

Training and education

As a modern and dynamically growing business, the LOTOS Group takes proper care to ensure continuous development of its employees. Therefore, the LOTOS Academy is still subject to improvement.

	<p>The LOTOS Academy is a training and development programme which aims to build a partnership-oriented corporate team. Its mission is to entrench a work culture and management philosophy built around a model employee who consciously participates in the process of creating added value for customers and shareholders.</p>
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When designing the LOTOS Academy programmes, the Company is guided by the principles of:

- accessibility – training is targeted at all employee groups,
- coherence – the training scheme must be consistent with the Company's mission, strategy and long-term development plans, and aligned with other HR management areas,
- accountability – all participants of the process (senior management, line managers and the Human Resources Office) are responsible for the training results and development,
- continuity – professional development planning is a continuous process, aligned with the results of periodic performance evaluation, individual career paths, succession planning and development programmes designed for a particular employee group,
- flexibility – training planning and implementation must account for the fast-changing external conditions and desirable changes in the employees' qualifications.

In 2011, employees' development was fostered with the use of the following tools:

- **Skills map** – a set of key competencies required to properly perform a task,
- **Codes of ethics** – adopted codes of conduct (the Code of Conduct for Grupa LOTOS' Employees, the Code of Managers, the Corporate Decalogue),
- **Periodic Employee Evaluation System (PEES)** – review of the employees' skills and competencies, and target setting.

In 2011, the Periodic Employee Evaluation System covered employees of Grupa LOTOS and its subsidiaries: LOTOS Paliwa, LOTOS Asphalt, LOTOS Oil, LOTOS Tank, LOTOS Kolej, LOTOS Ochrona, LOTOS Straż, LOTOS Lab, LOTOS Serwis, LOTOS Petrobaltic and LOTOS Parafiny.

In total, 89.02% of all the LOTOS Group employees were subject to evaluation. In 2011, the percentage stage of the periodic evaluation completion (number of employees evaluated relative to the total number of employees) at individual companies ranged from 76% to 97%.

The PEES consists in evaluating key competences, including availability, decisiveness, creativity and innovativeness, ability to work in a team, leadership skills, adaptability to change, change management skills, work quality and performance, as well as management quality. The evaluation also rates the employees' achievement of goals and assignments in the previous year, while a training and development path for the next year is planned.

Training programmes

	<p>Akademia LOTOS for all staff, or the Training Calendar</p>
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The programme and schedule of training organised as part of the LOTOS Academy Training Calendar are available for all employees via the intranet system. The themes to be covered during the training sessions are determined based on the analysis of the competence map, the PEES results, and employee development plans at individual organisational units. Also, they take into account the corporate development requirements.

In 2011, individual employees' competences were developed through the following training:

1. Creative thinking and creative problem solving,
2. Business English in contracts,
3. Communication and cooperation of cross-functional project teams,
4. Work planning and scheduling – work efficiency,
5. Presentation and public speaking skills,
6. Team work,
7. Middle and lower-level management communication,
8. Project management,
9. Motivation workshops for management staff,
10. Negotiations – simulation game,
11. Communication – simulation game,
12. Assertiveness and conflict management,
13. 13. Business manners, or class and elegance in professional life,
14. Information handling techniques, fast reading,
15. Team leading,
16. Microsoft Office training,
17. Effective communication.

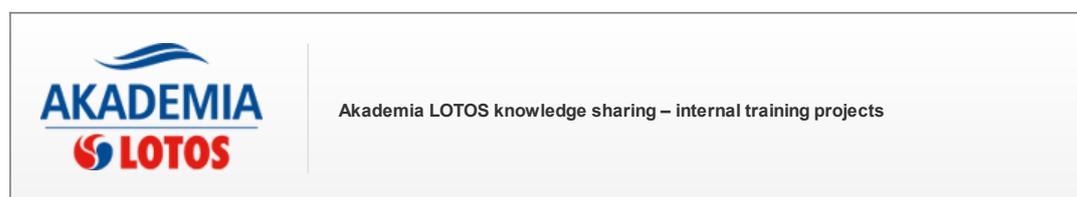


Induction programme for new employees – familiarisation with the LOTOS Group's values and organisational culture, encouragement of desirable behaviour, reducing the time necessary to effectively perform tasks, team integration, reducing change-related stress, increase in employees' commitment and satisfaction.

Seminars for management – general management competence development. The seminars cover a range of topics, including the strategic and economic aspects of a company's operations in a fast-changing environment, as well as demonstration of modern management methods and tools.

The MASTER Programme – developing uniform methods for selecting, preparing and training candidates for the position of supervisors at production plants in connection with vacancies expected in the coming years as senior staff retires and the number of facilities increases following the 10+ Programme. In 2011, 36 selected employees participated in the following training: Communication, Management for supervisors, Production team management, Task delegation, Setting objectives for employees, Production game, Conflicts and assertiveness, Let's talk about difficult issues, Coaching.

The Auditor School – preparing well-trained and experienced auditors, who will perform audits at the LOTOS Group's companies in line with the highest, uniform corporate standards. In 2011, both the employees who participated in the first edition of the Auditor School (in 2008) and future auditors who have only recently been selected had an opportunity to raise their qualifications. The training curriculum included the following themes: Internal Auditor of Integrated Management Systems, Practice workshop for Internal Auditors of Integrated Management Systems, Auditor – positive trends leader, Processes audit, Effective communication as a prerequisite for qualitative changes at a company, Internal audit focused on corporate risks, Supplier audit – supply chain audit.



Induction Training – dedicated to new employees of the LOTOS Group. It is organised as part of the Induction Programme for newly recruited employees, which has been in place at the Company since 2007. During the training, more experienced

employees share their knowledge on the Company's organisational culture, processes and procedures, as well as crude oil processing and the refinery's work.

Basic training for newly recruited production staff – transferring technical knowledge necessary to properly perform a unit operator's tasks. During a two week-training cycle, a group of qualified internal trainers share their specialist knowledge in particular fields. The training ends with a written exam.

Periodic Employee Evaluation System – training for employees who perform and undergo the evaluation, with the use of an internal procedure, evaluation sheets, electronic system and general rules for carrying out an evaluation interview.

LOTOS 2011–2015 Conference – discussing key aspects of the segments' operations (exploration and production, operating segment and market activities) in the context of the Company's strategic objectives. In connection with the LOTOS Group's new strategy, its main objectives along with the development directions until 2020 were presented by the officers in charge of the LOTOS Group's key operating areas. About 700 employees participated in the three conferences organised in 2011.

The average number of training hours per employee, by employment structure at Grupa LOTOS

Employee category	2009	2010	2011
Senior management	35.2	61.2	40.0
Lower management	51.9	60.3	38.0
Back-office staff	38.7	29.6	30.7
Production staff	10.3	12.6	13.2

Programmes for skills improvement and lifelong learning, regardless of age

All employees of the LOTOS Group, irrespective of age and time left to planned retirement, are offered the opportunity to attend internal (the LOTOS Academy) and third-party training programmes designed to help them acquire and enhance knowledge and professional qualifications and develop general skill sets. Improvement of staff's skills is ensured through financing or co-financing of learning, paid leave to travel and attend training courses aimed to enhance their professional qualifications, as well as educational leave.

It is worth noting that experienced employees are encouraged to take care of their younger colleagues, assuming the role of internal coaches. With respect to production staff, coaching is targeted at developing practical knowledge and skills in managing production processes and achieving better performance. Coaching targeted at participants of development projects, delivered by experienced managers, is designed to develop the participants' professional career in line with values professed by Grupa LOTOS.

Moreover, the LOTOS Group's employees can declare that they want to retire early. Employees who at any time during the two years before their due retirement date choose to switch from an indefinite-term to a fixed-term employment contract are offered a one-off 8.5% rise of monthly base pay, paid under the amended employment contract.

Retiring employees are entitled to a one-off cash severance payment, whose amount depends on the length of service. Its amount may range from an amount equal to an employee's monthly pay where his or her length of service does not exceed 15 years to 500% of the base amount if the employee has worked 35 years.

Improvement plans concerning personnel qualifications development

Short- and medium-term plans:

- The LOTOS Group Succession Programme – selection and proper preparation of reserve staff, who in due course would be able to fill strategic positions at the LOTOS Group. The Programme is aimed to support the LOTOS Group's business strategy by ensuring continuous staffing.
- The MASTER Programme – continuing the selection and training programme for 36 participants, process and unit operators, potential supervisors. Another year of the Programme involves a theoretical part designed to allow its participants to complement or acquire the necessary knowledge on production operations. The Programme will be supplemented by personalised training tailored to the needs of individual participants, such as assertiveness development, stress resilience, graduate and specialist postgraduate studies.
- A series of courses in production team management for experienced production personnel who have held the position of supervisors for many years.
- Implementing the STL® team leadership model for management staff of Grupa LOTOS. Enhancing team efficiency by developing leadership skills through another licensed training (following the cycle of the SL II® situational leadership training), prepared on the basis of techniques developed by the Ken Blanchard team.
- Counteracting mobbing at work – an e-learning course.
- The Auditor School – continuing training to establish uniform auditing standards across the LOTOS Group.

- Seminars for Management – continuing development initiatives targeted at management staff by organising new seminars, such as The 21st Century Leadership or Full POWER – Personal and Professional Efficiency.
- Continuing training for all the LOTOS Group's employees as part of the LOTOS Academy Training Calendar.

Every year, based on the periodic employee evaluation (PEES), the LOTOS Group prepares an **Employee Training Schedule in terms of budget** for the following year. The Schedule includes obligatory training, training related to acquiring qualifications required for a given position (e.g. for power generation and electricity engineering, shunting, crane and gantry crane operation, scaffold assembly, filling tanks with hazardous substances in compliance with the RID and ADR regulations), training related to new tasks and changes in applicable laws (law, economics, environmental protection, trade, finance, technology), language courses, system training (PN-EN ISO 9001:2009 – Quality Management Systems, PN-EN ISO 14001:2005 – Environmental Management Systems, PN-N-18001:2004 – Management Systems for Occupational Safety and Hygiene), industry conferences in Poland and abroad and seminars.

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