Appendix to Resolution no. 30/XI/2020
of Orbis S.A. Supervisory Board
dated April 24, 2020

Concise Evaluation of the Corporate Standing of the Orbis Group and Orbis S.A. for 2019

submitted to the General Meeting of Shareholders

The year 2019 was a period of in-depth transformation of the Orbis Group. Following comprehensive analyses, the Orbis Management Board made a decision to split the business of the Orbis Group into the asset light business involving provision of services for hotels based on franchise and management agreements and the asset heavy business involving ownership of hotel properties. In October 2019, the asset light business was divested to companies belonging to the Accor Group. Bearing in mind the goal of ensuring the highest quality of services and access to international brands, on the same day Orbis and its subsidiaries and Accor's subsidiaries entered into agreements with 73 Accor hotels owned or leased by Orbis Gropu companies.. Hence, the cooperation with Accor, Orbis' strategic partner of 20 years, continues, thus offering Orbis the opportunity to operate under any of all the 39 hotel brands in the Accor portfolio.

Another milestone transaction in Orbis history took place in mid-December, i.e. Accor S.A. executed a binding agreement on the divestment of 85.8% of Orbis shares to AccorInvest Group S.A. The divestment of Orbis shares was conducted by Accor by way of a public tender offer for all the Company's shares. The closing of the Orbis share transaction took place on March 11, 2020.

Thanks to divestment of the asset light business, the Orbis Group can fully focus on its core business, i.e. the asset heavy business, which will be further developed through a various investment schemes involving organic growth, acquisition of new real properties and modernization of existing buildings as well as development of new properties.

In 2019 the Group conducted construction of new hotels in Szczecin, Warsaw and Cracow. Furthermore, the Group carried out a number of modernisation projects in hotels located in larger cities in order to upgrade product quality and boost the competitive edge of hotels belonging to the Group. The key modernisation projects implemented in 2019 included the following hotels: the Novotel Gdańsk Marina hotel, the Mercure Poznań Centrum hotel, the Novotel Kraków City West hotel and the Mercure Budapest Castle Hill hotel. The total value of capital expenditure on development projects and other investments aimed at upgrading the standard of operating hotels in 2019 amounted to PLN 193.7 million.

With a view to optimise its hotel portfolio, the Group focuses on highly profitable investments and at the same time executes disposal transactions of the Group's non-strategic hotels. In 2019, property disposals included ibis budget in Toruń and some non-hotel properties located in different cities in Poland. The total income from these transactions amounted to PLN 63.6 million.

Despite an extremely demanding employee market, the year 2019 was also a very good year for Orbis as an employer. The results of Orbis hotel engagement survey rose again by 3 p.p. up to 75%, thus placing Orbis in the upper quartile in Eastern Europe. Furthermore, for the second year in a row, Orbis was awarded the prestigious AON Best Employer Award in Poland. Given the transformations that took place in the Group's companies in 2019, a number of measures have been taken to keep employees informed and updated in a transparent way with a view to facilitate their understanding and the resultant acceptance for the ongoing changes. Relatively low employee turnover and their high commitment as well as very good operating results confirmed the legitimacy and positive effects of the undertaken measures.

Corporate Social Responsibility (CSR) represents another a significant aspect of the Orbis Group's operations. The Group cares for the environment, acts responsibly with regard to people, promotes best practices and shares its experiences with other representatives of the hospitality industry.

To summarise, 2019 was a special year for the Orbis Group. Although the Group's business profile has been transformed, its three most important pillars remain the same, namely *Performance* (attainment of operational results), *Portfolio* (development of the hotel network) and *People* (focusing on guests and employees).

1. Key Results of the Orbis Group and Orbis S.A.

Operating ratios of the Orbis Group	2019	2018	2019/2018
Operating ratios of owned hotels*			
Occupancy Rate (%)	73.7	73.2	0.5 p.p.
Average Room Rate (ARR) (net of VAT) in PLN	268.7	259.2	3.7%
Revenue per Available Room (RevPAR) in PLN	198.0	189.8	4.3%

** as reported data*

During 12 months of 2019, the Revenue per Available Room (RevPAR) in owned hotels of the Group stood at PLN 198.0, i.e. was by 4.3% higher as compared to figures for 2018. This result was attained thanks to higher Average Room Rate (ARR) (increase by 3.7%).

The Revenue per Available Room (RevPAR) ranged from PLN 144.8 in economy hotels to PLN 229.9 in Up & Midscale hotels.

RevPAR figures differed across geographical segments as well. The highest RevPAR was reported in hotels operating in the Czech Republic (PLN 236.7). Hotels operating in Hungary and other countries (Lithuania, Romania, Slovakia) reported RevPAR of PLN 212.8 and PLN 208.0 respectively in 2019. In Polish hotels of the Orbis Group, the RevPAR increased up to PLN 187.9. The RevPAR growth rate (like-for-like) ranged from 4.2% in the Czech Republic to 9.1% in Hungary.

Income statement of the Orbis Group

PLN thousand	2019	2018	2019/2018
Net sales	1 455 296	1 401 004	3.9%
EBITDAR	**520 928**	**511 144**	**1.9%**
EBITDAR margin (EBITDAR/Revenues)	*35.8%*	*36.5%*	*-0.7 p.p.*
Operating EBITDA	**509 184**	**453 420**	**12.3%**
EBITDA margin (EBITDA/Revenues)	*35.0%*	*32.4%*	*2.6 p.p.*
Operating profit (EBIT) without the effects of one-off events	**286 936**	**282 831**	**1.5%**
Result of one-off events	42 257	128 596	-67.1%
Operating profit (EBIT)	**329 193**	**411 427**	**-20.0%**
EBIT margin (EBIT/Revenues)	*22.6%*	*29.4%*	*-6.7 p.p.*
Net result from financing activities	(45 841)	(16 366)	180.1%
Profit before tax	**283 352**	**395 061**	**-28.3%**
Income tax expense	(52 654)	(54 051)	2.6%
Net profit on continuing operations	**230 698**	**341 010**	**-32.3%**
Net profit on discontinued operations	**1 027 888**	**22 348**	**4 499.5%**
Net profit	**1 258 586**	**363 358**	**246.4%**

In 2019, the net sales of the Group totalled PLN 1 455.3 million as compared to PLN 1 401.0 million in 2018.

Taking into account the change in number of hotels in the Group portfolio resulting from the new hotel openings and disposals in 2018 and 2019, the like-for-like revenues of the Group totalled PLN 1 419.6 million, i.e. increased by 4.6% as compared to the data for 2018.

The room revenue increased thanks to average room rate (ARR) growth by 4.6% and an increase in the occupancy rate (by 0.6 p.p.), producing a 5.5% increase in the RevPAR (like-for-like). This increase was reported in most markets where the Group operates.

The highest RevPAR increase was reported in the Upscale (in particular Luxury) hotel segment, with the Sofitel Warszawa Victoria hotel contributing substantially to the growths thanks to earlier modernization works as well as pricing policy launched in the MICE and individual guest segment. Room revenues also grew significantly (RevPAR increase by 6.3%) in the Midscale hotel segment, which is the Group's growth driver, particularly in the markets of Budapest, Warsaw, Wrocław and Kraków.

In addition, the Group reported a solid food&beverage revenue growth (i.e. 3.0%), which is a significant segment of hotel operations. Increase in the number of guests in the MICE segment, attractive restaurant products and increased sales of breakfasts had contributed greatly to this effect.

Operating expenses of the Orbis Group (including rental expense and depreciation/amortisation) totalled PLN 1 167.9 million in the reporting period, i.e. grew by PLN 48.6 million (4.3%) as compared to the corresponding period of the past year. The biggest increases were reported in the costs of outsourced services (by PLN 26.7 million), including mainly travel agency commissions as well as the costs of cleaning and outsourcing services, the costs of energy consumption (by PLN 20.3) and employee benefits (by PLN 6.1 million) due to salary and wage increases triggered by inflationary pressure, introduction of employee capital plans (PPK) and increase of costs related to staff turnover.

Compared to the corresponding period of 2018, the items that decreased to the greatest extent were the costs of taxes and charges (by PLN 10.7 million) and property rental costs (by PLN 46.0 million), which is the result of IFRS 16 implementation (before the implementation of the new standard, taxes and charges item included fees for the perpetual usufruct of land while costs of property rental included the fees for lease of offices and hotels). The implementation of IFRS 16 also caused the increase in depreciation and amortisation and financial costs. The cost of depreciation and amortisation of right-of-use assets amounted to PLN 48.5 million in the 12 months of 2019. Financial costs from interests on lease liabilities totalled PLN 21.1 million.

Despite the increase of operating expenses, operating EBITDA grew by 12.3% up to PLN 509.2 million, while the operating profit without one-off events totalled PLN 286.9 million, i.e. was by 1.5% higher than in the corresponding period of the past year.

In 2019, the Orbis Group generated a positive result on one-off events amounting to PLN 42.3 million. This is mainly the effect of sale of the following real properties: non-hotel property in Wrocław (PLN 41.4 million), real property in Zakopane (PLN 9.4 million), two non-hotel properties in Szczecin (PLN 5.6 million) and ibis budget hotel in Toruń with the neighbouring real property with an unfinished hotel building (PLN 1.1 million). In addition, expenses related to revaluation of non-current assets (PLN 10.4 million) were recognized, including mainly impairment loss on the right to use the hotel in Wrocław (PLN 5.8 million), expenses related to the split of Group companies into "asset light" and "asset heavy" (PLN 2.5 million), restructuring costs (PLN 2.3 million), costs associated with the launch of the leased MGallery Prague hotel buy-out transaction and costs of arbitration proceedings commenced in connection with this buyout (PLN 1.7 million) and costs of liquidation of tangible assets in Hungary (PLN 1.2 million).

On the other hand, high result from one-off events in the past year (PLN 128.6 million) was the result of the sale transaction of the: Sofitel Budapest Chain Bridge hotel, the Novotel Szeged hotel, the Mercure Cieszyn hotel, the ibis Styles Bielsko-Biała hotel, the ibis Plzen hotel and non-hotel real property located in Karpacz and Warsaw.

As a result of the above described changes, in the period of 12 months of 2019, the Group generated an operating profit (EBIT) of PLN 329.2 million compared to PLN 411.4 million last year.

In 2019, the Group reported a major change of the result from financing activity. During the period January-December 2019, the loss on financing activities of the Group totalled PLN 45.8 million as compared to PLN 16.4 million in 2018. It was mainly attributable to recognition of interest on lease liabilities amounting to PLN 21.1 million. In addition, higher financial costs were also caused by interest paid on tax liabilities (PLN 7.6 million) and negative foreign exchange on valuation of transactions in foreign currencies. On the other hand, the increase in financial income was mainly attributable to higher interest on deposits.

The Orbis Group closed the year 2019 with a net profit on continuing operations of PLN 230.7 million as compared to the profit of PLN 341.0 million in the corresponding period of 2018.

The result on discontinued operations in both the reporting periods included asset light business, i.e. above all the revenues from management agreements, franchise agreements and direct costs related to services provided by Orbis S.A. and its subsidiaries to managed or franchised hotels as well as costs related to procuring new contracts under the asset light model. Moreover, discontinued operations also included the results generated by Orbis Kontrakty Sp. z o.o.

According to IFRS 5, the profit in the amount of PLN 1 194.5 million on the sale of asset light business effected on October 31, 2019, was also recognized under discontinued operations for 2019.

Following the recognition of the result on discontinued operations, the Orbis Group closed the year 2019 with a net profit of PLN 1 258.6 million.

Income statement of Orbis S.A.

PLN thousand	**2019**	**2018**	**2019/2018**
Net sales	934 687	885 101	5.6%
EBITDAR	**387 931**	**289 642**	**33.9%**
EBITDAR margin (EBITDAR/Revenues)	*41.5%*	*32.7%*	*8.8 p.p.*
Operating EBITDA	**387 931**	**282 046**	**37.5%**
EBITDA margin (EBITDA/Revenues)	*41.5%*	*31.9%*	*9.6 p.p.*
Operating profit (EBIT) without the effects of one-off events	**249 116**	**154 910**	**60.8%**
Result of one-off events	40 208	(882)	-
Operating profit (EBIT)	**289 324**	**154 028**	**87.8%**
EBIT margin (EBIT/Revenues)	*31.0%*	*17.4%*	*13.6 p.p.*
Net result from financing activities	122 402	5 979	1 947.2%
Profit before tax	**411 726**	**160 007**	**157.3%**
Income tax expense	(52 471)	(32 732)	-60.3%
Net profit on continuing operations	**359 255**	**127 275**	**182.3%**
Net profit on discontinued operations	**419 421**	**14 626**	**2 767.6%**
Net profit	**778 676**	**141 901**	**448.7%**

In 2019 Orbis S.A. generated operating profit amounting to PLN 289.3 million. i.e. by 87.8% higher as compared to 2018. On the other hand, profit before tax increased as compared to the past year by 157.3% (i.e. PLN 251.7 million) to PLN 411.7 million. This is the outcome of several factors, including in particular reduction of operating expenses by the amount of the fee payable to Orbis for purchases of goods and services from nominated suppliers for the period from 2013 to 2019 in the total amount of PLN 82.8 million, higher result of one-off events (by PLN 41.1 million), in particular result on disposal of real property, as well as higher result on financing activities (by PLN 116.4 million) as compared to the past year (among others, as a result of receipt of dividend from the Czech subsidiary).

In addition, the implementation of IFRS 16 Leases had an impact on the result. Starting from January 2019, the fees for perpetual usufruct of land (recognised in the past years as costs of taxes and fees) and fees for the lease of the Sofitel Wrocław Old Town hotel (reported under costs of real property lease) are now recognised in the Company's income statement as depreciation/amortisation and interest expense. The cost of depreciation of right-of-use assets in the period of 12 months of 2019 amounted to PLN 13.2 million, while the financial cost of interest on lease liabilities amounted to PLN 12.3 million.

The significant increase of the net result of the Company as compared to 2018 was also attributable to the divestment of the asset light business which under IFRS 5 was classified as the result on discontinued operations.

2. Investment projects

In 2019, the Orbis Group expended PLN 193.7 million on property, plant and equipment in line with the 2019 approved budget. Capital expenditures of PLN 67.0 million were allocated for development projects, while PLN 126.7 million were spent on upgrading the standard of hotels operating in the network, including room modernizations, rearrangement of common areas (restaurants, lobby and reception areas), modernization of technical installations and IT.

The key investment projects implemented in 2019 included construction of the ibis Styles Stare Miasto hotel in Szczecin, large-scale modernisations of the Novotel Gdańsk Marina hotel, the Mercure Poznań Centrum hotel, the Novotel Kraków City West hotel, the Novotel Poznań Centrum hotel, the Mercure Budapest Korona hotel as well as the division of the Mercure Budapest Buda hotel into two hotels operating under different brands in a single building (currently named ibis and Mercure Budapest Castle Hill). In 2019, steps were also taken to launch a new lifestyle brand named TRIBE in the market. The Group plans to open two three-star hotels under the TRIBE brand in the coming years, one of which will be located in Krakow and the other one in Warsaw.

With regard to expenditure on IT and digital services, some of the work done in 2019 focused on replacing WiFi system in hotels with a view to improve guest satisfaction and enable the development of new mobile services. Expenses were also incurred on adaptation of IT systems to changes in tax regulations, organizational restructuring and new business needs of the Group.

3. Selected Results and Issues to be Monitored

The development strategy of the Group's hotel network envisages operating subsidiary hotels in the key locations, such as the six largest urban centres in Poland (Warsaw, Kraków, Wrocław, Tricity, Poznań, Szczecin) and in capital cities of Eastern European countries. Orbis monitors potential projects in terms of maximising return on investment, focusing on key geographical locations, mainly in city centres. Furthermore, the Group also analyses hotel lease agreements and considers potential buy-back transactions. At the same time, the Group investigates the opportunity of disposals of assets of lesser importance for the Group.

The expansion of the hotel network through optimisation of the asset structure, also in terms of type of ownership, creates a need to secure proper sources of financing and at the same time maintain debt at a safe level.

As at December 31, 2019, the surplus of cash and cash equivalents above the value of bond and lease liabilities was PLN 986.1 million.

The following changes in the financing ratios occurred in 2019:

- The debt-to-equity ratio went up from 25.8% in 2018 to 30.4% in 2019. This is, in particular, the result of implementation of a new accounting standard, IFRS 16, and recognition in 2019 of lease liabilities, combined with growth in the Group's equity, mainly due to the high net profit achieved on the sale of the asset light business.
- The non-current asset cover ratio was at the level of 121.5% and increased by 27.8 p.p. as compared to the past year. This was mainly due to increase in equity accompanied by a much lower growth of non-current assets, predominantly as a result of recognition of right-of-use assets (hotel buildings).
- The current ratio increased as compared to the past year and reached 2.76 (2.35 in 2018). The increase in the ratio results primarily from a higher cash balance (by PLN 1 428.9 million) and much lower increase in short-term liabilities (by PLN 473.0 million). The increase in the Group's current liabilities resulted mainly from reclassification of a tranche of PLN 300 million of bonds maturing in June 2020 from long-term liabilities and the recognition of high CIT liabilities resulting from the asset light disposal transaction by individual Group companies.

As at December 31, 2019, the Orbis Group had unused credit lines amounting to PLN 45.1 million under an overdraft facility.

In the opinion of the Management Board, presently there exist no circumstances that would indicate financial liquidity problems or a threat to the Group's ability to continue as a going concern. However, due to the outbreak of the SARS-CoV-2 coronavirus epidemic and the measures taken by the Polish government and governments of other countries aimed at preventing its spreading, Orbis and its subsidiaries have been operating under unprecedented conditions since mid-March this year. As the operations of almost all hotels have been suspended, for the time being the Group cannot generate revenues. Therefore, the Group has taken a number of steps aimed at minimizing the negative impact of the epidemic on the Group's financial standing (including talks with major suppliers to extend the deadlines for payment of trade liabilities) and strives to avail of any available forms of assistance offered by government authorities (such as partial financing of employee salaries during the period of downtime or reduced working hours, deferred CIT, property tax and fees for perpetual usufruct of land). The Orbis Management Board monitors the development of the situation related to the epidemic on a daily basis to adjust its further decisions and measures taken as the conditions on individual markets change dynamically.

4. Central & Eastern Europe Hospitality Market in 2019

The hospitality market is strongly correlated with the macroeconomic environment. In 2019, economic growth in the CEE region was no longer as high as in the preceding year, however, the average still exceeded 3.5%. According to estimates of the International Monetary Fund, economic growth was at the level of 2.5% in the Czech Republic and Slovakia, 3.4% in Lithuania, 4.0% in Poland and Romania and 4.6% in Hungary.

A difficult labour market marked by shortage of labour force and the growing wage & salary dynamics posed a key challenge for the hospitality sector in 2019. In most countries of the region where the group operates we were witnessing a significant decrease in unemployment rates which reached their lowest levels in history (Poland – 5.2%, the Czech Republic – 2.9%, Romania – 3.0% and Hungary – 3.3%). Under these conditions, hotels struggled not only to attract, but also to retain appropriately qualified staff.

Problems associated with the employee market affected the investment process. Shortage of labour force resulted in a significant increase in the wage costs in the construction industry, and, combined with rising prices of building materials and increasing prices of land, translated into an increase in the costs of construction and extension of the whole process in time.

Recently, in addition to the growing wage & salary growth dynamics, hoteliers in the region and especially in Poland were also struggling with a rapid increase in other operating expenses, including in particular prices of electric energy, waste disposal and food.

Another important factor that influenced the results achieved was the growing competition on the market. In recent years, hotels have developed from alternative investment assets into fully-fledged investment products. As the hotel market in Central and Eastern Europe has entered its mature market phase, a greater variety of investors can also be observed in the market. Global investors and international hotel chains are particularly active on the market. Developers who so far have focused on office space or retail markets, also started to build hotels. The investor profile was changing as well. The share of private investors diminished in favour of institutional and stock exchange investors. Institutional investors are interested in implementing their long-term investment strategies, therefore, they focus on assets that generate a stable income. This in turn triggers changes in the structure of hotel operations in the region. Specifically, new hotels rely increasingly on long-term lease agreements as the basis for their operations.

In addition to the increasing investor diversification, a greater variety of hotel brands is present on the hotel market as well. New hotel brands are particularly visible in tourist destinations, where private investors have so far been predominant.

The supply of rooms in large cities is expanded quite intensively with private apartments for rent, short-term accommodation offered by real property rental agents and non-classified facilities, such as aparthotels and condohotels, which compete with classified hotels for tourist guests.

A factor that has a positive impact on the hospitality industry is the noticeable improvement in the affluence of population in the region which translates into their purchasing power. In Poland, in addition to the increase in wages and salaries, household budgets improved also thanks to social programs such as "Family 500+" and "Pension Plus", i.e. an additional benefit for seniors in the form of a thirteenth pension. Higher level of income boosts the propensity to travel, which becomes an integral part of lifestyle.

In recent years, Warsaw, Cracow, Tricity, Budapest and Prague enjoyed unflagging popularity amongst foreign and domestic tourists alike. The number of foreign tourists visiting Poland was rising significantly from year to year to reach approx. 21 million in 2019. Apart from rich variety of cultural and sports events, the still relatively low price of hotel services as compared to other European countries was no doubt an important factor influencing the perception of Polish cities as attractive tourist destinations.

At the time of publication of the annual report by the Orbis Group, the prospects for hospitality market growth in the region were optimistic, while macroeconomic forecasts heralded only a slight loss of economic growth momentum. This positive trend in the development of the hospitality industry was abruptly interrupted by the COVID-19 pandemic outbreak in March. Sanitary restraints and numerous restrictions introduced one by one by governments of individual countries led to a complete halt in tourist traffic not only in Europe, but on a worldwide scale.

The crisis triggered by the coronavirus epidemic will certainly cause major financial problems of many tourism industry players. Decrease in accommodation supply in many regions will be an inevitable effect of the current situation. To an even greater extent than before, competitive advantage on the hospitality market will depend on the quality and safety of services offered and swift adaptation to the new reality and growing guest expectations.

Despite the challenges facing the Group in 2020 as the consequence of the coronavirus epidemic, taking into account the foregoing, the solid operating results of 2019 and a value of current assets, the Supervisory Board favourably evaluates the prospects for the further operation of Orbis S.A. and the Orbis Group.

5. Evaluation of the Internal Control System, Risk Management, Compliance and Internal Audit

The Orbis Group is exposed to a number of risks that may adversely impact its business, financial standing, operations as well its brands and reputation.

Acting jointly with the Management Board of Orbis S.A. (the Parent Company), the Supervisory Board regularly analyses the market environment and the risk factors to which Orbis Group is exposed. New projects and planned significant transactions are subject to a detailed analysis. In the case of regulation changes, the Group's companies adjust their operations accordingly.

An internal control system and risk management system have been implemented in the Orbis Group. The Management Board and the Supervisory Board monitor the risks arising in the rapidly evolving external environment in order to eliminate threats to the Company's and Group's business and their financial standing.

The internal control system in place in the Orbis Group is based on functional control exercised regularly by the management in all the hotels of the Company and in the organisational units of the Head Office. This control relies on operational procedures as well as control and supervision procedures, implemented in the organisational units.

Risk management in respect of preparation of financial statements incorporates on-going audit of the internal control system. The said system covers major processes in the Company, including those areas that affect, directly or indirectly, the correctness of financial statements. Internal audits are carried out upon request of, and to the extent determined by, the Management Board and in consultation with the Audit Committee appointed from amongst the Supervisory Board members.

The Company has also deployed detailed crisis management guidelines in each hotel for potential crisis situations, which cover unforeseen events that may have an adverse legal or reputational effects. At the same time, in November 2019 the Company implemented a whistleblowing system operating via a dedicated digital platform operating 24 hours a day, 7 days a week, where employees and co-workers can report violations of the law and ethical procedures and standards, including violations of the Act on Public Offering and Conditions for Introducing Financial Instruments to the Organized Trading System and on Public Companies.

The Supervisory Board considers the internal control system and the risk management system in place in the Orbis Group to be appropriate. In the Supervisory Board's opinion, the Management Board of the Parent Company properly monitors the risks arising in the rapidly evolving external environment in order to eliminate threats to the business and financial standing of the Company and the Group.

The Parent Company also has an internal compliance system in place to counteract any risk of loss due to non-compliance with the law, internal and corporate regulations, codes of ethics and standards of conduct adopted by the organisation. The Legal Department and the Risk Department are in charge of the day-to-day operations.

Within the frame of its compliance system, the Group above all monitors compliance of the Group's companies with the applicable legal regulations, particularly by analysing changes to the law and their potential impact on the operations of the Group, and by taking actions to prepare the Group's companies for materially significant legislative changes. Different internal procedures and instructions are successively implemented as part of the compliance system in order to prevent violations of compliance rules and to increase awareness of their importance and of the potential risks involved with their violations (for example by running training courses).

The most important measures implemented in the Group in the area of the compliance system include:

- data processing rules compliant with the Regulation on the Protection of Personal Data (GDPR) adjusted to the nature of the business;
- procedure for assessing the credibility of Orbis Group's major business partners,
- development of applicable rules of conduct in accordance with the Law on Counteracting Money Laundering and Terrorist Financing,
- regular dissemination of information amongst employees on threats associated with sending e-mails that may contain malicious software,
- deployment of principles governing the acceptance and giving gifts in the Orbis Group,
- system that enables reporting cases of non-compliance via a digital platform (whistleblowing).

Considering the foregoing, the Supervisory Board favourably evaluates the compliance system in the Group, particularly in view of a wide spectrum of measures developed not in response to incidents, but intended primarily as preventive measures to counteract their occurrences.

6. Evaluation of the Company's Compliance with Disclosure Obligations as Regards the Application of the Principles of Corporate Governance Laid Down in the Warsaw Stock Exchange Rules and in Regulations Concerning Current and Periodic Information to be Published by Securities Issuers

In accordance with the rules contained in section II.Z.10.3 of the Best Practice for WSE Listed Companies 2016, the Supervisory Board prepares and submits to the Annual General Meeting of Shareholders an assessment of the company's compliance with the disclosure obligations concerning compliance with the corporate governance principles defined in the Exchange Rules and the regulations on current and periodic reports published by issuers of securities. These regulations are laid down in Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (OJ EU L 173 of 12 June 2014, as further amended) (the MAR Regulation) and in the Regulation of the Minister of Finance dated March 29, 2018, on current and periodic information provided by issuers of securities and the conditions for recognizing as equivalent the information required by laws of a non-member state.

In connection with the provisions of the MAR Regulation, the Company has implemented internal rules of analysing individual events in terms of the potential existence (identification) of confidential information, based on the premises indicated in the MAR Regulation and criteria identified by the Company, with due consideration for the type, nature, volume and typical features of the business pursued by the Company, as well as historical data which provide for the impact of particular reports and the information contained therein on shareholder behaviour. In addition, when fulfilling its disclosure obligations, the Company followed the principles of an open, transparent and efficient information and communication policy with the market and investors to enable all stakeholders to become acquainted with all relevant events. All the current and interim reports as well as all key corporate information is published on the Company's corporate website.

With regard to the principles of corporate governance, in its current report no. 1/2016 (EBI) dated January 29, 2016, the Company informed the market about the scope of application of rules of corporate governance under the "Best Practice for GPW Listed Companies 2016" effective as of January 1, 2016". Since then, the Company did not report any violations of the "Best Practices 2016". All information pertaining to the corporate governance rules adopted by the Company was published on the corporate website: www.orbis.pl/o-firmie/lad-korporacyjny. Moreover, in the Directors' Report on the Operations of the Orbis Group and Orbis S.A. for 2019, the Company incorporated, as a separate section of this Report, its declaration on the principles of corporate governance resulting from the "Best Practices of WSE Listed Companies", applied in the Company. In the assessment of the Supervisory Board, this statement describes in detail the aspects of corporate governance and contains the information referred to in the Regulation of the Minister of Finance dated March 29, 2018, on current and periodic information provided by issuers of securities and the conditions for recognizing as equivalent the information required by laws of a non-member state.

In connection with the foregoing, the Supervisory Board evaluates that the Company correctly fulfils its disclosure obligations under the legal regulations, particularly with regard to the application of the principles of corporate governance and regulations concerning current and periodic information to be published by securities issuers.

7. Evaluation of the Rationality of Sponsorships, Charity and Other Similar Activities

In cooperation with non-governmental organisations and social institutions in the countries of Eastern Europe, Orbis S.A. carries out programs aimed at preventing child and youth abuse, fighting social exclusion and empowering women in the professional environment as well as education and professionalization in the hospitality industry. Furthermore, the Company is committed to local initiatives and entrepreneurship, supports the reforestation program of areas threatened by illegal logging in Transylvania (Romania) and the "Kosztela" program contributing to the protection and development of traditional orchards in Poland.

The abovementioned social and environmental programs are implemented from current assets of Orbis S.A., with the support of Orbis S.A. employees and thanks to involvement of hotel guests.

The most important social and environmental projects of Orbis S.A. in 2019 include:

- The "Code of Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism" – a prevention program raising awareness of negative social phenomena, carried out together with the Empowering Children Foundation in Poland and the ECPAT Association in Poland, Bulgaria, Hungary, Lithuania and Romania.
- "RiiSE" – after the transformation in 2018, the WAAG network was transformed into RiiSE - a new network open to both women and men employed in the structures of the Accor Group. The activities of this group are based in particular on sharing knowledge through a mentoring program, combating all forms of discrimination and exclusion, and promoting female talents in managerial positions. In addition to mentoring and promoting diversity, RiiSE aims to combat stereotypes, sexism and sexual abuse - through awareness-raising communication campaigns, conferences and workshops. In 2019, RiiSE implemented an internal communication campaign widespread in the Orbis region, aimed at breaking down stereotypes about the professional career of women and men. In addition, meetings and training sessions were organized within the network, both in hotels and the company's offices in the region, of which the two largest were held in Budapest and Bucharest.
- The "Plant for the Planet" program aimed at transferring 50% of the savings generated due to optimization of towel use in hotels of the Orbis Group and AccorHotels for the creation and development of traditional fruit orchards in Poland and reforestation program in the Transylvania region in Romania. The program is implemented thanks to involvement of hotel guests and in co-operation with the Pur Projet SARL, the AgriNatura Foundation in Poland and the Mihai Eminescu Trust Foundation in Romania.
- "Gdańsk Business Run 2019" - Tri-City hotels belonging to the Orbis Group have been involved for the fourth time in organizing the Gdańsk charity edition of the Poland Business Run. On this occasion, hotels prepared meals for participants and funded special prizes for the winners. The race was also attended by 5 five-person relay teams from Tri-City hotels from the Accor brands family. Business Run is an initiative aimed not only at supporting people with movement disabilities, but also at promoting an active lifestyle and cooperation between the local community and business. Hotel employees in Poland participated and supported regional races as part of "Poland Business Run 2019.
- Involvement of hotel employees in saving bees - over 2 million bees are looked after by hotels of the Orbis Group in Poland and Hungary. Orbis Group hotels are co-owners of nearly 40 hives. Honey produced by bees in hotels is served to guests at breakfast.
- "Zaczytani.org" - the campaign promotes reading and social education by running the Great Book Collection and opening libraries in hospital departments, in medical and social facilities, in places where the book gains extraordinary power. As part of the Children's Day celebrations, the hotels were involved in the campaign and for a month 10 500 books were collected in 40 Novotel, Mercure and ibis hotels, which went to children in medical facilities.
- WOŚP 2019 - in 2019, the Orbis Group hotels supported the Great Orchestra of Christmas Charity (WOŚP), all volunteers could use the free refreshments in our hotels during the 27th Great Orchestra of Christmas Charity Finals.

- Orbis and Accor Group actively support the Hungarian Red Cross, every year employees take part in the Vivicitta and Spar Marthon charity marathons, as well as provide funds and necessary assistance to the children of the Suhanj! Foundation, which deals with the rehabilitation of people with disabilities through sport.
- Solidarity Week 2019 - the initiative was held in Warsaw, Krakow, Tri-City and Poznań, as well as in Hungary, Romania and the Czech Republic. As part of a joint and several action, the hotel teams organized events to help selected foundations and associations. Thanks to these activities, help reached 1000 children and 100 animals in shelters. The idea behind the events organized during Solidarity Week is to help the most needy in the winter.
- "Chamber of Commerce of the Polish Hotel Industry" (IGHP) - support for the local self-governing organization of the hotel and restaurant industry in Poland in contacts with government administration at the local, regional, national and EU level.
- Furthermore, in 2019 the Company was the co-organizer and/or sponsor of selected industry conferences (the hospitality and tourism sectors) in the countries in which it operates.

Sponsorship and charitable activities of Orbis S.A. are implemented in line with the priorities of the Company's corporate and marketing communication based on the "Ethics and Corporate Social Responsibility Charter" in the countries where the Company operates.

The Supervisory Board of Orbis S.A. considers the Company's sponsorships and charity activities as reasonable, socially valid and contributing in an important and positive way to the development and awareness of the society as regards the impact of the hospitality and tourism industry on environmental and social issues. In the opinion of the Supervisory Board, this attitude builds a positive image and inspires trust in the Company as an institution that focuses not only on maximizing profits, but at the same time deploying the principles of corporate social responsibility.