

## **GENERAL MEETING OF SHAREHOLDERS OF UNIPETROL, a.s.**

### **Report on the Audit Committee's Activities**

Dear Shareholders,

On behalf of the Audit Committee of UNIPETROL, a.s., compliant with the provisions of Section 18.2 of the Articles of Association of UNIPETROL, a.s., I hereby submit to you the report on the activities of the Audit Committee of UNIPETROL, a.s.

Compliant with the Act No. 93/2009 Coll. ('the Auditors Act'), and the Articles of Association of UNIPETROL, a.s. the Audit Committee was established holding its first meeting on 12 May 2010 at which it adopted Rules of Procedure as the governance framework for its operations.

The Audit Committee is composed of three members, two of whom are fully independent, as appointed by the General Meeting: Rafał Warpechowski, Iain Haggis and Stanislaw Urban. Ivan Kočárník and Piotr Robert Kearney, who were previously appointed by the General Meeting on 24 June 2013, concluded their terms during 2015 while Mr. Urban was newly appointed on 2 June 2015.

In 2015 the Audit Committee has met on 22 January, 17 March, 22 April, 17 July, 22 July, 30 September, 21 October and 16 December, in accordance with the frequency foreseen in Rules of procedure of Audit Committee. During these meetings the Audit Committee has been informed and actively participated in the discussion of the performance of the statutory audit and on internal audit activities.

The Audit Committee has reviewed and discussed quarterly financial statements and has been regularly informed on the activities of the Internal Audit Department, implementation of the 2015 Internal Audit Plan and has discussed the significant findings from the audits in the areas of personnel competence management, payments management, polymer pricing, health and safety, asset management, CAPEX, procurement, heavy fuel oil sales, maintenance, production reliability, spare parts management and fuel station management. It has monitored closely the implementation of all recommendations proposed by internal audit and agreed by management as a result of the audits.

The Audit Committee has also reviewed and discussed additional internal audits performed at the request of the Board of Directors.

Additionally and more specifically, the Audit Committee

- Closely monitored the crisis situation arising after August 13, 2015 Steam cracker shutdown. Reviewed and discussed the results of ongoing investigations and action plans, considered the impact on financial statements and met with relevant stakeholders in order to understand and evaluate critical risks for the business.

- Reviewed and made recommendations with regard to the Risk Map and risk management procedures of the UNIPETROL Group, particularly in the context of the Internal Audit Plan for 2016;
- Reviewed and discussed the preparedness for implementation of the Enterprise Risk Management (ERM) System.

At its meeting on 16 December 2015 the Audit Committee has approved the Internal Audit Plan for 2016 for UNIPETROL, a.s. and its fully-owned subsidiaries.

The Audit Committee and its individual members have been in contact with the external auditors, KPMG Česká republika Audit s.r.o. Issues raised by the auditor were discussed following the interim work performed, then prior to the publication of the quarterly financial report for Q4/15 and again before the financial statements were completed.

Also, at its meeting 21 March 2016 at which a representative of the external auditor was present, the Audit Committee has reviewed and discussed the annual audited separate financial statements of UNIPETROL, a.s. and the annual audited consolidated financial statements of UNIPETROL Group as at 31 December 2015.

On the basis of the Auditors' Reports on separate and consolidated financial statements as of 31 December 2015 and the Auditors opinion contained therein, and having discussed those reports with the Auditor, the Audit Committee confirms that the financial statements have been prepared in line with legal requirements.

Dear shareholders, thank you for your attention.

The Chairman of the Audit Committee  
UNIPETROL, a.s.

20 April 2016