

Integrated reporting

The 2014 LOTOS Group Annual Report is an integrated report on the organization's operations in the 2014 financial year, which coincides with the calendar year. The previous integrated annual report was released in April 2014.

Prior to 2010, when the Board of Grupa LOTOS resolved to implement a new integrated reporting model for presenting management approach and performance across all aspects of our business, we had published our financial and non-financial (CSR) reports separately. This year's is our sixth integrated report.

We have adopted an integrated approach to presenting our performance so that the stakeholders are able to comprehensively evaluate our sustainable development efforts over the course of the year. Our approach is in line with the best communications practices expected of listed companies:

- **in the area of financial reporting, we follow the International Financial Reporting Standards (IFRS)** as endorsed by the European Union, published and effective as at December 31st 2014;
- **in the area of non-financial reporting, we follow the Global Reporting Initiative's Sustainability Reporting Framework and Guidelines (G3.1 GRI and the Oil and Gas Sector Supplement), and the United Nations Global Compact's Principles.** We have declared the A+ Application Level ¹ under the GRI's tripartite classification. Our reporting model also follows the guidelines included in **Directive 2014/95/EU of the European Parliament and of the Council of October 22nd 2014 as regards disclosure of non-financial and diversity information by certain large undertakings and groups** ('non-financial directive', amending Directive 2013/34/EU). The member states will be required to implement the directive into their respective legal frameworks as of December 2016, and domestic regulations necessary for the performance of the directive are to be applied to the indicated entities from 2017.
- **As regards integrated reporting, we strive to follow the guidelines of the International Integrated Reporting Committee (IIRC).** According to the IIRC, companies should combine their financial performance data with information on the social, environmental and economic setting in which they operate to enable their stakeholders to evaluate their long-term profitability.

When preparing this Report, we adhered to the core principles of accuracy, relevance, completeness, comparability, balance, and reliability. All information presented in this Report has been gathered in a reliable and responsible manner and verified as true.

The consolidated financial statements of the LOTOS Group included in this Report have been audited by Ernst & Young Audyt Polska in accordance with Section 7 of the Accountancy Act of September 29th 1994 (Dz.U. of 2009, No. 152, item 1223, as amended) and the Polish Financial Auditing Standards issued by the National Chamber of Statutory Auditors (Krajowa Rada Biegłych Rewidentów).

To ensure appropriate transparency and reliability of the non-financial data, independent limited-scope external assurance was carried out in 2015 by PwC in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information. ISAE 3000, issued by the International Federation of Accountants (IFAC), is based on the IFAC Code of Conduct and International Standards on Quality Control (ISQC-1), and is used for assuring CSR reports. It defines the key rules and procedures for assurance services, also those limited in scope. The 2014 Integrated Annual Report is our fourth report to undergo independent assurance of CSR data.

In addition to the procedure described above, we seek to ensure an appropriate quality of the reporting data collection process through the management systems in place at our organization.

This Report is published in electronic form only for environmental reasons, as well as to give the readers access to a variety of functionalities so that they can carry out their own analyses with ease. The readers can display selected numerical data by periods, GRI indicators, business segments, and other categories. The information presented in the publication is integrated with the contents of the organization's website, including earlier reports. The readers can also provide feedback. Additional functionalities have been implemented for the disabled, elderly and vision impaired, including a web reader, high-contrast option and adjustable font sizes. Economical printing option is also available to protect the environment.

The Board of Grupa LOTOS resolved to adopt an annual reporting cycle. Earlier reports are available from the www.lotos.pl <<http://www.lotos.pl/en/>> website. For contact details, see the 'Useful information' chapter of this Report. (See more <<http://raportroczny.lotos.pl/en/useful-information>>)

¹ The individual Application Levels are marked as C (lowest), C+ ('+' indicating that the report has been externally assured by an independent body), B, B+, A, and A+. The reporting criteria associated with each Application Level are a measure of the implementation of the Global Reporting Initiative's Sustainability Reporting Framework and Guidelines.

Stakeholder engagement to improve the reporting process

The functionalities implemented in the digital version of the Report and the method of selecting and presenting information are subject to continuous improvement, for example on the basis of opinion surveys carried out among the stakeholders and analysis of traffic on the Report's website.

Integrated Annual Report 2013



the best aspects of the Report

useful information, visual presentation, clear language / balanced information



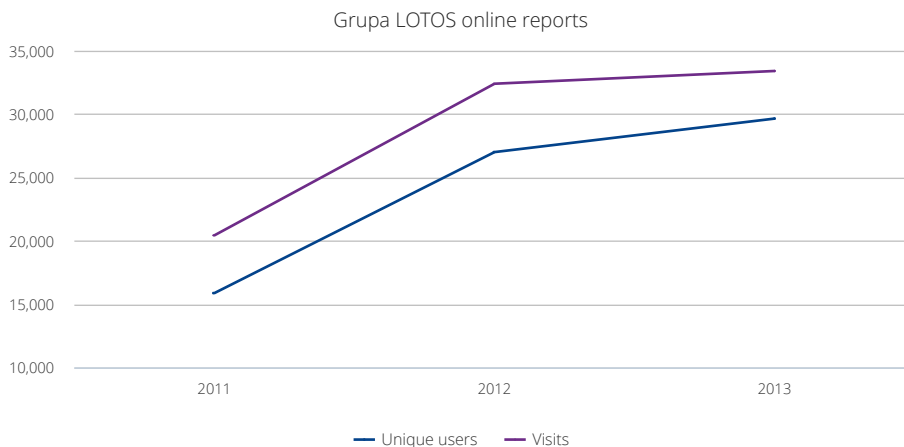
the most useful information

the Organization and its Report, [Human capital](#), Financials / Financial statements, Approach to management



the most useful functionalities

interactive data, clipboard – saving and printing pages of the Report, my Report – downloading specific chapters in the PDF format / interactive table, GRI content / search option, larger font size, book-style navigation



In the 'Best Annual Report 2013' competition held by the Accounting and Tax Institute, our previous report made the third place in the 'Main Awards for Companies' category.

2014 also saw the announcement of the results of the third edition of the 'ESG Analysis of Companies in Poland' project, organised by the Polish Association of Listed Companies, GES and Crido Business Consulting. The aim of the initiative was to improve the transparency of non-financial data reporting on the Polish capital market by educating listed companies on how to communicate ESG (E – environment; S - social; G – governance) data effectively and build their CSR strategies. Once the results have been summed up, a ranking of listed companies that best reported their ESG data was prepared, where three top companies were selected in two, one sector-based and one index-based, categories. Grupa LOTOS emerged as an ESG reporting leader in both classifications. Additionally, our misconduct risk management policy presented in the 2013 Integrated Annual Report was singled out as an example of good practice in non-financial reporting. A total of 897 companies listed on the Warsaw Stock Exchange were evaluated in terms of their reporting of ESG data.

RELATED CONTENT:

GRI and UN Global Compact Content Index

The Index can prove helpful in finding the exact place where specific information or result data required by the Global Reporting Initiative as well as resulting from the adoption and implementation of ten principles of the United Nations Global Compact by Grupa LOTOS has been published in the Report.

Go to the page » <http://raportroczny.lotos.pl/en/useful-information/gri-content-index>

Stock exchange

In 2014, Grupa LOTOS issued 55,000,000 Series D ordinary bearer shares in a public offering. The issue price of offered shares was set at PLN 18.10 per share. The issue proceeds will be applied towards co-financing of the EFRA Project, i.e. construction of a delayed coking unit at the Gdańsk refinery, and towards the development of our gas fields in the Baltic Sea.

Go to the page » <http://raportroczny.lotos.pl/en/results-and-prospects/segment-performance/stock-exchange>