
**REPORT ON THE CONTROLLING ACTIVITIES OF THE SUPERVISORY
BOARD OF UNIPETROL, A.S. FOR THE ANNUAL GENERAL MEETING OF
UNIPETROL, A.S.
HELD ON 2 JUNE 2015**

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 2014 to 23rd March 2015 (“**Report on Controlling Activities**”).

The Supervisory Board of Unipetrol states that this Report on Controlling Activities was approved by the Supervisory Board of Unipetrol in its version dated 23rd March 2015.

2. MEETINGS OF THE SUPERVISORY BOARD

In the period from 1st January 2014 to 23rd March 2015 eight (8) Supervisory Board meetings were organised in total. In the given period the Supervisory Board also voted per rollam five (5) times in total.

The individual meetings of the Supervisory Board took place on 29th January 2014, 20th March 2014, 29th April 2014, 26th May 2014, 3rd July 2014, 11th December 2014, and 23rd March 2015 (two-times).

The per rollam voting took place on the following dates: 15th-17th April 2014, 9th June 2014, 27th-30th June 2014, 18th-24th September 2014 and 5th-6th February 2015.

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 2014 the Supervisory Board of Unipetrol had the following composition:

Dariusz Jacek Krawiec	Chairman of the Supervisory Board
Sławomir Jędrzejczyk	Vice-Chairman of the Supervisory Board
Ivan Kočárník	Vice-Chairman of the Supervisory Board
Zdeněk Černý	Member of the Supervisory Board
Piotr Chełmiński	Member of the Supervisory Board
Bogdan Dzdzewicz	Member of the Supervisory Board
Piotr Kearney	Member of the Supervisory Board
Krystian Pater	Member of the Supervisory Board
Rafał Sekuła	Member of the Supervisory Board

In relation with expiration of a term of office of Mr Dariusz Jacek Krawiec, Mr Sławomir Jędrzejczyk and Mr Piotr Kearney, the Regular General Meeting of the company Unipetrol on 26th May 2014 decided on appointment the above mentioned persons into the Supervisory Board for the next term of office with an effect from 1st July 2014.

On its regular meeting organized on 3rd July 2014, the Supervisory Board decided on election of Mr Dariusz Jacek Krawiec as a Chairman of the Supervisory Board of Unipetrol, and also on election of Mr Sławomir Jędrzejczyk as a Vice-Chairman of the Supervisory Board of Unipetrol.

As at 23rd March 2015 the Supervisory Board of Unipetrol had the following composition:

Dariusz Jacek Krawiec	Chairman of the Supervisory Board
Sławomir Jędrzejczyk	Vice-Chairman of the Supervisory Board
Ivan Kočárník	Vice-Chairman of the Supervisory Board
Zdeněk Černý	Member of the Supervisory Board
Piotr Chełmiński	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
Rafał Sekuła	Member of the Supervisory Board

4. COMMITTEES OF THE SUPERVISORY BOARD

Permanent Committees of the Supervisory Board

As of 1st January 2014 the following Committees of the Supervisory Board of Unipetrol were operating:

(a) HR and Corporate Governance Committee:

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

(b) Strategy and Finance Committee:

1. Sławomir Jędrzejczyk	Committee Chairman
2. Piotr Chełmiński	Committee Vice-Chairman
3. Piotr Kearney	Committee Member
4. Ivan Kočárník	Committee Member

After the changes in the composition of the Supervisory Board of Unipetrol based on the decision of the General Meeting made on 26th May 2014, Mr Sławomir Jędrzejczyk and Mr Piotr Kearney became members of the Strategy and Finance Committee. Based on the decision of Committee members, Mr Sławomir Jędrzejczyk became a Chairman of the Strategy and Finance Committee.

As of 23rd March 2015 the composition of the individual Supervisory Board Committees was as follows:

(a) HR and Corporate Governance Committee:

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

(b) Strategy and Finance Committee:

1. Sławomir Jędrzejczyk	Committee Chairman
2. Piotr Chełmiński	Committee Vice-Chairman
3. Piotr Kearney	Committee Member
4. Ivan Kočárník	Committee Member

The above Supervisory Board Committees are among the Supervisory Board Committees created in accordance with the Unipetrol Articles of Association. In the last period they performed the duties assigned to them by the current Articles of Association 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.

5. CONTROLLING ACTIVITIES OF THE SUPERVISORY BOARD

5.1 Regular controlling activity

As part of its standard supervising activities the Supervisory Board supervised in the last period the activities of Board of Directors of Unipetrol, monitored the financial situation of Unipetrol Group as well as the development of the top management.

The Supervisory Board discussed in detail the analysis of Unipetrol Group's financial situation, including the implemented restructuring and optimization measures and their impact on the attained financial results. Furthermore, it also discussed and analysed the proposed operational initiatives and investment projects, including sources of funding contained in financial plans submitted by the Board of Directors of Unipetrol.

In connection with the change of the Articles of Association approved by the Regular General Meeting of Unipetrol on 26th May 2014, the Supervisory Board implemented changes in provisions of Unipetrol's other corporate documents, i.e. in the Rules of Procedure of the Supervisory Board, the Supervisory Board Committees as well as the Board of Directors. Furthermore, within the provisions' adjustment of Unipetrol Group companies' corporate documents with new provisions of the Commercial Law, the Supervisory Board discussed and approved the draft amendments to the Deeds of Foundation/Articles of Association of subsidiaries.

Taking into account the resignation of Mr Arthur Paździor, the Supervisory Board on 26th May 2014, with effect as of 11th June, 2014 appointed to the Board of Directors Mr Łukasz Piotrowski. At the same time, the Supervisory Board and its relevant committee gave a positive opinion and approval towards many personal changes in statutory and supervisory bodies of Unipetrol Group companies.

Changes in provisions of the Commercial Law and also changes in the composition of the Board of Directors of Unipetrol caused the need to implement changes in management contracts of the top management of Unipetrol Group and in the rules of bonus provisions.

In 2014, the Supervisory Board also carried out a detailed analysis regarding the Unipetrol's right of refusal and subsequently expressed its consent to the transaction closing with Eni International B.V. regarding the purchase of 303,301 shares of the company ČESKÁ RAFINÉRSKÁ, a.s., i.e. 32.445% stake in its share capital. This transaction confirms the strategic objective that is to ensure a long-term growth in Unipetrol Group. The purchase of this share will enable to assume full control over ČESKÁ RAFINÉRSKÁ, a.s., which will allow then full control of the company's capital expenditure and will also improve the security of raw materials supplies for the petrochemical part of Unipetrol Group.

In 2014 and 2015 the Supervisory Board, fulfilling its obligations resulting both from the generally applicable laws and the appropriate internal regulations of Unipetrol, gave its opinion on the full set of materials submitted by the Board of Directors of Unipetrol 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 material deficiencies in the activity of the Board of Directors of Unipetrol in the above matters.

5.2 Controlling activities on request of a shareholder

During the Regular General Meeting of Unipetrol held on 26th May, 2014 the Supervisory Board of Unipetrol received a request for review from Entris Equity Limited, with registered office at: Akropoleos 59-61, Savvides Centre, 1st floor, flat/Office 102, P.C. 2012 Nicosia, Cyprus, ID No: HE246285 ("**Entris Equity Limited**"), the shareholders of Unipetrol ("**requests**"):

- a. procedure of the Board of Directors and individual parameters that have an impact on change of assets in connection with depreciations based on updated valuation (impairment) carried out in 2012 and in the first quarter of 2014, and
- b. the terms of the loan of 4 billion CZK provided by PKN ORLEN S.A. in 2013.

After obtaining of such requests, the Supervisory Board of Unipetrol immediately initialized its detailed and comprehensive analysis. Based on the analysis of requests, the Supervisory Board concluded that:

- (i) all activities of the Board of Directors of Unipetrol in connection with carried valuation update process and also in connection with the loan granted by PKN ORLEN S.A. in the amount of 4 billion CZK in years 2012 and 2013, were in accordance with the professional approach and took into account the rules of due diligence,
- (ii) the parameters accepted for evaluation regarding substantiation of depreciation based on valuation update were in accordance with the best knowledge of members of the Board of Directors of Unipetrol correct and took into account the best interests of the company Unipetrol and its shareholders,
- (iii) the terms of the loan from PKN ORLEN S.A. correspond to market conditions for this type of transactions and ensure a stable financial position of the Group in the near future,
- (iv) the activities of the Board of Directors of Unipetrol in connection with the carried depreciation on the basis of the valuation update has been reviewed by an independent auditor, by the company KPMG Česká republika Audit, s.r.o., which did not raise any objections to proposed depreciations,
- (v) a comprehensive analysis regarding the substantiation of depreciation based on valuation update for the year 2014 will be processed by the Supervisory Board of Unipetrol in the first quarter of 2015 within preparation of the Supervisory Board's opinion for a review of unconsolidated and

consolidated financial statements for the Regular General Meeting of Unipetrol.

In the period from 1st January 2014 to 23rd March 2015, the Supervisory Board did not perform any controlling activities on request of 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 did not discover during its supervising activities any material deficiencies in the activity of the Board of Directors of Unipetrol.

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Prague, 23rd March 2015

Supervisory Board of UNIPETROL, a.s.