

Consolidated report on payments to governments of ORLEN Group

in 2023



**20
23**



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(in PLN thousand)

1. BASIS FOR THE PREPARATION AND INFORMATION ON PRINCIPLES ADOPTED FOR PREPARING THE CONSOLIDATED REPORT ON PAYMENTS TO GOVERNMENTS

The consolidated report on payments to governments („Report”) has been prepared in accordance with the Polish Accounting Act of 29 September 1994 (uniform text: Polish Journal of Laws 2023, item 120, Chapter 6a) („Act”) and presents payments to governments in extractive industry of the Capital Group of ORLEN S.A. („Group”, „ORLEN Group”) in the year 2023.

ORLEN S.A. as the Parent Company is required to prepare consolidated report on payments to governments for the year ended 31 December 2023 covering data of the Parent Company and its subsidiaries operating in extractive industry.

Payments to governments presented in the Report relate to exploration, recognition and extraction of hydrocarbons in Poland, Canada, Norway, Pakistan, the United Arab Emirates and extraction of rock salt in Poland.

The Group disclosed returns in the period of receiving them and are presented in the Report as negative value.

More information on extractive activities is presented in the Management Board Report on the operations of the ORLEN Group and ORLEN S.A. for the year 2023 published on website:

<http://www.orlen.pl/EN/InvestorRelations/FinancialData/Pages/FinancialResults.aspx>

2. TERMINOLOGY USED

Government - under the Act, any national or local governments as well as all entities supervised or controlled by these governments, and in other countries of the European Economic Area or countries outside the European Economic Area - any national, regional or local governments of the European Economic Area or a country outside the European Economic Area and entities supervised or controlled by those governments.

In 2023, all payments disclosed in the ORLEN Group were made to national and local/regional governments as well as to entities supervised or controlled by that governments in individual countries.

Project - under the Act, the operational activity which is governed by a single contract, in particular leasing, letting, license or concession, being the basis for payment liabilities to a government of individual countries.

The Group aggregated the payments within a project if several such agreements were substantially interconnected. Substantially interconnected means geographically integrated concession units and purpose of work carried out on them resulting, to a significant extent they are considered jointly for the program of conducted exploration and prospecting works and construction of the necessary infrastructure for development and extraction of hydrocarbons and rock salt.

If it was not possible to disclose a payment at project level, the Group disclosed the requirements imposed at the country level, rather than at project level. Corporate income tax and mineral extraction tax are typical cases in point.

Reporting currency - the reporting currency of this Report is Polish Zloty (PLN). Payments are presented in PLN thousands. All amounts are rounded to the nearest thousand.

Principles applied to translation of financial data - payments to governments of foreign entities for the year ended 31 December 2023 were translated at the average exchange rate for the reporting period (arithmetic average of daily average exchange rates published by the National Bank of Poland in a given period):

- EUR/PLN 4.5428
- USD/PLN 4.2010
- CAD/PLN 3.1134
- NOK/PLN 0.3983
- UAH/PLN 0.1158

Payment - under the Act, amount paid whether in money or in kind for activities in the extractive industry.

In the case of operatorship agreements related to exploration and production licenses, if the Group entity is not the operator, this Report does not include any payments made to the operator (which is not a government), unless it is possible to identify such payment made indirectly by the operator on behalf of the Group entity to a government.

Materiality threshold - according to the Act, the Group did not disclose payments were a single payment or a series of related payments did not exceed PLN 425 thousand.

In 2023, the Group identified the following payment types:

- Taxes on income, production or profits (Taxes)

Under the Act, taxes levied on income, production or profits excluding taxes on consumption, such as value added tax, personal income tax or sales tax.



(in PLN thousand)

The Group presented in this item corporate income tax, extraction taxes and mining fees as a tax on production, the amount of which depends on the realized volume of extraction and fees on the profit generated on a specific mining license.

– Royalties

Payments for use of non-current assets of the entity for the rights to the exploration and exploitation of natural resources (e.g. minerals or crude oil and natural gas).

The Group has this type of payments for crude oil, natural gas and gas condensate of NGL (natural gas liquids) in Canada and natural gas in Pakistan.

Payments for crude oil were made in kind, remaining in cash. The value of payments in kind is determined based on the volume and the reference price of a given species of crude oil specified by the Alberta Department of Energy.

– Concession fees and bonuses for discovery and production (Concession fees)

Under this item, the Group presented fees for concessions granted.

– License fees, lease fees, charges for start-ups and other benefits arising from the granting of licenses or concessions (Other fees and benefits)

Under this item the Group presented the following fees:

in Poland: mainly fees for establishing mining usufruct, environmental fees (for the effluent discharge to water or to the ground, for the collection of surface water for mines, releasing gases and dust into the air), fees for excluding land from agricultural production, fees under the geological and mining law on the amount of gas and condensate extracted and stamp duty;

in Canada: payments into the reclamation fund;

in Norway: mainly fees for the acreage and natural resources the State is making available by awarding the production license;

in the United Arab Emirates: lease fees.



(in PLN thousand)

3. PAYMENTS OVERVIEW

3.1. Payments made to each governments by country

COUNTRY / GOVERNMENTS	Taxes	Royalties	Concession fees	Other fees and benefits	Total
Poland	548 076	-	1 529	15 459	565 064
National governments	405 305	-	1 529	8 032	414 866
Ministry of Climate and Environment	37 895	-	1 529	7 557	46 981
Tax Office	367 410	-	-	475	367 885
Local governments	110 008	-	-	3 504	113 512
Municipal and Commune Offices	70 073	-	-	2 150	72 223
Poviat Authorities	18 517	-	-	38	18 555
Marshal's Offices	21 418	-	-	594	22 012
District Courts	-	-	-	722	722
Entities controlled by national and local governments	32 763	-	-	3 923	36 686
National Fund for Environmental Protection and Water Management	32 763	-	-	-	32 763
National Forest Holding "State Forests"	-	-	-	2 437	2 437
State Water Farm Polish Waters	-	-	-	786	786
Department of Roads and Greenery	-	-	-	92	92
Other entities	-	-	-	608	608
Lithuania	7 946	-	-	-	7 946
National governments	7 946	-	-	-	7 946
State Tax Inspectorate (LR VMI)	7 946	-	-	-	7 946
Canada	-	81 742	-	2 559	84 301
Regional governments	-	53 996	-	-	53 996
Alberta Department of Energy ¹	-	53 996	-	-	53 996
Entities controlled by regional governments	-	27 745	-	2 559	30 304
Alberta Energy Regulator ²	-	-	-	2 559	2 559
Alberta Petroleum Marketing Commission ³	-	27 745	-	-	27 745
Pakistan	97 115	126	-	-	97 241
National governments	97 115	126	-	-	97 241
Federal Board of Revenue ⁴	97 115	-	-	-	97 115
Director General Petroleum Concessions	-	126	-	-	126
Norway	8 526 097	-	-	2 073	8 528 170
National governments	8 376 974	-	-	2 073	8 379 047
The Norwegian tax authority	8 376 974	-	-	-	8 376 974
The Norwegian Offshore Directorate ⁵	-	-	-	2 073	2 073
Entities controlled by national governments	149 123	-	-	-	149 123
Petoro ⁶	149 123	-	-	-	149 123
United Arab Emirates	-	-	-	739	739
Entities controlled by national governments	-	-	-	739	739
Ras Al Khaimah Petroleum Authority	-	-	-	739	739
	9 179 234	81 868	1 529	20 830	9 283 461

¹ department of energy of Alberta province, is responsible, among others, for the sale of concession rights to crude oil and natural gas, lease fees collection of those concession rights and royalties collection of the extracted gas and gas condensate NGL (natural gas liquids)

² Alberta province energy regulator, is responsible, among others, for fees collection for the reclamation fund

³ entity responsible for the sale of crude oil, that Alberta province receives in kind

⁴ Revenue Division of Government of Pakistan tasked, among others, with collecting taxes and duties



(in PLN thousand)

⁵ formerly known as the Norwegian Petroleum Directorate - Norwegian government agency responsible for, among other, the regulation of the petroleum resources on the Norwegian continental shelf whose mission is to ensure that the petroleum resources are allocated in an optimal way, at the same time incurring minimal environmental impact

⁶ Norwegian state-owned limited company which manages the State's Direct Financial Interest (SDFI) in oil and natural gas exploration and production licenses on the Norwegian continental shelf

* In 2023, the Group made payments of royalties in kind in the form of crude oil of 83,649 boe in the amount of PLN 27,745 thousand (representing approximately CAD 8,911 thousand), less the amount of PLN (388) thousand representing an adjustment for previous periods.

3.2. Payments by country, project and payment type

COUNTRY / PROJECT	Taxes	Royalties	Concession fees	Other fees and benefits	Total
Poland	548 076	-	1 529	15 459	565 064
Payments not assigned to projects	481 303	-	1 529	5 385	488 217
Extraction of rock salt	5 112	-	-	786	5 898
Exploration and recognition of hydrocarbons	61 661	-	-	9 288	70 949
<i>Edge Project</i>	1 520	-	-	2 444	3 964
<i>Plotki Project</i>	2 694	-	-	-	2 694
<i>Miocen Project</i>	240	-	-	661	901
<i>Rozewie Project</i>	-	-	-	737	737
<i>B-8 Project</i>	44 519	-	-	-	44 519
<i>B-3 Project</i>	12 688	-	-	283	12 971
<i>Łeba Project</i>	-	-	-	391	391
<i>Kosakowo Project</i>	-	-	-	609	609
<i>Borowo Project</i>	-	-	-	3 628	3 628
<i>Husów-Albigowa-Krasne Project</i>	-	-	-	535	535
Lithuania	7 946	-	-	-	7 946
Payments not assigned to projects	7 946	-	-	-	7 946
Canada	-	81 742	-	2 559	84 301
<i>Kakwa Project</i>	-	34 390	-	1 268	35 657
<i>Central Alberta Oil Project</i>	-	2 181	-	-	2 181
<i>Ferrier Project</i>	-	29 521	-	1 292	30 812
<i>South Alberta Project</i>	-	15 651	-	-	15 651
Pakistan	97 115	126	-	-	97 241
<i>Kirthar Project</i>	97 115	126	-	-	97 241
Norway	8 526 097	-	-	2 073	8 528 170
Payments not assigned to projects	8 376 974	-	-	992	8 377 966
<i>PL029 (Sleipner West) Project</i>	2 009	-	-	-	2 009
<i>Gina Krog Project</i>	147 114	-	-	-	147 114
<i>PL159F Project</i>	-	-	-	1 081	1 081
United Arab Emirates	-	-	-	739	739
<i>Ras Al Khaimah Project</i>	-	-	-	739	739
	9 179 234	81 868	1 529	20 830	9 283 461



(in PLN thousand)

This consolidated report on payments to governments was signed by the Management Board of the Parent Company on 24 April 2024.

signed digitally on the Polish original

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Ireneusz Fařara

President of the Management Board

signed digitally on the Polish original

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Witold Literacki

Vice-president of the Management Board

signed digitally on the Polish original

.....

Kazimierz Mordaszewski

Company's Supervisory Board member delegated
for temporary acting as member of the Company's
Management Board

signed digitally on the Polish original

.....

Józef Węgrecki

Member of the Management Board

signed digitally on the Polish original

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Tomasz Zieliński

Company's Supervisory Board member delegated
for temporary acting as member of the Company's
Management Board