

## Occupational health and safety

The safety of employees and contractors is one of the LOTOS Group's priorities. Particular attention is paid to efforts aimed at maintaining high safety standards, minimising risks and reducing accident rates, while raising awareness of and promoting a culture of safe work. This has helped the LOTOS Group to earn the reputation of an employer offering a workplace that is safe, well-equipped and well-organised.

The LOTOS Group fulfils all its obligations under applicable laws in the area of occupational health and safety, as well as safety of processes and technologies. The obligatory measures in the area of occupational health and safety at the LOTOS Group include:

- controls and inspections of workstations,
- audits,
- OHS Committee,
- collaboration with the social labour inspectorate, a doctor responsible for medical care of employees and external entities,
- OHS and fire safety training,
- identification of hazards and appraisal of occupational risks associated with the presence of chemical and biological agents, noise or explosive atmospheres,
- adaptation of workstations to comply with legal requirements and principles of ergonomics,
- provision of safe working environment, workwear, and use of personal and collective protective equipment,
- provision of work organisation and workstations ensuring protection against accident hazards and exposure to health damaging and arduous conditions, with due regard to employees' mental and physical characteristics,
- adoption of systemic rather than ad-hoc solutions, to eliminate any detected irregularities, causes of workplace accidents, hazardous situations, etc.,
- elimination of health and life hazards, mainly through the adoption of non-hazardous technologies, equipment, materials and substances.



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**Jarosław Józwiak**  
Head of Health & Safety Office  
of Grupa LOTOS

At the LOTOS Group, our primary rule of safety states that no work is important or urgent enough to disregard safety. This rule applies not only to the LOTOS Group's employees, but to all persons working on the premises of the refinery or other production facilities. Many years of building a culture of high occupational safety are still ahead. Grupa LOTOS believes that awareness makes a safe employee, one who knows the consequences of their actions, but can also draw on their professional experience. When designing and implementing various safety solutions, we take advantage of the knowledge and experience of Company employees, while keeping track of the latest developments in the global refining industry. We draw on the experience of other companies. If an accident happens at a chemical plant, we inquire into its causes and analyse whether our safety measures are sufficient in this respect. Although we ourselves set the most stringent safety standards to work by, we are happy to see our efforts appreciated by insurance companies, external auditors and state authorities. In 2011, our efforts to improve occupational health and safety were recognised by the National Labour Inspectorate, which awarded Grupa LOTOS at the Pomeranian, and later at the national level, of the "Employer - provider of safe work conditions" competition, as a result of which the Company was entered on the Golden List of Employers. The distinction will certainly encourage us to take further initiatives for improvement of occupational safety, with active participation of the LOTOS Group's employees. We also have to adjust to the changing regulatory environment. We are full of ideas for "engaging" OHS. However, their success depends on joint effort and commitment of all employees. We will continue to ensure that the LOTOS Group's employees, contractors and guests feel safe and comfortable on our premises, that they

remember to take care of their health and enthusiastically participate in all educational and training initiatives, and that they report any issues for us to resolve them. This is our duty, this is why we are here.

**Jarosław Józwiak**

– Head of Health & Safety Office of Grupa LOTOS

The LOTOS Group spares no effort to ensure that:

- the workplace is properly organised,
- regular workplace surveys are performed,
- the best possible precautions are applied as regards technical processes and people's health,
- the threat identification and man-machine-environment risk assessment system is up-to-date,
- consulting, oversight and inspection tasks are performed on a regular basis,
- hands-on trainings and dedicated workshops are organised,
- partnerships are fostered with the public administration, domestic trade organisations, and scientific and research institutions,
- experience is shared with partner organisations from the Polish chemicals industry,
- employee awareness and commitment is raised to achieve a culture of safe work.

All these elements are our priority in the area of occupational safety, fire safety and health protection. Putting strong emphasis, at all levels of the organisation, on the staff's commitment to building a high occupational safety culture is a task for the years to come.

Workplace safety awareness is raised by:

- training and other staff development initiatives,
- education on OHS-related matters, fire safety and health protection,
- encouraging staff's involvement in developing and implementing the corporate OHS policy,
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The Company is equally committed to ensuring safety of its guests and contractors. To this end, third-party contractors:

- are given access to a dedicated website which distributes information on OHS/fire safety standards and requirements; and are furnished with the "Grupa LOTOS Site Rules and internal safety procedures",
- before entering the premises of the refinery, are handed the booklet "General Site Rules at Grupa LOTOS",
- before commencing work, they undergo training in internal safety rules and proper execution of work,
- are regularly assessed for compliance with the internal OHS requirements,
- attend meetings with the LOTOS Group's employees devoted to internal work safety standards and most frequent irregularities in the area of health and safety at work.

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## Occupational Health and Safety Committee

In accordance with the labour law provisions, as an employer with more than 250 employees, Grupa LOTOS has set up an Occupational Health and Safety Committee, which is an advisory and consultative body. The Committee comprises both representatives of the employer (the OHS unit personnel and doctor responsible for prophylactic care of employees), and of employees (including the Company's Social Labour Inspector and trade unions representatives). A representative of the employer, i.e. the Proxy for Employee Representation, is the Committee's chairperson, while the Company's Social Labour Inspector is its deputy chairperson. The Committee represents the interests of all employees, regardless of the fact whether they are or not members of the corporate trade union organizations.

The Committee reviews working conditions, periodically assesses the state of occupational health and safety measures, issues opinions on measures taken by the employer to prevent accidents at work and occupational diseases, prepares recommendations aimed to improve working conditions, and collaborates with the employer in its efforts to ensure compliance with OHS requirements.

At Committee meetings, the employer also fulfils its obligation to consult OHS matters with employees or their representatives. The Committee meets during working hours. When agreed with the employer, the Committee may use third-party expert appraisals and opinions at the employer's cost.

In 2011, the OHS Committee at Grupa LOTOS reviewed working conditions at railway loading facilities. In addition, the following issues were discussed:

- rules of procedure for work carried out pursuant to written permits, security guidelines for work performed inside tanks and apparatuses, and fire precautions for hot work,
- occupational health and safety monitoring,
- working conditions improvement plan for 2012,
- rules of using and maintaining workwear and personal protective equipment,

- accident reporting and investigation,
- guidelines for medical examinations.

Health and safety issues have also been covered in formal agreements with trade unions, including the Collective Bargaining Agreement for Employees of Grupa LOTOS. Apart from appointing the OHS Committee, the employer carries out consultations with regard to personal protective equipment, while employee representatives take part in controls, audits and accident investigations; and may lodge complaints or initiate periodic inspections.

The Company has established the Social Labour Inspector function. In 2008, a team of social labour inspectors was appointed by ballot at Grupa LOTOS for a four-year term of office ended January 31st 2012. Following the ballot, the person serving as the Company's Social Labour Inspector was – at a request submitted by six trade unions – released from normal work duties for the duration of his term of office. This decision of the employer allowed the staff representative to carry out his social supervision duties more efficiently, especially in the field of OHS. Halfway through his term of office, the Social Labour Inspector received an award from the Regional Labour Inspector of Gdańsk for outstanding diligence in performing his duties. Recognising the importance of employee involvement in improving work safety, the employer decided that, following the expiry of his term of office, the Social Labour Inspector would continue to exercise social supervision. Thus, as agreed with the Company's trade unions, the former Social Labour Inspector was assigned the task of controlling the technical safety of work at Grupa LOTOS. To provide the inspector with a necessary level of independence, a direct reporting line (both functional and organisational) was established between the inspector and a member of the Company's management.

## Accident rate

The most frequent accident-related injuries at the LOTOS Group are injuries of upper limbs, but also of hands and trunk. Most accidents have occurred during walking, loading and unloading, storage handling and transport.

2011 saw a year-on-year decline in the number of accidents at work and the LTIF value at the LOTOS Group. This was attributable to higher employee awareness regarding occupational safety resulting, among other things, from large-scale awareness initiatives, increased commitment and efforts to foster a culture of occupational safety. Employees took part in training and informal sessions focused on occupational safety. Other communication channels were also made available for that purpose. The above initiatives have delivered the expected result, as the level of employee awareness has demonstrably increased. This focused and planned process aimed at raising employee awareness and fostering a culture of occupational safety is meant to be a long-term effort, and so it will be pursued in the years to come. In recent years, there has been a welcome downward trend in accident rates at the LOTOS Group, which shows that our efforts in the area of health and occupational safety have put the LOTOS Group on the right track.

| Grupa LOTOS  | 2009  | 2010  | 2011  |
|--|-------|-------|-------|
| Number of employees <sup>1</sup>   | 1,305 | 1,315 | 1,318 |
| Accidents at work  | 13    | 9     | 5     |
| Post-accident absenteeism (calendar days). Lost days are counted from the day when the injured employee obtains a sick leave certificate from a doctor | 537   | 287   | 168   |
| Occupational diseases  | none  | none  | none  |
| The lost time injury frequency (LTIF) <sup>2</sup> (per 1 million hours worked)  | 5.6   | 3.4   | 2.1   |
| The lost day incident rate (LDIR) <sup>3</sup> (per 200 thousand hours worked)   | 1.1   | 0.7   | 0.42  |

<sup>1</sup> Average annual employment.

<sup>2</sup> LTIF – number of occurrences resulting in inability to work x 10<sup>6</sup>/number of working hours.

<sup>3</sup> LDIR – number of occurrences resulting in inability to work x 2\*10<sup>5</sup>/number of working hours.

| LOTOS Group  | 2009  | 2010  | 2011  |
|--|-------|-------|-------|
| Number of employees <sup>1</sup>   | 4,949 | 4,946 | 5,004 |
| Accidents at work  | 45    | 56    | 31    |
| Post-accident absenteeism (calendar days). Lost days are counted from the day when the injured employee obtains a sick leave certificate from a doctor | 1,257 | 2,502 | 1,558 |
| Occupational diseases  | none  | none  | none  |
| The lost time injury frequency (LTIF) <sup>2</sup> (per 1 million hours worked)  | 4.4   | 5.9   | 3.3   |

|  |     |     |     |
|--|-----|-----|-----|
| hours worked)  |     |     |     |
| The lost day incident rate (LDIR) <sup>3</sup> (per 200 thousand hours worked) | 0.9 | 1.2 | 0.7 |

<sup>1</sup> Average annual employment.

<sup>2</sup> LTIF – number of occurrences resulting in inability to work x10<sup>6</sup>/number of working hours.

<sup>3</sup> LDIR – number of occurrences resulting in inability to work x2\*10<sup>5</sup>/number of working hours.

| Work absence rate at Grupa LOTOS in 2011 | Blue-collar jobs | White-collar jobs | Total          |
|--|------------------|-------------------|----------------|
|  | day / employee   | day / employee    | day / employee |
| absence                                  | 36.45            | 47.17             | 43.00          |
| including: illness                       | 8.99             | 8.27              | 8.55           |

The LOTOS Group classifies accidents at work in accordance with Polish legislation. In addition, Grupa LOTOS records and keeps statistics of incidents according to the European scale, i.e. dangerous occurrences (including dangerous states and incidents with potential to cause an injury), accidents resulting in incapacity for work lasting more than one day (*LTI – Lost Time Injury*), based on which the LTIF (*Lost Time Injury Frequency*) rate is computed, and incidents requiring *first-aid treatment*.

In line with the guidelines contained in the ILO (International Labour Organization) Code of Practice Recording and notification of occupational accidents and diseases, companies of the LOTOS Group:

- have established uniform procedures to address accidents at work,
- perform cause and effect analysis of accidents at work,
- draw conclusions and take appropriate corrective and preventive measures to eliminate the risk of recurrence of similar incidents,
- document accidents at work and other hazardous situations, and
- identify and analyse dangerous occurrences, based on which they take appropriate proactive and reactive measures to prevent their recurrence.

## Best practices

The LOTOS Group undertakes educational and training initiatives and preventive programmes designed to minimise the consequences of employee illnesses.

Taking care of its employees' health, Grupa LOTOS provides them with a wide array of medical services, cooperating with chosen hospitals and clinics. Each employee holding a "Patient Card" can benefit from medical services available throughout the country. Additionally, employees are offered specialist help and counselling in personal and family problems by a dedicated team of psychologists employed by the Company.

In 2011, specialised training in first aid for children was carried out. Also, a preventive campaign was organised aimed at early osteoporosis detection. Thanks to specialist equipment, over 150 employees had their bone mineral density measured. Medical examinations and tests were also carried out, including tests for blood sugar and cholesterol levels, blood pressure, body fat metering, and BMI index specification.

The Company carries out regular educational programmes concerned with workplace risks and hazards. The most important ones included: classes in stress management, programmes focusing on the subjects of healthy eating habits, quitting smoking, safety when handling heavy objects, physical exercise and activity, office ergonomics, organisation of work at the workstation, safe use of chemicals, and noise protection.

In 2011, Grupa LOTOS was also engaged in a number of non-obligatory initiatives designed to promote occupational health and safety issues in an easy-to-understand and engaging manner. These included:

- Organisation of the 2nd OHS Day combined with prophylactic activities.
- Organisation of OHS workshops for management personnel of the production division.
- Installation of automated external defibrillators (AED) in high-traffic Company buildings in Gdańsk, and training aimed to teach a group of employees how to properly use the devices.
- Preparation of a video tutorial in two languages for third-party employees and guests, containing information on safety requirements and rules at the Company.
- Upgrade of the electronic system for monitoring the validity of contractor training in safety and working rules at Grupa LOTOS.
- Preparation of workplace accident cost estimate methodology, which takes into account a broad scope of factors behind such

occurrences.

- Commencement of collaboration with the National Labour Inspectorate and the State Fire Service concerning self-control of work condition reviews.
- Introduction of a modern electronic solution "Contractor Portal" (available also in English) to facilitate communication between the Company and contractors of works carried out at the refinery, and to provide current OHS and fire safety requirements and standards to external companies.
- Organisation of training for a dedicated first-aid team of production workers responsible for providing medical care until the arrival of a doctor.
- Continued emergency drills (accidents at work, chemical alerts, and evacuations), and practising emergency scenarios set out in the Safety Report, jointly with LOTOS Straż and the Refinery Response Team.
- Provision of efficient means of communication in the area of OHS and fire safety between the OHS unit and employees of the LOTOS Group, to facilitate reporting of hazards, and communicating of novel solutions employed in Poland or in the world, and proposals for improvement of work conditions. The most interesting initiatives include:
  - publishing the "Bezpiecznik" OHS quarterly (in 2009, it won a distinction from the Corporate Publishing Association in recognition of "uninterrupted reporter-like vigilance of OHS unit employees, who offer practical tips on how to avoid hazards using on-site examples"),
  - "Workplace safety" intranet panel, providing employees with tips on how to stay healthy and fit, video tutorials, training materials, trade news from the world, and knowledge tests,
  - publishing articles devoted to health and safety at work in each issue of the LOTOSFERA monthly staff newsletter,
  - dedicated workplace safety displays with materials promoting accident-free work environment, examples of dangerous occurrences provided by employees, and answers to enquiries submitted via OHS boxes or e-mail,
  - "Accident Rate" boards placed on the premises of the refinery, providing detailed figures on accidents and hazardous occurrences reported at different production plants and Group companies.

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## Improvement plans concerning occupational health and safety

### Short-term plans:

- Raising workplace safety awareness by organising and encouraging participation in the World Day for Safety and Health at Work;
- Implementing a uniform assessment system for testing production plants and subsidiaries for compliance with the OHS and fire safety requirements;
- Organising OHS workshops for management personnel of the production division;
- Developing various incentive methods for the purposes of periodic OHS training;
- Developing technical, OHS and fire safety standards for Grupa LOTOS investment projects, based on Polish and global legal requirements and standards;
- Preparation of workplace accident cost estimate methodology, with respect to technical, organisational and human resources aspects.

### Medium-term plans:

- Implementing of a revised work permit system with the use of IT tools at the LOTOS Group entities in Gdańsk (by 2013);
- Implementing the Lockout-Tagout safety system during repair work on the refinery's active production units;
- Establishing uniform safety standards across the LOTOS Group;
- Organising regular training for the Company's employees on how to properly use the AEDs;
- Upgrading the LOTOS Group's OHS and fire protection requirements and standards for contractors;
- Reviewing employee energy spending; Energy spending is a basic parameter specifying the amount of energy spent by a person at work. An assessment of energy spending for various work activities helps to prepare jobs descriptions, making it easier to recruit candidates for particular positions.
- Modifying emergency drills (accidents at work, chemical alerts and evacuations, practising emergency scenarios with the use of new simulation devices, such as colourful flares applied depending on the type of threat, use of training manikins and medical bags with a wide selection of specialist equipment for first aid practice);
- Organising driving improvement courses for company car owners, employees who use company cars most frequently and all professional drivers at the Company;
- Organising road accident rescue training and team-building programmes for employees who use company vehicles for the purpose of social campaigns;
- Introducing the calendar of monthly events concerning safety at work and health protection.

### Long-term plans:

- Fostering a culture of safe work, with the support from management and lower-level staff;
- Fostering a culture of safe work with the support from contractors;
- Implementing a programme based on lessons learnt by Grupa LOTOS and other organisations around the world, as a preventive measure in the area of safety at work;
- Achieving the best standards of production in the oil refining industry through the implementation of measures designed to maintain the downward trend in LTIF;
- Carrying out regular workplace assessments, including with respect to noise pollution and exposures to chemical substances;

- Continuing the Programme of standardising the work safety system at the LOTOS Group;
- Carrying out regular workstation inspections and reviews in order to identify and eliminate any hazards;
- Continuing training and preventive activities with respect to safety at work.

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