



**ORLEN**

**Polski Koncern Naftowy ORLEN**  
Spółka Akcyjna

## **PKN ORLEN S.A.**

**REPORT ON ENTERTAINMENT EXPENSES, LEGAL  
EXPENSES, MARKETING EXPENSES, PUBLIC RELATIONS  
AND SOCIAL COMMUNICATION EXPENSES,  
AND MANAGEMENT CONSULTANCY FEES**

**FOR THE YEAR ENDED DECEMBER 31ST 2017**

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**2017**

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## A. INTRODUCTION

This Report has been prepared on the basis of Resolution No. 37 of the Annual General Meeting of PKN ORLEN of June 30th 2017. Preparation of this Report is required under Art. 17.6 of the Act on State Property Management of December 16th 2016 (Dz.U. of 2016, item 2259, as amended).

This Report has been prepared on an accrual basis, with amounts given net of VAT. All amounts are presented in thousands of zlotys (PLN '000).

## B. MARKETING EXPENSES

### Marketing expenses

	Year ended December 31st 2017 [PLN '000]	Share in revenue  PKN ORLEN S.A.
<b>Marketing expenses</b>	<b>169,072</b>	<b>0.241%</b>

Marketing services were used to support the sales staff in meeting their annual operational plans and maintaining the Company's leading market position. The objective of using the services was to build and maintain strong brand recognition and promote the desired attributes of the ORLEN brand as well as the leading product brands. They were a tool used to build the image of PKN ORLEN as a socially responsible company of national interest.

Marketing expenses included primarily costs of promotional services, communication (creation, media buying, production of promotional and advertising media), sports, local and social sponsorship, culture, art and education sponsorship, event expenditure, the VITAY loyalty scheme for customers, and CSR activities.

## C. PUBLIC RELATIONS AND SOCIAL COMMUNICATION EXPENSES

### Public relations expenses

	Year ended December 31st 2017 [PLN '000]	Share in revenue  PKN ORLEN S.A.
<b>Public relations expenses</b>	<b>10,824</b>	<b>0.015%</b>

PR expenses comprised spending on internal and external communication activities.

In the case of external communication, the expenditure included cooperation with the media on placing themes of importance for the Company, including those highlighting PKN ORLEN's role in the Polish economy, maintenance of the [www.orlden.pl](http://www.orlden.pl) website and other communication channels, especially social media. PR expenses were also made on sponsoring the conferences attended by the Company's representatives and on production of multimedia materials (films and animations) about PKN ORLEN's activities, including materials for publication in social media. Other PR expenses related to social initiatives undertaken for the residents of Plock and employee volunteering initiatives benefiting also the residents of other regions of Poland.

With respect to internal communication, the funds were spent on maintenance and development of internal communication channels, such as company television, a printed magazine and the intranet, as well as on integration and social projects for PKN ORLEN employees.

#### D. MANAGEMENT CONSULTANCY FEES

##### Management consultancy fees

	Year ended December 31st 2017 [PLN '000]	Share in revenue  PKN ORLEN S.A.
<b>Management consultancy fees</b>	<b>11,400</b>	<b>0.016%</b>

Consultancy services included chiefly technical and pre-design support throughout PKN ORLEN's entire value chain, including production, sales and growth directions (e.g. mergers and acquisitions). In addition, consultancy services were provided in connection with security processes as well as the Company's operations in foreign markets.

#### E. LEGAL EXPENSES

##### Legal expenses

	Year ended December 31st 2017 [PLN '000]	Share in revenue  PKN ORLEN S.A.
<b>Legal expenses</b>	<b>8,878</b>	<b>0.013%</b>

Legal expenses included costs of legal advice and services as well as notary public services. The expenditure covered the cost of legal advice provided to PKN ORLEN and the costs of conducting proceedings before courts and other authorities. Services of legal advisers were used specifically in the preparation and negotiation of major contracts, preparation and execution of investment projects, for legal and regulatory matters, and in cases where knowledge of foreign legal systems was required.

#### F. ENTERTAINMENT EXPENSES

##### Entertainment expenses

	Year ended December 31st 2017 [PLN '000]	Share in revenue  PKN ORLEN S.A.
<b>Entertainment expenses</b>	<b>1,103</b>	<b>0.002%</b>

Entertainment expenses related primarily to business meetings, including meetings with the Company's key stakeholders organised at sports facilities in order to foster the existing and build new business relationships.

## G. SUMMARY

The following table summarises the expenses presented in this Report:

	Year ended December 31st 2017 [PLN '000]	Share in revenue PKN ORLEN S.A.
<b>Marketing expenses</b>	<b>169,072</b>	<b>0.241%</b>
<b>Public relations and social communication expenses</b>	<b>10,824</b>	<b>0.015%</b>
<b>Management consultancy fees</b>	<b>11,400</b>	<b>0.016%</b>
<b>Legal expenses</b>	<b>8,878</b>	<b>0.013%</b>
<b>Entertainment expenses</b>	<b>1,103</b>	<b>0.002%</b>
<b>TOTAL</b>	<b>201,277</b>	<b>0.287%</b>

**Representation of the Management Board**

This Report covers the year ended December 31st 2017 and comprises 6 pages.

This Report was approved by the Management Board of PKN ORLEN S.A. on May <sup>22</sup> 2018.



.....  
Daniel Obajtek  
President of the  
Management Board



.....  
Jadwiga Lesisz  
Member of the Supervisory Board  
temporarily delegated to perform the  
duties of Management Board Member



.....  
Zbigniew Leszczyński  
Member of the Management Board



.....  
Wiesław Profasewicz  
Member of the Management Board



.....  
Józef Węgrecki  
Member of the Management Board