

# Letter from the Chairwoman of the Supervisory Board

## [G4-1]

2016 was a challenging year for the global oil industry. All major oil companies in Poland and globally struggled with commodity and currency market volatility and with wide price swings in petroleum product markets.

Amid this unfavourable backdrop, the LOTOS Management Board was able to significantly boost operating profitability of the entire Group and optimise costs through organisational restructuring. The financial performance and oil throughput rates posted by LOTOS for 2016 were its best on record.

Diversification of Poland's oil supply sources is vital to the country's energy security. LOTOS leads the way in diversification, with every third barrel of oil processed at the Gdańsk refinery in the first quarter of 2017 originating in regions other than Poland's neighbouring countries to the east.



As regards the retail market for petroleum products, LOTOS deserves recognition for its successful efforts to expand the size and enhance the profitability of its service station chain.

LOTOS is poised for further growth underpinned by the strategy for 2017–2022 that was adopted late last year, which places a focus on achieving financial stability, completion of the ongoing capital investment projects, innovation support, and entry into new areas of petroleum refining and marketing.

I am confident that 2017 will be a time for LOTOS to peacefully and efficiently manage the resources it has built over the years and to implement more positive change for the Group and Poland's economy.

*With kind regards,*

A handwritten signature in black ink, appearing to read "Beata Kozłowska-Chyła". The signature is written in a cursive style with a long vertical stroke extending downwards from the first letter.

**Beata Kozłowska-Chyła,**

Chairwoman of the Supervisory Board  
Grupa LOTOS S.A.