community with a dedicated investor relations website www.orange-ir.pl and a weekly newsletter with relevant information on Orange Polska and the Polish telecommunications market.

Compliance with Warsaw Stock Exchange Best Practice

Orange Polska S.A., as an issuer of securities listed on the Warsaw Stock Exchange, is obliged to follow the 'comply or explain' rule stipulated in the Best Practice for GPW Listed Companies 2016 and, from 1 July 2021, the Best Practice for GPW Listed Companies 2021.

In 2021, the Company complied with the Best Practice for GPW Listed Companies 2016 and with all the rules of the Best Practice for GPW Listed Companies 2021 except one: the Company did not have a separate diversity policy for theSupervisory Board. The Diversity Policy for the Supervisory Board was adopted at the2022 Annual General Meeting. Currently, the Supervisory Board comprises 36% of women.

The full text of our Statement on the Company's compliance with the corporate governance recommendations and principles contained in Best Practice for GPW Listed Companies 2021 is available at www.orange-ir.pl/corporate-governance/





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Human capital

Organisational culture of Orange Polska



Priorities of the culture change: what we do to be close, simple, bold and positive

We are building our organisational culture in an open dialogue with our employees, particularly through two global surveys (Organisational Health Survey and Your Employee Barometer), regular feedback and open meetings. We have defined four priority areas for our cultural change:

- Innovation culture
- Motivation & well-being
- Effective collaboration
- Development & mobility

Innovation culture

Our idea is …

To build an innovative culture, meaning the whole organisational environment. This will boost creativity, encourge people to take bold risks and prepare them to make mistakes – and learn from them.

Our initiatives:

- Listening and Responding Clubs - a project encouraging employees to propose and implement improvements within the Company.
- Wall of Ideas – an initiative to support innovation and collaboration among employees.
- Inspirational webinars and development offers regarding creativity and innovations.
- Hackathons.

Motivation & well-being

Our idea is…

To build a culture of appreciation through transparent communication and common celebration of employees' successes. And to support the well-being of employees and their involvement by providing them with the tools necessary to take care of their physical and mental condition.

Our initiatives:

- Recognition (financial & non-financial).
- Annual award galas (held by the CEO and heads of functions).
- O!klaski (Applause!) – an application enabling employees to express their appreciation and thanks for co-operation, recognise daily successes.
- Well-being webinars and dedicated programmes promoting a healthy lifestyle, e.g. Power Meetings, Akademia Lekkiej Głowy (Light Head Academy).
- Initiatives to strengthen work-life balance and mental resilience.

Effective collaboration

Our idea is…

To make our everyday collaboration and communication more effective, direct, fast and simple in order to be an agile and innovative organisation.

Our initiatives:

- Simplification of processes across the organisation.
- Hybrid work model (two days in the office, three days at home).
- Implementation of agile ways of working.
- Dynamic and effective meetings.
- Feedback culture (360 Degree Feedback for all every two years; monthly Pulsometer – a team feedback survey focused on co-operation and achievement of goals).
- Task management using modern tools (Jira, etc.).
- #bezcukru (No sugar) – regular meetings of the Board Members with employees (every two weeks; more than 2,000 employees participate on average; online video streaming).

Development & mobility

Our idea is…

To build a learning organisation by ensuring mutual development of employees, with a focus on the competences of the future boosted by professional schools, new development programmes, internal mobility and learning in communities.

Our initiatives:

- Jump – programme of internal mobility.
- Professional schools – Data & AI IT Academy.
- Development tools – Orange Learning, Coursera, e-learning, webinars.
- Time for development (outlook booking on Fridays).
- Professional learning communities, i.e. Data Freaks, Leader in Action.

In 2021, we once again (for the 11th time) received the Top Employer Polska, Top Employer Europe and Top Employer Global, as well as HR Best Quality certificates. They reflect our commitment to better working conditions and our focus on employee development, as well as implementation and constant enhancement of good human-capital practices.

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Diversity management

Orange Polska has adopted the Diversity Management Policy, which was determined by the Decision no. 36/16 of the President of the Management Board dated 19 September 2016.

Our Diversity Management Policy aims to bolster the pursuit of our business objectives and support compliance with the values enshrined in the Code of Ethics, CSR goals and the obligations under the Diversity Charter, of which Orange Polska is a signatory. In addition, the Policy refers to the Global Diversity Management and Inclusion Policy in Orange.

The key diversity dimensions in Orange Polska identified in its Diversity Management Policy are as follows: gender, age, competence / expertise / experience / way of thinking, psychophysical skills, (dis)abilities, parental status. Other noted dimensions include: religion / beliefs, workplace location (HQ vs. region), type of employment, and nationality / ethnic origin.

Diversity Management Policy covers the following areas:

- Creating a working environment open to diverse mindsets.
- Building a corporate culture which derives from diversity.
- Providing adequate conditions for employee development.
- Supporting involvement of all employees.
- Increasing the quality of human-capital management in the organisation.

The implementation of our Diversity Management Policy is supported by the Committee for Gender Equality and Diversity in the Workplace. The quality of our diversity management has been confirmed by the Gender Equality European and International Standard (GEEIS) certificate.

The Diversity Management Policy aims to bolster the pursuit of our business objectives, address changes in the labour market and respond to the expectations of our employees. The policy also supports compliance with the values enshrined in the Code of Ethics, CSR goals and the obligations under the Diversity Charter, of which we are a signatory.

The Diversity Charter is an international initiative implemented in 24 European countries. The Charter is a written declaration, signed by organisations, companies and institutions that undertake to prohibit discrimination in the workplace and take measures to create and promote diversity, and express readiness to involve all employees and business and social partners in these activities. Organisations which decide to implement this tool work for cohesion and social equality.

Razem.One

Responding to the need to provide greater support for women in their development and access to management positions, while taking into account their professional and family commitments, we have launched the Razem.One (Together.One) programme. Razem.One is a programme addressed to all of Orange Polska's employees. It aims to show how important it is for our business to use the potential of each of us by creating sustainable teams, consisting of both women and men.

The programme's mission is to ensure the equal role of men and women in Orange by:

- supporting women in their professional and personal development;
- raising awareness of, and the need for, functioning of sustainable teams;
- promoting an equal opportunities culture as a precondition for the achievement of business objectives.

These initiatives strengthen women's potential and courage to take new challenges, increase their career and promotion opportunities and contribute to a greater number of women in the fields of technology. We also take efforts to develop our collective awareness by showing the potential consequences of stereotypes and prejudice. We want to strengthen broad awareness of how important the role played by women is in business.

The goals of the Razem.One programme:

- To strengthen the role of women in Orange Polska:
  - 40% of women at managerial positions, and 50% of women in succession by 2025,
  - equal wages.
- To increase the number of women in technologies:
  - 25% of women in technologies by 2025.
- To ensure equality/diversity within teams:
  - at least one woman in each recruitment committee;
  - both genders represented on short lists of candidates;
- To develop awareness and involvement in the programme of a greater number of men:
  - increasing the number of men active in the programme.

Razem.One programme areas:

ME

A committed community of women who take actions, share knowledge and experience, and can count on one another.

COMPANY

Developing mechanisms to support diverse teams and eliminate the risk of discrimination based on gender; clarification measures.

MARKET / TECHNOLOGIES

Orange, as a company which promotes team diversity, is conscious of and friendly to women, and encourages women to work in technologies.

COMMUNITY

A committed community of women and men, who take actions, share knowledge and experience, and can count on one another.

Female Leaders Together

In 2021, we launched a special development programme, Female Leaders Together, which aims to prepare women for modern leadership roles. The programme offers dedicated training, meetings with experts and lessons in corporate management, strategic thinking and the broader context of leadership (corporate social responsibility, diversity and transformation). Thus far 37 women from various departments, 9 coaches and 15 mentors have been involved in the first 11-month programme.

Orange Polska is a member of the 30% Club Poland. The Club supports the idea of gender diversity at board and senior management levels. Its aim is that management and supervisory boards worldwide (including Poland) be composed of at least 30% of women.

Women in Technology

Another goal, that 25% of people in technology be women, is a major challenge for us due to our field of operations. It involves not only attracting female specialists and experts and upskilling and reskilling women for the technological professions of the future, but also combating stereotypes.

There is a 'Women in Technology' community in Orange Polska, which aims to support and encourage women in various fields of technology. The community has created a friendly space for sharing experience and knowledge, mutual inspiration and competence development. Currently, it involves 196 women.

We have also developed the dedicated Włącz.One (Turn on.One) programme to motivate women to work in the field of technology. We strive to strengthen the image of female high-tech professionals and, in practical terms, to attract more job applications from talented female university graduates and women who already have experience in this field. In a new version of the programme, we have provided "A female guide to career in technology". It is an online, interactive introduction, featuring a 360-degree space, which can be used by those interested in pursuing a career in this field to get a feel for the work in selected technology areas thanks to special female guides, who are experts working in data science, UX Design, machine learning, DevOps, telecommunications, recruitment or other areas (www.hitechwoman.pl).

YES to Health

Orange Polska, as a socially responsible employer and the Diversity Charter Guardian, is committed to ensuring equal opportunities in recruitment and professional work as well as to preventing social exclusion of people with disabilities, in line with our motto: "We are the same at work". At Orange Polska, 2% of our employees are people with disabilities.

Our Yes to Health programme aims to create an open and friendly work environment, particularly for employees with disabilities. It is part of the #dbamyosiebie (#TakeCareOfYourself) initiative and the Policy of Investing in Health Quality and Well-being of Employees of Orange Polska.

The programme involves a dedicated offer to our employees with disabilities, including financial support (adaptation package), an extra medical package, additional workplace equipment and places in car parks.

A major component of the programme is education regarding both legal aspects of employment of persons with disabilities and disability etiquette. An internal expert group has been established to offer consultation and advice to employees and support to managers in managing diverse teams. The YES to Health programme site has been created on the Company's intranet, which provides information on the key issues, such as rights of persons with disabilities, the scope of support offered by the employer, and etiquette. In addition, a dedicated guide has been developed for managers who have people with disabilities in their teams.



Working place

We strive to make our work model and workplace friendly to employees to ensure proper working conditions and comfort to them, particularly during the difficult time of the pandemic.

SMILE work model

Hybrid work is one of the pillars of our new work model that we have called SMILE (Safe, Mobile, Integrated, Leading, Efficient). We have assumed the principle: three days at home, two days in the office. The office/home rhythm may change depending on the tasks performed by the team. We have also introduced an application for booking desks and parking places.

Apart from hybrid work, due to a rise in COVID-19 infections we also periodically introduced fully remote work, where possible, and excluded some buildings or parts of buildings from use in 2021.

The purpose of our Smart Office programme, which is part of SMILE, is to prepare Orange Polska's employees and offices for the new hybrid work model.

The projects carried out in the Smart Office programme encompass five main areas:

- New office format: a new office function supporting team work, implementation of new standards, and office rearrangement to increase space for co-operation;
- Digital experience: solutions supporting efficient and flexible space planning for both individual and team work;
- Environmentally friendly office: locations with green certificates, access to eco-friendly means of transport, and which minimise the carbon footprint generated by our offices;
- Social responsibility: establishment of Campus Councils, mobilising local Orange communities, and co-operation with local municipalities;
- Efficiency: the optimal use of office space, and re-use of work environment resources, including redundant office equipment.

Work model changes have been supported by employee education. We have provided training and other development activities related to remote work and digital skills, as well as tools supporting teamwork and regular contact. Our employees have also been invited to webinars on remote work organisation, mental and physical conditioning, healthy lifestyle and management of one's family relations or emotions during a period of isolation.

In response to requests by our employees who complained about continuous online meetings, we have introduced a rule that meetings could not exceed an hour and suggested a common 'meeting-free hour' during a day.



Working environment

We ensure safe and friendly working conditions for our employees, promoting integration and making them feel better in their workplace. We have implemented a competitive package of initiatives to support health and well-being of our employees, creating conditions for development, increased creativity and commitment to the assigned tasks. This, in turn, helps build a valuable offer that supports employee recruitment and retention.

The goals set in the Policy for Investing in Health Quality and Well-being of Orange Polska's Employees are pursued through a comprehensive approach to:

- Physical well-being: we provide comprehensive health care to our employees, support their physical activity, including operation of sports clubs, promote a healthy lifestyle, and create a safe and friendly work environment, particularly during the COVID-19 pandemic;
- Mental well-being: we educate employees in stress-reduction techniques, take initiatives to support balance between professional and personal life, strive for healthy workplace relations, implement a culture of feedback and appreciation, and provide psychological support in difficult situations; and
- Social well-being: we build a culture of co-operation in which all employees feel respected and can freely pursue their professional goals and life passions, and we support their involvement in social initiatives in the corporate volunteering programme.

Orange Polska's employees are eligible for the following benefits:

- Comprehensive medical services at clinics of PZU Zdrowie, as well as partner medical facilities nationwide;
- Employee Retirement Plan;
- Company Social Benefits Fund, as a means of social welfare addressed to employees and retired employees in need;
- Central Housing Fund and Central Welfare Fund;
- Discounts by the Group's partners and for Orange products and services in the 'Offer for You' programme;
- Sports, tourism and cultural events, as well as FitProfit cards;
- Tele- or remote work;
- Healthy lifestyle promotional initiatives: webinars, challenges and expert consultations;
- Psychological support by an internal team of psychologists and external specialists.

Both full-time and part-time employees are eligible for all the aforementioned benefits. Employees working under a fixed-term employment contract are eligible for health care and promotional offers, but are not eligible for benefits that require long-term commitments, such as the Central Welfare Fund or the Employee Retirement Plan.



In connection with the continued pandemic situation, Orange Polska's employees performed work remotely throughout most of the year. First-line employees (technical staff, sales outlet personnel), who could not adopt this model of work, were provided with personal protective equipment or were allowed to start work from home (technicians). In addition, we introduced special 'safe work' rules. Employees who for different reasons could not perform remote work were given access to some of our locations, while maintaining safety precautions: distancing, hand disinfection, face masks and compliance with the requirements for in-person meetings. The Crisis Situation Monitoring Team was established in the Company. It monitors the sanitary and legal situation in Poland, takes preventive actions in case of reported coronavirus infections or suspected infections, and determines the safety rules. Furthermore, employees were invited to online meetings with experts who provided information about the latest results of COVID-19 studies and explained issues related to the safety of vaccines. We also organised a campaign encouraging our employees to get vaccinated.



Occupational health and safety

Both labour law and internal regulations provide for the activities aimed to ensure work safety, health protection and constant improvement in working conditions to all employees. We aim to incorporate OHS elements into all activities of Orange Polska and on all management levels in order to ensure safe working conditions, so that all our employees can actively perform their day-to-day duties in a friendly working environment.

In 2021, our efforts in the occupational health and safety area focused primarily on ensuring safety at work to all employees and protecting their health during the pandemic. We provided disinfectants and personal protective equipment. We analysed and co-ordinated work processes for compliance with the safety rules adopted in the time of the pandemic. We applied special operating procedures in case of suspected or confirmed COVID-19 infections.

Remuneration

The Remuneration Policy regulates the main guidelines and principles for remuneration in Orange Polska, supporting the recruitment, retention and motivation of the best managers and professionals. Remuneration is determined in a manner ensuring balance and consistency across the Orange Group.

Our Remuneration Policy complies with the labour law and corporate governance regulations. Terms of remuneration for Orange Polska's employees covered by the Intragroup Collective Labour Agreement are determined in co-operation with trade unions.

The remuneration system consists of the following components:

- Basic salary: this takes into account the market remuneration standards for various positions and the individual competence and contribution of employees, as well as non-discrimination principles;
- Performance bonus: the bonus system is dedicated to specialist sales positions and all managers, and its purpose is to motivate employees to achieve high performance by attaining the predefined and agreed goals which support the implementation of the Company's strategy;
- Discretionary bonuses;
- Benefits; and
- Contribution to the Employee Retirement Plan – in Orange Polska, the contribution is 7%.

Development and training

Orange Polska, as a technology company, focuses on employee development adapted to the challenges of the evolving world. Human development, especially in the area of specialist competencies, is the foundation of our .Grow strategy 2021–2024. In order to meet the new ambitions, we have defined the key competence areas which have the greatest influence on the achievement of business objectives. These include: data management and artificial intelligence, virtualisation and cloud solutions, programming, cybersecurity, network technologies, digital sales and customer service, agile methodologies and project management, as well as ecology and corporate social responsibility. The employee development aims at both upskilling and reskilling. Our approach to development is based on the assumption that it is a long-term process, which involves a range of methods of different levels of complexity: training, online courses, educational platforms, films, knowledge sharing in the Experts for Experts programme, peer mentoring, and initiatives within educational communities. In the context of the pandemic, in 2021, like in the previous year, we focused particularly on training which supported remote work and hybrid work model.

In 2021, we offered our employees a CSR training – CSR Visa, which explains the principles of CSR and our goals in the field of sustainable development. The training is compulsory for all employees, and so far it has been completed by 8,700 people. We have also prepared the #OrangeGoesGeen training, which translates the limitation challenges for the world, Poland and our company. The training was attended by more than 6,000 employees.

Development of managers is based on the leadership model, which comprises 10 Leader-in-Action rules. We offer dedicated development paths based on these rules to our managers. We will also support the leaders of community. The right identification of development goals and the right choice of development activities are supported by the feedback culture we build in the organisation and the relevant tools: 360 Feedback and Pulse Meter, i.e. a quick monthly opinion poll on achievement of objectives and atmosphere within teams.

We also train outsourced staff in knowledge that is specific to Orange Polska and necessary to perform their duties.

Social dialogue

We respect the employees' right to associate and we run continuous dialogue with our Social Partners. As part of this dialogue, we negotiate settlements, agreements or other documents with trade unions in Orange Polska S.A. There is also the Employee Council in the Company, which pursuant to mandatory regulations is consulted on matters related to the level, structure and intended changes of workforce, actions aimed at maintaining the workforce level, as well as any significant changes in work organisation or employment terms.

The Intragroup Collective Labour Agreement has been concluded with Social Partners in Orange Polska S.A., which regulates, inter alia, the rules for concluding and terminating employment contracts, working hours, holiday entitlement, rules of remuneration and obtaining extra benefits connected with work, occupational safety and health issues, training, social care and health care.

Furthermore, the Management Board of Orange Polska S.A. concludes Social Agreements with its Social Partners. The current Social Agreement was concluded in December of 2021 for the years 2022–2023. In particular, it sets the number of voluntary departures, determines a financial package for employees leaving the Company under the voluntary departure scheme, and provides for potential basic salary rises and additional compensation for employees reaching retirement age within the next four years, while specifying the position and role of internal mobility in supporting an allocation programme and offering participation in an outplacement programme. In addition, the Social Agreement for 2022–2023 provides for initiatives for a friendly work environment and continuation of medical coverage. Orange Polska S.A. also declared that in 2022–2023 it would maintain the training budget at the previous year's level.

Furthermore, the Settlement with the Social Partners concluded on 7 December 2021, determined the detailed procedures for the implementation of the Social Agreement for 2022–2023 in 2022. The Settlement set the number of employees to leave Orange Polska S.A. in 2022 at 760 and determined the terms of voluntary departures, the amount of severance pay and additional compensation for employees departing in 2022. The Settlement also specified the principles and criteria to be applied by the employer in the process of selecting employees whose employment is to be terminated through no fault of the employee.

In addition, there is a Collective Labour Agreement at TP Teltech sp. z o.o.

Engagement



Corporate volunteering

Orange Polska has the biggest corporate volunteering programme in Poland, which has been running for 18 years. With an open heart, our employees share their knowledge, skills and experience with others, getting involved in the Orange Foundation's social programmes.

Our volunteers also carry out their own projects for local communities with the support of the Orange Foundation. Every year we organise a grant competition in which our volunteers can obtain funds for implementing their ideas for helping others. Furthermore, the Orange Foundation provides organisational and technical support through the volunteering co-ordinator. Each year, the ten most committed persons, nominated by their work colleagues, are granted the Together for Others awards by the Foundation.

Orange Polska's employees can use a dedicated application to follow and keep up to date on the initiatives they can join as volunteers, submit their own proposals and publish reports on their projects.

Our volunteers act individually or in groups, often also during team-building events. They teach children how to use the Internet safely and deal with hate on the net, help them to take the first steps in using computers and virtual tools, and introduce kids to coding. In addition, they help children through various activities at children's homes and local foundations and organisations; support local communities through a range of initiatives from refurbishment works to charity auctions; and assist senior citizens.

On average, 3,000 of our people get involved in charity projects each year. Since 2020, the scope and nature of volunteering activities have changed due to safety restrictions and the number of volunteers has fallen. Whereas in 2020 volunteers were mainly involved in pandemic-related initiatives, last year they returned to other activities as well. In the spring they carried out charity picnics, events, cleaning and renovation works and numerous #OrangeGoesGreen initiatives. They also recommenced classes presenting Internet safety rules to children and teenagers in locations where schools had shifted back from remote learning. Including classes on healthy digital habits, our volunteers reached over 1,300 children in 2021. Furthermore, a record number of 167 teams joined our Christmas initiative. In total, 1,200 Orange volunteers delivered holiday aid to children's homes, day centres, senior citizens and the chronically ill.

1,958
volunteers

15,000
volunteering hours

Orange Polska is a partner of the Pro Bono Coalition. The goal of the Coalition is to discuss social involvement among business leaders, and to promote pro-social attitudes and behaviours by showing positive examples of top managers who share their time, experience, knowledge and skills as part of voluntary campaigns. Orange Polska is represented in the Coalition by Jacek Kowalski, Management Board Member in charge of Human Capital.

Orange Polska's employee volunteer programme has been granted the Top Quality Corporate Volunteering Certificate, confirming its compliance with the Corporate Volunteering Charter. It means that we abide by the fundamental principles and protect the values of volunteering, and support our employees in their social initiatives. This has been confirmed with an audit by experts of the Certification Committee established by the Academy for the Development of Philanthropy in Poland. The audit included a review of survey results and documents as well as face-to-face conversations with the volunteering co-ordinator and several volunteers.

Employee innovations

Orange Polska has launched internal innovation incubators – dedicated programmes to encourage employees to submit innovations, provide tools and support for innovation development, and award and implement the best ideas.

▪ Listening and Responding Clubs

Our Listening and Responding Clubs are a comprehensive platform for the implementation of innovations in the Company. We provide know-how and tools to our employees and guide them through the entire process from an original idea to its implementation. Each employee can initiate an improvement in a dedicated in-house application, find people willing to co-operate and successfully carry out the project from A to Z. An additional incentive is a company-wide competition to celebrate and reward the best initiatives. Club Members can also present their ideas to the Management Board. In 2021, 184 Listening and Responding Clubs were established involving almost 800 employees. Their improvements are concerned with various areas, including processes, technologies, robotisation, savings and customer-oriented solutions, but also work environment, innovations and environmental protection.

▪ Wall of Ideas

Another corporate incentive for employee innovations is the Wall of Ideas. This virtual wall is used for submitting ideas for innovations in two areas: customer experience and employee experience. These ideas are commented and voted 'yes' or 'no' by other employees. The ideas which score 100 or more (42% of all proposals on average) are then reviewed by business owners. Each newly submitted idea has the 'Active' status. This status is regularly updated to 'Under review' (by the business owner), 'In progress' (positively reviewed by the business owner and earmarked for implementation), 'Delivered' (implemented) or 'Archived' (not to be delivered, because its score was too low and/or the business owner decided so). On average, 22% of the ideas scoring 100 or more are ultimately implemented. Furthermore, Topical Challenges are announced on the Wall of Ideas. In 2021, we carried out three challenges, namely regarding eco-friendly initiatives, services for senior citizens and challenging myths about 5G harmfulness. Last year we set a record for employee involvement: 329 employees submitted 634 ideas (up 141% year-on-year). These generated almost 18,000 interactions (13,500 votes and 4,200 comments) from 2,500 Orange Polska employees (up 56% year-on-year).

▪ Hackathon

Hackathon is a new initiative for our employees that promotes innovation and co-operation as well as machine learning and data analysis competences for the purpose of achievement of a specific business objective. In November 2021, we organised the first hackathon using real-world data and analytical environment. A total of 221 people from ten different functions participated. The participants worked in 46 teams for two weeks. Their task was to develop models and train them using machine learning in order to increase sales of services via the My Orange app. Models for potential business use were delivered by 27 teams.





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Society

Economic impact

Orange Polska is a Polish-based company operating under a global brand and deeply rooted in Poland's economy. It is also a stable and long-term investor. Our infrastructure is inextricably bound with Poland. In addition to our direct workforce of slightly over 10,000 people, Orange Polska's activity has indirectly created over 40,000 jobs with its vendors, subsuppliers and partners nationwide. We buy a large portion of services and equipment that we need in the Polish market. Furthermore, the developments related to the COVID-19 pandemic in recent months have demonstrated Orange Polska's strong commitment to the public good in Poland, as we have effectively responded to the needs and socio-economic challenges affecting Poland's economy and society.

The products and services we sell and our multi-billion investments, especially in modern fibre and mobile networks, contribute to Poland's gross domestic product (GDP). GDP growth is also indirectly supported by taxes paid by Orange Polska and our expenditure on salaries or purchases of goods and services from local suppliers. These funds circulate in the economy, enabling further entities to come up with their products and services.

Investments in the broadband internet are directly reflected in GDP growth. According to the World Bank's economists, a 10 percentage point increase in broadband penetration would increase GDP growth by 0.3–1.5%. Accordingly, we estimate that the broadband access provided by Orange Polska contributed to Poland's GDP growth by 8.7% between 2004 and 2021 (based on OECD's estimates from before the pandemic).

Investments in network development

Orange Polska has very consciously participated in the development of information society through its activities. We are also aware that further digitisation, based on the development of modern telecommunication networks, is a major driving factor for Poland's economic growth.

In 2021, Orange Polska spent PLN 1.74 billion on investments. Between 2016 and 2021, the Company's investments in Poland's digitisation totalled approximately PLN 12 billion.

Orange Polska spent PLN 43.5 billion on tangible and intangible fixed assets (capital investments). Broad access to the internet stimulates rapid growth of digital economy and faster economic growth. The internet has become one of the resources determining the economy's growth potential. We spent PLN 346 million on fibre in 2021 alone.

There are currently over 5.8 million households within the reach of Orange Polska's ultrafast fibre broadband, and the service is used by one million customers, who enjoy internet access at speeds of up to 1 Gbps. Since 2015, the Company has invested almost PLN 4 billion in fibre rollout. Orange fibre footprint consists of both the network developed by the Company itself and lines made available pursuant to the co-operation with several dozen other companies operating FTTH networks. On the other hand, fibre lines developed by Orange Polska are offered to other operators on a wholesale basis. Intensifying the co-operation between operators is a major component of the Company's .Grow strategy announced last year. It is our ambition to grow the number of wholesale fibre customers six times by the end of 2024. A further increase in our fibre footprint will rely mostly on partnerships with other entities, particularly the wholesale operator Światłowód Inwestycje.

Orange Polska has been rolling out its fibre network not only in big cities, but also in small towns and rural areas, thus creating new growth opportunities for local communities and businesses with its investments.

By the end of 2024, about **7–8 million households**, i.e. over 50% of all Polish households, will be connectable with Orange fibre. The service reach will be expanded mainly through partnerships with other operators, particularly Światłowód Inwestycje established in 2021.

Orange Polska is the leader in providing broadband services in small locations. A 38% of high-speed fixed broadband lines in rural areas in Poland are operated by the Company. Furthermore, 35% of Polish schools use Orange Polska's broadband.

We have already provided broadband internet access to 3,140 schools within the Nationwide Education Network (OSE). The access lines have been deployed pursuant to tender procedures held by the OSE operator, i.e. the Research and Academic Computer Network (NASK). Orange Polska connects schools through its own investments or by building fast broadband networks within the framework of the Digital Poland Operational Programme (POPC). POPC is the largest public programme for broadband infrastructure development in the areas of coverage gaps and is co-financed from EU funds. Temporary access lines (which do not guarantee speed of 100 Mbps) have been installed in over 100 schools.

Orange Polska participates in POPC upon winning subsequent competitions for co-financing. Since 2016, we have carried out fibre investment projects aimed to eliminate geographical differences in broadband internet access. In our competition submittals we declared to reach 404,000 households with broadband network in the areas classified as coverage gaps in the internet map of Poland. By the end of 2021, we had connected 324,000 households to broadband networks within POPC projects (adding 126,000 households in 2021 alone).



These investments have a huge impact, improving the quality of life in rural and semi-rural areas, stimulating development of local communities and increasing the competitiveness of the areas which have been devoid of the opportunities offered by digitisation. As a result, it is possible to overcome the barriers in access to education, e-services, remote work or other activities which have been strictly connected with physical presence in cities hitherto.

Value of the supply chain

The business activity of large corporations benefits also other companies, as they can grow, offer jobs and make investments. The great majority of goods and services which Orange Polska needs to operate is purchased in Poland. As many as 91% of our domestic suppliers are companies with full or majority Polish ownership.

In 2021 alone, purchases from Polish companies or Polish branches of foreign companies accounted for over 87% of Orange Polska's aggregate expenditure. The Company placed orders totalling over PLN 4.8 billion with almost 3,000 companies. Despite the pandemic, Orange Polska continued to fuel the Polish economy, contributing to its stability: the aggregate value of our orders in 2020 was comparable (93%) with their three-year average. It is estimated that on average Poland owes 0.2% of its annual GDP growth to the Company's purchases.

Our expenditure supports the economy and stimulates demand. According to the input-output analysis, which describes the demand effects of purchases throughout the supply chain, we have estimated that Orange Polska's expenditure generated aggregate growth in demand for goods and services of Polish companies of over PLN 200 billion between 2005 and 2021.

Over a quarter (26%) of Orange Polska's purchases in Poland supply high-technology companies (according to the Eurostat classification), while a further 16% supply companies from knowledge-intensive industries, that is based on advanced knowledge. These totalled more than PLN 2 billion in 2021. A 15% of Orange Polska's expenditure supplies Polish-based ICT companies, which are considered the key asset of any modern economy.

Social involvement

Digital inclusion

Socio-digital inclusion is a major component of Orange Polska's corporate social responsibility strategy.

Nowadays, in the information society age, unequal access to the Internet, lack of digital skills, as well as differences in awareness and motivation regarding use of digital services result in the differentiation of life chances of individuals in multiple dimensions: from education and work to consumption. This process has been intensified by the growing role of digital services in social and economic life. It is all the more important because social and economic inequalities (income disparities, educational inequalities, differences in cultural capital) themselves determine access to and use of new technologies.

In 2021, Orange Polska in conjunction with the Orange Foundation and the Shipyard Foundation developed the Socio-digital Exclusion in Poland: State of Affairs, Trends and Recommendations report. By "socio-digital exclusion" we mean permanent and structural limitation of life opportunities of individuals and local communities due to overlapping and mutually reinforcing unfavourable social and economic factors as well as deficits in use of digital services.

The Report identified specific groups towards which initiatives supporting digital inclusion should be addressed in the first place during the pandemic and post-pandemic period. The groups most vulnerable to socio-digital exclusion include senior citizens, people with low education, residents of rural areas, people with disabilities, people experiencing homelessness crisis and school-age children.

The conclusions of the Report served as a basis for planning our efforts for digital inclusion in the customer service area (towards elderly customers and customers with disabilities) as well as social area. We wanted such a way of thinking about socio-digital exclusion to be translated into practice, also in our social initiatives. The Orange Foundation has been carrying out digital education projects for over a decade, addressing its offer to schools and small communities, and through them to children, parents, educators, community leaders or residents of small towns and villages.

We decided to review our two main projects addressed to schools, MegaMission and #SuperCoders, to reach regions with the highest socio-digital exclusion rate.

Thanks to a research team from the Shipyard Foundation, we developed the Local Exclusion Index based on the analysis of almost 30 indicators describing the social, demographic and economic condition of local communities (local administrative units) in Poland and comprising four dimensions:

- Social exclusion: differences related to the severity of issues such as poverty, unemployment or low human capital;
- Economic exclusion: differences in the condition of the local economy, business activity and economic climate;
- Digital exclusion: local disparities in access to the telecommunication infrastructure and the opportunities it offers;
- Educational exclusion: differences in the education level of parents of school-age children (i.e. the main target group for the Orange Foundation's initiatives) and learning outcomes in primary schools.

We mapped the Index over Poland to find out where we should go with our educational programmes to help those who needed it most.

Socio-digital Exclusion in Poland report

55%

of people who have never used the web live in rural areas.

Almost

66%

of non-users of the internet cite no need as a reason.

Over

52%

of households without network access cite lack of the relevant skills as a reason.

> **"The key form of digital exclusion, determining non-usage of the internet, is motivational exclusion.**

The Orange Foundation used the Index in a school recruitment procedure to its projects. In the 2021–2022 edition, the Foundation intensified communications regarding its two key projects in the regions particularly vulnerable to socio-digital exclusion.

The Local Exclusion Index has indicated that over 20% of local administrative units in Poland are at a high risk of exclusion (i.e. have the highest score). Schools from these areas were offered additional opportunities in the educational projects of the Orange Foundation.

As a result, almost one fifth of the schools which have qualified into both projects are located in the areas most vulnerable to socio-digital exclusion. This is almost two-fold higher percentage versus the previous edition. The share of schools from regions at a risk of exclusion among project beneficiaries is now 40% higher than their overall share among schools in Poland.

Orange Foundation

The activity of the Orange Foundation, which pursues social goals on behalf of the Orange Polska Group, has been defined in its Strategy for 2021–2023. It provides for the pursuit of digital education and digital inclusion goals through long-term social programmes based on accurate identification of social needs and expectations. The Orange Foundation's key initiatives include MegaMission, #SuperCoders and Orange Studios, which are complemented by the corporate volunteering programme and activities for the safe use of new technologies by children and young people. The strategy is a follow-up of the long-term programmes implemented in previous years.



MegaMission

MegaMission is a nationwide educational programme for primary schools. It can be carried out during lessons, additional classes or in after-school clubs. It is addressed to kids of grades 1 to 3 and their teachers. We aim to enhance knowledge and digital competence of teachers and after-school educators and their pupils. We want children to be safe and conscious multimedia users, and we want their teachers to have access to proven materials which they can use to deliver modern classes. MegaMission provides a solid basis for wisely and safely navigating the world in which we can no longer function without technology. Due to the closure of schools and the need to support teachers, the programme was modified to include a number of additional webinars for teachers to assist them in coping with the remote education challenges.

#SuperCoders

#SuperCoders is a nationwide educational programme aimed at primary school students of grades 4 to 8. Its key element is learning the skill of programming in an innovative manner, as it takes place during science, mathematics, history, music or Polish language classes rather than IT classes. All teaching materials have been based on the Polish school curriculum. Young #SuperCoders develop teamwork skills, creativity and logical thinking. A separate path has been launched for children with special educational needs. The teachers participating in the programme are offered professional training and technical support by expert educators. Due to the closure of schools, an additional series of remote classes for children, 'Mornings with #SuperCoders', was introduced.

Key indicators and goals of the MegaMission and #SuperCoders programmes

MegaMission	2020	2021
Children trained in the programme	3,000	4,000
Teachers trained in the programme	150	150

#SuperCoders	2020	2021
Children trained in the programme	2,866	2,839
Teachers trained in the programme	280	280

Lesson:Enter

Lesson:Enter is a nationwide digital education programme addressed to teachers and aimed to enhance their digital skills. Over 75,000 teachers (15% from each region of Poland) will be trained in 2020–2023. The programme prepares teachers to use activating teaching methods. They learn how to use educational websites and portals, e-resources and various applications in a responsible and creative way, while observing safety precautions. Training includes a hands-on component, in which teachers create their own digital content for future use during their lessons.

The programme is carried out in conjunction with the Information Society Development Foundation and Institute of Public Affairs. It is implemented in the re-granting scheme by in-service teacher training centres in collaboration with local governments or non-governmental organisations. In 2021, we provided financial and technical support to 99 grant projects. The programme was joined by 4,990 schools, and 39,616 teachers began their training. The programme is co-financed by the European Regional Development Fund in the Digital Poland Operational Programme with almost PLN 49 million.

Orange Studios and FabLabs

In order to facilitate access to information, knowledge and technology among local communities, we have developed Orange Studios. Orange Studios are public multimedia studios in small towns and villages, which we create and help to manage. Their purpose is to provide members of the local community with access to new technologies, courses and workshops. The studio leaders are provided with professional training and financial aid to help them manage these modern and attractive meeting places. To date, we have set up a total of 100 Orange Studios across the country. The Orange Studio leaders can use an on-line knowledge-sharing platform, which features a portfolio of ready-to-implement projects and a gamification module that uses game mechanisms to build social skills and motivate residents to work for the benefit of their neighbourhoods. The initiatives carried out in Orange Studios are aimed at different groups, of which children are the largest. In 2021, the equipment in 15 studios was replaced (in total, 34 studios received new equipment in 2020–2021). In addition, a makerspace (i.e. a space supporting the use of new technologies in the DIY approach) was launched in 5 Orange Studios (in total, 10 makerspaces are already functional).

Furthermore, there are FabLabs (fabrication laboratories) in two cities, Warsaw and Gdańsk. These are open studios for people who want to learn how to use modern technologies in a creative way. FabLabs offer support by experienced educators, professional equipment and free workshops for adults, young people and children. FabLab in Gdańsk carried out a project supporting women in the labour market (second edition). A total of 2,341 people attended free workshops and social projects in FabLabs in 2021.

Key indicators and goals of the Orange Studios programme

Orange Studios	2020	2021
Active Studios maintained	**81**	**79**
Population with access to Studios	**729,000**	**711,000**



Solutions for society

Orange Polska's in-house Smart City solutions have been already used by about 80 Polish cities and towns. We enable our customers to efficiently manage their infrastructure, such as water meters, smoke detectors or city bikes. In particular, our Smart Water systems have been implemented in 34 municipalities all over Poland. We have integrated services and technologies into a single platform, consistent with the 'smart city' concept, which makes it possible to manage the entire Internet of Things (IoT) service environment.

Smart City means:

- **Environmental protection**
  IoT solutions facilitate natural resource management and reduce CO_2 emissions, thus helping the climate;
- **Efficient management**
  Innovative network technologies based on the operator's infrastructure, and real-time analytics;
- **Savings**
  Real savings and lower costs of energy and operations, improved financial liquidity through continuous collection of data.

A modern city is a complex ecosystem combining people, technologies and the environment. Orange Polska is a partner to municipalities in transformation into smart cities with IoT-based smart municipal infrastructure, assisting people and helping cities to develop in a sustainable manner. Over two million M2M cards provided by Orange and installed in smart devices and sensors make everyday life easier, stimulate business development, protect the environment, and improve city functioning.

Smart City covers a range of basic municipal services:

- **SMART Water:** A solution for remote water metering via a GSM network, addressed to water utilities and municipalities;
- **SMART Lights:** A solution for street lighting management via a GSM network, dedicated to outdoor LED fixtures of a range of manufacturers;
- **SMART Energy:** A solution for photovoltaic installation and energy management, using a remote PV panel monitoring system, which provides information on energy production/consumption and monitors PV installation functioning;
- **SMART Bike:** A fourth generation public bike-sharing system (without docking stations); bikes are equipped with GSM and GPS modules and may be rented not only at physical base stations but also anywhere in the city;
- **SMART Waste Management & Bins:** Smart bins monitoring waste level and enabling communication via a GSM network;
- **SMART Charger:** A range of smart chargers made in Poland that comply with the Act on electromobility.
- **SMART Sensor Air & Noise:** Smart air/water quality and noise level sensors.

Orange operates nationwide fixed line and mobile networks and, as the first operator in Poland, provides an open and secure API environment for the Internet of Things. Our Live Objects platform, which is based on this environment, enables the integrated management of municipal services in a user-friendly way from a smartphone or computer.

Orange Fab

Despite the pandemic, the start-up market in Poland has seen a period of growth. According to the Polish Start-ups 2021 report, the business impact of the pandemic was positive for 37% and virtually imperceptible for 40% of start-up firms. Simultaneously, the venture capital market was very active. Docplanner became a Polish unicorn company, and most corporations developed programmes for co-operation with start-ups. For us, it was a period of continuation of the digital transformation of our business. We also worked on new projects, mainly related to 5G. Our efforts aimed to both meet Orange Polska's internal needs and develop products and services for our customers.

While continuing the digital transformation of our business, which was initiated in 2020, we started to co-operate with an e-commerce firm, which had developed a solution offering new opportunities in the on-line customer service area. It enables consultants to switch between fixed line and mobile devices without interrupting customer calls.

Furthermore, after an acceleration period, we strengthened relations with a number of start-up firms in various areas, including IoT, virtual reality training, and energy. In the latter area, we focused on delivering the Smart Energy Controller. It is a device that monitors and manages energy consumption from traditional or renewable sources. It also increases the efficiency of photovoltaic panels, thus reducing the pay-back period. We also launched the CoreFlow system streamlining the IT environment maintenance and development processes. The CoreFlow software, developed together with CoreDF, provides for a quicker data flow analysis, thus reducing the time to solve problems or implement changes in the Company's integrated data environment.

We are also looking for new solutions, particularly using the 5G technology. So far, we have meticulously reviewed over 200 projects and, as a result, decided to establish co-operation with five start-ups. The products they have been developing are related to interior locations, virtual reality, video analytics or manufacturing process visualisation ('digital twin'). We are also analysing drone-based solutions and testing services that use virtual reality to support field technicians.

We have put a lot of energy to promote Orange Fab start-ups outside Poland, intensifying collaboration within the Orange Group, which has already benefitted our start-ups. For example, SEZO has joined the group of IoT technology partners recommended by Orange and listed at foreground.



orange.com; and talks have started with Orange in France regarding the potential implementation of a VR solution by another Polish start-up. Furthermore, like every year, Orange Fab start-ups could participate in the Viva Technology conference in Paris, where many of them established new, valuable business relationships.

We are constantly developing our start-up support system and searching for new solutions for co-operation within Orange Fab. We have initiated talks with Orange Ventures in order to increase the activity of this Fund in Poland. We are also expanding co-operation with other business support institutions. Good examples are the S5 – 5G Technology Accelerator and Space3ac Poland Prize II programmes. Our activity in an ecosystem supporting both technology recipients and start-ups offers a great value to Orange Fab and the Company's business units. Together with the Space3ac accelerator, we have completed many successful projects, e.g. implementing the Smart Energy Controller and CoreFlow solutions.

Orange Fab's operating model is based on careful matching of start-ups with Orange Polska's business units at the very start of co-operation. Together with additional benefits offered to start-ups by Orange Fab, it contributes to highly efficient relationships and a high success rate. Over the last three years, we have started to co-operate with 22 start-ups. We are still co-operating with 13 of them. This corresponds to almost 60% effectiveness in developing business with Orange.

Support for start-ups

Orange Polska has been a partner of the Sector 3.0 Fund for four years. It is a programme supporting the creation of new tools, applications and digital products that fit the idea of #TechForGood and the digital transformation of social organisations. The fund is a combination of financial support, knowledge and experience necessary to implement the new technology. Experts from Orange Polska are among the people who educate and advise start-ups in the development and implementation of their ideas.

Orange Polska is a partner of the project **Start-ups of Positive Impact**. This programme is addressed to enterprises created in the last five years, which implement innovative business models generating economic and social benefits simultaneously. A 'start-up of positive impact' is an innovative form of entrepreneurship that creates sustainable value directed at changes in quality and in patterns of lifestyle, production and consumption. Kozminski Business Hub starts the process of building an ecosystem of positive impact in the Kozminski University, with the participation of leaders of the Responsible Companies Ranking and the best start-ups of positive impact in Poland.

Co-operation with partners

Orange Polska has worked with a number of social organisations and institutions for years. Our partnerships are based on longterm and systematic co-operation. By supporting social organisations we learn how to help solving social issues in a better and more efficient manner.

▪ Co-operation with non-governmental organisations

We support many NGOs every year. Some of them are our long-standing partners.

Responsible Business Forum – The organisation helps companies develop their social responsibility, builds business coalitions that focuse on solving social issues, creates a community of socially responsible companies, and provides a forum where companies, the state administration, the academic community and non-governmental organisations can share experience on CSR. Orange Polska is a partner of the Responsible Business Forum and the Guardian of the Diversity Charter in Poland.

Empowering Children Foundation – It has protected children against violence for over thirty years. It provides support and professional psychological and legal assistance to children and their guardians. It also teaches adults how to wisely and effectively respond to violence against children and what to do when they suspect child abuse. Orange Polska has co-operated with the Foundation with respect to children's safety on the net and has been the technology partner of the 116 111 helpline for children and young people.

Grow with Us Foundation – It supports children and families of heroes who died or were harmed while in service, and builds respect for public services. The Grow with Us Foundation was established by 27 leading companies in Poland in recognition of the work and devotion of people who lost their life or health while in public service. Orange Polska is one of the founding members.

ITHACA Foundation – Centre for Missing People – The ITHACA Foundation helps with the search for missing people and offers support to their families. Orange Polska provides technical and financial support for the 116 000 missing children helpline.

Integration Foundation and Friends of Integration Association – These non-governmental organisations have acted for people with disabilities for 28 years. The goal of the Foundation is to create conditions facilitating the participation of people with disabilities in social life to the greatest extent possible. Orange Polska is a technology partner of the Foundation and supports the Friends of Integration Gala and the Person Without Barriers competition.

'The Visible' Foundation – The organisation has combated digital and social exclusion since 2008. Orange Polska has co-operated with the Foundation with respect to website accessibility as well as education about accessibility standards and their dissemination in Poland.

National Institute for Silver Economy – Its mission is to gather knowledge and develop solutions in order to prepare both the economy and society for longevity. The organisation carries out various initiatives for senior citizens. Orange Polska co-operates with the Institute in the area of digital education of seniors.

▪ Co-operation with government institutions

Orange Polska is a signatory to Poland's Declaration of Co-operation for the Safety of Children Online. The signatories of the Declaration include the Minister of Digitisation, the Minister of National Education, the Ombudsman for Children and representatives of state institutions, media, internet portals and telecommunication operators. The Working Group on Child Safety and Youth on the Internet has been set up. Its priority will be to develop solutions and present proposals to ensure the safe Internet access for the youngest users.

Orange Polska is also a signatory to the Pact for Accessibility Plus 2018–2025. The Pact is a commitment to co-operate in order to implement the objectives of the governmental Accessibility Plus programme to eliminate barriers in the lives of people with disabilities. The signatories of the document undertake to manage the idea of accessibility and equal treatment, and together aim to equalise opportunities and access for all citizens to the physical, social and cultural environment, alongside recreation, leisure, sport, health care, education, work, transport, information and means of communication.

Orange Polska has signed a declaration of the participants of the Ombudsman's Round Table to fight pathologies on the Internet, including the limitations of pathological streaming and its destructive social and educational consequences. The members of the coalition are lawyers, scientists, representatives of public authorities, non-governmental organisations, technology companies as well as youtubers and journalists.



Customers with special needs

Orange for seniors

Orange Polska has been awarded the OK SENIOR quality certificate by the National Institute for Silver Economy for call centre service and POS service. We introduced facilities for seniors at our call centre to meet the needs of our senior customers, who could not always cope with the extensive menu. These include an automatic menu shortened to a minimum, dedicated advisors, and unlimited call talk time. In addition, all letters addressed to senior customers are printed using a bigger font.

We know that elderly people as a group are most vulnerable to digital exclusion. Research has shown that senior citizens do not use modern technologies because they see no need for it. However, the pandemic made access to new technologies a necessity. Many seniors have made their first steps in the digital world. We want to accompany them in this journey, offering knowledge and skills how to navigate the web as well as tools to facilitate it.

We have created a dedicated portal, www.orange.pl/dlaseniora, where we have gathered our educational videos and other information about devices and services recommended for senior citizens. The materials have been developed with the help of the Zaczyn [Leaven] Foundation. The website has been visited by over 35,000 users and the educational videos have been viewed by 34,000 people. Celebrating the Senior Citizens Day (November 14), we organised the Senior Citizens Week. Furthermore, we have developed a special leaflet, Senior Citizen's Orange Guide, which provides information about the first steps on the web. It is available in our outlets. In our portfolio, we identify handsets recommended for older customers and special promotions for selected accessories useful for the elderly.

In addition, senior citizens are invited to 'My First Smartphone' on-line courses held on the ABC Senior platform in conjunction with the National Institute for Silver Economy. During webinars we demonstrate how the Internet can help in everyday life and how to use it safely. Over 750 senior citizens have learnt on our on-line courses how to access the Internet on the phone, send an email, install an application or chat to relatives using a messenger app.

We have launched a dedicated programme to deal in a comprehensive manner with the adaptation of our services, portfolio and communications to the needs of older customers.

Orange without barriers

One of major tasks related to digital inclusion, which is part of Orange Polska's CSR strategy, is to respond to the needs of people with disabilities.

Our customers with disabilities can use 144 accessible outlets all over Poland (one fifth of the total number), which feature:

- Easy access without architectural barriers;
- Additionally trained consultants;
- Assistance on-line of an interpreter of the Polish Sign Language or a sign language system from 9:00am to 5:00pm;
- Printing out documents (e.g. terms of services, price lists and agreement templates) in a bigger font;
- Information about solutions dedicated to customers with disabilities provided in printed form (in a bigger font), in electronic form or with a reference to a website.

Entrances to Orange Polska's dedicated outlets are marked with the relevant symbols as well as the OK Senior signs.

In each outlet, customers can:

- request that their invoices and key documents be printed in a bigger font or in Braille, or sent as electronic files;
- select a handset with features for people with disabilities;
- get assistance in setting up a device.

Deaf customers wishing to contact our infoline can request assistance of a sign language interpreter, who will make a call and help them get the relevant information. This is available Monday to Friday, 9:00am to 5:00pm.

We have also developed video tutorials showing the features for people with disabilities offered by smartphones using Android, iOS or Windows.

On our Orange Expert YouTube channel, we gradually publish video tutorials on our services and offers with subtitles and sign language interpretation. We are also working to adapt our website, www.orange.pl, to the needs of people with disabilities.

Children on the Internet

One of the most important issues for us is the safety of children and young people on the Internet and preparing young people to use new media in a conscious way. These goals are pursued through educational activities of the Orange Foundation and the Group's services related to customer safety. We support education on children's on-line safety in schools and kindergartens all around Poland. The Orange Foundation, in co-operation with the Empowering Children Foundation, offers a range of educational tools and materials, such as e-learning and educational websites, on-line brochures and guidelines for pupils, parents and teachers. Adults (especially educators and specialists) can participate in conferences, seminars and workshops, as well as use an on-line interactive course for parents and guardians teaching them how to protect their children on-line.

Furthermore, the 'Protect your child's brain!' campaign, promoting screen rules for kids and carried out by the Empowering Children Foundation, continued in 2021. In November 2021, 'A Body Does Not Define You' awareness campaign was launched. The campaigns, to which the Orange Foundation was a partner, reached more than 9,168,300 people.

On our website, we launched a dedicated service, Together on the Net (www.orange.pl/razemwsieci), where parents can find comprehensive information on how to protect their children from harmful on-line content, how to secure devices, and how to cope with difficult and dangerous situations.

Furthermore, we offer parental control options and dedicated services that provide child protection.

The 'Protect Kids on the Net' service provides comprehensive on-line protection for children using smartphones and tablets, also on a Wi-Fi network. It can be used to filter website content, set time limits for using applications or browsing websites, and verify the applications used. The 'Protect Kids on the Net' application helps parents ensure the proper level of safety, while not completely restricting their child's freedom. It not only protects children from inappropriate content but also enables setting screen limits. The service was used by 233,000 customers in 2021.

We also offer the Safe Starter Pack, which is based on website categorisation. All protections are installed on the network level; as a result, they cannot be removed, while not slowing down the phone. The Safe Starter Pack blocks harmful content, including pornography, malware, spam, phishing sites, extreme or tasteless content, and websites of paedophile nature. In addition, it enables contact with the parent even if the child's account has been used up. The service was activated by 43,613 customers in 2021.

Safe Use of New Technologies	2020	2021
Parents and guardians using the educational materials	**174,917**	**255,868**
Children involved in the educational initiatives	**984,029**	**522,505**
Schools participating in the initiatives	**4,600**	**4,960**

Sponsorship and donations

Sponsorship

Orange Polska has adopted a sponsorship policy. Our approach reflects the global sponsorship strategy of the Orange Group. In our strategic sponsoring area, which currently is music, we develop long-term, comprehensive, nationwide projects addressed to a large group of our existing or prospective customers. We sponsor various initiatives on a long-term rather than one-off basis. Key projects are subject to approval by the Management Board of Orange Polska. We have established the Sponsorship Committee to centralise project management of sponsorship opportunities in the Orange Polska Group.

Sponsorship	2020	2021
Music sponsorship: Open'er Park Powered by Orange		
Number of participants	**n/a**	**75,000**
Advertising value equivalent (in PLN millions)	**n/a**	**2.3**
Number of publications	**n/a**	**132**



Due to the COVID-19 pandemic, our regular music festivals, Orange Warsaw Festival, Open'er Festival Powered by Orange and Kraków Live Festival were not held in 2021. However, a one-off event, Open'er Park Powered by Orange, was organised in the City of Gdynia. It was the longest music festival in Poland with 23 concert days spanned over six weeks, attracting 75,000 people.

Grants

As part of its donation policy, Orange Polska has adopted formal rules for using the Donation Fund. These are specified in the relevant Decision of the Board Member in charge of Strategy and Corporate Affairs.

Orange Polska S.A. follows clear and transparent rules in making donations:

- Any donation requires analysis and recommendation;
- Any donation is subject to approval by the President of the Management Board of Orange Polska;
- Any donation is made under a written donation agreement;
- All donations are effected by transfers and registered in the accounting systems of Orange Polska;
- Each agreement includes a requirement to confirm that the donation has been used in line with its purpose.

Furthermore, Orange Polska provides free of charge dedicated fundraising numbers for charity SMS messaging. All the receipts are subsequently transferred to social causes, such as social campaigns and programmes, assistance to the victims of natural or man-made disasters, or initiatives saving human life and health.

For years, we have provided charity SMS messaging to a number of charity organisations, including Caritas Polska, Polsat Foundation, TVN Foundation, Great Orchestra of Christmas Charity and Work of the New Millennium Foundation. In 2021, fundraising numbers were launched for 15 organisations, which raised a total of over PLN 6.2 million.

Expenditure on aid to charitable institutions and social organisations in the area of welfare, education, health, culture, sports, etc.

Grants	2020	2021
Total support granted (in PLN millions)	**11.3**	**11.6**



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Climate and environment

Q&A with Jacek Hutyra,
Chief Climate Officer

Is green a responsibility or an opportunity?



It is both.

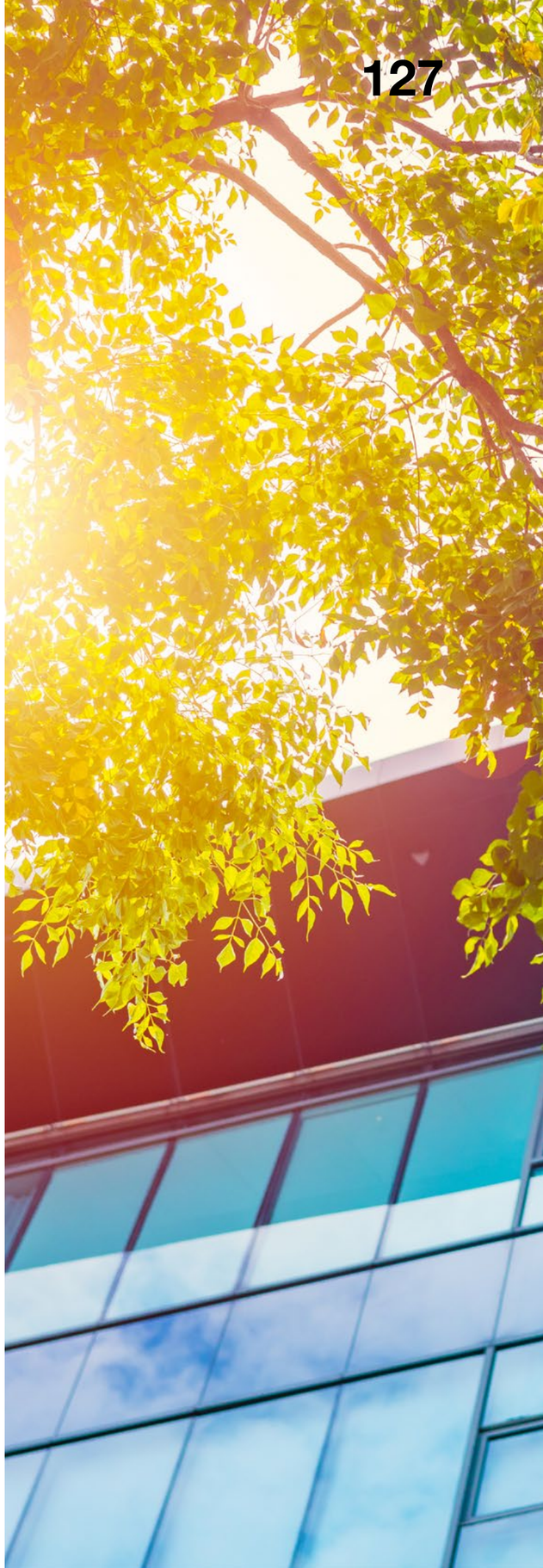
Above all it is our responsibility to rapidly bring down our greenhouse gas emissions to net zero. These emissions drive global climate change and tackling this issue – by everyone, and big business in particular – is essential, here and now. In Poland this is particularly challenging as up to 80% of energy is generated from fossil fuels, especially coal. Extracting and burning fossil fuels is indisputably the number one reason for the accelerating global climate crisis. Energy being the most important resource for a telco company, this is the first place we focus our efforts.

We will increase our use of renewables from 0% not long ago to at least 60% by 2025. (In 2021 we took the first steps and reached 6%.) This will be the major driver of our own emission reduction (Scopes 1 and 2) in the near term - by 2025 we intend to cut them by at least 65% vs 2015, perfectly in line with global, science-based Orange Group's climate goals.

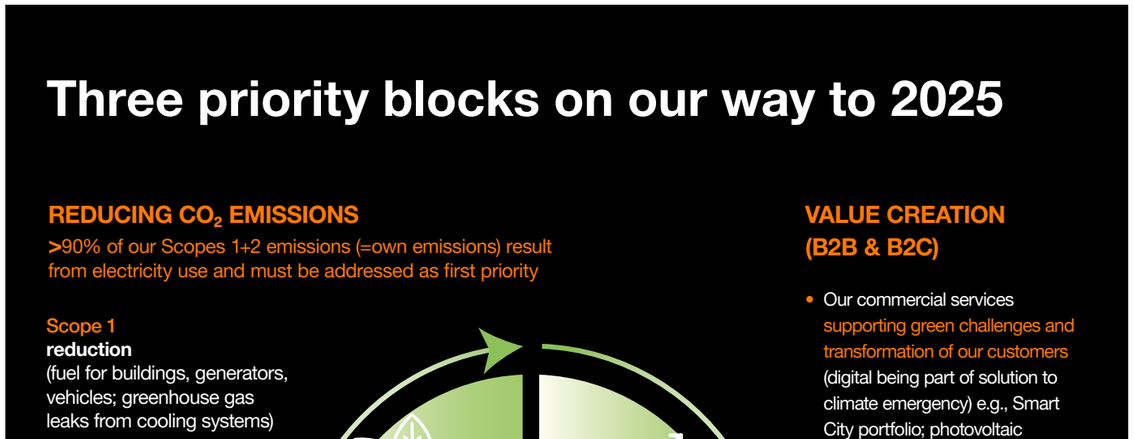
We do not forget, of course, our co-responsibility for the entire value-chain emissions by our suppliers and customers (Scope 3) - our net zero carbon goal for 2040 includes Scope 3. We are working to operationalise our 2025 ambition for Orange Polska in this area to announce it soon. And we have already acted to reduce these emissions, especially in the area of circular economy, both for network equipment and customer devices. A few examples include: reuse of network hardware; collecting used smartphones for refurbishment or recycling; extending the offer of refurbished devices available to our customers; or retrieving and refurbishing over half a million pieces of fixed customer equipment (modems, set-top-boxes) every single year. In April 2022, we launched the umbrella RE programme (repair, refurbishment, reselling, recycling) to accelerate our circular-economy work and give it more visibility, encouraging our customers to join in.

But green is more than just a responsibility. As part of the digital sector we can, and should, also be a part of the solution to the climate crisis. We can create value for all our stakeholders, help them in their decarbonisation challenges, and accelerate a green and digital transformation. Connectivity allows reduction or optimisation of physical movement – and therefore of the use of fuels. Smart City solutions build more efficient, greener and friendlier urban areas. From solar energy installations and smart management solutions to new industrial usages made possible by 5G, which can enable huge emission reductions in other sectors, responsible digital technologies are essential for a better, greener world.

No one and nothing can exempt us from our responsibility to bring our total emissions to net zero as soon as possible – we simply have to do it. But we should also create value – green cannot be seen as a problem, it must be seen as an opportunity and as our future. Combining both responsibility and value is at the core of our #OrangeGoesGreen approach.



#OrangeGoesGreen priorities



#1 Responsibility for reducing our CO_2 emissions and the resources we consume.

Our negative impact on the environment is primarily through greenhouse gas emissions – in particular from the energy we use. Achieving net zero carbon by 2040 is our overarching climate and environmental goal.

In the first period, by 2025, we will focus on reducing our own CO_2 emissions (Scopes 1 and 2 – direct and indirect own emissions). Our objective is to lower them by at least 65% compared to 2015.

This goal will be achieved with the following actions:

- Increasing the share of renewable energy in our energy mix to at least 60% by 2025, based on long-term procurement agreements directly with renewable energy producers (PPAs).
- Further improvement of the energy efficiency of our networks.
- Deployment of new, more energy-efficient technologies such as fibre and 5G.
- Continued optimisation of our real estate portfolio (including consolidating our staff in modern, more comfortable and more efficient office locations), and improving the energy and resource efficiency of the buildings we use.
- Further optimisation and electrification of our vehicle fleet.

Our entire value chain emissions are covered by our goal of net zero goal by 2040, i.e. it includes emissions generated by suppliers, customers or employees in relation with Orange Polska's activities (which fall under Scope 3). We are finalising work to calculate and announce Scope 3 emissions, and set a 2025 target in line with the science-based Orange Group goal of at least a 14% reduction by 2025 in comparison to 2018. Accelerating actions on circular economy and eco-design, as well as ever-stronger co-operation with our suppliers and education of our customers, will be important elements of our work.

While secondary to our key goal of achieving net zero emissions, optimising other resources consumed by Orange Polska (e.g. paper, plastic) is included in this priority and reflected in a variety of actions. These include simplification and digitisation of processes or revision and improvement of customer service practices (e.g. invoicing, delivery) combined with promoting options that are better for the environment and climate.

#2 Value for our customers and all stakeholders.

The digital sector can and should be a part of solving the climate emergency. This does not exonerate us from our responsibility to reduce our emissions across the entire value chain (covered by priority #1 above), but should constitute an important part of our strategy. This is why we are undertaking the following actions:

- Developing and selling commercial services supporting our B2C and B2B customers' green challenges (and in particular solutions allowing them to reduce emissions or resource consumption).
- Dedicated green offers and communication to customers regarding the climate footprint of services and the possibility of reducing or neutralising that footprint.
- Introducing and reinforcing end-to-end management of green concerns in the experience of Orange Polska customers.
- Actions on circular economy (additionally supporting our ambition on Scope 3 emissions, as discussed in priority #1 above):
  - Extending the life cycle of mobile phones, in particular through repair, collection (through buy-back or recycling), and having refurbished devices on offer;
  - Refurbishing CPEs (customer premises equipment: modems, TV set-top boxes, etc.);
  - Using refurbished equipment on Orange Polska's network.

#3 Impact on the green and digital transformation of the Polish economy.

As a large, responsible and reputable company on the Polish market, with millions of customers and thousands of employees and partners, we want to be an active part of the necessary transformation of the Polish economy, leveraging a variety of internal and external actions:

- Internal communication and education to inform and engage our employees.
- Communication, co-operation, education and engagement of our external stakeholders, and in particular customers and suppliers.
- Building Orange Polska's position as one of Poland's 'green leaders'.
- Market and regulatory relations supporting positive change for climate and environment.
- Comprehensive, reliable and consistent financial and non-financial reporting reflecting the best market practices.
- Consistently including climate and environmental angles in our decision-making and governance.

Task Force on Climate-related Financial Disclosures

Disclosure of climate-related information in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

There is a growing awareness of climate change among our customers, investors and other stakeholders, accompanied by increasing regulatory pressure related to climate neutrality goals adopted by the EU and its member states. Simultaneously, the rollout of network infrastructure and the growing volume of data traffic are contributing to increased consumption of electricity in the telecommunications sector. Since, in Poland, electricity is produced mainly from fossil fuels, this generates greenhouse gas emissions.

As discussed above, energy consumption, especially for network operation, is the main source of emissions by telecommunications operators (Scopes 1 and 2 of the GHG Protocol – direct and indirect own emissions). Therefore, the initiatives regarding both the volume optimisation and the structure of origin of energy are of key importance.

In order to improve its energy efficiency and reduce its negative impact on the climate, Orange Polska has carried out a number of measures mainly focused on energy usage optimisation and increasing the amount of energy coming from renewable sources in the energy mix.

The Energy Optimisation Programme has been in place since 2014. About 200 initiatives have so far been implemented in various network areas, generating total energy savings of over 700 GWh between 2014 and 2020, which translated to roughly half a million tonnes of CO_2e in total emissions avoided.

All initiatives carried out in the Programme have been divided into four areas:

1. FIX Legacy Decommissioning encompasses initiatives related to legacy fixed-line technologies, that is PSTN or ATM. As part of these initiatives, customers are switched to newer and more energy-efficient technologies. In addition, older devices are optimised by increasing the ‘density’ of customer accesses on cards and disabling redundant cards.
2. RAN network efficiency improvement involves a series of measures to reduce energy consumption in the mobile radio access network, while maintaining the best quality of services provided to customers. During periods of low subscriber activity, e.g. at night, smaller radio resources are required to handle calls and data transfer, so they are temporarily turned off, thus reducing energy consumption.
3. Modernisation of the technical environment is to ensure the optimal conditions for the operation of telecommunications equipment through modern air conditioning systems, power supply solutions, heating systems, etc. The key initiatives include replacing of A/C systems with more effective ones and retrofitting of technical compartments with ventilation-based cooling systems (free cooling).
4. Big Data – Energy: The available energy data are collected, processed and analysed using the Business Intelligence tool. As a result, it is possible to detect anomalies and optimise energy costs and consumption. An example is the cyclic selection of energy tariffs for each facility on Orange Polska’s network on an individual basis.

The Company has taken measures to increase the share of energy from renewable sources in its energy mix by direct contracting of renewable energy from its producers based on long-term Power Purchase Agreements (PPAs). The first such agreement was concluded in 2020. As a result, two wind farms were constructed and became operational in 2021; they will supply about 9% of the energy needed by Orange Polska annually, which corresponds to a reduction in CO_2e emissions by approximately 30,000 tonnes each year. In December 2021, Orange Polska signed another PPA for additional wind installations, which will secure a further 20% of the Company’s energy consumption by 2024. Orange Polska intends to increase the share of energy from such renewable sources in its energy mix to at least 60% by 2025.

Furthermore, Orange Polska has been optimising its transport fleet and real estate portfolio, which leads to fuel and electricity savings. In addition, the Company has undertaken circular economy initiatives, such as collecting and buying back old phones, offering refurbished handsets to customers, and refurbishing and relaunching about 500,000 pieces of customer premises equipment (CPE, e.g. modems and set-top boxes) per annum.

Owing to the aforementioned energy saving initiatives, despite the growing volume of data traffic on its networks, Orange Polska has achieved a 27% reduction in its own emissions (GHG Protocol Scopes 1 and 2) in 2021 compared to 2015 (which is the base year for emissions in the Orange Group). Our emission reduction target is 65% by 2025 compared to 2015. It was formally adopted by the Management Board of Orange Polska and announced publicly in April 2021, together with the confirmation of our overarching climate commitment to achieve climate neutrality (Net Zero Carbon) by 2040 in terms of both our own emissions and our entire value chain (i.e. Scopes 1, 2 and 3 of the GHG Protocol).

Should these initiatives to reduce our negative impact on the climate be unsuccessful, Orange Polska, as a socially responsible company, would be exposed to reputational losses. Furthermore, Orange Polska’s failure to achieve the intended share of energy from renewable sources could result in higher than expected electricity costs and, consequently, have a negative impact on its financial performance.



1 Organisational governance around climate-related risks and opportunities

In order to facilitate our climate impact management, in 2020 we created the position of Climate Officer, who is responsible for the co-ordination of Orange Polska’s pursuit of environmental goals. His role is to develop our climate policy and monitor its implementation in close co-operation with the entire organisation. The Climate Officer reports directly to the Management Board Member in charge of Strategy and Corporate Affairs.

Environmental objectives have been incorporated into Orange Polska’s business strategy, .Grow, and their implementation is reported to the Management Board on a quarterly basis. Orange Polska has launched a special programme, #OrangeGoesGreen, which is led by the Climate Officer and co-sponsored by the CEO and the Management Board Member for Strategy and Corporate Affairs.

A dedicated team composed of top managers of different functions has been established to accelerate progress in 13 streams identified as key for Orange Polska's #OrangeGoesGreen climate goals. They represent all key areas for a durable green transformation of the Company: Technology and Network; Work Environment; Supply Chain; Sourcing; Devices; B2C; B2B; Human Capital; CSR & Communication; Regulatory Co-operation; Investor Relations; Strategy; Brand; and Finance. On top of day-to-day management to advance the actions, the entire team meets every two months and the progress is reported to the Management Board at least twice a year.

The Management Board has approved Orange Polska’s environmental goals in a formal resolution and reviews the progress in their implementation at least twice a year.

Since 1H 2022, the reduction of GHG emissions in Scopes 1 and 2 is included as a KPI in the MBO performance scheme for all managers of the Company covered by the Management By Objectives (MBO) incentive system. It is also an element of the long-term incentive programme (LTIP) for the entire top management of the Company.

2 Climate risk management

Orange Polska maintains a risk management framework to identify, assess and manage risks. This framework has been based on the ISO 31000:2018 standard. Event-based risks are subject to assessment according to their likelihood and impact in terms of financial, reputational, business continuity and human loss. If risk consequences are, for example, both financial and reputational, the risk is assessed according to the most negative consequence.

The identified similar risks are grouped into clusters. The risk assessment process is managed by domain co-ordinators. Risks are divided into the domains of: operating risks, loss of information, business continuity, compliance, fraud and social risks. This division ensures a uniform and objective approach to the assessment of risks of similar consequences (cause and effect analysis). Climate risks have been included in the social risk domain and constitute a separate cluster. Risk assessment and management – including identification of new and emerging factors, monitoring of risks and the effectiveness of controls, as well as reporting – are a responsibility of the persons managing the relevant area and business functions, while the process is co-ordinated by the social risk domain owner.

Risks and the mitigation measures assigned to them constitute an input for the development of the Annual Internal Audit Plan. Indicative heat maps are used to report and evaluate risks. The results of assessment of TOP risks, including one climate risk, are reported to the Supervisory Board annually.



“Risk of loss of reputation due to negative climate impact

Reference to the key risks related to the Company’s environmental impact

Risk of loss of reputation due to negative climate impact

Unsuccessful implementation of Orange Polska’s climate strategy may have an adverse impact on the Company’s reputation and result in an increase in operating costs and loss of some investors and customers, as it could reduce investor interest in the Company and, in the longer run, it could be reflected in lower customer satisfaction and loyalty. Therefore, it is necessary to reduce the environmental impact of the Company’s activity, as well as the products and services it provides.

While 5G is more energy efficient than older technologies, continuously increasing data traffic volume will increase the overall electricity consumption and could, therefore, mean higher CO_2 emissions (as electricity use is the principal emission driver in the telecommunications industry). Increasing the share of renewable energy used by Orange Polska through long-term Power Purchase Agreements is crucial to reducing its emissions despite this growth.

Orange Polska’s objective is to achieve Net Zero Carbon by 2040 and significant GHG emissions reduction by 2025. This objective can be achieved by purchase of green energy through long-term Power Purchase Agreements directly with producers and optimisation of energy use, including but not limited to technology evolution and further deployment of more energy-efficient solutions. These actions are supported by an open dialogue with stakeholders on Orange Polska’s commitment to climate and the positive impact of the telecommunications industry on reducing emissions in other sectors.

It is a short-term risk.

Analysis and determination of the level and nature of the importance of climate change

In 2021, the Company carried out a process aimed at the identification of risks and opportunities as well as determinants and components of developing action scenarios related to those risks (and opportunities) in the matrix layout with reference to local climate scenarios for Poland (positive, neutral, negative and very negative; scenario-based approach) as well as short-, medium- and long-term horizon (by 2025, 2050 and 2100, respectively; timeframe-based approach). A team composed of representatives of the Company’s management and various functions which were considered crucial in terms of the current or potential environmental impact was involved in the entire process.

The process was divided into the following stages:

Stage 1. Assessment of Orange Polska’s exposure to climate change (in terms of the financial significance of such exposure) for different climate scenarios.

- Importance of negative climate factors to Orange Polska for different climate scenarios
  Objective:
  To identify the most important negative climate factors and the opportunities which affect, depending on the climate scenario, the vulnerability and adaptive capacity in particular areas and value chains.
  Outcome:
  List of the most important negative climate factors and the opportunities faced by Poland and Orange Polska throughout the value chain for different climate scenarios.
- Importance of negative socio-economic factors to Poland (with respect to Orange Polska) for different climate scenarios
  Objective:
  To describe the most important negative socio-economic factors and the opportunities affecting Poland and the telecommunications industry.
  Outcome:
  List of the most important socio-economic challenges and opportunities affecting the vulnerability to climate change in Poland and the telecommunications industry.
  Identification of the required information or detailed analyses of specific negative socio-economic factors or opportunities related to climate change in order to determine the overall vulnerability to climate change.

Stage 2. Assessment of Orange Polska’s sensitivity to climate change (in terms of the analysis of climate-related risks) for different climate scenarios.

- Analysis of Orange Polska’s sensitivity to negative climate factors in the context of socio-economic changes for different climate scenarios
  Objective:
  To identify the most sensitive actions in the areas or sectors to be hit most by negative climate and socio-economic factors.
  Outcome:
  List of the most sensitive actions or impacts of negative climate and socio-economic factors on the deterioration or relief of Orange Polska’s objectives and actions.
  Identification of the potential gaps in Orange Polska’s knowledge on the impact of climate and socio-economic change on specific actions.

Stage 3. Identification and classification of Orange Polska’s adaptive capacity to climate change (in terms of the analysis of climate-related risks) for different climate scenarios.

- Analysis of Orange Polska’s adaptive capacity to climate change in the context of climate-related risks and opportunities for different climate scenarios
  Objective:
  To identify and classify the internal and external factors of adaptive capacity in order to select the most important factors for the assessment of the vulnerability to climate change in Poland and the telecommunications industry.
  Outcome:
  List of factors with the biggest impact on the adaptive capacity in the local area or the particular sector of the economy.

Stage 4. Development of Orange Polska’s action plan for adaptation to climate change (in terms of the analysis of climate-related risks) for different climate scenarios.

- Development of the Company’s integrated vulnerability assessment and action plan
  Objective:
  To identify the inhibiting or supporting factors of processes.
  Outcome:
  List of hierarchical adaptation and capitalisation measures, potential conflicts, facilitating factors and common benefits as well as hampering barriers regarding the implementation of particular measures.
  Action plan with hierarchical measures, including specific steps.

Methodology

The methodology regarding risk identification, valuation and mitigation measures for Orange Polska has been based on the recommendations of the Task Force on Climate-related Financial Disclosures (TFCD), reports of the Intergovernmental Panel on Climate Change (IPCC) and taxonomy regulations of environmentally sustainable investments, related to the Regulation (EU) 2020/852 of the European Parliament and of the Council.

Risks were valued for four scenarios of temperature increase above pre-industrial levels (19th century), including two extreme scenarios presented at the Climate Summit in Paris in 2015, as well as for three periods: 2022–2025 (corresponding to Orange Polska’s strategy), 2025–2050 (corresponding to the EU’s target of climate neutrality by 2050) and 2100 (corresponding to the projection at the Climate Summit in Paris).

The presented methodology was applied with the assistance of Prof. P. Bogacz of the University of Science and Technology in Cracow.

The analysis involved the development of four scenarios for Orange Polska:

1. RCP2.6 positive scenario – climate warming by 2100 of below 1.5°C above pre-industrial levels;
2. RCP4.5 neutral scenario – climate warming by 2100 of between 1.5 and 2°C above pre-industrial levels;
3. RCP6 negative scenario – climate warming by 2100 of between 2 and 3°C above pre-industrial levels;
4. RCP8.5 very negative scenario – climate warming by 2100 of above 3°C above pre-industrial levels.

On the above basis, the following risks time horizon was adopted:

- Short-term (by 2025);
- Medium-term (by 2050);
- Long term-(by 2100).

Environmental and climate-related risks, like other social risks, are subject to a standard review of risks on an annual basis. They are reported to the Management Board and Supervisory Board. As indicated above, TOP risks are subject to an additional oversight procedure, and may constitute an input for the development of the Annual Internal Audit Plan and the assessment by the Audit Committee. The risk of loss of reputation due to negative climate impact has been included in the TOP risk category. Risks related to the climate impact on Orange Polska have been linked to selected TOP risks as long-term materialisation factors.

Reference to the key risks related to the climate impact on the Company

The Group analysed the impact of climate change on its financial statements and concluded that it did not affect the balance-sheet value of its assets and liabilities as at December 31, 2021. Short-term risks are related mainly to Orange Polska's negative environmental impact, while risks related to the climate impact on Orange Polska are considered mainly in the medium- and long-term horizon.

Climate change, that is natural disasters as well as other related emergencies, may lead, through destruction or damage, to a significant reduction in the value of the Company's assets, resulting in both service interruptions and high costs of repairs. Extreme weather events related to the present climate change (floods, storms, heat waves) are increasing in frequency and severity, exacerbating catastrophes and increasing their costs. In the short-term perspective, rising sea levels due to melting of glaciers and ice sheets may more often affect on-shore locations and facilities. While insurance coverage of claims may continue to be reduced, the damage caused by large-scale disasters might result in significant costs, a proportion of which may still burden the Company, thus affecting its financial standing and growth prospects.

Orange Polska's experts identified the risks related to climate change that might significantly affect the Company. These risks were assessed in terms of value and likelihood. Risk valuation was based on discounted future cash flows for a period until 2100.



Out of more than a dozen potential risks identified in the process, four risks were considered material due to being the most likely and threatening the highest potential impact on the Company. They are described in the table below, combined with individual climatic factors and their effects.

Climate factor based on long-term prognoses for different temperature increase scenarios (by 2–4°C)	Risk (described below)	Risk resulting from the climate factor	Risk value = future cash flows resulting from:
Heat waves, torrential rainfall and storms, river floods	a)	Equipment damage caused by high temperatures, heat waves, floods or other extreme weather conditions	Costs of repairs of damaged property
Rising sea levels	a)	Equipment damage caused by sea level rise	Costs of restoration and relocation of property
Temperature increase	b)	Increased demand for energy	Costs of additional energy consumption
Heat waves	b)	Blackout	Lost revenues and costs of fines and damages resulting from blackout
No specific climate factor	c)	Equipment shortages and delayed deliveries	Lost sales margins resulting from shortages and delayed deliveries
No specific climate factor	d)	Additional costs, charges and taxes resulting from legislation changes, fines, migration, skilled labour shortages or diseases	No valuation

a) Acute and chronic physical risks

Infrastructure damage or malfunction due to climate change

Climate change may result in infrastructure damage or malfunction, leading to failures. The key risks include increased temperatures (more frequent prolonged heat waves or higher daily temperatures), extreme weather events (e.g. storms, winds, lightning) and flooding of land (and infrastructure) due to acute or chronic climate change (torrential rainfall, river floods, transient or permanent sea level changes), which in extreme cases may lead to non-accessibility of certain areas. For the Company, such situations require changes in investment planning or parameters.

The main approach to physical risk management is an understanding, measurement, monitoring and mitigation of potential impacts for various climate/temperature scenarios over the short, medium and long term, accounting for the impact on financial issues and business continuity.

We have identified high-risk areas in Poland in order to account for climate-related risks in our investment decisions (planning of future facilities or relocation of the existing ones, design choices, additional protective or response measures).

We review and monitor the potential impact of climate factors on our infrastructure, so that in justified cases we can implement new solutions in infrastructure design and construction (e.g. active equipment optimisation, placing equipment higher above the ground, mobile installations, insulation, cooling systems) or provide proper protection systems (e.g. pumps).

It is a medium-term and long-term risk.

b) Transition risks

Impact of climate change on energy supply, consumption and costs

Climate change, particularly increasing temperatures and extreme weather events, is likely to have a considerable impact on energy supply, consumption and costs. This impact will increase as power supply and cooling systems deteriorate. This risk may be: (i) extreme-event driven (acute), e.g. increased average daily temperature, heavy storm or rainfall, or (ii) long term (chronic), e.g. increased frequency of heat waves or heavy storms. Both types of this risk would have a similar, significant impact on energy supply, consumption and costs for Orange Polska.

Furthermore, the Polish power grid is under growing strain (as more energy is needed for cooling and higher temperatures increase the likelihood of system failures), which may result in reduced electricity supply and higher prices or, in more serious cases, even local power outages. Higher ambient temperatures also increase cooling requirements related to the Company's infrastructure itself.

Orange Polska's attitude to the management of this risk is based on updated business continuity scenarios for power outages or other disturbances to the power supply, providing for energy storage or other low-emission emergency power supply solutions (and taking into account both costs and reliability). In addition, the Company optimises energy use in order to reduce demand (consumption). The Energy Optimisation Programme encompasses energy use optimisation for non-technical real estate and evolution towards more energy-efficient technologies. We also focus on the technology of cooling systems, reducing electricity consumption and combining passive and active solutions. Furthermore, in order to ensure long-term access to the required amounts of energy, we secure renewable energy from suppliers (under Power Purchase Agreements), while supplementing it from our own sources (in the Solar-as-a-Service model). It is a short-term, medium-term and long-term risk.

c) Supply chain disruption due to issues related to climate change

Supply chain disruption may result from issues related to climate change, particularly insufficient availability of crucial resources or interruptions in supply from unstable regions. Shortages may occur, especially with respect to some critical resources coming from the areas vulnerable to extreme weather events (resulting in production downtime, transport route disruption, etc.) or socio-political disturbances (affecting resource extraction). There is only limited diversification of supply of some raw materials, which might pose a problem in the coming years in case of excessive dependence on suppliers from certain regions. It may hinder the provision of services by Orange Polska due to shortages or delayed deliveries of equipment, including infrastructure components from outside Europe. Delays in equipment delivery may in turn cause potential problems with functioning of ICT systems. There is also a risk of reduced availability and/or higher prices of products from the current sources. This may necessitate transition to alternative technologies and involve high costs of modernisation.

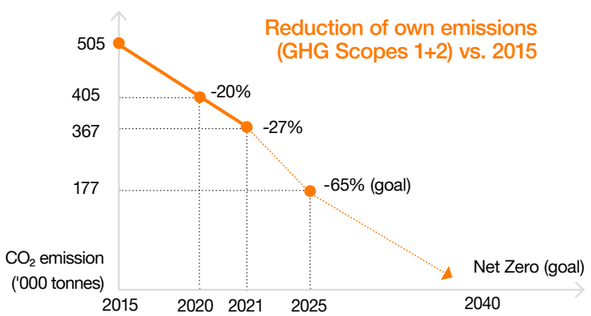
In terms of risk management, we have identified those resources which are both of key importance for business continuity and the availability of which may potentially be affected by disturbances related to climate change. To address potential interruptions in supply, we undertake a number of actions, including diversification of suppliers, securing so-called 'backup suppliers', building inventory, an ongoing search for alternative technologies and the use of different transport routes. Issues related to environmental and climate impact are accounted for in the process of supplier verification and assessment. We are also looking for solutions based on circular economy. We are co-operating with the Orange Group (including Buyln) in order to adopt adequate solutions on the international level.

It is a medium-term and long-term risk.

d) Regulatory and socio-economic effects of climate change

The social, demographic, economic and regulatory effects of climate change will become increasingly visible over time. In the short term, legal and regulatory changes responding to the need to adapt to climate change may be expected. Such changes may have a significant impact on the requirements for the biggest enterprises in terms of operating or financial costs. These requirements may be related to the mandatory reduction in emissions, use of renewable energy, environmental impact management, circular economy solutions, etc. In the long term, depending on the severity of the actual climate change scenario, demographic and socio-economic changes may be expected (particularly mass migrations affecting the customer structure, needs and purchase power or the macroeconomic environment in Poland).

At present, no individual or main risks have been identified in this area. However, the whole phenomenon of climate-related socio-economic and regulatory evolution is dynamic and multidimensional. The impact of particular developments, especially related to future changes in legislation, has been reviewed by our experts. Initially, we believe that this impact will be largely mitigated by the high standards and ambitious goals set by Orange Polska in its own strategy. The areas with potentially the biggest impact on the Company's operations include: anticipated EU regulations regarding energy-efficiency of data centres; revision of packaging and waste management provisions; potential regulations regarding resilience and continuity of telecom services under extreme weather conditions; EU regulatory expectations resulting in higher costs of high-emission materials, such as steel or concrete; growth in prices of electricity, especially based of fossil fuels; and changes in the social structure and the economic and political situation.



Therefore, the legal and regulatory environment is constantly monitored by our dedicated team of experts for developments related to climate change. We regularly inform and engage key internal stakeholders in order to respond to ongoing changes in advance and in the best possible way. We also co-operate with external stakeholders (European, national and local authorities, and the business environment) in order to predict, prepare for and respond to changing regulations and standards. Furthermore, we monitor on a current basis the broader socio-economic and demographic changes in Poland and worldwide which may have a significant impact on Orange Polska's standing and business operations.

It is a medium-term and long-term risk.

3 Climate strategy

Impact of climate-related risks and opportunities on the Company's strategy

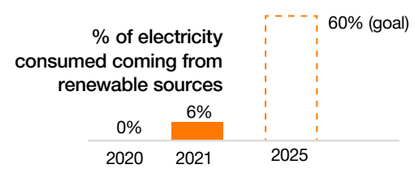
Within the #OrangeGoesGreen approach Orange Polska has developed a climate strategy of which the key goal is to become climate neutral and achieve Net Zero Carbon by 2040. Neutrality will cover both direct and indirect own greenhouse gas emissions (Scopes 1 and 2 of carbon footprint in terms of the GHG Protocol) and emissions in the value chain (Scope 3).

Our first period of action is 2025 when we plan to reduce CO_2 emissions by 65%. During this period our actions focus on the three main priorities discussed in more detail in the "#OrangeGoesGreen priorities" section above:
Priority 1: **Responsibility** for reducing our CO_2 emissions.
Priority 2: **Value** for our customers and all stakeholders thanks to our climate action.
Priority 3: **Impact** on the green, digital transformation of the Polish economy.
The measures of CO_2 reduction by 2025 are described on p.129.

4 Key climate and environmental commitments and their delivery in 2021

Metrics and targets

The key environmental targets defined in Orange Polska's strategy and harmonised with Orange Group's global climate goals (covered by the Engage 2025 strategy) are science-based and confirmed with the Science-Based Targets Initiative that they are aligned with the objectives of the Paris Agreement (holding the increase in global average temperature in the 21st century to 1.5°C above pre-industrial levels). In 2021 we reduced CO_2 emissions by 9% which was an acceleration versus previous years. Last year's reduction was the first to be achieved with support from renewable energy. Renewable energy contributed about 6% to our annual consumption in 2021. Our 2021 emission were 27% below 2015 level. We are on track to reach our 2025 objective.



Taxonomy

The EU Taxonomy refers to several regulations related to economically sustainable economic activities. This includes: Article 8 of the Regulation of the EU 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment (Regulation 2020/852) and the EU Commission Delegated Regulation of 4 June 2021 establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives (Technical screening criteria); as well as Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation (Disclosure Regulation). These regulations are hereinafter also referred to as the Taxonomy. Orange Polska disclosed the proportion of Taxonomy-eligible and Taxonomy non-eligible economic activities in their total turnover, capital and operational expenditures and the qualitative information (key performance indicators, key indicators).

The Taxonomy aims to define an activity classification system that provides clarity as to which activities qualify as sustainable and which do not. Establishing the criteria for environmentally sustainable economic activities is important for the European Union's goal of sustainable development and the transition to a safe, climate-neutral, climate-change-resilient and more resource-efficient circular economy.

According to the Regulation 2020/852, an environmentally sustainable activity is an activity that makes a significant contribution to the achievement of at least one of the environmental objectives set out in the Regulation, does not harm the environmental objectives, meets certain minimum safeguards set out in the Regulation, including in the field of human rights, and meets the technical screening criteria.

Pursuant to the Taxonomy, in 2021 some enterprises, including Orange Polska, should for the first time report key performance indicators related to eligible activities implementing two out of six environmental goals, i.e. climate change mitigation and adaptation to the climate changes. Activities that pursue successive environmental goals will be reported by enterprises in later periods, after completing the Taxonomy with the remaining goals. The Management Board of Orange Polska analysed our activities in terms of qualifying the activities conducted by the Group in accordance with the Taxonomy and presented the key performance indicators of the proportion of turnover (revenue), capital expenditures and operating expenditures related to these activities.

Orange Polska commented on the qualifications and indicators related to the Group's eligible activities, as the system for identifying and classifying eligible activities regulated in the Taxonomy requires interpretation and does not reflect all activities undertaken by companies in the environmental area.

The European Commission examined 13 business sectors, which are described in Annexes 1 and 2 to the Technical Screening Criteria regulation. The European Commission's approach is progressive - the priority has been given to the business sectors responsible for higher greenhouse gas emissions, and the eligibility analysis of other sectors will be the subject of further work by the Commission. Therefore, not all sectors of the economy have been reviewed, including the telecommunications sector, and only a few areas of this sector's activity have been included in the Taxonomy, which results in the low level of the key indicators disclosed by Orange Polska.

Most of Orange Polska's activities in the field of telecommunications services to residential, business and telecommunications operators are currently outside the scope of Annexes 1 and 2 to the Taxonomy Screening Criteria, although Orange Polska believes that its activities may contribute positively to climate change adaptation and mitigation in terms of reducing its environmental footprint.

In the future, regulatory changes may result in other activities in the field of information and communication services being classified as eligible by the Taxonomy, in addition to the currently classified activities such as data processing through processing centres and solutions for reducing greenhouse gas emissions. This could include services constituting the main activities of Orange Polska, which is important from the point of view of ensuring balanced and sustainable development of the European Union. Another example of an activity important from the point of view of Orange Polska, but which cannot be classified as eligible according to our interpretation of the Taxonomy, is the purchase of renewable energy for own needs (i.e. from wind farms) under long-term contracts with suppliers.

Activities carried out by Orange Polska in the area of the environment, along with climate goals, climate risks, and initiatives to improve energy efficiency and the circular economy in order to reduce the negative impact on the climate, are presented in section 10.

The above explanations are important for an understanding of the key performance indicators of eligible activities presented below, which show a low level of such activities in Orange Polska in accordance with our interpretation of the Taxonomy, due to the limited scope of activities classified by the Taxonomy as eligible.

1 Analysis of activities qualified by the Taxonomy as eligible

Orange Polska has reviewed all its activities related to the first two environmental goals to determine which of them can significantly contribute to climate change mitigation or climate change adaptation according to the Taxonomy. During the review, the description of eligible activities included in the Screening Criteriag criteria was taken into account.

Orange Polska's activities generating eligible revenue as defined by the Taxonomy are as follows:

Environmental objective	European Taxonomy activity	Orange Polska activity
Climate change mitigation	6.4 Transport Operation of personal mobility devices, cycle logistics.	4th generation bike rentals (without docking stations)
	7.6 Construction and real estate Installation, maintenance and repair of renewable energy technologies.	Professional services in the field of photovoltaics offer for customers* * revenue including installation of photovoltaic installations and revenue related to sale of equipment
	8.1 Data processing, hosting and related activities Storage, manipulation, management, movement, control, display, switching, interchange, transmission or processing of data through data centres, including edge computing.	Hosting and data processing services in data centres* * revenue calculated on the basis of information from reporting systems
	8.2 Data-driven solutions for GHG emissions reductions Development or use of ICT solutions that are aimed at collecting, transmitting, storing data and at its modelling and use where those activities are predominantly aimed at the provision of data and analytics enabling GHG emission reductions.	Services based on the Internet of Things

Orange Polska's activities in the field of capital expenditures and operating expenditures related to business activities that can be considered as eligible are as follows:

Environmental objective	European Taxonomy activity	Orange Polska activity
Climate change mitigation	6.4 Transport Operation of personal mobility devices, cycle logistics.	4th generation bike rentals (without docking stations)
	7.6 Construction and real estate Installation, maintenance and repair of renewable energy technologies.	Professional services in the field of photovoltaics offer for customers* * expenditures related to the installation and purchase of photovoltaic installations
	8.1 Data processing, hosting and related activities Storage, manipulation, management, movement, control, display, switching, interchange, transmission or processing of data through data centres, including edge computing.	Hosting and data processing services in data centres*, ** * operating expenditures include IT infrastructure monitoring, maintenance of the technical environment in the centres, excluding energy costs ** capital expenditures are related to expenditures in data centres
	8.2 Data-driven solutions for GHG emissions reductions Development or use of ICT solutions that are aimed at collecting, transmitting, storing data and at its modelling and use where those activities are predominantly aimed at the provision of data and analytics enabling GHG emission reductions.	Services based on the Internet of Things

The list of activities qualifying for Taxonomy was defined as a result of a comprehensive review of Orange Polska's operations with the participation of managers and experts from business, finance, CSR division and external experts.



2 Calculation of key performance indicators

Orange Polska calculated the key indicators in accordance with the Disclosure Regulation based on its processes, existing reporting systems and made assumptions.

Orange Polska used the methodology described in Annexes 1 and 2 of the Disclosure Regulation to calculate the eligible portion of revenue, capital expenditures and operating expenditures. In case of activities classified under the Taxonomy as eligible, but insignificant in 2021 in terms of the amount of revenue, capital or operating expenditures, Orange Polska did not include this part of its activity in the indicators.

2.1. Proportion of revenue related to eligible activities to total revenue

The proportion of revenue related to eligible activities was calculated by dividing the sum of revenue from eligible activities described in section 1 above by revenue specified in the consolidated income statements in the consolidated financial statements of the Orange Polska Group for the year ended December 31, 2021 (consolidated revenue).

	31 December 2021
Revenue from eligible activities	PLN 33 million
Consolidated revenue	PLN 11,928 million
Percentage of revenue related to eligible activities	0.28%
Percentage of revenue from non-eligible activities	99.72%

The proportion of revenue related to eligible activities is 0.28%, which reflects the small proportion of telecommunications services falling within the current scope of the Taxonomy.

It should be noted that the revenue taken into consideration under the activity "Data-driven solutions for GHG emissions reductions" concerns the entire revenue related to the Internet of Things (IoT, line of business excluding revenue related to the sale of equipment), considering that this activity enables other economic sectors to reduce their greenhouse gas emissions.

IoT-based services include solutions for managing public bikes, lighting control, air quality control, reading water meters, and supporting the development of smart cities. Smart solutions make it possible to optimise the use of manufactured goods or support their use and better manage natural resources and, consequently, reduce CO_2 emissions to the benefit of the climate.

2.2. Proportion of capital expenditures related to eligible activities to total capital expenditures

Orange Polska's capital expenditures ratio related to eligible activities was calculated by dividing the sum of capital expenditures related to eligible activities (described in section 1 above) by the sum of capital expenditures specified in the consolidated financial statements of the Orange Polska Group for 2021, calculated according to the definition of the Taxonomy, according to which the sum of investments includes:

- acquisition of intangible assets (acquisitions of intangible assets in the Note 11 'Other intangible assets' in the consolidated financial statements of the Orange Polska Group for 2021);
- acquisition of fixed assets (acquisitions of property, plant and equipment in the Note 12 'Property, plant and equipment' in the consolidated financial statements of the Orange Polska Group for 2021);
- increase in right-of-use assets (additions in right-of-use assets in the Note 14.1 'Group as a lessee' in the consolidated financial statements of the Orange Polska Group for 2021).

The sum of capital expenditures defined as above differs from the eCapex ratio presented in the consolidated financial statements of the Orange Polska Group for the year ended December 31, 2021, mainly because eCapex does not include an increase in right-of-use assets and is decreased by the proceeds accrued on the disposal of assets.

The capital expenditures ratio related to the eligible activities is 6%, which corresponds to a small fraction of the capital expenditures related to the telecommunication activities of Orange Polska.

This is because the current Taxonomy does not take into account all activities of the telecommunications sector, including activities carried out by Orange Polska for the benefit of the climate and the environment.

The increase in demand for digital services, necessary to ensure sustainable development, must be accompanied by an improvement in the energy efficiency of the telecommunications sector. By investing in the expansion of the infrastructure of its networks, Orange Polska takes care to increase their energy efficiency. Capital expenditures on activities classified as eligible include expenditures on data centres.

	31 December 2021
Capital expenditures related to eligible activities	PLN 140 million
Sum of capital expenditures	PLN 2,356 million
Capital expenditures ratio related to eligible activities	6%
Percentage of capital expenditures related to non-eligible activities	94%

2.3. Proportion of operating expenditures related to eligible activities in relation to total operating expenditures

As defined in the Disclosure Regulation, the operating expenditures included in the calculation of Orange Polska's operating expenditures ratio related to eligible activities, eligible operating expenditures in the indicator numerator and the sum of Orange Polska operating expenditures included in the indicator denominator include operating expenditures for:

- non-capitalised costs related to research and development;
- renovation work on buildings;
- short-term rental;
- maintenance and repair;
- any other direct expenses related to the day-to-day servicing of fixed assets by the entrepreneur or a third party commissioned with the activities necessary to ensure the continuity and efficiency of the functioning of these assets.

As defined in the Delegated Regulation, Orange Polska did not take into account the expenditures related to energy, as they are not considered as direct expenses related to the day-to-day servicing of property, plant and equipment.

Orange Polska's operating expenditures ratio related to eligible activities has been calculated by dividing the operating expenditures related to eligible activities described in section 1 by the sum of operating expenditures in the consolidated financial statements of the Orange Polska Group for the year ended December 31, 2021 corresponding to the definition above (total operating expenditures).

	31 December 2021
Operating expenditures related to eligible activities	PLN 7 million
Total operating expenditures	PLN 956 million
Operating expenditures ratio related to eligible activities	0.7%
Percentage of operating expenditures related to non-eligible activities	99.3%

The operating expenditures included in the ratio are included in the consolidated financial statements of the Orange Polska Group for the year ended December 31, 2021 under external purchases, other operating income and expenses, and labour expense and, according to the definition of the Disclosure Regulation, they do not cover a significant portion of operating expenses included in the consolidated operating income of the Orange Polska Group.

The low value of the ratio is due to the fact that the current Taxonomy does not take into account all activities of the telecommunications sector undertaken to mitigate or adapt to climate change, including activities carried out by Orange Polska for the benefit of the climate and the environment.

Due to the low values, Orange Polska decided not to include in the operating expenditures ratio the activities subject to the Taxonomy related to the installation and use of solar installations generating energy for Orange Polska's own use, expenses related to the use of leased photovoltaic panels and electric cars.





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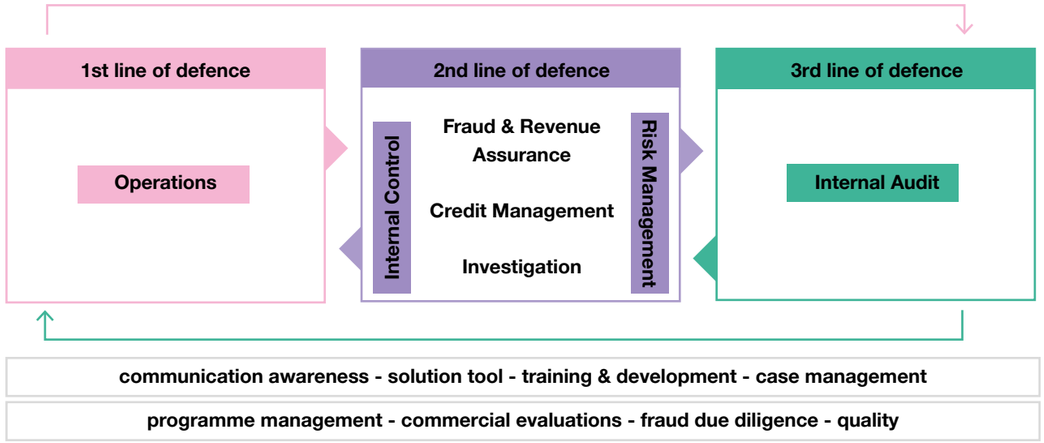
Risk management

Risk Management

Orange Polska is exposed to a range of external and internal risks of varying types which can impact the achievement of its objectives. Therefore, Orange Polska maintains a risk management framework to identify, assess and manage risks. This framework has been based on the ISO 31000:2018 standard and ISO 27005 (for Information Security Management System only).

Leaders within the Group's individual business areas and functions are responsible for the assessment and management of risks, including the identification and escalation of new/emerging circumstances, and monitoring and reporting on both the risks themselves and the effectiveness of control measures. Events are considered in the context of their potential impact on the delivery of our business objectives.

Orange Polska's three lines of defence:



Appetite for risk

We assess event-based risks according to their likelihood and impact in terms of financial, reputational, business-continuity and human-resources loss. If the consequences are, for example, both financial and reputational, the risk is assessed according to the most negative consequence. When the negative impact of a risk is assessed as exceeding the acceptable level, mandatory mitigation measures are put in place to prevent or minimise losses. The effectiveness of such measures is verified on an ongoing basis, and they are adjusted as required. The risks and the mitigation measures assigned to them constitute an input for the development of the Annual Internal Audit Plan.

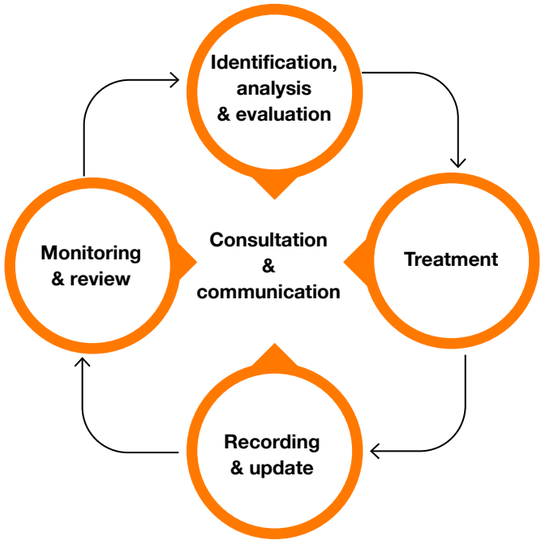
Risk clusters and domains

In addition, the identified similar risks are grouped into clusters to ensure consistent and effective risk management across the Orange Polska Group. The risk assessment process, illustrated in the figure on the next page, is managed by domain co-ordinators. The division of risks into the domains of operating risks, loss of information, business continuity, compliance, fraud and social risks ensures a uniform and objective approach to the assessment of risks of similar consequences (cause and effect analysis). The social risk cluster is associated with the Vigilance Plan, which includes all companies and contracting parties in the international Orange Group and covers risks related to human health, safety and security, environmental damage and serious violation of human rights or fundamental freedoms.

Risk management process

A list of TOP risks is developed as a result of individual meetings with Board Members and Executive Directors, who indicate significant events that have the potential to jeopardise the Company's strategy. Based on the risks identified in this process, their owners continue with further assessment of the risk likelihood and impact, as well as assigning mitigation measures and appointing the managers responsible for the implementation thereof. The outcome of the analysis of each TOP risk is subject to approval by the Board Member or Executive Director responsible for the particular area and, in case of potential financial loss, also by the Chief Financial Officer.

The risk management process in Orange Polska





Reporting

Indicative heat maps are used to report and evaluate risks.

Sample heat map

Likelihood						
	5					
	4					
	3	PR		BC		
	1					
	1					
		1	2	3	4	5
		Impact				

This example presents a risk that has low reputational impact, but moderate impact in terms of business continuity. Therefore, the overall assessment of the risk would be medium.

FN* - financial;
HR* - human resources;
PR - reputational;
BC - business continuity.

* Risk impact assessment not applicable in this particular example.

The Audit Committee monitors the effectiveness of the risk management system.
The report on the system's design and operation is reviewed by the Audit Committee.
The TOP risks are reviewed at meetings of the Management Board and the Supervisory Board.

TOP risks

The TOP risks, which are set out in the table on pages 148–163 are clusters of event-based risks that could have a material impact on the business model, future performance, solvency or liquidity of the Group. In each case, the extent to which the Management Board can mitigate the risk is highlighted.

The risk areas included in the TOP list are those which most strongly define our business activities and contribute to the loss or gain of value, and they are subject to change. For example, in 2020 due to the increasing importance of climate change and its impact on the functioning of the Company and society, climate risk was introduced into the TOP risks.

In addition, in 2021, a process was carried out to determine the risks and opportunities regarding the impact of the climate on the Company. This process was carried out in line with the Task Force on Climate-related Financial Disclosures. More detailed description of the process is on on pages 132-133. Descriptions of the most important risks related to the Company's impact on the climate and climate on the Company can be found below.

Vigilance Plan

We identify and monitor risks related to our impact on society and the natural environment. It is related to the Duty of Vigilance Plan, the French Law n°2017-399, adopted on 27 March 2017.

The company's Vigilance Plan must establish effective measures to identify risks and prevent severe impacts on human rights and the environment resulting from the company's own activities, and the activities of companies it controls directly or indirectly (i.e. subsidiaries as defined by French corporate law), and its subcontractors and suppliers with whom the company has an established commercial relationship, when the activities are linked to this relationship. Measures include risk mapping, tailored actions to mitigate risks or prevent them.

Orange Polska's Vigilance Plan was introduced in 2019 and covered risk related to human rights and fundamental freedoms, health and safety and the environment. The plan was approved by the Management Board and the Audit Committee of the Supervisory Board. The risks have been incorporated into Orange Polska's risk management system. The report on the implementation of the Vigilance Plan obligation is prepared jointly for the entire Orange Group.

New market setting taking into account the Pandemic and War in Ukraine

The COVID-19 pandemic since the beginning of 2020, and the long-standing war in Ukraine, deeply transformed the setting in which Orange Polska conducts its telecommunications business. Although they both are not risks anymore, they may trigger new risks for the business, some of which we identify in the table below. As for the rest of the risks it should be noted that the pandemic and war in Ukraine are taken into account by their assessment even if it is not directly mentioned.



Risk exposure

Each category's current exposure relative to the previous year is indicated by the arrow in the risk exposure column. Increasing ↗ Reducing ↘ Stable →

Risk area	Main business objective / Strategy reference	Risk exposure year-on-year change	Key risks, issues or areas of uncertainty	Potential impact	Management approach and mitigation measures
War in Ukraine	Unmatched data connectivity for households and businesses.	New risk	Attacks and cyber attacks on NATO countries' vital infrastructure. Decrease in demand on telco services and products.	The war in this neighbouring country may impact performance of Orange Polska and other telco operators in Poland as a result of direct and physical attacks or cyber attacks on infrastructure elements or applications. The rapid and huge increase in traffic generated near the eastern border by the number of refugees may decrease network capacity and hinder provision of telco services in this part of the country.	Incident response teams in Orange Polska monitor the whole traffic, including cyber incidents, around the clock to react to each threat adequately. To assure seamless provision of telco services, Orange Polska adjusts its network parameters to increased traffic.
Revenues and profits Orange Polska's failure to successfully implement its strategy could lead to a loss of market share and/or shrinking margins.	Unmatched data connectivity for households and businesses.	↗	▪ Decrease in demand on telco services and products. ▪ Increased competition and pressure on services and prices. ▪ Increased competition in the convergent market. ▪ Failure to obtain the expected return on investment in fibre and loss of broadband market share. ▪ Additional pressure on telco operators taking part in tenders for the public sector. ▪ Disruption in global supply chain. ▪ Emergence of new types of fraud with new technologies.	Due to an unstable market situation driven mainly by increasing inflation (in particular energy prices), introduction of new tax and fiscal ordinance, existing and prospective customers may suffer lower disposable income or may be less likely to decide on long-term financial obligations. This may result in Orange Polska failing to achieve planned sales volumes or margins. The main markets in which Orange Polska operates are under growing competitive pressure resulting from the entrance of new players and a growing number of operators pursuing fixed-mobile convergence strategy. In particular, acquisition of UPC (the largest cable operator) by Play (leading mobile-only operator) creates a new potentially strong convergence operator. These market changes and trends could limit Orange Polska's ability to deliver convergence ambitions as the market will be more crowded and impact our value strategy as stronger competitors could put pressure on retail market pricing. Market changes could also decrease return on investment from Orange Polska's FTTH investments as some demand could be utilised with new open access wholesale providers. Government spreading its ownership in the telco sector may cause direct impact on the Company's revenues from the public sector. Due to the pandemic situation, manufacturers of electronic equipment saw growing inefficiency. The lead-time for provisioning respective devices has suddenly been extended by as long as 180 days. Such a situation may result in lack of electronic equipment in several business areas for Orange Polska's own purposes and for its customers. Moreover, with the growing complexity of technologies and networks and accelerated implementation of new applications and services, particularly related to interconnection and customer relationship management, new types of fraud which are more difficult to detect or combat could also emerge. This may result in a loss of revenues.	In response, Orange Polska will focus on operational and cost transformation to make our business model more robust and efficient to deliver more flexibility in case of any market disruptions, such as a drop in sales or disruptions in supply chain. Owing to the attractiveness of our offer and multi-year experience in providing products and convergent services we believe that we have tools to differentiate our portfolio to keep it competitive and to best fit customer demand. Orange Polska has chosen to consider more openness on the wholesale market to allow other operators to sale on the Company's FTTH network (e.g. T-Mobile) to boost network profitability. In order to further expand our fibre footprint we have signed a FibreCo partnership which will build fibre network to additional 1.7m households by 2025. FiberCo will operate as wholesale service provider only, providing access to its network on equal terms to Orange Polska and other interested operators. Additionally, the Company is actively engaging other FTTH infrastructure providers to obtain more fibre coverage to keep advantage of scale over other ISPs. Additionally, we are constantly investing in the quality of our sales channels and customer care service.



Risk area	Main business objective / Strategy reference	Risk exposure year-on-year change	Key risks, issues or areas of uncertainty	Potential impact	Management approach and mitigation measures
Telecommunications services Increase in the number and duration of service interruptions.	Effortless and friendly customer experience. Unmatched data connectivity for households and businesses.	→	▪ Orange Polska's IT&N infrastructure outage. ▪ Energy blackouts. ▪ Exposure of Orange Polska to cyber attacks. ▪ Exponentially growing network traffic. ▪ Occurrence of human errors, acts of terrorism or sabotage. ▪ Increase in number and severity of weather phenomena. ▪ Exposure to infection of field workers and engineers who fix network malfunctions. ▪ Decrease in quality or non-performance of services due to dependence on external partners.	Such incidents could impact provisioning and quality of Orange Polska's services, and influence the duration of services' interruption and/or schedule of their recovery. This may seriously damage Orange Polska's reputation and result in revenue erosion, affecting its profits and market position.	This risk is mitigated by proper network and IT systems development planning, investments in the development of disaster recovery solutions, insurance schemes (covering cyber and terrorism risks) as well as implementation of business continuity and crisis management plans. Critical infrastructure is secured from possible limitation in energy supply. Climate change analyses are taken into account with a long-term perspective to adjust plans for infrastructure roll-out with regards to rapidly intensifying weather phenomena through the next few decades. Orange Polska holds the ISO 22301:2019 Certificate for its Business Continuity Management System in the scope of provision of telecommunication, ICT and cybersecurity services.
Information security Breach of security of information, including personal data.	Acting in an effective and responsible manner. Effortless and friendly customer experience.	↗	▪ Breach of security of information, including personal data.	Orange Polska's activities may trigger the loss, disclosure, unauthorised communication to the general public or third parties, or inappropriate modification of its customers' data. Such losses could arise from (i) implementation of new services or new applications, for example those related to billing and customer relationship management, (ii) launch of new initiatives, especially in the field of Artificial Intelligence and Machine Learning, (iii) malicious acts (including cyber-attacks), particularly aimed at theft of personal data, or (iv) potential negligence within Orange Polska or its external partners. For infringement of GDPR protection rules, administrative fines of up to 4% of annual global turnover may be imposed. Such incidents could have a considerable impact on the Group's reputation and a heavy impact on its liability, potentially including criminal liability, and hence have an adverse impact on Orange Polska's future financial performance. Like in the case of personal data, Orange Polska faces a risk of unauthorised disclosure, publication or communication to unauthorised entities of proprietary information constituting corporate secrets, particularly the details of intended initiatives, marketing campaigns, new offers or sales packages. The premature disclosure thereof could result in Orange Polska's failure to achieve its sales objectives and loss of its market share. The main causes of this risk include: (i) industrial (corporate) espionage, (ii) malicious acts (including cyber-attacks), particularly aimed at theft of proprietary information, or (iii) potential negligence on behalf of the Group or its business partners.	Orange Polska holds an Information Security Management System certificate of compliance in line with ISO/IEC 27001 for the scope of services of telecommunications and ICT, hosting, collocation, cloud computing, cybersecurity and personal data processing in cloud computing. In addition, Orange Polska holds a certificate of compliance with the ISO/IEC 27018 Code of practice for protection of personally identifiable information (PII) in public clouds acting as PII processors. This covers personal data processing services in cloud computing via ICS (Integrated Computing Standard), ICM (Integrated Computing Managed) and smart CCaaS (smart Contact Centre as a Service) cloud computing. Furthermore, the Company holds and maintains FIRST and Trusted Introducer certificates for CERT Orange Polska.



Risk area	Main business objective / Strategy reference	Risk exposure year-on-year change	Key risks, issues or areas of uncertainty	Potential impact	Management approach and mitigation measures
Financial risk Risks related to financial markets.	Acting in an effective and responsible manner.	↗	▪ Increase of interest rates. ▪ Depreciation of the local currency. ▪ Further increase of inflation, in particular the cost of energy.	In 2021 the Polish Central Bank started increasing the reference rate from a historic-low 0.10% up to 2.25% at the end of the year. The market expects that the Monetary Policy Council will keep increasing rates in 2022 until we see material slowdown in CPI. Foreign exchange rate fluctuations affect Orange Polska's liabilities when denominated in foreign currencies, and settlements with foreign operators. The increase in electricity prices is driven mainly by two factors. One is that the price for allowance of carbon emission was raised from PLN 100 per tonne of carbon dioxide in May 2019 to PLN 310 per tonne in November 2021. This resulted in the wholesale price for future deliveries of electricity soaring from PLN 150/MWh in April 2021 to PLN 495/MWh by the year's end. Additional factors included an increase in gas prices in Q1 2022 (by 500% since August 2021), lower than expected wind-generation (13% lower yoy in H1 2021) and an increase in demand on energy in Poland (5% yoy). Further increases in the price of energy may result in further significant growth of operating costs, leading to additional pressure on operating profitability.	A potential increase in interest rates should not have any major influence on Orange Polska's debt service costs, owing to a high hedging ratio. Potential depreciation of the Polish zloty should not have any major influence on Orange Polska's liabilities denominated in foreign currencies or settlements with foreign operators, also thanks to a high hedging ratio. Following the .Grow strategy, Orange Polska will increase the share of renewable energy in our energy supply mix to significantly reduce carbon emissions, which translates to decrease of total energy costs. Orange Polska is looking for short- and long-term contracts with renewable energy suppliers that do not include costs of emission allowances, which allows us to reduce the budget risk in the coming years. Additionally there are sets of actions to improve energy effectiveness to decrease its usage for own purposes.
Corporate governance and regulatory, tax and legal environment Regulatory obligations resulting from legislation changes and administrative decisions.	Acting in an effective and responsible manner.	↗	▪ Risks related to acquisition of new spectrum for high-tech telecommunications services (including 5G). ▪ Potential consequences of US – China Dispute. ▪ Legislative process of Electronic Communications Law (which will replace the current Telecommunications Law). ▪ Proceedings by UOKiK and the European Commission related to network sharing. ▪ Financial corrections or compensation for delays in POPC investments. ▪ Increased tax burden and fiscal pressure resulting from changes in legislation. ▪ Increase in remuneration for the use of third parties' land for the purpose of development and maintenance of Orange Polska's infrastructure. ▪ Reputational and financial losses resulting from involvement of Orange Polska's employees in corruption schemes.	Orange Polska must comply with various regulatory obligations governing the provision of services and products, particularly related to obtaining and renewing licences. These regulatory obligations result from legislative changes and administrative decisions. Regulatory decisions and changes in the regulatory environment may have an adverse effect on Orange Polska. Adjustments of operations to the provisions of the new Electronic Communications Law will be required in 2022. The new law (currently going through the legislative process) will replace the Telecommunications Law and will constitute a new legal framework for telecommunications operators. There are ongoing legislative works at the government level to the draft law on a national cybersecurity system. This draft law includes, inter alia, the assessment scheme of so-called high-risk suppliers. Among the assessment criteria there is control over a given supplier by a non-EU, non-NATO state. For telecom operators, such as Orange Polska, the imposition of such regulations could affect the range of telecommunications equipment suppliers available on the market, which may bring delays to, or increase costs of, implementation of the 5G network. New regulations could also entail other costs related to an obligation for withdrawal of products/services/processes provided by a high-risk vendor. There is a risk of failure to achieve the expected return on investment due to obligation to extend the scope of investment with regard to POPC. Despite Orange Polska's drive to strengthen its anti-corruption policy, corruption cases could occur due to the number of partners engaged and complex processes performed. This could have an adverse impact, particularly on Orange Polska's reputation.	In 2021, there were a number of changes to the legal environment with respect to both general law and provisions specific to the telecom sector. The legislative process of the Electronic Communications Law began in 2020; work continues, and the new act should come into force probably in 3Q 2022. The legal and regulatory environment requires constant and diligent monitoring, as well as allocating resources to implement new regulations and prevent any non-compliance. At the European level, in 2019 the European Union commenced work to develop a concerted approach to 5G network security, particularly carrying out a risk assessment and identifying the key risks affecting 5G networks. As a result, a general approach to 5G network security was presented in the report "Cybersecurity of 5G networks - EU Toolbox of risk mitigating measures" published January 2020. This document does not explicitly exclude or prohibit any supplier. However the risks of dependence on one supplier, as well as that associated with the supply chain, including the activities of other countries, were considered significant. It is also foreseen that Member States will carry out risk-profile analyses and, depending on their results, introduce appropriate restrictions and exclusions especially for key resources. This is also done at the national level, as reflected in the signing of the U.S.-Poland Joint Declaration on 5G in 2019 and commencement (2020) of a legislative process regarding new requirements for the security and integrity of telecommunications networks, including 5G. Orange Polska tracks this area of possible regulation and will act to comply with any new obligations if they are put in force. Orange Polska has implemented an Anti-Corruption Policy and Guidelines. These regulations contain detailed rules and standards as well as references to specific conditions and circumstances relating to the identification and mitigation of corruption risks. In addition, we have carried out a number of training and information campaigns to raise awareness of anti-corruption laws and rules among employees. In 2019 a new anti-corruption training programme "Zero tolerance for corruption" was implemented within Orange Polska. Training was targeted according to the exposure particular groups of employees had to these risks.



Risk area	Main business objective / Strategy reference	Risk exposure year-on-year change	Key risks, issues or areas of uncertainty	Potential impact	Management approach and mitigation measures
Exposure to electromagnetic fields Exposure to electromagnetic fields (EMF) from radio equipment.	Unmatched data connectivity for households and businesses. Acting in an effective and responsible manner.	→	▪ Adverse effects of EMF on human health. ▪ Decline in use of mobile telecommunications services. ▪ Difficulties and additional expense in rolling out base stations and other wireless equipment.	There might be increased concerns in the future about the effects on human health of exposure to electromagnetic fields (EMF). Based on the Government's assessment of the scientific evidence, since January 1, 2020, the Polish EMF limits have been consistent with the Council Recommendation 1999/519/EC. Consequently, they are currently similar to the limits adopted in most European countries. If in the future new scientific evidence gave rise to greater concern, this would likely result in a decline in use of mobile telecommunications services, difficulties and additional expense in rolling out base stations and other wireless equipment, and an increase in litigation.	The top management monitors compliance with regulatory requirements, emission limits and other legal requirements related to environmental protection. Furthermore, the Orange Polska Environmental Management System was approved for compliance with ISO14001: 2015, which includes the provision of mobile services.
Consequences of further COVID-19 restrictions		↘	▪ Disruption in key processes due to unavailability of critical Orange Polska's staff. ▪ Decreased revenue in roaming services.	Lockdowns imposed due to further COVID-19 waves may pose a threat for Orange Polska, both in its functions and in results for the business and the way it will operate. Lockdown in tourism and business travel may decrease revenue in roaming services.	Orange Polska complies with all governmental restrictions. All safety and sanitary measures are provided to its offices and stores for employee and customer usage on a daily basis.



Climate, social, environmental and human rights risks

Risk area	Main business objective / Strategy reference	Risk exposure year-on-year change	Key risks, issues or areas of uncertainty	Potential impact	Management approach and mitigation measures
Consequences of failing to deliver on climate objectives Orange Polska's failure to successfully implement its climate strategy could lead to negative impact on reputation, increases to operational costs and loss of some investors and customers.	Acting in an effective and responsible manner.	↗	▪ Reputational damage from real or perceived failure to deliver on our climate action ambitions and goals (and in particular emission-reduction goals). ▪ Insufficient regulatory support in development of renewable energy in Poland. ▪ Low interest on the part of customers in adopting carbon neutral and/or emission-reduction solutions. ▪ Lack of a national Polish net zero emission strategy.	It is necessary to reduce the environmental impact of our activities and the products and services we provide. If we fail to keep pace with changes in stakeholders' expectations on reducing the environmental impact of our activities, we may lose market share and the confidence of investors, customers and other stakeholders. Increasing regulatory pressure is expected in the near future in line with climate neutrality objectives introduced by the EU and its Member States. While 5G is more energy-efficient than older technologies, continuous increases to data-traffic volume will increase the overall electricity consumption and could, therefore, mean higher CO_2 emissions (as electricity use is the principal emission driver in telco). Increasing the share of renewable energy used by OPL through long-term Power Purchase Agreements is crucial to reducing Orange Polska's emissions despite this growth.	Green is at the core of the Orange Group and Orange Polska business strategy. Orange Polska's objective is to achieve Net Zero Carbon by 2040 and significant GHG emissions reduction by 2025. The appointment of a Climate Officer (in particular to set climate objectives, working closely with the Group's business strategy, and to implement and pilot relevant action plans for 2025) and developing a green strategy and action plan (#OrangeGoesGreen). Open dialogue with stakeholders on Orange Polska's engagement and actions as well as the positive impact of the telco industry on reducing emissions in other sectors. Purchase of green energy through long-term Power Purchase Agreements directly with producers to reach 60% of such energy in our consumption mix in 2025. Continued action to optimise the energy used, including but not limited to technology evolution, and further deployment of more energy-efficient solutions (e.g. 5G vs 4G, fibre vs. copper).
Negative impact of climate change on the Company's operations	Acting in an effective and responsible manner.	new	▪ Infrastructural damage or malfunctioning. ▪ Energy provision, usage and costs. ▪ Disruption of supply chains due to climate change-related issues. ▪ Regulatory and socio-economic impacts linked with climate change.	As a result of climate change, Orange Polska's infrastructure may be increasingly at risk of more frequent malfunction or damage due to acute or chronic climate change impacts (and in particular growing average and maximum temperatures or increasing frequency and intensity of extreme weather events). Increased pressure on the national energy system, which may result in lower energy supply and higher pricing, and – in more serious cases – even localised blackouts. Increased cooling requirements of the Company's infrastructure itself due to higher ambient temperatures. Problems in provision of Orange Polska's services due to the lack of equipment or delayed deliveries of equipment. Potential problems in functioning of ICT systems due to delays in equipment deliveries. Regulatory requirements regarding the biggest enterprises linked with climate change (mitigation or adaptation) that could impact financial performance. Demographic and socio-economic changes may be expected.	The main approach to managing this risk is to understand, measure, monitor and mitigate possible consequences under different climate scenarios in the short, medium and long term, taking into account financial impact and business continuity. Information on climate risks is captured in investment decisions (planning for future or relocating existing locations; design choices; additional protective or response measures). The impact of climate changes on infrastructure is analysed, which allows for its proper design. Due to the importance of energy availability, continuity scenarios / procedures for power outages or other power supply disruptions are developed, with particular emphasis on energy storage and other low-carbon emergency power solutions. In order to reduce the demand (amount of consumption) of energy, an energy optimisation program is implemented. In addition, efforts are made to obtain renewable energy directly from suppliers based on long-term contracts (Power Purchase Agreements) supplemented by own sources (Solar as a Service). Key resources for the continuity of the supply chain have been identified. In order to ensure their availability in response to potential supply disruptions, preventive measures are envisaged (e.g. diversification, supplier inventory, stocks, alternative technologies, backup transport routes). The environmental assessment was included in the verification and evaluation of suppliers. The Company introduces circular economy solutions as a possible independent source of resources. In addition, we constantly monitor the legal and regulatory situation from the perspective of climate change, analyse long-term socio-economic and demographic changes in Poland and engage our stakeholders in dialogue.



Risk area	Main business objective / Strategy reference	Risk exposure year-on-year change	Key risks, issues or areas of uncertainty	Potential impact	Management approach and mitigation measures
Human health, safety and security ▪ Risk of physical injuries or psychological disabilities. ▪ Risks related to human resources and alignment of organisational structure.	Acting in an effective and responsible manner.	↗	▪ Threat to human health, safety or security which could originate with its own activities, actions or omissions. ▪ Global supply chains with less control over working conditions. ▪ Increasing the mental burden of people due to pandemic. ▪ Company restructuring.	Working in Orange Polska involves a low risk of work-related accidents, as confirmed by the relevant statistics. The relatively few accidents reported are typically minor. Hence, the risk related to the traditionally understood health and safety can be deemed rather low. Due to the conditions of the pandemic, the risk of psychological problems has increased.	The Company has implemented the Health, Safety and Quality of Life Policy. All employees undergo regular and mandatory training in occupational health and safety, and work-related accidents and absence from work are monitored and analysed. We provide our employees with medical care, physical activity co-financing, and the additional health-promoting programme ‘Yes to Health’, which is dedicated particularly to employees with disabilities. During the pandemic, we offered our employees additional training and support related to remote work organisation, mental and physical condition, healthy lifestyle, and personal relationship and emotional management during the pandemic. Human health and safety issues are also addressed in contracts with suppliers through CSR clauses and the Supplier Code of Conduct.
▪ Risks related to human resources and alignment of organisational structure.		↗	▪ Threat to human health, safety or security which originate with its own activities, actions or omissions. ▪ Company restructuring.	Orange Polska’s transformation that has been going on for many years, and related restructuring, may cause some employees to be anxious. This, unfortunately, may translate into a decrease in effectiveness at work and general psychological well-being of employees. In some part of services’ purchases (e.g. personal outsourcing, processes outsourcing, technical partners) suppliers’ employees might also be affected by such risk. Due to the pandemic there are fewer possibilities on the labour market.	Orange Polska and its managers continue transforming its internal culture in order to motivate employees and drive the performance culture, while streamlining the organisation and infrastructure to confront competition and implement new technologies as well as new, more efficient business models through the transformation programme. If Orange Polska fails to complete these transformations successfully, its operating margins, financial position and results could be adversely impacted. Therefore, the Company carries out a voluntary departure programme and workforce optimisation process. Regular staff satisfaction surveys are conducted by an external consultant. The Policy of Investing in Health Quality and Well-being of Employees of Orange Polska has been adopted by the Company. Employees are offered a broad range of health services, including psychological care, in PZU Zdrowie medical centres. For employees leaving the Company, we have developed an outplacement programme.
Serious violation of human rights or fundamental freedoms ▪ Negative impact of new technologies on children and young people.	Acting in an effective and responsible manner. Effortless and friendly customer experience.	→	▪ Increasing the share of technology in social life. ▪ Remote learning in schools during the pandemic. ▪ Addiction of young people to the Internet, games and social media.	There is a risk that Orange Polska will be perceived as a provider of services which have a negative influence on the behaviour and health of children and young people. The issue of negative impact of new technologies on them has been increasingly present in the media and may affect purchase decisions of prospective customers and satisfaction of the existing ones.	Through the Orange Foundation’s educational programmes, i.e. MegaMission, #SuperCoders, Orange Studios and initiatives for the online safety of children, as well as collaboration with social partners and public institutions, Orange Polska educates children, parents and teachers on using modern technologies safely and wisely, distributing educational materials, lesson scenarios and guides for all age groups and carrying out informational campaigns. The Group also supports research on children and young people’s attitudes towards new technologies to even better respond to societal needs. Furthermore, Orange Polska offers parental control services for mobile phones, such as ‘Protect Kids on the Net’ and ‘Safe Starter Pack’. Orange Polska launched the online platform www.orange.pl/razemwsieci [Together on the net], which provides information on how to use digital media responsibly and safely.

Risk area	Main business objective / Strategy reference	Risk exposure year-on-year change	Key risks, issues or areas of uncertainty	Potential impact	Management approach and mitigation measures
▪ Slavery, forced labour and child labour.		→	▪ Global supply chains with less control over working conditions.	The risk of forced or child labour is marginal (immaterial) in case of our domestic operations and key suppliers, but may appear within the global supply chain.	The human rights policy has been formulated and implemented by the Orange Group on the international level. On the national level, Orange Polska's purchasing contracts with suppliers include CSR and compliance clauses and incorporate the Code of Ethics and the Supplier Code of Conduct, which particularly address the issues of human health, safety and protection. Our local whistleblowing system, 'Ask an ethicist', is available to our suppliers and other stakeholders.
▪ Risk of poor working conditions.		↗	▪ Global supply chains with less control over working conditions.	The risk of poor working conditions in Orange Polska is considered low, but may appear within the supply chain. Due to the pandemic the risk concerning safe work conditions has increased.	The risk of poor working conditions in Orange Polska is considered low. The Company has introduced the Policy of Investing in Health Quality and Well-being of Employees of Orange Polska, which in particular provides for compliance with the occupational health and safety standards and development of friendly working environment. This risk can potentially appear on the level of providers of services to Orange Polska in such areas as personal outsourcing, process outsourcing or technical partners. Human health and safety issues are addressed in contracts with suppliers through a CSR clause, as well as incorporation of the Supplier Code of Conduct and the Code of Ethics. Any irregularities in this area can be reported through our local whistleblowing system, 'Ask an ethicist', which is available to both our employees and suppliers.
▪ Breach of freedom of expression.		→	▪ Increasing the share of technology in social life. ▪ Availability of content and user tracking mechanisms in the Internet. ▪ Social unrest and online disinformation.	As a telecommunications operator, Orange is keen to ensure that human rights are respected, particularly when using information and communication technologies (ICT). Like all telecommunications operators, Orange must comply with government orders as defined bynational security regulations and the law. This is a universal obligation which is laid out in each country's laws and regulations, as well as in licenses for telecommunications operations worldwide. It is important to guarantee transparency in terms of monitoring government requests related to human rights, and more specifically those related to the ICT sector.	Requirements related to sharing of personal and telecommunications data to authorised entities resulting from laws, internal regulations and guidelines of supervisory authorities, which were clearly stated, updated and identified in the Company. The Company has a set of policies / procedures for sharing data with authorised entities, which is approved by the management, published and made known to all employees and relevant external parties. All liabilities related to the disclosure of data to authorised entities were defined, allocated and formalised. Information and data in the Company are classified by legal requirements, their value, criticality and sensitivity to unauthorised disclosure or modification. Users have access to information / data only in the extent that they have been authorised. According to the access control policy, access to information is limited. Formal policies, procedures and safeguards have been established to protect the data and information being shared by all means of communication. The process of providing data to authorised entities is regularly monitored, reviewed and audited by both internal and external auditors.
▪ Discrimination.		↗	▪ Global supply chains with less control over working conditions. ▪ New legal regulations regarding accessibility requirements for customers with disabilities. ▪ Digital exclusion of the elderly.	Issues related to discrimination against employees or customers are sensitive matters. They can not only be illegal and result in court penalties, but also have a negative impact on image. This may affect the value of the brand as a socially responsible company.	The Diversity Management Policy (launched in 2016) aims to bolster the pursuit of our business objectives, address changes in the labour market and respond to the expectations of our employees. The policy also supports compliance with the values enshrined in the Code of Ethics, CSR goals and the obligations under the Diversity Charter, of which we are a signatory. The key diversity dimensions in the Group are as follows: gender, age, competence / expertise / experience / way of thinking, psychophysical skills, (dis)abilities, and parental status. Other diagnosed dimensions include: religion / beliefs, workplace location (HQ vs. region), type of employment and nationality / ethnic origin. The Company will also implement programmes for customers with special needs - facilities for older customers and customers with disabilities.

Risk area	Main business objective / Strategy reference	Risk exposure year-on-year change	Key risks, issues or areas of uncertainty	Potential impact	Management approach and mitigation measures
Environmental damage ▪ Risk of loss of trust and reputation due to improper treatment of hazardous waste.	Acting in an effective and responsible manner.	→	▪ Increasingly restrictive laws and requirements in the field of electronic waste. ▪ The Company's obligations to apply a circular policy.	The issues of environmental protection and the application of the principles of circular economy are becoming more and more important due to legal regulations and social expectations. Irregularities in the management of electro-waste and hazardous waste may expose the Company to court cases and negative social evaluation, and thus lower the value of the brand in the eyes of customers and investors.	For years, Orange Polska has carried out waste management in co-operation with trusted business partners, so this risk can be considered low. Orange Polska has adopted an Environmental Protection Policy, which identifies the negative impact of our processes on the environment and provides for categorisation and monitoring of waste, particularly hazardous. The Company monitors the processes which may affect the environment in compliance with environmental laws and regulations, and applies technological solutions to reduce its negative environmental impact. Waste electronic and electrical equipment (WEEE), batteries and storage cells, cables and telegraph poles are disposed of under strict control in co-operation with waste disposal companies that take full responsibility for further waste management, document the subsequent stages of waste treatment and hold a waste management licence (following registration by the Chief Inspectorate for Environmental Protection). Environmental issues are also addressed in contracts with suppliers through CSR clauses and the Supplier Code of Conduct.
▪ Risk of ineffective WEEE collection processes.		→	▪ Increasingly restrictive laws and requirements in the field of electronic waste. ▪ The Company's obligations to apply a circular policy.	Complications in Poland’s case include, on the one hand, low ecological awareness, and on the other, the unwillingness to get rid of efficient yet worn equipment. In addition, there is quite a significant market for used telephones dominated by small players who buy and sell used telephones. In some part of services’ purchases (e.g. personnel outsourcing, processes outsourcing, technical partners) the suppliers’ employees might also be affected by such risk.	We fulfil our statutory obligations to collect old equipment at points of sale, free of charge, and to meet the required recycling levels for the given category of waste. Orange Polska manages the process of electronic equipment recycling and monitors its results. We co-operate with organisations offering waste treatment and recycling. In addition, we have a buy-back offer encouraging customers to dispose of unwanted equipment. Customers can return used devices through our customer service centres or our dedicated online platform under a handset buy-back programme, which involves collecting used-but-working handsets in return for discount vouchers. In addition, the Company has implemented a programme of refurbishing and relaunching old electronic equipment.





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Corporate governance

Letter from the Chairman of Supervisory Board



Dear stakeholders,

The most important development for Orange Polska in 2021 was the announcement of a new strategy for 2021–2024. The Supervisory Board and its Committees were involved in an intensive dialogue with the Management Board during the preparation thereof. The main target of our previous strategic plan was to reverse multi-year negative business trends. Our new .Grow strategy focuses on maintaining growth, laying the foundation for new sources of business expansion in the next strategic period, and further transforming the Company's corporate culture. The strategy was well received by the financial markets, which was reflected in the share price growth in subsequent weeks.

The excellent operational and financial performance in 2021 confirms that the first year of implementation of our new strategy was a very big step towards its success. Income growth was driven by strong growth in revenues from core telecom services and ICT. The Management Board's decision to return to remunerating shareholders symbolically underscores the Company's sustainable turnaround and our confidence in solid prospects for future growth. Complementing the new strategy, the Supervisory Board adopted the new Long Term Incentive Programme, linked to the rise in the Company's value, to further motivate senior executives and better align their activities with the interest of the shareholders.

Another major development in 2021 was the completion of the FiberCo project, related to the establishment of the joint venture Światłowód Inwestycje. The Supervisory Board was also heavily involved in this initiative. I consider this a textbook example of an infrastructure-related transaction that combines short-term benefits (proceeds of almost PLN 1.4 billion, of which two-thirds were received on closing) with long-term ones (further significant expansion in the reach of the fibre network, which is the key element of Orange Polska's commercial strategy). The Supervisory Board would like to commend all of the Company's teams, which relentlessly delivered in every complex step of the project.

Orange Polska has long been the leader in promoting and implementing the principles of sustainable growth. Last year, these efforts gained a new strategic dimension with the climate policy adopted by the Management Board and discussed at a meeting of the Strategy Committee of the Supervisory Board. Committed to achieving climate neutrality, we will actively reduce CO_2 emissions, mainly by increasing the share of energy from renewable sources. Further active contracting of wind energy from its producers seems particularly important in the context of the crisis in the energy market.

Like every year, the Supervisory Board was also involved in all other decisions of key significance for Orange Polska. We monitored the Management Board's governance in managing the business to ensure that these activities were lawful and compliant with legal provisions and internal standards and policies, as well as appropriate and efficient. At each meeting, the Supervisory Board discussed in detail the Company's current financial and operational results in comparison to the budget adopted at the beginning of the year. More details of the Supervisory Board's assessment of Orange Polska are presented further in this chapter.

The frequency with which the Supervisory Board and its Committees meet means that we are in close contact with the Management Board. In 2021, seven meetings of the Supervisory Board and as many as 18 meetings of its Committees took place – more than in previous years, owing to work on a new strategy and the Światłowód Inwestycje (FiberCo) project. The average participation rate was 97.4%. To adjust to the limitations imposed by the COVID-19 pandemic, for the second consecutive year we enabled shareholders to both participate and vote in the General Meeting in a fully remote way.

Looking forward to 2022, in the opinion of the Supervisory Board, the key tasks for the Management Board include: meeting the challenges of the .Grow strategy goals in an exceptionally difficult macroeconomic environment, particularly considering the crisis in energy prices; obtaining 5G spectrum; and implementing a new hybrid work model in (hopefully) post-pandemic conditions.

As I write these words, a humanitarian tragedy has been unfolding in Ukraine for several weeks. The Supervisory Board and all of us at Orange Polska are deeply moved by this. Under such sad circumstances, connectivity becomes an absolute priority. And Orange Polska's employees have demonstrated a great commitment, offering support and assistance with an open heart. We have been helping Ukrainian refugees to contact their relatives, providing shelter and care to them, and supporting the government services and NGOs that assist refugees.

While there are clear challenges, I am fully confident that we have the adequate resources and assets to meet them – a task in which the management will be supported by the Supervisory Board. Operating in an attractive market, we are guided in our activities by long-term value creation for all our stakeholders.

Maciej Witucki

Chairman of the Supervisory Board

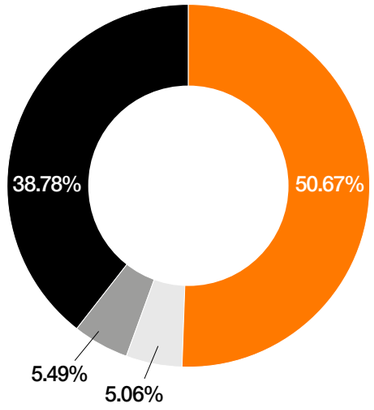


Our approach to corporate governance

Orange Polska, as a company listed on the Warsaw Stock Exchange (WSE), applies corporate governance rules, maintaining Polish and international standards of proper governance. In particular, such efforts are reflected in Best Practice, Diversity Charter, Integrated Reports or Orange Polska Code of Ethics. We are convinced that transparent corporate governance is the only right and innovative approach that fits the market environment and provides for the proper balance between the interests of all the stakeholders involved in the operations of Orange Polska.

» Read more about our compliance with WSE Best Practice in section Orange Polska on WSE, on page 98.

Orange Polska shareholders*



Number of shares held**

Orange S.A.	664 999 999
Aviva Open Pension Fund	72 053 524
Nationale-Nederlanden Open Pension Fund	66 448 705
Other shareholders	508 855 251
Total	**1 312 357 479**

* Information on 25 April 2022 ** 1 share = 1 vote at AGM

Our investors include individual and institutional shareholders. We maintain an active dialogue with our investors through an extensive investor relations programme.

» Read more about Orange Polska Investor Relations in section Orange Polska on WSE, on page 98.

Role of shareholders

Orange Polska encourages shareholders to play an active role in the Company's corporate governance. Shareholders' consent is required for key decisions, including: the review and approval of the financial statements and Management Board Report on Activities; the review and approval of the Management Board's recommendations on dividend payments or coverage of losses; the review and approval of the Supervisory Board report, including the Assessment of the Group's situation and, as of 2021, approval of the remuneration report; the election of the Members of the Supervisory Board (and, if necessary, their dismissal); amendments to the Company's Articles of Association; increase and reduction of the share capital; and the buy-back of shares.

At the Company's General Meetings, each share in Orange Polska entitles its owner to one vote. In addition to their participation in General Meetings, Members of the Company's Management Board engage in active dialogue with the Company's shareholders. To ensure that investors receive a balanced view of the Company's performance, Management Board Members – led by the President of the Management Board and the Chief Financial Officer – also make regular presentations to institutional investors and representatives of the domestic and international financial community.

Orange Polska's commitment to excel in corporate governance

Corporate governance in Orange Polska is designed to provide responsible management and supervision in order to achieve the Company's strategic goals and enhance its value. We have created a credible corporate governance framework which consists of mechanisms that help achieve growth. Those mechanisms consist of structures, processes and controls which enable the Company to operate more efficiently and to mitigate risk. The ability of the Company to create value is ensured by having capable governing bodies with a proper division of duties and optimal representation of experience, skills and education. The sustainability of the Company is secured by the ability to allocate the created value in a fair and sustainable manner, as necessary to the Company's long-term success.

The Management Board provides the leadership necessary to steer the Company to its strategic goals. It introduces policies and rules for maintaining the internal cohesiveness of the organisation. All Members of the Management Board act as executives, while the Members of the Supervisory Board play an oversight role. These two roles are separate and strictly assigned to these governing bodies. The Supervisory Board consists of shareholders' representatives, elected at the General Meeting. In order to exercise its obligations the Supervisory Board may at any time examine any Company's documents, may demand from the Management Board and employees any reports and explanations and may check the financial standing of the Company. When necessary the Supervisory Board may oblige the Management Board to commission advisory services to draw up an expert opinion for its use if a matter requires specialised knowledge or qualifications.

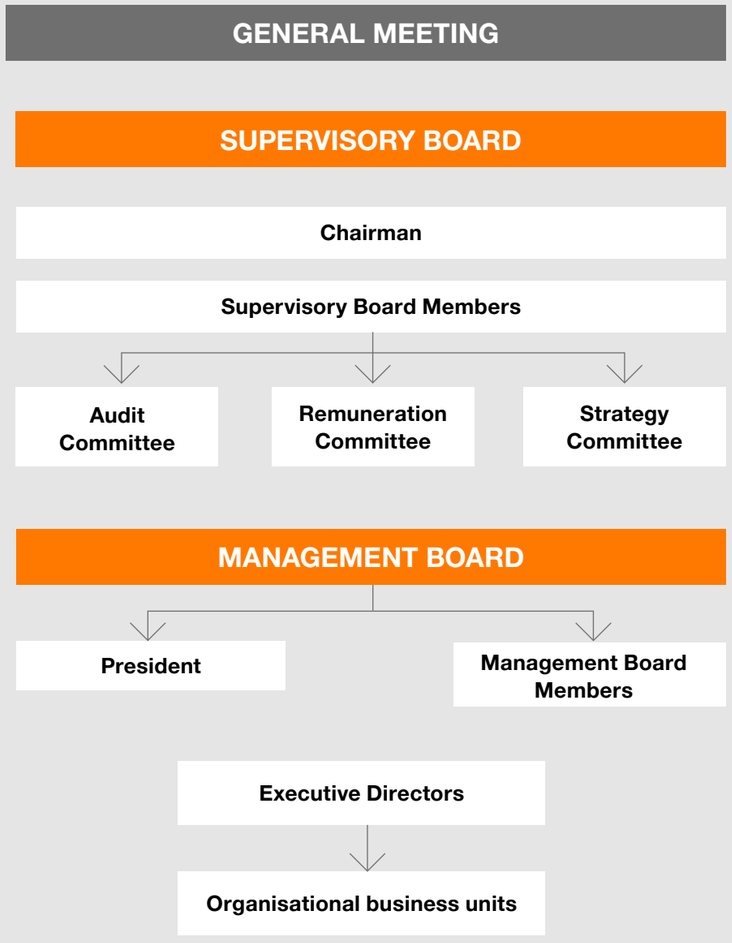
In order to ensure quality decision-making, the Supervisory Board uses its committees as advisory bodies. The members of each committee are experts in their field of expertise who provide the Supervisory Board with advice on issues requiring more detailed analysis. The Audit Committee provides the Supervisory Board with wide expertise on finance, accounting and audit. The Remuneration Committee deals with general remuneration policy and recommends appointments of Management Board Members. The Strategy Committee is responsible for delivering recommendations on strategic plans and planning processes set up by the Management Board.

The aim of the corporate governance model described above is to properly distribute responsibilities within the Company and establish the roles of the key governing bodies, which in turn enhance the decision making process. Its structural elements, and the relationships between them, guarantee the transparency of key management decisions. Orange Polska is fully accountable to its stakeholders and is committed to communicating its progress towards its business goals and the fulfilment of its responsibilities. We do this to increase confidence in our Company among investors, customers, employees and the general public. We have paid the utmost attention to constructing a corporate governance system that promotes ethical, responsible and transparent practices. By introducing these rules we demonstrate the Company's commitment to the highest standards of governance and we ensure that these standards will continue to stand up to scrutiny by internal and external stakeholders.



Our governance structure

Orange Polska has three governing bodies:



The General Meeting is responsible for the following duties (among others):

- review and approval of the financial statement and report on the Company's activity in the previous financial year;
- distribution of profits or coverage of losses
- confirming the proper execution of duties by the Members of the Supervisory Board and the Management Board;
- amendments to the Articles of Association, including an increase or reduction of the share capital;
- merger or change of the legal form of the Company;
- appointment and removal of the Members of the Supervisory Board;
- determining the remuneration of the Members of the Supervisory Board.

» Full details of the matters reserved for the General Meeting's decision making can be found on our website at www.orange-ir.pl/wp-content/uploads/2020/12/Articles_of_Association_2020.pdf and www.orange-ir.pl/wp-content/uploads/2020/12/Regulations_of_the_General_Meeting_2020.pdf.

The Supervisory Board is responsible for supervision of the Company's activities (including the activities of its controlled subsidiaries) and represents the Company in concluding any agreements between Orange Polska and Members of the Management Board, or in the event of any disputes between the Company and Members of the Management Board. It is also obliged to ensure that the financial statements and reports on the Company's activities meet the requirements of the provisions of accountancy law.

The main duties of the Supervisory Board are:

- evaluation of annual financial statements;
- evaluation of the Management Board's report on the Company's activities and motions of the Management Board regarding distribution of profits or covering of losses, as well as submitting a written report on the results of the above-mentioned evaluations to the General Assembly;
- appointing, dismissing and suspending for important reasons a Member of the Management Board or the entire Management Board as well as determining the terms of, and fixing, their remuneration;
- appointing an auditor to examine or inspect financial statements;
- stating an opinion on annual and long-term strategies and business plans and the annual budget;
- stating an opinion on incurring liabilities in excess of the equivalent of EUR 100,000,000 as well as on disposal of assets in excess of the equivalent of EUR 100,000,000;
- submitting a concise evaluation of the Company's standing to the General Meeting;
- submitting a remuneration report to the General Meeting.

» Full details of the matters reserved for the Supervisory Board's decision making can be found on our website at www.orange-ir.pl/wp-content/uploads/2020/12/Articles_of_Association_2020.pdf and www.orange-ir.pl/wp-content/uploads/2020/12/OPL_Supervisory_Boards_Regulations_2020.pdf.

General Meeting at a glance

The Annual General Meeting is convened by the Management Board (or by the Supervisory Board if the Management Board fails to convene it within the period set out by the law) and it is held within six months after the end of each financial year. The General Meeting is valid regardless of the number of shares being represented. The agenda of the General Meeting is determined by the body that has convened it. Any matters to be resolved by the General Meeting should first be presented by the Management Board to the Supervisory Board for its opinion. The resolutions are adopted by a simple majority of votes cast, unless the Commercial Companies Code or the Articles of Association provide otherwise. Voting at the General Meeting is open. A secret ballot is used at elections or upon motions for removal of Members of the Company's Boards or liquidators, or calling them to account for their actions, or in personal matters. A secret ballot is also used whenever requested by at least one of the shareholders or their representatives present at the General Meeting.

An Extraordinary General Meeting is convened by:

- the Management Board, upon its own initiative or upon a written motion of the Supervisory Board or shareholder(s) representing at least 5% of the share capital, in which case the Management Board includes on the agenda the matters indicated by the shareholders requesting the meeting;
- the Supervisory Board, if it is necessary in its opinion; or
- shareholders representing at least half of the share capital or at least half of total votes in the Company.

The Supervisory Board or shareholders representing at least 5% of the share capital may request that particular matters be included on the agenda of the next General Meeting.

Supervisory Board at a glance

The Supervisory Board consists of between 9 and 16 Members, at least 4 of whom should be independent Members. The Supervisory Board should hold meetings at least once a quarter. The Supervisory Board appoints and removes the Management Board President and other Members of the Management Board. Unless otherwise provided for in the Articles of Association, the Supervisory Board adopts resolutions in an open vote with a simple majority of votes cast and in the presence of at least half of all Members of the Supervisory Board. The Supervisory Board elects from among its Members the Chairman, who convenes and chairs the meetings of the Supervisory Board. In case of a tied vote, the Chairman has the casting vote. The Supervisory Board has established three committees which are its advisory bodies:

- Audit Committee
- Remuneration Committee
- Strategy Committee

Only a Member of the Supervisory Board can be a member of any of its committees. The committees make decisions by an ordinary majority of votes. The Chairpersons of the committees are appointed by the Supervisory Board. They manage the committee's work, convene meetings and in the case of a tied vote, they have the casting vote.

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

The Management Board manages Orange Polska's affairs, administers its assets and represents the Company towards third parties. It is responsible for any matters relating to the Company's affairs which, under the Commercial Companies Code or the Company's Articles of Association, do not fall within the competence of the General Meeting or the Supervisory Board. The Management Board implements resolutions of the General Meeting and the Supervisory Board as well as its own resolutions, and is responsible for their execution.

In particular, Management Board's resolutions are required in the following affairs of the Company:

- formulation of the Company's strategies and approval of multi-year plans for development of its individual activity areas;
- approval and update of the Company's budget;
- fixing amounts of investment outlays and their financing sources;
- contracting credit lines and other financial liabilities;
- formulation of personnel policies and rules of remuneration within Company;
- adoption of annual financial statements and the Management Board's reports on the Company's and the Group's activity;
- proposing to the General Meeting motions regarding the distribution of profits or the offsetting of losses;
- the Company's property transformation and public trading in the Company's securities;
- exercising owner's supervision over companies with Orange Polska's participation;
- participation in other companies;
- concluding and implementing agreements between the Company and any trade unions acting within it;
- negotiation and settlement of labour disputes;
- rules for filling the posts of key management, including terms and conditions of employment and remuneration rates.

» Full details of the matters reserved for the Management Board's decision making can be found on our website at www.orange-ir.pl/wp-content/uploads/2020/12/Articles_of_Association_2020.pdf and www.orange-ir.pl/wp-content/uploads/2020/12/Regulations_of_the_Management_Board_2020.pdf

Executive Directors are responsible for the management of specific functions within the Company. The task areas of their responsibilities are described in the Orange Polska Organisational Regulations.

Management Board at a glance

The President of the Management Board acts as Chairman and manages the activities of the Management Board. Board Members report to the President on the execution of their duties, while he monitors and evaluates the results of their work.

Members of the Management Board manage the Company's affairs directly, according to the division of duties defined in Organisational Regulations of Orange Polska. Meetings of the Management Board are held on average twice a month on dates specified in working schedules. Participation of the Management Board Members in meetings is obligatory and each Management Board Member may place matters on the agenda of the meeting. Participation of other persons in meetings is at the discretion of the President of the Management Board, who presides at meetings. Resolutions of the Board are adopted by absolute majority of votes of all appointed Board Members. A resolution can also be adopted outside the meeting by circulation, by an absolute majority of votes, but only if all Members have been notified of the content of the draft resolution.

Regulating conflicts of interest

The Supervisory Board Members and the Management Board Members perform their functions acting in the best interest of Orange Polska. The prevention and proper management of conflicts of interest at all levels of the organisation is part of our corporate culture.

In order to ensure that the decisions of the Supervisory Board and the Management Board as the Company's key bodies are taken in an honest, transparent and impartial manner, we have defined the Orange Polska Conflicts of Interest Policy (hereinafter the "Policy") applicable to Supervisory Board and the Management Board Members.

The aim of the Policy is to implement best practices and provide Orange Polska with transparent decision-making processes by:

- providing Members of the Supervisory Board and the Management Board with information allowing to identify what a conflict of interest is;
- definition of the procedures by which persons should disclose actual and potential conflicts of interest;
- an indication of how to manage such cases.

The method of managing conflicts of interest in Orange Polska follows the provisions of law, ethical and industry standards, best market practices and takes into account the solutions applied by the Orange Group.

The content of the Policy complements the Code of Ethics and Anti-corruption Policy and the Orange Polska's Procedure for Supervising Transactions with Related Parties.

The Supervisory Board Members or the Management Board Members may refer to the Board Referee for Conflicts of Interest in order to obtain information or to clarify any doubts related to a potential or existing conflict of interest.

The function of the Board Referee is performed by the Chairman of the Supervisory Board of Orange Polska. The Board Referee, if he deems it appropriate, may request an opinion and recommendation from the Chief Compliance Officer of Orange Polska.

Each Member of the Supervisory Board should take appropriate action to prevent and resolve conflicts of interest and is obliged to promptly inform the Chairman about all conflicts of interest which have arisen or may arise. Also he/she is obliged to inform the Company immediately about the existence of their relationship with any shareholder who holds shares representing not less than 5% of all votes at the General Meeting of the Company, and to provide the Company with a quarterly summary on such relationships. This concerns financial, family and other relationships which may affect the position of the Member of the Supervisory Board on issues decided by the Supervisory Board.

Each Management Board Member is obliged to promptly inform the Company about all conflicts of interest which make impossible or limit his/her ability to perform any function of a Board Member.



Supervisory and Management Board Members are obliged to submit quarterly statements including additional information required by the laws and regulations related to the listing of shares on the regulated markets, with the aim of informing the Company about potential conflict of interest.

Member of the Supervisory Board or Member of the Management Board, in a situation of a conflict of interest shall not participate in discussing a given matter at any level, in making any decisions, and if a vote is ordered, refrain from participating in it or cast a vote abstaining and request to put that in the minutes.

In special matters the Board Referee, respectively in consultation with the Secretary of the Supervisory Board of Orange Polska or the President of the Management Board of Orange Polska, can prepare a decision on how to manage the conflict of interest or states its absence in a given case.

If an existing or potential conflict of interest has been reported by the Chairman or the Secretary of the Supervisory Board, or by the President of the Management Board, that person is excluded from making decisions regarding the given matter, and his/her duties are taken over by other persons indicated as taking participation in the conflict of interest management process.

The Audit Committee reviews and provides an opinion to the Company's Management Board and/or the Supervisory Board on significant transactions with related parties as defined by the corporate rules.

Orange SA's nominees abstain from voting on transactions involving Orange SA or its subsidiaries on Supervisory Board meetings and Audit Committee meetings and when resolutions are adopted by circulation. Also other Members of the Supervisory Board performing functions in other companies which enter into transactions with the Company are not involved in making decisions on matters relating to such transactions.

Orange Polska governing bodies' activities in 2021



General Meeting activities in 2021

The Annual General Meeting took place on 25 June 2021 in Warsaw. The General Meeting, among other things:

- approved the Management Board's report on the activity of Orange Polska Group and Orange Polska S.A. in the 2020 financial year;
- approved Orange Polska S.A.'s financial statements for 2020;
- approved the consolidated financial statements for 2020;
- granted approval of the performance of their duties by members of Orange Polska S.A.'s governing bodies in the 2020 financial year;
- adopted a resolution on distribution of Orange Polska S.A.'s profit for the 2020 financial year, pursuant to which Orange Polska S.A.'s profit of PLN 46,754,503.75 (disclosed in the Company's financial statements for 2020) was allocated as follows:
  - PLN 935,090.08 to the reserve capital, and
  - PLN 45,819,413.67 to the reserve capital, which may be distributed as a dividend;
- adopted a resolution on distribution of Orange Polska S.A.'s profit from previous years, pursuant to which Orange Polska S.A.'s profit of PLN 18,055,143.94 (disclosed in the Company's financial statements for 2020) was allocated as follows:
  - PLN 361,102.88 to the reserve capital, and
  - PLN 17,694,041.06 to the reserve capital, which may be distributed as a dividend;
- approved the Supervisory Board's Report for the 2020 financial year;
- expressed a positive opinion on the annual report on remuneration prepared by the Supervisory Board.

Supervisory Board activities in 2021

Supervisory Board Members (as of 31 December 2021)

Maciej Witucki	Chairman of the Supervisory Board
Ramon Fernandez	Deputy Chairman of the Supervisory Board
Marc Ricau	Secretary of the Supervisory Board
Philippe Béguin	Board Member
Bénédicte David	Board Member
John Russell Houlden	Independent Board Member and Chairman of the Audit Committee
Marie-Noëlle Jégo-Laveissière	Board Member
Prof. Michał Kleiber	Independent Board Member
Patrice Lambert-de Diesbach	Board Member
Monika Nachyła	Independent Board Member
Maria Pasło-Wiśniewska, PhD	Independent Board Member and Chairwoman of the Remuneration Committee
Wioletta Rosołowska	Independent Board Member
Jean-Michel Thibaud	Board Member
Jean-Marc Vignolles	Board Member and Chairman of the Strategy Committee

In 2021, Orange Polska had five independent members on the Supervisory Board, namely: John Russell Houlden, Prof. Michał Kleiber, Monika Nachyła, Maria Pasło-Wiśniewska PhD and Wioletta Rosołowska.

Criteria for independent Supervisory Board members

The independent members of Orange Polska Supervisory Board must satisfy the following conditions:

1. not to belong, or have belonged to the senior management for the previous 5 years, and not to be or have been either a member of the Management Board of the Company or its affiliated entity;
2. not to be, or have been for the previous three years an employee of the Company, or its associated, subsidiary or affiliated entity and not to be bound by any similar agreement with such entities;
3. not to receive, or have received, significant additional remuneration from the Company, or its affiliated entity apart from a fee received as a member of the Supervisory Board, including as a member of the Audit Committee;
4. not to exercise supervision over the Company within the meaning of the Accounting Act or to represent in any way a shareholder, persons or entities exercising control over the Company;
5. not to have, or have had within the previous year, a significant business relationship with the Company or its affiliated entity, either directly or as an owner, partner, shareholder, director, member of the Supervisory Board or other supervisory or controlling body or senior employee, including as a member of the Management Board or other governing body of an entity having such a relationship. Business relationships include the situation of a significant supplier of goods or services (including financial, legal, advisory or consulting services), of a significant customer, and of organisations that receive significant contributions from the Company or its Group;
6. not to be, or have been within the previous three years:
   a. an owner, partner (including a general partner) or a shareholder of a current or former audit firm conducting an audit of financial statements of the Company or its affiliated entity, or
   b. a member of the supervisory board or other supervisory or controlling body of a current or former audit firm conducting an audit of financial statements of the Company, or
   c. an employee or person belonging to senior management, including a member of the management board or other governing body of a current or former audit firm conducting an audit of financial statements of the Company or its affiliated entity, or
   d. another person whose services were used or supervised by a current or former audit firm or statutory auditor acting on behalf of a current or former audit firm;
7. not to be a member of a management board or other governing body in a company in which a member of the Management Board of the Company is a member of the supervisory board or other supervisory or controlling body, and not to have other significant links with members of the Management Board of the Company through involvement in other companies or bodies;
8. not to be a member of the Supervisory Board of the Company for more than 12 years;
9. not to be a close family member of a member of the Management Board of the Company or of persons referred to in points 1–8, in particular not to be a spouse, cohabitant, relative or in-law in a straight line, and in the collateral line to the fourth degree, of a member of the Management Board or of persons referred to in points 1–8
10. not to remain in adoption, custody or guardianship with a member of the Management Board of the Company or with persons referred to in points 1–8.

Additional remuneration, referred to in point 3 above:

a. covers in particular any participation in a share option or any other performance-related pay scheme;
b. does not cover the receipt of fixed amounts of compensation under a retirement plan including deferred compensation for prior service with the Company, provided that such compensation is not contingent in any way on continued service with the Company.

A relationship with a shareholder precluding the independence of a member of the Supervisory Board within the meaning of point 2 above is also an actual and significant relationship with any shareholder who holds at least 5% of the total vote in the Company.

Each candidate for a member of the Supervisory Board submits a declaration that he or she meets or does not meet the above criteria of independence. After his or her appointment, such a declaration is submitted quarterly.

Changes in the composition of the Supervisory Board in 2021

On May 19, 2021, Eric Debroeck resigned his position on the Supervisory Board, effective on June 25, 2021.

On June 25, 2021, the mandates of Henryka Bochniarz, Thierry Bonhomme, Ramon Fernandez, Marie-Noëlle Jégo-Laveissière, Maria Pasło-Wiśniewska and Jean-Marc Vignolles expired.

On the same day, the Annual General Meeting appointed the following persons: Philippe Béguin, Bénédicte David, Ramon Fernandez, Marie-Noëlle Jégo-Laveissière, Maria Pasło-Wiśniewska, Wioletta Rosołowska and Jean-Marc Vignolles for a new term of office.

Rules for appointing a Supervisory Board Memberember and the term of office

Members of the Orange Polska Supervisory Board should have the relevant education, professional and practical experience and high moral standing. They should also be able to devote the time required to properly perform their role on the Supervisory Board.

Members of the Supervisory Board are appointed by the General Meeting. Each shareholder has a right to put forward potential candidates to be Supervisory Board Members, and the eventual Members are appointed at the General Meeting by a simple majority of votes cast.

In case the mandate of a Member of the Supervisory Board expires for reasons other than end of the term of office or dismissal from the Supervisory Board, the rest of the Members of the Supervisory Board may appoint, by a majority of two-thirds of the votes cast, a new Member of the Supervisory Board.

The mandate of any such newly appointed Member expires on the date of the next General Meeting held not earlier than five weeks after the appointment. The term of office of Supervisory Board Members is three years. Mandates of the Supervisory Board Members expire on the day of the Annual General Meeting approving financial statements for the second full accounting year of their term in office (also as a result of death, resignation or dismissal).



Supervisory Board skills matrix

	Economics and Finance	Management and Strategy	Law and Administration	Engineering and Technology	Psychology and Humanities	Sales and Marketing	Public administration	Scientific activity
Maciej Witucki	•	•		•				
Ramon Fernandez	•	•	•				•	
Marc Ricau	•	•		•		•		
Philippe Béguin		•	•	•		•		•
Bénédicte David	•	•		•		•		•
John Russell Houlden	•	•		•			•	
Marie-Noëlle Jégo-Laveissière		•		•		•		•
Michał Kleiber	•	•		•			•	•
Patrice Lambert-de Diesbach	•	•	•					
Monika Nachyła	•	•			•	•		
Maria Pasło–Wiśniewska	•	•			•		•	•
Wioletta Rosołowska		•			•	•		
Jean-Michel Thibaud	•	•		•				
Jean-Marc Vignolles	•	•	•	•		•		

» Profiles of the Supervisory Board Members can be found on our website at www.orange-ir.pl/corporate-governance/.

Supervisory Board diversity

We are convinced that diversity of company's governing bodies is beneficial to the company's development. That is why we make sure that our Supervisory Board and the Management Board consist of people who are diverse in terms of age, sex, education and professional experience. Because they come from different environments and have a diversity of knowledge and skills, they can look from different perspectives at the management of the Company and its efficient functioning in its markets.

Since 2016, the Company has had a **Diversity Management Policy** in the form of one comprehensive document defining various areas of management.

In addition, following the new Best Practice for GPW Listed Companies 2021 issued by the Warsaw Stock Exchange, the Supervisory Board, on 3 November 2021 adopted a diversity management policy specifically **for Members of the Management Board**.

The purpose of the policy is to:

- determine the standards that must be met in order for positions in the Company's management bodies to be occupied by persons with the appropriate qualifications, substantive knowledge, skills, professional experience, predispositions and reputation to perform such a function;
- implement solutions for equal treatment and diversity in relation to the Management Board of Orange Polska.

In the process of selecting Members of Orange Polska's Management Board, the Supervisory Board:

- is guided by the transparency of the principles and criteria for selecting candidates;
- makes decisions on the selection of members based on the appropriate level of knowledge, skills, education, competences and professional experience of the candidates;
- ensures that the members of management bodies include a diversity of gender, age, specialist knowledge, education and professional experience;
- with regard to gender diversity, aims to ensure a minimum participation level of at least 30% of women.

On 22 April 2022, the Annual General Meeting adopted an appropriate policy with regard to the **Members of the Supervisory Board**. According to this document, in the process of selection of Members of the Supervisory Board of Orange Polska, the General Meeting:

- makes decisions on the selection of Supervisory Board Members based on the appropriate level of knowledge, skills, education, competences and professional experience of the candidates;
- ensures that the Supervisory Board Members include people of diverse gender, age, specialist knowledge, education and professional experience;
- ensure the presence of at least four Members of the Supervisory Board who meet the independence criteria specified in the Act of 11 May 2017 on statutory auditors, audit firms and public oversight, as well as the Company's Articles of Association and have no real and significant connections with a shareholder holding at least 5% of the total number of votes in the Company;
- with regard to gender diversity, it aims to keep women's participation of at least 30%.

Currently, the Supervisory Board is composed of

36%

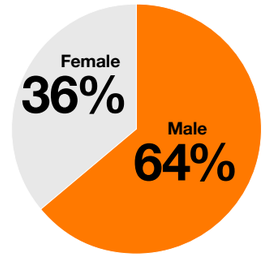
of women

the Management Board

25%

Supervisory Board

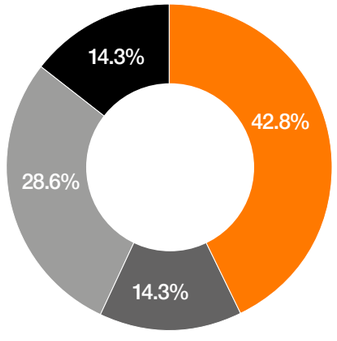
Gender



Nationalities



Age profile



- 51-55 – 6 people,
- 61-65 – 4 people,
- 56-60 – 2 people,
- 65+ – 2 people.

Length of tenure

0-2 years	4 people	Philippe Béguin, Bénédicte David, Marie-Noëlle Jégo-Laveissière, Wioletta Rosołowska
2-4 years	3 people	Monika Nachyła, Jean-Michel Thibaud, Jean-Marc Vignolles
4-6 years	2 people	Michał Kleiber, Patrice Lambert-de Diesbach
6+ years	5 people	Marc Ricau, Maciej Witucki, John Russell Houlden, Ramon Fernandez, Maria Pasło-Wiśniewska

On the Supervisory Board's agenda for 2021

Throughout 2021, the Supervisory Board mainly focused on the following issues:

01 Announcement of the new strategy

The Supervisory Board and its Committees, in discussion with the management, closely monitored preparations of the new strategy and its plan for announcement to the market. The Strategic Committee discussed key strategic plan assumptions and scenarios, and the external environment, including the competitive and regulatory landscape. Thanks to the previous strategy, the company is on the right business track, with the right assets and customer proposals. The key objective of the .Grow strategy is to sustain healthy growth trends and to continue internal company transformation, including further simplification of business processes, reskilling employees and bringing new talent on board. A separate discussion point was related to dividend policy. The return to dividends, long awaited by investors, will underscore OPL's turnaround and reflect management's confidence in future growth prospects.

02 New Long Term Incentive Plan

As a complement to the .Grow strategy, the Supervisory Board has adopted a new long-term incentive plan for the Company's executives and senior management to additionally motivate them and align with the strategic goals and interests of the shareholders. The plan is correlated with shareholder value appreciation: its success is 35%, based on the share price appreciation.



03 FiberCo project (Światłowód Inwestycje)

Progress on the FiberCo project (Światłowód Inwestycje), which was initiated in 2020, was of special interest to the Supervisory Board. The transaction that was concluded in April and finalised in August of 2021 has a few dimensions. Firstly, the amount of proceeds demonstrates strong value that was created over the past few years attached to the FTTH rollout program. The proceeds have significantly strengthened the Company's balance sheet. Secondly, it secures further expansion of the fibre footprint, which is a key driving force for our commercial strategy. Finally, as the rollout will take place mainly in suburban areas it will significantly contribute to the development of the country's digital infrastructure and will fight digital exclusion. The Supervisory Board was impressed by the execution process and gives credit to all Orange Polska teams involved.

04 Developments around cybersecurity law and 5G auction

Supervisory Board closely monitored developments around a new draft of the cybersecurity law that was published by the government in October. The most discussed areas of this draft were those related to the unexpected inclusion of provisions regarding the so called #PL5G project. Based on the proposal, the 700 MHz spectrum is supposed to be operated by a wholesale company, majority owned by a government-controlled entity and minority-stake owned by telecom operators, who would win licences for this spectrum. The Supervisory Board shared Management's concerns about the legal and governance framework behind this project and whether, in the proposed form, it will serve the best interests of Orange Polska. The Board asked the Management to be in active dialogue with lawmakers to protect the company's interests.

05 Monitoring of operating and financial results and budget realisation

The Supervisory Board constantly monitored commercial and financial results and realisation of the 2020 budget. This was especially important in light of the challenges related to the pandemic's impact. In particular the Board analysed how the economic situation influences collection of customer receivables.

06 The Management Board composition

On 16 February 2021, the Supervisory Board reappointed Bożena Leśniewska, Witold Drożdż, Jolanta Dudek and Piotr Jaworski to the Management Board for the next term of office. In accordance with the Best Practice for GPW Listed Companies, the renewals were made more than four months before the expiration of their terms of office.

The Supervisory Board met seven times in 2021. The attendance at the meetings was 96.9% (and 97.4% including its committees).

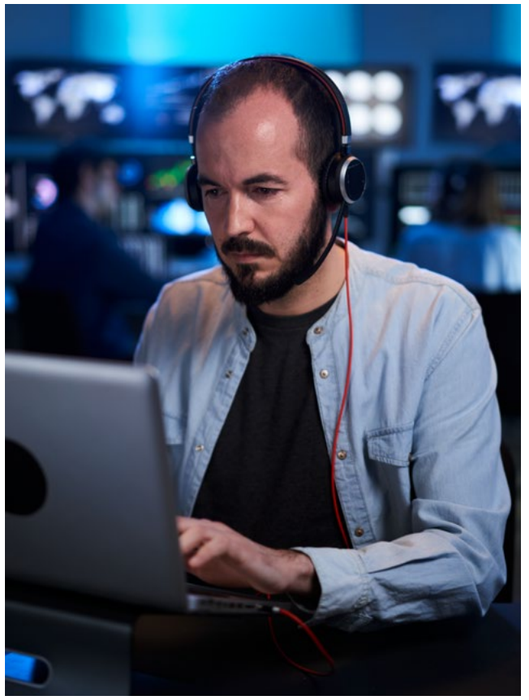


Supervisory Board attendance register 2021

	SUPERVISORY BOARD	AUDIT COMMITTEE	STRATEGY COMMITTEE	REMUNERATION COMMITTEE
Maciej Witucki	7/7			
Ramon Fernandez	7/7			
Marc Ricau	7/7	7/7		7/7
Philippe Béguin	3/3		2/2	
Henryka Bochniarz	3/4		2/2	
Thierry Bonhomme	4/4		2/2	
Bénédicte David	3/3		2/2	
Eric Debroeck	4/4		2/2	
John Russell Houlden	7/7	7/7		
Marie-Noëlle Jégo-Laveissière	7/7			
Michał Kleiber	7/7		4/4	7/7
Patrice Lambert-de Diesbach	7/7		4/4	
Monika Nachyła	7/7	5/7	4/4	
Maria Pasło-Wiśniewska	7/7	7/7	4/4	7/7
Wioletta Rosołowska	3/3		2/2	
Jean-Michel Thibaud	5/7	7/7		
Jean-Marc Vignolles	7/7		4/4	7/7

■ Actual number of meetings attended

■ Maximum number of scheduled meetings which the Members could have attended



The Supervisory Board regularly monitored the execution of its resolutions and recommendations, analysing the information presented by the Management Board.

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 used in its operations opinions of its Committees (the Audit Committee, the Remuneration Committee and the Strategy Committee), wherever applicable.

During discussing specific matters at the meeting, the Chairpersons of the committees presented 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 2021.

The reports of the three permanent committees of the Supervisory Board on their activities in 2021 are attached hereto.

The tasks and the principles of the operation of the Supervisory Board and its permanent committees are defined in the Regulations of the Supervisory Board, which are available on the Company's website: www.orange-ir.pl/corporate-governance/.

Assessment of Orange Polska Group's standing on a consolidated basis

This section contains the Supervisory Board assessment of the Orange Polska Group's standing on a consolidated basis in 2021 in accordance with the recommendation no. 2.11.3. of the Best Practice for GPW Listed Companies 2021, introduced by the Warsaw Stock Exchange.
The assessment is based on the 2021 financial results of the Group (the Company and its subsidiaries) as well as on the information obtained by the Supervisory Board in 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 evaluating 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, risk management and compliance systems and the internal audit function.

Group's Operational Review

The Group's key goals in 2021 were:

- sustaining strong commercial momentum with special focus on fibre, convergence and B2B;
- execution of the FiberCo project;
- COVID-19 impact management including plan for a new operating model after the pandemic;
- acquisition of 5G spectrum;
- further cost transformation with special focus on automation and digital customer interactions;
- increased focus on digital and Green, including finalisation of the first projects contributing to increasing energy consumption from renewable sources;
- fulfilment of published financial forecasts and expectations regarding revenue growth and EBITDAaL;
- preparation of a new strategy for 2021-2024 and its announcement in due time.

2021 was obviously a year marked by the announcement of the new .Grow strategy that sets priorities for Orange Polska for the years 2021-2024. Naturally, the Supervisory Board was involved in its preparation process. .Grow is an evolutionary strategy conceived to stimulate and accelerate sales and profit growth, as well as laying the foundation for growth beyond 2024. One important element of the strategy is a return to dividends. The strategy was well-received by the stock market which resulted in a growing share price in the weeks following the announcement.



A landmark development of 2021 wasthe sale of a 50% stake in FiberCo (Światłowód Inwestycje) and establishing a joint venture with APG. It is very important in the context of implementing the .Grow strategy. It will enable the Group to simultaneously continue increasing its fibre reach and executing other projects that are important for the future, without increasing capex range.

The Group delivered on all its financial goals. Almost 6% EBITDAaL growth was at the high end of expectations (low-to-mid single-digit growth), which was increased during the year. The key success factor was a successful combination of growing numbers of customers and improving trends in ARPO, in all key services. The Company pursued its 'more for more' value strategy in 2021, increasing mobile tariffs for B2C customers, adjusting some convergent packages and introducing changes to pre-paid plans. This was complemented by ongoing cost transformation, including automation and digitisation of business processes. The Company has also implemented a new balanced hybrid work model that will progressively result in significant savings in the office space used.

One of the Company's goals in 2021 was to sustain strong commercial momentum from 2020. Commercial results were very solid in most areas taking into account lower customer activity following a pandemic-related spike in demand in the second half of 2020. Results in fibre were particularly strong with the retail fibre customer base increasing by 30% in 2021. Orange fibre services were available for 6 million Polish households, making the Company by far the largest fibre player in Poland.

The Supervisory Board was interested in the Management Board's view regarding potential changes in the competitive environment in Poland following an announced acquisition of UPC, the country's largest cable company, by Iliad, the owner of Play. If finalised, the transaction will result in the creation of a significant new convergent player.

One of the key topics for the Supervisory Board in 2021 was the situation regarding both the auction for 5G C-band spectrum, and cybersecurity regulations. After the auction was annulled in 2020, a new auction has not yet been announced, due to prolonged government work on the cybersecurity law. A new published draft of the law included unexpected provisions regarding the so-called #PL5G project. Based on the proposal, 700 MHz spectrum is supposed to be operated by a wholesale company majority owned by a government-controlled entity, and minority stake owned by telecom operators who would win licences for this spectrum.

Supervisory Board shares Management's view that last year was very successful for Orange Polska and constitutes a very good start for the implementation of the .Grow strategy.

Financial standing of the Group

The Management Board kept the Supervisory Board informed of the financial results. The Audit Committee of the Supervisory Board supervised the reliability of financial reporting on an ongoing basis and presented its opinions to the Supervisory Board before publication of the results for individual reporting periods.

The Group met all its financial goals for 2021 delivering strong results across the board. The EBITDAaL growth rate accelerated to almost 6% as profitable revenue expansion translated into profits through the Company's high operating leverage. 2021 was the fourth consecutive year of growth in operating profitability, which demonstrates that Orange Polska is consistent in delivering growth, while its business is predictable and defensive. The Group also successfully continued its cost transformation with savings in many areas including labour, subcontracting and general expenses.

Revenue increased 3.6% year-on-year in 2021 with all key lines contributing to this growth. In the opinion of the Supervisory Board it is especially worth noting that revenues from key telecom services, which are essential to margin generation (combining convergence, mobile and fixed broadband), were up 6.7%. This growth rate further accelerated versus 2020 when it amounted to 2.9%. This was truly a very high pace of growth, which benefitted from strong growth of customer volumes and improving trends in ARPO. ICT business had another remarkable year with revenues advancing 18% as the Group further strengthened its position as integrator and digital-services provider to Polish corporates.

Net profit was exceptionally high and amounted to almost PLN 1.7 billion. It was boosted by a gain of PLN 1.4 billion related to the sale of a 50% stake in Światłowód Inwestycje. Excluding this extraordinary item, net income was still much higher versus 2020, mainly as a result of higher EBITDAaL and lower depreciation. It is very positive that the turnaround in the EBITDAaL level has started to filter through to the bottom line.

Organic cash flow grew by a remarkable 35% in 2021 as a result of growing EBITDAaL, decreasing capex and increased cash flow from disposal of real estate. Capex already benefitted from the Światłowód Inwestycje joint venture.

Over the course of last year, the Group reduced its net debt by around PLN 1.5 billion as a result of solid cash-flow generation and proceeds received on closing of the transaction related to Światłowód Inwestycje. As a consequence financial leverage decreased to 1.4x, which illustrates strong balance-sheet structure. This was a strong argument behind the expected return to dividends in 2022.

In 2021 the Group did not pay a dividend, which the Supervisory Board assessed as a positive decision. The decision considered both the transaction related to Światłowód Inwestycje, which was still not finalised, and uncertainties related to the 5G auction and cybersecurity law. However, at the same time, the Management committed to a return to dividends from 2022. Indeed, in February 2022 it recommended payment of PLN 0.25 per share in 2022 from 2021 profits.

Conclusions and recommendations for 2022

For many reasons, 2021 was a very successful year for Orange Polska. Last year's performance was a first and very strong step to fulfil the .Grow strategy. The Group confirmed all its strategic goals. It is quite obvious that 2022 will be a much more challenging year due to the extremely volatile macro environment and the war on Poland's eastern border – it is impossible today to judge further developments and ultimate consequences. The Supervisory Board is convinced that the Group has the strategy best suited to make the most of its assets and values.

The Supervisory Board shares the Management Board's opinion that in 2022 the Group should focus its operations in particular on the following key aspects:

- Further development of key value drivers including convergence, mobile, fibre and ICT, while also taking into account possible changes in the competitive landscape following the acquisition of UPC by Play;
- Take measures in an attempt to pass high inflationary pressures to customers to protect profitability;
- Weather risks related to an unprecedented rise in energy prices among other things through new Power Purchase Agreements (PPA);
- Assess risks related to the war in Ukraine and take on necessary mitigating actions;
- Acquisition of 5G spectrum;
- Pursue transformation of corporate culture to be more agile and cost effective and implement a post-pandemic workplace model;
- Fulfill published financial forecasts and expectations regarding revenue growth and EBITDAaL.

Assessment of the Group's internal control, risk management and compliance systems and internal audit function

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 facilitates 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 assurance that the risks significant to the Group are identified and addressed, but such assurances can never be absolute.

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. 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 2021, published on 16 February 2022.

In 2021, the Company 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 2021.

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.

The 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 the 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 the Company's internal regulations and mechanisms to, among others, the Group's requirements in the scope of current anti-corruption regulations.

Orange Polska anti-corruption policy, complemented with detailed internal regulations, defines the required standards for employees' conduct. On the basis of the relevant provisions of the policy, potential consequences are determined in cases of violation of anti-corruption procedures. Under the due diligence process, verification of 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. The Compliance Management function conducts cyclic reviews of corruption risks, also taking into 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 they suspect a 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.

Dedicated training sessions taking into account the exposure of individual areas of OPL to the risk of corruption 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 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.

Assessment of the Company's compliance with the corporate governance principles and the manner of compliance with the related disclosure obligations

This section contains the Supervisory Board assessment of the Company's performance of its obligations concerning compliance with the corporate governance principles as defined in the Exchange Rules, and with the regulations on current and periodic reports published by issuers of securities in 2021 in accordance with recommendation no. 2.11.4 of the Best Practice for GPW Listed Companies 2021.

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 publication of current reports regarding the application of detailed Corporate Governance rules is governed by the Resolution of the WSE Board 692/2021 dated 1 July 2021. According to the WSE regulations when a given rule is not applied in a consistent way or is broken incidentally, the Company is obliged to publish a report on its web site in the analogical way as it is applied for a publication of current reports. Reports concerning the application of detailed rules of corporate governance are passed by means of EBI (Electronic Basis of Information). The decree of the Minister of Finance dated 29 March 2018 defines which information should be mentioned in the declaration on the application of Corporate Governance constituting a separate part of the Management Board report about the activity of the Company.

The Supervisory Board analysed the declaration about the application of Corporate Governance included in the Management Board report about the activity of Orange Polska S.A. and the Orange Polska Group in 2021. This declaration defines in a detailed way the issues concerning 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 anon-member state.

In 2021, Orange Polska developed a Diversity Policy for the Supervisory Board and adopted it at the General Meeting in April 2022.

Furthermore, pursuant to the Diversity Management Policy applicable to the Management Board adopted by the Supervisory Board on 3 November 2021, with regard to gender diversity, in the process of appointment of the Members of the Management Board of Orange Polska the Supervisory Board will strive to achieve the minimum participation of women of at least 30%. As of December 31, 2021, the participation of women in the Supervisory Board and the Management Board is 36% and 25%, respectively.



According to the principle 1.1. of the Best Practice, Orange Polska runs a website in Polish and English, on which the Company publishes all documents and information required by law and best practice, including information on the Company's application of principles and recommendations contained in the Best Practice for GPW Listed Companies.

In the Supervisory Board's opinion, the information provided by Orange Polska is in line with the requirements and honestly follows the rules of Corporate Governance and the Company duly fulfils its 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.

Assessment of the rationality of the sponsorship and charity policy

This section contains the Supervisory Board assessment of the compliance and rationality of the Group's policy of supporting culture, sport, charities, media, social organisations and others in 2021 with recommendation no. 2.11.5 of Best Practice for GPW Listed Companies 2021.

The Supervisory Board analysed the amounts expensed by Orange Polska Group in support of culture, sports, charities, the media, social organisations, trade unions, etc. in 2021.

The Supervisory Board states that the sponsorship strategy led by the Company and focused in 2021 on music as the main area supporting the brand brought the appropriate financial and marketing efficiency, although it was curtailed by the COVID-19 pandemic. According to the adopted strategy, in the strategic sponsorship area Orange Polska creates complex long-term projects across the whole of Poland. The projects, in which Orange Polska acts as titular or main sponsor, address the largest possible group of its customers (present and potential).

The Supervisory Board appreciates the charity activity led by Orange Polska in both forms – one 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, the Foundation encourages young people to acquire knowledge, participate in culture, and build communities using new technologies.

Audit Committee activities in 2021

The role of the Audit Committee is to review the integrity of the financial information reported externally, the independence and objectivity of the Orange Polska Group's external auditors, the nature and scope of the audit and the auditors' work as well as internal audit, internal control and risk management systems and significant transactions with related parties, and to advise the Supervisory Board on these issues as appropriate.

Letter from the Chairman of the Audit Committee



Dear Shareholders,

I am pleased to attach my report on the activities of the Audit Committee over the past 12 months.

The most important transaction concluded by the Company was the establishment of the joint venture, Światłowód Inwestycje Sp. z o.o., aimed at expanding the fibre footprint available to the Company going forward. The Audit Committee was involved from the very beginning, starting from setting up a special purpose company and contributing to it a part of its fibre network, and then the disposal of 50% of the shares in that company to APG, the partner selected within a competitive process. The transaction constituted a loss of control of the new company, the gain in respect of which amounted to PLN 1.6 billion, which made up the majority of the Group's net income in 2021. The Audit Committee looked into all accounting interpretations, judgements and estimates involved in the process.

Similarly, as in 2020, one of the most important considerations of the Audit Committee was monitoring the impact of the COVID-19 pandemic on the Company, as well as on the Polish economy. In particular, the Audit Committee monitored the way in which that impact was reflected in the Company's financial reporting and its communications to the market. The Audit Committee received periodic reports on the COVID-19 impact and had regular discussions with Management in this regard. The Audit Committee is satisfied with the way that the COVID-19 impact is reflected in the Company's financial information as well as its external communications.

Another important achievement of the Audit Committee in 2021 was the finalisation of the auditor selection process and the recommendation on the appointment of KPMG as the statutory external auditor for the years 2021-2025. The Audit Committee closely monitored the first year of the new auditor's assignment. Periodic meetings with the auditor were organised to discuss the auditor's view on key reporting and audit matters. Also, the Audit Committee worked on the preparation of a set of Audit Quality Indicators in order to be better able to monitor the quality of the auditor's work.

One of the main responsibilities of the Audit Committee is to ensure proper financial reporting by the Company and the Group. As part of this, we review all significant accounting interpretations, judgements and estimates proposed by the Management. The Audit Committee also reviewed the impairment analysis results.

In addition to its oversight of the external audit of the Company and the Group financial statements, the Audit Committee has also been involved in reviewing internal control and compliance, and risk management. In particular, the Audit Committee worked to ensure the independence of both the external auditor and internal audit team, and had private meetings with the external auditor and the head of the Company's internal audit team to give them an opportunity to discuss any issues which may have arisen in their interactions with the Management.

Last, but not least, the Independent Directors on the Audit Committee reviewed and, when necessary, challenged the terms of significant transactions with related parties including, in particular, the majority shareholder, Orange S.A.

Further details of the activities of the Audit Committee are presented below.

Russ Houlden

Chairman of the Audit Committee

Audit Committee members in 2021

John Russell Houlden	**Chairman (Independent Board Member)**
Monika Nachyła	**(Independent Board Member)**
Maria Pasło-Wiśniewska, PhD	**(Independent Board Member)**
Marc Ricau	
Jean-Michel Thibaud	

The Audit Committee is chaired by Mr. John Russell Houlden, an Independent Member of the Supervisory Board. He has relevant experience and qualifications in finance, accounting and audit. Other Independent Members of the Committee are Maria Pasło-Wiśniewska PhD and Monika Nachyła.

Main responsibilities of the committee

The key functions of the Audit Committee are specified in its Terms of Reference attached to the Regulations of the Supervisory Board and include but are not limited to (i) monitoring the integrity of the financial information reported externally, (ii) reviewing the Group's internal control and risk management systems, (iii) reviewing plans for internal audit and their reports, (iv) reviewing and giving opinions on significant transactions with related parties, (v) recommending the selection and re-appointment of the audit firm, (vi) monitoring the independence and objectivity of the Company's external auditors, the nature and scope of the audit and monitoring the auditors' work, (vii) giving the Supervisory Board recommendations to ensure the faithful representation and relevance of the financial reporting process and information published by the Company and the Group.

The Committee must consist of at least three members, the majority of whom, including the Chairman, are independent of the Company. The Audit Committee must meet (physically or virtually) at least on a quarterly basis before the publication of the financial statements.

The Audit Committee held six scheduled and two ad hoc meetings in 2021. The meetings were generally attended by the Chief Executive Officer, Chief Financial Officer as well as Internal Audit Director. Other members of the Management Board, Executive Directors and other managers and invited guests attended the meetings when appropriate. The meetings were generally attended by representatives of the Company's external auditor, KPMG.

Our approach to monitoring the financial reporting process

As required by law, the Audit Committee monitored the process of financial reporting. The goal of the Audit Committee was to assess and provide advice to the Supervisory Board on whether the financial statements as well as the Management report on the Company's operations, taken as a whole, secured faithful representation and relevance of the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

The Audit Committee reviewed the quarterly and annual financial statements. The Committee reviewed also Orange Polska Group's strategic plan as well as budgets. The aim of the review was to ensure that the key messages being followed in the annual and periodic reports were aligned with the Company's position, performance and strategy and that the narrative sections of the reports were consistent with the financial statements. In order to assess that the reports and the financial statements secured faithful representation and relevance of the information, the Audit Committee also reviewed reports on financial performance of the Company, accounting policies and procedures, accounting estimates and judgments, one-off items as well as market guidance and Orange Polska Group's performance against the budget and other information with the aim of assessing the Company's position and performance. The Audit Committee was satisfied that all the key events and issues which had been reported by the Management Board during the year, both good and bad, had been adequately referenced or reflected within the annual report.

The auditor was regularly participating in the meetings of the Audit Committee and gave its view on issues significant from an accounting perspective as they arose during the year. Subsequently, the auditor presented, and the Audit Committee reviewed and where appropriate discussed with the auditor, the additional report prepared as required by the Regulation (EU) No 537/2014 of the European Parliament and of the Council.

Our approach to monitoring the performance of the auditor

The Audit Committee is responsible for the relationship with the external auditor and that role involves examining the effectiveness of the audit process as well as the independence of the auditor. The year 2021 was the first year of KPMG being the auditor of the Orange Polska Group. The Audit Committee monitored the selection process of the auditor to ensure that the best of the potential auditors was selected and to make sure that high quality of the process was ensured and all legal requirements related to the selection were met. As a result the Audit Committee recommended to the Supervisory Board KPMG as the statutory auditor to carry out the statutory audit of the Company and the Orange Polska Group for 2021-2025. The Supervisory Board appointed KPMG as the statutory auditor on 19 March 2021. The Audit Committee monitored the transition from Ernst & Young to KPMG to make sure that the quality of the audit was secured at the high level starting from the first year of KPMG's engagement.

The Audit Committee reviewed the external auditor's proposed audit plan for 2021 including key auditing matters to be focused on, the materiality level set for audit testing and schedule of planned works and reporting along with planned interactions with the Audit Committee. Subsequently, the Audit Committee reviewed and discussed the auditor's recommendations, observations and comments on key areas requiring special consideration taking into account also the views of the Management on those issues. The key auditing personnel participated in the meetings of the Audit Committee to allow for discussion of all issues as they arose during the year. Also, private meetings with the auditor were held by the Audit Committee to ensure open and transparent discussion between the auditor and the Audit Committee without the presence of the Management Board. The Audit Committee monitored the progress of the audit and its quality against the audit plan throughout the year.

In order to assess the performance and independence of the auditor, as well as generally the relationship with the auditor the feedback on the auditor is collected from all members of the Audit Committee, the Management Board, key members of the senior management team and those who have regular contact with the auditor. The first feedback on the new auditor will be collated and presented to the Audit Committee in 2022 after finalisation of the first year audit by KPMG. The Audit Committee regularly asks the auditor for its feedback on the co-operation with the Company.

To enhance the process of monitoring of the audit, the Audit Committee agreed with the auditor a set of Audit Quality Indicators (AQIs) and implemented AQIs as an additional tool of audit quality monitoring.

Also, the Audit Committee discussed with KPMG the report on its quality control issued by the Polish Agency for Audit Supervision on 30 December 2021. Based on documentation relating to prior years, this highlighted some relatively minor areas for improvement in KPMG's system of quality control and in some of its audits (not relating to Orange Polska). KPMG had accepted the findings and committed to implementing the report's recommendations by 31 March 2022.

In summary, the Audit Committee concluded that the overall external audit process and services were effective and met the Group's high audit quality requirements.

Our approach to assessing the independence of the external auditor

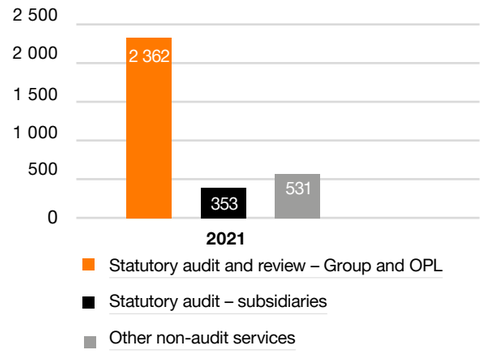
There are several aspects to auditor independence that the Audit Committee monitors to ensure the external auditor remains independent of the Company.

First, in assessing the independence of the auditor from the Company, the Audit Committee takes into account the information and assurances provided by the auditor. The Audit Committee received the auditor's statement on independence made in accordance with the Polish Act on Auditors of 11 May 2017 (Polish Audit Act) and the Regulation (EU) No 537/2014 of the European Parliament and of the Council (Audit Regulation).

Second, the Audit Committee reviews the proportion of the value of non-audit services rendered by the auditor or its affiliated entities and the audit fees. As required by law, the Company has a Policy on the provision of authorised non-audit services by the audit firm and its affiliated entities. Following the Policy all authorised non-audit services should be approved in advance by the Audit Committee taking into account their potential influence on the independence of the auditor. Also, any non-audit service allowed by the law requires prior consent from the Audit Committee. According to the relevant law as well as the Policy, authorised non-audit services are subject to a fee cap of no more than 70% of the average annual statutory audit fee for the three consecutive financial years preceding the year in which the cap will apply. The 70% rule has been applicable since 17 June 2016 under the Audit Regulation. Management provides the Audit Committee with information on the value of non-audit services compared to the average statutory audit fee presenting data for the previous three years. For the first year of KPMG assignment the level of the auditor's services fees was also monitored by the Management and reported to the Audit Committee. Non-audit services provided by KPMG were 20% of the audit fee in 2021.

Taking into account all aspects described above the Audit Committee was satisfied with the auditor's independence.

KPMG network costs in OPL Group



Recommendation on the appointment of the statutory auditor

In March 2021 the Audit Committee recommended to the Supervisory Board KPMG as the auditor for the years 2021-2025. The recommendation was preceded by the tender process for statutory audit service which took place in 2019 and 2020. The Audit Committee Chairman monitored and actively participated the process of the audit firm's selection. The offers of KPMG and Deloitte both met the Group's high audit quality standards and were similarly priced. The Audit Committee selected KPMG partly because of the high quality of the audit team proposed and partly to provide a fresh view of the audit given that KPMG, unlike Deloitte, had not audited the Group in the last decade.

Significant issues considered by the Audit Committee in relation to the financial statements and how these were addressed

In relation to the Group's financial statements, the Audit Committee reviewed the following principal areas of interpretations, judgements and estimates:

- Światłowód Inwestycje, a joint venture with a financial partner APG. The Audit Committee reviewed the loss of control over the company and the proposed accounting relating to the commercial agreements with OPL;
- COVID-19 pandemic. As a result of the Covid-19 pandemic, the years 2020 and 2021 were a turbulent period for the worldwide economy and businesses. The Company and its business were affected by the pandemic as well. The Audit Committee reviewed the Company's approach to the analysis of the COVID-19 impact on its financial statements and the results of the analysis. The Audit Committee paid special attention to the impact on the Company's financial plans and impairment tests, bad debt allowance calculation, valuations based on interest rates and foreign exchange rates, as well as all other potentially affected areas including provisions and commitments;
- Significant one-off sales transactions;
- Significant investment projects and transactions in the Orange Group in particular the Operational Programme Digital Poland 2;
- Hedging transactions;
- Social plan resulting in workforce optimisation in 2022-2023;
- Management's assessment of risks relating to claims and litigation, tax proceedings as well as other matters and the level of related provisions or decisions on the lack of provisions;
- Impairment indicators and impairment test prepared by the Management as well as goodwill recognition and deferred tax recoverability;
- Management's assessment of the length of the economic useful life of assets;
- Disclosures in the Financial Statements and Management Report relating to new matters;
- Distributable capital calculation.

Internal control over financial reporting

the Management implements internal controls at various levels of the organisation. The scope of these controls includes, but is not limited to, transactional level controls, line managers' or corporate reviews, trend analysis, reconciliation controls and entity level controls. The aim is to provide reasonable assurance in safeguarding assets, detecting errors, the accuracy and completeness of accounting records, and the overall reliability of the financial statements. 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 over financial reporting system are addressed with action plans. On a quarterly basis, the system is monitored in a self-assessment tool implemented by the Company and, in addition, senior managers certify the effectiveness of the internal controls over financial reporting 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 Audit Committee received reports from the Management on the internal control over financial reporting system, and monitored the appropriateness of the "control culture" as well as the way risks were identified, managed and disclosed. The Committee also reviewed reports from the Management on implementation of actions in response to comments on internal controls from the internal and external auditors.

In addition, the Audit Committee received assurance from the Management after completion of a yearly comprehensive assessment of Orange Polska Group's internal controls over financial reporting. All deficiencies identified were corrected or appropriate action points have been adopted. Management concluded that there were no weaknesses that would materially impact internal control over financial reporting in the year ended 31 December 2021 and the Audit Committee was satisfied that the Management's conclusion was reasonable in light of the reports it had received.

Internal audit function and assessing the effectiveness of the internal audit function

The Internal Audit function provides the Audit Committee, the Management Board and senior management with independent and objective assurance and advice on governance, risk management and internal control. It assists the organisation in reaching its objectives by systematically and methodically evaluating its processes, risk management and internal control system.

In addition to reviewing the effectiveness of these areas and reporting on aspects of the Orange Polska Group's compliance with them, Internal Audit makes recommendations to address any key issues and improve processes. Once any recommendations are agreed with the Management, Internal Audit monitors their implementation and reports to the Audit Committee on progress made at every meeting.

The Internal Audit function considers all of Orange Polska Group's activities, and reports to the Audit Committee, and to the Management Board President. The Director of Internal Audit attends all scheduled meetings of the Audit Committee, and also has the power to raise any matters with the members of the Committee without the presence of the Management.

Internal Audit responsibilities are clearly defined and approved as stated in the internal audit charter which is reviewed and approved annually by the Audit Committee. The Internal Audit function acts in conformity with the Standards for the professional practice of Internal Auditing and the Code of Ethics issued by the Institute of Internal Auditors (IIA). Internal Audit plans are drawn up annually and take account of risk assessment, changing business needs and issues raised by the Management, follow-up on prior audit findings and cyclical review planning. The approach also builds reserved hours into the plan for ad-hoc, specially requested audits, and for urgent audit issues that arise throughout the year. The annual plan of Internal Audit is submitted for review and opinion by the Audit Committee. Progress against the annual Internal Audit plan is monitored and regularly reported to the Audit Committee.

In the course of its work, the Internal Audit function also liaises with the statutory auditor, discussing relevant aspects of their respective activities and assisting them in internal control testing which ultimately supports the assurance provided to the Audit Committee and the Management.

The effectiveness of the Internal Audit is monitored using the quality assurance and improvement programme which comprises internal assessment activities and annual external assessment by IFACI - l'Institut Francais de l'Audit et du Controle Internes (the French Chapter of the IIA). Following the assessment carried out in 2021, Orange Polska's Internal Audit renewed its IIA certification from IFACI.

The Audit Committee reviews the annual plan of Internal Audit, its budget and progress reports. The Committee monitors the periodic reporting on internal audit actions and findings and responsiveness of the Management's to Internal Audit recommendations. In addition, the Committee meets privately with the Director of Internal Audit and reviews the independence of the Internal Audit process.

Risk management

The Audit Committee monitors the effectiveness of the risk management system. An update report on the system's design and operation was reviewed by the Audit Committee in July 2021.

Risks are identified within all relevant business units. The risks which are perceived by Members of the Management Board or by Executive Directors as most significant for Orange Polska operations are qualified as top risks. In addition to top risks, emerging risks which may become top risks in the longer term are also identified. Review of top risks along with emerging risks and their update is reported to and assessed by the Supervisory Board once a year. All risks are grouped into clusters (risks of similar nature) to ensure consistent and effective risk management across all business units in OPL.

The Supervisory Board received a report on top and emerging risks in July 2021.

The top risk analysis is taken into account in the preparation of the annual Internal Audit plan. The plan addresses different aspects of top risks. The plan is submitted to the President of the Management Board for his approval and then to the Audit Committee for its review.

Compliance

Matters related to the implementation of the Compliance Management Programme are reported to the Audit Committee in the following areas: ethics, general compliance with laws and regulations, anti-fraud, non-telco fraud, security and anti-corruption.

» Read more in section Ethic and Compliance Management, on page 222.

Whistleblowing

The Audit Committee reviews the summary of cases reported through the whistleblowing system.

Orange Polska is closely monitoring the upcoming changes to the legal regulations applicable to whistleblowing and will adapt its internal procedures to the new requirements.

» Read more in section Ethic and Compliance Management, on page 222.

Monitoring changes in the legal environment and changes in accounting standards

Relevant changes in the legal environment, together with updates to accounting standards and recommendations from regulatory bodies, were considered by the Audit Committee, as was the question of how the Orange Polska Group approached and implemented them. The Audit Committee also specifically looked into the Company's implementation of the European Single Electronic Format, the climate-related financial disclosures, and planned changes to the tax environment.

Other areas of interest

The Audit Committee reviewed and issued opinions on significant transactions with related parties, in line with internal regulations and best practices of corporate governance. Orange SA's nominees are excluded from voting at Supervisory Board meetings and Audit Committee meetings on transactions involving Orange SA or its subsidiaries. The Committee reviewed other matters of interest, including but not limited to revenue assurance, hedging, insurance, tax and M&A transactions. Also the Audit Committee issued opinions on other matters referred to the Committee by the Supervisory Board and/or the Management Board including financing and granting bank guarantees to OPL's subsidiaries



Strategy Committee activities in 2021

The Committee gives its opinions and recommendations to the Supervisory Board on the strategic plans set out by the Management Board, as well as any further suggestions to strategic plans made by the Supervisory Board, in particular concerning key strategic directions.

Letter from the Chairman of the Strategy Committee



Dear Shareholders,

2021 was a year filled with important accomplishments for Orange Polska. Like the previous year, there were many pandemic challenges to contend with, along with encouraging new opportunities and actions. The Company has continued to provide reliable and well-appreciated services to its clients, supporting them in digital transformation while the internal Orange Polska operations entered the “new normal” hybrid working mode.

But 2021 will be remembered mostly as the year of the new Orange .Grow strategy’s formulation and its announcement to the market. In June, following extensive discussions during our Committee meetings, the new four-year plan for company development by 2024 was approved.

Orange .Grow is a bold next step on our value-creation journey, conceived as an important evolutionary step to stimulate and accelerate sales and profit growth, while laying the foundation for further growth.

Among the top-priority topics discussed during our Committee meetings was Orange Polska’s commitment to grow in a socially responsible way. In its .Grow strategy the Company has set ambitious ESG goals for itself and is ideally placed both to help others reduce their own environmental footprint, and to ensure that no one is left behind.

A lot of the Committee’s attention was also devoted to one of the big achievements of 2021 - the creation of FiberCo co-owned with financial investor APG. This joint venture aims to support the rollout of fibre in Poland, in areas where access to very high-speed broadband infrastructure is limited or non-existent. It will allow Orange Polska to pursue its ambitious fibre-optic rollout strategy by sharing investment costs.

Let me take this opportunity to express my sincere thanks to all Committee members and guests who have supported the Company with their expertise and experience in such constructive and open exchanges.

Jean-Marc Vignolles

Chairman of the Strategy Committee

Strategy Committee at a glance

The Strategy Committee should meet at least twice a year. The Committee gives its opinions and recommendations to the Supervisory Board on the strategic plans set out by the Management Board, as well as any further suggestions to strategic plans made by the Supervisory Board, in particular concerning key strategic directions. The Strategy Committee may also provide recommendations to the Supervisory Board regarding Management’s planning processes. The Committee is consulted on all strategic projects related to the development of Orange Polska Group, the monitoring of the evolution of industrial partnerships within the Orange Polska Group and projects involving strategic agreements for Orange Polska Group. It then reports and makes recommendations on each of these projects to the Supervisory Board.

In particular, the Committee is invited to consider projects such as:

- strategic agreements, alliances, and technological and industrial co-operation agreements, including aspects of the strategic partnership between Orange Group and Orange Polska Group;
- significant acquisitions and sales of assets.

Strategy Committee members in 2021

Jean-Marc Vignolles	**Chairman**
Philippe Béguin	**(Independent Board Member – since 25 June 2021)**
Henryka Bochniarz, PhD	**(Independent Board Member – until 25 June 2021)**
Thierry Bonhomme	**(until 25 June 2021)**
Bénédicte David	**(since 25 June 2021)**
Eric Debroeck	**(until 25 June 2021)**
Patrice Lambert-de Diesbach	
Monika Nachyła	**(Independent Board Member)**
Maria Pasło-Wiśniewska, PhD	**(Independent Board Member)**
Wioletta Rosołowska	**(IIndependent Board Member – since 25 June 2021)**

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. Orange Polska Supervisory Board and Management Board Members actively participated in the works of the Committee, whenever appropriate.

Issues on the Strategy Committee’s agenda for 2021

Orange Polska strategic plan

The Committee analysed the successful conclusion of the Orange.One strategic plan. Its ambitious targets were met and multi-year negative trends in sales and profitability were reversed. Based on these foundations and embracing current market and customer trends, the new four-year plan by 2024 was defined by the Management Board and reviewed and discussed by the Committee.

Fast broadband investment strategy

Poland’s fixed-broadband retail market is quickly becoming high-speed oriented thanks to growing fibre coverage, cable technology upgrades and rising customer demand. Orange Polska is a leading player in the fibre market with an ambition to provide access to up to 8 million households by 2024. The wholesale broadband market in Poland is gradually building up as more ISPs are opening their networks to others. The Committee discussed additional fibre rollout potential in areas that still lack reliable internet access across the country with a business model that aims to maximise available revenues by opening-up wholesale access to third-party operators and investment shared with financial partner.

Orange Polska green plan

Poland is a challenging market as energy production is highly carbonised, with more than 70% still coming from coal. Climate responsibility is an indispensable part of Orange Polska’s daily activities and an immanent element of the .Grow strategy. The Committee analysed company plans to cut the emissions it produces by 65% in 2025 compared with the level in 2015, mainly through sourcing at least 60% of its electricity from renewable energy. Between 2015 and 2020 Orange Polska completed more than 200 initiatives, saving more than 700 Gigawatt hours of energy and reducing carbon emissions by 530,000 tonnes.

5G monetisation: campus networks

5G monetisation is a key element of the Orange .Grow strategy. This new technology will be a catalyst for new businesses in B2B as it will bring new perspectives for revenues beyond the legacy services market and accelerate ICT development. The Committee reviewed current Orange Polska achievements in campus networks as well as opportunities and plans by 2024.

Mobile infrastructure

The Committee analysed Orange Polska mobile network development plans by 2024 with special attention put on 5G deployment, 3G switch off and spectrum refarming as well as network assets valuation in perspective of mobile infrastructure landscape in Poland.

Remuneration Committee activities in 2021

The Remuneration Committee is tasked with advising the Supervisory Board and Management Board on general remuneration policy within Orange Polska Group and making recommendations on appointments to the Management Board.

Letter from the Chairman of the Strategy Committee



Dear Shareholders,

In 2021 Orange Polska, while still operating in the COVID-19 pandemic, successfully concluded its Orange.One four-year strategic plan and started the new strategic plan .Grow.

In order to align our internal structures with the priorities of the new strategy we have made changes to the organisation. In particular, the structures of our key business lines – consumer and business markets – were entrusted with customer relations, to constitute an end-to-end customer value proposition. We have also set up a new unit dedicated to digital, reporting directly to the CEO. This marks the importance of this area to our future.

In order to motivate management and senior managers to achieve the objectives resulting from Orange Polska's .Grow strategy, the Long Term Incentive Programme for the Management Board Members, Executive Directors and key managers of Orange Polska Group was adopted. The Programme is based on phantom shares. The success factors of the Programme are aligned with the goals of the strategy. It is important to mention that one of them is related to reduction of CO_2 emissions, which underlines the importance of our Green agenda.

The Remuneration Committee reviewed the conditions of the Management Board Members' employment contracts and Non-Competition Agreements after the expiry of employment, and all of the Management Board Members signed these new approved documents.

The Remuneration Committee always follows legal requirements and new legal procedures in Poland. In 2020 for the first time, the Report on the Remuneration of the Members of the Management Board and Supervisory Board of Orange Polska S.A. in 2019–2020 was required to be presented for the Shareholders by the Supervisory Board. The Remuneration Committee was involved in the preparation of such Report.

I would like to say thank you very much to all Members of the Committee; to our HR colleagues, supporting the Committee in the performance of our tasks; and to all employees of Orange Polska who returned to the offices in September working in a hybrid work model.

Please find below all the details about the activity of the Remuneration Committee in 2021.

Maria Pasło-Wiśniewska

Chairwoman of the Remuneration Committee

Remuneration Committee members in 2021

Maria Pasło-Wiśniewska, PhD	**Chairwoman (Independent Board Member)**
Prof. Michał Kleiber	**(Board Member)**
Marc Ricau	
Jean-Marc Vignolles	

Main responsibilities of the Committee

The Remuneration Committee should meet at least four times a year. The task of the Committee is to advise the Supervisory Board and Management Board on the general remuneration policy of Orange Polska Group and to make recommendations on appointments to the Management Board.

The Committee's detailed tasks include:

- determining the conditions of employment and remuneration of the Members of the Management Board;
- considering proposals made by the President or the Supervisory Board concerning new appointments to the Management Board, taking part in the final stage of the process and making the appropriate recommendation to the Supervisory Board about the candidates;
- considering proposals made by the President or the Supervisory Board regarding resignation of any Member(s) of the Management Board and making, if necessary, a relevant recommendation to the Supervisory Board;
- giving recommendations to the Supervisory Board regarding the amounts of bonuses for the Members of the Management Board;
- providing an opinion on the remuneration policy for most senior executives, and on the general policy for the wider Orange Polska Group: in both cases having regard to the relative positioning on the market of Orange Polska Group's terms of engagement and remuneration levels;
- producing a report for the Supervisory Board on the activity of the Committee and assessment of the remuneration policy of Orange Polska Group.



On the Remuneration Committee's agenda for 2021

The Remuneration Committee had seven meetings in 2021. During these meetings the Committee discussed and made recommendations to the Supervisory Board on the following matters:

01 Appointment for the next term of office, starting from June 25, 2021, and changes in the remuneration, from July 1, 2021, of the Vice-President of the Management Board in charge of Business Market, Management Board Member in charge of Network and Technology and Management Board Member in charge of Strategy and Corporate Affairs;

02 Appointment for the next term of office, starting from June 25, 2021, of the Management Board Member in charge of Customer Experience, and nomination for the position of Vice-President of the Management Board in charge of Consumer Market from July 1, 2021;

03 Establishment of the conditions of Stretch Bonus for the CEO for 2021;

04 Changes in the remuneration of the Management Board Member in charge of Finance;

05 Evaluation of the achievement by the individual Management Board Members of their goals in the second half of 2020 and the first half of 2021, and establishment of their bonuses for 2021, provided that the bonuses for the first half of the year constitute an advance payment towards their annual variable remuneration, which is contingent upon the achievement by the Company of its annual objectives;

06 Review of the conditions of the Management Board Members' employment contracts and their Non-Competition Agreements after the expiry of employment, and a positive recommendation to the Supervisory Board. All the Management Board Members signed their employments contracts and Non-Competition Agreements after the expiry of employment, according to the new approved templates;

07 Terms of participation of the Members of the Management Board of Orange Polska in the Orange S.A. Group Long Term Incentive Plan for 2021–2023;

08 Terms of participation in the Long Term Incentive Programme (LTI) 2021– 2024 for the Management Board Members, Executive Directors, Senior Managers responsible for functions on N+1 level, CEOs in subsidiary companies and Leaders in local programmes;

09 Terms of participation of the employees of Orange Polska in the Orange S.A. phantom shares programme.



The Remuneration Committee was very much focused on keeping the highest standards of reporting information for Shareholders; for this purpose, the Committee:

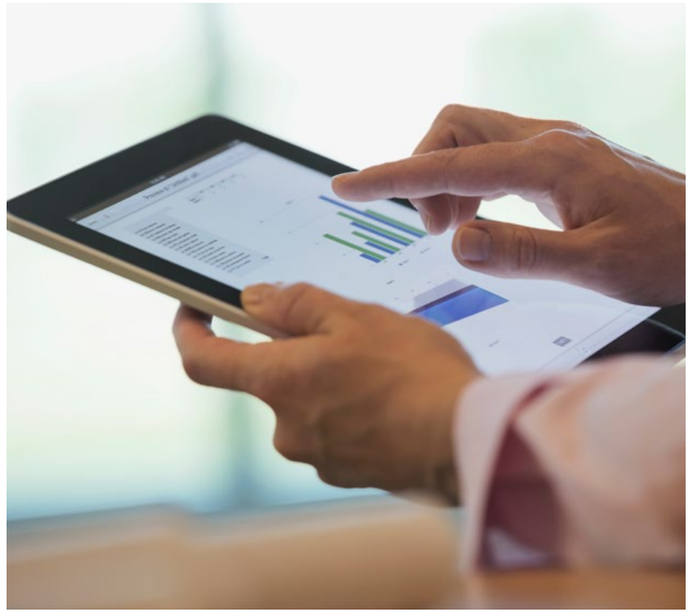
- assessed the implementation of the Remuneration Policy in 2020 and, in accordance with Best Practice for GPW Listed Companies, submitted its assessment to the Supervisory Board in a report, which is a part of the Management Board's Report on the Activity of Orange Polska S.A. in 2020;
- for the first time was involved in preparation of a report on the remuneration of the Members of the Management Board and Supervisory Board. The Committee provided to the Supervisory Board its positive opinion to "Report on the Remuneration of the Members of the Management Board and Supervisory Board of Orange Polska S.A. in 2019–2020", which was prepared in co-operation with PwC and audited by KPMG and was included in the Orange Polska Integrated Report 2020;
- accepted the document "Diversity management policy for Members of the Management Board", prepared in accordance with Best Practice for GPW Listed Companies 2021, and gave its positive recommendation to the Supervisory Board. This policy supports the adherence to the highest corporate governance standards and the achievement of Orange Polska S.A. business goals.

The Remuneration Committee supported also the proposals of:

- Nomination of a new Executive Director in charge of IT and his employment conditions;
- Nomination of a new Executive Director in charge of Digitalisation and his employment conditions;
- Changes in the remuneration of the Executive Director in charge of Transformation & Effectiveness.

Significant issues were considered by the Remuneration Committee in relation to:

- The right skills for tomorrow in Orange Polska - people development, culture & skills; skills anticipation programme and tools, recruitment, talent development focus, skills development, HR resource management & developing new ways of working; cultural change, agility, digital collaboration, organisation adjustment, innovation management;
- The vaccination programme for volunteers in Orange Polska OPL offered by the Company's medical provider;
- A new project in Orange Polska – SWAP, in which the Management Board Members take part in a two-week exchange of duties, to extend their professional comfort zone and experience new business challenges;
- Changes in Orange Polska's organisation caused by COVID-19, with a new sanitary regime and hybrid work starting from September 2021.



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.

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 Pasło-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 Pasło-Wiśniewska, Wioletta Rosołowska and Jean-Marc Vignolles.

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 Pasło-Wiśniewska PhD and Wioletta Rosołowska.

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 or 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. irecommendation 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.

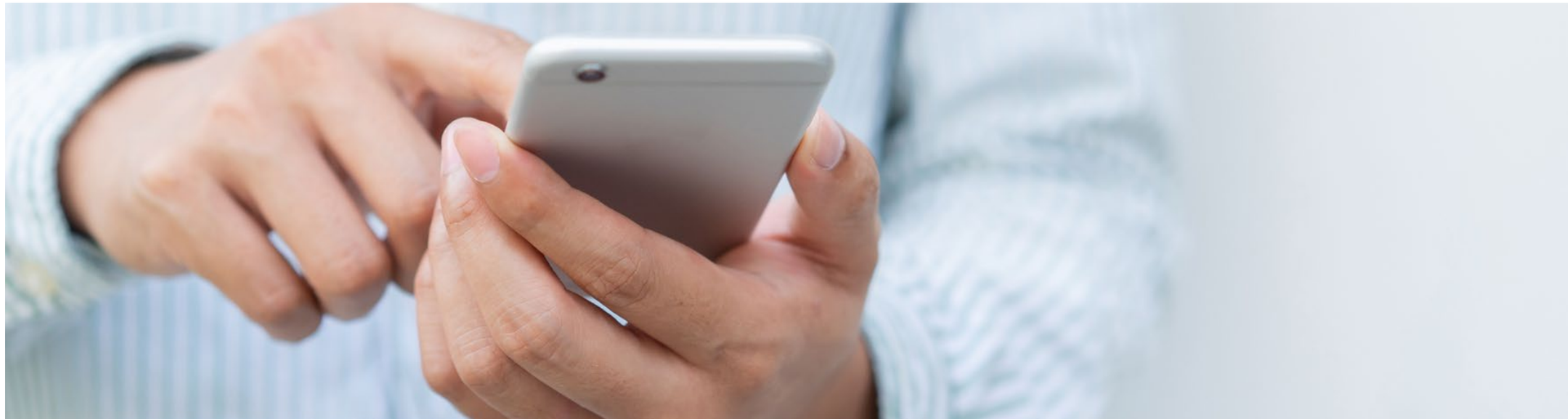


Table 1a. Total remuneration of Members of the Management Board in 2021

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

1 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 (%)
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)
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[1]	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

1 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)	
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
Total	315,000	–	63,000	2,044

* 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_2 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_2 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)*
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
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[1] b) 50%	a) Organic Cash-Flow[1] b) 40%	a) Organic Cash-Flow[1] b) 50%
a) Financial indicator b) Indicator weight	a) Total Shareholder Return[2] b) 50%	a) Total Shareholder Return[2] b) 40%	a) Total Shareholder Return[2] b) 30%
a) Financial indicator b) Indicator weight	n/a	a) CSR[3] b) 20%	a) CSR[4] b) 20%

1 The Orange Group's Organic Cash Flow should be higher than budgeted in each year of the performance assessment period.
2 The increase in Total Shareholder Return should be higher than in TSR for the Stoxx Europe 600 Telecos 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.
3 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_2 emissions with respect to customer service at the end of the assessment period.
4 10% of the CSR objective corresponds to the achievement of the goal related to a reduction of CO_2 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	
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
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)
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
Total	**1,062**	**1,314**	**30**	**36**

* 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 in 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
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 Pasło-Wiśniewska PhD	317	184	
Wioletta Rosołowska	109	41	
Jean-Michel Thibaud	–	–	1)
Jean-Marc Vignolles	–	–	3)
Total	**1,990**	**760**	

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[1]	3,011	2,881	3,006	2,797	2,963
EBITDA/EBITDAaL evolution[2]	-4.8%	3.1%[3]	7%[1]	2.9%4	5.9%[4]
Revenue	11,381	11,101	11,406	11,508	11,928
Revenue evolution[2]	-1.4%	-0.7%[3]	2.9%	0.9%	3.6%
NPS (Net promoter score – position on the Polish market of telecommunications operators)	2	3	2	1	2

1 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).
2 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.
3 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.
4 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)[1,3]

Full name	2017	2018	2019	2020	2021
Julien Ducarroz[2]	n/a	n/a	n/a	1,339	5,382
Jolanta Dudek[3]	1,339	1,377	1,528	1,624	1,903
Bożena Leśniewska[3]	1,820	1,960	2,233	2,248	2,568
Witold Drożdż[3]	n/a	242	1,453	1,487	1,700
Piotr Jaworski[3]	n/a	244	1,498	1,504	1,757
Jacek Kowalski	1,776	1,712	1,767	1,935	2,166
Jacek Kunicki[3]	n/a	n/a	n/a	614	1,813
Maciej Nowohoński	1,783	1,771	1,821	1,972	2,203
Jean-François Fallacher[1,3]	3,804	3,772	4,382	3,359	n/a
Mariusz Gaca[1,3]	2,544	2,422	2,529	2,369	n/a
Piotr Muszyński[1,3]	3,134	n/a	n/a	n/a	n/a
TOTAL	**16,200**	**13,500**	**17,211**	**18,451**	**19,492**

Employee remuneration (excluding the Management Board and Supervisory Board)[1,4]

	2017	2018	2019	2020	2021
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%[5]
Number of employees[5,6]	**14,109**	**12,873**	**11,687**	**10,489**	**9,622**

n/a – not applicable
1 Remuneration excluding compensation and severance pay paid in connection with termination of employment (including compensation for non-competition after termination of employment).
2 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.
3 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.
4 Total salaries and benefits of employees (including the Employee Pension Scheme) excluding benefits from the social fund.
5 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.
6 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. in 2019–2020 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. The Ordinary 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).

Management Board activities in 2021

Management Board composition (as of 31 December 2021)

- **Julien Ducarroz** – President of the Board
- **Jolanta Dudek** – Vice President of the Board
- **Bożena Leśniewska** – Vice President of the Board
- **Witold Drożdż** – Board Member
- **Piotr Jaworski** – Board Member
- **Jacek Kowalski** – Board Member
- **Jacek Kunicki** – Board Member
- **Maciej Nowohoński** – Board Member



Management Board members' term of office

The term of office of each member of the Management Board is three years. The President and other members of the Management Board are appointed and removed by the Supervisory Board. The resolutions of the Supervisory Board regarding the appointment or re-appointment of the President or other members of the Management Board are adopted by a simple majority of the votes cast.

The mandates of Management Board members expire at the latest on the date of the Annual General Meeting which approves the financial statements for the second full financial year of his/ her service as a member of the Management Board.

Members of the Management Board may be at any time removed or suspended for important reasons by the Supervisory Board before the expiration of their term of office

Changes in the Management Board and Executive Directors structure

On 2021 Orange Polska strengthened its management team in order to prepare for the implementation of the new strategy. The following changes took place:

Since July 1, 2021, Jolanta Dudek has managed the Company's consumer division, comprising the functions of consumer market and residential customer relations, as the Vice President in charge of Consumer Market. Since 2013, she has been responsible for the area of customer relations within the Company. She was appointed to the Management Board in 2015.

Business customer care has been incorporated into the business market division, which is managed by Bożena Leśniewska. Positioning of the customer relations function according to business lines will enable the Company to enhance the relevant processes and better respond to the needs of customers at each stage of their relations with Orange.

Artur Stankiewicz has joined the Company's top management, assuming the newly created position of Chief Digital Officer and entering the Executive Committee, where his mission will be to develop.

Management Board diversity

Orange Polska follows a policy of appointing persons with appropriate competence, professional experience and education to the Company's boards.

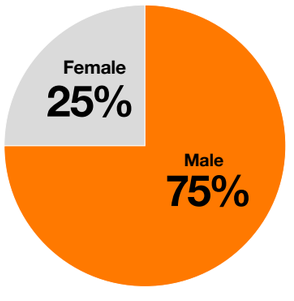
According to the entry into force of the Best Practices of Listed Companies 2021, on 3 November 2021, the Supervisory Board adopted a diversity management policy for Members of the Management Board.

In the process of recruitment of the Members of the Management Board of Orange Polska, the Supervisory Board:

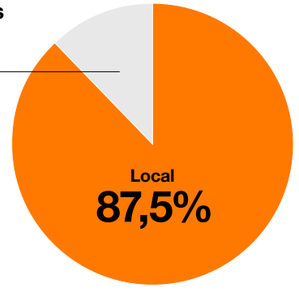
- shall be guided by the transparency of the candidate selection rules and criteria;
- shall make decisions on the appointment of the Management Board Members based on the adequate knowledge, skills, education, competence and professional experience of candidates;
- shall ensure that the composition of the Management Board is diverse in terms of gender, age, expertise, education and professional experience;
- with regard to gender diversity, shall strive to achieve the minimum participation of women of at least 30%.

Management Board

Gender



Nationalities



Age profile

40-50 – 4 people	56-60 – 4 people
51-55 – 0 people	61+ – 0 people

Length of tenure

0-2 years	2 people
2-4 years	2 people
4-6 years	2 people
6+ years	2 people

Profiles of Management Board Members



Julien Ducarroz

Responsibilities:

CEO and President of the Management Board

Appointment to the board:
September 2020

Qualifications:
He is a graduate of the Swiss Federal Institute of Technology of Lausanne and Zurich.

Career experience:
Julien Ducarroz has extensive experience in the telecom industry, with more than 10 years in executive positions, gained in different countries and in many different areas, including strategy and commercial functions. He joined the Orange Group in 2002 in its International Division, then continued as a business-intelligence and value-based marketing manager in Orange Group Marketing in London (2003-2004). Subsequently he became Deputy Chief Marketing Officer in Orange Nederland (2006-2007). In 2007 he joined Orange Romania as a strategy director, and from May 2009 to May 2016, he managed sales, marketing and marketing communication as Chief Commercial Officer. Between 2016 and 2020 he was the CEO of Orange Moldova where his achievements include the launch of convergent services with the acquisition of main cable operators, cultural transformation to implement entrepreneurial mind-set and adoption of agile ways of working across the organisation and preparation for the entry of mobile financial services.



Jolanta Dudek

Responsibilities:

Vice President of the Management Board in charge of Consumer Market

Appointment to the board:
October 2015

Qualifications:
She is a graduate of the Faculty of Philology at he University of Silesia, European Economy Management, French Ecole des Hautes Etudes Commerciales, the Warsaw School of Economics (SGH), the Academy of Leadership Psychology, Warsaw University of Technology Business School. She is also an experienced Lead Auditor of Quality Management System ISO 2002 and Customer Operations Performance Center (COPC®) Co-ordinator.

Career experience:
She began her career in telecommunications at PTK Centertel in 2000, holding management positions related to mass customer care and taking part in the development of customer service for the Idea mobile network. Between 2004 and 2013, she served as Director of Business Customer Service for the Orange network. In October 2010, she was appointed Director of Mobile Business Customer Service in Orange Customer Service. From 2013, she served as CEO of Orange Customer Service (till 2016) and Executive Director in charge of Customer Care in Orange Polska (till 2015). In 2015-2021, she was a Member of the Management Board of Orange Polska responsible for the Customer Experience area. From July 1, 2021, as the vice president of the company, she manages the division covering the structures of the consumer market and relations with individual clients.



Bożena Leśniewska

Responsibilities:

Vice President of the Management Board in charge of Business Market

Appointment to the board:
October 2015

Qualifications:
She is a graduate of the Advanced Management Programme at INSEAD, the Academy of Mentoring, the Academy of Leadership Psychology at Warsaw University of Technology Business School and Jagiellonian University. She is also an active mentor and co-author of Europe's first studies designed for women.

Career experience:
She has more than 20 years' experience in the telecommunications sector. From 1996 she was responsible for the sales market in Polkomtel S.A., initially as Sales Director, then Regional Director, Mass Customers Department Director and Deputy Director of the Business Customers Department. In 2006 she joined the Orange Polska team in PTK Centertel as Deputy Branch Director of Sales for Business Market, then Branch Director of Business Market Sales. From 2008 she was Branch Director for Business Customers, then Sales Director for both PTK Centertel and Orange Polska. In November 2013, she became Executive Director in charge of Sales in Orange Polska, and two years later she was appointed the Management Board Member in charge of Sales and Commercial Digitisation. Since January 2017, as Vice President of the Management Board of Orange Polska, she has been responsible for the business market as well as Integrated Solutions and BlueSoft.



Witold Drożdż

Responsibilities:

Management Board Member in charge of Strategy and Corporate Affairs.

Appointment to the board:
November 2018

Qualifications:
He is a graduate of Law and International Relations at the University of Warsaw and has completed the Stanford Executive Program at Stanford University.

Career experience:
He has been working at Orange Polska since 2012, initially as Executive Director for Corporate Affairs. From 2010 to 2012, he was the Vice-President of the Management Board and then acting President of the Management Board for PGE Energia Jądrowa S.A. Between 2007 and 2010, he served as Deputy Minister of the Interior and Administration, responsible for the development of information society and public records, as well as Chairman of the government committee Digital Poland, and a member of the government Committee for Energy Security and the inter-ministerial Committee for Digital TV and Radio Broadcasting. He sits on the Orange Foundation Board and Employers of Poland Board.



Piotr Jaworski

Responsibilities:

Management Board Member in charge of Network and Technology.

Appointment to the board:
November 2018

Qualifications:
He graduated from electronic engineering in the Warsaw University of Technology and holds MBA qualifications from the University of Gdańsk and the University of Strathclyde in Glasgow.

Career experience:
Piotr Jaworski has been working at Orange Polska (former Telekomunikacja Polska) since 1991, initially as the Technical Manager in the Telecommunications Plant in Białystok, then, in the Company's Headquarters, as Director of the Business Customer Relations Department and Regional Executive Director (for South and Central Regions). Between 2007 and 2013, he was the Technical Customer Service Director. Then, until 2016, he worked as the Service Delivery and Maintenance Director, responsible for technical processes of service provision and maintenance (for both Orange customers and alternative operators), network investments (including VHBB FTTH roll-out) and active network maintenance. Executive Director in charge of Network and Technology since 2016. He has been the leader of several projects in customer experience development.

He has been involved in charity work for years. He is a member of the Orange Network Experts Committee. Between 2007 and 2020, he was a member of the OPL Ethics Committee. He is also the Chairman of the TP Teltech Supervisory Board. Member of Supervisory Boards of NetWorkS! and Światłowód Inwestycje.



Jacek Kowalski

Responsibilities:

Management Board Member in charge of Human Capital

Appointment to the board:
January 2011

Qualifications:
He is a graduate of the Faculty of History at the University of Warsaw and undertook postgraduate studies in Local Government and Non-Governmental Organizations Management, also at the University of Warsaw. He has Trainer of Trainers Certificate – TERM Programme 1995-96 from Sheffield International College.

Career experience:
Previously, from 2009 he was the Executive Director in charge of Human Resources at Telekomunikacja Polska (now Orange Polska) and Competencies Management and Employees Development Director. He started his career in the Orange as a Manager of Training and HRBP for Sales at PTK Centertel. Before he started working at Orange, he was a Director and a Board Member in Infor Training (an INFOR Media Group Company) in charge of Development, Training and Entrepreneurship for B2B market. He has additional experience in educational institutions: as a private school teacher, project manager, Certified trainer, trainings and educational materials architect, publisher. He also worked as a Director of the National In-Service Teacher Training Centre, responsible for the implementation of training programmes supporting the development of education in Poland and Poland's joining the EU.

He is Chairman of Supervisory Board for Polish Pension Fund at Orange Polska and also a member of Advisory Board of the Polish Human Resources Management Association.

He is a member of the Human Explorers, an informal group that is focused on sharing good HR practices, and also Pro Bono Leaders initiative.



Jacek Kunicki

Responsibilities:

Management Board Member in charge of Finance

Appointment to the board:
July 2020

Qualifications:
He graduated from the Higher School of Management in Warsaw and holds an MBA from the Oxford Brookes University.

Career experience:
He has worked in Orange Polska since 2003 holding a number of managerial positions of growing responsibility within the finance area, in particular he was the Director of Investor Relations from 2010 to 2014 and Orange Polska Group Chief Controller from 2014 to 2020. From 31 March 2020 he holds the position of Orange Polska'a Chief Financial Officer.

Jacek Kunicki is a supervisory board member of BlueSoft, Integrated Solutions, Światłowód Inwestycje, NetWorkS! and Tp Teltech entities (part of Orange Polska Group).

Before joining Orange, Jacek worked in the finance team of a telecom Energis Polska.



Maciej Nowohoński

Responsibilities:

Management Board Member in charge of Carriers Market and Real Estate Sales

Appointment to the board:
March 2014

Qualifications:
He is a graduate of Foreign Trade at the Economic University of Poznan and from the Dutch HAN University of Applied Sciences in Nijmegen.

Career experience:
He has been with Orange Polska since 2003 and held several positions of growing responsibility in finance, including Orange Polska Group Controller in 2006–2014. He was a Member of the Management Board of Emitel from 2010 to 2011 and the Chief Financial Officer of PTK Centertel between 2011 and 2013. From March 2014 till March 2020 he served as the CFO of Orange Polska. In 2020 and 2021 he was also responsible for the Fiberco project - creation of Swiatlowod-Inwestycje. Furthermore, he sits on supervisory boards of selected subsidiaries of Orange Polska. Prior to joining the Orange team, he worked for Arthur Andersen & Andersen Business Consulting.

Profiles of Executive Directors



Bertrand Grezes-Besset

Responsibilities:

Since February 2021, he has worked as Executive Director in charge of IT.

Qualifications:
He graduated in France from Ecole Polytechnique in Fundamental Physics and from Telecom Paristech.

Career experience:
He has almost 30 years of professional experience in the telecommunications and IT industry, on various functions from CIO to Business Unit manager and startup entrepreneur. He worked in several countries on the implementation of innovation projects around Middle East, Africa and Europe.

He joined Orange Polska in 2018 as an advisor to the CEO on technology innovation.

Since 2019, he has managed the ICT offer portfolio comprising integration services, cybersecurity, Cloud and software development. His missions included management of Integrated Solutions and BlueSoft.



Magdalena Hauptman

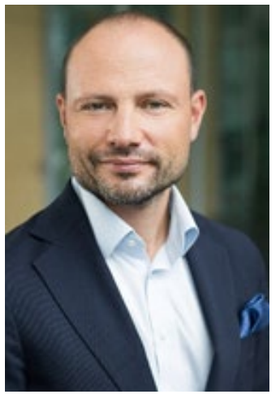
Responsibilities:

Since November 2013, she has worked as Executive Director in charge of Transformation and Effectiveness

Qualifications:
She graduated from the Warsaw School of Economics, Management and Marketing Department; University of Social Sciences and Humanities (SWPS), Psychology Department and Warsaw University, Musicology Department. She also holds qualifications from postgraduate studies in Positive Psychology at SWPS. She holds the International Coaching Community certificate (2010) and International Coaching Federation certificate (2013).

Career experience:
A member of the Orange Polska team since 1994, she began her employment at PTK Centertel where she was responsible for ERP implementation. From 1998 to 2001, she was responsible for budget management in the Network and IT area. In 2001 she joined Telekomunikacja Polska S.A. where, as the Sourcing Director, she was responsible for the creation and development of a Sourcing Organisation working within the France Telecom Group. As Property Director in 2010-2013, she coordinated the concept development and construction of the Miasteczko Orange (Orange Town) facility. At the same time, she supervised the sale of properties from Orange Polska's portfolio. In 2017-2020 she was responsible for OPL transformation program Orange.One

Currently, as Executive Director in charge of Transformation and Effectiveness, she is responsible for the new edition Company's transformation program .Grow, still covering both business and the cultural change area. Apart from that, the scope of her responsibilities includes sourcing, supply chain and co-ordination of implementing new products and services for customers (TTM) as well as development of competences related to project management and processes in the Company.



Artur Stankiewicz

Responsibilities:

From July 2021 he has worked as Executive Director in charge of Digitalisation.

Qualifications:
He graduated with honours in Control Engineering from the Faculty of Electrical Engineering of the Warsaw University of Technology and holds MBA qualifications from Université du Québec à Montréal and from the Advanced Management Program at INSEAD.

Career experience:
He started his professional career in 2001 at Polkomtel S.A., in B2B Sales. From 2007, he managed B2B Sales in Orange Polska, first as the Direct Sales Director and then, from 2014–2017, for Sales and Marketing in the SOHO and SME Business Segments. He created Orange's convergent FTTH offer for small and medium-sized enterprises. He also managed the transformation of sales structures towards increasing the value and quality of customer service. Then he took on the position of Consumer Market Marketing Director (2017-2021). One of his achievements was building and development of the Orange Flex offer - the first fully digital telecommunications service on the Polish market. He was also responsible for the preparation and successful implementation of the 'more for more' targeted strategy to increase the margin and value generated by the customer. Both initiatives have had a significant positive impact on EBITDA trends and the customer base. In the years 2010-2017 he was a member of the Supervisory Board of Orange Retail S.A.



Ethics and compliance management

Ethics management

Ethics in Orange Polska

Ethics in Orange Polska arise from the necessity to maintain ethical standards in daily business activity. Having proper ethical standards as a core element of our culture underpins Orange Polska's good relations with our business partners and the market as a whole.

The standards and values implemented within the Company guide our people in their mutual relations, both personal and business, helping them to support the Company's business objectives and build the best possible relationships with the wider environment in which we operate. Ethical standards have been enshrined in the Orange Polska Code of Ethics, which provides our employees with a roadmap for the ethical behaviour expected by our shareholders, customers and business partners. The Orange Polska Code of Ethics shares the same standards as other companies within the Orange Group. All new joiners have the obligation to get acquainted with the Code of Ethics through a dedicated elearning course.

Role of the Orange Polska Ethics Committee

The Orange Polska Ethics Committee is an advisory body which acts as the guardian of ethical standards in the Company. It analyses any accusation of non-ethical behaviour that might arise from day to day, and educates employees to strengthen their understanding of ethical principles in the workplace. It also increases employees' knowledge and awareness of everyday ethical fundamentals via e-training that identifies possible situations employees might encounter, and gives them examples of proper ethical behaviour.

Orange Polska employees can easily contact the Committee if they suspect a breach of ethics, either electronically (using the anonymous contact form on our intranet site) or by mail. It is also possible to send a letter or email directly to the Chairman of the Audit Committee. All inquiries are conducted in a strictly confidential manner.

Activity of the Ethics Committee in 2021

Regular activity

- Regular meetings and handling matters communicated to the Committee by all available channels;
- Current collaboration with Internal Audit Director and Director in charge of Security and Compliance;
- Meetings with the heads of structures from which notifications have been received in order to better understand the issue and formulate further recommendations.

Other activity

- Defining a new approach of the Ethics Committee to ethics management within Orange Polska;
- Publishing a new, more transparent and user-friendly website of the Ethics Committee;
- Preparing for the implementation of a whistleblowing procedure and an internal procedure for report handling by the Ethics Committee in accordance with the relevant EU Directive and Polish regulations;
- Organising the Day of Ethics and Compliance, which included a webinar for employees, workshop for the Ethics Committee and broad communications about ethics and compliance standards and principles within Orange Polska.

Overview of the reports and questions communicated to the Ethics Committee

In 2021, the Ethics Committee received 92 reports or questions. The most common matters raised were related to sales and customer relations, HR, and conflict of interest. Most notifications were sent to the Committee's dedicated email.



Compliance management



Compliance Management Programme of Orange Polska

Integrity and compliance are Orange's fundamental values, which have contributed to the Group's high reputation. The adoption of the Compliance Management Programme by Orange Polska confirms our willingness to operate in compliance with laws, regulations and market practices in an ethical and transparent manner. We follow the highest standards not only with respect to the quality and innovativeness of our services, but also in relations with our business partners and customers and between our employees. We aim to ensure an effective system for non-compliance risk management, threat identification and monitoring, and implementation of corrective actions. We actively prevent corruption and influence peddling, conflict of interest, fraud and any other situations involving our employees or business partners that could have negative consequences for Orange Polska.

Anti-Corruption Policy and Guidelines

One of the key elements of our Compliance Management Programme is the Anti-Corruption Policy based on a zero-tolerance approach towards any forms of corruption in all our activities. It determines the rules of conduct and indicates prohibited behaviours which can be considered corruption or influence peddling.

All our employees and all business partners of Orange Polska (co-operating companies, vendors, subcontractors, consultants and agents acting on our behalf) need to comply with anti-corruption standards. The correct application of Anti-Corruption Policy is supported by internal regulations. In particular, Anti-Corruption Guidelines of Orange Polska determine the policy concerning gifts and invitations, defining categories of benefits received or offered and a procedure for reporting them.

The Compliance function carries out initiatives aimed at building awareness of the applicable rules among employees. By attending training and workshops, our teams can better understand the phenomenon of corruption and respond properly in problematic situations.

Orange Polska has been mapping and regularly updating corruption risks.

All OPL business units were subject to corruption risk analysis. Increased corruption risk was identified in 18% of the company's areas of activity. Appropriate control mechanisms and mitigating actions were implemented in all of these areas.

Verification of business partners

To prevent potential risks of corruption, non-compliance with economic sanctions, money laundering, terrorism financing and fraud, Orange Polska applies due diligence procedures in relations with its business partners. It enables us to 'get to know our partners', control potential risks and make informed decisions prior to establishing business relationship with a prospective partner.

Whistleblowing

All employees and stakeholders can report their doubts or observed irregularities or violations of applicable laws via dedicated channels provided by Orange Polska, anonymously or openly, without fear of negative consequences. All such notifications are treated confidentially and verified and addressed with due diligence.

Main procedures and policies

Human relations

- Intragroup Collective Labour Agreement
- Social Agreement
- Staff Regulations
- Remuneration Policy
- Bonus Regulations
- Diversity Management Policy
- Global agreement on workplace gender equality in the Orange Group
- Policy for Investing in Health Quality and Well-being
- Code of Ethics
- Occupational Safety and Health Policy
- Global Orange Group agreement on Global agreement on occupational safety and health in the Orange Group
- Remote Work Regulations
- Recruitment Policy

Social issues

- Social Responsibility Strategy
- Donation Policy
- Sponsorship Policy
- Statute of the Orange Foundation
- Orange Foundation Grant Policy
- Corporate Volunteering Competition Rules

Environmental issues

- Corporate Social Responsibility Policy
- Environmental Policy
- Climate Policy

Respect for human rights

- Orange Group's Statement on modern slavery and forced labour
- Corporate Social Responsibility Policy
- Diversity Management Policy
- Vigilance Plan
- Code of Ethics
- Supplier Code of Conduct

Ethics and compliance

- Code of Ethics
- Supplier Code of Conduct
- Sales Agents' Code of Responsibility
- Corporate Social Responsibility Policy
- Compliance Management Programme
- Anti-Corruption Policy
- Anti-Corruption Guidelines
- Policy on Economic Sanctions
- Conflict of Interest Policy
- Due Diligence Procedure (iDDFix)
- Anti-Money Laundering and Counter-Terrorism Financing Policy
- Anti-Fraud Policy

Governance

- Information Security Policy
- Personal Data Security Policy
- Policy on the provision of authorised non-audit services by the audit firm conducting the audit
- Audit Firm Selection Policy
- Remuneration Policy for Members of the Management Board and the Supervisory Board
- Procurement Policy
- Business Continuity and Crisis Management Policy
- Risk Management Policy

Customers

- Privacy Policy
- Complaint Policy
- EU Roaming Fair Usage Policy
- Credit Verification Policy
- Service standards for elderly customers and customers with disabilities
- Responsible Communication Rules
- Social Responsibility Strategy
- Code of Ethics





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Selected financial data

Orange Polska Group selected financial information for the year ended 31 December 2021

As published on 16 February 2022

The full report on Consolidated full year 2021 results is available on our website https://www.orange-ir.pl/results-center/



CONSOLIDATED INCOME STATEMENT

(in PLN millions, except for earnings per share)	Note	12 months ended 31 December 2021	12 months ended 31 December 2020
Revenue	**6**	**11,928**	**11,508**
External purchases	7.1	(6,786)	(6,535)
Labour expense	7.2	(1,421)	(1,359)
Other operating expense	7.3	(571)	(448)
Other operating income	7.3	358	260
Impairment of receivables and contract assets	20	(67)	(151)
Gain on the loss of control of Światłowód Inwestycje	4	1,543	-
Gains on disposal of assets	8	52	61
Employment termination expense	17	(119)	13
Depreciation and impairment of right-of-use assets	14.1	(509)	(434)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	11,12	(2,221)	(2,511)
Share of profit of joint venture	13	24	-
Operating income		2,211	404
Interest income	20	34	33
Interest expense on lease liabilities	20	(53)	(62)
Other interest expense and financial charges	20	(200)	(216)
Discounting expense	20	(66)	(43)
Foreign exchange gains/(losses)	20	4	(54)
Finance costs, net		**(281)**	**(342)**
Income tax	28.1	(258)	(16)
NET INCOME		1,672	46
Net income attributable to owners of Orange Polska S.A.		1,672	46
Net income attributable to non-controlling interests		–	–
EARNINGS PER SHARE (IN PLN)	35.4	1.27	0.04
Weighted average number of shares (in millions)	29.1	1,312	1,312

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in PLN millions)	Note	12 months ended 31 December 2021	12 months ended 31 December 2020 Restated (see Note 2.2)
Net income		**1,672**	**46**
Items that will not be reclassified to profit or loss			
Actuarial losses on post-employment benefits	19	8	(3)
Income tax relating to items not to be reclassified		(2)	1
Items that may be reclassified subsequently to profit or loss			
Gains/(losses) on cash flow hedges	25	376	(13)
Losses on receivables at fair value through other comprehensive income		(6)	–
Income tax relating to items that may be reclassified		(69)	2
Share of other comprehensive income of joint venture, net of tax		22	–
Other comprehensive loss, net of tax		**329**	**(13)**
Total comprehensive income		2,001	33
Total comprehensive income attributable to owners of Orange Polska S.A.		2,001	33
Total comprehensive income attributable to non-controlling interests		–	–



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in PLN millions)		At 31 December 2021	At 31 December 2020
ASSETS			
Goodwill	10	2,285	2,285
Other intangible assets	11	3,984	4,184
Property, plant and equipment	12	9,728	10,301
Right-of-use assets	14.1	2,834	2,768
Investment in joint venture	13	1,333	-
Trade receivables	15.1	354	382
Contract assets	15.2	89	70
Contract costs	15.3	127	106
Derivatives	25	273	-
Other assets	16	432	41
Deferred tax assets	28.2	581	800
Total non-current assets		**22,020**	**20,937**
Inventories		281	230
Trade receivables	15.1	1,853	1,850
Contract assets	15.2	95	87
Contract costs	15.3	397	368
Derivatives	25	3	147
Income tax receivables		31	-
Other assets	16	450	240
Prepaid expenses		94	83
Cash and cash equivalents	24	933	358
Total current assets		**4,137**	**3,363**
TOTAL ASSETS		**26,157**	**24,300**
EQUITY AND LIABILITIES			
Share capital	29.1	3,937	3,937
Share premium		832	832
Other reserves		191	(123)
Retained earnings		7,649	5,951
Equity attributable to owners of Orange Polska S.A.		**12,609**	**10,597**
Non-controlling interests		2	2
Total equity		**12,611**	**10,599**
Trade payables	18.1	99	242
Lease liabilities	23, 27.6	2,302	2,216
Loans from related party	22	4,938	2,406
Other financial liabilities at amortised cost		28	2
Derivatives	25	3	100
Provisions	17	739	657
Contract liabilities	15.4	993	338
Employee benefits	19	73	53
Other liabilities	18.2	18	50
Total non-current liabilities		**9,193**	**6,064**
Trade payables	18.1	2,400	2,236
Lease liabilities	23, 27.6	528	488
Loans from related party	22	12	3,584
Other financial liabilities at amortised cost		33	19
Derivatives	25	2	32
Provisions	17	258	254
Contract liabilities	15.4	607	476
Employee benefits	19	171	204
Income tax liabilities		2	18
Other liabilities	18.2	340	326
Total current liabilities		**4,353**	**7,637**
TOTAL EQUITY AND LIABILITIES		**26,157**	**24,300**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in PLN millions)	Share capital	Share premium	Other reserves					Retained earnings	Equity attributable to owners of OPL S.A.	Non-controlling interests	Total equity
			Cash flow hedge reserve	Actuarial gains/ (losses) on post-employment benefits	Losses on receivables at fair value through other comprehensive income	Deferred tax	Share of other reserves of joint venture				
Balance at 1 January 2021	3,937	832	(89)	(62)	–	28	-	5,951	10,597	2	10,599
Net income	-	-	-	-	-	-	-	1,672	1,672	-	1,672
Other comprehensive income	-	-	376	8	(6)	(71)	22	-	329	-	329
Total comprehensive income for the 12 months ended 31 December 2021	-	-	376	8	(6)	(71)	22	1,672	2,001	-	2,001
Share-based payments (transactions with the owner, see Note 29.3)	-	-	-	-	-	-	-	26	26	-	26
Transfer to inventories	-	-	(18)	-	-	3	-	-	(15)	-	(15)
Balance at 31 December 2021	3,937	832	269	(54)	(6)	(40)	22	7,649	12,609	2	12,611
Balance at 1 January 2020	3,937	832	(50)	(59)	-	20	-	5,875	10,555	2	10,557
Net income	-	-	-	-	-	-	-	46	46	-	46
Other comprehensive loss	-	-	(13)	(3)	-	3	-	-	(13)	-	(13)
Total comprehensive income for the 12 months ended 31 December 2020)	-	-	(13)	(3)	-	3	-	46	33	-	33
Share-based payments (transactions with the owner, see Note 29.3)	-	-	-	-	-	-	-	3	3	-	3
Transfer to inventories	-	-	(26)	-	-	5	-	-	(3)	-	(21)
Other movements (see Note 29.4)	-	-	-	-	-	-	-	27	27	-	27
Balance at 31 December 2019 (restated)	3,937	832	(89)	(62)	-	28	-	5,951	10,597	2	10,599

CONSOLIDATED STATEMENT OF CASH FLOWS

(in PLN millions)	Note	12 months ended 31 December 2021	12 months ended 31 December 2020
OPERATING ACTIVITIES			
Net income		1,672	46
Adjustments to reconcile net income to cash from operating activities			
Gains on loss of control and disposal of assets	4,8	(1,595)	(61)
Depreciation, amortisation and impairment of property, plant and equipment, intangible assets and right-of-use assets	11,12,14.1	2,73	2,945
Share of profit of joint venture	13	(24)	-
Finance costs, net	20	281	342
Income tax	28.1	258	16
Change in provisions and allowances		(7)	(150)
Operating foreign exchange and derivatives (gains)/losses, net		3	(10)
Change in working capital			
Increase in inventories, gross		(51)	(5)
Decrease in trade receivables, gross	15.1	75	383
(Increase)/decrease in contract assets, gross	15.2	(28)	26
Increase in contract costs	15.3	(50)	(46)
Increase/(decrease) in trade payables		100	(64)
Increase/(decrease) in contract liabilities	15.4	86	(1)
Increase in prepaid expenses and other assets		(104)	(22)
Increase/(decrease) in other payables		99	(33)
Interest received		30	33
Interest paid and interest rate effect paid on derivatives, net		(342)	(370)
Exchange rate effect received on derivatives, net		4	2
Income tax paid		(36)	(26)
Net cash provided by operating activities		3,101	3,005

(in PLN millions)	Note	12 months ended 31 December 2021	12 months ended 31 December 2020
INVESTING ACTIVITIES			
Payments for purchases of property, plant and equipment and intangible assets	11,12	(1,995)	(2,015)
Investment grants received	18.2	109	177
Investment grants paid to property, plant and equipment and intangible assets suppliers	18.2	(204)	(221)
Exchange rate effect received on derivatives economically hedging capital expenditures, net		7	10
Proceeds from sale of property, plant and equipment and intangible assets		196	60
Proceeds from loss of control of Światłowód Inwestycje, net of cash and transaction costs	4	872	-
Income tax paid in relation to loss of control of Światłowód Inwestycje	4	(122)	-
VAT paid in relation to loss of control of Światłowód Inwestycje	4	(157)	-
Cash paid for acquisition of subsidiaries, net of cash acquired	4	(22)	(75)
Receipts from loan to joint venture and other financial instruments, net	4	160	-
Net cash used in investing activities		(1,156)	(2,064)
FINANCING ACTIVITIES			
Proceeds from long-term debt	23	26	-
Repayment of long-term loans from related party	23	(101)	-
Repayment of lease liabilities	23	(481)	(421)
Repayment of revolving credit line and other debt, net	23	(906)	(568)
Exchange rate effect received on derivatives hedging debt, net	23	91	-
Net cash used in financing activities		(1,371)	(989)
Net change in cash and cash equivalents		574	(48)
Effects of exchange rate changes on cash and cash equivalents		1	2
Cash and cash equivalents at the beginning of the period	24	358	404
Cash and cash equivalents at the end of the period	24		

Segment information and performance measures

The Group reports a single operating segment as decisions about resources to be allocated and assessment of performance are made on a consolidated basis. Group performance is currently evaluated by the Management Board based on revenue, EBITDAaL, net income, eCapex (economic capital expenditures), organic cash flows, net financial debt and net financial debt to EBITDAaL ratio based on cumulative EBITDAaL for the last four quarters.

Since the calculation of EBITDAaL, eCapex, organic cash flows, and net financial debt is not defined by IFRS, these performance measures may not be comparable to similar indicators used by other entities. The methodology adopted by the Group is presented below.

Starting from 2021, the Group has a joint venture accounted for using the equity method and definitions of performance measures have been supplemented taking into account the impact of the joint venture on the Group performance: share of profits/losses of joint venture and elimination of margin (unrealised profit) earned on asset related transactions with joint venture are excluded from EBITDAaL calculation.

Additionally, the Group has clarified a treatment of the rights of perpetual usufruct of land in calculation of performance measures. The rights of perpetual usufruct of land which on initial recognition were classified as property, plant and equipment and were subsequently, on adoption of IFRS 16, reclassified to right-of-use assets, are treated similarly to property, plant and equipment in business decisions made by the Management Board. Consequently, impairment and result on disposal of these rights is excluded from EBITDAaL calculation, while proceeds accrued on their disposal offset capital expenditures. The clarifications of definitions described above do not require any restatements in calculation of performance measures for the comparative period.

EBITDAaL is the key measure of operating profitability used by the Management Board and corresponds to operating income before gains on disposal of assets, depreciation, amortisation and impairment of property, plant and equipment and intangible assets, impairment of the rights of perpetual usufruct of land historically recognised as property, plant and equipment and subsequently reclassified to right-of-use assets and share of profits/losses of associates and joint ventures, decreased by interest expense on lease liabilities and adjusted for the impact of deconsolidation of subsidiaries, costs related to acquisition, disposal and integration of businesses, employment termination programs, restructuring costs, elimination of margin earned on asset related transactions with joint ventures and associates accounted for using the equity method, significant claims, litigation and other risks as well as other significant non-recurring items.



eCapex (economic capital expenditures) is the key measure of resources allocation used by the Management Board and represents acquisitions of property, plant and equipment and intangible assets excluding telecommunications licences, decreased by the proceeds accrued on disposal of these assets as well as on disposal of the rights of perpetual usufruct of land historically recognised as property, plant and equipment ('proceeds accrued on disposal of assets'). eCapex does not include acquisitions of right-of-use assets.

Organic cash flows are the key measure of cash flow generation used by the Management Board and correspond to net cash provided by operating activities decreased by payments for purchases of property, plant and equipment and intangible assets and repayment of lease liabilities, increased/decreased by impact of net exchange rate effect received/paid on derivatives economically hedging capital expenditures and lease liabilities and proceeds from sale of property, plant and equipment and intangible assets and adjusted for the payments for acquisition of telecommunications licences, payments for costs related to acquisition, disposal and integration of businesses not included in purchase price and payments relating to significant claims, litigation and other risks. Cash flows arising from obtaining or losing control of subsidiaries or other businesses, including significant tax cash flows specifically identified with these transactions, are classified as investing activities and by definition are not included in organic cash flows.

Net financial debt and net financial debt to EBITDAaL ratio are the key measures of indebtedness and liquidity used by the Management Board. The calculation of net financial debt is presented in Note 21.

Basic financial data of the operating segment is presented below:

(in PLN millions)	12 months ended) 31 December 2021	12 months ended) 31 December 2020
Revenue	11,928	11,508
EBITDAaL	2,963	2,797
Net income	1,672	46
eCapex	1,737	1,801
Organic cash flows	867	642

	At 31 December 2021	At 31 December 2020
Net financial debt (in PLN millions, see Note 21)	4,076	5,549
Net financial debt/EBITDAaL ratio	1.4	2.0

Calculation of performance measures of the operating segment is presented below:

(in PLN millions)	12 months ended 31 December 2021	12 months ended 31 December 2020
Operating income	2,211	404
Less gain on the loss of control of Światłowód Inwestycje	(1,543)	-
Less gains on disposal of assets	(52)	(61)
Add-back of depreciation, amortisation and impairment of property, plant and equipment and intangible assets [1]	2,255	2,511
Less share of profit of joint venture adjusted for elimination of margin earned on asset related transactions with joint venture	(9)	-
Less interest expense on lease liabilities	(53)	(62)
Adjustment for the impact of employment termination programs	129	(22)
Adjustment for the costs related to acquisition, disposal and integration of subsidiaries (see Note 4)	25	27
EBITDAaL	**2,963**	**2,797**

(1) Includes impairment of rights of perpetual usufruct of land historically recognised as property, plant and equipment, subsequently reclassified to right-of-use assets (PLN 34 million in 2021).

(in PLN millions)	12 months ended 31 December 2021	12 months ended 31 December 2020
Acquisitions of property, plant and equipment and intangible assets	2,011	1,893
Proceeds accrued on disposal of assets	(274)	(92)
eCapex	**1,737**	**1,801**

(in PLN millions)	12 months ended 31 December 2021	12 months ended 31 December 2020
Net cash provided by operating activities	3,101	3,005
Payments for purchases of property, plant and equipment and intangible assets	(1,995)	(2,015)
Exchange rate effect received on derivatives economically hedging capital expenditures, net	**7**	**10**
Proceeds from sale of property, plant and equipment and intangible assets	**196**	**60**
Repayment of lease liabilities	**(481)**	**(421)**
Adjustment for payment for costs related to acquisition, disposal and integration of subsidiaries (see Note 4)	**39**	**3**
Organic cash flows	**867**	**642**



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Appendices

About our report

Our approach to reporting

Orange Polska is pleased to present its sixth integrated annual report. The report is published

every year. The previous integrated report was published in May 2021. We continue our commitment to communicating with our shareholders and other stakeholders in a way that combines the financial and non-financial aspects of our business. It presents our business model, our value creation story, the economic and social context of our operations, how we implement our strategy, how we are governed and how we influence the environment.

In order to provide complete and comprehensible scope of information, we engage our Management and Supervisory Board members into a dialogue during the process of collecting information and drafting the report.

We hope that by reporting in this way we can demonstrate to our investors, as well as, other stakeholders the wider context of our business activities, and explain our responsible approach to doing business. We create value not only in financial terms, but in other forms such as trust, reputation, job satisfaction, customer loyalty and good relations with local communities. We encourage you to read the report and share your opinions by sending us your feedback to investors@orange.com

Scope and boundaries

The content of this report addresses key developments and material matters for the period 1 January to 31 December 2021. The Report covers the operations of Orange Polska Group.

It provides insight into our business model, our strategic priorities, and the external and internal environment in which we operate: all factors which determine our strategy. It provides both qualitative commentary and quantitative performance measures. The report content is driven by materiality, and it sets out to address the most important topics for different groups of our stakeholders.

The report also includes information on the indirect impact of Orange Polska in the value chain-building relationships with suppliers, public administration, business and social partners.

We refer to our impact on the economy, local communities and the environment. For the purposes of this report we have included selected financial data and our most material social and environmental information.

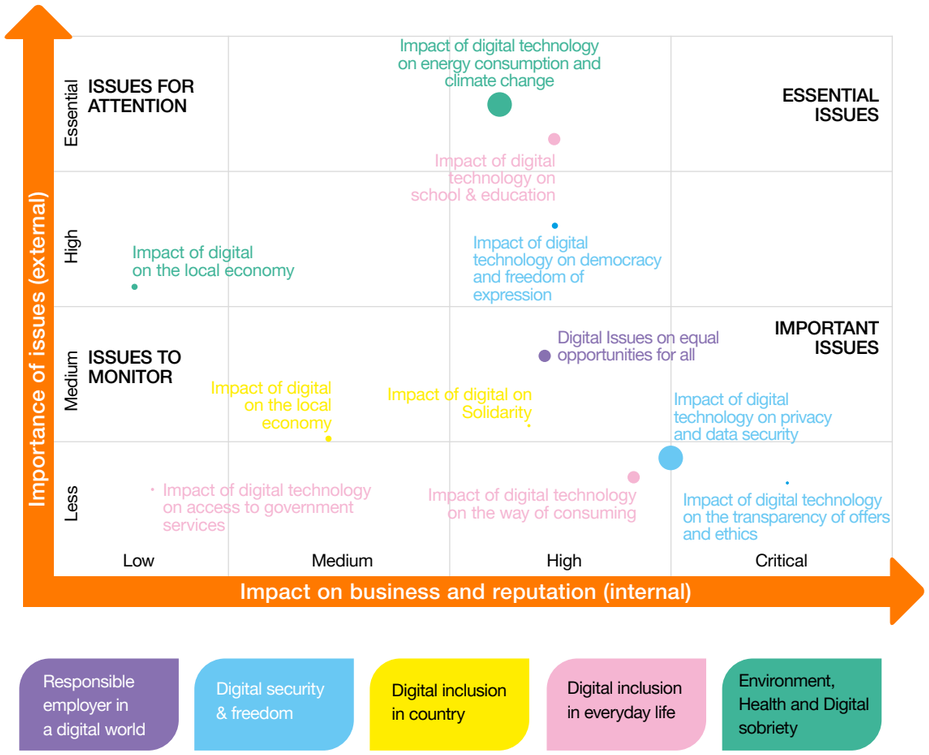
The content and the layout of this report are based on the International Integrated Reporting Council (IIRC) and Global Reporting Initiative (Standard) guidelines, ISO 26000 and the Global Compact Principles. The report also reflects the directions in EU legislation on disclosures of non-financial, climate impact and diversity information and refers to the Sustainable Development Goals. In this year's Report we also refer to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the Taxonomy.



Analysis and materiality matrix

A process of defining the key aspects of reporting for Orange has involved the following:

- Analysis of surveys of public opinion and residential and business customers regarding important issues for a responsible telecom operator as well as media publications concerning the Company;
- Analysis of employee satisfaction surveys;
- Analysis of the key indicators of Orange Polska's social impact
- Orange Group's non-financial reporting standards; Review of challenges facing the telecommunications industry in Poland and worldwide as well as activities of other telecoms in this respect;
- Dialogue with stakeholders around Orange Polska's CSR strategy
- Dedicated dialogue with stakeholders on service accessibility, diversity management and circular economy;
- Requirements of the Directive 2014/95/EU regarding disclosure of non-financial and diversity information and the supplement on reporting climate-related information (2019/C 209/01),
- Stakeholder feedback on our last year's report
- Supervisory Board recommendation regarding report's improvement
- Stakeholders' dialogue "How to be responsible in the digital world post-COVID"
- Sustainable Development Goals;
- ESG reporting standards
- Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and Taxonomy



GRI Index Table

GRI Standard Title	Disclosure Number	Disclosure Title	Reference
FOUNDATION	GRI 101		
GENERAL DISCLOSURES	GRI 102		
	GRI 102-1	Name of the organisation	p. 8
	GRI 102-2	Activities, brands, products, and services	pp. 11
	GRI 102-3	Location of headquarters	p. 264
	GRI 102-4	Location of operations	p. 8
	GRI 102-5	Ownership and legal form	pp. 8
		Since November 1998, shares of Orange Polska S.A. (formerly Telekomunikacja Polska S.A.) have been listed on the primary market of the Warsaw Stock Exchange (WSE) within the continuous listing system. The Company's shares are included in the following indices: WIG20 and WIG30 large-cap indices; WIG broad-market index; WIG telecommunication industry index; and WIG - ESG Index (continuation of RESPECT Index) of socially responsible companies. In 2021, Orange Polska S.A. was included in a prestigious group of socially responsible listed companies WIG-ESG.	
	GRI 102-6	Markets served	pp. 10-11
	GRI 102-7	Scale of the organisation	p. 11
	GRI 102-8	Information on employees and other workers	Attachment A. Social Data
	GRI 102-9	Supply chain	p. 30-33
	GRI 102-10	Significant changes to the organisation's size, structure, ownership or supply chain in the reported period.	No changes
	GRI-102-11	Precautionary Principle or approach	pp. 240
	GRI 102-12	External initiatives, declarations or principles concerning economic, environmental or social issues, which the company has signed or which it applies	
		Broad Alliance on Digital Skills in Poland, Memorandum of Co-operation for Improving Service Quality in the Telecommunications Market, Cell Phone Safety Good Practises, Partnership for Environment (www.gridw.pl/partnerstwo), Programme Accessibility Plus https://www.funduszeeuropejskie.gov.pl/strony/o-funduszach/fundusze-europejskie-bez-barier/dostepnosc-plus/partnerstwo-na-rzecz-dostepnosci/. Declaration of Cooperation for the Safety of Children on the Web (https://www.gov.pl/web/cyfryzacja/razem-przeciw-cyberprzemocy-wobec-dzieci). These initiatives are voluntary.	
	GRI 102-13	Membership of associations	
		Domestic organisations: Employers of the Republic of Poland, "Lewiatan" Confederation, National Chamber of Commerce, Polish Chamber of Information Technology and Telecommunications, French-Polish Chamber of Commerce, Responsible Business Forum, Business Centre Club, Foundation for the Development of Radiocommunications and Multimedia Technologies, Association of Stock-Exchange Issuers. Membership of these organisations is of strategic importance for the Company. The Company's representatives sit on their boards and the Company pays membership fees, supporting statutory tasks, and participates in additional projects. Foreign organisations: European Telecommunications Network Operators' Association (ETNO), Forum for International Irregular Network Access (FIINA), Global Compact (on the Group level), Global Settlements Carrier Group (GSCG), International Cable Protection Committee (ICPC), International Inbound Services Forum (IISF), International Telecommunication Union (ITU), RIPE Network Coordination Centre (RIPE NCC), TeleManagement Forum (TM Forum), Forum of Incident Response and Security Teams (FIRST), GSM Association (GSMA), European Internet Exchange Association (Euro-IX). These are industry organisations and the Company's membership involves payment of membership fees and participation in various projects.	

GRI Standard Title	Disclosure Number	Disclosure Title	Reference
	GRI 102-14	Statement from senior decision-maker	pp. 38-39, 44-45, 48-49, 51, 53, 55, 57-58
	GRI 102-15	Key impacts, risks, and opportunities	Indicator reported partially. pp. 144-163
	GRI 102-16	Values, principles, standards, and norms of behavior	pp. 9, 222
		Each employee of Orange Polska must read and understand our Code of Ethics, and the Ethics in Orange Polska e-learning course is a part of mandatory training for new joiners. Also our suppliers and business partners shall read and understand our Code of Ethics under the compliance clause of our standard contracts. The Code in Polish is available on our website, at www.orange.pl/kodeksy.phtml. Issues related to compliance with ethical standards are analysed by the Ethics Committee. It consists of five members: Chairman, two permanent members (Management Board Member in charge of Human Resources and Internal Audit Director) and two members appointed for three-year terms. In addition, the operations of the Committee are supported by two permanent Secretaries.	
	GRI 102-17	Internal and external mechanisms for seeking advice about ethical and lawful behavior, and organisational integrity	p. 222-223
	GRI 102-18	Governance structure, including committees under the highest governance body	pp. 170, 175, 189, 195-197
	GRI 102-22	Composition of the highest governance body and its committees (number of members and their gender)	pp. 178-179
	GRI 102-23	Information whether the chair of the highest governance body is also an executive officer in the organisation (if yes, his or her function within the management and the reasons for this arrangement)	pp. 166-167, 175, 214
	GRI 102-24	Criteria used for nominating and selecting members of the highest governance body and its committees	pp. 176-179
	GRI 102-25	Processes for the highest governance body to ensure conflicts of interest are avoided and managed, and indication whether conflicts of interest are disclosed to stakeholders	pp. 173
	GRI 102-26	Role of the highest governance body in setting the organisation's purpose, values and development strategy	pp.1 71-172, 188, 194, 196, 214-215
	GRI 102-32	The highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material topics are covered	
		The integrated report has been reviewed by the Management and Supervisory Board Members, and validated by the Chairman of the Audit Committee.	
	GRI 102-35	Remuneration policies for the highest governance body and senior executives	pp. 196-206
	GRI 102-36	Process for determining remuneration	pp. 198-203
	GRI 102-40	List of stakeholder groups engaged by the organisation	p. 34
	GRI 102-41	Employees covered by collective bargaining agreements	p. 109
	GRI 102-42	Identifying and selecting stakeholders	p. 34
	GRI 102-43	Approach to stakeholder engagement, including frequency of engagement by type and stakeholder group	p. 34
	GRI 102-44	Key topics and concerns raised by stakeholders, and how the organisation has responded, including through its reporting	p. 34
	GRI 102-45	Entities included in the consolidated financial statements and covered by the report	pp. 228-237

GRI Standard Title	Disclosure Number	Disclosure Title	Reference
	GRI 102-46	Defining report content and topic boundaries	p. 240
	GRI 102-47	List of material topics	pp. 241, 257-260
	GRI 102-48	The effect of any restatements of information given in previous reports, and the reasons for such restatements (e.g. mergers or acquisitions, or change of base years or periods, nature of business or measurement methods)	There were no restatements of information in previous reports
	GRI 102-49	Changes in reporting	p. 240
	GRI 102-50	Reporting period	p. 240
	GRI 102-51	Date of the most recent report (published)	p. 240
	GRI 102-52	Reporting cycle	p. 240
	GRI 102-53	Contact point for questions regarding the report	p. 264
	GRI 102-54	Claims of reporting in accordance with the GRI Standards: Core or Comprehensive option	This report has been prepared in accordance with the GRI Standards: Core option
	GRI 102-55	GRI content index	pp. 242-255
	GRI 102-56	Policy and current practice with regard to seeking external assurance for the report	pp. 262-263
MANAGEMENT APPROACH	**103**		
Economic			
		Network development	
	GRI 103-1	Explanation of topics identified as material and their boundaries	pp. 54-55
	GRI 103-2	The management approach and its components	pp. 54-55, 20-22
	GRI 103-3	Evaluation of the management approach	pp. 54-55, 20-22
		Customer care	
	GRI 103-1	Explanation of topics identified as material and their boundaries	pp. 44-45
	GRI 103-2	The management approach and its components	pp. 42-45
	GRI 103-3	Evaluation of the management approach	pp. 42-45
Social		Social	
		Digital and caring employer	
	GRI 103-1	Explanation of topics identified as material and their boundaries	pp. 56, 63
	GRI 103-2	The management approach and its components	pp. 56, 88-90
	GRI 103-3	Evaluation of the management approach	pp. 56, 88-90
		Social and digital development	
	GRI 103-1	Explanation of topics identified as material and their boundaries	pp. 56, 63
	GRI 103-2	The management approach and its components	pp. 56, 87-88
	GRI 103-3	Evaluation of the management approach	pp. 56, 87-88
Environmental			
		Towards climate neutrality	
	GRI 103-1	Explanation of topics identified as material and their boundaries	pp. 56, 63
	GRI 103-2	The management approach and its components	pp. 56, 86
	GRI 103-3	Evaluation of the management approach	p. 56

GRI Standard Title	Disclosure Number	Disclosure Title	Reference
ECONOMIC	**200**		
Market Presence	**202**		
	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Attachment A. Social Data
Indirect Economic Impacts	**203**		
	203-1	Infrastructure investments and services supported	pp. 20-21, 46-47, 114-123
Anti-corruption	**205**		
	205-1	Operations assessed for risks related to corruption	
		All processes are assessed for risks related to corruption, and in case of operations that are burdened with a higher risks of corruption (e.g. joint venture, mergers and acquisition, real estate sales) additional procedures are applied. p. 223, Indicator reported partially.	
	205-2	Communication and training about anti-corruption policies and procedures	Attachment A. Social Data Indicator reported partially.
	205-3	Confirmed incidents of corruption and actions taken	No incidents
Anti-competitive Behavior	**206**		
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No incidents
ENVIRONMENTAL	**300**		
Materials	**301**		Indicator reported partially.
	301-1	Materials used by weight or volume	Attachment B. Environmental Data pp. 87, 128-129
	301-3	Reclaimed products and their packaging materials	pp. 128-129
Energy	**302**		
	302-1	Energy consumption within the organisation by fuel types used	Attachment B. Environmental Data
	302-4	Reduction of energy consumption	pp. 128-131, 136
	302-5	Reductions in energy requirements of products and services	pp. 128-131
Water	**303**		
	303-5	Water consumption	Indicator reported partially. Attachment B. Environmental Data,
Emissions	**305**		
	305-1	Direct (Scope 1) GHG emissions	Attachment B. Environmental Data
	305-3	Other indirect (Scope 3) GHG emissions.	Attachment B. Environmental Data
	305-5	Reduction of GHG emissions	p. 136, Attachment B. Environmental Data
Effluents and Waste	**306**		
	306-2	Total weight of waste by type and disposal method	Attachment B. Environmental Data
Environmental Compliance	**307**		
	307-1	Monetary value of fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	
		No fines for non-compliance with environmental laws and regulations were imposed in 2020.	

GRI Standard Title	Disclosure Number	Disclosure Title	Reference
SOCIAL	400		
Employment	**401**		
	401-1	New employee hires and employee turnover	Attachment A. Social Data
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 106-108
Occupational Health and Safety	**403**		
	403-9	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Indicator reported partially. Attachment A. Social Data, p. 251
	403-10	Work-related ill health	No identified
Training and Education	**404**		
	404-1	Average hours of training per year per employee	Attachment A. Social Data
	404-2	Programs for upgrading employee skills and transition assistance programmes	p. 109
	404-3	Percentage of employees receiving regular performance and career development reviews by gender and employment category	Indicator reported partially. Attachment A. Social Data
Diversity and Equal Opportunity	**405**		
	405-1	Composition of the organisation's governance bodies and workforce by gender, age and other diversity categories	pp. 179, 215, Attachment A. Social Data
	405-2	Ratio of basic salary and remuneration of women to men by position	Attachment A. Social Data
Non-discrimination	**406**		
	406-1	Incidents of discrimination and corrective actions taken	No such incidents were reported to the Ethics Committee in 2021.
Child Labor	**408**		
	408-1	Operations and suppliers at significant risk for incidents of child labor and corrective actions taken	No such risk was identified. p. 160
Forced or Compulsory Labor	**409**		
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor and corrective actions taken	No such risk was identified. p. 160
Human Rights Assessment	**412**		
	412-2	Employee training on human rights policies or procedures	Attachment A. Social Data pp. 32- 33 Indicator reported partially.
Local Communities	**413**		
	413-1	Operations with local community engagement, impact assessments, and development programmes	pp. 114 -123
	413-2	Operations with significant actual and potential negative impacts on local communities	
		In case of a telecommunications company, issues related to the safe use of services mean not only the utmost care for meeting security requirements, but also reliable information on the devices and technologies used. In response to inquiries regarding potential negative influence of radio waves emitted by telecommunication devices and other devices that use new technologies,we have prepared a global Orange portal on radio waves, which explains in simple terms how mobile telephony works. It includes sections presenting latest scientific reports and recommendations for use of mobile devices to reduce exposure to radio waves. The portal has been also translated to Polish and it is available at www.ondes-radio.orange.com/pl	

GRI Standard Title	Disclosure Number	Disclosure Title	Reference
Public Policy	**415**		
	415-1	Total monetary value of financial and in-kind contributions to political parties, politicians or related institutions by country	
		In line with Chapter 7 of the Orange Polska Anti-corruption Guidelines, Orange prohibits all kinds of contributions from the Company (cash, valuable items, goods or services, loans, loan securities) made directly or indirectly to political parties. In the period from 1 January to 31 December 2021, no financial and no in-kind contributions were granted to political parties, politicians or related institutions by country.	
Customer Health and Safety	**416**		
	416-1	Assessment of the health and safety impacts of product and service categories	pp. 81
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No incidents
Marketing and Labeling	**417**		
	417-1	Requirements for product and service information and labeling	
		All products in Orange Polska's portfolio have the relevant labelling, namely: ▪ name and address of the manufacturer and operation manual in Polish; ▪ CE marking pursuant to the Regulation of the Minister of Infrastructure of 15 April 2004 on the assessment of compliance ▪ of telecommunication terminal devices to be connected to public network terminating segments and radio devices with the essential requirements and on marking thereof; ▪ the 'basket' icon pursuant to the Act of 29 July 2005 on waste electrical and electronic equipment; ▪ Declaration of Conformity (DoC) pursuant to the Regulation of the Minister of Transport and Construction of 3 February 2006; ▪ Specific Absorption Rate (SAR) information pursuant to the Regulation of the Minister of Transport and Construction of 3 February 2006.	
	417-2	Incidents of non-compliance concerning product and service information and labeling. In 2021, the appeal proceedings against the penalty imposed by UOKIK in 2016 in the amount of PLN 28.6 million for incorrect information about services - automatic renewal of contracts. Orange Polska paid the fine.	
	417-3	Incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications	
Customer Privacy	**418**		
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	
		The President of the Personal Data Protection Office (UODO) initiated in 2021. 47 new administrative proceedings and sent further inquiries to 75 cases from previous years. The proceedings are related to customer complaints or personal data breach reports sent to UODO. In 27 positives decisions issued in 2021 for Orange the President of UODO confirmed proper processing of personal data by Orange Polska S.A. He also stated that Orange Polska S.A. took actions to minimise the risk of breach of personal data and that the Company complied with the principles set out in the personal data protection regulations, which made it possible to avoid potential breach of privacy charges. At each stage of data collecting and processing, we ensure that customers are informed about the purpose and scope of data processing, as well as their right to access and rectify their personal data. No fines were imposed on the Company for breach of personal data protection regulations in 2021. In 2021, 558 infringement incidents were reported to UODO. In accordance with the new guidelines of UODO, in 2021 we also notified personal data breaches that are the result of customer errors, e.g. when e-mail address provided by the customer is incorrect and therefore the correspondence was sent to the wrong person.	
Socioeconomic Compliance	**419**		
	419-1	Non-compliance with laws and regulations in the social and economic area	No incidents

Social data Table (Attachment A)

	Description of the indicator	2019	2020	2021
G102-8	**Employment**			
	Total workforce (persons)*	12,058	10,967	10,144
	Gender			
	men	7,406	6,776	6,289
	women	4,652	4,191	3,855
	% of women in the workforce	38.6%	38.2%	38%
	Age			
	up to 30 years of age	1,004	822	733
	31-50 years of age	8,378	7,481	6,748
	over 50 years of age	2,676	2,664	2,663
	Regular employees (active full-time positions)	12,034	10,952	10,125
	men	7,399	6,770	6,282
	women	4,634	4,182	3,843
	Employees on open-ended contracts	11,611	10,583	9,910
	men	7,184	6,593	6,194
	women	4,427	3,990	3,716
	Employees on fixed-term contracts	447	384	234
	men	222	183	95
	women	225	201	139
	Full-time employees	11,978	10,912	10,087
	men	7,390	6,763	6,271
	women	4,588	4,149	3,816
	Part-time employees	80	55	57
	men	16	13	18
	women	64	42	39
	Outsourced employees (full-time positions)**	3,203	2,534	2,219
	* active employees are employees whose remuneration for absence (e.g. sick leave) is paid by the employer. The exception are employees on parental leave, who are counted as active, despite the fact that the benefit is paid by ZUS (The Polish Social Insurance Institution). * Only for Orange Polska- applies mainly to the call center for the customer service area, telesales and customer market service - operators			
G405-1	Employees in managerial positions	1,447	1,339	1,263
	men	974	896	830
	women	473	443	433
	% of women in managerial positions	33%	33.1%	34.3%
	% of women in leaders position (managers of managers)			28.3%
	% managers up to 30 years of age	2.3%	1.7%	1.5%
	% managers 31-50 years of age	78.5%	77.5%	75.4%
	% managers over 50 years of age	19.1%	20.8%	23.1%
	Supervisory Board			
	% of woman		22.4%	28.6%
	% members up to 30 years of age		-	-
	% members 31-50 years of age		44.9%	47.6%
	% members over 50 years of age		55.1%	52.4%
	Managment Board			
	% of woman		18.2%	17.4%
	% members up to 30 years of age		-	-

	Description of the indicator	2019	2020	2021
G405-1	% members 31-50 years of age		76.7%	65.2%
	% members over 50 years of age		23.3%	34.8%
	Women in technology			
	% of women in IT & Network positions			12%
	People with disabilities			
	% of employees with disabilities	2%	2%	1,90%
	* applies mainly to the call center for the customer service area, telesales and customer market service - operators.			
G405-2	Ratio of basic salary of women to men by employee position (men's salary = 100%) *			
	general	80.2%	81%	80,20%
	non-managerial positions	82.4%	81.7%	80,50%
	managerial positions	82.9%	85.8%	83,30%
	* Orange Polska, Integrated Solutions, TP Teletech			
	Ratio of salary of women to men within the same pay grades (men's salary = 100%) *	97.7%	97%	96%
	* In order to better account for differences in salaries between men and women, we have introduced an additional indicator for individual pay grades. This shows a lower gender pay gap. It means that the differences between men's and women's salaries result from a different structure of positions, as more women hold low-wage positions (call center and outlet staff), while technical positions (network engineers, IT specialists) are held chiefly by men. Only for Orange Polska.			
G404-1	Development and education*			
	Total employees trained (in '000)	10.3	11.2	10.3
	Total hours of training (in '000)	304	272.6	256.1
	Number of training hours per employee per year	25	24.3	24.7
	Gender			
	men	24.3	23.3	25.3
	women	29.4	25.9	24.1
	Position			
	managers	47.3	30.7	29.4
	non-managers	22	23.6	24.2
	* From 2020 data refer to Orange Polska and Integrated Solution, TELTECH, Orange Szkolenia.Orange Energia, Fundacja Orange, Pracownicze Towarzystwo Emerytalne. Before only from Orange Polska. Data by the status of the training database - 31.12.2021			
GRI412-2	Human rights and ethics training			
	Total hours of ethics training of employees	5	156	190
	Total hours of ethics training of partners*	22	28	421
	CSR training			
	Total hours of CSR training of employees (in ,000)			8.7
GRI205-2	Anti-bribery and corruption training			
	Total hours of compliance training of employees (in ,000)	0.9	16	0.3
	Total hours of compliance training of partners (in ,000)*	0.2	11.3	0.4
	* persons employed by our Contractor, working for the benefit of Orange Polska			

	Description of the indicator	2019	2020	2021
G401-1	**Professional mobility**			
	Total number of new employee hires	**492**	**311**	**423**
	Gender			
	men	284	195	261
	women	208	116	162
	Age			
	up to 30 years of age	122	131	196
	31-50 years of age	322	158	205
	over 50 years of age	30	22	22
	Departures, total	**1,489**	**1,218**	**1,056**
	Departures, excluding voluntary	**474**	**375**	**345**
	Gender			
	men	287	260	224
	women	187	115	121
	Age			
	up to 30 years of age	122	77	75
	31-50 years of age	322	261	233
	over 50 years of age	30	37	37
	Turnover*	**3%**	**2.4%**	**3.1%**
	Gender			
	men	3.3%	2.8%	3.3%
	women	2.7%	1.8%	2.9%
	Age			
	up to 30 years of age	10.9%	4.4%	9.1%
	31-50 years of age	3.0%	2.5%	3.1%
	over 50 years of age	0.7%	1.2%	1.4%
	* Rate of turnover, excluding voluntary departures (for reasons unrelated to the employee) and departures at the employer's initiative, as well as intra-group transfers			
	Occupational health and safety*			
	Number of accidents	32	26	13
	Accident frequency rate**	2.7	2.4	1,4
	Days off work due to work-related accidents	1,120	859	836
	Accident severity rate***	35	33	64,3
	fatal accidents	0	0	0
	serious accidents	0	1	0
	other accidents	32	25	13
G403-9	* Only for Orange Polska, ** Number of persons injured in work-related accidents per 1,000 employees, *** Number of days off per accident			
	Number of accidents*	36	31	17
	Days off work due to work-related accidents	1,449	1,076	925
	fatal accidents	0	0	0
	serious accidents	0	1	0
	other accidents	36	30	17
	* for Orange Group			

	Description of the indicator	2019	2020	2021
GRI404-3	**Employee assessment**			
	% of regularly evaluated employees*	80.2%	97%	97%
	Gender			
	men	81.3%	97.4%	97.4%
	women	78.5%	96.2%	96.2%
	Age			
	up to 30 years of age		90.8%	90.8%
	31-50 years of age		96.9%	96.9%
	over 50 years of age		98.4%	98.4%
	% of employees with individual development plans **	78.6%	52.1%	54%
	% of regularly evaluated outsourced employees	35.7%	43.8%	43.8%
	% of outsourced employees with individual development plans	42%	25.4%	30.9%
	* The assesment data for the Orange Polska Group cover the following: Orange Polska S.A., Integrated Solution, Orange Energia and Orange Foundation.The assessment of employees and managers is based on 360 feedback, and the related development plans are implemented on a two-year basis (2020,2021). Only with front-line employees (responsible for customer care), development conversations are carried out annually. ** Only for Orange Polska			
GRI202-1	**Wages***			
	Average basic salary (in PLN)	7,423	8,070	8,535
	Ratio of wages at the lowest positions to the legal minimum wage	141%	131%	164%
	Gender			
	men	-	-	128%
	women	-	-	125%
	* Only for Orange Polska			
	Working conditions			
	% of employees eligible for health care	100%	100%	100%
	% of employees covered by the Employee Retirement Plan*	83.6%	84.1%	84%
	* The Employee Retirement Plan has been expanded to include additional companies. Now, employees of Orange Polska, Telefony Podlaskie, Orange Szkolenia, TP Teltech, Pracownicze Towarzystwo Emerytalne Orange Polska S.A., Fundacja Orange (Orange Foundation) and Integrated Solutions Sp. z o.o. are eligible for participation.			
	Social dialogue			
	% of employees in trade unions	31.4%	31.1%	28.1%
GRI102-41	% of employees covered by the Collective Labour Agreement	94.8%	94%	92.1%

All indicators for the Orange Polska Group unless indicated otherwise dated on 31 December 2021



Environmental data* (Attachment B)

GRI	Description of the indicator	Unit	2019	2020**	2021**
GRI302-1	Energy consumption and greenhouse gas emissions				
	Scope 1 - Direct energy consumption by primary energy sources				
	Fuel oil (all buildings, all uses)	'000 m^3	2.0	1.4	1.7
	Gas	'000 m^3	2,306	2,014	2,542
	Coal	tonnes	51	13	15
	Gasoline for company cars	'000 litres	1,549	1,813	1,887
	Diesel fuel for company vehicles	'000 litres	2,315	886	702
	Scope 1: Total energy	GWh	85	62	55
	Scope 1: CO_2 emissions from fuel, gas and coal	'000 tonnes	11.9	9.2	10.9
	Scope 1: CO_2 emissions from vehicles	'000 tonnes	9.8	6.5	6.2
	Scope 1: CO_2 emissions from greenhouse gases	'000 tonnes	5.3	7.1	15.6
	Scope 1 – Direct own greenhouse gas (CO_2 e) emissions ***	'000 tonnes	21.7	22.8	32.7
	Scope 2 – Indirect own CO_2e emissions (elecricity consumption)				
	Energy consumption – electricity	GWh	552	541	533
	In which renewable energy	GWh	0	0	334.5
	Scope 2: CO_2 e emissions (location-based)	'000 tonnes	397	382	334
	Scope 1+2: CO_2e emissions	'000 tonnes	424.5	404.6	367.2
GRI305-1 GRI305-2	Scope 3 - Other indirect CO_2e emissions (business travels)				
	Business trips: distance travelled by plane	'000 km	5,740	526	333
	Business trips: distance travelled by train	'000 km	4,800	1,227	232
	Scope 3 – CO_2e emissions	'000 tonnes	1.4	1.3	0.2
	Total CO_2e emissions (Scope 1+2+3)	'000 tonnes	426	405	367.4
	KPIs per customer				
	KPI: Electricity consumption/customer	kWh/customer	25.8	26.2	24.7
	KPI: CO_2 emissions from electricity consumption/ customer	kg/customer	18.6	18.5	15.5
	KPI: Scope 1+2 CO_2 emissions during electricity consumption/customer	kWh/customer	29.8	29.2	17
	KPI: Scope 1+2+3 CO_2 emissions (all energies)/customer	kg/customer	19.9	19.6	17
GRI303-5	Materials				
	Paper	'000 tonnes	0.6	0.4	0.4
GRI303-1	Water				
	Water consumption	'000 m3	242.6	215	204.3

GRI	Description of the indicator	Unit	2019	2020**	2021**
GRI306-2	Waste management: ****				
	Internal WEEE (network & tertiary)	tonnes	112.2	38.5	8.1
	Wooden poles	tonnes	216.3	9.2	28.3
	Cables	tonnes	126.2	20.2	290.5
	Batteries	tonnes	92.6	3,670	433
	Paper / Cardboard	tonnes	14.7	41.2	25.6
	Other hazardous waste (including PCB)	tonnes	3.4	2.9	2.2
	Other non-hazardous waste	tonnes	1,233.7	4,911	1,169
	Waste recycled internally	tonnes	1,799	8,693	1,957
	Electrical and electronic equipment				
	Collected and recycled handsets	000	36.7	33.6	37.8
	Refurbished and relaunched handsets	000	8.6	11.5	12.6
	Refurbished and relaunched multimedia (broadband) devices	000	411	503	655
	Electromagnetic field emissions				
	Compliance with the relevant standards		yes	yes	yes

* The presented environmental indicators are the same for the Group and Orange Polska, as the latter owns the buildings and network infrastructure which constitute the basis for determining energy consumption and greenhouse gas emissions. Emissions generated by business trips (gasoline and diesel combustion) are determined for the Orange Group, whereas other indicators, i.e. EMF emissions and handset recycling/refurbishment, are specific to Orange Polska S.A. only.

** The presented full-year figures consist of actual data for Q1, Q2 and Q3 and estimates for Q4.

Environmental data are based on reporting to the Orange Group's global database.

Electricity consumption in Orange Polska's buildings is determined on the basis of records in the electricity database (BEE), which contains readouts of individual electricity meters.

Greenhouse gas (GHG) emissions are calculated according to the GHG Protocol. For electricity, GHG emissions are calculated using emission factors derived from International Energy Agency (IEA).

There are no biogenic GHG emissions in the Company.

*** Scope 1 (direct) GHG emissions are defined as emissions from sources (resources, processes) that are owned or controlled by the organisation. For Orange Polska, these include fuel combustion emissions related to buildings, systems and vehicles as well as the impact of cooling and fire-extinguishing agents expressed in terms of CO_2e.

In line with global guidelines and adopted objectives, only CO_2 emissions are monitored.

**** From 2022, Orange Polska intends to fully report GHG emissions in the Scope 3, accounting for emissions by both suppliers and customers (only emissions related to business trips have been reported hitherto).

***** Waste is generated during liquidation of fixed assets or in the course of investments/repairs. The summary below indicates major drops in some items, while large increases in other categories. The increases resulted from a process of replacement of network infrastructure elements related to their service life and investments in new solutions.

ESG Indicators

Social and digital development

Digital inclusion in everyday life

Impact of digital technology on the way of working and training	GRI 103-1, 404-1, 404-2, 413-1, 413-2,
Impact of digital technology on the way of consuming (goods, culture, services, best deals...)	GRI 103-1, 413-1, 413-2
Impact of digital technology on the way we access to medical care	GRI 103-1, 413-1, 413-2
Impact of digital technology on school & education	GRI 103-1, 413-1, 413-2
Impact of digital technology on access to government services	GRI 103-1, 413-1, 413-2

Digital inclusion in country

Impact of digital technology on employment	GRI 103-1, 203-1, 203-2
Impact of digital technology on local economy	GRI 103-1, 203-1, 203-2, 419-1
Impact of digital technology on solidarity	GRI 103-1, 203-1, 203-2

Clean enviroment

Environment, Health and Digital sobriety

Impact of digital technology on energy consumption and climate change	GRI 302-1, 302-4, 302-5, 305-1, 305-3, 305-5
Impact of digital technology on the environment (pollution, rare resources, biodiversity, etc.)	GRI 301-1, 301-3, 303-1, 306-2
Impact of digital activities on health (waves...)	GRI 416-1, 416-2

Save network

Digital security & freedom

Impact of digital technology on privacy and data security	GRI 418-1
Impact of digital technology on democracy and freedom of expression	GRI 413-1, 413-2
Impact of digital technology on the transparency of offers and ethics	GRI 417-2, 417-3
Digital Issues on safe & responsible use of Internet	GRI 416-1, 416-2

Engaged ????

Responsible employer in a digital world

Digital Issues on gender equality in the workplace	GRI 405-1, 405-2, 406-1
Digital issues on work organization	GRI 401-2, 404-1, 404-2, 404-3
Digital issues on equal opportunities for all	GRI 404-1, 404-2, 404-3

GRI Index table

Code	Name	Type	Definition	Unit	Reference
Environmental					
			Climate Change		
E-M1	GHG Emissions	Quantitative	Direct and indirect emissions (scope 1,2 and 3 (resulting from company activities	tCO_2eq	Attachment B. Environmental Data
E-M2	Energy Consumption	Quantitative	Energy consumed (purchased and self-generated) within an organisation	MWh	Attachment B. Environmental Data, pp. 135-136
E-M3	Climate Risks & Opportunities	Qualitative	Approach for identifying and managing its GHG emissions.	–	pp. 156-157, 162-163
E-S1	Emissions Intensity	Quantitative	Ratio CO_2 emissions per unit of economic activity	tCO2eq	p. Attachment B. Environmental Data
E-S2	Emissions Management	Qualitative	Process and organisation follows to manage and mitigate GHG emissions.	–	pp. 128-131
			Natural resources		
E-S3	Water Consumption	Quantitative	Total volume od water consumed by the organisation.	m^3	Attachment B. Environmental Data
E-S4	Water Management	Qualitative	Process a company has implemented to optimise its water consumption.	–	
E-S5	Biodiversity impact	Qualitative	Any negative impact on biodiversity and process for managing and mitigating it.	–	pp. 128-131
			Waste and Polution		
E-S6	Waste Management	Quantitative & Qualitative	Total amount of hazardous and non-hazardous waste generated. Set od activities to monitor, manage and reduce waste produces by an organisation	#	pp. 136, 163, Attachment B. Environmental Data
Social					
			Diversity		
S-M1	Board Diversity	Quantitative	Proportion of board members by gender and by age group	%	pp.179, 215, Attachment A. Social Data
S-M2	Gender Pay Gap	Quantitative	Difference between the average gross renumeration of men and women within an organisation	%	Attachment A. Social Data
			Working Conditions		
S-M3	Employee Turnover	Quantitative	Proportion of employees that have left an organisation during the fiscal year	%	Attachment A. Social Data
S-M4	Freedom of Association and Collective Bargaining	Quantitative	Proportion of active workforce covered by collective bargaining agreements	%	p. 109
S-S1	Employee Health and Safety	Quantitative & Qualitative	Set of activities a procedures a company has implemented to prevent accidents and injuries in the workplace	#	p. 108

Human Rights					
S-M5	Human Rights Policy	Qualitative	Whether the company has a human rights policy in place and description	–	pp.32-33
S-M6	Human Rights Due Diligence	Qualitative	Set of activities to identify, mitigate and act upon actual and potential risks of human rights	–	pp.156-163
Governance					
			Corporate governance		
G-M1	Board Composition		Information on characteristics of the company's highest governance bodies	–	pp.175-176, 214-215
			Business Integrity		
G-M2	Business Ethics Standards	Qualitative	Whether the company has a business ethics policy in place and description	–	p.222
G-M3	Anti-corruption Policy	Qualitative	Whether the company has an anti-corruption policy in place and description	–	p.223
G-M4	Whistle-blower Mechanism	Qualitative	Whether the company has a whistle-blower procedure in place and description	–	p.222
			Privacy & Data Security		
G-S1	Sata security Policy	Qualitative	Whether the company has a cyber and data security policy in place and description	–	p.80-81

Task Force on Climate-related Financial Disclosures (TCFD)

Thematic areas	Description	Reference
Governance	Disclose the company's governance around climate-related risks and opportunities	p. 131
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the company's businesses, strategy, and financial planning where such information is material.	p. 131
Risk Management	Disclose how the company identifies, assesses, and manages climate-related risks.	pp. 132-136
Metrics and Targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	p. 136, Attachment B. Environmental Data

Taxonomy

Thematic areas	Reference
Our approach	p. 137
Analysis of activities qualified by the Taxonomy as eligible	p.138
Calculation of key performance indicators	pp.139-141



Sustainable Development Goals

Sustainable Development Goals	Reference
1 NO POVERTY	pp. 4-9, 12-17, 114-123
3 GOOD HEALTH AND WELL-BEING	pp. 108, 122
4 QUALITY EDUCATION	pp. 82-86, 89, 117-118
5 GENDER EQUALITY	pp. 82-86, 104-105
8 DECENT WORK AND ECONOMIC GROWTH	pp. 26-29, 86, 89, 102-111
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	pp. 11, 20-22, 26, 49-50, 82, 118-120
10 REDUCED INEQUALITIES	pp. 116-118, 122
11 SUSTAINABLE CITIES AND COMMUNITIES	pp. 118-120
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	pp.74-82, 120-123
13 CLIMATE ACTION	pp. 78-82, 126-136
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	pp. 32-33, 41, 115, 222
17 PARTNERSHIPS FOR THE GOALS	pp. 82-86, 121



Methodological note for non-financial indicator

workforce data

The workforce data presented in this Report have been collected using the HR-Info system, which accounts for variables such as employee's gender or position. The data fed to HR-Info are based on the data contained in the HR systems of the member companies of Orange Polska and are reported in line with the Orange Group's.

standards managers (employed under employment contracts as at the end of the reported period)

The management rate refers to middle to top managers employed under employment contracts. Employees are classified as "managers" on the basis of their employment groups, according to their competence profile, in line with the Orange Group's standards.

accidents at work

This rate corresponds to the number of occurrences that were classified as accidents at work during the reported period. Under Polish regulations, this is ultimately determined by the date of the employer's decision to recognise an occurrence as a work-related accident rather than the date of accident itself.

environmental data

Environmental data are based on reporting to the ENABLON database. Orange Polska reported about 100 environmental indicators on a quarterly basis.

energy

Electricity consumption is determined on the basis of the actual data from the Electrical Energy Database, where they are recorded from invoices, for each meter separately. The data for Q4 2021, however, have not been received by the publication date of this Report. Therefore, electricity consumption for the period has been estimated as the mean daily consumption times the number of missing days in particular months.

Fuel consumption refers to the total consumption of all fuels (heating oil, diesel oil, petrol and heavy fuel oil), excluding motor vehicles. Indicators adopted for calculating energy in GWh are set by the Group and are subject to independent verification at Group level.

transport

The CO_2 emissions from "short haul" air travel of the GHG Protocol (180 g CO_2/km passenger) were used for all flights (short-, medium- and long-haul).

CO_2 emissions

For electricity consumption, the emissions are calculated according to the GHG Protocol (2009) with the most recent update (2012). Emission factors for fuels (gas, fuel oil, coal, petrol, diesel oil and LPG) are derived from the GHG Protocol (2007). Emission calculations are conducted at the global level using emission factors derived from IAE (International Energy Agency), in its updated version of January 2017.

emissions from refrigerants

Reporting of refrigerant emissions, which are included in Scope 1 emissions, is not yet exhaustive; even though this emissions item is negligible (Carbon 4 study on Bilan Carbone), the Group is working to improve monitoring of these emissions.

electronic and electrical waste collection

The "E-waste collected from customers" corresponds to the total amount of handsets, desktop telephones and multimedia devices delivered to sale outlets, sent by mail or collected by service providers. This also accounts for waste mobile phones of Orange Polska's employees as well as batteries and chargers collected. This indicator is not used in the Group companies which do not have the relevant channel for e-waste collection and recycling. The rate is calculated by dividing the number of mobile handsets collected by the number of mobile handsets sold by Orange through controlled channels.

Glossary

4G/LTE – fourth generation of mobile technology, sometimes called LTE (Long Term Evolution)

5G – fifth generation of mobile technology, which is the successor to the 4G mobile network standard

ARPO – Average Revenues per Offer

AUPU – Average Usage per User

BSA – Bitstream Access Offer

CATV – Cable Television

Churn rate – The number of customers who disconnect from a network divided by the weighted average number of customers in a given period

Convergent services – Revenues from B2C convergent offers (excluding equipment sales). A convergent offer is defined as an offer combining at least a broadband access (xDSL, FTTH or wireless for fixed) and a mobile voice contract (excluding MVNOs) with a financial benefit. Convergent services revenues do not include incoming and visitor roaming revenues

Core telecom services – Convergence, mobile-only and broadband-only services

EBITDAaL – EBITDA after leases, key measure of operating profitability used by management (for definition please refer to the Notes 3 to IFRS Consolidated Financial Statements of the Orange Polska Group)

eCapex – Economic Capex, key measure of resources allocation used by management (for definition please refer to the Notes 3 to IFRS Consolidated Financial Statements of the Orange Polska Group)

FBB – Fixed Broadband

FTE – Full time equivalent

Fibre – fixed broadband access network based on FTTH (Fibre To The Home) /DLA (Drop Line Agnostic) technology which provides the end user with speed of above 100Mbps

Fixed broadband-only services – Revenues from fixed broadband offers (excluding B2C convergent offers and equipment sales) including TV and VoIP services

HHC (Households connectable) in fibre technology – Households where broadband access service based on fibre technology can be rendered

Home Zone (or Office Zone for business customers) – area within range of predefined base stations which cover the particular location (home/office)

ICT – Information and Communication Technologies

ILD – International Calls

IP TV – TV over Internet Protocol

LLU – Local Loop Unbundling

M2M – Machine to Machine, telemetry

Mobile-only services – Revenue from mobile offers (excluding consumer market convergent offers) and Machine to Machine (M2M) connectivity. Mobile only services revenue does not include equipment sales, incoming and visitor roaming revenue

MTR – Mobile Termination Rates

MVNO – Mobile Virtual Network Operator

Net gearing – net gearing after hedging ratio = net debt after hedging / (net debt after hedging + shareholders' equity)

Organic Cash Flow – Organic Cash Flow- key measure of cash generation used by management (for definition please refer to the Notes 3 to IFRS Consolidated Financial Statements of the Orange Polska Group)

PPA – Power purchase agreement

RAN agreement – agreement on reciprocal use of radio access networks

ROCE – Return on capital employed = EBIT (ex. extraordinary items) / (Shareholder's Equity + Average net debt)

SIMO – mobile SIM-only offers without devices

SMP – Significant Market Power

UKE – Urząd Komunikacji Elektronicznej (Office of Electronic Communications)

UOKiK – Urząd Ochrony Konkurencji i Konsumentów (Office for Competition and Consumer Protection)

USO – Universal Service Obligation

VDSL – Very high bit-rate Digital Subscriber Line

VoIP – Voice over Internet Protocol

Wireless for fixed – LTE broadband access offers dedicated to use within the Home/Office Zone, consisting of a fixed router (Home Zone) plus large or unlimited data packages, which are a substitute for fixed broadband and are provided by all mobile operators in Poland, including Orange Polska

WLR – Wholesale Line Rental



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Limited assurance on specified parts of the Sustainability Report

We have been engaged by the Board of Directors of Orange Polska S.A. based in Warsaw, Aleje Jerozolimskie 160 Street ("Company") to provide limited assurance in respect of the Assured Sustainability Parameters ("Parameters") as identified below for the year ended 31 December 2021. The Assured Sustainability Parameters are included in the Orange Polska Integrated Report for the year ended 31 December 2021 (the "Sustainability Report") prepared in accordance with GRI Standards issued by Global Reporting Initiative (GRI).

The Limited Assurance Sustainability Parameters covered by our limited assurance engagement are:

General disclosures:

101; 102-1; 102-2; 102-7; 102-9; 102–12; 102-13; 102-35, 102-42, 102-43

Topic specific disclosures:

103-1, 103-2; 103-3, 202-1, 203-1, 205-1, 205-2, 205-3, 206-1, 301-1; 302-1, 303-5, 305-1, 305-3, 305-05, 306-2, 307-1, 401-1, 403-10, 404-1, 404-2, 405-1, 406-1, 408-1, 409-1, 412- 2, 413-1, 415-1, 416-2, 417-2, 417-3, 418-1, 419-1

Management's responsibility

Management is responsible for the preparation and presentation of the Limited Assurance Sustainability Parameters in accordance with the GRI Standards. These responsibilities include establishing such internal controls as management determines are necessary to enable the preparation of the Limited Assurance Sustainability Parameters that are free from material misstatement whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the preparation and presentation of the Limited Assurance Sustainability Parameters included in the Sustainability Report,

We conducted our engagement in accordance with International Standard on Assurance Engagements ISAE 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board.

That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Limited Assurance Sustainability Parameters are free from material misstatement.

The firm applies International Standard on Quality Control 1 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.

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We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our limited assurance engagement on the Limited Assurance Sustainability Parameters consisted of making enquiries, primarily of persons responsible for the preparation of the Limited Assurance Sustainability Parameters, and applying analytical and other procedures, as appropriate.

These procedures included:

- Enquiries of management to gain an understanding of internal control system to enable preparation the Sustainable Report
- Interviews with management and relevant staff at corporate and selected site level concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- Enquiries of relevant staff at corporate and selected site level responsible for the preparation of the Limited Assurance Sustainability Parameters;
- Comparing the Limited Assurance Sustainability Parameters to relevant underlying sources on a sample basis to determine whether all the relevant information has been appropriately included in the Sustainability Report;
- Verification of calculation correctness of selected Parameters.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained has a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance conclusion on the Limited Assurance Sustainability Parameters.

Conclusion

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

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

Based on the limited assurance procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the Limited Assurance Sustainability Parameters, as defined above, for the year ended 31 December 2021, have not in all material respects, been prepared and presented in accordance with the GRI Standards.

KPMG ADVISORY Spółka z ograniczoną odpowiedzialnością sp.k.

Warsaw, 12th August 2022

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