

# Organizational maturity

Every year at Grupa LOTOS, the Internal Audit Office assesses the Company's organizational maturity.

Organizational maturity is understood as the level of professionalism of key organizational solutions, processes and activities, as well as their consistency with the best operating and management practices, which underpin the organization's potential to achieve success in terms of protection and creation of value for its stakeholders.

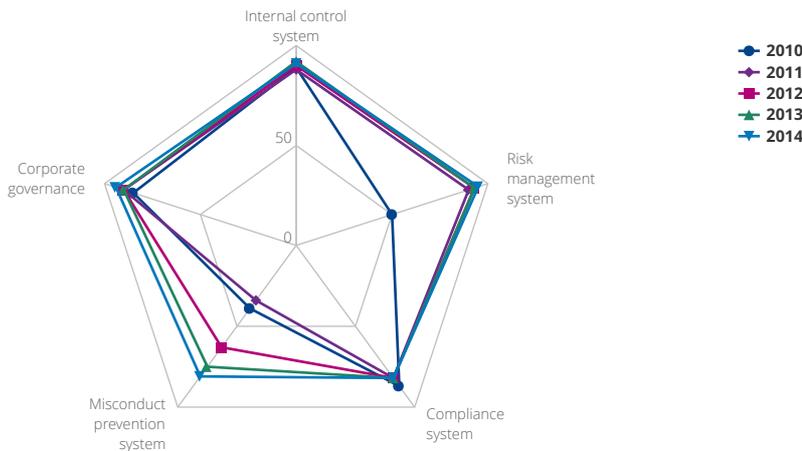
Organizational maturity depends on the company's systems and their constituent solutions which are crucial to the creation of value for stakeholders, relevant to the protection of company value, and key to its ability to operate on a day-to-day basis without any disruptions and in compliance with the law.

The following systems of Grupa LOTOS meet these criteria to the greatest extent:

- internal control system,
- risk management system,
- compliance system,
- misconduct prevention system,
- corporate governance.

Following the 2014 maturity assessment, separate opinions were issued on the operation of each system, along with a comprehensive assessment for the entire Company.

Results of the organizational maturity assessments carried out at Grupa LOTOS in 2010, 2012 and 2014



The results of the **overall assessment of the Company's organizational maturity** testify to the fact that Grupa LOTOS is an organization oriented towards professionalism and adoption of the best operating and management practices. We take steps to protect Company value, as evidenced by our well-developed internal control system and corporate governance solutions, as well as by our implementation of the misconduct prevention system. We also focus on being able to operate without disruptions and in compliance with the law. All these efforts are reflected in the current complexity and development level of the systems.

### Grupa LOTOS organizational maturity assessment for individual systems

<b>Internal control system</b>	We have put in place key organizational and process solutions making up the internal control framework. The processes defined and deployed by Grupa LOTOS are characterised by a high level of organizational maturity, as evidenced by the fact that the controls have been designed in alignment with the objectives. The key control solutions have been formally established and written into the Company's internal regulations. They work efficiently towards protecting Company value and allowing Grupa LOTOS to operate in a systematic and effective manner.
<b>Risk management system</b>	We have established key solutions for the system's correct operation, which play a crucial part in ensuring the delivery of its main objective to support the management process and creation of added value. To ensure that the system operates properly, we have communicated the Enterprise Risk Management Policy, and designated participants of the risk management process, including risk owners, the Enterprise Risk Management Coordinator and Enterprise Risk Management Committee. Detailed internal regulations have also been established defining the activities and procedures within the framework of the risk management system. In addition, in the second half of 2014 we launched workshops designed to identify operational risks for individual processes defined formally within the organization.

<b>Compliance system</b>	We take steps to ensure compliance of our activities and internal regulations with the generally applicable laws. We also take care to ensure compliance of our actions with the requirements laid down in our internal regulations.
<b>Misconduct prevention system</b>	In 2014, we continued managing the risk of misconduct in a comprehensive and structured manner, while fostering a corporate culture of ethics. Solutions are in place to mitigate the risk of both external and internal misconduct. We are building up knowledge relating to misconduct involved in our activities and developing a systemic approach to identifying and monitoring solutions and mechanisms to prevent and detect misconduct. Our consistent efforts to foster a culture of ethics by continually raising the awareness of desirable attitudes fully support and help develop the misconduct prevention system.
<b>Corporate governance</b>	We have established most of our key governance solutions, including those governing the relations between the Company's corporate bodies and other internal relations (connected with the approach to managing the organization and its resources), in conformity with the applicable standards and best practices. The solutions adopted with respect to the Company's corporate bodies and their mutual relations are generally consistent with the requirements defined in the 'Code of Best Practice for WSE Listed Companies'.

The relatively high score achieved by Grupa LOTOS in the organizational maturity assessment was largely the result of steps taken in the last few years and in 2014 to secure the Company's value and operations, demonstrated by the effectively working internal control system as well as corporate governance and compliance solutions.

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#### Key objectives

We achieve our business objectives with due regard to corporate social responsibility and sustainable development by the best possible use of the organization's resources and capabilities to generate economic and social value for the benefit of the Company and its environment.

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