

Avoidance of conflicts of interest

The Company is not aware of any conflicts of interest originating in 2011 with regard to the members of the Supervisory Board.

Under Art. 387 of the Commercial Companies Code, which aims to prevent combining management and supervisory roles particularly with respect to supervisory boards, a current member of the management board of a company, its proxy, liquidator, head of a division or production facility, or internal chief accountant, legal counsel or lawyer may not sit on the company's supervisory board. The said provision prohibits combining management and supervisory functions at an incorporated company in accordance with the principle that the supervised may not exercise supervision.

In addition to the requirements imposed by law, Rule 2 and Rule 4 contained in Section III of the Code of Best Practice for WSE Listed Companies place an obligation on supervisory board members to submit to the company's management board information on any relationships with a shareholder who holds shares representing 5% or more of the total vote at its general meeting. The obligation relates to economic links, family ties and other relations which may sway the member's position on issues decided by the supervisory board. Furthermore, a member of the supervisory board should notify the supervisory board of any conflicts of interest which have arisen or may arise, and should refrain from taking part in discussions and from voting on resolutions on the issue which gives rise to such a conflict of interest. The discharge of obligations described above lies within the scope of responsibilities of members of the supervisory board of listed companies.

Twice a year, members of the Supervisory Board of Grupa LOTOS make IFRS-compliant disclosures on related-party transactions in accordance with IAS 24 Related Party Disclosures for the purposes of the Company's annual and semi-annual financial statements. According to the disclosures made by members of the Company's Supervisory Board in respect of 2011, none of the members had any economic links, family ties or other relations with a shareholder holding 5% or more of the total voting rights at the General Shareholders Meeting of Grupa LOTOS which might sway their position on matters decided by the Supervisory Board.

The Company is not aware of any conflicts of interest that arose or could have arisen in 2011, which the member concerned should notify to the Supervisory Board and as a result of which the member should refrain from taking the floor and voting on resolutions pertaining to the matter giving rise to such conflict of interest.

In addition to the requirements described above, members of the Company's Supervisory Board, upon appointment, are required to make a representation to the effect that they are not engaged in any activities competing with the Company's business, and that they are not partners in any competing partnership under civil law or another type of partnership, nor members of a governing body of an incorporated company or of any other competing legal entity.