

## 6. CORPORATE GOVERNANCE STATEMENT

### 6.1. CORPORATE GOVERNANCE RULES

As a company listed on the Warsaw Stock Exchange ("WSE"), PKN ORLEN is required to comply with the corporate governance principles set forth in the Code of Best Practice for WSE Listed Companies 2016 ("Code of Best Practice") adopted by the WSE Supervisory Board (Resolution No. 26/1413/2015 of the WSE Supervisory Board of October 13th 2015) effective as of January 1st 2016. The Code of Best Practice is available on the WSE website <https://www.gpw.pl/best-practice> and on the PKN ORLEN corporate website [www.orklen.pl](http://www.orklen.pl) in the section dedicated to the Company's shareholders <https://www.orklen.pl/EN/InvestorRelations/ShareholderServicesTools/Pages/WSEBestPractice.aspx>.

In 2019, PKN ORLEN complied with all principles contained in the Code of Best Practice. In line with the WSE guidelines, compliance with the individual recommendations contained in the Code of Best Practice is discussed in the relevant parts of this full-year Corporate Governance Statement.

#### Communication with the capital market

PKN ORLEN seeks to ensure easy and equal access to published information using various communication tools, including the following:

- The Investor Relations section of its corporate website, which provides financial and operating data relating to the Company's business as well as information about the Company's macro environment.
- The website of the 'ORLEN in Your Wallet' programme <http://orklenwportfelu.pl/> containing details of the loyalty scheme for shareholders and a broad knowledge base of the capital market and investing.
- Expert's blog written by PKN ORLEN's Chief Economist at <http://napedzamyprzyszlosc.pl/>, containing commentary on current market developments, expert publications, and coverage of industry conferences.
- Social media:
  - Corporate Twitter account ([https://twitter.com/PKN\\_ORLEN](https://twitter.com/PKN_ORLEN));
  - President of the Management Board's Twitter account (<https://twitter.com/DanielObajtek>);
  - Press Officer's Twitter account (<https://twitter.com/RzecznikORLEN>);
  - Corporate Facebook page (<https://www.facebook.com/ORLEN.Official>);
  - President of the Management Board's Facebook account (<https://www.facebook.com/obajtekdaniel/>); LinkedIn (<https://pl.linkedin.com/company/pkn-orklen-s-a.>);
  - YouTube ([https://www.youtube.com/channel/UC4n9\\_g-u8r3JErOSyOdECZQ/featured](https://www.youtube.com/channel/UC4n9_g-u8r3JErOSyOdECZQ/featured)), and
  - Instagram (<https://www.instagram.com/pkn.orklen/>).
- Closed one-on-one or group meetings, held both in Poland and abroad, also as teleconferences.
- Press conferences open to the general public, streamed live over the Internet, with simultaneous interpretation into English. The conferences follow all major corporate events such as the release of quarterly results or strategy announcement.
- Series of meetings with investors, held both in Poland and abroad (roadshows).

- Meetings of capital market participants with the Company's key managers in the headquarters and places where PKN ORLEN conducts its operations (site visits).
- The Investor and Analyst Days organised from time to time – workshops concerning various areas of the Company's activity, run by representatives of the Management Board, executive directors and selected managers.

PKN ORLEN is ready and willing to provide any clarifications to its shareholders, investors, analysts and other capital market participants during group or one-on-one meetings, teleconferences, roadshows or site visits referred to above. Special presentation materials are prepared for these meetings, giving insight into the large and complex refining and petrochemical industry in which the Company operates.

Moreover, PKN ORLEN makes every effort to provide investors and analysts with financial information on its operations as soon as practicable. PKN ORLEN is among the companies that are the quickest to publish their financial results after the end of the reporting period. In 2019, the Company published its figures as soon as approximately 23 days after the closing of the reporting periods. PKN ORLEN is also a dividend paying company. In 2019, for the seventh consecutive year it distributed its profits to shareholders by paying out its highest ever dividend of PLN 3.50 per share.

The Company is also developing the 'ORLEN IN YOUR WALLET' programme, including the Investment Academy. The programme, launched in 2018, is dedicated to retail investors. In 2019, three brokerage houses joined the programme, so it is already supported by five professional institutions. At the end of the year, there were more than 3,000 investors registered in the programme. Materials containing the educational part of the programme were published, first examinations in the Investment Academy were held, and another educational module, 'Investing in Practice', was launched. More than 60,000 people used the educational materials made available on the website.

#### Company's response to publicly voiced opinions and information injuring its reputation

PKN ORLEN actively prevents any untrue publications and comments which might have an adverse effect on the Company's image. The ORLEN Group has in place internal guidelines that streamline the rules of external communication, covering contacts with the media, participation of the Company's representatives in debates, conferences and discussion panels, as well as activities in the social media. These guidelines require a multi-stage, while also highly intuitive and consistent, verification of any information about the Company and its representatives before it is made public. In the case of communication activities relating to the Company's image, a strong focus is placed on quick response to potentially negative publications. The rules relating to the response are strictly defined in the guidelines, which guarantees that the Company's activities in this area are highly effective.

Any such response is coordinated by the Executive Director for Corporate Communication.

### Corporate social responsibility activities of PKN ORLEN

PKN ORLEN's priority in each area of its operations is sustainable development, which we understand as care for future generations. This means that in building the ORLEN Group's position, social objectives are for us as important as business ones. We respect people and their rights. We use natural resources so as not to disturb environmental balance. We feel responsible for other members of the community in which we operate. Therefore, we engage in dialogue with them and support them in various fields of activity. This broad approach to responsibility requires the implementation of CSR activities across all business areas. CSR activities involve educating stakeholders and inspiring in them a sense of social responsibility, protecting health and safety of employees, commitment to employee development, optimisation of environmental impacts, promoting ethical values, anti-corruption measures, respect for human rights, customer focus and responsiveness to customer needs, and building partnership-based relations with business partners. We focus our initiatives in this area on the city of Plock and the Plock region. The Company is engaged there in a number of social, educational, environmental and other projects, including, in particular, the OrlenInfo system, an innovative tool for communicating with the local community. OrlenInfo allows the Company to promptly report any events that occur at the Production Plant and announce projects undertaken for the inhabitants of Plock.

Directions of our CSR activities are defined in the CSR strategy, consistent with the ORLEN business strategy. Since 2019, the 'ORLEN Group's CSR Strategy until 2022' has been implemented, with the following areas of responsibility: Society, Environment, Employees, Customers, Trading Partners. The strategic priorities are to build PKN ORLEN's image as a leader of CSR and sustainable development, seek to achieve consistency between PKN ORLEN's business and CSR objectives, generate CSR

synergies across the Group, commit to the United Nations' Sustainable Development Goals, and support the 'Accessibility Plus' programme. Moreover, in 2019 the following three priorities were defined for social initiatives: environmental protection (e.g. educational projects), promotion of safety (e.g. the 'ORLEN for Firefighters' programme), health protection and promotion (e.g. the 'Health City' campaign). The body that plays crucial role in pursuing the Company's CSR objectives is the ORLEN Foundation, established in 2001 to fulfil the social responsibility mission of its founder, PKN ORLEN. In 2019, its name was changed from 'ORLEN – DAR SERCA Foundation' to 'ORLEN Foundation' to achieve greater communication and image consistency.

PKN ORLEN's sponsorship focus is on selected themes including professional and amateur sports, culture and art, promotion of the Polish economy, international promotion of Poland, education and knowledge advancement, social projects, and initiatives in the areas of national history, memory and tradition. PKN ORLEN is engaged in the life of local communities, especially in Plock. An important category of activities are social sponsorship events, aimed to improve the quality of local residents' lives, chiefly in small communities, and to build strong relations with all stakeholders. A total of 277 projects of this type were run by the Company.

PKN ORLEN communicates its CSR initiatives via the Responsible Business section of its corporate website and its annual integrated report available online (<https://www.orklen.pl/EN/CSR/Pages/default.aspx>). The website's content includes the Company's Sponsorship Policy ([https://www.orklen.pl/PL/Odpowiedzialny\\_Biznes/Sponsoring/Strony/Sponsoring.aspx](https://www.orklen.pl/PL/Odpowiedzialny_Biznes/Sponsoring/Strony/Sponsoring.aspx)) and Charitable Giving Policy ([https://www.orklen.pl/PL/Odpowiedzialny\\_Biznes/Dobroczynosc/Strony/Dobroczynosc.aspx](https://www.orklen.pl/PL/Odpowiedzialny_Biznes/Dobroczynosc/Strony/Dobroczynosc.aspx)).

## 6.2. CONTROL, RISK MANAGEMENT AND COMPLIANCE SYSTEM

The Company's system of internal control and risk management in the preparation of financial statements is implemented through:

- verification whether uniform accounting policies are applied by the ORLEN Group companies as regards recognition, measurement and disclosures in accordance with the International Financial Reporting Standards (IFRSs) as endorsed by the European Union,
- following the procedures for registering economic events in the financial and accounting system and monitoring compliance with the procedures,
- internal controls, including separation of duties, multi-stage data verification, accuracy reviews of data received and independent checks,
- applying uniform templates of separate and consolidated accounts and periodic verification whether they are properly applied by the ORLEN Group companies,
- verification of the consistency of the ORLEN Group companies' financial statements with data entered into the integrated IT system used to prepare the ORLEN Group's consolidated financial statements,
- auditor's review of Q1, H1 and Q3 financial statements and audit of full-year financial statements of PKN ORLEN and the ORLEN Group,
- procedures to authorise, approve and issue opinions on financial statements before they are issued,

- independent and objective evaluation of the risk management and internal control systems.

Economic events at PKN ORLEN are recorded in an integrated financial and accounting system. Security and availability of information contained in the financial and accounting system are controlled at all levels of the database, applications and presentations, as well as at the operating system level. System integration is ensured by data entry control systems (validation, authorisation, a list of values) and logs of changes. PKN ORLEN keeps its IT system up to date with the changing accounting policies and other legal requirements. PKN ORLEN's solutions are implemented into systems of the ORLEN Group companies.

In order to ensure that uniform accounting policies are applied, the ORLEN Group companies have to follow, for the purpose of preparing consolidated financial statements, the accounting policy adopted by PKN ORLEN and approved by the ORLEN Group companies. The accounting policy is periodically updated to ensure compliance with any new legislation. Consolidated financial statements are prepared based on the integrated IT system where the process of consolidating data sourced from reporting packages provided by each ORLEN Group company is performed. Designed for financial management and reporting purposes, the system enables the unification of financial information. Performance and budget-related data, forecasts and statistics are gathered in one place, which ensures direct control and data compatibility.

The data is reviewed for cohesion, completeness and consistency, which is achieved thanks to embedded controls checking the compatibility of data entered by the respective companies.

In order to keep mitigating risks associated with the preparation of financial statements, they are reviewed by an auditor quarterly, i.e. more often than required by applicable laws. Q1, H1 and Q3 financial statements are reviewed by the auditor, whereas full-year financial statements are subject to an audit.

As per the relevant procedure in place at PKN ORLEN (meeting all applicable requirements), the auditor of the Company's financial statements is appointed by the Supervisory Board based on a recommendation from the Audit Committee and a report on the tender process held by the Audit Committee. Deloitte Audyt Spółka z ograniczoną odpowiedzialnością, Spółka komandytowa has been appointed as a qualified auditor of PKN ORLEN's financial statements for 2019–2021. During audit work, the auditor makes an independent assessment of the reliability and accuracy of separate and consolidated financial statements and confirms that the internal control and risk management system is effective. The auditor presents the audit and review findings to the Management Board and the Audit Committee of the Supervisory Board.

The Audit Committee, appointed by the Supervisory Board in the exercise of its powers, is a supervisory body with some of its powers and responsibilities defined in the Act on Statutory Auditors, Audit Firms, and Public Oversight of May 11th 2017, including the following:

- monitoring the preparation of the ORLEN Group's financial statements to ensure compliance with the Group's Accounting Policy and applicable laws,
- monitoring the independence of the qualified auditor and the auditing firm,
- monitoring the effectiveness of the internal control, internal audit and risk management systems.

The Company has in place certain procedures to authorise financial statements, under which periodic reports are submitted to the Management Board and then to the Supervisory Board's Audit Committee for its opinion. Once the Audit Committee's opinion is received and the auditor completes its review or audit of the financial statements, they are authorised for issue by the PKN ORLEN Management Board by means of a qualified electronic signature and then released to the public by the Investor Relations Office.

Full-year financial statements are also presented to the Supervisory Board for final assessment and control of the financial reporting process. The Supervisory Board is an independent body ensuring the reliability and accuracy of information disclosed in the financial statements of PKN ORLEN and the ORLEN Group.

The Financial Control, Risk and Compliance Management Office operates within the Management Board Member for Corporate Affairs function, with a primary responsibility for the implementation of financial control, risk and compliance management processes. The performance of financial control tasks is supervised by the Chief Executive Officer, President of the Management Board. The Office is divided into:

- Financial Control Department, responsible for detecting any irregularities and business misconduct, verifying compliance of conduct of PKN ORLEN and ORLEN Group employees with applicable laws, internal organisational rules and professional standards, estimating the impact of any potential irregularities or misconduct, defining corrective measures and designating responsible persons, as well as assessing internal organisational documents. An area subject to review is assessed primarily in terms of legal compliance, relevance, good management, reliability, organisational efficiency and

correct operation. Such assessments are made with due regard for the interests of PKN ORLEN and the ORLEN Group companies. The Department's staff carry out inspections in accordance with an annual inspection schedule (scheduled financial inspections) as well as ad hoc and preliminary inspections. Reports on scheduled and ad hoc inspections provide post-inspection orders/recommendations designed to mitigate the identified irregularities and misconduct, whereas preliminary inspections lead to the issuance of proposals of recommended actions based on the inspection findings to the extent necessary to identify any irregularities. Twice a year the Financial Control, Risk and Compliance Management Office prepares a report for the Company's Management Board on the completed financial inspections and progress in the implementation of post-inspection orders/recommendations,

- The Management Systems and Enterprise Risk Department in which the Enterprise Risk Management Team and the Management Systems Team operate. The employees of the Enterprise Risk Management Team coordinate, in line with the applicable policy and procedure, the enterprise risk management process by providing tools and methodological support to participants of the risk self-assessment process and testing of controls deployed at PKN ORLEN and the ORLEN Group companies. Their tasks are to support business areas in risk management during the implementation of project objectives by carrying out regular training sessions in risk identification, description and assessment, as well as workshops and consultations for project managers and persons involved in project work, thus helping to minimise the amount of work and optimise the project value. As part of corporate risk management, the Company regularly defines and measures risks related to the achievement of strategic objectives. The Enterprise Risk Management Team prepares regular reports on risk management at PKN ORLEN and the ORLEN Group companies, which are then presented to the relevant Management Boards.
- Members of the Management Systems Team ensure maintenance and improvement of the Integrated Management System – compliance with ISO 9001, AQAP 2110, ISO 14001, PN-N-18001, ISO/IEC 27001, ZKP, ISCC, KZR INiG, ISO 50001 and HACCP. The systemic activities include supervision of documentation (documented information), supervision of equipment, supervision of products (process outputs), and development of a process approach based on risk and opportunity analysis. As part of the Integrated Management System, management reviews are conducted and reported to the PKN ORLEN Management Board, which take into account compliance assessment, among other factors. An internal audit system is in place to verify the correctness of operation of the Group's organisational units, suppliers, contractors, etc.
- The Regulatory Risk Management Department is responsible for monitoring legal regulations that may have an impact on the ORLEN Group and for undertaking lawful lobbying activities. It is also responsible for dialogue with market regulators and managing fuel licences issued by the President of the Energy Regulatory Office under the Energy Law. The Department also participates in the implementation of measures aimed at ensuring compliance with regulatory requirements (legal and regulatory advice) at the ORLEN Group.
- Compliance Management Department, which supervises compliance by the ORLEN Group companies with applicable laws, internal regulations, voluntary standards of conduct and ethical standards. The key objective of the ORLEN Group's compliance system is to proactively monitor the regulatory

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environment of all corporate business processes and to ensure a uniform approach to implementing and reporting compliance requirements across the Group. At PKN ORLEN, the compliance system is a dispersed function, where compliance risk is managed by Directors reporting directly to a Management Board Member under the supervision of the Head of the

Financial Control, Risk and Compliance Management Office. The compliance management process is regularly reported to the Company's Management and Supervisory Boards.

### 6.3. MAJOR SHAREHOLDINGS

In 2019 and until the date of authorisation of this report, there were no changes in the structure of shareholders holding more than 5% of the PKN ORLEN share capital. The number of shares held by shareholders is presented based on the most recent official data acquired by the Company.

The Company's Articles of Association do not impose any restrictions on the transferability of PKN ORLEN shares. However, such restrictions may be stipulated by generally applicable laws including, without limitation, the Act on State Property Management and the Act on Control of Certain Investments.

**TABELA 46.** PKN ORLEN's shareholding structure as at January 1st 2019, December 31st 2019 and the date of authorisation of this report.

Shareholder	Number of shares and voting rights at the General Meeting (as at Jan 1 2019*)	Percentage of share capital and total voting rights at the General Meeting (as at Jan 1 2019*)	Number of shares and voting rights at the General Meeting (as at Dec 31 2019**)	Percentage of share capital and total voting rights at the General Meeting (as at Dec 31 2019**)	Number of shares and voting rights at the General Meeting (as at the report authorisation date***)	Percentage of share capital and total voting rights at the General Meeting (as at the report authorisation date***)
State Treasury	117,710,196	27.52%	117,710,196	27.52%	117,710,196	27.52%
Nationale-Nederlanden OFE	30,000,000	7.01%	32,544,000	7.61%	30,000,000	7.01%
Aviva OFE Aviva Santander	28,240,000	6.60%	25,000,000	5.85%	26,000,000	6.08%
Others	251,758,865	58.87%	252,454,865	59.02%	253,998,865	59.39%
<b>Total</b>	<b>427,709,061</b>	<b>100.00%</b>	<b>427,709,061</b>	<b>100.00%</b>	<b>427,709,061</b>	<b>100.00%</b>

\* According to information from the PKN ORLEN AGM convened for June 26th 2018 and adjourned to July 17th 2018.

\*\* According to information from the PKN ORLEN AGM convened for June 14th 2019.

\*\*\* According to information from the PKN ORLEN AGM convened for March 5th 2020.

### 6.4. SPECIAL CONTROL POWERS AND VOTING RIGHTS

Detailed rules for the exercise of special control powers and voting rights are laid down in PKN ORLEN's Articles of Association. According to the provisions of the Articles of Association, one PKN ORLEN share confers one voting right at the Company's General Meeting. The voting rights of shareholders have been capped in the Articles of Association so that none of them may exercise more than 10% of total voting rights existing at the Company as at the date when the General Meeting is held. The cap on voting rights does not apply to the State Treasury and the depositary bank which has issued, on the basis of an agreement with the Company, depositary receipts in respect of Company shares (if this entity exercises voting rights conferred by Company shares).

Shareholders whose voting rights are aggregated or reduced are jointly referred to as a "Shareholder Grouping". Detailed rules of such aggregation and reduction are specified in the Articles of Association. Shareholders forming a Shareholder Grouping may not exercise more than 10% of total voting rights existing at the Company as at the date when the General Meeting is held.

If the aggregated number of shares registered at the General Meeting by shareholders forming a Shareholder Grouping exceeds 10% of total voting rights at the Company, the voting rights resulting

from the number of shares held are subject to reduction, the rules of which have been specified in detail in the Articles of Association.

The cap on voting rights described above does not apply to subsidiaries of the State Treasury.

The State Treasury is entitled to appoint and remove one Member of the Supervisory Board. In addition, one member of the PKN ORLEN Management Board is appointed and removed by the entity authorised to exercise the rights attached to the shares held by the State Treasury as long as the State Treasury holds at least one share in the Company.

Additionally, in accordance with the Articles of Association, as long as the State Treasury is entitled to appoint a Member of the Supervisory Board, a resolution granting consent for transactions involving any sale or encumbrance of shares in the following companies: Naftoport Sp. z o.o., Inowrocławskie Kopalnie Soli S.A. as well as the company to be established to operate the pipeline transport of liquid fuels, will require a vote in favour of its adoption by the Supervisory Board Member appointed by the State Treasury

Special rights vested in the State Treasury as the Company's shareholder may also result from generally applicable provisions of law, i.e.:

- the Act on Special Rights Vested in the Minister Competent for Energy and their Exercise in Certain Capital Companies or

Groups Conducting Business Activities in the Electricity, Crude Oil and Gas Fuel Sectors, dated March 18th 2010,

- the Act on Control of Certain Investments, dated of July 24th 2015,
- the Act on State Property Management, dated December 16th 2016

### 6.5. AMENDMENTS TO ARTICLE OF ASSOCIATION

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

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

On June 14th 2019, the Annual General Meeting approved amendments to the Company's Articles of Association. The amendments were entered in the National Court Register and information about the entry was published by the Company in a current report.

### 6.6. GENERAL MEETING

Proceedings and powers of PKN ORLEN's General Meeting are set out in the Articles of Association and the Rules of Procedure for the General Meeting, available on PKN ORLEN's website: <https://www.orlen.pl/EN/Company/Pages/CorporateBylaws.aspx>

The Company sets the venue and date of a General Meeting so as to enable participation by the largest possible number of shareholders. General Meetings of PKN ORLEN are held at the Company's registered office in Plock, but may also be held in Warsaw. General Meetings may be attended by members of the media.

floor during the General Meeting from a location other than the venue of the General Meeting.

Shareholders may exercise their voting rights at the General Meeting in person or by proxy.

PKN ORLEN takes relevant measures to ensure that drafts of General Meeting resolutions contain a justification helping shareholders cast an informed vote. All materials presented at a General Meeting are available to shareholders at the Company's headquarters in Plock and office in Warsaw, as well as on the corporate website at [www.orlen.pl](http://www.orlen.pl) starting from the date of a notice convening the General Meeting.

In accordance with the Rules of Procedure for the General Meeting, a General Meeting may be cancelled if there are extraordinary impediments to its holding or its holding would be obviously groundless. The cancellation or rescheduling of a General Meeting should be effected forthwith once the circumstances requiring its cancellation or rescheduling have occurred, but no later than seven days prior to the day when the General Meeting was to be held. If the cancellation or rescheduling of a General Meeting cannot be effected within the deadline specified above, the General Meeting should be held as originally scheduled. If it is impossible or excessively difficult to hold that General Meeting due to existing circumstances, the cancellation or rescheduling of the General Meeting may be effected at any time prior to the day when the General Meeting was to be held. The cancellation or rescheduling of a General Meeting is effected by way of a notice posted on the Company's website together with reasons and in compliance with other legal requirements. Only the body or person who has convened a General Meeting is entitled to cancel it. A General Meeting with the agenda containing specific issues put thereon at the request of eligible entities, or which has been convened at such request, may only be cancelled with the consent of such requesting entities.

#### Convening and cancelling the General Meeting

The General Meeting is convened by way of a notice published on the Company's website and a current report.

#### Powers and responsibilities of the General Meeting

The Annual General Meeting should be held no later than within six months from the end of every financial year. An Extraordinary General Meeting is convened by the Management Board on its own initiative, upon the Supervisory Board's motion or upon the motion of a shareholder or shareholders representing no less than one-twentieth of the Company's share capital, within two weeks of submitting the motion. The Supervisory Board may convene an Extraordinary General Meeting if it sees fit to do so. In addition, the Supervisory Board may convene an Extraordinary General Meeting if the Management Board fails to do so within two weeks of the Supervisory Board's submitting the relevant request. An Extraordinary General Meeting may also be convened by shareholders representing at least one half of the share capital or at least one half of total voting rights at the Company.

The Company arranges for an internet broadcast of the General Meeting and offers simultaneous interpretation into English. The Company does not provide for shareholders' participation in a General Meeting using means of electronic communication through real-time bilateral communication where shareholders could take the

The General Meeting is authorised in particular to:

- review and approve the Company's full-year financial statements; annual Directors' report on the Company's operations; consolidated financial statements of the ORLEN Group and Directors' report on the ORLEN Group's operations for the previous financial year,
- acknowledge the fulfilment of duties by the Supervisory Board and Management Board Members,
- decide on the allocation of profit and coverage of loss, and on the application of funds set aside from earnings,
- appoint the Supervisory Board Members, subject to the provisions of Art. 8.2 of the Articles of Association, and establish policies for their remuneration,

- increase and reduce the share capital unless the Commercial Companies Code or the Company's Articles of Association stipulate otherwise,
- decide on any claims for redress of damage caused upon the Company's formation or when managing or supervising the Company,
- grant consent to any sale or lease of the business or its organised part, and creation of limited property rights in the business or its organised part,
- grant consent to any sale of real property, perpetual usufruct or interest in real property with a net carrying value exceeding 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 funds of the Company,
- resolve to cancel shares and buy shares to be cancelled, and establish the terms of such cancellation,
- issue convertible bonds or bonds with pre-emptive rights and issue warrants,
- dissolve, liquidate and restructure the Company or merge it with another company,
- conclude group contracts within the meaning of Art. 7 of the Commercial Companies Code

### Participation in the General Meeting

In accordance with the Commercial Companies Code, the right to participate in the Company's General Meeting is vested only in persons that are the Company's shareholders sixteen days before the date of the General Meeting (record date).

Shareholders may communicate with the Company via the corporate website, using the contact form available at: <https://www.orlen.pl/EN/InvestorRelations/GeneralMeetings/Contact/Pages/default.aspx>, or through email (at: [walne.zgromadzenie@orlen.pl](mailto:walne.zgromadzenie@orlen.pl)). They may send a notification of granting power of proxy in electronic form and the power of proxy document (or a power of proxy cancellation document), and they may send requests and documents to the Company, for instance requests to place a matter on the agenda of the General Meeting, draft resolutions for the General Meeting, etc. A section dedicated to the Company's General Meetings contains some useful materials for shareholders, including a guideline entitled "How to participate in the General Meeting", information about upcoming General Meetings along with relevant materials, materials pertaining to General Meetings held in the past, including texts of resolutions passed and video files with internet broadcasts of General Meetings.

The General Meeting may be attended by Members of the Management Board and the Supervisory Board, who can participate and speak, even if they are not shareholders, without any invitation. The Annual General Meeting may be attended by Members of the Management Board and the Supervisory Board whose mandates expired before the date of the General Meeting but who still performed their functions during the financial year for which the Directors' report and the financial statements are to be approved by the Annual General Meeting.

General Meetings may also be attended by other persons invited by the body convening the General Meeting or allowed to enter the meeting room by the Chair, especially qualified auditors, legal and financial advisers and the Company's employees. Subject to the applicable law and with due consideration of the Company's interests, PKN ORLEN may allow its General Meetings to be attended by members of the media. The Management Board

ensures that each General Meeting is attended by an independent expert in commercial law

### Voting at the General Meeting

Unless stated otherwise in the Commercial Companies Code or the Articles of Association, resolutions of the General Meeting are passed by an absolute majority of the votes cast. One PKN ORLEN share confers one voting right at the Company's General Meeting. Limitations on the shareholders' voting rights are described in the section on special control powers and voting rights.

### General Meeting in 2019

In 2019, one General Meeting was held. It was the Annual General Meeting and it was held on June 14th 2019..

The Annual General Meeting:

- approved of the Directors' reports on the operations of the Company and the ORLEN Group as well as the financial statements for 2018;
- acknowledged the fulfilment of duties by all the Supervisory and Management Board Members;
- allocated the net profit for the 2018 financial year in the following manner:
  - 1) PLN 1,496,981,713.50 was allocated to be paid as dividend (PLN 3.5 per share),
  - 2) the balance of PLN 3,937,168,128.67 was allocated to the Company's statutory reserve funds,
- the previous term of office having expired, the General Meeting appointed nine persons to the Supervisory Board for a new term of office: Izabela Felczak-Poturnicka as Chair of the Supervisory Board and Barbara Jarzembowska, Andrzej Kapała, Michał Klimaszewski, Jadwiga Lesisz, Małgorzata Niezgodna, Anna Sakowicz-Kacz, Andrzej Szumański and Anna Wójcik;
- made further amendments to Resolution No. 4 of the Extraordinary General Meeting of January 24th 2017 on the rules of remuneration for members of the Management Board, and decided to adopt a consolidated text of the resolution incorporating all previous amendments;
- amended Resolution No. 5 of the Extraordinary General Meeting of the Company of January 24th 2017 determining the rules of remunerating members of the Supervisory Board.

The Annual General Meeting also passed resolutions to amend the Company's Articles of Association. The purpose of these amendments was to:

- enable the Supervisory Board members, in compliance with the Commercial Companies Code, to vote on resolutions of the Supervisory Board by casting their votes in writing through another member of the Supervisory Board;
- redact the provisions of Art. 8.2 of the Articles of Association by specifying that the right to appoint and remove one member of the Supervisory Board rests with the State Treasury, represented by the entity authorised to exercise the rights attached to the shares held by the State Treasury;
- change the powers of the Supervisory Board specified in Art. 8.11 and Art. 8.12 of the Articles of Association. The changes were required to implement the provisions of the Act on State Property Management in the Company's Articles of Association;
- specify that the Company's Management Board comprises five to nine members, who are appointed and removed by the Supervisory Board following a recruitment process, with the proviso that one member of the PKN ORLEN Management Board is appointed and removed by the entity authorised to

exercise the rights attached to the shares held by the State Treasury as long as the State Treasury holds at least one share in the Company. It was also determined what requirements candidates for members of the Company's Management Board should meet;

- specify that the Management Board must prepare and submit to the General Meeting and the Supervisory Board a report on entertainment expenses, legal costs, marketing costs, public relations and communication expenses, and management consultancy fees, as well as a report on application of best practices referred to in Art. 7.3 of the Act on State Property Management of December 16th 2016 to the extent they are applicable to the Company;
- define the rules for disposal of non-current assets in the Company's Articles of Association;
- require the Company's Management Board to take steps with a view to introducing into the Articles of Association of companies with respect to which the Company is the parent within the meaning of Art. 4.3 of the Act on Competition and Consumer Protection of February 16th 2007 the principles set out in Art. 17.1-4, Art. 17.6 and Art. 17.6a, taking into consideration the provisions of Art. 17.5, Art. 18.1, Art. 19.1-3, Art. 19.5 and Art.

22, of the Act on State Property Management of December 16th 2016 as well as the obligation to immediately remove any member of such company's supervisory body who does not meet the requirements set out in the Articles of Association.

- increase the maximum number of Supervisory Board members to ten persons, including the Chair.

The Annual General Meeting also resolved to repeal the General Meeting resolutions which implemented the provisions of the Act on State Property Management adopted as the amendments to the Company's Articles of Association listed above.

#### General Meeting in 2020

On March 5th 2020, an Extraordinary General Meeting of PKN ORLEN S.A. was held. It changed the composition of the Company's Supervisory Board and set the number of its members at ten. The Extraordinary General Meeting also removed Ms Małgorzata Niezgoda from the Supervisory Board and appointed Mr Wojciech Jasiński and Mr Dominik Kaczmarski to the Board. Mr Wojciech Jasiński was appointed Chair of the Supervisory Board.

## 6.7. MANAGEMENT AND SUPERVISORY BODIES

Apart from generally applicable laws, the operating procedures of PKN ORLEN's Supervisory Board, its Committees and Management Board are set out in PKN ORLEN's Articles of Association and the Rules of Procedure for the Supervisory Board or the Management Board, as appropriate. In their operations PKN ORLEN's management and supervisory bodies also comply with the corporate governance principles set out by the Warsaw Stock Exchange. In order to achieve the highest standards in the performance of the Management Board's and Supervisory Board's duties defined in the generally applicable laws and internal regulations, as well as to ensure that these duties are discharged effectively, the Management Board and Supervisory Board Members must possess extensive

qualifications and experience. The current composition of the Management and Supervisory Boards ensures a good balance and diversity in terms of gender, educational background, age and professional experience.

Any outside employment of the Management Board Members is assessed by the Supervisory Board, which – pursuant to the Company's Articles of Association – grants permission to Management Board Members to serve on the supervisory or management bodies of any other entities and to receive remuneration for such service.

### 6.7.1. Management Board

#### Composition of PKN ORLEN Management Board and division of remits

**TABLE 47.** Composition of PKN ORLEN Management Board as at January 1st 2019.

Name and surname	Position held on PKN ORLEN Management Board
Daniel Obajtek	CEO, President of the Management Board
Armen Konrad Artwich	Member of the Management Board, Corporate Affairs
Zbigniew Leszczyński	Member of the Management Board, Development
Patrycja Klarecka	Member of the Management Board, Retail Sales
Wiesław Protasewicz	Member of the Management Board, Finance
Michał Róg	Member of the Management Board, Wholesale and International Trade
Józef Węgrecki	Member of the Management Board, Operations

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### Changes on the Management Board during the previous financial year

At its meeting on November 28th 2019, the PKN ORLEN Supervisory Board removed Wiesław Protasewicz from the Management Board, with effect from November 28th 2019.

**TABLE 48.** Composition of PKN ORLEN Management Board as at December 31st 2019.

Name and surname	Position held on PKN ORLEN Management Board	Remit
Daniel Obajtek	President of the Management Board Chief Executive Officer	strategy and investor relations, human resources, sports marketing, sponsorship and events, corporate communication, management office, control and security, audit, financial control, legal, relations with external stakeholders, trade in crude oil and natural gas;
Armen Konrad Artwich	Member of the Management Board, Corporate Affairs	administration, environmental protection, corporate group, risk and compliance management, and supervision of the financial division: business controlling, financial management, planning and reporting, taxes;
Patrycja Klarecka	Member of the Management Board, Retail Sales	IT, marketing, retail, innovation, infrastructure and information security supervision;
Zbigniew Leszczyński	Member of the Management Board, Development	procurement, capital investments, development and technology, technical matters;
Michał Róg	Member of the Management Board, Wholesale and International Trade	wholesale of refining products, trade in petrochemical products, logistics, supply chain management;
Józef Węgrecki	Member of the Management Board, Operations	refining production, petrochemical production, power generation, production efficiency and optimisation, water and wastewater management, occupational health and safety.

### Changes on the Management Board as at the date of authorisation of this report for issue

Board for Finance and Adam Burak as Member of the Management Board for Communications and Marketing, with effect from February 3rd 2020.

At its meeting on January 30th 2020, the Supervisory Board of PKN ORLEN appointed Jan Szewczak as Member of the Management

**TABLE 49.** Composition of PKN ORLEN Management Board as at the date of authorisation of this report.

Name and surname	Position held on PKN ORLEN Management Board	Remit
Daniel Obajtek	CEO, President of the Management Board	strategy and investor relations, human resources, management board office, control and security, audit, financial control, legal, oil and gas trade;
Armen Konrad Artwich	Member of the Management Board, Corporate Affairs	administration, environmental protection, corporate group, risk management and compliance management;
Adam Burak	Member of the Management Board for Communications and Marketing	corporate communication, marketing, sports marketing, sponsorship and events;
Patrycja Klarecka	Member of the Management Board, Retail Sales	IT, retail, innovation, relations with external stakeholders, infrastructure and information security supervision;
Zbigniew Leszczyński	Member of the Management Board, Development	procurement, capital investments, development and technology, technical matters;
Michał Róg	Member of the Management Board, Wholesale and International Trade	wholesale of refining products, trade in petrochemical products, logistics, supply chain management;
Jan Szewczak	Member of the Management Board, Finance	finance management, financial risk management, business controlling, taxes;
Józef Węgrecki	Member of the	refining production, petrochemical production, power generation, production efficiency and



The current division of remits between Members of the PKN ORLEN Management Board is also available on the Company's website <https://www.orlen.pl/EN/Company/ManagementBoard/AreasOfResponsibility/Pages/default.aspx>

#### **Appointment and removal of the Management Board**

The Management Board of PKN ORLEN consists of five to nine members, including the President, Vice Presidents and other Members of the Management Board. Members of the Management Board are appointed and removed by the Supervisory Board. One member of the PKN ORLEN Management Board is appointed and removed by the entity authorised to exercise the rights attached to the shares held by the State Treasury as long as the State Treasury holds at least one share in the Company.

The term of office of the Management Board Members is a joint term, ending on the date of the Annual General Meeting approving the financial statements for the full second financial year of such term of office.

The Supervisory Board may suspend the President, Vice Presidents, individual Members of the Management Board and the Management Board as a whole from their duties for valid reasons. Should the Management Board President be removed or suspended from duties or should his/her mandate expire before the end of the term of office, all his/her powers, except for the casting vote referred to in Art. 9.5.2 of the Articles of Association, are to be exercised by the person appointed by a resolution of the Supervisory Board as acting President of the Management Board until a new Management Board President is appointed or the current one is restored to his/her position.

The current term of office of the Management Board began on June 30th 2017 and ends on the date of the General Meeting of PKN ORLEN approving the Company's financial statements for the financial year 2019.

#### **Organisation of the Management Board activity**

Detailed rules for the convening of Management Board meetings are set out in the Rules of Procedure for the Management Board, available on the Company's website <https://www.orlen.pl/EN/Company/Pages/CorporateBylaws.aspx>

Meetings of the Management Board are held at least once every two weeks. For Management Board resolutions to be valid, a scheduled meeting has to be notified to all Members of the Management Board and at least half of the Management Board Members have to be present at the meeting. Management Board resolutions are passed by a simple majority of votes (in the event of a voting tie, the President of the Management Board has the casting vote) provided that for resolutions to grant a commercial power of proxy, unanimity of all Members of the Management Board is required.

A Management Board Member who voted against a resolution that was carried may communicate his/her dissenting opinion, which, however, needs to be justified.

Resolutions are voted on by open ballot. A secret ballot may be ordered at a 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 on which a given resolution was passed. A resolution is also signed by the Member of the Management Board who filed a dissenting opinion, with a note: "dissenting opinion" or "votum separatum".

The Rules of Procedure for the Management Board also provide for the possibility of Management Board resolutions being adopted using means of remote communication. Resolutions voted on under such procedure are only valid if all Management Board Members have been notified of the contents of the draft resolutions, with the proviso that such notification may also be made using means of remote communication.

According to the Rules of Procedure for the Management Board, the Management Board Members must notify the Supervisory Board of any actual or potential conflict of interest which has arisen or may arise in connection with the positions held by them. Should the Company's interest be in conflict with the personal interests of a Management Board Member, the Management Board Member in question should abstain from deciding on such matter and request that a relevant note be made in the minutes of the meeting. In the case of doubt as to whether a conflict of interest exists, the matter is resolved by the Management Board by way of a resolution. According to the Rules of Procedure for the Management Board, a conflict of interest is understood as a circumstance in which a decision made by a Member of the Management Board may be influenced by a personal interest of the Management Board Member or his/her close person, i.e. their spouse, children, persons related to them through blood or marriage in the first or second degree, or any persons to whom the Member is personally related.

#### **Powers and responsibilities of the Management Board**

All Members of the Management Board are obliged and authorised to manage PKN ORLEN's affairs.

All matters going beyond the ordinary course of business are subject to resolutions of the Management Board. Matters falling within the scope of ordinary business are those related to trading in fuels within the meaning of the Company's Articles of Association (i.e. crude oil, petroleum products, biocomponents, biofuels and other fuels including natural gas, industrial gas and fuel gas) or energy, and any other matters not expressly specified in the Rules of Procedure for the Management Board. In addition, the Management Board's consent is not required to perform an action which is an integral part of any other action for which the Management Board already gave its consent, unless the Management Board's resolution states otherwise.

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A resolution of the Management Board is required, among other things to:

- adopt and amend the Rules of Procedure for the Management Board,
- adopt and amend the Organisational Rules and Regulations of PKN ORLEN,
- adopt motions to be submitted to the Supervisory Board and/or to the General Meeting,
- convene the General Meetings and adopt their proposed agendas,
- adopt annual and long-term financial plans as well as the Company's development strategy,
- approve investment projects and corresponding liabilities if the resulting expenditures or charges exceed PLN 10,000,000,
- incur liabilities, dispose of property rights and encumber in any way the Company's assets with a value exceeding PLN 20,000,000 (subject to certain exceptions),
- sell and purchase real property, perpetual usufruct or an interest in real property, and create limited property rights,
- dispose of, purchase and encumber shares or other equity instruments of other entities, including shares admitted to public trading,
- issue the Company's securities,
- authorise the Company's and the ORLEN Group's financial statements,
- adopt and change the employee remuneration scheme, and make decisions regarding the introduction and design of incentive schemes,
- conclude, amend and terminate a collective bargaining agreement applicable at 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 proxy,
- establish the internal division of remits between the Members of the Management Board,
- set up establishments/offices abroad,
- resolve other matters which at least one Member of the Management Board requests to be resolved by way of a resolution,
- take decisions on payment of interim dividends.

The following activities undertaken in the ordinary course of management also require resolutions of the Management Board:

- incurring liabilities in legal transactions involving trade in crude oil or hydrocarbon raw materials used to produce fuels in a

refinery, excluding biocomponents and fuel additives if the transaction volume exceeds 165,000 tonnes of crude oil or 165,000 tonnes of hydrocarbon raw materials used to produce fuels in a refinery, excluding biocomponents and fuel additives;

- incurring liabilities in legal transactions involving natural gas trading, trading capacity in natural gas transmission, distribution and storage grids/networks in Poland or abroad, and trading in natural gas storage capacities in Poland and abroad if the transaction volume exceeds 100m Nm<sup>3</sup>;
- incurring liabilities in legal transactions involving the acquisition of biocomponents and biofuels, including raw materials for the production of biocomponents and biofuels, if the transaction value exceeds PLN 200,000,000 (two hundred million zloty);
- incurring liabilities in legal transactions involving trade in fuels, within the meaning of the Company's Articles of Association, other than those referred to in paragraph 6 Section 1), Section 2) and Section 3) if the transaction value exceeds PLN 200,000,000 (two hundred million zloty);
- incurring liabilities in legal transactions involving sale or purchase of refining products in international trade if the transaction volume exceeds 90,000 tonnes, excluding heavy fuel oil;
- incurring liabilities in legal transactions involving participation in a public procurement/tender procedure for contract award (including participation in negotiations concerning the subject matter of the contract) in the area of wholesale trade in refining products and fleet cards if the transaction value exceeds PLN 200,000,000 (two hundred million zloty);
- incurring liabilities in legal transactions involving trade in energy, property rights under energy origin certificates and energy efficiency certificates, guarantees of origin and documents confirming their issue, the related system services and energy ranges, as well as all activities related to switching electricity suppliers if the transaction volume exceeds 300 GWh;
- incurring liabilities in legal transactions involving participation in tender procedures (including those subject to the Public Procurement Law) relating to trading in (separately or jointly) energy, energy-related services or products (including participation in negotiations and other factual and legal acts related to the subject matter of the contract) and any activities related to switching electricity suppliers if the transaction volume exceeds 300 GWh.

The Management Board is obliged to provide regular and exhaustive information to the Supervisory Board on all matters of importance and risks connected with the business of PKN ORLEN, as well as the manner of managing such risk.

### 6.7.2. Supervisory Board

**TABLE 50.** Composition of PKN ORLEN Supervisory Board as at January 1st 2019.

Name and surname	Position held on PKN ORLEN Supervisory Board
Izabela Felczak-Poturnicka	Chair of the Supervisory Board
Radosław L. Kwaśnicki	Deputy Chair of the Supervisory Board (Independent Member of the Supervisory Board from March 14th 2018)
Mateusz Henryk Bochacik	Secretary of the Supervisory Board (Independent Member of the Supervisory Board from February 26th 2018)
Wojciech Kryński	Member of the Supervisory Board (Independent Member of the Supervisory Board)

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Małgorzata Niezgoda	Member of the Supervisory Board
Jadwiga Lesisz	Member of the Supervisory Board (Independent Member of the Supervisory Board)
Agnieszka Biernat-Wiatrak	Member of the Supervisory Board
Andrzej Kapala	Member of the Supervisory Board (Independent Member of the Supervisory Board)
Anna Wójcik	Member of the Supervisory Board

On February 15th 2019, Mateusz Henryk Bochacik resigned as Member of the Supervisory Board of PKN ORLEN.

On March 20th 2019, the Supervisory Board appointed Ms Anna Wójcik, Member of the Supervisory Board, as Secretary of the Supervisory Board.

On June 14th 2019, Mr Radosław L. Kwaśnicki, Deputy Chairman of the Supervisory Board, resigned as Member of the Supervisory Board of PKN ORLEN S.A.

On June 14th 2019, the Annual General Meeting of PKN ORLEN appointed the following persons to the Supervisory Board for a new term of office: Izabela Felczak-Poturnicka, Chair of the Supervisory Board; Supervisory Board members: Małgorzata Niezgoda, Andrzej Kapala, Jadwiga Lesisz, Anna Wójcik, Andrzej Szumański, Barbara Jarzembowska, Anna Sakowicz-Kacz, and Michał Klimaszewski.

On June 27th 2019, the Supervisory Board appointed its members Mr Andrzej Szumański and Ms Anna Wójcik as, respectively, Deputy Chair and Secretary of the Supervisory Board.

On October 29th 2019, acting on behalf of the State Treasury and pursuant to Art. 8.2.1 of the Company's Articles of Association, the Head of the State Treasury Department at the Chancellery of the Prime Minister appointed Roman Kusz to the PKN ORLEN Supervisory Board.

In 2019, the PKN ORLEN Supervisory Board held 15 minuted meetings and passed 193 resolutions. The attendance of PKN ORLEN Supervisory Board Members at Supervisory Board meetings was 99%. In the case of absence of a Supervisory Board Member

from a meeting, the Supervisory Board passed a resolution to authorise the absence.

As at December 31st 2019, the Supervisory Board consisted of six woman and four men. The age structure of Supervisory Board members: 40–49 years: 6 members, 50–60 years: 1 member, over 60 years: 3 members.

The General Meeting of the Company appointed the Supervisory Board for a new term of office on June 14th 2019. The current term of office of the Supervisory Board ends on the date of the PKN ORLEN General Meeting approving the Company's financial statements for the financial year 2021.

The Supervisory Board of the current term is composed of Members with educational background in law, economics and finance (including a law professor) and diverse professional experience, who completed specialist courses and training programmes.

The qualifications of individual Members of the Supervisory Board are described in the first section of the Directors' report on the operations of the ORLEN Group in 2019 and on the corporate website at

<https://www.orlen.pl/EN/Company/SupervisoryBoard/Pages/default.aspx>

In 2019, there were six independent Members on the Supervisory Board.

**TABLE 51.** Composition of PKN ORLEN Supervisory Board as at December 31st 2019

Name and surname	Position held on PKN ORLEN Supervisory Board
Izabela Felczak-Poturnicka	Chair of the Supervisory Board
Andrzej Szumański	Deputy Chair of the Supervisory Board (Independent Member of the Supervisory Board)
Anna Wójcik	Secretary of the Supervisory Board
Barbara Jarzembowska	Member of the Supervisory Board (Independent Member of the Supervisory Board)
Andrzej Kapala	Member of the Supervisory Board (Independent Member of the Supervisory Board)
Michał Klimaszewski	Member of the Supervisory Board (Independent Member of the Supervisory Board)
Małgorzata Niezgoda	Member of the Supervisory Board
Jadwiga Lesisz	Member of the Supervisory Board
Roman Kusz	Member of the Supervisory Board (Independent Member of the Supervisory Board)
Anna Sakowicz-Kacz	Member of the Supervisory Board (Independent Member of the Supervisory Board)

Ms Izabela Felczak-Poturnicka resigned from her position as Chair of the Supervisory Board with effect from January 16th 2020.

On March 5th 2020, an Extraordinary General Meeting of PKN ORLEN S.A. removed Ms Małgorzata Niezgoda from the

Supervisory Board and appointed Mr Wojciech Jasiński and Mr Dominik Kaczmarek to the Board. Mr Wojciech Jasiński was also appointed Chair of the Supervisory Board.

**TABLE 52.** Composition of PKN ORLEN Supervisory Board as at the date of authorisation of this report.

Name and surname	Position held on PKN ORLEN Supervisory Board
Wojciech Jasiński	Chair of the Supervisory Board
Andrzej Szumański	Deputy Chair of the Supervisory Board (Independent Member of the Supervisory Board)
Anna Wójcik	Secretary of the Supervisory Board
Barbara Jarzembowska	Member of the Supervisory Board (Independent Member of the Supervisory Board)
Andrzej Kapala	Member of the Supervisory Board (Independent Member of the Supervisory Board)
Dominik Kaczmarek	Member of the Supervisory Board
Michał Klimaszewski	Member of the Supervisory Board (Independent Member of the Supervisory Board)
Jadwiga Lesisz	Member of the Supervisory Board
Roman Kusz	Member of the Supervisory Board (Independent Member of the Supervisory Board)
Anna Sakowicz-Kacz	Member of the Supervisory Board (Independent Member of the Supervisory Board)

### Operating procedures of the Supervisory Board

PKN ORLEN's Supervisory Board is composed of six to ten Members. The State Treasury as a shareholder is authorised to appoint and remove one Member of the Supervisory Board, while other Members of the Supervisory Board are appointed and removed by the General Meeting. Members of PKN ORLEN's Supervisory Board are appointed for a joint term of office, ending on the date of the Annual General Meeting approving the financial statements for the full second financial year of such term of office. Individual Members of the Supervisory Board and the entire Supervisory Board may be removed at any time before the end of their term of office. The General Meeting of PKN ORLEN appoints the Chair of the Supervisory Board, whereas the Deputy Chair and the Secretary are appointed by the Supervisory Board from among the other Members of the Board.

At least two Supervisory Board Members must meet the independence criteria specified in PKN ORLEN's Articles of Association. In accordance with the Code of Best Practice, independent Supervisory Board Members are not employees of the Company, its subsidiary or associate, do not have a similar contractual relationship with any of these entities, and have no ties to a shareholder that would preclude their independence.

Before being appointed to the Supervisory Board, independent Members of the Supervisory Board should submit to the Company a written statement to the effect that they meet the criteria set out in the Articles of Association and in the Code of Best Practice. Moreover, candidates to the Supervisory Board should submit statements based on which it would be possible to determine whether they meet the requirements for members of the Audit Committee of the Supervisory Board, as set out in the Act on Statutory Auditors, Audit Firms, and Public Oversight of May 11th 2017, including the requirements concerning independence of the Audit Committee Members. Statements on meeting the independence criteria are submitted to the other Supervisory Board Members and to the Management Board.

If the independence criteria are not met, a Member of the Supervisory Board is obliged to immediately notify the Company of the same. The Company then informs the shareholders of 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 and put an item concerning changes in the composition of the Supervisory Board on the agenda of the General Meeting. The Supervisory Board will continue to operate as then composed until changes in the composition of the Supervisory Board are made, i.e. the number of independent Members is adjusted to the requirements set forth in the Articles of Association, and the provisions of Art. 8.9 of the Articles of Association (containing a list of resolutions which must be passed with the consent of at least half of independent Supervisory Board Members) will not apply.

In accordance with the Rules of Procedure for the Supervisory Board, a Supervisory Board Member should not resign mid-term if this could prevent the Supervisory Board from performing its duties, and in particular from timely passing a resolution on any matter material to the Company. If a Supervisory Board Member has resigned or is unable to perform his/her duties, the Company should immediately take appropriate steps to fill the vacancy or change the composition of the Supervisory Board.

Organisation of the Supervisory Board, in accordance with the principles outlined in PKN ORLEN's Articles of Association and the Rules of Procedure for the Supervisory Board, is described on the corporate website:

<https://www.orklen.pl/EN/Company/Pages/CorporateBylaws.aspx>

Meetings of the Supervisory Board are held when necessary, but at least once every two months.

The Supervisory Board may pass resolutions if at least half of its Members participate in the meeting. Subject to the provisions of the Commercial Companies Code, a resolution of the Supervisory Board may be passed in writing or with the use of direct means of remote communication. Resolutions of the Supervisory Board are passed by an absolute majority of the votes cast in the presence of at least half of the Members of the Supervisory Board. This does not apply to resolutions to remove or suspend from duties any Members of the Management Board or the entire Management Board during the term of their office, in which case at least two-thirds of all the Supervisory Board Members must vote in favour of a given resolution.

Passing resolutions on the following matters:

- any benefits 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 subsidiary with an entity related to the Company, a Member of the Supervisory Board or Management Board, as well as their related entities,
- appointing a qualified auditor to audit the financial statements of the Company,

requires the consent of at least half of the independent Members of the Supervisory Board. The foregoing provisions do not exclude the application of Art.15.1 and Art. 15.2 of the Commercial Companies Code.

**Powers and responsibilities of the Supervisory Board**

The Supervisory Board of PKN ORLEN exercises ongoing supervision over the Company's operations, in all fields of its activity, specifically, the Supervisory Board is authorised to act as set out in the Commercial Companies Code and the Company's Articles of Association, in conformity with the Rules of Procedure for the Supervisory Board and – where generally applicable laws so stipulate – resolutions of the General Meeting and the Supervisory Board as well as internal organisational documents in place at the Company.

To ensure the highest standards of corporate governance and in order to enable shareholders to form a true and fair view of the Company, the Supervisory Board of PKN ORLEN has the additional obligation to submit to the General Meeting:

- assessment of PKN ORLEN's standing, including the internal control, risk management, compliance and internal audit function,
- an annual report on its work,
- assessment of how the Company's corporate governance disclosure obligations are fulfilled,
- assessment of the soundness of the Company's sponsorship, charity and similar activities,
- review and assessment of the operations of the Group companies in the assessment of the Group's consolidated financial statements,

- assessment of the use of non-current assets by the Company.

Pursuant to Sections 8.1 and 8.2 of the Rules of Procedure for the Supervisory Board, in order to discharge its duties, the Supervisory Board may inspect all the Company's documents, request the Management Board and employees to provide reports and clarifications, and review the Company's assets. To enable the Supervisory Board to perform its duties, the Management Board gives it access to information on matters concerning the Company. In order to guarantee the proper discharge of its duties, the Supervisory Board may request that the Management Board prepare, at the expense of the Company, expert and other opinions for the Supervisory Board, or employ an adviser.

Pursuant to Sections 27.1 and 27.2 of the Rules of Procedure for the PKN ORLEN Supervisory Board, a Supervisory Board Member should inform the other Members of the Supervisory Board of any conflicts of interest which have arisen or may arise, as well as abstain from taking the floor when the matter which has given rise to the conflict is being discussed, abstain from voting on the relevant resolution and request that the fact be recorded in the minutes. No breach of the provisions of the preceding sentence may render the Supervisory Board's resolution invalid. In the case of doubt as to whether a conflict of interest exists, the matter is resolved by the Supervisory Board by way of a resolution.

**Committees of the Supervisory Board**

The Supervisory Board of PKN ORLEN may appoint standing or ad hoc committees, which act as its collective advisory and opinion making bodies.

The following standing committees operate within the Supervisory Board of PKN ORLEN:

- Audit Committee,
- Strategy and Development Committee,
- Nomination and Remuneration Committee,
- Corporate Governance Committee,
- Corporate Social Responsibility Committee (CSR Committee).

**Composition of PKN ORLEN Supervisory Board Committees in 2019**

**TABLE 53.** Composition of PKN ORLEN Supervisory Board Committees as at January 1st 2019

Name and surname	Position held on PKN ORLEN Supervisory Board Committee
<b>Audit Committee</b>	
Wojciech Kryński	Committee Chair, Independent Member of the Supervisory Board
Radosław L. Kwaśnicki	Committee Member, Independent Member of the Supervisory Board
Izabela Felczak-Poturnicka	Committee Member
Jadwiga Lesisz	Committee Member, Independent Member of the Supervisory Board
Andrzej Kapala	Committee Member, Independent Member of the Supervisory Board
<b>Strategy and Development Committee</b>	
Radosław L. Kwaśnicki	Committee Chair, Independent Member of the Supervisory Board
Izabela Felczak-Poturnicka	Committee Member
Małgorzata Niezgoda	Committee Member

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Agnieszka Biernat-Wiatrak	Committee Member, Independent Member of the Supervisory Board
Andrzej Kapala	Committee Member, Independent Member of the Supervisory Board
<b>Nomination and Remuneration Committee</b>	
Małgorzata Niezgoda	Committee Chair
Mateusz Bochacik	Committee Member, Independent Member of the Supervisory Board
Wojciech Kryński	Committee Member, Independent Member of the Supervisory Board
Jadwiga Lesisz	Committee Member, Independent Member of the Supervisory Board
Anna Wójcik	Committee Member
<b>Corporate Governance Committee</b>	
Agnieszka Biernat-Wiatrak	Committee Chair
Mateusz Bochacik	Committee Member, Independent Member of the Supervisory Board
Radosław L. Kwaśnicki	Committee Member, Independent Member of the Supervisory Board
<b>Corporate Social Responsibility Committee</b>	
Jadwiga Lesisz	Committee Chair, Independent Member of the Supervisory Board
Radosław L. Kwaśnicki	Committee Member, Independent Member of the Supervisory Board
Izabela Felczak-Poturnicka	Committee Member
Anna Wójcik	Committee Member

**TABLE 54.** Composition of PKN ORLEN Supervisory Board Committees as at December 31st 2019

Name and surname	Position held on PKN ORLEN Supervisory Board Committee
<b>Audit Committee</b>	
Andrzej Kapala	Committee Chair from June 27th 2019, Independent Member of the Supervisory Board
Barbara Jarzembowska	Committee Member from June 27th 2019, Independent Member of the Supervisory Board
Izabela Felczak-Poturnicka	Committee Member
Jadwiga Lesisz	Committee Member
Michał Klimaszewski	Committee Member from July 18th 2019, Independent Member of the Supervisory Board
<b>Strategy and Development Committee</b>	
Michał Klimaszewski	Committee Chair from June 27th 2019, Independent Member of the Supervisory Board
Izabela Felczak-Poturnicka	Committee Member
Małgorzata Niezgoda	Committee Member
Andrzej Kapala	Committee Member, Independent Member of the Supervisory Board
Anna Sakowicz-Kacz	Committee Member from June 27th 2019, Independent Member of the Supervisory Board
<b>Nomination and Remuneration Committee</b>	
Małgorzata Niezgoda	Committee Chair
Andrzej Szumański	Committee Member from July 18th 2019, Independent Member of the Supervisory Board
Anna Sakowicz-Kacz	Committee Member from June 27th 2019, Independent Member of the Supervisory Board
Michał Klimaszewski	Committee Member from June 27th 2019, Independent Member of the Supervisory Board
Anna Wójcik	Committee Member
<b>Corporate Governance Committee</b>	
Andrzej Szumański	Committee Chair from June 27th 2019, Independent Member of the Supervisory Board
Izabela Felczak-Poturnicka	Committee Member
Andrzej Kapala	Committee Member from June 27th 2019, Independent Member of the Supervisory Board

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Barbara Jarzembowska	Committee Member from June 27th 2019, Independent Member of the Supervisory Board
Roman Kusz	Committee Member from November 28th 2019, Independent Member of the Supervisory Board
<b>Corporate Social Responsibility Committee</b>	
Jadwiga Lesisz	Committee Chair
Izabela Felczak-Poturnicka	Committee Member
Anna Wójcik	Committee Member from July 19th 2018
Michał Klimaszewski	Committee Member from June 27th 2019, Independent Member of the Supervisory Board
Roman Kusz	Committee Member from November 28th 2019, Independent Member of the Supervisory Board

**TABLE 55.** Composition of PKN ORLEN Supervisory Board Committees as at the date of authorisation of this report.

Name and surname	Position held on PKN ORLEN Supervisory Board Committee
<b>Audit Committee</b>	
Andrzej Kapala	Committee Chair from June 27th 2019, Independent Member of the Supervisory Board
Barbara Jarzembowska	Committee Member from June 27th 2019, Independent Member of the Supervisory Board
Jadwiga Lesisz	Committee Member
Michał Klimaszewski	Committee Member from July 18th 2019, Independent Member of the Supervisory Board
<b>Strategy and Development Committee</b>	
Michał Klimaszewski	Committee Member from June 27th 2019, Independent Member of the Supervisory Board
Andrzej Kapala	Committee Member, Independent Member of the Supervisory Board
Anna Sakowicz-Kacz	Committee Member from June 27th 2019, Independent Member of the Supervisory Board
<b>Nomination and Remuneration Committee</b>	
Andrzej Szumański	Committee Member from July 18th 2019, Independent Member of the Supervisory Board
Anna Sakowicz-Kacz	Committee Member from June 27th 2019, Independent Member of the Supervisory Board
Michał Klimaszewski	Committee Member from June 27th 2019, Independent Member of the Supervisory Board
Anna Wójcik	Committee Member
<b>Corporate Governance Committee</b>	
Andrzej Szumański	Committee Chair from June 27th 2019, Independent Member of the Supervisory Board
Andrzej Kapala	Committee Member from June 27th 2019, Independent Member of the Supervisory Board
Barbara Jarzembowska	Committee Member from June 27th 2019, Independent Member of the Supervisory Board
Roman Kusz	Committee Member from November 28th 2019, Independent Member of the Supervisory Board
<b>Corporate Social Responsibility Committee</b>	
Jadwiga Lesisz	Committee Chair
Anna Wójcik	Committee Member from July 19th 2018
Michał Klimaszewski	Committee Member from June 27th 2019, Independent Member of the Supervisory Board
Roman Kusz	Committee Member from November 28th 2019, Independent Member of the Supervisory Board

### Audit Committee

Tasks of the Audit Committee are to advise the Supervisory Board of PKN ORLEN on matters 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 qualified auditors. The Audit Committee meetings are

held at least once per quarter, prior to each publication of the Company's financial statements.

Pursuant to the Rules of Procedure for the PKN ORLEN Supervisory Board, the majority of the Audit Committee Members, including its Chair, should satisfy the independence criteria defined in the

Company's Articles of Association, the Code of Best Practice and the Act on Statutory Auditors, Audit Firms, and Public Oversight. At least one Member of the Audit Committee should have the expertise and competence in accounting or financial auditing. At least one Member of the Audit Committee or individual Members of the Committee should have the expertise and competence specific to the industry in which the Company operates. The qualifications of individual Members of the Audit Committee are described in the first section of the Directors' report on the operations of the ORLEN Group in 2019 and on the corporate website at <https://www.orlen.pl/PL/OFirmie/RadaNadzorcza/Strony/default.aspx>

PKN ORLEN's Audit Committee performs all duties required under the Act on Statutory Auditors, Audit Firms, and Public Oversight of May 11th 2017.

In 2019, the Audit Committee held 10 minuted meetings.

In 2018, the Audit Committee formulated a recommendation with respect to the appointment of an auditing firm in accordance with the Supervisory Board-approved updated auditor selection and appointment policy and procedure, non-audit services policy, and auditor independence monitoring and oversight procedure. Key provisions of the document are as follows:

- the auditor is selected in advance in accordance with the auditor rotation rules, by way of requests for proposals issued by the Supervisory Board based on the Audit Committee's recommendation,
- the auditor is selected based on clear and non-discriminatory criteria, in a manner ensuring that the audit services provided to the Company are of the highest quality and that all criteria and standards of the auditor's and the auditing firm's independence and impartiality are met,
- the first audit engagement letter is signed with an auditing firm for at least two years, subject to the rules on rotation of the auditing firm and lead auditor stipulated under applicable laws,
- the principle of objectivity is met by analysing any non-audit services provided by the auditor that extend beyond the scope of the audit engagement letter in order to avoid any conflicts of interest.

### **Nomination and Remuneration Committee**

Tasks of the Nomination and Remuneration Committee are to help attain the Company's strategic goals by providing the Supervisory Board with opinions and proposals on how to shape the management structure, with regard to organisational solutions, remuneration schemes and selection of staff with the skills required to ensure the Company's success.

The majority of the Nomination and Remuneration Committee Members should be independent. Where the Nomination and Remuneration Committee is not composed of the majority of independent Members of the Supervisory Board, the Committee is chaired by the Chair of the Supervisory Board. At least one member

Also, permitted non-audit assurance services were provided to PKN ORLEN and selected Group companies in 2019 that had been contracted in compliance with the applicable procedure, i.e. each non-audit service had been preceded by an independence assessment and approved by the Audit Committee, including:

- assurance service – confirmation of calculation of the electricity use intensity (EUI) indicator for PKN ORLEN,
- assurance service – confirmation of calculation of the electricity use intensity (EUI) indicator for Anwil S.A. and IKS Solino S.A.,
- assurance service – review of a report on solvency and financial condition of ORLEN Insurance Limited.

### **Corporate Governance Committee**

The Corporate Governance Committee is responsible for assessing the implementation of corporate governance standards, providing the Supervisory Board with recommendations on the adoption of corporate governance standards, giving opinions on corporate governance documents, assessing reports on compliance with corporate governance standards drafted by the Warsaw Stock Exchange and statements of compliance with the best practices referred to in Art. 7.3 of the Act on State Property Management, giving opinions on proposed amendments to the Company's corporate documents and drafting such amendments for the Supervisory Board's own documents, monitoring Company management procedures in terms of their compliance with legal and regulatory requirements, including disclosure requirements of the capital market as well as compliance with the Core Values and Standards of Conduct of PKN ORLEN and corporate governance principles.

In 2019, the Corporate Governance Committee held five minuted meetings.

### **Strategy and Development Committee**

Tasks of the Strategy and Development Committee are to provide opinions and submit recommendations to the Supervisory Board on proposed investments and divestments which may have a material impact on the Company's assets.

In 2019, the Strategy and Development Committee held ten minuted meetings.

of the Nomination and Remuneration Committee should have knowledge of and experience in remuneration policy.

In 2019, the Nomination and Remuneration Committee held eight minuted meetings.

### **Corporate Social Responsibility Committee**

Tasks of the CSR Committee are to support the Company's strategic objectives by taking due account of social, ethical and environmental aspects in the Company's operations and its interaction with stakeholders (including employees, customers, shareholders, and local communities).

In 2019, the Corporate Social Responsibility Committee held four minuted meetings.



## 6.8. REMUNERATION POLICY

Remuneration for Members of the Management Board at PKN ORLEN is determined by the Supervisory Board taking into account the relevant resolution of the General Meeting, in connection with the Act on the Rules of Remunerating Persons Who Direct Certain Companies, and recommendations of its Nomination and Remuneration Committee. The main components of the Management Board Members' remuneration system include:

- fixed monthly base pay,
- annual bonus (variable pay) depending on their performance against certain quantitative and qualitative targets and achievement of identifiable separate objectives,
- severance pay for contract termination by the Company,
- non-compete compensation.

All components of the remuneration are governed by a contract between a Member of the Management Board and the Company.

Additional benefits for directors reporting to the PKN ORLEN Management Board may include, in particular, a company car, variable universal life insurance, additional medical cover for the director and their closest family, including the right to preventive healthcare, sports programmes and rehabilitation, partial coverage of rented accommodation costs, coverage of relocation costs if the relocation takes place during the director's employment, benefits defined in the Rules of Participation in the Company Social Benefits Fund, the right to participate in the Employee Pension Plan on the terms applicable at the Company, and the right to participate in the Employee Capital Plan subject to generally applicable laws.

The remuneration policy in place at PKN ORLEN supports the achievement of the Company's goals, including in particular a long-term increase of its shareholder value and stability of operations.

### General terms and conditions of the annual bonuses

Members of PKN ORLEN's Management Board are entitled to an annual bonus (variable pay) on the terms set out in their respective contracts, which include the Rules of the Incentive Scheme for the Management Board as an appendix. The level of annual bonus depends on the performance against individual targets (both qualitative and quantitative), set by the Supervisory Board for individual Members of the Management Board. Based on the general set of Management Objectives established by the PKN ORLEN General Meeting, the Supervisory Board sets from four to ten individual bonus targets per year, which are recorded in a Member's MBO Sheet. The Supervisory Board may also set a separate objective or objectives for a particular year, which must be met as a precondition to bonus payment for that year.

Assessment of a Management Board Member's performance against individual bonus targets (both quantitative and qualitative) and achievement of separate objectives is made on an annual basis by the Supervisory Board, on the President of the Management Board's recommendation which contains an assessment of individually performed bonus targets for all Members of the Management Board, the Management Board's recommendation regarding achievement of the separate objective/objectives, reports on the performance against individual bonus targets by Members of the Management Board, PKN ORLEN's financial statements and other documents which the Supervisory Board considers appropriate to examine.

The Supervisory Board passes a resolution to grant a Management Board Member an annual bonus (variable pay) for a given financial year, specifying the amount of the bonus, or a resolution not to grant the annual bonus. Such resolution is the basis for payment of the annual bonus provided that the Company's consolidated financial statements for the financial year have been approved by the General Meeting and provided that the Management Board Member has been granted discharge in respect of his duties.

The Supervisory Board set the following six quantitative targets for all Members of the Management Board for 2019:

- reported EBIT of the Group,
  - EBITDA LIFO of the Group,
  - maintenance CAPEX of the Group + general and personnel costs of the Group,
  - growth CAPEX of the Group,
  - Stock performance ratio: TSR of PKN ORLEN relative to the market,
  - accident rate: TRR of the Group and its external contractors,
- and attributed relevant bonus thresholds to these targets. The Supervisory Board additionally set two qualitative targets for each Member of the Management Board associated with the Group's key challenges for the year.

Additionally, in accordance with the resolutions of the PKN ORLEN General Meeting, the Supervisory Board set the following separate objectives, which must be met as a precondition to receipt of an annual bonus for 2019:

- compliance with the principles of remuneration for members of management and supervisory bodies in line with the Act across all Group companies,
- discharge of the obligations referred to in Art. 17-20, Art. 22 and Art. 23 of the Act on State Property Management of December 16th 2016 (Dz.U. of 2018, item 1182, as amended) within the Company's subsidiaries within the meaning of Art. 4.3 of the Act on Competition and Consumer Protection of February 16th 2007 (Dz.U. of 2017, item 229, as amended).

### Rules for awarding bonuses to key management personnel (including Members of the Management Board)

The regulations on bonuses applicable to the PKN ORLEN Management Board, directors reporting directly to the Management Board, and other key positions within the Group have certain common features. Persons covered by these schemes are remunerated for their performance against individual targets set at the beginning of a bonus period by the Supervisory Board for the Management Board Members and by the Management Board for key executive personnel. The bonus systems are consistent with the Company's Values, promote cooperation between particular employees, and motivate them to achieve the best possible results for the ORLEN Group. The targets are both qualitative and quantitative, and their achievement is assessed after the end of the year for which they were assigned.

### Remuneration of Members of the Management Board and the Supervisory Board for serving on the Management or Supervisory Boards of subsidiaries, jointly controlled entities and associates

Members of the PKN ORLEN Management Board who in 2019 served on the Management or Supervisory Boards of subsidiaries, jointly controlled entities and associates of the ORLEN Group did not receive any remuneration for such service.

### **Provisions of contracts with Members of the Management Board regarding non-competition and termination**

In accordance with the contracts, Members of PKN ORLEN's Management Board are required to refrain from any activities that are in competition with the Company's business for a period of six months after the contract termination. During that period, they are entitled to receive a compensation equal to six times their monthly base pay, payable in six equal monthly instalments. Provisions of the contracts regarding non-competition after termination as a Management Board Member come into force only after a Management Board Member has held their position for at least three months.

In addition, the contracts provide for a severance payment in the case of termination by the Company for reasons other than a breach of primary, essential obligations under the contract, provided that the position of Management Board Member is held for a period of at least 12 months. Such severance benefit amounts to three times the monthly base pay.

In accordance with the contracts, Members of the Management Boards of ORLEN Group companies are typically required to refrain from any activities that are in competition with the respective company's business for a period of six months after the contract termination. During that period, they are entitled to receive a compensation equal to 50% or 100% of six times their monthly base pay, payable in six equal monthly instalments. The non-compete clauses come into force only after a Management Board Member had held their position for at least three or six months. Severance payments for Members of the Management Boards of ORLEN Group companies are typically governed by the same rules as those applicable to Members of the PKN ORLEN Management Board.

Directors reporting directly to the PKN ORLEN Management Board are, as a general rule, bound by non-compete clauses for a period of six months after the contract termination. During this period they receive a salary equal to 50% of six-month base pay, payable in six equal monthly instalments. The severance pay for termination of contract by the Company is typically equal to six-fold monthly base pay.

### **Diversity policy**

At PKN ORLEN, matters related to diversity management are governed by the following documents applicable at the Company:

- PKN ORLEN Work Rules,
- Core Values and Standards of Conduct of PKN ORLEN,
- Collective Bargaining Agreement of PKN ORLEN,
- ORLEN Group's Human Resources Management Policy,
- CSR Strategy for PKN ORLEN (where it pertains to development and diversity management),
- PKN ORLEN's Disability Employment Policy,
- Policy for Supporting Employees in Difficult Personal Circumstances;
- Separate internal organisational document on the Family Friendly Employer project.

Objectives of the diversity management include:

- equal treatment in employment and non-discrimination,

- respect for diversity,
- management of cultural differences,
- readiness to employ people facing social exclusion or threatened with marginalisation on the labour market, facilitating their employment in ORLEN Group Companies and thus increasing the employment rate of the disabled,
- supporting employee initiatives related to labour equality practices,
- remuneration and bonus policy,
- standards of employment and remuneration of seconded workers, i.e. expats and inpats,
- adapting the workplace to the needs of employees (e.g. people with disabilities, breastfeeding mothers),
- supporting people in a difficult life situation,
- work-life balance programmes.

In addition, the diversity policy of PKN ORLEN is also implemented through:

- provision of training in diversity management,
- awareness raising campaign about disability in the workplace, including information and consultation meetings for employees of PKN ORLEN and other Group companies, and an expert consultation service,
- employee volunteering,
- considering diversity aspects in HR processes and tools (e.g. recruitment, training and development, remuneration) and in shaping the organisational culture,
- workshops for expats in cultural differences management,
- regularly surveying employees on job commitment and satisfaction,
- appointment of a team tasked with coordinating efforts to counteract workplace harassment and bullying (Anti-Harassment Committee appointed by the employer to consider grievances related to workplace harassment and bullying),
- appointment of the Ethics Officer for reporting breaches of the 'Core Values and Standards of Conduct of PKN ORLEN' (also regarding discrimination, harassment and bullying),
- appointment of the Human Capital Committee to give opinions, approve/submit for approval by the PKN ORLEN Management Board and monitor the observance of the 'Core Values and Standards of Conduct of PKN ORLEN', and in particular to examine material breaches, take corrective actions, issue guidelines and consider important ethics-related issues.
- signing a declaration of cooperation between the State Fund for Rehabilitation of Persons with Disabilities and PKN ORLEN, which initiated activities aimed at employing people with disabilities in the Group. As a result of these activities, PKN ORLEN joined the "Work and Integration" Programme. In addition to PKN ORLEN S.A., seven Group companies joined the Programme: ANWIL S.A., ORLEN CUK Sp. z o.o., ORLEN Eko Sp. z o.o., ORLEN KolTrans S.A., ORLEN Ochrona Sp. z o.o., ORLEN Paliwa Sp. z o.o. Gas Primary Logistics Branch, and ORLEN Południe S.A.

The Management Board and the Supervisory Board of PKN ORLEN include Members with educational background in law, economics and chemistry, and with diverse professional experience.

As at December 31st 2019, the Management Board consisted of one woman and five men, while the Supervisory Board consisted of six women and four men. The age structure of Management Board Members was as follows: 30–39 years: one person, 40–50 years: four persons, 60–70 years: one person. The age structure of

## THE ORLEN GROUP

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Supervisory Board Members was as follows: 40–49 years: 6

members, 50–60 years: 1 member, over 60 years: 3 members.

### 7. REPORT ON NON-FINANCIAL INFORMATION

According to Article 49 b point 1 and Article 55 point 2b-e of the Accounting Act - the Parent Company - PKN ORLEN S.A. and the ORLEN Group is required to prepare a **Report on Non-financial Information for 2019**. This report will be published in a separate

document (combining the report of the Company and the ORLEN Group) on the website <https://www.orlen.pl/EN/Pages/default.aspx> on the day of publication of the Annual Report of the ORLEN Group for 2019.