

## Creative employee engagement

- In 2016, we tested the employee innovation management system through a pilot edition of the 'Turn an Idea into Reality' competition.
- In 2016 and 2017, 194 innovative projects were submitted in the competition to improve the operating efficiency of various areas in the three companies: LOTOS Asphalt, LOTOS Oil, and LOTOS Petrobaltic.

### Innovative employees – the 'Turn an Idea into Reality' competition

The purpose of the competition, launched in 2016, is to creatively engage the employees and use their innovative potential. In 2016 and 2017 (as at July 2017) the competition was entered by LOTOS Asphalt, LOTOS Oil, and LOTOS Petrobaltic employees, who worked on their projects either in teams or individually.

Summary of the projects at the three companies: most of the projects related to improvements in **production (59)**, then **trading (29)**, and finally **logistics (22)**. Most of the projects were submitted by employees of LOTOS Asphalt (77).

The 'Turn an Idea into Reality' competition is based on the following assumptions:

- The submitted projects should be capable of being implemented in the future and should bring measurable economic benefits to the company,
- The competition is run in a transparent manner, its rules are known and clear to all the participants,
- Award-winning improvement projects will be implemented at the LOTOS Group.

### Summary of the competition results at individual companies:

#### Innovative ideas put forward by LOTOS Asphalt employees

In 2016, a pilot edition of the competition was run at LOTOS Asphalt as part of a project to test the innovation management system at the LOTOS Group.

- The competition jury received **77 submissions**, presenting ideas on how to enhance processes in various areas of the organisation. Most of the projects related to **production (19) and logistics (14)**. There were also projects pertaining to the IT (8), administration (7), or HR (6) areas.
- **47 employees**, that is more than **20% of the company's total headcount**, signed up for the competition.

- The winning project, aimed at optimising bitumen production, was '**Improving the Efficiency of Bitumen Modification with Polymers in the Process Units**'. The second place was awarded to the design of an application for road designers and building inspection offices, which can be used for verifying the credibility of trading partners, and the third – to a project entitled 'Bunker Receipt Generated Automatically by the SAP System'.
- The winners were given cash prizes from PLN 3,000 to PLN 10,000. Additionally, eight distinctions were awarded, and each of the distinguished participants received PLN 1,000.

### Innovative ideas put forward by LOTOS Oil employees

- The competition jury received **69 innovative projects**, including 52 individual and 17 team submissions.
- The competition was entered by 43 LOTOS Oil employees (33 men and 10 women, representing **over 15% of the company's total workforce**), of whom 25 work in Czechowice and 14 in Gdańsk.
- The winning project was '**Manufacturing and Sale of Process Oils**'. It envisages manufacturing of process oils from raw materials available at the LOTOS Group. The oils will be used in rubber and tyre manufacturing and in related industries. The second place was awarded to a project related to the trade area, and the third – to a project from the logistics area, entitled 'Flexes to the Tracks'.

### Innovative ideas put forward by LOTOS Petrobaltic and SPV Baltic employees

- The competition was held at the company in the first half of 2017. **48 projects were submitted in total**, including 40 from individuals, and 8 from teams.
- The competition was entered by a total of **35 employees of LOTOS Petrobaltic** (9 women and 26 men), which represents almost **9% of the LOTOS Petrobaltic Group's** entire workforce.
- The winning individual project was '**Purchase and Installation of a Container Steam Boiler House Adapted to Be Fed with Separated Gas from the B8 Field**'. The second place was won by a project entitled 'Use of Gasoline Separator to Separate Natural Gasoline from Gas Burnt in Outboard Flares', and the third by 'Migration and Integration of Platform Warehouses and Deposits from the Onshore Base to the SAP System'. The winners were given cash prizes.
- **All the award-winning projects will be implemented and will bring measurable economic benefits to the companies.**

Company name	Number of projects	Active innovators as % of workforce
LOTOS Asphalt	77	19,5
LOTOS Oil	69	14,7
LOTOS Petrobaltic	48	9
<b>Areas</b>		
Trade	29	
Refining	57	
Exploration	2	

<b>Company name</b>	<b>Number of projects</b>	<b>Active innovators as % of workforce</b>
Drilling	2	
Logistics	22	
Finance	3	
IT	15	
Administration	16	
Marketing	11	
HR	10	
Other*	27	

\* OHS, training/certifications, development, procurement, employee integration, business practices and public relations, work organisation, communication.