
**REPORT ON THE CONTROLLING ACTIVITIES OF THE SUPERVISORY
BOARD OF UNIPETROL, A.S. FOR THE GENERAL MEETING OF UNIPETROL,
A.S.
HELD ON 30 JUNE 2011**

1. INTRODUCTION

The Supervisory Board of UNIPETROL, a.s. (hereinafter “**Unipetrol**”) hereby submits to the Regular General Meeting its Report on Controlling Activities in the period from 1st January 2010 to 5th May 2011 r. (hereinafter the “**Report on Controlling Activities**”).

The Supervisory Board of Unipetrol declares that this Report on Controlling Activities was approved by the Supervisory Board in its version dated 5th May 2011.

2. MEETINGS OF THE SUPERVISORY BOARD

In the period from 1st January 2010 to 5th May 2011 (including) six (6) Supervisory Board meetings were organised in total. In the above period also the Supervisory Board also voted per rollam (i.e. outside the Supervisory Board meeting) eleven (11) times in total.

The individual meetings of the Supervisory Board took place on 26th February 2010, 18th June 2010, 24th September 2010, 2nd December 2010, 21st February 2011 and 5th May 2011.

The per rollam voting took place on the following dates: 15th – 16th March 2010, 6th – 9th April 2010, 20th – 22nd April 2010, 10th – 11th May 2010, 10th – 12th May 2010, 10th – 15th June 2010, 2nd – 12th July 2010, 31st August – 7th September 2010, 21st – 24th December 2010, 8th – 11th February 2011 and 20th – 22nd April 2011.

3. COMPOSITION OF THE SUPERVISORY BOARD

In accordance with the provisions of the company’s Articles of Association, as amended, the Supervisory Board of Unipetrol has nine (9) members.

As of 1st 2010 r. the Supervisory Board of UNIPETROL, a.s. had the following composition:

Dariusz Jacek Krawiec	Chairman of the Supervisory Board
Ivan Kočárník	Deputy Chairman of the Supervisory Board
Sławomir Robert Jędrzejczyk	Deputy Chairman of the Supervisory Board
Zdeněk Černý	Member of the Supervisory Board
Bogdan Dzudzewicz	Member of the Supervisory Board
Piotr Kearney	Member of the Supervisory Board
Andrzej Kozłowski	Member of the Supervisory Board

Krystian Pater
Rafał Sekuła

Member of the Supervisory Board
Member of the Supervisory Board

On 18th June 2010 the General Meeting decided to elect Mr. Krystian Pater and Mr. Zdeněk Černý for another term of office in the Supervisory Board, starting 29th June 2010.

On 5th May 2011 the Supervisory Board of Unipetrol had the following composition:

Dariusz Jacek Krawiec	Chairman of the Supervisory Board
Ivan Kočárník	Deputy Chairman of the Supervisory Board
Sławomir Robert Jędrzejczyk	Deputy Chairman of the Supervisory Board
Zdeněk Černý	Member of the Supervisory Board
Bogdan Dzudzewicz	Member of the Supervisory Board
Piotr Kearney	Member of the Supervisory Board
Andrzej Kozłowski	Member of the Supervisory Board
Krystian Pater	Member of the Supervisory Board
Rafał Sekuła	Member of the Supervisory Board

4. COMMITTEES OF THE SUPERVISORY BOARD

4.1 Permanent Committees of the Supervisory Board

On 10th December 2009 the General Meeting of Unipetrol made a decision to create an Audit Committee and an Operations and Finance Committee of the Supervisory Board of Unipetrol with the range of responsibilities same as the previous Financial and Audit Committee of the Supervisory Board of Unipetrol and the Ad Hoc Committee of the Supervisory Board for Business Review in the Unipetrol Group. Due to the above decision on 26th February 2010 the Supervisory Board of Unipetrol dissolved the above Committees, creating the Operations and Finance Committee with the following composition:

1. Sławomir Robert Jędrzejczyk	Committee Chairman
2. Ivan Kočárník	Deputy Committee Chairman
3. Piotr Kearney	Committee Member

In relation to further amendments to the Articles of Association of Unipetrol (dated 18th June 2010) the Supervisory Board on 24th February 2010 made a decision to:

- dissolve the Operations and Finance Committee and Strategy and Development Committee and to create in their place the Strategy and Finance Committee with the following composition:

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|--------------------------------|---------------------------|
| 1. Sławomir Robert Jędrzejczyk | Committee Chairman |
| 2. Ivan Kočárník | Deputy Committee Chairman |
| 3. Piotr Kearney | Committee Member |
| 4. Andrzej Kozłowski | Committee Member |

- and to dissolve the HR and Remuneration Committee and the Corporate Governance Committee and to create in their place the HR and Corporate Governance Committee with the following composition:

- | | |
|----------------------|---------------------------|
| 1. Krystian Pater | Committee Chairman |
| 2. Bogdan Dzudzewicz | Deputy Committee Chairman |
| 3. Zdeněk Černý | Committee Member |
| 4. Rafał Sekuła | Committee Member |

As of 5th May 2011 the following Committees of the Supervisory Board of Unipetrol were functioning:

(a) HR and Corporate Governance Committee:

Committee members as of 5th May 2011:

- | | |
|----------------------|---------------------------|
| 1. Krystian Pater | Committee Chairman |
| 2. Bogdan Dzudzewicz | Deputy Committee Chairman |
| 3. Zdeněk Černý | Committee Member |
| 4. Rafał Sekuła | Committee Member |

(b) Strategy and Finance Committee:

Committee members as of 5th May 2011:

- | | |
|--------------------------------|---------------------------|
| 1. Sławomir Robert Jędrzejczyk | Committee Chairman |
| 2. Andrzej Kozłowski | Deputy Committee Chairman |
| 3. Piotr Kearney | Committee Member |
| 4. Ivan Kočárník | Committee Member |

The above Supervisory Board Committees are among the Supervisory Board Committees created obligatorily, in accordance to the Supervisory Board Rules of Procedure. In the last period they performed the duties assigned to them by the current Rules of Procedure of the Supervisory Board of Unipetrol and regularly informed the Supervisory Board about the results of their activities at individual Supervisory Board meetings.

Thanks to the activities of the Supervisory Board Committees the activities of the Supervisory Board itself were made more efficient, as the individual matters within its competencies are regularly assigned to the appropriate Supervisory Board Committees for detailed analysis. The committees are composed of persons with extensive experience in the areas relevant to the specific committee.

The Supervisory Board bases its decisions on the results of the analyses prepared by the individual Supervisory Board Committees on specific subjects.

4.2 Other Committees of the Supervisory Board

Apart from the above, obligatory Committees of the Supervisory Board, until 26th February 2010 there was also a Business Review Committee of UNIPETROL Group, with the following competencies: periodic reviews of the business activities conducted in the company's core business areas, analysis of the planned activities in the individual business areas of Unipetrol, evaluation of the activities conducted by Unipetrol from the point of view of their impact on the financial results, periodic reviews of the activities in the remaining areas of Unipetrol and the Unipetrol Group. The Committee as of 26th February 2010 was composed of the following persons: Sławomir Robert Jędrzejczyk, Krystian Pater and Piotr Kearney.

5. CONTROLLING ACTIVITIES OF THE SUPERVISORY BOARD

5.1 Regular controlling activity

As part of the standard supervising activities the Supervisory Board in the last period monitored and reviewed regularly the business activities of Unipetrol, the development of the HR situation and the implementation of the strategy.

In 2010 the Supervisory Board analysed in detail the company's financial situation, including the restructuring and investment activities and their impact on the generated financial results. The Supervisory Board and its Committees monitored the process of the sale of shares in CELIO, a.s., finalised on 14th April 2010 by selling 50% shares to TICATANOR, s.r.o. and 1.06% shares to B.E.Fin S.A., for the total amount of CZK 78.3 million. Also verified in detail were the restructuring activities conducted in the Unipetrol Trade Group. These changes enable focusing on strategic markets and key clients, ensuring better efficiency. In 2010 the Supervisory Board studied and evaluated the proposed business activities, optimisation initiatives and macroeconomic assumptions included by the Board of Directors in the Financial Plan.

The company's Articles of Association were amended in December 2009, mostly to include the creation of the Audit Committee and increasing the competencies of the Supervisory Board; this led to amendments in the Supervisory Board documents, i.e. the Rules of Procedure of the Supervisory Board and its Committees. Other changes

mostly consisted of specifying in detail the rules of functioning of the Supervisory Board Committees were made in the above documents of the Supervisory Board due to the amendments to the company's Articles of Association made by the General Meeting in June 2010. In the past year the proposed amendments to the corporate documents of the subsidiaries were also submitted to the Supervisory Board for evaluation. These proposals were intended to provide more flexibility to the activities performed in these companies and aligning them with the expectations of the market environment. The Supervisory Board also gave its opinion concerning the proposed organisational changes as well as the remuneration and bonus rules in the Unipetrol Group.

The Supervisory Board and the individual Supervisory Board Committees regularly discussed the current activities of the Board of Directors of Unipetrol. Due to this fact both the Supervisory Board and its Committees analysed, among other matters, the financial results of Unipetrol and the ongoing work on the project of removal of old ecological burdens in the Unipetrol Group companies.

In 2010 the Supervisory Board, fulfilling its obligations resulting both from the generally applicable law and the internal regulations, gave its opinion on the full set of materials submitted by the Board of Directors to the Regular General Meeting of the company.

The Supervisory Board of Unipetrol declares that as part of realisation of its supervising duties it did not find any deficiencies in the activity of the Board of Directors of Unipetrol in the above matters.

5.2 Controlling activities on request of a shareholder

In the period from 1st January 2010 to 5th May 2011 the Supervisory Board did not perform any controlling activities on request of a shareholder.

6. EVALUATION OF THE COMPANY'S SITUATION

On the basis of its regular supervising activities in Unipetrol the Supervisory Board declares that the situation in Unipetrol is stable and that the Supervisory Board of Unipetrol did not discover during its supervising activities any significant deficiencies in the activity of the Board of Directors of Unipetrol.

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Prague, 5th May 2011

Supervisory Board of UNIPETROL, a.s.