

## **V. CORPORATE GOVERNANCE**

### **5.1 A set of corporate governance rules followed by PKN ORLEN in 2009**

In 2009, PKN ORLEN complied with the "Best Practices for Stock Exchange Listed Companies" (further the "Best Practices for WSE Listed Companies") valid for the Warsaw Stock Exchange. The Code of Best Practice for WSE Listed Companies can be found on the website dedicated to the corporate governance on the Warsaw Stock Exchange [www.corp-gov.gpw.pl](http://www.corp-gov.gpw.pl) and on the corporate website [www.orlen.pl](http://www.orlen.pl) in the section devoted to the Company's shareholders in the tab Best Practices for WSE. In 2009 PKN ORLEN followed all the corporate governance rules set out in the Code of Best Practice for WSE Listed Companies.

### **5.2 Description of key features of PKN ORLEN's internal audit and risk management systems related to the process of financial reporting**

The Company's system of internal audit and risk management in the process of drawing up financial statements is implemented by:

- reviewing the application of unified accounting policy by the ORLEN Group companies as regards the recognition, assessment and disclosure methods under the International Financial Reporting Standards (IFRS);
- following and monitoring compliance with accounting standards;
- reviewing by an independent auditor of the published financial reports for the 1<sup>st</sup> quarter, the half-year and the 3<sup>rd</sup> quarter of the year and auditing the annual financial statements of PKN ORLEN and the ORLEN Group;
- procedures to authorise and give opinions about financial statements before they are published;
- carry out an independent and objective evaluation of risk management and internal audit systems.

In order to ensure that uniform accounting standards are applied, the ORLEN Group companies have to follow the accounting policy adopted by PKN ORLEN, updated from time to time to ensure that they comply with the applicable law, specifically, with the IFRS, the Accounting Act dated 29 September 1994 and the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities. The Corporate Accounting Office monitors whether this obligation is observed and conducts comprehensive analytical procedures supplemented with audit activities, as well as devises instructions and guidelines as regards the specified issues, requiring detailed explanations to ensure proper and uniform financial reporting principles.

The consolidated financial statements are drawn up based on the reporting packages provided by the ORLEN Group companies which are reviewed in terms of their cohesion, completeness and continuity. The data required for the unconsolidated financial statements is derived from accounting records kept in accordance with the PKN ORLEN procedures. Disclosures also cover additional information provided by individual organisational units of PKN ORLEN, which is also checked by the Corporate Accounting Office.

In order to reduce the risks relating to the process of drawing up financial statements on a current basis, the same are quarterly checked by an auditor, i.e. more often than required under the applicable law. The financial statements for the 1<sup>st</sup> quarter, the half-year and the 3<sup>rd</sup> quarter of the year are reviewed, whereas the annual financial statement is subject to audit. The auditor presents the results of the reviews and audits to the Management Board and the Audit Committee of the Supervisory Board.

The Company has certain procedures to authorise the financial statements. In accordance with the same, the periodical reports are submitted to the Management Board upon the completion of reviews/audits by the auditor, and subsequently forwarded to the Audit Committee of the Supervisory Board for an opinion to be issued. Once the opinion has been obtained from the Audit Committee, the financial statements are approved by the Management Board for publication and subsequently forwarded by the Investor Relationship Office to the appropriate capital market institutions and made public. Before publishing, the financial statements are treated as confidential by the Company and provided solely to persons involved in the preparation, control and approval procedures.

The Company has an Audit Department which has to ensure an independent and objective evaluation of the risk management and internal audit systems, and analyse business processes. The Department operates based on the annual audit plans approved by the Supervisory Board and accepted by the Audit Committee of the Supervisory Board and the Supervisory Board itself. The Audit Department can also carry out *ad hoc* audits as ordered by the Company's Supervisory Board or the Management Board.

In pursuit of the tasks and objectives set, the Audit Department provides recommendations as to the implementation of solutions and standards designed to reduce the risk of the Group not meeting the targets set, improve the effectiveness of the internal control system and to increase the efficiency of business processes. Additionally, the

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Audit Department monitors the follow-up on its own recommendations as well as those given by the auditor of the Company's financial statements.

Twice a year the Audit Department draws up a report for the Management Board and the Audit Committee of the Supervisory Board on monitoring the recommendations, summarising the conclusions regarding the audit tasks performed, identified risks and information about the follow-up on the recommendations given.

### 5.3 PKN ORLEN's shareholders with a significant stake

Shares in PKN ORLEN are listed on the Warsaw Stock Exchange and in the form of Global Depositary Receipts (GDR) on the London Stock Exchange. Depositary receipts are also traded in the USA on the OTC market.

The share capital of PKN ORLEN is divided into 427,709,061 ordinary bearer shares with a par value of PLN 1.25 each.

PKN ORLEN's depositary receipts are lodged with The Bank of New York Mellon. The transaction unit on the London Stock Exchange is 1 GDR which accounts for two shares in PKN ORLEN.

The ownership rights in PKN ORLEN's shares are fully transferable.

Below a list of PKN ORLEN's shareholders with a significant stake is presented, specifying the number of shares held, the percentage of their share in the Company's share capital, the number of votes conferred by the same and their percentage in the total number of votes at PKN ORLEN's General Meeting.

Since the beginning of 2009, Nafta Polska S.A. and the State Treasury were the Company's shareholders holding each over 5% of the Company's share capital. The shareholding structure changed on 20 February 2009 when ING Otworthy Fundusz Emerytalny increased its interest in the Company's share capital to 5.17% of the PKN ORLEN's share capital. On 22 July 2009, Nafta Polska S.A. transferred all shares held in PKN ORLEN to the State Treasury. The shareholding structure was altered for the last time on 5 February 2010, when Aviva Otworthy Fundusz Emerytalny Aviva BZ WBK acquired the Company's shares, representing 5.08% of the PKN ORLEN's share capital.

Shareholding structure in PKN ORLEN as at 31 December 2009:

Shareholders	Number of shares	Number of votes at General Meeting of PKN ORLEN	Share in total number of votes at General Meeting of PKN ORLEN	Percent of share capital of PKN ORLEN
State Treasury	117,710,196	117,710,196	27.52%	27.52%
ING Otworthy Fundusz Emerytalny*	22,118,813	22,118,813	5.17%	5.17%
Others	287,880,052	287,880,052	67.31%	67.31%
<b>Total</b>	<b>427,709,061</b>	<b>427,709,061</b>	<b>100.00%</b>	<b>100.00%</b>

\* in accordance with the information received by the Company on 20 February 2009.

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Shareholding structure in PKN ORLEN as at 19 March 2010:

Shareholders	Number of shares	Number of votes at General Meeting of PKN ORLEN	Share in total number of votes at General Meeting of PKN ORLEN	Percent of share capital of PKN ORLEN
State Treasury	117,710,196	117,710,196	27.52%	27.52%
ING Otwarty Fundusz Emerytalny*	22,118,813	22,118,813	5.17%	5.17%
Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK **	21,744,036	21,744,036	5.08%	5.08%
Others	266,136,016	266,136,016	62.23%	62.23%
<b>Total</b>	<b>427,709,061</b>	<b>427,709,061</b>	<b>100.00%</b>	<b>100.00%</b>

\* in accordance with the information received by the Company on 20 February 2009

\*\* in accordance with the information received by the Company on 9 February 2010

There are no known agreements, under which the proportions of shares held by current shareholders and bondholders may be altered in the future.

#### 5.4 PKN ORLEN 's shareholders vested with special control rights and voting right restrictions

One share in PKN ORLEN confers the right to one vote at the Company's General Meeting. The Company's Articles of Association were amended by the decision of the PKN ORLEN's Ordinary General Meeting, where the rules for exercising the voting right by shareholders have been itemised. Simultaneously, in § 7 sec. 11 of the Articles of Association, the Ordinary General Meeting adopted the definitions of basic terms used in § 7.

As regards the voting right of particular shareholders, it has been adopted in the Articles of Association that:

- the voting right of the Company's shareholders is restricted to the extent that at the General Meeting of Shareholders none of them can exercise more than 10% of the total votes existing in the Company as at the date the General Meeting of Shareholders is held. Such restriction of the voting right, however, does not apply when specifying the duties of shareholders with a significant stake, provided for in the Act on Public Trading in Securities. The restriction, referred to in the previous sentence does not apply to Nafta Polska S.A., the State Treasury and the depository bank which issued depository receipts in connection with the Company's shares under an agreement with the Company (if the bank exercises the voting right from the Company's shares). The voting right exercised by the subsidiary is deemed to be exercised by the parent company within the meaning of the Act on Public Trading in Securities and in order to calculate the number of votes held by a shareholder, the voting rights from the shares is added to the number of votes that the particular shareholder would acquire in the event of converting the depository receipts held by the same into shares;
- a shareholder is deemed to be each person, including the parent company and its subsidiary, that is directly or indirectly entitled to the voting right at the General Meeting under any legal title; that refers also to the person that is not a Company's shareholder, in particular a user, pledgee, the person authorised from the depository receipt within the meaning of the Act of 29 July 2005 on Financial Instruments Trading as well as the person authorised to participate in the General Meeting despite the shares held by the same having been transferred following the day when the right to participate in the General Meeting has been established;
- the parent company and the subsidiary shall accordingly mean a person:
  - that has the status of the dominant entity, dependent entity or both within the meaning of the Act of 16 February 2007 on Competition and Consumers Protection, or
  - that has the status of the parent company, senior parent company, subsidiary, lower level subsidiary, jointly controlled entity or of both parent company (including senior parent company) and subsidiary (including the lower level subsidiary and jointly controlled entity) within the meaning of the Accounting Act of 29 September 1994, or

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- that exerts (parent company) or is subject to (subsidiary) decisive influence within the meaning of the Act of 22 September 2006 on Transparency of Financial Relations between Public Authorities and Public Entrepreneurs and on Financial Transparency of Certain Entrepreneurs, or
  - whose votes from the Company's shares held directly or indirectly are accumulated with the votes of another person or other persons under the rules stipulated in the Act of 29 July 2005 on Public Offering and Conditions for Introducing Financial Instruments to the Organised Trading System and Public Companies, in connection with holding, transferring or purchasing the Company's significant stakes.
- shareholders, whose votes are accumulated and reduced in accordance with the above provisions, are jointly referred to as the Shareholders Group. Accumulating votes involves summing up the votes held by particular shareholders being members of the Shareholders Group. The reduction of the number of votes involves decreasing the overall number of votes in the Company vested in the shareholders being members of the Shareholders Group to be exercised at the General Meeting. The number of votes is reduced in accordance with the following rules:
- the number of votes of a shareholder, whose number of votes in the Company rates the largest among the votes of all shareholders being members of the Shareholders Group, is decreased by the number of votes equal to the surplus votes in excess of 10% of the overall number of votes in the Company held in aggregate by all shareholders being members of the same;
  - if, notwithstanding the reduction referred above, the overall number of votes held by the shareholders being members of the Shareholders Group to be exercised at the General Meeting exceeds 10% of the total number of votes the number of votes held by the remaining shareholders being members of the same is subject to further reduction. The number of votes is further reduced in the order established on the basis of the number of votes held by particular shareholders being members of the Shareholding Group (from the highest to the lowest one). The number of votes is being reduced until the aggregate number of votes held by the shareholders being members of the Shareholding Group does not exceed 10% of the overall number of votes in the Company;
  - in each case, the shareholder whose voting right has been restricted, preserves the right to exercise at least one vote;
  - restriction of the voting right applies also to the shareholder absent from the General Meeting.
- In order to establish the basis for the votes being accumulated and reduced in accordance with the above provisions, the Company's shareholder, Management Board, Supervisory Board and individual members of such bodies may request the Company's shareholder to provide information on whether it is the person:
- that has the status of the dominant entity, dependent entity or both within the meaning of the Act of 16 February 2007 on Competition and Consumers Protection, or
  - that has the status of the parent company, senior parent company, subsidiary, lower level subsidiary, jointly controlled entity or of both parent company (including senior parent company) and subsidiary (including the lower level subsidiary and jointly controlled entity) within the meaning of the Accounting Act of 29 September 1994, or
  - that exerts (parent company) or is subject to (subsidiary) decisive influence within the meaning of the Act of 22 September 2006 on Transparency of Financial Relations between Public Authorities and Public Entrepreneurs and on Financial Transparency of Certain Entrepreneurs, or
  - whose votes from the Company's shares held directly or indirectly are accumulated with the votes of another person or other persons under the rules stipulated in the Act of 29 July 2005 on Public Offering and Conditions for Introducing Financial Instruments to the Organised Trading System and Public Companies, in connection with holding, transferring or purchasing the Company's significant stakes.

The power referred to above includes also the right to request for the number of votes held by the Company's shareholder individually or together with other shareholders of the same to be disclosed. The person that failed to perform or unduly performed the obligation to provide information referred to in this point, may exercise the voting right from one share exclusively until the breach of such obligation has been remedied and exercising the voting right by such person from other shares is ineffective.

- in connection with the provision, pursuant to which exercising of the voting right by the subsidiary is deemed to be exercising of the same by the parent company, for the avoidance of doubts as to interpretation it is stipulated that

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the restriction of the voting right does not apply to the entities dependent on the State Treasury and Nafta Polska S.A.;

- in the event of doubts, the provisions of this Section should be interpreted in accordance with Article 65 § 2 of the Polish Civil Code.

As long as the minister in charge of the State Treasury affairs or another minister exercises the rights conferred under the shares in PKN ORLEN owned by the State Treasury under the generally applicable law, the appropriate minister can appoint one or two Observers for the Company, who will be authorised to monitor the Company's activities, participate in the meetings of the Company's authorities, review the Company's documents, require reports and explanations, inspect the Company's assets. Detailed rules regulating the Observers' activity and their powers are set out in the General Meeting, Supervisory Board and Management Board Constitutions. Until this report's announcement, the minister in charge of the State Treasury affairs has not appointed any Observer for PKN ORLEN.

The State Treasury can appoint and recall one member of the Supervisory Board. Additionally, one member of PKN ORLEN's Management Board is appointed and recalled by the Supervisory Board upon motion of the minister in charge of the State Treasury affairs.

Special rights to be vested in the State Treasury shareholder may also be derived from the generally applicable law.

#### **5.5 Rules for amending PKN ORLEN's Articles of Association**

An amendment to PKN ORLEN's Articles of Association requires a resolution of the General Meeting of Shareholders and has to be entered in the business register. The resolution of the General Meeting of Shareholders to amend the Company's Articles of Association is adopted with three quarters of votes. The General Meeting may authorise the Supervisory Board to formulate the uniform text of the Articles of Association or make other editorial changes as set out in the resolution passed by the General Meeting.

Once the amendments to the Articles of Association are entered in the business register, PKN ORLEN publishes the relevant current report.

#### **5.6 Proceedings of PKN ORLEN's general meeting of shareholders, its key powers, and shareholders' rights and their exercise**

Proceedings and powers of PKN ORLEN's General Meeting of Shareholders are regulated in the Articles of Association and the Constitution of PKN ORLEN's General Meeting. The documents can be found on the PKN ORLEN's website: [www.orklen.pl](http://www.orklen.pl) in the "Company" and "Investor relations" sections in the "General Meeting" tab.

##### **5.6.1 Convening and calling off PKN ORLEN's General Meetings**

The rules for convening and organising the General Meetings of Shareholders have been materially amended by the General Meeting of Shareholders of PKN ORLEN on 15 July 2009. The amendments relating to the above were to be introduced due to the necessity of adjusting the Company's corporate documents to the provisions of law generally applicable to such extent. The amendments relating to convening and organising the General Meetings of Shareholders have been introduced to both the Articles of Association and the Constitution of the General Meeting, with the amendments introduced to the Constitution coming into force and binding after the subsequent General Meeting has been held.

The General Meeting is to be convened in the manner and under the rules stipulated in the generally applicable provisions of law.

The Ordinary General Meeting of Shareholders should be held no later than within six months from the end of every financial year for the Company.

Prior to the Company's Articles of Association having been amended by the Ordinary General Meeting of Shareholders of PKN ORLEN on 15 July 2009, the Extraordinary General Meeting of Shareholders was convened by the Management Board on their own initiative or on the motion of a shareholder or shareholders representing no less than one tenth of the Company's share capital, within fourteen days from filing the motion. The Supervisory Board had the right to convene an Extraordinary General Meeting of Shareholders each time it filed the relevant motion and the Management Board failed to convene a meeting within the prescribed time.

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In accordance with the amendments introduced by the Ordinary General Meeting on 15 July 2009, the Extraordinary General Meeting of Shareholders is convened by the Management Board on their own initiative, on the motion of the Supervisory Board or on the motion of a shareholder or shareholders representing no less than one twentieth of the Company's share capital, within fourteen days from filing the motion. The motion for the General Meeting to be held should specify the issues for the agenda or include draft resolution on the proposed agenda. At present, the Supervisory Board may convene the Extraordinary General Meeting if the Supervisory Board recognises that it is advisable to do so. The rule under which the Supervisory Board may convene the Extraordinary General Meeting if the Management Board failed to do so within two weeks following the day when the relevant request has been submitted by the Supervisory Board has been preserved as well. The shareholder or shareholders representing no less than one twentieth of the Company's share capital may request for specific issues to be placed on the agenda of the nearest General Meeting under the rules stipulated in the generally applicable provisions of law.

The Extraordinary General Meeting may also be convened by the shareholders representing at least half of the Company's share capital or at least half of the overall number of votes in the Company.

Prior to the Company's Articles of Association having been amended by the Ordinary General Meeting of Shareholders of PKN ORLEN on 15 July 2009, the General Meeting was convened by an announcement in the official newspaper of the Republic of Poland "*Monitor Sądowy i Gospodarczy*" at least three weeks before the date of the Meeting. At present, the General Meeting is convened by the announcement placed on the Company's website and in the manner prescribed for providing current information in accordance with the provisions of law relating to public offering and on the conditions for introducing financial instruments to the organised trading system and to public companies. The announcement should be placed at least twenty six days prior to the date of the General Meeting.

All the materials to be presented to the Shareholders at the General Meeting, specifically draft resolutions to be adopted by the General Meeting and other important materials are provided by the Company for review following the day when the General Meeting has been convened in the Company's registered office in Płock and in the Warsaw office, as well as on the corporate website [www.orklen.pl](http://www.orklen.pl).

Notwithstanding the requirements set out in the generally applicable law on publishing draft resolutions to be presented at the General Meeting on the Company's website as soon as from the day when the General Meeting has been convened, the Company is obliged to provide draft resolutions in the form of a current report at least 26 days before the date the General Meeting is to be held in order to enable the Shareholders to review and assess the same.

Prior to the Articles of Association having been amended, the Company published draft resolutions in the form of a current report at least 22 days before the date the General Meeting was to be held. Pursuant to the Best Practices of WSE Listed Companies, the Company provided for review the materials relating to the General Meeting at least 14 days before the date of the Meeting (whereas the copies of the Management Board report on the Company's business operations and the financial statements together with a copy of the Supervisory Board report and the certified auditor's opinion were provided by the Company at least 15 days before the date of the General Meeting).

The General Meetings of PKN ORLEN are held in the Company's registered office in Płock, however, they can also be held in Warsaw.

For the Shareholders who cannot participate in the General Meeting in person, the Company arranges for an internet broadcast of the Meeting and offers simultaneous interpretation into English.

Prior to introducing the amendments adopted by the Ordinary General Meeting of PKN ORLEN on 15 July 2009, a General Meeting whose agenda includes certain issues at the request of authorised entities or which has been convened at such request could be cancelled only with consent of the requesting parties. In all other instances, a General Meeting could be cancelled if its holding was hindered or was obviously groundless. The meeting was called off and the date of the General Meeting was changed in the same manner as it had been convened, with as few negative consequences for the Company and its shareholders as possible. The cancellation and change of the date of the General Meeting could be made no later than three weeks prior to the original date of the meeting.

At present, in the Constitution of the General Meeting the rules for the cancellation of the General Meeting have been preserved. They were however modified so that the cancellation and the change in the date of the General Meeting should be effected forthwith once the requirement for the cancellation and the change in the date has occurred but no later than seven days prior to the day when the General Meeting is to be held. If the cancellation and change in the date of the General Meeting cannot be effected within the time limit specified in the preceding sentence, such General Meeting should be held unless it is impossible or excessively hindered due to the circumstances. In such case, the cancellation and change in the date of the General Meeting may be effected at any time prior to the day when the General Meeting is to be held. The cancellation and the change in the date of the General Meeting is effected by

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announcement placed on the Company's website together with statement of reasons and complying with other requirements under the provisions of law. Only the body or the person to have convened the General Meeting is competent to cancel the same.

#### **5.6.2 Competence of PKN ORLEN's General Meeting**

The General Meeting of Shareholders is especially authorised to:

- consider and approve the Company's annual financial statements, the annual report on the Company's business operations, the consolidated financial statements of the ORLEN Capital Group and the report on the ORLEN Capital Group business operations for the previous financial year;
- acknowledge the discharge of duties by the Supervisory Board and Management Board members;
- decide on the allocation of profit and the absorption of losses as well as on the consumption of funds set up from profit, subject to special regulations which provide for a different way of their consumption;
- appoint the Supervisory Board members, subject to the provisions of § 8 sec. 2 of the Articles of Association, and establish principles for their remuneration;
- increase and decrease in the share capital unless otherwise stated in the Code of Commercial Companies and the Company's Articles of Association;
- decide on claims for the rectification of damage caused when setting up the Company or exercising supervision or management;
- approve the sale and lease of the Company's enterprise or an organised part thereof and establish a limited property right on such enterprise or an organised part thereof;
- grant consent to the sale of real estate, perpetual usufruct or interest in real estate whose net book value exceeds one twentieth of the Company's share capital;
- amend the Company's Articles of Association;
- set up and dissolve reserve capitals and other capitals and the Company's funds;
- pass resolutions to redeem shares and buy shares to be redeemed and to establish the redemption rules;
- issue convertible bonds or bonds with pre-emptive rights and the issue of warrants;
- pass resolutions on winding-up the Company, its liquidation, restructuring and merger with another company;
- execute the holding contracts within the meaning of Article 7 of the Polish Code of Commercial Companies.

Purchase of real estate, perpetual usufruct or interest in real estate, regardless of its value, as well as disposal of real estate, perpetual usufruct or interest in real estate whose net book value does not exceed one twentieth of the Company's share capital does not require a resolution of the General Meeting of Shareholders.

#### **5.6.3 Voting at PKN ORLEN's General Meetings**

Except as provided otherwise in the Code of Commercial Companies and the Articles of Association, resolutions of the General Meeting of Shareholders are passed with an absolute majority of votes cast, while votes cast mean votes "for", "against" and "abstain."

Resolutions of the General Meeting of Shareholders regarding premium shares and the Company's merger as a result of all the Company's assets being transferred to another company, winding-up of the Company (including winding-up as a result of the Company's registered office being transferred abroad), liquidation of the Company, its restructuring and the decrease in the share capital by redemption of some shares without the capital being simultaneously increased are passed with a majority of 90% of votes cast.

The General Meeting's resolution to renounce the examination of the issue placed on the agenda may be adopted only in case when there are substantial reasons to do so. The resolutions to remove or not to consider an item placed on the agenda on the motion of the shareholders require the majority of 75% of votes cast provided that the shareholders present at the General Meeting who requested this issue be placed on the agenda previously agreed to the issue being removed from the agenda or not considered at all.

One share in PKN ORLEN confers the right to one vote at the Company's General Meeting. The voting right of the Company's Shareholders is restricted to the extent that at the General Meeting of Shareholders none of them (but for those specified in the Company's Articles of Association) can exercise more than 10% of the total votes existing in the Company as at the date the General Meeting of Shareholders is held. The detailed rules for exercising the voting right have been described above.

The shareholders can participate in the General Meeting and exercise their voting rights in person or through their representatives.

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#### **5.6.4 Participation in PKN ORLEN's General Meetings**

Prior to the Company's Articles of Association having been amended by the Ordinary General Meeting of Shareholders of PKN ORLEN on 15 July 2009, to attend the General Meeting a registered depositary certificates had to be filed at the Company's registered office in Płock, at least one week before the date of the General Meeting. The depositary certificate should specify the number of shares, voting rights vested in the shareholder and contain a statement that the shares will not be traded until the end of the General Meeting.

With new regulations having been introduced, in accordance with Article 4061 § 1 of the Polish Commercial Companies Code, the right to participate in the General Meeting of a public company is vested only in the persons that are the company's shareholders sixteen days before the date of the same (date of registration of participation in the General Meeting).

At the request of the holder of dematerialised bearer shares of a public company, filed no earlier than the announcement of convening the General Meeting has been published and no later than on the first weekday following the day when the participation in the General Meeting has been registered, the entity where the securities account is kept will issue a personal certificate of entitlement to attend the General Meeting. The certificate referred to in the previous sentence includes:

- the business name, registered office, address and stamp of the issuer and the certificate number,
- number of shares held,
- type and code of shares,
- the business name, registered office and address of the company that issued shares,
- nominal value of shares,
- name and surname or the business name (name) of the shareholder,
- the registered office (place of residence) and address of the shareholder,
- purpose of issuing the certificate,
- date and place of issuing the certificate,
- signature of the person authorised to issue the certificate.

At the request of the holder of dematerialised bearer shares, the certificate should specify all or part of shares registered in its securities account.

At present, the list of holders of bearer shares entitled to participate in the General Meeting of a public company is compiled by the Company on the basis of the shares submitted to the Company and the list prepared by the entity maintaining the securities deposit in accordance with the provisions of laws for financial instruments trading dated 29 July 2005 (at present Krajowy Depozyt Papierów Wartościowych S.A., KDPW). KDPW prepares the list of entitles entitled to participate in the General Meeting on the basis of lists provided no later than twelve days prior to the date of the same by the entities entitled in accordance with the provisions of law for financial instruments trading dated 29 July 2005. The lists submitted to KDPW are compiled on the basis of issued certificates on the entitlement to participate in the General Meeting of a public company. KDPW provides such list for the company's review no later than a week prior to the date of the General Meeting.

The General Meeting may be attended by the members of the Management Board and the Supervisory Board, who can take the floor, even if they are not the Company's Shareholders, without any invitations being sent. An Ordinary General Meeting of Shareholders can be attended by the members of the Management Board and the Supervisory Board whose mandates have expired before the date of the General Meeting and who held their offices in the financial year for which the Management Board report and the financial statements are to be approved by the Ordinary General Meeting of Shareholders.

General Meetings of Shareholders can also be attended by other persons invited by an authority convening the General Meeting or allowed to enter the meeting room by the Chairman, specifically, certified auditors, legal and financial advisers or the Company's employees. PKN ORLEN, as far as admissible under the applicable law and with due consideration of the Company's interests, allows media representatives to attend the General Meetings. The Management Board ensures that each General Meeting is attended by an independent expert specialised in commercial law.

Members of the Management Board and the Supervisory Board and the Company's certified auditor provide the Meeting participants with explanations and information about the Company, within the scope of their authorisation and to the extent required for the issues discussed by the General Meeting to be resolved. Questions posed by the General Meeting participants are answered in view of the fact that PKN ORLEN, as a public company, fulfils its reporting obligations in a manner specified in the applicable law on the capital market operation and some information cannot be provided otherwise than in conformity with these regulations.



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General Meetings can be attended by an Observer appointed by the minister in charge of the State Treasury affairs. Until this report announcement the minister in charge of the State Treasury affairs has not appointed any Observer for PKN ORLEN.

PKN ORLEN pays special attention to activities facilitating the Company's communication with outside the Company world. For the Shareholders who cannot participate in the General Meeting in person, the Company arranges for an internet broadcast of the Meeting and offers simultaneous interpretation into English

A special section dedicated to the Company's General Meetings is included on the corporate PKN ORLEN website where information about the planned Shareholders' meetings is provided along with material relating to such meetings, archive materials from the meetings held, including texts of resolutions adopted and audio and video files with internet broadcasts of the General Meetings.

## **5.7 Composition and proceedings of management and supervisory authorities in PKN ORLEN and their committees**

### **5.7.1 Composition of PKN ORLEN's Management Board in 2009**

In 2009 the following persons were acting as members of the Management Board in Polski Koncern Naftowy ORLEN S.A:

Name and surname	Position held in PKN ORLEN's Management Board
Dariusz Jacek Krawiec	Vice-President of the Management Board as of 7 June 2008 Vice President of Management Board in charge of Upstream and Capital Group as of 17 June 2008 Management Board President, CEO as of 18 September 2008
Sławomir Jędrzejczyk	Member of the Management Board as of 7 June 2008 Member of the Management Board, CFO as of 17 June 2008 Vice-President of Management Board as of 18 September 2008 Vice-President of Management Board, CFO as of 23 September 2008
Wojciech Kotlarek	Member of the Management Board as of 7 June 2008 Member of the Management Board in charge of Sales as of 17 June 2008
Krystian Pater	Member of the Management Board in charge of Production from 20 March 2007 to 6 June 2008 Member of the Management Board as of 7 June 2008 Member of the Management Board in charge of Refinery as of 17 June 2008
Marek Serafin	Member of the Management Board as of 7 June 2008 Member of the Management Board in charge of Petrochemistry as of 17 June 2008

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**5.7.2 Composition of PKN ORLEN's Supervisory Board in 2009**

In 2008 the Company's business was monitored by the Supervisory Board in the following composition:

Name and surname	Position held in PKN ORLEN's Supervisory Board
Maciej Mataczyński	Chairman of Supervisory Board as of 7 February 2008
Marek Karabuła	Member of the Supervisory Board as of 7 February 2008 Vice-Chairman of the Supervisory Board as of 15 February 2008
Grzegorz Borowiec	Member of the Supervisory Board as of 7 February 2008
Krzysztof Kołach	Member of the Supervisory Board as of 7 February 2008
Piotr Wielowieyski	Member of the Supervisory Board as of 7 February 2008
Grzegorz Michniewicz	Member of the Supervisory Board from 6 June 2008 to 23 December 2009
Angelina Sarota	Member of the Supervisory Board, Supervisory Board secretary as of 13 June 2008
Jarosław Roślowski	Member of the Supervisory Board as of 13 June 2008
Janusz Zieliński	Member of the Supervisory Board as of 6 July 2007

**5.7.3 Composition of Supervisory Board Committees in PKN ORLEN in 2009**

Name and surname	Position held in PKN ORLEN's Supervisory Board Committee
<b>Audit Committee</b>	
Piotr Wielowieyski	Chairman, Independent Member of the Supervisory Board
Marek Karabuła	Committee member
Janusz Zieliński	Committee member, Independent Member of the Supervisory Board
<b>Corporate Governance Committee</b>	
Grzegorz Borowiec	Committee Chairman
Maciej Mataczyński	Committee member, Independent Member of the Supervisory Board
Angelina Sarota	Committee member
Grzegorz Michniewicz	Committee member until 23 December 2009
<b>Strategy and Development Committee</b>	
Marek Karabuła	Committee Chairman
Grzegorz Michniewicz	Committee member until 23 December 2009
Krzysztof Kołach	Committee member, Independent Member of the Supervisory Board
Piotr Wielowieyski	Committee member, Independent Member of the Supervisory Board
Janusz Zieliński	Committee member, Independent Member of the Supervisory Board
<b>Nomination and Remuneration Committee</b>	
Maciej Mataczyński	Chairman, Independent Member of the Supervisory Board
Grzegorz Borowiec	Committee member
Krzysztof Kołach	Committee member, Independent Member of the Supervisory Board
Piotr Wielowieyski	Committee member, Independent Member of the Supervisory Board
Jarosław Roślowski	Committee member

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**5.7.4 The rules of conduct of the Management Board and Supervisory Board and Supervisory Board Committees in PKN ORLEN**

Apart from the generally applicable law, the rules of conduct for PKN ORLEN's Management Board and Supervisory Board are regulated in PKN ORLEN's Articles of Association and the Supervisory Board and the Management Board Constitutions. The proceedings of the management and supervisory authorities in PKN ORLEN are also subject to the corporate governance principles set out by the Warsaw Stock Exchange.

**5.7.5 The rules of conduct of PKN ORLEN's Supervisory Board**

**Appointing and recalling members of PKN ORLEN's Supervisory Board**

Members of PKN ORLEN's Supervisory Board are appointed for a joint term of office, ending on the day when the Ordinary General Meeting has been held, approving the financial statements for the whole second financial year of such term of office. So determined joint term of office is assumed to commence on 31 May 2007. Individual members of the Supervisory Board and the entire Supervisory Board can be recalled at any time before the end of the term of office. The General Meeting of PKN ORLEN appoints the Chairman of the Supervisory Board, whereas the vice-chairman and the secretary are appointed by the Supervisory Board from amongst the other members of the Board.

PKN ORLEN's Supervisory Board is composed of six to nine members. The State Treasury is authorised to appoint and recall one member of the Supervisory Board, other members of the Supervisory Board are appointed and recalled by the General Meeting of Shareholders.

Pursuant to the Articles of Association of PKN ORLEN, at least two members of the Supervisory Board have to comply with the following independency provisions (so called independent members of the Supervisory Board):

- he/she is not an employee of the Company or an Affiliated Entity,
- he/she has not been a member of management authorities of the Company or an Affiliated Entity within the last five years prior to the appointment to the Supervisory Board;
- he/she is not a member of supervisory and management authorities of an Affiliated Entity,
- he/she does not receive nor has received, within the last five years prior to the appointment to the Supervisory Board, a considerable additional remuneration, i.e. remuneration in the amount exceeding the aggregate amount of PLN 600,000 from the Company or an Affiliated Entity, apart from the remuneration due to the member of supervisory authorities,
- he/she is not nor has been, within the last three years prior to the appointment to the Supervisory Board, a partner or employee of the current or former chartered auditor examining the financial statements of the Company or an Affiliated Entity,
- he/she is not a shareholder holding 5 % or more votes at the Company's General Meeting of Shareholders or an Affiliated Entity's General Meeting,
- he/she is not a member of supervisory or management authorities or an employee of an entity having 5 % or more votes at the Company's General Meeting of Shareholders or an Affiliated Entity's General Meeting
- he/she is not an ascendant, descendant, spouse, sibling, spouse's parent or any other person remaining in an adoptive relationship with any of the persons mentioned above,
- he/she has not hold the position of the Company's Supervisory Board member for more than 3 terms of office,
- he/she is not a member of the management board of the company, where a member of the Company's management board holds the position of a member of the Supervisory Board,
- he/she is free from any significant connections with members of the Company's Management Board by participation in other companies.

Independent members of the Supervisory Board, before being appointed to the Supervisory Board, should submit to the Company a written statement confirming that they comply with the above mentioned provisions. If the said provisions are not met, a member of the Supervisory Board is obliged to immediately notify the Company thereof. The Company informs the Shareholders about the current number of independent members of the Supervisory Board.

If the number of independent members of the Supervisory Board is less than two, the Company's Management Board is obliged to immediately convene a General Meeting of Shareholders and put an issue concerning changes in the composition of the Supervisory Board on the agenda of the General Meeting. The Supervisory Board acts in its current composition until the changes in the composition of the Supervisory Board are made, i.e. the number of independent members is adjusted to the requirements set in the Articles of Association whereas the provisions of § 8 sec. 9 of the same do not apply.

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### **Organisation of PKN ORLEN's Supervisory Board activity**

Sessions of the Supervisory Board are held when necessary, however, not less frequently than once every two months. Moreover, as stated in the Company's Articles of Association, a Supervisory Board session should be convened following a written request of a shareholder or shareholders representing at least one tenth of the share capital, the Management Board or a member of the Supervisory Board. The session should be convened within two weeks from the receipt of such request and should be held no later than within three weeks of such request being received. If a Supervisory Board session is not convened within two weeks of the request being filed, the requestor can call the session by himself through a written notice specifying the time, venue and the proposed agenda sent to the members of the Supervisory Board, at least seven days before the date of the session.

Sessions of the Supervisory Board can only take place when all its members have been properly invited. Sessions can also be held without the meeting being formally convened if all the Supervisory Board members are present and grant their consent to the session being held and certain issues being put on the agenda.

The Supervisory Board can pass resolutions if at least half of its members participate in the session. Subject to the provisions of the Code of Commercial Companies, a resolution of the Supervisory Board can be passed in writing or with the use of direct means of remote communication. Resolutions of the Supervisory Board are passed with an absolute majority of the votes cast, in the presence of at least half of the members of the Supervisory Board, while the votes cast mean votes "for", "against" and "abstain." This does not apply to any members of the Management Board or the entire Management Board being recalled or suspended during the term of their office when at least two thirds of all the Supervisory Board members have to vote in favour of the resolution.

Passing resolutions concerning the following matters:

- any contribution to members of the Management Board provided by the Company or any related entities;
  - giving permission to sign any significant agreement by the Company or a dependent subsidiary with an entity related to the Company, a member of the Supervisory Board, or Management Board, as well as with entities related to them;
  - appointing a certified auditor to audit the financial statements of the Company
- requires the assent of at least half of the independent members of the Supervisory Board. Such provisions do not exclude applying Article 15 § 1 and 2 of the Code of Commercial Companies.

With a view to fulfilling its duties, the Supervisory Board can review all the Company documents, demand reports and explanations from the Management Board and the employees, and inspect the Company's assets.

### **Competence of PKN ORLEN's Supervisory Board**

The Supervisory Board exercises permanent supervision over the Company's activities, in all aspects of its operation, specifically, the Supervisory Board is authorised to act as set out in the Code of Commercial Companies and the Company's Articles of Association. The Supervisory Board takes steps required to regularly obtain exhaustive information from the Management Board about all the material aspects of PKN ORLEN's operations and the risk related to the business operations and risk management methods applied.

Pursuant to the Articles of Association, the Supervisory Board is authorised to:

- appoint and recall the President, Vice-Presidents and other members of the Management Board (except for one member of the Management Board appointed and recalled by the Supervisory Board at the request of the State Treasury until the State Treasury transfers the last of the Company's shares held);
- represent the Company in contracts with the Management Board, including their contracts of employment;
- suspend the activities of individual or all members of the Management Board with just cause, as well as delegating a member or members of the Supervisory Board to temporarily perform the duties of those members of the Management Board who are unable to perform their duties;
- approve the Management Board constitution;
- appoint a certified auditor to audit the financial statements of the Company and the Capital Group in accordance with the Accounting Act dated 29 September 1994;
- assess the financial statements in terms of their accuracy both with books and documents and the actual state; assess the Management Board's report on the Company's business operations, as well as the Management Board's motions on the allocation of profit and coverage of loss, and submit to the General Meeting of Shareholders an annual written report on the results of the above assessments;
- assess the financial statements of the Capital Group and the Management Board's report on the business operations of the same and submit the annual written report on the results of such assessment;

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- issue opinions on any matter submitted by the Management Board to be presented either to ordinary or extraordinary General Meeting of Shareholders;
- grant consent to the members of the Management Board to take positions in supervisory or management authorities of other entities and to collect remuneration by virtue of such activities;
- grant consent to realise investment projects and incurring liabilities resulting from these investments in case the expenses or charges due to such activity exceed the equivalent of half of the Company's share capital;
- set the scope, accuracy and time for submission by the Management Board of its annual and long-term financial plans and plans for the strategic development of the Company;
- approve the Company's development strategy and long-term financial plans;
- issue opinions on the annual financial plans;
- give assent, upon the Management Board's motion, to sell real estate, perpetual usufruct or interest in real estate whose net book value does not exceed one twentieth of the share capital;
- give assent, upon the Management Board's motion, to purchase real estate, perpetual usufruct or interest in real estate whose net acquisition value exceeds one fortieth of the share capital;
- give assent to purchase the Company's own shares to prevent serious damage referred to in Article 362 § 1 item 1 of the Code of Commercial Companies, posing a direct threat to the Company,
- appoint the person to act in the capacity of the President of the Management Board, referred to in § 9 sec. 3 item 3, in the event the President is suspended from duty or his/her mandate expires before the end of the term of office.

The Articles of Association also stipulate that the consent of PKN ORLEN's Supervisory Board is required to:

- set up a branch abroad;
- sell or encumber fixed assets whose net book value exceeds one twentieth of the asset value stated in the recent financial statements approved by the General Meeting of Shareholders, as a result of one or several related legal actions being taken;
- sell or encumber, in any possible way, shares or stakes in the following companies: Naftoport Sp. z o.o., Inowrocławskie Kopalnie Soli S.A. and in the company to be established with a view to transporting liquid fuels through pipelines;
- incur another liability exceeding the equivalent of one fifth of the share capital, as a result of one or several related legal actions being taken during the financial year, except for the following:
  - activities performed within the scope of ordinary business activity, including in particular all activities relating to Fuel trading;
  - activities approved by the Supervisory Board in the annual financial plans;
  - activities which need the consent of the Shareholders Meeting in order to be performed;
  - activities performed in connection with the implementation of the investment task, approved by the Supervisory Board in accordance with § 8 sec. 11 item 9 of the Articles of Association, up to the amount not exceeding 110 percent of the amount allocated for this investment task;
  - activities concerning the implementation of the investment task and incurring liabilities resulting from the same, if expenditures or charges do not exceed the limit indicated in § 8 sec. 11 item 9,
- carry out capital or real investments abroad worth more than one twentieth of the share capital;
- exercise the Company's voting right at general meetings and partners meetings of dependent entities and other entities, if the value of the shares or stakes held by the Company, at a price the shares were acquired or taken up exceed one fifth of the Company's share capital, as regards merger with another company and company restructuring, sale and lease of the Company's undertaking and establishing the right to use on it, amendments to the Articles of Incorporation or Articles of Association, execution of the holding contract within the meaning of Article 7 of the Code of Commercial Companies and winding up of the Company;
- establish commercial law companies and to join existing companies, as well as to make contributions to cover shares in companies, and to sell shares if the Company's capital involvement in a given company so far, or engagement which the Company is about to achieve as a result of buying or acquiring of shares, calculated on the basis of the share sale or acquisition price, exceeds one tenth of the initial capital, excluding the purchase of shares in the regulated market;
- pay interim dividends to the Shareholders.

If the Supervisory Board withdraws its consent to any of the above activities being taken, the Management Board can address the General Meeting of Shareholders to adopt a resolution to approve the relevant activity.

Additionally, following a request of at least two members, the Supervisory Board has to consider taking actions specified in such request for supervisory measures to be taken.

Given the above Best Practice standards and so as to enable the Shareholders to accurately evaluate the Company, the Supervisory Board of PKN ORLEN has to provide the General Meeting of Shareholders with a concise

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assessment of PKN ORLEN's standing. The assessment should be submitted annually, in advance of the General Meeting to allow time for the Shareholders of PKN ORLEN to review the same.

#### **Committees of PKN ORLEN's Supervisory Board**

The Supervisory Board may elect permanent or *ad hoc* committees which act as collective advisory and opinion creative bodies of the Supervisory Board. The following permanent Committees operate within the Supervisory Board of PKN ORLEN: Audit Committee, Strategy & Development Committee, Nomination & Remuneration Committee and Corporate Governance Committee. The said Committees report annually to the Supervisory Board of PKN ORLEN on its activities.

The members of all Committees are appointed by the Supervisory Board from amongst its members and the Committee itself chooses its Chairman. The Committees consist of between 3 to 5 members. At least two members of Audit Committee are independent members and at least one has skills and expertise in the field of accounting or finance.

The Committee meetings are convened by the Committee chairman and, if he/she is either absent or unable to discharge his/her duties, by the chairman of the Supervisory Board or another member of the Supervisory Board indicated by the chairman, who invites all the Committee members to the meeting, and notifies all the other Supervisory Board members of the meeting. All the members of the Supervisory Board can participate in the Committee meetings. The Committee chairman can invite to the Committee meetings members of the Management Board, the Company's employees and other persons whose participation in the meeting is expedient to carry out the Committee tasks.

The Committee resolutions are passed with a simple majority of the votes cast. In the event of a tie, the Committee chairman has the casting vote.

The task of the Audit Committee is to advise the Supervisory Board of PKN ORLEN on issues related to the proper implementation of budget and financial reporting rules and internal control within the Company and the ORLEN Group, as well as cooperation with the Company's certified auditors. The Corporate Governance Committee is mainly designed to evaluate and give recommendations on the implementation of the corporate governance principles and issue opinions on the corporate governance documents and reports. The Strategy & Development Committee issues opinions and recommendations to the Supervisory Board of PKN ORLEN on planned investments and disinvestments which have a material impact on the Company's assets. The Committee also issues opinions on all strategic documents which the Management Board submits to the Supervisory Board. The Nomination & Remuneration Committee helps to attain the strategic goals of the Company by providing the Supervisory Board with opinions and motions on how to shape the management structure, with regard to organisational solutions, remuneration schemes and selection of the staff with the skills required to ensure the Company's success.

#### **5.7.6 The rules of conduct of PKN ORLEN's Management Board**

The Management Board's principal objective is to realise the Company's interests, which are understood as building the value of its assets entrusted by its Shareholders, also with due respect for the rights and interests of other parties involved in the Company operations, specifically creditors and employees.

The Management Board of PKN ORLEN ensures transparency and efficiency of the Company's management system, and guarantees for the Company's affairs to be handled in accordance with the applicable law and good business practice.

#### **Appointing and recalling PKN ORLEN's Management Board**

The Management Board of PKN ORLEN consists of between five and nine members, including the President, Vice-Presidents and others members of the Management Board. Members of the Management Board are appointed and recalled by the Supervisory Board. One member of the Management Board is appointed and recalled by the Supervisory Board upon the request of the minister in charge of the State Treasury affairs.

The term of office of the Management Board members is a joint term of office, ending on the day when the Ordinary General Meeting has been held, approving the financial statements for the whole second financial year of such term of office. So determined joint term of office is assumed to commence on 7 June 2008.

The President, Vice-Presidents, and other members of the Management Board may be suspended from duty, with just cause, by the Supervisory Board.

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Should the Management Board President be suspended from duty or his/her mandate expire before the end of the term of office, all his/her powers, except for the right to the casting vote referred to in § 9 sec. 5 item 2 of the Articles of Association, are to be executed by the person appointed by the resolution of the Supervisory Board to act in the capacity of the Management Board President until the new Management Board President is appointed or the current one is restored to his/her position.

#### **Organisation of PKN ORLEN's Management Board activity**

Meetings of the Management Board are held when necessary, however, not less frequently than once every two weeks. Each member of the Management Board may request for a Management Board meeting to be convened or certain issues to be placed on the agenda. The request should contain the proposed agenda and reasoning for the request. The meeting should be held within seven days of the request being filed.

The meeting of the Management Board is convened by the President who manages the activity of the Management Board and has to fix the date, venue and the agenda of the meeting. In exceptional cases the meeting of the Management Board may be convened by the Vice-President or two members of the Management Board. The meeting can also be held without being formally convened if all the Management Board members are present and none of them has objected to the meeting being held or any proposed issues being put on the agenda.

Invited Company employees, advisers and other persons can attend the meeting with the consent of the person chairing the meeting of the Management Board.

Meetings of the Management Board are held in the Company's registered office in Płock or in the Company's Headquarters in Warsaw. The person convening the meeting may, however, determine another venue for the meeting to be held.

The Management Board adopts resolutions during the meetings. For a resolution to be effective the scheduled meeting has to be notified to all the members of the Management Board and at least half of the Management Board composition has to be present at the meeting. The Management Board resolutions are passed with a simple majority of votes (in the event of a tie, the President of the Management Board has the casting vote) provided that for resolutions to grant a commercial power of attorney, unanimity of all members of the Management Board is required. A Management Board member who voted against a resolution that was adopted may communicate its dissenting opinion, however, such communication has to be provided with the reasoning.

Resolutions are adopted in an open vote. A secret ballot may be ordered on the request of each member of the Management Board. Resolutions are signed by all members of the Management Board who were present at the Management Board meeting which adopted the resolution. The resolution is also signed by a member of the Management Board who filed a dissenting opinion, with a note "dissenting opinion" or "votum separatum".

#### **Competence of PKN ORLEN's Management Board**

The Management Board has to handle all the affairs of PKN ORLEN which are not reserved to be considered by other authorities of the Company under the provisions of the Code of Commercial Companies or the Articles of Association. All the members of the Management Board are obliged and authorised to handle the affairs of PKN ORLEN.

All the matters going beyond the ordinary course of business are subject to resolutions of the Management Board, however, the consent of the Management Board is not required to carry out an activity being an integral part of another activity which has already been approved by the Management Board unless the resolution of the Management Board provides otherwise. Activities falling within the scope of the ordinary course of business are activities related to fuel trading, and any other activities not specified in the Constitution of the Management Board. A resolution of the Management Board is required, e.g. to:

- adopt and amend the Constitution of the Management Board;
- adopt and amend the Organisational By-laws of PKN ORLEN;
- adopt motions to be submitted to the Supervisory Board and / or to the General Meeting of Shareholders, in particular, any motions sent to these bodies for their consent to perform certain actions, form opinions, make an assessment or give an approval, which are required in accordance with the generally applicable law and / or the Company's Articles of Association;
- convene the General Meetings of Shareholders and adopt the proposed agenda of the General Meetings;
- approve annual and long-term financial plans as well as the Company's development strategy;
- approve investment assignments and corresponding liabilities where the total expenditures and encumbrances exceed PLN 10,000,000,

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- incur liabilities, manage the property rights and any form of encumbrance on the Company's property (assets) where the total value exceeds PLN 20,000,000 (with certain exclusions from that rule);
- dispose and purchase of real estate, perpetual usufruct or an interest in real estate and to establish a limited property right;
- dispose of, purchase and encumber stakes, shares or other interest in other entities, including shares admitted to public trading;
- issue the Company's securities ;
- approve the annual report on the Company's business operations, the Company's annual, half-yearly and quarterly financial statements, the Capital Group's annual, half-yearly and quarterly financial statements;
- adopt and change the Company's employees' remuneration scheme, as well as decisions regarding introduction and fundamentals of the incentive schemes;
- enter, amend and terminate a collective bargain agreement valid in the Company, and other agreements with trade unions;
- establish the principles of granting and revoking powers of attorney;
- formulate the so-called donation policy of the Company;
- grant a commercial power of attorney;
- establish the internal division of duties among the members of the Management Board;
- set up establishments / offices abroad;
- handle other matters which at least one member of the Management Board requests to be handled in the form of a resolution;
- take decisions on the payment of interim dividends.

The Management Board has to regularly provide the Supervisory Board with ample information on all aspects of PKN ORLEN's business operations and the risks related to such operations as well as the methods of managing such risks. Additionally, the Management Board has to draw up and adopt annual and long-term financial plans and the Company development strategy in the form, to the extent and by the deadlines set by the Supervisory Board. The Management Board of PKN ORLEN has also to draw up and submit to the Supervisory Board the annual financial statements of PKN ORLEN and the annual financial statements of the ORLEN Group for the previous financial year.