



The Norwegian Transparency Act Report

Stavanger, June 2024

ROBERT ŚLESZYŃSKI

Chairman of the Board

MIROŚLAW ANKIEWICZ

Member of the Board

ŁUKASZ STRUPCZEWSKI

Member of the Board

Marek Woszczyk

General Manager

A large, stylized handwritten signature in blue ink, written over the printed name and title of Marek Woszczyk.

PURPOSE OF THE ACT

The Transparency Act came into force 1 July 2022. Its objective is to promote companies' respect for fundamental human rights and decent working conditions related to production of goods and provision of services and to provide the public with information about how companies manage negative consequences for human rights and decent working conditions.

ENTERPRISE'S STRUCTURE

PGNiG Upstream Norway AS (further referred to as: PGNiG/the Company) was established in May 2007, and its head office is in Stavanger/Norway, with a regional office in Tromsø. The objective of the Company is to explore, develop and produce oil and gas.

ORLEN SA (further referred to as: ORLEN) is the sole owner of PGNiG. ORLEN is integrated, multi-utility company, operating in Central Europe and Canada that provides energy and fuel to over 100 million of Europeans, while its advanced products are marketed to over 100 countries across 6 continents. ORLEN also carries its upstream activities in other countries than Norway: Pakistan, Egypt, Canada, Lithuania. ORLEN is on the Warsaw Stock Exchange, listed since 1999.

AREA OF OPERATIONS

Over the last years PGNiG has grown and gained significant experience from its operations on the Norwegian Continental Shelf and become a successful drilling operator. PGNiG currently owns shares in the producing fields on the Norwegian Continental Shelf (Skarv, Morvin, Vilje, Vale, Gina Krog, Ærfugl, Ærfugl Nord, Skogul, Kvitebjørn, Valemon, Duva, Alve, Marulk, Ormen Lange, Sleipner Vest, Sleipner Ost, Gungne, Utgard, Yme, Atla, SkirneByggve, and Heimdal) and participates in seven sanctioned development projects (Ormen Lange phase 3, Tommeliten Alpha, Yggdrasil, Tryving, Fenris, Alve North, Andvare, Verdande and Ørn). In addition, the Company holds a considerable exploration portfolio, which is expected to mature into future drill decisions on the Norwegian Continental Shelf.

On January 5th, 2024, the Company completed on the purchase transaction of all shares in KUFPEC Norway AS. The acquired subsidiary is now rebranded as ORLEN Upstream Norway 2 AS, and the assets and activities will be consolidated, and its organisation integrated with PGNiG during 2024. The acquisition of KUFPEC Norway AS expanded holdings of PGNiG in the producing fields of Gina Krog, Sleipner Vest, Sleipner Ost, Gungne and Utgard. In addition, the Company gained shares in the Eirin development as a subsea tie-back to Gina Krog.

GUIDELINES AND PROCEDURES

The GM holds the overall responsibility for enterprise risk management in PGNiG, including any risks relating to human rights and decent working conditions however, the responsibility for the performance of various tasks is allocated to the relevant business units.

PGNiG has a Code of Ethics that sets out its commitment to ethical business practices and social responsibility:

- PGNiG takes all possible measures to fully respect fundamental human rights and does not tolerate and prevent the dissemination of false or untrue information about the Companies and their employees.

- PGNiG eliminates all human rights violations and promotes the elimination of all forms of slavery and forced labour, and contributes to the effective abolition of child labour and prevents discrimination in employment,
- PGNiG ensures transparency of relations with customers and business partners by applying clear rules of cooperation.

Also, the Company adopted the Whistleblowing Policy, the procedure regarding Handling bullying and harassment in PGNiG UN AS and the Policy for the Prevention of Corruption and Fraud in the ORLEN Group and encouraging all employees and contracted staff to report censurable conditions within the organization.

The Company is strongly committed to prevent modern slavery and human trafficking,

PGNiG follows key principals:

- Risk assessment: PGNiG conducts regular risk assessments of its operations.
- Training and awareness: PGNiG raises awareness in this area internally.
- Reporting and investigation: PGNiG have established reporting mechanisms to report any concerns (e.g. through Whistleblowing Policy).

Overall, PGNiG has a strong commitment to ethical business practices and social responsibility and takes measures to prevent modern slavery and human trafficking in its operations and supply chain.

PUN also takes measures to prevent negative impacts on human rights linked directly and indirectly to its activities. For new agreements, PUN has updated its Terms and Conditions (TC) in 2023. The updated TCs included specific provisions on human rights, prevention of child and forced labor.

In addition to the procedure and mentioned policies and TCs, PGNiG utilizes Magnet JQS for supplier assessment. Magnet JQS has implemented a Human Rights Self-Assessment (HRSA) process. The HRSA is a tool that helps the company identify and manage potential human rights risks and impacts associated with its operations and supply chain.

The HRSA process involves several steps, including:

- identifying potential human rights risks and impacts: Magnet JQS conducts a thorough review of its operations and supply chain to identify potential human rights risks and impacts, using various sources of information, including stakeholder feedback, media reports, and risk assessments.

- assessing the severity of risks and impacts: Once potential risks and impacts have been identified, Magnet JQS assesses their severity, based on factors such as the likelihood and potential consequences of the risk or impact.

- developing a management plan: For risks and impacts that are identified as high priority, Magnet JQS develops a management plan, which outlines the steps that the company will take to address the risk or impact. This may involve engaging with stakeholders, implementing new policies or procedures, or working with suppliers to improve their human rights performance.

- monitoring and reporting: Magnet JQS monitors the effectiveness of its management plan and reports on its progress and performance, both internally and externally.

Overall, the HRSA process is an important tool for Magnet JQS to identify and manage potential human rights risks and impacts associated with its operations and supply chain, and to ensure that the company is upholding its commitment to responsible business practices.

ADVERSE IMPACTS AND SIGNIFICANT RISKS

In accordance with best practices and regulatory requirements, PGNiG has conducted a management risk assessment to identify and evaluate potential risks associated with our operations. No significant risks were identified that could pose a substantial threat to our business or stakeholders. This assessment reaffirms PGNiG's commitment to maintaining a robust risk management framework and ensuring the stability and resilience of our operations.

The risk assessment process employed by PGNiG involved a systematic and multidisciplinary approach. It incorporated input from various departments, subject matter experts, and key stakeholders across the organization. The assessment followed recognized risk management methodologies, combining both qualitative and quantitative analysis to ensure a comprehensive evaluation.

Throughout the assessment, potential risks were identified, evaluated, and ranked based on their likelihood of occurrence and potential impact. These risks encompassed various aspects of our operations, including financial, legal, operational, regulatory, environmental, and reputational factors.

While the management risk assessment yielded positive results, we recognize the need for ongoing vigilance and continuous improvement. PGNiG remains committed to regular risk assessments, reviewing its risk management practices, and adapting them to changing circumstances and emerging risks. We understand the importance of maintaining a dynamic approach to risk management to anticipate and address potential challenges effectively.

PGNiG's activity is based geographically in a low-risk environment regarding human rights and working conditions. Therefore, the employment legal framework, guidelines from Norwegian Authorities and industry specific regulations are implemented in daily activities and are verified on regular basis (e.g. through Havtil audits).

Information regarding measures

In recent years, there has been increasing awareness and emphasis on corporate social responsibility and sustainability within the oil and gas industry. PGNiG have conducted due diligence to identify and address any potential human rights risks associated with their operations. This includes implementing measures to prevent and mitigate adverse human rights impacts, conducting impact assessments, and engaging with stakeholders to address concerns.

It is important to note that the offshore industry's engagement with the human rights sector is a complex and ongoing process. While there are regulations and initiatives in place to promote responsible practices, challenges may still arise, and continuous improvement is necessary.

For 2024, dependent on the operational activity level, the Company plans to run more audits via Magnet JQS for the suppliers.

