

7. CORPORATE GOVERNANCE STATEMENT

7.1. 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.orlen.pl in the section dedicated to the Company's shareholders <https://www.orlen.pl/EN/InvestorRelations/ShareholderServicesTools/Pages/WSEBestPractice.aspx>.

In 2020, PKN ORLEN complied with all principles contained in the Code of Best Practice. 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 (section headings correspond to the numbers of the recommendations described in each section).

Investor Communications (Recommendations I.R.3 and I.R.4 of the Code of Best Practice)

PKN ORLEN is committed to enabling effective communication with investors, analysts and other capital market participants through a transparent disclosure policy. The Company ensures 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 Portfolio' programme <http://orlenwportfelu.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 <https://ffb.orlen.com/>, containing commentary on current market developments, expert publications, and coverage of industry conferences.
- Social media:
 - Corporate Twitter account (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://www.linkedin.com/company/pkn-orlen-s.a.>);
 - YouTube (https://www.youtube.com/PKNORLENSA_official);
 - Instagram (<https://www.instagram.com/pkn.orlen/>);
 - President of the Management Board's Instagram account (<https://www.instagram.com/obajtekdaniel/>);
- 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 and interpreted 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.

During the frequent group and one-on-one meetings, teleconferences, roadshows and site visits, which for the most part of 2020 were held via remote means of communication due to the COVID-19 pandemic, PKN ORLEN provides clear explanations on any matter to its shareholders, investors, analysts and other capital market participants. Special presentation materials are prepared for the meetings to explain the complex operation of the refining, petrochemical and energy sectors where the Company is present.

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 2020, the Company published its figures as soon as approximately a month after the closing of the reporting periods.

PKN ORLEN is also a dividend paying company. In 2020, for the seventh consecutive year it distributed its profits to shareholders by paying out a dividend of PLN 1 per share.

The Company is also developing the 'ORLEN IN YOUR PORTFOLIO' programme, including the Investment Academy. The programme, launched in 2018, is dedicated to retail investors. A sixth brokerage house joined the programme in 2020, which now brings together brokerages that, combined, operate 60% of investment accounts in Poland. At the end of the year, there were more than 9,500 investors registered in the programme. A second edition of the Investment Academy exams was administered, a new education module 'Fundamentals of Investing' was published, and the 'Practically Investing' series was continued (with 20 episodes published since the series was first launched). More than 130,000 people used the educational materials made available on the website. Company representatives participated in numerous educational campaigns for investors, with one of them awarded in the 'Best Education Campaign' category in the nationwide Invest Cuffs competition.

Company's response to publicly voiced opinions and information injuring its reputation (Recommendation I.R.1 of the Code of Best Practice)

PKN ORLEN immediately responds to any untrue publications or comments that might have an adverse impact on its reputation. 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 any adverse media coverage that may threaten its reputation. 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 (Recommendation I.R.2 of the Code of Best Practice)

PKN ORLEN's priority in each area of its operations is sustainable development, which we understand as care for future generations. In building the ORLEN Group's position, social objectives are for us as important as business ones. People and respect for human rights are the centre of our attention. We use natural resources so as not to disturb environmental balance. Because we feel responsible for other members of the communities where we operate, we engage in dialogue and support them in various areas 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. A particular focus is placed on Plock and the Plock region, where the company continued to engage in active and open dialogue with the local community via its OrlenInfo system for another consecutive year. The Company is engaged there in a number of social, educational, environmental and other projects.

In 2020, PKN ORLEN moved forward with the implementation of the ORLEN Group CSR Strategy until 2022, which builds on the Company's business strategy, the Core Values and Standards of Conduct of PKN ORLEN, and Agenda 2030 – the UN resolution on sustainable development.

The CSR strategy was implemented within five key areas of responsibility: Society, Environment, Employees, Customers, and Business Partners. A particular focus was placed on projects dedicated to health promotion (a number of measures were taken to help with the battle against the COVID-19 pandemic, and the Comprehensive Cancer Prevention, Diagnostic and Treatment Programme was implemented), environmental protection (initiatives related to environmental awareness, biodiversity protection and optimisation of adverse environmental impacts), and promotion of road safety and safety in general. In pursuit of the ORLEN Charitable Giving Policy under the CSR Strategy, in 2020 the Company actively supported the foundations it sponsors.

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 PKN ORLEN. Apart from its regular philanthropic activities (various grant and scholarship programmes, a year-round donation programme), PKN ORLEN and the ORLEN Foundation actively engaged in the fight against the COVID-19 epidemic by providing in-kind and financial support to medical and uniformed services and hospitals tasked with saving the life and health of infected persons, as well as to staff and residents of nursing homes. Customers of ORLEN service stations could conveniently pay at the pump.

In connection with PKN ORLEN's new Business Strategy unveiled in late 2020, which provides for building a multi-utility company and expansion into new business areas, work commenced on a new CSR and Sustainable Development Strategy that would be closely linked to new business objectives and that would set ambitious sustainability and CSR goals. The new strategy is being developed in consultation with internal stakeholders, including employees, business units and foundation of the ORLEN Group, as well as external stakeholders, including local community members in Plock. The new strategy will also serve to meet growing investor expectations with regard to ESG rankings and reports, which show companies' true commitment to sustainable development.

PKN ORLEN is the largest patron of professional and amateur sports in Poland. The Company is involved in the most prestigious motorsport Formula One, and since 2020 it has been the title sponsor of Alfa Romeo Racing ORLEN, having Robert Kubica as its test driver. PKN ORLEN supports national teams, sport clubs and associations and individual athletes in various sport disciplines, with a focus on motorsports and athletics. As a national company, PKN ORLEN engages in patriotic and national heritage initiatives and acts as a patron of Poland's most important cultural institutions, including the National Museum in Warsaw, Grand Theatre – National Opera and Fryderyk Chopin National Institute. PKN ORLEN actively promotes Poland and its economy abroad, and engages in the promotion of knowledge and education. 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. PKN ORLEN implemented a total of 318 sponsorship projects in 2020.

PKN ORLEN communicates its community initiatives via its

- corporate website at www.ornen.pl,
- integrated report,
- non-financial statement.

PKN ORLEN has also published the Sponsorship Policy (https://www.ornen.pl/PL/Odpowiedzialny_Biznes/Sponsoring/Strony/Sponsoring.aspx) and the Charitable Giving Policy (<https://www.ornen.pl/EN/CSR/SocialEnvironment/Charity/Pages/default.aspx>) on its corporate website at www.ornen.pl.

7.2. 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,
- providing ORLEN Group companies with uniform templates of separate and consolidated financial statements, and periodic reviews of the correctness of accounting policies and disclosures included in the financial statements prepared 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.

The ORLEN Group companies apply uniform accounting policies adopted at the ORLEN Group and approved by the PKN ORLEN Management Board for the purposes of preparing consolidated financial statements.

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 ORLEN Group companies.

In order to keep mitigating risks associated with the preparation of financial statements, they are reviewed by an independent 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 consolidated financial statements to ensure compliance with the Group's Accounting Policy and applicable laws,
- monitoring the independence of the qualified auditor and auditing firm selected to audit financial statements,
- 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.

Financial Control, Risk Management and Compliance Office (Recommendation III.R.1 of the Code of Best Practice)

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. The audited area is scrutinised mainly against legal compliance, relevance, cost efficiency, reliability, efficiency and legitimacy criteria, with the interests of PKN ORLEN and ORLEN Group companies taken into consideration. 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 eliminate the identified irregularities and misconduct, streamline the operation of the inspected organisational units, and amend internal procedures and regulations, 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 Department prepares a report for the Company's Management Board and the Supervisory Board's Audit Committee 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. Enterprise Risk Management Teams, which coordinates – 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. 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 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 S.A. 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, ISO 45001, 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, among other things, compliance assessment, and any recommendations regarding the implementation of further Management Systems. An internal audit system is in place to verify the correctness of operation of the Company'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.
- The Group's Representative Office in Brussels is responsible for monitoring legal regulations developed at the EU level that may have an impact on the ORLEN Group and for undertaking lawful lobbying activities. The Representative Office is also tasked with engaging in dialogue with representatives of EU institutions and participating in the work of sectoral organisations of which the ORLEN Group is a member.
- 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 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.

7.3. SHAREHOLDING STRUCTURE

In 2020 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.

TABLE 56. PKN ORLEN's shareholding structure as at January 1st 2020, December 31st 2020 and the date of authorisation of this report.

Shareholder	Number of shares and voting rights at the General Meeting (as at Jan 1 2020*)	Percentage of share capital and total voting rights at the General Meeting (as at Jan 1 2020*)	Number of shares and voting rights at the General Meeting (as at December 31st 2020 and the report authorisation date**)	Percentage of share capital and total voting rights at the General Meeting (as at December 31st 2020 and the report authorisation date**)
State Treasury	117,710,196	27.52%	117,710,196	27.52%
Nationale-Nederlanden OFE	32,544,000	7.61%	31,391,297	7.34%
Aviva OFE Aviva Santander	25,000,000	5.85%	26,898,000	6.29%
Others	252,454,865	59.02%	251,709,568	58.85%
Total	427,709,061	100.00%	427,709,061	100.00%

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

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

Restrictions on transferability of shares

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.

7.4. EXERCISING VOTING RIGHTS AND SHAREHOLDERS' SPECIAL CONTROL POWERS

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, represented by the entity authorised to exercise the rights attached to the shares held by the State Treasury, shall have the right 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.

7.5. AMENDMENTS TO ARTICLES 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 5th 2020, 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.

7.6. GENERAL MEETING

Operation of the General Meeting (Recommendation IV.R.2)

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.

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 on the corporate website at www.orlen.pl starting from the date of a notice convening the General Meeting. Upon request, materials to be presented at the General Meeting are made available to shareholders at the Company's registered office in Plock and at its Warsaw offices.

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

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 has not provided for shareholders' participation in a General Meeting using means of electronic communication through real-time bilateral communication where shareholders could take the 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.

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.

Powers and responsibilities of the General Meeting

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 members of the Supervisory Board, subject to Art. 8.2 of the Articles of Association, and define rules for their remuneration,
- increase and reduce the share capital unless the Commercial Companies Code or the Company's Articles of Association stipulate otherwise,
- make decisions concerning claims for redress of any damage caused upon formation of the Company or when managing or supervising the Company,
- adopt a policy defining the rules of remuneration for members of the Company's Management Board and Supervisory Board,
- grant consent to disposal or lease of, or creation of limited property rights in, the Company's 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,
- create and release the Company's capital reserves, funds and special accounts,
- resolve to cancel shares and buy shares to be cancelled, and establish the terms of such cancellation,
- issue convertible bonds, senior bonds and subscription warrants,
- dissolve, liquidate and restructure the Company or merge it with another company,
- conclude a parent/subsidiary agreement 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). 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.

After declaration of the state of epidemic, the Annual General Meeting in 2020 was conducted under a strict sanitary regime. The shareholders and all participants of the General Meeting were required to cover their nose and mouth, keep their distance and observe other sanitary rules. The number of persons responsible for the organisation of the meeting was reduced to a minimum in order to mitigate the risk of COVID-19 infection.

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 Meetings in 2020 (Recommendation IV.R.1)

Two General Meetings were held in 2020: the Extraordinary General Meeting of March 5th 2020 and the Annual General Meeting of June 5th 2020.

Extraordinary General Meeting

The Extraordinary General Meeting of PKN ORLEN S.A. changed the composition of the Company's Supervisory Board and set the number of Supervisory Board members at ten. The Meeting removed Małgorzata Niezgodna from the Supervisory Board and appointed Wojciech Jasiński as the Chairman of the Supervisor and Dominik Kaczmarski as a member of the Supervisory Board.

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 2019;
- acknowledged the fulfilment of duties by all the Supervisory and Management Board Members;
- allocated the net profit for the 2019 financial year in the following manner:
 - 1) PLN 427,709,061.00 to be paid as dividend (PLN 1 per share)
 - 2) the balance of PLN 4,385,882,958.09 to be transferred to the Company's statutory reserve funds.

The Annual General Meeting also passed resolutions to amend the Company's Articles of Association. This was dictated by amendments made to the Act on Public Offering, Conditions Governing Admission of Financial Instruments to Organised Trading, and Public Companies, dated July 29th 2005 ("Public Offering Act"). The amendments introduced material changes regarding transactions executed by public companies with related parties within the meaning of IAS 24 and introduced certain obligations related to the establishment by public companies of a remuneration policy for Management and Supervisory Board members. As a result, new duties were assigned to the supervisory boards and general meetings of public companies. Accordingly, the amendments approved by the Annual General Meeting on June 5th 2020 included, without limitation:

GRUPA ORLEN

- the existing definition of "Related Party" was modified and a definition of "Material Transaction" was added in Art. 1.4 of the Articles of Association,
- adopting a policy defining the rules of remuneration for members of the Company's Management Board and Supervisory Board was added to the remit of the General Meeting,
- dealing with matters relating to the approval of Material Transactions with Related Parties of the Company was added to the remit of the Supervisory Board.

The Annual General Meeting adopted a consolidated text of the Articles of Association incorporating all amendments approved by the Meeting.

On June 5th 2020, the Annual General Meeting approved the Remuneration Policy for Members of the Management Board and Supervisory Board of Polski Koncern Naftowy ORLEN S.A. defining the remuneration systems for members of the Management and Supervisory Boards.

7.7. 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.

7.7.1. Management Board (Recommendations II.R.1, II. R.2, II. R.3, V.R.1 of the Code of Best Practice)

TABLE 57. Composition of PKN ORLEN Management Board as at January 1st 2020

Full name	Position held on PKN ORLEN Management Board	Remit
Daniel Obajtek	CEO, President of the Management Board	strategy and investor relations, human resources, corporate communication, trade in oil and gas, sports marketing, sponsorship and events, management office, control and security, audit, financial control, legal, relations with external stakeholders;
Armen Konrad Artwich	Member of the Management Board, Corporate Affairs	administration, environmental protection, corporate group, risk and compliance management, 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.

At its meeting on January 30th 2020, the Supervisory Board of PKN ORLEN appointed Jan Szewczak as Member of the Management Board for Finance and Adam Burak as Member of the Management Board for Communications and Marketing, with effect from February 3rd 2020.

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TABLE 58. Composition of PKN ORLEN Management Board as at December 31st 2020 and the date of authorisation of this report

Full name	Position held on PKN ORLEN Management Board	Remit
Daniel Obajtek	President of the Management Board, General Director	strategy and innovation, investor relations, equity investments, human resources, management board office, control and security, audit, legal, oil and gas trade;
Armen Konrad Artwich	Member of the Management Board, Corporate Affairs	administration, environmental protection, corporate group, financial control, risk management and compliance management;
Adam Burak	Member of the Management Board, Communication and Marketing	corporate communication, marketing, sports marketing, sponsorship and events;
Patrycja Klarecka	Member of the Management Board, Retail Sales	IT, retail, infrastructure and information security supervision, relations with external stakeholders;
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	business controlling, financial management, taxes, credit risk and insurance management;
Józef Węgrecki	Member of the Management Board, Operations	power generation, petrochemical production, oil refining, occupational health and safety, water and wastewater management.

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



DANIEL OBAJTEK
CEO, President of the Management Board

Daniel Obajtek has served as President of the Management Board and Chief Executive Officer of PKN ORLEN since February 6th 2018. From 2017 to February 2018, he was President of the Management Board of Energa S.A. In 2017, Energa S.A.'s net profit soared fivefold, and the company was named Company of the Year within the WIG20 blue-chip index, while its stock price jumped 38%. In 2016–2017, heading the Agency for Restructuring and Modernisation of Agriculture, Mr Obajtek streamlined the processes related to disbursement of billions of zlotys worth of EU and national funds and optimised the cost of the Agency's operations. From July 2016 to February 2018, he was a member of the Supervisory Board of LOTOS Biopaliwa.

As President of the Management Board of PKN ORLEN, Mr Obajtek has determinedly pursued the mission of turning it into a multi-utility business. In February 2018, he embarked on a process to acquire control of Grupa LOTOS, Poland's second largest oil refiner. The transaction is to result in a single strong player, capable of competing on foreign markets. Around the middle of 2018, PKN ORLEN launched its largest ever capex projects under the Petrochemicals Development Programme. In parallel, growth capex projects were brought under way at other ORLEN Group companies, involving fertilizer capacity expansion at ANWIL of Włocławek and construction of an eco-friendly glycol unit at ORLEN Południe. In December 2019, PKN ORLEN under Mr Obajtek's stewardship initiated a process to acquire the Energa Group,

which took just four months to complete, making it one of the fastest processes of this kind in Poland. The transaction will benefit both companies, while furthering PKN ORLEN's strategic plans to develop zero- and low-carbon energy sources.

In July 2020, Daniel Obajtek and the Minister of State Assets Jacek Sasin signed a Letter of Intent paving the way for the acquisition by PKN ORLEN of the PGNiG Group, the incumbent gas supplier.

In December 2020, PKN ORLEN became the majority shareholder in RUCH, having acquired a 65% ownership interest in the newsagents chain. The investment seeks to strengthen the ORLEN Group's retail business.

Also in December 2020, PKN ORLEN entered into an agreement to acquire Polska Press from Germany's Verlagsgruppe Passau Capital Group. With the acquisition, the ORLEN Group will gain access to 17.4m internet users and an opportunity to win new customers. The acquisition of one of the largest publishing groups in Poland and harnessing the capabilities of the media agency Sigma Bis (established by PKN ORLEN jointly with PZU in 2019) and RUCH will enable the Group to create a flexible, personalised and comprehensive offering for greater customer satisfaction.

The past three years witnessed rapid development of the ORLEN Group's retail chain, including upgrade work to raise the standard of service and enhance the non-fuel offering, through the construction of the Stop Cafe and star Connect bistro concepts and other measures. During that time, the ORLEN Group launched service stations in Slovakia and, after 12 years, opened a new retail outlet in Lithuania. In 2019, a co-branding project was implemented to make the ORLEN Group logo visible on Germany's *Star* stations and on *Benzina* stations across the

Czech Republic and Slovakia.

Daniel Obajtek also set in motion a new policy of diversifying oil supplies for the ORLEN Group, by forging and strengthening relations with suppliers from outside Europe, including Africa and the Persian Gulf. These measures allow it to obtain a favourable mix of crudes for processing, optimising production with positive effects on the final quality and price of the Group's products and overall stability of the market.

ORLEN has been working consistently to improve its brand recognition in Poland and abroad, through sponsorship and other activities. For several years now, it can boast the position of Poland's most recognisable corporate sponsor of sports. In 2019, it gained sponsorship exposure to Formula 1, having since partnered with Robert Kubica. Since 2020, PKN ORLEN has been the title sponsor of the Alfa Romeo Racing ORLEN team, with Robert Kubica as their test driver.

At the onset of the pandemic in 2020, Daniel Obajtek announced the launch of a special hand sanitiser production line. Moreover, PKN ORLEN allocated PLN 100 million to support the fight against the coronavirus. In late October 2020, Mr Obajtek announced that PKN ORLEN would build temporary hospitals in Płock and Ostrołęka as part of its efforts to fight the pandemic.

Daniel Obajtek has completed the Executive MBA programme run by the Gdańsk Foundation for Management Development and validated by IAE Aix-Marseille Graduate School of Management. He is a member of the Programme Council of the Economic Forum in Krynica and chairman of the Board of the Polish Olympic Committee. He has won a number of prestigious awards, notably the Polish Compass 2018. He was also named President of the year 2018 in the 25th edition of the Bulls and Bears award of *Gazeta Giełdy i Inwestorów Parkiet*. In 2019, he was awarded the Lech Kaczyński Prometheus Award. From the Judging Panel of the Employers of Poland, he received the Vector 2019 award. In 2020, readers of the *Parkiet* daily voted him Star of the Year 2020. In the The Most Reliable in Polish Economy ranking by the ISB News agency, he received a statuette of the Most Reliable CEO. He was named Person of the Year during the Karpacz Economic Forum held in September 2020.



ZBIGNIEW LESZCZYŃSKI

Member of the Management Board, Development

Mr Zbigniew Leszczyński has been a Member of the PKN ORLEN Management Board since February 8th 2016. At the meeting held on May 21st 2020, the Supervisory Board appointed Mr Leszczyński as a Management Board Member for a new term.

Zbigniew Leszczyński graduated from the Warsaw University, the Faculty of Accounting and Finance. He also completed the following postgraduate courses: EU Business Management at the Warsaw School of Economics, Computer Networks Design and Operation at the Nicolaus Copernicus University in Toruń, and Project Management at the Leon Kozłowski Academy of Entrepreneurship and Management in Warsaw.

Mr Leszczyński has extensive managerial experience in the fuels industry. During his more than a decade long career with the ORLEN Group, he was responsible for such areas as logistics, construction and development of the service station chain, wholesale of refinery and petrochemical products and development of the wholesale business. He has also implemented many strategic projects for the Company. In addition to his roles at PKN ORLEN, Mr Leszczyński also served as President of the Management Board of Wodociągi i Kanalizacja w Opolu Sp. z o.o., President of the Management Board of Rynex Sp. z o.o., President of the Management Board of Wisła Płock S.A., and Sales and Marketing Director at Kompania Węglowa S.A. He also owned his own business providing project management, supervision and advisory services.

Mr Leszczyński has served as Chairman of the Supervisory Board of ORLEN Deutschland GmbH, Chairman and Member of the Supervisory Board of Unipetrol, and Chairman of the Supervisory Board of ORLEN Paliwa.

At present, Zbigniew Leszczyński serves as Deputy Chairman of the Board of the Polish Chamber of Chemical Industry and member of the Board of the European Petroleum Refiners Association.



JÓZEF WĘGRECKI

Member of the Management Board, Operations

Józef Węgrecki has been a Member of the PKN ORLEN Management Board since March 23rd 2018. From February 5th to March 23rd 2018, he was a Member of the Supervisory Board delegated to temporarily perform the duties of a Member of the PKN ORLEN Management Board responsible for Investment and Procurement.

He is a graduate of the AGH University of Science and Technology in Kraków, Faculty of Mining and Metallurgical Machines.

He holds qualifications to serve on the supervisory boards of companies in which the Polish State Treasury has interests.

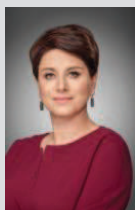
In 1978–1990, Mr Węgrecki worked at Zakład Remontowy Energetyki Kraków, where he held the position of Member of the Management Board, Chief Technical Officer. In 1990–1993, he served at employee-owned company Remak Opole as its Vice President. From April 1993 to June 2017, he was President and Member of the Management Board of Remak-Krak Sp. z o.o.

In 2017, Mr Węgrecki was appointed Vice President of the Management Board of Energa Wytwarzanie S.A., where his management responsibilities covered water and wind turbine operation, photovoltaic farms, cogeneration and coal-fired power plants, innovation, heating asset acquisitions and setting development directions.

On February 5th 2018, Mr Węgrecki was delegated to temporarily serve as Member of the PKN ORLEN Management Board for Investment and Procurement, and then in April he was appointed Member of the Management Board, Chief Operating Officer.

He is interested in monitoring and analysing the latest technical solutions in the field of power generation: alternative energy sources and their potential industrial applications.

Mr Węgrecki has received a number of awards, including the Galicia Construction Grand Award for his contribution to the advancement of the construction industry, a Badge of Merit for exceptional services to the construction industry, a Gold Medal for long service, an Honoris Gratia badge for charity and community service, and a Medal of the 100th Anniversary of Poland Regaining Independence.

**PATRYCJA KLARECKA**

Member of the Management Board, Retail Sales

Ms Patrycja Klarecka has been a Member of the PKN ORLEN Management Board since June 24th 2018. She graduated from the Poznań University of Economics and Business in Economic Policy and Corporate Strategy. As Member of the PKN ORLEN Management Board, she has been responsible, among others, for retail sales and retail chain development. Her remit covers CSR, IT, as well as infrastructure and information security.

In 2016–2018, Patrycja Klarecka served as President of the Polish Agency for Enterprise Development (PARP), Poland's largest government agency supporting the development of SMEs. Ms Klarecka has professional experience in the financial, media and education sectors, including in managerial roles at the Warsaw Stock Exchange (2014–2016), Bank Zachodni WBK (2010–2014), Telewizja Polska (2004–2010), and PZU (2002–2004). Earlier in her career, she was a lecturer at the Melchior Wańkowicz School of Journalism in Warsaw and a consultant at the Poznań School of Banking.

She chaired the Supervisory Board of ORLEN Deutschland GmbH (2018–2019), served on the Supervisory Boards of the WSE Foundation and IAB Polska and on the Board of the PZU Charitable Foundation. She represented the Polish Television in the Crossmedia Group at the European Broadcasting Union.

**MICHAŁ RÓG**

Member of the Management Board, Wholesale and International Trade

Mr Michał Róg has been a Member of the PKN ORLEN Management Board since September 1st 2018. Michał Róg is a graduate of the Cracow University of Economics, where he majored in management and marketing, and of the Canadian International Management Institute and Harvard Business School. He has completed the Executive MBA programme run jointly by the Cracow University of Technology and Central Connecticut State University.

Mr Róg has over 20 years of professional experience gained working for TELE-FONIKA KABLE S.A., where he served as: Vice President for Sales – Distribution and Power Generation Sector, Director for Sales and Development of High and Medium Voltage Products, Director for Sales on the Balkan Market, Director for Sales in the Home Market, and Head of the Home Market Office.

From March to August 2018, he was a Management Board Member for Trade at ORLEN OIL Sp. z o.o. of Kraków. From April to August 2018, he was additionally a Management Board Member at Paramo a.s. based in Pardubice, the Czech Republic.

Since December 1st 2020, he has been a member of the Supervisory Board of Energa S.A.

**ARMEN KONRAD ARTWICZ**

Member of the Management Board, Corporate Affairs

Mr Armen Konrad Artwicz has been a Member of the PKN ORLEN Management Board since September 1st 2018.

Armen Konrad Artwicz is a legal counsel. Mr Artwicz graduated with honours from the Faculty of Law and Administration at the University of Warsaw, as well as from the Warsaw School of Economics (finance and accounting). He also studied corporate law and commercial law at the University of Sheffield, School of Law. He completed his legal counsel apprenticeship at the Warsaw Bar Association.

From January to August 2018, Mr Artwicz served as Head of the Legal Department of the Chancellery of the Prime Minister. Earlier, between 2016 and 2018, as Deputy Director of the Department for Improvement of Economic Regulations of the Ministry of Development, Mr Artwicz was responsible, among others, for legislative projects in the area of economic law and for supervision of the Central Office of Measures and the Polish Centre for Accreditation. At the same time, in 2016–2018, Mr Artwicz served as member of the Polish Financial Supervision Authority (a representative of the minister in charge of economy).

Between 2011 and 2016, Armen Artwicz worked in the Legal Area at Bank Zachodni WBK S.A., where he was in charge of legal services for investment banking in the Global Banking & Markets Division. A graduate of the 18th School of Civil Society Leaders. For his *pro publico bono* activity, he received, among other distinctions, the Gold Cross of Merit and the Polcul Foundation award.

Armen Artwicz also serves as Chairman of the ORLEN Group Board.

**JAN SZEWCZAK**

Member of the Management Board, Finance

Jan Szewczak is a lawyer, business analyst and an expert in finance, financial law, banking and macroeconomy.

He graduated from the Faculty of Law and Administration of the University of Warsaw and completed doctoral studies at the Department of Finance and Financial Law. He also completed academic internships in Amsterdam and Prague.

For many years Mr Szewczak had been a faculty member and a lecturer at the Faculty of Law and Administration of the University of Warsaw and the Vistula University.

He has gained extensive experience in the financial sector. He has sat on the Management Board of PZU Tower, served as Chief Economist of Kasa Krajowa SKOK (credit union), Member of the Sejm (lower chamber of the Polish Parliament) of the 8th term, Chairman of the Standing Subcommittee on Financial Institutions, and Deputy Chairman of the Public Finance Committee and member of the Digitisation Committee of the Sejm.

He is an economic journalist and the author of numerous opinions and expert reports on business processes and ownership transformations.

Its interests include economic history and privatisation processes in Poland and abroad.

**ADAM BURAK**

Member of the Management Board, Communication and Marketing

Mr Adam Burak has been a Member of the PKN ORLEN Management Board since February 2020. At the ORLEN Group, he is responsible for the implementation of a consolidated corporate and marketing communication strategy, including the advancement of digital communication channels in Poland and abroad. In February 2018, he was appointed Executive Director for Corporate Communication, supervising the implementation of the ORLEN Group's external and internal communication strategy, as well as the development of the organisational structure and business model for a media agency established in partnership with PZU S.A.

He holds a degree in International Relations from the University of Wrocław and an MBA degree. He completed a postgraduate course in Journalism and Public Relations at the Tischner European University in Kraków.

Prior to that, he had worked in the fuel and energy industry as well as the financial sector. His roles included that of Communication and Marketing Director at the largest Polish companies, such as Grupa Energa, Grupa LOTOS and PZU S.A., creating and implementing corporate, marketing and sponsorship communication strategies. He also has extensive experience in sports marketing and journalism. In 2012–2016, he was Marketing and PR Director as well as press officer for the Wrocław Stadium, and from 2008 to 2012 he worked as a journalist for Telewizja Polsat. He served as a Member of the Supervisory Board of UNIPETROL A.S. and ORLEN Południe S.A. He serves on the Supervisory Board of PZU Zdrowie S.A.

He is a jury member for the Gold Paperclips industry competition, a member of the judging panel for the 50 Most Creative People in Business programme organised by the BRIEF magazine, and a speaker at the Public Relations Professionals Congress.

Rules of operation of the PKN ORLEN 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 Annual General Meeting of June 5th 2020 introduced a new provision in the Company's Articles of Association, stating that a member of the Management Board is appointed following a recruitment process performed to verify and evaluate qualifications of candidates and to select the best candidate for a Management Board member. When initiating a recruitment process for the position of a Management Board member, the Supervisory Board shall determine the detailed terms and procedure of recruitment, the place and deadline for accepting applications, the place and time of the interview, the matters to be covered during the interview, as well as the criteria to be met by and method of evaluating a candidate.

Pursuant to the Act on State Property Management, the Company's Articles of Association define the requirements for candidates for members of the Management Board. In accordance with the effective Articles of Association, a Management Board candidate is required to meet all of the following criteria:

- he/she has a university degree obtained in Poland or a university degree obtained abroad and recognised in Poland under separate legislation;
- he/she has at least five years of employment under a contract of employment, election or appointment, an employment contract for cooperative members, other agreement for the provision of services, or as a business owner;
- he/she has at least three years of experience serving in managerial or independent positions or as a business owner;
- he/she meets requirements stipulated in separate legal regulations – other than the requirements listed in items 1–3 above; in particular, he/she is not in breach of any limitations or prohibitions on serving on the management bodies of commercial-law companies.

The Articles of Association provide that a Management Board candidate may not be a person who meets at least one of the following criteria:

- he/she works at the office of a member of the lower or upper house of the Polish Parliament (Sejm or Senate) or of a member of the European Parliament as an assistant or under an employment, temporary employment or similar contract;
- he/she is a member of a political party's body representing the party before third parties and authorised to assume obligations;
- he/she works for a political party under an employment, temporary employment or similar contract;
- he/she holds an elected position in a trade union operating at the Company or any Group company;
- his/her social activities or profession give rise to a conflict with the interests of 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 6th 2020 and ends on the date of the General Meeting of PKN ORLEN approving the Company's financial statements for the financial year 2022.

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.orklen.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. A resolution may be passed under such procedure on condition that all members of the Management Board cast their votes within the time limit set by the person managing the vote. If any Management Board member does not vote within the time limit specified in the notice or objects to the form of voting, the draft resolution will be considered at the next Management Board meeting. Resolutions adopted under such procedure are signed by a Management Board member present at the Company's registered office or at its Warsaw office.

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.

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:

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- 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 Nm³;
- 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 Section 5.6.1–3 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 subjected 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 risks.

7.7.2. Supervisory Board (Recommendations II.R.1, II.R.2, II. R.4, II.R.5, II.R.6, II.R.7, V.R.1 of the Code of Best Practice)

TABLE 59. Composition of PKN ORLEN Supervisory Board as at January 1st 2020.

Full name	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 Kapała	Member of the Supervisory Board (Independent Member of the Supervisory Board)
Michał Klimaszewski	Member of the Supervisory Board (Independent Member of the Supervisory Board)
Roman Kusz	Member of the Supervisory Board (Independent Member of the Supervisory Board)
Jadwiga Lesisz	Member of the Supervisory Board
Małgorzata Niezgoda	Member of the Supervisory Board
Anna Sakowicz-Kacz	Member of the Supervisory Board (Independent Member of the Supervisory Board)

On January 16th 2020, Izabela Felczak-Poturnicka resigned as Chairperson of the Supervisory Board of PKN ORLEN S.A.

On March 5th 2020, the Extraordinary General Meeting removed Małgorzata Niezgoda from the Supervisory Board and appointed Wojciech Jasiński and Dominik Kaczmarski to the Supervisory Board. The Extraordinary General Meeting appointed Mr Jasiński to serve as Chairman of the Supervisory Board.

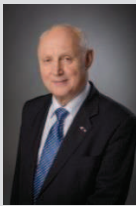
In 2020, the PKN ORLEN Supervisory Board held 13 minuted meetings and passed 237 resolutions. The attendance of PKN ORLEN Supervisory Board Members at Supervisory Board meetings was 99%. In the case of absence of a Supervisory Board Member from a meeting, the Supervisory Board passed a resolution to authorise the absence.

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.

In 2020, there were six independent Members on the Supervisory Board.

TABLE 60. Composition of PKN ORLEN Supervisory Board as at December 31st 2020 and the date of authorisation of this report

Full name	Position held on PKN ORLEN Supervisory Board
Wojciech Jasiński	Chairperson 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)
Dominik Kaczmarek	Member of the Supervisory Board
Andrzej Kapała	Member of the Supervisory Board (Independent Member of the Supervisory Board)
Michał Klimaszewski	Member of the Supervisory Board (Independent Member of the Supervisory Board)
Roman Kusz	Member of the Supervisory Board (Independent Member of the Supervisory Board)
Jadwiga Lesisz	Member of the Supervisory Board
Anna Sakowicz-Kacz	Member of the Supervisory Board (Independent Member of the Supervisory Board)



MR WOJCIECH JASIŃSKI
Chair of the Supervisory Board

Graduate of the Faculty of Law and Administration at the University of Warsaw. In 1972–1986, he worked in Płock, including at the National Bank of Poland Płock Branch and at the Municipal Office, including as legal counsel at the Tax Chamber. In 1990–1991, he organised local government structures in the Province of Płock as Delegate of the Government Representative for Local Government Reform. From 1992 to 1997, he worked at the Supreme Audit Office, first as Head of the Regional Branch in Warsaw, then as Head of the Finance and Budget Team, and finally as Head of the State Budget Department. In 1997–2000, he served as Member and then as President of the Management Board of Srebrna. He was Member of the Supervisory Board of Bank Ochrony Środowiska S.A. in 1998–2000. From September 2000 to July 2001, he served as Undersecretary of State at the Ministry of Justice. In 2006–2007, he was Minister of the State Treasury.

From 2001, he was Member of the Polish Parliament of the 4th, 5th, 6th, 7th and 8th terms, serving as Chairman of the Standing Committee on the Banking System and Monetary Policy, Chairman of the Economic Committee, and Chairman of the Public Finance Committee. He was also Member of the Parliamentary State Treasury Committee.

President of the Management Board of PKN ORLEN S.A. from December 16th 2015 to February 5th 2018. From June 2018 to July 2019, he was attorney-in-fact of the Management Board of Energa S.A. for Energy Markets and Investment Development.

Since February 25th 2016, he has been Member of the Supervisory Board of PKO Bank Polski S.A.



MR ANDRZEJ SZUMAŃSKI
Deputy Chairman of the Supervisory Board (Independent Member of the Supervisory Board)

Andrzej Szumański is an attorney-at-law, full professor from the Jagiellonian University in Kraków, Department of Private Business Law. One of the three authors of the Polish Commercial Companies Code of September 15th 2000. He was involved in the work to draft the OECD Principles of Corporate Governance, 1999. As an expert of the Association of Stock Exchange Issuers, he prepared a draft of the Rules of the Corporate Governance Committee, enabling implementation of the principles of Corporate Governance for Public Companies adopted by the Warsaw Stock Exchange. Currently, he chairs the Expert Group on Corporate Law of the Corporate Governance Reform Commission at the Polish Ministry of State Assets. Since 1995 he has been an arbitrator of the Arbitration Court at the Polish Chamber of Commerce in Warsaw, and since 2015 – a member of the Court's Arbitration Council. He has been President of the Exchange Court at the Warsaw Stock Exchange since 2007. From 2005 to 2011, he served two terms as President of the Arbitration Court at the Lewiatan Polish Confederation of Private Employers. He participated in numerous restructuring and privatisation projects. He sat on the Supervisory Boards of Południowy Koncern Energetyczny S.A. of Katowice, Małopolska Agencja Rozwoju Regionalnego S.A. of Kraków, and Polimex-Mostostal S.A. of Warsaw, among others. He prepares legal expert reports in the fields of private business law, contract law and arbitration law. He has authored textbooks and commentaries on the companies and securities law, as well as numerous articles, glosses and reviews in the field of commercial law. He was involved in legislative work on an amendment to the Code of Commercial Companies of March 2020 regarding the online form of meetings held by corporate bodies and an amendment to the Code of Civil Procedure of 2019 regarding corporate arbitration.

**MS ANNA WÓJCIK**

Secretary of the Supervisory Board

Anna Wójcik is a graduate of the Poznań School of Banking and Management and the University of Warsaw (Faculty of Law and Administration).

She also completed post-graduate studies at the WUT Business School (Faculty of Management),

And was awarded the title of Master of Business Administration.

She is a manager with more than a decade's experience in the private sector (real estate, retail, business consulting) and government administration.

Her recent positions included COO at Exeq sp. z o.o., whose field of expertise is in fund raising for corporate research, development and innovation. As part of her remit, she coordinated the work of the management board office and accounted for projects implemented within programmes financed with OP IE and NCRD funds.

Since 2016, her career has been in the government administration. She worked as Head of the Minister's Office at the Ministry of Development and the Ministry of Finance, while currently she is employed at the Chancellery of the Prime Minister as Head of the Prime Minister's Office.

**MS BARBARA JARZEMBOWSKA**

Independent Member of the Supervisory Board

Graduate of the University of Warsaw. Holds an MBA certificate. She has experience in financial consulting, foreign aid coordination, and foreign investment promotion, among other fields. Since 2000, she has been a director at Bank Pekao S.A. in charge of various areas including operational risk, transaction banking, FMCG key account management, sales monitoring, and budget planning and implementation.

**MR ANDRZEJ KAPALA**

Independent Member of the Supervisory Board

Graduate of the School of Banking and Management in Poznań with an MA in business management, Andrzej Kapala has additionally completed post-graduate courses in financial management, human resources management and business accounting at the Wrocław University of Economics. He has also completed the Executive Master of Business Administration programme at the Warsaw Management University. He spent ten years working for the Local Democracy Development Foundation, as Head of its Wrocław Branch, where he focused on advising local government units and municipal utilities on management strategies and financial planning. For many years, he carried out consulting projects for private and municipal companies in investment and financial analyses and in project management, as well as restructuring and standardisation of business processes. He has authored several dozen feasibility studies and business plans for infrastructure investments and consulting projects in the area of enterprise restructuring (projects to develop technology and industrial parks, water and sewage management, and information society).

In 2012–2020, as Head of the Administration Office at PKO Bank Polski, he managed the Bank's resources of about 300 real properties as well as several dozen banking infrastructure redevelopment projects annually, whilst overseeing the standardisation of business processes in the areas of property and project management and technical security of the Bank's branches.

Since 2020, he has served as President of the Management Board of Dolnośląskie Zakłady Usługowo – Produkcyjne DOZAMEL Sp. z o.o. of Wrocław.

**MR MICHAŁ KLIMASZEWSKI**

Independent Member of the Supervisory Board

Attorney-at-law, doctor of law, assistant professor at the Department of Administrative Science and Environmental Protection at the Faculty of Law and Administration of Cardinal Stefan Wyszyński University. Member of the Warsaw Seminar on Administration Axiology. Graduate of the Faculty of Law and Administration at the University of Warsaw. Author and co-author of publications on law and administrative proceedings. Author of expert opinions and studies for public and private sector entities. Member of supervisory boards of private-capital corporations.

**MR ROMAN KUSZ**

Independent Member of the Supervisory Board

In 1987–1992, Roman Kusz studied at the Faculty of Law and Administration of the University of Silesia in Katowice. Between 1993 and 1997, he completed his legal training as an attorney-at-law at the Regional Bar Association in Katowice. He has run his own law practice since 1997.

First in 2007–2013 and then since 2016, he has served as Dean of the Regional Bar Association in Katowice.

He has been a Member (since March 2014) and Chairman (since January 9th 2017) of the Supervisory Board of Górnik Zabrze S.A. of Zabrze. During the 2018/2019 term of office, he also served as Secretary of the Supervisory Board of Ekstraklasa S.A. of Warsaw, the company organising the top Polish professional league for men's football teams.

Since 2017, he has sat on the Supervisory Board of the Provincial Fund for Environmental Protection and Water Management in Katowice.

In 2019–2020, he was a Board Member at the University of Economics in Katowice.

Chairman of the 2nd term of the Silesian Forum of Self-Governments of Public Trust Professions in 2018.

Since 2014, he has organised and moderated legal panels at the European Economic Congress in Katowice.

On behalf of the Polish Bar Council, in his capacity as Chairman of the External Image and Legal Protection Committee, he co-organised the 'Advancing Law & Governance Contributions to Climate Action under the Paris Agreement' panel, which was part of the UN Climate Change Summit COP24 – the 24th Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) held in Katowice, in 2018.



MS JADWIGA LESISZ

Member of the Supervisory Board

Jadwiga Lesisz graduated in Foreign Trade from the Faculty of International Relations of the Wrocław University of Economics. She has also completed a post-graduate course in Real Estate Management at the Wrocław University of Technology, and a Master of Business Administration (MBA) programme run by the WSB School of Business in partnership with Franklin University USA. She has over 20 years of professional experience, including extensive practical experience in the SME sector.

As a business owner and manager, she has many years' experience in designing and organising business processes.

In 2012–2016, at PKO Bank Polski S.A. she was in charge of property lease operations related to the bank's branches, supervising and participating in negotiation processes. She was involved in business controlling activities related to the optimisation of the bank's branch network.

In 2016–2017, she was Director of the Project Management Department and member of the Audit Committee at the Polish Ministry of Development. She was responsible for the preparation and implementation of a uniform methodology and culture of project management and for the coordination of key projects.

She served as Vice President of the Polish Agency for Enterprise Development (PARP), responsible for public tasks supporting the implementation of innovations in enterprises. Her work at the Agency included initiating cooperation for the building of the start-up ecosystem in Poland. She also supervised public procurement, and management of assets and IT resources.

She has experience in the public administration sector in the director general role.



MR DOMINIK KACZMARSKI

Member of the Supervisory Board

Dominik Kaczmarek completed his master's degree in law at the University of Warsaw, Faculty of Law and Administration. He is a licensed tax adviser.

He has gained professional experience working for the largest international consulting firms (PwC in 2012-2014 and Deloitte in 2014-2016) as an expert in financial sector taxation.

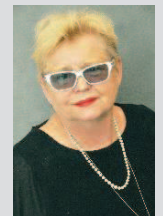
Between February 2016 and January 2020, he was employed at the Polish Ministry of Finance, first as Deputy Director of the Sectoral, Local and Gaming Taxes Department, and then as Deputy Director and Director of the Tax System Department. He was involved in work to enhance CIT and VAT tax compliance.

He served as Secretary of the Tax Avoidance Prevention Council, member of the State Examination Board for Tax Advisers and member of the General Tax Law Codification Commission. Currently, he is a member of the Expert Group on Corporate Law of the Corporate Governance Reform Commission.

Dominik Kaczmarek has authored a number of publications on tax matters.

Since July 2020, he has been Chairman of the Board of the Warsaw Stock Exchange.

Currently, he is also Director of the Analysis and Reporting Department at the Polish Ministry of State Assets.



MS ANNA SAKOWICZ-KACZ

Independent Member of the Supervisory Board

Graduate of the Faculty of Law and Administration of Maria Curie-Skłodowska University in Lublin. Post-graduate studies in real estate appraisal. She holds the licence of a restructuring advisor from the Minister of Justice. She has experience in the roles of bankruptcy administrator, court supervisor and curator under the bankruptcy and restructuring law, as well as supervisory board experience.

Operating procedures of the Supervisory Board

PKN ORLEN's Supervisory Board is composed of six to ten Members. The Shareholder State Treasury, represented by the entity authorised to exercise the rights attached to the shares held by the State Treasury, shall have the right to appoint and remove one member of the Supervisory Board, with the other members of the Supervisory Board 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. 8.9a 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.orlen.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 adopt resolutions:

- a) at a meeting – if all its members participating in the meeting are present at the venue of the meeting or if all or some of its members participate in the meeting by means of remote communication, or
- b) outside a meeting – by written ballot or by means of remote communication, including by telephone or by other means, provided the identity of a Supervisory Board member can be verified.

The Supervisory Board may pass resolutions if at least half of its Members participate in the meeting. A resolution of the Supervisory Board shall also be valid if passed outside a meeting, by written ballot or using means of remote communication, provided that all Supervisory Board members have been notified of the contents of the draft resolution and at least half of Supervisory Board members have participated in the vote.

Resolutions of the Supervisory Board shall be passed by an absolute majority of votes cast, provided that at least half of the Supervisory Board members are present, and provided further that votes cast shall be deemed to comprise votes 'in favour of', votes 'against' and abstentions. 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.

Members of the Supervisory Board may vote on resolutions of the Supervisory Board by casting their votes in writing through another member of the Supervisory Board. Matters placed on the agenda during the Supervisory Board meeting may not be voted on in writing through another member of the Supervisory Board.

Passing resolutions on the following matters:

- any performance to be rendered or benefits to be granted by the Company or any of its related entities to members of the Management Board;
- approval of material transactions (as defined in the Articles of Association) executed by the Company with its related parties, taking into account the exemptions and detailed arrangements provided for in Section 4b of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies, and of agreements concluded by the Company or its subsidiary with a Management Board member or Supervisory Board member, save for agreements commonly concluded in petty current matters of everyday life,
- appointment of an auditor to audit the Company's financial statements;

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.

The Supervisory Board selects an auditor after having received a recommendation from the Audit Committee.

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 generally applicable laws, including, without limitation, 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 other 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 internal control, risk management, compliance and internal audit function,
- 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,
- remuneration report compliant with the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies,
- analysis and assessment of the activities of the Group companies, based on 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 (Recommendation VI.R.3)

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:

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

Composition of PKN ORLEN Supervisory Board Committees in 2020

TABLE 61. Composition of PKN ORLEN Supervisory Board Committees as at January 1st 2020

Full name	Position held on PKN ORLEN Supervisory Board Committee
Audit Committee	
Andrzej Kapala	Committee Chair, Independent Member of the Supervisory Board
Barbara Jarzembowska	Committee Member, Independent Member of the Supervisory Board
Izabela Felczak- Poturnicka	Committee Member until January 16th 2020
Jadwiga Lesisz	Committee Member
Michał Klimaszewski	Committee Member, Independent Member of the Supervisory Board
Strategy and Development Committee	
Michał Klimaszewski	Committee Chair, Independent Member of the Supervisory Board
Izabela Felczak- Poturnicka	Committee Member until January 16th 2020
Małgorzata Niezgoda	Committee Member until March 5th 2020
Andrzej Kapala	Committee Member, Independent Member of the Supervisory Board
Anna Sakowicz-Kacz	Committee Member, Independent Member of the Supervisory Board
Nomination and Remuneration Committee	
Małgorzata Niezgoda	Committee Chair until March 5th 2020
Andrzej Szumański	Committee Member, Independent Member of the Supervisory Board
Anna Sakowicz-Kacz	Committee Member, Independent Member of the Supervisory Board
Michał Klimaszewski	Committee Member, Independent Member of the Supervisory Board
Anna Wójcik	Committee Member
Corporate Governance Committee	
Andrzej Szumański	Committee Chair, Independent Member of the Supervisory Board
Izabela Felczak- Poturnicka	Committee Member until January 16th 2020
Andrzej Kapala	Committee Member, Independent Member of the Supervisory Board
Barbara Jarzembowska	Committee Member, Independent Member of the Supervisory Board
Roman Kusz	Committee Member, Independent Member of the Supervisory Board
Corporate Social Responsibility Committee	
Jadwiga Lesisz	Committee Chair
Izabela Felczak- Poturnicka	Committee Member until January 16th 2020
Anna Wójcik	Committee Member
Michał Klimaszewski	Committee Member, Independent Member of the Supervisory Board
Roman Kusz	Committee Member, Independent Member of the Supervisory Board

TABLE 62. Composition of PKN ORLEN Supervisory Board Committees as at December 31st 2020

Full name	Position held on PKN ORLEN Supervisory Board Committee
Audit Committee	
Andrzej Kapala	Committee Chair, Independent Member of the Supervisory Board
Barbara Jarzembowska	Committee Member, Independent Member of the Supervisory Board
Jadwiga Lesisz	Committee Member
Michał Klimaszewski	Committee Member, Independent Member of the Supervisory Board
Strategy and Development Committee	
Michał Klimaszewski	Committee Chair, Independent Member of the Supervisory Board
Wojciech Jasiński	Member of the Committee since April 14th 2020
Dominik Kaczmarski	Member of the Committee since April 14th 2020
Andrzej Kapala	Committee Member, Independent Member of the Supervisory Board
Anna Sakowicz-Kacz	Committee Member, Independent Member of the Supervisory Board
Nomination and Remuneration Committee	
Wojciech Jasiński	Committee Member since April 14th 2020, Committee Chair since April 22nd 2020
Andrzej Szumański	Committee Member, Independent Member of the Supervisory Board
Anna Sakowicz-Kacz	Committee Member, Independent Member of the Supervisory Board
Michał Klimaszewski	Committee Member, Independent Member of the Supervisory Board
Anna Wójcik	Committee Member
Corporate Governance Committee	
Andrzej Szumański	Committee Chair, Independent Member of the Supervisory Board
Dominik Kaczmarski	Member of the Committee since April 14th 2020
Andrzej Kapala	Committee Member, Independent Member of the Supervisory Board
Barbara Jarzembowska	Committee Member, Independent Member of the Supervisory Board
Roman Kusz	Committee Member, Independent Member of the Supervisory Board
Corporate Social Responsibility Committee	
Jadwiga Lesisz	Committee Chair
Anna Wójcik	Committee Member
Michał Klimaszewski	Committee Member, Independent Member of the Supervisory Board
Roman Kusz	Committee Member, 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. 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 2020, the Audit Committee held nine minuted meetings.

Also, permitted non-audit assurance services and related services were provided to PKN ORLEN and selected ORLEN Group companies in 2020 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:

- confirmation of calculation of the electricity use intensity (EUI) indicator for PKN ORLEN,

- confirmation of calculation of the electricity use intensity (EUI) indicator for Anwil S.A. and IKS Solino S.A.,
- review of a report on solvency and financial condition of ORLEN Insurance Limited,
- review of separate accounting performed by ORLEN Aviation Sp. z o.o. with regard to ground handling activities,
- review of documents necessary for ORLEN Lietuva to recover funds from Public Service Obligation.

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 2020, the Corporate Governance Committee held three 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 2020, the Strategy and Development Committee held five minuted meetings.

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. Following amendment of the Public Offering Act, the Nomination and Remuneration Committee is also tasked with issuing opinions on remuneration reports prepared in accordance with statutory requirements and the remuneration policy in place at the Company.

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

In 2020, 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 2020, the Corporate Social Responsibility Committee held eight minuted meetings.

7.8. REMUNERATION POLICY (Recommendations VI.R.1, VI.R.2, VI.R.4)

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, and – where a director performs work or additional duties outside the territory of Poland – assistance with the preparation of the annual personal income tax assessment and support during tax proceedings or checks.

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 seven quantitative targets for all Members of the Management Board for 2020:

- Reported EBIT of the Group,
- LIFO-based EBITDA of the Group,
- Group's growth CAPEX, including development expenditure,
- Group's maintenance CAPEX,
- Group's general and personnel costs,
- Stock performance ratio: TSR of PKN ORLEN relative to the market,
- Accident rate: TRR of the Group and its external contractors,

and assigned 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 projects and challenges.

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 2020:

- 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 2019, item 1302, as amended) at 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 2019, item 369, 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 performance 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 2020 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 pay is equal to the three-fold 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. 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. 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 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;
- PKN ORLEN's well-being policy,
- Separate internal organisational document on the Family Friendly Employer programme.

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.

As at December 31st 2020, the Supervisory Board consisted of six men and four women. The age structure of Supervisory Board members: 30–39 years: one person, 40–49 years: four persons, 50–60 years: one person, 60 years or more: four persons.

The Company's Management Board was composed of seven men and one woman. The age structure of Management Board Members was as follows: 30–39 years: two persons, 40–50 years: four persons, 60–70 years: two persons.