



NON-FINANCIAL
STATEMENT OF THE
ORLEN GROUP AND
PKN ORLEN S.A.
FOR

2020



ORLEN

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1. LETTER FROM THE PRESIDENT OF THE MANAGEMENT BOARD

Ladies and Gentlemen,

The ORLEN Group is opening a new chapter in its history. We are building a strong, competitive and innovative multi-utility conglomerate, set to gain a strong and stable position on the international market. The ORLEN Group's ambitious but realistic vision for growth is outlined in our ORLEN2030 strategy, addressing key challenges related to energy transition and ongoing changes in technology, environment and consumer behaviours.

In order to counteract the adverse effects of climate change, we are giving priority to achieving net zero emissions by 2050. This will position PKN ORLEN as the leader of the energy transformation process in Central Europe. We are getting closer to this goal by consistently implementing our strategy, including investment projects and acquisition processes. Our determination to act stems from the realisation that the shift towards climate neutrality is imminent and we need to be well prepared to face it. But, first and foremost, we regard this shift as an opportunity we want to fully exploit.

We are aware that the purpose of this transformation is not a simple change in the energy mix. It has a deeper meaning that concerns the human-nature relationship. Therefore, we are developing zero- and low-emission technologies harnessing the forces of nature, including solar and wind, without causing burden on the environment. This is our vision of a green future we want to create responsibly as a transition leader.

We believe green finance should be a natural source of funding for investments in green technologies. This is why we have offered our investors sustainability bonds, with the issue marking a milestone on the path to financing ESG projects. It was Central Europe's first issue of corporate bonds linked to an ESG rating.

Today, company value is not assessed solely on the basis of its financial performance – this is an obvious truth to us. Therefore, we are committed to sustainable long-term development, understood as care for the future of this and next generations.

We invest in our employees, striving to promote their advancement and supporting them in our joint effort to drive positive change in business. Our efforts are bearing fruit. For another year in a row, PKN ORLEN ranked among the best employers in Poland, according to experts of the independent Top Employers Institute. We were again included in The World's Most Ethical Companies list as the only company in Central and Eastern Europe. These awards are a testament to our high employment standards and the attention we pay to business ethics.

We are constantly expanding the range of the ORLEN Group's non-financial activities with new valuable initiatives. These include primarily involvement in the promotion of Polish sports and culture, as well as the initiatives of the ORLEN Foundation, which operates programmes supporting local communities and education of young people.

The Non-Financial Statement of PKN ORLEN and the ORLEN Group for 2020 presents our comprehensive approach to activities spanning many areas, including respect for human rights, health and safety at work, as well as anti-corruption and bribery. As always, we make every effort to ensure that our stakeholders are well informed on our projects.

*Daniel Obajtek
President of the Management Board, Chief Executive Officer*



2. INFORMATION ON THIS STATEMENT LEGAL BASIS

2. INFORMATION ON THIS STATEMENT; LEGAL BASIS

2.1 GRI indicators

GRI indicators discussed in this Section:

- **GRI 101** Foundation.
- **GRI 102-14** Statement from senior decision-maker.
- **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 103-1** Explanation of the material topic and its Boundary.

In addition, Section 1 of this Report, i.e. Letter from the President of the Management Board, contains a discussion of GRI 102-14 Statement from senior decision maker.

2.2 PRINCIPLES, STRUCTURE AND REPORTING METHODOLOGY

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 2020.

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;
- **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 document presents 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 2020. The previous Non-Financial Statement, for 2019, was issued in March 2020. 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 significant **changes in the scope and the measurement methods applied relative to the previous Statement**.

The changes were made in the following areas:

- the number of entities reported on for 2020 was extended following the acquisition of the Energa Group by PKN ORLEN in 2020. The Energa Group’s business consists of heat and electricity generation, distribution and trading, and sale of natural gas. This Statement includes data and information relating to the Energa Group for the period from May 1st to December 31st 2020. In the case of a few exclusions, a relevant explanation is provided;
- furthermore, the standard for GRI-compliant reporting of information on health and safety at work, and water and effluents has changed;
- the number of GRI indicators reported in the Energy area has been expanded. This Statement includes new sector-specific indicators from Electric Utilities Sector Disclosures (G4 EU).

The following organisations were not included in reporting in accordance with the GRI Standards for 2020:

- Grupa RUCH, in which PKN ORLEN acquired a 65% equity interest in November 2020. Since the transaction took place at the end of 2020 and it is necessary to align the scope of data and the data collection methods at Grupa RUCH with the standards applicable at the ORLEN Group, RUCH was not included in this Statement for 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.

2.3 REPORTING METHODOLOGY

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 for 2020 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.

Preparation of this Statement included the following stages:

- review of relevant reporting aspects for 2020;
- 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;
- 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 2020, 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), and GRI Standards, as well as incorporation of

conclusions and expectations resulting from international ESG ratings, and reference to the recommendations of the Task Force on Climate-related Financial Disclosures.

2.4 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.

A detailed description of all aspects of the ORLEN Group's financial and non-financial activities will be presented in 2021 in the online ORLEN Group Integrated Report for 2020. 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.

2.5 RELEVANT REPORTING ASPECTS

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 social 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 for 2020.

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 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 2019:

- 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:

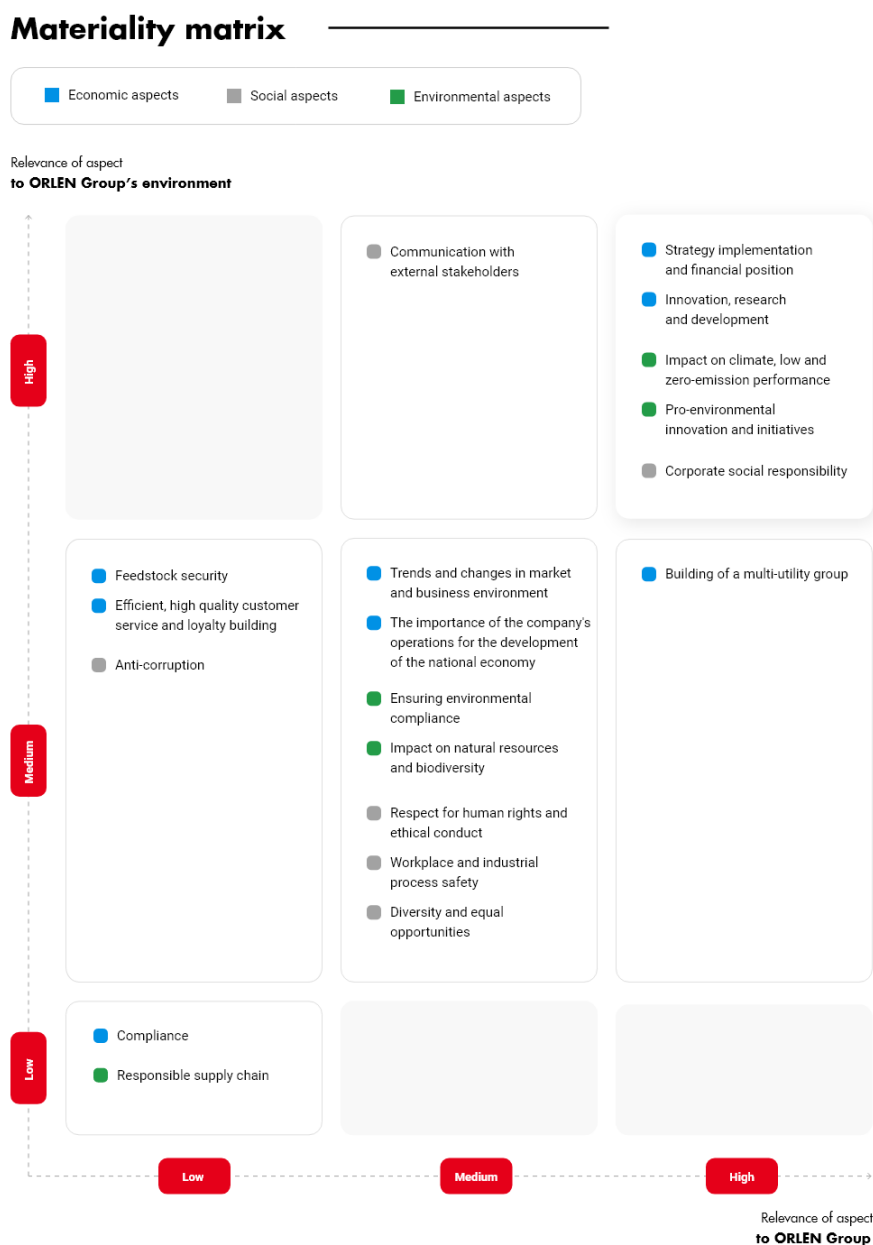
1. corporate social responsibility
2. innovation, research and development
3. impact on climate, low and zero-emission performance

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

1. building of a multi-utility group
2. corporate social responsibility
3. 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 figure below. The following aspects have been included in this Statement and will be discussed in detail in the ORLEN Group Integrated Report for 2020.

FIGURE 1. Materiality of individual reporting aspects to the ORLEN Group and its stakeholders





3. BUSINESS MODEL

3. BUSINESS MODEL

3.1 GRI indicators

GRI indicators discussed 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 102-10** Significant changes to the organization and its supply chain.
- GRI 102-40** List of stakeholder groups.
- GRI 102-42** Identifying and selecting stakeholders.
- GRI 102-45** Entities included in the consolidated financial statements.

3.2 PARENT – PKN ORLEN S.A.

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

Polski Koncern Naftowy S.A. with its registered office in Plock, 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.

The Company's 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.

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

PKN ORLEN shares are listed on the main market of the Warsaw Stock Exchange in the continuous trading system. The first listing of the shares took place on November 26th 1999. According to the Warsaw Stock Exchange classification, PKN ORLEN operates in the fuel sector.

PKN ORLEN's business model assumes solidifying its position in the area of principal business activities, 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 its market value, to strengthen its position on home markets, and to expand its 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.

3.3 ORLEN GROUP

The ORLEN Group is one of the largest and most modern multi-utility conglomerates in Central 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 the US.

The ORLEN Group companies are engaged in the following types of activity:

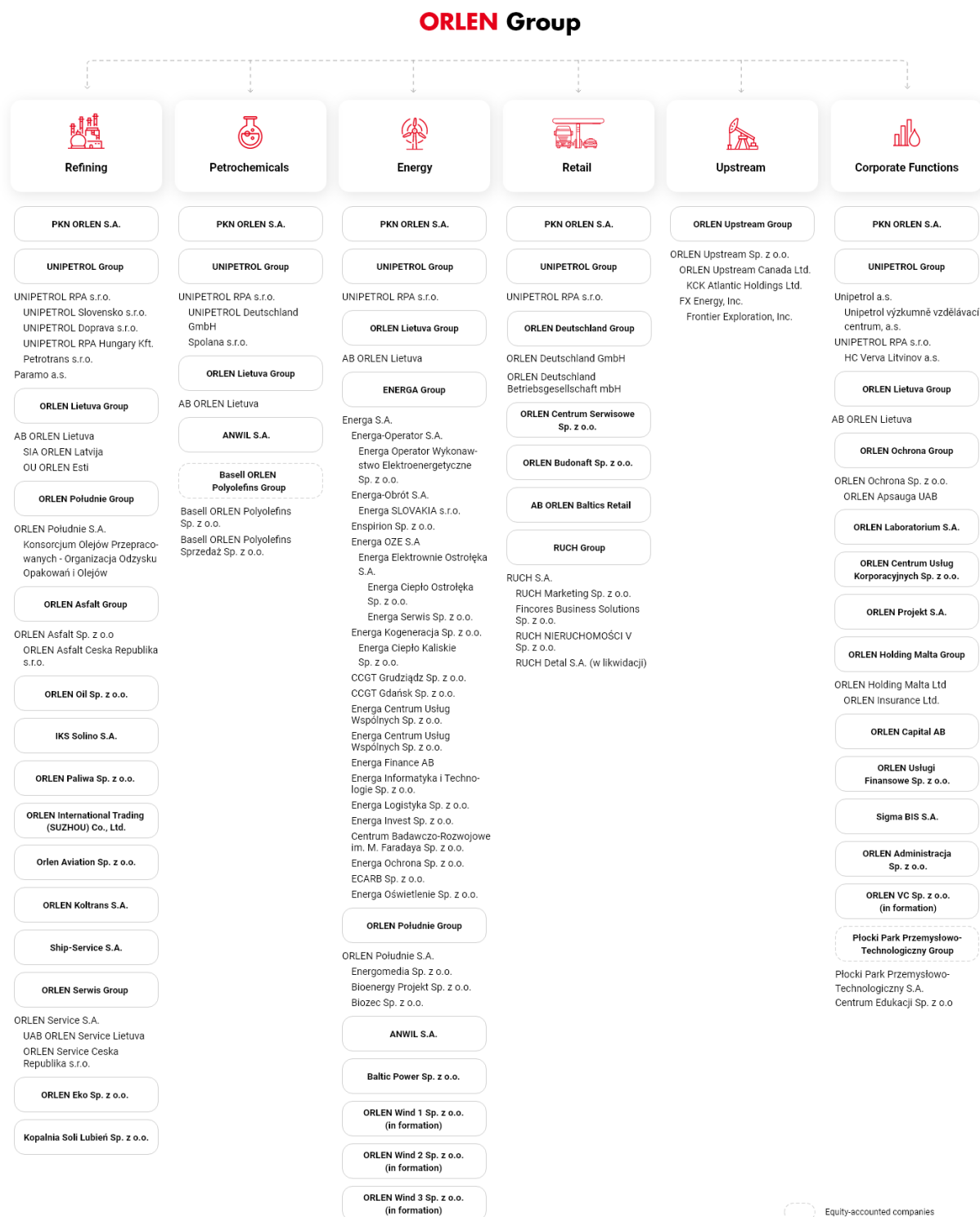
- Power generation (electricity and heat), refining and petrochemical activities, including crude oil processing, and manufacturing of refining, petrochemical and chemical products and semi-finished products;
- Trading – distribution and sale of electricity and heat, trade in electricity, wholesale and 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.

As at December 31st 2020, 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 2020, the ORLEN Group consisted of 102 companies, including 88 subsidiaries.

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

FIGURE 2. Allocation of the Parent and the ORLEN Group companies to operating segments and corporate functions as at December 31st 2020

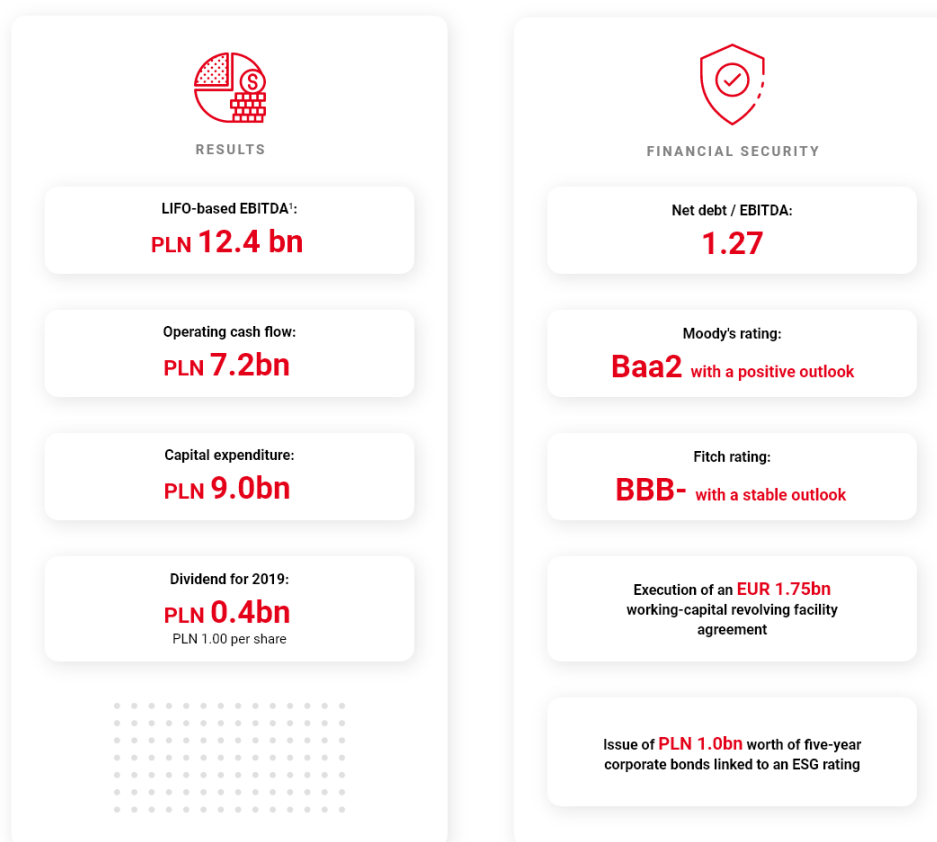


In line with the ORLEN Group's new long-term strategy adopted in November 2020, our key objectives are to be a regional leader in energy transition, develop new renewable power generation capacities, and pursue decarbonisation, while preserving operational efficiency and financial strength in its traditional 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 and continued work on other acquisition targets are part of this process. Recognising the importance of the retail segment, we proceeded with expanding our 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. We also seek to continue strategic growth in petrochemicals and gas-fired power generation, as well as in new business areas such as new mobility, hydrogen technologies, recycling, R&D&I and digital transformation.

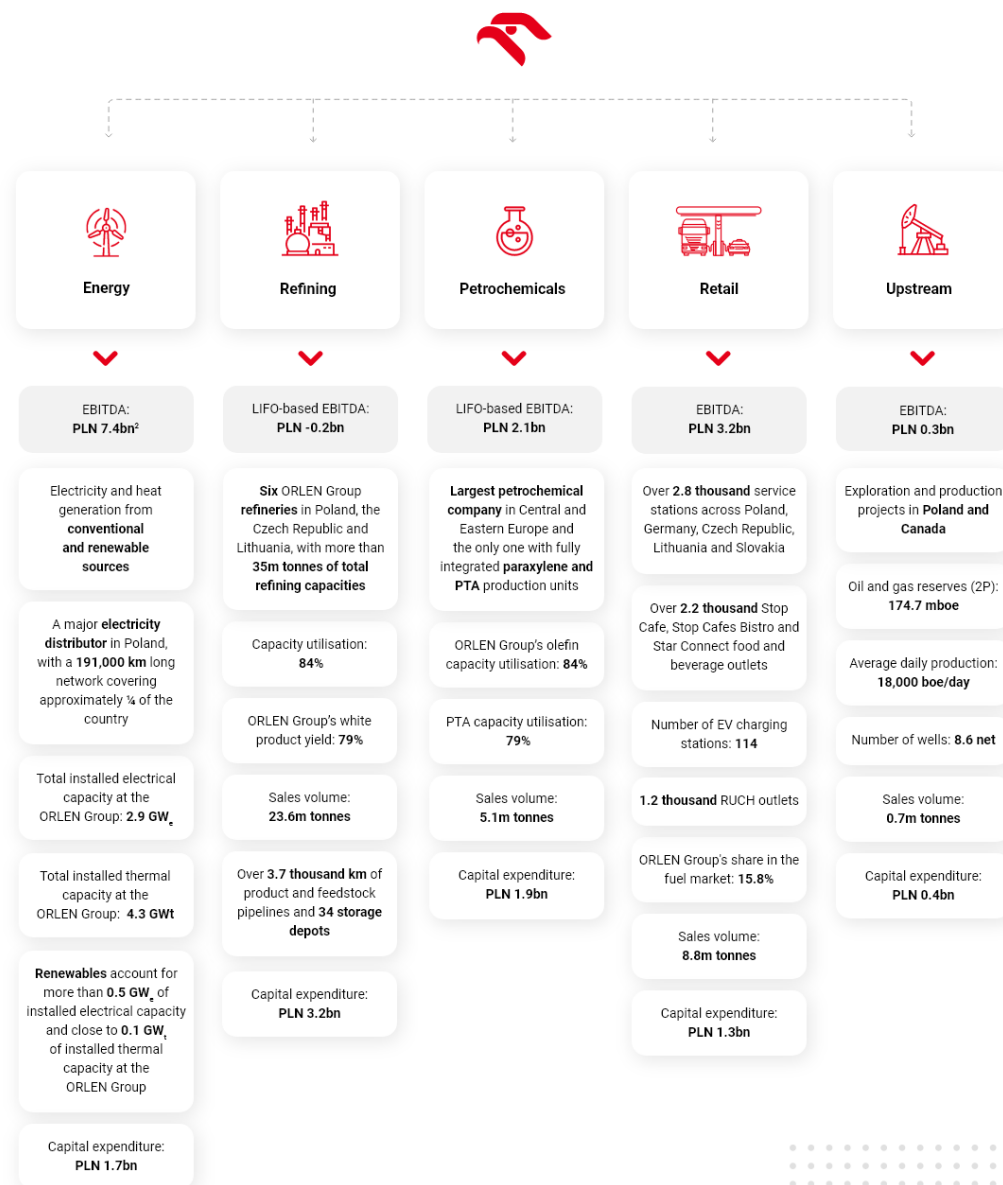
Effective growth of the ORLEN Group would not be possible without full operational and cost efficiency. We continually take steps to improve our management processes, optimise our business model and consolidate our assets. As a result of this strategy, we have consistently strengthened our position on 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.A.'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.

Key figures and events in 2020



¹ Before impairment of non-current assets of PLN 1.6bn.



² Including a PLN 4.1bn gain on the bargain purchase of Energa shares

3.3.1 Operating segments

As a consequence of changes in the ORLEN Group structure resulting from the acquisition of control of ENERGA S.A., and considering the business development of the ORLEN Group in individual areas and the associated process of operational decision-making and resource allocation within the Group, starting from the first half of 2020, the ORLEN Group decided to change the presentation of the Downstream segment, splitting it into three

operating segments: Refining, Petrochemicals and Energy. As a result, starting from 2020 the ORLEN Group's business is run within five segments: Refining, Petrochemicals, Energy, Retail, and Upstream, which are supported by Corporate Functions.

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.

Petrochemicals

The ORLEN Group is a leading producer of petrochemicals, with production processes carried out by selected units at PKN ORLEN, the Unipetrol Group, ANWIL, and Basell Orlen Polyolefins (BOP).

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 power generation assets in three countries. In Poland, they are located, inter alia, in Płock, Ostrołęka, Elbląg, Włocławek, Jedlicze and Trzebinia; in the Czech Republic – in Litvinov, Spolana, 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. Green energy is generated in 46 hydropower plants, 6 wind farms, biomass combustion installations (at Energa Elektrownie Ostrołęka and Energa Kogeneracja) and two solar photovoltaic units.

Retail

The ORLEN Group is the undisputed leader in retail fuel sales in Central Europe. At the end of 2020, it operated a total of 2,855 service stations.

In Poland, our service stations operate under the ORLEN brand in the premium segment and under the Bliska brand (1.5% of the total number of stations within the chain, that share having declined year on year) in the economy segment. 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. In 2020, the first ORLEN-branded service station was opened in Germany (Seeberg-Ost motorway service station near Berlin), which is positioned as a premium location.

The Group aims to expand the range of its stores and food services beyond the service station chain, building on the nationwide network of 1,209 RUCH outlets acquired by PKN ORLEN in 2020. ORLEN also plans to roll out its own network of parcel collection points (2,000 locations) and e-commerce services.

Upstream

The ORLEN Group is engaged in exploration and production in Poland and has production operations in Canada. In Poland, all upstream activities are carried out by the subsidiary ORLEN Upstream Sp. z o.o., and include hydrocarbon production and exploration. Gas production projects in Poland are operated by the ORLEN Group on its own and in partnership with PGNiG S.A.

Production operations in Canada are conducted through ORLEN Upstream Canada Ltd. Its base of hydrocarbon reserves is gradually expanded, production is stepped up and the project portfolio is diversified, while concentrating on the best performing and prospective assets. The objective is to constantly increase production output and the volume of 2P reserves, focusing on good quality assets and the most profitable projects, and responding flexibly to changes on the oil and gas market.

At the end of 2020, 2P oil and gas reserves of the Upstream segment companies totalled approximately 174 mboe, while total production volumes in 2020 reached 18,0 boe/d.

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.

3.3.2 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 Power Generation 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., holding a 90.92% equity interest as at December 31st 2020. The Energa Group's business consists in electricity and heat generation, distribution and trade, and natural gas trade.

Unipetrol Group

Unipetrol a.s. is the parent of the Unipetrol Group, which was 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, PKN ORLEN bought out the remaining interests, becoming the sole shareholder in Unipetrol a.s.

The 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 Klajpedos Nafta terminal.

Anwil S.A.

Anwil S.A. was established on March 15th 1993 as a result of transformation of a state-owned enterprise into a 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.

3.3.3 Significant changes in the organisation's size, structure, ownership, and its supply chain during the reporting period

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 ORLEN Group's new long-term strategy adopted in November 2020, our key objectives are to be a regional leader in energy transition, develop new renewable power generation capacities, and pursue 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 are part of this process. Recognising the importance of the retail segment, we proceeded with expanding our 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. We also seek to continue strategic growth in petrochemicals and gas-fired power generation, 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 Plock refinery and to three other ORLEN Group refineries, in Litvínov and Kralupy in the Czech Republic, and in Lithuania's Mažeikiai.

In 2020, oil was supplied to Poland and Lithuania without any disruption. In the Czech Republic, the volume of crude oil purchased in May and June was lower due to an extended shutdown of the refinery and limited storage capacities.

In 2020, two long-term contracts for oil supply via pipeline to the Plock refinery (with Rosneft Oil Company and Tatneft Europe AG) and one long-term contract for oil supply by sea (with Saudi Arabian Oil Company) were in force. These contracts covered almost 83% 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 crude supplied to Płock came primarily from Russia and Saudi Arabia, but was also imported from Kazakhstan, Nigeria and Norway. The refineries in the Czech Republic received the feedstock from Russia, Algeria, Saudi Arabia, Azerbaijan, Kazakhstan, Nigeria, Norway and the United States. The Mažeikiai refinery was primarily supplied with Russian oil, with additional deliveries from Saudi Arabia, Kazakhstan and the United Kingdom.

In 2020, the share of Rosneft Oil Company in the crude supplies exceeded 10% of the ORLEN Group's total revenue.

Natural gas

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

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;
- 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.

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). Purchases are also made under supplementary contracts with major gas suppliers in Poland and Europe. In addition, gas is 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 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 2020, the value of deliveries by none of the suppliers of natural gas to the ORLEN Group accounted for more than 10% of the Group's total revenue.

Hard coal

Hard coal is the main fuel used by the Energa Group to produce electricity and heat. In 2020, the Energa Group's generating units used 826,000 tonnes of hard coal and 147,000 tonnes of biomass (2019: 1,059,000 tonnes and 148,000 tonnes, respectively). The key sources of hard coal supplies were Polska Grupa Górnicza, Lubelski Węgiel Bogdanka and Jastrzębska Spółka Węglowa.

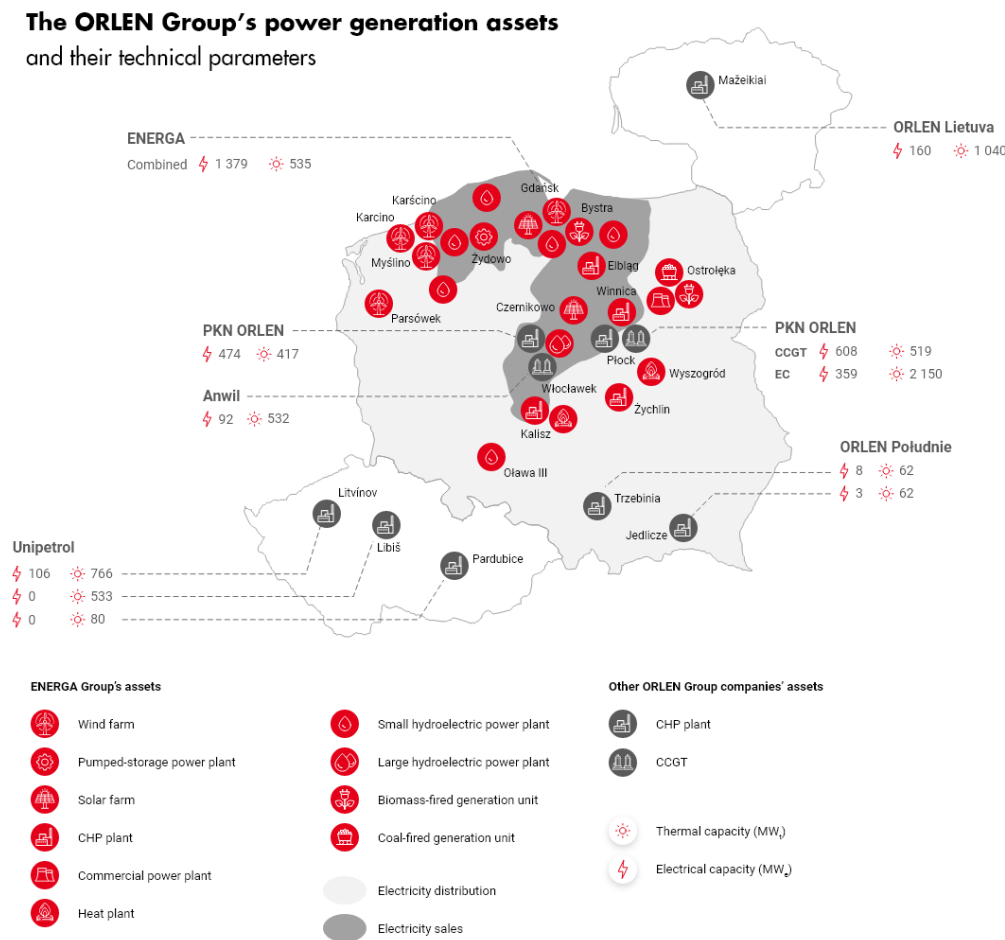
3.4 MAIN PRODUCTION ASSETS OF THE ORLEN GROUP

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 power generation assets in three countries. In Poland, they are located, *inter alia*, in Płock, Ostrołęka, Elbląg, Włocławek, Jedlicze and Trzebinia; in the Czech Republic – in Litvinov, Spolana, 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. Green energy is generated in 46 hydropower plants, 6 wind farms, biomass combustion installations (at Energa Elektrownie Ostrołęka and Energa Kogeneracja) and two solar photovoltaic units.

FIGURE 3. ORLEN Group power generation assets and their technical parameters



COMPETITION IN CENTRAL AND EASTERN EUROPE

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

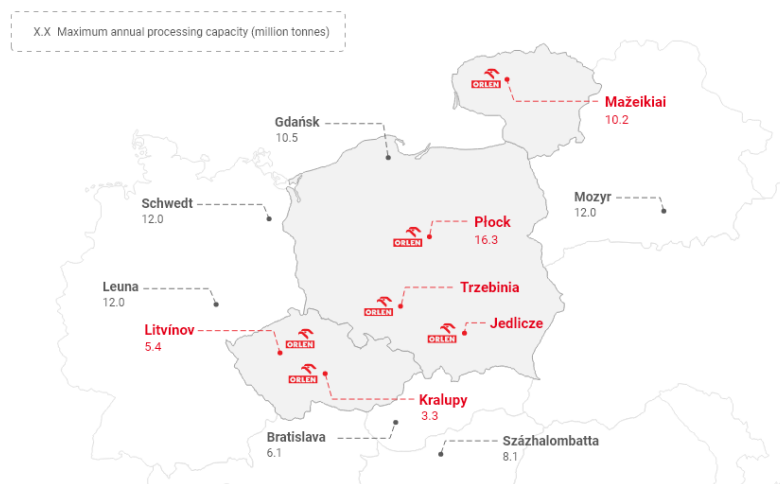
- PGE Polska Grupa Energetyczna S.A. Group – Poland's largest vertically integrated producer of electricity and heat;
- TAURON Polska Energia Group – consisting of TAURON Polska Energia S.A. of Katowice and its subsidiaries.

Refining

Main production assets of the ORLEN Group

- The total production capacities of the **ORLEN Group** refineries are 35.2 million tonnes.
- The **refinery in Plock** 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 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.
- The other Polish refineries, operated by 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.

FIGURE 4. ORLEN Group production assets and key competitors in CEE / processing capacity [million tonnes]



Source: In-house analysis.

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.

Petrochemicals

Main production assets of the ORLEN Group

The key production facility of the Petrochemicals segment is the olefins unit, with a maximum capacity of approximately 700,000 tonnes of ethylene and approximately 380,000 tonnes of propylene. Monomers manufactured at PKN ORLEN are used as feedstock for the polymer units at Basell Orlen Polyolefins and the PVC unit at ANWIL. PKN ORLEN also operates a modern PX/PTA complex with an annual capacity of around 690 thousand tonnes of terephthalic acid.

Under its Petrochemical Development Programme, PKN ORLEN plans to expand the Olefins complex in late 2023/early 2024 and build another Phenol unit by the end of 2023. Once these projects are completed, the Production Plant in Plock will rank among Europe's largest and most advanced industrial complexes of this kind.

The **Unipetrol Group** owns petrochemical assets with combined annual production capacities of approximately 600 thousand tonnes, including 320 thousand tonnes of polyethylene and approximately 280 thousand tonnes of polypropylene. 2020 saw the launch of a new Polyethylene 3 unit, with an annual capacity of approximately 270 thousand tonnes. The unit will allow 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 about 1.5 million tonnes from 2021 onwards.

Basell ORLEN Polyolefins in Plock 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 production capacity of approximately 1,745,000 tonnes and assets in Belgium, France, Germany, Italy and Norway;
- Sabic – with an annual capacity of approximately 1,590,000 tonnes and assets in Germany, the Netherlands and United Kingdom;
- Lyondell Basell Industries – the largest polyethylene manufacturer, with an annual production capacity of approximately 2,170,000 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 production capacity of approximately 1,920,000 tonnes and assets in Belgium, Germany, Austria and Finland;
- Total Petrochemicals – with an annual production capacity of around 1,310,000 tonnes and assets in Belgium and France;
- Indorama – Europe’s largest PTA manufacturer, with a nominal production capacity of 1,775,000 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 2,155,000 tonnes.

3.5 KEY PRODUCTS AND BRANDS

FIGURE 5. Our products

Our products



Fuel products

Gasolines, diesel oils, fuel oil, light heating oil, liquefied gas, biofuels, bunker fuels, aviation fuels



Bitumens

Road, industrial, modified and multigrade bitumens



Oils

Base, motor, gear, hydraulic and industrial oils, oils for agriculture, car lubricants, lubricants



Refining products

Solvents, slack waxes, waxes, sulfur, kerosene, industrial grade glycerine, paraffins, alkylate, reformat, isomerate



Olefins

Ethylene, propylene



Polyolefins

Polyethylene, polypropylene



Artificial fertilizers

Nitrogen fertilizers, liquid ammonia, CANWIL, ammonium nitrate, ammonium sulfate, soda lye, caustic soda, sodium hypochlorite



Salt-based products

Iodised salt, pickling salt, salt pellets, salt briquettes, industrial-grade sodium chloride, animal feed salt, waste salt, industrial-grade brine, table salt, salt dust, salt separated



Petrochemical products

Petrochemicals (acetone, process butadiene, ethyl tertiary-butyl ether – ETBE, polymerisation ethylene, process phenol, glycols, terephthalic acid PTA, petrolent, ethylene polyglycols, polymerisation propylene, liquid ethylene oxide), aromatic hydrocarbons (raffinate, paraxylene, benzene, benzene-toluene fraction), polyvinyl chloride (PVC), PVC granulates, PVC-based mixes, PVC sheets, brake and other fluids, toluene



Power generation

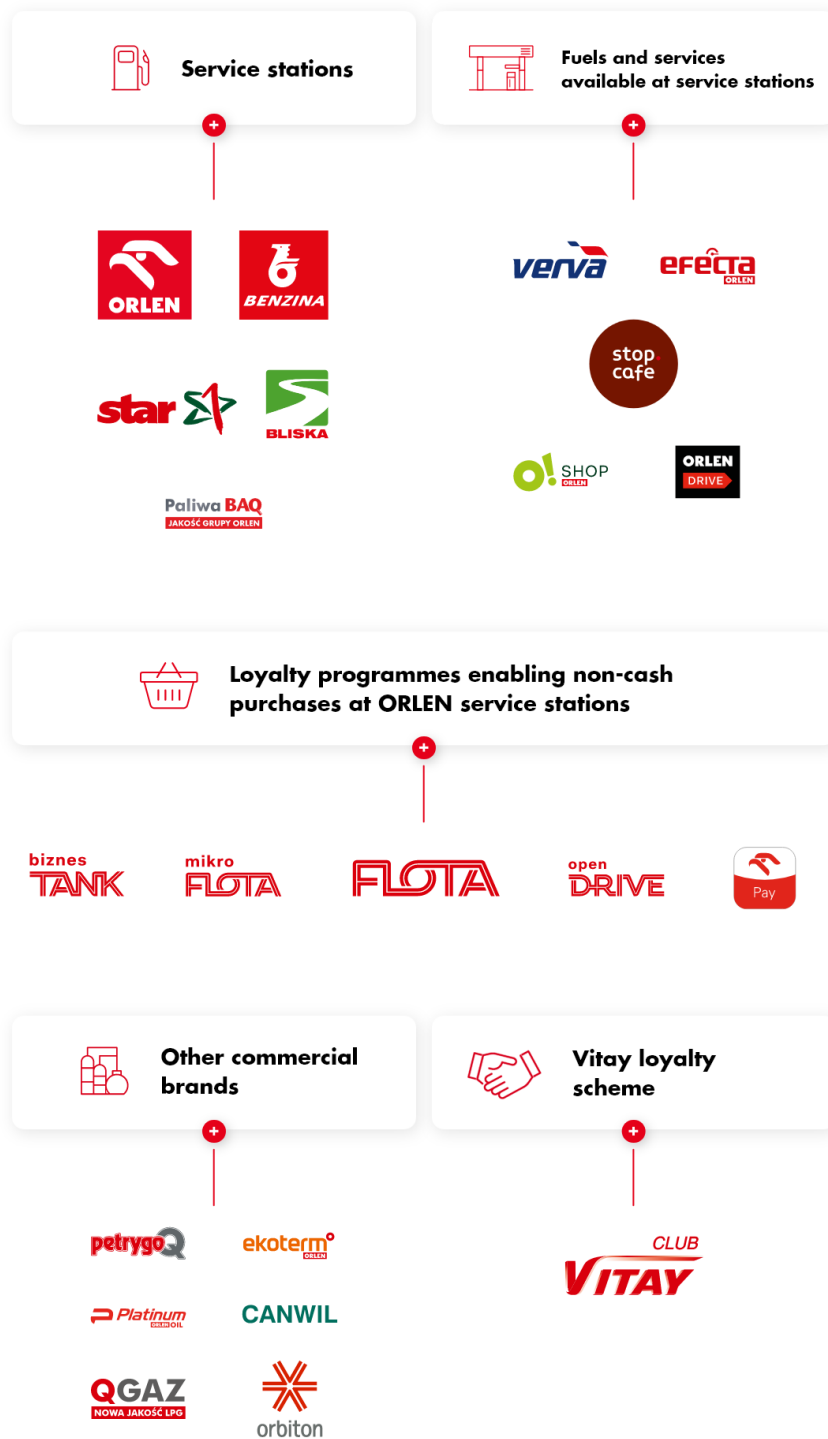
Electricity, heat, gas, photovoltaic panels, electric vehicle charging stations, street lighting TETRA Digital Critical Communications Service, DSR (Demand Side Response)



Other

Fuel cards, LPG and Ad-Blue flow meters, service station control and metering systems, car care cosmetics and chemicals

FIGURE 6. Our brands



3.6 ORLEN GROUP STRATEGY

3.6.1 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 the energy transition in the region. The ORLEN Group's growth will be based on a diversified portfolio of existing and future operations, whose development is guided by the direction of the Group's transformation until 2030. The new 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.

FIGURE 7. ORLEN Group values



The strategy also provides
for a return to a progressive dividend policy



Our 2030 aspirations

In response to trends and challenges facing the energy sector, the ORLEN Group is set 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 140bn on investments. 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 45–55bn will be allocated to 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 power generation: further development of state-of-the-art gas-fired power generation 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 will be:

- new mobility;
- hydrogen technologies: taking positions in hydrogen-based transport and energy production;
- recycling: driving technology advances and building capacity in recycling and biomaterials;
- R&D&I and digital transformation.

3.6.2 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 as the main growth area: investment in renewables and gas-fired capacities.

The Group's key growth area over the next decade will be power generation, based mainly on renewables and supported by gas-fired sources. By 2030, we intend to achieve over 2.5 GW of installed RES capacity (attributable to the ORLEN Group's interests), including 1.7 GW in offshore wind farms and 0.8 GW in onshore (wind power and solar PV) sources. The Group will also increase the installed capacity of its modern gas-fired power plants from today's 1.1 GW to over 2.0 GW. The generation capacity will be supported by the Group's extensive and modern distribution network, allowing it to reach a broad base of retail 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 the Group's 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 entry 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 the Group's 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 retail network will be expanded mainly on foreign markets, with the share of foreign locations up from the current 37% to 45%. We will seek to enhance the availability of alternative fuels, by deploying at least 1,000 EV fast chargers and increasing the sales of hydrogen and LNG/CNG. The ORLEN Group's 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 our 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 power generation business. We will spend PLN 30bn on sustainable development projects, with over PLN 25bn 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 power generation;
- expansion of biofuel and biomaterial capacities;
- driving development in recycling;
- building positions in alternative fuels: electric mobility, hydrogen, CNG/LNG.

Major R&D and digitisation investment

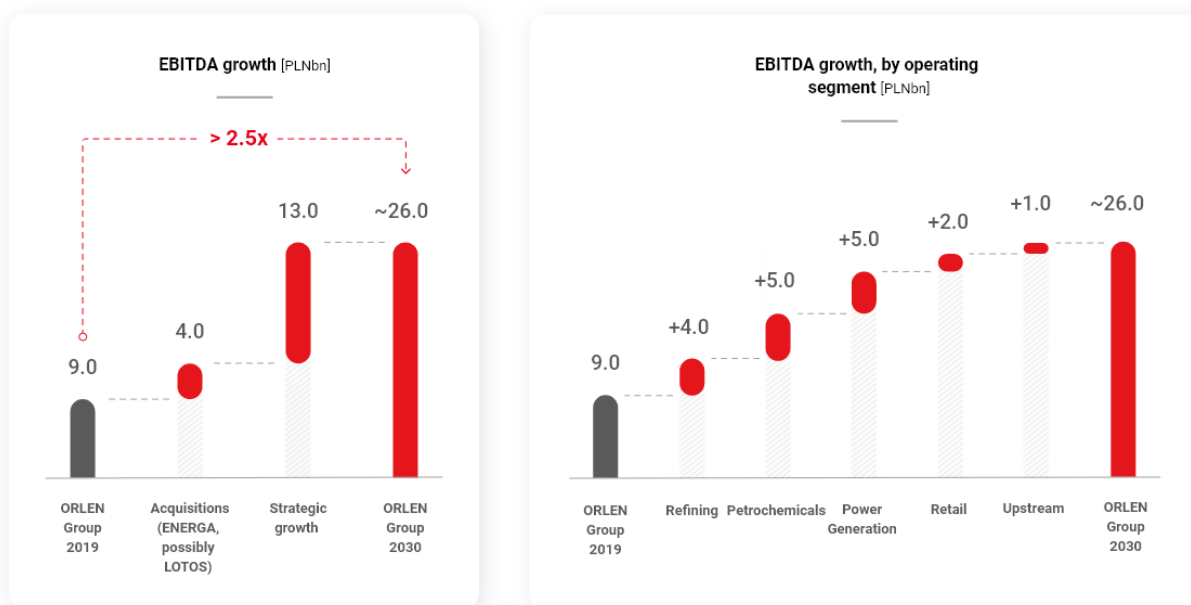
Pursuit of the Group's strategic objectives will also require changes within the organisation. Over the next decade, we will spend approximately PLN 3bn (ca. 3% of our overall growth capex budget) on research, development and innovation, as a key area of its necessary transformation. The funds will be 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. The ORLEN Group will put in place a new management model, tailored to the scale of its 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

The strategy is also designed to ensure the Group's stable financial foundations. The ORLEN Group value will be built by profitable investment projects, sustainable funding sources and a robust balance sheet. Having capped the Group's net debt/EBITDA ratio at 2.5x, we will align CAPEX plans with our current financing capabilities. We will rely on a balanced mix of funding sources with current cash flows supported by an additional debt capacity. We will also use alternative funding sources, such as project finance, EU funding for innovation and energy transition projects, and engaging with external partners who would co-fund selected projects. Projects that fit in directly with the Group's carbon neutrality goal will be partly financed through green and sustainability bonds issued on the European capital market.

The strategy is expected to drive a two-and-a-half-fold increase in EBITDA, to approximately PLN 26bn in 2030. The Power Generation, Petrochemicals and Refining segments will each generate EBITDA of approximately PLN 7bn, the Retail segment – EBITDA of around PLN 5bn and the Upstream segment – EBITDA of ca. PLN 1bn.

FIGURE 8. EBITDA growth [PLN billion]



3.6.3 Summary of strategy implementation in 2020

In 2019–2020, we consistently pursued our strategic objectives amid headwinds created by the COVID-19 pandemic. Despite the adverse macro impact, lower key margins (see table below) and lower sales volumes, reflecting subdued demand, the average 2019–2020 LIFO-based EBITDA was PLN 10.8bn, 0.5bn above the Group’s Medium-Term Plan.

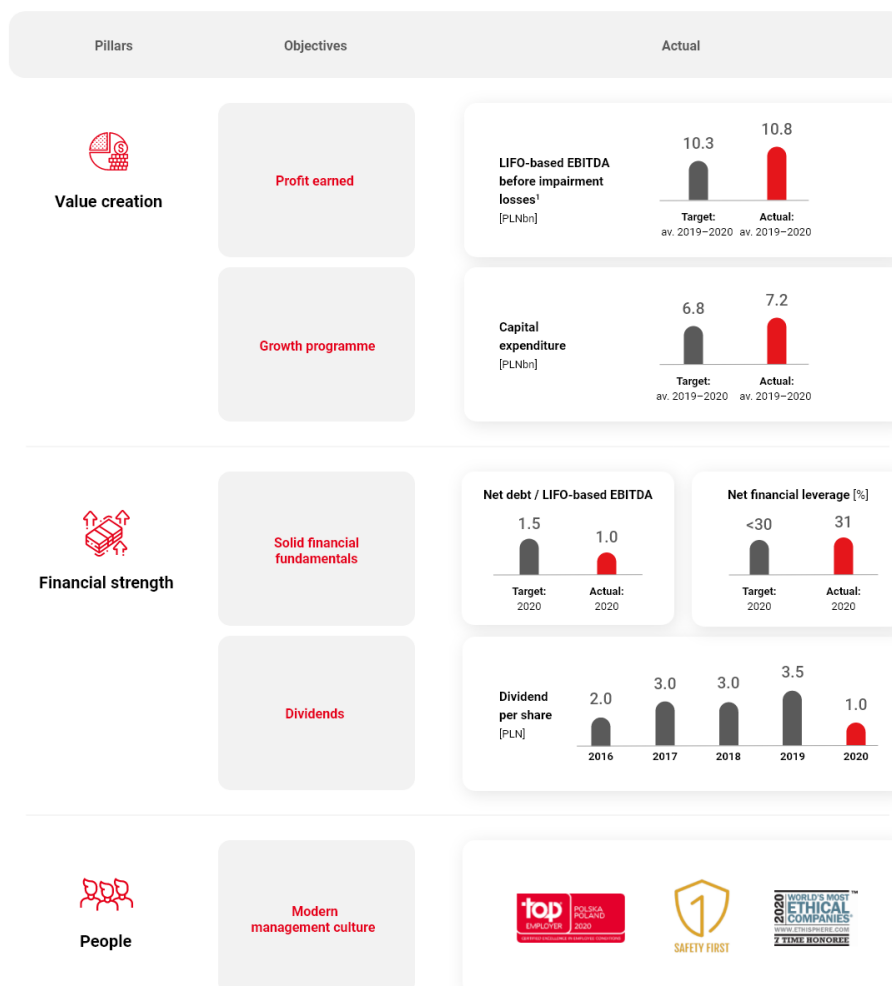
Our earnings and stable financial condition, confirmed by safe levels of debt ratios and Baa2 rating from Moody’s, translated into an increase in CAPEX of PLN 0.4bn. On average, we spent PLN 7.2bn on investments, including projects to build the Polyethylene 3 unit at Unipetrol and a metathesis unit in Plock, purchase of shares in the Energa Group, and capacity additions under the Petrochemicals Development Programme.

The adverse impacts of the coronavirus pandemic and an ambitious CAPEX plan aimed at increasing the Group’s value necessitated a downward revision of the dividend payout for 2020 to PLN 1.00 per share. In line with the ORLEN2030 strategy adopted in November 2020, we plan to resume the pre-COVID-19 dividend policy, which means paying dividends of at least PLN 3.50 per share and maintaining or increasing the distributions in the coming years.

In 2020, PKN ORLEN was again awarded the titles of ‘The World’s Most Ethical Company 2020’ and ‘Top Employer Polska 2020’.

FIGURE 9. Summary of strategy implementation in 2020

Item	Actual 2020	Medium-term Plan 2019-2020	Difference
Model downstream margin [USD/bbl]	7.3	13.5	-6.2
Model refining margin [USD/bbl]	2.2	5.5	-3.3
Urals-Brent differential [USD/bbl]	0.6	3.1	-2.5
Model petrochemical margin [EUR/t]	839	808	+31



¹ Before impairment of non-current assets: PLN (0.2) billion in 2019 and PLN (1.6) billion in 2020.

3.7 MISSION, CORPORATE MOTTO, CORE VALUES AND STANDARDS OF CONDUCT



Core Values and Standards of Conduct

The 'Core Values and Standards of Conduct' offers guidance on internal relations and relations with our external stakeholders. The document, prepared with a view to ensuring a fair and friendly working environment, defines principles of mutual relations at PKN ORLEN and ORLEN Group companies, which are based on integrity, respect in everyday relationships, and dialogue, cooperation and involvement of each staff member in building a culture consistent with the Company's core values: Responsibility, Development, People, Energy, Reliability. It promotes the fair treatment of all employees and customers regardless of their age, sex, job, denomination, nationality, convictions or beliefs. The document also contains provisions on anti-corruption procedures, as well as provisions on the obligation to comply with the rules of fair competition, transparency of business activities, mutual respect, and professionalism. The 'Core Values and Standards of Conduct', which have also been implemented at other Group companies, complement the Company's business strategy by placing emphasis on building good relations within the organisation.

PKN ORLEN's value-based corporate culture is constantly evolving in response to the needs of the ever-changing environment. Our ethics policy is effective and embodies our commitment to meeting challenges and expectations.

The direction of changes and measures we undertake has been appreciated by both Polish and international experts. In 2020 PKN ORLEN as the only company from Poland and CEE was again awarded several times the prestigious title of 'The World's Most Ethical Company'.

3.8 STAKEHOLDER MAP

Responsibility and dialogue are the underlying principles of our 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. A number of such activities are described below in this Statement.

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 stakeholders' group, and changing the name of the group 'NGOs' – in response to proposals put forward by stakeholders it was made more specific and changed to: 'Polish and foreign industry and consumer organisations'.

FIGURE 10. ORLEN Group stakeholder map





4. SOCIAL AREA

4.1 United Nations' Sustainable Development Goals 2030:

Sustainable Development Goals 2030 pursued by the social measures implemented by PKN ORLEN and the ORLEN Group in 2020:



4.2 GRI indicators

GRI indicators discussed 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.

4.3 OUR CORPORATE MOTTO

Our priority is sustainable development across all our operations, understood as a concern for 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 in a sustainable manner. We value and support Polish culture, science and sports. Because we feel responsible for other members of the communities where we operate, we engage in dialogue and support them in various areas of activity. We are proud that the way we operate contributes to bolstering Poland's reputation abroad.

4.4 OVERVIEW

PKN ORLEN's corporate social responsibility stands for informed and comprehensive management of CSR and environment 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;
- Formulating and implementing social marketing strategies;
- 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 experience sharing 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 2020, 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. Our ambition is to best fulfil the role of a responsible corporate citizen and employer, a member of the community and a good neighbour. We declare our openness to the world around us, sensitivity to people's needs and willingness to help. We seek to ensure that our activities effectively address the needs of local communities, bringing about real change in the lives of their target beneficiaries. We would also like them to be wide-ranging so that our charitable efforts reach all places where they are needed.

Following announcement of the ORLEN Group's strategy until 2030 in autumn 2020, which provides for the creation of a multi-utility group and the development of new business directions, the External Relations Office, together with the Sustainable Business Development Department, started work on a **new sustainability strategy**. The strategy will be closely linked to the new business objectives and will set ambitious sustainability and CSR goals. It is being developed based on research and analysis, as well as consultations with internal stakeholders, including employees, business units and foundations of the ORLEN Group, and external stakeholders, such as representatives of the local community in Plock, the capital market, industry and non-governmental organisations, public administration, scientific and research institutions. An important partner in the process of its drafting is the Energa Group – it has had a significant contribution in the area of sustainable development and CSR activities upon joining the ORLEN Group. One purpose of the new strategy will be to 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.

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 Development's Partnership for the Implementation of Sustainable Development Goals in Poland. PKN ORLEN has joined the initiative for implementation of the UN 2030 Agenda, seeking to ensure that its 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, PKN ORLEN signed the Declaration of Support to the Sustainable Development Concept in Chemical Industry;
- In 2014, PKN ORLEN signed the 'Declaration of Polish Businesses for Sustainable Development'. By doing so, we joined the group of companies supporting the Vision of Sustainable Development of Polish Businesses until 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.

4.5 NON-FINANCIAL KEY PERFORMANCE INDICATORS

The table below presents the social KPIs.

Item:	UoM	2020	2019
Scholarship programmes of the ORLEN Foundation – grant holders¹			
	[number]	556	537
Grant programmes of the ORLEN Foundation			
'My Place on Earth' ² – applications submitted	[number]	2,855	2,132
'My Place on Earth' – grant-winning applications	[number]	300	276
'My Place on Earth' programme – estimated number of beneficiaries	[number]	771,310	700,000
'My Place on Earth' programme – volunteers involved in the implementation of the winning projects	[number]	4,264	-
'My Place on Earth' programme – persons with disabilities involved in the implementation of the winning projects	[number]	2,562	-
'ORLEN for Firefighters' ³ – applications submitted	[number]	4,048	2,248
'ORLEN for Firefighters' – grant-winning applications	[number]	185	249
Program 'We watch! We remember! ⁴ – applications submitted	[number]	302	76
Program 'We watch! We remember!' – grant-winning applications	[number]	33	16

Health promotion projects for employees

Additional preventive check-ups ⁵	[number]	-	1,050
Health Zone ⁶ – participants	[number]	-	350

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 Plock ⁷ , including:			
'Health for Plock' grant programme – applications submitted ⁸	[number]	68	-
'Health for Plock' grant programme – grant-winning applications	[number]	28	-

Information projects

Free Information System for the inhabitants of the Plock region – users ⁹	[number]	over 1,000	nearly 1,000
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Employee volunteering programme

Volunteer campaigns	[number]	51	40
Number of volunteers	[number]	over 1,000	800
Estimated number of beneficiaries of the volunteering campaign	[number]	over 2,800	-

Sponsoring projects for Plock residents	[number]	34	59
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Customer engagement in charitable projects¹⁰

Vitay programme and Yanosik application points donated by customers for charitable causes	[number]	136,097,525 (including 76,749,000 for fight against COVID19)	45,670,769
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PKN ORLEN suppliers required 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
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1) **Scholarship programmes of the ORLEN Foundation 'For Eagles'** – a programme for children of the employees of PKN ORLEN and ORLEN Group companies, 'I have a passion above average' - programme for schoolchildren from Plock 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, the 'Life to the Full' programme, the 'Masters of Chemistry' programme.

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 programme run since 2000, designed to support firefighters from state and voluntary fire-fighting units, while fostering the development of 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) **Grant program "We watch! We remember!"** - program addressed to non-governmental organizations and local government institutions from all over Poland. As part of the initiative, applicants may receive a donation for the revitalization of historical 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.
- 6) **Health Zone** – in May 2019, PKN ORLEN employees in Plock, Warsaw and Wloclawek 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 Plock** – 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 Plock’ grant programme** – a grant programme addressed to non-governmental organisations and local government institutions operating in Plock, as well as the Counties of Plock, 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 Plock and the Plock 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 Plock.
- 10) **Engagement of clients in social charity projects** - enabling clients to donate points collected in the VITAY loyalty program and in the YANOSIK application for social charity purposes.

4.6 POLICIES IN PLACE

The policies and internal regulations concerning the social area include:

PKN ORLEN Core Values and Standards of Conduct – a code of ethics offering guidance on relations with customers, shareholders, local communities, business partners, competitors and other external Stakeholders. The document applies across the ORLEN Group.

CSR strategy – 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.

Charitable Giving Policy – is an important tool for implementing the CSR strategy. It sets out the four priorities of the Company’s 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 a circular economy), **ORLEN for society** (supporting Foster Care Homes and young people leaving Children’s Homes, the socially excluded, 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 donations. Charitable support offered directly by the ORLEN Group and indirectly, through the ORLEN Foundation, ANWIL for Wloclawek Foundation, Unipetrol Foundation and Energa Foundation.

PKN ORLEN standards of conduct in relations with local communities – the document is a set of guidelines on how to coexist 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 defining 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, implemented across the ORLEN Group and including standards to follow when selecting suppliers, e.g. considering whether the supplier ensures safety in the workplace, cares for the health of employees, offers fair and non-discriminatory working conditions, and respects human rights.

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.

PKN ORLEN Rules for Accepting and Offering Gifts – define the rules for accepting and offering gifts at PKN ORLEN.

Restructuring agreement with trade unions – defining the rules of cooperation between social partners in restructuring processes and the employees’ rights in such processes.

The 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.

4.7 DUE DILIGENCE PROCEDURES

CSR Strategy implementation

In 2020, we continued implementation of the **ORLEN Group CSR Strategy until 2022**, commenced in 2019. The Strategy builds on the Company's business strategy, our internal code of ethics – the Core Values and Standards of Conduct of PKN ORLEN S.A., 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 2019–2020, emphasis was placed on projects involving **environmental protection, promotion of safety** (including road safety), as well as **promotion and protection of health, especially at the time of the COVID-19 pandemic, in the fight against which PKN ORLEN was actively involved**. Environmental protection is a key element of CSR. Together with other ORLEN Group companies, PKN ORLEN undertakes various initiatives to foster the public's environmental conscience, protect biodiversity and optimise business impacts. PKN ORLEN is also engaged in projects involving disease prevention as well as education on active and healthy lifestyles. Our employees and trading partners are guaranteed the best possible OHS conditions, and the production process safety is being constantly improved in order to ensure safe living conditions to the local communities.

Society

The main goals pursued 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**.

2020 saw the continued implementation of countrywide projects designed to reach local communities, such as the **'My Place on Earth'** and **'ORLEN for Firefighters' grant programmes** and a **loyalty scheme for volunteer firefighters** registered in the National Firefighting and Rescue System. The ORLEN Foundation delivered successive editions of its scholarship programmes, including **'For Eagles'** dedicated to children of the employees of PKN ORLEN and ORLEN Group companies and the residents of Płock and the County of Płock, as well as **'BONA FIDE'** for students. 2020 also saw the first edition of the **'Health for Płock'** grant programme, addressed to non-governmental and local government organisations active in Płock and the neighbouring Płock, Sierpc and Gostynin Counties.

In 2020, the Company increased its involvement in health promotion. Responding to the needs of Płock residents, PKN ORLEN continued cooperation with the 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 Maria Skłodowska Curie, together with the National Tuberculosis and Lung Diseases Research Institute, under the patronage of the Ministry of Health. Its 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 2020:

- Launch of pulmonology and oncology infolines for residents and medical staff from Płock and its surroundings (January 2020); the callers may receive information on diagnostic and therapeutic possibilities from oncology and pulmonology practitioners.
- Launch of the Programme website at www.healthiedlaplocka.pib-nio.pl, an ample source of information on the Programme, its activities, disease prevention and treatment (April 2020).
- Establishment of a Smoker Aid Point in Płock, which offers access to a doctor, psychologist and dietician (August 2020).
- Development of training materials for medical staff on the treatment of cancer and respiratory diseases.
- Development of educational materials for children on healthy and hygienic lifestyles.
- Development of educational materials for adults on healthy lifestyles and adverse effects of smoking.
- On August 29th 2020, the 'Health for Płock' family picnic was organised for the residents of Płock and the Płock, Gostynin and Sierpc Counties. The visitors could receive information on the health programme for Płock, obtain medical consultations and advice in special areas hosted by PZU Medica and the National Health Fund, or undergo first aid training with VR goggles. The open-air family picnic was planned taking into consideration the sanitary regime requirements.
- The ORLEN Foundation launched the **'Health for Płock'** grant programme. 2020 saw its first edition, addressed to non-governmental and local government organisations active in Płock and the neighbouring Płock, Sierpc and Gostynin Counties. 68 organisations submitted their applications. Grants totalling PLN 300,000 were awarded to 28 organisations, and will be used to finance, for example, the organisation of training sessions, workshops and lectures on disease prevention. The beneficiaries included Płock kindergartens, primary schools, voluntary fire brigades and farmers' wives associations. 'Health for Płock' is one of the initiatives forming part of the PKN ORLEN's Comprehensive Programme for the Prevention, Diagnostics and Treatment of Cancers and Respiratory System Diseases for Residents of the City and County of Płock.
- In pursuit of the Programme's objectives, **five spirometers were purchased and donated** to: Provincial Hospital in Płock (2 spirometers), PZU MEDICA in Płock (Galeria Mosty), as well as independent public healthcare facilities – Samodzielny Publiczny Zespół Zakładów Opieki Zdrowotnej in Sierpc and ARION Med sp. z o.o. in Gostynin.

PKN ORLEN and the ORLEN Foundation provided active in-kind and financial support to combat the COVID-19 epidemic. The support was addressed in particular to **medical services, hospitals and uniformed services talked with saving the life and health of infected people, as well as to the staff and charges of nursing homes.** In the case of service station customers, the possibility of paying for fuel directly at the pump, without entering the station building and contacting the staff, was a major advantage given the risk of infection.

- The beneficiaries of PKN ORLEN's and the ORLEN Foundation's donations included: Material Reserves Agency, Central Sanitary and Counter-epidemic Reserves Base in Poręby near Zduńska Wola, International Solidarity Foundation, Central Clinical Hospital of the Ministry of Internal Affairs and Administration, Military Institute of Medicine in Warsaw, Sanitary and Epidemiological Station of the County of Plock, St. Urszula Ledóchowska Hospice and Palliative Care Association 'Hospicjum Plockie' of Plock and Independent Public Provincial Specialist Hospital in Chełm. The ORLEN Foundation received the 'Bene Meritus de Aegrotis et Instituto' award from the Director of the Military Institute of Medicine for supporting the fight against the pandemic.
- Five high-quality ventilators were donated to the Central Clinical Hospital of the Ministry of Internal Affairs and Administration in Warsaw. Two were received by the Provincial Hospital Complex in Plock. In addition, these facilities, as well as to the Military Institute of Medicine in Warsaw, were provided with personal biosecurity kits, including coveralls, masks, gloves and boot liners. The Company also provided hospitals with hand and surface sanitiser liquids, three-layer masks, safety glasses and gloves, as well as gloves for washing ambulances.
- Thanks to the support of the ORLEN Foundation, medical establishments were able to purchase additional laboratory equipment, ambulances, medical equipment, as well as personal protective equipment. The Foundation responded to the needs reported by hospitals. For example, it supported the Children's Memorial Health Institute with a donation which covered three-month costs of fuel for ambulances. PKN ORLEN also offered assistance, in the form of two delivery vans, to the Central Sanitary and Counter-epidemic Reserves Base in Poręby near Zduńska Wola, and provided protective masks to the Material Reserves Agency.
- The beneficiaries of COVID-related support in Plock included the Provincial Hospital Complex, as well as the Municipal Police Headquarters, the Provincial Ambulance Service and Medical Transport Station, the Sanitary and Epidemiological Station and local non-governmental organisations, which were provided liquid disinfectants and protective equipment.
- Considering the particularly difficult situation at nursing homes, PKN ORLEN decided to supply the most needy facilities with hygiene products and protective equipment. Nursing homes received protective masks, gloves, coveralls, goggles and hand and surface sanitiser liquids.
- The Company provided protective products necessary to combat the COVID-19 pandemic to the Vatican and the Office of Papal Charities. The supplies were used to help the homeless, migrants and nursing home charges who are under the direct care of Cardinal Konrad Krajewski, the Papal Almoner.
- Assistance was also offered to the Central Police Headquarters in Warsaw. Masks, liquid disinfectants and protective coveralls provided by PKN ORLEN were great support for the personal security of police officers, which, together with other services, fight daily on the first line against the pandemic.

PKN ORLEN's prompt response to the crisis caused by the pandemic was acknowledged by the European Chemical Industry Council (CEFIC): the Company won the European RC Awards competition in the 'Upholding and Reshaping Production Lines' category, which assessed such initiatives as maintaining production throughout the crisis, accelerating production or adapting production lines to meet growing demand for critical products etc. In 2020, the European RC Awards were presented for inspiring and effective initiatives offered by the Responsible Care Programme Participants across Europe as support during the coronavirus crisis. The assessment of companies' activities covered initiatives to protect employees and public health, maintain critical value chains, and support communities with appropriate solutions, products/processes, donations etc.



The following activities were also carried out as part of the fight against the pandemic:

- 'Helping hospitals in the fight against the pandemic' - a new award was launched in the VITAY loyalty program - it was introduced to the catalog on April 1, 2020 (it was the implementation of an idea of one of VITAY's customers, who shared it on the PKN ORLEN profile on Facebook). The cash value of the points was donated to the ORLEN Foundation for the support of hospitals.
- 'A Computer for a Foster Family Group Home' grant programme - the ORLEN Foundation allocated more than PLN 500,000 to the purchase of electronic equipment supporting distance education. It provided funds to buy computers for foster family group homes to help the children learn at home while their schools are closed. Each foster family orphanage cooperating with the Foundation could apply for a grant of up to PLN 3,000. The support was received by nearly 200 homes. The funds were used, among other things, to purchase notebook and desktop computers, tablets or computer accessories.

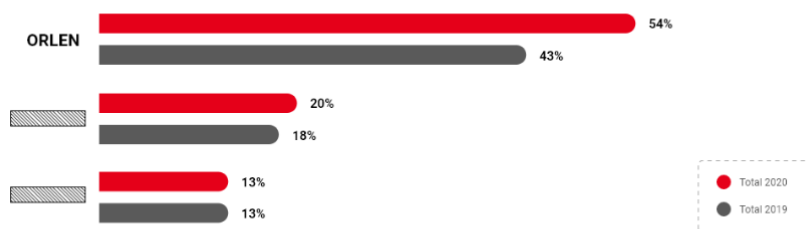
In 2020, PKN ORLEN was also involved in **community projects aimed at reducing inequalities**. Their intended beneficiaries were young children under the care of foster family group homes and the Róża Czacka Centre for Blind Children in Laski, as well as senior citizens. At the beginning of 2020, free film screenings were organised as part of the 'Cinema with ORLEN' project launched in 2019. They were accompanied by special guests' lectures on safety rules. Volunteers of the ORLEN Foundation were engaged in the events.

Support for sports and culture, community sponsorships

PKN ORLEN is the leading Patron of Polish Sports, supporting professional and amateur athletes.

The most active sponsors – total sponsorship activity

Results for TOP3 brands

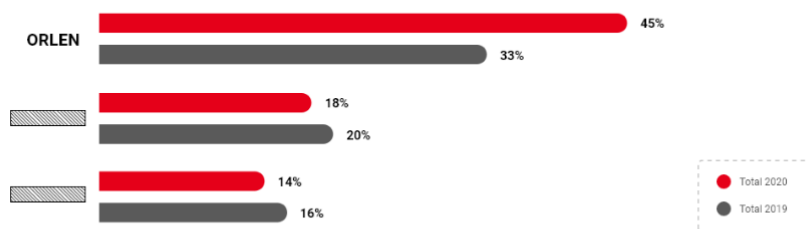


* Source: Report on a survey conducted by ARC Rynek i Opinia for PKN ORLEN: December 2020.

"Can you name 5 companies operating in Poland that you think most often engage in sponsorship activities?"

The most recognised – sponsors of sports

Results for TOP3 brands

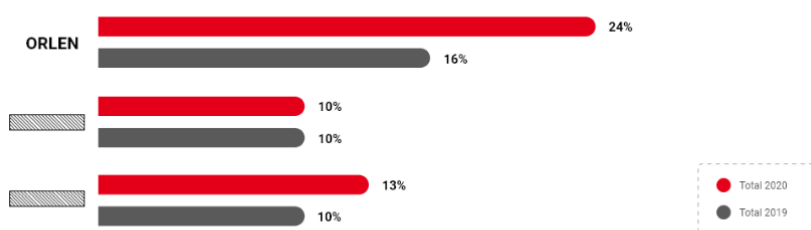


* Source: Report on a survey conducted by ARC Rynek i Opinia for PKN ORLEN: December 2020.

"Try to name up to 5 companies or brands (both Polish and international) that you most associate with sponsoring or supporting sports."

The most recognised - sponsors of arts and culture

Results for TOP3 brands

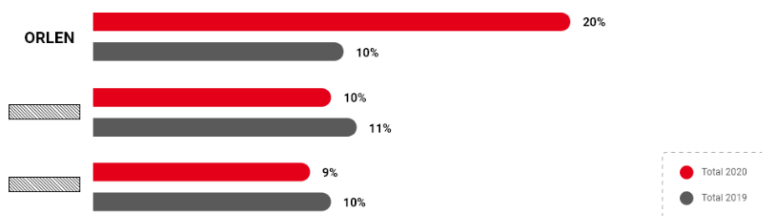


* Source: Report on a survey conducted by ARC Rynek i Opinia for PKN ORLEN: December 2020.

"Try to name up to 5 companies or brands (both Polish and international) that you most associate with supporting sports and culture."

The most recognised - sponsors of social and charitable campaigns

Results for TOP3 brands



* Source: Report on a survey conducted by ARC Rynek i Opinia for PKN ORLEN, December 2020.
 "Try to name up to 5 companies or brands (both Polish and international) that you most associate with supporting social or charitable campaigns."

The most active sponsors in the fuel industry

Results for TOP3 brands



* Source: Report on a survey conducted by ARC Rynek i Opinia for PKN ORLEN, December 2020.
 "Which of the following fuel companies do you think are most active in sponsorship?"

Source: Sponsoring Monitor 2020 (fale IV-XII 2020); CAWI N°3096; ARC Rynek i Opinia

**Media value
of PKN ORLEN brands
in 2020**
(sports and culture)

Total media value generated from effective exposures
of PKN ORLEN brands in Polish media is **PLN 362 million***.

* Source: Pentagon Research report 'PKN ORLEN brands, media value January-December 2020'.

Since 2019, in view of its strong foreign expansion, increasing international recognition of the ORLEN brand and co-branding of its service stations, the Company has been engaged in Formula 1, the most elite motor sport discipline. Since 2020, PKN ORLEN has been the title sponsor of the **Alfa Romeo Racing ORLEN** team, with Robert Kubica as their reserve and test driver. Another project that supported the ORLEN brand recognition on foreign markets was Robert Kubica's competing in the German Deutsche Tourenwagen Masters racing series together with **ORLEN Team ART**. The Group is also present in many other motor sport disciplines. The colours of the 21-years-old **ORLEN Team** are worn by cross country, car racing, speedway, powered paragliding, and since 2020 also by Formula 1 Powerboat Racing and aerobatics competitors. The Company supports Poland's only professional cross country rally team, whose members take part in the most challenging rallies. Jakub Przygoński, Maciej Gienza, Adam Tomiczek and Kamil Wiśniewski competed in the 42th edition of the Dakar Rally. In 2020, Jakub Przygoński won the Polish ATV Rally Championship and ranked first in the Polish Drift Championship for the fourth time in his career. Kacper Wróblewski, in turn, became the Slovak Rally Vice Champion, while Bartosz Zmarzlik defended the title of the Individual Speedway World Champion.



To commemorate **the 100th anniversary of the Battle of Warsaw victory**, also known as the Miracle of the Vistula, PKN ORLEN reinterpreted the history in a motor sport fashion, holding a spectacular competitive racing event in the centre of Warsaw between two ORLEN Team competitors, Robert Kubica and Bartek Marszałek, representing Formula 1 car and powerboat racing.

The **ORLEN Sports Group**, a group of individual competitors who receive financial support from PKN ORLEN, already comprises almost 30 successful athletes, including champions and medal winners of the most prominent events: the Olympic Games, and the indoor or outdoor World and European Championships - Anita Włodarczyk, Piotr Małachowski, and Paweł Fajdek. In 2020, despite the global pandemic, the competitors took part in athletic meetings and performed very well, with Justyna Święty-Ersetic breaking indoor Poland's record in 400 metres.

Continuing the tradition of supporting running competitions, instead of holding its own marathon, PKN ORLEN became the title sponsor of the **42nd PZU ORLEN Warsaw Marathon**, which turned out to be Poland's largest running event in 2020.

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 2020, due to pandemic restrictions, major volleyball events around the globe were cancelled. However, the Polish national team remained active, for instance they held international friendly competitions called 'We Love Volleyball' with the participation of German, Czech and Swiss national teams.

PKN ORLEN continued its cooperation with Lang Team, organising professional and amateur cycling races. In 2020, the **ORLEN National Race** was held in Rzeszów – a competition for young cyclists sporting national colours – as well as the **ORLEN Lang Team Race** – two amateur cycling races. As the pandemic forced numerous adjustments to sports event calendars, many events moved to the virtual world. PKN ORLEN supported the organisation of **ORLEN e-Tour de Pologne Amateurs**, where a number of ORLEN Team and ORLEN Sports Group members competed, including notably Robert Kubica. Furthermore, the Company organised the **ORLEN Stay&Play** project based on e-sport competition and numerous live chats with supported players.



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.

An important part of the PKN ORLEN sports sponsorship strategy is an **effective youth training system**, aimed at developing a pipeline of future champions. Together with the Polish Athletic 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. PKN ORLEN is actively engaged in a training system set up by Football Academies across Poland. In 2020, training and development opportunities were provided to more than 7,000 children and young people, as the Company sponsored tournaments and football schools. PKN ORLEN also supports young kart racers competing in Poland and Europe, of whom two are to train 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, re-established in Polish schools after years of absence. More than 8,000 schools are already engaged in the project, with 258 thousands students participating in sports activities.

2020 saw the conclusion of the **100th anniversary celebration of the Polish Olympic Committee**, for which PKN ORLEN has been the strategic sponsor for many years. Due to the pandemic, the XXXII Olympic Summer Games Tokyo 2020 were postponed to 2021. Furthermore, PKN ORLEN continued to partner with the **Polish Paralympic Committee**, supporting disabled athletes participating in sports competitions.

Despite a year marred by the pandemic, the Group continued to support sports associations, clubs and individual athletes, maintaining financial assistance and seeking replacement benefits, which enabled them to keep training and prepare for major sports events.

The **Energa Group**, which has been part of the ORLEN Group since 2020, has been involved in supporting professional and amateur sports for years as well. The **Energy Team** sports and education project was continued again in 2020, encouraging children and young people to exercise regularly. Cooperation involving sponsorship of Polish national **amp football** team was extended. Support was provided to Bloczek Team Sports Club in the organisation of the 5th Wrestling Gala and the first Maciej Płażyński Wrestling Memorial in Pelplin. We 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 2020, we continued our cooperation with the National Museum, the Grand Theatre – National Opera, and the Fryderyk Chopin Institute. Due to the pandemic, the Chopin Competition scheduled for autumn 2020 was postponed to 2021. The Group once again supported the Ludwik van Beethoven Easter Festival and continued its cooperation with the Plock Symphonic Orchestra.

In 2020, the ORLEN Foundation supported the Fryderyk Chopin Institute. Its donations enabled the purchase of priceless letters written by the composer and his portrait painted by Teofil Kwiatkowski. 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, as part of the project, the infrastructure will be adapted for people with disabilities.

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 by sponsoring 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. In addition, the company 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.

2020 was marked by the 100th anniversary of the Polish-Soviet war. PKN ORLEN was involved in the preparation of several related events. In partnership with the Niepodległa Programme Office, the **'Viktoria 1920'** film was shown.

'Heroes 1920' is a pioneering modern history lesson. With the use of holographic technology, studio films were made with actors playing the key figures of the Polish-Soviet war. The holoboxes were presented to the public in selected educational facilities in Masovia, the Zamość Region, at the National Stadium, in Łazienki Park and the Museum of Masovia in Płock. The project was designed to promote and disseminate historical knowledge to children and young people, and to strengthen patriotic attitudes in the society using state-of-the-art technology.

On August 15th, the National Stadium hosted the premiere of a historical show entitled **'1920. Grateful to the Heroes'**. PKN ORLEN was the Patron of the event. The goal of the project was to produce a multimedia performance about the Battle of Warsaw of 1920 to commemorate the 100th anniversary of this historical event, to honour the memory of the heroes, and to highlight Poland's victory over the Soviet invasion. The show combined traditional non-digital stage solutions with advanced multimedia technologies, including mapping and visuals. The event was held under the auspices of Andrzej Duda, the President of the Republic of Poland.

Further to that, PKN ORLEN once again sponsored the **'Eagle and Cross' show**, a multimedia performance depicting Poland's history from the legends of the Piast kings until today. In collaboration with popular opinion weeklies (*Gazeta Polska*, *Gość Niedzielny*, *Tygodnik SIECI*), special inserts dedicated to important historical events were published, including the anniversary of the outbreak of Warsaw Uprising and the anniversary of the Battle of Warsaw.

The key actions taken by the Energa Group to protect the national heritage and foster patriotic attitude, on the other hand, included support for the project **'Museum of Power Engineering (Centre of Tradition of Polish Power Engineers)'**, organisation of the **5th Westerplatte Independence Concert** and co-financing of metalwork for the **Amber Altar of the St. Bridget's Roman Catholic Parish in Gdańsk**. As part of its cultural promotion efforts, the Energa Group continued its cooperation with the Polish Baltic Philharmonic, which hosts the EnergaCamerimage Festival and projects such as the Gdańsk Music Festival or the Christmas Carols Concert in the St. Bridget's Parish.

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 some.

Involvement with local communities

In 2020, the Company actively collaborated with local communities, particularly in Płock and other places where it operates. The **'ORLEN for Płock' programme** has been in place for many years now, with 34 projects completed within its framework in 2020 because of the pandemic. For the fourth time, together with the Volunteer Water Rescue Service in Płock, the Company managed to organise a lifeguarded bathing spot on Lake Górskie near Płock. Sponsorship of the ORLEN Wisła Płock handball team and the Wisła Płock football team was also continued. PKN ORLEN organised boat trips on the Vistula River for Płock inhabitants between July and October. In total, there were 213 trips with 5,244 participants.

In 2020, the funds earmarked for the annual 'Gardens of Light' event in Płock were reallocated to Christmas food packages for senior Płock citizens. The project was created to especially support the elderly and lonely, and at the same time, and the whole action also turned out to be a great help for the gastronomic companies in Płock, which - due to the abnormalities - found themselves in a difficult financial situation. In total, based on the received applications, 3,677 packages were prepared, which on 23 and 24 December 2020 were delivered directly to the homes of Płock seniors. The dishes were prepared and delivered by 15 Płock catering companies.



Communication with the local community in and around Plock was ensured, *inter alia*, by an online platform called **Free Information System for the inhabitants of the Plock 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 imposed in March 2020, the number of communications inviting to sports and cultural events was lower than in the previous year. In 2020, 60 text messages were sent out to more than 1,000 system users.



PKN ORLEN decided to expand the public bike sharing system in Plock. The Company funded 250 additional bicycles for the city, deploying them at terminals located in Plock, its suburbs and adjacent municipalities. The project beneficiaries are residents, as well as tourists. According to the analysis of the bike sharing system operator, after PKN ORLEN had installed the bicycle stations, Plock became Poland's best-equipped city with more than 100,000 inhabitants. Bicycle stations were also set up at the entrance to the production plant's site.



Expanding the public bike sharing system, the Company carried out an educational campaign on safe cycling in Plock addressed to youth, the **'Cycling Code'**. To promote a safety mindset among young bicycle users, a competition for slogans promoting safe cycling was held at schools in Plock. The prizes for students were more than PLN 10,000 worth of shopping vouchers for sports equipment. The Municipal Police Station 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.

For many years, ORLEN has been involved in projects aimed at developing the local communities, and in particular educating young people in and around Plock. For that reason, a free webinar **'Inspiring Growth'** was organised, with sociology and pedagogy experts discussing the findings of an earlier anonymous survey of development needs and inspirations of the youth in Plock and the Plock District. The survey covered more than 20 schools and responses were collected from nearly 1,300 students. The webinar was attended by 50 to 100 representatives of teaching staff from more than 20 educational establishments in Plock. According to the experts who analysed the survey, its findings allowed them to gain insight about who young people look up to, about their hobbies, the values they respect in other people, their plans for the future, growth inspirations and barriers.



Two new **CSR brochures** were published in 2020, **promoting the community engagement of the Group and the ORLEN Foundation in the area of safety and growth**. A publication entitled 'Wspólnie dbamy o bezpieczeństwo' (Staying Safe Together) was distributed in 7,000 copies. Another publication entitled 'Zdrowie naszą wspólną wartością' (Health as a Common Value) was distributed to 2,000 people. The materials were provided mainly to representatives of the Płock and Gdańsk local communities. The safety-themed brochure focuses mostly on the presentation of PKN ORLEN's and ORLEN Foundation's activities aimed at ensuring safety within the Company and in its immediate environment. The publication is intended for adults, as it is accompanied by first aid instructions and a high-visibility sticker, as well as for children, who can enjoy the attached memory game. The health-themed brochure, in turn, describes a range of health initiatives taken by PKN ORLEN for the benefit of its employees and their families. It discusses the preventive healthcare programmes implemented by HR and highlights the importance of blood donation. The publication also lists community health initiatives set up and carried out together with the ORLEN Foundation, addressed in particular to the local community in Płock. The brochure is intended for adults and for children, for whom a magnetic tic-tac-toe game was prepared. It is also accessible for blind persons, as the game pieces are convex and the name of the game itself is written in Braille's. The brochures were printed on certified sustainable paper.



Work was launched on a **pilot project involving educational activities** at schools in Płock aimed at improving the understanding of the sustainability aspects of PKN ORLEN's operations and its environmental protection efforts. The timing of project implementation depends on when the schools re-open.

In 2020, the Energa Group's charitable activities included the **'Full Packages of Good Energy'** project, in which Christmas packages were distributed to charges of social welfare institutions. Last year, the Kropelka Energii Foundation collected 139.95 litres of blood from 311 donors. The seventh edition of the **Charity Activists Campaign**, under the heading 'We Go on Despite COVID-19', was finalised. As a result, the Energa Foundation donated PLN 200,000 to 17 children's homes. Support for the education of the young generation was also continued. Owing to the Energa Foundation, local schools and hospices received the following computer equipment: 26 notebook computers, 6 computer monitors, 2 printers and 11 computer sets. In addition, the Energa Group in collaboration with Librus prepared almost 300 online training courses in the framework of the **'Remote Education with Energa'** project. Furthermore, in environmental partnerships with local communities, new projects were launched in response to community expectations, including the **'Remote Education with Energa'** and **'Wasteland'** projects.

In 2020, 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.

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. We strive to develop our 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.

In 2020, emphasis was placed on educational projects aimed at **raising the environmental awareness of the stakeholders**. We continued partnership with the Warsaw Province Agricultural Advisory Centre of Plock to keep nearly one million bees in the apiary located near the PKN ORLEN facility. At the beekeepers' request, the Company's other premises were also made available to put up around a dozen hives near the refinery, and a couple more were located in the plant's vicinity in areas offering the highest biodiversity. The Company also joined in a project aimed at rebuilding the population of the Kampinos Forest Bee, which is a valuable source of genes for the central European bee gene pool, but is threatened with extinction.

Our employees eagerly engaged in environmental initiatives. As part of their **voluntary service**, they participated in the 'Tree for a Bottle' campaign, delivered a beekeeping workshop for children, supported the Plock Forest District in forest planting activities, and set up an educational trail together with primary school pupils.

Since 1999, PKN ORLEN has also been involved in efforts to **restore the peregrine falcon population in Poland**, in partnership with the 'SOKÓŁ' ('FALCON') Wildlife Protection 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 2020, over the course of the past 18 years, peregrine falcons already hatched 51 chicks and fostered 4 in the nesting box on the FGD stack in PKN ORLEN's production plant at Plock. Ornithologists working with the Company have emphasised that the great effort of many companies, institutions and individuals led to the restoration of the peregrine falcon species in Poland. Interestingly, a female of saker falcon (*Falco cherrug*), an even rarer bird species, was seen once again in the peregrine falcon nest. In 2020, the peregrine falcon family attracted enormous interest, with many people watching (via the camera installed in the nest) the endless battles for the nest, attempts to hatch eggs, or even the saker falcon protecting the falcon's eggs, which was a highly untypical and surprising behaviour for that predatory species.

The other ORLEN Group companies, including the Energa Group, ANWIL and Unipetrol, also take part in numerous environmental initiatives, including fish stocking of rivers, cleaning of waterfront areas, beekeeping around production plants, and protecting peregrine falcons.



PKN ORLEN has engaged in the creation of Plock's first flower meadow, with an area of approximately 750 m², located at PKN ORLEN service station. The idea is not only to use it as an environmental education tool, but also to enrich biodiversity of the areas adjacent to the production plant. The project is also meant to raise the environmental awareness of the participants of planned educational workshops, as well as to provide information on the functioning of ecosystems and the importance of nature, with particular emphasis on the need to create and protect green urban spaces.

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

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 finds it important to offer employment opportunities to disabled persons, which is why together with some other ORLEN Group companies, we joined the **Work – Integration Programme of the State Fund for the Rehabilitation of the Disabled (PFRON)**, aimed at recruiting people with disabilities from the open labour market. Jobs for 28 persons with disabilities were declared in total. In 2020, PKN ORLEN hired 7 disabled persons, and the other companies hired 16 disabled persons (23 persons in total). The programme is being continued in 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. Two meetings were held in 2020 for managers hiring or intending to hire persons with disabilities, as well as a meeting addressed to everyone interested in the subject of employee disability. Further to that, individual consultations with a disability expert for PKN ORLEN employees were launched in December 2020. The expert is on duty once a week.

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. 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. Christmas gifts for employees' children have already become a tradition across the Group. The employer provides financial support for families with low incomes. Our employees may also apply for partial financing of sports and recreational activities, cultural and educational activities, or physical therapy treatments, 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.

Each employee of the ORLEN Group in a difficult life situation may also apply for **financial assistance to the ORLEN Foundation**. A non-returnable financial donation may be granted, inter alia, for the treatment and rehabilitation of the employee or his child or spouse. The ORLEN Foundation also offers the option of **collecting 1% of the tax at no extra charge**.

As a company implementing modern-day solutions aimed at keeping the balance between work and family life, PKN ORLEN carries out 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 Plock 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 view of the epidemiological situation in Poland, **health-related webinars were provided to employees** as part of preventive measures. The Blood Donors Club at PKN ORLEN S.A. organised **convalescent blood and plasma collections**. The campaigns were carried out in mobile ambulances at the Company's locations in Plock, Warsaw and Trzebinia.

In addition, PKN ORLEN cares about **the mental health of its employees**, seeing this activity as an inherent part of its corporate culture. 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. Commitment to well-being in the workplace is very important to the employees, building a sense of togetherness and mutual accountability and contributing to better performance.

In 2020, the ORLEN Foundation continued its **employee volunteering** programme. Employees carried out over 50 projects and spent six thousand hours in total on volunteering work. Volunteers delivered meals and shopped for groceries for seniors, prepared gift packages for nursing home residents, and offered assistance at the animal shelter. The Foundation also held the 'Volunteering Week' event, during which the participants would motivate and inspire one another and plan future amazing projects. The event featured a dobroMOCni.tv television studio, with 46 volunteers as guests. The live broadcast attracted the audience of nearly 2,000 employees.

Customers

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 2020, the second edition of the **#GoodDriver public awareness campaign** was held to promote road safety rules, which were explained in an accessible manner by Robert Kubica, the campaign ambassador, together with the children of PKN ORLEN employees from Plock and Warsaw – the stars of our advertising spots. As part of the campaign, four different spots were shown on TV and the Internet, promoting the late merge (zipper) method and emergency corridor, pedestrians' right of way at crosswalks, and drivers' compliance with speed limits. The campaign was strongly promoted in the press, on the Internet, in the radio, and on large-format billboards. Promotional materials were also displayed at ORLEN service stations, including the #GoodDriver (#DobryKierowca) leaflet and car sticker.



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.

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 loyalty card scheme was launched on May 1st 2020.

Development of the product and service portfolio and facilities for customers

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**. At the end of 2020, more than 2,000 Stop Cafe and Star Connect sites operated across the network, including convenience stores under the O!SHOP brand.

Growth of the Company's retail segment is driven by enlargement of the sales network and significant expansion of the product portfolio offered to our customers. By 2030, the number of Polish ORLEN-branded service stations operating throughout the region will be at least 3,500.

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 Group's broad, integrated offering of non-fuel products and services is expected to keep attracting new customer groups. The ORLEN2030 strategy, published in November 2020, provides for **growing retail sales, including through the development of modern communication channels, digitisation 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. As a result, 1,300 new sales outlets will be added to ORLEN's retail network.



PKN ORLEN is also consistently expanding the **hydrogen technology** business. The Company is set to build a hydrogen hub in Włocławek by the end of 2021, ultimately producing up to 600 kg of purified hydrogen per hour. The project involves the construction of a plant for the production of fuel-cell grade hydrogen, logistics infrastructure, and hydrogen refuelling stations. Initially, the fuel will be distributed primarily for use in public and freight

transport. PKN ORLEN has already signed a number of agreements with local governments as potential customers for hydrogen. In addition to the hydrogen hub in Włocławek and a similar project planned in Płock, the Company is also developing hydrogen technologies at its ORLEN Południe biorefinery in Trzebinia, where first fuel-cell grade hydrogen is to be produced in 2021. Motorists can already refuel hydrogen-powered passenger cars at two ORLEN stations in Germany, with three such stations to be launched in the Czech Republic in 2021. In addition, 43 service stations sell CNG.

2020 saw the launch of the **ORLEN Charge app**, which allows users to quickly and conveniently locate the nearest charger, check connector availability and power rating, start and end the charging session at any time and in any place, and track the charging power and charging progress on a DC connector. Users may quickly contact the ORLEN 24/7 hotline to report problems with a charger or to check their charging history and facilities available in the vicinity of an ORLEN charging station.



PKN ORLEN is also developing the **ORLEN Pay app**, making it possible to pay for fuel at the pump. Its most recent version supports, among other things, the discounts offered to business clients (Biznes Tank) and holders of the Large Family Card (Karta Dużej Rodziny), as well as payments made via Apple Pay, Google Pay and Blik. New functionalities also feature biometric login authentication or remote payment for selected products (with no need to pay at the cash desk).

For more than three years, the **Stop Cafe food service offering** has been steadily expanded to include products for vegans and vegetarians. 2020 was yet another year in which our customers assigned the highest rating to ORLEN's food service products (hot dogs and coffee) in terms of their quality and popularity, thus confirming that all our efforts to ensure high quality and safety of these products are absolutely justified and expected by our customers. For over 11 years, customers have been able to purchase **coffee with the Fairtrade certificate** - the world's largest fair trade system, at over 1,700 Stop Café points at ORLEN stations. By participating in trade on the basis of Fairtrade, we support the development of agricultural communities from the countries of the global South.



foto. Sean Hawkey

In the interests of the environment, PKN ORLEN is working on **optimizing the quality of packaging and accessories and replacing them with a biodegradable version** (subject to biochemical decomposition), including: plastic straws have already been replaced with paper straws; multi-material food packaging has been replaced by single-material (mainly paper) packaging; the process of phasing out plastic cutlery in favor of wooden cutlery is underway; disposable, plastic packaging, incl. for lettuce or dinner dishes are replaced with packages made of cane 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: More than 1,300 service stations have toilets adapted to the needs of the disabled, and at more than 1,050 stations there are special parking spaces for the disabled. We are gradually implementing 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 each pump within the network. In 2020, to achieve further service improvements, the 'Mobile Cashier' and the 'Fast Lane' programmes were extended. 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.

With the safety of our customers and service station personnel in mind, we have taken steps to **mitigate the risk associated with the spread of coronavirus**. ORLEN service stations in Poland were equipped with specialist air cleaning and filtering systems, and the ORLEN Group's foreign networks have also installed such systems at their service stations. Special solutions for drivers have been provided to make refuelling faster and payments for fuel easier. Protective face masks and hand sanitiser liquid are available at all service stations.

PKN ORLEN has consistently enhanced its partnership with Polish producers, expanding the offering of Polish products available at its service stations both at home and abroad. The purpose of our **#SupportingPoland campaign** rolled out in 2020 is to strengthen consumer attitudes and encourage Poles to make informed decisions and opt for products made in Poland. In this way, PKN ORLEN supports the national economy and advocates the idea of modern economic patriotism. In June 2020, products made in Poland accounted for 85% of the non-fuel offering at ORLEN service stations in Poland, with the figure standing at 30% in the Czech Republic and Slovakia, and at 20% in Lithuania. PKN ORLEN is also selling Polish products in Germany. Consumer surveys indicate that 75% of Poles believe that Polish companies such as PKN ORLEN should actively engage in promoting Polish manufacturers. Almost 90% of Poles feel encouraged to buy a product based on the information that it was made in Poland, and 80% of the respondents believe that Polish products are of higher quality and more environmentally friendly.

PKN ORLEN is building a sustainable multi-utility group under a single powerful brand. Approximately 60% of the ORLEN Group's revenue currently comes from abroad. Following **the rebranding of service stations across the European network**, with the ORLEN brand now present in all of our markets, the next step towards building stronger global awareness of the ORLEN brand was to change the name of our Czech company Unipetrol to **ORLEN Unipetrol** as of January 1st 2021.

PKN ORLEN also responded to the global trend of building in-house marketing capabilities, thereby ensuring effective communication and enhancing the efficiency of our marketing spend, by establishing the Company's own media agency **Sigma Bis** in 2019, in partnership with PZU. The tasks put in front of Sigma Bis are to plan PKN ORLEN's media strategies, buy advertising time and space in Poland and abroad, and analyse the effectiveness of our promotional activities.

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 will be 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

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

PKN ORLEN consistently develops its business relations with Polish companies, offering more and more domestically manufactured products at its service stations both in Poland and abroad. Our **#SupportingPoland campaign**, created in the first half of 2020, is to strengthen consumer attitudes and encourage Poles to make informed decisions when choosing between products made in Poland and elsewhere. In this way, PKN ORLEN supports the national economy and advocates the idea of modern economic patriotism. In 2020, the Group worked with more than 170 Polish companies, whose products accounted for 85% of all non-fuel merchandise offered at ORLEN service stations in Poland. As part of the campaign, the ORLEN Foundation organised 50 meetings in small towns across Poland to promote domestic products. A dedicated lorry, bearing the ORLEN Foundation's logo, travelled for 1,000 hours and covered the distance of 5.5 thousand kilometres. The meetings were very popular, especially with families with children. The trailer had many surprises in store, such as licensed Formula 1 racing simulators, a reaction wall, but above all Polish products, including beverages and snacks. Each visitor could taste foods and beverages which are sold at ORLEN service stations every day. In this way, the ORLEN

Foundation promoted Polish-owned companies – in many cases small family businesses. The event participants received free products from companies such as: Bracia Sadownicy, FC Pszczółka, SOTI Natural or ZPC Śnieżka.



In 2020, PKN ORLEN increased the availability of 'ORLEN IN YOUR PORTFOLIO', the first long-term programme for retail investors in Poland. Its main objective is to raise investment awareness among Poles. The orlenwportfelu.pl website is already visited by more than 130,000 users, and over 7,000 of them decided to join the programme last year.

Projects implemented within the framework of 'ORLEN IN YOUR PORTFOLIO' include the **Investment Academy**. Anyone looking to enhance their knowledge on the capital market and on how to stay on the safe side while investing on the stock exchange is welcome to participate. Investment Academy participants are offered an opportunity to earn a prestigious certificate signed by CFA Society Poland. Free-of-charge, unlimited access to the educational platform is open to all those interested, not only Company shareholders. The key activities in 2020 included: conducting the second round of examinations in the Investment Academy, completing the first and launching the second series of modules called 'Investing in Practice', launching a new series called 'Fundamentally about Investing', participating in the 'Finance and Investment Forum' and numerous meetings with retail investors.

Collaborative partnerships with scientific and research institutions and startups

In 2020, PKN ORLEN implemented the first edition of the **Inventor Tech Day** project, addresses to inventors associated with scientific and research institutions and startups from Poland, other European countries and Asia. The purpose is to acquire innovative and environmentally friendly technologies. The initiative is consistent with PKN ORLEN's plan to gradually achieve carbon neutrality and step up its own R&D activity, announced in 2020. The Company intends to acquire innovative solutions that will be applied in around a dozen of research areas, including CO₂ capture technologies, next-generation biofuels, new types of catalysts, biopetrochemicals, hydrogen technologies and green energy. The originators of the most promising solutions gained the opportunity to collaborate with the Company, and negotiations started to further develop relations with the authors of 10 out of the 15 technologies presented. The next edition will be held in 2021.

PKN ORLEN also joins in **initiatives to drive innovation**, including those developed by tech startups. 2020 saw the roll-out of acceleration programmes under the Smart Growth Operational Programme 2014–2020, designed to acquire innovative solutions offered by startups and carry out pilot implementations on PKN ORLEN's infrastructure. In 2020, those programmes facilitated the implementation of the following solutions in various areas of PKN ORLEN's business (energy, HR, logistics, safety, production):

- A system for automatic surveillance of the Plock production plant using an unmanned aerial vehicle, developed by startup Cervi Robotics. The system consists of a docking station (garage), UAV device and application for controlling and monitoring its missions. The system allows automatic flights (under BVLOS conditions) where an unmanned aerial vehicle automatically takes off and lands at a designated location and flies along a programmed route.
- Solution to track down attempted interference with industrial pipelines by analysing images taken by an autonomous unmanned aerial vehicle (drone), developed by startup BZB UAZ.
- Solution developed by Anzonia: Use of a Data Panel tool for predictive analysis in order to predict the operating time of a pyrolytic furnace between decoking procedures. The knowledge that a pyrolytic furnace should be decoked sooner or later than would have otherwise been the case in accordance with its operation schedule will make it possible to adjust (optimise) the schedule to increase operational availability of the furnaces, and thus olefin production.
- Solution developed by Symmetrical: Testing Symmetrical's tool for early payment of remuneration, i.e. the base pay (advance), to PKN ORLEN employees at their request. Using a mobile application provided by Symmetrical, an employee can request payment of the advance by the 20th day of each month. Symmetrical checks whether such request meets the criteria agreed with PKN ORLEN, and if so – carries out an instruction to pay the advance. The employee's bank account is then credited with the requested amount within less than a quarter of an hour. PKN ORLEN reimburses the amount to Symmetrical within the standard timing for payment of employees' salaries (i.e. at the end of each month).
- Seals developed by ISS RFID: Development of an innovative RFID-based reusable safety seal – ISS reSeal. This solution will be used to secure the transport of dangerous goods with an option of recording data and events. The product will be suitable for use in the vicinity of explosive, inflammable and toxic products (dangerous goods). Employment of radio solutions (RFID, IOT) will not only make it possible to

mark, but also to identify and detect objects using the existing OT radio infrastructure – the pilot implementation is expected to be completed in March 2021.

- Solution developed by Gamehill: Creation of the OFFSHORE.GAME gamification platform for employees as a tool supporting development of skills which were identified by employees during career development sessions as requiring improvement (Innovation and Project Management). Testing of a new, alternative form of training which is additionally in line with the current restrictions imposed due to the pandemic. The project involves preparation of dedicated content aligned with PKN ORLEN's strategy, and access to dedicated microlearning materials (e-books, quizzes, presentations, tests).
- Installation in Plock of a modern, silicon carbide-based charger developed by Euroloop.

Positive outcomes of the pilot programmes prompted PKN ORLEN to build its own corporate accelerator (**PKN ORLEN Accelerator**) – the planned start date is the first half of 2021.

Moreover, in 2020 PKN ORLEN participated in the **govTech** initiative, aimed at improving dialogue between the public sector and innovators, including startups. As part of the project, PKN ORLEN commenced cooperation with Veturai, a startup which developed a solution to check vehicles refuelled for fleet customers using the mFlota application, now awaiting the pilot implementation stage.

PKN ORLEN leverages **the potential of Polish science** in creating and developing innovative solutions. The Company is actively looking for research projects run by universities and scientific institutes that could be developed to further the interests of both parties, that is to support transfer of engineering solutions to businesses. To this end, 11 Innovation Day meetings were held in 2020 with authors of research projects from more than 20 universities and scientific institutes from the Łukasiewicz Network and the Polish Academy of Sciences. In addition, cooperation agreements were signed with the Warsaw University of Technology and the Warsaw University of Technology Branch in Plock to enable students to complete project and group apprenticeships and internships in real working conditions at Poland's largest and Europe's leading fuel and energy company.

Launching the **Research and Development Centre in Plock** in 2021 will be a pivotal moment for the Company's R&D activities. The Centre will enable PKN ORLEN to develop and implement its own technologies, and will also serve as a modern platform for cooperation between PKN ORLEN and the world of science and business.



By 2030, PKN ORLEN will allocate approximately 3% (PLN 3bn) of its total capital expenditure towards, inter alia, **development of the Corporate Venture Capital fund** and innovation and R&D activities. This will tighten links between business and science, while allowing the Group to develop and implement its own technologies in the 11 domains of the Strategic Research Agenda, with particular focus on: process technologies, petrochemical product mix expansion and new value chains, low-carbon power generation, production and logistics digitisation, and creating modern standards for service stations of the future.

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 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 2020, just under 4,000 tendering procedures were held at PKN ORLEN. The Company worked with over 8,500 suppliers, but the ORLEN Group as a whole had relationships with **over 24,000 vendors**. 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 selection and assessment criteria are based, among other things, on best market practices. They make it possible to mitigate reputation, financial and process risks, and ensure high quality of the supplier relationships.

The **ORLEN Group's Procurement Centralisation Project**, launched in December 2020, 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 2020, 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. In 2020, the Company was also involved in the **European Sustainable Development Week**, as part of which it carried out the following initiatives:

- **ORLEN Foundation Volunteering Week** – as part of the Volunteering Week held in Plock and Warsaw from September 18th to September 25th, a series of meetings with volunteers and community organisations were held in a dedicated studio dobroMOCni.tv to share ideas, inspire and listen. The studio became the place of extraordinary meetings with people who shared their volunteering experience;
- **Tree for a Bottle** – a waste collection event was held from September 23rd to September 25th, 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;
- **#runwithzosia employee charity fair** – the #runwithzosia online charity fair opened on September 18th. All money raised by the event will go to Zosia, a girl suffering from type 1 SMA;
- **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 Plock devoted to road safety was held in late September and early October (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.

Activities under the Charitable Giving Policy

In accordance with its **Charitable Giving Policy**, in 2020 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 Care 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. In 2020, the ORLEN Foundation launched a new grant programme called 'A Computer for a Foster Family Group Home'. It provided funds to buy computers for foster family group homes to help the children learn at home while their schools are closed. Each foster family group home cooperating with the Foundation could apply for a grant of up to PLN 3,000 for the purchase of electronic equipment. The support was received by nearly 200 homes. The ORLEN Foundation donated over PLN 500 thousand to foster family group homes to purchase electronic equipment as a home education aid. The funds were used, among other things, to purchase notebook and desktop computers, tablets or computer accessories. The Foundation runs numerous **scholarship programmes, both for children of ORLEN Group employees and for students from Plock and the surrounding area**. The aim of such initiatives 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 2020, the ORLEN Foundation, together with its partners: the Lotos Foundation, J.K. Steczkowski BGK Foundation and Energa Foundation, ran a **third edition of the BONA FIDE scholarship programme**. 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 2020, the ORLEN Foundation continued three 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. In the third edition of the 'My Place on Earth' project, the ORLEN Foundation received a record number of almost 3,000 applications. 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 2020, the Foundation co-financed 300 projects. For 20 years, PKN ORLEN and the ORLEN Foundation have supported the State Fire Service and voluntary fire brigades. In 2020, new questions were added in the application form, with applicants required to state the type of equipment owned by their unit and the number of emergency calls responded to during a calendar year. This was to help pick out projects with the greatest potential to improve public safety in local communities. The modifications allowed the Foundation to award larger grants to applicants who demonstrated the need for additional new equipment. A total of 185 units received just under PLN 3m of grants, 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 Foundation rolled out its **employee volunteering programme** in 2020. The ORLEN Group's sixteen-year history of corporate volunteering shows the growing interest in social activism. Employees who submit a volunteering idea may receive a PLN 3,000 grant and a day off work to pursue their project. The employees who showed the greatest commitment to charitable initiatives were distinguished by the ORLEN Foundation with the title of Volunteer of the Year 2020.



Furthermore, the ORLEN Foundation pursues its statutory objectives by granting **donations** to other entities. In 2020, it focused its efforts under the donation programme on countering the impacts of COVID-19 pandemic. It provided in-kind and financial support to entities responsible for combating the pandemic, including medical and uniformed services and hospitals tasked with saving the life and health of infected people, as well as 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 and users of the YANOSIK application**. They choose to donate their points to social causes, including assistance to foster family group homes or environmental projects.

No donations were made to political parties, politicians or similar institutions in 2020. 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 for Włocławek Foundation, Energa Foundation and Unipetrol Foundation.

The **ANWIL for Włocławek 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. In the six years since its inception, the Foundation has donated over PLN 7.5m to 639 social projects and awarded 241 education scholarships to talented youth from local schools. Statistically speaking, the Foundation has helped each and every resident of Włocławek, with the number of its beneficiaries having exceeded 101 thousand over its operating history.

The key programmes implemented by the Foundation include: the 'Building Bridges' grant competition seeking to counter social and economic exclusion; 'Holidays with the Foundation'; 'I Choose Sports'; 'I Learn with ANWIL'; 'Primi inter Pares' scholarship programme; and 'The Young with ANWIL'.

Founded in 2009, the **Energa Foundation** provided support to 76 legal entities and 299 individuals, including 55 employees. Over PLN 542,190 of financial support provided to employees was allocated to medical treatment, rehabilitation and purchase of wheelchairs and specialist rehabilitation equipment. In 2020, the Foundation helped emergency services, providing specialised vehicles to the volunteer fire services in Gdańsk, Ostrów and Grzegorz and assisting the volunteer fire service in Rychnów with the cost of a defibrillator and a spinal board with straps and an immobiliser. The Energa Foundation also provided assistance to seniors in the care of the Maria Kaczyńska Nursing Home in Kotlin, Nursing Home in Młodzieszyn, and other establishments. In support of senior-oriented initiatives, the Foundation engaged in the 3rd Provincial Senior Tournament in Skaryszewy. It also ran the 'Help a Senior' project in partnership with the People for People Association of Ostrów Wielkopolski. In an effort to tackle social exclusion among people with disabilities, the Foundation engaged in the rehabilitation and activation programme for persons with Parkinson's disease, and provided Christmas gifts to residents in the 'Household' Children and Family Support Home in Góra. St. Brother Albert Aid Society in Gdańsk partnered with the Energa Group to launch the Solidarity Senior Support Convoy designed to deliver food to the poor, homeless and those at risk of social exclusion throughout the country. Almost one million kilograms of food was provided to people in need across Poland as part of the campaign.

The Czech-based **ORLEN Unipetrol Foundation** operates a scholarship programme for secondary schools and universities providing science and technology education, and a grant programme for secondary schools 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 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 established collaboration with municipalities near its production plants (Litvínov, Kralupy nad Vltavou and Neratovice). Over CZK 3m was donated to 27 municipalities in 2020.

PKN ORLEN continued to provide support to the **Grant Fund for Plock Foundation** as part of a relationship that has lasted almost 17 years now. The Group is a founder and benefactor of what is the country's first such project built around a sectoral partnership, with company representatives actively participating in its activities as volunteers. The Foundation provides financial support to various local associations, clubs and foundations, aiding them in their efforts to improve the lives of Plock residents across all areas, from sports, to social welfare, to culture. The Foundation's activities focus on grant competitions for projects initiated by local residents, formal groups and non-governmental organisations, which are consistent with the Strategy for Sustainable Development of the City of Plock and the UN Sustainable Development Goals. The Grant Fund for Plock was recognised as one of the best CSR projects in Poland, delivering the greatest value for the Polish society over the past three decades.



4.8 SIGNIFICANT RISKS RELATING TO THE GROUP'S BUSINESS AND RISK MANAGEMENT METHODS

FIGURE 11. Social risks

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

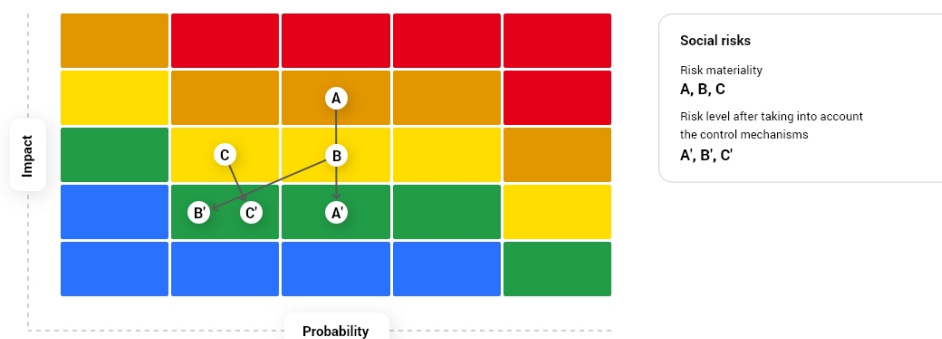
Colour of the arrows
Risk level after taking into account the control mechanisms

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





5. EMPLOYEE AREA AND RESPECT FOR HUMAN RIGHTS

5.1 United Nations' Sustainable Development Goals 2030:

Sustainable Development Goals 2030 pursued by the employee area and respect for human rights implemented by PKN ORLEN and the ORLEN Group in 2020:



5.2 GRI indicators

GRI indicators discussed in this Section:

- **GRI 102-8** Information on employees and other workers.
- **GRI 102-16** Values, principles, standards, and norms of behaviour.
- **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 403-4** Health and safety topics covered in formal agreements with trade unions.
- **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.

5.3 OUR CORPORATE MOTTO

We provide fair and friendly working conditions for our employees. 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.

5.4 OVERVIEW

Activities related to employee matters and respect for human rights are pursued mainly by the HR function and the Ethics Officer.

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.

The **Ethics Officer** monitors compliance with the Core Values and Standards of Conduct of PKN ORLEN S.A., guarantees that employees, employers and all stakeholders can freely report violations, helps in difficult labour issues and raises the employees' awareness of the importance of their own role in transforming the 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 Core Values and Standards of Conduct, and in particular:

- provides ongoing support to Company employees with respect to their questions and concerns regarding the ethical values, including with respect to employee relations;
- guarantees all stakeholders of the Company, in particular employees, the possibility of anonymous and free reporting of violations regarding the provisions of the 'The core values and standards of conduct of PKN ORLEN S.A.', using the Company's 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 and suggests solutions to improve the corporate culture.

Other responsibilities of the Ethics Officer include:

- carrying out educational activities to promulgate the core values and standards of conduct across PKN ORLEN, which include Management by values lectures for management staff and training to promote the PKN ORLEN's core values and standards of conduct across the Company's functions, in accordance with the reported needs; training during the On boarding Programme for new hires to ensure the understanding of requirements with respect to the core values and standards of conduct as well as the objectives of the corporate ethics system;
- cooperation with the Company's organisational units and other ORLEN Group companies with respect to the values and ethics considerations;
- development, implementation and updates of policies, procedures and tools in alignment with the ORLEN Group's ethical standards;
- carrying out communication activities promoting the ethics system, Value-based corporate culture, behaviours compliant with the principles of conduct.

On June 1st 2020, an **Ethics Team** was set up in the Area of the PKN ORLEN Executive Director for Human Resources with the responsibility to execute all tasks relating to compliance with ethics requirements across the ORLEN Group and to support the Ethics Officer. Some ORLEN Group companies have ethics officers, representatives or committees whose functions include support to employees in any matters involving the application of the requirements of PKN ORLEN S.A. Core Values and Standards of Conduct.

5.5 NON-FINANCIAL KEY PERFORMANCE INDICATORS

Employee relations KPIs at PKN ORLEN and the ORLEN Group in 2019 and 2020:

Employee relations KPIs*	UoM	ORLEN Group		PKN ORLEN	
		2020	2019	2020	2019
Headcount, including:	[persons]	32,960	22,337	5,727	5,447
PKN ORLEN	[persons]	5,727	5,447	5,727	5,447
ENERGA Group	[persons]	9,731	-	-	-
Unipetrol Group	[persons]	4,930	4,913	-	-
ORLEN Serwis Group	[persons]	2,441	2,216	-	-
ANWIL	[persons]	1,485	1,364	-	-
ORLEN Lietuva Group	[persons]	1,446	1,429	-	-
ORLEN Ochrona Group	[persons]	1,394	1,382	-	-
Other	[persons]	5,806	5,586	-	-
Workforce by gender, including:					
Women	[%]	27	27	23	23
Men	[%]	73	73	77	77
Workforce by type of job, including:					
White-collar staff	[%]	52	46	61	59
Blue-collar staff	[%]	48	54	39	41
Workforce by education, including*:					
Tertiary	[%]	45	41	68	66
Secondary	[%]	37	38	29	30

Vocational		[%]	16	19	3	4
Primary		[%]	2	2	0	0

Employees covered by collective bargaining agreements, including:

Polish companies		[%]	70	73	100	100
Foreign companies		[%]	86	92	-	-
Trade unions - trade union membership		[%]	48	39	48	50
Company Social Benefits Fund (data for PKN ORLEN and companies – shared social activities), including:		[persons]	32,579	28,333	15,803	15,037
Employees		[persons]	13,689	12,654	5,601	5,447
Former employees		[persons]	7,709	6,750	5,134	5,222
Family members		[persons]	11,181	8,929	5,068	4,368

Average training hours per employee, including:

Women		[number]	17.0	23.4	34.8	47.7
Men		[number]	15.0	25.2	28.5	36.9
Managers		[number]	23.2	38.5	42.2	66.9
Non-managers		[number]	14.6	23.7	28.3	35.3

* Performance indicators relating to employee relations cover the ORLEN Group as a whole, including the Energa Group, for the period from May 1st to December 31st 2020, excluding the RUCH Group which was acquired by PKN ORLEN in November 2020.

Composition of governance bodies and breakdown of employees per employee category according to gender, age group and other indicators of diversity in 2019-2020:

Composition of governance bodies and breakdown of employees*	UoM	ORLEN Group		PKN ORLEN	
		2020	2019	2020	2019
Management Boards of ORLEN Group companies by gender, including:					
Women	[%]	15	13	13	17
Men	[%]	85	87	87	83
Supervisory Boards of ORLEN Group companies by gender:					
Women	[%]	36	31	40	60
Men	[%]	64	69	60	40
Management Board – age structure, including:					
below 30	[%]	1	1	0	0
30-50	[%]	70	72	75	83
over 50	[%]	29	27	25	17
Supervisory Board – age structure, including:					
below 30	[%]	1	1	0	0
30-50	[%]	70	79	50	60
over 50	[%]	29	20	50	40
Employees – employment structure by age, including:					
below 30					
Managers	[%]	1	1	0	1
Non-managers	[%]	99	99	100	99
30-50					

Managers	[%]	12	12	13	14
Non-managers	[%]	88	88	87	86
over 50					
Managers	[%]	11	10	15	14
Non-managers	[%]	89	90	85	86
Employees – employment structure by gender, including:					
Women					
Managers	[%]	8	9	10	11
Non-managers	[%]	92	91	90	89
Men					
Managers	[%]	11	11	13	13
Non-managers	[%]	89	89	87	87

* This indicator covers the ORLEN Group as a whole, including the Energa Group, for the period from May 1st to December 31st 2020, excluding the RUCH Group which was acquired by PKN ORLEN in November 2020.

Other employee data for 2019 and 2020*:

Employee relations KPIs*	UoM	ORLEN Group		PKN ORLEN	
		2020	2019	2020	2019
Employees by type of contract and gender:					
Open-ended contract					
Women	[number]	7,603	5,014	1,082	987
Men	[number]	21,034	14,159	3,829	3,704
Fixed-term contract					
Women	[number]	923	744	205	205

Men	[number]	2,696	1,833	484	456
Probationary period contract					
Women	[number]	136	114	25	15
Men	[number]	375	326	67	43
Temporary substitution					
Women	[number]	137	106	20	23
Men	[number]	56	41	15	14
Employees by type of contract and region:					
Open-ended contract					
Czech Republic	[number]	4,827	4,576	0	0
Canada	[number]	43	43	0	0
Germany	[number]	191	169	0	0
Lithuania	[number]	2,126	2,073	0	0
Poland	[number]	21,450	12,312	4,911	4,691
Fixed-term contract					
Czech Republic	[number]	495	593	0	0
Canada	[number]	3	3	0	0
Germany	[number]	4	4	0	0
Lithuania	[number]	36	20	0	0
Poland	[number]	3,081	1,957	689	661
Probationary period contract					

Czech Republic	[number]	122	141	0	0
Canada	[number]	0	0	0	0
Germany	[number]	23	12	0	0
Lithuania	[number]	24	19	0	0
Poland	[number]	342	268	92	58
Temporary substitution					
Czech Republic	[number]	0	1	0	0
Canada	[number]	2	0	0	0
Germany	[number]	1	0	0	0
Lithuania	[number]	0	7	0	0
Poland	[number]	190	139	35	37
Employees by employment type and gender:					
Full-time					
Women	[number]	8,658	5,875	1,320	1,216
Men	[number]	24,043	16,286	4,384	4,209
Part-time					
Women	[number]	141	103	12	14
Men	[number]	118	73	11	8
New hires by age, gender and region:					
Age					
below 30	[number]	1,068	1,046	193	152

30–50	[number]	1,765	1,642	340	281
over 50	[number]	400	470	21	19
Gender					
Women	[number]	934	936	165	162
Men	[number]	2,299	2,222	389	290
Regions					
Czech Republic	[number]	871	732	0	0
Canada	[number]	6	4	0	0
Germany	[number]	43	33	0	0
Lithuania	[number]	350	354	0	0
Poland	[number]	1,963	2,035	554	452
Hires rate**	[%]	9.8	14.1	9.7	8.3
Employee turnover [%]***	[%]	7.7	8.9	4.8	4.8
Age					
below 30	[%]	12.7	15.2	3.7	5.0
30–50	[%]	5.9	7.0	3.2	3.6
over 50	[%]	9.1	10.0	9.4	7.6
Gender					
Women	[%]	10.2	10.2	4.8	6.1
Men	[%]	6.8	8.4	4.8	4.4
Regions	[%]				

Czech Republic	[%]	10.9	11.9	-	-
Canada	[%]	8.3	21.7	-	-
Germany	[%]	12.3	17.3	-	-
Lithuania	[%]	13.6	11.8	-	-
Poland	[%]	6.5	7.2	4.8	4.8

* Performance indicators relating to employee relations cover the ORLEN Group as a whole, including the Energa Group, for the period from May 1st to December 31st 2020, excluding the RUCH Group which was acquired by PKN ORLEN in November 2020.

** 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 turnover rates at the ORLEN Group are similar to those recorded in 2019.

Employee satisfaction and engagement KPIs at PKN ORLEN and ORLEN Group

At PKN ORLEN, we carry out the engagement and satisfaction survey every three years. The last study was carried out in 2019. The engagement rate for PKN ORLEN was 64%, while the overall employee satisfaction ratio was 77%.

In 2020, in line with the strategy adopted following the engagement survey, employee workshops were held in order to discuss the survey findings and to jointly develop and implement engagement-building initiatives for employees.

Employee engagement and satisfaction survey	UoM	2019	2017
Number of ORLEN Group companies surveyed	[x]	22	16
Number of respondents – PKN ORLEN	[x]	4,192	4,005
Employee engagement rate	[%]	64	65
Job satisfaction rate	[%]	77	73

5.6 POLICIES IN PLACE

The policies and internal regulations concerning the employee area include:

Core Values and Standards of Conduct – a document serving as PKN ORLEN's Code of Ethics, which has been implemented to foster a fair and friendly work environment and the highest standards of business ethics. It governs the matters of employee health and safety, communication, cooperation, equal opportunities in employment, promotion, development and upskilling. It is a roadmap defining the key principles of mutual relations at PKN ORLEN, ORLEN Group companies and in relation to the external market.

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 the design of 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 relying on best market practices, reflecting market challenges and trends in human capital development. It 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 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 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 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 objective 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.

The **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 S.A. 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 PKN ORLEN Core Values and Standards 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 a PKN ORLEN Employee 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.

Discount chocolate – a set of discounts integrated into the Comfort package of benefits. Its purpose is to create an environment creating a sense of safety and stability and supporting the work-life balance. It offers virtual space for employees to access all available discounts: for computer hardware, PZU insurance products, Apple products, hotel discounts, bicycle purchases, cinema tickets, the Individual Car Financing Programme, mobile postpaid plans, veterinary care packages, health-enhancing services, banking products, purchases of spectacles.

Policy for Assisting Employees During Crises – defines the rules for supporting employees going through some personal crises. 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.

Practice of Psychological Support at the Workplace – the purpose of this practice is to provide psychological support and assistance to employees and their immediate family members in difficult professional and private life situations. The practice is run by the Occupational Psychology Centre, which is a unit of PKN ORLEN. The practice offers immediate assistance in emergencies. In view of the COVID-19 pandemic, there is a psychologist on duty to support the mental health of employees. The practice supports the Company's policy for assisting employees during crises.

Internal Order on Programmes Dedicated to PKN ORLEN Employees, Their Families and Former PKN ORLEN Employees – sets out the terms of the 'Family Friendly Employer' Programme, as part of which employees receive additional childcare leave (for children up to 3 years of age/children with disabilities up to 24 years of age), a gift for a newborn baby, a place in a nursery, etc. The order applies to long service jubilees, 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.

Policy Defining the Work Conditions and Rules for the Disabled – the objective of this policy is to provide the disabled with equal opportunities in the workplace, taking into account the type and degree of disability, enabling disabled persons to obtain and maintain adequate employment, return to work, receive promotion, as well as support the disabled 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:

Core Values and Standards of Conduct of PKN ORLEN S.A. – primarily a guide to internal relations as well as relations with the Company's external Stakeholders, including business partners, local communities, the natural environment and competitors. The document contains overall guidance on ethics-related matters, including fair treatment of all employees and customers regardless of their age, sex, position, religion, nationality, convictions

or beliefs, as well as provisions on the obligation to comply with the rules of fair trading, transparency of business activities, mutual respect, and professionalism.

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 implementation 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 indicated information channels.

Supplier Code of Conduct – is an integral part of the business relationships with suppliers, including the supplier qualification and evaluation process, concerning 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.

The 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.

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

5.7 DUE DILIGENCE PROCEDURES

Employee relations

Employment

In 2020, 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 ENERGA Group (9,731 people) and RUCH Group (407 people) in 2020 and expansion of the ORLEN Group's energy, petrochemicals, maintenance services, IT and retail areas** led to a **year-on-year increase in total workforce by 11,040 people to 33,377 employees**. In 2020, the average annualised workforce at the ORLEN Group was 32,792, an increase by 10,966 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.

In 2020, the ORLEN Group companies implemented consistent rules for granting awards from the Employer Prize Fund (a formal document) and deployed 'Wniosek IT', an e-application within the SSEGK system to run the award process in line with the rules.

Furthermore, investment projects are and will be an important feature of the ORLEN Group's Strategy and positioning efforts. In order to reward and incentivise key employees who are expected to pursue the most demanding investment goals, an additional incentive scheme was created within the Employer Prize Fund targeting the Company's areas and employees with the strongest impact on the Company's investment projects and performance.

In 2020, a Collective Bargaining Agreement was negotiated at Energomedia, and the Remuneration Rules for ORLEN Upstream was amended. In addition, remuneration principles were worked out for the ORLEN Foundation, which are to take effect in 2021.

In 2020, PKN ORLEN entered into a pay agreement for 2020, which provided for obligatory base pay rises of PLN 300 for employees graded 1 to 8 and an extra pool of PLN 100 per employee for further allocation of merit increases. Furthermore, Christmas bonuses totalling PLN 3,500 were agreed. Pay agreements were signed 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 2020, the average gross monthly remuneration (including base pay, bonuses, awards, allowances and overtime) at the ORLEN Group was PLN 8,486.

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 is 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.

Employees' right to freedom of association and collective bargaining is provided for in the Collective Bargaining Agreement, whereunder 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,
- has agreed to respect the freedom of activity and equality of trade unions and does 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 across the Group. In 2020, a project team comprising representatives of various functions and companies continued a project aimed at standardising HR processes across the ORLEN Group. The digitisation of HR and payroll services continued throughout 2020, accompanied by launches of similar processes within the ORLEN Group companies. 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, allowing the Group to continue the standardisation of the working time management process. 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 digitisation 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. 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, courses 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

People are invariably one of the key pillars of the ORLEN Group's strategy. Activities carried out in 2020 focused on consistent implementation of the HR policy to help build an experienced team of professionals and develop leadership skills among the management staff. The focus was also on enhancing employee commitment, introducing a recruitment process standard at the ORLEN Group, and deploying the Competency Model and Career Development Session Process across the Group. It was a priority in 2020 to further build the image of an employer of choice, for instance by expanding the reach of our internship programmes. The choice of employee benefits within the cafeteria programme was also expanded. An Age Management Policy was implemented at PKN ORLEN and other ORLEN Group companies.

Development and training

We consistently implemented our HR policy ambitions throughout 2020. In view of our strategic business efforts, development projects were continued to build competencies of today and of the future, as we actively looked for new forms and methods of development.

To respond to the emerging needs, in particular those arising from the coronavirus risk, most activities were carried out online, the content library of our in-house e-learning platform was expanded and we implemented AI-powered gamification in the development process in collaboration with a start-up company. We are going to continue the development of these learning formats in the coming years.

In 2020, a particular emphasis was placed on the development of innovation and project work competencies, for which a gamification project was launched. We also carried out development efforts in the data science area and continued our development programme for project managers cutting across many fields of expertise. A special development programme addressed to Retail staff was also launched. Like in 2019, we continued employee and management training in anti-corruption policies, as well as initiatives promoting diversity, ethics and value management, collaboration and stress management skills and attitudes, which are a permanent feature of our development programmes.

In view of the challenges posed by the coronavirus threat, online lectures were given that addressed handling of tough emotions and situations and discussed the ways of supporting employees. A broad range of lectures and trainings on how to handle crisis situations and build one's motivation were added to our online library. Our priorities included providing psychological support for employees and preparing managers for the new reality.

A new edition of the Career Development Session was carried out in 2020 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 Session is 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 session supports the development of a culture of openness and dialogue.

We implemented a **management staff development programme** centred on fostering engaging leadership, value-based management, performance improvement and building multifaceted collaboration and innovation on a team. It is noteworthy that to prepare for their new role, newly promoted managers also undergo training, which is essentially part of the management staff development programme.

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 demonstrated the Company's particular concern for management based on ethics and respect for corporate values.

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, 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, we continued initiatives fostering a **culture of work safety**, including educational projects, mandatory training and post-graduate courses dedicated specifically to PKN ORLEN, such as those focused on skills necessary to operate power generation units.

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 also 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.

Age Management Policy

In 2020, we continued our efforts relating to the Age Management Policy launched in 2019. The goal of the Policy is to address the negative effects of demographic changes on the labour market. Activities in this area focus, among other things, on raising the management staff's awareness of age management, promoting intergenerational diversity and communication, facilitating knowledge and skill transfers, Employer Branding efforts in relations with the outside world, especially with the local labour market, universities and schools, building successor competencies within the company, implementing dedicated staff development and mentoring programmes, and undertaking preventive healthcare measures. In order to manage this process, a dedicated IT solution was designed and deployed within the ORLEN Group to support the succession planning process and track the recruitment requirements and development needs of the identified successors.

Social dialogue and employee benefits

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.

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. Christmas gifts for employees' children have already become a tradition across the Group. The employer provides financial support for families with low incomes. Our employees may also apply for partial financing of sports and recreational activities, cultural and educational activities, or physical therapy treatments, 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. As at December 31st 2020, 23 Group companies were covered by the programme. 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 (old age pensioners, disability pensioners, persons who opted for voluntary redundancy) include: co-financing of employee holidays or sanatorium treatment, holidays for children and teenagers, school starter kits, Christmas gifts for children, non-repayable financial support, repayable housing loans and, additionally: cash allowance for low-income employees, birthday cash benefits for former employees aged 70+ (paid every five years) and 95+ (paid every year).

In 2020, the ORLEN Group implemented a common group life insurance package 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 carries out 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 Plock 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 view of the epidemiological situation in Poland, health-related webinars were provided to employees as part of preventive measures. 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 Plock, Warsaw and Trzebinia.

In addition, PKN ORLEN cares about **the mental health of its employees**, seeing this activity as an inherent part of its corporate culture. 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. Commitment to well-being in the workplace is very important to the employees, building a sense of togetherness and mutual accountability and contributing to better performance.

Image-building activities

In 2020, we carried out 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 includes fostering 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 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 Ambassador programme are proud of their work, popular and recognised by their colleagues and professional communities.

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 ORLEN's employees, solutions and best practices through participation in webinars, podcasts, debates, or offering expert commentaries.

Education and talent acquisition policy

PKN ORLEN works consistently to satisfy its talent acquisition and retention needs, focusing on 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.



It is also important for PKN ORLEN to offer employment opportunities to disabled persons, which is why together with some other ORLEN Group companies, we joined the **Work – Integration Programme of the State Fund for the Rehabilitation of the Disabled** (PFRON), aimed at recruiting people with disabilities from the open labour market. Seven Group companies joined the Programme together with PKN ORLEN: ANWIL S.A., ORLEN Centrum Usług Korporacyjnych Sp. z o.o., ORLEN Eko Sp. z o.o., ORLEN KolTrans S.A., ORLEN Ochrona Sp. z o.o., ORLEN Paliwa Sp. z o.o. Oddział Logistyka Pierwotna Gazu and ORLEN Południe S.A. Jobs for 28 persons with disabilities were declared in total. In 2020, PKN ORLEN hired 7 disabled persons, and the other Companies hired 16 disabled persons (23 persons in total). The programme will be continued next year.

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. Two meetings were held in 2020 for managers hiring or intending to hire persons with disabilities, as well as a meeting addressed to everyone interested in the subject of employee disability. Further to that, individual consultations with a disability expert for PKN ORLEN employees were launched in December 2020. The expert is on duty once a week.

Realising the need to build an HR pipeline in professions that are crucial to the industry, given especially the specific business profiles of the Group companies, PKN ORLEN engages in active partnerships with vocational schools – as a result students obtain expert support during hands-on activities and have the opportunity to 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 2020, PKN ORLEN had 85 interns in the **Headed for ORLEN** programme and the **#Energy for the Future** programme carried out in cooperation with the Ministry of Climate and PGE Polska Grupa Energetyczna S.A., Polskie Górnictwo Naftowe i Gazownictwo S.A. and Polskie Sieci Elektroenergetyczne S.A. Furthermore, PKN ORLEN offers development opportunities to Poles studying abroad. This year, we were a strategic partner of the **Summer Stock Exchange School**, aimed at encouraging young talented Poles studying abroad to plan their career paths at Polish or multinational companies, public institutions operating in Poland, or foreign branches of Polish companies. As part of the programme, we provided holiday internship, workshop and mentoring opportunities. We also established cooperation with the Lesław Paga Foundation as part of the **Energy Academy** Programme, which is addressed to young people who would like to work in the energy sector in the future. Internships were completed by 135 students, mostly in the production, development and technology segments, but also in other business areas.

In 2020, we signed agreements for group internships with the Helena Chodkowska School of Technology and Economics, an agreement for project internships with the Faculty of Chemistry of the Warsaw University of Technology, as well as a framework cooperation agreement with the Main School of Fire Service in Warsaw.

PKN ORLEN also participated in **career fairs** (Virtual IT Career Fair, CSR 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) at technical universities, and provided students and graduates with opportunities to gain professional experience. Additionally, it was involved in a number of education and awareness-raising projects, including the **ORLEN Knowledge Day** for Mechanics and Machine Design students of the Warsaw University of Technology Branch in Plock and for Chemical Technology students of the Warsaw University of Technology. Before the pandemic, PKN ORLEN participated in the Business Networking Day (workshops, lectures and career counselling with the involvement of PKN ORLEN) and in the Meet Your Employer event hosted by the Warsaw University of Technology.

For nine 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 2020 title once again in 2020. 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:

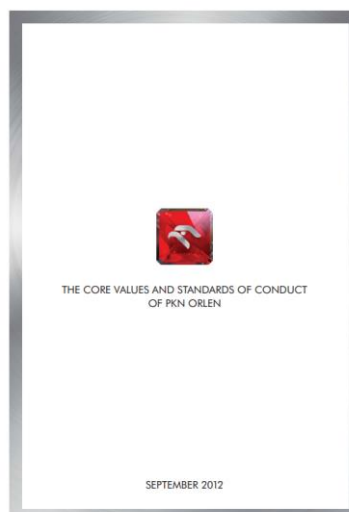
- Collective Bargaining Agreements registered by the Regional Inspectors of the National Labour Inspectorate, in accordance with the provisions of Part XI of the Polish Labour Code and the Minister of Labour and Social Policy's Regulation on the procedure to be followed in the case of registration of 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 PKN ORLEN's core values and standards of conduct

PKN ORLEN is consistently engaged in building an ethical working environment, as its first Code of Ethics was adopted in 2006 and its Ethics Officer was first appointed at the same time. In 2012, the Group adopted the **Core Values and Standards of Conduct of PKN ORLEN S.A.**, a document addressing ethical relationships within the company and with the external environment, including business partners, local communities, the natural environment and competition. At the same time a new system was put in place for reporting instances of human rights abuses. The Core Values and Standards of Conduct set out the values that PKN ORLEN has committed to respect: **Responsibility, Development, People, Energy, Reliability**. They are manifested in the everyday behaviours and attitudes described in the document and practised both inside and outside the organisation. All ORLEN Group companies (in Poland and abroad) share the same ORLEN values and every company has adopted the 'PKN ORLEN S.A. Core Values and Standards of Conduct' as a binding code of ethics.



As part of our efforts to promote the PKN ORLEN's core values and standards of conduct, 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 behaviours in line with the PKN ORLEN S.A.' core values and standards of conduct. This the Company's highest and most important distinction, awarded to 15 employees on an annual basis in three categories:

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

As part of educational activities promoting the 'Core Values and Standards of Conduct of PKN ORLEN S.A.', the Ethics Officer delivers 'Management by Values' lectures to management staff as well as business ethics awareness training (themed, in particular, around communication based on ethics and respect) and promoting the 'Core Values and Standards of Conduct of PKN ORLEN S.A.' across several functions. 70 people were trained in total in 2020. Since June 2019, the Ethics Officer has run his own training block as part of the Onboarding Programme to present an overview of corporate values (Responsibility, Development, People, Energy, Reliability) to new hires and discuss the importance of each principle of conduct owned by individual functions/offices.

The largest Group-wide corporate culture building project is **ORLEN Olympics**, the annual sports games for the Group's employees, which combine healthy fair play competition and the Company's core values. Over the past six years, the event attracted thousands of PKN ORLEN employees together with their families. Every year, two thousand employees compete in various sport disciplines, and often more than thirty thousand people participate in picnics (since 2016, as part of the Chemists' Day the picnic has also been open to the inhabitants of Płock). Due to COVID-19, the 2020 ORLEN Olympics were cancelled.

The **employee volunteering programme** is another 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 has additionally 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. In 2020, the central theme of the campaign was Two Hours for a HUMAN BEING, an initiative to fight loneliness similar to Two Hours for the Family. In 2020, we held an art contest themed 'ORLEN – my dad's or mum's workplace' for children of employees of PKN ORLEN and ORLEN Group companies. The contest theme referred to the open day which had become a permanent feature on the corporate calendar, yet it did not take place in 2020 because of the pandemic.

In 2020, for the seventh time, PKN ORLEN was the only Polish company featured in **The World's Most Ethical Company** ranking. The name of the World's Most Ethical Company refers directly to ethics, but the requirements for this distinction go far beyond that, as the candidate businesses must

demonstrate effective and documented activities in the field of corporate governance, sustainability, CSR, volunteering, anti-corruption, as well as human resources management practices including measures promoting:

- equality in the workplace, diversity and preventing bullying, discrimination and harassment;
- occupational health and safety;
- principles of cooperation with social stakeholders;
- employee training;
- communication with employees;
- employee programmes (such as benefits);
- corporate culture, including efforts to gauge employee engagement;
- structures, processes and documents relating to corporate ethics responsibilities.

The certificate is awarded by the US-based Ethisphere Institute, a global leader in defining, advancing and actively promulgating the standards of ethical business practices. This year's ranking included 132 companies representing more than 50 industries from 21 countries around the world. The assessment of the world's most ethical companies is based on the Ethics Quotient® (EQ) system – a methodology designed by Ethisphere Institute with support from an international team of consultants specialising in fair commercial practices.

Internal and external mechanisms to obtain advice on how to report a violation or suspected violation

The Company's employees and external stakeholders may report any breach or suspected breach of the 'Core Values and Standards of Conduct of the PKN ORLEN S.A.' in connection with workplace incidents or employee behaviours. A variant path is defined for reporting and analysing information on actual or suspected breaches, depending on the severity and complexity of the problem and on the confidence of the parties involved. A suspected breach of the PKN ORLEN's core values and standards of conduct or any ethical dilemmas may be reported to:





- line manager;
- senior managers;
- Ethics Officer;
- The Human Capital Committee.

Most of the reports received by the Ethics Officer in 2020 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. Most reports concerned specific violations of the 'Core Values and Standards of Conduct of PKN ORLEN S.A.' 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 **ORLEN Group Anti-Corruption Policy** and an internal order on **Anti-Money Laundering and Terrorist Financing** were adopted in 2018. The **Rules to Prevent Workplace Bullying, Discrimination, and any Forms of Harassment at PKN ORLEN** are also in place, setting out the rules to be followed when a case of bullying is reported, as well as the rights and obligations of employees in such situations. The Rules have been implemented to ensure high standards in developing a supportive work environment based on mutual respect and trust. Every employee across the organisation is responsible for active promotion of the right behaviours, fostering healthy relationships between employees and upholding the team spirit. It is vital to continue efforts to bring behaviours in line with the Core Values and Standards of Conduct and to ensure that managers stay alert.

5.8 SIGNIFICANT RISKS RELATING TO THE GROUP'S BUSINESS AND RISK MANAGEMENT METHODS

FIGURE 12. Employees risks

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 	<p>Monitoring and reviewing of job-specific training needs, oversight of the recruitment process to ensure employment of candidates with relevant qualifications.</p> <p>Supporting vocational education to develop practical skills.</p>	
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 	<p>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.</p>	
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 	<p>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.</p>	
D. Employees and subcontractors' activities	<ul style="list-style-type: none"> Activities of employees and subcontractors resulting in violation of OHS regulations 	<p>Reviewing and issuing opinions on contracts with subcontractors in terms of security certificates and security clauses, implementation of the Comprehensive Prevention System.</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

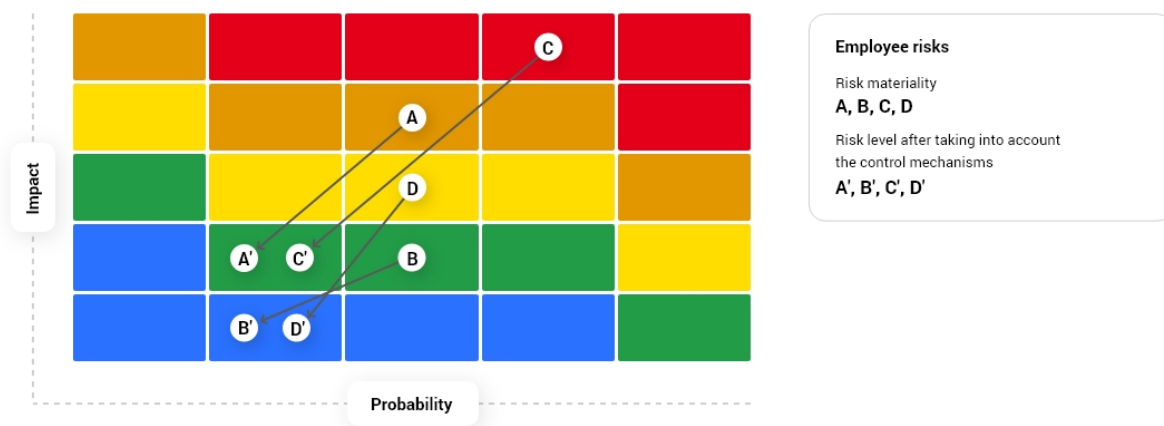


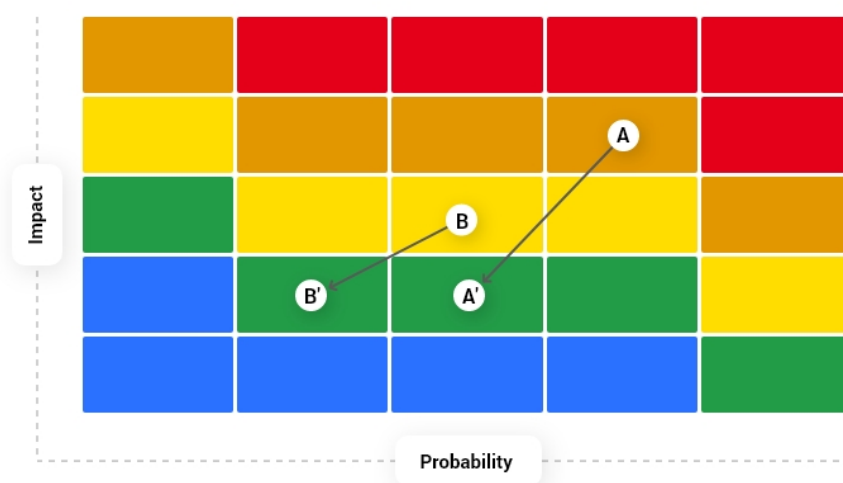


FIGURE 13. Respecting human rights risks

Respecting human rights			
Risks / processes	Risk description	Risk mitigation methods	Risk development trend
A. Breach of ethical standards <hr style="width: 100px; margin-left: 0;"/>	<ul style="list-style-type: none"> Inadequate ethical standards for a given business environment No support for employees in resolving conflicts of interest Ineffective 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 <hr style="width: 100px; margin-left: 0;"/>	<ul style="list-style-type: none"> Violations of labour law Penalties 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, Core Values and Standards of Conduct, etc. Agreement setting out the rules of cooperation between social partners in restructuring processes.	

Colour highlighting the risk name <small>Risk materiality for the organisation</small>	Critical High Medium Low Very Low
Colour of the arrows <small>Risk level after taking into account the control mechanisms</small>	Critical High Medium Low Very Low
Risk development trend <small>Year on year</small>	↓ Risk decreases ↑ Risk increases ↔ Risk is stable

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



Respecting human rights

Risk materiality

A, B

Risk level after taking into account
the control mechanisms

A', B'



6. ENVIRONMENT AND CLIMATE

6.1 United Nations' Sustainable Development Goals 2030:

Sustainable Development Goals 2030 pursued by the environment and climate measures implemented by PKN ORLEN and ORLEN Group in 2020:



6.2 GRI indicators

GRI indicators discussed 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 304-1** Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.
- GRI 304-2** Significant impacts of activities, products, and services.
- 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 303-4** Water discharge.
- GRI 306-2** Waste by type and disposal method.

- GRI 307-1** Non-compliance with environmental laws and regulations.
- GRI G4 EU5** Allocation of CO2 emissions allowances or equivalent, broken down by carbon trading framework.
- GRI G4 EU1** Installed capacity, broken down by primary energy source and by regulatory regime.
- GRI G4 EU2** Net energy output broken down by primary energy source and by regulatory regime.
- GRI G4 EU11** Average generation efficiency of thermal plants by energy source and regulatory regime.

6.3 OUR CORPORATE MOTTO

Recognising the priorities and the direction of changes outlined in the European Union climate policy, we develop our business on the basis of innovative, low-carbon technologies and products, invest in the best available environmental techniques (BAT), and make our business decisions taking into account the principles of circular economy. We improve our processes on an ongoing basis and we set ourselves ambitious goals – we are committed to achieving a net zero carbon footprint by 2050 based on four pillars: energy efficiency in production, zero-emission power generation, fuels of the future, and green finance.

6.4 OVERVIEW

Reducing the environmental footprint has long been one of the ORLEN Group's top priorities. Our approach to environmental protection management is based on the principles of corporate social responsibility and takes environmental criteria into account. We aim for sustainable development and we report the results of our environmental protection efforts. Our environmental objectives are set out in the Integrated Management System Policy.

Promoting environmental awareness, protecting biodiversity, undertaking environmental education initiatives and fostering a positive environmental image of the Group are the responsibility of the **Environmental Protection** function. Its responsibilities additionally include:

- monitoring and balancing of GHG emissions and ensuring that free carbon dioxide emission allowances are effectively secured for installations covered by the EU ETS emissions trading scheme, in accordance with the applicable laws;
- identifying environmental protection requirements and legal risks related to the operations of the ORLEN Group companies under national and EU regulations, and securing administrative permits;
- carrying out organisational and control activities in order to comply with the established environmental standards;
- implementing and maintaining the leakage detection and repair system (LDAR) at the Plock production plant and the PTA plant in Włocławek;
- calculating and paying environmental charges for air emissions and emissions in effluents;
- consulting and supervising the scope and progress of remediation work at PKN ORLEN's facilities; securing the required reserves;
- issuing environmental opinions on all development plans, investment, upgrade and maintenance projects at the ORLEN Group;
- contributing to the Company's positive image through environmental education and protection of biodiversity;
- implementing best practices under the Responsible Care Programme and other environmental initiatives related to environmental education, protection of endangered species and biodiversity.

Key ORLEN Group companies 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:

- operations in the area of production of water, collection and treatment of wastewater from the Plock production plant's site, and coordination of the water and wastewater management efforts at the Company;
- continuity of production and distribution of different water types and collection and treatment of wastewater;
- compliance with environmental standards, legal regulations, and permits while maintaining continuity of water production and wastewater collection at the Plock production plant.

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

- implementation of strategic projects relating to commercial and industrial power generation and renewable energy sources, i.e. wind, sun, biomass;
- trading in heat, electricity and property rights in certificates of origin for electricity;
- production and distribution of heat and electricity;
- compliance with environmental standards, legal regulations, and permits while maintaining continuity of power generation in its area;
- coordination of hydrogen projects implemented at the ORLEN Group, seeking synergies in the process of creating a strategic hydrogen system;
- supervision and standardisation of hydrogen systems at the ORLEN Group with respect to process, technological and technical parameters;
- development of electric mobility 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 Group companies;
- developing a sustainable development strategy reflecting ESG criteria;
- promoting new sustainable development projects at the ORLEN Group;
- working with investors on sustainable development;
- conducting research and analyses related to long-term conditions for sustainable development of the Group

6.5 NON-FINANCIAL KEY PERFORMANCE INDICATORS

Environmental KPIs at PKN ORLEN and the ORLEN Group:

Environmental KPIs cover the ORLEN Group as a whole, including the Energa Group for the period from May 1st to December 31st 2020, but excluding the RUCH Group, which was acquired by PKN ORLEN in November 2020.

Water

Surface waters are the main water source for the Group companies. They were withdrawn by the ORLEN Group's largest companies: Energa, ANWIL, IKS Solino, PKN ORLEN, ORLEN Południe, ORLEN Lietuva, Unipetrol, Paramo and Spolana, and then distributed through water mains to their own production facilities, to the ORLEN Group companies and to third parties. The volume of surface water, groundwater and mains water withdrawn by the ORLEN Group in 2020 totalled **nearly 331.8 million m³**, of which the largest amount was withdrawn by Energa Elektrownie Ostrołęka (236.7 million m³ of surface water and 202,300 m³ of ground water).

PKN ORLEN withdrew a total of 26.9 million m³ of water in 2020 (including 26.5 million m³ of surface water and 0.4 million m³ of groundwater), which means a decrease of more than 1.3 million m³ (some 5%) on 2019.

Effluents

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 2020, the ORLEN Group's overall discharges exceeded **293.8 million m³**, which included more than 288 million m³ of industrial wastewater. A significant volume of wastewater was discharged by Energa Elektrownie Ostrołęka: 235 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, 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, Bělina, Dubulis, Obelaukis, Vltava, Jasiołka, Proсна, 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 Plock is partly recovered, which reduces the amount of water withdrawn from the environment for utility and fire-fighting purposes. In 2020, ORLEN Lietuva and PKN ORLEN reused 4.1 million m³ and over 3.3 million m³ of wastewater, respectively.

At ANWIL's PVC plant, heat is recovered from process wastewater.

Air emissions

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.

The ORLEN Group's estimated air emissions of **SO₂**, **NO_x**, **CO** and **particulate matter** in 2020 totalled **37,100 Mg**, while **CO₂ emissions** were **just over 17 million Mg** (mainly emissions as part of the EU ETS system). 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 2020.

The decrease in emissions from assets operated by the ORLEN Group, excluding Energa, is partly due to COVID-19-driven changes in the use of those assets, and should not be interpreted as a structural change consisting in a permanent reduction of CO₂ emissions as a result of the CO₂ emissions reduction programme implemented by the Group. Total CO₂ emissions are higher than in 2019, which is due to the inclusion of the Energa Group's emission volumes.

CO₂ emissions and allocation of free emission allowances for ORLEN Group's EU ETS installations in 2019–2020:

N o.	Company/ EU ETS installation	2019			2020		
		Reviewed CO ₂ emissions [Mg]	Allocation of CO ₂ emission allowances [Mg]		CO ₂ emissions [Mg]	Estimated allocation of CO ₂ emission allowances [Mg]	
			10a	10c		10a	10c
1	ANWIL – CHP plant	86,822	47,824	8,064	70,964	44,261	
2	ANWIL – vinyl chloride unit	71,724	59,578		83,307	58,350	
3	ANWIL – ammonia production unit	762,677	564,038		794,573	552,407	
4	ANWIL – nitric acid production unit	57,659	171,950		64,459	168,404	
5	Basell Orlen Polyolefins – Polyolefins 3 unit	41,308	58,555		40,873	57,348	
6	ORLEN Lietuva – oil refinery	1,599,384	1,280,122		1,478,463	1,253,382	
7	ORLEN Południe – fractional distillation unit (Jedlicze)	1,653	14,022		1,397	13,722	
8	ORLEN Południe – waste oil regeneration unit (Jedlicze)	10,813			11,098		
9	ORLEN Południe – Fractional Distillation Unit 3 (Trzebinia)	11,795	14,546		9,431	14,246	
10	ORLEN Południe – CHP plant (Jedlicze)	24,730	1,618	388	22,731	1,282	289
11	ORLEN Południe – CHP plant (Trzebinia)	70,610	27,355	2,482	66,035	25,876	1,846
12	ORLEN Południe – bitumen oxidation unit (Trzebinia)	2,392	10,126		2,655	9,917	
13	PKN ORLEN – CCGT unit	1,460,944			1,460,196	2,557,590	
14	PKN ORLEN – CHP plant	2,588,426	236,149		2,612,010		
15	PKN ORLEN – Olefins 2 unit	889,428	600,439		893,427		
16	PKN ORLEN – refinery	2,798,447	2,322,092		2,567,319		
17	PKN ORLEN – ethylene oxide and glycol unit	33,729	28,937		36,307		

18	PKN ORLEN – CCGT unit (Włocławek)	922,750			1,049,789	19,872	
19	PKN ORLEN – PTA – terephthalic acid production (Włocławek)	99,247	108,111		93,359	175,996	
20	PARAMO HS Kolin	16,086	24,459		16,004	23,955	
21	PARAMO HS Pardubice	23,813	21,343		23,083	20,929	
22	UNIPETROL AGROCHEMIE	751,603	576,162		644,524	537,663	
23	UNIPETROL PETROCHEMIE	2,469,797	216,446		2,230,173	599,267	
24	UNIPETROL Rafinerie Kralupy	520,067	343,177		442,708	336,101	
25	UNIPETROL Rafinerie Litvínov	420,734	429,656		321,528	420,796	
26	SPOLANA – power plant	129,540	125,024		50,346	69,019	
27	SPOLANA – production of VCM	29,334			28,354		
28	Energa Ciepło Kaliskie Ciepłownia Rejonowa – heat plant				27,303	5,925	
29	Energa Elektrownie Ostrołęka – Ostrołęka Power Plant B			<i>In the ORLEN Group since 2020.</i>	1,476,893	25,240	389,256
30	Energa Kogeneracja Elektrociepłownia Elbląg – CHP plant				166,312	14,752	
31	Energa Kogeneracja Elektrociepłownia Kalisz – CHP plant				62,604	6,312	
32	Energa Kogeneracja Elektrociepłownia Żychlin – CHP plant				14,710	1,951	
	ORLEN Group companies – total	15,895,512	7,281,729	10,934	16,863,935*	7,014,563	391,391

* Reviewed emissions for the ENERGA Group include total CO₂ emissions in 2020.

Waste

The total volume of waste other than municipal waste generated in 2020 by the Group companies **exceeded 313,600 tonnes**. The largest waste volumes were generated by ENERGA Group companies - nearly 116 thousand Mg. Out of the waste generated last year, almost 233,000 tonnes were transferred to third parties for recovery or disposal. The ORLEN Group companies recovered more than 22,300 Mg and disposed of almost 30,000 tonnes of waste using their own facilities. The remaining portion was landfilled.

Circular economy aspects have been implemented in some of PKN ORLEN's processes. The flue gas desulfurisation unit launched in Plock 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. 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.

Environmental KPIs	UoM	ORLEN Group		PKN ORLEN	
		2020	2019	2020	2019
Total withdrawal of surface water, groundwater and mains water	[million m³]	331.8	94.1	26.9	28.2
Surface water	[million m ³]	327.0	89.1	26.5	27.8
Groundwater	[million m ³]	1.6	1.6	0.4	0.4
Mains water	[million m ³]	3.2	3.4	-	-
Effluents discharged to the environment, including:	[million m³]	293.8	50.9	12.45	13.21
Industrial wastewater	[million m ³]	288.2	44.4	12.40	13.17
Summary of selected substances¹:	[tonnes]	17,046,613	15,952,566	8,724,316	8,804,612
Sulfur dioxide	[tonnes]	18,071	17,250	4,898	4,652
NOx	[tonnes]	10,116	9,824	4,277	4,565
Carbon monoxide	[tonnes]	8,011	5,400	2,515	2,046
Particulate matter	[tonnes]	900	888	218	226
Carbon dioxide (within and outside EU ETS)	[tonnes]	17,009, 515	15,919,204	8,712,407	8,793,123
Waste managed²	[‘000 tonnes]	313,645	178,441	14,353	44,376
Waste recovered ³	[‘000 tonnes]	231,588	77,292	9,029	24,771
Waste disposed of ⁴	[‘000 tonnes]	53,430	41,308	11,837	15,985
Waste landfilled	[‘000 tonnes]	28,627	59,841	5,324	3,620

¹ Non-reviewed emission estimates. The reviewed data will be published in 2021 in the ORLEN Group's Integrated Report for 2020.

² Waste generated in the ORLEN Group in the reporting period, excluding municipal waste together with separately collected fractions (waste code 20).

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 2020.

Carbon footprint

At the beginning of September 2020 PKN ORLEN announced its decarbonisation strategy, which is one of the commitments under the ORLEN Group's new business strategy until 2030. The Company declared its intention to achieve emission neutrality by 2050. In furtherance of this goal, the Group aims to reduce carbon emissions from its existing refinery and petrochemical assets by 20% and cut down carbon emissions per megawatt-hour of electricity by 33% by 2030. PKN ORLEN's net zero emissions strategy is based on four pillars: energy efficiency in production, zero-emission power generation, fuels of the future, and green finance.

In 2020, activities were continued to calculate the carbon footprint of the organisation and its products, using tools developed in previous years. An organisation's carbon footprint is calculated on a voluntary basis, and includes direct emissions, energy indirect emissions and other indirect emissions from use of the marketed products. Greenhouse gas emissions in tonnes of carbon dioxide equivalent are calculated in accordance with the GHG Protocol Corporate Accounting and Reporting Standard for Scope 1, Scope 2 (market-based approach) and Scope 3.

Power Generation area KPIs at PKN ORLEN and the ORLEN Group:

Energy consumption by type of energy source

The indicator covers power generation assets of the ORLEN Group. These include:

- Poland: PKN ORLEN's CHP plant in Plock, CCGT unit in Plock and CCGT unit in Włocławek; ORLEN Południe's ANWIL CHP plant, CHP plant in Trzebinia and CHP plant in Jedlicze; Energa Group's generating units, including Ostrołęka Power Plant B, CHP plant in Elbląg, CHP plant in Kalisz, and renewable energy sources (hydropower plants, wind farms, photovoltaic power plants);
- Lithuania: ORLEN Lietuva's CHP plant;
- Czech Republic: Unipetrol's CHP plant.

The data is for the whole of 2020, 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 indicator is calculated as the difference between energy sold to third parties and within the ORLEN Group and total energy consumption in fuels and energy consumption for the segment's own needs. Energy sold is defined as energy sold from generation sources (without trading), regardless of the direction of sale.

Energy consumption at the ORLEN Group by type of energy source:

ORLEN GROUP	2020		2019	
	Value [GJ]	Value [MWh]	Value [GJ]	Value [MWh]
Energy consumption in fuels	121,220,075	33,672,243	98,769,007	27,435,835
Electricity consumed	2,268,361	630,100	2,304,094	640,026
Heat consumed	4,221,813	1,172,726	5,579,603	1,549,890
Electricity sold	47,609,725	13,224,924	33,938,256	9,427,293
Heat sold	38,533,070	10,703,631	36,321,662	10,089,351
Total consumption*	35,077,280	9,743,689	28,509,089	7,919,191

*Total consumption calculated as the difference between energy consumption in fuels and total energy sold for internal and external suppliers.

Energy consumption at PKN ORLEN by type of energy source:

PKN ORLEN	2020		2019	
	Value [GJ]	Value [MWh]	Value [GJ]	Value [MWh]
Energy consumption in fuels	86,734,324	24,092,868	78,966,903	21,935,251
Electricity consumed	1,605,015	445,838	1,605,604	446,001
Heat consumed	1,301,225	361,452	2,971,578	825,438
Electricity sold	29,864,386	8,295,663	28,530,346	7,925,096
Heat sold	25,791,882	7,164,412	26,490,970	7,358,603
Total consumption*	31,078,056	8,632,793	23,945,587	6,651,552

Installed capacity, broken down by primary energy source

The indicator covers power generation assets of the ORLEN Group. These include:

- Poland: PKN ORLEN's CHP plant in Plock, CCGT unit in Plock and CCGT unit in Włocławek; ORLEN Południe's ANWIL CHP plant, CHP plant in Trzebinia and CHP plant in Jedlicze; Energa Group's generating units, including Ostrołęka Power Plant B, CHP plant in Elbląg, CHP plant in Kalisz, and renewable energy sources (hydropower plants, wind farms, photovoltaic power plants);
- Lithuania: ORLEN Lietuva's CHP plant;
- Czech Republic: Unipetrol's CHP plant.

The data is for the whole of 2020, 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 indicator is calculated as installed capacity broken down by primary energy source.

Installed capacity at the ORLEN Group, broken down by primary energy source :

ORLEN Group 2020		
	Mwe (electrical capacity)	MWt (thermal capacity)
Natural gas	1,027.6	1,530.32
Fuel oil/natural gas	522.5	3,252
Hard coal	673.31	569.46
Lignite	141.5	1,258.4
Biomass	25	30

Wind power plants	359.29	0
Solar power plants	5.41	0
Hydroelectric power plants	243.85	0
Power plants	608.55	0
CHP plants	2,389.91	6,578.22
Heat plants	0	61.96

Installed capacity at PKN ORLEN, broken down by primary energy source:

PKN ORLEN 2020		
	Mwe (electrical capacity)	MWt (thermal capacity)
Natural gas	936	1,082
CCGT Plock	519	608
CCGT Wloclawek	417	474
Fuel oil/natural gas	360	2,150
Plock CCGT plant	360	2,150
Power plants	0	0
CHP plants	1,296	3,232
Heat plants	0	0

Net energy output broken down by primary energy source

The indicator covers power generation assets of the ORLEN Group. These include:

- Poland: PKN ORLEN's CHP plant in Plock, CCGT unit in Plock and CCGT unit in Wloclawek; ORLEN Poludnie's ANWIL CHP plant, CHP plant in Trzebinia and CHP plant in Jedlicze; Energa Group's generating units, including Ostrołęka Power Plant B, CHP plant in Elblag, CHP plant in Kalisz, and renewable energy sources (hydropower plants, wind farms, photovoltaic power plants);
- Lithuania: ORLEN Lietuva's CHP plant;
- Czech Republic: Unipetrol's CHP plant.

The data is for the whole of 2020, 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 indicator is calculated as net energy output broken down by primary energy source.

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

Breakdown by fuel	ORLEN Group 2020	
	Electricity [MWh]	Heat [GJ]
Natural gas	6,808,582	6,139,229
Multi-fuel units (fuel oil/natural gas)	1,640,215	23,268,178
Lignite	1,212,232	5,471,943
Hard coal*	2,728,751	3,653,720
Wind farms	338,366	-
Solar power generation	3,373	-
Hydroelectric power plants	493,405	-

* Since it is not possible to present separately electricity generated from biomass and the type of unit, electricity generated by biomass combustion installations is included in energy generated from hard coal.

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

Breakdown by primary fuels	PKN ORLEN 2020	
	Electricity [MWh]	Heat [GJ]
Natural gas	6,808,582	5,170,603
Multi-fuel units (fuel oil/natural gas)	1,487,081	20,621,279

Average generation efficiency of CHP plants by energy source

The indicator covers power generation assets of the ORLEN Group. These include:

- Poland: PKN ORLEN's CHP plant in Plock, CCGT unit in Plock and CCGT unit in Włocławek; ORLEN Południe's ANWIL CHP plant, CHP plant in Trzebinia and CHP plant in Jedlicze; Energa Group's generating units, including Ostrołęka Power Plant B, CHP plant in Elbląg, CHP plant in Kalisz, and renewable energy sources (hydropower plants, wind farms, photovoltaic power plants);
- Lithuania: ORLEN Lietuva's CHP plant;
- Czech Republic: Unipetrol's CHP plant.

The data is for the whole of 2020, 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 indicator is calculated as the quotient of total net energy output (electricity or heat, as the case may be) and total volume of fuel supplied, broken down by primary energy source.

Average generation efficiency of CHP plants by energy source:

	2020	
	ORLEN Group	PKN ORLEN
Efficiency of electricity generation by thermal plants (%)	39.73%	34.43%
Total generation efficiency of thermal plants (%)	71.70%	64.17%
Efficiency of electricity generation by thermal plants (%) broken down by primary fuel:		
Fuel oil	14.59%	14.78%
Lignite	32.53%	none
Natural gas	48.52%	48.52%
Hard coal*	66.79%	none
Efficiency of electricity generation by CHP plants (%)	32.76%	34.43%
Efficiency of electricity generation by power plants (%)	83.23%	none

* Since it is not possible to present separately electricity generated from biomass and the type of unit, electricity generated by biomass combustion installations is included in energy generated from hard coal.

6.6 POLICIES IN PLACE

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.

Procedure for environmental monitoring and keeping records of the Responsible Care Programme indicators – ensures proper monitoring of air, groundwater on and in the vicinity of the premises of the Plock production plant and on the premises of fuel terminals, as well as of sewage generated at fuel terminals. Records of the Responsible Care Programme indicators are kept as part of the Responsible Care Framework Management System implemented at the Group.

Integrated Permits for the IPPC installations at PKN ORLEN: Refining, petrochemical, CHP units, CCGT units, and wastewater treatment plant on the premises of the Plock production plant, and the PTA and CCGT plants in Wloclawek.

CO₂ procedure – lays down the principles of the carbon dioxide emission monitoring and reporting system.

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

Internal order on the rules and procedures for managing expenditures and provision for land surface remediation and the procedures for remediation projects at Polski Koncern Naftowy ORLEN Spółka Akcyjna.

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 applies to the ORLEN Group companies operating within GAHE as well.

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. Our activities are carried out based on the Integrated Management System, which includes the Quality Management System (ISO 9001: 2015, AQAP 2110), Environmental Management System (ISO 14001:2015), 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 has valid certificates of conformity to ISO 9001: 2015, AQAP 2110, ISO 14001:2015, ISO 45001, ISO/IEC 27001, ISO 50001, ISCC, KZR INiG 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 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.

Environmental Management Systems	ORLEN Group companies
ISO 14001 certificate	PKN ORLEN, ORLEN Lietuva Group, Unipetrol ORLEN Group, 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

Elements of the environmental management system implemented as part of the JIG industry standards requirements

ORLEN Aviation

Implemented environmental protection principles, including on waste management control

ORLEN Centrum Usług Korporacyjnych, ORLEN Ochrona

EMAS

ENERGA Group

6.7 DUE DILIGENCE PROCEDURES

Climate change has become the key factor driving sustainability management at the ORLEN Group in 2020. The activities we undertook in the area of management of climate-related issues were in line with the expectations of our stakeholders, who identified this problem as highly relevant during the dialogue session. Our management standards and systems mitigating direct environmental impacts have evolved towards strategic measures reducing the Group's contribution to climate change, as well as adaptation of the business models to address the effects of the physical consequences of climate change on the Company's assets.

In an effort to improve climate and sustainability management processes, in January 2020 we created the Sustainable Business Development Department within the Strategy, Innovation and Investor Relations area, which is overseen by the Executive Director of Strategy, Innovation and Investor Relations, reporting directly to the President of the Management Board.

In 2020, PKN ORLEN announced a decarbonisation strategy, including specific commitments to reduce emissions and achieve climate neutrality. 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 business strategy until 2030. The new business strategy is a response to the changes in our environment driven by the global climate crisis. It ensures resilience of our business models to climate change and its consequences across the value chain. Over the next decade, PKN ORLEN will allocate PLN 30m to sustainability projects, including new business models.

During the year, we also commenced scenario analyses of the impact of our operations on climate change, and assessed the effect of new national and EU climate-related regulations on our existing and new business models.

To further strengthen its sustainability management systems, in Q3 2020 the ORLEN Group commenced work on the development of the Sustainability Strategy, which is intended to support achievement of the business objectives under the 2030 strategy and decarbonisation strategy, and define the Company's goals and ambitions in the area of ESG (Environmental, Social and Corporate Governance). Work on the document is planned to be completed in the first half of 2021.

Long-term impact

Our activities designed to benefit the natural environment are of a long-term nature. A case in point is improvement of the efficiency of the water and wastewater management in our industrial units. At the ORLEN production plant in Plock, the water withdrawal volume was reduced by almost half, from nearly 50 million cubic metres in the 1980s to 27.7 million in 2018. The volume of wastewater discharged also went down: from 40 million to 14.1 million cubic metres, despite a significant increase in crude throughput. In recent years, the ORLEN Group's production assets in Poland, the Czech Republic and Lithuania were subject to a number of measures to mitigate the environmental impact of its operations. Examples include CCGT units, relying on one of the most advanced technologies that is characterised by high efficiency, low emissions and minimum impact on other environment components (it is based on natural gas, and environmentally friendly and low emission fuel).





Climate responsibility – climate change risks and opportunities

Climate change poses a significant challenge to PKN ORLEN and the ORLEN Group companies. The global energy transition that is taking place before our eyes is a huge development opportunity for Central Europe. As the largest company in the region, we want to increase our involvement in this process.

PKN ORLEN has addressed this challenge by announcing in September 2020, as one of leaders 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 refinery and petrochemical assets **by 20% and cut down carbon emissions per megawatt-hour of electricity by 33% by 2030**. PKN ORLEN's net zero emissions strategy is based on four pillars: energy efficiency in production, zero-emission power generation, fuels of the future, and green finance.

Thanks to investments improving the energy efficiency of the refining units in Płock (Poland), Litvinov (the Czech Republic), and Mažeikiai (Lithuania), a major part of CO₂ emissions are now covered by free allowances. PKN ORLEN is aware of the climate and regulatory pressures and the gradual reduction in the number of free allowances, which was one of the main arguments behind the setting of the reduction targets indicated above.

Pillars for building a state-of-the-art low-carbon multi-utility group

 <p>Energy efficient plants</p> <p>Reducing CO₂ emissions from refining and petrochemical operations by 2030</p> <p>- 20%</p> <p>lower emissions from existing assets</p> <ul style="list-style-type: none"> Energy efficiency: 60 projects Pilot projects and feasibility studies, including in green hydrogen Best Available Technology applied in new projects 	 <p>Clean energy</p> <p>Leading low- and zero-emission energy producer in Poland</p> <p>- 33%</p> <p>lower CO₂ emissions per MWh by 2030</p> <ul style="list-style-type: none"> Investment in offshore wind farms Investment in onshore RES and photovoltaics Investment in high-efficiency CCGT 	 <p>Low-emission fuels</p> <p>5 large capex projects relating to</p> <p>biofuel production</p> <ul style="list-style-type: none"> Fuel biocomponents: HVO, co-HVO, UCOME, bioethanol from lignocellulose, biomethane Alternative fuel stations: hydrogen, CNG and LNG 	 <p>Green finance and organisation</p> <p>ORLEN to issue</p> <p>green and sustainable development bonds</p> <p>on a regular basis</p> <ul style="list-style-type: none"> ORLEN is a competitive brand in the Green Deal reality More than PLN 120bn in revenue: Strong financial position and reliability in delivering ambitious RES projects
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The net zero footprint in 2050 was included in the **ORLEN2030 Strategy** announced in November 2020 as a commitment to reach this long-term goal. PKN ORLEN's net zero emissions strategy is a milestone document, defining the Company's approach to business in the coming decades. The global energy transition that is taking place before our eyes is a huge development opportunity for Central Europe. As the region's largest company, PKN ORLEN wants to increase its engagement in this process and is well positioned to achieve this goal. **By 2030, PKN ORLEN we will have invested more than invest some PLN 25bn in projects designed to mitigate its environmental impacts and open it up to new business models.** The emission neutrality strategy is based on the business pillars in which PKN ORLEN already has extensive experience and a strong market position.

Investments oriented towards the net zero target include both emissions efficiency improvement efforts in existing business segments and the development of new areas. Within ten years, the company will 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 to approximately 2 million tonnes annually by 2030.

The Group's key growth area over the next decade will be **power generation**, based mainly on renewables and supported by gas-fired sources. By 2030, the Group intends to achieve 2.5 GW of installed RES capacity, including 1.7 GW in offshore wind farms and 0.8 GW in onshore (wind power and solar PV) sources. The target fivefold increase in RES capacity is based on the assumption that Baltic Power's ongoing offshore wind farm project, executed through a joint venture partnership, will add up to 0.6 GW to the Group's generation capacity. (the project's total capacity will be up to 1.2GW).The ORLEN Group will also increase the installed capacity of its modern gas-fired power plants from today's 1.1 GW to 2.0 GW. The generation capacity will be supported by the Group's extensive and modern distribution network, allowing it to reach a broad base of retail 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 over 2.0 GW. In the context of energy transition, a major advantage offered by such assets is the ability to flexibly respond to shifts in electricity demand and variable supply from renewable sources.

As part of the expansion into new business areas, the focus will be on **the development of low- and zero-emission generation sources, including primarily wind power and solar photovoltaics.** The ORLEN Group will also develop hydrogen technologies and expand its distribution network for alternative fuels.

The construction of an offshore wind farm is an extremely complex venture, and PKN ORLEN is one of the pioneers in this type of projects on the Polish market, which means that we have no established legal and administrative paths to use. This was one of the reasons why we decided to select

an industry partner – Northland Power. By leveraging the partner's know-how and experience, we want not only to avoid potential errors, but primarily to optimise the project in line with global standards towards maximum efficiency. The preliminary engineering and building permit design will be prepared by Offshore Design Engineering Ltd. This UK-based company has more than 20 years of experience with such assignments And has designed offshore wind farms for the world's largest companies and project owners. Its portfolio includes offshore wind farms with a capacity of nearly 8 GW in the UK, and 3.2 GW in North European seas. Its wind farm projects in other parts of the world have an aggregate capacity of 2.6 GW.

The ORLEN Group is also developing **solar photovoltaic projects**. A tender procedure was launched for the construction of the first 2 MW solar photovoltaic farm located at the CCGT unit in Włocławek. On a lesser scale, since 2017 solar photovoltaic units have been operating at 11 service stations. The technical documentation for the next 30 stations has already been prepared.

Moreover, ORLEN intends to **transform the ORLEN Południe plants into a biorefinery**. Investments made for the Trzebinia and Jedlicze plants include projects relating to the green glycol unit, UCO FAME production assets, second-generation bioethanol complex, and upgrade of the biodiesel unit. ORLEN Południe will also launch a new business line: biogas plants. In addition to the above projects, ORLEN Południe operates a lubricating oil regeneration unit, which makes it possible to market recycled oils.

Green and sustainable funding

At the end of 2020, PKN ORLEN issued **10,000 sustainability bonds with a total value of PLN 1bn** and a margin of 90 basis points per annum in the first interest period. The margin in subsequent interest periods will depend on the company's ESG rating from MSCI ESG Research Limited. The bond issue attracted strong interest from investors – in the bookbuilding process they placed subscription orders for PLN 2.2bn worth of bonds, more than twice their total nominal value. This is the first issue of corporate bonds linked to the issuer's ESG rating in Central Europe. The ESG rating reflects the issuer's commitment to sustainable development and responsible business, and will determine the level of the margin, and thus the interest rate on the bonds. The issue proceeds will be used by PKN ORLEN to finance ongoing investment projects consistent with the company's strategy to achieve carbon neutrality by 2050. PKN ORLEN has secured very good terms of financing – the interest rate is the lowest in its operating history and the margin is the lowest since the 2008 financial crisis. The new bonds were rated BBB - by Fitch Ratings.



Opening up to alternative fuels

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**. This is particularly relevant to the reduction of emissions from the use of products by end users (scope 3 GHG emissions).

PKN ORLEN wants to be the leader of the Polish market for hydrogen as transport fuel. The dynamic macro-scale changes in the fuel market clearly indicate that **hydrogen** is going to be readily accepted and widely used, especially in public as well as heavy and rail transport. Therefore, PKN ORLEN has been increasing investments in this area year by year, and has taken steps to develop hydrogen use, as evidenced by the cooperation with representatives of the entire hydrogen value chain and the letters of intent for the development of zero-emission public transport signed with local authorities and manufacturers of hydrogen-powered vehicles. A few letters of intent have been signed to date, with further ones being prepared.

2020 was a period of intensive development of hydrogen technologies for the Company. Currently, work is underway to build a hydrogen purification system and hydrogen hub in Trzebinia, where automotive grade hydrogen production will start by the end of 2021. In September 2020, PKN ORLEN announced a tender for the construction of a hydrogen hub in Włocławek with a target capacity of 600 kg/h, which is expected to give the company the leading position on the Polish market of automotive-grade hydrogen fuels. In the case of the Włocławek plant, the hydrogen from existing electrolysis units will be purified and used as fuel in transport.

ORLEN is already a **significant producer of biofuels in the region**, working on the development of technologies for obtaining biofuels from cellulose raw materials, vegetable and used cooking oils, as well as biogas production.

The Company is also implementing a project to install fast chargers for electric vehicles at its service stations. Currently, PKN ORLEN has 83 publicly available 50 and 100 kW fast charging stations in Poland, and more than 50 chargers operated by Energa Obrót. By the end of 2021, PKN plans to operate approximately 150 fast charging stations across Poland, and an additional pool of lower-powered chargers which are put in service as Energa Operator develops its network.



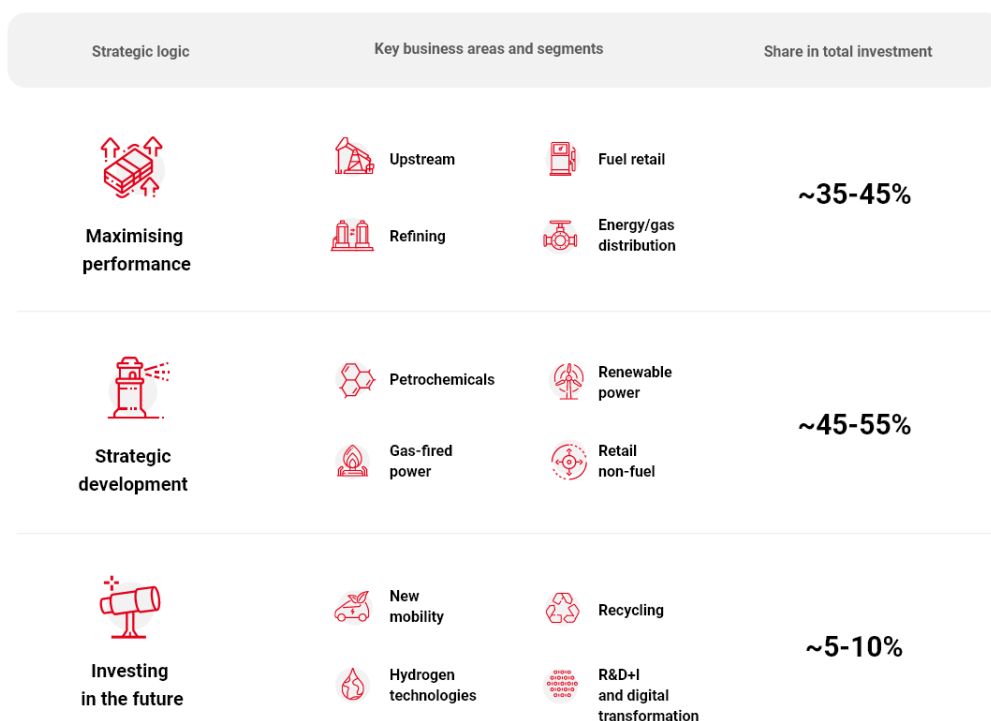
Circular economy

Going forward, **recycling** will emerge as a new branch of the petrochemical segment. In accordance with the strategy until 2030, the ORLEN Group will expand its recycling capacity (mainly in plastics) up to 0.4 million tonnes. We will also implement advanced circular economy technologies.

Circular economy and recycling represent the strategic development direction for the ORLEN Group for the coming decade, as set out in the ORLEN2030 Strategy.

FIGURE 14. Recycling

Recycling is a strategic development focus for the ORLEN Group



Source: ORLEN

By 2030, the ORLEN Group will build a major portfolio of recycling projects.

FIGURE 15. Waste recycling capacity



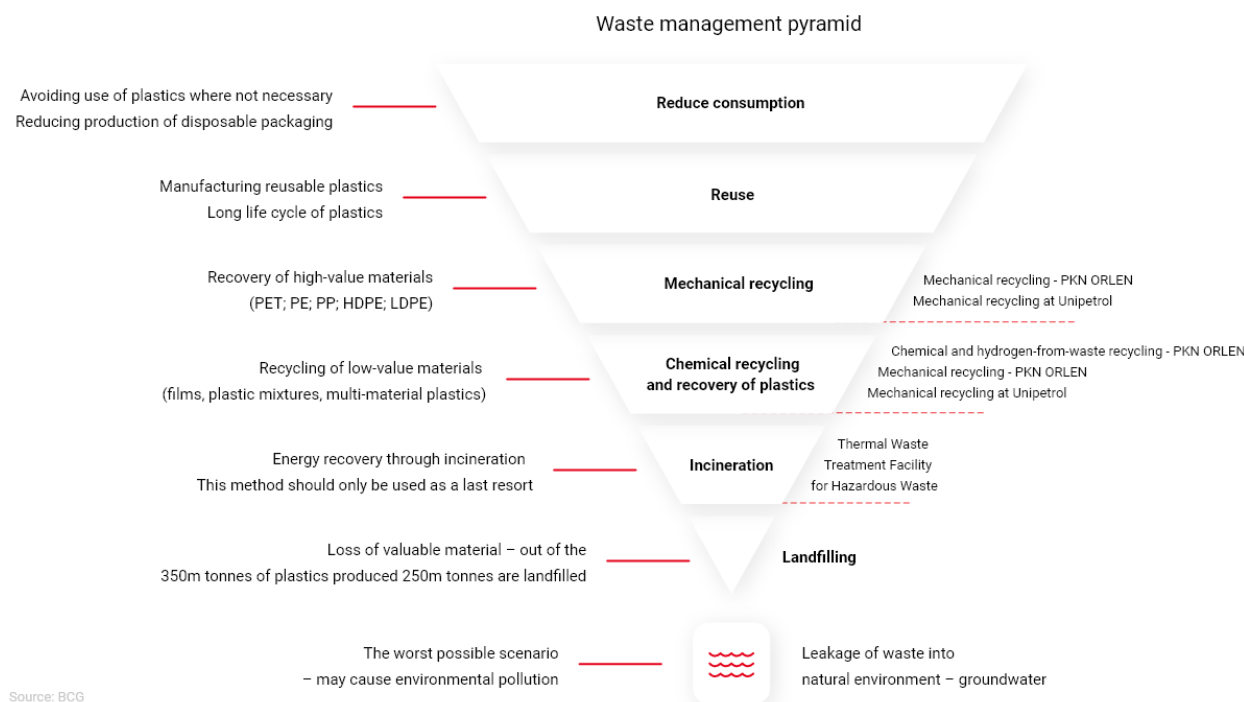
PKN ORLEN engages in various projects and programmes designed to **replace fossil fuels with alternative and waste-based solutions**. These include:

1. Upcycling – increased use of waste materials in PKN ORLEN's core business.
2. Utilisation of municipal and industrial waste to produce petrochemical intermediates.
3. Implementation of technologies for mechanical and chemical recycling of plastics at PKN ORLEN and other Group companies, i.e. ORLEN Unipetrol and ORLEN Eko;
4. Use of the waste oil regeneration unit operated by ORLEN Południe, where used engine oils are recycled into base oil components.
5. Use of the potential of proprietary brand products sold at ORLEN Group stations – the Stop Café food products prepared at the stations are sold in packaging that is made of a single material or two materials and bears special signs to facilitate segregation of waste. The products of our Verva and Stop Cafe brands are marked with our own signs conveying information on the waste type using colours. This supports education of consumers, who receive guidance on the colour of the waste bin in which to place a given material. We created our own icons for this type of signage.

FIGURE 16. Waste management

The ORLEN Group takes a position in key waste management areas

to maximise business and environmental impacts



In recent years, PKN ORLEN has strongly developed in new business areas, but also emerged as a leader of consolidation in the Polish energy and fuel sector. Once completed, the planned acquisitions will allow the Company to take full advantage of the new opportunities offered by global energy trends and consistently build company value in the long term. And all this with due regard to the natural environment and the declared net zero footprint in the coming years.

Environmental efforts in 2020

Following a review of ORLEN Group's chemical facilities in terms of meeting the requirements of the BAT LVOC Conclusions, steps were initiated to adapt the facilities to the Conclusions' requirements pertaining to the petrochemical industry. PKN ORLEN and the ORLEN Group companies are obliged to take pro-environmental measures in the legal, investment and organisational spheres of its operations. Such measures include the deployment of a leakage detection and repair (LDAR) system in the Group's petrochemical units and facilities, and analyses to develop an odour management plan. In 2020, with respect to refining facilities, verification measurements were continued as part of the LDAR system maintenance, confirming high leak tightness of the facilities.

Towards the end of 2019, the European Commission issued Commission Implementing Decision (EU) 2019/2010 of November 12th 2019 establishing the best available techniques (BAT) conclusions, under Directive 2010/75/EU of the European Parliament and of the Council, for waste incineration. In 2020, ORLEN Eko and ANWIL analysed the impact of the regulation on their operations and took steps to adapt to the new guidelines.

NIT

The ORLEN Group runs a strategic biofuel programme whose main objective is to prepare PKN ORLEN for contributing to the achievement of the National Indicative Target. The measures planned to achieve the NIT take into account the guidelines provided for in the RED II Directive, e.g. reaching the following content of advanced biocomponents in fuels: 0.2% (of the energy content of fuels) by 2024, 1.0% in 2025, 3.5% in 2030. The task is to be made easier by investments in the following projects: use of bioethanol from waste feedstock, construction of a standalone unit for hydrotreatment of vegetable and waste oils in Plock in 2024, implementation of the co-hydrogenation technology at all ORLEN Group companies, a new unit for the production of esters from waste oil, and cellulose bioethanol (30,000 m³at ORLEN Poludnie). Furthermore, other advanced biocomponent projects are being considered.

The amended Act on Biocomponents and Liquid Biofuels adopted by the Polish Sejm on July 19th 2019 sets out the legal framework for including biomethane as a biocomponent counted towards the National Indicative Target. Work is underway at the Ministry of Climate to define the rules for the operation of the biomethane market and the relevant settlement system.

EU ETS

The participation of PKN ORLEN and other ORLEN Group companies that are subject to the EU regulation establishing the greenhouse gas emission allowance trading scheme (the EU ETS Directive) forms part of the EU climate and energy package.

Directive 2003/87/EC of the European Parliament and of the Council established a scheme for greenhouse gas emission allowance trading within the Community to promote reductions of greenhouse gas emissions in a cost-effective and economically efficient manner. In December 2020, EU countries agreed to increase their CO₂ reduction target from the current 40% to no less than 55% in 2030. It was agreed that all sectors of the economy should contribute to achieving the emissions reduction target and that it should be met in the most cost-effective manner through the EU ETS.

The changes to regulations agreed on in recent years, designed to address the issue of oversupply of CO₂ emission allowances on the market, are having an impact on our installations. Since the publication of the MSR surplus indicator and the revision of the EU ETS regulations, auction volumes have been significantly reduced.

Last year, ORLEN Group companies applied for free allocation of CO₂ emission allowances for their installations participating in the EU ETS for another trading period. The applications are pending approval by the Commission.

Capital expenditure on environmental protection

Investments made by ORLEN Group companies include projects aimed at reducing environmental impacts of the existing business segments as well as green growth of new business areas.

The ORLEN Group is **strengthening its position as a regional leader in alternative fuels** by implementing a number of significant investment projects related to the manufacturing of biofuels such as **HVO, co-HVO, UCOME, lignocellulose bioethanol and bio-methane**, which are expected to increase our biofuel output by some 500 thousand tonnes annually by 2030.

The Group is **preparing for the construction of a hydrogen purification plant** that will allow it to market hydrogen fuel in the future. PKN ORLEN is also developing technologies to store, transport and distribute hydrogen fuel (with a view to launching first hydrogen refuelling stations). In pursuit of its strategy, PKN ORLEN has signed letters of intent to advance zero-emission public transport with the City of Plock, Upper Silesian Metropolitan Area and PESA Bydgoszcz in order to establish a collaboration that would lead to the development of a hydrogen-powered locomotive. Agreements with further entities are planned to be announced in the near future.

Furthermore, a number of projects are being carried out under the ORLEN Południe's strategy until 2025 with a view to **transforming the plant into a biorefinery**. At the Trzebinia and Jedlicze sites, construction work is underway to build green glycol units, production and distillation lines for UCO FAME and lactic acid, and to upgrade a Biodiesel unit. The purchase of a biogas plant as part of the first phase of the development of a new business line at ORLEN Południe, and the construction of a second generation bioethanol complex have commenced. The key objective of the projects is to contribute to achieving the National Indicative Target in transport fuels (by providing PKN with such products as bio-methane, bio-hydrogen, and second-generation bioethanol).

Currently, our key renewables project is **the construction of an up to 1,200 MW offshore wind farm**. It is an extremely complex venture, and PKN ORLEN is one of the pioneers in this type of projects on the Polish market.

PKN ORLEN is also developing **solar photovoltaic projects**. A tender procedure was launched for the construction of a solar farm with a capacity of up to 4.8 MW at the site of Polski Koncern Naftowy in Plock. Smaller-scale solar photovoltaic installations have been in operation at 11 service stations in Poland since 2017, having generated around 550 MWh of energy over the past three years. Technical documentation has been prepared for a further 30 onsite installations.

Solar photovoltaic projects are also carried out by other companies, including Energa Ciepło Ostrołęka Sp. z o.o., which is developing an 18.48 kWp PV unit.

In 2020, a number of environmental projects were carried out at the PKN ORLEN production plant in Plock. These included:

- extension of the wastewater treatment plant and alteration of the sewage system for the purposes of expanding the production plant and significantly reducing VOC emissions from the wastewater treatment plant;
- installation of a continuous flue gas monitoring system on the olefin furnaces and paraxylene unit;
- modernisation of the central waste storage facility;
- preparatory work for the construction of a unit for removal of hydrogen sulphide from the Claus plant and tail gas treatment unit (TGTU).

The total cost of all environmental projects implemented at the Plock plant amounted to EUR 14.1m.

At PKN ORLEN's distribution facilities in 2020, sewage systems and drainage channels near road tanker loading facilities were repaired and air-tightening of process units and fuel storage tanks was completed to ensure the required tightness. At the fuel terminal in Świnoujście, the wastewater treatment plant was upgraded and technological processes and operational activities at the loading facilities were air-tightened. At the fuel terminal in Sokółka, a broad-gauge siding for unloading rail tankers was upgraded, with soil protection and volatile compound recovery ensured. The capex spent on the projects totalled EUR 3.4m.

The ORLEN Group's major environmental projects included:

- alteration of the distillation column slop tank at Unipetrol;
- construction of a new power generating unit, upgrade of plate closures at the wastewater treatment plant, alteration of the sewage and flood protection systems in Spolana;
- overhaul of separators, tanks and water treatment stations and construction of sealed surfaces at fuel station facilities in ORLEN Deutschland;
- neutralisation of odour nuisance from the road tanker filling facility at ORLEN Asphalt's plant in Trzebinia;
- overhaul of oil tank basin at ORLEN Oil;
- upgrade of diesel locomotives at ORLEN KolTrans;
- upgrade and automation of the rail tanker washing process at ORLEN KolTrans;

- Installation of two electric vehicle charging stations using the existing lighting power supply infrastructure at Energa Oświetlenie;
- construction of a ca. 115 MW CCGT unit with infrastructure, installation of a new continuous emission measurement system on the biomass boiler at Elbląg CHP plant, and reconstruction of an electrostatic precipitator at Energa Kogeneracja;
- upgrade of electrostatic precipitators and construction of Flue Gas Desulphurization Unit 2 at Energa Elektrownie Ostrołęka;
- heat recovery from process wastewater at ANWIL's PVC Plant;
- overhaul of trays in catchment, retention and product tanks, and upgrade of the water and wastewater management system (upgrade of the wastewater treatment control, monitoring and visualisation system, including automation of coagulant and flocculant preparation and dosing, continuous measurement of wastewater quality, and modernisation of the sludge dewatering unit) at ORLEN Południe.

Outlays incurred by other ORLEN Group companies on environmental investments and initiatives in 2020 amounted to EUR 49m.

Environmental compliance

Operations of the Plock 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 necessary for the operation of the PTA and CCGT units in Włocławek.

The permits define emission limits which are safe for the environment and human health and whose observance is subject to monitoring. Emission volumes from 16 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. Measurements are automatically uploaded to a database maintained by the Provincial Inspectorate of Environmental Protection (WIOŚ) and published on the Inspectorate's 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 2020, we secured amendments to our integrated permits, enabling adaptation of the Plock plant's petrochemical installations to BAT conclusions for LVOC processes (for instance, derogations from prescribed time limits were obtained to allow for timely completion of the investment and modernisation programme) and adaptation of the CCGT unit in Plock to BAT conclusions for LCP.

As regards CO₂ emission permits, in 2020 we obtained an amendment of the monitoring plan for the Refining installations.

Applications for amendment of integrated permits were submitted with respect to the Włocławek PTA unit (adaptation to BAT conclusions for LVOC processes and waste management regulations) and CCGT unit (adaptation to BAT conclusions for LCP). We also applied for amendment of CO₂ emissions permits for the refinery and the ethylene oxide and glycol units. The relevant proceedings are still pending.

115 water-law permits were obtained altogether for PKN ORLEN service stations and fuel terminals in 2020.

Environmental compliance of the ORLEN Group's activities last year was verified by the Plock and Włocławek Branches of the Provincial Inspectorate of Environmental Protection, which carried out **four inspections**. Three of them detected no irregularities. In the case of one intervention, PKN ORLEN rejected the inspection findings and refused to sign the report. A total of **25 inspections** were completed within the regional structures of PKN ORLEN (fuel terminals and service stations) by competent environmental authorities. Five follow-up orders were issued as a result of the inspections, requiring PKN ORLEN to update the notification of its liquid fuel storage and handling facilities and to perform wastewater quality tests on a relevant number of samples. These requirements were fulfilled.

In 2020, **57 environmental inspections** were carried out at ORLEN Group companies, resulting in five follow-up orders regarding purchase of professional anti-oil barriers, to be used in the case of an emergency to prevent the release of substances into the aquatic environment, and formal and legal regulations at Energa Kogeneracja Sp. z o.o.; transfer of waste stored at ORLEN Południe S.A. to a licensed third-party operator for disposal, and an update to the permit and entry in the Waste Database.

As a result of inspections carried out by competent authorities, ORLEN Południe was fined **EUR 1,125** for managing waste in breach of the integrated permit for operation of the waste oil regeneration plant, i.e. for exceeding the recovered waste volume.

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. ORLEN Group companies, as plant operators, are required to pay for air emissions of gases and particulate matter and for waste storage. In addition, under the Water Law Act, they pay fees for withdrawal of water and for discharge of effluents to water and soil.

In 2020, 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.

Biodiversity protection

A large production company like PKN ORLEN uses the natural environment intensively, one example of which is the preparation of sites for new projects. This process often involves the necessity to remove trees and shrubs in industrial areas. To compensate for those environmental impacts, we embark on numerous pro-environmental projects, including the **planting of trees and shrubs** on the Company's own premises and in the town of Plock. As part of these efforts, 454 trees and 20,280 various shrubs were planted by PKN ORLEN on an area of more than 5 thousand square kilometres in 2020.

PKN ORLEN also takes other measures to promote biodiversity and protect endangered species. In the vicinity of the production plant in Plock, in cooperation with the Warsaw Province Agricultural Advisory Centre, we created two **apiaries for the protection of honeybees**. They comprise 26 hives in total and are home to 1.7 million bees. In 2020, we partnered with the Zootechnical Institute of Balice near Kraków and the Breeding Apiary in Parzniew, which are responsible for the Genetic Resources Conservation Programme, to join a project aimed at rebuilding the population of the unique Kampinos Forest Bee, as part of which we prepared 11 hives for the bee families (the third apiary). With bees and other insects in mind, we also created a flower meadow near the service station in Plock. This pilot project is intended to increase local biodiversity and promote this solution

through additional environmental education activities at Plock schools and among our employees. In addition, ORLEN Deutschland and Spolana converted areas around their premises into meadows and created apiaries consisting of 2 and 5 hives, respectively.

The Plock 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. Similar surveys were conducted by ANWIL, Unipetrol and Spolana. The list of species living near our plants often includes animals that are sensitive to the quality of the environment, such as rainbow trout in the water reservoirs in Spolana.

On the site of the Plock production plant and the adjacent areas there are nearly 290 species of fauna and flora (based on the wildlife survey made in 2017). The local residents know roe deer, rabbits, beavers and peregrine falcons to be regulars of the nearest surroundings of the plant. The surprising thing unveiled by the survey is the presence of protected bird species such as black woodpecker, kingfisher, red-backed western marsh harrier, as well as amphibians and reptiles: European tree frogs, newts, toads, lizards and grass snakes. Nearly 160 species identified in the survey are ones included in the IUCN Red List of Threatened Species, compiled by the International Union for Conservation of Nature. A vast majority of them (more than 95%) have been classified as the least concern (LC) species. Five species require particular attention – three vulnerable (VU) species, i.e. the common kingfisher (*Alcedo atthis*), the northern lapwing (*Vanellus vanellus*), the common carp (*Cyprinus carpio*), and two species classified by the IUCN as near threatened (NT), i.e. the European rabbit (*Oryctolagus cuniculus*) and the Eurasian otter (*Lutra lutra*).

The wildlife survey on the premises of ANWIL in 2018 identified more than 220 plant and animal species, the vast majority (more than 90%) of which are included in the IUCN Red List of Threatened Species as the least concern (LC) species. ANWIL's site was found to be home to three lichen species featuring in the Red List of extinct and threatened lichens in Poland (VU category – vulnerable species, and NT – near threatened species); none of them was identified on the Plock site.

On the premises of both production plants, there are protected habitats listed in the Habitats Directive. These include in the case of PKN ORLEN's site: in its eastern and southern parts, i.e. on the Brzeźnica river valley side and near the Moczary retention reservoirs – alder and ash floodplain forests and riparian forests (Alno-Ulmion) (91E0), broadleaved forests (Carpinion) (9170), lowland ranunculus rivers (3260) – a part of a tributary of the Brzeźnica, and riverain herbaceous area (6430) – in the Brzeźnica tributary valley. On the site of the ANWIL plant there are: 35 areas of four types of protected natural habitats (including one in three subtypes) covering almost 130 ha – inland dunes with open *Corynephorus* and *Agrostis* grasslands (2330), xeric sand calcareous grasslands (6120), lowland hay meadows (6510), Alluvial forests with *Alnus glutinosa* and *Fraxinus excelsior* (Alno-Padion, Alnion incanae, Salicion albae) (91E0-1), (91E0-2), and (91E0-3).

Among the birds nesting on both plants' sites, there are several species listed in the Birds Directive, which are also under strict protection in Poland: the red-backed shrike (*Lanius collurio*), the barred warbler (*Sylvia nisoria*), the western marsh harrier (*Circus aeruginosus*), the peregrine falcon (*Falco peregrinus*), the corn crane (*Crex crex*), the common tern (*Sterna hirundo*), the black woodpecker (*Dryocopus martius*), the common kingfisher (*Alcedo atthis*), the common crane (*Grus grus*) (only on ANWIL S.A.'s premises), and the woodlark (*Lullula arborea*) (only on ANWIL's premises).

The species under strict protection that inhabit the sites of the two production plants include four species of bats: the serotine bat (*Eptesicus serotinus*), the common noctule (*Nyctalus noctula*), the brown long-eared bat (*Plecotus* sp.), and the common pipistrelle (*Pipistrellus pipistrellus*).

The great number of species present on the site and in the surroundings of the Plock production plant is undoubtedly related to the proximity of protected areas: the Brzeźnica River Ravine nature and landscape complex, and two Natura 2000 sites, namely Włocławska Dolina Wisły (Włocławek Vistula River Valley, PLH040039) and Dolina Dolnej Wisły (Lower Vistula River Valley, PLB040003). The survey results will make it possible to plan the steps to take to protect and increase biodiversity, and make development plans for the two plants that specifically account for the neighbouring protected areas.

The Energa Group, which joined the ORLEN Group in 2020, operates an environmental and educational project called '**Energy in Biodiversity**'. The initiative consists in creating flower meadows, which help restore the meadow ecosystems to save endangered plant and animal species, including bees. In addition, meadow plants capture dust contained in smog and thus contribute to reducing air temperature. The project was initiated in Ostrołęka, where nearly 2.7 hectares of meadows were created on a combustion waste landfill site and in front of the head office of Energa Elektrownie Ostrołęka. In 2020, Energa Elektrownie Ostrołęka and the Friends of Ostrołęka Association held an educational campaign focusing on ornithology. A dozen or so bird feeders were set up by Ostrołęka residents, including school pupils, and employees of the Ostrołęka power plant, in the greens forming part of the administration and office complex at 15 E.A. Fieldorfa Nila street. Energa OZE engages in countering the impact of hydropower plants on the

biodiversity of rivers and lakes by:

- participating in regular fish stocking campaigns in rivers and lakes, carried out in consultation with the local branches of the Polish Fishing Association; the purpose of the campaigns is to mitigate potential losses in the ichthyofauna and maintain the size of selected fish species populations at a constant level;
- mounting fish passes at successive hydro powerplants; with those structures the dam can be passed by migratory fish species, as well as other aquatic organisms which undertake short-distance migratory journeys at some point of their lifecycle;
- cooperating with the Polish Fishing Association in regular campaigns to transfer selected fish specimens past the dam to enable their migration up the river;
- engaging with research institutes that monitor wildlife, including the Inland Fishing Institute of Olsztyn, which monitors eel populations on the sites of selected hydropower plants.

Energa OZE takes part in reviewing the effects of its efforts to counter the impact of hydropower plants on the biodiversity of rivers and lakes. In addition, the Association of the Towns and Municipalities of the Parsęta River Basin, in cooperation with the Inland Fishing Institute of Olsztyn, monitors functioning of the fish pass on the site of the small hydropower plant in Rościno as part of the project 'Protection of Atlantic Salmon and European River Lamprey in the Parsęta River Basin Special Area of Conservation (PLH 320007) (project partly financed with funds under the Operational Programme Infrastructure and Environment and Baltic Sea Conservation Foundation).

Protected areas in which Energa OZE's plants and units are located:

- 10 Natura 2000 Special Areas of Conservation
- 7 Natura 2000 Special Protection Areas
- 12 landscape protection areas
- 3 national/landscape parks
- 2 nature reserves

Protected areas crossed by Energa Operator's HV lines:

Protected areas	Number of areas	Length of HV lines (km)
Landscape parks	17	178
Landscape park buffer zones	11	220
Nature reserves	12	5
Nature reserve buffer zones	6	5
National park buffer zones	1	5
Protected landscape areas	90	1,275
Natura 2000 sites	66	586

Climate change risks and opportunities

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 declarations and commitments reducing the impacts of the ORLEN Group's operations are described above in the discussion of the decarbonisation objectives and sustainable development initiatives under the ORLEN2030 Strategy.

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.

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 ORLEN2030 strategy is a strategy 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.

FIGURE 17. Changes resulting from the European Commission's update of the climate agenda

Changes resulting from the update of the regulatory climate agenda by the European Commission
are systematically addressed by ORLEN



Physical climate change risks

Based on analysis, constraints on availability of water have been identified as the most probable physical risk for Poland that may affect the ORLEN Group in the short term (by 2030). The findings of the analysis rate this risk as low to medium. The risk is mitigated by the location of the ORLEN Group companies. The Plock refinery's water intake point is situated in the widest and deepest part of the Vistula, before a dam, so the risk of water availability constraints is minimal. Water intake points are secured. The measures undertaken by PKN ORLEN in the water management process since the 1980s have brought the expected results and effectively mitigate the risk. Below is presented an overview of water and wastewater management at PKN ORLEN.

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 Plock 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.

FIGURE 18. Technology in statistics

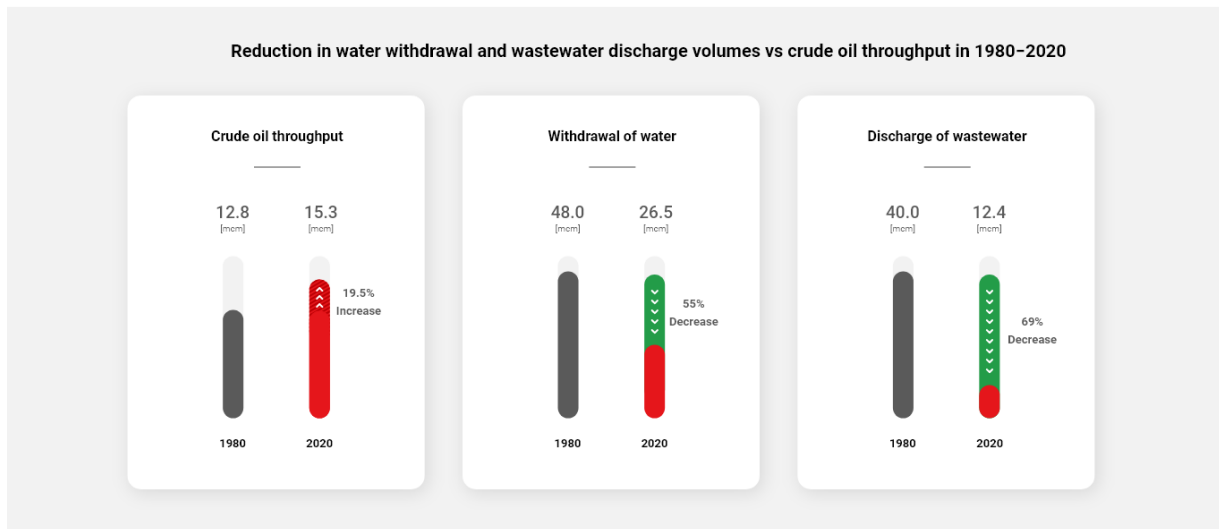


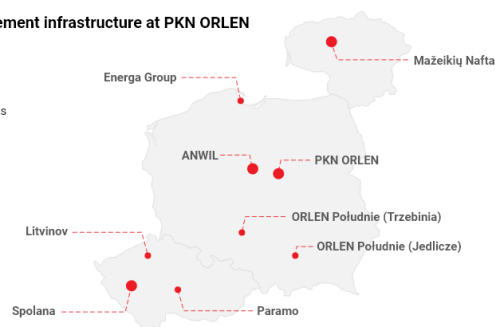
FIGURE 19. Water and waste water management

Water and wastewater management
at the ORLEN Group

Water and wastewater management infrastructure at PKN ORLEN

23 water intake points, including:

- 14 surface water intake points
- 9 deep underground water intake points



Surface water withdrawal in ORLEN Group [mcm]

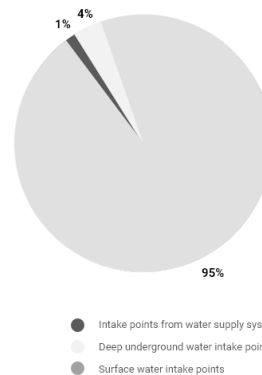
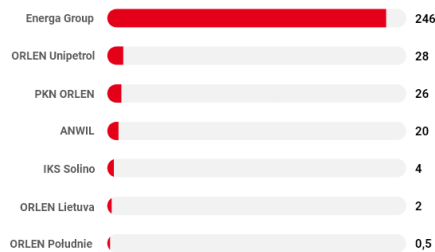
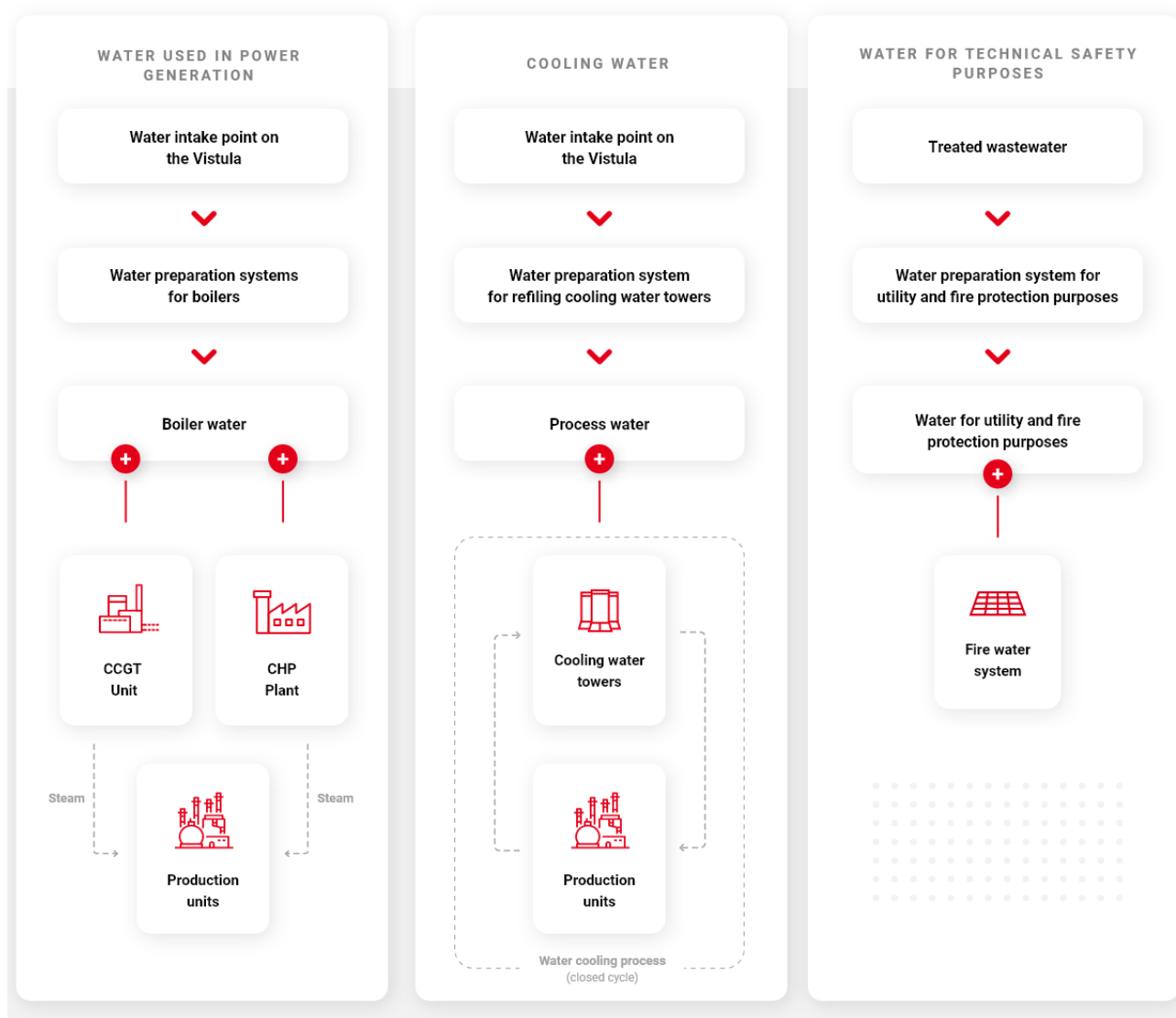


FIGURE 20. Water cycle at the Plock Production Plant

Water cycle at the Plock production plant



PKN ORLEN uses 27.7 million cubic metres of water a year, with 900 million cubic metres of water circulating in its systems annually.

Water is essential for the operation of the production plant in Plock. 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 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 water cooling processes occurring 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 Biala Stara and treated on the premises of the production plant.

FIGURE 21. Upgrade of pump units – objectives and results

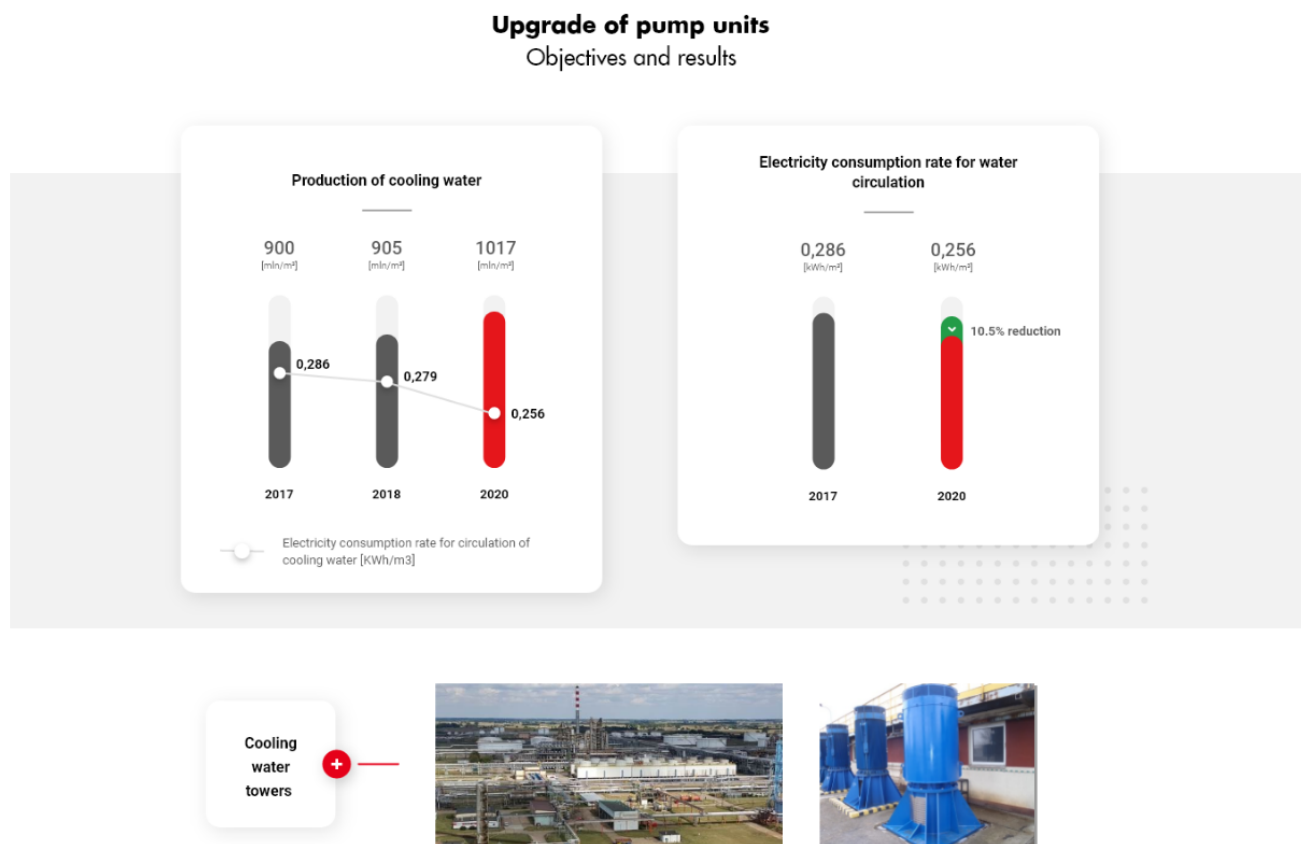
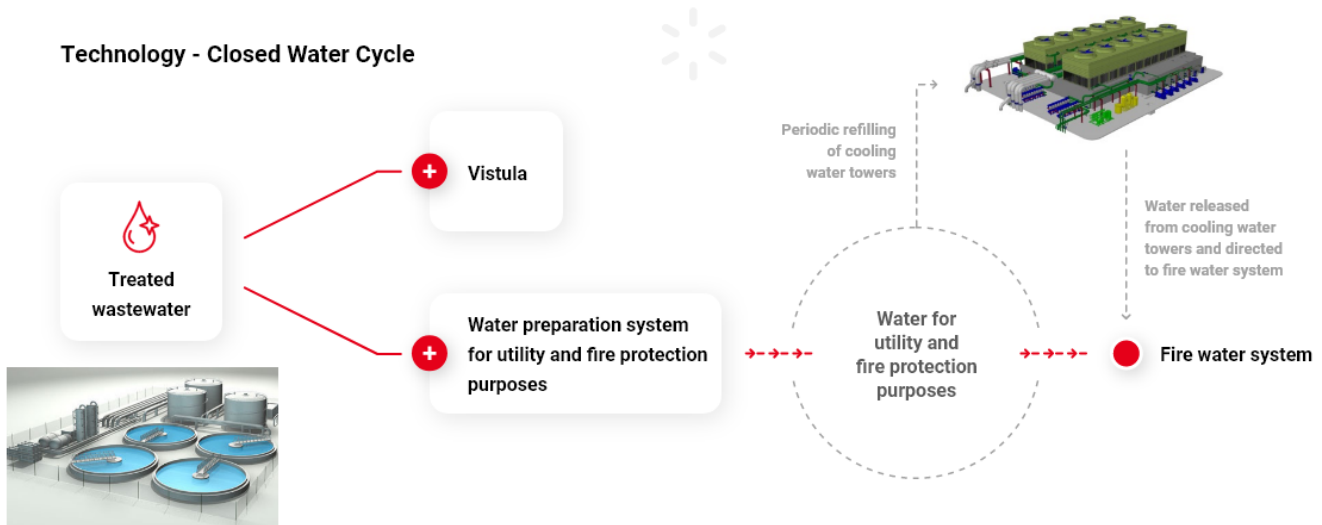


FIGURE 22. Efficient water and wastewater management

Efficient
water and wastewater management

Technology - Closed Water Cycle

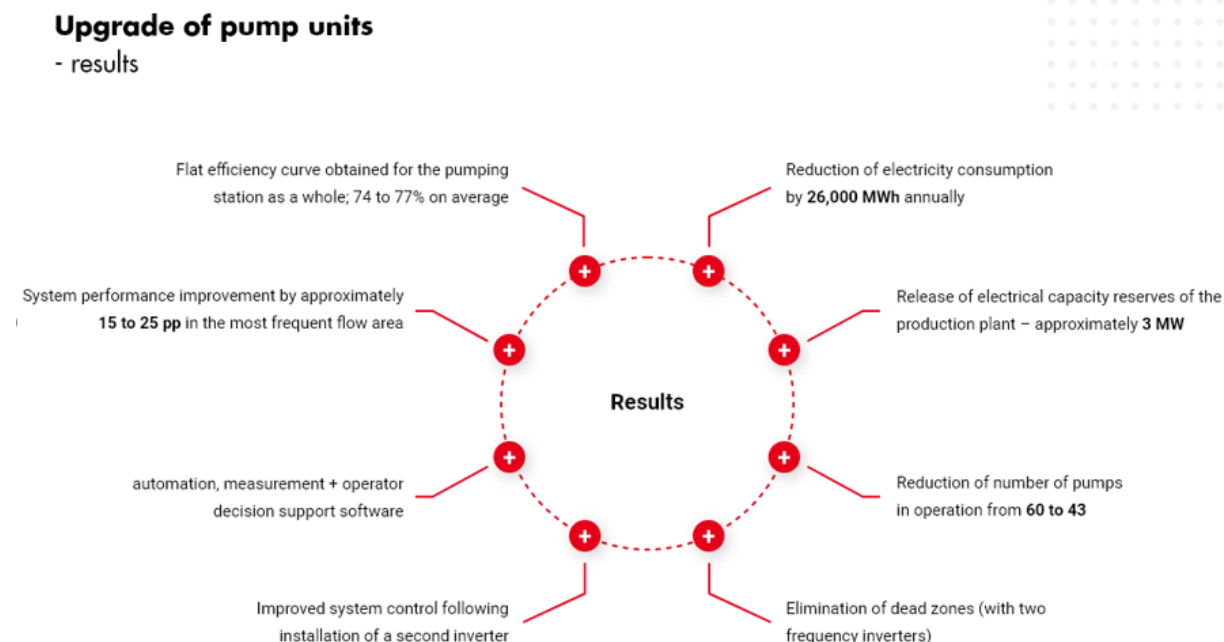


Measures taken to reduce water consumption by the production plant:

- 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 3.5 million cubic metres of wastewater per year is recycled to produce water for fire protection purposes at the plant.

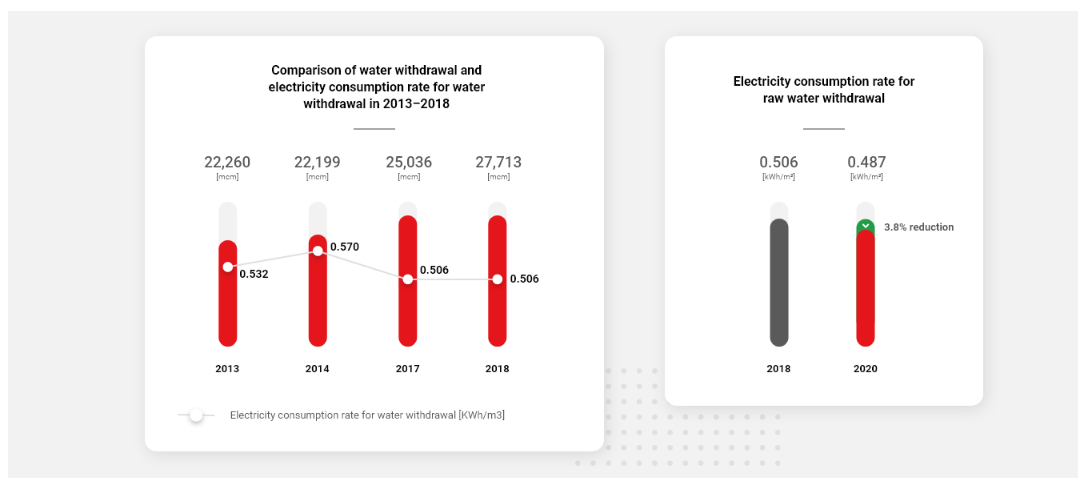
FIGURE 23. Upgrade of pump units – results



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. Effect: reduction of electricity consumption by 3,000,000 kWh a year.

FIGURE 24. Comparison of water withdrawal and electricity consumption rate for water withdrawal in 2013–2020



Long-term physical climate change risks and the mitigation measures beyond 2030

ORLEN's active approach helps contribute

to minimizing the negative effects of climate change on ORLEN after 2030

Climate risk	Effect on ORLEN	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. Investments in new water and sewage system technologies of PLN 25m 2. Implementation of flood protection standards 3. Reduction of water consumption in 2020 by 55% relative to 1980
<ul style="list-style-type: none"> • High temperatures • Droughts 	Increased constraints on availability of water, significant 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 2020 2. Implementation of best practices and instruments in water management at industrial plants
Rising temperatures	Higher economic and material losses due to high temperatures; heat events: 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 technologies 2. Reduction of emissions to improve air quality 3. Improved fire protection management

Source: ORLEN, based on European Environment Agency materials

ORLEN Group's best practices:
water and wastewater management in Plock

55%

reduction in water abstraction volumes at the Plock refinery from 2020 to 1980

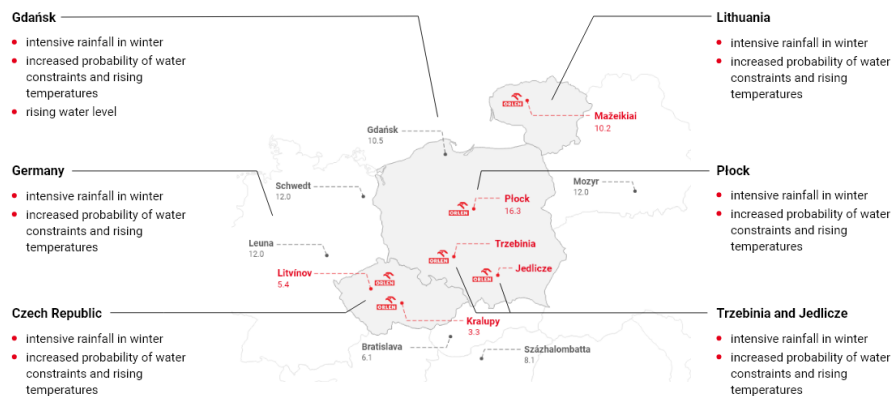
69%

reduction in wastewater volumes discharged to the Vistula compared with 1980

12%

improvement in energy consumption for water abstraction purposes since 2016

After 2030, the effects of climate change on ORLEN's units may be more significant:








Source: ORLEN, based on European Environment Agency materials

ORLEN Group is working on integration of the risks identified in the process of analysis with the enterprise risk management system.

6.8 SIGNIFICANT RISKS RELATING TO THE GROUP'S BUSINESS AND THE RISK MANAGEMENT METHODS

FIGURE 25. Environmental risks

Environmental risks			
Risks/processes	Risk description	Risk mitigation methods	Risk development trend
A. Climate changes	<ul style="list-style-type: none"> Ensuring low-carbon economy compliance Development constraints resulting from the principles of sustainability and circular economy Disrupted supply of water to production units 	Marketing of bio-components or liquid biofuels. Reducing the energy intensity of processes. Use of energy from renewable and low-carbon sources. Monitoring of water availability. Water recirculation and wastewater reuse.	
B. New trends	<ul style="list-style-type: none"> Growing market/public expectations regarding environmental investments Little time to adapt to new environmental requirements 	Regular reviews of the compliance of internal regulations with legal requirements and their ongoing monitoring against the changing environment (regulations, decisions of public administration authorities, etc.)	
C. 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 Unavailability of measurement results and data to prepare the required reports and/or failure to submit the reports to governmental authorities 	Active participation in issuing opinions on new European and national legislation through professional organisations, working committees, etc. Monitoring the validity of decisions issued by governmental authorities, monitoring the process of computing fees for the economic use of the environment, delegation of precisely defined duties and responsibilities with regard to environmental aspects	
D. Soil and water contamination	<ul style="list-style-type: none"> Environmental pollution as a result of accident or failure High site restoration costs 	Monitoring of the technical condition of production units and their regular maintenance, ensuring compliance of reporting activities with applicable procedures, recognition of site restoration provisions	
E. Managing CO₂ and other gas emission allowances	<ul style="list-style-type: none"> Failure to meet the requirements and guidelines for monitoring CO₂ and other greenhouse gas emissions Failure to obtain a permit for CO₂ and other greenhouse gas emissions Limits and rising price of CO₂ emission allowances 	Updating internal regulations in line with legal requirements, keeping track of the validity of decisions issued by governmental authorities, environmental monitoring and reporting in accordance with applicable procedures. Continuous monitoring and balancing of CO ₂ emissions.	

F. Environmental impact

- Non-compliance of the production process with applicable environmental protection standards
- Lack of environmental capacity

Inspecting the technical condition of facilities and equipment. Monitoring of production processes. Environmental projects. Involvement in urban air quality control programmes. Noise protection.



G. Wastewater and waste management

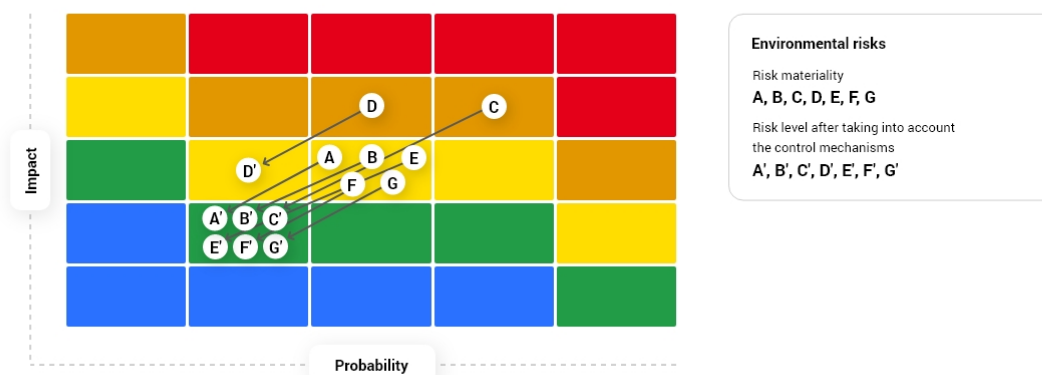
- Failure to comply with the conditions specified in relevant decisions as to the type and quantity of generated waste
- Circular economy
- Discharge of wastewater in violation of applicable permits

Delegating responsibilities in waste management processes in accordance with the applicable procedure, monitoring the amount and types of waste in order to apply for and secure required amendments to the relevant administrative decisions. Increasing the share of recovered and recycled waste in waste management processes (circular economy). Monitoring and adjustment of wastewater discharge parameters.



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





7. SAFETY AREA AND OCCUPATIONAL HEALTH

7.1 United Nations' Sustainable Development Goals 2030:

Sustainable Development Goals 2030 pursued by the occupational health and safety measures implemented by PKN ORLEN and the ORLEN Group in 2020:



7.2 GRI indicators

GRI indicators discussed 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 306-3** Significant spills.
- **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 impact 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 G4 OG-13** Number of process safety events, by business activity.

7.3 OUR CORPORATE MOTTO



**FOR SAFETY
ZERO TOLERANCE POLICY TOWARDS ACCIDENT HAZARDS
PROCESS SAFETY**

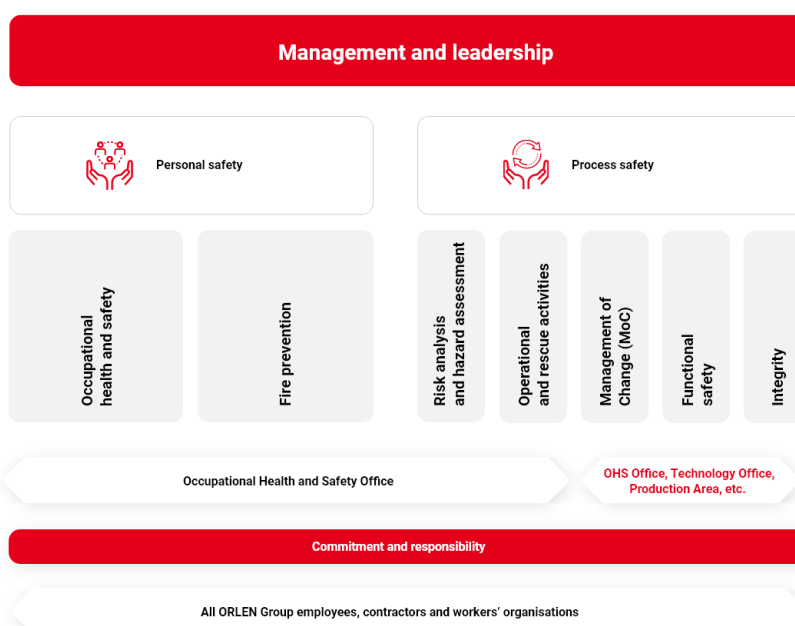
Care for the health and personal safety of employees and other stakeholders is a natural and integral part of our organisational culture and business. In practice, this means that the Group does everything it can to prevent accidents, industrial failures, fires and other unwanted incidents. This approach to safety management at the ORLEN Group follows from our business philosophy: "People are our most valuable asset and must be provided with safe working conditions." Effective management of the occupational, process and fire safety system is a precondition for the ORLEN Group's growth across all areas of its operations. Therefore, the objective of the area is to address the challenges arising from technological progress in ensuring the stabilisation of operational processes by maintaining their highest safety standards. Our priority goal is to maintain leadership in safety.

7.4 OVERVIEW

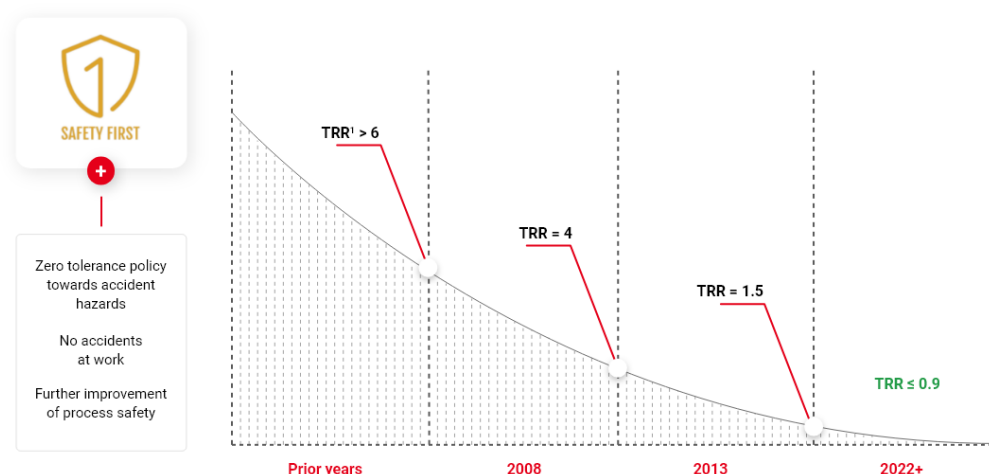
The personal, process and fire safety objectives and tasks are defined in the **ORLEN Group's Personal and Process Safety Strategy**, covering the following key areas:

- **Management and leadership** – building a workplace safety culture within the Group in line with its values; a combination of individual and group values, attitudes, perceptions, competences and behaviours.
- **Personal safety** – building 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 setting standards and relevant organisational projects.
- **Process safety** – activities involving definition of methods and measures to protect people and the environment against the consequences of failures and industrial accidents, determination 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.

Structure of the ORLEN Group's safety management system



The Updated ORLEN Group Strategy for 2019–2022 sets out the following objectives in Personal and Process Safety:



¹ TRR – Total Recordable Rate, an internationally recognised metric of a company's rate of workplace accidents calculated as the number of workplace accidents in a period of time / number of man-hours worked in the period x 1,000,000.

7.5 NON-FINANCIAL KEY PERFORMANCE INDICATORS

KPIs concerning personal and process safety at PKN ORLEN and the ORLEN Group in 2020:

- TRR and T1 PSER

Personal and process safety, including:	UoM	2020	2019
Accident rate (Total Recordable Rate¹)			
ORLEN Group	[number]	0.72*	0.90
PKN ORLEN	[number]	0.56	0.90
T1 PSER (Process Safety Events Rate²)			
ORLEN Group	[number]	0.05	0.09
PKN ORLEN	[number]	0.02	0

1) Total Recordable Rate – an internationally recognised metric of a company's rate of workplace accidents calculated as follows: (number of workplace accidents of employees and contractors resulting in working days lost in a period of time / number of man-hours worked by employees and contractors in the period) x 1,000,000.

2) Tier 1 Process Safety Events Rate – 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

*Since May 1st 2020, the **TRR rate**³⁾ has additionally reflected the number of accidents at work involving ENERGA Group employees. Therefore, in 2020 TRR for ORLEN Group employees was 1.66, which means an increase relative to 1.29 in 2019. In 2020, the ENERGA Group did not report on components of the Combined Total Recordable Rate for contractors, therefore the Combined TRR for the ORLEN Group including the ENERGA Group data will be reported starting from 2021.

3) TRR for employees – (number of workplace accidents of employees resulting in working days lost in a period of time / number of man-hours worked by employees in the period) x 1,000,000.

▪ Safety Culture Indicator

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.

Safety Culture Indicator	UoM	2020	2019
ORLEN Group	%	100**	100
PKN ORLEN	%	100	100

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 2020, the ENERGA Group did not report on components of the Safety Culture Indicator for contractors and on Work Safety Hazard Reports, therefore this indicator will be reported for the ORLEN Group including the ENERGA Group data starting from 2021.

Accidents at work involving ORLEN Group employees and contractors

GENDER	ORLEN Group				PKN ORLEN			
	2020		2019		2020		2019	
	Women	Men	Women	Men	Women	Men	Women	Men
Total number of accidents at work involving employees ⁴⁾	4	78	7	41	1	13	3	11
Total number of accidents at work involving contractors ⁵⁾	6	17	16	17	5	7	14	12
Total number of accidents at work involving employees and contractors	10	95	23	58	6	20	17	23

In 2020, the number of accidents at work involving employees of the ORLEN Group increased due to the inclusion, as of May 1st 2020, of the number of accidents at work of the ENERGA Group employees (35 accidents at work involving employees).

REGIONS ⁶⁾	ORLEN Group										PKN ORLEN		
	2020					2019					2020	2019	
	Poland	Czech Republic	Lithuania	Germany	Canada	Poland	Czech Republic	Lithuania	Germany	Canada	Poland	Poland	Germany
Total number of accidents at work involving employees⁴⁾	63	15	4	0	0	33	13	0	2	0	14	13	1
Total number of accidents at work involving contractors⁵⁾	17	6	0	0	0	28	4	0	1	0	12	26	0
Total number of accidents at work involving employees and contractors	80	21	4	0	0	61	17	0	3	0	26	39	1

4) Number of accidents at work involving ORLEN Group employees which were acknowledged by the employer and were the direct cause of the injured employee's taking sick leave.

5) Number of acknowledged accidents at work involving employees of the ORLEN Group's contractors who performed work for a Group company on premises owned or leased by a Group company, which accidents were the direct cause of the injured employee's taking sick leave. The definition of 'contractor' covers also employees of the PKN ORLEN service stations.

6) Regions – markets in which the ORLEN Group has assets.

GENDER	ORLEN Group				PKN ORLEN			
	2020		2019		2020		2019	
	Women	Men	Women	Men	Women	Men	Women	Men
Number of fatal accidents at work involving employees	0	0	0	0	0	0	0	0

Number of minor accidents at work involving employees	4	78	7	41	1	13	3	11
Total number of accidents at work involving employees	4	78	7	41	1	13	3	11

REGIONS ⁶⁾	ORLEN Group										PKN ORLEN		
	2020					2019					2020	2019	
	Poland	Czech Republic	Lithuania	Germany	Canada	Poland	Czech Republic	Lithuania	Germany	Canada	Poland	Poland	Germany
Number of fatal accidents at work involving employees	0	0	0	0	0	0	0	0	0	0	0	0	0
Number of minor accidents at work involving employees	63	15	4	0	0	33	13	0	2	0	14	13	1
Total number of accidents at work involving employees	63	15	4	0	0	33	13	0	2	0	14	13	1

6) Regions – markets in which the ORLEN Group has assets

In 2020, all accidents at work involving ORLEN Group employees were minor accidents, just like in 2019. In 2020, the Group reported one collective accident at work (the ORLEN Unipetrol Group), vs. none in 2019.

GENDER	ORLEN Group				PKN ORLEN			
	2020		2019		2020		2019	
	Women	Men	Women	Men	Women	Men	Women	Men
Number of fatal accidents at work involving contractors	0	0	0	0	0	0	0	0
Number of minor accidents at work involving contractors	6	17	16	17	5	7	14	12
Total number of accidents at work involving contractors	6	17	16	17	5	7	14	12

REGIONS ⁶⁾	ORLEN Group										PKN ORLEN	
	2020					2019					2020	2019
	Poland	Czech Republic	Lithuania	Germany	Canada	Poland	Czech Republic	Lithuania	Germany	Canada	Poland	Poland
Number of fatal accidents at work involving contractors	0	0	0	0	0	0	0	0	0	0	0	0
Number of minor accidents at work involving contractors	17	6	0	0	0	28	4	0	1	0	12	26
Total number of accidents at work involving contractors	17	6	0	0	0	28	4	0	1	0	12	26

6) Regions – markets in which the ORLEN Group has assets

In 2020, all accidents at work involving ORLEN Group contractors were minor accidents, just like in 2019. In 2020 and 2019, there were no collective accidents at work involving contractors within the Group.

Accidents at work involving employees of the ORLEN Group, by type of injury

TYPE OF INJURY (employees)	UoM	ORLEN Group		PKN ORLEN	
		2020	2019	2020	2019
cuts	[%]	20.48	18.75	7.14	35.71
bruises		15.66	16.67	7.14	0.00
burns		13.25	10.42	14.29	0.00
fractures		10.84	14.58	21.43	21.43
dislocations and sprains		32.53	25.00	42.86	14.29
Other*		7.23	14.58	7.14	28.57

Accidents at work involving contractors of the ORLEN Group, by type of injury

TYPE OF INJURY (contractors)	UoM	ORLEN Group		PKN ORLEN	
		2020	2019	2020	2019
cuts	[%]	26.09	12.12	33.33	11.54
bruises		21.74	12.12	8.33	0.00
burns		4.35	9.09	8.33	7.69
fractures		30.43	15.15	33.33	19.23
dislocations and sprains		13.04	24.24	16.67	26.92
other*		4.35	27.27	0	34.62

Accidents at work involving employees of the ORLEN Group, by type of activity

TYPE OF INJURY (employees)	UoM	ORLEN Group		PKN ORLEN	
		2020	2019	2020	2019
day-to-day operation of plant and equipment		20.73	25.00	35.71	50.00
movement		40.24	41.67	50.00	50.00
plant engineering, maintenance and repairs	[%]	23.17	14.58	0.00	0.00
road collisions		7.32	6.25	0.00	0.00
other activities*		8.54	12.50	14.29	0.00

Accidents at work involving contractors of the ORLEN Group, by type of activity

TYPE OF INJURY (contractors)	UoM	ORLEN Group		PKN ORLEN	
		2020	2019	2020	2019
day-to-day operation of plant and equipment		8.70	6.06	0.00	0.00
movement		17.39	18.18	16.67	15.38
plant engineering, maintenance and repairs	[%]	8.70	18.18	8.33	15.38
road collisions		8.70	0.00	0.00	0.00
other activities*		56.52	57.58	75.00	69.23

TRR for ORLEN Group employees³⁾

GENDER	ORLEN Group			PKN ORLEN		
	Total	Women	Men	Total	Women	Men
2020	1.66	0.30	2.15	1.46	0.45	1.76
2019	1.29	0.70	1.51	1.55	1.44	1.58

REGIONS ³⁾	ORLEN Group						PKN ORLEN					
	Total	Poland	Czech Republic	Lithuania	Germany	Canada	Total	Poland	Czech Republic	Lithuania	Germany	Canada
2020	1.66	1.67	1.84	1.22	0	0	1.46	1.46	0	0	0	0
2019	1.29	1.35	1.47	0.00	6.48	0.00	1.55	1.55	0	0	0	0

3) Total number of accidents at work involving employees of ORLEN Group companies and resulting in the injured person taking sick leave in a given period x 1,000,000 / number of man-hours worked by the employees in this period.

6) Regions – markets in which the ORLEN Group has assets

The increase in the TRR rate for ORLEN Group employees relative to 2019 is attributable to the inclusion, starting from May 1st 2020, of the number of accidents at work involving employees of the ENERGA Group.

Severity rates⁷⁾ for accidents at work involving ORLEN Group employees in 2020

GENDER	ORLEN Group			PKN ORLEN		
	Total	Women	Men	Total	Women	Men
2020	43.22	97.25	40.45	57.79	162.00	49.77

REGIONS ⁶⁾	ORLEN Group						PKN ORLEN	
	Total	Poland	Czech Republic	Lithuania	Germany	Canada	Total	Poland
2020	43.22	41.95	44.00	60.25	0	0	57.79	57.79

6) Regions – markets in which the ORLEN Group has assets

7) Quotient of the number of days lost due to post-accident absenteeism of ORLEN Group employees and the number of accidents at work involving ORLEN Group employees, acknowledged by the employer and resulting in the employee's taking sick leave.

Number of days lost due to post-accident absenteeism⁸⁾ at the ORLEN Group in 2020

GENDER	ORLEN Group			PKN ORLEN		
	Total	Women	Men	Total	Women	Men
2020	3,544	389	3,155	809	162	647

REGIONS ⁶⁾	ORLEN Group						PKN ORLEN	
	Total	Poland	Czech Republic	Lithuania	Germany	Canada	Total	Poland
2020	3,544	2,643	660	241	0	0	809	809

6) Regions – markets in which the ORLEN Group has assets

8) Number of days on which ORLEN Group companies' employees were on sick leaves in a given period as a result of an accident at work acknowledged by the employer.

Ensuring work safety and health protection for employees of external contractors performing work on the ORLEN Group premises is one of the Group's priorities. 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. Besides analysing work accidents suffered by contractors, the ORLEN Group also studies data on sick leaves resulting from the accidents occurring in connection with work carried out by contractors on the premises of Group companies. However, the Group is not legally authorised to publish such data.

Number of occupational disease cases in each employee group⁹⁾

EMPLOYEE GROUPS	ORLEN Group		PKN ORLEN	
	2020	2019	2020	2019
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	1	2	0	0
Repair and maintenance employees	2	2	0	0
Transport and storage employees	0	1	0	0
Total	3*	5**	0	0

9) 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.

* ORLEN Lietuva (2), ORLEN Unipetrol Group (1)

**ORLEN Lietuva (5)

In 2019, the occupational diseases were caused by factors related to lifting and handling, exposure to chemical agents, noise, mechanical dislocations, and poor working posture. In 2020, they were associated with lifting and handling, noise and work with hazardous materials; employees suffered from: a spinal disease, hearing injury and respiratory disease.

The ORLEN Group does not report on the incidence of occupational diseases of contractors' employees due to the absence of tools or legal regulations that would enable obligating third parties to report such cases, which is also the case with 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 health of the Group's employees. With respect to all factors identified for jobs with a high risk of occupational disease, systemic preventive measures 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.

In consequence, the incidence of occupational diseases involving ORLEN Group employees in 2019–2020 was lower.

7.6 POLICIES IN PLACE

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.

In the area of personal, process and fire safety, uniform **Safety Standards, Technical Standards and Guidelines** are in place, dedicated to ORLEN Group companies. They contain best practices identified within the companies, as well as standards applied in the areas under consideration by industry leaders. In 2020, the implementation of a uniform safety framework was continued at the ORLEN Group as part of the **'Safety Plus'** project, comprising 15 standards representing the highest safety benchmarks in the fuel and energy industry. The project will be completed in 2021.

15 safety standards of the 'Safety Plus' project:

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: their formulation / structuring
M1	Leadership and role of management staff in developing a safety system
M2	Subcontractor management
M3	Vehicle management

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 / 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 a **Process Safety Management System conforming to the US OSHA 1910.119 standard, as well as to Guidance of meeting expectations of The Energy Institute Process Safety Management Framework**. 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 events 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, was 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 2017, item 519, 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 within the ORLEN Group that have been implemented by PKN ORLEN in the first place.

ORLEN Group's OHS Strategy until 2021 – a new OHS management concept, based on building and developing uniform safety standards for the ORLEN Group while enhancing operational excellence and excellence in preventive measures related to personal and process safety. The strategy covers the following strategic areas: management and leadership, personal safety and process safety

Comprehensive Prevention System – the principal element of the OHS Management System, which consists of internal organisational documents related to occupational health and safety, fire and chemical safety, radiation, technical and process safety. These include: Process Safety Management System at PKN ORLEN, Radiation Safety Instruction at the Plock production plant and Włocławek PTA plant, Fire Safety Rules of PKN ORLEN, and Comprehensive Chemical Rescue Plan.

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 represent requirements describing the attitudes and behaviours expected by the ORLEN Group companies of their employees and contractors in and outside their day-to-day work. 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. Individuals who fail to follow the prescribed rules are at risk of being subject to disciplinary action if such non-compliance is revealed.

Third Party Contractor Safety Management

A model for a third party contractor management system has been developed and implemented with a view to meeting the following main objectives: **ZERO ACCIDENTS, ZERO FIRES, ZERO TOLERANCE FOR UNACCEPTABLE RISK.**

The following goals were continued in 2020:

- ensuring that the assignments for contractors are professionally prepared;
- existence of clear rules;
- raising awareness of the Company's employees, third party contractors and their employees;
- ensuring that work is carried out safely and correctly;
- confirming completion of training for some specific locations;
- communicating of and fast response to threats.

As part of the Third Party Contractor Safety Management process:

- relevant objectives have been written into the ORLEN Group Personal and Process Safety Strategy 2017–2021, including to improve the contractor management system and gain contractors' commitment to the shared vision of working together to create a safe workplace.
- contractor accident rates are monitored using safety KPIs – detailed analysis of contractor workplace accidents and TRR,
- M2 Subcontractor Management standard has been implemented under the Safety Plus project,
- the ORLEN Group 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',
- a system of inspections and audits has been put in place to ensure that contractors are prepared to perform their work and that the work is completed safely,
- Safety Meeting, Lessons Learned, Safety Alerts and other projects are run at the ORLEN Group, and PKN ORLEN operates the Training Centre.

Also, the Process and Fire Safety Reports and other documents are issued to ORLEN Group representatives, providing detailed analysis of contractor workplace accidents and corrective measures taken.

A section dedicated to contractors has been created for PKN ORLEN on the corporate website at www.orlen.pl, headed PKN ORLEN external contractors. It contains up-to-date information concerning safety issues, applicable requirements, training and incentive programmes, and awareness campaigns ('Report a Hazard').

7.7 DUE DILIGENCE PROCEDURES

Legal compliance

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 field of occupational safety are monitored on an ongoing basis.

In 2020, 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.



Furthermore, PKN ORLEN established the Dangerous Goods Carriage Team in 2020. Activities carried out by the Team are designed to **ensure compliance with ADR and RID regulations** during storage, handling and carriage of dangerous goods by the Company. The Team verifies the accuracy of shipping documents, and checks the driver's permit and legal compliance of the vehicle intended for the carriage of dangerous goods. The required on-board equipment is also checked for completeness and correctness. The Team supervises the storage and labelling of hazardous waste generated by the production plant in Plock, the PTA plant and CCGT plant in Wloclawek, the railway terminal in Plock and fuel terminals. PKN ORLEN's regulations concerning handling of dangerous goods are also reviewed and updated. The Team draws up an annual report on the carriage of dangerous goods and submits it to the Provincial Road Transport Inspectorate in line with the applicable laws. An email address has been created for PKN ORLEN S.A.'s organisational units for questions concerning handling of dangerous materials at the ORLEN Group.

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 but are not limited to: setting and pursuing strategic objectives at the ORLEN Group and company level, monitoring occupational safety KPIs for the companies and the Group, developing OHS improvement plans, annual analysis of the OHS situation, taking measures to improve the employees' and contractors' work safety culture (such as: 'Safe Maintenance', 'Safe Contractor', 'Safe ANWIL', 'Report a Hazard', Behaviour-Based Safety programme, 'Safety and Health Protection Days at the ORLEN Group' etc.), operation of external and internal control and audit systems, an extensive employee and contractor training system, incentive schemes for employees and contractors (such as the 'OHS Incentives Programme', the 'Safety Eagles', 'Best Practices in Personal and Process Safety of the ORLEN Group 2020' and 'Millions of Accident-Free Man-Hours of ORLEN Group Employees and Contractors' competitions), implementation of post-audit recommendations, preventive and corrective measures identified in the occupational safety area, implementation of 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 2020, some companies carried out consultations and provided training on the ISO 45001:2018 Occupational Health and Safety Management System, while PKN ORLEN continued its strategy of cooperating with universities.

ORLEN Group companies pursue occupational safety objectives and perform occupational safety functions with the use of their in-house OHS services supported by ORLEN Eko's resources, or with limited outsourcing of OHS services by companies with a small workforce.

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. The projects being implemented include the **LOTO System** and the **Employee Support System**.

Control and audit system

Internal audits of the companies are held regularly at the ORLEN Group. In 2020, one consultancy visit (audit) and four re-audits were carried out. Due to restrictions on international travel applicable in the Czech Republic and Lithuania, some of the scheduled consultancy visits to foreign Group companies were cancelled. Visits to the other companies took place as scheduled, observing all sanitary practices.

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. In accordance with an approved methodology, regular **safety audits** are conducted **at the contractors** performing work for the ORLEN Group.

Cooperation between PKN ORLEN and universities

PKN ORLEN established cooperation with the **Main School of Fire Service in Warsaw**. The parties to the agreement declared cooperation consisting in initiating and running joint teaching, research and development projects, expert support and technical consulting in the area of fire, chemical and process safety, as well as some aspects of occupational health and safety.

Cooperation was continued with the **Łódź University of Technology** (via the Education Centre in Plock) in a postgraduate programme on industrial process safety.

Moreover, the **fourth edition of Technical Safety lectures** was delivered in 2020 as part of full-time and extramural curricula of the Chemical Technology studies. It was a continuation of the project carried out in 2017–2019 by the Occupational Health and Safety Office and Technology Office, and by the Warsaw University of Technology Branch in Plock. The initiative involved 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.

The Employee Support System is a behavioural programme aimed at encouraging safe and eliminating unsafe behaviours. Its implementation is one of the multi-directional measures to improve the Company's safety culture.



The **Lockout – Tagout (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. Lockout prevents employees from switching on the machine until it is disabled. Tagout 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 system has been implemented 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.

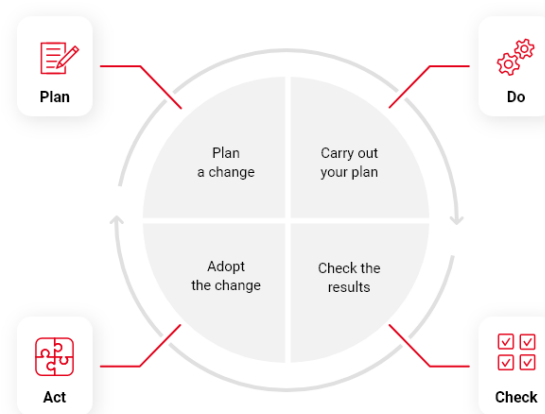
The ORLEN Group runs the **'Best Practice in Personal and Process Safety of the ORLEN Group 2020' competition (former 'Good OHS Practice' competition), dedicated to ORLEN Group companies.** The aim is to spread good practices in safety that promote a pragmatic and modern approach to that area, including any technical, qualitative, efficiency enhancing, communication, organisational and infrastructural solutions, thus helping to improve and streamline the components of OHS management as well as to boost employee motivation. The competition provides an opportunity to share knowledge and experience in fostering a safety culture between different ORLEN Group companies. **There is also another competition dedicated to the ORLEN Group companies, called 'Millions of Accident-Free Man-Hours of ORLEN Group Employees and Contractors'.** The aim of the competition is to promote accident-free work. In 2020, we held the 8th edition of the 'Best Practice in Personal and Process Safety' and the 6th edition of the 'Millions of Accident-Free Man-Hours of ORLEN Group Employees and Contractors'.

In 2020, work was carried out to maintain the **Process Safety Management System based on OSHA 1910.119.** It provides a more effective framework for achieving operational excellence, as it guarantees technical safety of the process, storage and auxiliary units, and thus prevents undesirable events that could affect the safety of staff or processes.

As part of maintenance and improvement of the Process Safety Management System, the following Deming cycle activities are required:

1. verification of status quo;
2. checking the existing regulations / internal policies for completeness and implementing new regulations / policies;
3. confirming that each system component has been fully implemented;
4. satisfying the system requirements based on regulations / policies and making the necessary improvements

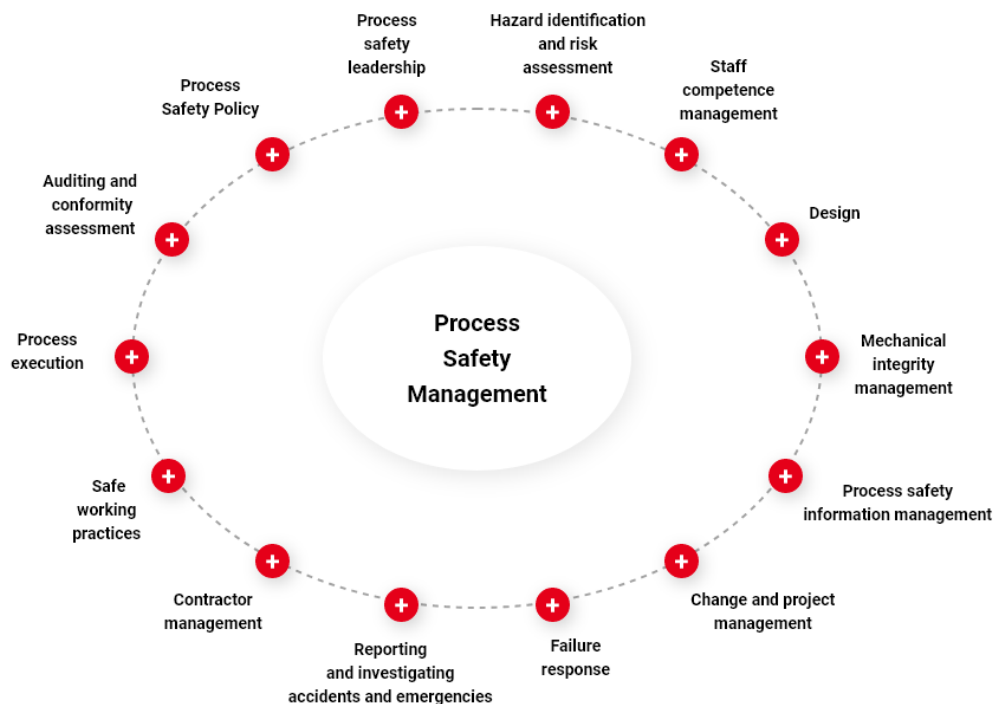
FIGURE 26. Deming cycle



The verification covers the company's compliance with the requirements for 14 components of the Process Safety Management System under existing regulations by which a given component has been implemented.

1. Safety culture – fostering safe behaviours and safety leadership at the Company through management's decisions and activities aimed at ensuring the highest possible safety standards for the employees and processes.
2. Safety leadership – invariably the key aspect of building a safety management system and a safety culture – strong, forward-looking leadership and the prominent role of qualified teams and management personnel influencing attitudes and everyday operating activities.
3. Roles and responsibilities – defining emergency roles and responsibilities at all levels of the organisation and taking measures to build awareness of the need for continuous improvement and prevention, through developing training programmes and providing training to employees responsible for proactive and preventive activities, as well as emergency response training at all levels of the organisation and to other employees on site, including subcontractors.
4. Information – ensuring availability of information on process safety as the knowledge needed to identify and implement activities facilitating achievement of the organisation's objectives; this information must be up to date and easily available in the decision making processes.
5. Mechanisms – deployment of mechanisms facilitating a systematic analysis of the risk of major accident and probability of its occurrence, and therefore enabling its avoidance.
6. Designing – at any stage of an industrial unit's life, designing must be based on the applicable standards and guidelines, and should take into account the possibilities and ways of reducing the likelihood of an emergency.
7. Instructions and procedures – defining instructions for safe operation of process units that use hazardous substances during normal operation, maintenance, shutdowns, and industrial process adjustments.
8. Supervision over mechanical integrity – continuous monitoring of the technical condition of plant and equipment, performed through periodic inspections, reviews and tests, in accordance with the regulatory requirements and industry standards.
9. Safe work practices – performing work at a unit in conformity with the highest standards and requirements in order to ensure safety at the work stations and continuity of technological processes, and to prevent emergencies.
10. Change and project management – using a systemic approach when changes to an industrial process are necessary, in order to identify whether and how the planned changes may impact process safety.
11. Contractor management – making and abiding by arrangements concerning safe performance of work on the PKN ORLEN premises by contractors' employees so as to ensure the highest possible safety standards at all stages of such work.
12. Responding to failures – implementing the requirement to monitor, in accordance with best available practices, the operation of process units using hazardous substances so that corrective measures can be implemented should any deviation from normal operation occur, including due to normal wear and tear or corrosion.
13. Analysis – assessing the emergency events that have occurred on a regular basis and applying the knowledge gained from incidents at the ORLEN Group or other plants globally, including putting in place mechanisms that foster learning from past experience (lessons learned).
14. Auditing and compliance assessment – analysing and reviewing regularly the process safety system in terms of its compliance with the relevant requirements; reviewing the Accident Prevention Programme, being one of the key documents and a systematic programme for the implementation of the overriding goal of proactive accident prevention, and the safety management system in terms of their validity and effectiveness, including information on how the validity and effectiveness is documented and approved, as well as the internal operating emergency response plans that are mandatory for upper-tier and lower-tier establishments (i.e. establishments posing a high or increased risk of a major accident).

FIGURE 27. Process Safety Management System



Process safety is becoming a specific field related to resilience engineering, which defines safety as the ability to maintain plant success under normal and emergency conditions. Another noteworthy aspect is organisational systems capable of an immediate response to maintain business continuity. Twenty nine establishments at the ORLEN Group are classified as upper-tier, and a number almost half of that are lower-tier establishments, as per the classification framework under the Seveso III Directive applicable across Europe and implemented into national law by all EU member states in 2015. In Poland, the relevant regulations are laid down in the Environmental Protection Law. The establishments of both types have in place modern and constantly improved process safety management systems as an organised method for managing safety, encompassing all the vital safety components referred to above.

ORLEN Group facilities with a high and increased risk of a major accident (upper-tier and lower-tier establishments)		
POLAND		
PKN ORLEN	7 upper-tier establishments	10 lower-tier establishments
ORLEN PALIWA	6 upper-tier establishments	1 lower-tier establishment
BOP	1 upper-tier establishment	---
ANWIL	1 upper-tier establishment	---
ORLEN Południe	2 upper-tier establishments	---

ORLEN Aviation	---	1 lower-tier establishment
IKS Solino	1 upper-tier establishment	---
CZECH REPUBLIC		
ORLEN Unipetrol RPA	3 upper-tier establishments	---
ORLEN Unipetrol DOPRAVA	5 upper-tier establishments	---
PARAMO	1 upper-tier establishment	---
SPOLANA	1 upper-tier establishment	---
LITHUANIA		
ORLEN Lietuva	2 upper-tier establishments	---

To describe the current status of process safety at the ORLEN Group production companies, the Group uses various process safety indicators, including leading and lagging ones, in accordance with the API754 standards. Those indicators are monitored and measured using the Company's internal application to help achieve the overarching objective of process safety management, which means preventing and minimising the risk of major accidents. These indicators also serve as the basis for benchmarking against the best companies in the industry and thus contribute to achieving process excellence.

Hazard identification, risk assessment, analysis of accidents at work

The ORLEN Group companies carry out ongoing hazard identification, risk assessment and analysis of accidents at work. 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 analysis of accidents at work are used as inputs for the continuous improvement of ORLEN Group's occupational safety system.

'Report a Safety Hazard' at PKN ORLEN – the OHS Incentives Programme

The OHS Incentives Programme is an incentive scheme for 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 using, *inter alia*, an existing system of written permits and training (including hazard training) dedicated to third party employees, or 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 third party employees. 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 analysis of accidents at work process at the ORLEN Group level

The process of hazard identification, risk assessment and analysis of accidents at work is carried out at the company level and 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

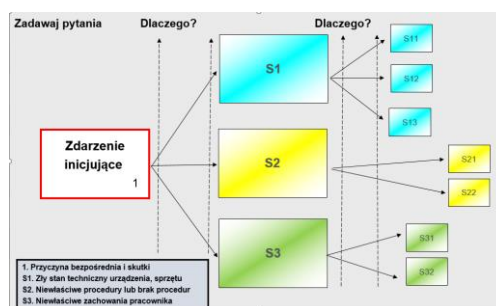
Any accidents or emergencies that occur at the ORLEN Group are analysed and assessed in terms of the likelihood of their recurrence. Communication of near misses and emergencies is based on **Safety Alerts**. In the case of emergencies, **'Lesson Learned'** actions are organised based on checklists designed 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 accidents at work at ORLEN Group companies. It is a chart representing a set of information about the incident, its causes and effects and decisions taken in view of the conclusions reached.

The analysis of accidents at work using the 'event tree' method:



Safety Meeting

A continually improved element which requires wider development across the ORLEN Group are 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 incidents 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 purpose is to learn the lessons and minimise the risk of similar incidents occurring in the future. All information analysed during Safety Meetings is stored within an internal database of PKN ORLEN.

Occupational health services at the ORLEN Group

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. 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 an 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. In addition, the companies run additional health prevention campaigns and initiatives, such as preventive vaccinations, preventive medical examination packages under the 'Safe ANWIL for Health' programme (e.g. TSH tests, abdominal USG examinations, doppler ultrasound examinations of leg arteries), the 'Energ(y) for Health' programme, early disease detection programmes (e.g. for coronary and peripheral vessel diseases), densitometric tests, hearing tests, bone tests, mammography imaging, USG examinations for employees' children, research programme on working environment's impact on health, and corrective spectacles for employees. In addition, ORLEN Group employees and their families are offered additional healthcare packages.

Employees' participation, consultation and communication on occupational health and safety

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, 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 occupational risk assessments;
- 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, ORLEN Lietuva 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 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 security alerts and employee-dedicated programmes 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

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.

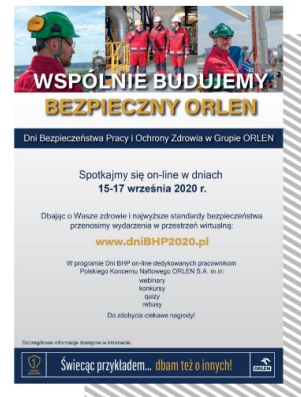
ORLEN Group companies' contractors receive training on general OHS, fire safety and process safety issues, working methods, local hazards, and specialist training with elements of OHS. Theoretical and practical examinations are carried out to assess effectiveness of the training, with the system for 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 provided by Training Centres through training assessment or service provider assessment procedures.



Promotion of worker health

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, and among customers of the PKN ORLEN service stations. 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 improve 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 areas and OHS competitions, as well as exhibitions of OHS businesses and representatives of the ORLEN Group companies.

In 2020, the format of the event was adapted to the new reality of the COVID-19 pandemic. In order to ensure full safety for our employees, all activities went online, where the participants could check and improve their OHS knowledge by participating in webinars, educational videos and online lectures. Our employees could learn how to deal with back pain on their own, keep fit while working remotely, cope with negative emotions, and boost immunity during the pandemic. Nutrition-related advice of a clinical dietitian was presented to production staff in the form of videos. In a short and accessible manner, the expert talked about the rules of proper nutrition when the body needs to function in a shift work system, healthy food, and diseases caused by unhealthy diets.

Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

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 functioning of the company, 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

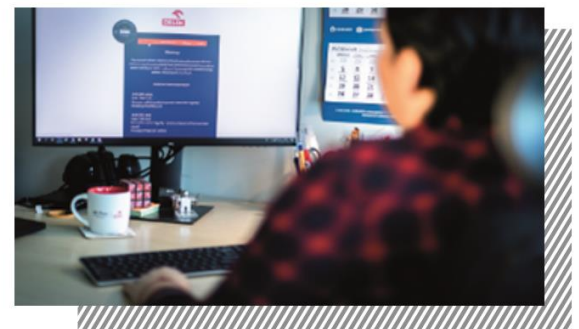
TIER 1, TIER 2 and TIER 3 emergencies

TIER 1 emergencies

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 (USD 100,000 x ~3 PLN/USD = ~PLN 300,000);
- 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 in an amount equal to or higher than the threshold amount in any one hour period.

TIER 2 emergencies

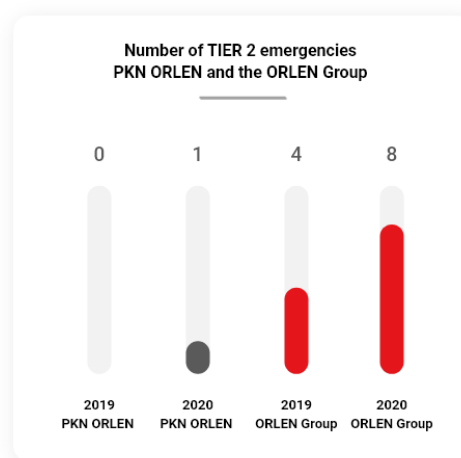
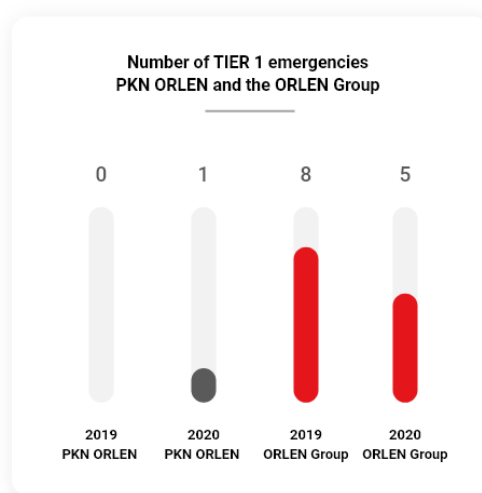


These are events of lesser consequence related to a sudden and unexpected substance release due to ineffective protection layers. Such emergencies include a sudden and unexpected release of hazardous substances or non-toxic and non-flammable substances (steam, condensate, hot water, nitrogen, compressed 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 (USD 2,500 x ~3 PLN/USD = ~PLN 7,500);
- release of excessive pressure into the atmosphere in an amount equal to or higher than the threshold TIER2 amount in any one-hour period;
- release of a substance in an amount equal to or higher than the threshold TIER2 amount in any one-hour period.

Number of TIER1, TIER2 and TIER3 emergencies

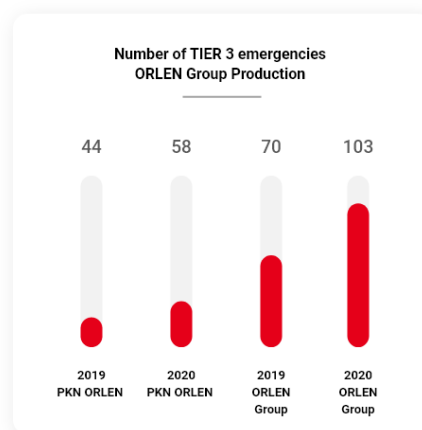
The indicators do not include the Energa Group. Energa Group data will be included in the ORLEN Group's statistics as of 2021.



In 2020, the ORLEN Group continued reporting the T3 (TIER 3¹) process safety indicator referring to near-miss events.

¹ It has been assumed that **TIER3 emergencies** are emergency shutdowns of installations or process nodes triggered by active or passive protections (automatic or mechanical). TIER3 ratio is calculated as follows:

- TIER3 production emergencies – number of emergency shutdowns of installations or process nodes triggered by active or passive protections (automatic or mechanical);
- TIER3 logistics emergencies – 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.



Number of emergencies at the ORLEN Group	2020		
	Poland	Czech Republic	Lithuania
TIER1	1	4	0
TIER2	1	6	1
TIER3 - Production	87	0	16

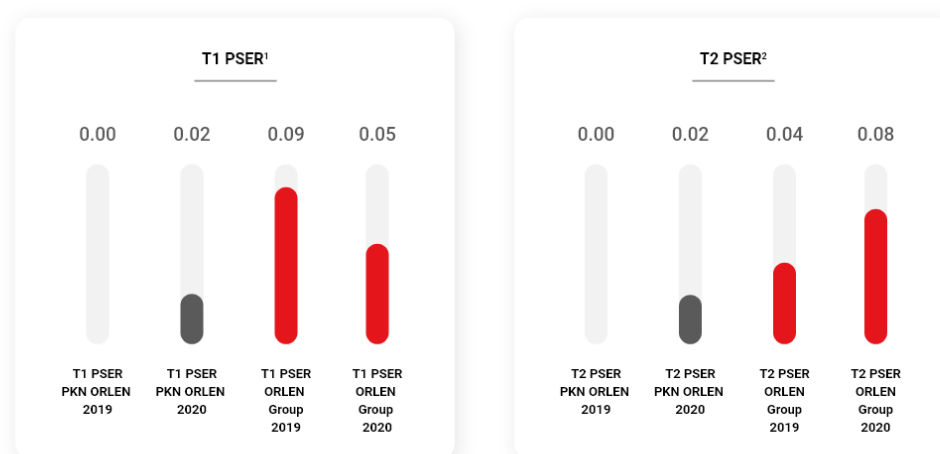
Number of emergencies at the ORLEN Group	2019		
	Poland	Czech Republic	Lithuania
TIER1	0	7	1
TIER2	2	2	0
TIER3 - Production	59	1	10

T1 PSER¹ and T2 PSER²:

The indicators do not include the Energa Group. Energa Group data will be included in the ORLEN Group's statistics as of 2021.

¹ T1 PSER = (number of TIER1 emergencies, of greater consequence, related to substance release into the environment/ number of man-hours worked by employees and contractors) x 1,000,000.

² T2 PSER = (number of TIER2 emergencies, of lesser consequence, related to substance release into the environment/number of man-hours worked by employees and contractors) x 1,000,000.



TIER1 and TIER2 events reported for 2020 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.

Total number and volume of significant spills

Total number and volume of significant spills in 2020 was as follows:

Number of spills in 2020 – 8 (2019: 10)

Volume of spills in 2020 – ca. 31 Mg (2019: approximately 140 Mg)

Information on each spill reported by ORLEN Group companies in 2020 is presented in the table below.

No.	Location	Volume [Mg]	Type of substance	Comment
1.	ORLEN 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
2.	PKN ORLEN Fuel Terminal in Widelka, road tanker loading front	approx. 0.5	Fuel spill (diesel oil)	On the unit's site; no impact on soil or water surface
3.	PKN ORLEN Fuel Terminal in Lublin, OPB unit	approx. 5	Fuel spill (motor gasoline ES95)	On the unit's site; no impact on soil or water surface
4.	ORLEN Unipetrol RPA Production plant in Litvínov, steam cracker	approx. 0.18	Spill of chemicals (benzene)	On the unit's site; no impact on soil or water surface
5.	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

6.	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
7.	ORLEN Unipetrol a.s. Production plant in Litvinov, NH ₃ 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
8.	ORLEN Unipetrol RPA Litvinov production plant, 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 (three of them inhaled gas vapour, one suffered a 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

Activity of the PKN ORLEN 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. Furthermore, the Company Fire Brigade provides chemical and technical rescue, seals leaks, man's safety stations under plant emergency conditions and during hot works on the premises of the production plant in Plock, 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. In 2020, measures were undertaken to improve and develop fire safety at the ORLEN Group. Members of the PKN ORLEN Fire Brigade participated in dedicated courses and training, covering prevention, rope rescue, water rescue operations and rescue diving, as well as operation of unmanned aircraft (drones).



Emergency drills 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.

Development of the Fire Safety function at the ORLEN Group

Since March 1st 2020, Company Fire Brigades of the ORLEN Group have operated under the segment-based management system. These are nine fire brigades, located in Plock, Włocławek, Trzebinia, Jedlicze, Mażeikiai, Litvinov, Neratowice, Pardubice and Kolin. 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.

Production assets integrity monitoring and plant maintenance programme

Timely inspection and supervision activities are key to maintaining the integrity of fixed assets. They are carried out during planned maintenance and process shutdowns organised according to long-term schedules. A dedicated programme is also employed for automatic control and security systems, providing, among other things, the timeframes for tests and functionality checks. In parallel, the **Risk Based Inspection (RBI)** programme is being implemented for the Plock facilities in partnership with and under the supervision of the Polish Office of Technical Inspection. The programme offers the added value of continuous improvement of availability and safety of process units with the integrity of production assets maintained. In addition, an **Autonomous Plant Maintenance programme** is in place, making it possible to achieve a higher level of reliability and safety of production units.

Efforts to counter the COVID-19 pandemic

A number of procedures and information materials related to the COVID-19 pandemic have been developed and implemented in the area of occupational safety of ORLEN Group employees and contractors. These included 'Recommendations for Contractors on the prevention of SARS-CoV-2 coronavirus infection', which were prepared and provided to the relevant parties. Work was carried out on preventive measures implemented

at the service stations. The Company was involved in the **construction of temporary hospitals in Plock and Ostrołęka**. The ORLEN Group's Company Fire Brigades jointly developed a comprehensive procedure to be followed in the conditions of the pandemic. PKN ORLEN's Company Fire Brigade also carried out a number of specialist activities relating to preventive measures.

The effects of safety measures undertaken at the ORLEN Group were appreciated by independent expert bodies.

ANWIL as the winner of the 'Employer – Provider of Safe Work' competition

The company won the 27th edition of the competition run by the Chief Labour Inspectorate at the regional level. ANWIL was evaluated within the category of employers with a headcount of more than 249. The purpose of the competition is to promote employers which organise work so as to guarantee a high level of employee safety and health protection, and which observe labour law regulations, including those pertaining to the lawfulness of employment. The competition serves to build a positive image of the employers committed to constantly improving their OHS performance.



Silver Cards of Safe Work Leaders for 2021–2022 awarded to ORLEN Laboratorium S.A. and ORLEN Upstream by the Safe Work Leaders Forum at the Central Institute for Labour Protection – National Research Institute (CIOP-PIB) in Warsaw

They have been awarded in recognition of the outcomes of the companies' efforts to improve working conditions, safety and personal protection in the workplace. They are national awards given to members of the Safe Work Leaders' Forum in recognition of outstanding efforts designed to promote work safety.





PKN ORLEN received an award in the European Responsible Care Awards competition held by the European Chemical Industry Council (CEFIC)

The awards were presented for inspiring and effective initiatives offered by the Responsible Care Programme Participants across Europe as support during the coronavirus crisis. PKN ORLEN S.A. won the award in the 'Upholding and Reshaping Production Lines' category for the production of hand sanitiser liquid at the ORLEN OIL production plant in Jedlicze.



7.8 SIGNIFICANT RISKS RELATING TO THE GROUP'S BUSINESS AND RISK MANAGEMENT METHODS

FIGURE 28. OHS risks

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 jobs ● Injury/death at a production plant 	<p>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</p> <p>Introduction of a system for reporting near miss incidents and a procedure for handling such reports.</p>	
B. Process safety	<ul style="list-style-type: none"> ● Fire, explosion ● Injury/death as a result of an incident 	<p>Introduction of and enforced compliance with relevant procedures and manuals (e.g. OHS and fire safety manuals); acceptance/approval of process risks by Process Safety Committees. Identification of risks at each stage of a unit's lifecycle (HAZOP, PHA, or other method if necessary); 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.</p>	
C. Chemicals management	<ul style="list-style-type: none"> ● Accidents/failures during transport or handling of chemicals 	<p>Implementation of the provisions of the Comprehensive Prevention System, including delegation of responsibilities; introduction of the Process Safety Management System at PKN ORLEN</p>	
D. Employees and subcontractors' activities	<ul style="list-style-type: none"> ● Activities of employees and subcontractors resulting in violation of OHS regulations 	<p>Reviewing and issuing opinions on contracts with subcontractors in terms of security certificates and security clauses, implementation of the Comprehensive Prevention System</p> <p>Operation of an extensive training system, including the launch of the Training Centre at PKN ORLEN</p> <p>Delivery of information, education and incentive schemes.</p>	

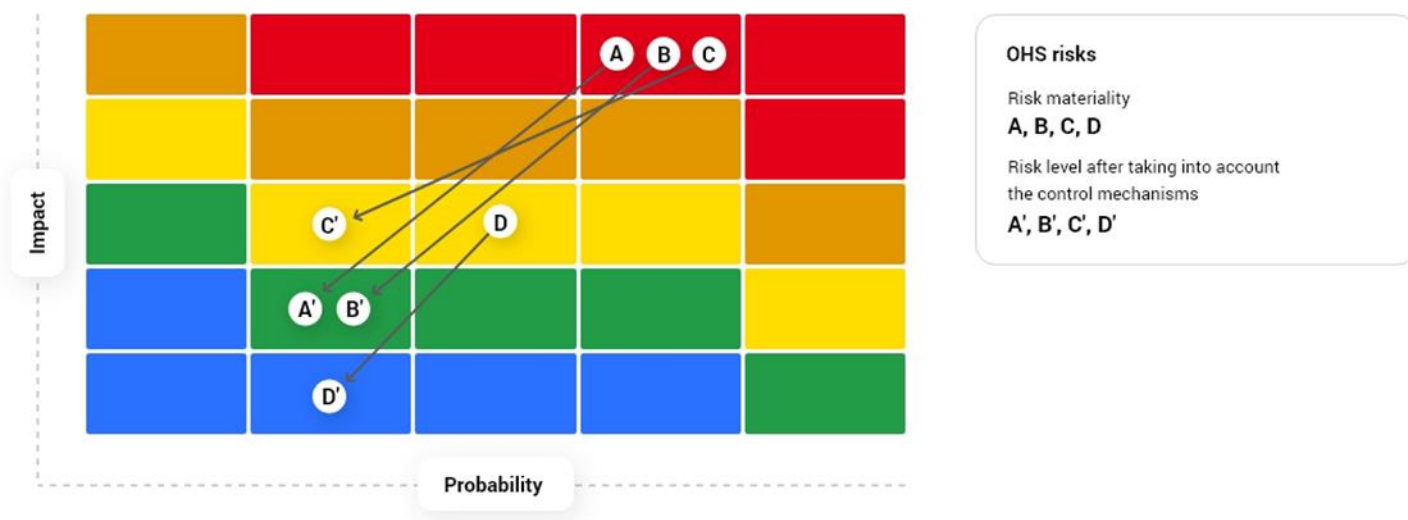
Colour highlighting the risk name
Risk materiality for the organisation

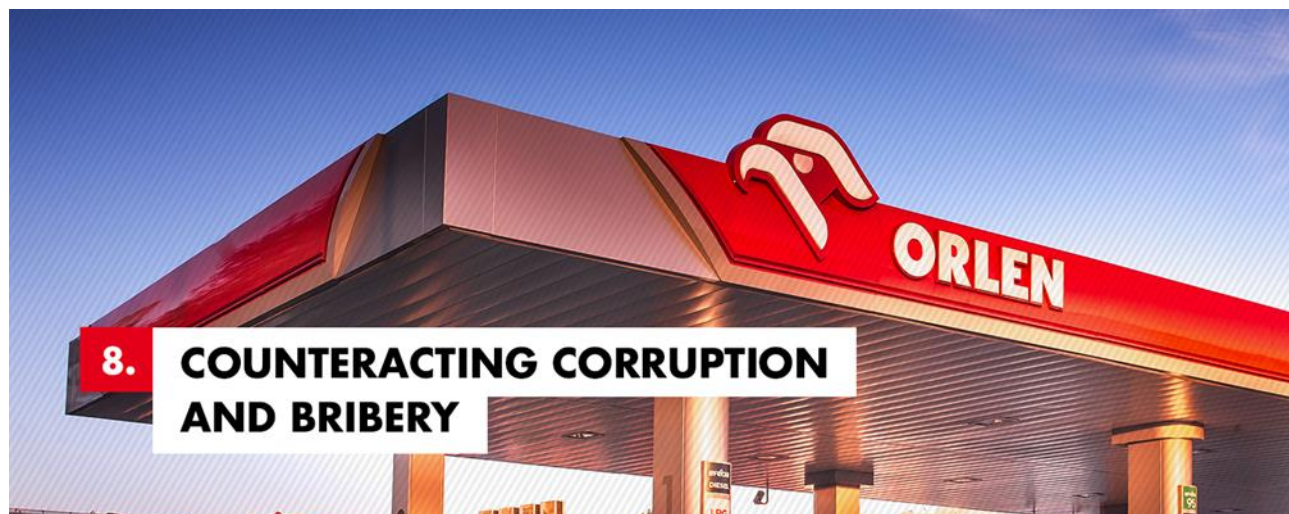
Colour of the arrows
Risk level after taking into account the control mechanisms

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





8. COUNTERACTING CORRUPTION AND BRIBERY

8.1 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 2020:



8.2 GRI indicators

GRI indicators discussed 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

8.3 OUR CORPORATE MOTTO

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.

8.4 OVERVIEW

Anti-corruption activities are carried out by the **Control and Security Office** in cooperation with the **Financial Control, Risk Management and Compliance Office** as well as the **Audit Office**.

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 state-of-the-art analytical tools;
- Coordinating criminal proceedings conducted by law enforcement authorities and the judiciary, in which PKN ORLEN is involved in any capacity;
- Performing advanced safety analyses and control processes;
- Coordinating the anonymous misconduct reporting system, cooperation with the reporting persons, and a register of gifts;
- Verifying trading partners in business processes.

Financial Control, Risk Management and Compliance Office:

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 ORLEN Group companies;
- Administers an IT tool providing information on any 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 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.

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 legal order, and assesses internal regulations; Estimates the consequences of any identified irregularities or misconduct, and defines remedial measures, identifying 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 ORLEN Group companies;

Audit Office

- Initiates preventive measures to minimise risks to achieving 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 any inefficiencies in processes, procedures and structural solutions at the Group;
- Monitors the implementation of recommendations issued following audits at PKN ORLEN and 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 third party 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.

Compliance Management Department

- Responsible for supervision over compliance by the ORLEN Capital Group companies with the requirements of the law, internal regulations, voluntarily adopted standards of conduct and ethical standards.
- The key assumption of the ORLEN Group's compliance system includes the process of proactive monitoring of the regulatory environment of all corporate business processes and a uniform approach to the implementation and reporting of compliance of requirements throughout the ORLEN Capital Group.
- Within the structure of PKN ORLEN, the compliance system operates in a dispersed formula, assuming compliance risk management, under the supervision of the Director of the Financial Control, Risk and Compliance Office, by Directors directly reporting to a member of the Management Board. The compliance management process is periodically reported to the Management Board and Supervisory Board of the Company.

8.5 NON-FINANCIAL KEY PERFORMANCE INDICATORS

The ORLEN Group seeks to eliminate any instances of corruption and bribery.

Percentage and total number of operations assessed for risks related to corruption and the risks identified

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 35 processes in the areas of retail, wholesale, procurement, marketing, safety, and finance.
- **Violations of ethics standards or their improper implementation** - the risk that employees of the ORLEN Group take actions inconsistent with corporate ethics standards, or that the definition, implementation and enforcement of these standards will not be effective and consistent with the corporate objectives. The risk was identified in the System of values and rules of conduct process.
- **Abuses by customers, employees or agents in the sales process** - the risk that an improper sales process or system or inadequate securing of the sales system will allow the customer or employee material abuse. The risk of abuse of customers, employees or agents in the sales process has been identified in 3 processes in the areas of retail, wholesale and marketing.

The risks related to anti-corruption and bribery were assessed in a controls effectiveness review conducted by the relevant business areas in respect of 39 processes and in an independent review performed by the Internal Control Department based on the irregularities identified during inspections.

In 2020, the ERM System covered: PKN ORLEN, ANWIL, ORLEN Lietuva Group, Unipetrol Group, ORLEN Deutschland GmbH, ORLEN Paliwa and ORLEN Centrum Usług Korporacyjnych, which represent close to 10% of all the ORLEN Group companies.

In 2020, as part of an annual risk self-assessment process and risk controls tests at PKN ORLEN, **493** risks were assessed based on tests of **982** controls in **145** business processes. The ORLEN Group companies assessed **678** risks and **1,818** controls in **171** processes.¹

¹The data does not include: ORLEN Lietuva and ORLEN CUK Groups . where a self-assessment process is being carried out in 2021.

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 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 systemic 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 2019, training in this area was provided to all members of the Management Board (100%) and 279 employees, while nearly 200 employees completed an e-learning course.

In 2020, classroom training was suspended in accordance with the guidelines issued by the Coordination Team for addressing the potential risk of SARS-CoV-2 coronavirus infection, but employees were provided with self-training opportunities on the training platform. The e-learning courses were attended by 52 employees.

8.6 POLICIES IN PLACE

The anti-corruption and anti-bribery policies and internal regulations include:

Core Values and Standards of Conduct – 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 – laying 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, have direct access to financial documents or participate in the execution of transactions.

ORLEN Group Regulatory Risk Management Policy constituting part of the Compliance Policy – governs regulatory risk management processes resulting from existing or proposed legal acts, 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.

Supplier Code of Conduct – defines ethical standards that must be met by the ORLEN Group suppliers, 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 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 – defining 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.

Rules for the implementation of audits, consultancy and business analysis assignments at PKN ORLEN – defining 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 must 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.

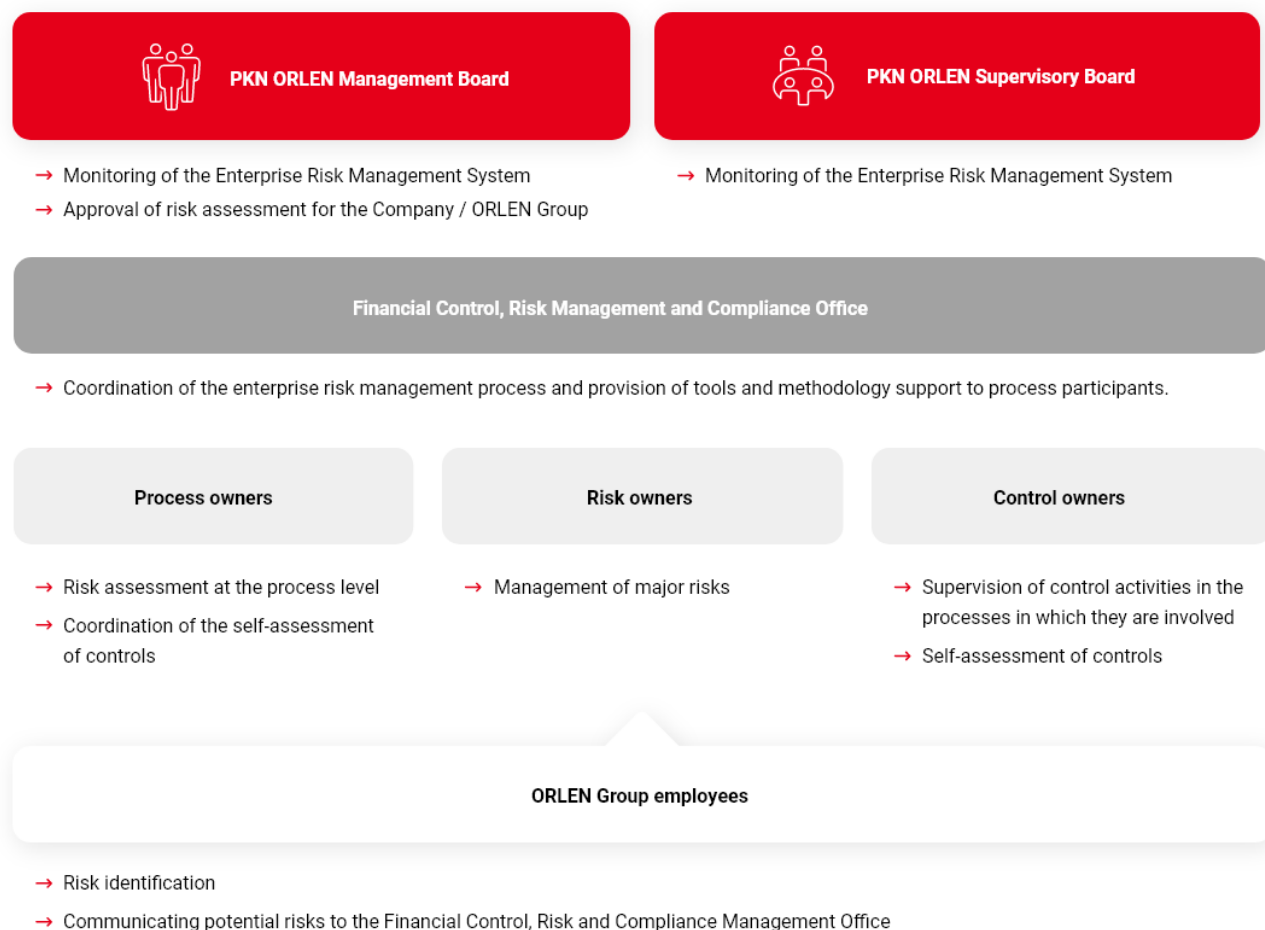
Business Process Safety Monitoring Rules – regulate the conduct of relevant PKN ORLEN units to minimise the risk of misconduct in business processes where a medium or high risk of misconduct is identified.

8.7 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.

FIGURE 29. 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 – the Integrated Enterprise Risk Management System

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 – the 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.

The Company'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), PN-N-18001 (occupational health and safety management system), and ISO 27001 (information security management system), ISCC system (a certification system 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 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. Regardless of the audit plan in place, 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, post-audit instructions are issued which specify and prioritise measures to be taken to eliminate any irregularities or improve the performance of the audited area. The implementation of follow-up instructions is monitored continuously until it is confirmed that the corrective measures have been implemented.

Reports summarising the financial audits and the monitoring of implementation of post-audit instructions are drawn up for the PKN ORLEN Management Board and Supervisory Board twice a year.

Third line of defence / prevention – internal audit and 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, stating to what extent they have been implemented. 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 follow-up orders, prepares a report on the status and scope of implementation of the recommendations. Its activities have either a preventive or detective nature. They are complemented by activities performed by ORLEN Ochrona, which has due authorisations and appropriate tools, including the ability 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). The simultaneous operation of all the systems and functions described above allows the Group to exercise ongoing and effective anti-corruption supervision.




In 2018, the ORLEN Group appointed an **Anti-Corruption Compliance Officer**. The Officer cooperates directly with the Management Boards of the ORLEN Group companies which have no separate security departments. In 2020, the Rules of Anonymous Misconduct Reporting were updated with solutions introduced, inter alia, by Directive of the European Parliament and of the Council on the protection of persons reporting on breaches of Union law COM/2018/218. This ensures compliance with the EU legal requirements, the duty of care and the Warsaw Stock Exchange anti-corruption standards.

The amendments to the Rules included:

- Introduction of additional categories of notifications:
 - Breach of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16th 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (the "MAR");
 - Breach or a reasonable suspicion of breach of law or disclosure requirements by PKN ORLEN;
 - Breach of occupational health and safety or environmental protection regulations;
 - Breach of ethical standards applicable at PKN ORLEN or an ORLEN Group company.
- Improvement of the protection afforded to reporting persons by, inter alia, introducing solutions under the Directive of the European Parliament and of the Council on the protection of persons reporting on breaches of law;
- Introduction of the Corporate Standard for the Anonymous Misconduct Reporting System (in the process of implementation).

8.8 SIGNIFICANT RISKS RELATING TO THE GROUP'S BUSINESS AND RISK MANAGEMENT METHODS

FIGURE 30. Counteracting corruption and bribery risks

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, 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

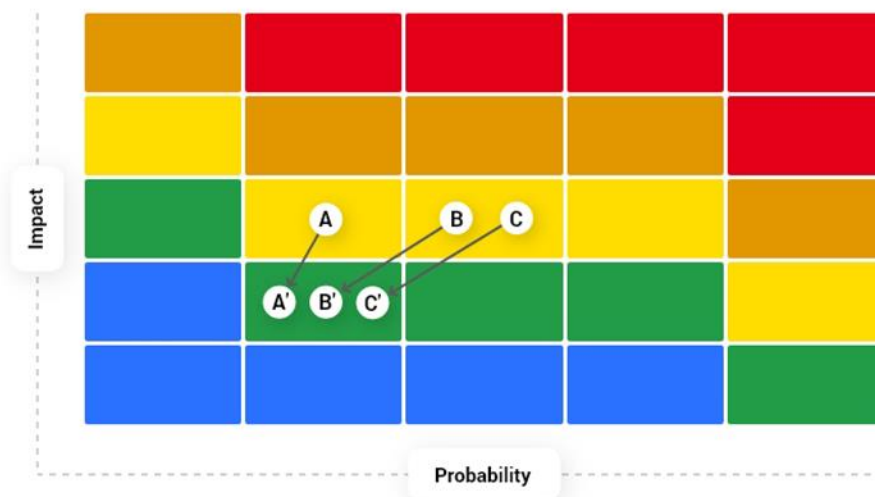
Colour of the arrows
Risk level after taking into account the control mechanisms

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



Corruption and bribery risks

Risk materiality
A, B, C

Risk level after taking into account the control mechanisms
A', B', C'



9. AUTHORISATION OF THE NON-FINANCIAL STATEMENT OF THE ORLEN GROUP AND PKN ORLEN S.A. FOR 2020

This Non-Financial Statement of the ORLEN Group and PKN ORLEN S.A. for 2020 has been authorised by the Parent's Management Board on 14th April 2021.

signed digitally on the Polish original

.....
Daniel Obajtek
President of the Board

signed digitally on the Polish original

.....
Armen Artwich
Member of the Board

signed digitally on the Polish original

.....
Adam Burak
Member of the Board

signed digitally on the Polish original

.....
Patrycja Klarecka
Member of the Board

signed digitally on the Polish original

.....
Zbigniew Leszczyński
Member of the Board

signed digitally on the Polish original

.....
Michał Róg
Member of the Board

signed digitally on the Polish original

.....
Jan Szewczak
Member of the Board

signed digitally on the Polish original

.....
Józef Węgrecki
Member of the Board