



**Non-Financial Statement
of the ORLEN Group
and PKN ORLEN S.A.
for 2021**

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LETTER FROM THE PRESIDENT OF THE MANAGEMENT BOARD

Ladies and Gentlemen,

In 2021 the ORLEN Group moved forward on and completed capital projects and acquisition processes that are key to driving further rapid growth. We delivered on our strategic objectives, fully leveraging the potential of all our companies and business lines. The effort brought the desired results: growth in the value of the ORLEN Group, a stronger position and improved visibility in international markets.

We focused on finalising the merger with the LOTOS Group and PGNiG. In the context of the recent developments across our eastern border, the decision to integrate Poland's key fuel and energy companies and create a strong multi-utility group has gained a special meaning. Building a multi-utility group is intrinsically linked to the energy security of not only Poland but the entire region, including Lithuania, Latvia, Estonia, the Czech Republic, and Slovakia.

It will support the low- and zero-carbon transition of the domestic energy sector, including through development of renewable energy sources and alternative fuels for transport. The new group created through the merger of PKN ORLEN, Grupa LOTOS and PGNiG will have the ability to deliver large-scale projects and to acquire and deploy new technologies.

This past year, we made a major step in this direction. In line with the ORLEN 2030 strategy, we stepped up and scaled up investments in renewable energy development projects. We are building a green future for PKN ORLEN based primarily on offshore wind, solar PV, and biogas. The project to develop an offshore wind farm in the Baltic Sea has entered its decisive phase. In late 2021, the ORLEN Group subsidiary Baltic Power commenced an analysis of environmental and wind conditions within the area covered by its licence. The work is progressing in line with a strict schedule and will culminate in the commissioning of a wind farm consisting of over 70 turbines. The clean energy produced by the turbines will power around one million households for more than 25 years.

We are also strengthening our hydrogen technology development capabilities. By 2030, we aim to install approximately 0.5GW of new hydrogen production capacity using renewable energy sources and municipal waste conversion. We are pursuing this goal by building hydrogen hubs, with the first such hub deployed last year in Trzebinia, and public hydrogen refuelling stations.

We keep our business up to date, strongly focusing on innovation. Our ORLEN Skylight accelerator programme has built a strong brand recognisable on the home and international markets, as demonstrated by strong interest from startups who perceive us as an attractive business partner offering development opportunities for promising energy, petrochemical and retail projects.

We attain our business goals also through sponsorship activities, which help us build global recognition for the ORLEN brand. We presented the benefits of sports and culture sponsorships in a dedicated report last year. It was the first report of its kind in Poland, showcasing projects supported by PKN ORLEN, the effects of its sponsorship activities, and best practices developed over the years through partnerships with athletes, cultural institutions and social partners.

We recognise it is not just what we accomplish but how we act that counts. Skilfully combining business activities with the principles of sustainability remains our top priority.

With current and future generations in mind, we run various CSR initiatives that are strongly supported by the ORLEN Foundation. The Foundation coordinates our efforts to help Ukrainian refugees to ensure they receive comprehensive and ongoing support. We have already put in place a number of initiatives, from offering accommodation, shelter and hot meals, to financial support. Importantly, the humanitarian aid is provided not only by the ORLEN Group companies but also by our employees who engage in voluntary work.

As always, we make every effort to ensure that our stakeholders are well informed on our projects, therefore in our Non-Financial Statement of the ORLEN Group and PKN ORLEN S.A. for 2021 we provide a comprehensive account of our activities across all areas of our operations.



Daniel Obajtek

CEO, President of the Management Board



INFORMATION ON THIS STATEMENT

GRI Disclosures

GRI Disclosures described in this section:

- GRI 101** Reporting Principles
 - GRI 102-44** Key topics and concerns raised
 - GRI 102-45** Entities included in the consolidated financial statements
 - GRI 102-46** Defining report content and topic boundaries
 - GRI 102-47** List of material topics
 - GRI 102-48** Restatements of information
 - GRI 102-49** Changes in reporting
 - GRI 102-50** Reporting period
 - GRI 102-51** Date of most recent report
 - GRI 102-52** Reporting cycle
 - GRI 102-54** Claims of reporting in accordance with the GRI Standards
 - GRI 102-55** GRI content index (GRI Disclosures described therein are listed at the beginning of each chapter of this Report).
 - GRI 103-1** Explanation of the material topic and its boundary
- In addition, Section 1 of this Report 'Letter from the President of the Management Board' refers to **GRI 102-14** Statement from senior decision maker.

Principles, structure and reporting methodology

GRI 101 GRI 102-45 GRI 102-48 GRI 102-49 GRI 102-50 GRI 102-51 GRI 102-52

This Non-Financial Statement (the “Statement”) includes data on the **Polski Koncern Naftowy ORLEN Group** (the “ORLEN Group”) and **Polski Koncern Naftowy ORLEN S.A.** (“PKN ORLEN”, the “Company”) for 2021.

This Statement has been prepared in accordance with:

- **Art. 49b.1 and Art. 55.2b-e of the Polish Accounting Act of September 29th 1994, as amended**, which implements the guidelines of Directive 2014/95/EU of the European Parliament and of the Council of October 22nd 2014 on disclosure of non-financial and diversity information;
- **Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18th 2020** on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088; **Commission Delegated Regulation (EU) 2021/2139 of June 4th 2021** supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives; **Commission Delegated Regulation (EU) 2021/2178 of July 6th 2021** supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation.
- **GRI Standards 2016, Core option, including GRI 403 Occupational Health and Safety 2018** and GRI 303 Water and Effluents 2018. This Statement also includes selected sector-specific indicators from Electric Utilities Sector Disclosures (G4 EU) and Oil and Gas Sector Disclosures (G4 OG).

GRI Standards 2016 are an international standard for reporting on economic, environmental and societal impacts of an organisation, and the most widely used ESG (environmental, social and governance) reporting standard in the world.

The scope of information contained in this Statement takes into account the expectations resulting from **international ESG ratings**. PKN ORLEN also takes steps to consistently improve its compliance with the non-mandatory recommendations of the European Commission (EC Communication 2019/C 209/01) and of the **Task Force on Climate-related Financial Disclosures (TCFD)** regarding information on climate issues.

This Statement includes information on activities aimed at **achieving the UN Sustainable Development Goals 2030**.

The business model, non-financial key performance indicators, policies and procedures as well as potential risks and methods of their management are discussed in this Statement for the entire ORLEN Group and for PKN ORLEN. This Statement presents the activities carried out by the ORLEN Group and PKN ORLEN in 2021. The previous Non-Financial Statement, for 2020, was issued in April 2021. Non-Financial Statements are issued on an annual basis and are continually evolving, to reflect changes within the ORLEN Group and in its environment.

There have been no significant **changes in the scope or the measurement methods applied relative to the previous Statement** other than the first-time disclosure of the proportion of Taxonomy-eligible and **Taxonomy non-eligible economic activities** in the total turnover, capital and operating expenditure in accordance with Annex II to the Commission Delegated Regulation (EU) 2021/2178 and the qualitative information referred to in Section 1.2.1 of Annex I ‘Accounting Policy’ of the Commission Delegated Regulation (EU) 2021/2178.

Reporting for the entire year 2021 covers the Energa Group, which has been in the ORLEN Group since May 1, 2020.

Some aspects of the non-financial activities are presented using the examples of selected ORLEN Group companies whose business scope is of key significance to the Group.

Reporting methodology

GRI 102-54

In November 2020, the **ORLEN Group held a survey of its internal and external stakeholders’ opinions on sustainable development and corporate social responsibility**. The project involved, among other things, a revision of the reported aspects and the stakeholder map. Stakeholder consultations consisted in conducting a survey (online survey method) and individual interviews with representatives of the ORLEN Group key and important stakeholders. The purpose was to learn about their opinions and expectations on the scope of integrated reporting and future activities of the ORLEN Group in the area of corporate social responsibility and sustainable development. The survey was carried out in accordance with the international AccountAbility Stakeholder Engagement Standard – AA1000SES, providing the rules for stakeholder relations management.

The survey covered all external factors relevant to the ORLEN Group, including the European Green Deal, the goal of carbon neutrality by 2050, and COVID-19. As no major changes have occurred in the ORLEN Group’s external environment or operations since then (major acquisitions of PGNiG and Grupa LOTOS are still in progress) there was no need to conduct a stakeholder survey again in 2021. The list of material reporting aspects remained unchanged.

Preparation of this Statement included the following stages:

- confirmation of significant business and social responsibility topics relevant to the ORLEN Group and PKN ORLEN, and their materiality, and confirmation of the stakeholder map through consultations and a survey made in the course of internal and external consultations in late 2020;
- collection of data showing implementation of the policies, strategies and objectives of corporate social responsibility, as well as the due diligence procedures and risk management policies and how they are put into effect at the ORLEN Group and PKN ORLEN;
- preparation of this ORLEN Group and PKN ORLEN Statement for 2021, based on the collected data in accordance with Art. 49b and Art. 55.2b-e of the Polish Accounting Act of September 29th 1994 (Dz.U. of 2021, item 217), Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18th 2020, Commission Delegated Regulation (EU) 2021/2139 of June 4th 2021 and Commission Delegated Regulation (EU) 2021/2178 of July 6th 2021, and GRI Standards, and incorporation of conclusions and expectations resulting from international ESG ratings, and reference to the recommendations of the Task Force on Climate-related Financial Disclosures.



Reporting standards

This Statement is based on **GRI Standards 2016, Core option, including GRI 403 Occupational Health and Safety 2018 and GRI 303 Water and Effluents 2018**. It presents indicators from three Universal Standards (Foundation, GRI 101), General Disclosures (GRI 102), Management Approach (GRI 103), and selected Topic-specific Standards from the Economic (GRI 200), Environmental (GRI 300) and Social (GRI 400) series. This Statement also includes selected sector-specific indicators from **Electric Utilities Sector Disclosures (G4 EU) and Oil and Gas Sector Disclosures (G4 OG)**. The indicators described in this Statement are listed at the beginning of each section.

Relevant reporting aspects

GRI 102-44 GRI 102-46 GRI 102-47 GRI 103-1

External and internal stakeholders were involved in the process of selecting relevant aspects to be reported by the ORLEN Group. The process of defining relevant reporting aspects at the ORLEN Group included the following activities:

IDENTIFICATION

In November 2020, representatives of the ORLEN Group and its stakeholders participated in an online opinion survey and interviews with selected stakeholders held in accordance with the international standard AA1000SES. The consultations concerned priority directions for sustainable and responsible business, as well as formulating expectations as to disclosures relating to the Company's operations and their societal and economic impacts, including determination of their materiality. The survey involved employees of the ORLEN Group and representatives of industry organisations and institutions, academics, social partners, and customers. The stakeholder survey was preceded by an internal review of the relevant reporting aspects.

PRIORITISATION

As part of the stakeholder survey, the economic, social and environmental topics which should be reported for 2020 were confirmed. The stakeholders also voiced their opinions on the type of Green Deal-related information which they

A detailed description of all aspects of the ORLEN Group's financial and non-financial activities will be presented in 2022 in the online ORLEN Group Integrated Report for 2021. In addition to GRI Standards, the Integrated Report will take account of the integrated reporting guidelines issued by the International Integrated Reporting Council, and will be reviewed by an auditor in accordance with ISAE 3000.

consider to be of the most relevance and the Sustainable Development Goals 2030 which should be pursued by PKN ORLEN considering its business.

VALIDATION

The stakeholders involved in the survey identified the most material reporting topics. The survey led to the determination of their materiality to the ORLEN Group and its stakeholders.

RELEVANT REPORTING ASPECTS IDENTIFIED BY EXTERNAL AND INTERNAL STAKEHOLDERS

Following analyses and consultations with internal and external stakeholders, the following changes were made in the list of relevant reporting aspects relative to the prior year:

- In the group of economic aspects: 'Expanding product range and building customer loyalty' was replaced with 'Efficient, high quality customer service and loyalty building'. 'Workplace and industrial process safety' was reclassified to social aspects. 'Impact of changes in market and business environment' and 'Mega trends of the future' were combined into 'Trends and changes in market and business environment'. 'Low-emission solutions and ESG' were discussed as part of 'Building of a multi-utility group' and new environmental aspects.



'Significance of the ORLEN Group's business for the national economy' was included in the group of economic aspects.

- In the group of social aspects:

- 'Responsible supply chain' was reclassified to the group of environmental aspects. 'Respecting human rights' and 'Compliance with ethical standards' were combined into a single aspect. 'Employee related issues' were not included in the list of social topics as they are covered by other social aspects.
- The list of environmental aspects was significantly expanded through the addition of 'Impact on natural resources and biodiversity', 'Impact on climate, low and zero-emission performance', 'Ensuring environmental compliance', 'Pro-environmental innovation and initiatives', and 'Responsible supply chain'.

- For the ORLEN Group's external stakeholders, the most material topics to be reported are:

1. corporate social responsibility;
2. innovation, research and development;
3. impact on climate, low and zero-emission performance.

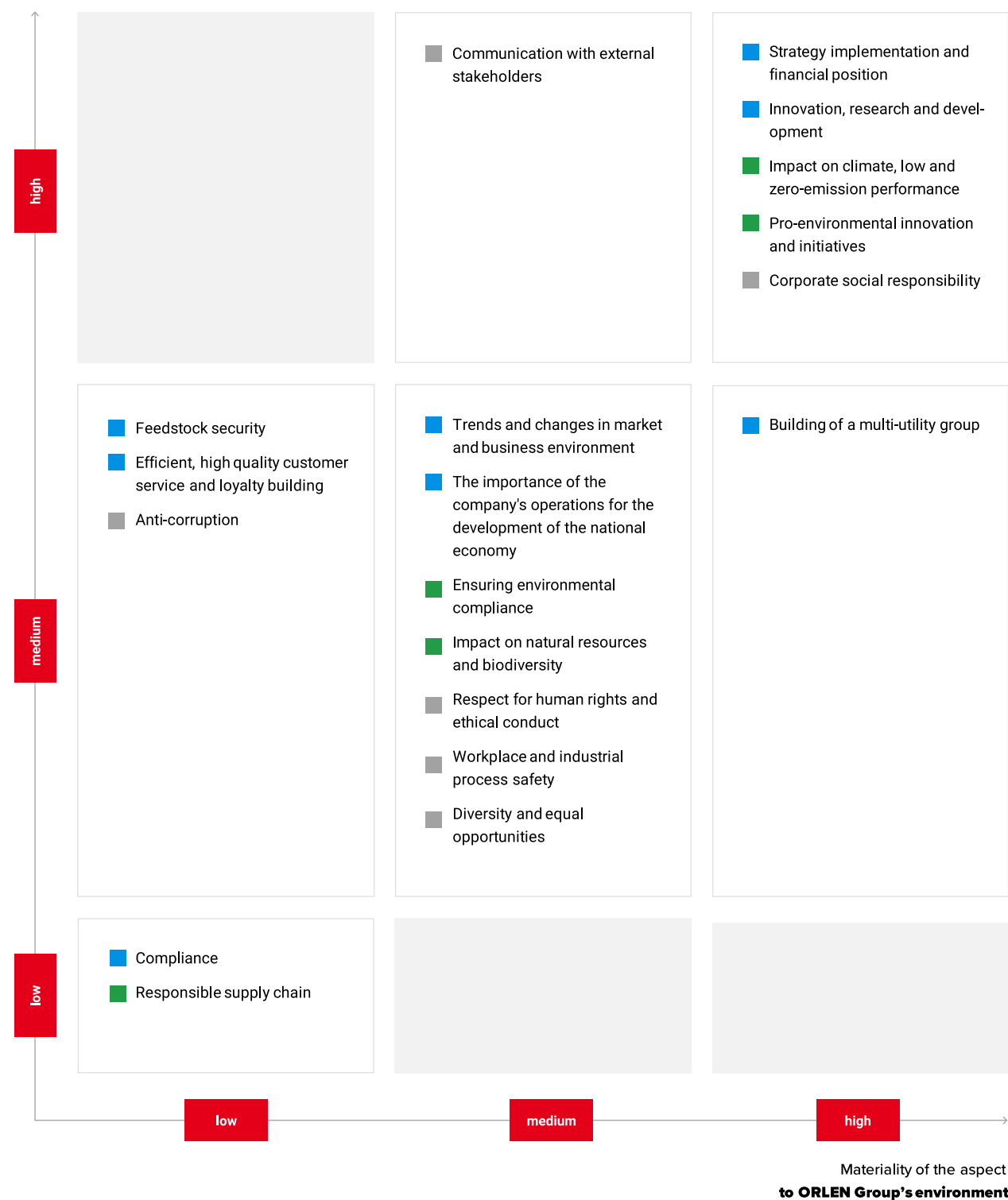
For the ORLEN Group employees, the most material topics to be reported are:

4. building of a multi-utility group;
5. corporate social responsibility;
6. strategy implementation and financial position.

As a result, the final list of the ORLEN Group's relevant reporting aspects was prepared, specifying their materiality (i.e. low, medium and high) to the ORLEN Group and its stakeholders, as shown in the Scheme below. The following aspects have been included in this Statement and will be discussed in detail in the ORLEN Group Integrated Report for 2021.

■ Economic aspects ■ Social aspects ■ Environmental aspects

Materiality of the aspect
to ORLEN Group's environment





BUSINESS MODEL

GRI Disclosures

GRI Disclosures described in this section:

- GRI 102-1 Name of the organization
- GRI 102-2 Activities, brands, products, and services
- GRI 102-3 Location of headquarters
- GRI 102-4 Location of operations
- GRI 102-5 Ownership and legal form
- GRI 102-6 Markets served
- GRI 102-7 Scale of the organization
- GRI 102-40 List of stakeholder groups
- GRI 102-42 Identifying and selecting stakeholders
- GRI 102-45 Entities included in the consolidated financial statements
- GRI 102-10 Significant changes to the organization and its supply chain



Parent – PKN ORLEN S.A.

GRI 102-1 GRI 102-3 GRI 102-5

Polski Koncern Naftowy ORLEN Spółka Akcyjna of Płock ("PKN ORLEN", the "Company") is the Parent of the ORLEN Group.

Polski Koncern Naftowy S.A. with its registered office in Płock, at ul. Chemików 7, was established under a Notarial Deed of June 29th 1993, as a result of transformation of a state-owned enterprise into a joint-stock company.

In September 1999, PKN ORLEN was merged with Centrala Produktów Naftowych – Poland’s main distributor of motor fuels.

On April 12th 2000, its business name was changed to Polski Koncern Naftowy ORLEN Spółka Akcyjna.

Our principal business activity is oil processing, production of fuels, petrochemicals and chemicals, as well as wholesale and retail trade in petroleum fuel products. PKN ORLEN also produces, distributes and trades in electricity and heat.

ORLEN GROUP

GRI 102-2 GRI 102-4 GRI 102-6 GRI 102-7 GRI 102-45

- The ORLEN Group is one of the largest and most advanced multi-energy companies in Central and Eastern Europe, operating on the Polish, Lithuanian, Czech, Slovak, German and Canadian markets. The Group also has units located in Malta, Sweden, the Netherlands, Hungary, Estonia, Latvia and China.
- The ORLEN Group companies are engaged in the following types of activity:
- Energy (electricity and heat), refining and petrochemical activities, including crude oil processing, and manufacturing of refining, petrochemical and chemical products and semi-finished products;
 - Trading – distribution and sale of electricity and heat, trade in electricity, wholesale and retail sale of fuels, petrochemicals, chemical and other products;
 - Services – crude oil and fuels storage, transport, repair and maintenance services, laboratory, security, design, administrative, insurance and finance services;
 - Hydrocarbon exploration, appraisal and production.

Other areas of our business include services: crude oil and fuel storage, road and rail transport, maintenance and repair, laboratory, security, engineering design, administrative, insurance and finance services.

Since November 26th 1999, PKN ORLEN shares have been listed on the main market of the Warsaw Stock Exchange in the continuous trading system.

PKN ORLEN's business model assumes solidifying its position in core business areas, as well as further development, including coordination of the ORLEN Group activities. The purpose of the measures undertaken by PKN ORLEN and the ORLEN Group is to increase their market value, strengthen their position in home markets, and expand their product offering and geographical reach. To efficiently manage its business, PKN ORLEN has implemented a segment-based management model aimed at delivering Group-wide strategic goals set by PKN ORLEN as the Group’s Parent.

For management purposes, the ORLEN Group's business is divided into five operating segments: Energy, Refining, Petrochemicals, Retail and Upstream, which are supported by Corporate Functions.

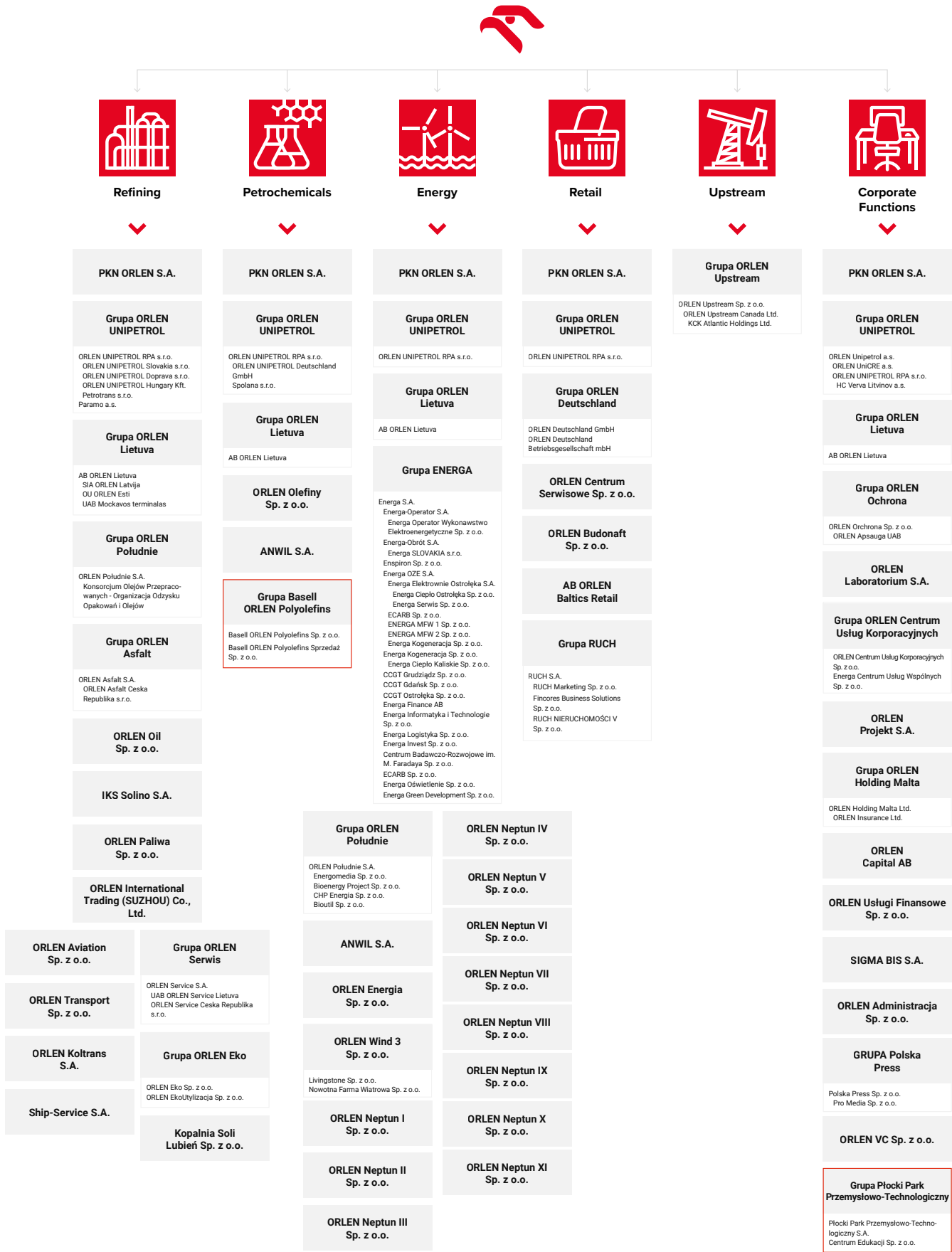
As at December 31st 2021, the Polish State Treasury held 27.52% of shares in the Parent, PKN ORLEN, and was able to exercise significant influence over the Company.

As at December 31st 2021, the ORLEN Group comprised 106 companies: the Parent and 105 fully-consolidated companies.

Details of the organisational and cross-equity links between the Parent and other ORLEN Group companies are presented below.

Scheme 2.

Allocation of the Parent and the ORLEN Group companies to operating segments and corporate functions as at December 31st 2021.



In line with the business strategy adopted in November 2020, the ORLEN Group's key objectives include being a regional leader in energy transition, developing new renewable energy capacities, and pursuing decarbonisation, while preserving operational efficiency and financial strength in its traditional business segments. Given the prevailing market trends, we are consistently diversifying our business towards building a multi-utility conglomerate. The effective acquisition of the Energa Group in 2020 and continued work on other acquisition targets, such as the ongoing merger of PKN ORLEN, the LOTOS Group and PGNiG, are part of this process. Recognising the importance of the retail segment, the ORLEN Group proceeded with expanding its service station chain in Poland and abroad, and commenced development of the non-fuel retail segment with the acquisition of the RUCH Group in 2020. The ORLEN Group also seeks to continue its strategic growth in petrochemicals and gas-fired energy, as well as in new business areas such as new mobility, hydrogen technologies, recycling, R&D and digital transformation.

Scheme 3.
Key figures and events 2021

FINANCIAL RESULTS

- LIFO-based EBITDA¹⁾: **PLN 14.2 billion**
- Net profit: **PLN 11.2 billion**
- Operating cash flow: **PLN 13.3 billion**
- Capital expenditure: **PLN 9.9 billion**
- Dividend for 2020: **PLN 1.5 billion (PLN 3.50 per share)**

¹⁾ Before impairment of non-current assets of PLN 0.8bn.

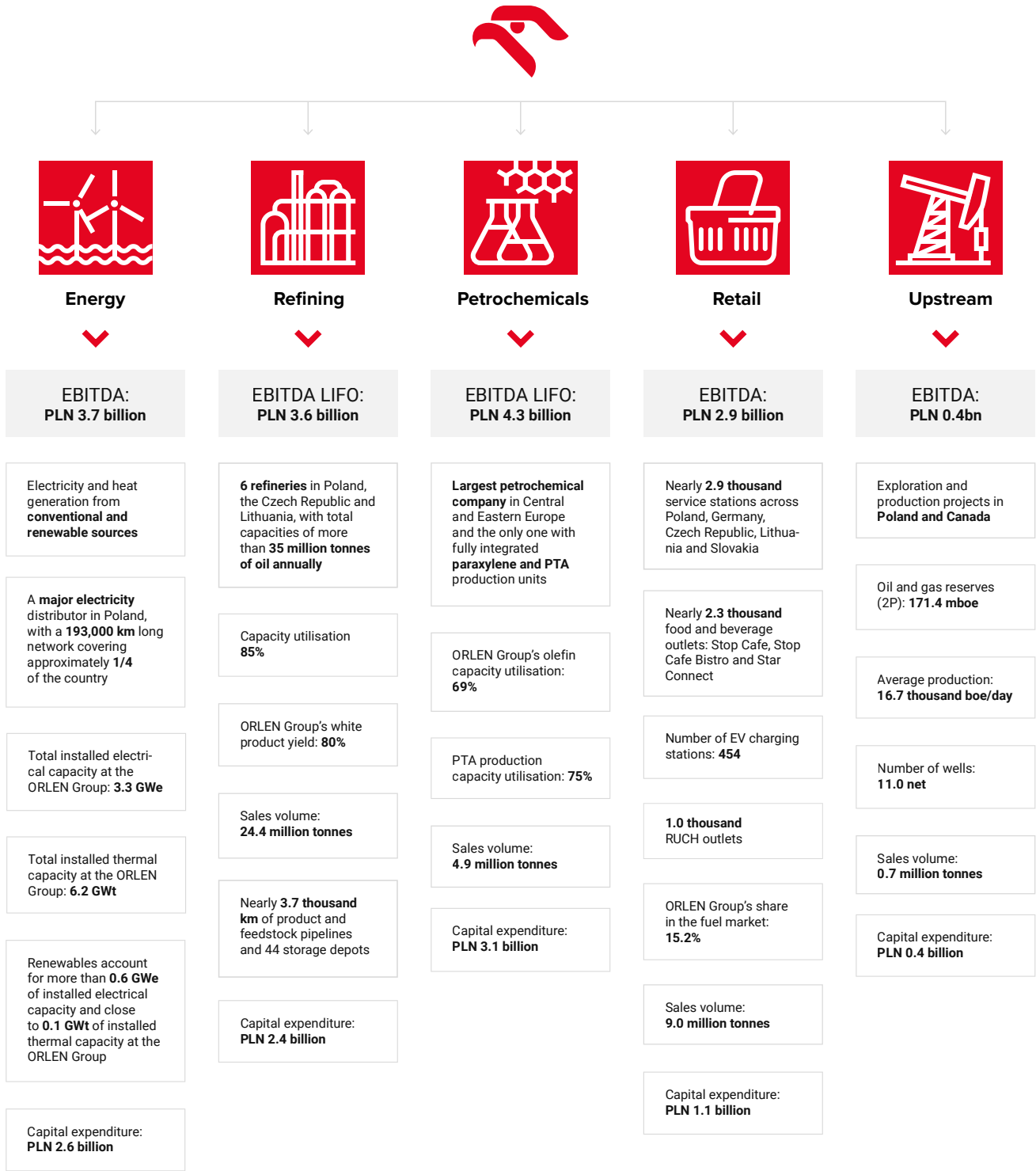
Effective growth of the ORLEN Group would not be possible without full operational and cost efficiency. We continually take steps to improve our management processes, optimise our business model and consolidate our assets. As a result of this strategy, we have consistently strengthened our position on home markets and have been steadily expanding our product range and geographical reach.

To ensure effective management, holding management policies, i.e. solutions designed to achieve Parent-defined shared goals across the ORLEN Group, have been introduced. The holding management concept has been implemented based on the ORLEN Group Constitution, which ensures uniformity of the organisational standards and information exchange rules, as well as effective monitoring of key business decisions. It also identifies the legal basis for creating a consistent strategy within the ORLEN Group. PKN ORLEN's effective corporate supervision over the ORLEN Group companies relies on ongoing oversight of the Group's operations based on uniform standards, as well as financial, and formal and legal supervision.

FINANCIAL SECURITY

- Net debt / EBITDA: **0.62**
- Moody's rating: **Baa2 with a positive outlook**
- Fitch Rating: **BBB- with a positive outlook**
- Issue of **EUR 500 million** worth of green Eurobonds
- Issue of **PLN 1 billion** worth of corporate bonds linked to ESG rating
- **EUR 180 million** from the European Investment Bank for sustainability projects

Scheme 4.



OPERATING SEGMENTS

Refining

The ORLEN Group manages refining assets and is the leading fuel producer in Poland, Lithuania and the Czech Republic. Total processing capacity of the Group's refineries exceeds 35 million tonnes per year. Full integration of the PKN ORLEN's and the Unipetrol Group's refining units and the pipeline infrastructure are a source of major competitive advantage. Likewise, efficient logistics infrastructure, consisting of surface and underground storage depots and pipeline networks, is a key element of value creation on the fuel market. In the first quarter of 2023, PKN ORLEN intends to put a new visbreaking unit in service. The project will improve its crude oil processing efficiency and increase the share of high-margin products.

Petrochemicals

The ORLEN Group is the largest petrochemical company in Central and Eastern Europe, the only manufacturer of monomers and polymers on the Polish market, and the manufacturer of most of the petrochemical products available on the Czech market. In 2025, PKN ORLEN plans to complete the expansion of the Olefins complex under the Petrochemical Development Programme. The project is expected to position the Płock production plant among Europe's largest and most advanced facilities of its type. Full integration of the PKN ORLEN's and the Unipetrol Group's petrochemical units and the pipelines connecting PKN ORLEN with the ANWIL Group and BOP are a source of major competitive advantage.

Energy

The ORLEN Group is a significant producer of electricity and heat, used in large part to satisfy the Group's own production needs, as well as one of main distributors of electricity in Poland. It is also one of the largest consumers of gas in Poland and an active participant in the process of gas market liberalisation. The ORLEN Group currently owns energy assets in three countries. In Poland, they are located, inter alia, in Płock, Włocławek, Ostrołęka, Elbląg, Kalisz, Jedlicze and Trzebinia; in the Czech Republic – in Litvinov, Libiř, Kolin and Pardubice; and in Lithuania – in Mažeikiai. In terms of the share of electricity from renewable sources in total energy output, the ORLEN Group owes its strong market

position mainly to hydropower plants and wind farms owned by the Energa Group and ORLEN Wind 3. Green energy is also generated in biomass combustion installations (at Energa Elektrownie Ostrołęka and Energa Kogeneracja) and three solar photovoltaic farms.

Retail

The ORLEN Group is the **undisputed leader in retail fuel sales in Central Europe**. At the end of 2021, it operated a **total of 2,881 service stations**. In Poland, our service stations operate under the ORLEN brand in the premium segment and under the Bliska brand in the economy segment (with the share of the economy segment gradually declining year on year). In the Czech Republic and Slovakia, they are branded as Benzina ORLEN and Benzina Plus ORLEN, and in Lithuania – as ORLEN. On the German market, ORLEN Deutschland operates economy stations under the umbrella brand STAR ORLEN and the network is complemented by more than a dozen Familia supermarket stations.

At the end of 2021, the ORLEN Group's network included 454 electric vehicle charging stations (including 215 so-called quick chargers), of which 17 were located on the German market, including 13 superchargers. In the Czech market, chargers were operated at 65 stations of the ORLEN Group and 372 charging stations for electric cars operated in the PKN ORLEN network.

As at the end of 2021, the ORLEN Group had 1,028 operational RUCH retail outlets. Their number was reduced as a result of measures taken to optimise performance and ensure profitability of Ruch's retail operations, and as a consequence of the Covid pandemic. In June 2021, the first retail outlet in a new format developed by the Group under 'ORLEN w Ruchu' ('ORLEN in Motion') brand was opened in Warsaw, followed by further locations in Bydgoszcz, Leszno, Tychy and other places.

In September 2021, a new service 'ORLEN Paczka' ('ORLEN Parcel') was launched to replace 'Paczka w Ruchu' ('Parcel in Motion'). With this new courier service e-commerce customers were offered a larger number of pickup points: parcel lockers (over 300 already operating, the target is over 2,000), ORLEN service stations (over 1,000), and, as before, Ruch kiosks and partner outlets. Orders are delivered to the pickup points within 1–2 business days. In the coming years, the ORLEN Group plans to further expand the geographical coverage of the 'ORLEN Parcel' service.

Upstream

The ORLEN Group conducts exploration and production activities in Poland via its subsidiary, ORLEN Upstream Sp. z o.o. (in December 2019, ORLEN Upstream acquired FX Energy Poland Sp. z o.o.). The company's operations in 2021 included hydrocarbon production and exploration. Currently, PKN ORLEN produces gas domestically in cooperation with PGNiG S.A. (the Płotki Project) and on its own (production from the Bystrowice field as part of the Miocen Project, commenced at the end of December 2020).

The ORLEN Group's total annual output in Poland reached 1,100 boe per day. The main project activities in Poland were conducted in three oil provinces.

In Canada, production operations are carried out via the subsidiary ORLEN Upstream Canada Ltd. ("OUC"). The company's principal hydrocarbon assets are located in Kakwa, Ferrier and Lochend in the Province of Alberta, western Canada, and are primarily associated with production from unconventional hydrocarbon sources, such as tight oil and tight gas projects, with the use of horizontal wells and multi-stage hydraulic fracturing technology. The fields are mainly located in the Montney (Kakwa area) and Cadium (Ferrier and Lochend areas) geological formations, which are considered some of the best unconventional oil and gas formations in North America.

At the end of 2021, 2P oil and gas reserves of the Upstream segment companies totalled more than 171 mboe, while total average production volumes in 2021 reached 16,700 boe/d.

Corporate Functions

Corporate Functions comprise activities involving management, administration and other auxiliary functions performed by certain ORLEN Group companies for the operating segments. The Corporate Functions companies provide a wide range of services, including:

- Protection of people and property and technical security, comprehensive accounting and bookkeeping, HR/payroll and inventory management services;
- Laboratory services, including testing of petroleum products, water, sewage, soil and air;
- Engineering design and building supervision services for the refining, petrochemical and power industries;
- Financing and insurance services;
- Real estate management and office administration.

KEY COMPANIES

Energa Group

Energa S.A. is the parent of the Energa Group, established by the State Treasury on December 6th 2006 under the Energy Sector Programme. Energa S.A. has been listed on the Warsaw Stock Exchange since December 11th 2013. On April 30th 2020, PKN ORLEN became the controlling shareholder of Energa S.A.; as at December 31st 2021 its equity interest was 90.92%. The Energa Group's business activities include electricity and heat generation, distribution, and trade.

ORLEN Unipetrol Group

Unipetrol a.s. is the parent of the ORLEN Unipetrol Group, established in 1994 as a result of restructuring of the Czech oil industry. In 2005, PKN ORLEN purchased 62.99% of shares in Unipetrol a.s. In 2018, it bought the remaining shares, thus becoming the sole shareholder in the company. The ORLEN Unipetrol Group's principal business consists in crude oil processing, as well as production and distribution of refining, petrochemical and chemical products.

ORLEN Lietuva Group

AB ORLEN Lietuva is the parent of the ORLEN Lietuva Group. On January 24th 1991, it was registered in the Lithuanian Registry Court as AB Mažeikiu Nafta. On December 15th 2006, PKN ORLEN purchased a majority interest in the company from Yukos International UK B.V., and on April 29th 2009 – following acquisition of the company shares from the Government of the Republic of Lithuania – it became its sole owner. Since September 1st 2009, the company has traded under the name of AB ORLEN Lietuva.

The ORLEN Lietuva Group's principal business involves processing of crude oil, production of refining products and wholesale of the company's products locally and by exporting them by land and sea via the Klaipėdos Nafta terminal.

ANWIL S.A.

AMWIL S.A. was established on March 15th 1993 as a result of transformation of a state-owned enterprise into the state-stock company. As at December 31st 2020, all shares in the company were held by PKN ORLEN.

ANWIL S.A.'s business consists in the production of nitrogen fertilizers, plastics (polyvinyl chloride, PVC granulates, PVC-based blends and sheets), as well as chemicals for the manufacturing sector and agriculture (ammonia, chlorine, nitric acid, industrial salt separated, sodium hydroxide).

ORLEN Deutschland GmbH

ORLEN Deutschland GmbH was established as a result of PKN ORLEN's purchase of a service station chain in northern and eastern Germany from Deutsche BP AG in December 2002. As at December 31st 2020, all shares in the company were held by PKN ORLEN. ORLEN Deutschland GmbH focuses mainly on retail sales of fuels in Germany.

ORLEN Upstream Group

ORLEN Upstream Sp. z o.o. is the parent of the ORLEN Upstream Group. As at December 31st 2020, all shares in the company were held by PKN ORLEN.

The company's business consists in exploration for and appraisal of hydrocarbons, as well as production of crude oil and natural gas.

SIGNIFICANT CHANGES IN THE ORGANISATION'S SIZE, STRUCTURE, OWNERSHIP, AND ITS SUPPLY CHAIN DURING THE REPORTING PERIOD

GRI 102-10

The changes made in the ORLEN Group's structure were in pursuance of the strategy to focus on core business and allocate the released capital to development of the business areas that offer the greatest growth potential.

In line with the business strategy adopted in 2020, the ORLEN Group's key objectives include being a regional leader in energy transition, developing new renewable energy capacities, and pursuing decarbonisation, while preserving operational efficiency and financial strength in its traditional business segments. Given the prevailing market trends, we are consistently diversifying our business towards building a multi-utility conglomerate. The effective acquisition of the Energa Group in 2020 and continued work on other acquisition targets, such as the ongoing merger of PKN ORLEN, the LOTOS Group and PGNiG, are part of this process. Recognising the importance of the retail segment, the ORLEN Group

proceeded with expanding its service station chain in Poland and abroad, and commenced development of the non-fuel retail segment with the acquisition of the RUCH Group in 2020. The ORLEN Group also seeks to continue its strategic growth in petrochemicals and gas-fired energy, as well as in new business areas such as new mobility, hydrogen technologies, recycling, R&D and digital transformation.

Crude oil

PKN ORLEN supplies crude oil to the Płock refinery and to three other ORLEN Group refineries – in Litvínov and Kralupy in the Czech Republic, and in Lithuania's Mažeikiai. In 2021, some crude oil deliveries by sea were delayed by port closures due to external factors (weather, terminal failures).

In 2021, two long-term contracts for oil supply via pipeline to the Płock refinery (with Rosneft Oil Company and Tatneft Europe AG) and two contracts for oil supply by sea (a long-term contract with Saudi Arabian Oil Company and a one-year contract with Exxon Mobil Sales And Supply LLC) were in force. These contracts covered almost 75% of crude oil supplies to PKN ORLEN.

The feedstock for all refineries of the ORLEN Group was procured from oil producers and other companies operating on the international oil market. The feedstock supplied to Płock came primarily from Russia and Saudi Arabia, And was also imported from Kazakhstan, Nigeria, Norway, the United States and the United Kingdom. The refineries in the Czech Republic received the feedstock from Russia, Azerbaijan, Kazakhstan, Libya, Norway and the United States. The Mažeikiai refinery was primarily supplied with Russian oil, with additional deliveries from Kazakhstan and the United States.

In 2021, the share of Rosneft Oil Company in the crude supplies exceeded 10% of the ORLEN Group's total revenue.

Natural gas

2021 was a challenging year on the European gas markets, with unprecedented gas price hikes driven by a number of fundamental factors related to demand and supply. The key development on the demand side was recovery of global natural gas demand following the lockdowns caused by the COVID-19 pandemic. The stimulus packages introduced by governments triggered revival in industrial production, which translated into greater demand for energy commodities. In addition, growing



gas consumption in Europe during the exceptionally cold winter of 2020/2021 was compounded by rising gas demand in Asia, as a result of which European LNG terminals received approximately 40% less liquefied natural gas during the 2020/2021 winter than in 2019/2020. This necessitated higher withdrawal rates from European underground storage facilities. As at April 1st 2021, they were filled to only about 30% of their capacity.

The supply of gas in Europe at that time was insufficient to meet the growing demand and rebuild reserve levels in storage facilities. The supplies from countries east of Poland also declined considerably. Although it was technically possible to increase gas deliveries to Western Europe (via the Velke Kapu-

sany point), the actual supply was roughly equal to the minimum contract volumes. Consequently, the total volume of deliveries to Western Europe via the Ukraine route decreased by nearly 15% year on year during the summer season. Additionally, the utilisation of the Yamal pipeline was also significantly reduced, with deliveries to Western Europe dropping by almost 80% year on year in October 2021. The supply of LNG to Western European countries during summer 2021 fell by nearly 20% year on year as the suppliers were able to achieve higher selling prices in Asia. The cumulative effect of these developments pushed natural gas prices to record levels in the second half of 2021.

The ORLEN Group is potentially the largest gas consumer in Poland and one of the largest in the Czech Republic and Lithuania.

The Group's natural gas procurement and trading in Poland has been integrated in PKN ORLEN, which supplies gas to other Group companies. In 2021, PKN ORLEN commenced deliveries to Energa Obrót. Natural gas is used by the Group in the production of heat, electricity, fuels and fertilizers. In Poland, the ORLEN Group's combined potential for natural gas consumption exceeds 3 bcm per year.

Natural gas is used by the Group mainly at the following locations:

- PKN ORLEN's production plant in Płock: for refining, petrochemical, electricity and heat production;
- ANWIL's production plant in Włocławek: for fertilizer production;
- ORLEN Południe's production plants in Trzebinia and Jedlicze: for refining, electricity and heat production;
- CCGT unit in Płock: for electricity and heat production;
- CCGT unit in Włocławek: for electricity and heat production;
- ORLEN Unipetrol Group's production plants and the production plant in Neratovice (Spolana): for refining, petrochemical, electricity, heat and fertilizer production;
- Production plant in Mažeikiai: for electricity and heat production.
- Energa Obrót: for household and SME sector customers.

Most deliveries of natural gas to the ORLEN Group companies in Poland are made under a contract signed in 2016 by PKN ORLEN and PGNiG. Under annexes executed in 2020, the contract will remain in force until 2027 (with an option to extend it for another 12 months). Some purchases are made under supplementary contracts with major gas suppliers in Poland and Europe. Gas is also purchased on the Polish Power Exchange. The ORLEN Group takes steps to ensure stability of supplies and to lower gas procurement costs through such measures as diversification of supply sources, centralisation of gas trading functions and further development of the trading expertise. The current portfolio of gas contracts allows the Group to optimise gas procurement costs by selecting the underlying gas indices and delivery points.

PKN ORLEN has a natural gas price hedging policy in place, focusing on those areas in which gas prices are an important cost factor. With our portfolio capacity, combined with the hedges we implemented, we were able to mitigate the effect of the unprecedented market gas price growth on the performance of the Group companies.

PKN ORLEN has gas transmission contracts with both domestic and foreign operators, ensuring full support in natural gas logistics for the production plant in Płock, CCGT Włocławek, and CCGT Płock. PKN ORLEN has also been developing natural gas sales on both retail and wholesale markets, while the ORLEN Group is engaged in a number of exploration and production projects to secure its own sources of natural gas.

In 2021, the value of deliveries from none of the natural gas suppliers represented more than 10% of the ORLEN Group's total revenue.

Hard coal

Hard coal is the main fuel used by the Energa Group to produce electricity and heat. In 2021, the Energa Group's generating units used 1,259 thousand tonnes of hard coal and 85,000 tonnes of biomass (2020: 826,000 tonnes and 147,000 tonnes, respectively). The key sources of hard coal supplies for the Energa Group were Polska Grupa Górnicza, Lubelski Węgiel Bogdanka and Jastrzębska Spółka Węglowa.

Main production assets of the ORLEN Group

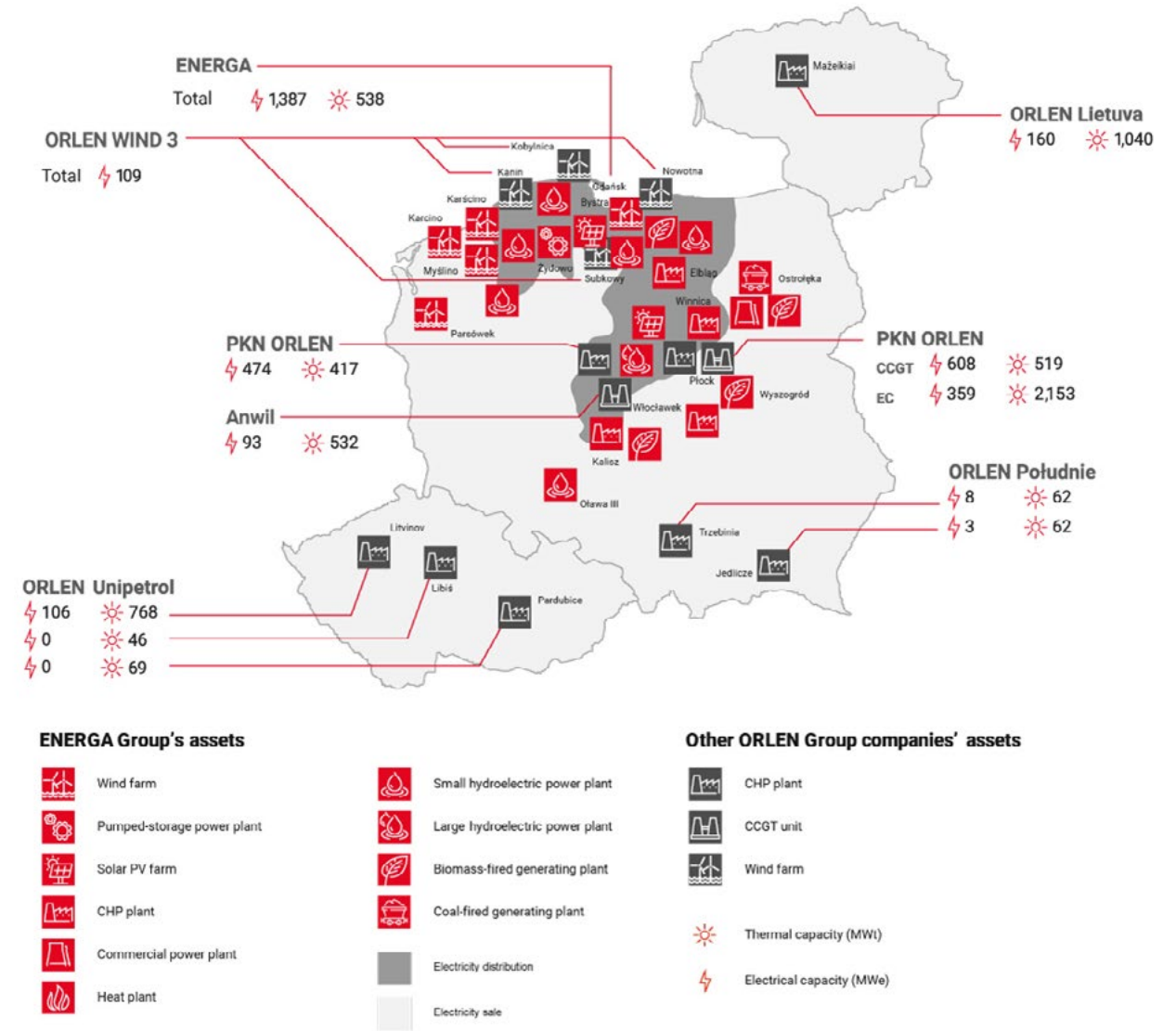
ENERGY

Main production assets of the ORLEN Group

The ORLEN Group is a significant producer of electricity and heat, used in large part to satisfy the Group's own production needs, as well as one of main distributors of electricity in Poland. It is also one of the largest consumers of gas in Poland and an active participant in the process of gas market liberalisation. The ORLEN Group currently owns energy assets in three countries. In Poland, they are located, inter alia, in Płock, Włocławek, Ostrołęka, Elbląg, Kalisz, Jędrzejów

and Trzebinia; in the Czech Republic – in Litvinov, Libiř, Kolin and Pardubice; and in Lithuania – in Mažeikiai. In terms of the share of electricity from renewable sources in total energy output, the ORLEN Group owes its strong market position mainly to hydropower plants and wind farms owned by the Energa Group and ORLEN Wind 3. Green energy is also generated in biomass combustion installations (at Energa Elektrownie Ostrołęka and Energa Kogeneracja) and three solar photovoltaic farms.

Scheme 5.
ORLEN Group energy assets and their technical parameters



Competition in Central and Eastern Europe

In the Energy segment, the largest competitors of the ORLEN Group are:

- PGE Polska Grupa Energetyczna Group, which is Poland's largest vertically integrated producer of electricity and heat. With its own sources of raw materials, electricity generation facilities and distribution network, the PGE Group guarantees deliveries of approximately 41 TWh of electricity annually to over 5.4 million households, businesses and institutions. The PGE Group is also the largest Polish producer of heat.
- TAURON Polska Energia Group – consisting of TAURON Polska Energia S.A. of Katowice and its subsidiaries. Supplying around 52 TWh of electricity annually to over 5.6 million end customers, the TAURON Group is the largest electricity distributor in Poland, the second largest electricity seller in Poland, and the largest heat supplier in Upper Silesia. The Group controls roughly 30% of Poland's thermal coal reserves.
- Enea Group – the second largest power producer in the Polish electricity market. It manages the full value chain in the electricity market: from fuel, through to power generation, distribution, sales and customer service. The Group is responsible for reliable supplies of energy to 2.6 million customers. Enea Operator owns a distribution network in

north-western Poland (spanning approximately one-fifth of Poland's area). The Group employs over 17,000 people across Poland, who form a modern energy company.

The Enea Group operates two important commercial power plants, in Kozienice and Połaniec. It also includes the Lubelski Węgiel Bogdanka mine, which is the main supplier of coal for the Group's power plants. Another area of Enea Group's operations is generation of heat at its plants in Białystok, Oborniki and Piła.

REFINING

Main production assets of the ORLEN Group

- The total production capacities of the ORLEN Group refineries are 35.2 million tonnes. **PKN ORLEN refinery in Płock** is one of the most advanced integrated refining facilities in Central and Eastern Europe, with an annual production capacity of 16.3 million tonnes. In the first quarter of 2023, PKN ORLEN plans to commission a new visbreaking unit. The project is expected to improve oil processing efficiency and increase the share of high-margin products.
- The other Polish refineries, operating as the **ORLEN Południe Group in Trzebinia and Jedlicze**, manufacture biofuel components, base oils and heating oils, and regenerate spent oils.

- The **ORLEN Lietuva refinery in Mažeikiai** has an annual production capacity of 10.2 million tonnes and is the only such facility in the Baltic States (Lithuania, Latvia and Estonia).
- The **Unipetrol Group operates refineries in Kralupy and Litvínov**, with a combined annual production capacity of 8.7 million tonnes.

Competition in Central and Eastern Europe

Main competitors of the ORLEN Group in the Refining segment are:

- Grupa LOTOS of Gdańsk – Poland's second largest refinery;
- Mitteldeutschland Refinery in Leuna/Spergau, located in south-eastern Germany, about 150 km from the Polish-German border, the country's most advanced refinery;
- PCK Refinery in Schwedt, located north-east of Berlin, about 20 km from the Polish-German border;
- Slovnaft refinery, an integrated refining and petrochemical group, with a leading position in the Slovak Republic, located near Bratislava;
- The Danube Refinery – one of the largest refineries in the CEE region, owned by MOL, located in Százhalombatta, Hungary;
- Mozyr refinery, a leading refinery in Belarus, located close to the Ukrainian border.

lene 3 unit, with an annual capacity of approximately 270,000 tonnes, allowing Unipetrol to increase the use of the Olefins unit and further integrate the petrochemical and refining operations.

- The Włocławek-based **ANWIL** is the only producer of polyvinyl chloride (PVC) in Poland and one of the major manufacturers of sodium hydroxide and fertilizers in the country. Its annual production capacity is ca. 1 million tonnes of nitrogen fertilizers, 0.4 million tonnes of PCV and granulates, and 0.2 million tonnes of sodium hydroxide. The planned construction of a third nitrogen fertilizer unit will increase Anwil's annual production capacity to approximately 1.5 million tonnes from 2023 onwards.
- **Basell ORLEN Polyolefins in Płock** operates facilities with a total production capacity of 900 thousand tonnes (420 thousand tonnes of polyethylene and 480 thousand tonnes of polypropylene). Its products are marketed both in Poland and in foreign markets.

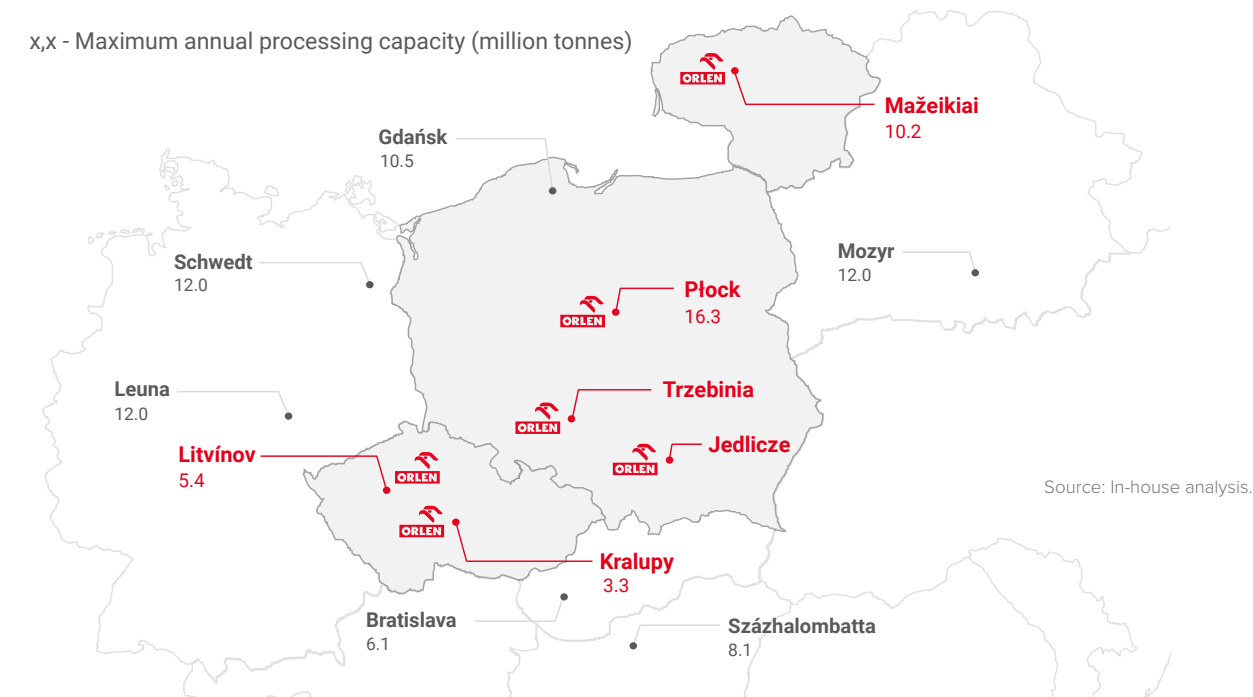
Competition in Central and Eastern Europe

The largest competitors of the ORLEN Group in the petrochemical market are:

- Ineos Olefins & Polymers Europe – with an annual polyethylene (HPDE, LDPE, LLDPE) production capacity of approximately 2,130,000 tonnes and assets in Belgium, France, Germany, Italy, Norway, and United Kingdom;
- Sabic – with an annual polyethylene (HPDE, LDPE, LLDPE) production capacity of approximately 1,755,000 tonnes and assets in Germany, the Netherlands, and United Kingdom;
- Lyondell Basell Industries – the largest polyethylene (HDPE, LDPE) manufacturer, with an annual production capacity of approximately 2,165,000 tonnes (including its 50% share in Basell ORLEN Polyolefins Sp. z o.o. (BOP)) and assets in Germany, France, and Poland;
- Borealis – with an annual polypropylene production capacity of approximately 2,000,000 tonnes and assets in Belgium, Germany, Austria, and Finland;
- Total Petrochemicals – with an annual polypropylene production capacity of approximately 1,110,000 tonnes and assets in Belgium and France;
- Indorama – Europe's largest PTA manufacturer, with a nominal production capacity of 1,750,000 tonnes per year and assets in Portugal, Spain and the Netherlands;
- Inovyn – a company formed following the combination of Ineos Chlor and Solvay; its annual production capacity is 2,255,000 tonnes.

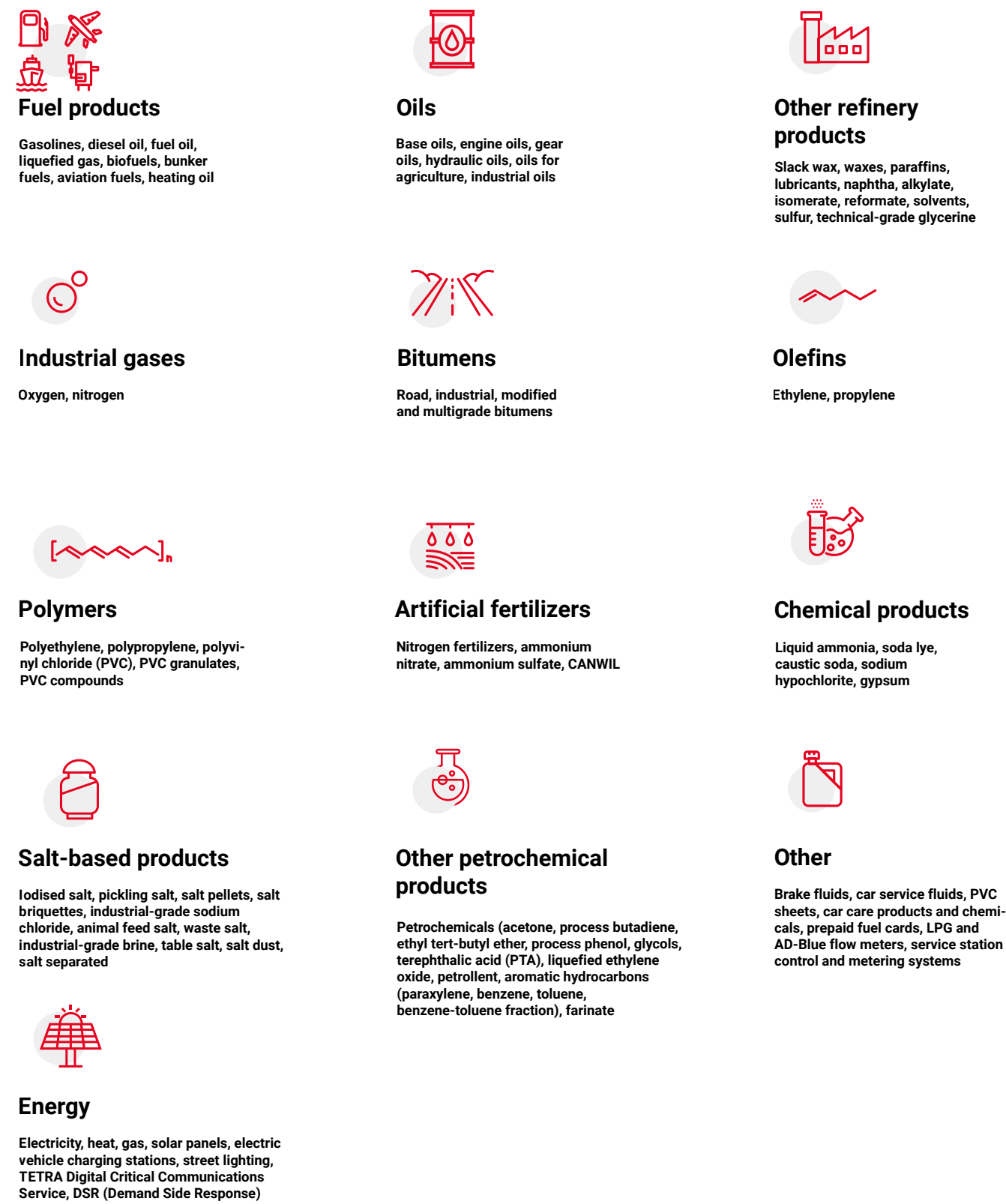
Scheme 6.

ORLEN Group production assets and key competitors in CEE / processing capacity [million tonnes]

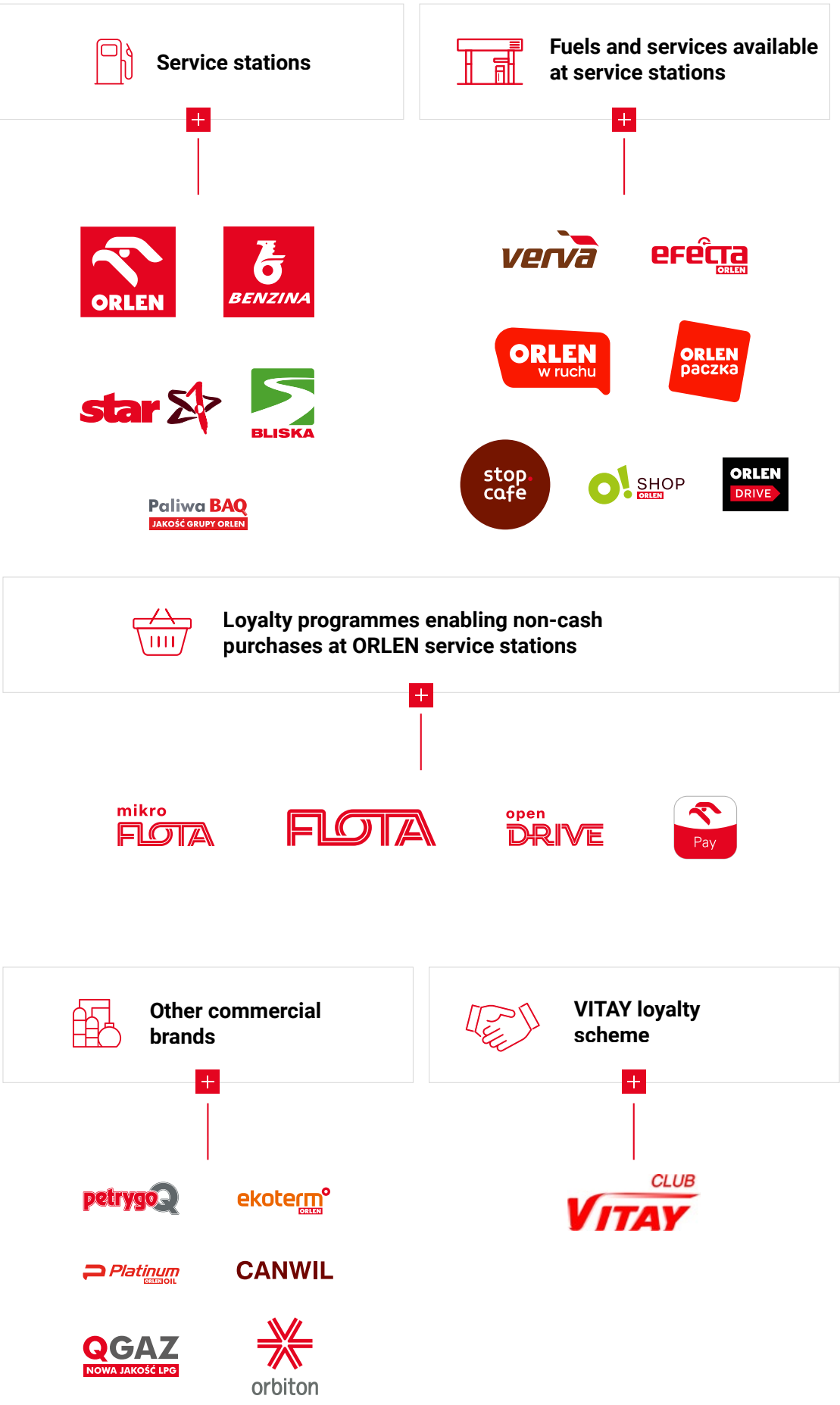


Main products and brands

Scheme 7.
Our products



Scheme 8.
Our brands



ORLEN Group Strategy

STRATEGIC OBJECTIVES UNTIL 2030

The ORLEN Group’s strategy until 2030 sets the course for the Group’s transformation into a multi-utility group and a leader of energy transition in the region. Our growth is based on a diversified portfolio of existing and future operations, whose development is guided by the direction of the ORLEN Group’s transformation until 2030. The long-term

ORLEN Group’s strategy is consistent with global trends in the development of renewable energy and production of advanced petrochemicals, with a simultaneous conversion of existing operations, where innovation and adoption of new technologies is consistent with the long-term objective of achieving carbon neutrality by 2050.

Scheme 9.
ORLEN Group values



OUR 2030 ASPIRATIONS

In response to trends and challenges facing the energy sector, the ORLEN Group intends to become the leader of sustainable transition in Central Europe. In 2030, the ORLEN Group will be:

- one of the leading players in Europe, with a presence along the entire value chain in more than 10 European countries, with annual EBITDA of approximately PLN 26bn;
- leader of the energy transition in the region holding the largest portfolio of attractive renewable and low-carbon generation assets, with conversion to hydrogen possible in the future;
- provider of integrated services for customers that meets their fuel, energy and convenience shopping needs, relying on existing and new channels and on digital technologies;
- responsible corporate citizen investing in sustainable development, energy transition, decarbonisation, recycling and community initiatives;
- a stable source of value creation stemming from a responsible financial policy and a focus on maximising returns on investments combined with efforts to maintain a stable balance sheet.

STRATEGIC LOGIC BEHIND ORLEN GROUP'S GROWTH

By 2030, we plan to spend a total of PLN 140 billion on investment projects. The Group's growth is based on a diversified portfolio of investments in its existing and future business areas.

- Maximised performance in the business segments and areas in which the ORLEN Group currently has a strong strategic position but which will be under strong pressure in the next decade: upstream, refining, fuel retail and energy and gas distribution. These strategic directions will account for approximately 35%–45% of total CAPEX.

The key investment directions in this strategic field will be:

- upstream: build a portfolio of gas production assets and reconfigure existing assets;
- refining: improve the efficiency of and consolidate refining assets, drive further development of biofuels and biocomponents;
- fuel retail: expansion of the service station network and retail offering;
- gas and electricity distribution: optimise investment in energy infrastructure.

- Strategic development. Most of the capital expenditure will be allocated to segments that best fit in with the Company's strategic ambitions. Around PLN 45–55 billion will be spent on new prospective growth areas, related mainly to renewable energy and advanced petrochemicals.

The key investment directions in this strategic field will be:

- petrochemicals: further development of petrochemical assets (base products, advanced products and polymers);
- renewable energy: rapid development of offshore and onshore wind and solar PV assets;
- gas-fired energy: further development of state-of-the-art gas-fired energy assets;
- non-fuel retail: new channels and an integrated non-fuel service offering.

- Investing in the future. Growth directions where the ORLEN Group will take a strategic position to prepare for market challenges identified as bound to have a major impact after 2030: new mobility, hydrogen technologies, recycling, R&D+I, and digital transformation, accounting for 5%–10% of total CAPEX.

The key investment directions in this strategic field are:

- new mobility,
- hydrogen technologies: becoming an important player in hydrogen-based manufacturing, energy production, and transportation;
- recycling: driving technology advances and building capacity in recycling and biomaterials;
- R&D+I and digital transformation.

STRATEGIC GROWTH DIRECTIONS FOR THE ORLEN GROUP'S BUSINESS SEGMENTS

Under the new strategy, our growth is based on key pillars of business segment management.

Energy:

the main growth area, with investment in renewables and gas-fired capacities.

Our key growth area over the next decade will be energy, based mainly on renewables and supported by gas-fired sources. By 2030, we intend to achieve over 2.5 GW of installed RES capacity (measured as the ORLEN Group's share in installed capacities), including 1.7 GW in offshore wind farms and 0.8 GW in onshore (wind power and solar PV) sources. We will also increase the installed capacity of our modern gas-fired power plants from today's 1.1 GW to over 2.0 GW. The energy assets will be complemented by the Group's extensive and modern distribution network, offering access to a broad base of customers and generating a steady stream of profits. The Group will also build energy storage facilities on a pilot basis to optimise the costs of electricity distribution.

Petrochemicals:

petrochemical capacity expansion, specialty products and recycling.

By 2030, around a half of our profits from crude oil processing will be derived from the petrochemical business. Expansion of the existing portfolio and entry into new business areas will help entrench our position as a leading petrochemical producer in Central Europe. PKN ORLEN is set to ramp up its capacities in olefins and other base products. It will also solidify its position in polymers – a business line with attractive growth potential – by extending the value chain and entering into compounding and concentrates. Concurrently, the share of specialty high-margin products (such as phenol and aromatic derivatives) in the Group's portfolio will grow from 16% to approximately 25%. Recycling and biomaterials will be new branches of the petrochemical segment. By 2030, we will expand our recycling capacity (mainly in plastics) up to 0.4 million tonnes. We will also implement advanced circular economy technologies.

Refining:

maintaining the position of a leading regional refiner with major investment into biofuels.

Until 2030, refining will remain an important segment of our business. Its transformation will be driven by energy efficiency improvements, increased crude conversion rates and integration with Grupa LOTOS, the Group's major domestic peer. Expansion of the biofuel and hydrogen fuel output will be another vital driver. Within the coming decade, the Group will emerge as the region's leading producer of biofuels (including 2G biofuels), with an annual capacity of 2 million tonnes. As part of the strategy, work will be continued on the Group's hydrogen hub projects in Włocławek and Płock, and steps will be taken to launch green hydrogen production.

Retail:

expansion of the retail network and non-fuel segment.

The strategic vision is to vigorously develop our retail arm, based on the network expansion and significant additions to the retail offering. By 2030, the number of Polish ORLEN-branded service stations operating throughout the region will be at least 3,500. The ORLEN Group will develop its network mainly abroad to increase the share of foreign locations from the current 37% to 45%. We are gradually enhancing the availability of alternative fuels. By the end of the 2020s we plan to deploy at least 1,000 EV fast chargers and increase the sales of hydrogen and LNG/CNG. Our broad, integrated offering of non-fuel products and services will keep attracting new customer groups. Based on the RUCH countrywide chain of newsagents, we will expand our store and food service formats beyond service stations, and will also develop our own network of parcel pick-up points and e-commerce services. Integration with the Energa Group will help ORLEN develop comprehensive service centres for both retail and business customers, encompassing fuel and electricity sales as well as distributed energy solutions. Delivery of the initiatives outlined in the strategy will drive a 50% increase in gross non-fuel margin relative to 2019.

Upstream:

sustainable portfolio growth, with a focus on natural gas assets.

The strategy envisages prudent expansion of the production asset portfolio, with a special focus on natural gas reserves and potential restoration of the existing portfolio of production assets after merger with Grupa LOTOS. The ORLEN Group will also expand its existing operations in Poland. The Group will pursue growth in upstream while continuously maximising asset value and driving operational excellence.



Sustainable development of the ORLEN Group

The ORLEN Group’s strategy until 2030 sets the long-term objective of achieving full carbon neutrality by 2050. Our 2030 CO₂ reduction targets are 20% less emissions from the existing refining and petrochemical assets and 33% less emissions per MWh from the energy business. We will spend PLN 30 billion on sustainable development projects, with over PLN 25 billion to be allocated to measures aimed at reducing our carbon footprint. The largest projects will focus on:

- Decarbonisation and energy efficiency improvement;
- Development of renewable energy;
- Expansion of biofuel and biomaterial capacities;
- Driving development in recycling;
- Driving development in hydrogen;
- Building a position in alternative fuels: electric mobility, CNG/LNG.

Major R&D and digital transformation projects

Pursuit of our strategic objectives will also require changes within the organisation. Over the next decade, we will spend approximately PLN 3 billion (ca. 3% of our overall growth capex budget) on research, development and innovation as a key area of the necessary transformation. The funds will be used to develop the Corporate Venture Capital fund and finance the activities of the ORLEN Research & Development Centre, among other projects. Another essential element will be the digital transformation, driving efficiency gains in production and distribution, helping mitigate the environmental footprint and strengthening customer relations. We will put in place a new management model, tailored to the scale of the Group’s operations and taking into account the ongoing acquisition processes. We will be an organisation relying on knowledge and versatile competences, investing in talent and human capital.

Further growth from stable financial foundations

Our strategy is also designed to ensure stable financial foundations for the ORLEN Group’s business. Our value is built by profitable investment projects, sustainable funding sources, and a robust balance sheet. Having capped our net debt/EBITDA ratio at 2.5x, we will align the Group’s CAPEX plans with its current financing capabilities. We will rely on a balanced mix of funding sources with current cash flows

supported by an additional debt capacity. We also use alternative funding sources, such as project finance, EU funding for innovation and energy transition projects, and engaging with external partners who co-fund selected projects. Initiatives aligned directly with the Group’s carbon neutrality goal are partly financed with green and sustainable bonds issued on the European capital market.

The adopted strategy is expected to drive a two-and-a-half-fold increase in EBITDA, to approximately PLN 26 billion in 2030. The energy, petrochemical and refining segments will each generate EBITDA of approximately PLN 7 billion, the retail segment – EBITDA of around PLN 5 billion and the upstream segment – EBITDA of ca. PLN 1 billion.



SUMMARY OF STRATEGY IMPLEMENTATION 2021

In 2021, despite the continuing COVID-19 pandemic, PKN ORLEN managed to consolidate its position and maintain financial ratios at safe levels, Posting record-high LIFO-based EBITDA of PLN 14.2billion. All business segments of the ORLEN Group had a positive contribution to the development of the results in 2021.

Our earnings and stable financial condition, confirmed by safe levels of debt ratios, allowed us to grow our CAPEX by PLN 0.9 billion. The Group allocated PLN 9.9 billion to investment projects, which included: construction of a visbreaking unit in Płock, expansion of the olefins

Chart 2. EBITDA growth [PLNbn]

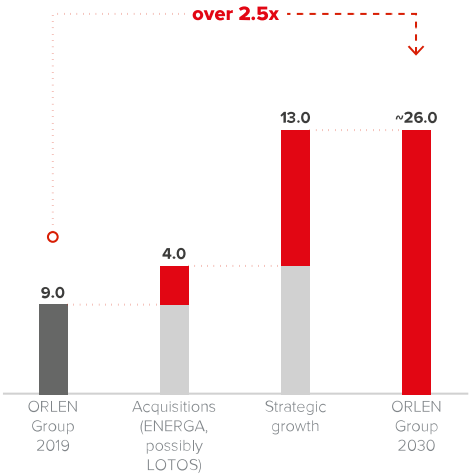
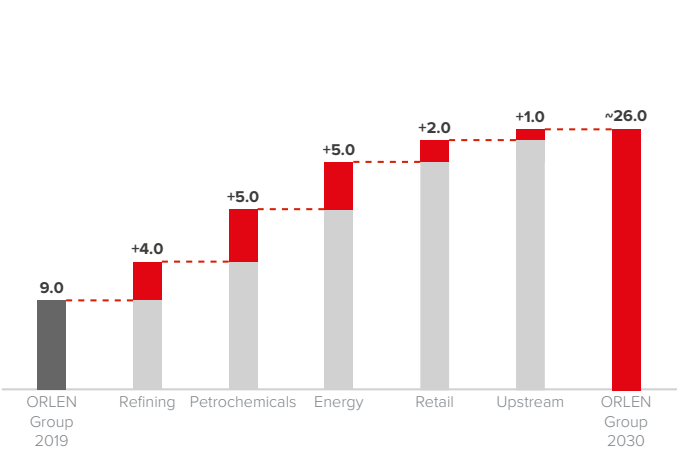
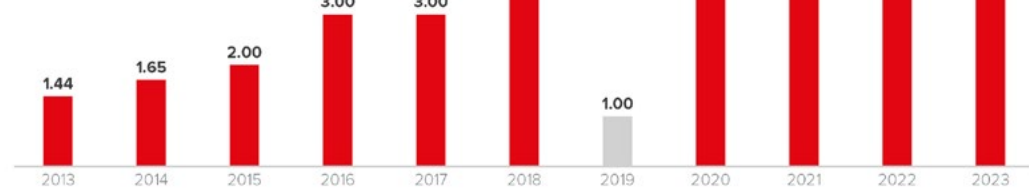


Chart 3. EBITDA growth, by operating segment [PLNbn]



The strategy provides for resuming the dividend policy that had been followed before the pandemic.

Chart 1. Dividend [PLN per share]



production capacity in Płock, expansion of the fertilisers production capacity in ANWIL, upgrades of the existing assets and connection of new customers in the ENERGA Group, construction of a propylene glycol unit in Trzebinia and the R&D Centre in Płock, development of a wind farm project in the Baltic Sea, and launch of about 300 new alternative refuelling points (approximately 500 in total). Acquisition processes were also continued in 2021, in accordance with the ORLEN2030 strategy.

In line with the ORLEN2030 strategy adopted in November 2020, we have resumed the pre-COVID-19 dividend policy, which means paying dividends of at least PLN 3.50 per share, compared with PLN 1.00 in 2020, and maintaining or increasing the distributions in the coming years. This dividend level reflects the Group’s robust liquidity and financial position.

In 2021, PKN ORLEN was again awarded the titles of The World’s Most Ethical Company 2021 and Top Employer Polska 2021.

Table 1. Summary of strategy implementation in 2021

Item	Actual 2021	Strategy 2030 Average for 2021-2025	Difference (2-3)
1	2	3	4
Brent price [USD/bbl]	70.9	57.8	+13.1
Model refining margin [USD/bbl]	2.4	4.1	-1.7
Urals-Brent differential [USD/bbl]	1.9	1.48	+0.42
Model petrochemical margin [EUR/t]	1,273	884	+389



Scheme 10.
Implementation of the strategy goals in 2021

ORLEN GROUP 2021	Item	ORLEN GROUP 2030
FINANCE		
14.2 2021	LIFO-based EBITDA [PLN billion]	ca. 26 2030
0.62 2021	Net debt / EBITDA	max. 2.0-2.5x 2030
9.9 2021	CAPEX [PLNbn]	ca. 140 Σ 2021-2030
3.50 2021	Dividends [PLN / share]	over 3.50 2030

¹ Before impairment of non-current assets of PLN 0.8bn.

ORLEN GROUP 2021	Item	ORLEN GROUP 2030
OPERATIONS		
ca. 36 2021	Refining capacities in key markets [million tonnes/year]	ca. 45 2030
ca. 0.3 2021	Biofuel production, including 2G biofuels (NIT/NRT compliant) [million tonnes/year]	ca. 2.0 2030
16% 2021	Share of specialty petrochemicals in the product portfolio	ca. 25% 2030
0 2021	Installed recycling capacity [million tonnes/year]	ca. 0.3-0.4 2030
0.6 2021	Installed renewable generation capacity, including wind and solar [GW]	over 2.5 2030
1.1 2021	Installed gas-fired capacity [GW]	over 2.0 2030
2,881 2021	Number of service stations in Central European markets [number]	over 3,500 2030
215 2021	Number of fast charging points for electric vehicles [number]	over 1,000 2030
16.7 2021	Daily hydrocarbon production [thousand boe/day]	ca. 50 2030
0 2021	Internal gas demand covered by integrated production	ca. 20% 2030

ORLEN GROUP 2021	Item	ORLEN GROUP 2030
ESG		
<div><div></div><div>+3.1%</div><div>2021</div></div>	Achievement of 20% reduction target for CO ₂ emissions from refining and petrochemical assets ¹	<div><div></div><div>100%</div><div>2030</div></div>
<div><div></div><div>-1.7%</div><div>2021</div></div>	Achievement of 33% reduction target for CO ₂ per 1 MWh ²	<div><div></div><div>100%</div><div>2030</div></div>
<div><div></div><div>1.1</div><div>2021</div></div>	Total recordable rate (TRR)	<div><div></div><div>below 1,5</div><div>2030</div></div>

¹ The actual figures for 2021 include emissions generated by energy assets producing energy for the refinery and petrochemical facilities.
² The actual figures for 2021 are estimated on the basis of per-unit emissions of the ORLEN Group energy segment (in kg/MWh of energy), taking into account production of electricity and heat.

Sustainable development strategy

Sustainable development plays an important role in the process of building a multi-utility group and implementing the ambitious agenda under the ORLEN Group's strategy until 2030. The new business strategy is a response to the changes in our environment driven by the global climate crisis. It enhances resilience of our business models to climate change and its consequences across the value chain. Over the next decade, PKN ORLEN will allocate PLN 30 billion to sustainability projects, including new business models.

In 2021, the Management Board of PKN ORLEN adopted the ORLEN Group Sustainable Development Strategy for 2021–2023, which supports the goals of the ORLEN

Group's 2030 business strategy and the decarbonisation strategy announced in 2020, and comprehensively addresses ESG and CSR objectives, providing a robust governance system for sustainability. Building on a history of successful stakeholder dialogue and CSR activities, the ORLEN Group's revised approach attaches great importance to the environmental needs expressed in multilateral initiatives such as the European Green Deal and Paris Agreement. The strategy provides for the implementation of projects designed to enhance climate management, as recommended by the Task Force on Climate-related Financial Disclosures (TCFD).

Scheme 11.
Sustainable Development Strategy 2021–2030

Sustainable Development Strategy 2021–2030			
ENVIRONMENT		SOCIETY	GOVERNANCE
Pillars	1 ORLEN for the climate	3 Sustainable supply chain	5 Environmental aspects in risk management
Projects	<ul style="list-style-type: none">• Expanding the catalogue of emission (environmental) indicators and setting targets• Biodiversity policy – developing a more systematic approach• Developing an approach to Scope 3 CO₂ emissions – calculating supply chain carbon footprint, customer CO₂ emissions (from engines)	<ul style="list-style-type: none">• Procurement policy taking into account ESG criteria. Sustainability education of suppliers, integration of environmental and social objectives into the supply chain, expansion of IT tools• Sustainable investment policy	<ul style="list-style-type: none">• Developing a climate policy identifying physical and regulatory climate risks• Integrating climate risks into the risk management system• Scenario analysis of business model resilience to climate change – in relation to the Paris Agreement
	2 Sustainable management of raw materials	4 Corporate social responsibility	6 Integrating ESG into corporate systems
	<ul style="list-style-type: none">• Further optimisation of water management• Building an eco-friendly non-fuel offering for service station customers in line with the Company's 'green transformation' concept (e.g. single-ply packaging, sustainable food and drink offering, facilitating waste segregation)• Eco-friendly promotional or merchandising items	<ul style="list-style-type: none">• Supporting the development of local communities and building their engagement• Providing safe and supportive work environment• Building social awareness and consumer and environmental awareness	<ul style="list-style-type: none">• Reinforcing ESG governance, including MBOs responsibility and objectives, especially with regard to climate change• Increasing transparency of ESG information policy and working on ESG ratings, developing non-financial reporting

UN Agenda 2030 UN SDGs

1 NO POVERTY

2 ZERO HUNGER

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

5 GENDER EQUALITY

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

10 REDUCED INEQUALITIES

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

14 LIFE BELOW WATER

15 LIFE ON LAND

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

Scheme 12.
Engaging in sustainability-driven initiatives under Strategy 2030

Goal of the Sustainable Development Strategy Operating in a way that ensures integration of business objectives with social and environmental objectives, taking into account long-term needs of the stakeholders	Engaging in sustainability-driven initiatives under Strategy 2030
PKN ORLEN has declared its intention to achieve carbon neutrality by 2050. By 2030, the Group will reduce CO ₂ emissions from its current refining and petrochemical assets by 20%, and CO ₂ /MWh emissions from electricity generation assets by 33%.	<div><div> Decarbonisation</div><div>20% reduction of CO₂ emissions from current assets and improvement of energy efficiency through:<ul style="list-style-type: none">• Upgrade of turbines, process furnaces and steam networks• Heat recovery (including low-temperature heat)• Heat integration of assets• Recovery of CO₂ from the ethylene oxide and glycol units</div></div>
Environment Managing climate impacts Protecting biodiversity	<div><div> Development of renewable energy sources</div><div>Renewable capacity expansion:<ul style="list-style-type: none">• Offshore wind power• Onshore wind power• Solar PV</div></div>
Society Building community engagement and potential; fostering equal opportunities Integrating ESG into the supply chain	<div><div> Development of biofuels</div><div>Strengthening ORLEN Group's position in biofuels by:<ul style="list-style-type: none">• Developing biofuel production capacities• Securing bio feedstock through wholesale</div></div>
Governance ESG governance Managing climate risks Building resilient business models Enhanced reporting	<div><div> Entering the recycling business</div><div>Strengthening ORLEN Group's position in recycling by:<ul style="list-style-type: none">• Driving inorganic growth in mechanical and chemical recycling</div></div> <div><div> Entering the biomaterials business</div><div>Strengthening ORLEN Group's position in biomaterials by:<ul style="list-style-type: none">• Expanding lactic acid and polylactide production capacities• Potentially adding oleochemicals and viscose to the portfolio</div></div>

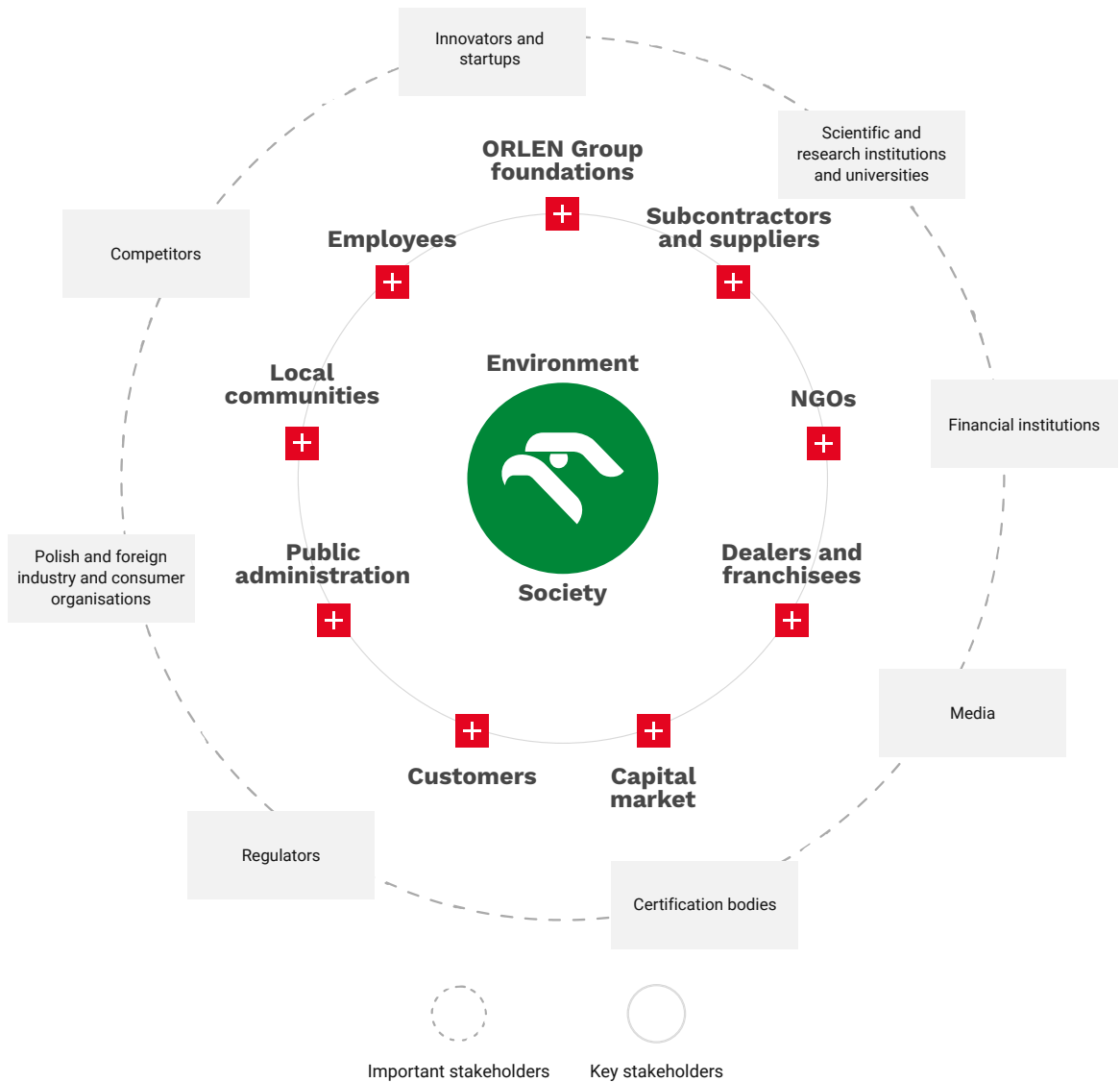
Stakeholder map

GRI 102-40 GRI 102-42

Responsibility and dialogue are the underlying principles of the ORLEN Group's stakeholder relations. We seek to build them on integrity, transparency, mutual respect and professionalism. To ensure the highest quality of stakeholder relations, the frequency and methods of communication are tailored to the characteristics and current expectations of each stakeholder group. This Statement presents many examples of activities taken to that effect.

The parties involved in the stakeholder dialogue (an online survey and interviews) in November 2020, that is representatives of the ORLEN Group and its environment, reviewed the stakeholder map. It was revised by identifying 'Environment' as a separate stakeholder group; reclassifying 'Dealers and franchisees' and 'NGOs' to the key stakeholder group; and changing the name of the group 'NGOs' – in response to proposals put forward by stakeholders it was made more specific: 'Polish and foreign industry and consumer organisations'.

Scheme 13.
ORLEN Group's stakeholder map





INFORMATION ON THE CLASSIFICATION OF ACTIVITIES IN ACCORDANCE WITH THE TAXONOMY



Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18th 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 ("Regulation 2020/852") introduces the obligation for undertakings to include in their consolidated non-financial statement information on how and to what extent the undertaking's activities qualify as environmentally sustainable ¹.

The technical screening criteria for determining whether a given economic activity qualifies as environmentally sustainable are set out in the Commission Delegated Regulation (EU) 2021/2139 of June 4th 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives ("Technical Screening Criteria").

The obligation to disclose Taxonomy-eligible economic activity in the consolidated non-financial statement has been specified in detail in the Commission Delegated Regulation (EU) 2021/2178 of July 6th 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation ("Regulation 2021/2178") ².

¹ Pursuant to Article 3 of Regulation 2020/852, an environmentally sustainable economic activity is an economic activity that contributes substantially to one or more of the environmental objectives set out in the Regulation, does not significantly harm any of the environmental objectives, is carried out in compliance with the minimum safeguards (including with respect to human rights), and complies with technical screening criteria.

² Regulation 2020/852, the Technical Screening Criteria and Regulation 2021/2178 are referred to below as the 'Taxonomy'.

In accordance with Article 10 of Regulation 2021/2178, the disclosure obligation covers the proportion of Taxonomy-eligible and Taxonomy non-eligible economic activities in an undertaking's total turnover, capital and operational expenditure ('key performance indicators', 'KPIs'). Taxonomy-eligible economic activities are the activities described in the Technical Screening Criteria, covering 13 sectors of economy. The disclosure obligation with respect to Taxonomy-eligible economic activities arises irrespective of whether that economic activity meets any or all of the Technical Screening Criteria.



Consolidated disclosures of the ORLEN Group

In accordance with Article 8 of Regulation 2020/852 and Article 10(2) of Regulation 2021/2178, PKN ORLEN, being a non-financial parent undertaking, is only obliged to disclose the proportion of Taxonomy-eligible and Taxonomy-non-eligible economic activities in its total turnover, capital expenditure (CapEx) and operating expenditure (OpEx), and the qualitative information.

The ORLEN Group has determined which of its activities qualify as Taxonomy-eligible and Taxonomy-non-eligible based on the description of activities contained in Annexes I and II of the Technical Screening Criteria, and using the NACE³ codes provided there as ancillary information.

The fact that a given activity qualifies as Taxonomy-eligible does not imply that it meets the Technical Screening Criteria and contributes substantially to one of the two environmental objectives of the Taxonomy. Whether the ORLEN Group's Taxonomy-eligible economic activities contribute substantially to one of the two environmental objectives, namely climate change mitigation or climate change adaptation, will be determined in the next reporting period.

The information on various activities of the ORLEN Group presented here is not an exhaustive account of sustainable

activities undertaken by the Group in 2021. The Taxonomy provides specific regulation on sustainable activity areas and thus not all of the ORLEN Group's activities could be included.

The ORLEN Group has been consistently building its position of a regional leader in energy transition by deploying clean and environmentally friendly technologies and low- and zero-carbon power generation sources. In 2021, the ORLEN Group adopted its 2021–2023 Sustainable Development Strategy aligned with the ORLEN 2030 business strategy and the decarbonisation strategy until 2050. The Group has committed to achieve climate neutrality by 2050 and intends to pursue the goals of the Paris Agreement and the European Green Deal in this time horizon.

A key growth area of the ORLEN Group over the next decade will be power generation, based mainly on renewables. By 2030, the ORLEN Group intends to achieve over 2.5 GW of installed renewable capacity (measured as the ORLEN Group's share in installed capacities), including 1.7 GW in offshore wind farms and 0.8 GW in onshore (wind power and solar PV) sources. The generation assets will be complemented by the Group's extensive and modern distribution network, offering access

to a broad base of customers and generating a steady stream of profits. The ORLEN Group will also build energy storage facilities on a pilot basis to optimise the costs of electricity distribution.

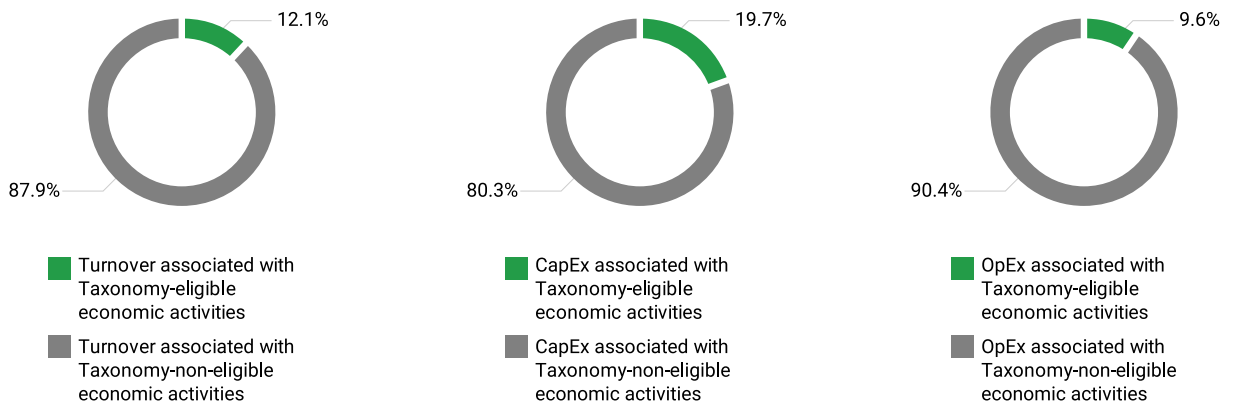
The ORLEN Group consistently pursues its hydrogen strategy, thus contributing to CO₂ emissions reduction, develops electric vehicle charging infrastructure, and implements other projects to reduce GHG emissions; however, due to the progress status and small amounts of expenditure incurred in 2021, these initiatives are not accounted for in the present information. The projects will be continued and the related capital expenditures should be included in the ORLEN Group's sustainable activities reported in the subsequent period.

Importantly, the European Commission has adopted an act supplementing the Taxonomy, laying down Technical Screening Criteria for specific activities in gas and nuclear sector.

The list of Taxonomy-eligible economic activities will continue to expand. At present, work is under way on the Technical Screening Criteria for the next four environmental goals, namely sustainable use and conservation of water and marine resources, transition to a circular economy, pollution prevention and control, protection and restoration of biodiversity and ecosystems, which may result in more ORLEN Group's activities qualifying as Taxonomy-eligible.

Scheme 4.

Proportion of the ORLEN Group's Taxonomy-eligible and Taxonomy-non-eligible economic activities in its total turnover, capital expenditure and operating expenditure



³ NACE codes are business activity codes introduced by Regulation (EC) 1893/2006 of the European Parliament and of Council of December 20th 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains.

Accounting policies

In order to calculate the proportion of turnover, capital expenditure (CapEx) or operating expenditure (OpEx) that is associated with Taxonomy-eligible economic activities, the same accounting principles were applied as those used to prepare the ORLEN Group's consolidated full-year financial statements. The calculation of the key performance indicators for the Group took into account the relevant consolidation exclusions applied in the preparation of the financial statements. The presentation of KPIs excludes intra-group sales and turnover resulting from own consumption. It should be noted that no portion of revenue, capital expenditure or operating expenditure was double counted.

With respect to turnover, the basis for calculating the KPI was the ORLEN Group's consolidated revenue for 2021 disclosed in the consolidated financial statements under Revenue, described in Notes 13.1, 13.2 and 13.3.

With regard to capital expenditure, the basis for calculating the KPI was the ORLEN Group's capital expenditure including increase in property, plant and equipment, intangible assets, investment property and right-of-use assets, together with capitalisation of borrowing costs, and decrease due to penalties received or receivable for delayed contract performance, recognised in the consolidated financial statements for 2021 and described in Note 11 Revenue, expenses, financial results, increase in non-current assets. In the denominator of the CapEx formula, the ORLEN Group does not include property rights received free of charge, which were presented in the consolidated financial statements in Note 14.2.2 Property rights.

The difference between the amount of capital expenditure disclosed in the consolidated financial statements of the ORLEN Group and the denominator of the CapEx formula results from including in the denominator an increase in property, plant and equipment and intangible assets

due to acquisition of new companies (excluding goodwill) as at the date of acquiring control. Goodwill is not included in CapEx as it is not defined as an intangible asset under IAS 38. Information regarding the acquisition of material subsidiaries is described in the consolidated financial statements in Note 7.3 Accounting for acquisitions of shares under IFRS 3 Business Combinations, Note 14.1 Property, plant and equipment, and in Note 14.2 Intangible assets.

With respect to operating expenditure, the basis for calculating the KPI was the ORLEN Group's operating expenditure, which includes direct non-capitalised costs related to research and development, building renovation activities, short-term leases, maintenance and repairs, and any other direct costs related to the day-to-day operation of property, plant and equipment. In calculating direct costs related to the day-to-day operation of property, plant and equipment, maintenance costs were taken into account, in particular cost of maintenance and repair of machinery, maintenance materials cost, and IT cost dedicated to plant maintenance and service cost. The OpEx amount includes the cost of maintenance and repair services provided also within the ORLEN Group

Taxonomy – eligible economic activities

The list of Taxonomy-eligible economic activities was determined based on a comprehensive review of the ORLEN Group's operations. The Parent of the ORLEN Group supervised the process of preparing the key performance indicators, and verified financial data related to the eligible activities in order to avoid double allocation of any amount to the KPIs.

The Taxonomy requires interpretation with respect to both eligible economic activities and the determination of KPIs for those activities.

The European Commission's interpretation⁴ of economic activity focuses on the outcome, indicating that economic activity occurs when resources such as capital, goods, labour, manufacturing techniques, or intermediate products are combined to produce specific goods or services. Accordingly, Taxonomy-eligible economic activities are those activities which result in the production of products or services. In calculating the turnover KPI, the ORLEN Group considered activities that generate revenue recognised in the 2021 consolidated financial statements.

Expenditure and expenses associated with the manufacturing of products that are further processed to obtain final products which are Taxonomy-eligible were included in the calculation of the capital expenditure and operating expenditure.

It should also be added that the ORLEN Group carries out other Taxonomy-eligible activities, but the related financial Schemes are below the materiality thresholds defined by the ORLEN Group for Taxonomy disclosures and therefore these activities are not included in the calculation of the KPIs. These activities represent in aggregate 0.03% of revenue, 0.62% of capital expenditure and 1.01% of operating expenditure of the ORLEN Group.

⁴ Draft Commission notice on the interpretation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation on the reporting of eligible economic activities and assets

TURNOVER KEY PERFORMANCE INDICATOR (TURNOVER KPI)

The turnover KPI was determined by dividing net revenue from sale of products or provision of services associated with Taxonomy-eligible economic activities of the ORLEN Group by the ORLEN Group’s consolidated revenue. The Parent of the ORLEN Group supervised the process of preparing the key performance indicators, and verified financial data related to the eligible activities in order to avoid double allocation of any amount to the KPIs.

Table 2.
Amount of turnover from products and services associated with Taxonomy – aligned economic activities, by activity

Eligible economic activity (number, name)	Description of activity at the ORLEN Group	Turnover PLN million ⁵
3.11 Manufacture of carbon black	Manufacture of carbon black	52.5
3.14 Manufacture of organic basic chemicals	Manufacture of high-value chemicals and aromatic compounds	5,376.2
3.15 Manufacture of anhydrous ammonia	Manufacture of anhydrous ammonia	376.8
3.17 Manufacture of plastics in primary forms	Manufacture of polyvinyl chloride in primary forms and granulates, manufacture of polyethylene and polypropylene	5,090.7
4.1 Electricity generation using solar photovoltaic technology	Operation of electricity generation sources based on solar photovoltaic technology, sale of electricity	3.1
4.3 Electricity generation from wind power	Operation of electricity generation sources based on wind technology, construction of offshore wind farms, electricity generation from wind power	326.4
4.5 Electricity generation from hydropower	Operation of run-of-the-river power plants and reservoir hydropower plants, electricity generation from hydropower	264.9
4.9 Transmission and distribution of electricity	Electricity distribution; construction/extension and modification of electricity distribution systems	4,116.7
4.10 Storage of electricity	Operation of a pumped storage power plant; generation and sale of electricity; operation of energy storage systems in the form of lithium-ion and lead-acid batteries	78.1
4.13 Manufacture of biogas and biofuels for use in transport and of bioliquids	Production of methyl esters; construction of units for the production of biogas and biofuels for use in transport	2.9
4.15 Distribution of heating and cooling	Operation and refurbishment of heat networks; distribution of heat	68.8
4.20 Cogeneration of heat/cooling energy and power from bioenergy	Cogeneration of heat/cooling energy and power from biomass; operation of a biogas plant	97.4
7.6 Installation, maintenance and repair of renewable energy technologies	Installation of solar PV systems	20.7
Total for Taxonomy eligible economic activities		15,875.1
Taxonomy non-eligible economic activities		115,465.9
Total		131,341.0

Revenue from sale of energy includes sale of property rights and guarantees of origin.

⁵ The amounts shown are for Taxonomy-eligible economic activities related to climate change mitigation.

The turnover KPI for Taxonomy-eligible economic activities is 12.1% and the proportion of turnover (revenue) for Taxonomy-non-eligible economic activities is 87.9%.

The following items represent the largest share of the turnover KPI: activities related to production of basic organic chemicals (4.1%), activities related to the production of plastics in primary forms (3.9%), and activities related to distribution and transmission of electricity (3.1%).

The turnover KPI was calculated using financial data on external sales of products and services associated with Taxonomy-eligible economic activities.



CAPITAL EXPENDITURE KEY PERFORMANCE INDICATOR (CAPEX KPI)

The CapEx KPI was calculated by dividing total capital expenditure associated with Taxonomy-eligible economic activities by total capital expenditure of the ORLEN Group. Calculation of the proportion of capital expenditure associated with Taxonomy-eligible economic activities to total capital expenditure of the ORLEN Group took into account capital expenditure related to activities described in Table 2, including capital expenditure incurred for own needs indicated in item 7.6.

Where the same items of property, plant and equipment or intangible assets were also used to produce products or services associated with Taxonomy-non-eligible economic activities or for internal needs, the capital expenditure was disaggregated. In calculating the amount of capital expenditure (numerator), the utilisation rate of the assets was

taken into account. When an asset was used for different Taxonomy-eligible economic activities, the capital expenditure amounts were allocated to the numerator only once. It should be noted that no portion of revenue, capital expenditure or operating expenditure was double counted. The ORLEN Group also operates outside Poland. All its activities were assessed in the same way as the activities carried out in Poland.

The CapEx KPI related to Taxonomy-eligible economic activities is 19.7%. The following items represent the largest share of this KPI: capital expenditure associated with production of organic basic chemicals: 14.7%, capital expenditure associated with transmission and distribution of electricity: 1.4%, electricity associated with production of plastics in primary forms: 1.2%, electricity associated with production of electricity using solar PV technology: 1%. The proportion of capital expenditure for Taxonomy-non-eligible economic activities is 80.3%.

OPERATING EXPENDITURE KEY
PERFORMANCE INDICATOR (OPEX KPI)

The OpEx KPI was calculated by dividing total operating expenditure associated with Taxonomy-eligible economic activities by total operating expenditure.

Calculation of the proportion of operating expenditure associated with Taxonomy-eligible economic activities to total operating expenditure of the ORLEN Group took into account operating expenditure associated with activities described in Table 3.

The same disaggregation and allocation rules were applied in calculating the OpEx KPI related to Taxonomy-eligible economic activities as in the case of capital expenditure.

The OpEx KPI related to Taxonomy-eligible economic activities is 9.6%. The following items represent the largest share of this KPI: operating expenditure associated with production of organic basic chemicals: 3.5%, operating expenditure associated with production of plastics in primary forms: 3.1%. The proportion of operating expenditure associated with Taxonomy non-eligible economic activities is 90.4%.

Table 3.

Amounts of capital expenditure (CapEx) and operating expenditure (OpEx) for products or services associated with Taxonomy-eligible economic activities

Eligible economic activity (number, name)	Description of activity at the ORLEN Group	CapEx PLN million ⁶	OpEx PLN million ⁷
3.11 Manufacture of carbon black	Manufacture of carbon black	10.4	3.0
3.14 Manufacture of organic basic chemicals	Manufacture of high-value chemicals and aromatic compounds	1,575.1	82.6
3.15 Manufacture of anhydrous ammonia	Manufacture of anhydrous ammonia	39.3	6.6
3.17 Manufacture of plastics in primary forms	Manufacture of polyvinyl chloride in primary forms and granulates, manufacture of polyethylene and polypropylene	129.4	73.1
4.1 Electricity generation using solar photovoltaic technology	Operation of electricity generation sources based on solar photovoltaic technology, sale of electricity	110.9	0.1
4.3 Electricity generation from wind power	Operation of electricity generation sources based on wind technology, construction of offshore wind farms, electricity generation from wind power	4.1	18.9
4.5 Electricity generation from hydropower	Operation of run-of-the-river power plants and reservoir hydropower plants, electricity generation from hydropower	11.1	12.5
4.9 Transmission and distribution of electricity	Electricity distribution; construction/extension and modification of electricity distribution systems	146.4	8.2
4.10 Storage of electricity	Operation of a pumped storage power plant; generation and sale of electricity; operation of energy storage systems in the form of lithium-ion and lead-acid batteries	2.1	2.1
4.13 Manufacture of biogas and biofuels for use in transport and of bioliquids	Production of methyl esters; construction of units for the production of biogas and biofuels for use in transport	58.2	below 0.1
4.15 Distribution of heating and cooling	Operation and refurbishment of heat networks; distribution of heat	7.4	12.4
4.20 Cogeneration of heat/cooling energy and power from bioenergy	Cogeneration of heat/cooling energy and power from biomass; operation of a biogas plant	16.2	3.9
7.6 Installation, maintenance and repair of renewable energy technologies	Installation of solar PV systems	4.0	below 0.1
Total for Taxonomy eligible economic activities		2,114.6	223.4
Taxonomy non-eligible economic activities		8,612.4	2,108.4
Total		10,727.0	2,331.8

^{6,7} The amounts shown are for Taxonomy-eligible economic activities related to climate change mitigation.



Additional disclosures

ORLEN Group has joint ventures accounted for with the equity method, such as Basell ORLEN Polyolefins Sp. z o.o. and Baltic Power Sp. z o.o.

The CapEx KPI does not include capital expenditures of PLN 78m incurred by the ORLEN Group in 2021 on the development of a project to construct a wind farm of Baltic Power Sp. z o.o.

Disclosures on additional KPIs related to investments accounted for with the equity method are not required.



SOCIETY

Sustainable Development Goals 2030

Sustainable Development Goals 2030 pursued by the social measures implemented by PKN ORLEN and the ORLEN Group in 2021 :



GRI Disclosures

GRI Disclosures described in this section:

- GRI 102-9** Supply chain
- GRI 102-12** External initiatives
- GRI 103-1** Explanation of the material topic and its boundary
- GRI 103-2** The management approach and its components
- GRI 103-3** Evaluation of the management approach
- GRI 203-1** Infrastructure investments and services supported
- GRI 308-1** New suppliers that were screened using environmental criteria
- GRI 414-1** New suppliers that were screened using social criteria
- GRI 415-1** Political contributions
- GRI 417-1** Requirements for product and service information and labeling

Overview

GRI 102-12 GRI 103-1 GRI 103-2 GRI 103-3

i Our priority is sustainable development understood as care for the natural environment and future generations. This means that in building the ORLEN Group's position we attach equal importance to our business and CSR agendas. We respect all human beings and their rights. We use natural resources so as not to disturb environmental balance. We value and support Polish culture, science and sports. We feel responsible for other members of the communities where we operate, therefore we engage in dialogue and support them in various areas of activity. We seek to build our stakeholder relations on integrity, transparency, mutual respect and professionalism. We are proud that the way we operate contributes to bolstering Poland's reputation abroad.

As responsible and sustainable development is our driving force, in autumn 2021 we adopted the new ORLEN Group Sustainable Development Strategy 2021–2023, replacing our ORLEN Group CSR Strategy until 2022. Setting ambitious sustainability and CSR goals, the new strategy is closely linked to the Group's new business strategy 2030 launched in autumn 2020, which aims to build a multi-utility group and develop new lines of business. Through the Sustainable Development Strategy we pursue the ambitious goals of the Paris Agreement, UN 2030 Agenda and European Green Deal. We also respond to the growing expectations of investors, who increasingly pay attention to ESG rankings and reports that show actual commitment of companies to sustainability objectives.

We believe the measures we are taking today will contribute to protecting the planet and the welfare of future generations.

PKN ORLEN's corporate social responsibility stands for informed and comprehensive management of CSR and environmental protection initiatives, which we view as our priority. CSR management falls within the remit of the External Relations Office, reporting directly to a member of the PKN ORLEN Management Board. The External Relations Office is responsible for developing and implementing the CSR strategy, and in particular for:

- Supervising CSR activities in line with capital market standards, including in particular arranging CSR programmes and running charitable initiatives;

- Building relations with local communities;
- Creating, coordinating and promoting nationwide and regional CSR programmes involving employees in volunteer initiatives;
- Promoting socially responsible attitudes;
- Continuing efforts to maintain a platform for cooperation and sharing experience in corporate social responsibility within the ORLEN Group.

The Sports Marketing, Sponsorship and Events Office is responsible for formulating and implementing a strategy for sports marketing, social sponsorship, events, and culture which is a part of PKN ORLEN's marketing strategy.

Directions of our CSR activities are defined in the CSR strategy, which is aligned with the business strategy. In 2021, we proceeded with the implementation of the **ORLEN Group CSR Strategy until 2022** within five key areas of responsibility: Society, Environment, Employees, Customers, and Business Partners. The identification of these areas facilitated the allocation of tasks corresponding to the needs of specific stakeholder groups. The ORLEN Group's ambition is to best fulfil the role of a responsible corporate citizen and employer, a member of the community and a good neighbour. We are open to the world, in tune with people's needs and ready to help. Our activities address the needs of local communities, bringing about real change in the lives of their target beneficiaries. The ORLEN Group wants its initiatives to be wide-ranging so that its charitable efforts reach all places where they are needed. In 2022, CSR activities will continue under the new **ORLEN Group Sustainable Development Strategy 2021–2023, adopted in September 2021.**

In keeping with the principles of social responsibility, PKN ORLEN has also signed up to and been engaged in external initiatives intended to promote sustainable development:



- In 2018, PKN ORLEN signed a declaration of Partnership for Accessibility, affirming its commitment to cooperate in the implementation of the government's Accessibility Plus programme.
- Since 2017, PKN ORLEN has been involved in the Ministry of Economic Development and Technology's Partnership for the Implementation of Sustainable Development Goals in Poland. We have joined the initiative for implementation of the UN 2030 Agenda, seeking to ensure that our efforts support the achievement of all the 17 Sustainable Development Goals, which include: sustainable cities and communities, affordable and clean energy, responsible production and consumption, quality education, decent work and economic growth.
- Since 2017, PKN ORLEN has been involved in activities of the Polish Economic Security Consortium.
- Since 2015, PKN ORLEN has been an active member of the Sustainable Development Committee at the Polish Chamber of Chemical Industry. During the 2015 Polish Chemical Industry Congress, the Declaration of Support to the Sustainable Development Concept in Chemical Industry was signed.
- In 2014, PKN ORLEN signed the Declaration of Polish Businesses for Sustainable Development, joining the business community supporting the implementation of the Vision of Sustainable Development of Polish Businesses 2050. The document draws on the international initiative of the World Business Council for Sustainable Development.
- In 2010, PKN ORLEN was among those energy companies that decided to sign the Declaration on Sustainable Development in the Energy Sector.
- PKN ORLEN is also a member of the global Fair Trade movement. Stop Cafes and Stop Cafe Bistros at ORLEN service stations have been selling Fair Trade coffee only since 2008.
- Since 1997, PKN ORLEN has participated in the Responsible Care programme (it was joined by the Company's legal predecessor). This global project brings together chemical manufacturing companies to improve their health, safety and environmental performance (the so called HSE triad), as well as to share information about their activities.



Non-financial key performance indicators

Table 4.

THE TABLE BELOW PRESENTS THE SOCIAL KPIS

GRI 308-1 GRI 414-1

Item:	UoM	2021	2020
Scholarship programmes of the ORLEN Foundation – grant holders ¹	[number]	651	556
Grant programmes of the ORLEN Foundation*			
My Place on Earth ² – applications submitted	[number]	1,294	2,855
My Place on Earth – grant-winning applications	[number]	185	300
My Place on Earth– estimated number of beneficiaries	[number]	464,758	771,310
My Place on Earth – volunteers involved in the implementation of the winning projects	[number]	2,116	4,264
My Place on Earth – persons with disabilities involved in the implementation of the winning projects	[number]	880	2,562
ORLEN for Firefighters ³ – applications submitted	[number]	2,802	4,048
ORLEN for Firefighters – grant-winning applications	[number]	267	185
We keep watch! We remember! ⁴ – applications submitted	[number]	203	302
We keep watch! We remember! – grant-winning applications	[number]	34	33
Health promotion projects for employees			
Additional preventive check-ups ⁵	[number]	570	-
Health promotion projects for local communities			
Comprehensive Programme for the Prevention, Diagnostics and Treatment of Cancers and Respiratory System Diseases for Residents of the City and County of Płock ⁷ , including:			
Health City – medical consultations and examinations	[number]	2 000	-
Health for Płock grant programme – applications submitted ⁸	[number]	111	68
Health for Płock grant programme – grant-winning applications	[number]	23	28

* In 2021, the number of applications dropped due to the epidemic situation in Poland and the postponement of certain projects, in-person meetings and workshops. For example, more grants for a larger sum (PLN 20 thousand) were awarded to smaller organisations under the My Place on Earth programme in 2021 compared with previous years. The support was addressed to organisations in smaller towns (70% of all applications), so this is may be the reason why fewer grant applications were submitted by large organisations.

1 Scholarship programmes of the ORLEN Foundation: For Eagles – a programme for children of the employees of PKN ORLEN and ORLEN Group companies; My Above-Average Interests – a programme for schoolchildren from Płock and neighbouring areas; BONA FIDE – a programme for university students; a programme for people of Polish origin living beyond Poland’s Eastern border; a programme for charges of foster family group homes; Life to the Full programme for athletes with disabilities.

2 My Place on Earth – a nationwide grant programme to support the development of local communities, including by reaching small towns and encouraging activity of rural communities. Projects covered by grant applications could benefit such areas as sports, safety, education, history, culture, environmental protection, animal protection and sustainable development.

3 ORLEN for Firefighters – a countrywide grant programme run since 2000, designed to support firefighters from state and voluntary fire-fighting units and to develop local communities. Fire-fighting units may apply for grants to help them pay for fire-fighting equipment, as well as equipment used in water, flood, road, technical, medical, chemical, environmental and technical rope rescue operations.

4 We keep watch! We remember! – a grant programme addressed to NGOs and local government organisations across Poland. The applicants may receive support for the revitalisation of memorial sites important to the local community.

5 Additional preventive check-ups – as part of Prevention at Your Fingertips, preventive health check-ups are provided at the workplace. In 2019, employees had an opportunity to have densitometric tests, HCV tests (detecting the hepatitis C virus) and hearing tests done. Parents of children aged from nine months to six years could have their children ultrasound scanned with a view to early detection of cancer. In 2020, in connection with the COVID-19 outbreak, this form of pro-health activities was replaced with webinars on building immunity at the time of the pandemic, which were attended by approximately 160 people.



Item:	UoM	2021	2020
Information projects			
Free Information System for residents of the Płock region – users ⁹	[number]	over 1,000 (1,070)	over 1,000
Employee volunteering programme			
Volunteer campaigns	[number]	105	51
Volunteers	[number]	over 2,000	over 1,000
Estimated number of volunteer campaign beneficiaries	[number]	6,928	over 2,800
Sponsoring projects for Płock residents			
Customer engagement in charity projects ¹⁰			
Vitay programme points donated by customers for charity causes	[number]	34,841,600 funds raised: PLN 174,596	136,097,525 (including for fight against COVID19: 76,749,000)
PKN ORLEN suppliers obliged to know and accept the PKN ORLEN Supplier Code of Conduct, the Anti-Corruption Policy of the ORLEN Group and the PKN ORLEN Rules for Accepting and Offering Gifts	[%]	100	100

6 Health Zone – in May 2019, PKN ORLEN employees in Płock, Warsaw and Włocławek were offered the health zone where they could consult a physiotherapist, have a massage or undergo a podoscopic examination of their feet. In 2020, in connection with the COVID-19 outbreak, this form of pro-health activities was replaced with webinars on building immunity at the time of the pandemic, which were attended by approximately 160 people.

7 Comprehensive Programme for the Prevention, Diagnostics and Treatment of Cancers and Respiratory System Diseases for Residents of the City and County of Płock – initiated by PKN ORLEN and run by the National Institute of Oncology, in partnership with the National Tuberculosis and Lung Diseases Research Institute. Its focus is on early diagnosis, promotion of recognised treatment standards, as well as education and outreach activities motivating people to change their lifestyles.

8 Health for Płock grant programme – a grant programme addressed to non-governmental organisations and local government institutions operating in Płock, as well as the Counties of Płock, Gostynin and Sierpc. As part of the project, applicants may receive grants for such purposes as the organisation of training courses, workshops and lectures on medical prevention.

9 Free Information System for residents of Płock and the Płock region – the system was established to provide information about social, cultural, sports and other projects initiated by PKN ORLEN and the ORLEN Foundation. It also warns of possible environmental nuisance and temporary impediments caused by the operations of PKN ORLEN’s production plant in Płock.

10 Engaging customers in charity projects – customers may donate points collected in the VITAY customer loyalty scheme to social and charity causes.

Policies in place

he policies and internal regulations concerning the social area include:

- **ORLEN Group Code of Ethics** – defines the values, principles of conduct and rules that set ethical standards for all ORLEN Group employees, based on a revised approach to understanding ORLEN values: Responsibility, Progress, People, Energy and Dependability, as well as the current scale or operations and operating strategy, the requirements of the Group's environment, and best practices in the field of business ethics. Moreover, it is a document supporting the implementation of the ORLEN 2030 business strategy.
- **ORLEN Group CSR Strategy until 2022** – sets out the directions of social responsibility initiatives. The CSR strategy is implemented within five key areas of responsibility: Society, Environment, Employees, Customers, and Business Partners.
- **ORLEN Group Sustainable Development Strategy 2021–2023** – the new ORLEN Group Sustainable Development Strategy 2021–2023 is integrated with the ORLEN 2030 business strategy and the decarbonisation strategy until 2050. This synergy of activities allows us to pursue an ambitious business agenda for the next decade, to strengthen the Group's financial performance, and to build long-term value for all stakeholders. The Sustainable Development Strategy also implements the ambitious goals of the Paris Agreement, UN 2030 Agenda and European Green Deal. It is built around three ESG pillars: Environmental, Social and Governance.
- **Charitable Giving Policy** – an important tool for implementing the new ORLEN Group Sustainable Development Strategy 2021–2023. It sets out the four priorities of our charitable involvement: **ORLEN for the environment** (supporting initiatives related to rational shaping of the environment and sustainable management of natural resources, anti-pollution initiatives, initiatives designed to conserve and restore elements of the natural environment, and initiatives furthering the concept of circular economy); **ORLEN for society** (supporting foster family group homes and young people leaving children's homes, the socially excluded groups,



including people with disabilities, initiatives to assist returnees and their families, and initiatives of local communities and local partners); **ORLEN for safety and health** (supporting professional and voluntary rescue services, road safety stakeholders, medical institutions and facilities, and initiatives to promote healthy and active lifestyles); **ORLEN for sports, education and culture** – supporting initiatives for the development of sports, education, science and young talents, initiatives for the conservation and restoration of historical monuments, and initiatives promoting Polish culture and history). The Charitable Giving Policy also defines the principles of giving, using and accounting for gifts and donations. Charitable support is offered directly by the ORLEN Group and indirectly, through the ORLEN Foundation, ANWIL Foundation, ORLEN Unipetrol Foundation and Energa Foundation.

- **In 2021, the External Relations Office started work on updating the Charitable Giving Policy of Polski Koncern Naftowy ORLEN S.A.** to align it with the new ORLEN Group Sustainable Development Strategy 2021–2023 and the changing structure of the ORLEN Group.
- Seeking to create synergies in its social initiatives, the ORLEN Group developed the Organisational Standard for Supervising Foundations Sponsored or Co-Sponsored by PKN ORLEN or ORLEN Group Companies. The standard is based on the Policy on Supervising Foundations Sponsored by PKN ORLEN or ORLEN Group Companies, approved by the Management Board of PKN ORLEN on December 17th 2020.
- **PKN ORLEN Standards of Conduct in Relations with Local Communities** – the document is a set of guidelines on how to interact with local communities in the areas where PKN ORLEN conducts its business activities. It is intended for internal use and binding on all PKN ORLEN employees.
- **ORLEN Group Procurement Policy** – the document defines the mission, vision and purpose of the procurement policy.
- **Procurement Instruction** – implements the Procurement Policy and serves as a tool to achieve its objectives.

- **Supplier Code of Conduct** – a revised version of the document was implemented at all companies of the ORLEN Group in 2021. It is consistent with the assumptions and objectives set out in the ORLEN 2030 business strategy and contains a set of supplier selection criteria divided into five key categories: Responsibility, Progress, People, Energy and Dependability. The document supports suppliers in building awareness and developing best CSR and sustainability practices.
- **ORLEN Group Anti-Corruption Policy** – defines a fair and transparent model for the conduct of the ORLEN Group's business, guaranteeing trust, security, free competition and value for all stakeholders.
- **Diversity Policy** – aims to promote values, policies, norms and behaviours consistent with the principle of equal treatment of employees, to raise awareness and understanding of how important diversity is, and to create conditions for an open and tolerant workplace. For PKN ORLEN, diversity is not merely counteracting discrimination but rather a deliberate effort to acknowledge different viewpoints or experiences and to appreciate diversity as a value in itself.
- **PKN ORLEN Rules for Accepting and Offering Gifts** – define the rules for accepting and offering gifts at PKN ORLEN.
- **Restructuring Agreement with Trade Unions** – defines the rules of cooperation between social partners in restructuring processes and the employees' rights in such processes.
- **Integrated Management System Policy** – being a declaration to assure quality, minimise environmental impacts, ensure employee safety and information security, it is closely related to the PKN ORLEN core values.
- **Food Safety Policy** – declaration of the commitment to ensuring the highest quality of food products and our food and drink service, care for the health and safety of customers as well as for their culinary tastes, by continually developing the Standards and Best Practices in Food and Drink Services in accordance with the HACCP principles.

Due diligence procedures

GRI 102-9 | GRI 102-12 | GRI 203-1

CSR STRATEGY IMPLEMENTATION

In 2021, we continued implementation of the **ORLEN Group CSR Strategy until 2022**, which builds on the Company's business strategy, our internal code of ethics – the Core Values and Standards of Conduct of PKN ORLEN, and Agenda 2030 – the UN resolution on sustainable development at the global and local level. Apart from seeking to align business with social objectives, other priorities of the CSR Strategy are to foster PKN ORLEN's image as a leader in CSR and sustainability, generate CSR synergies across the Group, and support the pursuit of the UN Sustainable Development Goals and the Accessibility Plus programme. The CSR strategy is implemented within five key areas of responsibility: **Society, Environment, Employees, Customers, and Business Partners.**

In order to best implement the CSR Strategy, the actions undertaken within its framework are prioritised. In 2019–2021, emphasis was placed on projects involving **environmental protection, promotion of safety** (including road safety), as well as **promotion and protection of health**. The Group also engages in projects supporting disease prevention (including as part of the fight against COVID-19) as well as education on active and healthy lifestyles. Our employees and trading partners are guaranteed the best possible OHS conditions, and the safety of our production processes is being constantly improved in order to ensure safe living conditions to the local communities. Another key element of corporate social responsibility is protection of the natural environment. Together with other ORLEN Group companies, PKN ORLEN undertakes various initiatives to appeal to people's environmental conscience, protect biodiversity and optimise business impacts.

In autumn 2021, the new **ORLEN Group Sustainable Development Strategy 2021–2023** was adopted, replacing the ORLEN Group CSR Strategy until 2022. The new strategy is built around three pillars: Environmental, Social and Governance. As part of the social pillar, the External Relations Office will continue its activities supporting the potential of local communities with respect for their rights, offering various educational, sports and cultural programmes and building social and environmental awareness among stakeholders (including by promoting responsible consumption). Out of concern for the natural environment, we continue to build a portfolio of green non-fuel products and services for customers at our stations, for example by introducing green packaging, expanding the vegetarian food range, and waste recycling.

SOCIETY

The main goals we pursue in the Society area are to **support the development of local communities, prevent social exclusion and promote equal opportunities, ensure safety and health protection, and preserve the national heritage.**

In 2021, we continued implementation of countrywide projects designed to reach local communities, such as the **My Place on Earth, We keep watch! We remember!**, and ORLEN for **Firefighters grant programmes** and a loyalty scheme for volunteer firefighters registered in the National Firefighting and Rescue System. The ORLEN Foundation ran new editions of scholarship programmes, including the **For Eagles programme** dedicated to children of the employees of PKN ORLEN and other ORLEN Group companies and the residents of the town and county of Płock, as well



as the **BONA FIDE** programme for students. 2021 also saw the second edition of the **Health for Płock** grant programme, addressed to non-governmental and local government organisations active in Płock and the neighbouring Counties of Płock, Sierpc and Gostynin.

In 2021, we increased our involvement in health promotion. Responding to the needs of Płock residents, PKN ORLEN continued cooperation with the Maria Skłodowska Curie National Institute for Oncology under an agreement concerning the **Comprehensive Programme for the Prevention, Diagnostics and Treatment of Cancers and Respiratory System Diseases for Residents of the City and County of Płock**. The partnership is the first project of this type in Poland. The Programme is run by the National Institute of Oncology, together with the National Tuberculosis and Lung Diseases Research Institute, under the patronage of the Ministry of Health. The project's key objective is to undertake pro-health initiatives relating to respiratory system diseases and cancers, as well as the implementation of educational programmes on the causes of those diseases. One of its goals is to make the residents of Płock and surrounding areas aware of the need to change their lifestyles, as this may significantly reduce the risk of illness.

Actions implemented under the Programme in 2021:

- Continued operation of pulmonology and oncology infolines for residents and medical staff from Płock and its surroundings. The consultants advised on oncology prevention activities and arranged recommended consultations and appointments with specialists from the Institutes (navigator assistance is provided for people undergoing the diagnostic/treatment process).
- Regular updates to the Programme website at www.zdrowiedlaplocka.pib-nio.pl, an ample source of information on the Programme, its activities, disease prevention and treatment.
- Continued operation of the Stop Smoking Assistance Point and the Dietary Advice Point, providing access to consultations with doctors, nurses, psychologists and dieticians, and launch of a respiratory physiotherapy aid point, where a specialist helped to select basic breathing exercises appropriate to age and health condition.
- Online training for doctors and nurses, with participants receiving a completion certificate.
- Third edition of the **Health City** project organised for residents of the town of Płock and the Counties of Płock, Gostynin and Sierpc on August 8th 2021. The project site was visited by more than 1,300 residents of Płock and the surrounding areas, who received nearly 2,000 medical examinations and consultations. During the event, participants could undergo medical examination and consult specialists in the fields of cardiology, ECG, mammography, morphology, podoscopy, and ENT. As part of the ongoing collaboration, the National Oncology Institute and the Institute of Tuberculosis and Lung Diseases set up a number of consultation points for Health City participants, including pulmonology, oncology, dietary, dermatology, stop smoking assistance and post COVID rehabilitation consultations points and a European Code Against Cancer information point.
- 2021 saw the second edition of the **Health for Płock** grant programme, addressed to non-governmental and local government organisations active in Płock and the neighbouring Counties of Płock, Sierpc and Gostynin. 111 organisations submitted their applications. Grants totalling PLN 300,000 were awarded to 23 organisations, and were used to finance, for example, the organisation of sports activities, meetings with dieticians and lectures on disease prevention. The beneficiaries included sports clubs, primary schools, and farmers' wives associations.

The CSR strategy is implemented in five key areas of responsibility:



Society



Environment



Employees



Customers



Business partners

#GOODDRIVER NATIONWIDE PUBLIC AWARENESS CAMPAIGN

In 2021, the third edition of the #GoodDriver campaign was held to promote road safety rules. It sought to encourage motorists to exhibit good driver behaviour such as: staying sober while driving, yielding to pedestrians approaching crossings, keeping children safe in the car, and not exceeding the speed limit. Adherence to these rules was advocated by Robert Kubica and other leading sportsmen of the ORLEN Team.



STOP CAFE SUSTAINABLE FOOD OFFERING CAMPAIGN

Our efforts to promote pro-environmental behaviours included a campaign advertising the sustainable food offering of STOP CAFES. Its purpose was to encourage customers to make right consumer choices and take informed buying decisions.

ORLEN FOR FIREFIGHTERS GALA

A ceremonial gala summing up this year's edition of the ORLEN for Firefighters programme was held in the Grand Theatre – National Opera in 2021. The aim of the programme is to support State Fire Service and



267 State Fire Service and Voluntary Fire Service units were supported with our donations

Voluntary Fire Service brigades by subsidising or financing the purchase of equipment necessary for them to perform their tasks, in particular to fight fires, natural disasters and other local threats in their areas of operation. During the ceremony, symbolic cheques were presented to representatives of the brigades. 267 fire stations of the 2,802 that applied received the grants.

GOOD ENERGY HOMES

As part of a social outreach project Good Energy Homes, implemented in cooperation with the ORLEN Foundation and Energa S.A., solar photovoltaic panels were mounted on the roofs of two foster family group homes in Szczawin Kościelny near Płock (on October 25th and 26th 2021) and in Gostynin (on October 2nd 2021), which can now produce green energy for their own use and reduce their environmental impact.

PKN ORLEN and the ORLEN Foundation provided active in-kind and financial support to combat the COVID-19 epidemic. In particular 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. The following institutions received support through the ORLEN Foundation: Independent Public Healthcare Establishment of the Provincial Ambulance Service and Medical Transport Station in Płock, Central Police Headquarters in Warsaw, Dr Józef Psarski Warsaw Province Specialist Hospital in Ostrołęka, nursing homes.

As part of the struggle with COVID-19, we offered a possibility of redeeming the points collected in the VITAY loyalty scheme for a new award: support to hospitals in the fight against the coronavirus pandemic. It was included in the Award Catalogue on April 1st 2020 (as the implementation of the idea of a VITAY customer, who shared it on the PKN ORLEN profile) and maintained in 2021.

In 2021, PKN ORLEN was also involved in **community projects aimed at reducing inequalities**. Their intended beneficiaries were young children under the care of foster family group homes and the Róża Czacka Centre for Blind Children in Łaski, as well as senior citizens. The events were supported by volunteers of the ORLEN Foundation.



In 2021, the Christmas Gift Box for Płock Senior Citizens project was carried out for the second time. Christmas dishes were delivered to 3,800 people in need. The initiative was warmly welcomed by the oldest residents of Płock. Some of them were spending Christmas alone, but thanks to the gifts they could have a real Christmas Eve supper and feel the spirit of Christmas. For others it meant avoiding the necessity to leave their homes and queue in stores. The boxes were distributed on December 23rd and 24th so that the seniors would receive fresh food for the holidays. The Płock ORLEN Polish Open tournament was held in Płock for the 26th time. It has been included in the International Tennis Federation calendar since 1995 and is an integral part of the global UNIQLO Wheelchair Tennis Tour. Płock ORLEN Polish Open is a sporting event which at the same time promotes an extraordinary social aspect – the return of severely disadvantaged people to a normal active life. PKN ORLEN was also the Main Sponsor of regional conferences held by the Chance for the Blind Foundation, which took place between October 4th and October 8th in Kraków, Wrocław and Opole. The 16 Accessibility



Seriously conferences aimed to promote local integration of blind and visually impaired people, share information about modern rehabilitation opportunities and draw public attention to the problems faced by people with disabilities.

Support for sports and culture, community sponsorships

PKN ORLEN is the largest sponsor of Polish sport, offering assistance to professional and amateur athletes. It is also in the vanguard among companies most dedicated to sponsorship. PKN ORLEN's well thought-out sponsorship policy brings benefits at three levels: business, sports and social.

Chart 5.

The most active sponsors – TOTAL sponsorship activity

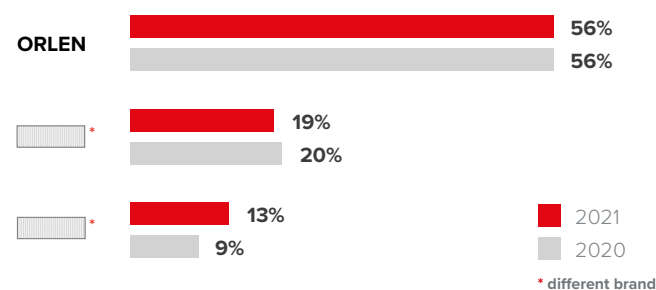


Chart 6.

The most recognised sponsors of SPORTS

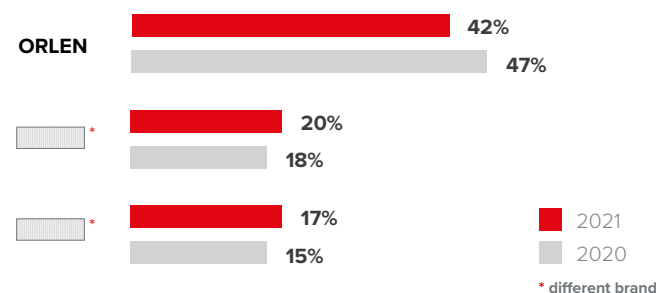


Chart 7.

The most recognised sponsors of ARTS and CULTURE

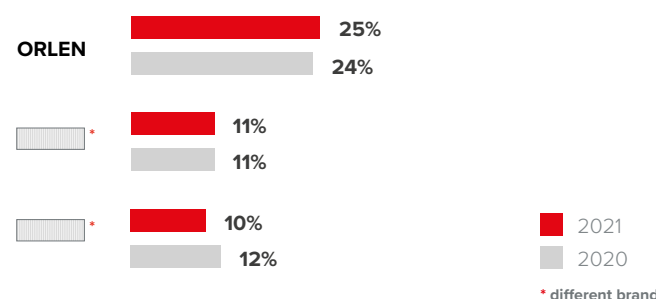
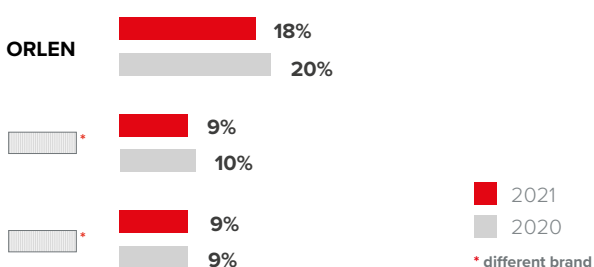


Chart 8.

The most recognised sponsors of CSR projects



Source: Sponsoring Monitor. Monitoring survey on PKN ORLEN's sponsorship activities.



PKN ORLEN's flagship sports sponsorship project is cooperation with **Alfa Romeo F1 Team ORLEN** and support for Robert Kubica's races. This is closely connected with our international expansion and efforts aimed at building recognition of the ORLEN brand as the ORLEN Group transforms into international multi-utility group.

In 2021, Robert Kubica's races with **ORLEN Team WRT** in the European Endurance Championship were some of the key projects increasing ORLEN brand recognition on foreign markets. The team finished first in the season, winning the champion title in the prototype class.

PKN ORLEN is also present in many other motorsport disciplines. The colours of the 23-years-old **ORLEN Team**

are worn by cross country, car racing, speedway, Formula 1 Powerboat Racing, aerobatics, motorcycle racing and powered paragliding competitors. The Company supports Poland's only professional cross country rally team, whose members take part in the Dakar Rally, the most challenging rally in the world. In 2021, Jakub Przygoński, Maciej Gienza and Kamil Wiśniewski took part in its 44th edition, with Przygoński ranking 4th in the car category. Bartosz Zmarzlik won the titles of Individual World Speedway Vice-Champion and Individual Champion of Poland, Mikołaj 'Miko' Marczyk became 2nd Vice-Champion of Europe, Kacper Wróblewski reached for the title of 2nd Vice-Champion of Poland in class 2 in the Polish Rally Championship and



was ranked 4th in the general classification of the Championship, and Bartłomiej Marszałek finished the season in the 7th position in the individual general classification of the F1H2O World Championship.

In 2021, PKN ORLEN carried out a number of **projects to promote road safety** as part of the #GoodDriver campaign, which featured the participation of the ORLEN Team members. A picnic event was organised at the racing track in Modlin to support the communication of changes in traffic regulations. Also, an information campaign was run on PKN ORLEN's social media channels, with Robert Kubica, Maja Włoszczowska, Kacper Wróblewski and Bartosz Zmarzlik taking part. Workshops on improving safe driving skills were held for almost 700 people, including PKN ORLEN employees and inhabitants of Płock.

Mikołaj 'Miko' Marczyk and Kacper Wróblewski acted as ambassadors of the Christmas campaign **ORLEN Team for the Children's Memorial Health Institute**. Throughout December, the child patients could try their hand at being rally drivers on two race car simulators set up in the hospital, and during the game they could also 'compete' against ORLEN Team drivers.



Over 30 title athletes
in the ORLEN Sports Group

For years, PKN ORLEN has been a Strategic Sponsor of the **Polish Olympic Committee** and the Polish Olympic Team, providing long-term support in preparations for the most important sports event in the world. The 2020 Olympics were the 32nd edition of the Olympic Games and were held in Tokyo, Japan in 2021. Poland was represented by a team of 210, including 100 women and 110 men, who competed in 28 sports. The Polish Olympic Team won 14 Olympic medals in Tokyo: four golds, five silvers and five bronzes, reaching a high 17th position in the medal table. The top medal count was held by sportsmen competing in track and field, who won nine medals, of which five went to sportsmen from the ORLEN Sports Group.

Athletics, so loved by Poles and dubbed 'queen of sports', is one of the leading sports supported by PKN ORLEN. The ORLEN Group cooperates with the **Polish Athletics Association**, and the ORLEN Sports Group of individual athletes receiving financial support from ORLEN included more



In 2021, the European Para Athletics Championships were held for the first time ever in Poland. The event took place in Bydgoszcz and PKN ORLEN was its main sponsor. With some 1,300 athletes representing 40 countries, it was the fifth largest Paralympic sporting event in the world by number of participants.

than 30 title winners, of whom as many as 16 are track and field competitors. In 2021, the Polish athletics team had a lot of successes at major international sporting events, including ten medals at the European Athletics Indoor Championships in Toruń, a gold medal at the European Athletics Team Championships in Chorzów, five medals, including two golds and three silvers, at the World Athletics Relays in Chorzów, and nine medals at the Olympic Games in Tokyo.

The cooperation with the Polish Athletics Association also involved training of children and youth. In the Athletics for Everyone! programme, more than 16,000 young people were able to develop their sporting interests. Support was also extended to 16 Regional Athletics Associations.

Furthermore, PKN ORLEN continued to partner with the **Polish Paralympic Committee**, supporting disabled athletes participating in sports competitions. In 2021, the 16th Summer Paralympics were held in Tokyo. 89 Polish athletes arrived in the capital of Japan. The Polish Paralympic Team won 25 medals, including 7 golds, 6 silvers and 12 bronzes, which ultimately placed them in the 17th position in the medal table. Under its Life to the Full programme, the ORLEN Foundation awarded 22 scholarships to medallists of the Paralympic Games in Tokyo.

For nearly a decade, PKN ORLEN has been committed to supporting **Polish volleyball**. It sponsors the Polish indoor and beach volleyball national teams across all age categories and a volleyball training programme for the most talented youth, helping them succeed. In 2021, the most important test for the Polish men's national team was participation in the Olympic Games in Tokyo, in which the team reached the quarter-final. The Polish national team took the 3rd place in the European Men's Championship and 2nd in the Men's Nations League. The men's Polish National Beach Volleyball Team took 3rd place in the European Championship and 1st place in the World Tour. The Polish men's national volleyball team in the under 19 category achieved a great success, winning the gold medal at the world championship.

PKN ORLEN continued its cooperation with Lang Team, organising professional and amateur cycling races. In 2021, the **ORLEN National Race** was held – a competition

for young cyclists sporting national colours – as well as the **ORLEN Lang Team Race**, including ORLEN Tour de Pologne Amateurs, consisting of three amateur cycling races.

An important part of the PKN ORLEN sports sponsorship strategy is an **effective training system for children and youth**, aimed at developing a pipeline of future champions. Together with the Polish Athletics Association, the Company implements the Athletics for Everyone! programme. It has also partnered with the Polish Volleyball Federation to develop young volleyball talents in the framework of School Volleyball Centres, which have brought together about 10,000 children and youth. PKN ORLEN supports young cart racers competing in Poland and Europe, of whom two trained in the Sauber Karting Academy powered by ORLEN. In addition, the Company is involved in the School Sports Club (SKS) programme initiated by the Ministry of Sport and Tourism and re-established in Polish schools after years of absence.

The Company supported **projects aimed at encouraging young people to practise sport** by organising sports competitions or sports activities combined with fun. PKN ORLEN was involved, among other things, in organising the finals of the Track&Field Thursdays, with nearly 2,000 children from all over Poland competing in various sports, as well as in the Hooop Spoort and From Backyard to a Running Track projects, in which a total of about 7,300 children took part.

In 2021, PKN ORLEN became the main partner of the Museum of Sports and Tourism in Warsaw. As part of the cooperation, a motor sports zone was created at the Museum, displaying, among other things, the motorcycle of the speedway World Champion Bartosz Zmarzlik and the racing overalls of Robert Kubica, Jakub Przygoński and Bartłomiej Marszałek, the ORLEN Team members.



7,3 thousand
children attended in 'Hooop
Spoort' projects and 'From
the yard to the treadmill'



PKN ORLEN also supports **professional sports in Płock** as a strategic sponsor of the ORLEN Wisła Płock handball team and the Wisła Płock football team. The sponsorship of these teams is not merely a business decision – it is a CSR project created together with the Płock community. PKN ORLEN remains the General Sponsor of the Wisła Płock handball team for the 2021/2024 season and the Strategic Sponsor of the Wisła Płock football team for 2021/2022. PKN ORLEN's support for the handball and football teams is a manifestation of the Company's commitment to the matters of Płock and the region as well as its understanding of the local community's needs.

The **Energa Group**, which has been part of the ORLEN Group since 2020, has been involved in supporting professional and amateur sports for years. The **Energy Team** sports and education project was continued again in 2021, encouraging children and young people to exercise regularly. The cooperation involving sponsorship of the Polish **Amp Football** team

was carried on and evolved into the support of the **European Amputee Football Championship** held in Kraków. Support was also offered to sport academies, e.g. **Beniaminek Krosno Football Academy**, **Gryf Słupsk Football Academy**, and **Gdynia Basketball Academy**. The Energa Group provided support to Bloczek Team Sports Club in the organisation of the 5th Wrestling Gala and the first Maciej Płażyński Wrestling Memorial in Pelplin. It also contributed funds to the construction of a sailing-themed kid's zone at the Łeba Marina, which is accessible for children with disabilities.

PKN ORLEN builds its brand recognition through sports not only in Poland, but also abroad: it supports a hockey club in the Czech Republic, handball in Germany, and a basketball club in Lithuania.

As a national giant, PKN ORLEN also supports **initiatives designed to protect Polish national heritage**. In 2021, it continued cooperation with the **Grand Theatre – National Opera**, the **Fryderyk Chopin Institute**.

PKN ORLEN was a patron of **the 18th International Chopin Piano Competition**, which has been the pride of Poland for almost a hundred years, evoking positive associations with the country and effectively promoting Polish culture. Its last year's edition enjoyed the greatest popularity so far, with a record high number of pianists from around the world participating and the concert broadcasts being followed by millions of music lovers from all corners of the world. Six prizes were awarded, including to Jakub Kuszlik, a Polish pianist who won the 4th prize ex aequo. The winner of the competition was Bruce (Xiaoyu) Liu of Canada. In 2021, the ORLEN Foundation also supported the Fryderyk Chopin Institute. Its donations enabled the purchase of priceless letters written by the composer to George Sand and Therese Schumann. Support was also provided to a historic building complex in Frombork, which will use the donations to renovate and restore part of its cathedral complex. Additionally, the infrastructure will be adapted for people with disabilities.

PKN ORLEN once again provided assistance to the **Ludwig van Beethoven Easter Festival** and **the Eufonie International Music Festival of Central and Eastern Europe**. PKN ORLEN was also a partner of **the 50th Anniversary of the Reconstruction of the Royal Castle in Warsaw** and took patronage over **the Beksinski in Warsaw exhibition**, the biggest temporary exhibition of Zdzisław Beksinski's paintings that has ever been displayed.

PKN ORLEN is a strategic partner of Poland's participation in **the World Expo 2020 Dubai**. The event promotes the economic, cultural and scientific achievements of individual countries and brings together close to 200 countries and international organisations. The Company was also a patron of the 'Chopin at Expo 2020 Dubai' project with daily piano recitals held in the Polish Pavilion. Moreover, thanks to the support of PKN ORLEN, on November 11th a concert to celebrate the Polish Independence Day was given in the Dubai Millennium Amphitheatre by Martin Garcia Garcia, one of the winners of the 18th International Chopin Piano Competition, who performed together with the National Philharmonic Orchestra.

PKN ORLEN was the Main Partner of the **12th Film Festival 'The Rebellious, the Invincible, the Cursed'**, which screens Polish history-themed audiovisual works, bringing together cultural institutions and film, music, and fine artists.

PKN ORLEN was once again involved in the **HeroesON – Switch on History!** project, as a sponsor of its 5th edition. The goals of the campaign were to commemorate and honour the participants of the Warsaw Uprising and to promote the 20th-century history of Poland. The ORLEN Foundation received the Silver HeroOn

award in the non-profit organisation category in recognition of its efforts, including the We keep watch! We remember! project, supporting revitalisation of memorial sites. To date, 60 burial sites and places of death of our national heroes have been renovated as part of its three editions. Furthermore, PKN ORLEN supported the **Protective Kit for Insurgent** campaign, where a total of 1,400 packages with coronavirus protection products, containing sanitisers, masks and gloves, were distributed to senior citizens who had fought in the Warsaw Uprising. The ORLEN Foundation donated PLN 50,000 for the Warsaw Insurgents Support Centre, which was closed due to the pandemic but continued to provide care to the former insurgents. The funds donated by the ORLEN Foundation were used to provide them with hot meals, psychological assistance, and medical visits at home.

With PKN ORLEN's support, **a concert The Miracle of Life by Andrea Bocelli** was held in Warsaw. The official premiere broadcast on TVP1 had three million viewers. PKN ORLEN was also a patron of one of the concerts in the **The Most Beautiful of All** series, featuring hits of a popular Polish singer Krzysztof Krawczyk, and supported the organisation of an open-air **concert commemorating the 82nd anniversary of the outbreak of World War II**, held in front of the World War II Museum in Gdańsk.

In 2021, PKN ORLEN sponsored **a documentary about Sister Mother Róża Czacka** who founded the Congregation of Franciscan Sisters and established the Centre for the Blind Children in Łaski.

Major activities of the Energa Group aimed at the protection of national heritage and promotion of patriotic attitudes included financial support for the project of the World War II Museum in Gdańsk entitled **Musical Performance on the Anniversary of the Outbreak of World War II**. As part of its cultural promotion efforts, the Energa Group continued its cooperation with the Polish Baltic Philharmonic, organised the EnergaCamerimage Festival, and supported various projects such as the Gdańsk Music Festival, Festival of Farmers' Wives Associations, or a charity concert for Ostrów County community, entitled 'An Evening for the Soul'.

Rescue organisations which save the lives and health of the Poles on a daily basis are an extremely important focus area for community sponsorships. For many years, PKN ORLEN has been supporting the activities of the Volunteer Mountain Rescue Service, Volunteer Masuria Rescue Service, and Volunteer Water Rescue Service in Płock and Legionowo, to name just a few.

Involvement with local communities

In 2021, the Company actively collaborated with local communities, particularly in Płock and its other business locations. 28 projects were completed in 2021 under the **ORLEN for Płock** programme, which has been in place for many years now. The Company's cooperation with lifeguards of the Płock Water Volunteer Rescue Service (WOPR) continued: **a lifeguarded bathing spot on Lake Górskie near Płock** was organised for the fifth time. It was used by nearly 40,000 people during the summer holidays. **Free swimming lessons** for children from grades 4 to 8 and adults aged 40+ were organised for the sixth time and attended by 100 residents of Płock. PKN ORLEN has been a sponsor of **the Wisła Płock Sports Club's Volleyball Section**, supporting the players at both youth (about 50 girls and 20 boys) and senior (14 players) team level. Training activity of the Club helps to promote sports, particularly volleyball, among young and adult residents of Płock.

PKN ORLEN became a sponsor of the Hetman Płock Chess Club, offering top class training and development conditions for all age groups, i.e. children, youth, junior, and adult players. 24 adults and 32 younger players have participated in the project. In 2021, adult players scored a very good sixth place in the Polish Team Championships of Chess Extra League. PKN ORLEN was the main sponsor of the **Rykwisko Ultra Trail 2021** sports competition held in the Gostynin-Włocławek Landscape Park in Łąck near Płock. Three running routes over different distances were prepared: 36 km (Szybkie Badyle), 72 km (Rącza Łania) and 108 km (Rogacz). 536 runners from all over Poland participated in the event. PKN ORLEN sponsored the **Children and Youth Show Jumping Championships** organised at the Łąck Stud Farm near Płock, with 70 competitors from all around Poland. In the theatre season 2021/2022, PKN ORLEN gave its patronage to **Płock Dramatic Theatre**.

The theatre has over 65,000 viewers per year and stages, on average, 8 premieres each season. They include some of the best Polish and world classics, contemporary drama, farces, and comedies, as well as fairy tales for children. Performances are complemented by a range of accompanying events, such as exhibitions, discussions, workshop meetings, or theatre lessons combined with a tour around the theatre. PKN ORLEN supported the **celebration of the 41st anniversary of the formation of the NSZZ Solidarność trade union in the Płock region**. The Company became a patron of the permanent exhibition **He Taught Us Freedom. John Paul II in Płock** in the Płock Diocesan Museum and sponsored a **concert in celebration of the 200th anniversary of the Mazovian Museum** in Płock. In 2021, 250,000 LED lights illuminated the Tumskie Hill as part of **the Gardens of Light** event organised in Płock for the fifth time. The illumination took the visitors to a fabulous world of colourful animals and glowing trees.

Two **health promotion meetings** were held in 2021 with members of Farmers' Wives Associations in two municipalities of the County of Płock: Wyszogród and Łąck. They were a continuation of the Comprehensive Programme for the Prevention, Diagnostics and Treatment of Cancers and Respiratory System Diseases for Residents of the City and County of Płock, initiated in 2019. This year's edition focused on rural areas. The meetings included live lectures on broadly understood prevention of cancers and respiratory diseases and offered access to basic medical tests and advice at four medical diagnostics facilities. There was also a herbal stall and an information desk of the Płock branch of the National Health Fund (NFZ), providing information on rehabilitation stays for people suffering from persistent effects of COVID-19. The NFZ information desk also issued European Social Security Cards (EHIC).

Communication with the local community in and around Płock was ensured, inter alia, by an online platform **Free Information System for residents of the Płock region**. The Company used text messages and emails to announce, for instance, its safety system tests, maintenance shutdowns, support programmes and voluntary services of the ORLEN Foundation. Due to the pandemic restrictions in force since March 2020, the number of communications inviting to sports and cultural events in 2021 was comparable to that of the previous year, but lower than in 2019. In 2021, 53 text messages were sent out to more than 1,000 (1,070) system users.

In order to encourage other ORLEN Group companies to strengthen their direct relationships with external stakehol-

ders, an online meeting was organised with their representatives to present the possibilities offered by the text message and email based Free Information System for residents of the Płock region. During the meeting, persons tasked with communication and CSR at Group companies learned about the possibilities offered by this communication platform and how it could be developed within the Group, taking into account the needs and specific nature of each company.

PKN ORLEN continued its cooperation with the Płock City Bike system by equipping it with additional 250 bicycles at 25 locations, which are fully compatible with the existing ones. A user can take a bike from a location in Płock and return it at any ORLEN terminal within the city and vice versa. By the end of November 2021, over 65,000 people had used ORLEN bike stations.

Along with expanding the city bike system, the Company carried out an educational campaign in Płock devoted to safe cycling, under the name of **Cycling Code**. To promote a safety mindset among young bicycle users, a competition for slogans promoting safe cycling was held at schools in Płock. The prizes for students were shopping vouchers for sports equipment, worth more than PLN 10,000 in total. The Municipal Police Headquarters and the Provincial Road Traffic Centre were engaged as project partners. 200 competition entries were submitted. The competition site had more than 14,000 visitors.

In 2021, PKN ORLEN decided that the slogans distinguished in the competition could be used in communication activities to remind the city residents, especially the young ones, most frequently using a bike as means of transport, of safe cycling rules. Therefore, it organised an outdoor educational campaign about safe cycling, with slogans selected from 200 proposals submitted for the Cycling Code competition placed on billboards located in Płock's 20 busiest areas. According to the participants, the project triggered a discussion in schools on fostering positive behaviours on the road, thus inciting young people's imagination. The campaign was well received by the local community and positively evaluated by the police and local authorities.

For many years, PKN ORLEN has been involved in community projects aimed at developing the local market, in particular at educating young people in and around Płock. The Company supports primary and secondary schools and universities through numerous sponsorship projects and scholarships. In order to better address local community needs, the Company engages in stakeholder dialogue during direct meetings and conducts anonymous surveys. The findings of one



of such surveys, which the Company thought could be useful for Płock teaching staff as it focused on the development inspirations of young people, were developed into a report and a free webinar **Inspiring Growth**. The project featured the findings of a survey conducted in secondary schools of the County of Płock among young adults attending 3rd and 4th grades, i.e. being on the verge of maturity and making important decisions concerning their future. The results were first presented and discussed in late 2020, during a special webinar broadcast on a dedicated website www.ORLEN-in-spirujemydorozwoju.pl, and in 2021 they were developed into a report complemented by an opinion of experts in sociology and pedagogy. According to the specialists who analysed the survey, it provided insight into who young people look up to, into their hobbies, the values they respect in other people, their plans for the future, growth inspirations and barriers. The findings were presented to Płock teaching staff, who believed it provided answers to many questions, which may help teachers and educators in building better relations with young people, and in creating methods and tools to foster the development of students' competences. Moreover, answers given by the respondents are a source of valuable knowledge for school counsellors/educators, who can develop their current model of work based on the needs identified in the survey and the resulting recommendations. The anonymous survey was first conducted among adult students attending schools in Płock and other towns in the County of Płock, namely in Gąbin, Wyszogród, and Drobin. In the school year 2019/2020, interviewers visited eleven secondary comprehensive schools, twelve secondary technical schools, and a number of vocational schools. As a result, nearly 1,300 students from 25 schools participated in the project. The live webinar alone was attended by nearly a hundred representatives of more than 20 Płock educational institutions, while the report was downloaded by internet users about 1,000 times.

In 2021, charitable activities of the Energa Group included the 8th edition of the **Charity Activists Campaign**, conducted in October, and focusing on support for children's homes (14 institutions) and organisations and institutions providing care and treatment to the elderly (2 institutions). In cooperation with the ORLEN Foundation, solar photovoltaic panels provided by Energa Obrót were mounted on the roofs of four foster care centres as part of the **Good Energy Homes** project. In 2021, the **Drop of Energy** Foundation collected as many as 279 litres of blood from 620 blood donors. In addition, household appliances worth PLN 200,000 were provided to the cities-winners of the 12th

edition of the **Glow with Energa** campaign, organised with the support of the Energa Group. In the pre-Christmas season, as part of the second edition of the **Parcels Full of Good Energy** project, charges of social welfare institutions, patients of Gdańsk hospitals, and people facing a homelessness crisis received Christmas parcels. Moreover, employees of the Energa Group donated 374 pairs of winter boots for the 2021/2022 winter season to St. Brother Albert's Aid Society in Gdańsk.

 **279 liters of blood**
donated to the Drop of Energy
Foundation in 2021

In 2021, PKN ORLEN actively supported the **foundations it had established, contributed to, or participated in**, including the ORLEN Foundation, the Grant Fund for Płock Foundation, the Foundation of the Ignacy Łukasiewicz Oil and Gas Industry Museum in Bóbrka, the Polish National Foundation, the Grow Up with Us Foundation and the Polish Economic Security Consortium through the Polish Economic Security Foundation, Legal and Economic Dialogue and Analysis Institute.

In 2021, the Ignacy Łukasiewicz Museum of Oil and Gas Industry in Bóbrka celebrated its 60th anniversary. The event was sponsored by PKN ORLEN. The purpose was to commemorate the anniversary and to promote and share knowledge about the origins and heritage of the oil industry in the world, with particular focus on Poland's role in this field. The anniversary events included an international conference entitled 'First Oil Extraction and Processing Facilities - Candidates for the UNESCO World Heritage List', attended by museum managers and custodians from the United States, Canada, Germany, and Romania, and an exhibition World Museums of the Oil Industry.

For diagnostic purposes, internal surveys were conducted among the ORLEN Group companies regarding their relationships with local communities. The survey data have been analysed and developed into a report which will be used to design initiatives aimed at enhancing the cohesion of relationships and establishing common standards across the companies.



ENVIRONMENT

Environmental protection is a key element of our CSR strategy. The main objectives pursued in the Environment area include the optimisation of our environmental impacts, protection of biodiversity, and raising of environmental awareness.

The ORLEN Group is aware of the objectives and challenges associated with the impact of its operations on climate change. It strives to develop its business based on innovative low-carbon technologies and products, in accordance with the principles of circular economy. We pursue this objective by investing in best available techniques (BAT) in environmental protection and minimising the environmental footprint of our production, storage and distribution processes.

Since 1999, PKN ORLEN has been involved in efforts to **restore the peregrine falcon population in Poland**, in partnership with the SOKÓŁ (FALCON) Association. This predatory bird is listed in the Polish Red List of Threatened Species as CR (critically endangered) species. The first hatch of peregrine falcon chicks was documented in May 2002. By the end of 2021, over a period of 19 years, peregrine falcons already hatched 54 chicks and fostered 4 in the nesting box on the FGD stack at PKN ORLEN's production plant in Płock. Ornithologists working with the Company point out that the great effort of many companies, institutions and individuals led to the restoration of the peregrine falcon species in Poland.

In 2021, PKN ORLEN in cooperation with its project partner – the Warsaw Province Agricultural Advisory Centre in Płock, launched a project to restore the population

of **Kampinos Forest bee**. ORLEN recognises the problem of disappearance of bees and actively engages in their protection. The Company's employees are involved in a project aimed at educating residents of Płock and the surrounding rural areas about the importance of bees for humans, and at introducing new bee colonies to enrich the natural environment. To this end, apiaries have been set up in the vicinity of the PKN ORLEN production plant in Płock, where bees are bred. Since 2021, they have included the Kampinos Forest bee threatened with extinction in Poland. It is a Central European breed line. The species has been included in the Genetic Resources Conservation Programme since the 1970s. Płock is one of the three venues in Poland where a conservation colony is being established, in cooperation with the leading one, located in the main breeding apiary of the National Council of Agricultural Chambers in Parzniew. Beekeeping equipment was purchased as part of the project, and an apiary workshop was set up in the MODR building in Płock.



In 2020, the first **flower meadow** (750m²) was sown on the premises of the ORLEN service station at 7 Chełmików Street in Płock. In May 2021, this initiative was continued: another meadow (150m²) was planted in cooperation with the Meadow Foundation on the premises of the Primary School in Maszewo Duże near Płock, thus supporting biodiversity. Also in May 2021, a Sow a Meadow with Us! campaign for ORLEN Group employees was implemented on the premises of the Płock production plant (Długa Street), with an accompanying workshop conducted by the Meadow Foundation. The participants learned why meadows should replace lawns, where to sow meadows and how to prepare the land, and what plants to choose to start a meadow. Then the participants proceeded to sowing a meadow (1,350m²). Finally, every participant received a packet of seeds as an encouragement to use the knowledge gained at the workshop and plant a meadow in their neighbourhood.

The Sow a Meadow with Us! campaign and further meadow projects were conducted as part of a larger initiative Blooming Service Station, carried out by the Meadow Foundation and financed by the ORLEN Foundation, with the support of the Environmental Protection Office of PKN ORLEN.

Other ORLEN Group companies, including the Energa Group, ANWIL and ORLEN Unipetrol, also engage in numerous environmental initiatives, including fish stocking of rivers, cleaning of waterfront areas, setting up apiaries on the premises of production plants, and protecting peregrine falcons.

From September to November 2021, the ORLEN Foundation ran **the Energy Planet programme**, a continuation of an educational project launched in 2010 by Energa S.A. to promote pro-environmental attitudes among the participants. The programme was organised in the form of a mobile learning zone, which visited 50 towns in Poland and was attended by over 30,000 people.

For more information on the environmental protection efforts of the ORLEN Group, see 'Environment and Climate'.

EMPLOYEES

The main objectives pursued in the Employees area are to create a safe work environment, ensure fair working conditions, tackle inequalities, foster employee development, and help employees to successfully balance their personal, career and social goals.

PKN ORLEN consistently implements its human resources management policy, which sets out the priorities and key tasks defined by reference to best market practices, reflecting market challenges and trends in human capital development. The policy defines activities in such areas as reinforcement of the Group's corporate culture, segment-based management, employee development, compensation and employee benefits, employer branding and performance management, to name just some. The main objectives pursued in the Employees area are to create a safe work environment, ensure fair working conditions, tackle inequalities, foster employee development, and help employees to successfully balance their personal, career and social goals. The key initiatives implemented in 2021 included activities aimed at building the image of an attractive employer, including extension of the ongoing trainee programmes, implementation of an ambassador programme, social media presence and building partnerships with the academic community. In recognition of its best practices in HR solutions and processes, for a decade PKN ORLEN has been awarded the TOP Employer certificate, placing it among the best employers in Poland.

PKN ORLEN is committed to **offering employment opportunities to people with disabilities**. In 2021, PKN ORLEN and a few other ORLEN Group companies continued to participate in the Work – Integration programme of the State Fund for Rehabilitation of Persons with Disabilities (PFRON), whose aim was to employ people with disabilities. The ORLEN Group companies joined the programme in 2019, while recruitment of employees (people with disabilities) was conducted in 2020 and 2021.

What is more, PKN ORLEN deems it necessary to **raise the awareness of its employees around disabilities**, and to this end it organises special information and consultation meetings. Consisting of regular training sessions and one-on-one consultations on disability-related issues, the programme is intended for all PKN ORLEN employees. Its purpose is to raise employee awareness of disability-related issues and to build the image of PKN ORLEN as an inclusive employer, providing equal opportunities to all employees, in keeping with its core values

and standards of conduct. Six meetings were held in 2021, including workshops and one-on-one meetings (the meetings were mostly conducted online due to the ongoing pandemic).

PKN ORLEN's activities targeting people with disabilities were noticed and appreciated. In 2021, PKN ORLEN was awarded the **Employer with Heart** title. The title is awarded by a panel of five representatives of disability confident employers to honour businesses and public entities for their outstanding achievements, pro-active attitudes and selfless service to people with disabilities. PKN ORLEN was distinguished for its activities following an assessment of its commitment to corporate social responsibility and raising awareness of the mutual benefits of hiring people with disabilities. The aim of the campaign is to break stereotypes and social barriers created by discrimination against people with disabilities and artificial divisions in society, and to improve job opportunities for the disabled.

PKN ORLEN attaches great importance to promoting the experts employed at the company – in 2021 we ran the **first edition of the Employer's Brand Ambassador programme** to reinforce our image as an attractive employer, which included communicating PKN ORLEN's strengths as an employer and building personal employee brands to show the people who form the ORLEN Group. This is an image building programme implemented through an internal and external campaign, covering a group of professionals and young talent. In collaboration with the Warsaw University of Technology, the Ambassadors served as mentors for engineering students. Recruitment for the second edition of the Ambassador programme was conducted in 2021, with new professional Ambassadors to start their service in 2022.

The ORLEN Group believes in **social dialogue** based on independence of the parties, legal compliance, as well as trust, mutual willingness to compromise, and observance of the rules. The rules of social dialogue are founded on internal regulations and generally applicable laws, which facilitates development of constructive and lasting solutions in partnership with employee representatives.

In 2021, a European Works Council was formed at the ORLEN Group. The Council is another form of collective dialogue, in this case at the European level, as continued growth of the ORLEN Group enables establishment of mechanisms that engage employees in the broad collective efforts not only at the national but also at the international level.



The ORLEN Group offers employee benefits, which include co-financing of employee holidays or sanatorium treatment, childcare, holidays for children and teenagers, and school starter kits. Also, employees' children receive Christmas gifts. The employer provides financial support for families with low incomes. Employees may also apply for partial financing of sports and recreational activities, cultural and educational activities, physical therapy treatments for children with disabilities as well as non-repayable allowances and repayable housing loans. PKN ORLEN offers a uniform employee benefits package to employees of all ORLEN Group companies participating in the joint social benefits programme.

Any ORLEN Group employee who is in a difficult life situation may also apply to the **ORLEN Foundation for financial assistance**. The non-refundable financial support may be awarded for instance for medical treatment and rehabilitation of an employee or an employee's child or spouse. ORLEN Foundation also offers the possibility of **collecting donations in the form of 1% of taxpayer's income tax without any additional fees**.

As a company implementing modern-day solutions aimed at keeping the balance between work and family life, PKN ORLEN runs the **Family-Friendly Employer** programme, offering such benefits as additional two days off to care for a child under three years of age, two days off to care for a disabled child under 24 years of age, a nursery school for children of employees, one additional hour for breastfeeding, medical care during pregnancy, baby feeding rooms, gifts for newborn babies, and providing employees on parental/childcare leaves with up-to-date information on developments across the Group. Many of the components of this programme have also been implemented by other ORLEN Group companies as part of best practice sharing.

PKN ORLEN also provides **extensive medical care** going beyond the scope of occupational medicine. Medical plans and preventive healthcare programmes are run in cooperation with Centrum Medyczne Medica Sp. z o.o. of Płock and the Military Institute of Medicine of Warsaw as part of a project to investigate health impacts of the work environment. A uniform standard for medical plans is in place across the ORLEN Group.

In response to the epidemic situation in Poland, the following initiatives were implemented:

- COVID-19 vaccination campaign for ORLEN Group employees in all regions of Poland;
- Sars CoV-2 antibody testing in Płock, Warsaw and Wrocław.

Disease prevention efforts included **webinars for employees on healthy lifestyles**. The Blood Donors Club at PKN ORLEN organised **convalescent blood and plasma collections**. The campaigns were carried out in mobile ambulances at the Company's locations in Płock, Warsaw and Trzebinia.

PKN ORLEN supports the **mental health** of its employees by offering workplace counselling. The support is provided by the Occupational Psychology Centre, which is part of the company structures and is tasked with providing support and psychological assistance to employees and their immediate family members who are in personal or professional distress. Caring for the mental health of employees is important for the organisation as well as the employee, as it affects employee performance and, most importantly, employee well-being.

In 2021, PKN ORLEN was the main partner of a campaign organised by Employers of Poland, UNDERSTAND. FEEL. ACT!, which aims to raise awareness among employers of the need to support employees in their struggle with mental problems.

For more information, see 'Employee-related issues and respect for human rights'.

In 2021, the ORLEN Foundation continued its **employee volunteering** programme. Employees completed more than 100 campaigns and volunteered a total of more than 14,000 hours. Volunteers delivered meals and shopped for groceries for seniors, prepared gift packages for nursing home residents, and offered assistance at an animal shelter. To celebrate the 20th anniversary of the Foundation, volunteers planted over 20,000 trees in three days in the Łąck Forest District near Płock. The Foundation also ran the second edition of the Volunteering Week event, which inspired people to act and, most importantly, delivered several environmental and animal protection projects. A video of the event, with the invited volunteers, was made and can be watched on PKN ORLEN's YouTube channel.



CUSTOMERS

GRI 417-1

The main objectives pursued within the Customers area are to ensure health and safety, respond to customer expectations, improve accessibility and inspire responsibility.

PKN ORLEN actively engages in a number of initiatives aimed at improving road safety. In 2021, the third edition of the **#GoodDriver public awareness campaign** was held to promote the rules of road safety, safe driving and good driving habits: never drink and drive, give way to people approaching pedestrian crossings, keep children safe in the car, and never exceed the speed limit. Robert Kubica and leading ORLEN Team athletes promoted observance of these rules.

The Company is actively pursuing its efforts to improve road safety also by supporting rescue services. For example, it runs a **loyalty scheme for volunteer firefighters** registered in the National Firefighting and Rescue System, who can buy fuel at ORLEN service stations at discounted prices. In 2021, 3,757 BIZNESTANK loyalty cards were issued, enabling the purchase of 21.4 million litres of fuel. A total of 107.8 thousand BINZESTANK cards have been issued since the partnership was forged in 2018.

At the beginning of 2020, a partnership was also initiated with the **Territorial Defence Force**, under which soldiers-volunteers were offered loyalty cards entitling them to fuel discounts at PKN ORLEN service stations. The Territorial Defence Force (WOT) is a separate type of Poland's armed forces, established at the beginning of 2017. Today, WOT counts nearly 25,000 soldiers, building its potential on volunteer service. As training takes place mainly on days off work, WOT soldiers are able to maintain a healthy balance between family and professional life on the one hand, and the service in WOT on the other. The mission of WOT is to defend and support local communities. In time of peace, WOT forces engage in, among other activities, preventing and combating the effects of natural disasters, and carrying out emergency rescue missions. During the COVID-19 epidemic, the Territorial Defence Force changed its mode of operation, moving from training to crisis prevention. The discount card scheme was launched on May 1st 2020, with a total of 32,000 cards issued by the end of 2021 and 5 million litres of fuel purchased by WOT soldiers using the cards in 2021.

A social campaign Thank You was initiated in late 2021 for uniformed services deployed on the Polish-Belarusian border, with coffee and rest areas suited to soldiers' needs set up as part of the project. The campaign, which is still continuing, aims to promote patriotic behaviours and honour the uniformed men and women who risk their lives to keep us safe on a daily basis. Around 3,000 soldiers have used the services provided as part of the campaign to date.

Development of the product and service portfolio and facilities for customers

Growth of the Company's retail segment is driven by enlargement of the sales network and significant expansion of the product portfolio offered to customers. Over 3,500 ORLEN-branded service stations are to operate in the region by 2030. The Group will seek to enhance the availability of alternative fuels, for instance by deploying at least 1,000 EV fast chargers and developing the sales of hydrogen and LNG/CNG.

The ORLEN Group manages Central and Eastern Europe's largest chain of **over 2,800 service stations**, located in **Poland, the Czech Republic, Germany, Slovakia and Lithuania**. As at the end of 2021, the chain comprised more than 2,000 Stop Cafe/star Connect/ORLEN w ruchu non-fuel outlets. The ORLEN Group consistently



adapted its service station chain to sell alternative fuels. Customers at the end of 2021 had access to 454 EV charging stations, located mainly in Poland, 2 hydrogen refuelling stations, and 44 CNG stations. **400 automated parcel machines were placed in service as part of the ORLEN Paczka** (ORLEN Parcel) service, and a new retail format **ORLEN w ruchu** (ORLEN in Motion) – retail stores outside the service station chain – was launched. In addition, the Group completed the acquisition of **100% of the shares in OTP**, Poland's largest road carrier of liquid fuels.

Our broad integrated offering of non-fuel products and services is expected to keep attracting new customer groups. The ORLEN 2030 business strategy, published in November 2020, provides for **growing retail sales, including through the development of modern communication channels and digitalisation of sales formats based on the RUCH network**. RUCH is not only a network of newsstands in very good locations, but also advanced courier services. The launch of RUCH's potential, development of new store and food service formats outside ORLEN service stations, as well as the network of parcel pick-up points will accelerate growth of our retail segment. Through RUCH, PKN ORLEN acquired 4,500 parcel collection points.



PKN ORLEN is also rolling out its **ORLEN Pay** and **mFLOTA ORLEN services**, enabling payments at the pump. Their latest versions allow customers to purchase e-tickets for toll sections of state motorways (A2 Konin Wschód – Stryków and A4 Bielany Wrocławskie – Gliwice Sośnica) for vehicles with a maximum permissible weight below 3.5 tonnes.

For more than four years, the **Stop Cafe food service offering** has included a permanent vegan and vegetarian food range, which is constantly expanded. Launched in 2021, the new stop.cafe line of soup and lunch products made from fresh, high-quality ingredients containing no preservatives, is increasingly popular with customers. For over twelve years now, **Fairtrade-certified coffee** has been available in all Stop Cafe outlets within the ORLEN retail chain. By participating in the Fairtrade programme we support the development of farming communities in the global South countries.

With environmental protection in mind, PKN ORLEN is working to **optimise the quality of packaging and accessories and replace them with biodegradable substitutes** (subject to biochemical decomposition), e.g. plastic straws have been replaced with paper ones; multi-material food packaging has been replaced with single-material packaging (mainly paper-based); plastic cutlery is being withdrawn and replaced with wooden cutlery; disposable plastic packaging (e.g. for lettuce or hot meals) is being replaced with packaging made of sugar cane (bagasse) pulp.

As a socially responsible company, friendly to families with children, PKN ORLEN has joined the **Large Family Card programme**. Holders of the card are offered discounts at ORLEN service stations across Poland when purchasing fuel, Stop Cafe products or using car wash services.

Facilities for people with disabilities at PKN ORLEN stations: Almost 1,480 service stations have toilets adapted to the needs of people with disabilities, and at 1,204 stations there are special parking spaces for the disabled. Ramps for people with disabilities are available at 1,504 stations. We are gradually expanding present-day solutions to enhance the accessibility of our services. At all ORLEN service stations, customers can pay for fuel at the pump via the ORLEN Pay mobile application, using a special QR code displayed on pumps. In 2021, to achieve further service improvements, the Mobile Cashier and the Fast Lane programmes were extended. The PKN ORLEN chains includes three ORLEN Drive stations where motorists,

including those with disabilities, can use a complete range of refuelling and food services without leaving their car. In recent years, over 30 thousand employees of the ORLEN service stations have received training in services to people with disabilities. The training system was developed in cooperation with the INTEGRATION Foundation.

Product and service labelling

The obligations of the ORLEN Group companies to provide information on potential hazards associated with the chemicals they manufacture or import follow from international and EU laws. The scope and division of responsibilities at the Group companies are defined in internal regulations.

Safety data sheets, developed in accordance with the REACH Regulation, are the basic source of information on the classification and hazards for the chemicals manufactured or imported by the ORLEN Group companies. Products are classified based on research and expert knowledge of their properties, and the classification makes it possible to label them correctly (in accordance with the CLP Regulation) and identify risks in transport, based on which the dispatchers prepare the ADR labels (hazard warning labels). Safety data sheets are mainly a source of information on products intended for industrial and professional applications. In the case of products marketed directly for use by general consumers, the relevant information is provided by ORLEN Group companies by appropriate labelling of product packaging. In addition to pictograms, labels on product packaging contain appropriate hazard and precautionary statements (H and P statements). Given the wide range of applications of ORLEN Group products, information on product packaging is supplemented with detailed data required under specific legal provisions applicable to detergents, fertilizers, etc. Starting from January 1st 2021, ORLEN Group companies are obliged to notify hazardous mixtures to Poison Centres in accordance with the provisions and deadlines set out in Annex VIII of the CLP Regulation. Such notifications will be made through an IT tool developed by the European Chemicals Agency (ECHA). To make a notification, a UFI code will have to be generated for each mixture. The UFI code will then be placed on the packaging or/and safety data sheet.

BUSINESS PARTNERS

GRI 415-1 GRI 102-9

The main objectives pursued in the Business Partners area are to inspire responsibility, engage in and foster successful business partnerships, and promote responsible attitudes.

In 2021, PKN ORLEN increased the availability of **ORLEN IN YOUR PORTFOLIO**, the first long-term programme for retail investors in Poland. Its purpose is to broaden the knowledge of retail investors about the capital market and safe investing. In 2021, participation in the programme increased by 4,000, to over 13,800 participants, and over 220,000 people used the educational section of the [ORLENwportfelu.pl](https://orlenwportfelu.pl) website.

The key activities implemented under the programme in 2021 included the third edition of the Investing Academy exams and completion of the second and commencement of the third Investing in Practice series. Most of the meetings and events were held online due to the pandemic. Under the programme, PKN ORLEN collaborates with six brokerages, which operate 60% of all individual investment accounts in Poland.

Collaborative partnerships with scientific and research institutions and startups

In May 2021, PKN ORLEN opened its own **Research and Development Centre in Płock**, built under the Petrochemical Development Programme Worth around PLN 184m, the project fits into the ORLEN 2030 business strategy, which provides for increased investment in research, development and innovation. For PKN ORLEN, the complex is a major step towards more effective development of new technologies and products, building its own know-how, and obtaining patents for innovative solutions.

The key part of the complex is research and testing facilities, including the Modelling and Pilot Plant, with an area of almost 2,000 m². The technologically and structurally advanced space enables flexible installation of research and pilot facilities with heights of up to 15 meters. This enables new technologies and solutions to move from the experimental phase directly to the testing phase in a close-to-real production environment.

The Research and Development Centre will also operate as a state-of-the-art platform for collaboration between PKN ORLEN and start-ups, inventors, institutes, and uni-

versities. PKN ORLEN's partner network already includes all technical universities in Poland operating in the fields of interest to the Company, for example Warsaw University of Technology and its Płock branch, Gdańsk University of Technology, Warsaw University, Research Institutes and institutes of the Łukasiewicz Research Network.

Another vital objective of the project is to promote science and education. The educational trail located on the Centre premises focuses on science and the ORLEN Group's operations. There are plans to engage students and young researchers in the implementation of research projects, giving them an opportunity to gain experience and acquire new competencies.

In mid-2021, we launched the **ORLEN Skylight accelerator** programme, addressed to young technology companies from all over the world that offer innovative solutions ready for pilot implementation, scaling or commercialisation as part of PKN ORLEN's production, logistics and sales infrastructure, or in new potential areas of activity and areas where new revenue streams may be generated. Three accelerator rounds were initiated in 2021, with nearly 60 submissions received in response to challenges in PKN ORLEN's key business areas from more than 220 startup companies operating in Poland and abroad. As a result, 11 startups received a positive recommendation for pilot implementations to be made in 2022.

PKN ORLEN performs tests and implements ideas and products geared towards long-term growth of the ORLEN Group in the fields of new decarbonisation solutions and technologies, digitalisation, operational efficiency, sustainable development and circular economy, that serve business areas of the future, including energy generation, petrochemicals, refining based on alternative feedstocks, retail, and logistics. A breakthrough tool helping to step up proprietary technology development relying on Polish technology innovation ideas is the recently launched **programme of collaboration with the The National Centre for Research and Development**. Over the coming years, the programme will help acquire new technologies that will be scaled and implemented in partnership with Poland's largest agency promoting scientific and technology projects and innovation-driven countries. All innovation and development tools allow for quick testing and implementation across various business segments of PKN ORLEN, with most of them used in the course of collaboration with top Polish universities and scientists that support delivery of the ORLEN Group's strategic goals.



The following R&D projects are implemented in collaboration with Polish scientists:

- **PTA hydrogenation catalyst** – the first offline demo unit was launched at the PTA (terephthalic acid) Plant in Włocławek, enabling innovative solutions to move from the experimental phase straight to testing in a real-like industrial environment before their full-scale implementation at a production plant. The challenge allows employees to participate in the work to develop Poland's first catalyst formulation. Implementation-based doctoral programmes are run in the area of catalysis.
- **State-of-the-art corrosion monitoring system Kormon** – the world's first innovative dual sensor system enabling simultaneous assessment of the corrosion rate and susceptibility to hydrogen embrittlement and cracking through continuous hydrogen concentration monitoring. Implementation-based doctoral programmes are run in the area of corrosion.
- **Circular Economy Programme** – Plastics Recycling – the option to use the innovative Hydro-PRTSM technology in implementing plastics chemical recycling projects is being analysed. The raw materials obtained in the process would be used to make petrochemical and refining products. An implementation-based doctoral programmes is run in the area of plastics recycling.
- **NEON (New ORLEN)** – a joint project of PKN ORLEN and the National Centre for Research and Development, with the partners to allocate PLN 200m under a grant programme for innovative research and development projects in the areas of biomass use, decarbonisation, circular economy and Industry 4.0. Participation in them will be research units, enterprises and their consortia could take part. The best project deliverables will be applied by the Group in its operations to support its sustainable development. The first competitions will be announced already in 2022.

At the ORLEN Group, we have launched **the Digital Transformation Programme** designed to promote solutions based on emerging technologies across the organisation and to support projects showing the greatest economic and environmental potential. How digital solutions are supporting decarbonisation is discussed in PKN ORLEN's expert report of December 2021 entitled **'No decarbonisation without digitalisation. Sustainability needs digital technology'**. The report is the 14th in a series of publications entitled 'Powering the future', which serves PKN ORLEN, as the largest company in Central and Eastern Europe, to initiate a debate on relevant business, economic and social topics.

Responsible supply chain

In a significant step towards ensuring a responsible supply chain, PKN ORLEN incorporated responsible business and sustainability criteria into its procurement management standard. The Company promotes social responsibility among its suppliers and seeks to cooperate with trade partners that respect human rights and operate in compliance with the law, ensure safe and fair working conditions, follow the best standards of ethical conduct and care for the environment. CSR and ESG criteria have been defined and compiled into a single document entitled **Supplier Code of Conduct**. Compliance with the Code is a mandatory criterion in the process of trading partner selection at ORLEN Group companies. The suppliers are selected based on the ORLEN Group's standardised and uniform social, environmental, legal, and ethical criteria. All existing and potential suppliers of the ORLEN Group are obliged to know and accept the requirements concerning human rights, compliance with the law, safe and decent working conditions, the highest ethical standards, and care for the natural environment. Acceptance of the Supplier Code of Conduct by tenderers and suppliers is a formal precondition for participation in procurement procedures. If a tenderer fails to accept the Code, its bid will not be considered in the procurement process because the formal criteria are not satisfied. The purpose of the Code is to promote responsibility among the ORLEN Group's stakeholders and encourage responsible practices among the suppliers. Moreover, every tenderer taking part in procurement procedures must read, understand and accept **the ORLEN Group Anti-Corruption Policy** and **the PKN ORLEN Rules for Accepting and Offering Gifts**.



The ORLEN Group trades with a group of carefully selected suppliers. In 2021, almost 4,000 tendering procedures were held at PKN ORLEN. PKN ORLEN worked with more than 9,000 suppliers, while the ORLEN Group as a whole had relationships with over **25,000 suppliers**. In an effort to continuously improve procurement processes, the Group works to enhance and ensure greater consistency of vendor selection procedures. We developed a model for vendor selection in procurement category management strategies, and the key suppliers are evaluated on a regular basis as part of the supplier relationship assessment process. The supplier selection and assessment criteria are based, among other things, on best market practices and make it possible to mitigate reputation, financial and process risks, and ensure high quality of cooperation with suppliers.

The **ORLEN Group's Procurement Centralisation Project** is a key element of the responsible supply chain. The overriding aim of the project is to transform procurement organisation into a centralised function within the ORLEN Group. Conforming to global standards (the benchmark of 15 companies in the oil and gas industry), the centralisation model provides for the creation of a central hybrid organisation, with most of the procurement done centrally at PKN ORLEN (approximately 80% of spending). The project will significantly improve the efficiency of the procurement function, mainly through departure from the dispersed organisation structure.

Inspiring responsibility

One of the priorities of the ORLEN Group's CSR strategy across all areas: Society, Environment, Employees, Customers, and Business Partners, is to **inspire a sense of responsibility by sharing best practices**. In 2021, PKN ORLEN presented its activities in reports drawn up by its partners, at national conferences, such as the **Development Vision Forum and the Economic Forum in Karpacz** and during stakeholder meetings. PKN ORLEN and its stakeholders advocated for various CSR and sustainability initiatives in 2021,

- with PKN ORLEN's experts actively participating in **Circular Week 2021**, a series of events promoting sustainable and circular solutions. Circular Week seeks to promote the idea of circular economy, support sustainable business models and establish partnerships between stakeholders. The fourth edition of Circular Week was held between October 11th and October 17th, bringing

together over 3,000 participants from all over Europe. The event featured 50 expert panels, training sessions, meetings and webinars that presented solutions to key circular economy challenges: extended producer responsibility, food waste prevention, advancement of bioeconomy, challenges facing the fashion industry, and the future of recycled materials.

- An important incentive to act responsibly is education through play. In 2021, 3,000 copies of the **educational family game Treasure Hunt** were produced. The game acquaints players with PKN ORLEN's pro-environmental initiatives and encourages pro-environmental behaviour. The winners receive wildflower seeds they can sow in their home gardens. Pop-up elements are an interesting addition to the game, with a PKN ORLEN service station equipped with rooftop photovoltaic batteries, wind farm, electric vehicle charging station and green landscape elements rendered as 3D shapes. The board also highlights the biodiversity of the area near the Płock production plant, including the endangered species PKN ORLEN helps to protect (the peregrine falcon and the local honeybee species).



■ **ORLEN Foundation Volunteering Week** – was held from June 14th to June 20th and comprised various environmental and animal protection initiatives, including a wildflower planting event, a riverbank cleanup, etc. The event provided a platform for sharing inspiration and experiences in employee volunteering. Volunteers invited to the studio talked about the ongoing and planned initiatives. The material is available on PKN ORLEN's YouTube channel.

■ **Tree for a Bottle** – a waste collection event was held in Płock and Warsaw from September 21st to September 24th, where employees could drop off certain types of waste, like used batteries, expired drugs and electronic waste in exchange for a tree seedling as the symbol of the campaign, carried out under the Responsible Care Programme.

■ **Mr Carp Restocks the Vistula** – a competition held with a slogan 'The Flowing, Winding Vistula'. The competition is intended for pre-school and school children in three age groups, living in towns on the Vistula river (ANWIL).

■ **Safe on the Way Home** – a meeting with children in Municipal Kindergarten No. 10 in Płock devoted to road safety was held in late September and early October 2021 (ORLEN Serwis).

■ **A library for ORLEN Centrum Usług Korporacyjnych employees** – an employee library opened at ORLEN Centrum Usług Korporacyjnych at the end of September

2020. It has been made as a simple book exchange, which is a perfect solution for those who want to swap books they have read for books they want to read. The programme was continued in 2021.

■ In 2021, in partnership with the Municipal Police Headquarters in Płock, using the government innovation programme GovTech Poland, we commenced work on the pilot nationwide educational platform **Safe Future on the Road**, which will contribute to changing the attitudes of young driving test candidates from Płock and its neighbouring areas to safe driving and the knowledge of traffic rules. The project will enable future drivers to enhance their knowledge of safe driving rules, change negative attitudes and behaviours on the road and, ultimately, contribute to improving road safety.

Activities under the Charitable Giving Policy

In accordance with its **Charitable Giving Policy**, in 2021 PKN ORLEN implemented and supported initiatives aligned with the four priorities outlined in the document **ORLEN for the environment, ORLEN for society, ORLEN for safety and health, ORLEN for sports, education and culture**. The Charitable Giving Policy is an important part of corporate social responsibility, as a tool supporting the Company in its role as a responsible corporate citizen and employer, member of the local community, and good neighbour. The ORLEN Group not only initiates and carries out charity activities, but also participates in such initiatives as a partner.



The ORLEN Foundation, established in 2001 to fulfil the social responsibility mission of its founder, PKN ORLEN, plays an important role in pursuing these objectives. Since its inception, the Foundation has provided comprehensive **assistance to foster family group homes** by funding scholarships, trips during summer and winter holidays, additional tuition and rehabilitation care for children, covering the cost of dwelling repairs or redecorations, or financing fuel cards. At the moment the Foundation provides assistance to children from more than 300 such homes. The Foundation runs numerous **scholarship programmes, both for children of ORLEN Group employees and for students from Płock and the surrounding area**. The aim of such programmes is to help young people in their education and pursuit of their passions, improve their motivation, and also encourage their social involvement, e.g., through volunteer work. In 2021, the Foundation ran the **fourth edition of the BONA FIDE scholarship programme** together with partners: J.K. Steczkowski BGK Foundation, Energa Foundation, LOTOS Foundation and Halina Konopacka LOTTO Foundation. Under the programme, the Foundation supports second- and third-degree students at a foreign university ranked among the world's top 50 academic institutions (the Shanghai List). The Foundation's mission is to support world-class development and education of people who have the potential of becoming future leaders in various sectors of the economy or public administration. In 2021, the ORLEN Foundation continued four grant programmes. In addition to the two decades-old **ORLEN for Firefighters**, there were two programmes launched in 2018: **My Place on Earth**,

which encourages local communities to make a difference for the better in their immediate surroundings, and **We keep watch! We remember!**, in which foundations, associations or local institutions commemorate national heroes, restoring memorial sites dedicated to often forgotten heroes of local fights for Poland's independence. Launched in 2020, the **Health for Płock** grant programme, addressed to non-governmental and local government organisations active in Płock and the neighbouring Counties of Płock, Sierpc and Gostynin, was continued in 2021. The organisations may receive grants of up to PLN 20,000 for disease prevention projects. In the fourth edition of the ORLEN Foundation's programme My Place on Earth grants to fund the proposed projects, ranging from PLN 5,000 to PLN 20,000, went to various common interest societies, farmers' wives associations, schools, libraries, sports clubs, parishes and other beneficiaries. The initiatives for the benefit of local communities were evaluated by independent experts. In 2021, the Foundation co-financed 185 projects.

For 20 years, PKN ORLEN and the ORLEN Foundation have supported the State Fire Service and voluntary fire brigades. In 2021, 267 units received financial support totalling PLN 2m, which they used to purchase necessary equipment. Thanks to regular support from the ORLEN Foundation, over the last two decades fire brigades have been equipped with the necessary equipment to fight fires and respond to natural disasters, as well as equipment used in road, technical, medical, chemical, environmental and rope rescue operations.



The ORLEN Foundation also runs local community education initiatives. As part of these efforts, it launched the first edition of the ORLEN Foundation Academy, a series of workshops intended for beneficiaries of the ORLEN Foundation's grant programmes. The series included 12 online workshops designed to improve the competencies necessary to run an organisation in a professional way. Representatives of more than 80 organisations received training as part of the first edition of the project. The Foundation also created the educational **board game Trial by Fire**, which is intended for members of Youth Fire Brigades working with Volunteer Fire Brigades. The project seeks to reinforce the young people's firefighting skills, their ability to cope well under the pressure of time and their ability to cooperate and compete. More than 140 copies of the game were donated to Volunteer Fire Brigades in 2021. The programme will be continued in 2022.

The Foundation rolled out its **employee volunteering programme** in 2021. The ORLEN Group's seventeen-year history of corporate volunteering shows growing interest in social activism. ORLEN Group employees who submit a volunteering idea may receive a PLN 3,000 grant and a day off work to pursue their project. The employee volunteering programme includes initiatives like Volunteering Week and the Volunteering Project of the Year competition, which was postponed until 2022.

Furthermore, the ORLEN Foundation pursues its statutory objectives by granting **donations** to other entities. In 2021, it provided in-kind and financial support to entities responsible for combating the pandemic. The support was addressed in particular to medical services, hospitals and uniformed services tasked with saving the life and health of infected people, as well as to the staff and charges of nursing homes.

The CSR initiatives of PKN ORLEN and the ORLEN Foundation also engage **members of the VITAY loyalty scheme**.

No donations were made to political parties, politicians or similar institutions in 2021. In line with its Charitable Giving Policy, PKN ORLEN will not review requests for donations from trade unions, employers' organisations, professional self-governments, sports clubs operating as companies under commercial law, as well as political parties and their foundations or associations.

The ORLEN Group also operates other corporate foundations – the ANWIL Foundation, Energa Foundation and Unipetrol Foundation.

Established in 2014, the **ANWIL Foundation** supports projects aimed at raising the level of education of the Włocławek residents, counteracting social and economic exclusion, improving the condition of the natural environment, preserving the historical heritage, as well as protecting and promoting health. Over the past seven years, the Foundation has allocated over PLN 8.5m to its statutory activities. With these funds, 583 projects were implemented by the beneficiaries (schools, kindergartens, universities, NGOs, farmers' wives associations, volunteer fire brigades, and other public-benefit organisations). As part of the ANWIL Helps employee volunteering programme, ANWIL employees participated in 83 volunteering projects for non-governmental organisations, care providers, foster care centres, educational institutions, schools, sports organisations, and science, culture and art centres operating in the city of Włocławek and neighbouring communes. A total of 283 scholarships for talented youth and undergraduate students were awarded under two scholarship programmes: Primi inter Pares (for eighth-grade students of primary schools and students of secondary schools) and Youth with ANWIL (for junior and senior science students). Some of the programmes run by the Foundation in 2021 included the health promotion programme Be Healthy, the fifth edition of Learning with ANWIL (promotion of science) and I Choose Sports and Say Goodbye to Boredom (second edition), which promotes physical activity and healthy lifestyles. In 2021, the Foundation assisted the local community in their fight against the COVID-19 pandemic, allocating an additional PLN 400 thousand for the cause. Thirteen entities benefitted from the funding, including the Provincial Specialist Hospital in Włocławek, which received close to PLN 300 thousand.

Operating since 2009, the **Energa Foundation** provided financial support in excess of PLN 6.2m to 674 persons in total, including 521 natural persons and 153 legal entities, in 2021. One-third of the funds (over PLN 2m) was spent to cover cost of treatment, surgery and rehabilitation. A record 71 Energa employees received support last year (16 more than in 2020) for the total amount of PLN 884 thousand. In 2021, the Energa Foundation also donated about PLN 100 thousand to fund hand surgery of a little girl, Hania Kołek. With the financial support of the Energa Foundation, the surgery could be performed by the Paley European Institute in Warsaw. Under the programme, the Energa Foundation provided financial support in excess of PLN 1.2m to public-benefit organisations and health care, security and medical emergency providers, including:



- Regional Hospital in Kołobrzeg (purchase of personal protective equipment);
- District Hospital in Jarocin (purchase of medical equipment);
- Drop of Energy Foundation (hosting a blood donation drive);
- Volunteer Fire Brigades (purchase of firefighting equipment);
- Copernicus Medical Facility (supporting the fight against COVID-19);
- Provincial Specialist Complex of Healthcare Establishments for Lung Diseases and Tuberculosis in Wolica (reimbursement of the cost of ambulance equipment, purchase of additional equipment for a vaccination station and assistance with the cost of a defibrillator for the Emergency Room);
- Independent Public Healthcare Facility – Sanatorium in Sopot (purchase of an SRT machine);
- Włocławek Volunteer Water Rescue Service (purchase of a car to transport people and rescue equipment).

In addition, the Energa Foundation provided financial support to the Whatever You Did Foundation. The organisation donated funds to purchase gifts for poor families and single people who have Polish roots and currently live in the Vilnius area.

The **Czech-based ORLEN Unipetrol Foundation** operates a scholarship programme for students of secondary schools and universities providing life science and technology education, and a grant programme for secondary schools and teachers assisting them with the purchase of technical equipment and implementation of projects run by students as part of science clubs and workshops. The Foundation runs the Fairy Tale Chemistry Day

to teach chemistry to primary and secondary school students in a fun way and to portray chemistry as an up-to-date and exciting field of science.

ORLEN Unipetrol became a strategic partner of the University of Chemistry and Technology in Prague in 2002, having since donated almost CZK 30m for educational and development projects. ORLEN Unipetrol has also established collaboration with municipalities near its production plants (Litvínov, Kralupy nad Vltavou and Neratovice). In 2021, more than CZK 3.2m was donated to 27 communes and municipalities.

PKN ORLEN continued to provide support to the **Grant Fund for Płock Foundation** as part of a relationship that has lasted almost 19 years now. The Group is a founder and sponsor of the Foundation, Poland's first initiative of this kind, which is unique in that it is based on sectoral collaboration and fosters business-local government partnerships. The Foundation provides financial support to local non-governmental organisations, offering them the opportunity to carry out interesting, interdisciplinary projects that extend beyond municipal competitions. By financing Płock-based institutions, the Foundation participates in projects aimed at raising the standard of living for Płock residents in all areas of life, from sports, through social welfare, to education and culture. Money is donated to projects initiated by local residents that are consistent with the Strategy for Sustainable Development of the City of Płock and the UN Sustainable Development Goals. More than 430 projects have received over PLN 5.9m of financial support under the Grant Fund to date. In 2021 alone, the number of beneficiaries of the projects funded by the Foundation exceeded 51,000.

Significant risks relating to the group’s business and the risk management methods

Social risks			
Risks / processes	Risk description	Risk mitigation methods	Risk development trend
A. Corporate social responsibility	<ul style="list-style-type: none"> Lack of public awareness of the ORLEN Group’s CSR activities 	Implementation of a CSR strategy defining the ways of communicating CSR initiatives Implementation and supervision of the Responsible Care Framework Management System and appointment of the Responsible Care Framework Management System Officer	↔
B. Reputation, brand and marketing management	<ul style="list-style-type: none"> Use of the brand in connection with adverse, controversial activities Activities with adverse effect on the image of PKN ORLEN S.A. 	Supervision over the process of defining the methodology for conducting promotional campaigns; key activities subject to approval by relevant business areas.	↔
C. Outsourcing and subcontractor risk	<ul style="list-style-type: none"> Limited control over the ORLEN Group’s processes which are subcontracted or outsourced 	Ensuring correctness, completeness and quality of documentation, including completion reports and checklists, in IT systems Regular assessments of service providers.	↔

Colour highlighting the risk name
 Risk materiality for the organisation

critical high medium low very low

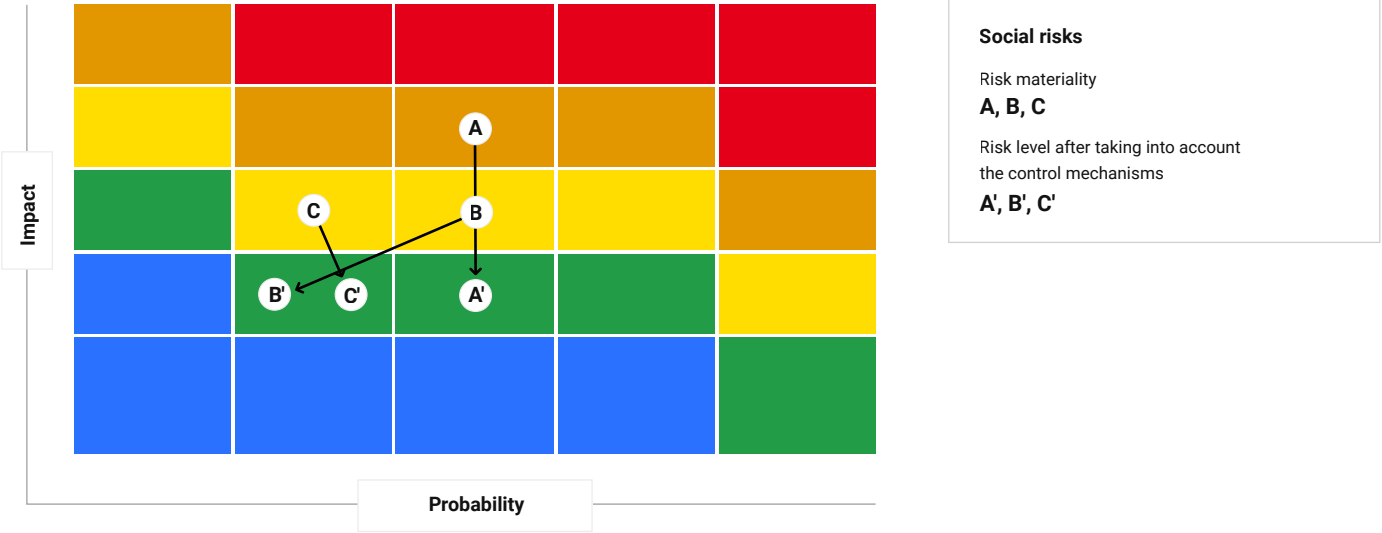
Colour of the arrows
 Risk level after taking into account the control mechanisms

critical high medium low very low

Risk development trend
 Year on year

↓ Risk decreases ↑ Risk increases ↔ Risk is stable

Effects of application of control mechanisms in risk management – positioning of risks on the risk map

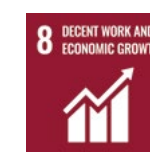




EMPLOYEE-RELATED ISSUES AND RESPECT FOR HUMAN RIGHTS

United Nations' Sustainable Development Goals 2030

The 2030 Sustainable Development Goals to which the activities implemented by PKN ORLEN and the ORLEN Group in 2021 relate in the area of employees and respect for human rights:



GRI Disclosures

GRI Disclosures described in this section:

- GRI 102-8** Information on employees and other workers
- GRI 102-16** Values, principles, standards, and norms of behavior
- GRI 102-17** Mechanisms for advice and concerns about ethics
- GRI 102-41** Collective bargaining agreements
- GRI 103-1** Explanation of the material topic and its boundary
- GRI 103-2** The management approach and its components
- GRI 103-3** Evaluation of the management approach
- GRI 401-1** New employee hires and employee turnover
- GRI 401-2** Benefits provided to full-time employees that are not provided to temporary or part-time employees
- GRI 404-1** Average hours of training per year per employee
- GRI 404-2** Programs for upgrading employee skills and transition assistance programs
- GRI 405-1** Diversity of governance bodies and employees
- GRI 412-2** Employee training on human rights policies or procedures

Overview



We provide fair and friendly working conditions for our employees. Our relations with internal stakeholders and the external business environment are based on integrity, respect in everyday relationships and on dialogue, cooperation and involvement of each staff member in building a culture consistent with the Company's core values.

ACTIVITIES RELATED TO EMPLOYEE MATTERS AND RESPECT FOR HUMAN RIGHTS ARE PURSUED MAINLY BY THE HR FUNCTION AND THE ETHICS OFFICER.

GRI 103-1 GRI 103-2 GRI 103-3

Responsibilities of the **HR function** include:

- Recruitment, development and retention of key management staff to ensure achievement of strategic objectives;
- Development and implementation of policies, principles and standards in human resources management, in particular: recruitment, adaptation, development and training, hiring and dismissal of employees, compensation systems, bonuses, perquisites, social benefits, collective bargaining agreements;
- Supervision over the setting of bonus-related targets for key management staff;
- Shaping social relation standards in the organisation;
- Preparing proposals of redundancy benefits for employees affected by workforce restructuring measures;
- Coordination, planning and spending under the compensation budgets and bonus systems (including incentive schemes), conducting training, recruitment and covering the costs of other HR management tools and systems;
- Human resources management, in particular: recruitment, adaptation, development and training, hiring and dismissal of employees, compensation systems, bonuses, perquisites, social benefits, collective bargaining agreements;
- Drafting and implementation of collective labour regulations at PKN ORLEN and development of related standards for the ORLEN Group;
- Communication with company trade unions and coordination of efforts with regard to collective bargaining agreements and social matters;
- Development, maintenance and application of the Remuneration Policy for Members of Management and Supervisory Boards of ORLEN Group Companies;

- Operation of uniform ethics standards and procedures within the ORLEN Group;
- Building the image of an attractive employer.

The **Ethics Officer** monitors compliance with the ORLEN Group's Code of Ethics, guarantees that employees, employers and all stakeholders can freely report violations, and raises the employees' awareness of business ethics and ethical standards, and of the importance of their own role in building the ethical corporate culture. The Ethics Officer is elected by PKN ORLEN employees and performs his or her duties without remuneration. The Ethics Officer takes steps to clarify and eliminate behaviours which conflict with the PKN ORLEN values and standards of conduct, and in particular:

- Provides ongoing support to PKN ORLEN employees with respect to their enquiries and concerns regarding ethical issues, including with respect to employee relations;
- Guarantees to all stakeholders, in particular the employees, an opportunity to freely report violations of the ORLEN Group's Code of Ethics on an anonymous basis, using internal communication procedures and channels;
- Receives, selects and evaluates complaints for legitimacy and materiality; in the case of minor complaints, the Ethics Officer undertakes remedial action on his or her own, while more complex and serious cases are referred to the Secretary of the Human Capital Committee;
- Informs the parties concerned about the measures taken, with due regard to confidentiality requirements;
- Prepares, based on the complaints and comments received, an annual report for the Human Capital Committee and suggests solutions to improve the corporate culture.



Other responsibilities of the Ethics Officer include educational activities to foster knowledge of the Code of Ethics, which include lectures on ethics for the management staff and training for all PKN ORLEN employees to promote the ethical values and principles, training during the Onboarding Programme for new hires to familiarise them with the Code of Ethics and the objectives and operation of the corporate ethics system, and a training programme for interns and trainees.

In line with global trends relating to compliance with ethical requirements, an **Ethics Team** has been appointed within the HR function. Its key responsibilities include:

- Coordination of all ethical issues based on the provisions of the Code of Ethics, in accordance with the assumptions of the ORLEN 2030 strategy and the vision of ORLEN Group growth;
- Development, implementation and updates of policies, procedures and tools aligned with the ORLEN Group's ethical standards;
- Carrying out communication activities promoting a corporate culture based on ethics and the ORLEN values, and behaviours compliant with the adopted principles of conduct;
- Cooperation with PKN ORLEN's and other ORLEN Group companies' organisational units in the field of ethics, in particular as regards implementation of the Code of Ethics and ethical standards.

- The Ethics Officer now operates as part of the Ethics Team. However, the autonomous and social nature of the Ethics Officer's role have remained unchanged. The Ethics Team and the Ethics Officer are tasked with increasing employee involvement in building corporate culture based on ethics and values, which is to be done by enhancing communication and training activities and implementing consistent ethical standards at PKN ORLEN and other ORLEN Group companies.

Ethics Officers operate in ORLEN Group companies employing over 100 employees. In companies employing less than 100 employees, the employer is responsible for ethical issues.



As at the end of 2021, there were **18 Ethics Officers** at PKN ORLEN and other ORLEN Group companies.

Non-financial key performance indicators in the employee relations area

Table 5.

EMPLOYEE RELATIONS KPIS AT PKN ORLEN AND THE ORLEN GROUP IN 2020 AND 2021:

GRI 102-8 GRI 102-41 GRI 401-1 GRI 405-1

EMPLOYEE RELATIONS KPIS	UoM	ORLEN Group		PKN ORLEN	
		2021	2020	2021	2020
Headcount, including:	[persons]	35,424	32,960	5,878	5,727
PKN ORLEN	[persons]	5,878	5,727	5,878	5,727
ENERGA Group	[persons]	8,888	9,731	-	-
Unipetrol Group	[persons]	4,876	4,930	-	-
ORLEN Serwis Group	[persons]	2,326	2,441	-	-
Polska Press Group	[persons]	1,827	-	-	-
ORLEN Ochrona Group	[persons]	1,707	1,394	-	-
ANWIL	[persons]	1,610	1,485	-	-
ORLEN Lietuva Group	[persons]	1,467	1,446	-	-
Other	[persons]	6,845	5,806	-	-
Workforce by gender, including:					
Women	[%]	29	27	24	23
Men	[%]	71	73	76	77
Workforce by type of job, including:					
White-collar staff	[%]	54	52	60	61
Blue-collar staff	[%]	46	48	40	39
Workforce by education, including:					
Tertiary	[%]	46	45	67	68
Secondary	[%]	37	37	30	29
Vocational	[%]	15	16	3	3
Primary	[%]	2	2	0	0
Employees covered by collective bargaining agreements, including:					
Polish companies	[%]	65	70	100	100
Foreign companies	[%]	85	86	-	-
Trade unions – trade union membership	[%]	48	48	49	48
Company Social Benefits Fund (data for PKN ORLEN and companies – shared social activities), including:	[persons]	32,579	32,126	15,803	15,502
Employees	[persons]	13,689	14,068	5,601	5,844
Former employees	[persons]	7,709	7,710	5,134	5,101
Family members	[persons]	11,181	10,348	5,068	4,557

AVERAGE TRAINING HOURS PER EMPLOYEE, INCLUDING:*	UoM	ORLEN Group		PKN ORLEN	
		2021	2020	2021	2020
Women	[number]	19.5	23.4	42.6	34.8
Men	[number]	20.4	25.2	34.6	28.5
Managers	[number]	29.0	38.5	50.8	42.2
Non-managers	[number]	18.8	23.7	34.5	28.3

Table 6.

COMPOSITION OF GOVERNANCE BODIES AND BREAKDOWN OF EMPLOYEES PER EMPLOYEE CATEGORY ACCORDING TO GENDER, AGE GROUP AND OTHER INDICATORS OF DIVERSITY IN 2020 AND 2021:

COMPOSITION OF GOVERNANCE BODIES AND BREAKDOWN OF EMPLOYEES	UoM	ORLEN Group		PKN ORLEN	
		2021	2020	2021	2020
Management Boards of ORLEN Group companies by gender, including:					
Women	[%]	14	15	13	13
Men	[%]	86	85	87	87
Supervisory Boards of ORLEN Group companies by gender:					
Women	[%]	31	36	44	40
Men	[%]	69	64	56	60
Management Board – age structure, including:					
below 30	[%]	1	1	0	0
30-50	[%]	66	70	75	75
over 50	[%]	34	29	25	25
Supervisory Board – age structure, including:					
below 30	[%]	3	1	0	0
30-50	[%]	69	70	44	50
over 50	[%]	28	29	56	50
Employees – employment structure by age, including:					
below 30					
Managers	[%]	1	1	1	0
Non-managers	[%]	99	99	99	100
30-50					
Managers	[%]	12	12	13	13
Non-managers	[%]	88	88	87	87
over 50					
Managers	[%]	11	11	16	15
Non-managers	[%]	89	89	84	85
Employees – employment structure by gender, including:					
Women					
Managers	[%]	9	8	10	10
Non-managers	[%]	91	92	90	90
Men					
Managers	[%]	11	11	13	13
Non-managers	[%]	89	89	87	87

Table 7.

OTHER EMPLOYEE DATA FOR 2020 AND 2021

EMPLOYEE RELATIONS KPIS	UoM	ORLEN Group		PKN ORLEN	
		2021	2020	2021	2020
Employees by type of contract and gender:					
Open-ended contract					
Women	[number]	8,771	7,603	1,175	1,082
Men	[number]	22,333	21,034	3,964	3,829
Fixed-term contract					
Women	[number]	1,035	923	169	205
Men	[number]	2,488	2,696	456	484
Probationary period contract					
Women	[number]	195	136	19	25
Men	[number]	402	375	50	67
Temporary substitution					
Women	[number]	147	137	30	20
Men	[number]	53	56	15	15
Employees by type of contract and region:					
Open-ended contract					
Czech Republic	[number]	4,829	4,827	0	0
Canada	[number]	43	43	0	0
Germany	[number]	211	191	0	0
Lithuania	[number]	2,124	2,126	0	0
Poland	[number]	23,886	21,450	5,138	4,911
Other	[number]	11	0	1	0
Fixed-term contract					
Czech Republic	[number]	472	495	0	0
Canada	[number]	3	3	0	0
Germany	[number]	7	4	0	0
Lithuania	[number]	48	36	0	0
Poland	[number]	2,992	3,081	625	689
Other	[number]	1	0	0	0
Probationary period contract					
Czech Republic	[number]	97	122	0	0
Canada	[number]	1	0	0	0
Germany	[number]	22	23	0	0
Lithuania	[number]	22	24	0	0
Poland	[number]	453	342	69	92
Other	[number]	2	0	0	0
Temporary substitution					
Czech Republic	[number]	0	0	0	0
Canada	[number]	1	2	0	0
Germany	[number]	0	1	0	0
Lithuania	[number]	3	0	0	0
Poland	[number]	196	190	45	35
Other	[number]	0	0	0	0

EMPLOYEE RELATIONS KPIS	UoM	ORLEN Group		PKN ORLEN	
		2021	2020	2021	2020
Employees by employment type and gender:					
Full-time					
Women	[number]	9,971	8,658	1,376	1,320
Men	[number]	25,123	24,043	4,465	4,384
Part-time					
Women	[number]	177	141	17	12
Men	[number]	153	118	20	11
New hires by age, gender and region:		3,415	3,233	439	554
Age					
below 30	[number]	1,298	1,068	165	193
30 - 50	[number]	1,733	1,765	253	340
over 50	[number]	384	400	21	21
Gender					
Women	[number]	1,162	934	130	165
Men	[number]	2,253	2,299	309	389
Region					
Czech Republic	[number]	586	871	0	0
Canada	[number]	3	6	0	0
Germany	[number]	61	43	0	0
Lithuania	[number]	353	350	0	0
Poland	[number]	2,401	1,963	439	554
Other	[number]	11	0	0	0
Hires rate*	[%]	9.5	9.8	4.9	9.7
Employee turnover [%]**	[%]	9.5	7.7	4.9	4.8
Age					
below 30	[%]	17.3	12.7	4.1	3.7
30 - 50	[%]	7.4	5.9	3.3	3.2
over 50	[%]	10.4	9.1	9.2	9.4
Gender					
Women	[%]	10.7	10.2	5.0	4.8
Men	[%]	9.0	6.8	4.9	4.8
Region		[%]			
Czech Republic	[%]	11.7	10.9	-	-
Canada	[%]	6.3	8.3	-	-
Germany	[%]	17.5	12.3	-	-
Lithuania	[%]	16.8	13.6	-	-
Poland	[%]	8.4	6.5	4.9	4.8
Other	[%]	35.7	-	-	-

* Hires rate – new hires as a proportion of total headcount.
** Employee turnover – number of employees leaving the group in a given year as a proportion of total number of employees in a given group.

The proportion of temporary work contracts at the ORLEN Group is negligible and they are used on an as needed basis.



EMPLOYEE SATISFACTION AND ENGAGEMENT KPIS AT PKN ORLEN AND ORLEN GROUP

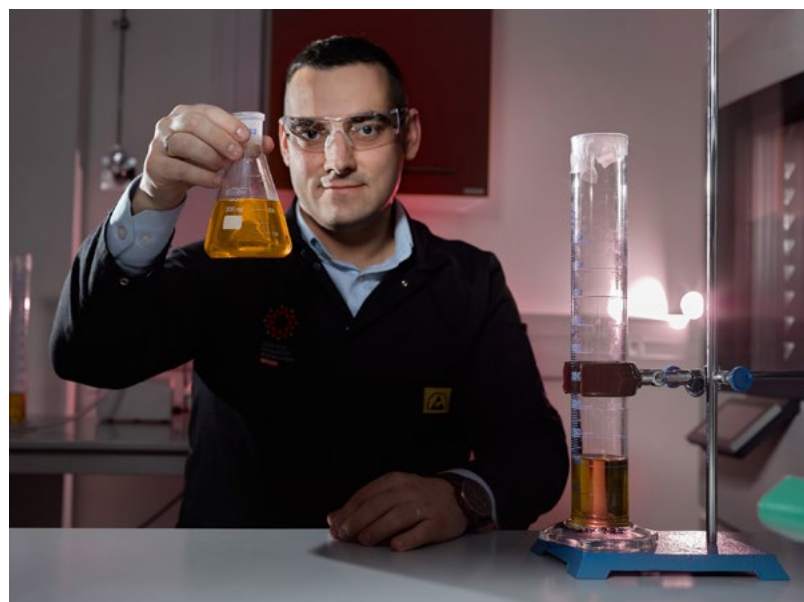
We conduct an engagement and satisfaction survey at PKN ORLEN once every three years. The most recent full survey was conducted in 2019, with the next one scheduled for 2022. **The latest survey showed an engagement rate for PKN ORLEN of 64%, with the overall employee satisfaction ratio at 77%.**

In 2021, an employee sentiment survey was conducted to examine the areas of professional activity, management support and organisational measures taken over the past year in the wake of the COVID-19 pandemic.

The survey asked questions about the aspects of the work environment that are gaining prominence in the pandemic reality and have the greatest impact on building employee engagement. The results across all work environment categories included in the survey were high, most of them above the applied benchmarks. Particularly worthy of note was the large increase in employee satisfaction with leadership elements: supervisor feedback, appreciation, and recognition.

Also, a pulse check was performed to examine key metrics related to employee engagement and satisfaction:

- Employee engagement rate, which was 74%, up 10 percentage points from the previous survey conducted in 2019. The result is well above the 2019 and 2020 average for Poland (51%).
- Overall employee satisfaction rate, which was 76%.



Policies in place

The policies and internal regulations concerning the employee area include:

Code of Ethics – defines the values, principles of conduct and rules that set ethical standards for all ORLEN Group employees, based on a revised approach to understanding ORLEN values: Responsibility, Progress, People, Energy and Dependability, as well as the current scale or operations and operating strategy, the requirements of the ORLEN Group's environment, and best practices in the field of business ethics. It contains provisions concerning, inter alia, respect for diversity, including fair treatment of all employees regardless of their age, gender, position, religion, nationality or beliefs, equal opportunities for personal and professional development, as well as responsibility for building an ethical, safe and friendly workplace. It also includes provisions discussing ethical and responsible attitudes towards all stakeholders, including employees, consumers, business partners and local communities. Moreover, it is a document supporting the implementation of the ORLEN 2030 business strategy.

Collective Bargaining Agreements and Work Rules

– agreed between employers and employees represented by trade unions, they are the primary source of labour law for individual ORLEN Group companies. They play a significant role in defining the employment relationships and mutual obligations of employers, employees and trade unions. In addition, they set forth, respectively, work process organisation and policies and the principles of remuneration and other employee benefits.

ORLEN Group Human Resources Management Policy

– sets out the priorities and key tasks defined in accordance with best market practices, reflecting market challenges and trends in human capital development. The Policy defines activities in such areas as reinforcement of the Group's corporate culture, segment-based management, employee development, compensation and employee benefits, and performance management, to name just some.

ORLEN Group Age Management Policy – describes the practices and tools implemented by PKN ORLEN and other ORLEN Group companies to maintain the continuity and efficiency of their business processes by preventing competence gaps and securing knowledge and skill transfers in the face of current and projected demographic shifts on the labour market.

Remuneration Policy for Members of Management and Supervisory Boards of ORLEN Group Companies

– ensures that the salary cap act is complied with by the ORLEN Group. The document sets out the approach to HR decisions in connection with the corporate supervision, guaranteeing that the process of appointing and remunerating management board and supervisory body members at the ORLEN Group companies is compliant with the provisions of the Act on Rules of Remunerating Persons Managing Certain Companies. In order to maintain a common HR policy within the ORLEN Group, key performance indicators, including 'Employment and labour cost effectiveness', are additionally addressed in the objective setting and reporting system for the Group's management board members. The indicator is deemed to have been achieved, inter alia, when the budget for personnel and employment costs is met in line with segment recommendations and the ORLEN Group's remuneration policy is pursued in an effective manner.

Bonus System Rules – the PKN ORLEN Management Board, Management Boards of other ORLEN Group companies, as well as directors reporting directly to the Management Board, and PKN ORLEN employees are covered by bonus schemes. The key positions at the ORLEN Group are rewarded based on the annual bonus system: the bonus is granted for achieving individual qualitative and quantitative targets, which are reviewed after the end of the year for which they were set. Other PKN ORLEN employees are rewarded based on one of the following three bonus schemes: a quarterly/annual, quarterly, or monthly scheme. The process of target setting and reporting, as well as granting of bonuses, is standardised on an ongoing basis to ensure workflow consistency and transparency.

Corporate Social Benefit Activity Rules – define the scope of social benefits and the rules for granting such benefits to the current and former employees of PKN ORLEN and its subsidiaries covered by agreements on the joint social benefits programme, as well as the employees' family members. Additionally, PKN ORLEN offers a uniform employee benefits package to employees of all ORLEN Group companies participating in the joint social benefits programme.

Well-Being Policy – offers key solutions to improve the quality of life and broadly defined employee well-being, and is broken down into several areas: wellness,

work comfort, work satisfaction, work-life balance, external environment. Well-being within the organisation means continuous and dynamic management of employee well-being by addressing employee needs in every dimension.

Expatriate Policy sets out the rules of secondment of employees to foreign ORLEN Group companies with respect to hiring and agreeing on contract terms and benefits for expats at PKN ORLEN and other ORLEN Group companies.

ORLEN Group Best Employee Mobility Practices allow the Group to leverage its internal capabilities. Mobility at the ORLEN Group supports the key business objectives, fosters a corporate culture aligned with the ORLEN Group's values and rules of conduct, and allows the Group to leverage the capabilities and potential of its employees in an effective manner. Mobility is also aligned with the Group's strategic plans to build human capital with extensive professional experience in the long term.

Employee Onboarding Policy – aligned with the objectives of the Employee Onboarding Programme, which include effective introduction of new hires to new conditions, tasks, responsibilities, and the work environment, while familiarising them with the Company's procedures and rules, including the Core Values and Standards of Conduct.

Employee Pension Plan – guarantees additional financial resources to PKN ORLEN Employees, to be used once they leave employment and retire. The basic contribution under the scheme is funded by the employer, while the employee has the option to fund an additional contribution.

Employee Savings Plan – a pension and savings scheme enabling PKN ORLEN employees to save additional funds for their future pension on favourable market terms.

Employee Capital Plan (PPK) – a long-term retirement savings scheme, with the option to disburse the funds early or after the Employee turns 60. Savings in PPK accounts constitute the employee's fully private and heritable financial capital. PPK contributions originate from three sources: the employee, the employer and the state.

Pay on Request – a benefit which gives employees quick and easy access to their salaries before pay day.

Legal Benefit – a service offering access to unlimited legal advice on personal matters provided by email and telephone, including family and civil law, real estate purchases and rentals, as well as consumer complaints, relations with banks and insurers, traffic incidents, contacts with authorities in administrative proceedings, to name just some.

Cafeteria – an online platform allowing employees to manage their benefits according to their personal needs.

They can redeem points obtained from the employer for a broad range of benefits.

Academy of Personal Finance – a series of practical training courses aimed at building the financial awareness of employees, improving their understanding of planning and household budget management and developing healthy financial habits.

MyCar – a car-related benefit offered as an alternative to a company car. It is a monthly cash benefit for the purchase or rental of a private car for business purposes, equivalent to the lease payment for a company car. In addition, MyCar beneficiaries are provided with a shopping card to pay for fuel, non-fuel products and services at ORLEN service stations within a predefined limit.

ORLEN Passion – a scheme designed in response to the needs of employees who wish to pursue and develop their hobbies and out-of-work passions. With the funding offered by the company, they are able to take up activities which often require support.

Master Benefit and Car Platforms – car benefits supporting car rentals in the subscription model.

Discount Chocolate – a set of discounts integrated into the Comfort package of benefits. Its purpose is to create an environment providing employees with a sense of safety and stability and supporting the work-life balance. It is a virtual space for employees with discounts available on products and services of PKN ORLEN's partner companies, for example computer equipment, PZU insurance products, Apple products, mobile plans, banking products, discounts for eyeglasses, etc.

Policy for Assisting Employees During Crises – defines the rules for supporting employees going through a personal crisis. In providing support, the employer takes into account the particular occurrence, the type and scale of damage or loss sustained, as well as the personal and financial circumstances of the affected employee. Depending on the above criteria, the employee may be provided with financial, medical, psychological or legal assistance.

Psychological support at the workplace – the tasks of our Occupational Psychology Centre include provision of support and psychological assistance to employees and their closest family members who are going through personal or professional issues. Since the onset of the pandemic, a permanent psychologist assistance service has been available at the Occupational Psychology Centre in addition to other forms of mental health support for employees. Employees could use a psychological assistance telephone helpline in addition to dedicated

support provided by the Occupational Psychology Centre. The helpline was staffed by an outside psychologist. The Occupational Psychology Centre offers immediate assistance in emergencies.

Internal order on the Family Friendly Employer Programme and Initiatives celebrating long service, retirement and birthdays of former employees – sets forth the rules for the operation of the Family Friendly Employer programme and governs all activities related to celebrating long service, retirement and birthdays of former employees. It sets out the rules governing initiatives for employees celebrating long service or those retiring, as well as pensioners celebrating their 70th, 75th, 80th, 85th and following birthdays.

Disability Employment Policy defining the work conditions and rules for people with disabilities – the objective of this policy is to provide people with disabilities with equal opportunities in the workplace, taking into account the type and degree of disability, enabling them to obtain and maintain adequate employment, return to work, receive promotion, as well as support them in independent living and their integration with other employees.

Restructuring Agreement with Trade Unions – sets out the rules of cooperation between social partners in restructuring processes and the employees' rights in such processes.

The policies and internal regulations concerning the human rights area include:

Code of Ethics – defines the values, principles of conduct and rules that set ethical standards for all ORLEN Group employees, based on a revised approach to understanding ORLEN values: Responsibility, Progress, People, Energy and Dependability, as well as the current scale or operations and operating strategy, the requirements of the Group's environment, and best practices in the field of business ethics. It contains provisions concerning, inter alia, respect for diversity, including fair treatment of all employees regardless of their age, gender, position, religion, nationality or beliefs, equal opportunities for personal and professional development, as well as responsibility for building an ethical, safe and friendly workplace. It also includes provisions discussing ethical and responsible attitudes towards all stakeholders, including employees, consumers, business partners and local communities. Moreover, it is a document supporting the implementation of the ORLEN 2030 business strategy.





Diversity Policy – aims to promote values, policies, norms and behaviours consistent with the principle of equal treatment of employees, to raise awareness and understanding of how important diversity is, and to create conditions for an open and tolerant workplace. For PKN ORLEN, diversity is not merely counteracting discrimination but rather a deliberate effort to acknowledge different viewpoints or experiences and to appreciate diversity as a value in itself.

Collective Bargaining Agreements – define the conditions which should be met by the substance of an employment relationship, and the rules of remunerating and granting other benefits to employees.

Rules to Prevent Workplace Bullying, Discrimination, and any Forms of Harassment at PKN ORLEN – set out the rules to be followed when a case of bullying, discrimination and harassment is reported, and specifies the rights and obligations of employees in such situations.

ORLEN Group Anti-Corruption Policy – designed to raise employee awareness, encourage positive attitudes and behaviour, and streamline procedures and business process oversight. The document underscores the importance of training and awareness-raising among employees and the responsibility of companies' managements to create conditions that help to prevent and counteract corruption at the ORLEN Group. The person responsible for coordinating the implemen-

tation of the Policy objectives in effectively preventing and detecting irregularities and misconduct is the PKN ORLEN Anti-Corruption Compliance Officer.

Anonymous Misconduct Reporting System – the system provides a framework for identifying potential irregularities and instances of misconduct, which can be reported via different information channels.

Supplier Code of Conduct – forms an integral element of cooperation with suppliers, including the supplier qualification and evaluation processes, governs business standards in health and safety at work, human rights, business ethics, employee matters and environmental protection. The document helps us to support our suppliers in building awareness and best practices in this area.

ORLEN Group CSR Strategy until 2022 – sets out the directions of social responsibility initiatives. Besides seeking to align business with social objectives, other priorities of the CSR Strategy are to build PKN ORLEN's image as a leader in CSR and sustainability, generate CSR synergies across the Group, and support the pursuit of Sustainable Development Goals and the 'Accessibility Plus' programme. The CSR strategy is implemented within five key areas of responsibility: Society, Environment, Employees, Customers, and Business Partners.

Integrated Management System Policy – a declaration to assure quality, minimise environmental impacts, ensure employee safety and information security.

Due diligence procedures

EMPLOYEE RELATIONS

Workforce

In 2021, the ORLEN Group's hiring policy was focused on recruiting top quality specialists for both day-to-day tasks and strategic projects. Acquisition of the Polska Press Group (1,827 people) and ORLEN Transport (180 people) in 2021 and expansion of the ORLEN Group's power generation, IT and retail areas led to a year-on-year increase in total workforce by 2,047 people, to **35,424** employees.

In 2021, the average annualised workforce at the ORLEN Group was 34,508, an increase by 1,716 employees year on year.

Remuneration policy

The rules of remuneration in place at PKN ORLEN are laid down in the Collective Bargaining Agreement. The main components of remuneration are base pay (determined according to the Pay Grade Table and Base Pay Table) and a bonus. Employees are covered by monthly, quarterly, quarterly/annual or annual bonus schemes, depending on positions held. Employees are also entitled to receive an extra annual bonus for achievement of solidarity targets, and a number of allowances, including shift-work allowance, chemical emergency service allowance, or expat allowance. For particularly outstanding achievements, an employee may be awarded a prize, financed from the Employer Prize Fund.

The ORLEN Group companies have implemented consistent rules for granting awards under the Employer Prize Fund (set forth in a formal document), and the award process for tool-integrated companies is carried out through the centralised IT system SSEGK.

Moreover, components of the new ORLEN Group strategy were addressed in the 2021 MBO Sheets in all ORLEN Group companies. The concept of the process of objective setting for 2021 was developed taking into account the expansion of the ORLEN Group, the need to standardise the mechanisms of the objective setting and performance evaluation process in newly acquired companies, and the need to individualise the scope of the objectives set.

The collective bargaining agreement made with the trade unions active at ORLEN Ochrona in 2021 will become effective in April 2022. Lithuanian companies ORLEN Lietuva and ORLEN Service Lietuva reached new fixed-term collective bargaining agreements with their social partners (the previous agreements expired at the end of 2021). Also, remuneration rules were implemented at CCGT Ostrołęka and Energa Green Development.

In 2021, PKN ORLEN entered into a pay agreement for 2021, which provided for obligatory base pay rises of PLN 150 for employees graded 1 to 7. Furthermore, Christmas bonuses totalling PLN 3,000 were agreed. Pay agreements are in place at all ORLEN Group companies. They were adapted to each company's financial capabilities and additionally depended on its position on the pay market.

In 2021, the average gross monthly remuneration (including base pay, bonuses, awards, lump-sum allowances and overtime) at the ORLEN Group was PLN 8,867.

Table 8

Job grade	Female-to-male total pay ratio at PKN ORLEN	
	2021	2020
Clerk	94,9%	97%
Specialist	103,6%	106%
Manager	110,4%	111%
Project Manager	99,6%	102%
Sales	100,6%	103%

Collective Bargaining Agreement

The Collective Bargaining Agreement is a social contract, being a source of labour law, that has been reached through negotiations between the employer and trade unions. It is an HR constitution of sorts that sanctions a motivating and coherent remuneration and bonus system, sets standards for employer-employee relationships and provides norms governing an equal partnership between the employer and trade unions.

The Collective Bargaining Agreement regulates the broad-based labour relations management concept in accordance with applicable laws and best market practices. It is an element of integration and harmonisation of industrial relations, supporting execution of business processes. It serves as an effective and objective tool for regulating HR management policies, with a particular focus on the hiring, promotion and remuneration systems, by applying transparent solutions regarding the pay scale, base pay and bonus system.

The Collective Bargaining Agreement enables effective and open dialogue with social partners by regulating important issues concerning collaboration with trade unions.

With regard to employees' right to freedom of association and collective bargaining, the PKN ORLEN Collective Bargaining Agreement provides that the employer:

- Recognises the trade unions active at PKN ORLEN as representatives of all employees in matters concerning their collective rights and interests, within the scope defined by laws of general application;
- Agrees to respect the freedom of activity and equality of trade unions and not discriminate against employees on the grounds of trade union membership or non-membership.

The Collective Bargaining Agreement outlines general rules governing negotiation of annual pay rises, cooperation between the employer and the trade unions in restructuring matters, and negotiation of matters relating to the Agreement.

Development of the human resources functions and standardisation of processes across the ORLEN Group

HR and payroll solutions at the ORLEN Group evolve continually so as to effectively support its business processes. Based on the HR policy for the ORLEN

Group, HR and payroll processes at the Transaction Centre are optimised on an ongoing basis. IT systems are developed to streamline staff administration activities and improve the efficiency of HR processes in the Group. In 2021, a project team consisting of representatives of various functions and companies continued a project aimed at standardising HR processes across the ORLEN Group. The digitalisation of PKN ORLEN S.A. and ORLEN Group HR and payroll services continued throughout 2021. An application supporting the onboarding process at the ORLEN Group was further developed, and so was the ORLEN Group's cafeteria system, which was also deployed in other Group companies. KCP, a work time planning and reporting tool, was implemented in further ORLEN Group companies, resulting in further standardisation and improvement of efficiency of the working time management process. An electronic attendance sheet and a leave planning support application were deployed, and new personnel requests were added in the SelfService employee system at PKN ORLEN and some other Group companies. The continuous development of HR functions combined with process digitisation improve the HR processes, guaranteeing their high quality and transparency. The pandemic in 2020 showed that HR digitalisation was the most appropriate development focus for HR functions and enabled the ORLEN Group to adapt to new needs and requirements, including home office arrangements, in a very short time frame. In 2021, a project team was assembled to prepare a concept and rules for implementing a hybrid/remote working system at the Group.

All recruitment processes, image-building efforts and a complete range of training and development activities were carried out remotely, providing employees with uninterrupted access to training and development opportunities. Recruitment processes and campaigns were communicated on social media and career sites and by attending online events. Knowledge-sharing and employer branding activities (presence at universities – the ORLEN Knowledge Days) were also carried out remotely.

Human resources management policy

In 2021, the ORLEN Group defined the pillars of its HR strategy for 2020–2030 in connection with the newly adopted ORLEN2030 Strategy. The strategic pillars included building competencies of the future in new professions and business areas, upskilling/reskilling, change and diversity management, unique knowledge



management, implementing best practices to enhance HR segment management, and advanced digital solutions (automation and digitalisation of HR processes). Accordingly, a key task was to develop a new Competence Model for the ORLEN Group to be used for the purposes of competence management. Further efforts were made to foster a feedback culture, including through deployment of the Career Development Session process at the ORLEN Group and building employee involvement and well-being. The ORLEN Group consistently implemented its age management policy and continued to deploy its recruitment process standard.

Development and training

GRI 404-2

A series of educational projects for managers and employees promoting ethics and respect for corporate values were implemented in 2021. These included training on anti-corruption policies, working hours, labour law, and counteracting workplace bullying and discrimination. A project of great importance was the training course devoted

to the new Code of Ethics, which was mandatory for all PKN ORLEN managers and employees. Also, educational meetings were held for people interested in disability issues, including in the context of professional activity. With global trends in skills and jobs of the future in mind, lectures were held for employees on workplace diversity, innovation, shifts in traditional business models, lean management philosophy, personal efficiency, and social media literacy. In the area of employee well-being, lectures on dealing with emotionally difficult situations were delivered. Separate development activities were prepared for women returning to work after maternity and parental leaves. Dedicated lectures discussed issues related to returning to work after a long absence and building a new way to balance work and life.

Competencies in innovation and project work were developed in 2021. Also, open access training sessions were held to share knowledge on building a collaborative environment, communication skills, innovation and creativity, personal efficiency, responding in difficult situations, work planning and organisation, coping with stress, etc.

Training to build mentoring and coaching skills for managers and knowledge-sharing skills among employees was an important component of the 2021 education activities. Relevant self-use materials were prepared in the form of manuals and e-learning courses. Mentoring skills will also be developed in the coming years as a vital element of knowledge sharing and building openness to feedback and engagement.

Communication, project management, stress management, organisation and planning, and business relations building materials were added to the e-learning library as part of the online tool rollout process. The platform's resources include a separate section that features materials for practical use in knowledge sharing and mentoring techniques for peer mentoring.

A new edition of the Career Development Session was carried out in 2021 to help design personal development plans based on the assessment of an employee's development needs and business requirements in a given business area. The sessions are essentially based on partnering and mutual feedback, and therefore improvement of feedback skills and fostering an everyday feedback culture were an important part of the development effort. Apart from being a tool used to identify development needs, the project supports a culture of openness and dialogue.

We continued to implement a **management staff development programme** centred on fostering engaging leadership, value-based management, performance improvement and building multifaceted team collaboration and innovation as well as team management skills. The programme covers all managers, including those newly promoted.

Development efforts addressed to managers in the field of mentoring and feedback skills, preventing workplace bullying, labour law and business and management ethics were also continued. Those projects demonstrate the Company's particular concern for management based on ethics and respect for corporate values.

Efforts were also made to improve the skills of PKN ORLEN managers in conducting recruitment processes, with a special focus on harnessing the potential and skills of internal candidates.

The Group employees benefited from a **wide range of diversified development activities**. They attended tailored training events (both open and closed), designed specifically to address the needs of a given area or employee in terms of the required field of expertise,

as well as postgraduate courses or MBA programmes. In addition, they were offered opportunities to broaden and share their knowledge of the market through participation in trade conferences and events.

As in previous years, programmes supporting an occupational **safety culture**, including educational projects and a number of mandatory training courses, were continued. These included training in driving company cars, delivered to improve safe driving techniques and the ability to respond in difficult situations on the road.

Employees also improved their **foreign languages skills** as part of the PKN ORLEN Language Academy and summer English courses. Training and development activities were carried out not only on a classroom basis, but also as e-learning courses.

PKN ORLEN supports the continuity of employment of persons whose contracts are terminated as a result of restructuring processes by offering them training packages. As part of a package, PKN ORLEN provides financing for training which a given person has indicated as useful in their further career.

Diversity policy

In 2021, a Diversity Policy for PKN ORLEN was adopted by an internal regulation. The document formally sets out the activities that have been carried out for years to promote diversity. By pursuing numerous diversity projects, the company reaffirms its commitment to openness while recognising the inherent potential of diversity.

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

- PKN ORLEN Work Rules;
- ORLEN Group Code of Ethics;
- PKN ORLEN Collective Bargaining Agreement;
- ORLEN Group Human Resources Management Policy;
- CSR Strategy for PKN ORLEN (where it pertains to development and diversity management);
- PKN ORLEN Disability Employment Policy;
- Policy for Assisting Employees During Crises;
- PKN ORLEN Well-Being Policy;
- Internal order 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 disability employment rate;
- Supporting employee initiatives related to labour equality practices;
- Remuneration and bonus award 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 campaigns about disability in the workplace, including information and consultation meetings for employees of PKN ORLEN and other Group companies, and an expert consultation service;
- 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;
- Regular employee engagement and satisfaction surveys;
- 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, who receives reports of breaches of the ORLEN Group Code of Ethics (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 ORLEN Group Code of Ethics, and in particular to examine material breaches, take corrective actions, provide 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 ORLEN Group.

Age Management Policy

Activities related to the Age Management Policy were continued in 2021. The purpose of the Policy is to mitigate the adverse impacts of demographic shifts on the labour market, including by raising management's awareness of age management, intergenerational diversity, transfer of knowledge and skills, and employer branding activities aimed at building relations with external stakeholders, notably local labour markets, schools, and universities. It was imperative that the same standard for the Policy implementation be put in place across the ORLEN Group.

Social dialogue and employee benefits

GRI 401-2

The ORLEN Group believes in social dialogue based on independence of the parties, legal compliance, as well as trust, mutual willingness to compromise, and observance of the rules. The rules of **social dialogue** are founded on internal regulations and generally applicable laws, which facilitates development of constructive and lasting solutions in partnership with employee representatives.

In 2021, a European Works Council was formed at the ORLEN Group. The Council is another form of collective dialogue, in this case at the European level, as continued growth of the ORLEN Group enables establishment of mechanisms that engage employees in the broad collective efforts not only at the national but also at the international level.

The ORLEN Group offers **employee benefits**, which include co-financing of employee holidays or sanatorium treatment, childcare, holidays for children and teenagers, and school starter kits. Also, employees' children receive Christmas gifts. The employer provides financial support for families with low incomes. Employees may also apply for partial financing of sports and recreational activities, cultural and educational activities, or physical therapy treatments for children with disabilities, as well as non-repayable allowances and repayable housing loans. PKN ORLEN offers a uniform employee benefits package to employees of all ORLEN Group companies participating in the joint social benefits programme, which as at December 31st 2021 covered 24 Group companies. All personnel employed under employment contracts, whether full-time or part-time, are entitled to benefits from the PKN ORLEN



Social Benefits Funds. Benefits from the Social Benefits Fund guaranteed to former employees of PKN ORLEN and other Group companies covered by the joint social benefits programme include: co-financing of holidays or sanatorium treatment, holidays for children and teenagers, school starter kits, Christmas gifts for children, non-repayable financial support, physical therapy treatments for children with disabilities, nursing home care, repayable housing loans and, additionally support for low-income employees, birthday cash benefits for former employees aged 70+ (paid every five years) and 95+ (paid every year).

The ORLEN Group has a common group life insurance package in place for all employees who declared their willingness to take out insurance. In most Group companies, the employer pays a portion of the insurance premium.

As a company implementing modern-day solutions aimed at keeping the balance between work and family life, PKN ORLEN runs the **Family-Friendly Employer** programme, offering such benefits as additional two days off to care for a child under three years of age, two days off to care for a disabled child under 24 years of age, a nursery school for children of employees, one additional hour for breastfeeding, medical care during pregnancy, baby feeding rooms, gifts for newborn babies, and providing employees on parental/childcare leaves with up-to-date information on developments across the Group. Many of the components of this programme have also been implemented by other ORLEN Group companies as part of best practice sharing.

PKN ORLEN also provides **extensive medical care** going beyond the scope of occupational medicine. Medical plans and preventive healthcare programmes are run in cooperation with Centrum Medyczne Medica Sp. z o.o. of Płock and the Military Institute of Medicine of Warsaw as part of a project to investigate health impacts of the work environment. A uniform standard for medical plans is in place across the ORLEN Group.

In response to the epidemic situation in Poland, the following initiatives were run:

- COVID-19 vaccination campaign for ORLEN Group employees in all regions of Poland;
- Sars CoV-2 antibody testing in Płock, Warsaw and Włocławek.

Disease prevention efforts included **webinars for employees on healthy lifestyles**. The Blood Donors Club at PKN ORLEN organised convalescent blood and plasma collections. The campaigns were carried out in mobile ambulances at the Company's locations in Płock, Warsaw and Trzebinia.

As a responsible and conscious employer, PKN ORLEN looks at the needs of its employees in a holistic way, offering a benefits package tailored to individual requirements and life cycle stages of employees and providing **mental health care**. The tasks of our Occupational Psychology Centre include provision of support and psychological assistance to employees and their immediate family members who are in personal or professional distress. Since the onset of the pandemic, a permanent psychologist assistance service has been available at the Occupational Psychology Laboratory. Employees could use a psychological assistance telephone helpline in addition to dedicated support provided by the Occupational Psychology Centre. PKN ORLEN makes every effort to provide ongoing support for the psychological well-being of employees, which is not a permanent state but may be affected by various life events.

Image-building activities

The most important initiatives implemented in 2021 included activities aimed at building the image of an attractive employer, including expansion of the ongoing trainee programmes, implementation of an ambassador programme, social media presence and building partnerships with the academic community. In recognition of its best practices in HR solutions and processes, for a decade PKN ORLEN has been awarded the TOP Employer certificate, placing it among the best employers in the country. In 2021, we continued the first edition of the **Employer's Brand Ambassador programme** to reinforce our image as an attractive employer, which included communicating PKN ORLEN's strengths as an employer and building personal employee brands to show the people who form the ORLEN Group. The programme is based on promoting projects implemented by project ambassadors, which fosters the image and reputation of the employer's brand while identifying the key areas of their activities, processes and innovation, showcasing the contribution of employees to the company's strategy. The primary activities of the programme are reaching out to the prospective candidates, building satisfaction and pride, improving employee identification with the employer and raising employee awareness of the broadly defined ORLEN products and services. Participation in the Employer's Brand Ambassador programme offers many long-term benefits involving personal brand development, career development opportunities, greater recognition and an opportunity to improve one's knowledge. The Ambassadors are



employees, interns and partners: representatives of universities, student research groups and student organisations. All persons involved in the programme are proud of their work, popular and recognised by their colleagues and professional communities. In collaboration with the Warsaw University of Technology, the Ambassadors served as mentors for engineering students. Recruitment for the second edition of the programme was conducted in 2021, with new professional Ambassadors to start their service in 2022.

Furthermore, as part of the image-building efforts, PKN ORLEN's solutions and practices were promoted through social media and partnerships with external companies – employer branding activities relating to the Well.HR report and cooperation with the Dream Employer programme – promoting PKN ORLEN's employees, solutions and best practices through participation in webinars, podcasts, debates, or offering expert commentaries. We conducted recruitment campaigns for trainee programmes, and we ran image-building campaigns that included

a series of interviews with employees and trainees holding chemistry degrees. The aim of the project was to promote employees with experience in promising fields and to position specialists and trainees from various PKN ORLEN companies and chemistry-related areas. Employees and trainees spoke about their careers and daily work to get across the message that PKN ORLEN offers postgraduates attractive jobs with career development opportunities. PKN ORLEN is consistently building its employer brand on social media, successfully expanding its LinkedIn community, with a career page launched on Facebook at the end of the year.

Education and talent acquisition policy

PKN ORLEN works consistently to satisfy its talent acquisition and retention needs, focusing of specific target groups relevant to the Company's business areas – current and prospective employees, as well as students and graduates of vocational schools and universities. Being aware of the need for synergies between business and academia, the ORLEN Group collaborates with the academic community.

PKN ORLEN is also committed to offering employment opportunities to people with disabilities. In 2021, in partnership with several ORLEN Group companies, it successfully implemented the disability employment goals of the Work – Integration **programme of the State Fund for Rehabilitation of Persons with Disabilities (PFRON)**. Participation in the programme was initiated in 2019, while recruitment of employees (people with disabilities) was conducted in 2020 and 2021.

In 2021, PKN ORLEN paid contributions to PFRON of PLN 7,932,428. The ORLEN Group had 38 employees with disabilities, including: 6 persons with an advanced disability, 27 persons with a moderate disability, and 5 persons with a minor disability.

What is more, PKN ORLEN deems it necessary to raise the awareness of its employees around disabilities and to this end it organises special information and consultation meetings. Consisting of regular training sessions and one-on-one consultations on disability issues, the programme is intended for all PKN ORLEN employees. Its purpose is to raise employee awareness of disability-related issues and to build the image of PKN ORLEN as an inclusive employer, providing equal opportunities to all employees in keeping with its core values and standards of conduct. Six meetings were held in 2021, including workshops and

in-person meetings (the meetings were mostly conducted online due to the ongoing pandemic).

PKN ORLEN's activities targeting people with disabilities were noticed and appreciated. In 2021, PKN ORLEN received the **Employer with Heart** title. The title is awarded by a panel of five representatives of disability confident employers to honour businesses and public entities for their outstanding achievements, pro-active attitudes and selfless service to people with disabilities. PKN ORLEN was distinguished for its activities following an assessment of its commitment to corporate social responsibility and raising awareness of the mutual benefits of hiring people with disabilities. The aim of the campaign is to break stereotypes and social barriers created by discrimination against people with disabilities and artificial divisions in society, and to improve job opportunities for the disabled.

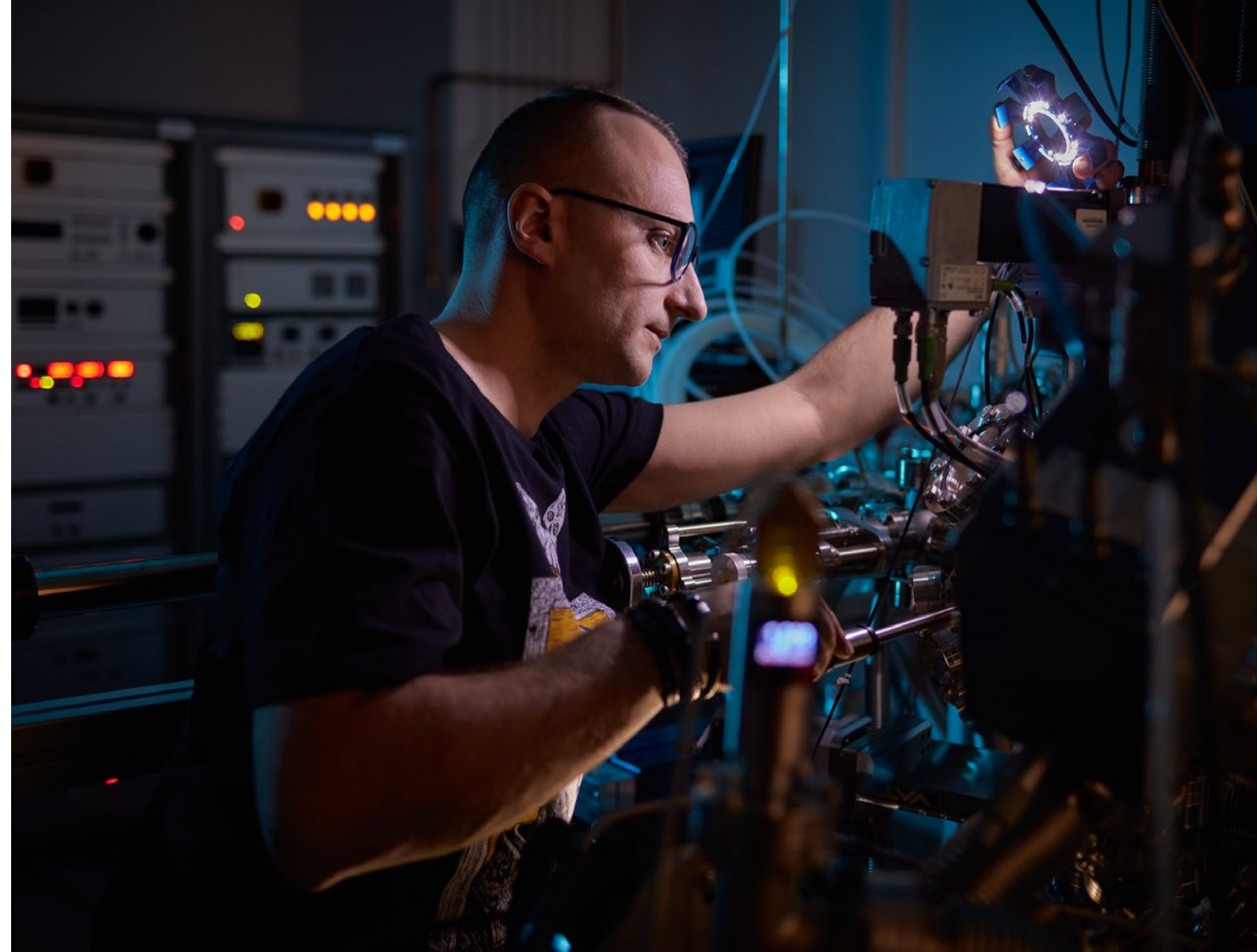
Realising the need to build an HR pipeline in professions that are crucial to the industry, given especially the specific business profiles of the ORLEN Group companies, PKN ORLEN engages in active partnerships with vocational schools. Students receive expert support during hands-on activities and can take part in study visits and trainee placements offered by the Group companies. PKN ORLEN cares for the professional development of young people – students, university graduates and school leavers, by providing them with an opportunity to acquire their first professional experience on internship and work placement programmes, which are attended by dozens of university graduates and school leavers each year. In 2021, PKN ORLEN had 43 interns in the **Headed for ORLEN programme** and the **#Energy for the Future** programme carried out in cooperation with the Ministry of Climate and Environment and PGE Polska Grupa Energetyczna S.A., Polskie Górnictwo i Gazownictwo S.A. and Polskie Sieci Elektroenergetyczne S.A. We also continued cooperation with the Lesław Paga Foundation as part of the **Energy Academy Programme** addressed to young people who would like to work in the energy sector in the future. 2021 saw the first edition of the **Safe Trainee Programme** run in partnership with the Self-Reliant Robinsons Foundation. Dedicated to supporting children's homes and foster families, the project aims to help people in the care of the Foundation to gain professional experience and improve professional qualifications and social skills as a way to improve their employment opportunities in the open labour market.

Group and project internships were completed by 125 students, mostly in the production, development and technology segments, but also in other business areas.

Collaboration with schools and universities continued throughout 2021. As the expiry dates of existing agreements approached, new cooperation agreements on collective internships were signed with the State University of Applied Sciences in Płock and the School Education Centre in Płock. Also, collaborative partnerships were forged with other universities, which led to signing of a framework cooperation agreement with the Maritime University of Szczecin and of two letters of intent, with the Gdańsk University of Technology and Polish Offshore Wind Energy Society and with Gdynia Maritime University.

PKN ORLEN cares for the professional development of young people – students, university graduates and school leavers, by providing them with an opportunity to acquire their first professional experience on internship and work placement programmes and by organising educational events for students and graduates. PKN ORLEN participated in career fairs (Engineer Career Fair, Career and Internship Fair for Computer Specialists and Electronic Engineers at the Faculty of Electronics and Information Technology of the Warsaw University of Technology), reaching over 400 potential job applicants at technical universities, and supporting students and graduates in gaining professional experience and finding work placements. Educational and communication projects were also implemented. These included **ORLEN Knowledge Day** for students of the Warsaw University of Technology, Płock Branch of the Warsaw University of Technology, Military University of Technology, Main School of Fire Service, Silesian University of Technology and Nicolaus Copernicus University in Toruń in the fields related to chemistry, live science and chemical technology (over 460 students). PKN ORLEN participated in the Meet Your Employer event at the Warsaw University of Technology, an initiative organised as part of the ORLEN Knowledge Day online for students of technology and economics universities.

For ten years in a row, PKN ORLEN has been recognised by experts from Top Employers Institute as Poland's leading employer. Based on the results of an independent study of the HR policies of surveyed companies, PKN ORLEN won the **Top Employer Polska** title once again in 2021 and for the first time in history it topped the ranking table. The Top Employers Institute survey is conducted among the world's best employers whose HR practices are in line with international standards.



Health and safety topics covered in formal agreements with trade unions

We take care to maintain a transparent social dialogue within the ORLEN Group.

Health and safety issues are mutually agreed on and covered in formal documents negotiated with trade unions effective at ORLEN Group companies domiciled in Poland, which include:

- Collective Bargaining Agreements registered by the Regional Inspectors of the National Labour Inspectorate, in accordance with the provisions of Part XI of the Polish Labour Code and the Minister of Labour and Social Policy's Regulation on the procedure to be followed in the case of registration of collective bargaining agreements, keeping the register of collective bargaining agreements and registration files, as well as forms of registration clauses and registration cards; and/or

- Work Rules established in accordance with the provisions of Section IV of the Polish Labour Law.

Those documents provide for ensuring working conditions that meet safety and hygiene standards, including personal protection equipment against agents that are hazardous and harmful to human health, as well as working clothes and footwear. Occupational health and safety issues are covered by Collective Bargaining Agreements also at Unipetrol in the Czech Republic and ORLEN Lietuva in Lithuania, the ORLEN Group's foreign subsidiaries. Employees of ORLEN Deutschland, where there are no active trade unions, are not parties to any formal or collective agreements. The same holds true for ORLEN Upstream Canada, whose entire workforce is subject to occupational health and safety regulations applicable in Alberta.

RESPECTING HUMAN RIGHTS

Fostering desirable attitudes and behaviours in line with the *ORLEN Group’s Code of Ethics*

GRI 102-16 GRI 412-2

PKN ORLEN is consistently engaged in building an ethical working environment, as its first code of conduct was adopted in 2006 and its Ethics Officer was first appointed at the same time. In May 2021, the ‘Core Values and Standards of Conduct of PKN ORLEN’ were replaced by a new ‘Code of Ethics of the ORLEN Capital Group’.

The new document presents in simple terms the key considerations relating to ethics at the Company. It defines the values and standards of conduct which ORLEN Group employees undertake to respect: **Responsibility, Progress, People, Energy and Dependability**. These values have not changed.

The ORLEN Group also adopted a new mission: **‘By nature, we power the future sustainably’** and an updated corporate motto: **‘ORLEN. Powering the future. Sustainably’**.

As part of our efforts to promote the adopted values and standards of conduct at PKN ORLEN, as well as to foster the desired attitudes and behaviours, we carry out projects addressed to employees, which include the **Distinguished PKN ORLEN Employee** title awarded every year in recognition of outstanding professional and social contributions and ethical behaviour in line with the PKN ORLEN S.A. values and standards of conduct. It is the highest and most important distinction at the Company, awarded each year to 15 employees in three categories:

- outstanding service;
- special achievements;
- socially responsible attitudes.

As part of the educational activities promoting the knowledge of the ORLEN Group Code of Ethics, the Ethics Officer conducted mandatory training sessions for management personnel. The special role and tasks of managers in building an ethical organisational culture was discussed during the training sessions. More than 800 managers received the training.

A mandatory e-learning course was launched for the other employees, consisting of a lecture by the Ethics Officer, an interactive learning presentation and a knowledge test. The training covers topics related to the ethics system in place at PKN ORLEN and other ORLEN Group companies, discusses the Code of Ethics, presents the mechanism for

reporting and handling enquiries, concerns and violations of the Code of Ethics at PKN ORLEN, and explains the role of the Ethics Officer. In addition, the Ethics Officer delivers lectures on ethics, including: ‘Building assertiveness. Assertive communication’, ‘Effective conflict management. Fair fighting’, ‘Management by values for managers’.

Table 9.
Human rights training at PKN ORLEN in 2021

Title	2021	
	Number of training units	Share %
New ORLEN Group Code of Ethics	880	14.97%
Workplace bullying and discrimination prevention	87	1.48%
Disability meeting	32	0.54%
Core values and standards of conduct of the ORLEN Group	21	0.35%
Training courses available on PKN ORLEN S.A.’s e-learning platform		
ORLEN Group Code of Ethics	1,941	33.02%
Workplace bullying, discrimination and harassment prevention	1,064	18.10%
Core values and standards of conduct of the ORLEN Group	78	1.32%
Total	4,103	

VALUES OF THE ORLEN GROUP



Powering the future. Sustainably.

In 2021, 67.37% of PKN ORLEN employees received human rights training.

At other Group companies, training on the ORLEN Group Code of Ethics was delivered to 3,598 employees. The Code of Ethics was implemented at the Polska Press Group, RUCH and ORLEN Transport in 2021.

Overall, 18.51% of the ORLEN Group employees received human rights training (excluding the Polska Press Group companies and ORLEN Transport).

The employee volunteering programme is a project enhancing the ORLEN Group’s corporate culture. It offers a number of involvement opportunities for all employees, regardless of their job and position.

The ORLEN Group also joined the national **Two Hours for the Family** campaign. On May 15th, the International Day of Families, employees are free to leave two hours early to devote that time to family activities. The theme of the campaign in 2021 was ‘Sports across generations’. As May 15th was a Saturday, PKN ORLEN decided to shorten working hours on May 14th. In 2021, we held an art contest for children of employees of PKN ORLEN and other ORLEN Group companies, themed ‘My idea for winter holidays.’

In 2021, PKN ORLEN was for the eighth time listed in the elite group of the most ethical companies in the world. We are the only company from Poland and Central and Eastern Europe, as well as the only European company operating in the ‘Oil and Gas, Renewable Energy Sources’ sector, which can boast the distinction of **The World’s Most Ethical Company**. The title highlights our commitment to prioritising ethical business practices. For years, we have maintained the highest global standards in ethics, as we base all our operations and activities on our fundamental values: Responsibility, Progress, People, Energy and Dependability.

The distinction is granted by an international independent panel of experts of the US-based Ethisphere Institute, the world leader in defining and promoting ethical standards in business. The name of the award refers to ethics, but the candidate must also demonstrate a track record of effective and proven initiatives in such areas as:

- Corporate governance;
- Compliance, i.e. compliance and risk management;
- OHS;
- Sustainable development;

- Corporate social responsibility;
- Supplier verification;
- Anti-bribery and corruption.

Ethisphere Institute pays special attention to activities designed to build value-based organisational culture and evaluates HR management practices, including:

- Equality in employment;
- Countering bullying, discrimination and harassment;
- Training and communication programmes;
- Employee programmes;
- Activities to foster employee engagement;
- Business ethics structures, processes and documents.

The World's Most Ethical Company certificate is awarded by the US-based Ethisphere Institute, a global leader in defining, advancing and actively promulgating the standards of ethical business practices. In the 2021 certification process, special emphasis was placed on demonstrating tangible CRS initiatives undertaken by companies. **Total expenditure incurred by PKN ORLEN and other ORLEN Group companies on activities related to counteracting the pandemic exceeded PLN 120 million** and included:

- Production of sanitiser;
- Co-financing of purchases of medical equipment for hospitals and rescue services;
- Reduction of fuel prices;
- Creation of temporary hospitals in Płock and Ostrołęka in cooperation with the Polish government.

Internal and external mechanisms to obtain advice on how to report actual or suspected misconduct

GRI 102-17

The values, principles and standards defined in the Code of Ethics apply to each ORLEN Group employee from their first day of work, regardless of their position or form of contract. Even if some of the standards of conduct contained in the Code of Ethics do not apply to a given job, this does not relieve the employee of the obligation to respond to or report violations of the Code.

A variant path is defined for reporting and analysing information on actual or suspected cases of misconduct, depending on the severity and complexity of the problem and on the confidence of the parties involved.

At PKN ORLEN, a suspected violation of the values, principles and standards of conduct or any ethical dilemmas may be reported to:

- The line manager;
- The Ethics Officer;
- The Human Capital Committee Secretary.

Reports may also be made through the Anonymous Misconduct Reporting System (ASZN) to the Control and Safety Office.

- A variant path is defined for reporting and analysing information on actual or suspected cases of misconduct, depending on the severity and complexity of the problem and on the confidence of the parties involved.

The reports received by the Ethics Officer in 2021 predominantly related to cooperation issues, inappropriate communication or poor interpersonal relations. No incidents involving theft of company assets, a conflict of interest or alcohol abuse were reported. The majority of the cases involved infringement of a specific provision of the document 'Core Values and Standards of Conduct of PKN ORLEN S.A.' (in May 2021 it was replaced by the ORLEN Group Code of Ethics). Most of the reported issues were investigated, with corrective measures implemented.

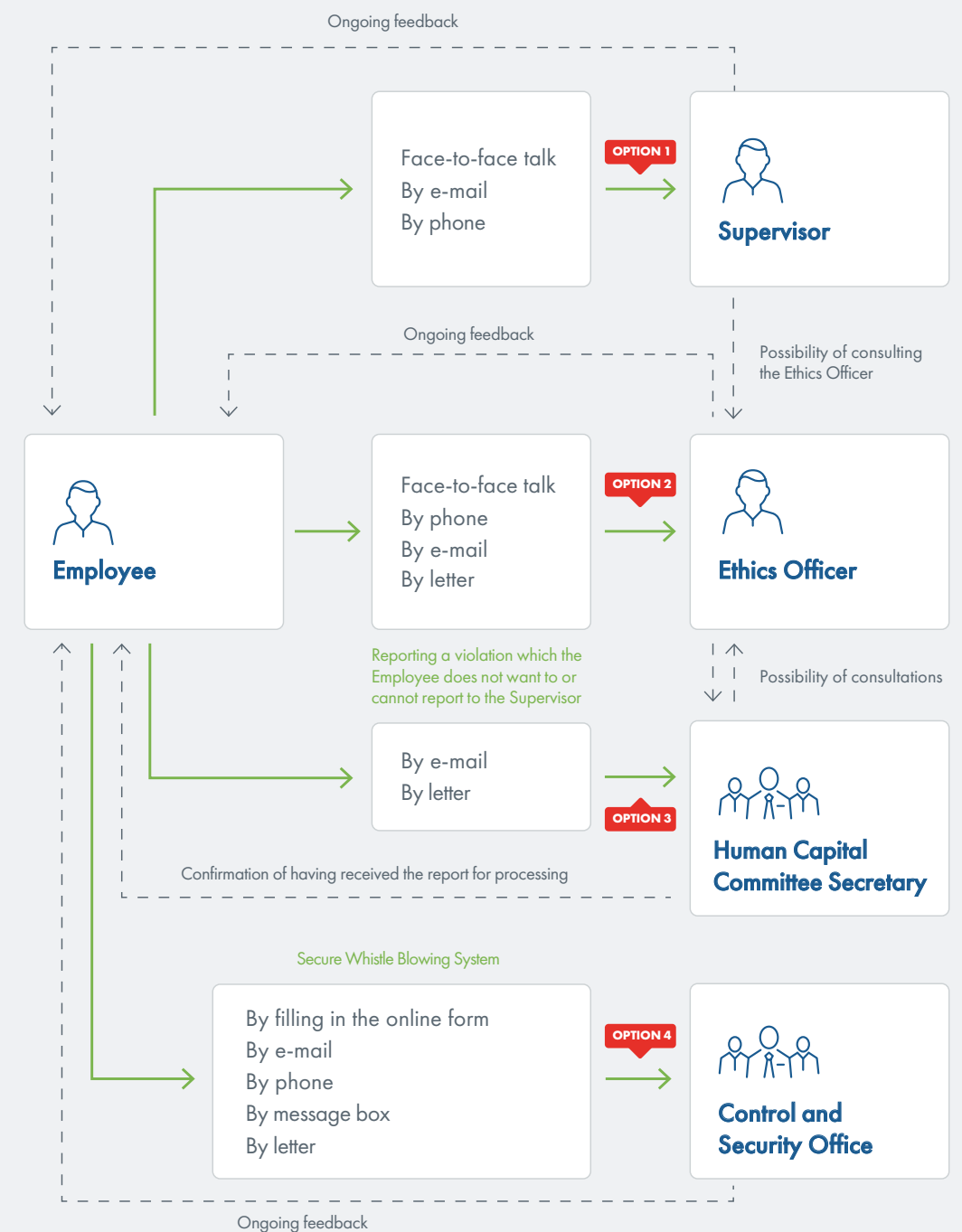
PKN ORLEN has in place effective functional control, risk management and compliance supervision systems, as well as an internal audit and control function. The simultaneous operation of all these elements allows the Group to exercise ongoing and effective anti-corruption supervision. The Group has an organised management control system comprising a set of comprehensive procedures.

The following are in force at PKN ORLEN: **ORLEN Group Anti-Corruption Policy, Internal Order on Anti-Money Laundering and Terrorist Financing, and Rules to Prevent Workplace Bullying, Discrimination, and any Forms of Harassment at PKN ORLEN**. Every employee across the organisation is responsible for active promotion of the right behaviours, building healthy relationships between employees and upholding the team spirit. It is vital that efforts to foster conduct consistent with the core values and standards of conduct and to ensure that managers stay alert are made on an ongoing basis.

Scheme 14.

Reporting mechanism

Model for the Reporting and Processing by PKN ORLEN S.A. of Questions, Concerns and Violations of the ORLEN Group Values and Principles of Conduct

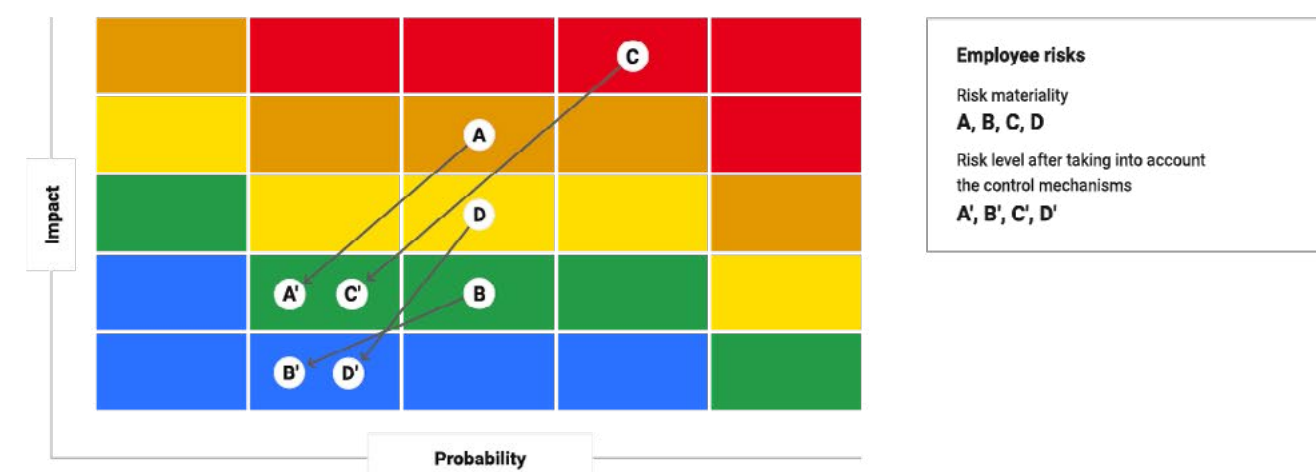


Significant risks relating to the group's business and the risk management methods

Employee risks			
Risks / processes	Risk description	Risk mitigation methods	Risk development trend
A. Availability of employees and subcontractors	<ul style="list-style-type: none"> Loss of key personnel Persistent shortage of experienced staff with relevant technical expertise 	Monitoring and reviewing of job-specific training needs, oversight of the recruitment process to ensure employment of candidates with relevant qualifications. Supporting vocational education to develop practical skills.	↔
B. Allocation and development of human resources	<ul style="list-style-type: none"> Constraints in recruitment/ employee turnover; lack of transparency of the recruitment/employment termination process 	Identification of the key skills for a given position at the recruitment stage, supervision of the process of contract termination, control of the position change processes within the Company.	↔
C. Workplace accidents and other hazards	<ul style="list-style-type: none"> Failure to identify material risks for particular jobs Injury/death at a production plant 	Introduction of a health and safety hazard reporting system, including division of responsibilities, supervision of the hazard identification process in the occupational risk assessment, introduction of procedures to follow in the event of an accident at work.	↔
D. Employees and subcontractors' activities	<ul style="list-style-type: none"> Activities of employees and subcontractors resulting in violation of OHS regulations 	Reviewing and issuing opinions on contracts with subcontractors in terms of security certificates and security clauses, implementation of the Comprehensive Prevention System.	↔

Colour highlighting the risk name Risk materiality for the organisation	critical	high	medium	low	very low
Colour of the arrows Risk level after taking into account the control mechanisms	critical	high	medium	low	very low
Risk development trend Year on year	↓ Risk decreases ↑ Risk increases ↔ Risk is stable				

Effects of application of control mechanisms in risk management – positioning of risks on the risk map



Human rights risks

Risks / processes	Risk description	Risk mitigation methods	Risk development trend
A. Breach of ethical standards	<ul style="list-style-type: none">Inadequate ethical standards for a given business environmentNo support for employees in resolving conflicts of interestIneffective system of internal reporting of unethical or illegal practices	Keeping track and reviewing compliance with the value system set out in the Core Values and Standards of Conduct of PKN ORLEN, appointment of the Ethics Officer, introduction of the Anonymous Misconduct Reporting System	↔
B. Labour law	<ul style="list-style-type: none">Violations of labour lawPenalties imposed as a result of court proceedings initiated by current or former employees	Obligatory knowledge of applicable laws and internal regulations governing employment relationships, i.e. the Work Rules, „Code of ethics”, etc. Agreement setting out the rules of cooperation between social partners in restructuring processes.	↔

Colour highlighting the risk name
Risk materiality for the organisation

critical

high

medium

low

very low

Colour of the arrows
Risk level after taking into account the control mechanisms

critical

high

medium

low

very low

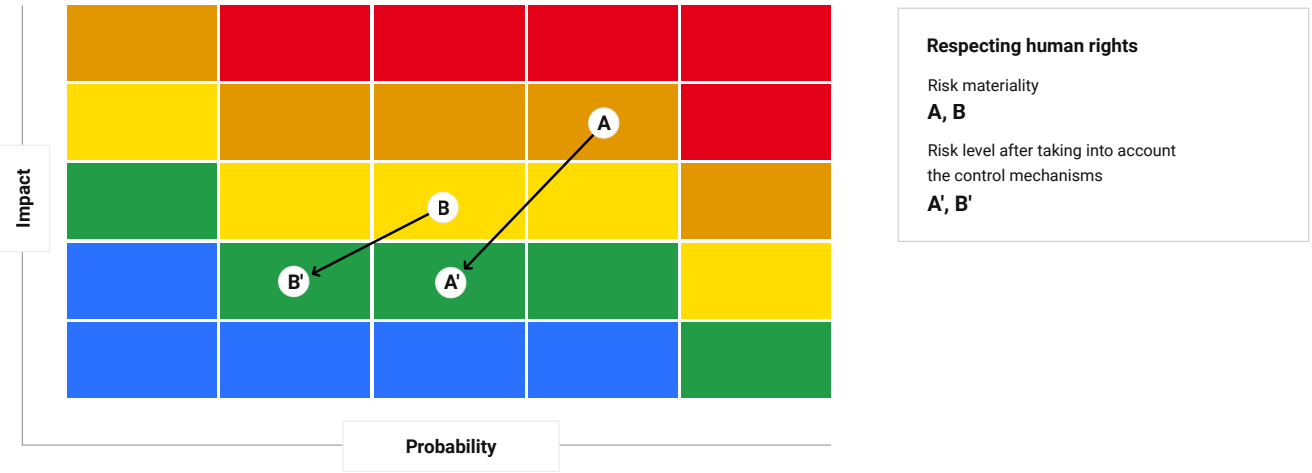
Risk development trend
Year on year

↓ Risk decreases

↑ Risk increases

↔ Risk is stable

Effects of application of control mechanisms in risk management – positioning of risks on the risk map





ENVIRONMENT AND CLIMATE

Sustainable Development Goals 2030

Sustainable Development Goals 2030 pursued by the environment and climate measures implemented by PKN ORLEN and ORLEN Group in 2021:



GRI Disclosures

GRI Disclosures described in this section:

- GRI 103-1** Explanation of the material topic and its boundary
- GRI 103-2** The management approach and its components
- GRI 103-3** Evaluation of the management approach
- GRI 302-1** Energy consumption within the organization
- GRI 303-3** Water withdrawal
- GRI 303-4** Water discharge
- GRI 304-1** Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas
- GRI 304-3** Habitats protected or restored
- GRI 304-4** IUCN Red List species and national conservation list species with habitats in areas affected by operations
- GRI 305-1** Direct (Scope 1) GHG emissions
- GRI 305-7** Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions
- GRI 306-2** Waste by type and disposal method
- GRI 307-1** Non-compliance with environmental laws and regulations
- GRI G4 EU5** Number of free CO₂ emission allowances granted
- GRI G4 EU1** Maximum achievable production capacity broken down into the main types of raw material and regulatory requirements
- GRI G4 EU2** Net amount of energy produced broken down by main energy sources
- GRI G4 EU11** Average efficiency of CHP power generation, broken down by energy sources and regulatory requirements
- GRI OG2** Total amount invested in renewable energy

Table 10.

COMPLIANCE WITH TCFD RECOMMENDATIONS

	Degree of compliance	Page number
CORPORATE GOVERNANCE		
Management of climate-related risks and opportunities	●	127-128, 141-142
Management's role in assessing and managing climate-related risks	●	142
STRATEGY		
Climate-related risks and opportunities identified by the organisation over the short, medium, and long term	●	145-152, 165
Description of the impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and finance	●	156-161
Analysis of business model resilience, taking into consideration different climate-related scenarios	●	155
RISK MANAGEMENT		
Processes for identifying and assessing climate risks	●	156-165
Processes for managing climate-related risks	●	156-165
Description of how climate-related risks are integrated into the organisation's management system	●	162-164
METRICS AND TARGETS		
Metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	●	129-139
Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	●	134
Targets used by the organisation to manage climate-related risks and opportunities and performance against targets	●	145-146

● Compliant ● Partly compliant



Overview



The ORLEN Group is consistently implementing the objectives of its ORLEN 2030 business strategy and sustainable development strategy in order to achieve carbon neutrality by 2050. A vital element of these efforts is investment in modern technologies supporting all business areas of the ORLEN Group. As we develop our business in a sustainable way, we recognise the growing importance of low-carbon technologies in environmental protection and in building competitive advantage.

GRI 103-1 GRI 103-2 GRI 103-3

Reducing our environmental footprint and climate impact has long been one of the ORLEN Group's top priorities. Our approach to management is based on the principles of corporate social responsibility and takes into account environmental criteria. We aim for sustainable development and we report the results of our environmental protection efforts.

GOVERNANCE AROUND ENVIRONMENTAL AND CLIMATE-RELATED ISSUES

The **Environmental Protection Office** is involved in PKN ORLEN's environmental protection activities and ensures that they are carried out in compliance with the law. The responsibilities of the Environmental Protection Office include:

- Coordinating activities designed to implement identified legal requirements for obtaining required environmental permits;
- Carrying out environmental monitoring activities on PKN ORLEN's sites;
- Supervising activities related to air quality analysis, including operation of the Company's Environmental Inspection System;
- Coordinating and taking responsibility for activities related to monitoring, reporting and securing free CO₂ emission allowances;
- Environmental reporting in accordance with the legal requirements and calculating and paying environmental charges;
- Issuing opinions and agreeing on environmental aspects of all development plans, investment, upgrade and maintenance projects at the ORLEN Group;
- Participating in environmental inspections of PKN ORLEN facilities carried out by external and internal authorities;
- Cooperating with public administration authorities with regard to formal and legal arrangements and fulfilment of obligations imposed by such authorities;
- Cooperating with environmental protection services of

ORLEN Group companies, supervising the activities of ORLEN Eko;

- Supervising the scope and progress of remediation work at PKN ORLEN's facilities; consulting and coordinating such activities at other ORLEN Group companies;
- Implementing and maintaining the leak detection and repair system (LDAR) at the Płock production plant and the PTA plant in Włocławek;
- Contributing to PKN ORLEN's positive image through environmental education and protection of biodiversity.

Our environmental objectives are set out in the Integrated Management System Policy. Key ORLEN Group companies also have Integrated Management Systems or Environmental Management System Policies in place, incorporating a commitment to protect the environment, which includes preventing pollution, and hold all permits required by law for their operations.

Environmental initiatives are also carried out by the Water and Wastewater Management Office and the Power Generation Area.

Responsibilities of the **Water and Wastewater Management Office** at PKN ORLEN include:

- Managing operations in the area of production of water, collection and treatment of wastewater from the Płock production plant's site, and coordinating the water and wastewater management activities at the ORLEN Group;

- Ensuring continuity of production and distribution of different water types and collection and treatment of wastewater;
- Ensuring compliance with environmental standards, legal regulations, and permits while maintaining continuity of water production and wastewater collection at the Płock production plant.

Responsibilities of the **Power Generation Area** include:

- Implementing strategic projects relating to commercial and industrial power generation and renewable energy sources, i.e. wind, sun, biomass;
- Developing offshore wind projects in the Baltic Sea;
- Trading in heat, electricity and property rights in certificates of origin for electricity;
- Producing and distributing heat and electricity;
- Ensuring compliance with environmental standards, legal regulations, and permits while maintaining continuity of power generation in its area;

- Coordinating hydrogen projects implemented at the ORLEN Group, seeking synergies in the process of creating a strategic hydrogen system;
- Supervising over standardisation of hydrogen systems at the ORLEN Group with respect to process, technological and technical parameters;
- Developing electromobility at the ORLEN Group.

In the Strategy Area, the **Sustainable Business Development Department** was created, with responsibility for:

- Coordinating and supervising activities related to the decarbonisation programme, in particular support to ORLEN Group companies;
- Creating sustainable development strategies reflecting ESG criteria;
- Promoting new sustainability projects at the ORLEN Group;
- Working with investors on sustainable development;
- Conducting analyses related to long-term conditions for sustainable development of the ORLEN Group.

Non-financial key performance indicators

ENVIRONMENTAL, CLIMATE AND ENERGY KPIS AT PKN ORLEN AND THE ORLEN GROUP

Water

GRI 303-3

The predominant type of water abstracted for the ORLEN Group companies' needs is surface water. It is withdrawn by the Group's largest companies: the Energa Group, ANWIL, IKS Solino, PKN ORLEN, ORLEN Południe, ORLEN Lietuva, ORLEN Unipetrol, Paramo and Spolana, and then distributed through water mains to their own production facilities, to other ORLEN Group companies and to third parties. Group companies also abstracted groundwater, albeit in significantly smaller quantities, and some of them used water provided by external suppliers.

The volume of surface water, groundwater and mains water withdrawn by the ORLEN Group in 2021

totalled over 518 million m³, of which the largest amount was withdrawn by Energa Elektrownie Ostrołęka (419.1 million m³ of surface water and 383,000 m³ of groundwater). The water withdrawal volumes grew in connection with increased generation of electricity and heat ensuring safe and economical operation of the National Power System. At the same time, the volumes are within the limits defined in the integrated permit for the units.

PKN ORLEN withdrew a total of 24.1 million m³ of water in 2021 for its production plant and distribution facilities (including 23.7 million m³ of surface water and 0.4 million m³ of groundwater), down by 2.8 million m³ on 2020. The decrease is attributable to a maintenance shutdown of the Olefins 2 unit and lower water demand from the petrochemicals operations.





Effluents

GRI 303-4

Effluents from all ORLEN Group companies are directed to industrial and rain water sewage systems and then undergo treatment. **Wastewater discharged to the environment is metered. In 2021, the ORLEN Group’s overall discharge volumes were close to 503 million m³**, including 494 million m³ of industrial wastewater. A significant volume of wastewater was discharged by Energa Elektrownie Ostrołęka: 416.8 million m³. In addition to PKN ORLEN, the following companies operate their own wastewater treatment systems: Energa Elektrownie Ostrołęka, Energa Kogeneracja, ANWIL, Ship-Service, Spolana, Paramo, ORLEN Unipetrol, ORLEN Lietuva, ORLEN Południe, ORLEN Paliwa, ORLEN Budonaft, Naftoport, IKS Solino, Benzina and ORLEN Baltics Retail. All wastewater undergoes a treatment process which includes mechanical, physical, chemical and/or biological treatments. Once wastewater is treated in accordance with the companies’ integrated permits, it is discharged into rivers: Vistula, Oder, Narew, Elbląg, Elbe, Błina, Dubulis, Obelaukis, Vltava, Jasiołka, Prosna, Brzeźnica, Ropa and

Sowlina, and to the Baltic Sea. The other companies divert their wastewater streams to wastewater systems of other Group companies or third parties. Treated wastewater at the ORLEN Lietuva refinery and at the production plant in Płock is partly recovered, which reduces the amount of water withdrawn from the environment for utility and fire-fighting purposes. In 2021, ORLEN Lietuva and PKN ORLEN reused 4.1 million m³ and over 3.5 million m³ of wastewater, respectively. At ANWIL’s PVC plant, heat is recovered from process wastewater.

Air emissions

GRI 305-1 GRI G4-EU5 GRI 305-7

Air emissions are monitored through periodic or continuous measurements, so that actual emissions can be compared against emission limits defined in the relevant environmental permits and controlled on an ongoing basis. Substances accounting for the largest percentage of total air emissions from the ORLEN Group’s installations include: sulfur dioxide, nitrogen oxides, carbon monoxide and dioxide, as well as particulate matter. They are generated mainly from the combustion of fuels to produce electricity and heat, as well as in the refining and chemical processes.

Table 11.

CO₂ emissions and allocation of free emission allowances for ORLEN Group’s EU ETS installations in 2020–2021:

Company/ EU ETS installation	Emissions [Mg]	2021 Allocation of CO ₂ emission allowances [Mg]		Emissions [Mg]	2020 Allocation of CO ₂ emission allowances [Mg]	
		10a	10c		10a	10c
ANWIL – CHP plant	67,958	25,976		70,964	44,261	
ANWIL – vinyl chloride unit	65,765	60,997		83,307	58,350	
ANWIL – ammonia production unit	790,514	670,854		794,573	552,407	
ANWIL – nitric acid production unit	72,522	153,342		64,459	168,404	
Basell Orlen Polyolefins – Polyolefins 3 unit	42,163	50,472		40,873	57,348	
ORLEN Lietuva – oil refinery	1,501,524	1,227 864		1,478,463	1,253,382	
ORLEN Południe – fractional distillation unit (Jedlicze)	13,475			1,397		
ORLEN Południe – waste oil regeneration unit (Jedlicze)		14,335		11,098	13,722	
ORLEN Południe – Fractional Distillation 3 unit (Trzebinia)	11,142	13,468		9,431	14,246	
ORLEN Południe – CHP plant (Jedlicze)	23,925	40		22,731	1,282	289
ORLEN Południe – CHP plant (Trzebinia)	78,999	16,366		66,035	25,876	1,846
ORLEN Południe – bitumen oxidation unit (Trzebinia)	1,284	3,211		2,655	9,917	
PKN ORLEN – CCGT unit	946,905			1,460,196		
PKN ORLEN – CHP plant	2,647,189			2,612,010		
PKN ORLEN – Olefins 2 unit	721,129	3,377,186		893,427	2,557,590	
PKN ORLEN – refinery	2,556,613			2,567,319		
PKN ORLEN – ethylene oxide and glycol unit	24,583			36,307		
PKN ORLEN – CCGT unit (Włocławek)	1,022,344	29,118		1,049,789	19,872	
PKN ORLEN – PTA plant – terephthalic acid production	88,687	219,772		93,359	175,996	
PARAMO HS Kolin	16,217	19,150		16,004	23,955	
PARAMO HS Pardubice	24,024	15,951		24,083	20,929	
UNIPETROL AGROCHEMIE	838,445	333,995		644,524	537,663	
UNIPETROL PETROCHEMIE	2,487,570	582,321		2,230,173	599,267	
UNIPETROL Rafinerie Kralupy	535,035	306,078		442,708	336,101	
UNIPETROL Rafinerie Litvinov	382,476	383,695		321,528	420,796	
SPOLANA – power plant	49,843			50,346		
SPOLANA – production of VCM	32,267	56,976		28,354	122,404	
Energa Ciepło Kaliskie Ciepłownia Rejonowa – heat plant	31,501	3,924		27,303	5,925	
Energa Elektrownie Ostrołęka – Ostrołęka Power Plant B	2,329,460	14,852		1,476,893	25,240	389,256
Energa Kogeneracja Elektrociepłownia Elbląg – CHP plant	119,825	19,378		166,312	14,752	
Energa Kogeneracja Elektrociepłownia Kalisz – CHP plant	68,419	5,881		62,604	6,312	
Energa Kogeneracja Elektrociepłownia Żychlin – CHP plant	17,358	1,658		14,710	1,951	
ORLEN Group companies – total	17,609,161	7,606,860		16,863,935	7,067,948	391,391

The ORLEN Group’s estimated air emissions of SO₂, NO_x, CO and particulate matter in 2021 totalled nearly 36,000 Mg, while CO₂ emissions were over 17.6 million Mg (mainly emissions from EU ETS installations).

The emission estimates for individual substances will be reviewed and the finally determined amounts will be published in the ORLEN Group’s Integrated Report for 2021. The growth of emissions from the ORLEN Group’s assets is related, among other things, to their increased utilisation.

Waste

GRI 306-2

The total volume of waste other than municipal waste generated in 2021 by the Group companies exceeded 300,000 tonnes. The largest waste volumes were generated by Energa Group companies – nearly 117,000 Mg. Out of the total waste volume generated last year, more than 215,000 tonnes were transferred to third parties for recovery or disposal. The ORLEN Group companies recovered approximately 31,000 Mg and disposed of 33,000 tonnes of their waste using their own facilities. The remainder is stored until it is transferred for recovery or disposal.

The Group is implementing a circular economy programme. To this end, it is consolidating ORLEN Group's operations related to waste recycling and waste processing into high-margin products and energy, for instance by implementing a polymer recycling technology with an installed capacity of 300,000 tonnes by 2030.

Projects under the programme are being executed in Poland and the Czech Republic, in the areas of petrochemical production, alternative energy sources and retail, and work is under way to analyse further possibilities of expanding the programme to other areas or product groups. The analysis focuses on all elements of the plastic life cycle – from its production at own units, through to packaging of proprietary brand products offered at service stations, to selective collection of waste generated for example at ORLEN service stations and its recycling. PKN ORLEN engages in various projects and programmes designed to utilise alternative and waste materials. These include:

- PIGOZ – a project to increase the use of waste materials in the circular economy system, which focuses on recycling and reuse of plastic materials;
- COMBO – comprehensive management of all municipal waste types by implementing appropriately scaled technologies that take into account the morphological structure of the waste. The following processes are being considered as part of the project:
 - pyrolysis of plastic as feedstock for refining and petrochemical processes;
 - thermal treatment of waste, e.g. gasification to produce hydrogen or generate electricity;
 - biogas plants using biogas to generate electricity or as biofuel (biohydrogen).

In addition to reducing the amount of landfilled waste, the circular economy and materials recycling have another important effect from the point of view of economic growth: they improve production efficiency. In a world where demand and competition for resources are already steadily growing, leading to resource depletion and soaring commodity prices, there are economic and environmental benefits to be gained from more efficient resource management. As the environmental and climate awareness of the public is rising, it is easier to implement products based on technologies that reduce the environmental footprint, such as new low-carbon products and technologies with a lower overall environmental impact.

The initiatives planned as part of the circular economy programme also have a significant decarbonisation potential since plastics recycling, both mechanical and chemical, is a way to save significant amounts of energy and raw materials used in the manufacturing process. Circular economy aspects have been implemented in some of PKN ORLEN's processes. The flue gas desulfurisation unit operated in Płock not only helps reduce emissions but also delivers high quality synthetic gypsum, which has been recognised as a product in its own right. This method of producing gypsum helps protect its natural resources. In 2021, the gypsum output was 110,000 tonnes.

ORLEN Południe is Poland's only company that operates a specialist hydrogenation line, enabling safe regeneration of waste oils into base oils used to make lubricating oils. The process is a model example of a circular economy solution. In 2021, 47,000 tons of oils and lubricants were recovered using the waste oil regeneration unit.

Moreover, waste in the form of used edible oils and fats is recovered at ORLEN Południe in the process of ester and glycerine production. In 2021, a total of 15,500 tonnes of used cooking oils were processed into high-quality methyl esters (biodiesel) and distilled glycerine.

Table 12.

Environmental KPIs

Environmental KPIs	UoM	ORLEN Group		PKN ORLEN	
		2021	2020	2021	2020
Total withdrawal of surface water, groundwater and mains water	[million m³]	518.1	331.8	24.1	26.9
Surface water	[million m³]	513	327	23.7	26.5
Groundwater	[million m³]	1.6	1.6	0.4	0.4
Mains water	[million m³]	3.5	3.2	-	-
Effluents discharged to the environment, including:	[million m³]	502.6	293.8	13.8	12.45
Industrial wastewater	[million m³]	494	288.2	13.7	12.4
Summary of selected substances¹	[tonnes]	17,685,485	17,046,613	7,989,052	8,724,316
Sulfur dioxide	[tonnes]	17,070	18,071	4,178	4,898
NOx	[tonnes]	10,779	10,16	4,197	4,277
Carbon monoxide	[tonnes]	6,784	8,011	3,430	2,515
Particulate matter	[tonnes]	1,092	900	163	218
Carbon dioxide (EU ETS installations and other units)	[tonnes]	17,649,760	17,009,515	7,977,084	8,712,407
Waste generation and management²	['000 tonnes]	301,000	313,645	32,321	14,353
Waste recovered³	['000 tonnes]	221,000	231,588	15,348	9,029
Waste disposed of⁴	['000 tonnes]	57,000	53,430	13,325	11,837
Waste landfilled	['000 tonnes]	23,000	28,627	3,648	5,324

¹ Non-reviewed emission estimates. The reviewed data will be published in 2022 in the ORLEN Group's Integrated Report for 2021.

² Waste generated by the ORLEN Group in the reporting year, excluding municipal waste.

³ Waste recovered – waste transferred for recovery by third parties or recovered using own systems.

⁴ Waste disposed of – waste transferred for disposal by third parties or disposed of using own systems.

The extended environmental KPIs will be published in the ORLEN Group's Integrated Report for 2021.





Carbon footprint

PKN ORLEN is pursuing a decarbonisation strategy, which is one of the commitments under the ORLEN Group's new business strategy until 2030. The Company has declared its intention to achieve carbon neutrality by 2050. In furtherance of this goal, the Group aims to reduce carbon emissions from its existing refining and petrochemical assets by 20% and cut down carbon emissions per megawatt-hour of electricity by 33% by 2030. Our net zero emissions strategy is based on four pillars: energy efficiency in production, zero-carbon power generation, fuels of the future, and green finance. PKN ORLEN has taken steps to develop a methodology for calculating its carbon footprint. The methodology is compliant with the GHG Protocol Corporate Accounting and Reporting Standard for Scope 1, Scope 2 (market-based approach) and Scope 3 emissions. Work on Scope 3 is currently underway..

Table 13.
CO₂ emission volumes in [Mg CO₂e] at PKN ORLEN

Scope	2015	2016	2017	2018	2019	2020	2021
Scope 1	6,566,065	6,768,983	6,919,290	7,803,067	8,806,528	8,734,933	8,038,616
Scope 2*	438,063	293,250	101,815	46,560	10,785	23,325	40,833

* Non-reviewed data.

Energy consumption by type of energy source

GRI 302-1

The indicator was calculated as the difference between total chemical energy used in fuel plus energy purchased from the ORLEN Group's third-party suppliers and sales of heat and electricity to customers outside the ORLEN Group.

Table 14.
Energy consumption at the ORLEN Group by type of energy source

ORLEN Group	2021		2020	
	Value [GJ]	Value [MWh]	Value [GJ]	Value [MWh]
Energy consumption in fuels	127,109,144	35,308,096	122,710,174	34,086,160
Electricity purchased	87,802,638	24,389,622	57,981,914	16,106,087
Heat purchased	169,386	47,052	12,186	3,385
Electricity sold	111,774,896	31,048,582	83,978,114	23,327,254
Heat sold	6,776,557	1,882,377	5,282,174	1,467,271
Total consumption	96,529,714	26,813,810	91,443,986	25,401,107

Table 15.
Energy consumption at PKN ORLEN by type of energy source

PKN ORLEN	2021		2020	
	Value [GJ]	Value [MWh]	Value [GJ]	Value [MWh]
Energy consumption in fuels	75,468,552	20,963,487	86,734,324	24,092,868
Electricity purchased	9,241,497	2,567,083	3,270,129	908,369
Heat purchased	7,806	2,168	1,047	291
Electricity sold	19,173,278	5,325,911	29,689,248	8,247,013
Heat sold	2,298,655	638,515	2,941,856	817,182
Total consumption	63,245,922	17,568,312	57,374,397	15,937,332

Energy KPIs at PKN ORLEN and the ORLEN Group:

Indicator calculations are based on the power generation assets of the ORLEN Group. Major assets by country:

- Poland: PKN ORLEN's CHP plant in Płock, CCGT unit in Płock and CCGT unit in Włocławek; ANWIL's CHP plant; ORLEN Południe's CHP plant in Trzebinia and CHP plant in Jedlicze; Energa Group's generating units, including Ostrołęka Power Plant B, renewable energy sources (hydroelectric power plants, wind farms, solar power plants);
- Lithuania: CHP plant in Mažeikiai;
- Czech Republic: CHP plant in Litvinov.

The 2020 data is for the whole year, except for the Energa Group, for which the data covers the period after the company joined the ORLEN Group, i.e. from May 1st to December 31st 2020.

The 2021 data for the wind farms owned by Orlen Wind 3 cover the period from the consolidation of individual farms in the ORLEN Group.

Installed capacity, broken down by primary energy source

GRI G4 EU1

The indicator is calculated as installed capacity broken down by primary energy source.

Table 16.
Installed capacity at the ORLEN Group, broken down by primary energy source

Breakdown by primary fuels	ORLEN Group 2021		ORLEN Group 2020	
	Mwe (electrical capacity)	MWt (thermal capacity)	Mwe (electrical capacity)	MWt (thermal capacity)
Natural gas	1,175	1,583	1,174	1,583
Multi-fuel (Fuel oil/natural gas)	522	3,255	522	3,255
Lignite	106	768	106	768
Hard coal	755	541	755	538
Biomass	25	59	25	59
Wind power plants	353	-	242	-
Solar power plants	12	-	6	-
Hydroelectric power plants (including ESP Żydowo)	359	-	359	-
TOTAL	3,306	6,206	3,188	6,203
Power plants	1,414	0	1,297	0
CHP plants	1,892	6,031	1,891	6,028
Heat plants	0	175	0	175
TOTAL	3,306	6,206	3,188	6,203

Table 17.
Installed capacity at PKN ORLEN, broken down by primary energy source

Breakdown by primary fuels	PKN ORLEN 2021		PKN ORLEN 2020	
	Mwe (electrical capacity)	MWt (thermal capacity)	Mwe (electrical capacity)	MWt (thermal capacity)
Natural gas	1,082	936	1,082	936
CCGT Płock	608	519	608	519
CCGT Włocławek	474	417	474	417
Fuel oil/natural gas	359	2,153	359	2,153
Płock CHP plant	359	2,153	359	2,153
TOTAL	1,141	3,089	1,141	3,089
Power plants	-	-	0	0
CHP plants	1,141	3,089	1,441	3,089
Heat plants	-	-	0	0
TOTAL	1,141	3,089	1,141	3,089

Net energy output broken down by primary energy source

GRI G4 EU2

The indicator is calculated as net energy output broken down by primary energy source.

Table 18.

Net energy output at the ORLEN Group, broken down by primary energy source

Breakdown by primary fuels	ORLEN Group 2021		ORLEN Group 2020	
	Electricity [MWh]	Heat [GJ]	Electricity [MWh]	Heat [GJ]
Natural gas	5,161,380	7,103,206	6,727,858	7,690,250
Multi-fuel (Fuel oil/natural gas)	1,609,237	26,089,673	1,677,079	25,865,443
Biogas	3,391	-	7,221	-
Lignite	583,753	6,244,240	512,769	6,050,437
Hard coal	2,392,367	3,122,378	1,140,207	1,607,874
Biomass	76,128	695,298	104,765	491,222
Wind power plants	661,897	-	269,294	-
Solar power plants	5,050	-	3,618	-
Hydroelectric power plants (including ESP Żydowo)	935,067	-	507,374	-
TOTAL	11,428,269	43,254,796	10,950,185	41,705,227

* Total gross electricity output of the ORLEN Group in 2021 was 12,271,110.83 MWh.

Table 19.

Net energy output at PKN ORLEN, broken down by primary energy source

Breakdown by primary fuels	PKN ORLEN 2021		PKN ORLEN 2020	
	Electricity [MWh]	Heat [GJ]	Electricity [MWh]	Heat [GJ]
Natural gas	5,156,952	4,376,858	6,723,069	5,170,603
Multi-fuel (Fuel oil/natural gas)	1,501,122	23,314,970	1,523,944	23,121,493
Solar power plants	178	-	184	-
TOTAL	6,658,252	27,691,828	8,247,197	28,292,096



Average generation efficiency of CHP plants by energy source and regulatory requirements

GRI G4 EU11

The total generation efficiency was calculated as the quotient of total net energy output (electricity and/or heat) and the volume of fuel supplied, broken down by primary energy source. The electricity generation efficiency was calculated as net electricity output divided by the volume of fuel supplied for electricity generation (in the case of cogeneration units, established based on the physical division, i.e., in proportion to the heat and electricity volumes generated), broken down by primary energy source.

Table 20.
Average generation efficiency of CHP plants by energy source

	2021	
	PKN ORLEN S.A.	ORLEN Group
Efficiency of electricity generation by thermal plants (%)	54,38%	60,52%
Total generation efficiency of thermal plants (%)	68,45%	66,40%
Efficiency of electricity generation by thermal plants (%) broken down by primary fuel:	$\eta_{el} = \frac{\Sigma \text{ net electricity generation}}{\Sigma \text{ fuel delivered for generation}} [\%]$	
Multi-fuel (fuel oil/natural gas)	80,49%	77,73%
lignite	none	59,34%
natural gas	52,83%	52,83%
hard coal	none	78,66%
Biomass	none	70,29%
Efficiency of electricity generation by CHP plants (%)	54,38%	60,52%
Efficiency of electricity generation by power plants (%)	none	86,02%

Amounts of fuel for electricity generation by cogeneration units were established based on the physical method. Consistency of the 2020 data has been ensured.

Table 21.
Total investments in renewable energy

GRI OG2

	2021	
	ORLEN Group	PKN ORLEN
Investments in renewable energy [PLN thousand]	704,983	806

Table 22.
Energy sold by source

	2021	
	ORLEN Group	PKN ORLEN
Electricity from own sources [MWh]	7,645,999	3,506,812
Electricity purchased from third-party suppliers (from outside the ORLEN Group) [MWh]	23,402,583	1,819,099
Heat from own sources [GJ]	6,766,290	2,297,765
Heat purchased from third-party suppliers (from outside the ORLEN Group) [GJ]	10,267	890



Table 23.
Net energy output from renewable energy sources

The indicator includes electricity produced by wind, solar, biomass-fired and biogas-fired sources and hydro-electric power plants. Production from the Żydowo pumped-storage power plant has not been included.

	2021	
	ORLEN Group	PKN ORLEN
Electricity [MWh]	1,614,333	178
Heat [GJ]	695,298	-

Total gross renewable electricity output at the Total gross renewable electricity output at the ORLEN Group (excluding Żydowo pumped-storage power plant) in 2021 was 1,667,205.57 MWh.

Table 24.
Number of installed EV chargers and number of charging hours

	2021	
	ORLEN Group	PKN ORLEN
Number of EV chargers	445	122
Number of charging hours [h]	42,000	19,150

Number of installed chargers as at the end of 2021: 445. Number of chargers in use: 420.

Policies in place

Environmental issues are managed by implementing the following policies and procedures.

Integrated Management System Policy – a document describing the working standards for quality assurance, reduction of environmental impacts, health and safety at work and information security.

PKN ORLEN Energy Policy – a document describing the approach to improving the Company’s energy performance, containing declarations on energy optimisation and ensuring energy security.

Food Safety Policy at PKN ORLEN – a document describing the working standards for food safety.

Other internal documents in place at PKN ORLEN, resulting from the systems implemented at the organisation and decisions of public administration bodies, including:

Environmental Monitoring Procedure – ensuring correct monitoring of air (imissions), wastewater, rainwater and snowmelt produced at fuel terminals, and groundwater on and in the vicinity of the Płock production plant site and on the fuel terminal sites, as well as identification and recording of key metrics of the Responsible Care programme relating to environmental protection, health protection, process safety (including safety and distribution of chemicals) and work safety.

Responsible Care Management Framework – a management system compliant with the guidelines of the European Chemical Industry Council (CEFIC), providing support in the development of management systems implemented at the organisation. Adopted as a result of PKN ORLEN subscribing to the Declaration of Support for the ICCA Responsible Care Global Charter in 2007, it is a continuation of the Responsible Care programme that PKN ORLEN has been implementing since 1997.

Integrated Permits – decisions issued for the IPPC installations of PKN ORLEN: refining units, petrochemical units, CHP units, CCGT units, wastewater treatment plants on the premises of the Płock production plant and the PTA plant and CCGT unit in Włocławek, specifying operating conditions that must be met for the units to be safe to the natural environment and people.

CO₂ Instruction on the Operation of the PKN ORLEN System for Carbon Dioxide Emission and Activity Level Monitoring and Reporting – defines the rules for timely and reliable entering of data in the IT system for CO₂ emissions monitoring implemented at the Company, including data on activity levels from each installation covered by free allowance allocations.

Instruction Specifying the Rules for Calculating and Paying Charges for Air Emissions of Gas and Particulate Matter and Charges for Water Services at PKN ORLEN – a procedure put in place to introduce a uniform calculation methodology, improve the quality of data acquisition, and ensure timely and reliable transfer of data serving as the basis for calculation of the charges.

Waste Management Procedure – defines activities related to recording, storage, collection and disposal of waste generated in refining, power generation, storage, auxiliary and security processes.

Instruction Specifying the Rules for Packaging Management at Polski Koncern Naftowy ORLEN Spółka Akcyjna – a procedure put in place to ensure compliance with the requirements under the Act on Packaging and Packaging Waste Management and the requirement to report on actual packaging volumes.

Internal Order on the Rules and Procedures for Managing Expenditures and Provision for Land Remediation and the Procedures for Remediation Projects at Polski Koncern Naftowy ORLEN Spółka Akcyjna – specifies rules for the financing and execution of remediation projects on PKN ORLEN sites.

Instruction on the Operation of the LDAR System at Polski Koncern Naftowy ORLEN S.A. – describes implementation and maintenance of the leak detection and repair system in order to identify, monitor and reduce diffuse emissions of volatile organic compounds, and thus mitigate the environmental impact of the production plant in Płock and the PTA plant in Włocławek, reduce losses of raw materials and products, and improve process safety.

Procedure for Identifying Environmental Aspects and Determining Material Aspects – defines the process of identification, determination of materiality and periodic reviews of environmental aspects as well as allocation of responsibility for these activities.

Fulfilment of REMIT obligations by PKN ORLEN – this document sets out, in particular, the rules of conduct applicable to insiders and the procedure of disclosing inside information to the public.



Rules of Conduct Relating to Regulations on Introducing Restrictions in the Supply and Consumption of Electricity in the Territory of the Republic of Poland

– the objective is to safeguard the operations of PKN ORLEN if restrictions are imposed by the state authorities.

Instruction on Forecasting and Balancing requirements for Energy Utilities – MEBiP for Organisational Units Located in Plock, the PTA Plant in Wloclawek and External Customers

– the goal is to keep a proper balance of consumption of energy utilities in specific areas of PKN ORLEN and by external customers connected to the power grid.

Rules for Managing and Trading in Electricity and the Related Property Rights

– this document sets out the rules for managing and trading in electricity and property rights at PKN ORLEN as part of GAHE (Active Energy Trading Platform). The regulation also applies to the ORLEN Group companies operating within GAHE.

Rules for the Performance of the Energy Trading and Technical Operator Tasks

– include processes involved in trading in electricity, property rights in certificates of origin for electricity, energy efficiency certificates, guarantees of origin, the related energy ranges and ancillary services.

Detailed Rules for Recognition of Qualifications Held by Persons Involved in the Operation of Power Equipment, Units and Networks at PKN ORLEN

– include the types of work and positions, as well as power equipment, units and networks in the case of which the operator is required to have specific qualifications; the scope of knowledge required to obtain recognition of qualifications held by persons involved in the operation of power equipment, units and networks; and the qualifications verification procedure. The environmental objectives are set out in PKN ORLEN’s Integrated Management System Policy and the Energy Policy. Our activities are carried out based on the Integrated

Management System, which includes the Quality Management System (ISO 9001: AQAP 2110), Environmental Management System (ISO 14001), Occupational Health and Safety Management System (ISO 45001), Information Security Management System (ISO/IEC 27001), Energy Management System (ISO 50001) , Certification System for Biomass and Biofuels ISCC, KZR INiG certification system for the HVO process, Factory Production Control System (ZKP) – for bitumen production, and Food Safety Management System (HACCP) according to Codex Alimentarius. The Company holds valid certificates of compliance with ISO 9001:2015, AQAP 2110, ISO 14001:2015, ISO 45001:2018, ISO/IEC 27001:2017-06, ISO 50001:2018- 09, ISCC, KZRINiG and ZKP. These systems meet the highest international management standards and support the Company’s day-to-day efforts to ensure professional customer service and maintain top quality, safety, health protection, climate and environmental standards. The key ORLEN Group companies have Integrated Management Systems in place, which include an Environmental Management System implemented and maintained in accordance with the ISO 14001 standard as their integral part. The Group companies also follow Integrated Management System/ Environmental Management System Policies, providing for an obligation to protect the environment, which includes pollution prevention and other specific obligations relevant to the operations of individual companies. These policies also include a requirement to comply with the law and other external and internal requirements identified in cooperation with our Stakeholders. All systematic activities, in particular those which are material to the safety of people and the natural environment, are aligned with the ORLEN Group Strategy, which takes into account the aim to optimise technological processes, reduce greenhouse gas emissions, achieve climate neutrality and zero emissions, and comply with sustainable development principles.

Table 25.

Environmental Management Systems	ORLEN Group companies
ISO 14001 certificate	PKN ORLEN, ANWIL, Basell Orlen Polyolefins, ORLEN Południe Group, ORLEN Oil, ORLEN Paliwa, ORLEN Asphalt, ORLEN Serwis, ORLEN Upstream, ORLEN Laboratorium, ORLEN Eko, IKS Solino, ORLEN KolTrans, ORLEN Administracja, ORLEN Centrum Serwisowe, ORLEN Projekt, ORLEN Ochrona, Grupa ORLEN Lietuva, ORLEN Unipetrol Group, ENERGA Group
Elements of the environmental management system implemented in accordance with the JIG industry standards and HSSE Policy	ORLEN Aviation
Implemented environmental protection principles, including on waste management control	ORLEN Centrum Usług Korporacyjnych,
ISCC, KZRINiG	PKN ORLEN, ORLEN Południe Group
EMAS	Energia Group

Due diligence procedures

SUSTAINABILITY, TAXONOMY AND CLIMATE TRANSITION

The management of climate change risks and opportunities falls within the remit of the President of the Management Board, who is the direct superior of the Executive Director for Strategy, Innovation and Investor Relations, overseeing the work of the Sustainable Business Development Department.

Sustainable development plays an important role in the process of building a multi-utility group and implementing the ambitious agenda under the **ORLEN Group Strategy 2030**. The new business strategy is a response to the changes in our environment driven by the global climate crisis. It enhances resilience of our business models to climate change and its consequences across the value chain. Over the next decade, PKN ORLEN will allocate **approximately PLN 30 billion to sustainability projects, including new business models**. Within ten years, PKN ORLEN is going to implement more than 60 projects increasing the energy efficiency of its existing production assets. The new refining and petrochemical projects will use the best and most emission-efficient technologies. PKN ORLEN also intends to strengthen its position as a regional leader in biofuels by implementing five significant investment projects related to the manufacturing of biofuels such as HVO, co-HVO, UCOME, lignocellulose bioethanol and

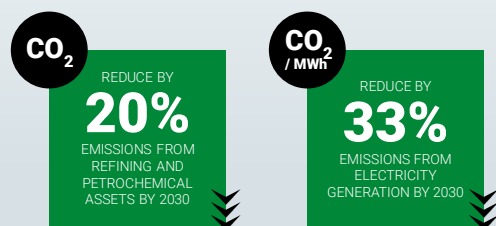
bio-methane, The projects are expected to increase biofuel output by some 500 thousand tonnes annually by 2030. In 2021, the Management Board of PKN ORLEN adopted the ORLEN Group Sustainable Development Strategy for 2021–2023, The new strategy is centred on three areas of ESG management: Environmental, Social and Governance, and six strategic pillars. In the Environmental area, we focus on climate, climate risk management and effective implementation of raw material management practices. In the Social area, the focus is on local communities as a permanent and valuable source of inspiration for our CSR initiatives. In cooperating with our suppliers, we are going to use ORLEN’s influence to promote sustainability principles in value chains. The goal is to extend our product responsibility to cover the entire product life cycle, including the raw materials used, product development, manufacturing and use, and then its recycling. We seek to engage our customers and promote responsible consumption patterns among them. The Governance area focuses on developing solutions that facilitate incorporation of ESG principles into ORLEN's management systems, appropriate and transparent reporting, ethics and organisational values. The most significant and complex ESG initiatives have been reflected in the remuneration policy, in which MBO objectives were included both at the level of the Management Board and at the appropriate level of management.



ORLEN GROUP SUSTAINABLE DEVELOPMENT STRATEGY

It is our goal to operate in a way that ensures integration of business objectives with social and environmental objectives.

We have an ambitious agenda!



STRATEGY PILLARS FOR SUSTAINABILITY



WE WILL ALLOCATE **PLN 30 BILLION** TO GREEN INVESTMENT PROJECTS BY 2030



ALL THIS TO ACHIEVE **NET CARBON NEUTRALITY** IN 2050



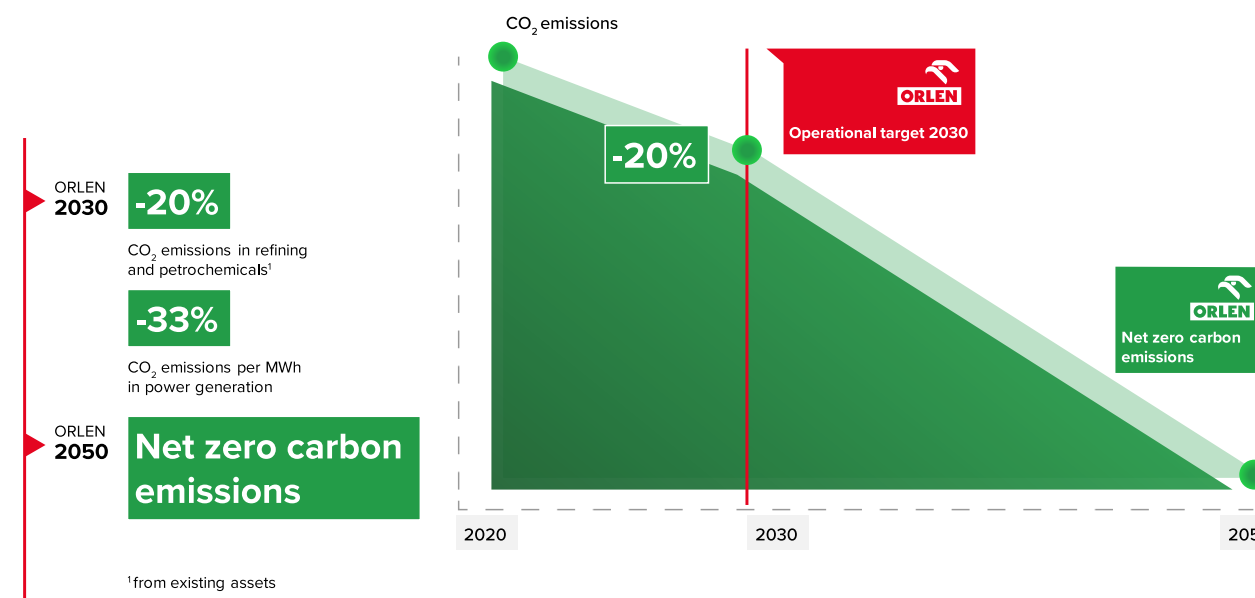
DECARBONISATION STRATEGY

Climate change poses a significant challenge to PKN ORLEN and the ORLEN Group companies. PKN ORLEN has addressed this challenge by announcing in September 2020, as the first fuel company in Central Europe, an intention to achieve **net zero carbon footprint by 2050**. In furtherance of this goal, the Group aims to reduce **carbon**

emissions from its existing refining and petrochemical assets by 20% and cut down carbon emissions per megawatt-hour of electricity by 33% by 2030. Our net zero emissions strategy is based on four pillars: energy efficiency in production, zero-carbon power generation, fuels of the future, and green finance.

Scheme 14.


The ORLEN Group aims to become a net zero carbon business by 2050



In 2021, climate issues were discussed at 21 meetings of the PKN ORLEN Management Board (about 40 topics) and at 22 meetings of the PKN ORLEN Supervisory Board (about 32 topics, including about 6 topics at 5 meetings of the CSR Committee and about 6 topics at 6 meetings of the Strategy and Development Committee).

Decarbonisation strategy activities completed in 2021

Sustainable ORLEN
Energy Transition Leader




Most efficient plants

-20%

Reduction in CO₂ emissions from existing refining and petrochemical assets by 2030

- **Energy Efficiency** – ongoing projects involving energy efficiency solutions and waste heat recovery.
- **Green Hydrogen**– feasibility study for an electrolysis plant powered with offshore wind energy (Baltic Power project) – under development.
- **Best Available Technology** – new investments based on advanced and effective technologies; new Olefins Complex in Plock to ensure greater energy efficiency, including a 30% reduction of CO₂ emissions per tonne of product.




Clean energy

Leading producer of zero-and-low-carbon electricity in Poland. Reduction of CO₂ emissions per MWh

-33% by 2030

- **Offshore wind farms**
 - Baltic Power offshore wind farm project (1.2 GW), implemented in cooperation with Northland Power (JV partners).
 - Participation in all Baltic Sea licence auctions.
- **Onshore renewable energy**
 - Acquisition of four wind farms with a total installed capacity of 110 MW
 - Acquisition of a solar PV farm with an installed capacity of 6 MW; ongoing tender procedures for the construction of further solar PV projects
 - Prosumer solar PV installations – sale and services




Low-carbon fuels

Five large

biofuel production

capex projects

- **New investment in biofuel production**
 - EPC contract signed to construct an HVO plant (300 kt of biodiesel per year).
 - Completion of the Co-HVO project in 2021.
 - License and front-end engineering design contract signed for 2G bioethanol unit (25 kt of bioethanol per year).
- **Alternative fuels**
 - 288 new EV chargers installed in 2021; currently the Group has a network of 405 EV charging stations.
 - 1 hydrogen hub in Trzebinia + 1 hub under construction in Wrocławek + concept study for 1 hub in Plock.
 - Five hydrogen refueling stations in Germany and the Czech Republic; tender procedures for another three refuelling stations in Poland.



Green finance and organisation

ORLEN to become a regular issuer of green and

sustainable bonds

- December 2020 and March 2021: **issue of 10,000 sustainability bonds with a total value of PLN 1 billion; the margin will depend on ESG rating from MSCI ESG Research Limited.**
- **Green bonds – green Eurobonds:** in May 2021, PKN ORLEN issued **5,000 bonds with a total value of EUR 500 million** in Poland's first benchmark issue of seven-year green eurobonds; it met with huge interest from investors, with **demand being six times greater than the issue value**; 5,000 Eurobonds were allotted to 182 investors from 26 countries.

GREEN AND SUSTAINABLE FUNDING FOR THE ORLEN 2030 STRATEGY

Second tranche of sustainability bonds

In March 2021, PKN ORLEN issued the second tranche of 10,000 Series D unsecured sustainability bonds with a total nominal value of PLN 1,000,000,000, bearing interest at a fixed rate which will depend on the ESG rating from MSCI ESG Research (UK) Limited or its legal successor or an alternative ESG rating. The rating measures the Company's susceptibility to material risks related, in particular, to its performance in terms of environmental, social and governance practices, as well as management of those risks. The interest rate applicable to the first interest period is 2.875% per annum. It will remain so or may be changed by 0.1% or 0.2% per annum in subsequent interest periods, depending on the ESG rating, in accordance with the Terms and Conditions. The Company will use proceeds from the bond issue for general corporate purposes, including the achievement of the ESG objective, which is to sustain or improve the Company's rating from MSCI ESG Research (UK) as assigned at the bond issue date.

Green Eurobond issues

In May 2021, PKN ORLEN completed the issue of 5,000 bonds with a total value of EUR 500 million, under the EMTN program. This PKN ORLEN's and Poland's first benchmark issue of seven-year green Eurobonds attracted huge investor interest. As many as 234 subscriptions for a total amount of nearly EUR 3bn were made during the book-building process. This means that PKN ORLEN's Green Bonds were six times oversubscribed relative to the issue size. 5,000 Eurobonds were allotted to 182 investors from 26 countries. With the majority subscribed for by foreign investors on international markets. In the end, green Eurobonds were allocated to 182 investors from 26 countries, with the largest share held by investors from Central Europe (Germany, Austria and Switzerland) - 44% and Poland - 23%. Many international asset management funds participated in the issue, including a large number of the greenest ones. As much as 62% of the bonds was subscribed by funds investing mainly in green assets (so-called green investors). PKN ORLEN's Green Eurobonds were issued under a Euro Medium-Term Note (EMTN) programme with a total value of up to €5 bn. It was the first benchmark issue of Green Eurobonds placed by a Polish company. The issue proceeds will be used to finance green projects implemented

by the ORLEN Group, including building and acquisition of new RES production capacities, further development of a network of fast chargers for electric cars and fuelling infrastructure for hydrogen buses and cars, as well as the development of waste recycling facilities. It was also the first Polish Green Eurobond issue carried out by a non-financial firm, which received a Climate Bonds Initiative (CBI) certificate, confirming the application of good market standards in terms of climate integrity, transparency and use of proceeds from the issue. A CBI certificate also confirms that projects financed from the issue proceeds contribute to the achievement of Paris Agreement goals of limiting global warming to below 2°C and achieving zero emissions by 2050 at the latest. To ensure the possibility to issue Green Eurobonds, PKN ORLEN has developed and published on its website the so-called Green Finance Framework, laying down the principles for green and sustainable financing. The document defines the objectives of green financing and the types of investments to be financed from the Eurobond issue proceeds, i.e. the development of renewable energy sources, clean transport and countering environmental pollution, also by means of recycling. The pursuit of these goals, both in terms of deployment of issue proceeds and their environmental impact, will be subject to periodic (at least annual) review by an auditor of the ORLEN Group and reported by PKN ORLEN, until the Green Bonds redemption. PKN ORLEN's Green Finance Framework was also reviewed by Vigeo Eiris, a subsidiary of Moody's Corporation, specialising in evaluation of issuers' ESG performance. Vigeo Eiris issued an independent opinion for PKN ORLEN, based on the review, confirming compliance of PKN ORLEN's Green Finance Framework with applicable international standards (Green Bond Principles and Climate Transition Finance Handbook). The Eurobonds have been registered with an international securities registration system operated by Euroclear Bank or Clearstream Banking. PKN ORLEN will apply for admission of the Eurobonds to trading on the regulated market - Euronext Dublin and the Warsaw Stock Exchange. The transaction was prepared in cooperation with BNP Paribas, ING Bank N. V., Bank Pekao S.A. and UniCredit Bank AG as Global Coordinators and Joint Book Runners, as well as with CaixaBank S.A. and SMBC Nikko Capital Markets Europe GmbH as Joint Book Runners. Legal counsel on the transaction was provided by White & Case LLP i White



& Case M. Studniarek i Wspólnicy - Kancelaria Prawna sp.k. and Allen & Overy LLP I Allen & Overy, A. Pędzich sp. k.. The issuer's auditor was Deloitte Audyt Spółka z ograniczoną odpowiedzialnością Sp. k.

ORLEN GROUP TO LAUNCH INTERNATIONAL HYDROGEN SCHEME

For years PKN ORLEN has consistently reduced its environmental impacts by investing in best available techniques in the area of environmental protection and following the principles of sustainable development. PKN ORLEN is fully aware of the challenges posed by the need to develop the alternative fuel sector. The changes taking place in the fuel market clearly indicate that hydrogen is going to be a readily accepted and widely used fuel. That is why PKN ORLEN has launched its **Hydrogen Eagle programme**, spanning Poland, the Czech Republic and Slovakia, Which is expected to allow the ORLEN Group to achieve annual hydrogen production capacity of approximately 50,000 tonnes by 2030. The programme provides for building six new hydrogen hubs powered by renewable energy sources:

three in Poland, two in the Czech Republic and one in Slovakia, including an electrolysis plant powered with electricity generated by the Baltic Power offshore wind farm. The total target capacity of renewables-powered electrolysis plants will be approximately 250 MW. Hydrogen Eagle also envisages the construction of three innovative plants for converting municipal waste into low-carbon hydrogen, to be located in Płock and Ostrołęka in Poland and in the Czech Republic, as well as an international network of more than 100 hydrogen refuelling stations.

In accordance with its strategy until 2030 and in an effort to consistently strengthen its position on the alternative fuel market, PKN ORLEN took on the role of leader in the creation of **the Mazovian Hydrogen Valley**, a project intended to bring together several dozen entities with varying levels of experience in developing this technology. PKN ORLEN's responsibilities will include establishing the project, defining its goals and preparing an operating strategy. A Hydrogen Valley is an area corresponding to a number of administrative regions which is to be the site of projects focusing on hydrogen applications for various areas of the economy In line with the EU Hydrogen Strategy, Hydrogen Valleys are to form a coherent European

Hydrogen Ecosystem. Based on the draft Polish Hydrogen Strategy, at least five Hydrogen Valleys are to be created, To serve as centres for research, development and education on the implementation of hydrogen technologies in the economy. Currently, work is underway to establish five valleys: the Subcarpathian, Silesian, Lower Silesian, Greater Poland and Mazovian Hydrogen Valleys, with the latter serving as the central unit.

Operation of the Mazovian Hydrogen Valley will be based on four pillars, which are expected to contribute to effective development and uptake of hydrogen technologies in Poland. The main pillar is building a value chain by implementing research and development projects, putting in place systematic solutions to train specialised personnel, and engaging in activities supporting regulatory processes. In cooperation with PESA Bydgoszcz, PKN ORLEN plans to purchase a modern locomotive that will be the first hydrogen-powered rail vehicle in Poland. This will be a major step towards large-scale use of zero-carbon hydrogen fuel in rail transport.

SMALL MODULAR REACTORS AS ANOTHER STEP TOWARDS ZERO-CARBON ENERGY

In 2021, PKN ORLEN and Synthos signed a cooperation agreement to jointly develop and implement zero-carbon nuclear energy technologies based on micro and small modular reactors (MMRs and SMRs). MMRs and SMRs are electricity generating units which, unlike traditional nuclear power plants, can reach a total capacity of up to 300 MW, are mass manufactured and delivered as a whole to a site to be installed.

The mass manufacturing process makes it possible to achieve economies of scale and a relatively short construction time. Small and larger energy systems can be built, depending on the needs. The deployment configuration of SMRs can vary between standalone or multi-module plants, gradually placed in operation, making the entire project easier to finance.

GREEN PROPYLENE GLYCOL IN THE ORLEN GROUP PRODUCT PORTFOLIO

In 2021, ORLEN Południe brought on stream Poland's first and Europe's largest green propylene glycol production unit at its biorefinery in Trzebinia. The unit has a capacity

of 30,000 tonnes a year, enough to cover as much as 75% of the domestic demand for the product. This PLN 400m capex project will add over PLN 50m to the Group's annual EBITDA. An integral part of the complex is Poland's first hydrogen hub.

Green glycol is a high-margin bio-based product that is clean and environmentally safe. It is used for a wide range of applications, including in medicine, cosmetics, and the food industry. It can also be used in aviation as an anti-icing and de-icing agent for aircraft. ORLEN Południe will produce 30,000 tonnes of green glycol a year, An impressive 10,000 tonnes more than Europe's only unit of this type located in Belgium.

RENEWABLE ENERGY PROJECTS – PIONEERING ACTIVITIES IN THE BALTIC SEA

The selection of Northland Power Inc. of Canada as a partner for PKN ORLEN's offshore wind farm is a milestone in this pioneer project on the regional scale. By combining PKN ORLEN's local experience gained in the course of development work on the project, which is now well advanced, with Northland Power's global know-how, we will be well placed to quickly and effectively deliver subsequent stages of this venture. We have found a partner whose business model and vision for energy transition are in line with the ORLEN Group's long-term plans. The cooperation will provide a major growth stimulus for the offshore industry, including Polish companies along the supply chain. Cooperation with Northland Power Inc. is to involve the development, construction and operation of a wind farm with a target capacity of up to 1.2 GW. Start of the project construction is scheduled for 2024, and its commissioning is planned in 2026.

Major developments in the area of renewables also include new projects in the Poznań region. Construction of a 20 MW PV Gryf solar photovoltaic farm owned by the ORLEN Group's Energa has commenced near the Przykona Wind Farm (Province of Poznań) that has been in operation since July 2020. The Gryf farm is yet another project built within the premises of the former Adamów lignite mine in the Przykona commune. This location is important as it uses existing transmission infrastructure. The land owned by Energa in the Przykona commune has great investment potential – According to estimates, assets with a total capacity of about 160 MW can be built on this 300 ha site. The Kanin wind farm, located in the Szczecin province, has added 20 MW to the ORLEN Group's renewable energy

portfolio. Operating since 2012, the farm was purchased by PKN ORLEN from two foreign investment funds – Stage Capital and Mashav Energia. The acquisition was in line with the ORLEN 2030 business strategy, which provides for strong development of zero-carbon power generation, both through construction of own capacities and acquisition of already operating assets.

Three onshore wind farms with a total capacity of approximately 90 MW will be added to the renewable energy portfolio of the ORLEN Group. The Company signed an agreement to purchase wind farms operating in the Pomerania region from Spanish investment funds. Following the acquisition, the ORLEN Group has 353 MW of installed wind power capacity in Poland and is the fifth largest player on that market.

Five ORLEN Group companies involved in energy projects on the Baltic Sea signed a sectoral agreement. The document, being the outcome of work of the government administration, investors, companies, institutions and organisations taking part in the development of the Polish offshore wind power sector, sets the growth directions for this industry in Poland. In accordance with the adopted assumptions, the signatories will seek to ensure maximum participation of Polish companies in offshore wind power projects. The expected share of local content in projects to be executed as part of the first phase is 20–30% of their total value. This share is to increase to at least 45% for projects to be executed by 2030, and at least 50% for projects after 2030.

PKN ORLEN has engaged with the Maritime University of Szczecin, Gdynia Maritime University and Gdańsk University of Technology to cooperate in education and research on offshore wind energy. The cooperation is to include innovative research, analytical and scientific initiatives related to the development of offshore wind power generation in Poland. In addition, starting from the academic year 2021/2022, the Maritime University of Szczecin, in collaboration with PKN ORLEN, launched an offshore wind power engineering programme. Its graduates will gain technical knowledge necessary to work on the development and operation of wind farms that will soon be built on the Baltic Sea.

THE LARGEST PETROCHEMICAL PROJECT IN EUROPE

PKN ORLEN has invested in the expansion of the Olefins Complex at the Płock production plant, The largest petrochemical investment project in Europe in the last 20 years. The Olefins 3 Complex will be built using state-of-the-art technologies to ensure, among others, greater



energy efficiency, including a 30% reduction of CO₂ emissions per tonne of the product. In view of the rising CO₂ prices, this will directly improve the competitiveness of the Płock production plant. The project is scheduled for completion in the first quarter of 2024 and production launch is planned for early 2025.

The petrochemical products manufactured in the Olefins Complex will be the basis for producing all kinds of everyday items, such as cleaning, hygiene and medical products, as well as synthetic fibres for the production of protective clothing and masks. They will also be used to produce car parts, components of household appliances and electronic devices, etc.

INNOVATIVE TECHNOLOGIES TO BE CREATED AT THE RESEARCH AND DEVELOPMENT CENTRE

PKN ORLEN has launched a modern Research and Development Centre in Płock. Worth around PLN 184 m, the project is in line with the ORLEN 2030 business strategy objectives of increasing investment in research, development and innovation. For PKN ORLEN, it is a major step towards more effective development of new technologies and products, building its own know-how, and obtaining patents for innovative solutions. Innovative projects developed by the Centre will fully rely on the potential of Polish scientific institutions.

According to the ORLEN 2030 business strategy, over the next 10 years the Company is to allocate 10% of its total investment pool, i.e. at least PLN 3 billion, to investments in this area, including new mobility, hydrogen, recycling, research and development, and digitalisation. PKN ORLEN views this as an investment in the future.

DEVELOPMENT OF BIOMETHANE PRODUCTION

A letter of intent signed with PGNiG provides for stepping up cooperation in the development of renewable energy sources. The companies plan to establish a special purpose vehicle to invest in the creation of

a network of biomethane plants. The modern plants would convert agricultural substrates, waste and processing industry residues into environmentally friendly biomethane, which could be used in industry or in the energy sector. The project would be in line with the ORLEN 2030 strategy objectives of developing low- and zero-carbon power generation.

ORLEN Południe purchased two plots of land in Głębów, in the municipality of Ryn, taking over an agricultural biogas plant project started on the property. The company will continue construction of the project, developing it into a biomethane plant capable of producing approximately 7 mcm of biogas per year.

PKN ORLEN is analysing the possibility of using agricultural biomass derived from the production of sugar and cereal products and processing it into high-margin petrochemical products, biomethane and hydrogen. The Company has signed a letter of intent to cooperate with the sugar production company Krajowa Spółka Cukrowa. The project would be in line with the ORLEN 2030 strategy objectives of developing green petrochemicals and alternative fuels.

DEVELOPMENT OF WASTE PROCESSING PROJECTS

In line with its strategy until 2030, PKN ORLEN wants to develop a new business line enabling management of plastic waste in an economically and environmentally effective way. The Company has signed a letter of intent and a feasibility study agreement with a leading provider of technology and engineering services as its partner to analyse the possibility of using the innovative Hydro-PRTSM technology in implementing chemical plastic recycling projects.

The projects would help the Group to pursue the objectives of circular economy and achieve carbon neutrality by 2050.

PKN ORLEN is also considering processing of municipal waste into raw materials that would be used to manufacture petrochemical and refinery products and intermediates in a modern and environmentally friendly facility. The Company has signed a letter of intent with the City of Plock and Przedsiębiorstwo Gospodarowania Odpadami of Plock (waste management company) as prospective supplier of the waste. The joint initiative would be the first project in Poland to fully implement the principles of circular economy.

SOLAR ENERGY

The ORLEN Group is going to generate green energy from the sun. Development of renewable energy sources (RES) is an element of PKN ORLEN's energy strategy. The end of 2019 saw the launch of the Group's solar photovoltaics programme, which will involve the development and coordination of solar PV projects across the ORLEN Group. In its initial stage, the Group selected six locations satisfying the relevant technical criteria for potential installation of PV units, and signed

contracts with a supplier to provide project documentation for the solar PV farms. The development of renewable energy projects is also the responsibility of Energa Green Development, a company of the Energa Group established in 2021, whose operations will focus on preparing new projects, from the phase of developing the project concept and obtaining legal title to land, through the design work, to obtaining the building permit. The projects are in line with the ORLEN 2030 strategy objectives of developing the ORLEN Group mainly based on zero- and low-carbon energy sources.

PHYSICAL CLIMATE CHANGE RISKS

In 2020, the ORLEN Group commenced scenario analyses of the transition (regulatory) risks and physical climate change risks, taking into account the dual materiality perspective. The analyses led to the initial identification of transition risks and physical risks in the short and long term. The activities will be continued in the next years.



Table 26.

SCENARIO ANALYSES OF BUSINESS MODEL RESILIENCE
TO CLIMATE CHANGE

	Scenario 1	Scenario 2
	Global warming limited to 2°C Assumptions: <ul style="list-style-type: none">• Collaboration and coordinated effort of the public sector, businesses and consumers• Effective measures are defined and implemented to reduce greenhouse gas emissions.	Global warming limited to 4°C Assumptions: <ul style="list-style-type: none">• No coordinated effort; activities focus on maintaining existing business models.• Emissions remain high, leading to global warming and other physical climate changes.
	Time horizon The 2030 time horizon has been adopted for the purposes of the analysis, corresponding to the operational horizon of the ORLEN 2030 business strategy. The scope of the sensitivity analysis covered ORLEN's entire value chain.	
Transition	The European Green Deal and CO₂ pricing (EU ETS) + Faster than expected CO ₂ price growth as part of the EU ETS results in an additional decarbonisation pressure (expected prices of CO ₂ emission allowances: EUR 100/tonne by 2030). + Acceleration of ORLEN's transition and green investment projects – higher CO ₂ prices improve the economics of such projects.	– The transition efforts are partial and uncoordinated. ORLEN loses its competitiveness in core markets (fuel transport is replaced by new mobility, e.g. electric vehicles), while failing to build a position in new business areas. – By failing to build resilience to climate change ORLEN may lose its competitiveness. – Failure to anticipate or respond to changing consumer preferences may affect ORLEN's growth.
Market and technological changes	The key areas of technological change in response to changes in the market environment in the period to 2030 are: Transport: Low-carbon fuels: alternative fuel stations (hydrogen, EV, CNG and LNG). Green power: In 2030, ORLEN will be a regional leader in renewable power generation with at least 1.7 GW onshore wind capacity and at least 0.8 GW onshore wind and solar PV capacity; Nuclear energy: ORLEN will also develop small modular reactor technology projects, in particular GE Hitachi Nuclear Energy's BWRX-300 reactors.	– Faster transition away from internal combustion engines in the EU will limit market demand for fuel products. – Uptake of electric vehicles in transport may undermine ORLEN's share in the retail sector if it remains passive. – Green energy, especially the offshore wind farms sector, means greater competition on the energy market in Poland.
Reputation	Technological advances, consumer preferences and environmental concerns drive the transition. In response to these challenges, ORLEN will become a business leader of sustainable change in Central Europe. ORLEN will seek to achieve the following goals by 2030: – leading player in Europe; – leader of energy transition in the region – provider of integrated customer services – socially responsible business; – stable source of value creation.	Failure to comply with climate change management regulations, such as carbon pricing, may undermine the Company's reputation, potentially giving rise to the risk of loss of reputation and revenues. Growing awareness may make customers and consumers look for lower carbon footprint substitutes for ORLEN products.
Policy and the law	+ It pays off to eliminate or significantly reduce environmental costs or emission charges relating to the EU ETSi. – The pace of development of new green technologies may not be as fast as assumed by the EU legislator, creating investment uncertainty	– Faster-than-anticipated pace of decarbonisation of refining and petrochemical assets, and in particular the costs and charges paid by the refining and petrochemical industries, will prevent ORLEN from generating sufficient revenues to be able to complete key transition projects and investments necessary to maximise opportunities in new business areas..

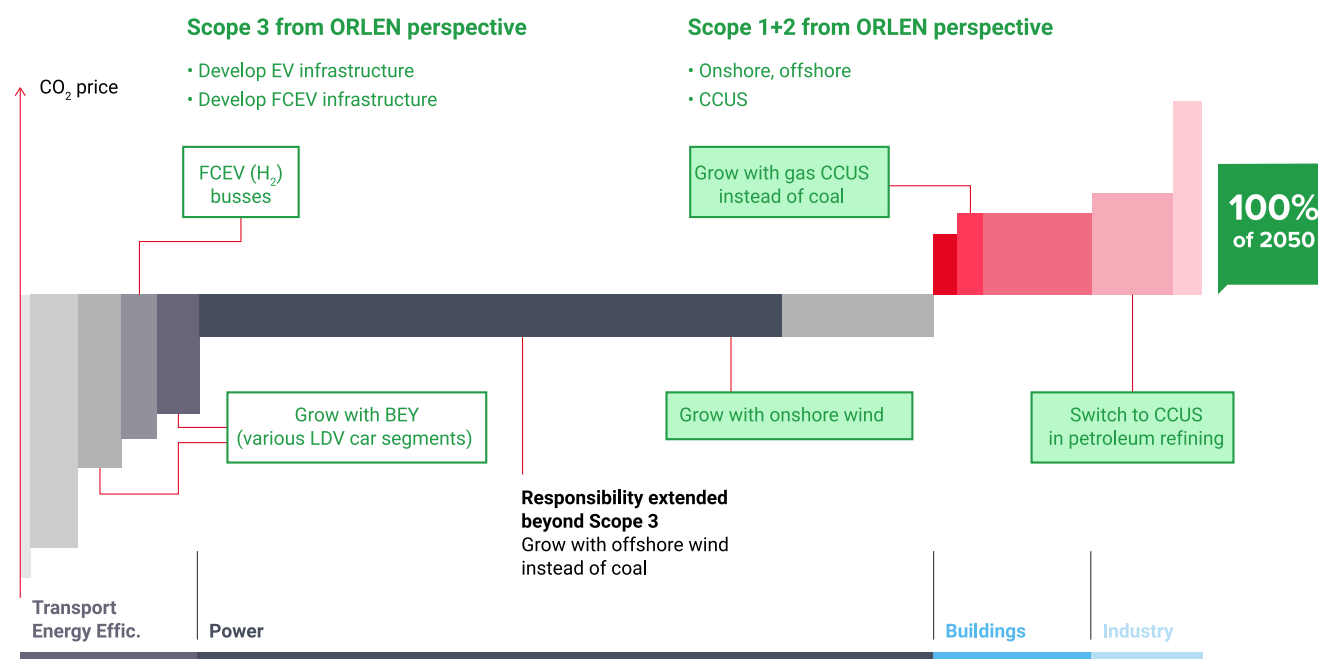
	Scenario 1	Scenario 2
Physical risks	The probability of adverse consequences for ORLEN's diversified business model is minimal.	Increased incidence of extreme weather events and changes in weather systems may cause disruptions across our value chain. Extreme weather conditions could also potentially affect ORLEN's business and assets.
	Impact on the business model The potential impact of climate change in terms of strategic and financial impacts in each of the scenarios has been assessed. Key exposures have been identified.	
Earnings	Renewable energy sources and offshore wind projects are a source of stable returns for ORLEN.	EU ETS is a growing cost factor for ORLEN in the period until 2030. ORLEN is increasingly exposed to EU ETS costs in its core business models.
Operating costs	Risk: – TThe pace of decarbonisation of refining and petrochemical assets, and in particular the costs and charges paid by the refining and petrochemical industries, will prevent ORLEN from generating sufficient revenues to be able to complete key transition projects and investments necessary to maximise opportunities in new business areas. – The pace of change expected by banks and EU regulators exceeds the capacity for technological change in Poland's economy, e.g. in the transport sector, as fuel consumption in Poland is growing.	– Warming temperatures and extreme weather events increase the cost of energy needed to cool facilities and buildings. – Increased OPEX spending on repairs of distribution network assets due to damage caused by extreme weather.
Changes to the business model	A strong multi-utility conglomerate with the refining operations balanced by new business streams.	The pace of business model transition is slower, but too rapid renewable capacity expansion without securing continuity of supply leads to overheating and transition recession, i.e. growth rather than a reduction of CO ₂ emissions. As demonstrated by the market today, higher CO ₂ emissions translate into higher emission allowance prices, thus encouraging investment in renewables and discouraging investment in power generation based on fossil fuels, which is currently the only reliable security against supply disruptions.
Changes to the portfolio mix	By 2030, coal assets are phased out across the ORLEN Group, which significantly reduces ORLEN's carbon footprint and EU ETS costs. This is accompanied by a surge in renewable generation capacities, especially offshore wind farms.	Coal assets are not phased out across the ORLEN Group, which gradually raises costs of operations.
Changes to the technology investment profile	ORLEN has developed an emission reduction curve that presents the emission reduction technologies required to achieve net zero emissions. The company's progress in terms of the emissions reduction curve will depend on the CO ₂ price evolution in the EU ETS. Higher EU ETS price levels will trigger work on further projects.	
	Data used in the analysis Both internal and external data was used in the scenario analysis. 2019 and 2020 data was used to calculate ORLEN's decarbonisation rate in the period to 2030. External data was used to understand climate risks and opportunities. It was sourced from the International Energy Agency and the European Environment Agency. Internal data – we used internal historical greenhouse gas (GHG) emissions data for 2018–2019 and internal financial data (as base year data).	

Transition and technological change risks

A marginal abatement cost curve organises the logic behind transition risk management with respect to Scope 1 (direct emissions), Scope 2 (indirect emissions), and Scope 3 (value chain emissions). Depending on the decarbonisation costs, further technologies across the ORLEN value chain will be applied in the period to 2050. This makes it possible to plan R&D work on technologies that currently are not supported by any business rationale, and at the same time facilitates optimisation of the investment and development programme in the context of available emission reduction options along the value chain.

Scheme 16.

Marginal abatement cost curve for Poland

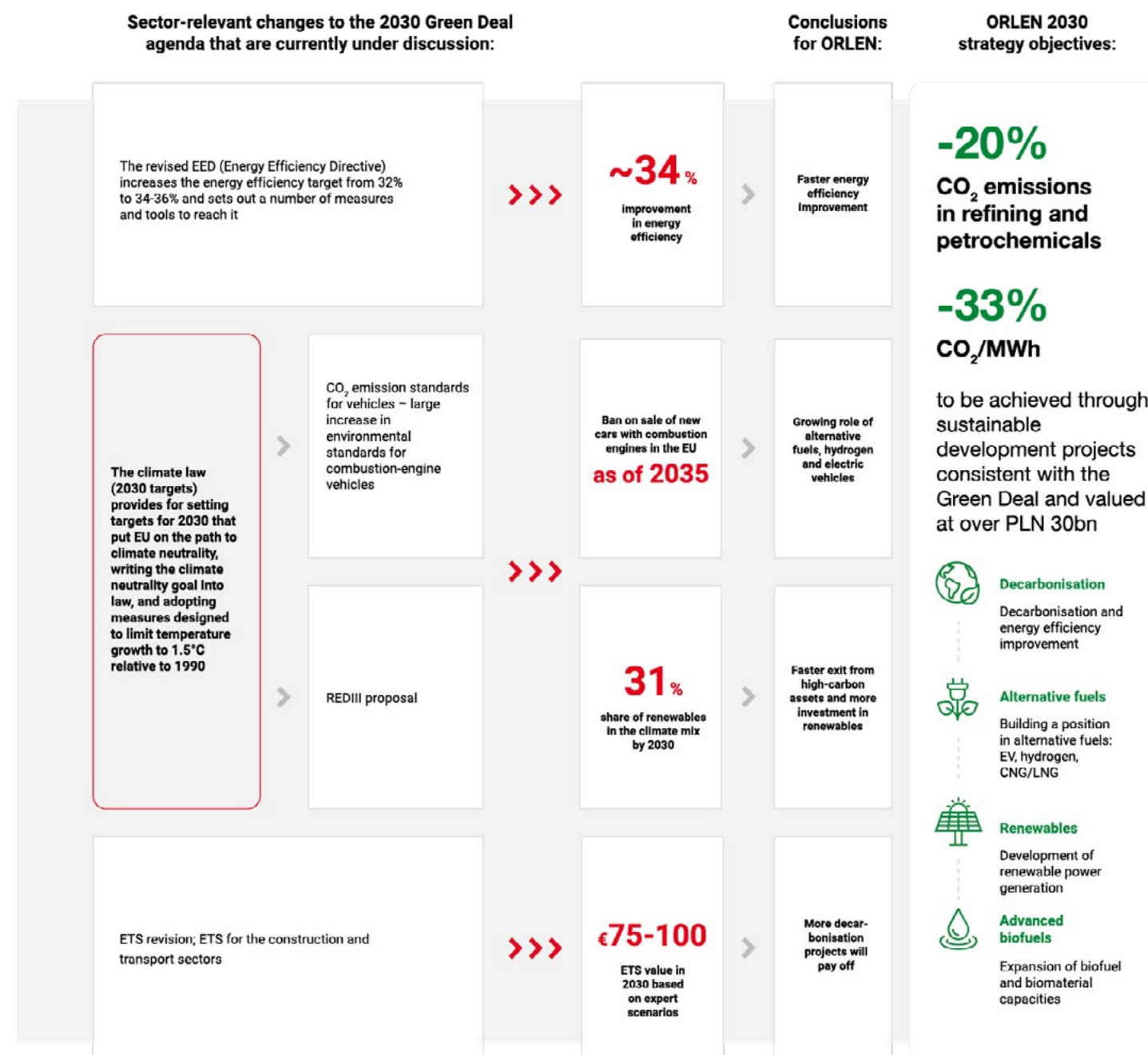


TRANSITION RISKS

The ORLEN Group analyses new regulations resulting from the European Green Deal on an ongoing basis and adjusts its business models accordingly. The ambitious agenda of the ORLEN 2030 business strategy is designed to capture the opportunities created by Europe's economic transformation which aims to meet the obligations under of the Paris Agreement and implement the UN Agenda 2030.

Scheme 17.

Transition risks related to the European Green Deal



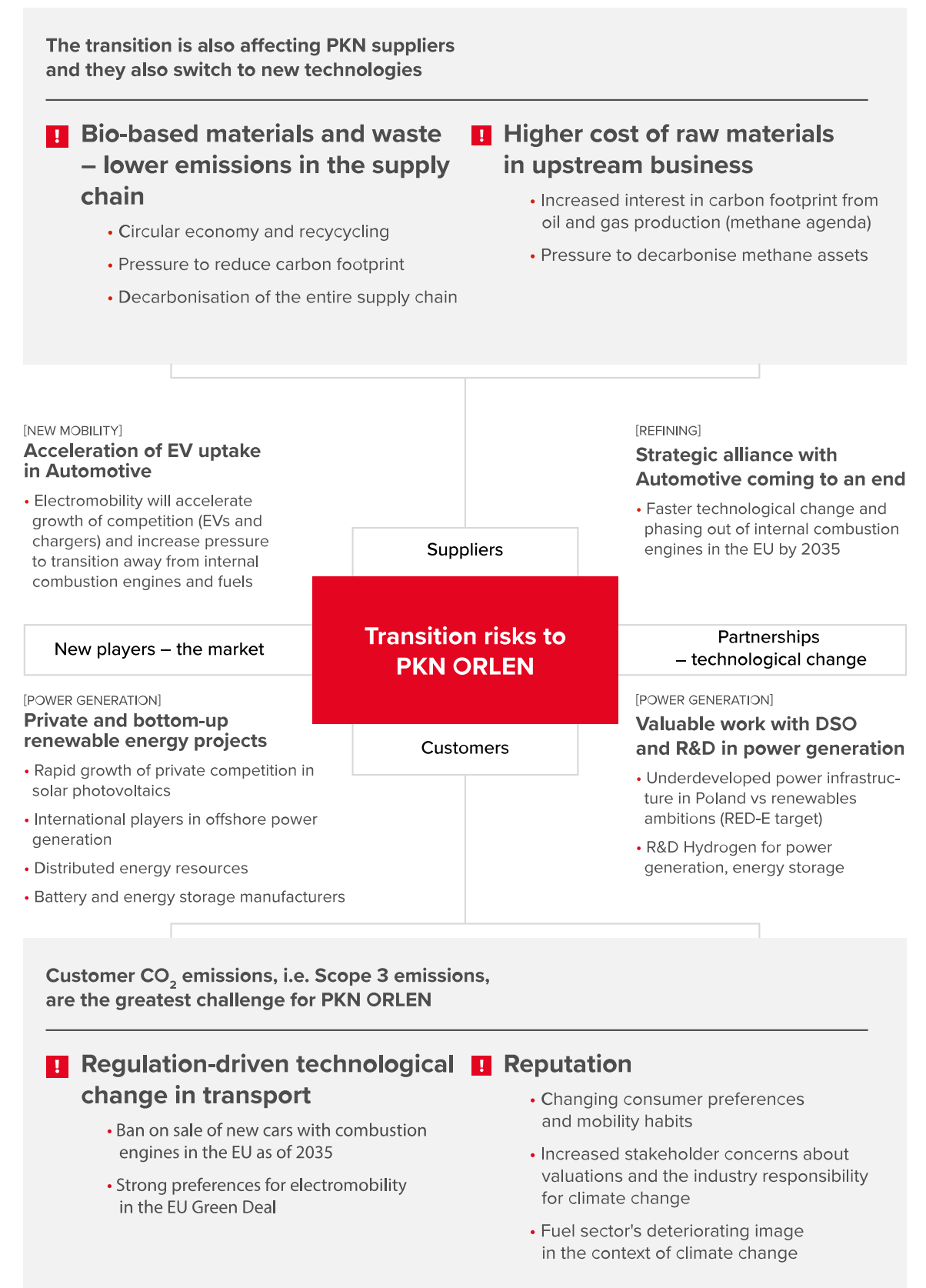
Source: ORLEN/plan prac KE na 2021

Source: Impact Assessment dla Climate Target Plan 2030

Regulatory risks until 2030 broken down by PKN ORLEN's four business segments

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Transition risks across the PKN ORLEN's value chain



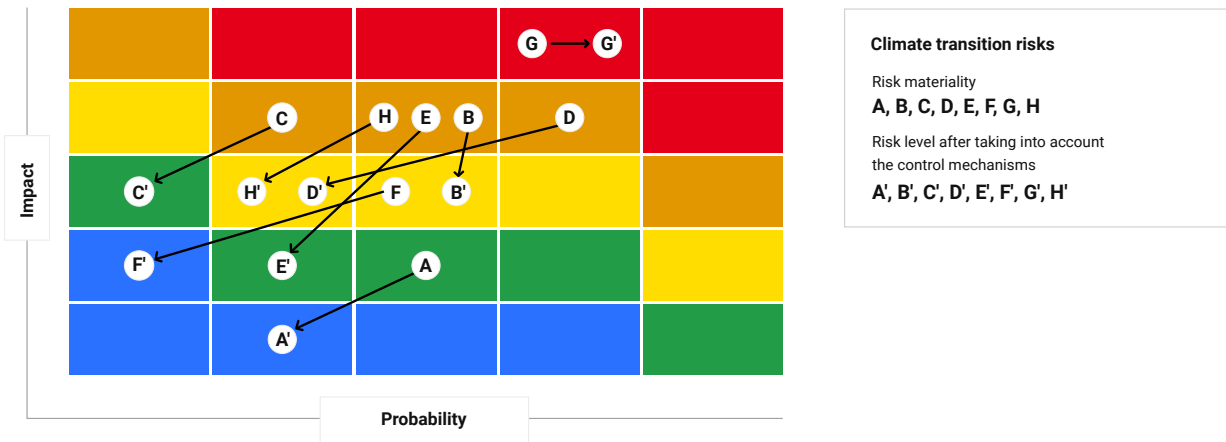
BUSINESS MODEL CLIMATE TRANSITION RISKS INTEGRATED INTO THE ENTERPRISE RISK MANAGEMENT SYSTEM

Climate transition risks			
Business models	Risk description	Risk mitigation methods	Risk development trend
A. Electromobility development programme	<ul style="list-style-type: none"> Compliance with the requirements of The Construction Law, Office of Technical Inspection (UDT), Act on Electromobility Inaccurate market development forecasts for electromobility Delays in the implementation of the charging stations development plan IT system implementation 	Monitoring progress of design and execution work at selected locations Implementation of the new chargers installation programme in accordance with the approved schedule.	↔
B. Development of onshore renewable energy sources (RES)	<ul style="list-style-type: none"> Failure to implement RES initiatives and strategic projects contemplated in the Group's strategy: <ul style="list-style-type: none"> Development of a RES portfolio based on wind and solar projects, Construction of the Wisła hydroelectric power plant 	Coordination of the Group's activities concerning legal and regulatory issues; monitoring changes in the legal environment; participation in the legislative process, including monitoring and providing opinions on legislative initiatives. Formation of a dedicated company – Energa Green Development, responsible for the development of RES With respect to the Wisła hydroelectric power plant: providing expert support to the project sponsor in project development and in obtaining administrative decisions.	Risk identified in the ORLEN 2030 Strategy
C. Implementation of decarbonisation initiatives in power generation	<ul style="list-style-type: none"> Failure to implement power generation decarbonisation initiatives and strategic projects contemplated in the Group's strategy 	Appointment of the NEW team; daily reporting on the progress of projects and initiatives.	Risk identified in the ORLEN 2030 Strategy
D. Development of offshore wind farms	<ul style="list-style-type: none"> Failure to obtain permits to construct and use artificial islands, structures and facilities (PSZW) Failure to win offshore auctions 	Monitoring and analysis of the regulatory environment of the offshore wind industry. Taking active steps to obtain new location permits in award procedures.	↔
E. Development of gas-based power generation	<ul style="list-style-type: none"> Delays in the commissioning of investment projects; unplanned budget overruns; failure to meet performance targets for individual units Failure to obtain financing from the capacity market; problems with securing the required administrative decisions in a timely manner or with concluding connection contracts with fuel suppliers and energy consumers 	Oversight of ongoing investment processes with the necessary external consultants Ongoing monitoring of project progress against schedules Mitigation of the regulatory risks by ongoing analysis of the capacity market regulatory environment and proposing amendments to the relevant legal acts where necessary.	Risk identified in the ORLEN 2030 Strategy

F. PKN ORLEN hydrogen programme	<ul style="list-style-type: none"> Regulatory risks (Construction Law, Office of Technical Inspection (UDT)) Inaccurate market development forecasts for hydrogen fuel Emergence of other major players in the market Risk of insufficient funding 	The project is at an early stage of development, and so is the hydrogen sector in Poland ORLEN Group employees are involved in regulatory processes concerning the hydrogen industry.	Risk identified in the ORLEN 2030 Strategy
G. Decarbonisation projects	<ul style="list-style-type: none"> No defined projects to meet the 2030 Strategy objective Further proposals of regulatory changes (Green Deal Fit for 55 package) 	The decarbonisation project is in its early stage Taking steps to identify and operationalise further decarbonisation projects/initiatives (feasibility study for decarbonisation of the Plock production plant, CCU feasibility study).	Risk identified in the ORLEN 2030 Strategy
H. Implementation of sustainable development initiatives	<ul style="list-style-type: none"> Risk of loss of the market position and growth opportunities due to insufficient investment in sustainable development projects 	Ongoing monitoring of the activities, economic analysis of projects	Risk identified in the ORLEN 2030 Strategy

Colour highlighting the risk name Risk materiality for the organisation	critical	high	medium	low	very low
Colour of the arrows Risk level after taking into account the control mechanisms	critical	high	medium	low	very low
Risk development trend Year on year	↓ Risk decreases	↑ Risk increases	↔ Risk is stable		

Effects of application of control mechanisms in risk management – positioning of risks on the risk map



SHORT- AND MEDIUM-TERM PHYSICAL CLIMATE RISKS INTEGRATED INTO THE ENTERPRISE RISK MANAGEMENT SYSTEM

Climate risks			
Business models	Risk description	Risk mitigation methods	Risk development trend
A. Reliability of raw water supply to the production plant	<ul style="list-style-type: none"> Faulty flood protection system No flood prevention committee / flood prevention committee does not cover all required locations No monitoring or ineffective monitoring of flow pressure in manifolds Faulty anti-flood valves Equipment replacement schedules are not aligned with failure statistics and results of technical condition surveys 	<p>Lack of raw water supply will result in disruptions to the operation of all units of the PKN ORLEN production plant Raw water supply is continuously monitored by the technical and plant maintenance staff.</p>	↔
B. Reliability of water supply to the fire-fighting system	<ul style="list-style-type: none"> Hydraulic tests/analyses are not performed The Company Fire Brigade does not conduct drills / manoeuvres using the existing fire-fighting infrastructure Emergency pumping station – pumping station tests, flushing, etc. are not performed as scheduled Fire hydrants are not regularly inspected by the fire service Preventive replacements of the most worn-out parts of the system are not performed No protection or insufficient protection of water against corrosion and living organisms 	<p>Measures taken, such as hydraulic tests, Company Fire Brigade's drills, pumping station tests, fire hydrant inspections, quality tests of water for fire-fighting purposes, and replacement projects, eliminate the risk of disruptions in water supply to the Company's fire-fighting system.</p>	↔
C. Risk of failure to supply circulating water with the required thermal, quantitative and qualitative parameters to the production plant units	<ul style="list-style-type: none"> Circulating water in the required quantity and with the required pressure cannot be supplied to the production plant units Circulating water with the required temperature cannot be supplied to the production plant units No protection or insufficient protection of water against corrosion and living organisms 	<p>The availability of cooling water with appropriate quality parameters and required pressure enables the proper operation of the production units: 24-hour supervision over the process of water treatment and supply, 24-hour monitoring of the quantity and pressure of circulating water supplied to the production units, 24-hour monitoring of the water cooling process.</p>	↔
D. Maintenance of the logistics infrastructure (fuel terminals, transmission pipelines)	<ul style="list-style-type: none"> Failure of storage infrastructure Failure of the loading and unloading infrastructure Product pipeline leakage 	<p>Concluded contracts for the servicing and maintenance of equipment and facilities at the terminals and long-distance pipelines significantly reduce the probability of the risk materialising and its possible financial consequences.</p>	↔
E. Availability of energy for the production plant units and other customers	<ul style="list-style-type: none"> External constraints on the availability of fuel, electricity, and natural gas in the long term Machinery, equipment or network/grid failures resulting in supply interruptions Electricity or heat supply interruptions due to equipment malfunctions 	<p>Appropriate plant maintenance policy in place and reporting on key technical indicators, including availability of turbines and boilers, reduce the risk of losses due to disruptions in the refinery's operation caused by lower than expected availability of resources such as electricity, process steam and useful heat.</p>	↔
F. Implementation of technical solutions which fail to deliver the expected outcomes	<ul style="list-style-type: none"> Lack of quality products High production losses High energy intensity of processes 	<p>Analysis of licence provider's documentation; analysis of the adopted solutions and proposing steps to be taken to increase energy efficiency of a project and/or improve product quality Deployment of proven solutions at the ORLEN Group; project and process prediction These measures help to mitigate the risks, including risks associated with high energy intensity of processes or products of insufficient or poor quality Plant's energy intensity must be optimised for the existing infrastructure.</p>	<p>Risks identified in the course of the current self-assessment process</p>
G. Failure to implement a low-temperature heat utilisation programme	<ul style="list-style-type: none"> No low-temperature heat utilisation programme is implemented 	<p>Monitoring the effects of the implemented SIZI initiatives; managing the effects taking into account the current macroeconomic conditions Implementation of the project as planned – project monitoring based on reports from the area of implementation and PEI reports The solutions implemented at the units operate properly and deliver the expected results Given the risk of delay in the implementation of the planned solutions, additional weekly monitoring with the participation of the contractor has been introduced.</p>	↔
H. Lack of thermal integration of the key refinery units	<ul style="list-style-type: none"> Thermal integration of the key refinery units is not ensured 	<p>Monitoring the effects of the implemented SIZI initiatives; managing the effects taking into account the current macroeconomic conditions Activities completed in two out of three units selected for implementation No risk of failure to implement the last project by the set deadline.</p>	↔
I. Efficiency improvement at key ORLEN Group units	<ul style="list-style-type: none"> No improvement of the energy intensity ratio at the Olefins unit at PKN ORLEN and ORLEN Unipetrol No improvement of the energy intensity ratio at the PX/PTA units Excessive losses and own consumption in petrochemicals Ineffective utilisation of the Olefins production capacity 	<p>All key energy efficiency improvement projects planned in the strategy for 2013–2017 have been completed. Further optimisation projects are being implemented under the current ORLEN 2030 strategy.</p>	↔

Colour highlighting the risk name
Risk materiality for the organisation

- critical
- high
- medium
- low
- very low

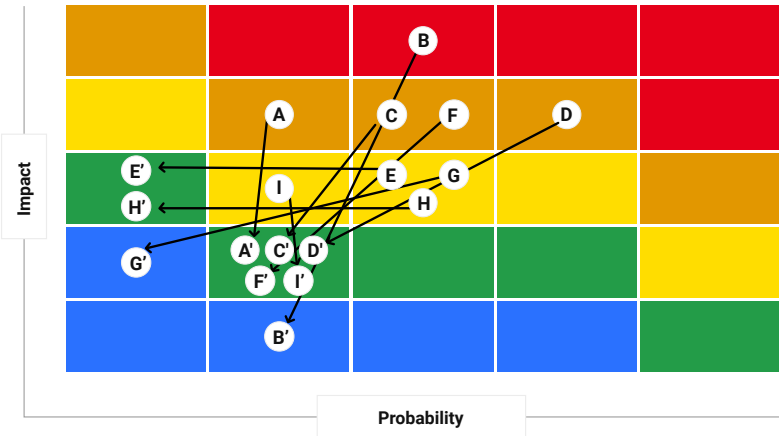
Colour of the arrows
Risk level after taking into account the control mechanisms

- critical
- high
- medium
- low
- very low

Risk development trend
Year on year

- ↓ Risk decreases
- ↑ Risk increases
- ↔ Risk is stable

Effects of application of control mechanisms in risk management
– positioning of risks on the risk map



Climate risks

Risk materiality

A, B, C, D, E, F, G, H, I

Risk level after taking into account the control mechanisms

A', B', C', D', E', F', G', H', I'

Long-term physical climate risks and mitigation measures to be applied in the long term after 2030

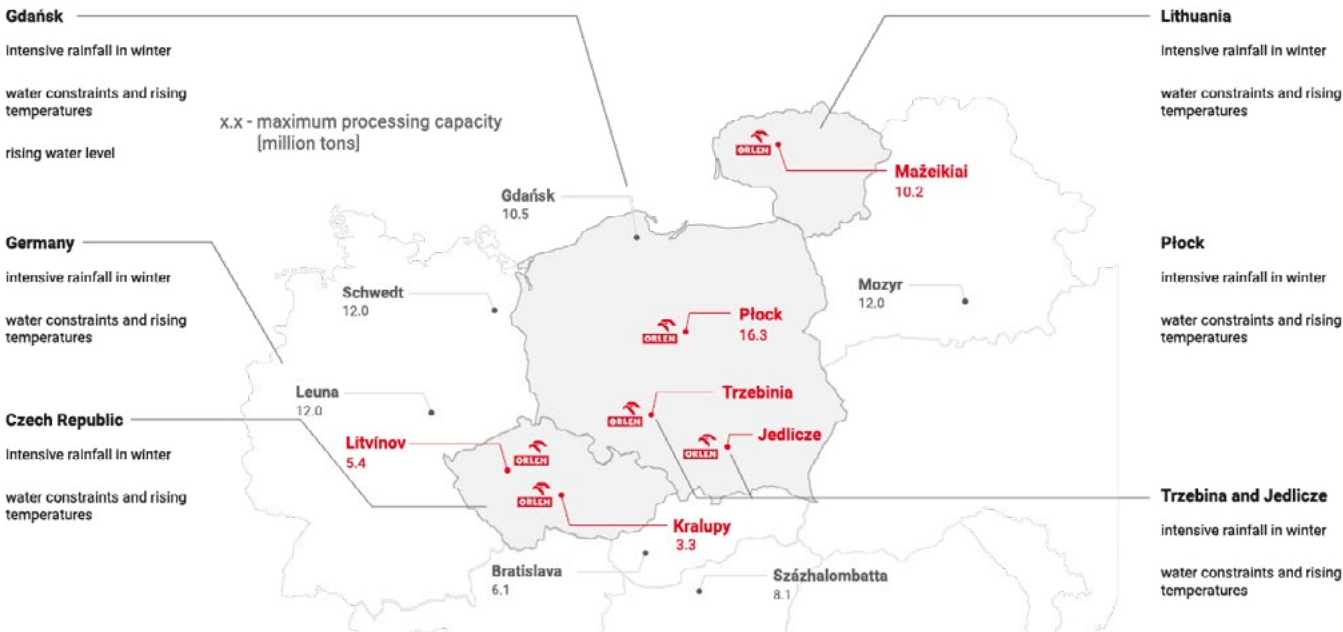
The active approach of the ORLEN Group is contributing to mitigating adverse effects of climate change for the Group after 2030

Table 27.

Climate risk	Expected impact	ORLEN Group's mitigation measures
<ul style="list-style-type: none">● Extreme weather● Rising water level	Higher probability of local floods caused by rainfall irregularities	<ol style="list-style-type: none">1. PLN 25m investment in new water and sewage system technologies2. Implementation of flood protection standards3. Reduction of water consumption in 2020 by 55% relative to 1980
<ul style="list-style-type: none">● High temperatures● Droughts	Potential reduction of water available for withdrawal from rivers and groundwater, combined with higher water demand	<ol style="list-style-type: none">1. 55% improvement in water management relative to 19802. Implementation of best practices and instruments in water management at industrial plants
<ul style="list-style-type: none">● Rising temperatures	Impact on technological processes and employee productivity, higher water demand	<ol style="list-style-type: none">1. Implementation of alert systems and improvement of fire protection technologies2. Reduction of emissions to improve air quality3. Improved fire protection management

Scheme 20.

After 2030, more significant impact of climate change on the markets where the ORLEN Group operates may be expected:



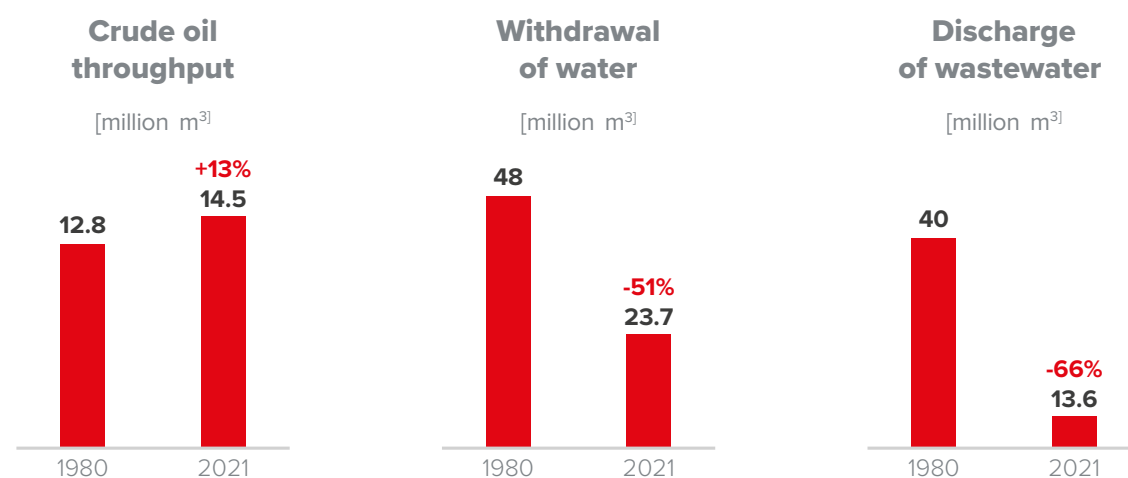
Source: ORLEN, based on European Environment Agency materials

Mitigation of risks associated with water and wastewater management

The process of water and wastewater management at PKN ORLEN has for years focused on the optimisation and efficiency of water withdrawal and consumption. The effectiveness of our responsible management of water resources and investments in state-of-the-art technologies is demonstrated by the developments seen at the Płock refinery over the last 40 years, where steady growth of production and crude oil processing was accompanied by a gradual decrease in the water consumption and wastewater discharge volumes.

Chart 9.

Reduction of water consumption and wastewater discharge volumes vs crude oil throughput in 1980–2021



PKN ORLEN uses 23.7 million m³ of water a year, with 905 million m³ of water circulating in its systems annually.

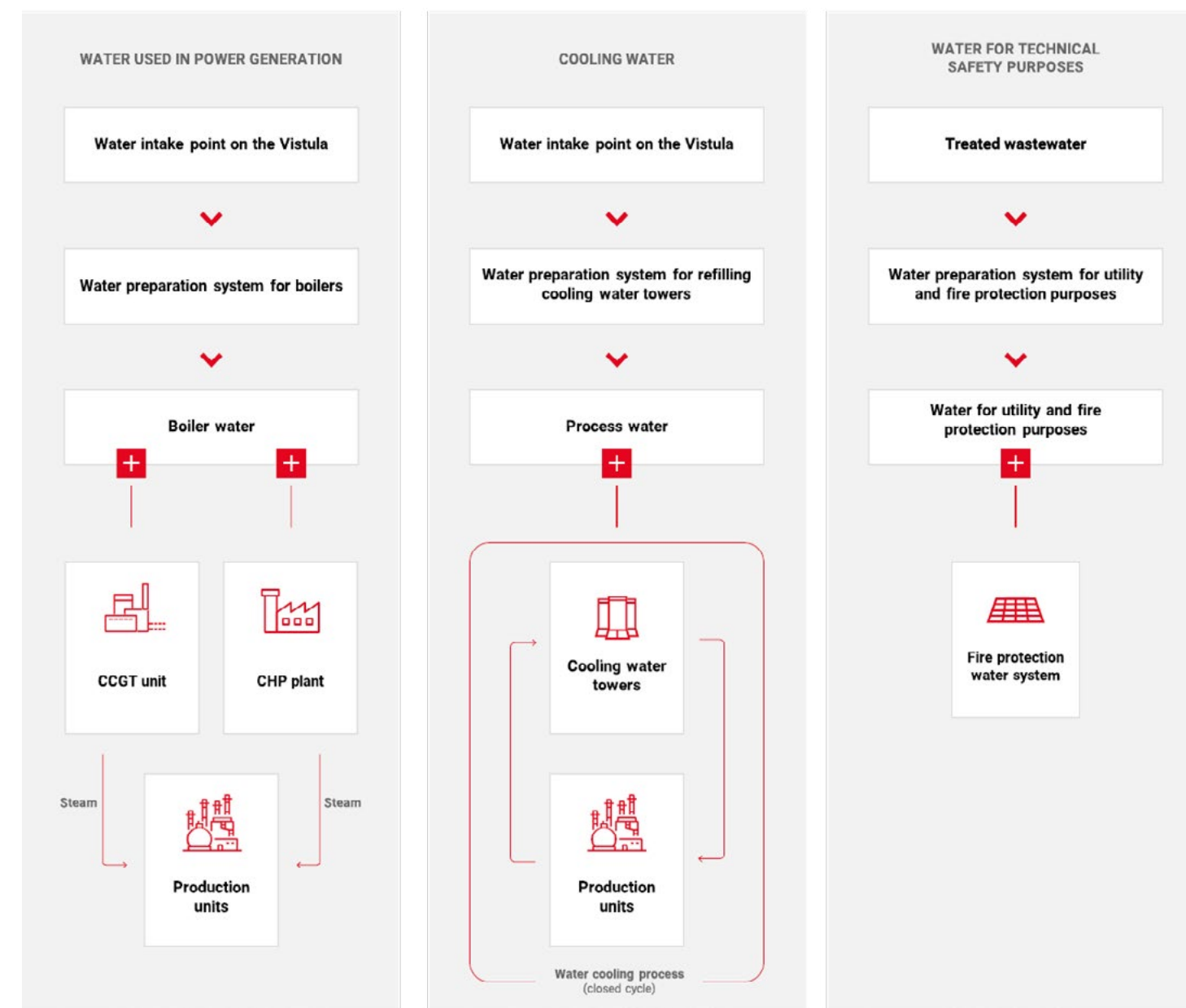
Water is essential for the operation of the production plant in Płock. It is used for:

- power generation;
- cooling;
- technical safety.

Water for power generation and cooling purposes is sourced from the Vistula, whereas all water for technical safety purposes is produced from wastewater treated on the plant premises, which is an element of a semi-closed loop water system. Cooling water is abstracted from the Vistula and then treated to remove impurities. This water, called process water, is directed to cooling water towers, where it is added to the water circulating in the closed-loop system between the cooling water towers and the production

Scheme 21.

Water cycle at the Płock production plant



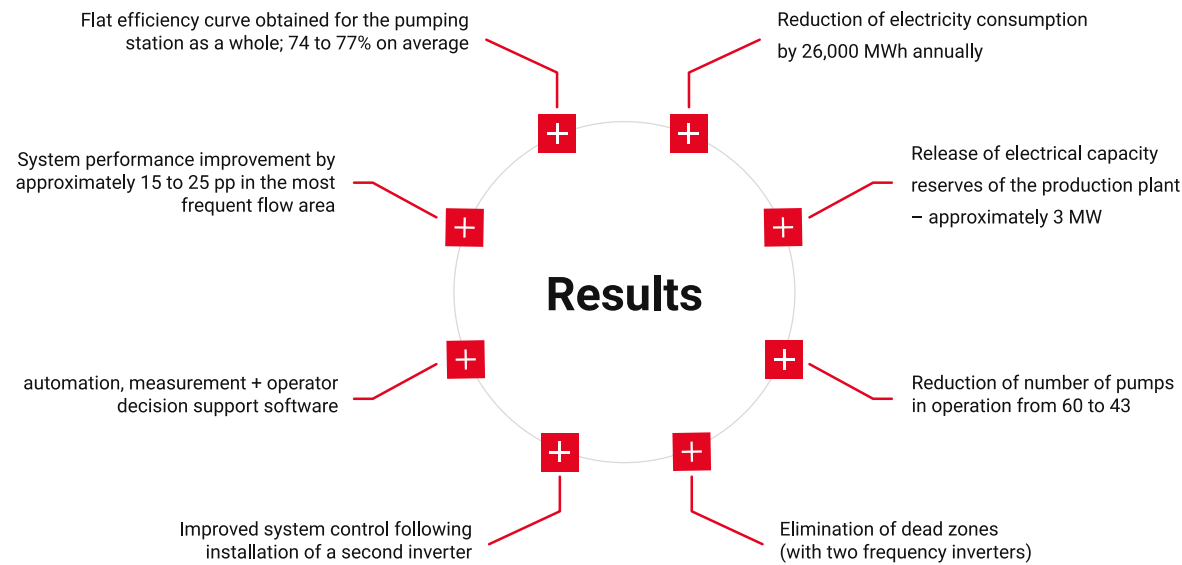
units. Cooling water needs to be refilled to make up for its losses (of about 2% of the total amount of the cooled water) caused by partial evaporation during cooling processes in the cooling towers.

Water for technical safety purposes is water produced from treated wastewater and subjected to a final purification process. Water for fire-fighting purposes is directed

to the Company's fire hydrant network to be used in case of fire. A part of this water is directed to the utility water hydrant network and is used for other technical purposes at the plant. The plant also produces drinking water for its own use. From water drawn from the Company's own deep wells located in the area of Biała Stara and treated on the premises of the production plant.

Scheme 22.

Water cycle at the Płock production plant



Energy saving measures include:

1. Operation of pumps with frequency inverters.
2. The inverter can control any of the power supply units available at the pumping station. The leading parameter for the operation of an inverter is the pressure in an operating manifold.
3. Pumping water through three manifolds instead of one.
4. Each meter of pumping height means some 10.5 kW of additional power consumption. If a single pipeline is in operation, linear losses grow in line with the increase in flow velocity, resulting in an increase in the pumping height and thus in higher power consumption.
5. Maintaining a low water level in the tower tanks reduces the pumping height and thus mitigates power consumption growth.
6. The purchase of a new inverter improved the control efficiency by a few per cent.
7. Effect: reduction of electricity consumption by 3,000,000 kWh a year.

Chart 10.
Production of cooling water million m³

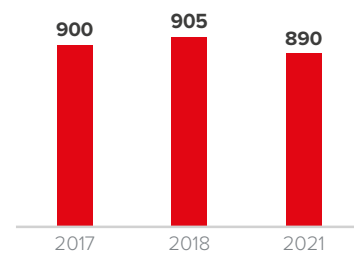
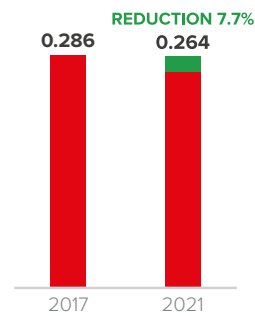


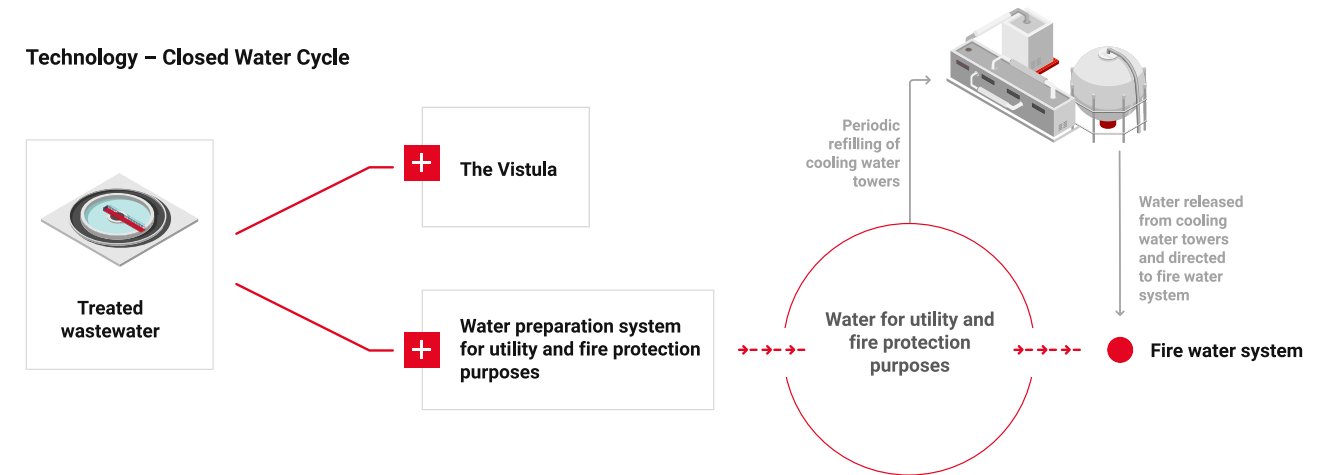
Chart 11.
Electricity consumption rate for water circulation kWh/m²



Scheme 23.

Efficient water and wastewater management

Technology – Closed Water Cycle



Measures taken to reduce water consumption by the production plant

- Wastewater redirected to be used to produce water for utility and fire protection purposes
- Closed cycle cooling systems – minimising water losses
- Efficient use of cooling water through its recirculation in closed cycle cooling systems
- Reuse of water used in desalination of cooling water towers by directing it to the utility and fire protection water system
- Minimising losses in the water treatment process
- Recovery, treatment and reuse of condensates
- Reuse of water used in tank pressure tests by directing it to the utility and fire protection water system

Approximately 3.7 m³ of wastewater per year is recycled to produce water for fire-fighting purposes at the Płock production plant.

CAPITAL EXPENDITURE ON ENVIRONMENTAL PROTECTION

PKN ORLEN is dedicated to the development of renewable energy sources. Along with other entities, including ORLEN Południe, it has signed an agreement to step up activities in the area of biogas and biomethane. The development of this segment of the renewable energy sector will play an important role in increasing Poland's energy security and reducing imports of energy resources. This is yet another initiative of PKN ORLEN aligned with the ORLEN 2030 strategy objective of achieving carbon neutrality by 2050.

ORLEN Południe, a member of the ORLEN Group, has signed a contract for the construction of UCO (used cooking oils) and FAME (fatty acid methyl esters) production and distillation lines in Trzebinia; the new facilities will convert vegetable oils and animal fats into 30,000 tonnes of esters and 7,000 tonnes of glycerine annually. Deploy-

ment of these innovative and environmentally friendly solutions will mark yet another milestone in the process to transform ORLEN Południe into a state-of-the-art bio-refinery. It will also step up development of alternative fuel lines, which is one of the ORLEN Group's strategic objectives. The project in Trzebinia, with a value estimated at approximately PLN 127.5m, will be completed in the first quarter of 2023. Importantly, the project is also aligned with the EU's Renewable Energy Directive II, offering special incentives to encourage the processing and reuse of waste products, and will contribute to the reduction of CO₂ emissions, in line with the National Reduction Target.

In 2021, as part of the process to adapt its petrochemical units to the best available techniques (BAT) for large volume organic chemicals (LVOC), PKN ORLEN completed construction of a continuous flue gas monitoring system at the olefin furnaces and the paraxylene unit. In 2021, the necessary decisions were obtained for the construction

of Claus unit for gaseous hydrogen sulphide treatment and SCOT (shell Claus off-gas treatment) unit for tail gas treatment (TGTU). In addition, a new tank with a capacity of 10,000 m³ and a floating roof is under construction at the sewage treatment plant of the Płock production plant, which will reduce fugitive emissions of volatile organic compounds (VOCs) and limit the odour nuisance from open storage reservoirs. Steps were taken to prepare the Płock production plant for co-hydrogenation of vegetable oils (VO) and used cooking oils (UCO) to achieve the National Indicative Target of 8.5% of fuel biocomponent production. PKN ORLEN has been also implementing solar photovoltaic projects. In 2021, work was under way to construct a solar PV plant at the CCGT unit site in Włocławek and on PKN ORLEN's site in Płock.

Line drainage system and water supply/sewerage/sanitary connections were constructed, and washers and separators were installed at PKN ORLEN distribution facilities (at newly constructed facilities in new locations or at existing purchased/leased facilities being adapted to the Company's standards). At PKN ORLEN's fuel terminals, wastewater treatment systems were upgraded and vapour recovery systems were installed for handling operations.

PKN ORLEN expanded its leak detection and repair (LDAR) system to cover more production units, this time in the petrochemical section of the Płock and Włocławek production plants. Hence, the relevant requirements of Best Available Techniques were fully met in a timely manner.

The purpose of the project is to identify, monitor and reduce diffuse emissions of volatile organic compounds, thereby contributing to the reduction of the plant's environmental impact and feedstock and product losses, as well as to improving the process safety and staff's working conditions.

Roughly 170,000 potential emission points were examined at 16 production units as part of the implementation activities in the petrochemical section of the Płock and Włocławek production plants. Importantly, the examination showed a very low leak rate of less than 1% at the petrochemical units.

The total cost of environmental projects incurred by PKN ORLEN in 2021 was almost EUR 21m.

A number of investment projects were carried out in ORLEN Lietuva process units where high-pressure steam was replaced with low-pressure steam, thus reducing the consumption of gas fuel. Upgrade of the heat exchangers and sealing of the heaters enabled reuse of heat for



The total cost of environmental projects incurred by PKN ORLEN in 2021 was almost **EUR 21m.**

heating lower temperature streams. The projects have helped to optimise fuel and energy consumption for the production of process steam.

ORLEN Unipetrol completed the construction of a new boiler house at the steam cracking unit, which now meets the BAT emission requirements for LVOC units. The company also carried out a number of projects concerning wastewater management, which included: replacement of the industrial sewage pipeline, installation of equipment for collection and transport of sludge at the wastewater treatment plant, commissioning of new pumping stations, and commencement of construction of an emergency sulfur drain and overflow tank.

A state-of-the-art flue gas desulphurisation unit was constructed at Energa Elektrownie Ostrołęka, significantly reducing SO₂ and dust emissions. At Kalisz CHP Plant, a peak-load/reserve water gas-fired boiler house was constructed, with two 20 MWt boilers and one 10 MWt boiler.

Installation of a heat pump along with photovoltaic system and adjustment of the central heating system was completed in the ORLEN KolTrans administration building in Włocławek.

In November 2021, ORLEN Projekt completed another environmentally friendly project. An AC charging station for electric cars was installed next to its office building in Płock, where two cars can be charged simultaneously. The rated power of each charging point is 22.1 kW. The AC charger is equipped with a standard connector that allows charging of almost every electric car model available in the European Union. The power is obtained from a micro PV installation built in 2020 by ORLEN Projekt. Renewable energy from this source is sufficient for roughly 1,300 charging cycles, which fully covers the company's current fleet requirements, bringing us closer to zero emissions. ORLEN Aviation also implemented a solar photovoltaic



programme: electricity generated by solar panels currently covers 5% of its electricity demand.

Furthermore, renewable energy projects were implemented by other companies of the ENERGA Group, ANWIL and ORLEN Południe.

ORLEN Południe also upgraded the sewage sludge dewatering node within the central separator, thus reducing waste volumes.

PKN ORLEN, ORLEN Eko, and ANWIL undertook adaptation measures based on a review of their waste recovery and disposal units' compliance with the requirements under the Commission Implementing Decision establishing the best available techniques (BAT) conclusions for waste incineration. The waste incineration plant at PKN ORLEN's PTA plant will be adjusted to the requirements of the BAT conclusions for energy recovery and emissions monitoring. ORLEN Eko commenced work

at its incineration plant (ITPON) to meet more stringent requirements concerning air emissions and wastewater discharged to the sewage system. At the same time, work was under way to adapt the waste shredding and disposal facility to the emissions monitoring requirements of the BAT conclusions for waste treatment. The facility will be equipped with a scrubber for plant air purification. In addition, the construction of a hazardous waste landfill section commenced, to provide safe storage of process residues from the incineration plant.

Investment projects implemented by ORLEN Group companies include organisational measures, such as implementation of environmental and energy management systems, staff training, environmental R&D, as well as technical projects aimed at mitigating the environmental impacts of the existing business segments and sustainable development of new business areas.

ENVIRONMENTAL COMPLIANCE

GRI 307-1

Operations of the Płock production plant are regulated under integrated permits, which cover all units, i.e. the refinery, petrochemical plant, central wastewater treatment facility, CHP plant and CCGT unit. PKN ORLEN also holds the required permits and has made relevant submissions necessary for the operation of the PTA and CCGT units in Włocławek and the Research and Development Centre in Płock.

The permits define emission limits which are safe for the environment and human health and whose observance is subject to monitoring. Emission volumes from 22 of

the plant's emitters are measured on an ongoing basis; measurements from the other emitters are taken periodically. In addition, PKN ORLEN has a modern automated air quality monitoring station fitted with state-of-the-art instruments, which constantly measures the concentrations of selected substances in the air. The station is part of the State Monitoring System, with the readings automatically transmitted to the Chief Inspectorate for Environmental Protection in Warsaw (GIOS) and posted on the Inspectorate's public website.

Integrated permits and sector permits need to be updated on an ongoing basis in order to keep up with the evolving legal environment and business needs.

In 2021, an amendment to the decision approving the monitoring methodology plan for PKN ORLEN units was obtained, granting permits for greenhouse gas emissions from the refinery and ethylene oxide and glycol units. Furthermore, an amendment to the decision of the Marshal of the Province of Bydgoszcz was obtained, granting PKN ORLEN an integrated permit for the 460 MW CCGT unit in Włocławek regarding compliance with BAT conclusions for large combustion plants (LCP) and an integrated permit for the PTA terephthalic acid production unit regarding waste processing and compliance with BAT conclusions for LVOC. PKN ORLEN secured a new decision of the Director of the Regional Water Management Authority in Gdańsk granting PKN ORLEN a water-law permit to discharge industrial wastewater containing substances particularly harmful to the aquatic

environment from the terephthalic acid unit at the PTA Plant in Włocławek into the sewage system belonging to ANWIL.

109 water-law permits were obtained altogether for PKN ORLEN service stations and fuel terminals in 2021.

Environmental compliance of the ORLEN Group's activities last year was verified by the Płock and Włocławek Branches of the Provincial Inspectorate of Environmental Protection and Polish Waters State Water Management Agency, which carried out **nine inspections** and identified **four instances of non-compliance**. Following corrective measures, the company applied for an amendment to the integrated permit regarding the operating hours of certain emitters. Another case of non-compliance was remedied by updating the method of presentation and reporting of the results of measurements made in connection with the operation of the central wastewater treatment plant. Moreover, the scope of groundwater monitoring was adjusted to match that specified in the integrated permit, and organisational measures were implemented to ensure proper supervision of data entered into the continuous air emission measurement system for the CCGT unit in Płock.

A total of 31 inspections were completed within the regional structures of PKN ORLEN (fuel terminals and service stations) by competent environmental authorities. **Three follow-up orders** were issued as a result of the inspections, imposing certain requirements regarding water and sewage management and the need to update the notification for service station facilities. The requirements were fulfilled.

In 2021, **75 environmental inspections** were carried out at ORLEN Group companies, resulting in **11 follow-up orders**. The most important ones concerned the cleanup of contamination on the Baltic Sea resulting from failure of ORLEN Lietuva's oil pipeline, bringing VOC emissions from the hydrogen production unit of the Mažeikiai refinery to the permitted level, and extension of the integrated permit regarding the type of substances present in the wastewater discharged to the environment from the oil terminal in Būtingė. Energa Kogeneracja was obliged to establish a new, extended range of parameters of fuels burned in the Żychlin CHP plant to ensure compliance with the applicable emission limits. ORLEN Południe was obliged to clean non-operated wastewater collection and pretreatment facilities and record waste generated.

As a result of inspections carried out by competent administrative bodies, ORLEN Unipetrol was fined **EUR 7,800** for exceeding dust emission limits from the fluid catalytic cracking (FCC) unit at the Kralupy refinery following a dust collector failure. ORLEN Lietuva was charged penalties totalling **EUR 170** for VOC emissions and phthalates in wastewater.

ENVIRONMENTAL FEES AND CHARGES

Under the EU law, an entity using the natural environment and discharging substances to the environment is required to pay relevant fees and charges pro rata to the type and scale of its environmental impact. In Poland, environmental fees and charges are governed by the Environmental Protection Law. The ORLEN Group companies must pay fees for waste storage and gas and dust emissions from its process units, and fugitive emissions, for example from disinfectants used to prevent and reduce transmission of COVID-19.

In addition, under the Water Law Act, the ORLEN Group companies pay fees for withdrawal of underground and surface water and for discharge of effluents to water and soil.

In 2021, the companies paid environmental fees for air emissions, water withdrawal, discharge of effluents, and storage of waste in own landfills in a timely manner. Therefore, there were no additional payments resulting from failure to correctly calculate the fees or to meet the payment deadline.

Increased fee rates for water services were charged in connection with occasional non-compliance with the quality standards for sanitary wastewater discharged to the environment from PKN ORLEN service stations. To prevent similar incidents from occurring in the future, upgrades to the wastewater treatment systems are underway at distribution facilities.

As a result of protracted administrative procedures for the issuance of water permits, increased fee rates were also charged by the Polish Waters State Water Management Agency in respect of five service stations due to the lack of the permits.

BIODIVERSITY PROTECTION

GRI 304-1

GRI 304-3

GRI 304-4

PKN ORLEN implements initiatives supporting biodiversity conservation and endangered species protection.

The Płock production plant site and the adjacent land are nature-rich areas and home to rare, and in some cases protected, species.

This was confirmed by the botanists, ornithologists, ichthyologists and other scientists conducting a **wildlife survey** at that location and its adjacent area covering almost 1,300 hectares.

The project team, assisted by naturalists of a consulting agency, conducted field observations of flora and fauna, Which served as the basis for mapping the most precious habitats and the most interesting species of invertebrates, fish, birds, and mammals. In total, nearly 290 animal and plant species inhabit the area, of which almost 160 are included in the International Union for Conservation of Nature's Red List of Threatened Species.

Similar surveys were conducted by ANWIL, Energa Group, ORLEN Unipetrol and Spolana. The list of species living near our plants includes many animals that are sensitive to the quality of the environment.






Energa OZE mitigates the impact of its hydroelectric power plants on biodiversity in lakes and rivers and monitors the effects of related activities, including through participation in regular restocking of rivers and lakes and installation of fish ladders at hydroelectric power plants.

Scheme 24.

The biodiversity map shows the locations of protected and valuable species on the site of the refinery and petrochemical plant in Płock, and protected habitats of the greatest interest and value in adjacent areas.



Płock plant and adjacent areas friendly even to rare species

-  Plants – 3 protected species
-  Nearly 500 fish of 13 species
-  Over 100 species of birds, including 80 identified as breeding species
-  10 amphibian species and 3 reptile species
-  25 mammal species, including 13 strictly and partially protected species

Protected areas in which Energa OZE's plants and units are located:

Table 28.

Protected areas	Number of areas
Natura 2000 Special Areas of Conservation	10
Natura 2000 Special Protection Areas	7
Nature reserves	2
National/landscape parks	3
Protected landscape areas	12

In 2021, Energa Elektrownie Ostrołęka commenced a project to investigate the impact of Ostrołęka B Power Plant on the ichthyofauna of the Narew river. The investigation aims to assess the current condition of the ichthyofauna and plan measures to eliminate potential adverse impacts of the power plant.

As part of the Energy of Biodiversity initiative, a comprehensive environmental and educational project, wildflower meadows were sown to increase biodiversity. The project

was implemented in Ostrołęka, where nearly 2.7 hectares of meadows were created on a combustion waste landfill site and in front of the company's head office.

Also, Energa Group companies, in collaboration with naturalists, undertake white stork conservation initiatives and related education projects in Poland. A programme to secure nests built by storks on low-voltage power poles have been in place for over two decades. The number of nest platforms installed in the area where Energa operates is about 12 thousand.

Table 29.

List of protected areas and areas of high biodiversity value where Energa Operator operates HV lines:

Protected areas	Number of areas	Length of HV lines (km)
Landscape parks	17	178
Landscape park buffer zones	12	221
Nature reserves	12	5
Nature reserve buffer zones	6	5
National park buffer zones	1	5
Protected landscape areas	91	1,277
Natura 2000 sites	68	617

For the fifth time in 2021 PKN ORLEN joined a Responsible Care Programme initiative called Tree for a Bottle, where expired medications and electronic waste were collected from employees. In exchange for a tree sapling, the symbol of the campaign, provided by the Responsible Care Programme secretariat.

Over 1,000 tree saplings were distributed as part of the campaign.

Recognising the problem of honeybee extinction, PKN ORLEN is actively engaged in honeybee conservation efforts, having established a partnership with the Warsaw Province Agricultural Advisory Centre (MODR) in Płock in 2017. Two apiaries with 20 hives and over 800,000 bees operate in the immediate vicinity of its plant. Also, a programme to protect the Kampinos breed honeybees was launched. Another apiary was set up in partnership with the Zootechnical Institute of Balice in the summer of 2021 for ten bee families. In collaboration with the Meadow Foundation, three wildflower meadows were planted in Płock, covering a total area of 22.5 acres, to increase local biodiversity, support pollinators and improve the local microclimate.

PKN ORLEN works with the SOKÓŁ Society for Wild Animals, supporting the peregrine falcon conservation efforts in Poland. The peregrine falcon is listed on the Polish Red List of Animals as a CR (critically endangered) species. The pro-

gramme is a showcase of PKN ORLEN's long-term environmental initiatives. Falcons living on PKN ORLEN's premises are closely monitored all year long, based on inspections of nest boxes, video recordings and photographs of nesting falcons, as well as ringing of falcon nestlings.



The monitoring enables continuous observation and regular checks, particularly during the breeding season, which is an exciting experience every year (https://a. orlen.pl/PL/Odpowiedzialny_Biznes/Gniazdo_soko%c5%82o- w_w_PKN_ORLEN/Strony/default.aspx).

Peregrine falcon nests are also to be found on the sites of ORLEN Unipetrol and ANWIL. ANWIL runs other environmental initiatives, including Mr Carp Restocks the Vistula, A programme singled out by the Ministry of Development as one of the 30 most valuable environmental projects of the last three decades.

The area around Spolana's plant, and the retention pond in particular, is a refuge for many protected and endangered species. The presence of otters, teals, kingfishers and trout, which are species very sensitive to the quality of the environment, indicates the site is clean. Since 2018, Spolana has been taking care of the bee hives located on the site of the former chocolate and saccharine factory, and regularly bottles floral honey of excellent quality, as confirmed by tests conducted by the accredited laboratory of the Beekeeping Institute.

Significant risks relating to the Group's business and the risk management methods

Environmental risks

Risks / processes	Risk description	Risk mitigation methods	Risk development trend
A. Environmental protection regulations	<ul style="list-style-type: none"> ● New stricter requirements, standards, financial and technical safeguards ● Failure to identify material environmental aspects in the operations ● Lack of valid environmental permits required by law ● Unavailability of measurement results and data to prepare the legally required reports and/or failure to submit the reports to governmental authorities 	<p>Actively participating and providing opinions, for example through industry associations and technical working groups, on new legislation issued at the EU and national levels Effectively delegating duties and responsibilities related to identification of the environmental aspects of regulations</p> <p>Monitoring the validity of provisions and effective dates of decisions issued by public administrative bodies A clear procedure to be followed in case new permits need to be secured or existing permits need to be updated in connection with a project</p> <p>Monitoring changes in emissions measurements, packaging records, waste records and calculation of environmental charges</p> <p>Verification of reporting templates and deadlines</p>	
B. Effectiveness of internal corporate environmental regulations	<ul style="list-style-type: none"> ● Unexpected introduction of national regulations resulting in the need to update internal corporate regulations ● Direct transposition and entry into force on the date of publication of new EU legal requirements (with continuous operation maintained) ● Non-compliance of internal procedures with the law or failure to include clauses required by law in procedures ● Prolonged internal regulation implementation process due to complexity of the organisational structure 	<p>Identification of enacted or proposed legal requirements, and periodic assessments of legal compliance of internal regulations</p> <p>Implementation of the ORLEN Group Compliance Policy Defining rules for the preparation and issuance of internal regulations</p>	

C. Monitoring and reporting of companies' environmental impacts

- Failure to meet the requirements and specific guidelines for monitoring CO₂ and greenhouse gas emissions
- Lack of an annual CO₂ emissions report, or negative result of verification of an annual CO₂ emissions report
- Lack of periodic emission measurement results and automatic emission measurements required by law
- Unlawful packaging and waste management
- Improper collective waste record keeping
- Lack of water and wastewater quality testing required by law
- Lack of records or measurement results and, consequently, lack of input data for legally required reporting to public authorities

Approval of CO₂ monitoring methodology plans for all process units

Clear rules for balancing CO₂ emissions, operating hours of emitters, and reporting of air emissions to government authorities Ensuring that the necessary accredited emission measurements are performed and that the results are made available

Delegating responsibilities in the packaging and waste management process in accordance with applicable procedures and the Standard

Monitoring volumes and types of waste to ensure compliance with relevant decisions of public administration bodies Increasing the share of recovered and recycled waste in waste management processes (circular economy)

Training staff in maintaining waste databases

Controlling the process of quantitative and qualitative wastewater discharge and water withdrawal

Monitoring production processes in terms of raw materials, materials, fuel, water and energy consumption

Environmental noise monitoring and protection against noise

Clear rules for submitting measurement results, reporting, and calculating and payment of charges for gas and dust emissions and fees for water services (implementing instructions regarding the performance of obligations imposed under integrated permits)



D. Soil and water pollution and remediation costs

- Failure to properly respond in case of groundwater contamination events/accidents
- Issuance of a decision with stricter protected area requirements
- Tightening of general regulatory requirements for reclamation
- Excessive remediation costs
- Inadequate provision for land remediation at fuel production and distribution facilities

Identification of the extent and degree of soil and water contamination for each event, and determination of geological and hydrogeological conditions of the site

Agreeing the rules for the remediation process across various business segments, and oversight of the scope and progress of remediation work

Monitoring (including piezometric monitoring) and reporting in accordance with applicable procedures

Maintaining and accounting for a land remediation provision and ensuring the provision is efficiently used



E. Perception of companies In terms of their environmental impact

- Negative perception of companies/brand by external stakeholders
- Growing market/public expectations regarding environmental protection
- Lack of public awareness of the companies' involvement in environmental initiatives

Delegating responsibilities in information flow and communication processes in the event of deviations in operating parameters of production and logistics facilities, including for planned maintenance and emergencies affecting the natural environment

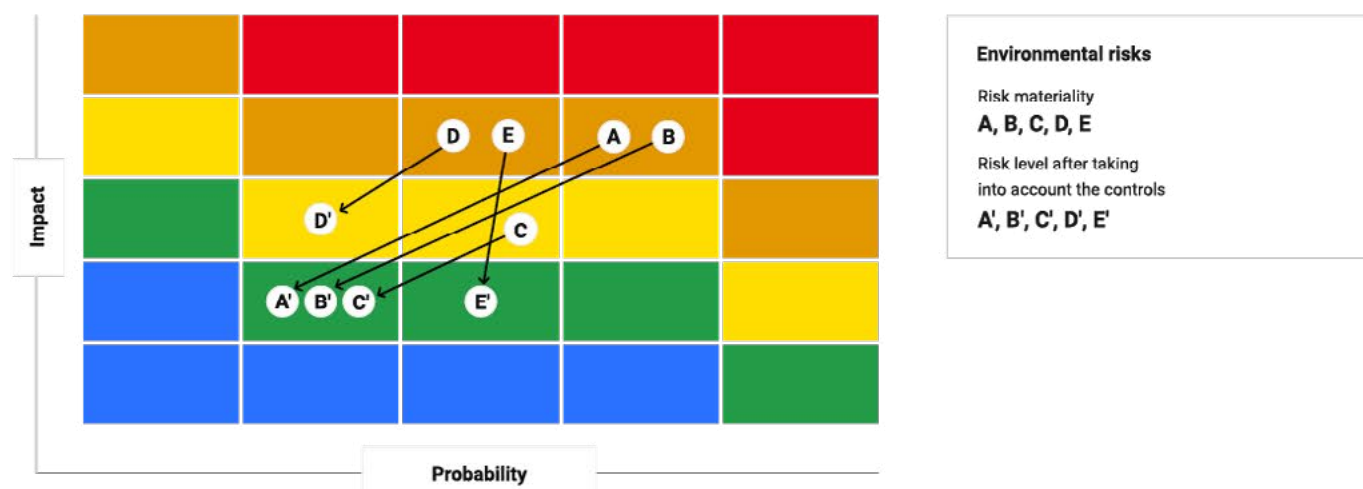
Providing environmental information and data for reporting purposes (including integrated reporting)

Partnering with non-governmental organisations on environmental protection, environmental education, environmental compensation, and organisation of environmental volunteering campaigns



Colour highlighting the risk name Risk materiality for the organisation	critical	high	medium	low	very low
Colour of the arrows Risk level after taking into account the control mechanisms	critical	high	medium	low	very low
Risk development trend Year on year	↓ Risk decreases	↑ Risk increases	↔ Risk is stable		

Effects of application of control mechanisms in risk management – positioning of risks on the risk map





OCCUPATIONAL HEALTH AND SAFETY

United Nations' Sustainable Development Goals 2030

Sustainable Development Goals 2030 pursued by occupational health and safety area implemented by PKN ORLEN and the ORLEN Group in 2021:



GRI Disclosures

GRI Disclosures described in this section:

GRI 103-1 Explanation of the material topic and its boundary

GRI 103-2 The management approach and its components

GRI 103-3 Evaluation of the management approach

GRI 403-1 Occupational health and safety management system

GRI 403-2 Hazard identification, risk assessment, and incident investigation

GRI 403-3 Occupational health services

GRI 403-4 Worker participation, consultation, and communication on occupational health and safety

GRI 403-5 Worker training on occupational health and safety

GRI 403-6 Promotion of worker health

GRI 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

GRI 403-8 Workers covered by an occupational health and safety management system

GRI 403-9 Work-related injuries

GRI 403-10 Work-related ill health

GRI 306-3 Significant spills

GRI OG13 Number of process safety events, by business activity

Our corporate motto:

Scheme 25.



Our ambition is to build an innovative and integrated multi-utility group with a presence in international markets. To achieve this goal, the group we are building needs to be strong also in terms of safety culture. Therefore, initiatives aimed at ensuring safe working conditions for employees of the ORLEN Group and its external contractors, as well as safety of operational and production processes play an important role in all aspects of our business. With this in mind, we initiate, develop, and implement multifaceted activities designed to continuously improve our work safety culture and maintain and develop effective safety standards. We pursue new solutions in this area, drawing on the experience of peer companies and cooperating with universities and R&D centres.

Overview

GRI 103-1 GRI 103-2 GRI 103-3

2021 saw continued efforts to deliver the ORLEN Group's **2017–2021 Personal, Process, and Fire Safety Strategy**.

As assumed in the Strategy, the key areas of focus in the pursuit of strategic objectives included:

- Continued implementation of uniform safety standards across the ORLEN Group under the Safety Plus+ project;
- Improving the contractor management system and developing contractors' commitment for the shared vision of working together to create a safe workplace;
- Initiating, designing, and implementing projects and solutions addressing the need to counter COVID-19 pandemic;
- Undertaking diverse activities aimed at increasing occupational safety awareness and promoting proactive attitudes among our staff and contractors.

Moreover, in 2021 we drafted the **ORLEN Group's Development Directions in Personal and Process Safety for 2022–2026**.

- The following factors were taken into account when outlining the development directions:
- The need to continue and further develop the strategic activities in the area of occupational safety which had been defined for 2017–2021;
- Adoption of the ORLEN 2030 Strategy and identification of actions and solutions to support its implementation;
- Identification of changing external and internal requirements concerning occupational safety;
- Issues related to awareness and changing of the perception of the occupational safety system by our employees and contractors.

The development directions have been defined for key management areas of the ORLEN Group's personal and process safety system:

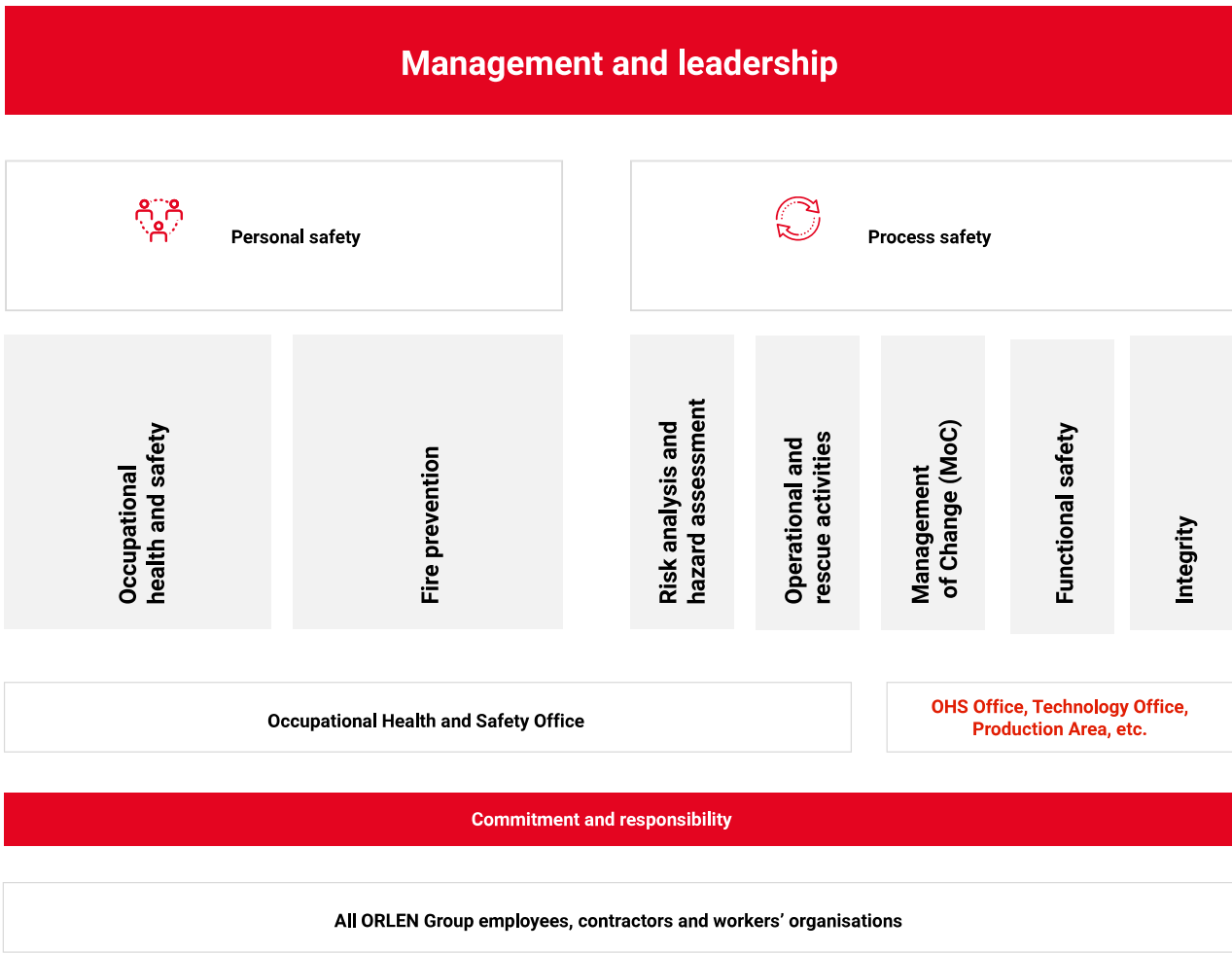
- **Management and leadership** – building a workplace safety culture within the Group in line with its values and a combination of individual and group values, attitudes, perceptions, competences, and behaviours;
- **Personal safety** – creating a safe and healthy working environment for the Group's employees, including a contractor supervision system, taking preventive

measures designed to ensure fire safety at the Group, and defining standards and relevant organisational initiatives.

- **Process safety** – activities involving definition of methods and measures to protect people and the environment against the consequences of industrial accidents; identification of existing needs before technological, process or organisational changes; organisational and technical measures undertaken at every stage of a process to guarantee safe process management, safety of the process personnel, and thus process reliability.

Scheme 26.

Structure of the ORLEN Group's safety management system until 2021



One of the key initiatives contemplated in the ORLEN Group's Development Directions in Personal and Process Safety for 2022–2026 is providing support in the area of occupational safety in connection with the acquisition of control over new companies and groups of companies. To this end, a coherent occupational safety management system will be created within the ORLEN Group, mainly with respect to the companies incorporated recently into the Group.

This will include defining a common work safety policy and implementing uniform safety standards across the ORLEN Group.

i One of the key objectives underlying the actions outlined above is to maintain the following occupational safety KPI levels: $TRR1) \leq 1.70$ and $T1PSER2) \leq 0.3$, while implementing the processes of acquisition of equity control over new companies / groups of companies.

In addition, the above development directions include activities related to:

- Maintaining and improving the Safety Plus+ project assumptions, broadening their scope to cover other ORLEN Group companies, implementing new safety standards, continuing the RETAIL+ and LOGISTICS+ projects;
- Improving supervision over the ORLEN Group's Company Fire Brigades;
- Defining key process safety principles;
- Defining key safety principles for operations involving handling of dangerous goods;
- Improving the contractor safety management system;
- Maintaining and developing preventive measures designed to reduce accident rates.

Non-financial key performance indicators

Personal and process safety KPIs at the ORLEN Group and PKN ORLEN in 2021

i The calculation of the following three KPIs: Combined TRR, Safety Culture Indicator, and TRIR did not include contractor data of two companies of the ORLEN Group, i.e. Poland Press Grupa and ORLEN Transport.

ACCIDENTS AND SAFETY KPIS

Total Recordable Rate (TRR¹) and Tier 1 Process Safety Events Rate (T1 PSER²)

Table 30.

Personal and process safety, including:	UoM	2021	2020
Total Recordable Rate ¹			
ORLEN Group	[number]	1.10*	0.72**
PKN ORLEN	[number]	0.77	0.56
Tier 1 Process Safety Events Rate ²			
ORLEN Group	[number]	0.06	0.05
PKN ORLEN	[number]	0.04	0.02

¹ Total Recordable Rate (TRR) – an internationally recognised metric of a company's rate of workplace accidents calculated as follows: (number of workplace accidents involving employees and contractors that result in days lost in a reference period / number of man-hours worked by employees and contractors in the same period) x 1,000,000.

² Tier 1 Process Safety Events Rate (T1 PSER) – number of process safety events according to API 754 (number of events of greater consequence related to substance release into the environment / number of man-hours) x 1,000,000.

* In 2021, ORLEN Transport and Poland Press Grupa did not report on all data components of the Combined TRR, i.e. they did not report on data relating to contractors, therefore the Combined TRR for the ORLEN Group inclusive of the ORLEN Transport and Poland Press Grupa data will be reported for 2022. In 2021, TRR for employees³ included data concerning employees of ORLEN Transport Sp. z o.o. and Poland Press Grupa. Therefore, in 2021 TRR for the ORLEN Group employees was 1.74, up on the 1.22 reported in 2020.

** In 2020, the Energa Group did not report on all data components of the Combined TRR, i.e. it did not report on data relating to contractors, therefore the Combined TRR for the ORLEN Group inclusive of the Energa Group data will be reported starting from 2021.

³ TRR for employees – (number of workplace accidents involving employees that result in days lost in a reference period / number of man-hours worked by employees in the same period) x 1,000,000.

Total Recordable Incident Rate (TRIR)⁴

Table 31.

TRIR ⁴ , including	UoM	2021	2020
TRIR ⁴ for employees			
ORLEN GROUP	[number]	0.35	0.33
PKN ORLEN	[number]	0.26	0.29
TRIR ⁴ for contractors***			
ORLEN GROUP	[number]	0.10	0.08
PKN ORLEN	[number]	0.13	0.07
TRIR ⁴ for employees and contractors***			
ORLEN GROUP	[number]	0.22	0.14
PKN ORLEN	[number]	0.15	0.11

⁴ Total Recordable Incident Rate (TRIR) – number of workplace accidents resulting in days lost in a period * 200,000 / number of man-hours worked in the period.

*** In 2021, ORLEN Transport and Poland Press Grupa did not report on all data components of the TRIR for contractors and TRIR for employees and contractors, i.e. they did not report on data relating to contractors, therefore the TRIR for contractors and TRIR for employees and contractors inclusive of the ORLEN Transport and Poland Press Group data will be reported for 2022. In 2020, the Energa Group did not report on all data components of the TRIR for contractors and TRIR for employees and contractors, i.e. it did not report on data relating to contractors, therefore TRIR for contractors and TRIR for employees and contractors inclusive of the Energa Group data will be reported starting from 2021.



Safety Culture Indicator⁵

In order to steadily improve the effectiveness of measures fostering a safe work culture, the ORLEN Group has put in place a Safety Culture Indicator, which combines the TRR, a reactive metric, with a proactive element in the form of management of any reported work safety hazards.

The Safety Culture Indicator enables monitoring of accident rates and of proactive measures, such as systems for reporting work safety hazards the purpose of which is to eliminate at source the risk of accidents.

Table 32.

Safety Culture Indicator ⁵	UoM	2021	2020
TRIR ⁴ for employees			
ORLEN GROUP	[number]	100****	100*****
PKN ORLEN	[number]	100	100

⁵ The Safety Culture Indicator is a sum of:
■ The product of the percentage showing achievement of the target for the combined TRR (company and contractors) by a company and 0.7 (accident rate weight in the Safety Culture Indicator),
■ The product of the percentage showing achievement of the target for the Risk Notification and Handling Indicator by a company and 0.3 (risk notification weight in the Safety Culture Indicator).

**** In 2021, ORLEN Transport and Poland Press Grupa did not report on all data components of the Safety Culture Indicator, i.e. they did not report on data relating to contractors and Work Safety Hazard Reports, therefore the Safety Culture Indicator for the ORLEN Group inclusive of the ORLEN Transport and Poland Press Group data will be reported for 2022.
***** In 2020, the Energa Group did not report on all data components of the Safety Culture Indicator, i.e. it did not report on data relating to contractors and Work Safety Hazard Reports, therefore the Safety Culture Indicator for the ORLEN Group inclusive of the Energa Group data is reported starting from 2021.

ACCIDENTS AT WORK INVOLVING ORLEN GROUP EMPLOYEES AND CONTRACTORS

GRI 403-9 GRI 403-10

Table 33.

GENDER	ORLEN Group				PKN ORLEN			
	2021		2020		2021		2020	
	Women	Men	Women	Men	Women	Men	Women	Men
Total number of accidents at work involving employees ⁶	12	93	4	78	1	12	1	13
Total number of accidents at work involving contractors ⁷	11	22	6	17	10	13	5	7
Total number of accidents at work involving employees and contractors	23	115	10	95	11	25	6	20

⁶ Number of employer-acknowledged accidents at work resulting in days lost and involving ORLEN Group employees.
⁷ Number of acknowledged accidents at work resulting in days lost and involving employees of the ORLEN Group's contractors who performed work for a Group company on premises owned or leased by a Group company. The definition of 'contractor' also includes employees of the PKN ORLEN service stations.

In 2021, the total number of accidents at work involving ORLEN Group employees increased, which was attributable to the acquisition of control over new companies / groups of companies in 2020–2021. In 2021, the Energa Group reported 46 accidents at work involving employees. The number of such accidents reported at Poland Press Grupa since March 1st 2021 was 5. The number of accidents at work involving ORLEN Transport employees has been monitored since June 22nd 2021, with no accidents reported over this period.

Table 34.

REGIONS ⁸	ORLEN Group										PKN ORLEN	
	2021					2020					2021	2020
	Poland	Czech Republic	Lithuania	Germany	Canada	Poland	Czech Republic	Lithuania	Germany	Canada	Poland	Poland
Number of fatal accidents at work involving contractors ⁶	91	11	3	0	0	63	15	4	0	0	13	14
Number of minor accidents at work involving contractors ⁷	33	0	0	0	0	17	6	0	0	0	23	12
Total number of accidents at work involving contractors	124	11	3	0	0	80	21	4	0	0	36	26

⁶ Number of employer-acknowledged accidents at work resulting in days lost and involving ORLEN Group employees.
⁷ Number of acknowledged accidents at work resulting in days lost and involving employees of the ORLEN Group's contractors who performed work for a Group company on premises owned or leased by a Group company. The definition of 'contractor' also includes employees of the PKN ORLEN service stations.
⁸ Regions – markets in which the ORLEN Group has assets.

Table 35.

GENDER	ORLEN Group				PKN ORLEN			
	2021		2020		2021		2020	
	Women	Men	Women	Men	Women	Men	Women	Men
Number of fatal accidents at work involving employees	0	1	0	0	0	0	0	0
Number of minor accidents at work involving employees	12	88	4	78	1	12	1	13
Total number of accidents at work involving employees	12	93	4	78	1	12	1	13

Table 36.

REGIONS ⁸	ORLEN Group										PKN ORLEN	
	2021					2020					2021	2020
	Poland	Czech Republic	Lithuania	Germany	Canada	Poland	Czech Republic	Lithuania	Germany	Canada	Poland	Poland
Number of fatal accidents at work involving employees	0	1	0	0	0	0	0	0	0	0	0	0
Number of minor accidents at work involving employees	88	10	2	0	0	63	15	4	0	0	13	14
Total number of accidents at work involving employees	91	11	3	0	0	63	15	4	0	0	13	14

⁸ Regions – markets in which the ORLEN Group has assets.

In 2021, there were four severe accidents at work involving employees (three at the Energa Group, one at ORLEN Lietuva). In 2020, all accidents at work involving ORLEN Group employees were minor accidents. In 2021, two collective accidents at work were reported (ORLEN Serwis, ORLEN Eko); in 2020, there was one collective accident (ORLEN Unipetrol Group).



Table 37.

GENDER	ORLEN Group				PKN ORLEN			
	2021		2020		2021		2020	
	Women	Men	Women	Men	Women	Men	Women	Men
Number of fatal accidents at work involving contractors	0	2	0	0	0	1	0	0
Number of minor accidents at work involving contractors	11	20	6	17	10	12	5	7
Total number of accidents at work involving contractors	11	22	6	17	10	13	5	7

Table 38.

REGIONS ⁸	ORLEN Group										PKN ORLEN	
	2021					2020					2021	2020
	Poland	Czech Republic	Lithuania	Germany	Canada	Poland	Czech Republic	Lithuania	Germany	Canada	Poland	Poland
Number of fatal accidents at work involving contractors	2	0	0	0	0	0	0	0	0	0	1	0
Number of minor accidents at work involving contractors	31	0	0	0	0	17	6	0	0	0	22	12
Total number of accidents at work involving contractors	33	0	0	0	0	17	6	0	0	0	23	12

⁸ Regions – markets in which the ORLEN Group has assets.

In 2021, the ORLEN Group did not report any severe accidents at work involving contractors. In 2020, all accidents at work involving ORLEN Group contractors were minor accidents. In 2021, the ORLEN Group recorded two collective accidents at work involving contractors (PKN ORLEN), while in 2020 there were none. Every accident at work at the ORLEN Group is investigated using the event tree analysis, accounting for accident causes and corrective measures. Moreover,

regular meetings of the ORLEN Group OHS personnel are organised to discuss the analyses of accidents at work. In 2021, a special Technical Team was appointed to investigate one of the accidents; it was tasked with identifying all possible causes of the accident and recommending appropriate corrective measures. The corrective measures included the development and implementation of a technical standard ‘Discharging the contents of apparatus with the use of vacuum equipment’.

Table 39.

Accidents at work involving ORLEN Group employees by type of injury

TYPE OF INJURY (employees)	UoM	ORLEN Group		PKN ORLEN	
		2021	2020	2021	2020
cuts	[%]	17.14	20.48	15.385	7.14
bruises		16.19	15.66	7.69	7.14
burns		10.48	13.25	7.69	14.29
fractures		23.81	10.84	30.77	21.43
dislocations and sprains		21.90	32.53	15.385	42.86
other		10.48	7.23	23.08	7.14

Table 40.

Accidents at work involving ORLEN Group contractors by type of injury

TYPE OF INJURY (contractors)	UoM	ORLEN Group		PKN ORLEN	
		2021	2020	2021	2020
cuts	[%]	15.15	26.09	8.70	33.33
bruises		15.15	21.74	21.74	8.33
burns		0.00	4.35	0.00	8.33
fractures		21.21	30.43	17.39	33.33
dislocations and sprains		12.12	13.04	8.70	16.67
other		36.36	4.35	43.48	0

Table 41.

Accidents at work involving employees of the ORLEN Group by type of activity

TYPE OF INJURY (contractors)	UoM	ORLEN Group		PKN ORLEN	
		2021	2020	2021	2020
day-to-day operation of plant and equipment	[%]	16.19	20.73	15.38	35.71
movement		40.00	40.24	69.23	50.00
plant engineering, maintenance and repairs		21.90	23.17	0.00	0.00
road collisions		8.57	7.32	7.69	0.00
other activities		13.33	8.54	7.69	14.29

Table 42.
Accidents at work involving contractors of the ORLEN Group by type of activity

TYPE OF INJURY (contractors)	UoM	ORLEN Group		PKN ORLEN	
		2021	2020	2021	2020
day-to-day operation of plant and equipment	[%]	3.03	8.70	0.00	0.00
movement		33.33	17.39	30.43	16.67
plant engineering, maintenance and repairs		21.21	8.70	17.39	8.33
road collisions		3.03	8.70	4.35	0.00
other activities		39.39	56.52	47.83	75.00

Table 43.
TRR for ORLEN Group employees³

GENDER	ORLEN Group			PKN ORLEN		
	Total	Women	Men	Total	Women	Men
2021	1.74	0.69	2.15	1.31	0.42	1.58
2020	1.66	0.30	2.15	1.46	0.45	1.76

REGIONS ⁸	ORLEN Group						PKN ORLEN					
	Total	Poland	Czech Republic	Lithuania	Germany	Canada	Total	Poland	Czech Republic	Lithuania	Germany	Canada
2021	1.74	1.94	1.20	0.80	0	0	1.31	1.31	0	0	0	0
2020	1.66	1.67	1.84	1.22	0	0	1.46	1.46	0	0	0	0

³ Total number of accidents at work resulting in days lost and involving employees of ORLEN Group companies in a reference period x 1,000,000 / number of man-hours worked by employees in the period.
⁸ Regions – markets in which the ORLEN Group has assets.

A slight increase in the TRR for ORLEN Group employees was recorded in 2021 relative to 2020. It was attributable to the acquisition of equity control over new companies / groups of companies in 2020–2021.

Table 44.
Severity rate⁹ for accidents at work involving ORLEN Group employees in 2021

GENDER	ORLEN Group			PKN ORLEN		
	Total	Women	Men	Total	Women	Men
2021	53.36	52.08	53.53	59.77	12.00	63.75

⁹ Quotient of the number of days lost due to post-accident absenteeism of ORLEN Group employees and the number of employer-acknowledged accidents at work of ORLEN Group employees resulting in days lost.

REGIONS ⁸	ORLEN Group						PKN ORLEN					
	Total	Poland	Czech Republic	Lithuania	Germany	Canada	Total	Poland	Czech Republic	Lithuania	Germany	Canada
2021	53,36	46,71	122.91	0.00	0.00	0.00	59.77	59.77	0	0	0	0

⁸ Regions – markets in which the ORLEN Group has assets.
⁹ Quotient of the number of days lost due to post-accident absenteeism of ORLEN Group employees and the number of employer-acknowledged accidents at work of ORLEN Group employees resulting in days lost.

Table 45.
Number of days lost due to post-accident absenteeism¹⁰ at the ORLEN Group in 2021w 2021 roku

GENDER	ORLEN Group			PKN ORLEN		
	Total	Women	Men	Total	Women	Men
2021	5,603	625	4,978	777	12	765

¹⁰ Number of days of absence from work of an ORLEN Group company employee due to sick leave resulting from an employer-acknowledged accident at work in a period.

REGIONS ⁸	ORLEN Group						PKN ORLEN					
	Total	Poland	Czech Republic	Lithuania	Germany	Canada	Total	Poland	Czech Republic	Lithuania	Germany	Canada
2021	5,603	4,251	1,352	0	0	0	777	777	0	0	0	0

⁸ Regions – markets in which the ORLEN Group has assets.
¹⁰ Number of days of absence from work of an ORLEN Group company employee due to sick leave resulting from an employer-acknowledged accident at work in a period .

Ensuring work safety and health protection for employees of contractors performing work on the ORLEN Group premises is one of the strategic priorities of the ORLEN Group. In order to continuously enhance their safety we have taken a consistent, long-term approach to raising their awareness of the importance of proper risk assessment, potential hazards, risk mitigation methods, OHS rules and procedures, proper use of protective systems and equipment, and the need to report potentially dangerous situations. Apart from investigating accidents at work involving contractors, the ORLEN Group also analyses the data on sick leaves resulting from accidents at work suffered by contractors working on the premises of Group companies. However, the Group is not legally authorised to publish such data.



Table 46.
Number of occupational disease cases by employee group¹¹

EMPLOYEE GROUPS	ORLEN Group		PKN ORLEN	
	2021	2020	2021	2020
Office and administrative staff	0	0	0	0
Higher-rank and mid-level technical staff	0	0	0	0
Operators of process units and equipment	3	1	0	0
Repair and maintenance employees	1	2	0	0
Transport and storage employees	1	0	0	0
Total *****ORLEN Lietuva (2), ORLEN Unipetrol Group (1) *****ORLEN Lietuva (5)	5*****	3*****	0	0

¹¹ Number of acknowledged occupational disease cases is the number of decisions issued by the State Sanitary Inspector to confirm recognition of an occupational disease of a current or former employee of an ORLEN Group company.

Cases of occupational diseases recorded in 2020 were attributable to factors associated with lifting and carrying of loads, noise, and work involving exposure to hazardous materials; these factors contributed to: a spinal disease, hearing injury, and respiratory disease. In 2021, the factors included noise, lifting and carrying loads, mechanical vibration, forced body position during work, causing workers to suffer from: spinal disease, carpal tunnel syndrome, and hearing impairment.

The ORLEN Group does not report on the incidence of occupational diseases in contractors’ employees due to the absence of tools or legal regulations that would enable it to obligate third parties to report such data. This is also the case with obtaining information on third party and ORLEN Group employee deaths from occupational diseases.

WORKERS WITH HIGH INCIDENCE OR HIGH RISK OF OCCUPATIONAL DISEASES

The ORLEN Group constantly monitors and identifies factors that may cause occupational diseases among its employees. Work environment surveys are performed on a regular basis and their results are analysed to assess the risk of potential impact on the employees’ health. With respect to all factors identified for jobs with a high risk of occupational disease, systemic preventive measu-

res have been implemented in the form of technical and organisational solutions offering personal and collective protection. The use of such solutions eliminates the risk of employees developing occupational diseases as a result of harmful factors in their work environment. Consequently, the number of ORLEN Group employees suffering from occupational diseases in 2020–2021 was stable.

OHS TRAINING

Table 47.

OHS training	UoM	2021	2020
Number of employees trained*****:			
ORLEN GROUP	[number]	23,034	19,937
PKN ORLEN	[number]	374	554

***** In 2020–2021, the ORLEN Group did not report on OHS training by employee group.

Policies in place

GRI 403-1 GRI 403-8

Occupational safety at the ORLEN Group is governed by **national legislation applicable to a given area, European Union regulations, harmonised national standards and principles resulting from best practices** identified in the fuel and energy industry.

As regards personal, process and fire safety as well as safety of operations involving handling of dangerous goods, uniform Safety Standards, **Technical Standards and Guidelines** for ORLEN Group companies are in place.

They contain best practices identified at the Group companies, as well as standards applied in the areas concerned by industry leaders. In 2021, the ORLEN Group completed the implementation of a uniform safety framework as part of the **Safety Plus+** project, comprising 15 standards that represent the highest safety benchmarks in the fuel and energy industry. Initiatives are planned for the coming years to maintain and further develop the standards and to expand the scope of their application to other ORLEN Group companies.

Scheme 27

S1	Authorisations for hazardous work
S2	Isolating energy sources
S3	Work in enclosed spaces
S4	Work at heights
S5	Safe earthwork
S6	Post-accident procedures
S7	Ensuring safe operation of machinery and tools in work environment
S8	Training to improve rescue skills
S9	Measurement of hazardous substances
P1	Leakage prevention
P2	In-depth analysis of industrial accidents
P3	Emergency plans: plan formulation / structuring
M1	Leadership and role of management staff in developing a safety system
M2	Subcontractor management
M3	Vehicle management

In 2021, technical standards were developed and issued for the **LOGISTICS+** and **RETAIL+** projects. The purpose of the projects is put in place a uniform safety framework and improve work safety in the areas of logistics and service stations at the ORLEN Group. The technical standards, prepared in collaboration with representatives of work safety functions of the companies covered by the projects, form a set of guidelines on best practices applied at the ORLEN Group.

RETAIL+ Technical Standards are aimed at defining and implementing uniform safety requirements for all ORLEN Group service stations in five countries: Poland, Germany, Czech Republic, Slovakia, and Lithuania.

RETAIL+ Technical Standards:

- D1 – Reporting of extraordinary events (accidents at work, emergency events);
- D2 – Requirements for contractors performing work at service stations;
- D3 – Safety rules for high-risk work;
- D4 – Rules for OHS and fire safety inspections and audits at service stations.

LOGISTICS+ Technical Standards

form a uniform framework based on existing OHS procedures and standards applicable to the ORLEN Group’s logistics operations as regards planning, implementation, and control of efficient and effective flow of production inputs and finished products as well as their safe storage, warehousing, and transport.

LOGISTICS+ Technical Standards:

- L1 – Forklift trucks;
- L2 – Manual handling operations, manually operated means of transport;
- L3 – Traffic organisation on company premises;
- L4 – Loading and unloading areas, including working at height;
- L5 – Moving around railway premises;
- L6 – Warehouses and storage of goods.

In addition, the companies have **systems of internal by-laws** in place that include personal, process and fire safety policies, rules, internal orders, procedures, manuals, work instructions etc.

A significant majority of ORLEN Group companies have an **Occupational Health and Safety Management System conforming to PN-N-18001 / OHSAS 18001 (until March 11) / ISO 45001** in place – certification covers their businesses and only a single process exemption has been applied. The certification extends to all employees of the organisations which have this system in place.

The ORLEN Group's production companies have implemented the **Process Safety Management System conforming to US OSHA 1910.119 standard**. The system provides an effective framework for achieving operational excellence, as it improves technical safety of the process, storage and auxiliary units, and thus prevents any undesirable incidents that could affect the safety of staff and/or production processes. The Process Safety Management System, as a component of PKN ORLEN's overall management and organisational system, has been introduced to ensure the highest safety standards in the workplace and meet the national requirements of Art. 252 of the Environmental Protection Law of April 27th 2001 (consolidated text: Dz.U. of 2021, item 1973, as amended) with respect to systemic process safety management and further improvement of the effectiveness and efficiency of measures aimed at preventing major industrial accidents.

Furthermore, the following regulations are in place at the ORLEN Group that have been implemented by PKN ORLEN in the first place:

ORLEN Group's OHS Strategy until 2021 – an OHS management concept, based on building and developing a uniform safety framework for the ORLEN Group, while enhancing excellence in operations and preventive measures related to personal and process safety.



The strategy covers the following strategic areas: management and leadership, personal safety and process safety. In the coming years, its objectives will be pursued as part of implementation of the ORLEN Group's Development Directions in Personal and Process Safety for 2022–2026.

Comprehensive Prevention System – the key component of the OHS Management System, which consists of internal organisational documents related to occupational health and safety, fire and chemical safety, radiation protection, technical and process safety, and safety of operations involving handling of dangerous goods. They include the PKN ORLEN Process Safety Management System, Radiation Safety Instruction for the Płock Production Plant and Włocławek PTA Plant, PKN ORLEN Fire and Chemical Safety Rules, and company regulations concerning road transport of dangerous goods.

PKN ORLEN Safety Points are a set of basic principles required to be observed together with all applicable regulations and standards. **Safety Points for PKN ORLEN Company-Owned Service Stations** are the key rules that must be adhered to on the premises of the service stations owned by PKN ORLEN.

The Safety Points are the requirements describing the attitudes and behaviours expected by the ORLEN Group companies of their employees and contractors. Those requirements, together with all applicable laws,

instructions and standards, must be complied with by all employees and contractors (regardless of their position), as well as by guests.

ORLEN Group Safety Standards, Technical Standards and Guidelines – uniform requirements for work safety, process safety, fire safety, and safety of operations involving handling of dangerous goods, including best practices identified at ORLEN Group companies, as well as standards applied in the areas concerned by industry leaders.

Due diligence procedures

LEGAL COMPLIANCE

GRI 403-1 GRI 403-8

Legal regulations applicable to occupational safety have been identified within the ORLEN Group, taking into account the business in which the companies are engaged. Measures have been taken to ensure that the requirements are met, and the legislative changes in the area of occupational safety are monitored on an ongoing basis. In 2021, it was an important element of the process to ensure **compliance with respect to the implementation of preventive measures relating to the COVID-19 pandemic** in the context of evolving legal requirements. Ongoing monitoring of and response to such changes.



EFFORTS TO COUNTER THE COVID-19 PANDEMIC

As regards occupational safety of ORLEN Group employees and contractors, a number of procedures and information materials related to the COVID-19 pandemic have been updated.

The key ones include the Employee Guidance Book (OHS Office area) and the 'Recommendations for Contractors on the Prevention of SARS-CoV-2 Coronavirus Infection'. The Group was also involved in awareness campaigns on the subject, co-organised with other partners.

SAFETY MANAGEMENT OF OPERATIONS INVOLVING HANDLING OF DANGEROUS GOODS – ENSURING COMPLIANCE WITH ADR AND RID REGULATIONS

A number of activities were carried out in 2021 to ensure the Company's compliance with ADR and RID regulations during storage, handling, and carriage of dangerous goods. The syllabus for position-specific training was modified to account for the changes in ADR/RID regulations. Over 2,300 position-specific trainings on operations involving dangerous goods were delivered. The process of preparing shipping documents was reviewed, drivers' authorisations were verified, and legal compliance of vehicles intended for the carriage of dangerous goods was checked. Labelling of vehicles and individual packages as well as the required on-board equipment were also checked for completeness and correctness. Supervision was exercised over proper storage and labelling of dangerous goods and storage areas for dangerous goods and hazardous waste generated by the production plant in Płock, the PTA plant and CCGT plants in Włocławek, the railway terminal in Płock, and fuel terminals at various locations in Poland. Regulations concerning handling of dangerous goods in place at PKN ORLEN were also reviewed and updated. An annual report on the carriage of dangerous goods was prepared and submitted to the Provincial Road Transport Inspectorate (WIDT) by the deadline prescribed in the applicable regulations. Regular email correspondence was exchanged in response to inquiries about ORLEN Group operations involving handling of dangerous goods.

Our representatives visited the areas of Public Company ORLEN Lietuva and ORLEN Unipetrol RPA involved in handling of dangerous goods, and representatives of those companies visited the facilities in Płock to share experience and analyse internal regulations directly related to operations involving handling of dangerous goods. Applicable sanitary procedures were observed at all times during the visits.

CONTINUOUS IMPROVEMENT OF THE OCCUPATIONAL SAFETY MANAGEMENT SYSTEM

The ORLEN Group engages in various **efforts to continuously improve its occupational safety management area**. These include setting and implementing strategic objectives at the ORLEN Group and company level, monitoring occupational safety KPIs for individual companies and the ORLEN Group, developing OHS improvement plans, performing annual analyses of the OHS situation, projects designed to improve employees' and contractors' work safety culture (such as: Safe Contractor, Safe ANWIL, Report a Hazard, Behaviour-Based Safety programmes, Work Safety and Health Protection Days at the ORLEN Group, etc.), external and internal control and audit systems, an extensive employee and contractor training system, incentive schemes addressed to employees and contractors (such as: the OHS Incentives Programme, competitions: Safety Eagles, Best Practices in Personal and Process Safety of the ORLEN Group, and Millions of Accident-Free Man-Hours of ORLEN Group Employees and Contractors), implementing post-audit recommendations and preventive and corrective measures identified in the occupational safety area, implementing best practices identified in the fuel and energy industry.

Consultations with external advisors and cooperation with universities are carried out with a view to improving the safety management system. In 2021, consultations on the ISO 45001:2018 Occupational Health and Safety Management System were held at selected companies, while PKN ORLEN continued to pursue its strategy of cooperation with universities.

ORLEN Group companies pursue their occupational safety objectives and perform their occupational safety tasks with the use of in-house OHS functions, supported by ORLEN Eko's resources, or complemented by limited outsourcing of OHS services.

Best practices are identified on an ongoing basis through experience sharing across the ORLEN Group and drawing on the lessons learned by other oil and gas companies with global footprint. Projects completed in this area include the **LOTO System** and the **Employee Support System**.



EMPLOYEE SUPPORT SYSTEM (ESS)

It is a behavioural programme aimed at encouraging safe behaviours while eliminating unsafe ones. Its implementation is one of the multidimensional actions aimed at improving the safety culture at the ORLEN Group. In 2021, a workshop was organised for ESS Consultants

to develop effective training skills and share knowledge and experience with employees of PKN ORLEN and its contractors. The workshop employed various methods of knowledge transfer. A vital element of the system is the ESS Consultants' engagement in a dialogue with PKN ORLEN employees and contractors. For this reason, ESS Consultants should be able to communicate effectively so that their message best reflects their intentions and is understood correctly by employees.



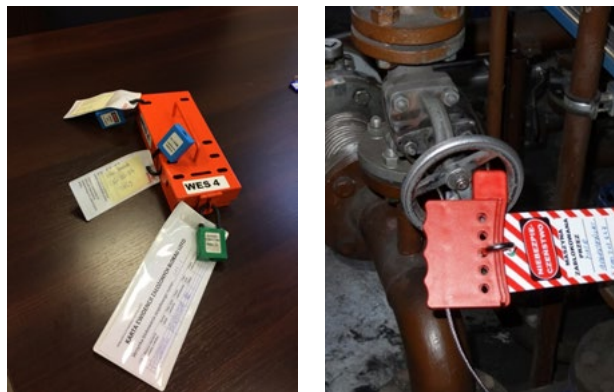
LOTO (LOCK OUT TAG OUT) SYSTEM¹

It is a scheduled activity which consists in cutting off power supply to industrial equipment and machinery whenever maintenance or repair work is performed. Lock-out prevents employees from switching on the machine until it is disabled. 'Tag out' refers to a tag which informs and warns that a given machine is locked out while maintenance work is being performed, and may not be switched on until the tag is taken off. The purpose of the system is to eliminate accidental and uncontrolled switching on of machines or hazardous energy releases during operation, development, repair and maintenance works, and thus prevent accidents and incidents resulting from inadvertent start-up or re-energising of machines, devices, or installations.

INTERNAL CONTROL AND AUDIT SYSTEM AT THE ORLEN GROUP

Internal audits of the companies are held regularly at the ORLEN Group. In 2021, there were six consultancy visits (audits) and one re-audit procedure. Furthermore, a number of consultancy and review visits were organised in connection with the incorporation of new companies and groups of companies (ORLEN Transport Sp. z o.o., the RUCH Group, and Polska Press Grupa) into the ORLEN Group. The visits were conducted in compliance with the applicable sanitary procedures.

¹ The LOTO System is a scheduled activity which consists in cutting off power supply to industrial equipment and machinery whenever maintenance or repair work is performed. The purpose of the system is to eliminate accidental and uncontrolled switching on of machines or hazardous energy releases during operation, development, repair and maintenance works, and thus prevent accidents and incidents resulting from inadvertent start-up or re-energising of machines, devices, or installations.



The audits include an important component called **Safety Walks**, consisting in safety reviews at the visited facilities. Results of the assessments and observations made during such visits serve as the basis for formulating and implementing correction and refinement plans and workplace health and safety improvement plans. Audits carried out at the Group companies include internal audits, audits by certification bodies, and audits by risk management consultancies. Regular **safety audits of contractors** performing work for the ORLEN Group are conducted, as prescribed in the Group's approved methodology.

In 2021, PKN ORLEN, ORLEN Unipetrol RPA, and Public Company ORLEN Lietuva were visited by reinsurers. One of the key issues of interest for the reinsurers was the level of involvement of the visited companies in the Process Safety Management System. According to this international team of experts, this is a critical element that contributes to ensuring and maintaining safe and problem-free operation of industrial facilities.

COOPERATION WITH UNIVERSITIES

The **fifth edition of Technical Safety lectures** was organised in 2021 as part of full-time and extramural curricula of the Chemical Technology studies. It was a continuation of the project carried out in 2017–2020 by the OHS Office and Technology Office of PKN ORLEN, in cooperation with the Plock Branch of the Warsaw University of Technology. The initiative was to deliver a series of expert lectures, conducted in accordance with PKN ORLEN's concept for educating its future engineering staff in areas relevant to the oil processing and energy industries, under the adopted strategy of engagement with universities.

Cooperation was continued with the **Łódź University of Technology** (via the Education Centre in Plock) in a postgraduate programme on industrial process safety.

The ORLEN Group runs the **Best Practice in Personal and Process Safety competition dedicated to ORLEN Group companies**. The aim is to spread best practices in safety that promote a pragmatic and modern approach to that area, including any technical, qualitative, efficiency enhancing, communication, organisational and infrastructural solutions. The competition contributes to improving and streamlining the components of OHS management and boosting employee motivation. It also provides an opportunity to share knowledge and experience in fostering safety culture between different ORLEN Group companies.

Another competition for Group companies is Millions of Accident-Free Man-Hours of ORLEN Group Employees and Contractors, designed to promote accident-free work. 2021 saw the 9th edition of Best Practice in Personal and Process Safety and the 7th edition of Millions of Accident-Free Man-Hours of ORLEN Group Employees and Contractors.

IMPROVING THE PROCESS SAFETY MANAGEMENT SYSTEM

The documentation for plants classified as upper-tier and lower-tier establishments was updated as part of the ongoing process safety oversight of the Company's facilities, in compliance with the requirements of the Environmental Protection Law. Analyses of hazards in investment projects as well as periodic reviews and updates were performed. Knowing the actual level of adverse event risk is crucial when making decisions on testing the effectiveness of safety measures taken to prevent failures/incidents.



Process safety management system training was provided to newly hired employees (as part of the training programme delivered at the Training Centre) and to employees of the Fuel Terminals. The training proved that knowledge sharing is one of the practical organisational actions that can result in lower risk of emergency events.

Continuous improvement of the safety management system at the ORLEN Group

The ORLEN Group took a number of measures to integrate recently acquired companies and groups of companies into the Group’s work safety management system, including projects designed to standardise and further develop their respective safety standards. The Energa Group received further support in the pursuit of strategic activities in occupational safety improvement and development set for 2021–2023. In 2021, consultancy visits (internal audits) were conducted at new companies joining the ORLEN Group (ORLEN Transport, Polska Press Grupa) to review consistency of the rules in place at a given company / group of companies with the safety management coordination model adopted at the ORLEN Group.

Improvement of the contractor safety management system

For the ORLEN Group, contractor safety is equally important as the safety of its own employees. Therefore, a number of activities were undertaken in 2021 to improve the existing contractor safety management system, e.g.:

- Contractor accident rates were monitored, and the accident statistics were taken into account in the calculation of the ORLEN Group occupational safety KPIs (a comprehensive analysis of contractor accidents at work was carried out and the TRR was calculated based on this data).
- Information on accidents at work involving contractors and on remedial actions undertaken in the case of particular accidents was communicated within the ORLEN Group (Safety Alerts; Personal, Process and Fire Safety Reports).
- The tasks prescribed in the safety standard M2 ‘Sub-contractor management’ were carried out.

- Inspections and audits were conducted to verify work safety and contractors’ preparation for the work to be performed, including inspections and audits required under the ORLEN Group’s technical standard entitled ‘Classification and supervision of safety of third-party companies located on the premises of ORLEN Group companies or providing services to ORLEN Group companies’.
- The PKN ORLEN Training Centre continued its activities (subject to applicable sanitary procedures).
- Work safety workshops and webinars were organised for third party employees.
- Various preventive measures (organisational, educational, informational) addressed to third party employees and aimed at minimising the risk of spreading the SARS-CoV-2 virus were undertaken, which included preparation of recommendations for contractors.
- A special section of the ORLEN.pl website dedicated to external contractors was created (External contractors I ORLEN); it contains up-to-date information on safety issues, applicable requirements, training and incentive programmes, and awareness campaigns (Report a Hazard).

Further development of the work safety culture

Tasks aimed at building work safety awareness and promoting proactive attitudes among our staff and contractors were performed as part of the work safety culture improvement initiatives. The Employee Support System put in place at PKN ORLEN is one of the programmes aimed at strengthening personal security culture.

Research on occupational safety at PKN ORLEN was conducted with partners, covering:

- **Workplace safety culture and climate;**
- **Professional and other activity of employees aged 50+ and retirees.**

The purpose of the first of these research projects is to design a modern and innovative programme for further development and monitoring of personal safety culture at PKN ORLEN with a view to increasing active involvement of employees in the development of personal safety at and outside work.

The second project aims, among other things, at developing and implementing a preventive healthcare programme at PKN ORLEN: Active 50+ Employee and Retiree.

Hazard identification, risk assessment, and incident investigation

GRI 403-2

The ORLEN Group companies carry out ongoing hazard identification, risk assessment and incident investigation. The process includes: developing and updating the Occupational Risk Assessment for individual positions, carrying out work environment studies, identifying hazards in work instructions, and monitoring of working conditions. The **Report a Safety Hazard** programmes run by the companies are an important part of the process. The process is supported by a system of inspections, audits, job reviews and Safety Walks. Group companies have procedures in place that allow employees and contractors to **abandon their work if they identify a potential hazard to their health and life**. Conclusions formulated in the process of hazard identification, risk assessment and incident investigation are used as inputs for the continuous improvement of the ORLEN Group’s occupational safety system.

In connection with a fatal collective accident at work involving a contractor that occurred at ORLEN Unipetrol RPA in 2018, remedial and preventive measures were taken at that company, the ORLEN Unipetrol Group, and the ORLEN Group.

First, a special team was formed to investigate the circumstances and causes of the accident, and to make recommendations to prevent similar accidents in the future. Industry experts from the ORLEN Group level were delegated to support identification of areas for improvement, formulate conclusions, and design solutions aimed at eliminating the causes of the accident. Another important aspect of their visits was establishment of preventive measures to avoid the occurrence of similar events at other ORLEN Group companies.

Changes were implemented at ORLEN Unipetrol RPA and the ORLEN Unipetrol Group with respect to drafting and issuing work authorisations and communication among work supervisors. In addition, a series of trainings on contractor supervision were conducted for production installation employees. The ORLEN



Group carried out a Lessons Learned process, including an incident alert and presentation of causes of the incident and potential areas for improvement for the companies. Implementation of ORLEN Group Safety Standards covering, among other things, subcontractor work safety management, system of written authorisations, and the LOTO system ensuring secure energy source isolation, was completed.

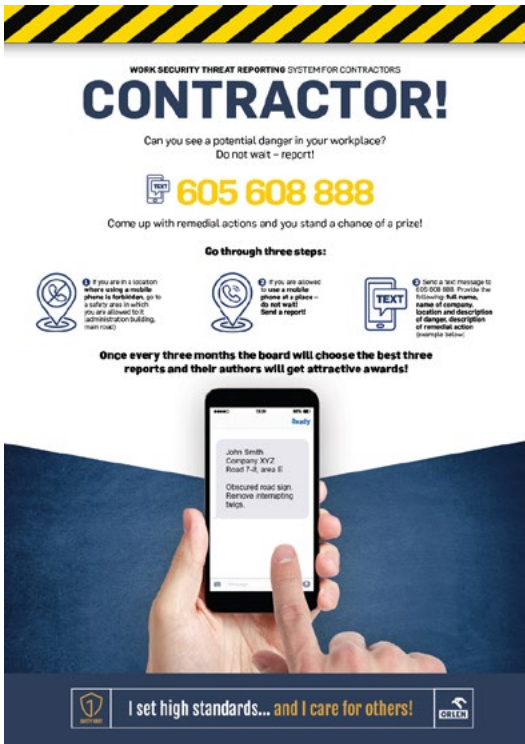
Report a Safety Hazard at PKN ORLEN – the OHS Incentives Programme

The OHS Incentives Programme is an incentive scheme addressed to the Company’s employees. It includes the Report a Safety Hazard competition as a component, where employees or their line managers report safety hazards and propose remedial actions via an electronic system. Best entries are rewarded.

There are structured systems in place at ORLEN Group companies to eliminate any reported and identified hazards, and the respective conclusions inform the **Plans for Improvement of Occupational Health and Safety Conditions** and other documents. The implementation of preventive and corrective measures is verified based on the existing inspection, audit, job review and Safety Walks systems.

For contractors, this process is executed through, inter alia, an existing system of written authorisations and training (including hazard training) dedicated to third party employees, and through development of Safe Working Manuals by contractors.

Some ORLEN Group companies have also launched a **Report a Safety Hazard to Contractors** system.

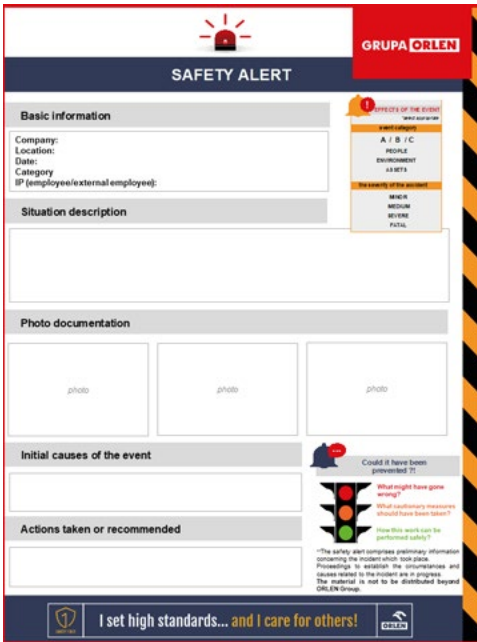


Report a Safety Hazard to Contractors at PKN ORLEN

The system is dedicated to the employees of external companies. Anyone who identifies an occupational safety hazard may report it by sending a text message to a designated telephone number.

EXECUTION OF THE HAZARD IDENTIFICATION, RISK ASSESSMENT AND INCIDENT INVESTIGATION PROCESS AT THE ORLEN GROUP LEVEL

The process of hazard identification, risk assessment and incident investigation is carried out at the company level and the ORLEN Group level. In the latter case, it uses the following tools: **Safety Alerts, Lesson Learned, event tree analysis of accidents at work, Safety Meeting**.



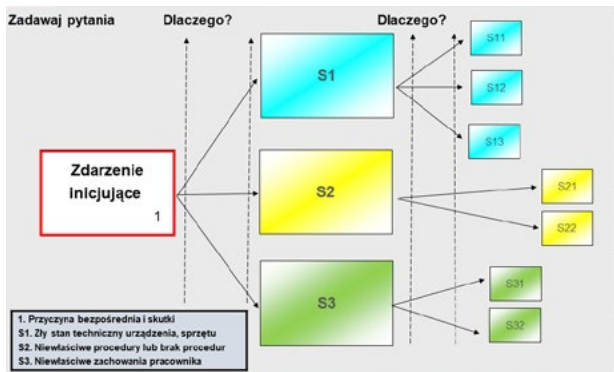
Safety Alerts and Lesson Learned at the ORLEN Group

Any accidents or emergencies that occur at the ORLEN Group are analysed and assessed in terms of the likelihood of their recurrence. Communication of near misses and emergencies is based on **Safety Alerts**. In the case of emergencies, **Lesson Learned** actions are organised based on checklists designed to identify preventive measures in different ORLEN Group locations. Special tools have been implemented for analysing the potential risk of accidents at work and emergencies, and the findings of such analyses serve as the basis for taking preventive measures. Process hazards are reviewed at the ORLEN Group using a range of methods, including HAZOP, which is used to establish the probability of hazards in industrial facilities.

HAZOP consists in a systematic review of design assumptions and processes for potential deviations from predetermined parameters.

Event tree analysis of accidents at work

A uniform methodology for analysing workplace accidents at ORLEN Group companies. It is a chart representing information about the incident, its causes and effects, and decisions taken based on the conclusions reached.



Safety Meeting

A continually improved element which requires wider development across the ORLEN Group is interdisciplinary Safety Meetings of representatives of the personal, process and fire safety functions, the Technology Office, and other areas of the organisation.

They are held to analyse emergency events that occurred at the ORLEN Group by identifying their causes and collecting information about their consequences. On the basis of collected information and available source materials, such as Reports from Emergency/Technical and Reliability Teams (investigation reports), various measures are formulated, which are then addressed to relevant areas of the ORLEN Group companies. The aim of this exercise is to capture lessons learnt and minimise the risk of similar incidents in the future. All information analysed during Safety Meetings is stored in an internal database of PKN ORLEN.

OCCUPATIONAL HEALTH SERVICES AT THE ORLEN GROUP

GRI 403-3

Employees of the ORLEN Group companies are provided with access to basic medical care. It includes occupational health services, for instance employer-funded preventive care examinations during working hours, where possible. The services include issuance of medical opinions and assessment of employees' capacity to work, monitoring the health of employees in risk groups, examinations for diagnostics of occupational diseases and other work-related illnesses. An occupational medicine doctor is involved in the process of identifying workplace hazards in particular positions as part of the Occupational Risk Assessment, which is developed and then updated as necessary, attends OHS Committee meetings, and is consulted on the contents of first aid kits. In some cases, the scope of services is extended to include additional benefits, e.g. occupational psychology advice. Work environment tests are carried out for particular work posts. The companies also run additional health prevention campaigns and initiatives, such as preventive vaccinations (including against COVID-19), medical examination packages and disease prevention programmes (e.g. hearing and vision exams, prostate cancer screening, ultrasound and mammography exams, blood tests, densitometry, diabetes prevention, COPD prevention, etc.), SARS-CoV-2 antibody tests, a programme researching the impact of work environment on health, assistance with the cost of prescription eyeglasses for employees.

Also, ORLEN Group employees and their families are offered additional healthcare packages and benefit from various initiatives organised by the companies (ultrasound scans for employees' children, etc.).

Consultation of employee representatives on health and safety, and communication

GRI 403-4

OHS Committees are in place at ORLEN Group companies (PKN ORLEN, ORLEN Laboratorium, Basell ORLEN Polyolefins, ANWIL, ORLEN OIL, ORLEN Południe, ORLEN Serwis, ORLEN Ochrona, IKS Solino, ORLEN KolTrans, ORLEN Eko, ORLEN Centrum Usług Korporacyjnych, ORLEN Centrum Serwisowe, ORLEN Administracja, Polska Press, ORLEN Transport, Energa Group companies in which establishment of an OHS Committee is required).

There is an equal representation of the employer, including a doctor responsible for preventive health care, and trade unions, including Company Social Labour Inspector, on each OHS Committee.

Responsibilities of an OHS Committee include:

- Issuing opinions on proposed changes in workplace organisation and equipment;
- Analysing conclusions from the Occupational Risk Assessment;
- Issuing opinions on standards for employee personal protective equipment, clothing and footwear;
- Reviewing periodic assessments of health and safety at work;
- Issuing opinions on measures to prevent accidents at work and occupational diseases;
- Preparing conclusions and issuing opinions on the Plan for Improvement of Occupational Health and Safety Conditions, and assessing its implementation.

OHS Committee proceedings are held regularly, at least once a quarter. In addition, committees with a similar scope of responsibilities operate at the ORLEN Unipetrol companies, Public Company ORLEN Lietuva, ORLEN Deutschland and ORLEN Baltics Retail.

As regards consultations on occupational health and safety issues at ORLEN Group companies, **employees are represented by employee representatives and trade unions**. Employee representatives and trade unions are a party in consultations on occupational safety matters, such as development and updates of the Occupational Risk Assessment, employee entitlements to protective clothing and shoes and prophylactic meals and beverages, determination of the scope of basic medical care for employees, and identification of solutions to improve occupational safety. They are also involved in the activities of OHS Committees.

The ORLEN Group provides **access to information on occupational safety** through the Company's internal communication system, including the PKN ORLEN intranet available to employees of the ORLEN Group companies.

This information is also disseminated during **Occupational Safety Days** and **Topics of the Month** as well as through security alerts and special programmes for employees such as the Employee Support System.

Employees are involved in the development and improvement of work safety through the Report a Safety Hazard system.



Occupational Safety Day at PKN ORLEN and Topic of the Month

Topic of the Month is a project carried out on the first Thursday of each month. It includes self-assessment of OHS, fire protection and process safety issues by heads of organisational units, Short Talks on Safety with the employees, and a discussion of a Topic of the Month.

The topic to be addressed in a given month is prepared by the PKN ORLEN Occupational Health and Safety Office. It concerns a selected work safety issue or promotion of healthy lifestyles and good balance between work and rest.

The project's objectives are to:

- Identify threats, including psychosocial threats, and ways to protect against them;
- Look for safer ways to perform specific work activities and additional precautions.

Occupational Safety Day is an initiative aimed at raising awareness of hazards and threats, including those of a psychosocial nature.

OHS TRAINING

GRI 403-5

The ORLEN Group organises mandatory training programmes on safety for its employees and contractors to familiarise them with the safety standards applicable at the Group companies. The programme focuses on raising the employees' and contractors' awareness of the importance of correct assessment of the situation, knowledge of potential risks and risk mitigation methods, adherence to OHS rules and procedures, proper use of protective systems and equipment, and the need to report potentially dangerous incidents. The programme includes tools for checking the employees' and contractors' knowledge.

OHS training provided to ORLEN Group employees includes initial and periodic training on first aid, fire safety, evacuation exercises, as well as other training with elements of OHS.

The training is provided free of charge to employees during working hours and, where needed, in different language versions. Its effectiveness is assessed by holding theoretical and practical examinations.

ORLEN Group companies' contractors receive training on general OHS, fire safety and process safety issues,

working methods, local hazards, and specialist training with elements of OHS. Theoretical and practical examinations are carried out to assess effectiveness of the training, with the system for auditing contractors' work serving as an additional verification tool.

PKN ORLEN and ORLEN Unipetrol RPA operate **Training Centres**.

PKN ORLEN Training Centre

Training Centre is a concept of training employees of external contractors involved in any work at the Company's production facilities, as well as the Company's own new hires staffing the production area. It involves detailed checking of the staff's theoretical and practical knowledge within four thematic blocks: OHS, machinery, electrical systems, and local hazards at PKN ORLEN's production facilities. Knowledge of and skills in mechanical and electric engineering are checked through practical tasks. A similar initiative addressed to employees has been implemented at ORLEN Unipetrol RPA.

Selected ORLEN Group companies have systems in place to assess the quality of training through training assessment or service provider assessment procedures.



Information campaigns promoting occupational safety and healthy lifestyles

GRI 403-6

Occupational Safety and Health Protection Days at the ORLEN Group

Occupational Safety and Health Protection Days is an annual event dedicated to promoting work safety and healthy lifestyles among the Group's employees and contractors. Each edition of the project and its planned events present a unique opportunity for employees of the ORLEN Group companies, as well as for external contractors, to participate in activities designed to consolidate and check their OHS knowledge.



Occupational Safety and Health Protection Days are announced annually by the Head of the PKN ORLEN Occupational Health and Safety Office for all ORLEN Group companies at the same time, although each company prepares its own programme of the event, in keeping with the announced main theme. Participants of the successive editions of Occupational Safety and Health Protection Days at the ORLEN Group have had an opportunity to visit the Driver Awareness site, medical booths, VR simulators, gaming and OHS competition areas, as well as exhibitions of OHS businesses and representatives of the ORLEN Group companies. In 2021, selected ORLEN Group compa-

nies hosted the event in-person, operating in compliance with sanitary regime regulations put in place in response to the ongoing COVID-19 pandemic. Other companies held virtual or hybrid meetings. When preparing the programmes, special attention was paid to prevention and topics related to COVID-19 pandemic containment projects. PKN ORLEN set up COVID-19 vaccination points in three locations: Płock, Warsaw, and Włocławek. Vaccination was offered to employees, employees' families and contractors. The following were also implemented: an energy bike zone, virtual first aid courses, oxygen bars, thematic workshops (plant terrarium, macramé), medical stands, food and drink areas, games and competitions with prizes. The Energa Group and the RUCH Group also actively participated in the planning and hosting of Occupational Safety and Health Protection Days. First aid training, evacuation drills, webinars, dietary workshops, medical consultations, free vehicle fire extinguisher inspections, health and safety equipment inspections, and many other initiatives for employees were conducted.

PREVENTION AND MITIGATION OF OCCUPATIONAL HEALTH AND SAFETY IMPACTS DIRECTLY LIKED BY BUSINESS RELATIONSHIPS

GRI 403-7

The company has in place a safety standard entitled **„Classification and supervision of safety of third-party companies located on the premises of ORLEN Group companies or providing services to ORLEN Group companies”**. Implementation of the standard consists in periodic audits of external companies, which are classified in three categories:

- Companies of strategic importance, which have a significant direct impact on the company's functioning, core business, and critical infrastructure – Group A;
- Companies providing contractor and execution services, such as day-to-day plant maintenance, and executing smaller investment projects, which have a direct impact on the functioning of PKN ORLEN and ORLEN Group companies located on premises owned by PKN ORLEN, which are not of strategic importance, companies performing particularly hazardous work on premises owned by PKN ORLEN and/or are involved in the collection, storage and transport of dangerous substances produced by the company – Group B;



- Companies operating ancillary or support processes, which do not have a direct impact on the company's functioning, have indirect roles in the operation of processes, act as subcontractors to external companies of strategic importance or carrying out plant maintenance activities, which do not work on operating production facilities – Group C.

■ External companies classified in:

- Group A are audited at least once a year;
- Group B are audited using the sampling method at least once every three years;
- Group C are not audited, but may be audited at the request of the Head of the PKN ORLEN Occupational Health and Safety Office.

The process includes a comprehensive audit covering, among other things: the company's certified safety management systems, risk and hazard management, accident and crisis identification systems, hazard reporting and mitigation programmes, work safety culture building and improvement area, management of employee conduct, work organisation, fire, process and technical safety. In addition, the ORLEN Group companies regularly assess suppliers in terms of safety of their work.

NUMBER OF PROCESS SAFETY EVENTS BY BUSINESS ACTIVITY

GRI OG-13

TIER 1, TIER 2 and TIER 3 process safety events

TIER 1 PROCESS SAFETY EVENTS

These are emergencies with a significant impact related to a sudden and unexpected substance release due to ineffective protection layers.

Such emergencies include a sudden and unexpected release of hazardous substances or non-toxic and non-flammable substances (steam, condensate, hot water, nitrogen, compressed air, CO₂) during ongoing industrial processes, having one or more of the following consequences:

- Injury to an employee of the ORLEN Group or of a contractor or subcontractor, resulting in a sick leave or death;
- Hospital admission and/or death of any other person;
- Officially announced evacuation of local residents or recommendation for them not to leave their homes;
- Fire or explosion resulting in losses in the form of direct costs of at least USD 100 thousand;

- Release of excessive pressure into the atmosphere with the use of pressure relief devices in an amount equal to or higher than the threshold amount in any one hour period;
- Release of a substance (without causing its ignition) in an amount equal to or higher than the threshold amount in any one hour period, excluding release of pressure into the atmosphere with the use of pressure relief devices.

TIER 2 PROCESS SAFETY EVENTS

These are events of lesser consequence related to a sudden and unexpected substance release due to ineffective protection layers. Such emergencies include a sudden and unexpected release of hazardous substances or non-toxic and non-flammable substances (steam, condensate, hot water, nitrogen, compressed air, CO₂) during ongoing industrial processes, having one or more consequences not classified as TIER1, including:

- Injury to an employee of the ORLEN Group or of a contractor or subcontractor;
- Fire or explosion resulting in losses in the form of direct costs of at least USD 2,500;
- Release of excessive pressure into the atmosphere in an amount equal to or higher than the threshold in any one-hour period;
- Release of a substance (without causing its ignition) in an amount equal to or higher than the threshold amount in any one hour period, excluding release of pressure into the atmosphere with the use of pressure relief devices.

Number of TIER1, TIER2 and TIER3 process safety events

Chart 12.

Number of TIER1 process safety events – PKN ORLEN and the ORLEN Group

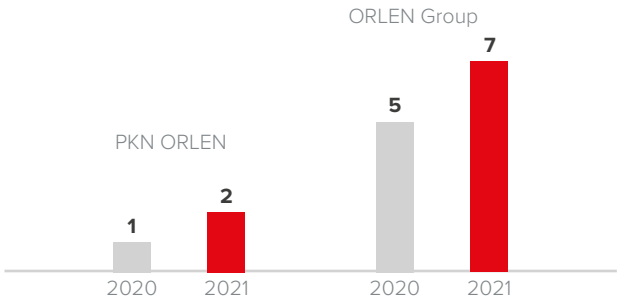
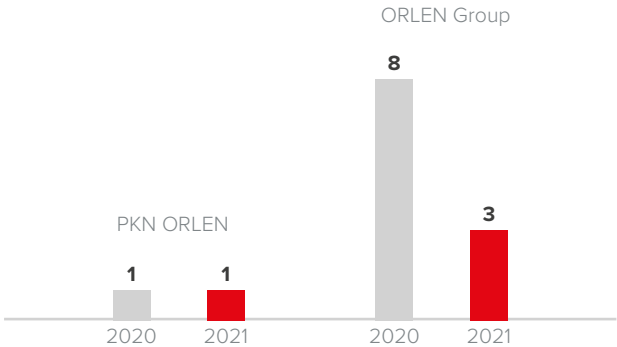


Chart 13.

Number of TIER2 process safety events – PKN ORLEN and the ORLEN Group



In 2021, the ORLEN Group continued reporting the TIER 3¹ process safety events rate referring to near-miss events.

Chart 14.

Number of TIER 3 process safety events in the production area at the ORLEN Group

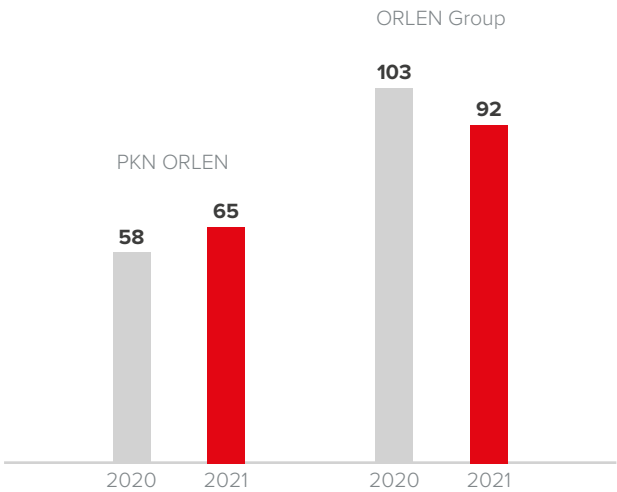


Table 48.

Number of process safety events at the ORLEN Group	2020		
	Poland	Czech Republic	Lithuania
TIER1	1	4	0
TIER2	1	6	1
TIER3 – Production	87	0	16

Table 49.

Number of process safety events at the ORLEN Group	2021		
	Poland	Czech Republic	Lithuania
TIER1	3	3	1
TIER2	2	1	0
TIER3 – Production	82	0	10

- ¹ It has been assumed that TIER3 process safety events are emergency shutdowns of installations or process nodes triggered by active or passive protections (automatic or mechanical). TIER3 rate is calculated as follows:
- TIER3 process safety events in the production area – number of emergency shutdowns of installations or process nodes triggered by active or passive protections (automatic or mechanical);
 - TIER3 process safety events in the logistics area – ratio of the number of emergency shutdowns of product loading to rail tank cars and road tankers triggered by active or passive protections (automatic or mechanical) to the total number of loading operations performed at a given time.

T1 PSER² i T2 PSER³

Chart 15.

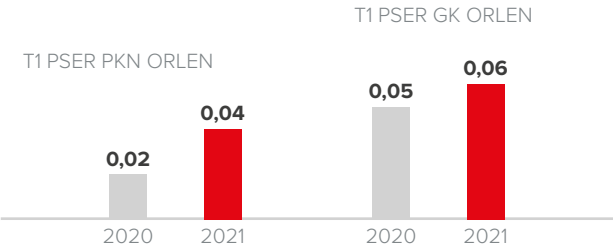
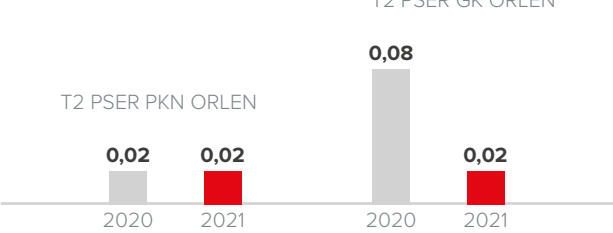


Chart 16.



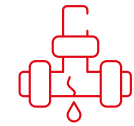
TIER1 and TIER2 events reported for 2021 involved only emissions into the environment caused by fires and leaks. There were no emergencies causing serious damage to the natural environment. Liquid leaks were collected and properly disposed of.

- ² T1 PSER = (number of TIER1 process safety evens, of greater consequence, related to substance release into the environment/ number of man-hours worked by employees and contractors) x 1,000,000.
- ³ T2 PSER = (number of TIER2 process safety evens, of lesser consequence, related to substance release into the environment/number of man-hours worked by employees and contractors) x 1,000,000.

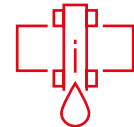


Total number and volume of significant spills in 2021

GRI 306-3



5
Number of spills in 2021



ca. 104 Mg
Volume of spills in 2021

Table 49.

Spills reported by ORLEN Group companies in 2021

Information on each spill reported by ORLEN Group companies is presented in the table below.

No.	Location	Volume [Mg]	Type of substance	Comment
1	PKN ORLEN Production plant in Płock, furfural unit, storage tank farm	ca. 50	Chemical spill (P-24 fraction)	Release to tank embankment; the contaminated soil was removed and disposed of
2	ORLEN Unipetrol RPA Production plant in Litvínov, storage facility and pipeline complex	ca. 11	Chemical spill (concentrated NaOH)	On the unit's site; no impact on soil or water surface
3	PKN ORLEN Production plant in Płock, blending unit, storage tank farm	ca. 35	Chemical spill (vacuum distillate)	Release to tank embankment; the contaminated soil was removed and disposed of
4	Spolana Production plant in Neratovice, water treatment unit	ca. 2	Chemical spill (HCl 31% solution)	On the unit's site; no impact on soil or water surface
5	ORLEN Południe Production plant in Trzebinia, bitumen production unit	ca. 6	Chemical spill (base bitumen)	On the unit's site; no impact on soil or water surface

Most of these spills involved contamination of equipment and the units' site. In some cases there was a localised impact on soil and in one case there was a localised impact on groundwater. In addition, most of those incidents required covering the costs of rescue operations by Company Fire Brigades as well as repair or replacement of damaged equipment, disposal of soil contaminants and land remediation. No person suffered any injuries as a result of those incidents.



Total number and volume of significant spills in 2020

 **8**
Number of spills in 2020

 **ca. 31 Mg**
Volume of spills in 2020



Table 50.
Spills reported by ORLEN Group companies in 2020

Information on each spill reported by ORLEN Group companies is presented in the table below.

No.	Location	Volume [Mg]	Type of substance	Comment
7	Unipetrol RPA Production plant in Kralupy, storage tank park	approx. 0.5	Fuel spill (reformed gasoline)	On the unit's site; no impact on soil or water surface
8	PKN ORLEN Fuel terminal in Widełka, road tanker loading front	approx. 0.5	Fuel spill (diesel oil)	On the unit's site; no impact on soil or water surface
9	PKN ORLEN Fuel terminal in Lublin, OPB unit	approx. 5	Spill of chemicals (30% HCl solution)	On the unit's site; no impact on soil or water surface
10	Unipetrol RPA, s.r.o. Production plant in Litvínov, cracker	approx. 0.18	Spill of chemicals (benzene)	On the unit's site; no impact on soil or water surface
11	ORLEN Lietuva Production plant in Mažeikiai, elemental sulfur unit	approx. 0.49	Spill of chemicals (elemental sulphur)	On the unit's site; no impact on soil or water surface
12	Spolana Production plant in Neratowice, rail tank car unloading front	approx. 23	Spill of chemicals (33% HCl solution)	On the unit's site and partial release into the atmosphere; no impact on soil or water surface
13	Unipetrol Doprava, s.r.o. Production plant in Litvínov, NH3 loading station	approx. 1.1	Spill of chemicals (ammonia)	On the unit's site and partial release into the atmosphere; no impact on soil or water surface
14	Unipetrol RPA Production plant in Litvínov, railway track 234	approx. 0.27	Spill of chemicals (isobutane)	Release into the atmosphere; no impact on soil or water surface

Most of those spills involved contamination of equipment and the unit sites, without any impact on soil or water surface. In addition, most of those incidents required covering the costs of rescue operations by Company Fire Brigades as well as repair or replacement of damaged equipment. Two cases of partial release of gaseous substances into the atmosphere were reported.

Four employees of ORLEN Group companies were injured as a result of the events referred to above (three of them inhaled gas vapour, one suffered a first-degree burn injury). All of them were provided with on-site medical assistance, in two cases the employees were hospitalised.

OTHER PROJECTS IN THE FIELD OF OCCUPATIONAL SAFETY



To the Rescue app on employees' company phones

The app was designed for ORLEN Group employees to enable them to use professional guidance in the event of an emergency either in and outside the workplace. The GPS location feature will enable the user to quickly call emergency services. The app also provides a comprehensive source of first aid knowledge, contains instructions on how to act in case of fire or an emergency and makes calling for help easier.



Company Fire Brigade

The core responsibility of the Company Fire Brigade is to carry out rescue and fire-fighting activities on the premises of PKN ORLEN, as well as in the entire territory of Poland as part of the National Rescue and Firefighting System and the Assistance System for the Transport of Hazardous Materials (SPOT), and to supervise the readiness of the Company's facilities for rescue and fire-fighting activities.

The Company Fire Brigade provides chemical and technical rescue, seals leaks, mans safety stations under plant emergency conditions and during hot works on the premises of the production plant in Płock, and performs fire prevention functions. Firefighters specialise in firefighting in the refining and petrochemical industry, chemical rescue activities, as well as water rescue, technical rescue, medical care at first responder level and rope rescue activities. For several years, they have been actively cooperating with fire brigades operating across the ORLEN Group by taking operational and preventive measures for safety improvement. Firefighters are equipped with more than 20 specialist firefighting and rescue vehicles, high volume pumps and water cannons, a rescue boat and specialist protective equipment for staff. A new snow and dry powder fire truck was purchased in 2021. It will replace a vehicle that has been in use for over 40 years. The SCANIA chassis vehicle is equipped with extinguishing dry powder tanks with a total capacity of 3,000 kg, eight 30 kg cylinders with carbon dioxide, and two mobile fire extinguishers with halon alternatives. The vehicle is dedicated to extinguishing fires involving flammable gases and electrical and electronic equipment. In 2021, measures were undertaken to improve and develop fire safety at the ORLEN Group. Employees of PKN ORLEN's Company Fire Brigade underwent specialist courses and training in rope rescue and chemical safety assessment, which included a course intended for fire safety inspectors.

Emergency drills and training involving employees and rescue and firefighting services

Regular emergency drills are conducted at the ORLEN Group companies, building employees' knowledge of how to behave in an emergency. The drills are also an opportunity to improve cooperation with national rescue services a view to minimising the potential consequences of an industrial accident.

In 2021, the Company Fire Brigade conducted an initial test for 77 candidates for Company Chemical Rescuers on the chemical training track, with 70 people having successfully completed the course. As of December 15th 2021, PKN ORLEN had 646 Company Chemical Rescuers.

Development of the Fire Safety function at the ORLEN Group

Projects implemented under the ORLEN Group company fire brigades segment-based management system were continued in 2021. There are nine company fire brigades, located in Płock, Włocławek, Trzebinia, Jedlicze, Mažeikiai, Litvinov, Neratovice, Pardubice and Kolín. The process to implement the segment-based management system included a number of measures initiated and implemented to ensure internal standardisation of the fire protection area.

PKN ORLEN Petrochemicals overhaul 2021

The longest-to-date overhaul and replacement exercise was carried out at the PKN ORLEN olefins plant's Olefins 2 unit in 2021. Considering the scope of the project and given the fact it was undertaken during the third wave of the COVID-19 pandemic, multidirectional measures were designed, launched, implemented and supported to ensure the safety of contractors and process plant personnel performing the works. These included continuous oversight by the OHS personnel (ORLEN Eko Sp. z o.o., ORLEN Group OHS and Prevention Coordination Department, contractors), on-going cooperation with the overhaul coordinator, contractor meetings, introduction of 'day-ahead work plans', development of a schedule for the Company Fire Brigade's standby posts, etc.

The effects of safety measures undertaken at the ORLEN Group were appreciated by independent expert bodies.

PKN ORLEN was awarded the Gold Card of Safe Work Leader.

It is the highest national award for the members of the Safe Work Leaders' Forum, given for special and effective efforts for work safety. The Safe Work Leaders' Forum evaluated PKN ORLEN's initiatives to improve work safety.



The Company qualified for the prestigious Gold Card award. This reflects its utmost commitment to personal safety and positive effects delivered by its initiatives in the area.

ANWIL won the National Labour Inspectorate's Employer – Provider of Safe Work competition.

The purpose of the competition is to promote companies which organise work so as to guarantee the highest level of employee safety and health protection, and which diligently observe labour law regulations and the lawfulness of employment. ANWIL became one of the five companies in Poland presented with an award in the current edition of the competition and was included in the Golden Employer List of the best managed, safest and most profitable companies in Poland.



Significant risks relating to the group’s business and the risk management methods

OHS risks			
Risks/processes	Risk description	Risk mitigation methods	Risk development trend
A. Workplace accidents and other hazards	<ul style="list-style-type: none">Failure to identify material risks for particular jobsInjury/death at a production plant	Introduction of a health and safety hazard reporting system, including division of responsibilities, supervision of the hazard identification process in the Occupational Risk Assessment, introduction of procedures to follow in the event of an accident at work Introduction of a system for reporting near-miss incidents and a procedure for handling such reports	↔
B. Process safety	<ul style="list-style-type: none">FireInjury/death as a result of an incident	Introduction of and compliance with relevant procedures and manuals; acceptance/approval of process risks by Process Safety Committees; identification of risks at each stage of a unit's lifecycle (HAZOP); use of active and passive safety systems; application of organisational and technological solutions to ensure business continuity in emergencies; compliance with and regular implementation of elements of the Process Safety Management System	↔
C. Chemicals management	<ul style="list-style-type: none">Accidents/failures during transport or handling of chemicals	Implementation of the provisions of the Comprehensive Prevention System, including delegation of responsibilities; introduction of the Process Safety Management System at PKN ORLEN	↔
D. Employees and subcontractors' activities	<ul style="list-style-type: none">Activities of employees and subcontractors resulting in violation of OHS regulations	Reviewing and issuing opinions on contracts with subcontractors in terms of security certificates and security clauses, implementation of the Comprehensive Prevention System Operation of an extensive training system, including the launch of the Training Centre at PKN ORLEN Delivery of information, education and incentive schemes	↔

Colour highlighting the risk name

Risk materiality for the organisation

critical

high

medium

low

very low

Colour of the arrows

Risk level after taking into account the control mechanisms

critical

high

medium

low

very low

Risk development trend

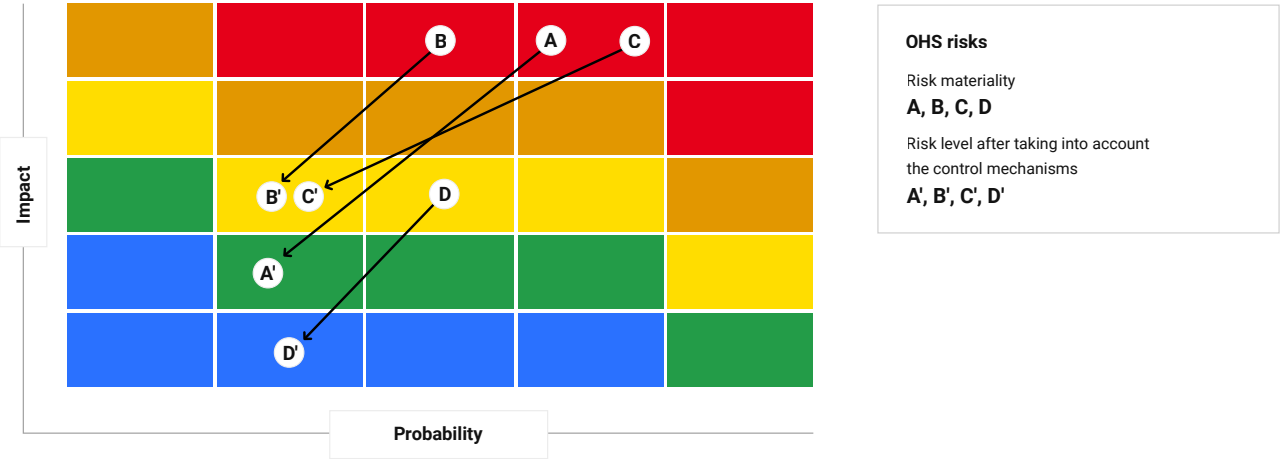
Year on year

↓ Risk decreases

↑ Risk increases

↔ Risk is stable

Effects of application of control mechanisms in risk management – positioning of risks on the risk map





COUNTERACTING CORRUPTION AND BRIBERY

United Nations' Sustainable Development Goals 2030

Sustainable Development Goals 2030 pursued by anti-corruption and anti-bribery measures implemented by PKN ORLEN and the ORLEN Group in 2021:



GRI Disclosures

GRI Disclosures described in this section:

GRI 103-1 Explanation of the material topic and its boundary

GRI 103-2 The management approach and its components

GRI 103-3 Evaluation of the management approach

GRI 205-1 Operations assessed for risks related to corruption

GRI 205-2 Communication and training about anti-corruption policies and procedures

Overview



We are committed to ensuring a fair and transparent business model for the ORLEN Group which guarantees trust, safety, free competition and value for all stakeholders.

ANTI-CORRUPTION ACTIVITIES ARE CARRIED OUR BY THE CONTROL AND SECURITY OFFICE IN COOPERATION WITH THE FINANCIAL CONTROL, RISK MANAGEMENT AND COMPLIANCE OFFICE AS WELL AS THE AUDIT OFFICE.

GRI 103-1 GRI 103-2 GRI 103-3

The responsibilities of the Control and Security Office include:

- Economic, physical, technical and IT security;
- Developing solutions and standards to improve performance of the internal control system;
- Implementing the ORLEN Group Anti-Corruption Policy by monitoring business processes, analysing information, and reporting irregularities and instances of misconduct using analytical tools;
- Coordinating criminal proceedings conducted by law enforcement authorities and the judiciary in which PKN ORLEN is involved in any capacity;
- Executing advanced safety analyses and control processes;
- Coordinating the whistleblowing system and cooperation with whistleblowers;
- Coordinating operation of the register of gifts;
- Reviewing the security of cooperation with trading partners in business processes.



Financial Control, Risk Management and Compliance Office:

Financial Control Department

- As part of financial audits performed at PKN ORLEN and other ORLEN Group companies – reveals irregularities and cases of misconduct of an economic nature, examines employees’ compliance with the applicable laws, and assesses internal regulations; Estimates the consequences of any identified irregularities or cases of misconduct, and defines remedial measures, designating the persons responsible for their implementation;
- Provides relevant information to support decision-making processes by formulating post-audit instructions which specify actions that must be taken to address the irregularities or improve performance of the area under review;
- Monitors the implementation of instructions issued following financial audits at PKN ORLEN and other ORLEN Group companies.

Compliance Management Department

- 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 member of the Management Board, under the supervision of the Head of the Financial Control, Risk and Compliance Management Office; the compliance management process is regularly reported to the PKN ORLEN Management and Supervisory Boards;
- Provides comments and prepares proposals for amendments to internal rules, procedures and regulations, both for PKN ORLEN and other ORLEN Group companies.

Enterprise Risk Management Team

- Coordinates the enterprise risk management process and provides methodology support during risk self-assessment and testing of controls put in place for PKN ORLEN and other ORLEN Group companies;

- Administers an IT tool providing information on identified risks and the relevant risk management strategies, has joint responsibility with the Control and Security Office for planning and execution of ad hoc and investigative inspections at PKN ORLEN and other ORLEN Group companies and for reporting the inspection findings to the Management Board of PKN ORLEN;
- Prepares proposed subject matter for audits, consultancy projects, inspections and financial audits based on an assessment of risks by the business areas;
- Provides training on the identification, definition and assessment of process, project and strategic risks, and on controls testing methodologies;
- Supports business areas, project managers and persons involved in project activities in defining and evaluating risks using the functionalities of the Magique system and the CA Clarity PPM system;
- Actively participates in meetings aimed at improving the functionalities of the Magique and PPM CA Clarity systems in enterprise and project risk management.

Management Systems Team

- Supervises the proper operation and improvement of: Quality, Environmental, Safety and Occupational Health, Information Security, Energy and ISCC and KZR INiG Management Systems, which form part of the Integrated Management System (IMS) at PKN ORLEN;
- Maintains contacts with independent certification bodies, institutions, research centres, associations and Management System users;
- Supervises implementation of the objectives adopted by the Management Board in the IMS Policy, their validity and revision in response to changing internal and external conditions;
- Supervises assessment of the implementation of the Integrated Management System Policies by the heads of organisational units;
- Organises and performs audits of existing and newly implemented Management Systems;
- Assesses operation of the Integrated Management System based on the results of internal audits, Management Reviews, and submitted complaints;

- Prepares and supervises documented IMS information;
- Analyses data relating to, and evaluates the effectiveness of, corrective/preventive measures;
- Analyses data on the Management Systems at designated ORLEN Group companies.

Audit Office

- Initiates preventive measures to mitigate risks to the Group's objectives, improve the efficiency of business processes and effectiveness of the Group's internal control system by recommending specific solutions and standards;
- Ensures continuous development of the functional control system in order to improve the efficiency of business processes;
- Identifies inefficiencies in processes, procedures and structural solutions at the Group;

- Monitors the implementation of post-audit recommendations at PKN ORLEN and other ORLEN Group companies;
- Cooperates with the Head of the Control and Security Office with respect to measures taken by the Company in the case of proceedings conducted by law enforcement authorities or competent external institutions, in order to safeguard the Company's interests in such proceedings.

The Audit Office contributes to Company value growth by providing recommendations of solutions and standards to be implemented to enhance the probability of achieving the Company's goals by reducing the risks, improving effectiveness of the internal control system assessment, and enhancing the efficiency of business processes.



COMMUNICATION AND TRAINING ABOUT ANTI-CORRUPTION POLICIES AND PROCEDURES

The ORLEN Group's Anti-Corruption Policy was made available at www.ORLEN.pl and on the intranet in 2019. Our trading partners and representatives are notified about the policy and the rules for counteracting corruption at the time of establishment of the business relationship. In addition, when registering on the Connect procurement platform, suppliers also receive information on the anti-corruption policies and rules. In 2019, all members of the Management Board (100%) were made familiar with the ORLEN Group's Anti-Corruption Policy. In accordance with the procedure for educating the Group's workforce on the internal regulations, the Anti-Corruption Policy was made known to all (100%) employees.

In 2019, the Control and Security Office launched systematic training delivered on an annual basis across business functions with the highest risk of misconduct, in the form of classroom or e-learning training provided to ORLEN Group employees and new hires. The topics covered included criminal liability and disciplinary sanctions for corruption offences, identification of such offences, procedures to be followed in the case of suspected corruption by employees, whistleblowing options and channels, accepting and giving of gifts and building safe relationships with business partners.

In 2021, 236 employees of the ORLEN Group companies received in-person training on these topics. The anti-corruption e-learning course was provided to over 80 PKN ORLEN employees.

In-person training was significantly reduced in 2020, but the anti-corruption awareness raising system for employees was maintained.

The Policy for the Detection and Management of Conflicts of Interest at Polski Koncern Naftowy ORLEN S.A. came into force in 2021 and is being implemented as a standard at most of the ORLEN Group companies. Also, an e-learning course on managing conflicts of interest has been completed by 976 people at PKN ORLEN and 31 people at other ORLEN Group companies so far.

The risks related to anti-corruption and bribery were assessed in a controls effectiveness review conducted by the relevant business areas in respect of 38 processes and in an independent review performed by the Internal Control Department based on the irregularities identified during inspections.

In 2021, the ERM System covered: PKN ORLEN, ANWIL, ORLEN Lietuva Group, ORLEN Unipetrol Group, ORLEN Deutschland GmbH, ORLEN Paliwa and ORLEN Centrum Usług Korporacyjnych, which represent close to 10% of all the ORLEN Group companies.

In 2021, as part of an annual risk self-assessment process and risk controls tests at PKN ORLEN, **536** risks were assessed based on tests of **1,002** controls in **164** business processes. The ORLEN Group companies assessed **191** risks and tested **660** controls in **95** processes².

Given the nature of anti-corruption and anti-bribery issues, the ORLEN Group seeks to eliminate any instances of corruption and bribery. The Audit Office personnel are acquainted with internal procedures to be followed by employees in the case of suspected corruption, whistleblowing options and channels, accepting and giving of gifts and building safe relationships with business partners. Any detected irregularities are in each case reported to the PKN ORLEN Control and Safety Office.

² The data does not include: ORLEN Lietuva Group, ORLEN Unipetrol Group, ORLEN Deutschland GmbH and ORLEN Paliwa. A self-assessment process will be carried out at those companies in 2022.

Non-financial key performance indicators

The ORLEN Group seeks to eliminate any instances of corruption and bribery.

GRI 205-1 GRI 205-2

PERCENTAGE AND TOTAL NUMBER OF OPERATIONS ASSESSED FOR RISKS RELATED TO CORRUPTION; IDENTIFIED RISKS

At PKN ORLEN and the ORLEN Group companies covered by the Enterprise Risk Management (ERM) System, the following **risks in the anti-corruption and bribery area** have been identified and assessed, depending on each company's specific characteristics:

- **Fraud and other misconduct** – the risk of employees acting unethically and committing fraud or other misconduct. The risk of fraud and other misconduct has been identified in 34 processes in the areas of retail, wholesale, procurement, marketing, safety, and finance..
- **Violation of ethical standards or their inappropriate implementation** – The risk that ORLEN Group employees will undertake actions inconsistent with corporate standards of ethics or that the definition, implement-

tation and enforcement of these standards will not be effective and consistent with the corporate objectives. The risk has been identified in the Value System and Rules of Conduct process.

- **Violation of ethical standards or their inappropriate implementation** – the risk that ORLEN Group employees will undertake actions inconsistent with corporate standards of ethics or that the definition, implementation and enforcement of these standards will not be effective and consistent with the corporate objectives. The risk has been identified in the Value System and Rules of Conduct process.
- **Misconduct by customers, employees or agents involved in the sales process** – the risk of an inappropriate sales process or system or inappropriate sales system safeguards enabling customers or employees to commit financial fraud. The risk of misconduct by customers, employees or agents in the sales process has been identified in three processes in the areas of retail, wholesale, and marketing.

Policies in place

The anti-corruption and anti-bribery policies and internal regulations include:

Code of Ethics – a document describing the standards of ethical conduct by PKN ORLEN employees in situations involving accepting or offering anything of value.

Enterprise Risk Management Policy and Procedure – laying down the principles of Enterprise Risk Management for PKN ORLEN and the roles and responsibilities of each individual involved in the process.

Rules of Control and Verification Procedures Carried out at PKN ORLEN – a document prepared on the basis of the applicable Organisational Rules of PKN ORLEN in order to lay down the principles of control and verification procedures conducted by the Control and Security Office.

ORLEN Group Anti-Money Laundering and Terrorist Financing Rules and Instructions – lay down detailed procedures to be followed in counteracting money laundering and terrorist financing at the ORLEN Group. The rules are addressed to all companies’ employees in customer-facing positions and employees who have direct access to financial documents or participate in the execution of transactions.

ORLEN Group Regulatory Risk Management Policy, being a part of the Compliance Policy – governs regulatory risk management processes resulting from existing or proposed legal regulations, excluding tax risks.

Anonymous Misconduct Reporting System – the system provides a framework for identifying potential irregularities and instances of misconduct, which can be reported via indicated information channels.

Policy on Corporate Governance and Allocation of the Companies in which PKN ORLEN Holds Equity Interests to PKN ORLEN Management Board Members in Charge of Business Oversight of the Companies – a document containing instructions on the selection of candidates for members of the ORLEN Group companies’ governing bodies and the rules for setting and reviewing Individual Bonus-Related Targets for members of the ORLEN Group companies’ management boards.

It provides for full corporate supervision over the ORLEN Foundation.

Rules for Managing the Risk of Losing Information Security Attributes – information and guidelines on the process of managing the risk of losing security attributes.



ORLEN Group Anti-Corruption Policy – a declaration that our business objectives are to be pursued in a transparent, fair and ethical manner. The policy is designed to raise employee awareness, encourage positive attitudes and behaviours, and streamline procedures and business process oversight. The document underscores the importance of training and awareness-raising among employees and the responsibility of company managements for creating conditions that help to prevent and counteract corruption at the ORLEN Group.

Policy for the Detection and Management of Conflicts of Interest at Polski Koncern Naftowy ORLEN S.A. – governs identification and management of conflicts of interest.

Supplier Code of Conduct – defines ethical standards that must be met by the ORLEN Group suppliers. It includes guidance on activities related to counteracting corruption, and promotes high ethical standards in business activities.

Integrated Management System Policy – a document describing the working standards for quality assurance, reduction of environmental impacts, health and safety at work, information security and food safety.

Rules for Financial Control Procedures Carried out by the Office of Financial Control, Risk and Compliance Management – set out the rules governing financial audits at PKN ORLEN and other ORLEN Group companies.

PKN ORLEN Financial Auditing Standards – set out the framework for management, performance and quality assurance in audit activities. The purpose of the Standards is to ensure and maintain a professional level of financial audits carried out by the Financial Control Department of the PKN ORLEN Financial Control, Risk and Compliance Management Office and to standardise the approach to preparation, conduct and recording of financial audits and assessment of their findings.

Rules for the Implementation of Audits, Consultancy and Business Analysis Assignments at PKN ORLEN – define the rules for conducting audits, consulting projects and business analyses at PKN ORLEN, other ORLEN Group companies and other entities, to the extent permitted by law.

PKN ORLEN Rules for Accepting and Offering Gifts – define how PKN ORLEN employees should behave when accepting or giving gifts.

Rules of Integrated Trade Partner Safety Reviews – define how employees should act to reduce the level of risk associated with establishing relations with business partners.

Business Process Safety Monitoring Rules – govern the conduct of relevant PKN ORLEN units to minimise the risk of misconduct in business processes where a medium or high risk of misconduct is identified.

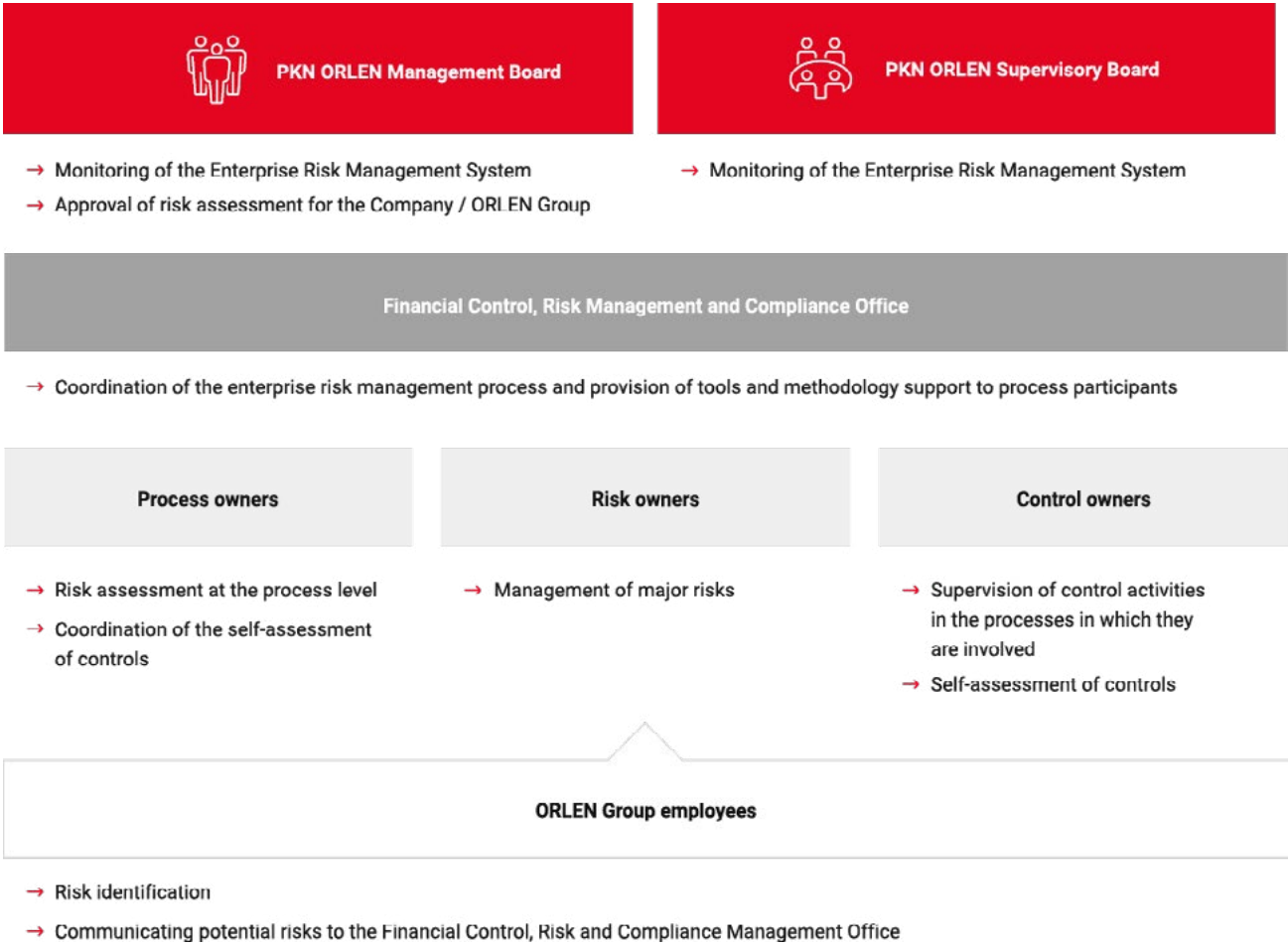
Due diligence procedures

In accordance with the Code of Best Practice for WSE Listed Companies, PKN ORLEN has in place effective functional control, risk management and compliance supervision systems, as well as an internal audit and control function. The simultaneous operation of all those systems and functions allows the Group to exercise ongoing and effective anti-corruption supervision.

PKN ORLEN has implemented a structured management control system, comprising a set of comprehensive procedures. The procedures are managed through a dedicated IT system which ensures their consistency through multifaceted agreements as well as approvals at each level in the organisation.

Scheme 28.

Key roles in the Enterprise Risk Management System



In order to minimise the risk of misconduct and corruption, PKN ORLEN has adopted the popular **Three Lines of Defence Model**. The first line of defence involves risk management by employees and business units, and controls related to the operational processes. The second line is compliance functions, and the third – internal audit and control, supporting the correct functioning of the specified prevention measures.

FIRST LINE OF DEFENCE/PREVENTION – INTEGRATED ENTERPRISE RISK MANAGEMENT SYSTEM (ERM)

Risk management is a continuous process, however it is revised in response to the ever-changing economic environment. As part of enterprise risk management, risk self-assessment processes and tests of controls are carried out at PKN ORLEN and other ORLEN Group companies on a regular basis.

SECOND LINE OF DEFENCE/PREVENTION – COMPLIANCE FUNCTION

PKN ORLEN's compliance function is based on the following four elements:

- the ERM system, which supports the process of assessment of financial and operational risk compliance with regard to the effectiveness of controls and the ERM Policy and Procedure;
- the internal audit and control function – with respect to compliance of the processes with internal regulations;
- assessment of compliance with integrated management systems (ISO);
- managing the risk of non-compliance with legal regulations, standards and ethical norms based on the requirements of the PKN ORLEN Compliance System documentation, with a particular focus on risks related to the Company's business sector.

PKN ORLEN's Integrated Management System takes into account the findings of audits and reviews as well as complaints and grievances. Additionally, preventive/corrective measures are taken to address any irregularities identified in the above processes. All these activities are designed to ensure compliance with the adopted reference standards: ISO 9001 (quality management system), ISO 14001 (environmental management system), ISO 45001 (occupational health and safety management system) and ISO/IEC 27001 (information security management system), ISCC and KZRINiG (certification systems for biomass and biofuels), Factory Production Control System, and Food Safety Management System.

Once a year, based on the reviews, a comprehensive report about the organisation's Integrated Management System is prepared, submitted to the Company's Management Board and posted on the intranet.

PKN ORLEN's compliance with or preparedness (alignment level) for applicable laws or draft legislation is monitored on an ongoing basis and reported to the PKN ORLEN Management Board. Where necessary, appropriate steps are taken to ensure that the Company meets the requirements of Polish and EU laws and regulations.

Financial Control

The **Financial Control Department** carries out financial audits aimed at identifying any economic irregularities and fraud, verifying if PKN ORLEN and ORLEN Group employees respect the applicable laws, internal policies and professional standards, estimating the impact of any potential irregularities or cases of misconduct, defining corrective measures and designating responsible persons, as well as assessing internal policies. 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. Independence of the Financial Control Department is assured through appropriate functional reporting lines within the Company's organisational structure.

Financial audit activities are performed on the basis of annual plans approved by the President of the PKN ORLEN Management Board. Additionally, the Financial Control Department can also perform ad hoc and investigative audits upon requests submitted to the Head of the Financial Control, Risk and Compliance Management Office by Members of the PKN ORLEN Management Board and individual business functions.

On the basis of findings presented in the financial audit reports, follow-up instructions are issued which specify and prioritise measures to be taken to eliminate irregularities or improve the performance of the audited area. The implementation of post-audit instructions is monitored continuously until it is confirmed that the corrective measures have been implemented.

Reports summarising the financial audits are drawn up for the PKN ORLEN Management Board and the Audit Committee of the PKN ORLEN Supervisory Board twice a year.

THIRD LINE OF DEFENCE/ PREVENTION – INTERNAL AUDIT AND INTERNAL CONTROL FUNCTION

The audit function is performed by the Audit Office. Its purposes include independent, impartial and objective evaluation of functional control systems and analysis of business processes in accordance with the generally applicable laws and internal policies. The activities of the Audit Office conform to the International Standards for the Professional Practice of Internal Auditing (IIA).

Independence of the Audit Office is assured through appropriate functional and administrative reporting lines within the company's organisational structure.

The Audit Office performs its functions (audits, consultancy projects and business analyses) on the basis of an annual audit plan approved by the company's Management Board. The annual plan is presented to the Audit Committee of the company's Supervisory Board in order to obtain its opinion, and then is submitted directly to the Supervisory Board for approval.

As part of their activities, the Audit Office and the Control and Security Office verify on an ongoing basis if processes are executed in line with the applicable internal regulations. Ad hoc audits may also be conducted by the Audit Office when and as requested by the company's Supervisory or Management Board.

The Audit Office continuously monitors its recommendations, based on which it prepares a report containing information their implementation status. All monitoring reports are submitted to the company's Management Board and the Audit Committee of the company's Supervisory Board, which is in charge of ongoing assessment of the entire organisation's functioning.

The Control and Security Office, on the basis of the ongoing monitoring of recommendations and post-audit instructions, prepares a report on the status and scope of implementation of the recommendations. Its activities consist in prevention and detection of irregularities. They are complemented by activities performed by ORLEN Ochrona, which has due authorisations and appropriate tools, such as an authorisation to use the services of business intelligence agencies and detectives.

If any instance of corruption is suspected, relevant steps are taken in close cooperation with law enforcement agencies, including the police and Central Anti-Corruption Bureau (CBA). With simultaneous operation of all the systems and functions described above, the Group is able to exercise ongoing and effective anti-corruption supervision.

Since 2018, ORLEN Group companies have appointed Anti-Corruption Compliance Officers or, in case of those companies which do not have separate organisational units in charge of security, persons cooperating with the Anti-Corruption Compliance Officer of PKN ORLEN S.A.

In 2021, an interdisciplinary project team was established at PKN ORLEN S.A. to develop assumptions for the Rules for Reporting Breaches of Law and Protecting Persons who Report Breaches of Law at the ORLEN Group (Whistleblowing and Whistleblower Protection Rules) on the basis of Directive (EU) 2019/1937 of the European Parliament and of the Council of October 23rd 2019 on the protection of persons who report breaches of Union law, and on the basis of proposed national legislation. The solutions developed by the team have been prepared for implementation across the ORLEN Group as an organisational standard, and implementation of the regulations is planned for 2022.



Significant risks relating to the Group's business and the risk management methods

Counteracting corruption and bribery			
Risks/processes	Risk description	Risk mitigation methods	Risk development trend
A. Fraud and other misconduct	<ul style="list-style-type: none"> Accepting financial gains from potential suppliers Conflicts of interest with respect to transactions Disclosure of confidential information Falsifying management information or other documents 	Restricting access to supplier offers and the information they contain, monitoring impartiality towards potential suppliers, oversight of the supplier selection acceptance path; access to Business Secrets and any confidential data regulated by internal policies, restricted to authorised personnel, and monitored on an ongoing basis; procedures have been introduced for the verification of records and management information by the various company departments	↔
B. Employees' conduct resulting in violation of law	<ul style="list-style-type: none"> Involvement in illegal transactions or concealing information about illegal transactions by employees Execution of contracts in circumstances where the law does not permit continuation of the process 	Review of the correctness of contracted obligations against powers of attorney/authorisations, supervision by authorised employees of supplier contracts and protection of the ORLEN Group's interests; providing opinions on and approval of contracts by business functions in a dedicated system	↔
C. Misconduct on the part of customers or employees	<ul style="list-style-type: none"> Theft of fuel by employees or customers Release of products to unauthorised persons and/or for unauthorised vehicles 	Regular inspections of service stations and terminals, verification and monitoring of reports on service stations' compliance with the requirements; automatic process of blocking and unblocking sales orders for customers defaulting on payments and exceeding the trade credit limit, based on the applicable PKN ORLEN instruction	↔

Colour highlighting the risk name Risk materiality for the organisation	critical	high	medium	low	very low
Colour of the arrows Risk level after taking into account the control mechanisms	critical	high	medium	low	very low
Risk development trend Year on year	↓ Risk decreases	↑ Risk increases	↔ Risk is stable		

Effects of application of control mechanisms in risk management – positioning of risks on the risk map





AUTHORISATION OF THE NON-FINANCIAL STATEMENT OF THE ORLEN GROUP AND PKN ORLEN S.A. FOR 2021

This Non-Financial Statement of the ORLEN Group and PKN ORLEN S.A. for 2021 has been authorised by the Parent's Management Board on March 30th 2022.

signed digitally on the Polish version

Daniel Obajtek

President of the Management Board

signed digitally on the Polish version

Armen Artwich

Member of the Management Board

signed digitally on the Polish version

Adam Burak

Member of the Management Board

signed digitally on the Polish version

Patrycja Klarecka

Member of the Management Board

signed digitally on the Polish version

Michał Róg

Member of the Management Board

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Piotr Sabat

Member of the Management Board

signed digitally on the Polish version

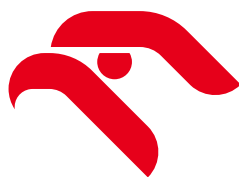
Jan Szewczak

Member of the Management Board

signed digitally on the Polish version

Józef Węgrecki

President of the Management Board



ORLEN