



Report  
on Corporate Social Responsibility  
2005-2006



**ORLEN**

**Polski Koncern Naftowy ORLEN**  
Spółka Akcyjna

Report  
on Corporate Social Responsibility  
2005-2006



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## A letter from the President of the Management Board of PKN ORLEN SA

*Ladies and Gentlemen,*

Being one of the biggest companies in the petroleum sector in Central & Eastern Europe, PKN ORLEN feels obliged to take care of the environment in which it functions.

Our commitment to build a balance between economic interests and the environmental and social challenges is proportional to the scale of our operations. It constitutes an integral part of the Company's strategy and is reflected in our values relating to responsibility and respect for the neighbourhood.

Today, PKN ORLEN is a good neighbour and a patron of sport and culture.

Due to the nature of the Company's operations, we attach special importance to the protection of the natural environment. For us, environmental protection provides an important competitive edge and is a significant element of our corporate social responsibility. Thanks to the use of state-of-the-art technologies, all of our products comply with the quality and environment protection requirements in the European Union.

PKN ORLEN is one of the leading Polish employers, a friendly company for ambitious people who look for development opportunities. Each year students from Poland and abroad can acquire experience during a training period in the Company.

In building a new corporate culture, the Company adopted the Code of Ethics of PKN ORLEN SA in December 2005, which sets out the principles and values that are the most important to us – the employees of the Company.

Numerous awards and titles granted to the Company by external institutions and organisations testify to the approval and high evaluation of our actions in the area of corporate social responsibility. We appreciate them all, particularly because they contribute to the growth of customers' trust in our company and an increase in the Company's value, which is our main obligation towards the shareholders of PKN ORLEN.

We are convinced that acting in accordance with the rules of corporate social responsibility makes us more competitive and, at the same time, has a positive impact on the living standard of our partners. We believe that such a policy reinforces the success of the Company and enhances the loyalty of our customers, who choose the best products which are manufactured in a responsible and environmentally-friendly manner.

We implement the standards of corporate social responsibility in the Company in a consistent, patient and systematic manner. We are convinced that you will recognise the changes that have been introduced so far, and that the results confirm our conviction that this process is worth continuing in the well-understood interests of the company, its shareholders, and our environment.

*Yours sincerely,*



Piotr Kownacki  
President of the Management Board  
PKN ORLEN SA



## A letter from the Ethics Ombudsman

*Ladies and Gentlemen,*

The appointment of the Ethics Ombudsman was an element of change in our corporate culture programme based on PKN ORLEN values, which includes both business processes and social relations. The wide variety of inner consultations which accompanied the formation of the Code of Ethics, reinforced employee participation, established in their consciousness the role they play in the process of change, and helped them realize the importance of their opinions. That employees were involved in the process of building the new social quality of the Company was demonstrated by their interest in the Ethics Ombudsman elections, in which 48% of the employees cast their votes.

We are proud of our Code of Ethics which is not only one of the management instruments but, first and foremost, it is an expression of the perception of the sensitivity of both the management and employees to ethical issues. The Code of Ethics, which is very carefully structured, expresses the intentions presented in the formal provisions; but this is not sufficient for its transformation into good practice and conduct, unless there is also an open discussion regarding the ethical dilemmas in particular situations. Hence it is the opportunity to contact directly a person in a position of social trust, the chance to inform in a straightforward way about any shortcomings, and to share anxieties and concerns, which are so important. The Ombudsman's position, which is also a formal one, has taken this into account. It is crucial that every person who reports to the Ombudsman can be guaranteed both

full discretion and confidentiality. The role of an Ethics Ombudsman is to observe the Code of Ethics and to ensure employee security, and to influence the shape of the organizational culture based on the crucial values adopted in the Code.

The experience gained during the first year of acting as Ombudsman confirm that the decision to appoint an Ethics Ombudsman was justified. The variety of problems reported proves that this standpoint is also shared by employees. I received information about issues concerning interpersonal relations in small teams and also external relations. It is extremely valuable that employees are very sensitive to issues concerning cooperation and professionalism, and they suggested solutions which, if introduced, they believe will bring benefits to the whole Company. They feel responsible for the Company they work in, and they recognize not only matters concerning them directly, but also those of crucial importance to the Company's operation.

I perceive the functions of an Ethics Ombudsman as being a mission for the benefit of all the employees of PKN ORLEN, and I believe that I have managed to fulfill this role.

*Yours sincerely,*



Ewa Bielicka-Piesyk  
Ethics Ombudsman





## Why we are changing: Our Key Values

### **Our mission**

Aiming to become the regional leader, we ensure long-term value creation for our shareholders by offering our customers products and services of the highest quality. All our operations adhere to 'best practice' principles of corporate governance and social responsibility, with a focus on care for our employees and the natural environment.

### **Why are we changing?**

The year 2005 was for our Company, and also in the field of corporate social responsibility, 'a new opening'. 'PKN ORLEN's Value Creation Strategy for 2005-2009', as adopted then and updated in January 2006, specified our intentions for the coming years.

Reliability is of crucial importance in the business world. The combination of the Company's pro-social and civic vision with the attitudes and behaviour represented by its employees makes the company's image more reliable and the company itself gains approval for its operations.

In previous years we have been aiming to achieve this position and we believe that we have succeeded. We would like to set an example to follow, not only in the field of economics, but also with respect to our social and environmental responsibility. In PKN ORLEN we believe that people are our most valuable asset. They create the company and its image, they are one of the fundamental dimensions of competitiveness, and therefore we try to constantly improve working conditions. We also want to increase motivation and job satisfaction. It is essential for us that the individual aims of employees are concurrent with the company's aims and so they strengthen the sense of iden-

tification with the company and the pride in being a member of a team. Therefore, for the benefit of our employees and also for our stakeholders we implemented a document – the Code of Ethics – which was extremely significant for us and, in March 2006, the employees elected an Ethics Ombudsman through a democratic election.

In the past, the Company has had direct experience of the impact of ethical issues on the company's management. The Parliamentary Investigative Commission was appointed to examine accusations of incorrect behaviour in the Ministry of the Treasury's supervision over representatives of the Treasury at PKN ORLEN SA. There were accusations of using the special service (the former UOP) to put illegal pressure



We tried hard to distinguish the most significant items and, in this way, our Key Values were formulated. They define the manner of conduct and simultaneously they are the voluntary obligations we assume while carrying out our objectives.

We believe that our shareholders, customers, co-workers, and partners have noticed the changes in our company, that the ORLEN brand means high product quality, efficient and pleasant service, competence, solidity and professionalism. We carry out the Company's mission in a manner in which we have determined the priorities of our operations.

### **The Ethics Programme**

The Ethics Programme carried out by PKN ORLEN is based on our Key Values and focuses on building the corporate culture including the business processes and social relations of the whole company.

on the judicial authorities in order to put pressure on members of the PKN ORLEN SA Management Board in relation to the so-called 'ORLEN affair'. The investigation's hearing of witnesses in public, commentaries, and press reports, revealed information about the discovery of many incorrect activities, and caused mass opinion on the Company to become negative. The unfavourable atmosphere surrounding the Company caused a decrease in the employees' trust in the Company's top management.

The change in the corporate culture was a base upon which to build PKN ORLEN's Value Creation Strategy. The responsibility to implement these changes rested upon managers who administered particular business areas of the Company. Simultaneously, other processes were implemented:

- to depoliticize the Company,
- to implement the principles of corporate governance,

- to improve internal and external communications.

The Ethics Programme was the fundamental element of change and its most important goal was to reinforce PKN ORLEN's reliability as an employer and to ensure the carrying out of the Company's strategy more efficiently. This Programme is one of the most wide-ranging enterprises of its kind in Poland. The most

prepared after extensive consultations within the Company (including open consultations in the corporate mass media via the Internet, telephone, and e-mail). Consultations with particular offices responsible for specific areas were also carried out, and the code was presented to the social partners of the Company. Key values were defined during a workshop on the corporate culture for the Management



important formal elements of the programme were included in it, and the best international practice and experience in managing ethics were also applied.

The Ethics Programme included:

- **Determination of PKN ORLEN's optimal corporate culture and the determination of changes in direction.** The work on changes in corporate culture started from research among employees and managers on their perceptions of the previous organizational culture of the Company. The determination of the current and desired culture profile enabled the Company to define a cultural model which was able to provide for the realization of the company's strategies.
- **Preparation of the Code of Ethics and the definition of the Key Values.** The preparation of the Code of Ethics was preceded by an analysis of the codes of ethics of the leading companies in the oil industry and by consultations with external experts. The document was
- **Appointment of an Ethics Group and the election of an Ethics Ombudsman.** An Ethics Group was appointed in order to determine the authority and assignments of an Ethics Ombudsman as well as to organize and supervise the elections of an Ethics Ombudsman. It was composed of people representing all functional divisions in the Company. An Ethics Ombudsman was elected in a general election. All candidates were provided with equal access to internal media: the corporate newspaper, radio centre and Internet. 48% of the Company's employees took part in the elections. An appropriate location for the Ethics Ombudsman was also taken into account, and was located directly in the Management

Board, executive managers, and people managing communications and PR in the Company. The values drawn up by officers were convergent with the values indicated earlier by employees taking part in the research on ethical attitudes.

Board's office. The Ethics Ombudsman's operations are confidential.

- **Open communication and ethical education.** Open communications with employees is a crucial element of the whole project of corporate cultural change, particularly in difficult and questionable situations. Therefore, an e-mail box and a telephone line were established so that employees could make comments and suggestions. All questions are recorded, and a database of issues discussed in the corporate media has been created. Information and discussion bookmarks have also been set up on the Internet. In every issue of the corporate newspaper there is a column devoted to corporate culture.
- **Programme implementation at all levels of the Company.** The review and adjustment of the corporate regulations to the requirements of the Code of Ethics as well as preparation of the Best Practice document was completed by the Company. Voluntary Practice is a voluntary obligation of employees to act in accordance with the ethical principles adopted. The Key Values and the principles of the Code of Ethics were included in the effective systems of staff management, and managers are obliged to become involved in implementing the corporate changes.
- **Programme implementation in all companies of the ORLEN Group.** The process of corporate culture change is spread throughout the whole Company. Training concerning the corporate culture and the presentation of the ethics programme has enabled the Company to make actions in this area more coherent. As the result, the code of ethics was developed with the participation of all companies of the ORLEN Group.

Changing the corporate culture is a difficult and long-lasting process which requires consistency and patience. Despite this, a couple of months after the implementation of the Ethics Programme some changes in the Company's image were noticed both internally and externally.

## Key Values of PKN ORLEN

### Consistency in pursuing goals

- I am conscientious in performing my duties
- I am determined to achieve my goals
- I am committed to my work
- I ask questions when I'm in doubt

### Cooperation

- I cooperate with others for the benefit of my company
- I communicate with others in a clear and direct manner
- By cooperating with others I enhance confidence-building
- The success of the team is the most important thing

### Integrity

- I am honest to others and myself
- I speak my mind openly
- I follow the principles of the Code of Ethics
- I take proper care of the company's property

### Professionalism

- I want to be an expert in my field
- I strive for the highest quality
- I respect customers and fellow employees regardless of their position
- I develop my skills

### Responsibility

- I keep my word
- I assume responsibility for my actions and for the team under my supervision
- I don't make promises that I cannot keep
- I always finish tasks that I started

### Entrepreneurship

- I identify myself with my job and my company
- I am willing to take on new tasks
- I take risks consciously
- I am cost-aware
- I am creative and flexible about changes



## Our partners and the environment we operate in

### SHAREHOLDERS – BEST PRACTICE IN PUBLIC COMPANIES

#### Corporate governance in Poland

In 2002 the Best Practice Committee appointed by the Warsaw Stock Exchange (WSE), prepared and drew up the principles of corporate governance which were published in a document entitled 'Best Practice in public companies 2002'. At the same time the WSE Board adopted amendments in the WSE Rules which provided for passing the corporate governance principles for listed companies. In this way issuers were obliged to submit information concerning their compliance with the corporate governance principles for companies. In 2004 'Best Practice in public companies in 2002' was verified and modified, and then it was published as an updated version entitled 'Best Practice in public companies 2005'.

The solutions adopted were based on the 'comply or explain' principle applied in other markets,

according to which issuers are obliged to make a public declaration as to whether the corporate governance principles indicated by an issuer are applied or not. When an event inconsistent with the principle declared by an issuer occurs in a company, he is obliged to publish immediately an explanation and information regarding which principle was violated and the reasons for such a violation.

The principles adopted by the WSE focus mainly on so-called 'corporate governance' and they concern mostly the manner and the procedures of the operations of company authorities. They emphasize the ethical aspect of exercising power in a company. 'Best practice in public companies 2005', which is recommended by the WSE for adoption by Polish public companies, consists of the following parts:

- General principles (e.g. to the objectives of a company, majority rule and protection of the minority, honest intentions and non-abuse of rights, court control and independent opinions ordered by the company),

- Best practice at General Meetings,
- Best practice of Supervisory Boards,
- Best practice of Management Boards,
- Best practice in relations with third parties and third party institutions.

### **PKN ORLEN and corporate governance**

The first declaration concerning the observance by PKN ORLEN of the principles of corporate governance, as passed by the WSE, was published by the Company on 25 June 2004. The Management Board at that time adopted most of the 48 principles of corporate governance (nine principles were excluded). The declaration was then approved by the Supervisory Board and the General Meeting of Shareholders and was the first declaration of PKN ORLEN approving most of the corporate governance principles. Previously, the Company did not declare its application of these principles because it had doubts of their formal and legal nature as far as the content of the principles was concerned.

On 21 January 2005 the Company published a statement, approved by the Management Board and the Supervisory Board, regarding the acceptance and application of all principles of corporate governance passed by the WSE. On 29 June 2005, the Management Board of PKN ORLEN recommended to the General Meeting of Shareholders that it adopt all the principles of corporate governance for implementation. Only Principle No. 20, concerning the number of independent members of the Supervisory Board, was not approved by Shareholders. All other principles were approved, and on 30 June 2005 the Corporation published an appropriate declaration regarding this matter.

We undertook measures to adapt the Corporation's regulations and procedures in order to ensure the best fulfillment of the obligations to comply with all the principles of corporate governance. We amended the provisions of the Company Statutes, Rules of the General

Meeting of Shareholders, the Supervisory Board and the Management Board.

Together with the work to implement all the Principles adopted by the WSE, the Management Board of PKN ORLEN undertook measures to improve the corporate culture and communications with other participants in the capital markets.



As we aim to comply fully with business ethics principles, including transparency principles, we introduced not only the regulations suggested by the WSE but also the standards which exceed the principles of corporate governance and the obligations under the provisions of law. As one of largest listed companies, and as we desire to get to as many people as possible interested in the Company's operations, we organize internet broadcasts of the General Meeting of Shareholders and any other important events in the Company. These broadcasts are recorded as multimedia files and are available on our website in a special section devoted to corporate governance in PKN ORLEN. We were the first public company in Poland to organize internet broadcasts of the General Meeting of Shareholders with the possibility to cast votes on line by Proxy voting. According to our declaration to build complete transparency, we are systematically broadening in this manner access to information concerning the company. We regularly inform the capital markets of our

financial results and the degree to which we have implemented strategic, investment or acquisition projects. We also regularly present both short and long-term development plans.

As a result of these measures, PKN ORLEN has advanced up the rankings of companies applying the WSE's principles of corporate governance. According to the results of the third annual rank-

of cooperation between companies and investors, analysts appraised ORLEN to be the best company in the area of investor relations. In the same research, analysts and investors also voted for the most respected company president. In this section, the President of PKN ORLEN was awarded second place for strategy creation, company development and quality of communication.



ing of listed companies, based on the assessment of institutional investors of the Polish Institute of Directors in 2006, during the Executive Forbes Forum, PKN ORLEN achieved the position of market leader and was awarded a four-star rating (in 2005 we received a two-star rating and in 2003 a one-star rating).

In December 2005 we were one of the leading companies which complied fully with the principles of corporate governance. In the ranking prepared at the initiative of the Polish Corporate Governance Forum, PKN ORLEN was awarded an A- grade. In the research conducted by WarsawScan 2005, which assessed the quality

In February 2006 we were awarded a special prize 'For the highest quality of investor relations' in the annual prestigious ranking – 'Bulls and Bears' – prepared by the stock market newspaper 'Parkiet'.

### Calendar of implementation of the corporate governance principles in PKN ORLEN SA

|               |   |
|---------------|---|
| December 2002 | Less than four months after the WSE introduced to its Regulatory changes concerning corporate governance, PKN ORLEN published a statement regarding its intention to implement the principles of corporate governance as suggested by the WSE.  |
| June 2003     | The Company issued a statement that it had applied the principles of good and loyal management in the Company by means of its own corporate law, appropriate to market expectations, and taking into account Company and shareholder interests.   |
| June 2004     | The Ordinary General Meeting of Shareholders of PKN ORLEN adopted a resolution according to which the Company committed to comply with most of the principles of corporate governance. On this basis the Company made a statement about approving all the general principles determined in 'Best Practice in Public Companies in 2002' and most, i.e. 39 principles concerning best practice of the general meetings of shareholders, supervisory boards, management boards and in its relations with third parties and third party institutions. |
| October 2004  | In October 2004, one of the main measures of the Management Board was to approve all the principles of corporate governance by the Company. The Management Board's standpoint relating to it was reflected in the letter from the President of the Management Board in the annual report 2004 in which the Management Board of the Company expressed its willingness to implement as soon as possible all the corporate governance principles recommended by the WSE.   |
| January 2005  | On 21 January 2005, on the basis of resolutions adopted by the Management Board and the Supervisory Board, a statement by PKN ORLEN was drawn up, in which it declared that the Company should comply with all the principles of corporate governance recommended by the WSE. An updated statement was submitted on 29 June 2005 to the Ordinary General Meeting of Shareholders to be accepted.  |
| June 2005     | The Ordinary General Meeting of Shareholders approved all but one principle (principle No. 20 concerning independent members of the Supervisory Board) of corporate governance. On 30 June 2006 an appropriate statement was published by PKN ORLEN.  |
| June 2006     | On 28 June 2006 the Company published an annual statement, consistent with the requirements of the WSE Rules, which was approved by the Ordinary General Meeting of Shareholders of PKN ORLEN. The Company declared, just as in the previous year, compliance with all the principles of corporate governance, except for principle No. 20 concerning at least half of independent members of Supervisory Board. This principle was again not approved by the Ordinary General Meeting of Shareholders.   |



## OUR STAFF

### Recruitment and career development

As a rapidly developing Company we look for employees who are well trained, ambitious and persistent in achieving their goals. Recruitment processes are adjusted to the four markets in which we are present: the Polish, German, Czech and Lithuanian. The selection basis includes genuine knowledge and information, as well as the application of modern techniques and methods of selection, such as an Assessment/Development Centre, psychological tests, competence tests consistent with the profile, and other tasks. The whole recruitment process is carried out with due respect for a candidate's privacy and with observance of the confidentiality of data confided in us. We are planning to implement e-recruitment, an IT tool to support the recruitment process, and to enable the receipt of candidate's applications, which would result in the standardization of recruitment procedures and which would increase our access to hidden human potential. This course of recruitment will enable candidates to gain access to complete information on the processes carried out.

The Adaptation Programme carried out in our Company includes a set of measures prepared mainly with regard to people who take up a job with the Company. Its goal is to induct a person who starts a job to new conditions, activities, duties and to the environment. Apart from new employees, the programme also includes employees who are being retrained and people who change their area of activity. The aim of the programme is to create a loyal attitude towards the company, to reduce the stress relating to a new place of work and scope of duties, improve knowledge of the organization, obtain systematic feedback which helps to carry out the duties assumed, and to receive the support of co-workers in difficult situations. The friendly atmosphere and the support of a competent carer help to make the process proceed swiftly

and efficiently, to the advantage of both employer and employee.

### Adaptation Programme

The manager of each organizational unit assigns a carer, who is responsible for managing the adaptation process, to each employee included in the programme.

The carer introduces a new employee to the company, provides him with fundamental information concerning the Company, its articles of association, and organization structure. He also makes him familiar with the 'Corporate Collective Labour Agreement', 'Work Rules', 'The Company Code of Ethics', system of essential organization acts of the Company and 'The Rules of the Company Social Activity'. The carer will also introduce a new employee to the work team and introduce him/her to the work of a particular position by making him familiar with a 'Organization Unit Card', the description of the work position, and the scope of activities.

The carer, in cooperation with the Division of Recruitment and Development, draws up an 'Individual Adaptation Plan' for an employee, which is approved by the manager. The Plan includes assignments and the time limits within which they should be completed and an evaluation of the level of completion.

The other instruments applied in the programme include:

- 'Employee Adaptation Questionnaire' which is the programme evaluation carried out by a carer;
- 'Evaluation Questionnaire of the Employee Adaptation Programme' in which the programme is evaluated by the new employee;
- position exam conducted upon the request of a superior;
- A talk summarizing the programme, which is conducted by an employee of the Division of Recruitment and Development.

The development of our employees is very important for us. We offer them the possibility to take part in projects such as: the

'Competence Development Programme', assessment processes, and professional competence development planning based on the Company values, '360 degrees Feedback' – the project of key competences aimed at the highest management staff. The work to implement the 'Career Path Programme' for the employees of PKN ORLEN was initiated in 2006. We have created a modern system, related to the fulfill-

one of the measures which confirmed that we take care of employee health and safety at work. It resulted in receiving a certificate which confirmed the compliance of 'The Health and Safety Management System' with the requirements of the norm No. PN-N-18001:2004 for the production plant and organization units situated in Plock in the area of petroleum processing and the distribution and sale of products. It results from previous experience, and



ment of the business needs of managing career paths which contributes to achieving the desired changes in the organizational culture of the Company. It also aims to increase staff mobility which makes the integration of other, especially foreign, companies easier.

### Health and safety at work

The concern to provide our employees with safe work conditions is one of the Company's priorities as a responsible employer. 'The Health and Safety Management System' introduced in PKN ORLEN is based on 'The Complex Prevention System' which has been applied for many years. This system is regularly adjusted to the changing provisions of national law and to internal organizational changes. In compliance with 'The Health and Safety at Work Policy' adopted in 2006 a certification audit was conducted in November 2006 which confirmed the correct operation of the Health and Safety Management System in every unit situated in Plock. The audit was

was confirmed by an audit conducted in 2006 by the representatives of the Central Labour Office – National Research Institute in Warsaw. The implemented system reduces significantly the level of risk and the number of accidents at work. The auditors emphasized the fact that the units were well prepared as far as organization was concerned, and that the staff were familiar with procedures. They paid special attention to risk identification and occupational risk assessment, operational control over work relating to significant risks, training systems, the state of staff awareness, competence and motivation, as well as solutions applied while purchasing and rendering services, and the technical requirements of the system.

All measures within the scope of health and safety at work are to:

- continue to improve health and safety in the Company in compliance with the effective provisions of law and standards,

- develop continuously the methods of risk identification and accident at work prevention, occupational diseases and non-injury accidents,
- implement ergonomic solutions to reduce inconvenience at the workplace,
- raise employee qualifications and to promote attitudes to increase their involvement in activities in order to improve work conditions,

## Social activity

The restructuring process which has been taking place in the Company for several years has slightly reduced the number and value of benefits.

It is worth mentioning that in 2005 and 2006 the Company Social Benefit Fund was additionally supplied with financial resources from profits which, when approved by the company trade unions organizations, was allocated to home loans for employees.

We take care of our current employees, but we also remember those who have worked for the Company for many years. The community of the ORLEN retired and pensioners amounts to about 7,500 people. A crucial role for their benefit is played by ten Senior Club Councils which integrate former employees and offer help in difficult life situations. They initiate and organize cultural and leisure activities, and inform members about the aid available. We support their statutory activities organizationally by making premises and administration and office equipment available. Other popular events are gatherings for employees celebrating their professional work jubilee, farewell parties for people who retire or solemn birthday jubilees for 70-, 75-, 80-, and 85-year-olds.

We do our best to respond rapidly and efficiently in crisis situations. Employees who suffer severe difficulties can count on our support, e.g. social aid, medical and psychological assistance. We also care about families, which we sometimes support financially, e.g. by awarding scholarships to children at school.

We cooperate and support the operation of the following organizations:

As the result of the application of these measures there were no fatalities, serious or mass accidents. Most of the incidents in 2006 included so-called minor accidents, generally contusions and dislocations which did not result in long-lasting sick leave.

The number and value of social benefits in 2005-2006

|                           | 2005              | 2006              |
|---------------------------|-------------------|-------------------|
| <b>Number of benefits</b> | 34,080            | 31,318            |
| <b>Value of benefits</b>  | PLN 24,302,897.95 | PLN 21,335,847.57 |



- Blood Donor Club (its members donate about 30,000 ml of blood every year. The record was broken in 2006 when Club members donated 38,000 ml of blood).
- 'Petrochemia' Sailing Club,
- 'Petroponowa' Hunting Club,
- Independent and Self-governing Trade Union 'Solidarność' Club of the retired and pensioners of PKN ORLEN SA,

We care about injured or wronged people and we offer different forms of support to nursing and social welfare homes, education care centres, and orphanages. We help to organize Christmas fairs, we give Christmas presents, organize summer holidays, and make our premises available for events. Every year about 2,000 people take part in events organized by us during the celebration of Chemist's Day in 2005 and



- Interfactory Industrial Trade Union [MBZZ], Divisional Organization at Senior Club,
- Polish Diabetic Association, Division at PKN ORLEN SA,
- Polish Tourist Association, company division,
- Polish Association of the Blind, Local Club in Płock,
- Polish Fishery Association, 'Wędkarz' Club,
- Polish Association of the Retired, Pensioners and the Disabled, Club No 30,
- 'Petrochemik' Association of the Retired and Pensioners,
- Association of Chemical Industry Engineers and Technicians,
- Płock Oil Workers Association,
- Association of veterans and former Political Prisoners, Club No. 3 at PKN ORLEN SA.

2006, e.g. Child's Day, Chemist's Rally, Fishing Picnic, Sailing Regatta, and picnics for the retired and pensioners.

We emphasize the need to ensure comprehensive medical assistance. We offer current and former employees the possibility of taking part in a specialist programme of workplace influences over employees' health, including some specific programmes such as: early detection of coronary heart disease and its complications, early detection of peripheral vessel diseases, early detection of urinary system cancer, early detection of spine diseases and illnesses related to physical abilities, and also a preventive programme for breast and ovarian cancer.

In the above mentioned organizations our employees, the retired and pensioners pursue their interests and they fulfill their passion for social activism.

The aim of this comprehensive programme is to detect the disease risk among our employees at an early stage. It enables access to experienced specialists and the possibility of receiving services in clinics which have modern medical equipment. Its participants have access to diag-

nostic facilities, e.g. laboratory diagnosis, CAT scanning, classical radiology, ultrasound, examination of peripheral vessels, nuclear medicine, pathomorphology and electron microscopy.

Every year we provide protective vaccinations against flu. We also make it possible for our employees to undergo a coronarographic test as a part of our 'Saving life in crisis situations' programme.

### Chemist's Day – a traditional celebration of PKN ORLEN employees

Chemist's Day is celebrated by all employees and companies in the ORLEN Group. It is the tradition that the main celebrations in Płock are held on the first weekend of June. Our industrial feast is an excellent opportunity to sum up the most important events and the Company's achievements, to thank deserving employees, and to entertain. Orlenada – a sports competition between offices and departments, helps to integrate employees and to shape teams, and the wide variety of games and contests enable everyone to actively participate. The participants of annual events can, in a relaxing and enjoyable atmosphere, spend time with co-workers and meet their families. The common enjoyment and attraction which accompanies the celebration of Chemist's Day integrates employees and strengthens their bonds with the Company.



An additional effect of carrying out these programmes is the support from the health and safety at work services in reducing the negative impact of the work environment on employees' health.

### Integration through sport

We take care not only of the professional development of our employees. We also provide them with integration activities which, on the one hand, strengthens their bonds with the Company and, on the other, enables them to develop passions not connected with their work. PKN ORLEN employees can show their physical skills during events, such as:

- Polish Football Championship of the ORLEN Group,
- Nationwide Polish Table Tennis Tournament of the ORLEN Group,
- The Chemists' Race,

Number of health benefits awarded in 2005-2006

|             | Complex programmes                | Detailed programmes          |                                |
|-------------|-----------------------------------|------------------------------|--------------------------------|
|             | Examinations and hospitalizations | Extra examinations and tests | Extra rehabilitative therapies |
| <b>2005</b> | 4,599                             | 801                          | 425                            |
| <b>2006</b> | 4,820                             | 2,261                        | 975                            |

- 'Drive with Verva' Amateur Rally,
- European Company Games.

- provide services to strategic companies within our Capital Group,
- decrease unit costs.

## Restructuring

The restructuring process which, largely for economic reasons, has been ongoing in the Company for several years, has been taking

From the start-up of the restructuring process, the Company's Management Board has been emphasising solutions to all issues related to employees affected by the said activities, in accordance with legal regulations and principles



place in the least inconvenient way for employees. This is the aim of both the Management Board and of our important social partners such as the trade unions.

Our restructuring activities aim at building an optimum organisational structure, and the growth of the Company's value to shareholders' satisfaction is their intended effect.

We pursue organisational improvements by facilitating and standardising processes in PKN ORLEN and the Capital Group, as well as by cost optimisation. An important element of the restructuring process is the creation of Shared Service Centres, whose task is to:

- ensure a uniform and effective standard of ancillary services provided for the Company and Capital Group companies, while making use of state-of-the-art IT tools,
- outsource support functions to an entity affiliated to the Company (a service centre) and

of social justice. In the event of any changes in the organisational structure which result in the creation of new jobs, an assumption has been made that they would turn first to existing staff. Everyone interested in such a solution can apply for positions in the new structure. To employees willing to change their place of employment the Company ensures aid in the form of relocation packages. Persons who decide to leave the Company can benefit from 'The Voluntary Redundancy Programme' and a 'Training Package', which helps in acquiring new qualifications.

All restructuring processes carried out in the Company are accompanied by widely promoted communication campaign.

Restructuring activities are conducted to ensure social acceptance, despite fundamental changes in the Company's Statutes in the area of the internal employees' structure and the special rights of the trade unions. We pay par-

ticular attention to legal rigour, process transparency, provision of complete information on a current basis and dialogue with the social partners at each stage of the programme's performance. The applied solutions are aimed at securing employee interest in an optimal way. One of the very important elements has been and is a permanent dialogue with our social partners as well as a full and wide information campaign. An

each year of service in PKN ORLEN and in its legal predecessors;

- 'Training Package' – a possibility for employees covered by the restructuring programme and using VRP to make use of dedicated obligatory training (guaranteed by the Company) and optional ones indicated by the employee, within an amount limited to PLN 2,000;
- 'Relocation Package' – a proposal for employees changing their place of employment within the structure of PKN ORLEN. It covers a re-settlement bonus, reimbursement of the costs of moving to a different place, reimbursement of the costs of a real estate agency and reimbursement of the costs of renting a flat for 12 months;
- 'Professional Activation Package' – the possibility of starting a business activity on the basis of a spin-off of PKN ORLEN's assets.

example of the Company's restructuring of its regional structures shows that Board Members became involved in the communication process, and they were obliged to communicate solution proposals directly to the employees affected by the process. Meetings with employees and listening to the opinions of interested persons meant, among other things, that the Management Board regarded it as being possible to modify its original proposals, e.g. the location of the headquarters of the new structures.

The following dedicated protective programmes are designed for employees covered by the restructuring programme:

- 'Voluntary Redundancy Programme' (VRP) – VRP means a right to submit a declaration of intent regarding employment contract termination based on mutual agreement, in exchange for a one-time monetary benefit amounting to PLN 50,000 and PLN 4,000 for

All documents prepared in the course of both running and completed restructuring processes, as well as action schedules, are controlled in detail as to their compliance with the law and concluded agreements. It has led to the effective and timely implementation of the planned changes.

## SOCIAL PARTNER – TRADE UNIONS

Corporate social responsibility at the micro-scale of cooperation with social partners is a philosophy of conducting current business activities based on building sustainable and transparent relations with all interested parties. The most important institutional internal stakeholders within PKN ORLEN are trade unions (for several years, membership in trade unions in PKN ORLEN has been about 50%) and employees' representation, the role of which is played by the Joint Trade Union Representation.



Trade unions operating in PKN ORLEN:

- Organizacja Międzyzakładowa NSZZ „Solidarność” [Solidarity Inter-Company Organisation] Polski Koncern Naftowy ORLEN SA,
- Międzyzakładowy Branżowy Związek Zawodowy w Grupie Kapitałowej PKN ORLEN SA [Inter-Company Trade Union in PKN ORLEN Capital Group],
- Międzyzakładowa Organizacja Związku Zawodowego Pracowników Polskiego Koncernu Naftowego ORLEN SA i Grupy Kapitałowej w Lublinie [Inter-Company Trade Union Organisation of Employees of PKN ORLEN SA and the Capital Group in Lublin],
- Związek Zawodowy Pracowników PKN ORLEN SA w Płocku [Trade Union of PKN

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- Międzyzakładowy Związek Zawodowy Pracowników Ruchu Ciągłego w Grupie Kapitałowej Polskiego Koncernu Naftowego ORLEN SA [Inter-Company Trade Union of Continuous Shift Employees in PKN ORLEN Capital Group],
  - Komisja Międzyzakładowa Solidarność '80 [Solidarity '80 Inter-Company Committee] Polski Koncern Naftowy ORLEN SA,
  - Komisja Międzyzakładowa Związku Zawodowego Solidarność '80 [Solidarity '80 Trade Union Inter-Company Committee] Polski Koncern Naftowy ORLEN SA,
  - Związek Zawodowy Kadry Kierowniczej w Grupie Kapitałowej Polskiego Koncernu Naftowego ORLEN SA [Trade Union of Managers in PKN ORLEN Capital Group],
  - Międzyzakładowy Związek Zawodowy Pracowników Polskiego Koncernu Naftowego ORLEN SA i Grupy Kapitałowej [Inter-Company Trade Union of Employees of PKN ORLEN SA and the Capital Group],
- ORLEN SA's Employees in Płock] with the headquarters in Łódź,
- NSZZ Pracowników PKN ORLEN SA, Kielce [Independent Self-Governed Trade Union of PKN ORLEN SA in Kielce].

An example of a multi-aspect social dialogue, the form of which is being gradually perfected in the Company, was the Regional Structures Restructuring Programme presented above which was assessed highly in the Good Practice Competition organised by the Responsible Business Forum.

The regional structures restructuring process and, in consequence, the establishment of a one-employer structure, has resulted, by law, in changing the legal form of negotiating the Collective Bargaining Agreement in the Company. A comprehensive and complex bargaining document has been developed, which includes proposals for regulations with regard to all key issues in the area of individual and col-



lective work relations. Negotiations started on 17 August 2006. In 2006, 5 sessions took place during which the Negotiation Principles were adopted and the entire bargaining documentation was reviewed.

The development of effective forms of cooperation with trade union organisations helped to achieve the assumptions adopted by the Management Board, especially in the area of the restructuring process. We regulate more and more areas of our potential cooperation with social agreements. Information is distributed in advance and consultations regarding systemic solutions allow the development of agreements making it possible to implement effective structural changes with guarantees accepted by employees. On 27 March 2006, 'The agreement regarding the principles of cooperation with social partners in the restructuring processes taking place in Polski Koncern Naftowy ORLEN SA and employees' rights related to those processes' was signed. It was supplemented with 'The collective agreement regarding the rights of employees covered by the restructuring processes in the area of accounting and preventive services, railway dispatch, non-fuel commodities and logistics support in the Procurement Office' signed on 25 May 2006 and 'The collective agreement regarding the rights of employees covered by the restructuring processes in the area of sales' signed on 19 September 2006.

It is not by accident that in all documents we emphasised a process of early communication with interested employees and their formal representatives, i.e. trade union organisations. We do not hide the processes, but we consult on them with our social partners. This is how we perceive partnership in dialogue: as legible, transparent and predictable parties' actions, while respecting their arguments and based on the highest legal standards.

The social dialogue governing collective work relations in PKN ORLEN is determined by obligatory forms of cooperation stemming from the

decision making processes and constituting trade union and other rights resulting from the practices shaped in the Company, going beyond statutory solutions. They include, first of all, regular meetings of the Employer's representatives with leaders of trade union organisations. Apart from current issues of interest to the trade unions, strategic issues are explained and consulted on as well. Current communications between the employer's representatives and trade union leaders and involving them consistently in the composition of opinion-making groups contribute to extending the sense of co-responsibility within the Company, building trust and making it easier to achieve compromise in conflict situations.

Establishment of 'The Joint Trade Union Representation' (JTUR) as PKN ORLEN's employees' representation on 24 May 2006 has become a part of the social dialogue process in the Company. The agreement, which was signed on that date, details the scope of the communicated information as well as adjusting its structure to the subject and form of the Company's operations. During a direct meeting with the President of the Management Board the conditions of JTUR's operations were made more precise. In this way, possibilities for good and effective cooperation with this new employees' representation were created.

We hope that, owing to information and consultation on the key social and economic projects, the decision-making processes in the Company will become even more transparent and thus understandable and acceptable.

Implementation of the segment management concept has resulted in the extension of formal and legal standards as well as certain forms of communication with social partners which were effective in the Company, and to companies belonging to the Capital Group. A socio-graphic map of the companies belonging to the Group was made as a universal database for operational use in HR processes and successive standardization of various forms of social dialogue

and collective labour law standards. They belong to the Social Policy Integration Programme implemented in 2006, in the area of collective work relations in the Capital Group.

The Company, owing to foreign investments, has become a trans-national corporation. It means, by law, the creation of a new employee representation structure, the European

## CUSTOMERS

### Quality Management Systems

PKN ORLEN boasts a very good brand recognition in the market and a group of loyal customers. In order to satisfy its customers and to ensure products of top quality, the Company



Company Council. The establishment of such a body should be conducive to developing cohesion between PKN ORLEN, Unipetrol, ORLEN Deutschland, and Mazeikiu Refinery, as well as becoming an effective tool for solving employee issues and providing for social dialogue in a large international corporation.

has implemented 'The Quality Management System', which is compliant with international standards. This compliance has been confirmed in the course of independent audits conducted by a prestigious certifying body, namely Bureau Veritas Certification. For the very first time, we received a quality system certificate, ISO 9002, on 6 August 1996. Since 30 December 2005, we have had a certificate confirming the compliance of our 'Quality Management System' with the new standard, ISO 9001:2000, which will expire on 25 November 2008, provided that 'The Management System' operates satisfactorily on a continuous basis.

In its assumptions, our 'Quality Management System' includes all areas of the Company's activities and is customer-oriented. The 'Quality Policy' constitutes the Management Board's declaration in the area of the System improving activities. Initiated actions turn out to be effective and they bring visible effects, e.g. the number of non-compliance incidents

No. of quality audits  
(including AQUAP\* audits)

|             | <b>Number</b> |
|-------------|---------------|
| <b>2005</b> | 851 (4)       |
| <b>2006</b> | 799 (10)      |

\* Quality Management System of deliveries for the army and NATO

related to products not fulfilling standard requirements decreases year by year. The introduction of the system has also contributed to employee qualification development and increased work performance. At the same time, it reinforces employee motivation and ensures their loyalty.

## Quality of fuels

By offering products meeting the rigorous requirements of environmental protection regulations, PKN ORLEN expresses its care for the natural environment it operates in and ecological responsibility. We create our products based on such assumptions. An example is



Internal and external audits are an effective tool for improving and supervising the operation of 'The Quality Management System'.

During the re-certification audit and control visits, auditors from BVQI did not find any non-compliance in the controlled areas.

The food safety management system HACCP (Hazard Analysis and Critical Control Point) is a preventive system aimed at identifying health threats in food products as well as risks of their occurrence during all stages of the production and distribution processes. Introduction of this system ensures that food products sold at petrol stations and restaurants belonging to the Company are safe.

VERVA, a real fuel of the future, which has been available at petrol stations since 2005.

## VERVA

New VERVA fuels were created in order to increase power and engine dynamics. They fulfil rigorous European requirements with regards to the quality of fuels and a decreased sulphur content. PKN ORLEN, in accordance with the recommendations of 'The World Fuel Charter', aims at manufacturing top quality products. VERVA already meets the standards that will be binding in EU markets in 2009.

## How do we take care of fuel quality?

- In the production plant...  
Particular brands are blended in accordance with operation sheets. Parameters are checked in laboratory tests or, in the case of petrol, online analysers at particular production stages. The quality of the finished product is confirmed in laboratory tests, based on which a given product receives a quality certificate. Only then can fuel leave the plant.
- During transportation by rail, road tanker, or pipeline...  
When transporting fuel by rail, after filling the tanks, fuel samples are tested again and quality certificates are issued and attached to the documentation. Both the dispatcher and the carrier must be sure that everything is in order. Similar procedures are binding when fuel is loaded into road tankers, but here it is the terminal filling staff that is responsible for testing, qualification and quality certificates. In the case of transportation by pipeline, both ORLEN and the pipeline administrator are responsible for fuel quality. The whole procedure resembles an official locking of a bank safe. Employees of both companies collect samples, seal bolts, check temperatures, test one sample and store another sealed one in the archives, where it is stored for 90 days. Only then does fuel pumping begin.
- In the warehouse...  
Fuel is taken to tanks only after conducting a compliance test of quality parameters with standard requirements. In the case of delivery via pipeline, density measurements are conducted automatically and other parameters are determined based on samples collected during pumping. Stored products are continuously controlled in warehouses to prevent them from flooding. In addition, before sales begin under a specific delivery, fuel is tested again and a certificate issued by authorized personnel confirms the quality. Each customer buying fuel in a warehouse

may request a quality certificate for the purchased product.

- At petrol stations...

It is the carrier that is responsible for fuel quality during transportation from the warehouse. Products delivered to petrol stations are transported in road tankers or chambers dedicated to one kind of product. In order to



make sure that nothing has changed on the way, before unloading to the tank at the petrol station, the employee and the driver jointly collect samples from the road tanker and accept delivery. They check documents, including the quality certificates, assess fuel in terms of its clarity, water content, and any suspension or sediments. One of the samples becomes comparative material and is secured with a seal with the carrier's signature. After unloading, the responsibility for quality is transferred to the station holder. Each customer who buys fuel may request a quality certificate of the sold products.

Irrespective of the whole testing system, on the way from the production site to the tank at the station, independent quality controls are carried out at petrol stations. Each station belonging to the ORLEN network (stations with ORLEN, Bliska, and Petrochemia Płock logos) is controlled at least 4 times a year. Controls are conducted by ORLEN

Laboratorium inspectors. Furthermore, they perform additional unannounced controls at stations, outside the established schedule. The control team checks the condition of all tanks and the compliance of fuel quality with standards, as well as evaluating the cleanliness of devices through which fuel is transported to a filling pistol and finally to a car's tank.

## Programmes for our individual customers and business partners

### • Offer for individual customers

We do our best to meet our customers' expectations and that is why we have a diversified offer, from which everyone can choose what fits him/her best.



The extended control and testing system serves one goal: to ensure a product of declared quality and to guarantee high vehicle performance and pleasant driving for customers. Our customers can travel safely if they refuel at stations belonging to a network with such control mechanisms.

One of our proposals has been addressed to customers, who – when selecting one of our stations – expect not only top quality products, but are ready to pay more for higher customer service than is found in other outlets. For this group of customers, we have created a PREMIUM brand, which includes over 600 of our best and largest ORLEN stations. Those facilities are located in attractive places, they offer VERVA fuel to customers and most of them have carwash and vacuum facilities, as well as an additional range of food products, the so-called 'small gastronomy'. They stock more goods in the shop and also provide for participation in the VITAY programme.

We address the BLISKA brand, which has slightly lower prices, to our customers oriented to top quality. It covers smaller stations with a more limited range of goods in the shop, and with no VITAY programme or VERVA fuels. However, in exchange, our cus-

tomers obtain lower fuel prices with exactly the same parameters as at our PREMIUM stations.

Thus, all our customers can make a choice and receive the same perfect product for their preferred price.

- **Loyalty programmes**

We reward our loyal customers. The VITAY loyalty programme, designed for individual customers, was initiated on 14 February 2001. The customer receives a VITAY card, on which points for transactions performed at PKN ORLEN petrol station are recorded, which, in turn, can be exchanged for attractive presents. Since June 2006, VITAY awards and offers have been presented in a quarterly magazine of the VITAY 'Szerokiej Drogi' [Have a nice trip] programme published by the Company for petrol station customers

We have been offering fuel cards to institutional clients for six years. Companies can refuel as well as buy products and services at PKN ORLEN petrol stations under the FLOTA programme in a non-cash transaction. This programme is evaluated very highly by our clients, including such institutions as NATO corps and 'LINAVOS SERVISAS', the Association of International Lithuanian Carriers.

Our offer also includes international DKV-ORLEN cards combining the advantages of the Polish FLOTA network and the international ORLEN network.

The Company also offers additional benefits to the participants of the VITAY programme who collect more points than others. It is for

them that we have created the Super VITAY programme, in which the participants receive a prestigious gold card allowing them to draw additional benefits from participation in the programme. On 31 December 2006, 104 800 persons were holders of this card.

In 2006, the VITAY offer was incorporated into the FLOTA programme at petrol stations, which makes it possible to collect VITAY points for transactions performed with fleet cards.

At present, the process of adjusting fuel card offers to specific business client segments and the individual needs of particular companies is under way. Work is being carried out to create new ORLEN proposals for small and medium-sized enterprises as well as persons running their own businesses. The first of them: 'Twój Lokalny Rabat' [Your Local Discount] started to operate in 2006; this is an offer of cash agreements concluded at petrol stations with a discount and one collective invoice per month.

Since the implementation of the above programmes, we have been taking care of the quality of services provided to our customers making use of our card systems and the electronic services available at petrol stations. We are still developing call centre functions, e.g. by creating telephone customer service offices in place of hotlines, and by adjusting them to the new sales force structure, which contributed to improved customer service quality in the FLOTA programme. Since 2006, VITAY programme participants have been able to order presents for home delivery or delivery to another address.

We would like to encourage our customers to participate in the charity activities conducted by our Company. We are happy to note that VITAY programme participants are willing to use an option under the programme to transfer their collected points to non-profit projects. In 2005 and 2006, the following institu-

Loyalty programmes  
(as at 31 December 2006)

|       | Start-up date | No. of participants |
|-------|---------------|---------------------|
| VITAY | 14.02.2001    | 6,323,424           |
| FLOTA | 22.03.2000    | 5,528               |

tions received funds: 'Children's Health Centre' [Instytut – Pomnik Centrum Zdrowia Dziecka] and 'ORLEN – DAR SERCA' [Gift of the Heart] Foundation which allocated it for scholarships granted to children living in family children's homes and, since June 2006, customers has been supporting the construction of the Polish Artificial Heart and 'Dzieło Nowego Tysiąclecia' Polish Episcopacy Foundation. This runs scholarship programmes for talented young people from small towns and villages from all over the country.

• **Complaints**

Taking care of the quality of our services expresses itself in a very careful consideration of any complaints lodged by our customers. Introduction of the ISO PR/D/03/DD/02 procedure has greatly contributed to the simplification and improvement of complaint handling.

All complaints are treated with the same attention and impartiality. Recognised complaints concern first of all fuel quality. In each case, customers received an apology and were reimbursed, while the dispensing installations at the stations were cleaned and secured. Recognized complaints include service quality as well. In each case of finding improper behaviour by personnel, the employee was orally reprimanded, while in exceptional cases written reprimands were issued and repeated training in the principles of customer service was given.

It is our goal to ensure the top quality for the products sold. That is why we correct all irregu-

larities with immediate attention and diligence. We eliminate all inaccuracies as soon as possible in order to ensure that all services meet the highest standards of our clients.

• **Safety at petrol stations**

Customers, employees and cooperating persons, as well as companies, can feel safe at our petrol stations. We raise safety standards consistently by running training sessions for petrol station personnel, by implementing procedures and standards as well as by introducing technical protective measures of higher and higher quality. We attach great importance to training, including, inter alia, how to behave in non-typical situations, what to do in the case of a robbery, burglary or bomb. During such training, employees learn basic safety principles in order to deal with poisoning, fire or explosion, product leakage at the station, or environmental contamination. They also become familiar with the principles of cash circulation and they are also instructed in the area of how to behave in non-typical situations, e.g. a collision or an accident at the station. In addition, they undergo training in first aid. They receive a list of external services authorised to conduct appropriate activities at petrol stations. For petrol station owners 'The Station Operating Manual' has been prepared to support the training programme in the area of basic safety principles.

Binding procedures and standards clearly and precisely specify ways of behaving in various situations. For instance, ordinances

Number of complaints

|             | WHOLESALE            |                         | RETAIL               |                         |                |
|-------------|----------------------|-------------------------|----------------------|-------------------------|----------------|
|             | Number of complaints | Total cost of complaint | Number of complaints | Total cost of complaint | Complaints     |
| <b>2005</b> | Lodged: 7            | PLN 3,064               | Lodged: 324          | PLN 28,055              | Lodged: 379    |
|             | Recognised: 4        |                         | Recognised: 75       |                         | Recognised: 99 |
| <b>2006</b> | Lodged: 7            | PLN 11,243              | Lodged: 413          | PLN 18,234              | Lodged: 390    |
|             | Recognised: 2        |                         | Recognised: 102      |                         | Recognised: 62 |

regarding the principles for fuel delivery to petrol stations details customers' and suppliers' obligations. Their careful observation guarantees the safe unloading of hazardous materials so that the station may serve customers at the same time. Professional performance of provisions included in those documents minimises any possible threats.

High safety standards also guarantee the technical protective measures used. A uniform cash-storage standard has been implemented at all petrol stations, under which all facilities are equipped with new safes. Daily takings are collected by money collectors. A uniform CCTV standard has also been developed. The system is implemented at petrol stations, as this is the environment which generates the highest threat. In addition, based on a detailed threat analysis, selected stations are protected with physical protection and new facilities automatically become a part of the monitoring network. Owing to this, the time necessary for an intervention patrol to arrive has decreased significantly.

## BUSINESS PARTNERS AND SUPPLIERS

Business partners and suppliers find a responsible partner in us. The best practices, which have been adopted in the area responsible for co-operation with this group of stakeholders as well as in the entire Company, are the result of the work of the entire team and are aimed at ensuring top-quality services for internal and external customers.

We consistently improve the quality of co-operation with our business partners and suppliers, and we build partner relations with them. Professional ethics, professionalism, timely performance of tasks, the keeping of business secrets, compliance with legal regulations and valid procedures – these are the standards of our actions.

In the survey conducted by MilwardBrown SMG/KRC, suppliers evaluated their general satisfaction with the quality of co-operation with the Purchase Department of PKN ORLEN at 84 pts (maximum: 100 pts), if they had a delegated contact person. Suppliers who did not have a delegated contact person evaluated the quality of co-operation at 72 pts.



The results of the survey confirmed that superiors play a key role in building internal relations, whereas the quality of actions addressed to internal and external customers can be enhanced by improving the level of communication.

It is worth mentioning the Inauguration Package, which is a mini-guide still under development. This is addressed in particular to new employees in the purchase area and contains answers to questions important in the initial stage of their work. These help them to communicate more efficiently with suppliers, business partners and with other teams. In this way, effective fulfilment of internal customer demand is possible.



## ORGANISATIONS AND ASSOCIATIONS

We co-operate with a number of industry specialists and business organisations and associations and build permanent relations with the environment. Through the engagement of our employees, we have access to current information about legislation relating to the fuel sector

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and the chemical sector, both in Poland and in the EU, and to the results of foreign surveys and technical solutions applicable to the Company. Participation in these organisations helps also to integrate the engineering & technical staff of PKN ORLEN with petroleum and petrochemical sector employees in Poland and abroad, and gives an opportunity to acquire new knowledge and share experiences with others. Every year we conduct a survey amongst our colleagues which verifies the level of co-operation and our activity in these organisations. Thanks to this dialogue, we can analyse the benefits resulting from this participation on a current basis.

Representatives of PKN ORLEN appreciate the benefits of membership in these organisations and associations, which the Company can draw on at various levels of its activity. They include, for example, maintenance of current contacts with specialists dealing with similar topics, exchange of experience with other companies and participation in seminars and conferences.

As a socially responsible company, thanks to our involvement in industry organisations, we deal with aspects of health, safety and environment protection with regard to problems resulting from the impact of petroleum and petrochemical industry products. We monitor evaluations of risk concerning the use of chemical substances, we have access to results of scientific research covering the impact of the refinery industry and petroleum products on the natural environment and to new refinery technologies and petroleum products, including biofuels or hydrogen fuels. As a member of the CONCAWE Association (CONservation of Clean Air and Water in Europe), we co-finance research concerning the REACH system (Registration, Evaluation and Authorisation of CHEMicals), the estimated cost of which is approximately EUR 4 million and which will result in the introduction of a chemical substance control system aimed at making proper use of these substances and at the same time protecting health and the environment.

Our membership of specialist organisations is an ideal forum for the exchange of ideas and an opportunity to reinforce the position of our company as a responsible business partner and employer. We actively take part in consulting and giving opinions on governmental projects and parliamentary legislative acts.

Business organisations which, due to their versatility, support the development of the standing and prestige of economic environments are treated by us as a forum for an exchange of experiences, and for a universal discussion on various problems of the business world and the main factors influencing its existence. Their scope covers many aspects of economic activity, including corporate social responsibility.

Activity in the Responsible Business Forum and participation in projects organised as a part of the Global Compact and UNDP allows us to integrate with representatives of various sectors (business, public, non-governmental, media) and support the idea of corporate social responsibility.

**Industry organisations**

- CONCAWE (CONservation of Clean Air and Water in Europe) – The Oil Companies' European Association for Environment, Health and Safety in Refining and Distribution
- EUROPIA (EUROpean Petroleum Industry Association)
- EPCA The European Petrochemical Association
- Polish Organisation of Oil Industry and Trade,
- World Refining Association
- Polish Chamber of Chemical Industry
- CEFIC European Chemical Industry Council
- Association of the Oil and Motor Industries Cooperation CEC Polska
- Association of Oil and Gas Industry Engineers and Technicians

**Specialist organisations**

- Polish Investors and Rationalizers Association
- Institute of Professional Representatives EPI
- Polish Forum ISO 9000 Club
- Land Transport Chamber of Commerce
- Federation of Industrial Energy Consumers
- Polish Investor Relations Institute
- The Association of Stock Exchange Issuers (ASEI)
- Polish Association of Branded Goods Manufacturers PROMARKA
- The Institute of Polish Brand
- Accountants Association in Poland
- Polish Human Resources Management Association
- Polish – German Chamber of Industry and Commerce
- Polish Confederation of Private Employers LEWIATAN – PKPP Lewiatan
- Confederation of Polish Employers

**Business organisations**

- Business Centre Club
- World Economic Forum
- The Conference Board
- Responsible Business Forum
- Club 500 Foundation
- Eastern Institute
- SGH Corporate Partners Club

**CHARITY ACTIVITIES**

We perceive our charity activities as the moral obligation to share with the needy. Beneficiaries of our support are charity and non-governmental organisations, public benefit institutions and private persons. We also build permanent partner contacts with local communities and undertake actions for the improvement of the quality of life of their inhabitants, e.g. by supporting local initiatives.

'The ORLEN Dar Serca' [Gift of the Heart] Foundation that we established in 2001 acts on behalf of PKN ORLEN SA and the Companies of the Capital Group. In the years 2005-2006, we made more than 700 donations to hospitals, charities and non-governmental institutions, family children's homes, fire service units, educational and cultural institutions, sports clubs and private persons.

**Family children's homes (FCH) – we restore childhood**

The idea to set up a substitute family environment for abandoned children appeared at the beginning of the 20th century. Such places were called 'orphans' nests' at that time. At the end of the 1950's the first family children's homes were set up. Problems of children, especially those without parental care, are especially important to us. Therefore, we treat with great respect all those who undertake the effort of running FCH's. We have supported these institutions for years, transferring substantial funds for the fulfilment of the current needs of pupils, and we co-finance summer holidays for children and their carers. In 2006, 260 persons from 26 family children's homes went on such holidays. The pupils participated in the competition for the most beautiful Christmas card organised by PKN ORLEN. Cards for the competition were sent by children from 79 homes. The winner of the competition was Maciej Wysocki from FCH in Cracow, who received a computer as a reward.

In 2006 'The ORLEN Dar Serca' [Gift of the Heart] Foundation participated in the preparation of the publication 'Recovered homes. The 4th summary of experiences of family children's homes in Poland' and organised an academic conference devoted to family children's homes in co-operation with the A. Gieysztor Academy of Humanities in Putusk.

### **Development and support of education and science**

Another priority is the support of development of education in Poland and abroad. We co-financed training courses organised by UNITAR – CIFAL Płock. We supported Poles living in the Czech Republic by granting them books provided by the Congress of Poles in the



### **Scholarships – we promote the talented and the diligent**

Started in 2004 and addressed to outstanding schoolchildren and students in a difficult financial situation, the scholarship programme is still broadening its range and scale of operation. In 2006 our programme covered 189 persons, including children of deceased employees of our Company and fuel station employees, as well as pupils of family children's homes and disabled persons.

Having been deeply moved by the tragedy that occurred in January 2006 in the Hall of the International Katowice Fair in Chorzów, we appropriated PLN 500,000 in aid of the victims. Part of these funds was transferred by us in the form of allowances and social benefits, and the remaining funds were used for granting scholarships to children of the victims.

Czech Republic to Polish educational institutions in Zaolzie. Students and scientists of Polish origin can conduct research in Polish institutions, thanks to the support granted by the Company to the Józef Mianowski Fund amongst others. We pursued educational goals also by granting donations to individuals, e.g. for the purchase of books and for other educational purposes, as well as to schools, kindergartens, cultural centres etc. Gifts were also provided to organizations such as the National Children's Fund, the ABC XXI Foundation 'The Whole of Poland Reads Books To Children', and the 'Work of the New Millennium' Foundation. We also financed a scholarship for an outstanding chemist during the 5th edition of the campaign of the Polityka weekly 'Stay With Us'.

## Protection of the most precious things: life and health

Our aim is also to support the activities, organisations and institutions dealing with the protection of life and health. We regularly provide help to professional and voluntary fire service units, granting both funds and fire-fighting equipment.

In 2005, donations amounting to almost PLN 5 million for health and life saving purposes were received by: the Provincial Polyclinic Hospital in Plock, the Mazovian Headquarters of the Provincial State Fire Service and the City Headquarters. Since 2005, we have co-operated with the Children's Burns Centre of the University Children's Hospital in Kraków-Prokocim, transferring funds for the needs of children treated there. We supported financially the purchase of new furniture for the Paediatric Ward of the Provincial Children's Hospital in Warsaw. With our help, it became a friendly and welcoming place where, in spite of their illness, children can forget their being away from home at least for a while. We have also ensured that they receive Christmas gifts from Santa Claus. The hospital received first of all the most important things – funds for the purchase of medical equipment.

We also support the treatment and rehabilitation of individual persons who ask for help directly, or through other foundations.

In 2006 we transferred defibrillators to 10 beneficiaries, including the Polish Red Cross, the Maltese Medical Service – Maltese Help Association, the Institute of Cardiology, the Voluntary Water Rescue Service and the State Fire Service.

In 2006, the employees of PKN ORLEN who are members of the supervisory boards of the companies of Unipetrol a.s., transferred their respective salaries to the 'Kapka Nadeje' Foundation with a base in Prague. The funds were assigned for the treatment of children, including those suffering from cancer.

## Employee Voluntary Service

The Employee Voluntary Service Programme integrates employees around valuable projects and encourages them to initiate and undertake joint charity activities. During the three years of this programme, its co-ordinators have managed to establish a group of persons participating in projects initiated by the Company or themselves. The interest in the project increases after each action. Various activities are carried out, e.g. ecological (planting trees), charity (help for children from family children's homes, collecting money for the needy, Christmas meetings with families from family children's homes) and social activities (initiating art contests, playing with children etc.).

In 2005, more than 200 persons participated in the employee voluntary service programme. In 2006, the number of participants exceeded 400.

The biggest project carried out as a part of the employee voluntary service programme is the 'Paint a Smile' campaign. The employees of PKN ORLEN search for suitable children's homes, gather information about the children's needs and expectations, develop detailed schedules and provide the children with distractions during the renovation. Within this project, volunteers renovate rooms of selected children's homes. The funds necessary for the renovation are provided by PKN ORLEN.

The volunteers work is prepared very carefully, each employee is assigned to a particular team which has a specific task to perform. A coordinator watches over the renovation works and organizes the work of other employees. Volunteers perform their tasks with great commitment, and the most precious reward for their hard work and effort is the children's joy at the result of the renovation. In 2006 the Children's Home in Trzcianka and Góra near Jarocin were renovated.

The end of renovation work is not the end of contact with the children's home – the friendship is continued.

## We respect history and tradition

The protection of national heritage is also important to us, therefore we subsidize the conservation of historical buildings, including the valuable complex of the former Benedictine Abbey in Płock. We also transferred funds for other investments, such as the renovation of churches in Inowrocław and Góra, the cathedral

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in Włocławek, the monastery building in Biskupów and Orthodox churches in Terespol and Lublin. Apart from that, we also supported the Secretariat of the Conference of the Polish Episcopate, the 'Excerpt from History' Foundation, the 'Czeremosz' Association of Integration and Cultural Development in Poland, the Society of Wołyń and Polesie Region Lovers, cultural centres, and scout teams.

## We follow our hearts and reason

We attach great importance to the manner in which funds transferred by us for charity purposes are utilised. We are a transparent and responsible company and we are sensitive to the problems of people in our surroundings therefore, in helping others, we want to make sure that our help is utilised properly. This is particularly important to us, because the scale of needs is huge and the number of incoming requests is so large that we cannot respond to all of them. This is why we feel even more responsible when making each decision on giving support and we endeavour to address this support to those who need it most.

## SOCIAL PROGRAMMES AND CAMPAIGNS

PKN ORLEN supports social programmes, with particular stress on those where the activity and financial contribution of local self-governments combined with support from the Company bring advantages to all participants of the project. Such are the motives of the Company's participation in grant funds, the project implemented together by PKN ORLEN and self-governments on the basis of the UNDP (United Nations Development Programme) methodology. The first such project of inter-sector partnership development was implemented in Płock.

Our involvement in this project enlarged the scope of our charity activities and at the same time improved the effectiveness of UNDP in development support activities by including a partner from the private sector in these projects.

## Forum for Płock

In 2002, PKN ORLEN and Płock City started to implement the 'Forum for Płock' Programme with the participation of UNDP as an adviser and co-ordinator of co-operation between representatives of the public, private and non-governmental sector. UNDP also tries to ensure that the rules of sustainable development are taken into account in the process of building the strategy of the city. For the Company, 'Forum for Płock' was a 'laboratory' of social responsibility and construction of partner relations with the local community. Within this project, a Grant Fund was set up in July 2003 to support civil initiatives and strengthen social involvement in the implementation of the strategy of the sustainable development of Płock. As the originator of this project, PKN ORLEN became a partner of the Fund and the Płock City Office was a public partner.

The resources of the Fund were used by local non-governmental organisations and non-profit institutions acting for the benefit of sustainable development, including those which support entrepreneurship, environment protection, the protection of the cultural heritage, the combating of unemployment and social exclusion, and the improvement of the educational level. In the years 2003-2005 three grant competitions were carried out, in which 123 projects were co-financed at an amount exceeding PLN 2 mln.

Since December 2005, the programme has been managed by the 'Grant Fund for Płock' Foundation, which was set up for this particular purpose. We are one of its founders.

The task of Grant Funds is to support the sustainable development of towns and communes, by reconciling the economic goals pursued in this area with actions aimed at the improvement of living standards of the local community in a manner that ensures benefits both to entrepreneurs and members of communities in which they operate. Grants from these funds are used for the support of projects relating to the pro-

tection of health, culture, science, tourism, sport and other spheres.

The involvement of the Company in such projects goes beyond typical charity activities, because it combines the initiatives and financial contribution of local self-governments with support from the private sector. The role of such projects is to enlarge and strengthen the co-operation between the public and private sector in a manner which promotes both economic competition and social justice.

## Grant Fund for Ostrów Wielkopolski

Since 2004, the Company, in co-operation with UNDP, has been helping the Ostrów Wielkopolski City Commune to carry out projects for the benefit of the local community which are implemented under the project 'Grant Fund for Ostrów Wielkopolski'.

The Company transferred funds in the amount of PLN 300,000 at the disposal of the Grant Fund for Ostrów Wielkopolski for the organisation of two editions of the Fund. A similar amount was appropriated by the Ostrów Wielkopolski City.

Grants were appropriated for the organisation of training courses and workshops for the unemployed and the creation of community centres, students' clubs and housing estate councils. All co-financed projects were compliant with the Strategy of Sustainable Development of Ostrów. The aim of these activities is the active implementation of the corporate social responsibility policy.

On 17 November 2006, a 'Grant Fund of Good Neighbourhood for Ostrów Wielkopolski' was established. This association continues its actions within the limits of the grant funds.

## ORLEN. Safe Roads

To take care of the safety of our customers, we offer top-quality products and services, but at the same time we also take actions to improve road safety. On 25 July 2006, the day of St. Christopher – the patron saint of travellers, we launched 'ORLEN – Safe Roads', a long-term public benefit programme for the

Safety Gala held on 20 February 2007 in the Royal Castle in Warsaw.

Another important element of the programme, which played an important educational role in building drivers' awareness of dangers for road users was a series of film studies entitled 'Life Experiment' starring Krzysztof Hołowczyc. The series consisted of six seg-

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improvement of road safety of all road users. Our social partner in the project was the Safe Driver Foundation.

This programme is also an opportunity for dialogue and exchange of ideas and a source of inspiration for all who intend to participate actively in actions aimed at improving road safety and the comfort of driving. An important element of the programme was 'Safe Roads', the competition for the most interesting and effective initiatives aimed at improving road safety, with prizes worth half a million zlotys. A total of 247 road safety initiatives were sent in from all over Poland, including long-term national projects as well as local initiatives for the improvement of road safety in a specific area: a school, a kindergarten or in a street. Almost all of these initiatives were carried out voluntarily. Prizes to be used for further actions aimed at improving road safety were granted to the authors of the best initiatives at the Road

improvement of road safety of all road users. Our social partner in the project was the Safe Driver Foundation. This series of film studies presented various dangers caused by reckless conduct on roads, and the participation of Hołowczyc showed that even a top-class driver may have no chance of escaping a road accident if he exercises too little care and attention.

All initiatives sent in to the competition are presented on the special website [www.ornlenbezpiecznedrogi.pl](http://www.ornlenbezpiecznedrogi.pl). This site is also a place where all people concerned about the improvement of road safety can exchange their ideas and experiences. In addition, the site contains practical advice for drivers and a test 'Are you a safe driver?'.

'The ORLEN Dar Serca' Foundation also participates actively in road safety improvement initiatives, e.g. by supporting the 'Road Safety of Children' programme and the campaign of the Association 'Bears Save Children' or by giving reflective stickers to children.

## Patron of national culture

PKN ORLEN regularly supports and promotes national culture and domestic artists. We attach special importance to the maintenance and promotion of our cultural heritage, focusing on what is the most precious and valuable.

PKN ORLEN acted as a patron of the concert commemorating the anniversary of Frederick Chopin's death and a cycle of Chopin Concerts taking place on Sundays in the summer season in Łazienki Królewskie.

Apart from that, the Company is a patron of the National Philharmonic Hall in Warsaw. In 2006

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Manuscript Etude in C# minor op. 10 No. 4 by Chopin



For over two years, we have promoted the works of the most famous Polish composer – Frederick Chopin. In 2005, we co-financed the purchase of the manuscript Etude in C# minor op. 10 No. 4 by Chopin and donated it to the Frederick Chopin Museum in Warsaw. We also sponsored an exceptional event, namely the 15th Frederick Chopin International Piano Competition. Mr. Rafał Blechacz, the best Polish pianist in this Competition, received a scholarship in the amount of EUR 25,000 from PKN ORLEN. In 2006 we sponsored the purchase of a top-class Steinway piano for Blechacz and we were the patron of Blechacz's concert in his hometown Nakło. The Company continues to support the development of the career of this gifted pianist.

In 2006, together with the Frederick Chopin Institute in Warsaw, we organised a concert to commemorate the anniversary of Chopin's birthday. We also sponsored the 'Chopin and His Europe' festival, which was included in the calendar of European events of the highest artistic rank.

we continued our co-operation with the National Museum in Warsaw.

## Good citizen

PKN ORLEN wants to be a model for Polish companies not only in terms of economic success, but also with regard to ethical and transparent principles of action. We initiate and participate in events concerning socially important matters. We supported the anti-corruption campaign 'I don't offer/don't accept bribes' with the leading motto: 'Give an example – don't take. Take an example – Don't give'. Free car stickers with the logo and motto of the campaign were made available at nearly 1500 ORLEN stations.

The Company was an exclusive sponsor of the Tischner Debates organised by the Erasmus of Rotterdam Chair of Social Sciences and Humanities and the Institute for Social Sciences in Vienna. The debates dealt



with subjects relating to the legacy of Father Tischner: humanitarianism and man's place in the modern world. The current problems of the European Union and its inhabitants were also discussed. Participants in the Debates were personalities from Poland and Europe, including John Gray, Joschka Fischer, Bronisław Geremek, Ludwik Dorn, Marcin

## Local partner

PKN ORLEN remembers its roots and tries to support the Płock community.

For the twelfth time, we were the sponsor of the ORLEN Polish Open International Wheelchair Tennis Tournament. The idea of the tournament is to promote values such as resilience, strength, good health, and good-natured competition, values that are important and prized not just in sport but also in business and daily life. The positive impact of this event is confirmed by the participation of over 100 voluntary workers, who provide organisational support and help to players. The Company treats the organisational support of the ORLEN Polish Open as a contribution to an important local pro-community initiative.

PKN ORLEN became a sponsor of the celebration of the 30th anniversary of the June 1976 protests. By engaging ourselves in this initiative, we paid tribute to the heroic participants of the events that originated in Płock, Radom and Ursus and eventually affected the entire country, becoming an important milestone in the process of political and economic transformation.

We took part in the organisation of 'Night of Poets' and the exhibition 'Kazimierz Górski and his Eagles' in the Płock City Office as well the funding of the European Picnic and further training for local government personnel in the CIFAL Płock centre.

PKN ORLEN has co-operated for years with the Technical University of Warsaw, and the School of Technical and Social Sciences in Płock, e.g. by granting prizes and distinctions to the President of the Management Board for students and research workers, the authors of the best diploma theses, and research & implementation works.

Król, Andrzej Olechowski, Magdalena Środa, Danuta Hibner, Janusz Tazbir.

PKN ORLEN sponsored the Forum of the Dialogue 'The World after John Paul II' organised by the Gdańsk Areopagus on the first anniversary of the Pope's death. The invited journalists, publicists and representatives of university circles discussed the special role of John Paul II in the history of Poland.

The visit of Pope Benedict XVI was also an extremely important event for Poles. ORLEN took part in the organisation of this special enterprise, treating its contribution as a gift for all Poles.



## ENVIRONMENT PROTECTION

### Environmental responsibility

A thoroughly developed and consistently implemented environmental policy is a very important element of the overall responsibility strategy of PKN ORLEN. Thanks to our awareness of

production plants in Płock in 2005 is a confirmation of our use of 'Best Available Techniques' (BAT) and also compliance with environmental standards outside the areas to which the Company has a legal title.

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the substantial environmental impact of the Company and its efforts to maintain harmony between the industry and the environment, ecological neutrality is one of the priorities of our actions. We disseminate complete environmental information by issuing an environment protection bulletin and an environmental report every year. This is our voluntary obligation, which results from the long-term strategy of the development of the Company and the Code of Ethics. It is also a response to the expectations of various groups of stakeholders. We assume that our public duty is to manage environmental information in such a way that various aspects of the activities of PKN ORLEN that affect the environment, as well as actions aimed at minimising this impact, are presented in a reliable manner and evaluated by the wider public.

The comprehensive pro-ecological programme performed by the Company is treated by us as an important competitive element. 'The Integrated Permit' which was obtained for the

### Integrated Permit

The integrated permit is a modern tool for evaluation of the operation and scope of impact of the most environmentally harmful production plants.

The petroleum sector belongs to a branch of the economy that is particularly responsible for the condition of the natural environment. According to Polish legislation, refinery units are amongst those that may cause serious pollution of natural features or the environment as a whole. The impact of such plants is estimated in EU countries with the use of more and more advanced tools. One of these tools was introduced by the Directive of the EU Council 96/61/EC concerning integrated pollution prevention and control (IPPC). The Directive establishes the aim to prevent or, if it is infeasible, reduce, emissions into the air, water and ground from types of activity specified in the Directive in order to achieve a high level of environment protection as a whole.

It also puts plant operators under an obligation to:

- obtain an integrated permit allowing them to undertake and conduct selected kinds of industrial activity,
- comply with BAT requirements as a prerequisite for obtaining the permit,
- comply with environment quality standards,
- prevent pollution (impact, nuisances),



- reduce the impacts that cannot be prevented in a rational manner,
- make an effective use of energy,
- take necessary measures to prevent failures and minimise their consequences.

The process of preparation of the application and obtaining of the integrated permit by PKN ORLEN took more than 2 years due to the number and diversity of processes in its production plants. For the first time they were checked universally from the perspective of all impacts and the production technologies in use.

The adopted documentation methodology resulted in the preparation of an application which proved that the plants comply with all environment quality standards and BAT requirements and that environmental law requirements are not violated in any respect. This is a prerequisite for applying for an integrated permit, without the need to establish an adaptation pro-

gramme for these facilities. This result was achieved thanks to the completion of an extensive programme of development of the Company, which was aimed at modernisation of the technology park in the previous years and 'The Ecological Adaptation Programme' implemented in 1997-2003.

The permit was issued by the Governor of the Mazovian Province in May 2005 and its validity expires at the end of 2010. However, the terms of functioning of the plant specified there are very strict. This is caused mainly by the mutual impact of many facilities of various operators located in one area, the liquidation of the protective zone and the resulting need to restrict the impact to the area to which the Company has a legal title.

Special attention must be paid to the level of emissions of sulphur dioxide into the air, for which environmental quality standards have become stricter. In order to comply with these standards, the emission from all sources was reduced. The Company is obliged to provide low-sulphur fuel for the electric thermal power station and process ovens and to ensure the complete processing of low-sulphur oil during the shutdown of the soft asphalt hydrodesulphurisation plant. Another area which requires particular attention is noise emission.

A new element covered by the integrated permit is the quality of waste carried off to the sewage system. This parameter is also subject to control. The waste-water treatment plant of PKN ORLEN can purify waste water to the required level, but the determination of its quality in integrated permits constitutes an additional item in the evaluation of the level of the environmental impact of particular plants.

**The issue of an integrated permit is subject by law to a procedure enabling the public to participate in voicing opinion on the application by publishing information about its submission. The local community has the right to read the content of the application and**

**remark on it. Therefore, obtaining the permit is both the fulfilment of a legal obligation and the expression of social approval of the terms of the functioning of the plant.**

The ecological neutrality of both the production activities of the Company and our products is a result of our mission. We strictly adhere to the

basis of 'The Environment Management System' implemented by the Company in accordance with ISO 14001, which covers the areas of production, storage and wholesale. In 2006, as a result of the re-certification audit aimed at assessing the compliance of 'The Management System' with the requirements of PN-EN ISO 14001:2005, the Bureau Veritas Quality International Office award-



principles of sustainable use of the environment. Our priorities are:

- nature-friendly production, i.e. in compliance with applicable environment and ecological safety standards,
- responsibility for ecological parameters of products introduced into the market,
- restitution of endangered elements of the environment.

Due to our consistent action, we manage to comply with current standards, in spite of an 8% increase in the quantity of processed raw materials and production growth. Thanks to large-scale modernisation operations, including the air-tight sealing of successive storage depots and fuel stations, the level of emissions from the warehouse & distribution part of the Company has been significantly reduced.

PKN ORLEN's environmental policy is also expressed by other activities performed on the

ed a new 'Environment Management System' certificate to the production plant in Plock.

## Responsible Care

For ten years PKN ORLEN and companies from our Capital Group have participated in the Responsible Care programme initiated by the Canadian Chemical Industry Association. At present, participants of this programme account for over 85% of global chemical production.

The Responsible Care programme is a public and voluntary commitment of entrepreneurs to improve consistently their environment protection measures and to maintain process safety and the protection of employees' health. PKN ORLEN implements the primary idea of the programme, i.e. the running of businesses based on strong and reliable fundamentals of sustainable development. The aim of such actions is to achieve satisfactory economic results in combi-

nation with the appropriate care of the social and natural environment.

We attach great importance to the environmental education of our employees. One of its elements is the issue of the Environment Protection Manual for PKN ORLEN Employees. Important elements of the Responsible Care programme are fulfilled also through preventive

## Investments in environment protection

In 2006, capital outlays related to environment protection in the refinery and petrochemical complex in Płock amounted to over PLN 150 million and accounted for 37% of total investment outlays in the production plant. They were related to measures aimed at the reduction of environmen-

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health care measures for employees of the Company and their families.

We have also implemented the Green Project, the aim of which is to effect natural compensation of the forest stand around the plant in Płock and promote pro-ecological behaviour among our employees. On the land prepared especially for that purpose, approximately 16,000 trees will be planted in 2007.

Another project implemented in co-operation with the Peregrine Falcon Restitution Board is the programme of restitution of this bird. In 1999, two nest boxes were installed by PKN ORLEN on the high chimneys of the Company's thermal electric power station and the Claus plant. Since then, birds have been seen very frequently in this area, and in February 2001 a couple of peregrine falcons finally accepted this place and settled in the box installed on the chimney of the thermal electric power station in Płock. Since then every year a hatching has taken place.

tal damage caused by production, storage and distribution processes as well as an improvement in the quality of produced fuels. In the previous year, we implemented 603 environmental measures at fuel stations, storage depots and in separate plants, continuing the adaptation of fuel stations to current regulations. Outlays for these measures were 8% higher than in 2005. New stations were fully equipped with ecological equipment and systems protecting the local environment from pollution.

## Company Environmental Inspectors

We control and monitor on an ongoing basis production processes that may affect the environment, particularly in cases of an interruption of the normal operation of plants. The Company Environmental Inspectors of PKN ORLEN monitor the functioning of the refinery and petrochemical complex and address

immediately any complaints and interventions of the local inhabitants. In 2006 there were 18 such cases, concerning mainly temporary odours generated in extremely unfavourable weather conditions. Each internal and external intervention was considered thoroughly by The Company Environmental Inspectors. In the affected areas the intensity of pollution was measured and attempts to identify the sources

fuels. This was the result of our technological and investment measures, which led to a further improvement of the ecological parameters of our products. These measures resulted in a marked increase in the quantity of recovered sulphur by about 10% compared to 2005, which was therefore prevented from being emitted into the environment in the form of sulphur dioxide.



of the odours were made. At the same time, studies of pollution intensity around the plant confirm that we have adhered to environmental standards for all measured pollution incidents.

### **Air protection**

Control measurements of emissions performed in 2006 confirm that we maintained the permitted levels as set out in the Integrated Permit. The increase in the quantity of processed crude oil as compared to 2005 and the commissioning of new and intensified production installations resulted in increased emissions of substances produced by fuel combustion. At the same time, however, emissions of carbon monoxide were reduced by about 20% as a result of the improvement of control processes.

In 2006, we managed to reduce the average sulphur and benzene content in our engine

As a result of the adaptation of fuel stations and storage depots to technical requirements ensuring environment protection, the emission of pollution was also reduced in the Company's distribution and commercial facilities.

The Company's environmental policy is aimed at minimising the negative environmental impact both during the production process and the use of products.



## Awards, distinctions, certificates

### Awards and distinctions in 2005

- **Leader of Rankings** – the Company was awarded the 1st place in two rankings of the biggest Polish enterprises of the year 2004 prepared under the patronage of the stock market newspaper 'Parkiet' and the 'Rzeczpospolita' daily.
- **Trusted Golden Brand** – PKN ORLEN is in the forefront of trustworthy brands. For the 4th time, the Company received the Trusted Brand award in the biggest European consumer survey in the category 'petrol station', initiated by 'Reader's Digest'. The survey is conducted in 14 European countries, and its aim is to find out which brands, institutions and professions enjoy the highest public trust.
- **ORLEN ranked 1st in the 1000 List** – we open the List of 1000 biggest companies from new member states of the EU in Central & Eastern Europe in terms of annual income. The 2nd place is occupied by MOL (Hungary) and the 3rd place was awarded to 'Skoda Auto' (Czech Republic).
- **Superbrand Award** – as a well-known Polish fuel producer and distributor, the Company received the 'Superbrands Polska' statuette in the Automobile category, which is regarded as an equivalent of the Oscar award in marketing. This means that we have become recognised by the Independent Brand Board, which consists of top personages of the marketing industry. The competition involved the strongest brands from 30 countries. In total, 1200 consumer brands took part in the 'Superbrand Polska' competition.
- **'Bulls and Bears' from WIG 20** – the stock market newspaper 'Parkiet' awarded the 'Bulls and Bears' statuette to our Company as an investment with the highest return rate from among WIG 20 stock exchange companies listed on the Warsaw Securities Exchange in 2004.

- **PKN ORLEN SA as the best listed company in investor relations** – surveys conducted by WarsawScan 2005 among analysts and financial experts upon the order of NBS Public Relations showed that the Company had won recognition for the quality of its information policy, reliability, transparency and the availability of personnel of the Investor Relations Department.
- **The cleanest petrol station in Poland** – our fuel station at Królewska street in Milanówek won the Golden Medal in the Polish competition 'Environmentally Cleanest Fuel Station of the Year 2004'. In addition, employees of the station received an environmental first aid kit – i.e. a specialised mobile set for the control and removal of oil spills and maintenance of cleanliness on the station.

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- **PKN ORLEN SA Refinery as the best refinery in Central & Eastern Europe** – taking into account its corporate strategy, infrastructure, technological innovation and development plans of the company, participants of the Central & Eastern European Refining and Petrochemicals 8th Annual Roundtable Conference organised by the World Refining Association decided to award the title of 'The Best Refinery of the Year 2005' to the Płock refinery.
  - **ORLEN ranked 1st in 'Big Capital Chemicals'** – the Company was awarded the 1st place in the 'Big Capital Chemicals' ranking of the Biggest Capital Groups of the Chemical Industry in Poland, organised by the 'Chemical Review' monthly, a prestigious and influential magazine, addressed to the managing staff of the chemical industry in Poland.
- ### Awards and distinctions in 2006
- **PKN ORLEN SA as the Top European Giant** – we were awarded the 1st place in the prestigious ranking of the biggest companies from Central & Eastern Europe. Apart from our victory in the general classification, we were the leader in categories: 'Companies in Poland' and 'Chemistry, Oil, Gas'.
  - **PKN ORLEN SA as a prize-winner in the 'Pearls of the Polish Stock Exchange' ranking** – we ranked 2nd in the 'Raw Materials and Energy' category in the ranking of the stock market newspaper 'Parkiet'.
  - **ORLEN – one of the most valuable Polish Brands** – in the ranking of most valuable Polish brands organised by the 'Rzeczpospolita' daily we were awarded 2nd place. The ORLEN brand was evaluated at PLN 2.4 milliard, which means an over 22% increase of its value compared to the previous year.



- **Strategy of PKN ORLEN SA as one of the most cohesive and convincing strategies** – according to the survey conducted by 'EuroMoney' magazine, PKN ORLEN was recognised as the company with the most cohesive operating strategy among enterprises and institutions from the fuel sector in Central & Eastern Europe. We were ranked ahead of companies such as MOL (Hungary),
- **Award for PKN ORLEN SA for the best annual report according to IFRS/IAS** – We won the competition for the Best Annual Report 2005 according to International Accountancy Standards and were distinguished in the category 'The Best Utility Value of the Report'. The competition was organised by the Institute of Accounting and Taxes in co-operation with the stock market newspaper 'Parkiet'.



OMV (Austria), Gazprom and Sibneft (Russia).

- **PKN ORLEN SA as 'Company for Engineers 2005'** – in the 5th edition of the ranking organised by the Engineer Data Bank, a group of over 5,000 engineers evaluating 2,300 companies indicated PKN ORLEN as one of the most attractive employers for engineering staff in the Polish market.
- **ORLEN as a Patron of Culture** – the Company co-organised the concert of Rafal Blechacz, the winner of the 15th Chopin Competition in his hometown – Naklo, for which it received the 'Patron of Culture' prize in the arts & business Event of the Year category of the Arts & Business Awards competition.
- **Prestigious award for FLOTA** – in the Polish Fleet Awards poll organised by FLOTA Magazine and Fleet Management Institute of Central & Eastern Europe, FLOTA cards of PKN ORLEN issued under the loyalty programme for companies received the title of 'The Fleet Product of the Year 2006'.
- **Trusted Brand Stations** – our PKN ORLEN petrol stations were recognised again by respondents of the prestigious poll conducted by 'Reader's Digest'.
- **Golden Badge of the Safe Work Leader** awarded by the Central Institute of Labour Protection – the State Research Institute in Warsaw.
- **PKN ORLEN SA as the main prize-winner in the Polish edition of 'Best of European Business'** – in the Polish edition of 'Best of European Business', held under the international media patronage of CNN, the Company received the title of the best company in the Mergers and Acquisitions category.
- **PKN ORLEN SA with another award for investor relations** – we received a special award for the 'highest quality of investor relations' in the annual prestigious 'Bulls and Bears' ranking.
- **PKN ORLEN SA as the Polish enterprise with the best IT system according to the TELEINFO 100 Report** – in the TELEINFO 100 Report PKN ORLEN was recognised as the Polish enterprise with the best IT system in the power engineering sector for the year 2006.

## CONTACT DETAILS

### **Polski Koncern Naftowy ORLEN Spółka Akcyjna**

ul. Chemików 7  
09-411 Płock  
Head Office  
tel. +48 24/365 00 00  
fax +48 24/365 40 40  
www.orlen.pl

### **Warsaw Office**

ul. Pankiewicza 4  
00-950 Warszawa  
tel. +48 22/695 35 50  
fax +48 22/622 33 57  
e-mail: zarzad@orlen.pl

### **Ethics Ombudsman**

tel. +48 24/365 33 02  
fax +48 24/365 53 12  
e-mail: rzeczniketyki@orlen.pl

### **Corporate Social Responsibility Team**

tel. +48 22/695 35 92  
fax +48 22/695 35 80  
e-mail: barbara.tecza@orlen.pl

### **Press Office**

tel. +48 24/365 41 50, 365 59 29  
fax +48 24/365 50 15  
tel. +48 22/695 34 59  
fax +48 22/695 35 27  
e-mail: media@orlen.pl

[www.orken.pl](http://www.orken.pl)