

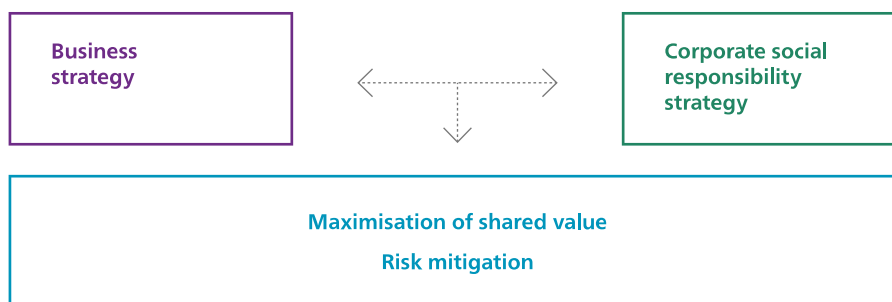
## Key objectives

The concept of corporate social responsibility is a part of the vision of the LOTOS Group's operations, and is reflected in both the business strategy and the corporate social responsibility strategy. In 2012, the Board of Grupa LOTOS approved the revised corporate social responsibility strategy for the LOTOS Group, effective – just like the business strategy – until 2015.

The primary goal of the LOTOS Group's CSR strategy is to support the organization in meeting the objectives provided for in its business strategy by optimum use of the organization's resources and capabilities to generate economic and social value for the benefit of the LOTOS Group and its environment.

To ensure successful delivery of that goal, the social, environmental, ethical and human rights concerns included in the CSR strategy were incorporated into the LOTOS Group's core operations and business strategy. In this way, we have created a mechanism to:

- Maximise the building of shared value for the shareholders, our other stakeholders and society as a whole,
- Identify, prevent and mitigate the possible negative effects of our operations.



The efforts undertaken by the LOTOS Group in the social and business spheres, in our relations with key stakeholders and in corporate governance are aimed principally to:

- Ensure compliance with the law and ethical standards,
- Increase our positive contribution to social development,
- Mitigate possible adverse impacts of our operations and the associated risks,
- Maximise our chances for sustainable development over the long term.

The LOTOS Group's CSR strategy until 2015 defined the key objectives to be achieved in individual areas of activity. For each of these objectives, a set of targets and action plans has been developed to support the achievement of the results envisaged in the strategy.

- **In the area of investment** in human resources our objective is to ensure the availability of highly qualified staff required to successfully implement the business strategy and enhance the corporate culture based on adopted values.
- **As regards health and safety improvement**, our priority is to increase the awareness and involvement in work safety improvement among the management staff, employees and contractors.
- **As regards integration with the local community**, our principal goal is to undertake initiatives that help to ensure lasting solutions to social and environmental issues vital to our local communities.
- **In the area of management of natural resources in the production process**, we seek to reduce environmental risk and continually minimise the environmental impact of the LOTOS Group's operations.
- **In terms of ethics and the prevention of misconduct**, we seek to improve our management by ensuring ethical conduct and the transparency of business processes, as well as by protecting the organization against misconduct.
- **Our strategic goal with respect to partnership relations with the market environment** is to build lasting customer relationships by focusing on understanding customers' needs and ensuring expected product quality and safety.
- **As regards energy sector security**, our objective is to support initiatives designed to enhance energy sector security in a socially and environmentally responsible manner.
- **As regards communication**, we aim to ensure that communication with employees is timely and appropriate to their various needs. We also seek to build organizational culture based on multi-directional, open communication, including through the development of a system of public consultations within the LOTOS Group.

2014 was the third full year of implementation of the LOTOS Group's corporate social responsibility strategy, which, just like our business strategy, spans the period to 2015.

**Jowita Twardowska**  
Communication and CSR Director, Grupa LOTOS



Therefore, we are about to update our objectives concerning social and environmental impacts, corporate governance and human rights protection. This will be an excellent opportunity for us to review our more than eight-year performance, since analyses underlying the development of our first CSR strategy were started in early 2007, as part of a series of important changes driven by the growth of the LOTOS Group as an integrated oil corporation.

Our approach to CSR is long-term and comprehensive, since it has become an element of the management process. The synergy of its business and social aspects has been ensured through the development of detailed operational plans and measures of the CSR strategy performance against targets in all of its key areas. Performance against targets is supervised by leaders of particular areas, reporting to the Board. For the purpose of performance reporting, we have developed a method to monitor the implementation of the CSR strategy, similar to that used for analysing the effects of our business strategy. Our CSR practices, similarly to practices in other key management areas, are additionally assessed for maturity, and evaluated by the management on a regular basis during our yearly 'CSR Day'. Recent analyses show a high level of achievement of the CSR targets, in excess of 90%.

Our approach consistently strengthens the LOTOS Group's reputation as a desirable employer, trading partner of choice, and trusted capital market participant, as well as a responsible neighbour, a business in symbiosis with its environment, committed to improving the well-being of its neighbourhood, resolving issues and responding to the challenges that emerge in the vicinity of its plants.

We strongly support the approach set out in the PN-ISO 26000 standard, where corporate social responsibility is defined as an element of the management process which takes into consideration a company's responsibility for the environment in which it operates. We identify, assess, measure and mitigate our social and environmental impacts. It is worth noting here that the precautionary measures we take depend on the results of analyses of how particular risks affect the functioning of the organization and its surroundings. Therefore, we measure not only our impacts, but also the impacts of external factors on the operation and effectiveness of the LOTOS Group.

We perceive our involvement with the affairs of the environment in which we operate as our duty and commitment towards the stakeholders. We believe in building the LOTOS Group value while catering to the needs and expectations of local communities. In fact, one of the eight pillars of the LOTOS Group's CSR strategy is integration with local communities. We understand it as contribution to ensuring lasting solutions to social and environmental issues vital to our local communities.

To translate this approach into effective action, we need to identify actual needs and expectations of our key stakeholders. And this is how the LOTOS Group works – we consult our decisions and priorities with local communities. A case in point is the consultation of our CSR strategy with the stakeholders. Also, everyone can share their views on our integrated annual reports or report an incident that involves a potential violation of our Code of Ethics.

Transparent ongoing communication, being open to public dialogue and transparent reporting on the implementation of the CSR strategy are also vital to creating lasting relations with the stakeholders.

LOTOS' sound financial and market position proves that we successfully bring benefits to the organization and simultaneously build value for our environment.

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## Social impact

2014 was outstanding in terms of the number of CSR programmes and campaigns as well as activities undertaken by the LOTOS Group under the cross-sectoral cooperation model. It was also a period of initiatives aimed to establish a responsible supply chain.

Go to the page » <<http://raportroczny.lotos.pl/en/results-and-prospects/sustainable-development/social-impact>>

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## Awards and distinctions

According to the Chapter of the ninth edition of 'The Best Annual Report' contest, the 2013 Integrated Annual Report of Grupa LOTOS exemplifies a publication based on which investment decisions can be made at a relatively minimal risk.

Go to the page » <<http://raportroczny.lotos.pl/en/the-organization-and-its-report/awards-and-distinctions>>

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## Membership in organizations

Representatives of Grupa LOTOS take part in the work of different organizations and we treat our membership in them as strategically important. The goals of these organizations are e.g. to develop new legislative solutions for the energy sector and to actively participate in public consultation of draft acts regulating the sector.

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