

**RESOLUTION NO. ...**

**OF THE ANNUAL GENERAL MEETING OF POLSKI KONCERN NAFTOWY ORLEN SPÓŁKA  
AKCYJNA**

**dated 14 June 2019**

**to amend the resolution no 4 of the Company's Extraordinary General Meeting of January 24th 2017 regarding rules of determining of the PKN ORLEN Management Board remuneration, changed by the resolution no 29 of the Company's Ordinary General Meeting of June 30th 2017, the resolution no 4 of the Company's Extraordinary General Meeting of February 2nd 2018, the resolution no 1 of the Company's Extraordinary General Meeting of July 17th 2018.**

Acting pursuant to Article 2 item 2 point 1, Article 4, Article 5, Article 6, Article 7 and Article 8 of the Act on the principles of determining the amount of remuneration for people managing certain companies as of 9 June 2016 (Journal of Laws of 2017, item 2190, with changes), the Ordinary General Meeting of Polski Koncern Naftowy ORLEN S.A. with its headquarters in Płock, adopts as follows:

**§ 1**

The § 2 item 2 of the resolution no 4 of the Company's Extraordinary General Meeting of January 24th 2017 regarding rules of determining of the PKN ORLEN Management Board remuneration, is changed as follows:

"2. The amount of the monthly Fixed Remuneration of members of the Management Board will be determined in numbers by the Supervisory Board, subject to the following conditions:

a) The Fixed Remuneration of the President of the Management Board will be determined within the range from 7 to 15 times of the basis of the dimension referred to in Art. 1.3.11 of the Act on the principles of determining the amount of remuneration for people managing certain companies as of 9 June 2016,

b) The Fixed Remuneration of members of the Management Board will be determined within the range from 7 to 15 times of the basis of the dimension referred to in Art. 1.3.11 of the Act on the principles of determining the amount of remuneration for people managing certain companies as of 9 June 2016."

**§ 2**

The § 3 item 1 of the resolution no 4 of the Company's Extraordinary General Meeting of January 24th 2017 regarding rules of determining of the PKN ORLEN Management Board remuneration, is changed as follows:

"The Variable Remuneration depends on the level of Managerial Objectives realization and may not exceed 100% of the Fixed Remuneration in the previous financial year."

**§ 3**

In § 3 of the resolution no 4 of the Company's Extraordinary General Meeting of January 24th 2017 regarding rules of determining of the PKN ORLEN Management Board remuneration the paragraph 2b is added:

"2b. The following general catalogue of Managerial Objectives for 2019 and next years is established:

- a) increase of business efficiency indicators,
- b) improvement of cost efficiency in the ORLEN Capital Group,
- c) implementation of strategic projects in accordance with the adopted budget and investment schedule in the ORLEN Capital Group,

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- d) implementation of long-term strategy in terms of supplies security, supply and storage of energy (fuels, electricity, heat), including in particular actions in respect to access to resources (upstream), diversification of purchase portfolio,
- e) increase of PKN ORLEN TSR (Total Shareholder Return) ratio in relation to the market,
- f) decrease of PKN ORLEN TRR (Total Recordable Rate) ratio,
- g) Developing the project portfolio and increasing expenditures on research, development and innovation.”.

#### **§ 4**

In § 3 of the resolution no 4 of the Company's Extraordinary General Meeting of January 24th 2017 regarding rules of determining of the PKN ORLEN Management Board remuneration the paragraph 3b is added:

“3b. The following additional Managerial Objectives determining the possibility to receive the Variable Remuneration for 2019 and next years are established:

- a) applying the principles of remunerating members of the management and supervisory bodies in all companies belonging to the Capital Group in accordance with the provisions of the Act,
- b) realization of duties mentioned in Articles 17-20, Article 22 and Article 23 of the act as of 16 December 2016 on the state asset management (Journal of Law 2018 position 1182), in the Company's subsidiaries defined in Art. 4 point 3 of act as of 16 February 2007 on protection of the competition and consumers (Journal of Law 2017 position 229 with changes).”.

#### **§ 5**

The Annual General Meeting of Polski Koncern Naftowy ORLEN Spółka Akcyjna hereby resolves to determine the consolidated text of the resolution no 4 of the Company's Extraordinary General Meeting of January 24th 2017 regarding rules of determining of the PKN ORLEN Management Board remuneration, changed by the resolution no 29 of the Company's Ordinary General Meeting of June 30th 2017, the resolution no 4 of the Company's Extraordinary General Meeting of February 2nd 2018, the resolution no 1 of the Company's Ordinary General Meeting of July 17th 2018 and the resolution no.... of the Company's Ordinary General Meeting of June 14th 2019, constituting the attachment to this resolution.

#### **§ 6**

This resolution shall come into force upon its adoption.

Number of shares validly voted on ...

Number of shares validly voted on as percentage of share capital ...

Total number of valid votes cast: ...

Votes in favour: ...

Votes against: ...

Abstentions: ...

## RESOLUTION NO. 4

### OF THE EXTRAORDINARY GENERAL MEETING OF POLSKI KONCERN NAFTOWY ORLEN SPÓŁKA AKCYJNA

#### dated 24 January 2017 regarding rules of determining of the PKN ORLEN Management Board remuneration

(The consolidated text after changes introduced by the resolution no 29 of the Company's Ordinary General Meeting of June 30th 2017, the resolution no 4 of the Company's Extraordinary General Meeting of February 2nd 2018, the resolution no 1 of the Company's Ordinary General Meeting of July 17th 2018 and the resolution no... of the Company's Ordinary General Meeting of June 14th 2019.)

Acting pursuant to Article 2 item 2 point 1, Article 4, Article 5, Article 6, Article 7 and Article 8 of the Act on the principles of determining the amount of remuneration for people managing certain companies as of 9 June 2016 (Journal of Laws of 2016, item 1202), the Extraordinary General Meeting of Polski Koncern Naftowy ORLEN S.A. with its headquarters in Płock, adopts as follows:

#### § 1

1. With a member of the Management Board, management services agreement is concluded for the period of the appointment (Agreement). A member of the Management Board is obliged to provide such services in person, notwithstanding whether they act as part of the performed business activity or not.
2. Provisions of the Agreement is determined by the Supervisory Board pursuant to the conditions specified in the Act on the principles of determining the amount of remuneration for people managing certain companies as of 9 June 2016 (Act) and pursuant to the provisions of this resolution.

#### § 2

1. The total remuneration of a member of the Management Board consists of a fixed part constituting a basic monthly remuneration (Fixed Remuneration) and a variable part constituting a supplementary remuneration for the Company's financial year (Variable Remuneration).
2. The amount of the monthly Fixed Remuneration of members of the Management Board will be determined in numbers by the Supervisory Board, subject to the following conditions:
  - b) The Fixed Remuneration of the President of the Management Board will be determined within the range from 7 to 15 times of the basis of the dimension referred to in Art. 1.3.11 of the Act on the principles of determining the amount of remuneration for people managing certain companies as of 9 June 2016,
  - c) The Fixed Remuneration of the members of the Management Board will be determined within the range from 7 to 15 times of the basis of the dimension referred to in Art. 1.3.11 of the Act on the principles of determining the amount of remuneration for people managing certain companies as of 9 June 2016.

#### § 3

1. The Variable Remuneration depends on the level of Managerial Objectives realization and may not exceed 100% of the Fixed Remuneration in the previous financial year.
2. The following general catalogue of Managerial Objectives for 2017 is established:
  - a) increase in the Company's EBIT,
  - b) increase in the Company's EBITDA,
  - c) increase in the Company's CAPEX for growth,
  - d) optimization of maintenance CAPEX, general and personal costs,
  - e) increase of PKN ORLEN TSR (Total Shareholder Return) ratio in relation to the market,
  - f) decrease of PKN ORLEN debt ratio,

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- g) decrease of PKN ORLEN TRR (Total Recordable Rate) ratio,
- h) preparation of long-term strategy in terms of supplies security, supply and storage of energy (fuels, electricity, heat), including in particular actions in respect to access to resources (upstream), diversification of purchase portfolio and introduction of innovative solutions,
- i) determination of the stream of revenue from alternative fuels, preparation and realization of the Company's investment activities in this area (including in the respect of the production of electricity),
- j) preparation of the action plan in terms of obtaining, development and implementation of innovations.

2a. The following general catalogue of Managerial Objectives for 2018 is established:

- a) increase of business efficiency indicators,
- b) increase of expenditure on research, development and innovation,
- c) optimization of maintenance CAPEX, general and personal costs,
- d) increase of PKN ORLEN TSR (Total Shareholder Return) ratio in relation to the market,
- e) decrease of PKN ORLEN TRR (Total Recordable Rate) ratio,
- f) implementation of long-term strategy in terms of supplies security, supply and storage of energy (fuels, electricity, heat), including in particular actions in respect to access to resources (upstream), diversification of purchase portfolio,
- g) implementation of the Company's investment activities in order to obtain revenues from alternative fuels (including in terms of electricity production),
- h) Operationalization of the action plan for the acquisition, development and implementation of innovations.

2b. The following general catalogue of Managerial Objectives for 2019 and next years is established:

- a) increase of business efficiency indicators,
- b) improvement of cost efficiency in the ORLEN Capital Group,
- c) implementation of strategic projects in accordance with the adopted budget and investment schedule in the ORLEN Capital Group,
- d) implementation of long-term strategy in terms of supplies security, supply and storage of energy (fuels, electricity, heat), including in particular actions in respect to access to resources (upstream), diversification of purchase portfolio,
- e) increase of PKN ORLEN TSR (Total Shareholder Return) ratio in relation to the market,
- f) decrease of PKN ORLEN TRR (Total Recordable Rate) ratio,
- g) Developing the project portfolio and increasing expenditures on research, development and innovation.

3. The following additional Managerial Objectives are determined to be achieved:

- a) implementing the principles of remunerating members of the management and supervisory bodies in all companies belonging to the Capital Group in accordance with the provisions of the Act to be achieved by 30 June 2017,
- b) determining the composition of the supervisory boards in all companies belonging to the Capital Group in such a manner that their members hold required qualifications of members of supervisory boards, confirmed by a positive result of the examination for candidates for members of supervisory boards or hold qualifications exempting them from the obligation to pass the examination in particular: hold a PhD degree in economic sciences or law, or are entered into the list of legal counsels, attorneys, expert auditors or investment advisers to be achieved by 31 December 2017,
- c) realization of duties mentioned in Articles 17-20, Article 22 and Article 23 of the act as of 16 December 2016 on the state asset management (Journal of Law 2016 position 2259), in the Company's subsidiaries defined in Art. 4 point 3 of act as of 16 February 2007 on protection of the competition and consumers (Journal of Law 2017 position 229) to be achieved by 31 December 2017.

3a. The following additional Managerial Objectives determining the possibility to receive the Variable Remuneration for 2018 are established:

- a) applying the principles of remunerating members of the management and supervisory bodies in all companies belonging to the Capital Group in accordance with the provisions of the Act,
- b) realization of duties mentioned in Articles 17-20, Article 22 and Article 23 of the act as of 16 December 2016 on the state asset management (Journal of Law 2016 position 2259), in the Company's subsidiaries defined in Art. 4 point 3 of act as of 16 February 2007 on protection of the competition and consumers (Journal of Law 2017 position 229).

3b. The following additional Managerial Objectives determining the possibility to receive the Variable Remuneration for 2019 and next years are established:

- a) applying the principles of remunerating members of the management and supervisory bodies in all companies belonging to the Capital Group in accordance with the provisions of the Act,
- b) realization of duties mentioned in Articles 17-20, Article 22 and Article 23 of the act as of 16 December 2016 on the state asset management (Journal of Law 2018 position 1182 with changes), in the Company's subsidiaries defined in Art. 4 point 3 of act as of 16 February 2007 on protection of the competition and consumers (Journal of Law 2017 position 229 with changes).

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4. The General Meeting authorises the Supervisory Board to detail the Managerial Objectives with respective weights, as well as objective and measurable criteria of their achievement and settlement (KPI - key performance indicators), subject to the following conditions:

a) a given member of the Management Board is entitled to the Variable Remuneration after the approval of the Management Board's report on the Company's activities and the Company's financial statements for the previous financial year and after the acknowledgement of the fulfilment of her/his duties by the General Meeting,

b) payment of a part of the Variable Remuneration may be delayed for up to 36 months depending on the fulfilment of conditions by a specified deadline, in accordance with the established Managerial Objectives; then such a part of the Variable Remuneration may be paid in full or in part at the end of the settlement period,

c) the Variable Remuneration is calculated proportionally; the proportion depends on the number of days of providing of the services by the Management Board members in a current financial year.

d) approval of the fulfilment of conditions of the Variable Remuneration of each Management Board member for whom the Managerial Objectives have been appointed for the given financial year and who held the position in the assessed financial year, is made by the Supervisory Board by determining the due amount on the base of the financial statement verified by expert auditors and on the base of the other documents depending on the appointed Objectives.

5. The expiry of the mandate assessed with respect to the achieved Managerial Objectives does not result in the loss of the right to receive the Variable Remuneration under the conditions specified in items 1-4 above provided that the duration of performing a function in the financial year was longer than 3 (three) months.

#### § 4

1. The Agreement obligates members of the Management Board to notify the Company of any intention to perform functions in the governing bodies of any other commercial company or to acquire shares in such a company or obtain an approval of the Supervisory Board for the above operations and may consist a prohibition to perform functions in the bodies of any other commercial company or it may impose other restrictions concerning additional activities of members of the Management Board.

2. A member of the Management Board may not receive remuneration for performing the function of a member of a governing body in the Company's subsidiaries within the meaning of Article 4 point 14 of the Act on Competition and Consumer Protection as of 16 February 2007.

3. The General Meeting authorises the Supervisory Board to determine prohibitions and restrictions referred to in items 1 and 2 above, relevant reporting obligations as well as sanctions for any improper fulfilment of such obligations.

#### § 5

In the Agreement, the Supervisory Board will determine the scope of principles of providing a member of the Management Board with technical equipment and resources constituting the Company's assets, necessary for the performance of the function; the Supervisory Board may also determine limits or a manner of determining limits concerning costs incurred by the Company in connection with providing a member of the Management Board with such equipment and resources as well as with the use of such equipment and resources for business purposes.

#### § 6

1. In case of the expiry of the mandate, in particular as a consequence of a member's death, dismissal or resignation, the Agreement is terminated on the last day of performing of the function without any necessity of additional activities.

2. Each Party has the right to terminate the Agreement with immediate effect in the event of the other Party's material breach of the provisions of the Agreement.

3. Each Party has the right to terminate the Agreement for reasons other than those specified in item 2 with a maximum notice period of 3 (three) months subject to the condition that if during the notice period there occurs an event referred to item 1 resulting in the termination of the Agreement caused by the discontinuation in the performance of the function, the Agreement will be terminated pursuant to item 1.

4. If the Agreement is terminated by notice or otherwise by the Company for reasons other than those specified in item 2, a member of the Management Board may be granted a severance pay in the amount

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not higher than 3 (three) times of the Fixed Remuneration provided such a member has performed the function for a period of at least 12 (twelve) months before the termination of the Agreement.

5. A member of the Management Board is not entitled to the severance pay referred to in item 4 if:

- a) the Agreement is terminated by notice or otherwise, or amended in consequence of a change in the function performed by a member in the Management Board,
- b) the Agreement is terminated by notice or otherwise, or amended in consequence of appointing a member for another term of Office of the Management Board,
- c) a member is appointed as a member of the management board in a company belonging to the Capital Group,
- d) a member resigns from his/her function.

## § 7

1. The Supervisory Board may conclude with a member of the Management Board a non-competition agreement binding and effective after the discontinuation in the performance of the function; such a non-competition agreement may be concluded only if a member of the Management Board has performed his/her function for a period of at least 3 (three) months and its amount may not exceed 100% of the fixed remuneration mentioned in §2 item 2 of this Resolution.

2. Entering into a non-competition agreement after the termination of the management services agreement is unacceptable.

3. The period of the prohibition against competition may not exceed 6 (six) months from the discontinuation of the performance of the function of a member of the Management Board.

4. Should a member of the Management Board fail to perform, or improperly perform, a non-competition agreement, such a member will be obliged to pay the Company a contractual penalty in the amount not lower than the amount of compensation due for the whole non-competition period.

5. In a non-competition agreement, the Supervisory Board is obliged to determine at least activities competitive to the Company business, the amount of compensation for complying with the prohibition against competition, the deadline for the payment of such compensation, notification obligations of a member of the Management Board as well as cases in which the prohibition against competition becomes ineffective. The Supervisory Board may determine the Company's right to withdraw from a non-competition agreement or the Parties' rights to terminate a non-competition agreement.

## § 8

The resolution shall come into force on the day of its adoption.