
**REPORT ON THE CONTROLLING ACTIVITIES OF THE SUPERVISORY
BOARD OF UNIPETROL, A.S. FOR THE GENERAL MEETING OF
UNIPETROL, A.S.
HELD ON 18TH JUNE 2010**

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 2009 to 12th May 2010 (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 12th May 2010.

2. MEETINGS OF THE SUPERVISORY BOARD

In the period from 1st January 2009 to 12th May 2010 (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 six (6) times in total.

The individual meetings of the Supervisory Board took place on 13th February 2009, 29th April 2009, 24th June 2009, 30th October 2009, 10th December 2009 and 26th February 2010.

The per rollam took place on: 20th – 27th March 2009, 7th – 20th August 2009, 15th - 16th March 2010, 6th – 9th April 2010, 20th – 22nd April 2010 and 7th – 12th May 2010.

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 January 2009 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
Krystian Pater	Member of the Supervisory Board
Marek Serafin	Member of the Supervisory Board
Wojciech Wróblewski	Member of the Supervisory Board

In the period from 1st January 2009 to 12th May 2010 following changes took place in the composition of the Supervisory Board:

- (a) On 13th February 2009 the Supervisory Board of Unipetrol acknowledged the resignation of Mr. Marek Serafin from the Supervisory Board and his function ceased on the same day. On the same day it appointed Mr. Arkadiusz Kawecki a substitute member of the Supervisory Board until the next General Meeting.
- (b) On 24th June 2009, in relation to the Regular General Meeting of Unipetrol the membership of Mr. Bogdan Dzudzewicz and Mr. Arkadiusz Kawecki, i.e. the substitute Supervisory Board members appointed by the Supervisory Board until the next General Meeting, was terminated. On the same day the term of office of the Supervisory Board Member, Mr. Ivan Kočárník also expired.
- (c) On 24th June 2009 the General Meeting decided to recall from the Supervisory Board Mr. Wojciech Wróblewski. On the same day the General Meeting decided to elect to the Supervisory Board the following persons: Mr. Bogdan Dzudzewicz, Mr. Arkadiusz Kawecki, Mr. Ivan Kočárník and Mr. Andrzej Kozłowski.
- (d) On 24th June 2009 the Supervisory Board elected Mr. Ivan Kočárník as the Deputy Chairman of the Supervisory Board.
- (e) On 30th October 2009 the Supervisory Board of Unipetrol acknowledged the resignation of Mr. Arkadiusz Kawecki from the Supervisory Board and his function ceased on the same day. On the same day the Supervisory Board appointed Mr. Rafał Sekuła as a substitute member of the Supervisory Board.
- (f) On 10th December 2009, in relation to the General Meeting of Unipetrol, the membership of Mr. Rafał Sekuła, as a substitute member of the Supervisory Board until the next General Meeting, was terminated. On the same day the General Meeting elected Mr. Rafał Sekuła to the Supervisory Board.

As of 12th May 2010 the composition of the Supervisory Board of Unipetrol was as follows:

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
Andrzej Kozłowski	Member of the Supervisory Board
Piotr Kearney	Member of the Supervisory Board
Krystian Pater	Member of the Supervisory Board

4. COMMITTEES OF THE SUPERVISORY BOARD

4.1 Permanent Committees of the Supervisory Board

As of 12th May 2010 the Supervisory Board of Unipetrol had the following Committees as its bodies:

(a) HR and Remuneration Committee

The members of the Committee as of 12th May 2010 are: Krystian Pater, Zdeněk Černý and Rafał Sekuła.

(b) Operations and Finance Committee

The members of the Committee as of 12th May 2010 are: Sławomir Robert Jędrzejczyk, Ivan Kočárník and Piotr Kearney.

(c) Corporate Governance Committee

The members of the Committee as of 12th May 2010 are: Bogdan Dzudzewicz, Zdeněk Černý and Andrzej Kozłowski.

(d) Strategy and Development Committee

The members of the Committee as of 12th May 2010 are: Piotr Kearney, Andrzej Kozłowski and Ivan Kočárník.

The above Committees of the Supervisory Board are, according to the Articles of Association, the Committees the creation of which is obligatory. In the relevant period they performed the duties assigned to them by the valid Articles of Association of Unipetrol and the regularly presented the results of their activities to the Supervisory Board on its individual 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. The Supervisory Board and the individual Supervisory Board Committees analysed every transaction and decision important to the company.

In 2009 the Supervisory Board focused on controlling activities in the area of supervising the process of improving the financial results and the organisational restructuring of the Unipetrol Group. The results of this work was the implementation of the optimisation plan, based on several initiatives mostly in the area of limiting the Group's fixed costs, limiting the investment expenditure and optimising employment in the Group companies. It also recommended preparation and implementation of other optimising initiatives in 2010 and the following years.

The investment activities and restructuring taking place in the Group were subject to detailed analyses. The Supervisory Board and its Committees monitored the process of sale of the stake in CELIO, a.s., finalised on 14th April 2010 with the sale of 50% shares to TICATANOR, s.r.o. and 1.06% shares to B.E.Fin S.A. for the total sum of CZK 78.3 million. Also monitored were the restructuring activities concerning the Unipetrol Trade Group and increasing of the registered

capital of Butadien Kralupy. These changes will enable focusing on the strategic markets and the key customers, which should result in improved business efficiency.

The amendment of the company's Articles of Association, made in December 2009, consisting mostly of creation of an Audit Committee and extending the competencies of the Supervisory Board, demanded further amendments to the Supervisory Board documents itself, i.e. the Rules of Procedure of the Supervisory Board and its Committees. The Supervisory Board also received for evaluation the proposals of amendments of the subsidiaries' corporate documents. The goal was further improvement of flexibility of the subsidiaries' activities and their adaptation to the market requirements. The Supervisory Board also gave opinions concerning the proposed organisational changes, the remuneration and bonus rules in the Unipetrol Group and the audits taking part in the Group.

The Supervisory Board and the individual Supervisory Board Committees regularly discussed the current activities of the Board of Directors of. Both the Supervisory Board and its Committees analysed, among other matters, the financial results of Unipetrol and the shutdowns taking place in the Group in the relevant period.

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 2009 to 12th May 2010 the Supervisory Board did not perform any controlling activities on request of the shareholders.

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 during its supervising activities did not discover any significant deficiencies in the activity of the Board of Directors of Unipetrol.

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Prague, 12th May 2010

Supervisory Board of UNIPETROL, a.s.