



PKN ORLEN S.A.

**REPORT ON ENTERTAINMENT EXPENSES, LEGAL EXPENSES,
MARKETING EXPENSES, PUBLIC RELATIONS AND SOCIAL
COMMUNICATION EXPENSES, AND MANAGEMENT
CONSULTANCY FEES IN 2021**

2021

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A. INTRODUCTION

This report on entertainment expenses, legal expenses, marketing expenses, public relations and social communication expenses, and management consultancy fees (the "report on expenses") has been prepared pursuant to Resolution No. 37 of the Annual General Meeting of PKN ORLEN of June 30th 2017 in conjunction with Art. 17.6 of the Act on State Property Management of December 16th 2016 (Dz. U. of 2016, item 2259, as amended).

This report on expenses has been prepared on an accrual basis, with amounts given net of VAT. All amounts are stated in thousands of zloty (PLN '000).

B. MARKETING EXPENSES

	2021	2020	Share in revenue	
			2021	2020
Marketing expenses	320,519	307,487	0.357%	0.523%

Marketing services were used to support the sales staff in meeting their annual operational targets 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. The marketing message was also focused on highlighting key measures taken by PKN ORLEN to ensure its service stations were COVID-secure and supported the Company's fight against the pandemic. Various marketing campaigns 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 and communication (creation, media buying, production of promotional and advertising media), sponsorship of community projects dedicated to promoting education and patriotic attitudes, amateur sports, children's and teenagers' sport activities, professional sports, cultural initiatives, and various other public events, the VITAY loyalty scheme for customers, and CSR activities, including implementation of the CSR Strategy and the ORLEN Group Sustainable Development Strategy for 2021–2023, aimed at building engagement through the promotion of employee volunteering projects (across PKN ORLEN S.A. and other ORLEN Group companies), creating the image of a business that cares for its environment, managing the relationship with local communities, and carrying out programmes for security enhancement and for health and environmental protection. They did not include donations, which are presented in Note 11.10 of the separate financial statements of PKN ORLEN S.A. for 2021.

C. PUBLIC RELATIONS AND SOCIAL COMMUNICATION EXPENSES

	2021	2020	Share in revenue	
			2021	2020
Public relations and social communication expenses	20,631	21,426	0.023%	0.036%

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 business themes of importance for the Company as well as development and creation of various materials (infographics, animations, videos) for social media. Expenses were also incurred to hold press conferences and organise on-site tours and visits for journalists, attended by representatives of the PKN ORLEN Management Board. In 2021, PKN ORLEN allocated considerable funds for communicating the Company's efforts to build a multi-utility group, including primarily its planned integration with the LOTOS Group. At the same, the Company's support for local communities, including Gdańsk and Płock, was widely communicated.

With respect to internal communication, the funds were spent on maintenance and development of internal communication channels, such as the in-house *TV Studio GO!* television, *MGO!* printed employee magazine and intranet, as well as on creation of photographic images and videos, communication of M&A processes, and projects addressed to PKN ORLEN employees.

D. MANAGEMENT CONSULTANCY FEES

	2021	2020	Share in revenue	
			2021	2020
Management consultancy fees	57,440	47,773	0.064%	0.081%

Management consultancy fees related mainly to consultancy on M&A projects and projects pursued as part of delivery of the ORLEN Group Strategy, pre-project costs throughout PKN ORLEN's value chain, and regulatory compliance and corporate communication consultancy services.

E. LEGAL EXPENSES

	2021	2020	Share in revenue	
			2021	2020
Legal expenses	34,321	42,680	0.038%	0.073%

The expenditure covered the cost of legal advice provided on an ongoing basis 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, for legal and regulatory matters, and in cases where knowledge of foreign legal systems was required. A significant part of these expenses related to legal support for new strategic projects, including investment projects being developed or in progress.

F. ENTERTAINMENT EXPENSES

	2021	2020	Share in revenue	
			2021	2020
Entertainment expenses	2,738	1,578	0.003%	0.003%

The expenditure included mainly organisation of business meetings in Poland and abroad to maintain existing and build new business relations, strengthen PKN ORLEN's position in Central and Eastern Europe, and ensure the region's energy security.

G. SUMMARY

	2021	2020	Share in revenue	
			2021	2020
Marketing expenses	320,519	307,487	0.357%	0.523%
Public relations and social communication expenses	20,631	21,426	0.023%	0.036%
Management consultancy fees	57,440	47,773	0.064%	0.081%
Legal expenses	34,321	42,680	0.038%	0.073%
Entertainment expenses	2,738	1,578	0.003%	0.003%
TOTAL	435,649	420,944	0.486%	0.716%

The following table summarises the expenses presented in this report:

This report was signed by the Management Board of PKN ORLEN S.A. on March 22nd 2022.

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Daniel Obajtek
President of the Management
Board

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Armen Artwich
Member of the Management
Board

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Adam Burak
Member of the Management
Board

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Patrycja Klarecka
Member of the Management
Board

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Piotr Sabat
Member of the Management
Board

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Michał Róg
Member of the Management
Board

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Jan Szewczak
Member of the Management
Board

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Józef Węgrecki
Member of the Management
Board