

Misconduct Prevention Policy of the LOTOS Group

Our approach to managing the risk of misconduct is defined in the Misconduct Prevention Policy of the LOTOS Group, adopted in 2012. Besides the Code of Ethics, the Policy is the primary source of rules and standards for misconduct prevention in our organization. The adoption of the two documents was in line with the objectives of the LOTOS Group Corporate Social Responsibility Strategy for 2012–2015.

We are vigilant:

In 2015, the Board of Grupa LOTOS adopted the revised third edition of the Misconduct Prevention Policy – Zero Tolerance for Misconduct, under which each employee is required to immediately report any suspected instance of misconduct to the Head of the Internal Audit Office:

- directly or through their superior,
 - by calling: +48 58 308 87 87,
 - by email to: audyt@grupalotos.pl,
 - by completing a form available on
 - <http://www.lotos.pl> or in the Ethical Conduct Programme sub-service on LOTOSTRADA,
 - by post, in a letter addressed to the Internal Audit Office.
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Cautious = more knowledgeable

Educating employees is the key to preventing misconduct. In September 2015, we began to regularly send emails with educational content to our employees. The initiative, continued in 2016, aimed at raising the employees' awareness of the risk of misconduct and its prevention. It was also an opportunity for us to distribute the Misconduct Prevention Policy to the LOTOS Group employees. Moreover, each email informed the employees of their obligation to report any instances of suspected misconduct through the channels set out in the Policy.



627
employees

of LOTOS Group took part in training devoted to misconduct prevention (some employees attended more than one training session)



1,896
hours of training

devoted to misconduct prevention

Titles of emails in 2015	Date sent	Number of emails sent
<i>Together we create an early warning system (Misconduct Prevention Policy attached to the email)</i>	<i>September 7th 2015</i>	1,812
<i>Together we protect our organization's intellectual property</i>	<i>November 26th 2015</i>	1,733

'NO' to misconduct

We are committed to increasing the degree of immunity to misconduct within the LOTOS Group, which means:

- Being aware of real and perceived misconduct threats arising in the course of our operations,
- Putting in place and using solutions that are best adapted to the scale and nature of the risk, and that are geared towards preventing, detecting and responding to such threats.

The purpose of these efforts is to secure the LOTOS Group's ability to:

- Mitigate the risk of misconduct,
- Reduce the harmful effects of misconduct,
- Gather resources which will accelerate the organization's return to pre-misconduct state.

The threats we face

At the LOTOS Group, we have identified the risk of misconduct as one of the enterprise risks. We understand misconduct as an intentional act or omission which constitutes violation of the law or a breach of our organization's internal regulations, committed to secure an unlawful gain or causing a LOTOS Group company to sustain a loss. Misconduct includes any type of corrupt practices.

In 2015, we developed a map of misconduct risk, which shows that at the LOTOS Group companies – with a few exceptions – exposure to the risk is concentrated in the following areas:

- Investment project preparation and execution,
- Sales,
- Logistics,
- Procurement and inventory management.

Misconduct risk was assessed based on the following criteria:

- Significance of the area to the implementation of strategic objectives by a given company.
- A misconduct review or investigation carried out in a given area.
- Significance of the areas depending on misconduct risk exposure in defined categories.
- Level of misconduct risk as perceived by the management, based on survey findings.

What else did we do?

- We published dedicated educational materials in the LOTOSFERA monthly for the LOTOS Group employees.
- We developed e-learning materials to be used by our new hires.
- We completed operational work on pilot reviews of misconduct categories related to unlawfully claimed remuneration and employee benefits, data and intellectual property theft as well as computer crime.

No instance of corruption was reported at the LOTOS Group in 2015.

At the LOTOS Group we seek to actively counteract computer crime. In 2015, we commenced a training programme under the name 'Security Awareness', devoted to the security of IT system users. The eight training sessions were attended by 468 LOTOS Group employees, including 344 management staff.

100%

**of the LOTOS Group
companies were
assessed in 2015 in
terms of the risk of
misconduct**

