



LOTOS Group
Integrated Annual Report 2016

06

TAKING RESPONSIBILITY FOR INTERNAL AND EXTERNAL STAKEHOLDERS

Taking responsibility for internal and external stakeholders > Who do we engage with and why?

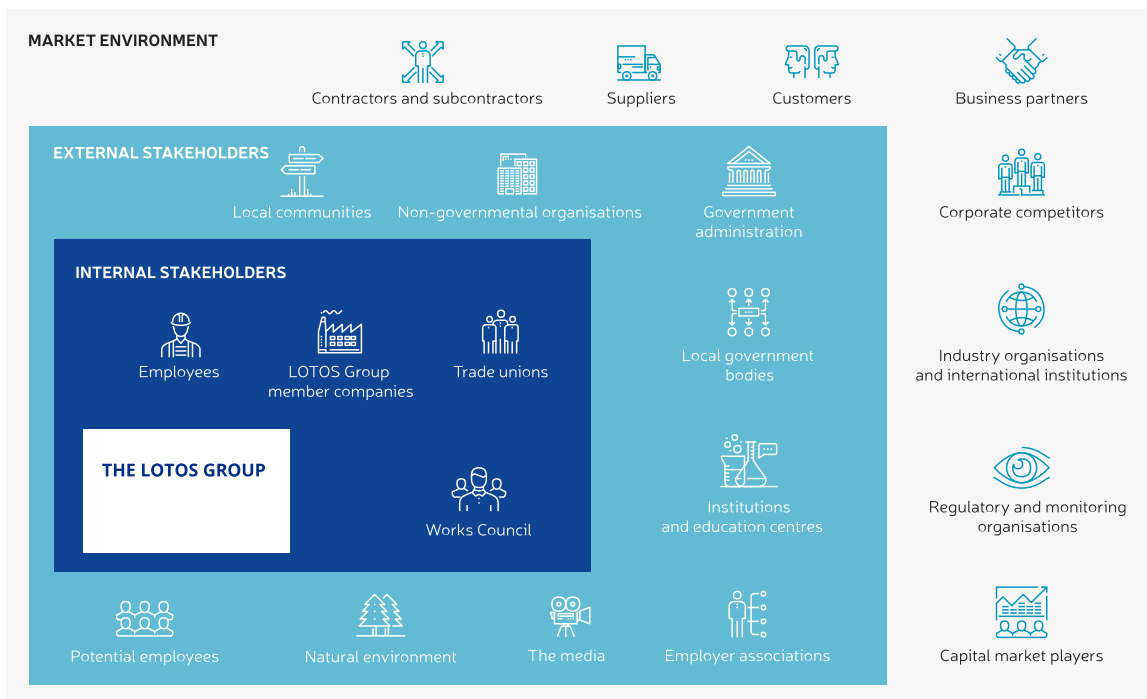
Who do we engage with and why?

[G4-24] [G4-25] [G4-26]

Our key stakeholders are identified based on:

- Their influence on the organisation,
- The organisation's influence on the stakeholders,
- Our key business regions: The Pomorskie Province (the Gdansk region) in the north of Poland, and the Czechowice-Dziedzice and Jasło regions in the south of Poland.

Our stakeholders



Our stakeholders recognise our efforts in many fields, as demonstrated by the numerous **awards** we were granted in 2016 and in the preceding years.

We are engaged in an active dialogue with our social partners and market players. The communication channels and frequency of the interaction vary depending on the stakeholder group and are designed to ensure the relationship benefits to both parties. Our key activities in this area are as follows:

-
- regular surveys to gauge the satisfaction level of our customers, contractors and suppliers,
 - regular exchange of information with capital market players through our Investor Relations tab and road shows,
 - interaction with regulatory, inspection/audit and monitoring bodies on an as needed basis,
 - dialogue with employees during day-to-day work and through trade unions, and regular job satisfaction surveys.

Taking responsibility for internal and external stakeholders > Safety First

Safety First

- The implemented safety measures and procedures resulted in no accidents at work reported on the EFRA Project in 2016.
- In 2016, we started to implement a uniform occupational safety system across the LOTOS Group under the Partner Programme.

No accidents under EFRA Project

One of our primary operational goals in 2016 was to build a culture of safety on the EFRA Project site at the refinery. Around 600 people worked on the site at the end of December 2016, and the number will ultimately double.

We were able to achieve progress on the EFRA Project **with no days lost due to work accidents** thanks to a comprehensive set of safety measures listed below.

- We introduced uniform **HSE rules** applying to all contractors working on the EFRA Project site. The rules were written down and made available to the contractors at kontrahenci.lotos.pl.
- We tested and implemented the **HSE Website**, an innovative IT tool for managing safety issues under the EFRA Project.
- We regularly issue an **HSE newsletter** to communicate safety updates to the personnel working on the Project site.
- **We provide opinions on documentation of the contractors** responsible for unit design and engage in dialogue with them; we familiarise them with the LOTOS Group's workplace and fire safety standards; we provide opinions on the safety and health protection (BIOZ) plans and safe work instructions; we update internal procedures.
- We put in place a programme **of weekly HSE inspections** of the construction site with the participation on the EFRA Project director.
 - For the purposes of the EFRA Project we procured a dedicated ambulance with **resuscitation equipment** (in addition to the physician-staffed ambulance that is always on a standby basis at the refinery). The ambulance is staffed with two paramedics and is available every day of the week except Sunday.
- We implemented the 'Working Safely' **incentive programme** to recognise those who have become EFRA Project safety ambassadors because of their outstanding on-the-job safety performance.
- We enhanced supervision by the HSE team of contractors working on the construction site, with at least **one HSE specialist** covering **every 80 EFRA Project contractor employees**.
- The contractors are required to hold weekly meetings for their personnel dedicated solely to HSE matters.

- We ran a **series of training and communication events** that contributed to the building of a safety culture on the Project site. These included:
 - **“Demo Bus” - mobile Training Unit at the refinery**
To maximise the number of EFRA Project personnel participating in safety education events, we staged the events on the construction site using a mobile training unit. The key topic was eye protection as it raised the most concerns among personnel. During the meetings, experts talked from the deck of the mobile unit about the different types of safety glasses available in the market and shared tips on how to find the type that suits individual needs and helped to decode the signs and symbols on the glasses. The initiative included a contest to find the best slogan promoting eye protection among contractors.
 - **Global Day for Health and Safety**
We celebrated the event with two days of training, lectures and presentations for EFRA Project personnel, both from the LOTOS Group and persons hired by the subcontractors. The programme included an internal training session for HSE management personnel including the members of the EFRA Project Execution and Engineering Support Office teams. The training covered HSE and responsibility during the investment process as well as key safety requirements for the EFRA Project. It also included workshops, simulations and hands-on presentations for construction workers, particularly those most exposed to a fall hazard.
 - **7th Workplace Health and Safety Days**, organised to educate staff on HSE matters. The event took place at the refinery and in other locations, and it included the 'All Arounder' HSE knowledge competition for two-member teams of LOTOS Group employees.

HSE system harmonisation – the Partner Programme

In 2016, we started to introduce a uniform occupational safety system across the LOTOS Group under what we call the **Partner Programme**.

Its purpose is to:

- provide advice, exchange knowledge, experience and best practices between the representatives of the different companies,
- work out uniform interpretations of law and implement Group-wide uniform safety system initiatives,
- create a base facilitating the development of a uniform system through regular on-site visits serving to get an insight into the nature of work and hazards at the facilities of individual LOTOS Group companies,
- jointly search for solutions to safety issues,
- build a culture of safety at the organisation.

During meetings held under the Partner Programme, company representatives presented updates on actions taken, as well as on current HSE issues and challenges. The starting point for any discussion concerning the organizational culture and the culture of safety were their deep roots in the LOTOS Group's [Code of Ethics](#) and our key values of respect, transparency, cooperation and professionalism.

	2016		2015	
	Women	Men	Women	Men
Total workplace accidents	1	6	2	11
Total fatalities	0	0	0	0

	2016		2015	
	Women	Men	Women	Men
Severe injuries	0	0	0	0
Minor injuries	1	6	2	11
Total injured in accidents		7		13

Number of accidents by activity (e.g. road transport, air transport, construction activities, etc.)	2016	2015
	Number of accidents	Number of accidents
Moving on foot	2	5
Use of machinery and equipment	3	5
Driving, using means of transport	1	3
Transport	1	0

[G4-LA6]

Our regular efforts promoting HSE education are bringing tangible results – we recorded lower number of accidents at work, lower accident rate and absenteeism caused by accidents in 2016.

Incidence rate (IR, calculated as total number of injured during accident /headcount x 1,000)

2016			
Women	Men	Total	
2.30	6.40	5.10	
2015			
Women	Men	Total	
4.71	11.87	9.62	

Total number of working days lost due to workplace accidents (LDR, calculated as the ratio of total days lost to scheduled working hours in the reporting period*200,000)

2016			
Women	Men	Total	
25.63	15.84	19.06	

2016		
2015		
Women	Men	Total
31.48	64.61	53.78

Accident severity rate (days lost/number of accidents)

2016		
Women	Men	Total
112.00	23.5	36.14
2015		
Women	Men	Total
67.00	51.45	53.85

The LOTOS Group – An Employer of Choice



THE GLOBAL GOALS
For Sustainable Development



- In 2016, 88.32% of all the employees received a positive periodic assessment.
- In 2016 average training hours per employee totalled 23.5, i.e. two hours more compared to 2015.
- 1,250 employees of the LOTOS Group attended training courses organized by the LOTOS Academy.
- Given the ongoing EFRA Project, in 2016 a record-high number of training hours was recorded to the personnel in the refining area. 97 plant operators received training as part of four 12-day sessions, concluded with a written examination and the award of course completion certificates.

We aim to strengthen the LOTOS Group's market position as an **employer of choice**. It is one of the key objectives of the LOTOS Group strategy for 2017–2022, and talent development is perceived as a way to build competitive advantage.

To this end, we pay special attention to **professionally designed employee assessment model to provide up-to-date and personalised feedback**. In 2016, we consistently followed and improved our periodic employee assessment system.

In the next five years, we will also seek to ensure an **ongoing information exchange within the organisation to take advantage of the internal diversity of our teams**. In 2016, this issue was addressed by holding training sessions focused on appreciation of diversity in teams as well as inter-company initiatives and meetings where staff shared their experience regarding, for instance, the safety system.

Taking responsibility for internal and external stakeholders > The LOTOS Group – An Employer of Choice >
 Facts and Figures About LOTOS Group Employment

Facts and Figures About LOTOS Group Employment



THE GLOBAL GOALS
 For Sustainable Development



[\[G4-9\]](#) [\[G4-10\]](#) [\[G4-11\]](#) [\[G4-LA1\]](#) [\[G4-LA4\]](#) [\[G4-EC5\]](#)

The LOTOS Group has in place a collective bargaining labour agreement which lays down the rules governing employment relationships between the employer and the employees. In 2016, the collective bargaining labour agreement covered 4,670 employees (or 96% of the total workforce, which is 4,888).

[\[G4-10\]](#)

LOTOS Group employees in 2016

	Number of employees	
	2015	2016
Total number of employees (FTEs) by gender:		
Women	1 116	1 116
Men	3 707	3 740
Total	4 823	4 856

	Number of employees	
	2015	2016
Total number of employees (actual headcount) by gender:		
Women	1 120	1 119
Men	3 730	3 769
Total	4 850	4 888

Number of employees (actual headcount) by employment type:	Number of employees			Number of employees		
	2015		Total	2016		Total
	Women	Men		Women	Men	
Full-time	1 107	3 691	4 798	1 108	3 720	4 828
Part-time	13	39	52	11	49	60
Total	1 120	3 730		1 119	3 769	

Number of employees and associates (actual headcount) by employment contract:	Number of employees		Total	Number of employees		Total
	2015			2016		
	Women	Men		Women	Men	
Fixed-term contracts	205	574	779	229	606	835
Contracts for indefinite term	915	3 156	4 071	890	3 163	4 053
Total	1 120	3 730		1 119	3 769	

Number of employees and associates (actual headcount):	Number of employees		Total
	2016		
	Women	Men	
Under civil-law contracts of mandate (umowa zlecenie)	28	41	69
Under civil-law contracts for specific task (umowa o dzieło)	1	1	2
Under internship contracts	0	0	0
Self-employed	0	0	0
Supervised employees and/or seasonal workers	1	2	3
Total	30	44	

[G4-LA1]

New hires and departures in 2016 – employee turnover rate

New hires (actual headcount) by gender:	Number of employees	Number of new hires	New hires as percentage of total number of employees, by gender	Gender composition of new hires
	2016	2016	2016	2016
Women	1 119	107	9.56%	24.94%
Men	3 769	322	8.54%	75.06%
Total	4 888	429	8.78%	

New hires (actual headcount) by age:	Number of employees	New hires in age group	New hires as percentage of total headcount, by age	Age composition of new hires
	2016	2016	2016	2016
<30	584	162	27.74%	37.76%
30-50	3 054	217	7.11%	50.58%
>50	1 250	50	4.00%	11.66%

Departures (actual headcount) by age:	Number of employees	Number of departures in a given age group	Departures as percentage of total headcount, by age	Age composition of departures
	2016	2016	2016	2016
<30	584	39	6.68%	11.05%
30-50	3 054	165	5.40%	46.74%
>50	1 250	149	11.92%	42.21%

Departures (actual headcount) by gender:	Number of employees	Number of departures	Departures as percentage of total headcount, by gender	Gender composition of departures
	2016	2016	2016	2016
Women	1 119	97	8.67%	27.48%
Men	3 769	256	6.79%	72.52%
Total	4 888	353	7.22%	

[G4-EC5]

Ratio of standard entry level wage at the LOTOS Group by gender to local minimum wage in the Polish market in 2016

Minimum wage in Poland (gross) in 2016	Average entry level wage	Ratio of standard entry level wage to minimum wage in Poland	Average entry level wage	Ratio of standard entry level wage to minimum wage in Poland
	WOMEN	WOMEN	MEN	MEN
PLN 2,000	PLN 2 000,00	1	PLN 2 000,00	1

More information

[Directors' Report on the operations of Grupa LOTOS S.A. and the LOTOS Group in 2016](#)

Chapter 7.2 Employment at the LOTOS Group

Taking responsibility for internal and external stakeholders > The LOTOS Group – An Employer of Choice >
 Career at the LOTOS Group

Career at the LOTOS Group



THE GLOBAL GOALS
 For Sustainable Development



[G4-LA9]

At the LOTOS Group, we have always viewed internal recruitment as a priority. This approach allows us to best harness our personnel skills to achieve the organization's objectives, and to offer our personnel the development opportunities within the LOTOS Group structures. Talent development, considered to be of key importance to building competitive advantage, has been included in the set of our strategic objectives for 2017–2022.

In 2016, we launched the *Internal recruitment at the LOTOS Group* tab on the home page of Lotostrada website (designed for the LOTOS Group's personnel), in response to the feedback received from employees, who reported recruitment difficulties caused by problems with finding available job offers.

The *Internal recruitment tab at the LOTOS Group* was developed to:

- emphasise once again the importance we attach to internal recruitment,
- facilitate access to information on new job openings for those interested,
- ensure confidentiality of the recruitment process, from filing the application to acceptance of a candidate by the future superior,
- promote the *Internal Recruitment Standards at the LOTOS Group*, developed in 2016.

Internal Recruitment Standards at the LOTOS Group are a set of key principles applied to the internal recruitment processes. They provide guidance on issues which so far have raised concerns among personnel and their managers, and should be followed by all persons involved in any recruitment process.

Internal Recruitment Standards at the LOTOS Group

1. **We guarantee discretion** at every stage of the recruitment and selection process.
2. In each internal recruitment process we indicate the **recruiter, who can be contacted personally**, by email and by phone.
3. Any employee of the LOTOS Group employed under an employment contract can be an **internal candidate**.

4. **Each recruitment process is announced on the Lotostrada website** in the form of an internal recruitment announcement.
5. Internal applications may only be submitted using the APPLY button in an announcement.
6. We contact each candidate by phone, in order to **find out the reasons behind their application, answer their questions**, and provide information on further steps in the process.
7. Each internal application is handed over to the recruiting manager, whose duty is to evaluate such application.
8. **Each candidate receives feedback**, and the selected candidates are invited to recruitment meetings.
9. A decision on the type and terms and conditions of the employment contract offered to a given employee is made on a case-by-case basis by head of the organisational unit to which such employee is recruited, upon prior consultation with the recruiter, and taking into account the candidate's situation and competences.
10. Internal transfer requires consent from the employee's line manager; the line manager is notified of the employee's participation in the recruitment process and their acceptance for a new position by the candidate and/or the recruiter. **The notification path is always agreed on with the candidate.**
11. Candidates' credentials are checked **only with their knowledge and consent**, through the recruiter.
12. If a candidate from another company is to be recruited, a relevant decision is notified to the HR coordinator, with whom we then agree on further procedure.
13. An employee should be reassigned to the new position within maximum three months.
14. **We launch a recruitment process to replace the departing employee** (starting with internal recruitment), if required.

Another solution recently implemented by the LOTOS Group's HR department is the provision a recruiting manager with all applications submitted by internal candidates, including those who do not meet all formal requirements. This increases their chances of employment in the area where they would like to develop further their careers.

In the event of a potential conflict of interests between the line manager and employee, related to internal promotion, the HR department engages in talks with such line manager.

The LOTOS Group is a member of the [Coalition for Friendly Recruitment](#) , established in 2013.

[G4-LA11]

PEES, or why we assess our employees

PEES, that is Periodic Employee Evaluation System, is an employee assessment model shared across the LOTOS Group.

Facts and Figures about Periodic Employee Evaluation System at the LOTOS Group in 2016

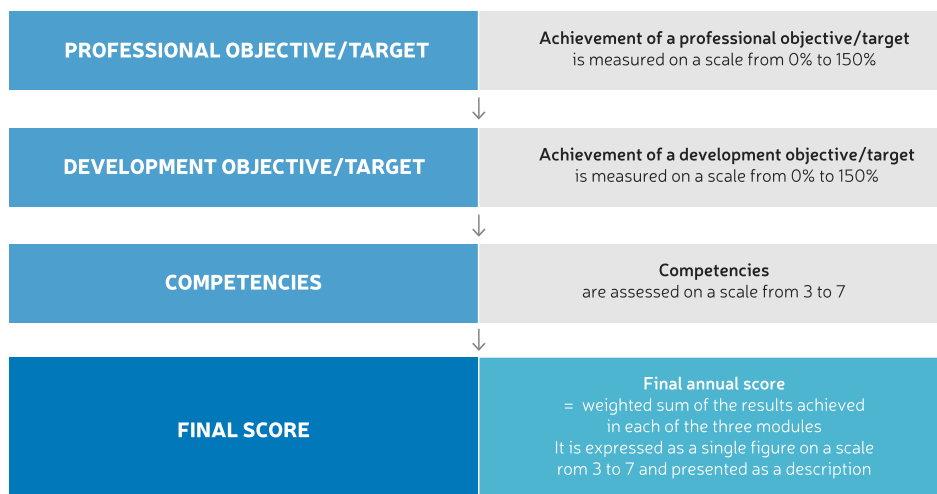
- The professional and development objectives set forth for the LOTOS Group personnel were met with **above the average** results.

- In 2016, PEES reviews at the LOTOS Group covered **97.32%** of eligible personnel , i.e. **88.32%** of the total workforce. In 2015, 97% of eligible employees received a positive periodic evaluation.
- Women and men accounted for, respectively, **21.47% and 75.86% of eligible personnel covered by PEES reviews in 2016**, representing, respectively, 19.48% and 68.84% of all women and men employed at the LOTOS Group. The lower proportion of women reflects the employment structure at the LOTOS Group: most of our employees are men.

Benefits of using PEES at the LOTOS Group:

- periodic evaluation is an opportunity for the employees and their superiors to discuss their last year's performance , to set professional and development objectives , talk about mutual expectations and needs,
- employees working in similar positions are evaluated in a similar and objective manner, based on known criteria,
- evaluation results are taken into account when making decisions on offering training, studies, or foreign language courses to employees,
- evaluation results are also taken into consideration when making decisions regarding employee promotion, pay rise, division of duties, or recruitment.
- each company reviews the results individually, to quickly obtain such information as names of the best performers, or to identify competencies which are at the highest level of development and those which need to be worked on.

Periodic evaluation formally commences on **1 July and lasts until the end of August**. In the areas which have a more complex organizational structure or which are involved in time-consuming projects, the assessment process may begin earlier. In 2016, we implemented the new PEES at LOTOS Kolej and LOTOS-Air BP, where – due to the specific nature of those companies' business – the 2016 evaluation process started already in June.



To prepare well for the assessment both those who perform the assessment and those who are subject to the assessment can read PEES textbooks and checklists with things to remember when getting ready for the meeting.

Facts and Figures about training and development at the LOTOS Group in 2016

1,250 employees

NUMBER OF EMPLOYEES FROM ACROSS THE LOTOS GROUP WHO WERE TRAINED UNDER THE LOTOS ACADEMY PROGRAMME IN 2016

4,888 headcount

LOTOS GROUP'S TOTAL HEADCOUNT IN 2016, INCLUDING 1,119 WOMEN AND 3,769 MEN

24.5 hours

AVERAGE NUMBER OF TRAINING HOURS PER FEMALE EMPLOYEE AT THE LOTOS GROUP IN 2016

23.1 hours

AVERAGE NUMBER OF TRAINING HOURS PER MALE EMPLOYEE AT THE LOTOS GROUP IN 2016

23.5 hours

AVERAGE NUMBER OF TRAINING HOURS PER EMPLOYEE IN 2016

2 hours

AN INCREASE IN THE NUMBER OF TRAINING HOURS PER EMPLOYEE COMPARED TO 2015

2.5 hours

AN INCREASE IN THE NUMBER OF TRAINING HOURS RECEIVED BY TECHNICAL, ADMINISTRATIVE, OFFICE AND OPERATIONS PERSONNEL COMPARED TO 2015, FROM 21 HOURS PER EMPLOYEE IN 2015 TO 23.5 HOURS PER EMPLOYEE IN 2016

10.7 hours

AN INCREASE IN THE NUMBER OF TRAINING HOURS RECEIVED BY TOP MANAGEMENT PERSONNEL, FROM 25.8 HOURS IN 2015 TO 36.5 HOURS IN 2016

LOTOS Academy

In response to changes within the organization and its business environment, in 2014 we prepared and implemented our proprietary training and development programme called LOTOS Academy, which we continue to develop.

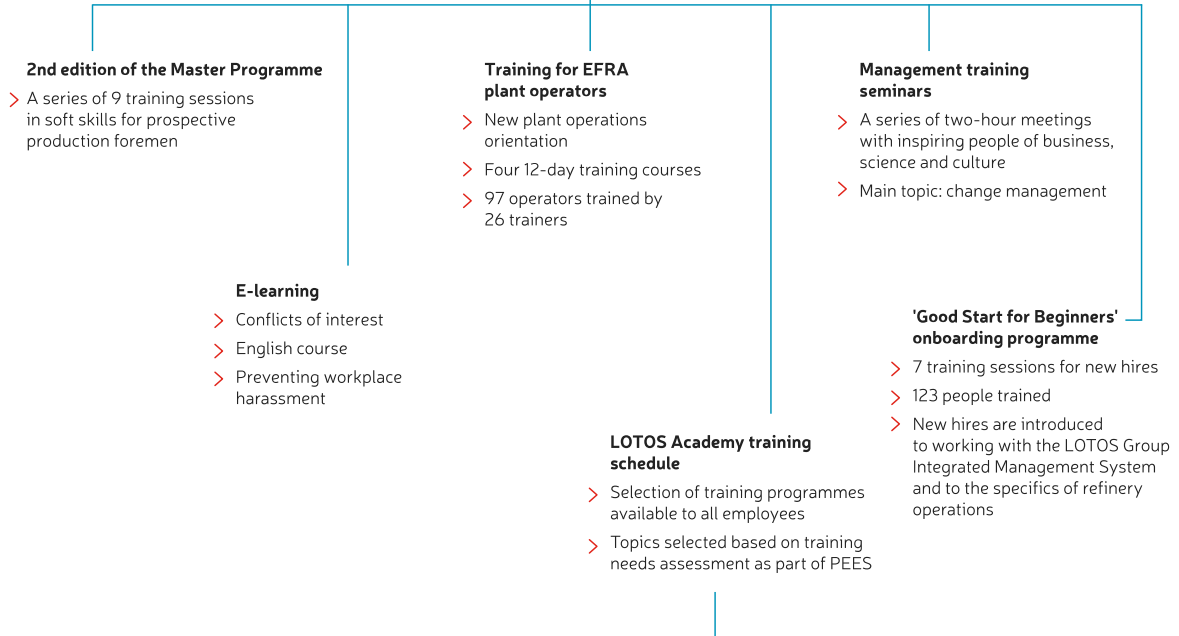
The primary objectives of the programme are to:

- develop talent,
- build strong workplace relationships and embrace employees as our most valuable asset,
- promote a culture of knowledge sharing,
- build the LOTOS GROUP as an organization opened to innovation, efficient and competitive.

At LOTOS Academy we design and implement talent development programmes for the various employee groups. These include Leader of the Future Programme, Master Programme, Managers Academy, Management Skills Development Programme for Technical Personnel, and LOTOS Group Succession Programme.



LOTOS ACADEMY IN 2016



Autumn 2016 training campaign

- > 10th edition
- > Annually from October to December
- >> **Topics:**
Time management, motivation and effectiveness,
- creativity,**
- workplace communication,
- managing generational diversity,**
- managing team diversity,**
- work-life balance,
- stress management,
- coaching and feedback as work tools,
- management and leadership skills,**
- information management techniques, fast reading,
- MS Office,
- HR portal functions,
- CRM operation,
- LOTOS Group Visual Identity System requirements.

>>> **TRIZ methods for engineers**

- > Topic: finding creative solutions to technical and technological problems

>>> **DISC for managers of LOTOS Kolej**

- > Topic: Adapting communication to workmate personality styles using the DISC method

LOTOS Academy training schedule – all personnel training

Every year from October to December we hold an intensive training programme for all personnel **Autumn Training**.

The LOTOS Academy training topics are selected based on:

- Needs assessment carried out as part of the periodic employee evaluation exercise (PEES),
- Development plans for personnel in each organizational unit,
- The organisation's business needs.

Second edition of the Master Programme

Within the framework of the Master Programme, we provide training to candidates for refinery foremen. The second edition of the programme was held in 2016. Thirty-two (32) people qualified to participate in the training programme based on the results of a Development Centre session. The purpose of the project is to develop soft skills in prospective foremen, including interpersonal communication, assertiveness, cooperation and motivation. The training and development team provided the trainees' managers with regular post-training reports and coordinated the transfer of knowledge acquired during training by relaying tasks to be completed in the workplace environment. In the fourth quarter of 2016, we monitored the practical application of the acquired knowledge and improvement in trainees' competencies achieved when performing their day-to-day tasks.

E-learning sessions for the personnel

We provided access to an **online English learning platform** for learners at all levels of advancement. The e-learning course covered both general and business English, with the platform's functionality designed to help improve the various language skills: listening comprehension, reading, writing and speaking.

We promoted and monitored the conduct of the mandatory '**Conflicts of interest**' e-learning course for new hires, which promotes knowledge of the **LOTOS Group Ethical Conduct Programme** among management and other personnel.

We have developed and are ready to implement a new e-learning course entitled '**Preventing Workplace Harassment**'. The e-learning materials present examples from a fictitious company in the context of harassment prevention. A training video provides trainees with the definition of workplace harassment, conditions for classifying a behaviour as harassment, the types of workplace harassment and its legal and social consequences, it helps to identify violent workplace behaviours and underscores the role of the group in preventing harassment.

Management training seminars

Management training seminars are cyclical two-hour meetings with inspiring people of business, science and culture. **Change management** was the preferred topic in 2016. We designed, among other things, a seminar called '**Do Not Be Afraid of Change, It Is Your Chance for Success**' and invited journalists Dorota Wellman and Marcin Prokop as guest speakers. They shared proven management techniques in cooperation, interpersonal relations, change and team diversity management.

Training for new EFRA plant operators

Given the ongoing refinery expansion and EFRA Project, in 2016 we devoted an **unprecedented** amount of time to train operations personnel in handling new process units. Getting operators ready to work with the new plant and equipment required a great deal of commitment from internal trainers and experts from across the LOTOS Group. We held **four 12-day training sessions for plant operators**, concluded with a written examination and the award of course completion certificates. **97 plant operators** were trained in 33 key areas of refinery technology and equipment by 26 trainers.

In 2016, we introduced electronic data sheets to facilitate the process of onboarding new hires at the LOTOS Group. The data sheets provide guidance to counsels and supervisors responsible for implementing the personnel induction programme. They are a step-by-step guide to introducing new personnel to their work environment and preparing them for the job. The data sheets can be edited during the entire induction programme term by counsels, foremen and trainers, enabling them to evaluate newly hired personnel based on their skills, knowledge, productivity and commitment, which is expected to make contract renewal decisions easier and more objective.

Creativity for engineers, or TRIZ method training

In 2016, we ran a two-day training course for engineers in TRIZ methodology, a concept developed by engineers that applies **standard processes, patents and patterns** to problem solving. It allows engineers to 'free their mind' and find the simplest solutions to technical and technological problems encountered at work on a daily basis. The TRIZ approach is to **reapply solutions invented in other fields** by people who faced similar problems. The training resulted in weekly TRIZ meetings at the Production Engineering Office

DISC – a communication course for LOTOS Kolej management personnel

DISC is an acronym that stands for **Dominating, Interactive, Steady and Cautious**, the four personality styles that all people possess to at various levels. DISC-compliant communication management is based on recognising the personality traits that dominate in a person and adapting communication and tasks assigned to that person. According to the principles of the DISC model, **a personal approach** is key to effective communication.

Even before the training started, we made sure that the model was incorporated into communication across the LOTOS Group, holding one-to-one consultations with managers to identify their preferred behaviour and communication styles. This made initial training sessions easier as trainees could focus on recognising and accepting the differences in individual communication styles, which are key skills to be acquired by people who want to apply the DISC model in communication management.

'Good Start for Beginners' programme

The LOTOS Group provides professional and organisational support to **new employees, as well as trainees and interns**.

In 2016, we held **seven training sessions for new hires**. The consultation meetings and training sessions were attended by **123 new employees** of the LOTOS Group.

The programme includes a one-day induction training, during which employees with longer length of service share their knowledge on the LOTOS Group. New hires are provided with employment-related information, learn the rules and regulations, as well as the corporate culture, get to know the systems and basics of crude oil processing and of the refining operations during an on-site visit. They also learn the corporate values and receive a copy of the *Code of Ethics* from their line managers.

‘High-quality Internships and Work Placements’ certificate

Our ‘Good Start for Beginners’ onboarding scheme was included in the ‘Polish Quality Framework for Internships and Work Placements’ programme and awarded the ‘High-quality Internships and Work Placements’ certificate by the expert of auditors team of the Polish Human Resources Management Association.

The summer internships and work placements at the LOTOS Group provide young people with development opportunities and a chance to gain experience in such areas as **technology, mechanics, electricity and power generation**, as well as **communication, marketing, accounting, finance, controlling, and HR**. Students are given an opportunity to perform interesting tasks related to **the Company’s actual business needs**.

In 2016, we extended the internships and work placements programme with a new module – special training in **personal branding**, including workshops. The training is intended to familiarise the interns and trainees with the LOTOS Group’s image as an employer, outline the rules and values applicable at the LOTOS Group and facilitate the first steps at the new workplace. The workshops enable the participants to establish new relations and help them build their position in the labour market by explaining the concept and techniques of **personal branding**.

Taking responsibility for internal and external stakeholders > The LOTOS Group – An Employer of Choice >
Awards and distinctions in the HR area

Awards and distinctions in the HR area

[G4-16]

- **The LOTOS Group was awarded in the Top-Quality Human Resources competition** held by the Polish Human Resources Management Association. The certificate we received acknowledges the top quality standards of our human resources management processes.
- **Antal, an international consultancy, conducted the seventh edition of the 'Most Desired Employers' survey among specialists and managers. For the fifth time, LOTOS received this important distinction, ranking fourth in the 'Fuels, Energy, Mineral Production and Chemicals' category.**
- **LOTOS Biopaliwa was among the winners of the ninth edition of the 'Employee-Friendly Firm' competition.** This is the only competition in which winners are nominated by the employees themselves. The nominations are submitted by the **NSZZ Solidarność** trade unions operating at the companies. The purpose of the competition is to promote employers standing out for their application of best practices in terms of compliance with labour laws through stable employment, adherence to OHS regulations, and respecting the right to form and join trade unions.

Taking responsibility for internal and external stakeholders > The LOTOS Group – An Employer of Choice >
 More than work – sports and healthy lifestyle

More than work – sports and healthy lifestyle

- Our team took the third place in the prestigious SailBook Cup 2016 Regatta.
- Grupa LOTOS was nominated in ‘The Champ Awards’ competition in the category of ‘Advertising Campaign with Players of the Polish National Football Team and Robert Kubica’.

We provide our personnel with an opportunity to participate in numerous initiatives promoting sports and a healthy lifestyle. Our approach in this area places strong emphasis on the fact that **everyday vitality** of employees has a positive effect on their professional life and the quality of their work. This offers not only measurable value for the company, but also benefits for the employee’s family and broader environment.

At sea – third place in the SailBook Cup 2016 Regatta

- The LOTOS TKKF (Society for the Promotion of Physical Culture) sailors on the Odyssey yacht **achieved the greatest success in the history of the TKKF sailing section**, securing the third place in the KWR1 class of the prestigious Sailbook Cup 2016 Regatta. This event represents the longest regatta in Poland and the second longest in the Baltic Sea.

The Odyssey yacht crew comprised personnel of the Grupa LOTOS and LOTOS Serwis. They covered a distance of over 600 nautical miles on the Sopot – Gotland – Gotska Sandön island – Sopot route.

Their success inspired other employees to get interested in sailing –

- at the end of the sailing season (in October), the number of charter days on which our employees used the TKKF yachts in 2016 was **317**, including 88 days of chartering the Odyssey yacht to sail on the high seas.
- The popularity of sailing among personnel was also demonstrated by their participation in the second regatta of the LOTOS President’s Challenge Cup – **eight** crews signed up to compete.

The employees are able to pursue their sailing passion thanks to the TKKF fleet comprising **five inland and one seagoing yachts**. In order to encourage an increasing number of personnel to use the available fleet and make it easier for them to obtain the necessary licences, the sailing section organises or helps organize training on a regular basis. In 2016, 20 persons attended such courses.

A run with the champion – LOTOS Running Team

A membership in the Running Team Section is only one of the possible options offered by the LOTOS TKKF Society, but it enjoys significant interest among our personnel. The section counts nearly 60 active participants, who in 2016 competed 549 times in 288 running and multi-sport events. In all disciplines, the competitors covered a total distance of over 11,000 km. With a view to encouraging physical activity among a growing number of personnel we organized a training session with a professional, **Marcin Świerc, a three-time champion of Poland in long-distance mountain running**. The training for employees, preceded by a series of running tips given by the sportsman, took place on the hilly routes of the Tri-city Landscape Park. We also held a meeting with the overall running team of Marcin Świerc, at which the guests explained the idea of sky running, which is an extreme form of mountain running. Grupa LOTOS supported the runner in his preparations.

By bike, or the European Cycling Challenge

In 2016, the result delivered by our personnel again earned Gdansk the title of Europe's Best Cycling City, awarded as part of the European Cycling Challenge, an urban cycling competition.

146 cyclists from the LOTOS Group covered a distance of 51,994 km, which means that they more than circled the Earth.

[Taking responsibility for internal and external stakeholders](#) >
 [The LOTOS Group – An Employer of Choice](#) >
 Environmental protection every day – EKOID campaign

Environmental protection every day – EKOID campaign

In 2016, the Environmental Protection Office launched EKOID, an internal environmental protection campaign addressed to all personnel of the LOTOS Group. The campaign is part of the LOTOS Group's environmental responsibility programme.



The purpose of EKOID campaign is to encourage the employees to engage in environmental initiatives and to **pay more attention to how everyday activities affect the natural environment**. The expected benefits include reducing the environmental impact of individual segments of the organisation and cutting its operating expenses.

A dedicated tab has been created on the Lotostrada website that features, among other things, meters showing in a clear manner water and electricity consumption, cost of office supplies at the LOTOS Group, titbits, statistics, and suggestions concerning the LOTOS Group's environmental impact. To date, the tab has been visited approximately 400 times.

Through its fun element, that is a friendly logotype, positive motivation, but also education and data presentation, the campaign has raised the personnel awareness of environmental issues and the organization's environmental impact.

Taking responsibility for internal and external stakeholders > Quality and customer satisfaction

Quality and customer satisfaction

- In 2016, with environmental protection in mind, we launched new products: Marinol 4050 oil and long-life pavements.
- Transmil Extra XSP oil won a gold medal at the 11th International Trade Fairs of Hydraulics, Pneumatics, Control Systems, Drives, and Mechatronics.
- The TRI*M Index shows a high level of satisfaction of the LOTOS Group's business customers.
- The LOTOS service station chain ranked first among the competitors in terms of retail customer satisfaction with service station stores and additional services offered at the stations.

Our products



THE GLOBAL GOALS
For Sustainable Development



[G4-4]

Product life cycle



Hydrocarbon production.

Lotos Petrobaltic engages in oil and gas exploration and production. The **Polish fields in the Baltic Sea** account for **21%** of the company's total hydrocarbon output. The Lotos Petrobaltic offshore platform is the youngest of the four platforms owned by that company.



Maritime transport.

Petrobaltic's fleet includes **two tankers**, which are mainly used to collect, store and transport oil from the platforms and unload it at the **Naftoport terminal**.



Pipeline transport.

The Rozewie crude oil is transported by a **10-km-long pipeline** (a part of it runs the Martwa Wisła river) **from the Naftoport terminal** to the Gdansk refinery.



Crude oil processing and fuel production.

The annual processing capacity of the Gdańsk refinery is **10.5m tonnes** of crude oil. **Diesel oil** accounts for a half of the refinery's output. The refinery also manufactures over 0.5 million tonnes of aviation fuel a year, produced in the **naphtha sweetening** process. The fuel's trade name is **Jet A-1**.



Sales.

The aviation fuel from the Gdańsk refinery is sold by LOTOS-Air BP Polska at **five Polish airports**, where it is brought by road tankers, each with a capacity of 33,000 litres.

Continuous improvement of the product portfolio and new products

Product categories made from crude oil processing at the refinery:

- fuels (unleaded gasoline, diesel oil and light fuel oil),
- heavy fuel oil,
- bitumens,
- aviation fuel,
- naphtha,
- Propane-butane (LPG),
- Base oils.

New products

In 2016, the LOTOS Group developed and launched new products, namely:

- New lubricating oils**, including **Marinol 4050**, which expanded the product mix addressed to waterways transport customers. In 2015, following the introduction of more stringent regulations reducing the permitted sulphur content in marine fuels used in the Baltic Sea **from 1% to 0.1%**, it became necessary to develop lubricating oils with lower TBN. We have responded by launching our Marinol 4050 oil.
- Innovative pavement** produced as part of the **EFRA Project**, designed and constructed to last **up to 50 years**, with no need of major structural reconstruction and requiring only periodic top layer renewal. It is therefore a low-cost maintenance type of pavement, and distresses, if any, can be quickly remedied from the surface. Reduced number of necessary repairs has a positive effect on the environment.

[G4-PR1]

How we ensure safe use of products

We assess the health and safety impacts of all our key product and service categories, including in particular:

- Lubricating oils and lubricants (assessment process compliant with the EU REACH Directive and CLP Regulation),
- Bitumens and bitumen products,

- Marine fuel.

The LOTOS Group provides [Safety Data Sheets](#), which contain information on any hazardous properties of its products and on the rules and recommendations concerning their safe use.

Every project of the LOTOS Group which involves the marketing of a new product includes an analysis of potential threats the product's use may pose to the environment and customers.

Safe bitumens

Although petroleum bitumens are not classified as hazardous substances, in our materials, such as Information on Mixture Components and Safety Data Sheets, we present the latest recommendations on safe product handling.

Bitumen emulsions from LOTOS Group product portfolio are a mixture of bitumen and organic solvents. They represent environment hazard if used improperly. [Safety Data Sheets](#) contain information on how to handle them in an appropriate manner.

In particular, every project which involves the marketing of a new product includes an analysis of potential risks the use of such new product may pose to the environment and users.

Fuels under constant monitoring

We monitor the impact of our fuels on human health and safety already during their production. For each type of fuel we have drawn up a Safety Data Sheet on the hazardous substances it contains. Safety Data Sheets are delivered **directly** to each wholesale customer and are available to retail customers at the **LOTOS service stations**. Safety Data Sheets for non-fuel products are also made available at the LOTOS service stations.

The safety standards for fuel sales at **CODO stations** are set, developed and monitored by LOTOS Paliwa. Health and safety impacts monitoring at such stations includes:

- fuel deliveries,
- supervision of the service station's fuel infrastructure,
- actions taken in the case of accidents or failures,
- safety rules for customer service and fuel sales,
- Environmental management compliant with the PN-EN ISO 14001: 2005 standard,
- Occupational health and safety management compliant with the PN-N-18001 standard.

The personnel of LOTOS Paliwa conduct regular **inspections of fuel transport** in accordance with relevant procedures. The areas we monitor include:

- loading operations at fuel depots,
- safe passage of road tankers over the monitored routes, including correct cargo marking in compliance with the ADR requirements,

- safety of unloading sites,
- Unloading operations, to ensure their compliance with the established procedure and completion rate,
- Actions taken in the case of spills or failures.

The Occupational Health and Safety Team analyses the potential exposure of LOTOS Paliwa **service stations staff** personnel to chemical substances in motor fuels, and then describes the findings in occupational risk assessment documentation. As regards contractors' personnel, the Occupational Health and Safety Team checks whether the service stations personnel are familiar with the Safety Data Sheets for fuels sold at the LOTOS service stations.

Gold medal for Transmil oil

Our Transmil Extra XSP oil was named the best product in the 'New Machinery and Technologies' category and in 2016 it won a gold medal at the 11th International Trade Fairs of Hydraulics, Pneumatics, Control Systems, Drives, and Mechatronics. It has been designed for use in modern industrial gears operated in extreme operational environment, where traditional mineral gear oils fail and synthetic oils prove either too expensive or too aggressive for, e.g. seals and paint coatings. Transmil Extra XSP oil prevents lubricated friction joints from early wear and tear.

Dialogue with customers

[G4-PR5]

We measure our customers' satisfaction

Our key objective is to build lasting customer relationships through understanding customers' needs and delivering the expected product quality and safety. The level of customer satisfaction is measured in cooperation with our Marketing segment companies. We regularly conduct surveys which focus on: factors taken into account in the supplier appointment process, cooperation with the supplier's personnel, their accessibility and competences, quality and availability of products, time of response to requests for proposals (RFPs), pricing against competitive products, and the image.

Business customers satisfied with our services

Marketing surveys show a high level of satisfaction of LOTOS Group companies' business customers. In 2016 – as in 2015 – the level of customer satisfaction measured in accordance with the TRI*M¹ Index reached 76.

TRI*M Index, in mathematical terms, is a weighted average of answers to the following four questions:

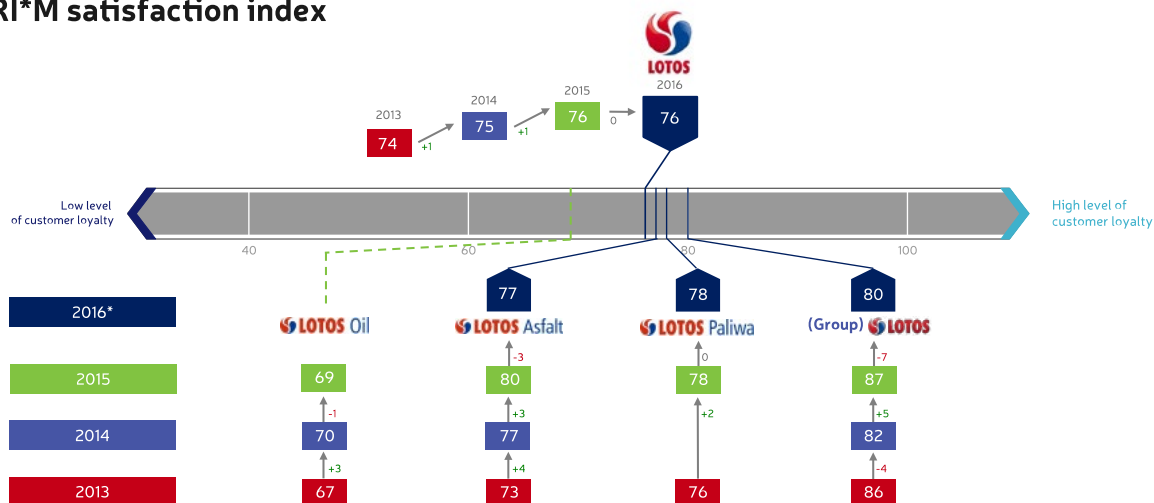
- overall rating,
- probability of recommendation,
- product/service repeat purchase probability,
- competitive advantage.

The higher the average, the higher level of customer satisfaction and loyalty.

In 2016, Grupa LOTOS and LOTOS Asphalt recorded a decline in customer satisfaction levels. The highest satisfaction levels, despite the decline, were reported by customers of Grupa LOTOS.

¹ According to TRI*M Index, being a single digit score, which measures customer satisfaction with the quality of services, calculated for each respondent covered by the survey.

TRI*M satisfaction index

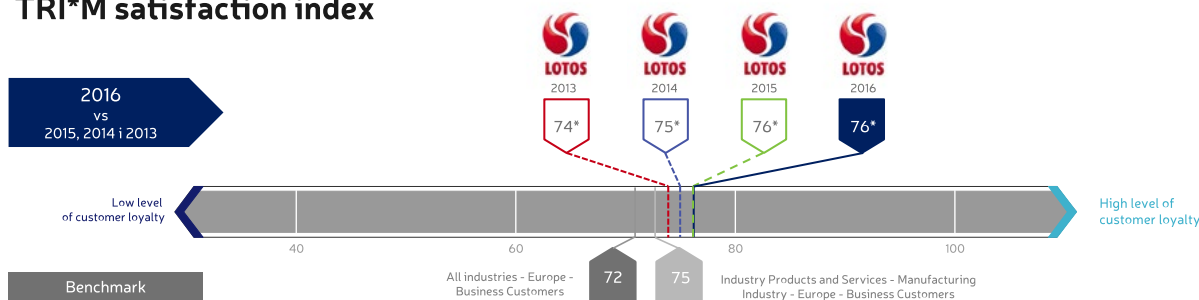


In 2016, Grupa LOTOS and LOTOS Asphalt rec-ordered a decline in customer satisfaction levels. The highest satisfaction levels, despite the decline, were reported by customers of Grupa LOTOS.

* In the year 2016 LOTOS Oil customers were not surveyed.

Compared to 2015, only minor changes were recorded in the survey findings.

TRI*M satisfaction index



The LOTOS Group's business customer satisfaction index stands at 76, indicating a high level of customer satisfaction, on a par with the last year's figure.

* The aggregate index for the LOTOS Group was calculated based on indices for individual LOTOS Group companies, adjusted for the number of their customers.

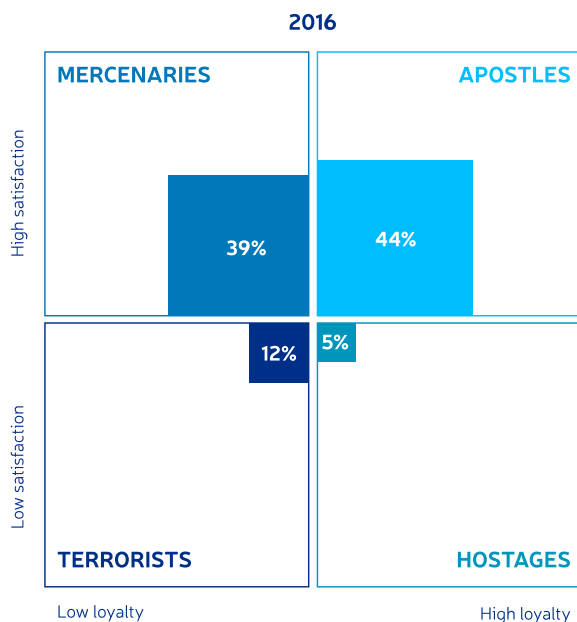
The same applies to the classification of our business customers based on the level of their satisfaction and loyalty, which indicates that:

44% are the 'Apostles', i.e. the most loyal and satisfied group of customers, who are emotionally tied with the brand and disseminate positive opinions about it. In this group, the probability of success of up-selling and cross-selling strategies is the highest.

39% are the 'Mercenaries', that is customers hunting for bargains and best offers. Their relationship with the LOTOS brand stems from their short-term interest in the pricing offer. Such customers are often costly to acquire (costs of promotion and advertising) and are highly disloyal.

12% are the 'Terrorists', i.e. customers who had bad experience with the LOTOS brand in the past and, wishing to take revenge, spread negative opinions about it. The likelihood of severing the connection with the brand in this group is relatively high.

5% are the 'Hostages'. They continue their relationship with the LOTOS brand, despite relatively low satisfaction with the services. In the case of such customers, there is typically some sort of an obstacle to their switching to another supplier.



Customers appreciate the stores and services at the LOTOS service stations

In the 'Monitoring of Service Station CHAIN Customers' Satisfaction' survey, comparing the satisfaction of LOTOS customers vs the competition, we were ranked above the market average in the following areas:

- satisfaction with the food and beverage offering – 2nd place in the Polish market,
- pricing image ('value for money' for fuels) – 2nd place,
- satisfaction with service station stores and extra services – 1st place,
- Loyalty solutions. The Navigator loyalty scheme receives higher ratings than similar solutions offered by other brands in each category assessed by customers: prizes to be won by scheme participants, customers actually acquired under the scheme, and customer satisfaction derived from participation in the scheme.

The survey was conducted in February and March 2016 by ARC Rynek i Opinia Sp. z o.o., an opinion polling company.

Taking responsibility for internal and external stakeholders > Quality and customer satisfaction >
Associations with LOTOS brand

Associations with LOTOS brand

Awareness of and associations with the LOTOS brand among retail customers largely depend on the image of LOTOS service stations, which are the main point of contact with consumers. The LOTOS brand is known to 93% of motorists. Its unaided awareness is 66%, and 'top of mind' awareness stands at 18%.

> 28% of respondents prefer LOTOS stations to other brands. 26% say that at the LOTOS stations they “feel the customer is king”.

Sponsorship of sports plays an important role in brand association and image. In this area, the LOTOS brand featured top-of-mind awareness of 17% in 2016 (2012: 9%) and unaided awareness of 32% (2012: 19%). LOTOS' commitment to sports sponsorship builds its image of an active and visible brand in the market.

> Furthermore, LOTOS has higher unaided brand awareness as a sponsor of the Polish national football team (20%) than as an oil producer (10%) and oil processing company (16%).

The sponsorship of the Polish footballers at the Euro 2016 Championship brought the following benefits:

After Euro 2016, the awareness of the LOTOS brand as a sponsor of the national football team rose by 16%. Ultimately, 43% of respondents see LOTOS as a sponsor of the Polish team.

A strong growth of our brand perception as the national team sponsor was observed among female respondents.

Taking responsibility for internal and external stakeholders >
 Social commitment – addressing important social and environmental issues

Social commitment – addressing important social and environmental issues



- 29 sports sponsorship projects, 23 arts and culture sponsorship projects, 13 social and environmental sponsorship projects.
- As part of the Maritime Education Programme, we sponsored the ‘How Do We See the Baltic Sea’ competition designed for pupils and students from the Baltic Sea region.
- We again supported young scientists participating in the E(x)plory Science Competition and Programme.
- As part of the LOTOS Group's support for vocational training, we hosted two site visits of university students.

Taking responsibility for internal and external stakeholders >
Social commitment – addressing important social and environmental issues > Dialogue with social partners

Dialogue with social partners

[G4-15]

In 2016, we engaged in an active public dialogue with social partners from the immediate surroundings of the Company's plants. We met with them to identify our stakeholders' needs and work out ways to fulfil them. In the case of such major projects as, for example, EFRA, the meetings gave an opportunity to provide key information on the project development and indirect local environmental impact.

[Taking responsibility for internal and external stakeholders](#) > [Social commitment – addressing important social and environmental issues](#) > [Sponsorship and patronage](#)

Sponsorship and patronage

[\[G4-EC7\]](#) [\[G4-EC8\]](#)

We engage in sponsorship activities in adherence to the LOTOS brand positioning strategy. Our stakeholders' needs are at the heart of everything we do. In communicating our sponsorship projects we emphasise development, motivation and passion. In line with this approach, marketing communication is focused on highlighting the premium quality of LOTOS products and selected services offered to direct customers.

Areas of our sponsorship activities

In 2016, we sponsored projects in three key areas:

- Sports sponsorship – 29 projects,
- Arts and culture sponsorship – 23 projects,
- Social and environmental sponsorship – 13 projects.

Maritime Education Programme – junior high school students love the sea

We have sponsored the Maritime Education Programme, addressed to first grade students of junior high schools in Gdansk, for many years. Since the start of the project in 2010, it has attracted **20,000 participants**. As part of the Programme, every year young people:

- **Learn sailing during free cruises** organized from May to September. The youths are trained in marine safety and take a four-hour trip along the Motlawa river, the Gdansk harbour channel, and in the Gdansk Bay. Each yacht's crew includes an attendant - a qualified steersman who is responsible for the group's safety.
- **Develop sensitivity to the condition of the natural environment, and especially the problems affecting the Baltic Sea.** Grupa LOTOS has been involved in the conservation of the Baltic Sea biodiversity for many years (for example, in 2016 it took part in protection and awareness initiatives run together with the Marine Station on the Hel Peninsula and the Foundation for the Development of the University of Gdansk).

As part of the Maritime Education Programme, we also held free sailing workshops for children and weekend classes on the Brzezno beach, and had educational stands during popular public events in the Gdansk-Gdynia-Sopot agglomeration, which enjoyed high popularity with the visitors.

[Maritime Education Programme](#) 

LOTOS for arts and culture

In 2016, Grupa LOTOS and its subsidiaries sponsored **23 culture and arts projects**. The most important of our sponsorship initiatives took place in the **Pomerania region**, mainly in Gdansk, Sopot and Gdynia cities. These included:

- The Shakespeare Festival, The Siesta Festival, the Two Theatres Festival of the Polish Radio and Television, The Daisy Chain Wonders - Summer Begins in Gdynia Music Festival, Ladies Jazz Festival, Festival of the City of Gdansk, the Energy of Freedom concert, and the Actus Humanus 2016 Festival.

We are also a strategic partner of the Baltic Sea Cultural Centre in Gdansk.

The main cultural sponsorship projects we were involved in in the **southern Poland** included:

- LOTOS Jazz Festival, Jasło Days, Czechowice-Dziedzice Days, Autumn Theatre Days, and the international 'Łemkowska Watra' Lemko Culture Festival.

E(x)plory – support to young scientists

It was the fourth time that we extended our **support** to the E(x)plory Scientific Competition, which brings together young talents and the world of science and business. **E(x)plory is the largest scientific competition in Poland**, offering **students aged 13–20** an opportunity to create and develop innovative projects, learn new ideas, and share experience with other young scientists and specialists.

Out of the 200 projects registered for the competition, the best 32 ones, developed by 52 young scientists, qualified for the national final. They dealt with a wide variety of issues – from artificial intelligence to environmental pollution and social research.

The winners were chosen by a jury consisting of renowned experts representing recognised scientific institutions and innovative businesses. One of them was Jan Biedroń, **Head of the Technology and Innovation Office at Grupa LOTOS**. The winners were awarded **scholarships**.



Young innovators and investors have an opportunity to meet at **congresses** held as an accompanying event to the competition. For the former, they have a chance to gain inspiration from the best and to confront their ideas with market expectations.

The competition is a part of the **E(x)plory Programme**, which also comprises regional festivals, research and development internships at laboratories of universities or science institutions, and business incubators.

The E(x)plory Scientific Competition is organised by the **Advanced Technologies** Foundation. It seeks to promote science and meet the challenges facing modern states by developing innovations and educating young people to become professionals in the world based on technological progress.

[E\(x\)plory Programme](#) 

Taking responsibility for internal and external stakeholders >
Social commitment – addressing important social and environmental issues > Social programmes and campaigns

Social programmes and campaigns

[G4-EC7] [G4-EC8]

LOTOS Cup in the Pomerania region

The 'Football Future with LOTOS' programme is carried out in 14 centres established in 2012–2015 with the support from local football clubs in the Pomerania region. At present, about **3,000 girls and boys** practice as part of the LOTOS programme and the Lechia Gdansk Football Academy, under the watchful eye of professional coaches.

12-year-olds representing all the centres covered by the 'Football Future with LOTOS' programme attended the LOTOS Junior Cup 2016. In order to reach the final, the teams had to win three matches in the knockout stage, which in 2016 was achieved by the team from Luzino.

As a socially committed business, in 2016 we continued our involvement with other social and sports projects addressed to children and teenagers. We supported the 'Gdynia Basketball Talents' project, **mini speedway in GKŻ Wybrzeże**, the Gdansk Sailing Club, **Weronika Baszak, a young tennis player**, and the Basketball Section of the Legia Warszawa club.

'Talent with LOTOS' – Czechowice-Dziedzice

In 2016, we started to cooperate with the Czechowice-Dziedzice Municipal Office on the '**Talent from Czechowice-Dziedzice, a Town of Fiery Enthusiasm**' educational programme. The initiative is a part of the wider 'Talent with LOTOS' project aimed to support talented students from the Pomerania region and the Jastó and Bielsko-Biała Counties – areas of key importance to our corporate social responsibility strategy.

The primary objective of the programme is to **foster scientific thinking** among students from elementary and junior-high schools. Under supervision of their teachers, the students carried out scientific and research projects, which were then assessed by the experts and, at the end of the year, awarded by Marian Błachut, Mayor of Czechowice-Dziedzice, and Grupa LOTOS. The first edition comprised 18 projects, involving 92 students.

The programme is a way to identify and develop talented individuals from the Czechowice-Dziedzice municipality, who will become qualified employees in the future, driving local business growth.

Jastó Science League with LOTOS

Once again, prizes and distinctions were awarded to research projects completed by the students as a part of the Jastó Science League with LOTOS. The third edition of this innovative educational project attracted **241 pupils from schools and preschools in Jastó**. Supervised by 71 teachers, they prepared 86 minor scientific and research projects and presented the results to the public.

In 2016, the main prize was awarded to a showcase project entitled 'Trends, Family Traditions or Sheer Coincidence – What Stands Behind Names Chosen For Children Born in Jasło in 2003', carried out by three elementary school girls.

Safety Belt Champions

Since 2014, acting jointly with the National Road Traffic Safety Centre, we have been involved in educational initiatives and have spread information on transporting children in safety seats and proper fastening of seat belts. To this end, we launched the 'LOTOS Safety Belt Champions' social campaign, addressed to drivers and passengers from all over Poland. We assume that the project will enhance their awareness of road safety rules and they will thus contribute to limiting the number of road accidents and their consequences. We seek to reach them through a number of activities under the 'LOTOS Safety Belt Champions' campaign, for example:

- Special 'pit-stops' have been set up at the LOTOS service stations to serve as expert inspection outlets where we invite drivers buying fuels and all service station customers. At the pit-stops:
 - a team of qualified experts check whether seat belts are fastened correctly and whether the driver's and passengers' headrests are properly adjusted,
 - the experts offer instruction on how to transport properly the youngest passengers in safety seats and how to install safety seats in order to ensure maximum comfort and safety while travelling,
 - children are invited to play, colour educational books, do puzzles and fasten dolls in safety seats,
 - all pit-stop visitors receive training materials.
- We hold 'Stay Safe – It's Good to Be Alive!' seminars and safety classes at selected elementary schools. During the classes children and youths learn by playing how to correctly fasten seat belts and how they work, how to properly install and fasten safety seats, how airbags are deployed, etc.

Facts and figures about the 'LOTOS Safety Belt Champions' campaign. Since 2014:

- **6,000 drivers** have opted for an inspection and instruction concerning proper adjustment of seats and headrests, installation of child safety seats and fastening of seat belts,
- **15,000 participants** have taken part in workshops devoted to fastening seat belts and installing safety seats,
- **Over 2,500 children** have attended the safety classes and workshops on proper seat belt fastening.

Kajetan Kajetanowicz, a multiple Polish rally champion, has agreed to be the campaign ambassador. The project is run under the auspices of the Polish National Police Headquarters, the General Inspectorate of Road Transport, the Automotive Industry Institute, the National Road Safety Council and the National Fire Service.

Taking responsibility for internal and external stakeholders >
Social commitment – addressing important social and environmental issues >
Visits of university students provide a new insight into the LOTOS Group

Visits of university students provide a new insight into the LOTOS Group

We are happy to host university students without any experience of working in a corporate environment. Their visits offer a fresh perspective on our organization's operations. In 2016, we were visited by students of the Cracow University of Economics and students of the University of Gdansk.

At the request of students from the EU Innovation Association in Cracow , the LOTOS Group's Human Resources Office team prepared specific tasks for them. The students presented the results of their work: **two proposed versions of a development programme for the personnel**. The meeting was held as a part of LOTOS' long-term cooperation with the academic community.

The visit of journalism students associated within the Inspiar group of the University of Gdansk focused on communication. The meeting hosted by the Communication Office personnel was mainly devoted to **the operations of internal media in the LOTOS Group**.

[Taking responsibility for internal and external stakeholders](#) >
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[Cooperation and partnership in social initiatives](#)

Cooperation and partnership in social initiatives

[G4-EC7] [G4-EC8]

- Since 2014, the families holding Large Family Card have saved PLN 1 million on purchases at the LOTOS service stations, as the LOTOS Group has partnered up with the Ministry of Family, Labour and Social Policy in the project.
- Having teamed up with the Academic Business Incubators, we offered attractive fuel discounts to 2,200 start-ups developing in 50 incubators.
- In 2016, we were a partner of the Development Initiation Forum, an event which seeks to foster networking and cross-sectoral cooperation in the Pomerania region.

Large families make savings at the LOTOS service stations

LOTOS service stations were the first in Poland to join the Large Family Card programme. Thanks to the cooperation between the LOTOS Group and the Ministry of Family, Labour and Social Policy, large families can save on purchases at the LOTOS stations – with the Large Family Card they can purchase fuel at a discount and use special offers on food services and car wash. Since December 2014, families holding the card have saved **PLN 1m** at our stations.

The discounts offered by our service stations chain made the Large Family Card not only a social programme but also an opportunity to successfully strengthen customer loyalty to the LOTOS brand.

The discount offer for holders of the Large Family Card at LOTOS [CODO stations](#) and selected [DOFO stations](#) includes:

- Discounts on fuels:
 - PLN 0.05 per 1 litre of LOTOS fuel,
 - PLN 0.10 per 1 litre of premium fuel,
- 20% off any food product at Cafe Punkt (Café Point),
- 20% off the cost of car wash.

Development Initiation Forum – cross-sectoral networking in the Pomerania region

2016 saw the fifth edition of the Development Initiation Forum. LOTOS has been a partner of the project since its beginning. The initiative is unique, both in the Pomerania region and on a nation-wide basis. It brings together representatives of non-governmental organizations (NGOs), local governments and business with the objective of initiating cross-sectoral cooperation to support development of the Pomerania region.

Every year the participants have the opportunity to share best practices and work out new solutions together. The thematic sessions and workshops were attended by approximately 250 people.


The Forum is accompanied by a grant contest aimed at offering financial support to initiatives that respond to the actual needs of the Pomerania region. Grupa LOTOS is on the jury of the contest. The winners of its third edition included:

- 'Canteen - Workplace for a Start', a project of the Social Innovation Foundation of Gdansk. The canteen is a place of work for young people from care facilities, where they can gain work experience to help them enter the labour market.
- '100re.pl – Poland's First Cooperative Shop', by Spółdzielnia Socjalna (Social Co-operative) 100% of Sopot. The project addresses the problem of unemployment among people with disabilities in the Pomerania region.
- 'Tczew Bike Couriers' by the "Pokolenia" (Generations) Foundation of Tczew. During the project, a social business, offering sustainable bike courier services, was created.
- 'LUCETA" Social Weaving Studio by the "Nadaktywni" (Hyperactive) Foundation of Gdynia, which together with partners from Chmielno and Pruszcz Gdanski supports elderly ladies by giving them an opportunity to teach weaving skills to the younger generation.

[Taking responsibility for internal and external stakeholders](#) >
[Social commitment – addressing important social and environmental issues](#) > [LOTOS Foundation](#)

LOTOS Foundation

[G4-EC7] [G4-EC8]

 With a mini grant competition, the Foundation supported 11 projects developed by employees and addressed to nearly 1,300 people, mainly children.

First mini grant competition for personnel

As part of the employee volunteering programme, in 2016 we held a mini grant competition for our employees. In the first edition, we **co-financed 11 projects** developed by 53 employees of the LOTOS Group.

The projects were addressed to 1,296 people, including **1,183 children**, 107 elderly persons, and 6 adults. The personnel spent a total of 1,459 hours on the projects, of which nine were carried out in Gdansk, one in Rokitnica, and one in Lidzbark Warminski.

The maximum grant amount was PLN 3,000 and the aggregate amount distributed in the first edition was PLN 30,000. The grants were to cover the cost of activities which could not be done on a volunteer basis.

To have a project admitted to the competition, the applicants needed to fill in a simple request for a mini grant and plan the project to be carried out by at least three employees supervised by a leader. The jury evaluated the projects by their merits, usefulness for the local communities, and budgets. The co-financed projects had to be completed by mid-December 2016.

Through the LOTOS Foundation and the Regional Volunteer Centre, we provided mentorship and consultancy to the winning projects at every stage of their execution.

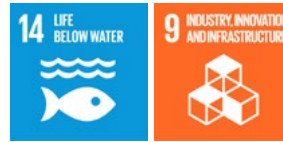
[More information on the LOTOS Foundation](#) 

Taking responsibility for internal and external stakeholders >
 Social commitment – addressing important social and environmental issues > Environmental protection programmes

Environmental protection programmes



THE GLOBAL GOALS
 For Sustainable Development



‘Headed for the Baltic Sea’

- > Currently, 80% of the global trade is transported by sea. The growing demand for maritime transport is a development opportunity for Poland. **The Baltic Sea is one of the busiest sea basins in the world.** However, in order to fully exploit this potential, it is necessary to map of needs concerning the expansion of connections and port facilities, development of terminal infrastructure, construction of platforms and logistics centres.
- > At the same time, it must be remembered that the **Baltic Sea was identified as a particularly sensitive sea area** by the International Maritime Organisation and is subject to special protection. Therefore, it is important to ensure that its sustainable development.

To this extent , we work jointly with local authorities and foundations under the ‘Headed for the Baltic Sea’ project. It combines our environmental efforts that we made under the ‘LOTOS Protects the Baltic Sea Wildlife’ and the ‘Protect the Wildlife of the Sobieszewo Island’ programmes in 2016. ‘Headed for the Baltic Sea’ is a partnership project focused on science and research, but it also seeks to promote active environmental protection and enhance environmental awareness.

[Headed for the Baltic website](#) 

In 2015, Global Compact initiated the **Baltic Sea Programme 2015-2020** to develop measures fostering sustainable development of the Baltic Sea region. Grupa LOTOS is a partner of the project.

