



Unnecessary cost for an enterprise in demonstrating safe operation to public authorities

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About PKN ORLEN



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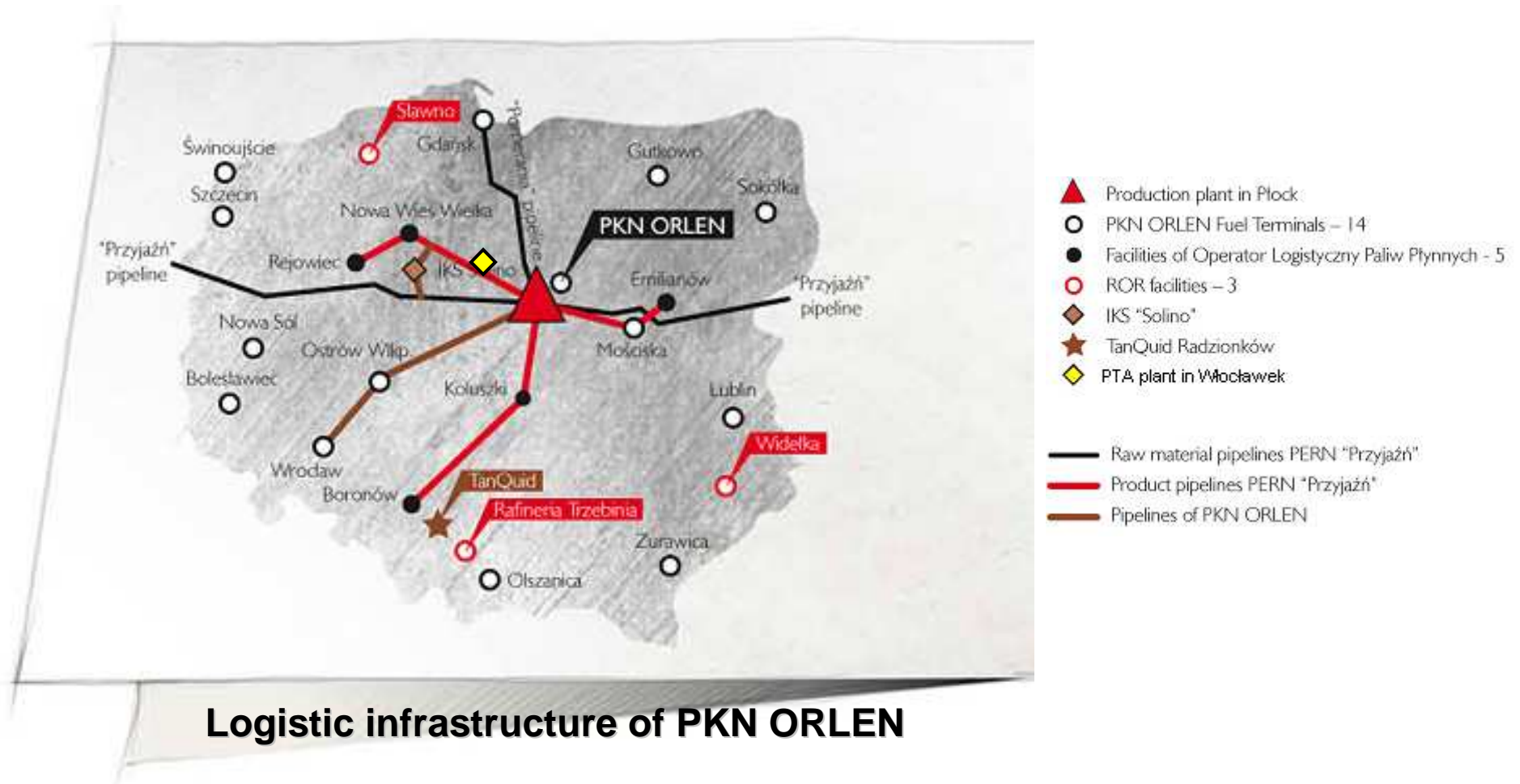
About PKN ORLEN

PKN ORLEN is a regional leader of the crude oil industry, a leading producer and dealer of refinery and petrochemical products.

The main activities of the Company include processing of crude oil into petrol, diesel fuel, furnace oil, aviation fuel, plastics and petrochemical products.

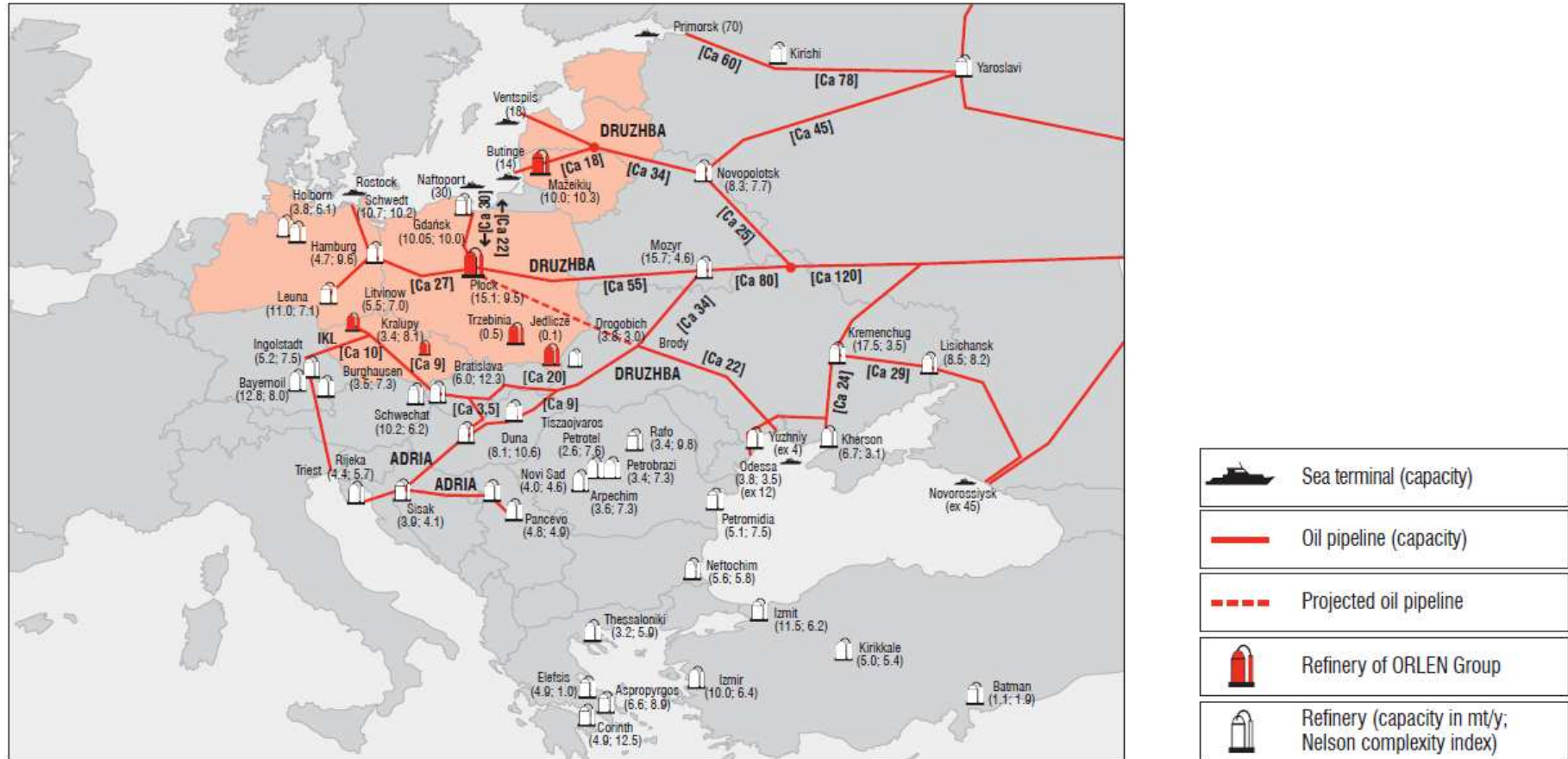


PKN ORLEN in the region



PKN ORLEN in the region

PKN ORLEN in the region. Main refinery assets in the region



Source: Oil & Gas Journal, own calculations based on Concaawe, Reuters, WMRC, EIA, NEFTE Compass, Transneft.ru.



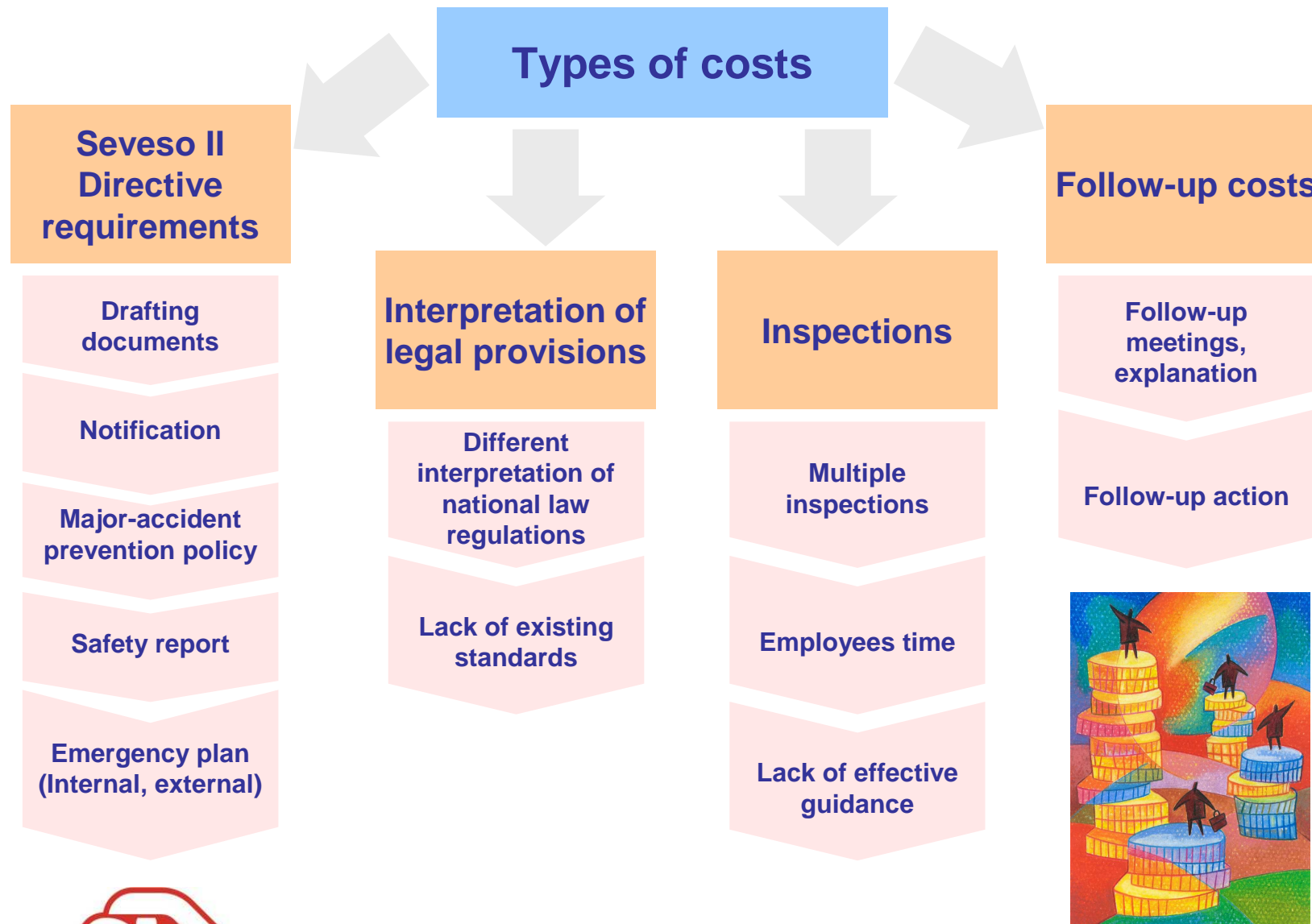
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Potential PKN ORLEN unnecessary cost in demonstrating safe operation



PKN ORLEN cost in demonstrating safe operation



PKN ORLEN cost in demonstrating safe operation

Requirements of the Seveso II Directive implementation:

- Development of several large documents
- Duplication of information in documents
- Development of additional analysis (sometimes for very marginal changes)
- Commissioning the development of documents
- Too much information required in the documents (e.g. information about enterprise legal status)



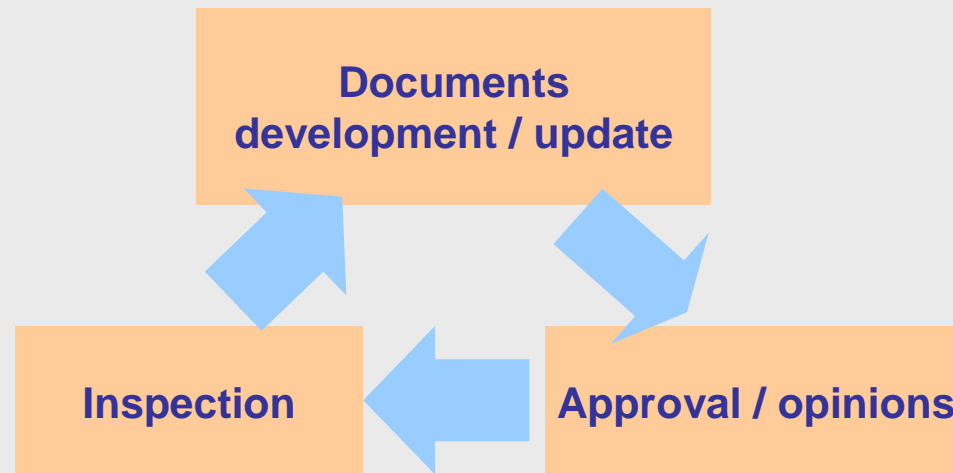
PKN ORLEN cost in demonstrating safe operation

National law regulations interpretation issue:

- Lack of guidelines, standards



- Many people involved in the whole process:



PKN ORLEN cost of safe operation

Inspections issue:

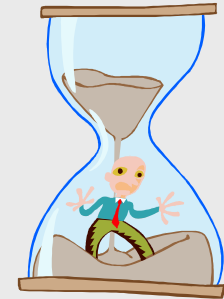
- Time spent by employees to participate
- Multiple inspections (Env. Protection Inspectorate, Fire State Service, Labour Inspectorate, Insurers, internal inspections)
- Lack of integration
- Wide range, according to a fixed schedule
- Lack of effective guidance from Inspectors



PKN ORLEN cost of safe operation

Follow-up activity issue:

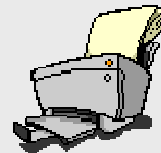
- Follow-up ordinance (short deadlines for the removal of non-compliance matters)



- Follow-up explanation, meetings, information of the action taken



- Development of additional documents, implementation of technical solutions



Summary

1. It's hard to provide specific costs of safe operation if we don't have tangible evidence such as bills, invoices
2. Limit the amount of information presented in documents (create a generally acceptable formula) could help to reduce cost
3. Time spent on multiple inspections certainly cost enterprises so as the saying goes: „time is money”
4. If we take into account several plants of PKN ORLEN in logistic infrastructure the amount of costs increase
5. Effective guidance from the Inspectors also could help to conserve our common time and money
6. Guidance or standard development also could help for better and unambiguous interpretation of law regulations in maintaining acceptable safe operation by Competent Authorities
7. On the other hand we must say: „controlled enterprise is a safe one”





Thank you for your attention

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