

## Stakeholders' involvement

The LOTOS Group's social responsibility strategy defines target groups to which its initiatives are addressed. The organization endeavours to build positive relations with all these groups as each of them, albeit to various extent, affects the LOTOS Group's performance, especially in the process of creating economic, social and environmental values. This also means that the LOTOS Group seeks to take into account the interests of the individual groups affecting its operations when making business, social and environmental decisions.

The groups are treated as the organization's stakeholders, that is entities, whether natural persons or otherwise, which may influence or be influenced by the organization's activities.

In 2011, the LOTOS Group performed a review of the stakeholder groups which had been identified in the course of preparing the Social Responsibility Strategy in 2007. Based on the analyses performed, the organization identified three key stakeholder groups.

### Key stakeholders groups of the LOTOS Group

Group I Internal environment	Group II Social environment	Group III Market environment
<p><b>Employees:</b> management, production, back-office staff, retired employees, employees of all LOTOS service stations, employees' family members</p> <p><b>The LOTOS Group's companies</b></p> <p><b>Trade unions</b></p> <p><b>Employee Council</b></p>	<p><b>Local communities:</b> inhabitants of the provinces where the LOTOS Group operates, in particular inhabitants residing in the vicinity of production plants, storage depots, service stations and other facilities owned by the LOTOS Group as well as professional groups using natural resources of the Baltic Sea</p> <p><b>NGOs</b></p> <p><b>Local government units of all levels</b></p> <p><b>Public authorities</b></p> <p><b>Science and research institutes and educational centres,</b> including higher education institutions and secondary schools educating would-be employees</p> <p><b>Employer organizations</b></p> <p><b>Media</b></p> <p><b>Environmental activists</b></p>	<p><b>(Internal and external) contractors and subcontractors</b></p> <p><b>(Domestic and foreign) suppliers</b></p> <p><b>(Existing and future) end customers</b></p> <p><b>Business partners</b></p> <p><b>Competitors</b></p> <p><b>Industry organizations and international institutions</b></p> <p><b>Regulatory and monitoring organizations granting certificates,</b> approvals, licences and recommendations</p> <p><b>Capital market participants:</b> shareholders, investors, analysts and fund managers</p>

The organization evaluates the effect of individual stakeholder groups on its operations in terms of development opportunities, but also threats which might arise if it omits to act or if the cooperation goes wrong.

In line with the guidelines included, inter alia, in the ISO 26000 standard Guidance on Social Responsibility, the organization acknowledges that the key condition for the implementation of its social responsibility strategy is the establishment and maintenance of stakeholder relations whose distinctive feature would be a high level of involvement of all process participants in the pursuit of set objectives. In the management of its relations with individual stakeholder categories, the LOTOS Group uses a differentiated set of methods and tools, tailored to the identified needs and expectations.

**Selected tools and methods for building relations with main stakeholder categories in 2011**

Main stakeholder categories	Relations management forms
Employees	In-person meetings, intranet platform, intranet kiosks, mobile service, corporate newsletter, training, opinion polling
Local communities	Social programmes and campaigns, internet service, opinion polling, consultation meetings with representatives of the communities
NGOs	In-person meetings, social programmes, internet service; annual report, opinion polling
Capital market participants	Current and periodic reports, annual report, in-person meetings, conferences, internet service, Investor Day
Public authorities	Annual report, lobbying, in-person meetings, conferences
Customers	Call service, internet service, information furnished through products, direct contact, social campaigns as part of the loyalty programme; satisfaction survey
Suppliers, subcontractors, business partners	Meetings with sales representatives, audits, cooperation assessment
Science and research institutes and centres	R&D projects, scholarship grants, in-person meetings

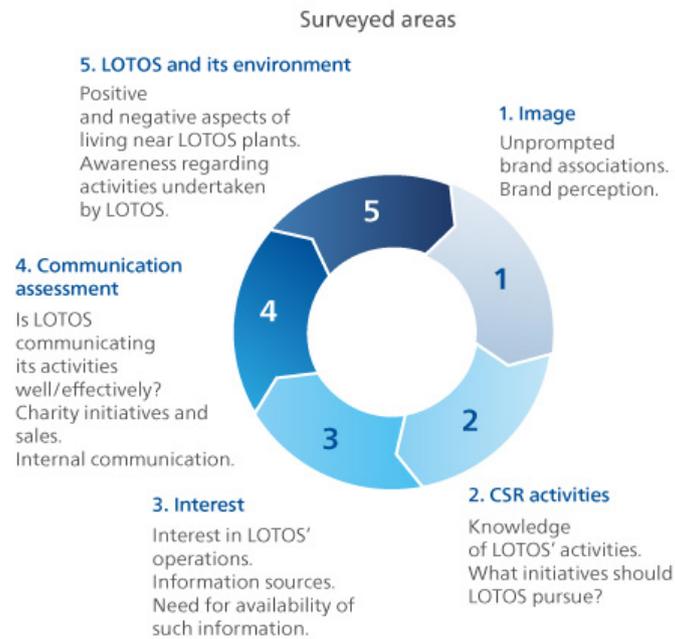
The noteworthy initiatives undertaken in 2011 include:

1. opinion polling among key groups of stakeholders;
2. involving the management staff and employees in perfecting social responsibility practices;
3. initiatives addressing key issues in the business environment.

**Opinion polling among key groups of stakeholders**

The chief objective of the opinion polls carried out by Grupa LOTOS in 2011 was to gather knowledge which would enable the

Company to appropriately draft the updated Social Responsibility Strategy of the LOTOS Group for 2012–2015. The polls were of both quantitative and qualitative nature. Their specific objectives were to gather knowledge on the perception of CSR in general and of efforts undertaken by the LOTOS Group in the CSR area to date, together with their evaluation, conclusions and expectations relating to further development of CSR by representatives of the LOTOS Group's key stakeholders. The opinion polls also covered the process of communicating CSR activities.



The quantitative stakeholder opinion surveys were conducted from August to September 2011 on a sample of around 1,900 respondents representing: inhabitants residing in the immediate vicinity of the LOTOS Group's facilities; inhabitants of the Gdańsk Province, Municipality of Jasło and Municipality of Czechowice-Dziedzice; entrepreneurs operating in Pomerania; as well the LOTOS Group's production and back-office staff.



The qualitative surveys conducted as in-depth interviews with individual stakeholders covered 36 representatives of key stakeholder groups, including:

- local government units of various levels in the main areas of the LOTOS Group's operations;
- central authorities at the national and EU levels;
- higher education institutions educating specialists in the fields or implementing projects relevant to the LOTOS Group's operations;
- NGOs of which Grupa LOTOS is a member or with which it cooperates on project execution, including employer organizations,

industry associations and organizations dealing with social issues;

- business community represented by Grupa LOTOS' business partners, contractors involved in the execution of the 10+ Programme and dealers of LOTOS service stations;
- the LOTOS Group's management staff representing key aspects of the LOTOS Group's business and locations important for the establishment of relations with local communities.

The qualitative stakeholder opinion surveys were conducted between September and November 2011, and in December 2011 Grupa LOTOS organized a consultation meeting with a group of 23 stakeholders representing different stakeholder groups to evaluate the strategic and operational objectives underlying the updated Social Responsibility Strategy of the LOTOS Group.

### **Involving the management staff and employees in perfecting social responsibility practices**

Since 2010, the LOTOS Group has implemented "the CSR Day" programme. The name is symbolic, as the event is actually longer. "The CSR Day" lasts two full days. Its participants include the entire management of the LOTOS Group: presidents and directors of all of the LOTOS Group's companies. Their total number is around 90. The managers attend lectures and are involved in team work. The lectures, delivered by external experts, present recent trends in CSR management by Polish and foreign enterprises, with a special focus on issues relevant for the oil industry, capital market considerations as well as issues broadening the knowledge of different aspects of CSR. Also, the most important achievements in this area in the given year are presented, alongside challenges and issues to be addressed in subsequent months. The practical part of the event is devoted to problem-oriented workshops whose participants improve their skills in managing corporate social responsibility. The managers learn about various CSR management methods, and analyse best practices implemented by other organizations as well as the results of research into different aspects of corporate responsibility and attitudes towards CSR expressed by individual stakeholder groups.

During "the CSR Day" held in 2011, the LOTOS Group's management staff participated in a panel discussing development directions in the CSR area in the context of updating the LOTOS Group's CSR strategy.

Also in 2011, workshops devoted to the strategy were held, attended by approximately 90 employees representing the LOTOS Group's operating areas of key importance from the point of view of its CSR efforts. It was the first project of this kind, involving in-house experts. In October 2011, working in five different problem areas (workplace, health and safety at work, social relations, market environment and environmental protection), they devoted a total of 80 hours to discussing development directions for the LOTOS Group's CSR area.

### **Initiatives addressing key issues in the business environment**

Representatives of Grupa LOTOS, working closely with other business entities and social partners, actively participate in initiatives designed to solve problems of key importance to the industry and the Company's business environment.

Grupa LOTOS participates in the activity of the Polish Higher Education-Business Forum (PFAF), with a view to intensifying the cooperation between business and the academic community, designed to support innovation and knowledge-based economy. The Forum also serves as a view sharing and opinion leading platform with respect to matters of key importance to Poland for representatives of business and the country's leading higher education institutions. The discussion panels and other initiatives are designed to make a positive difference in the country's economic and social life, while establishing mutual understanding and willingness to cooperate among entities representing the business and social sectors. President Paweł Olechnowicz has been involved in the Forum's activities as chairman of its board.

Through its membership in the Windsor Energy Group (WEG), Grupa LOTOS is actively involved in discussing and analysing global energy challenges, together with top experts of the private and public sectors. The organization boasts a long list of recognised personalities, who have decided and will decide on the lines of development of the oil and gas industry worldwide. The membership enables the Company to participate in a panel of energy experts, who are able to influence the world's economic development in the area of oil and energy. Being an active member of WEG, the Company is able to present its views concerning future development of the industry in Central and Eastern Europe, which may translate into actual influence on the industry development.

Grupa LOTOS is a founding member of Central Europe Energy Partners (CEEP), a regional organization bringing together energy-sector companies from Central Europe. CEEP's registered office is located in Brussels, because key regulations governing the operation of businesses, including energy companies, are enacted by the European Parliament and the European Commission, while the member states' legal regulations are harmonised in this scope. President Paweł Olechnowicz is Chairman of CEEP's Board of Directors, the highest position in its organizational structure.

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