

Our social impact

We are responsible for our impact on the environment and for the way we build our relations with key community groups in that environment.

With a CSR strategy in place, from 2012 we consistently monitored progress towards our key objective in the area of integration with the local environment set for the period until 2015, namely ensuring favourable attitudes among local communities and strengthening the Company's image as a business committed to CSR practices involving a wide range of programmes, long-term initiatives, social dialogue, and research designed to eliminate and provide lasting solutions to locally relevant social and environmental problems. In the process of strategy development and implementation, local environment was defined as the areas located in the vicinity of the LOTOS Group's production plants, including the local communities, employees, customers and the natural environment within those areas. Although many of our projects extended beyond the local sphere, the local effect was an important factor during the assessment and selection of new CSR projects completed in the last few years.

Our social impact is not limited to creating jobs and the environmental footprint of our operations, but it also involves programmes, initiatives, public consultations and activities undertaken to address the expectations of specific target beneficiary groups of the newly established [LOTOS Foundation](#). We strive to manage each of those areas effectively. That is why, as in the previous years, in early 2016 we carried out an assessment of the impact of our CSR activities, as well as of the awareness of and attitudes towards our activities intended to limit our environmental impacts in the immediate neighbourhood, being the key target of our initiatives, as well in the wider group of inhabitants of the Gdańsk Province and the Bielsko-Biała and Jasło Counties, who benefit from our broader social and environmental projects.

Our key social activities in 2015:

- We completed major multi-aspect **social projects** in each of our commitment areas – road traffic safety ('LOTOS Safety Belt Champions'), environmental protection and education ('Headed for the Baltic'), and ensuring equal opportunities ('Talent with LOTOS', 'E(x)plory');
- We also furthered **cross-sectoral cooperation**. Apart from participating in working groups appointed to develop strategies for the Gdańsk Province and the metropolitan area concept, we continued our involvement with the Development Initiation Forum, and we held meetings with representatives of local governments, SMEs and NGOs as part of workshop and networking groups organized under the Forum;
- We provided funds to support cross-sectoral **partnership programmes** in the Gdańsk Province;
- We provided further support to entities in the **social economy** sector. In 2015, social enterprises, which are often beneficiaries of our grants, completed five interesting social initiatives undertaken in response to the identified needs of local communities.
- In 2015, we established the [LOTOS Foundation](#). Its overriding objective is to **support initiatives to develop infrastructure and make a positive difference for local communities, particularly in regions where companies of the LOTOS Group operate**. In 2015, the Foundation's charitable donations totalled PLN 762 thousand, of which nearly PLN 320 thousand was spent on charity and support to non-governmental organizations operating in the closest neighbourhood of Grupa LOTOS.

- We successfully completed the first edition of the [‘Helping while Refuelling’](#) campaign as the Foundation’s first major project. It was the first-ever cause-related marketing project in the fuel industry in Poland run on such a large scale. The campaign proceeds of **PLN 318,388** were used to meet the infrastructural needs and fulfil the passions and dreams of persons under the care of the LOTOS Foundation’s social partners.
- We initiated a systematic **employee volunteering** programme. We carried out a number of initiatives started by our employees, such as ‘LOTOS Collects Screw Caps’, consisting in collection and sale of plastic bottle caps, with the proceeds transferred as financial support to a grandson of one of the LOTOS Group’s employees, who suffers from a chronic disease of muscular atrophy and requires constant rehabilitation and medical equipment. Moreover, in the Easter and Christmas periods we sell cakes baked by the ‘JA TEŻ’ Foundation for Development to our employees and use the proceeds to support the Foundation’s activities carried out for the benefit of people with the Down’s syndrome. As part of employee volunteer work, one of our teams erected a fence and performed repairs at a foster care home in cooperation with the Gdańsk Social Innovation Foundation.

How do we create value for the environment in which we operate?

Key financial indicators	Key non-financial indicators
<ul style="list-style-type: none"> ■ Expenditure on social programmes: over PLN 5m ■ Value of donations handed over by the LOTOS Foundation: PLN 762 thousand ■ The amount collected during the “Helping while refuelling” campaign: PLN 318 thousand 	<ul style="list-style-type: none"> ■ Number of cross-sectoral social programmes and initiatives delivered by Grupa LOTOS: 23 ■ Awareness of Grupa LOTOS social and environmental projects: 40% of all respondents ■ Assessment of our social and environmental impacts by Grupa LOTOS social partners: 80%

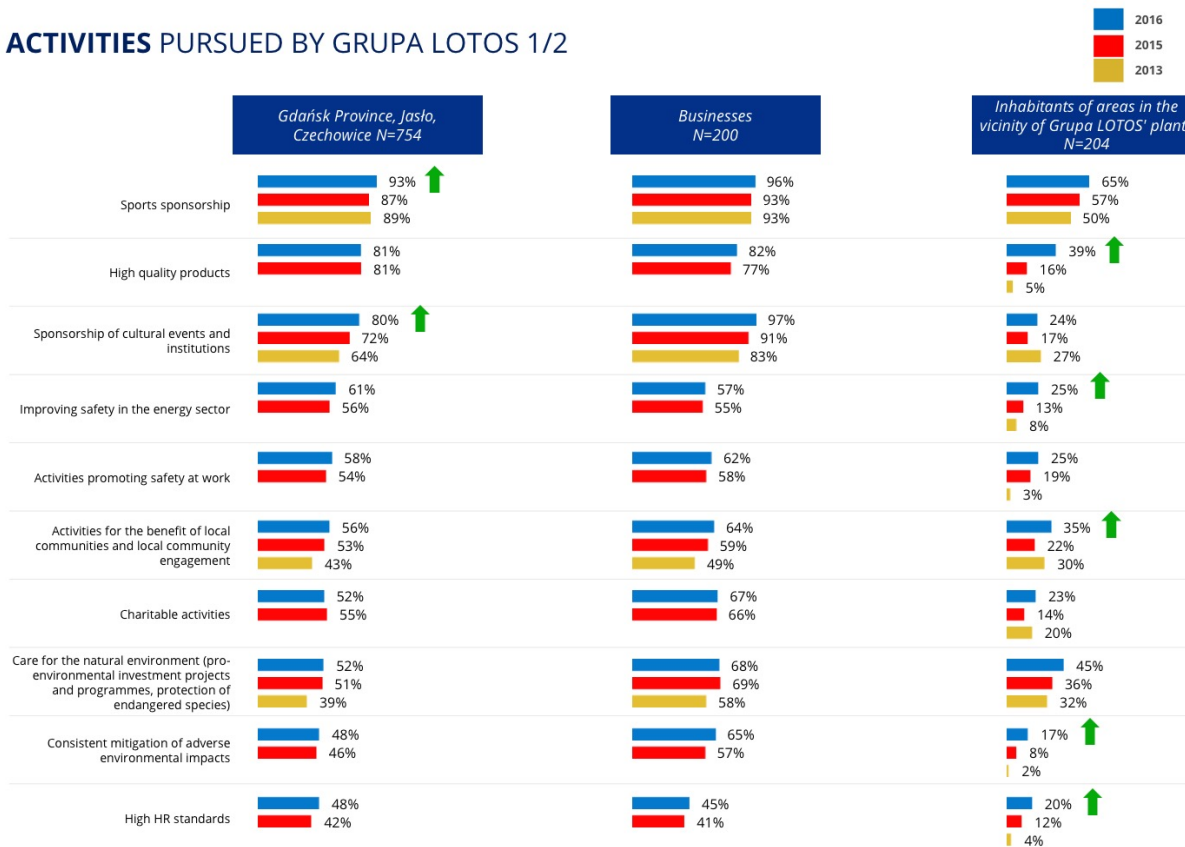
At the LOTOS Group, we believe that the main purpose of CSR activities is to translate the success of the company into benefits for the society in general. That is why in our business we take into account the needs of local communities and environmental challenges in the areas affected by our operations. As we are responsible for the quality of life in the vicinity of our production plants, we make every effort to ensure that it is as high as possible.

Our capabilities are a function of our knowledge on various social and environmental aspects related to our business, as well as of the available human, technological and organizational potential. These factors largely shape our decisions on the direction and nature of our social impacts.

In annual surveys carried out in our environment, covering both the closest neighbourhood of our production plants and a wider area of the Gdańsk Province and the Bielsko-Biała and Jasło Counties, as well as 200 businesses operating in those three areas, we place a particular focus on the positive and negative aspects of living near Grupa LOTOS's facilities. We check the effectiveness of our communication activities related to CSR initiatives in educating and rising environmental and social awareness of the target groups. We analyse the degree of interest in our operations, including the business, sponsorship and social activities. Last but not least, we ask whether the directions followed by the LOTOS Group are correct and what other issues we should address, and the answers to those questions serve as the basis for modifications and a discussion of the usefulness of our activities.

The survey results, part 1

ACTIVITIES PURSUED BY GRUPA LOTOS 1/2



Q6. Which of those activities are, to your knowledge, pursued by LOTOS?

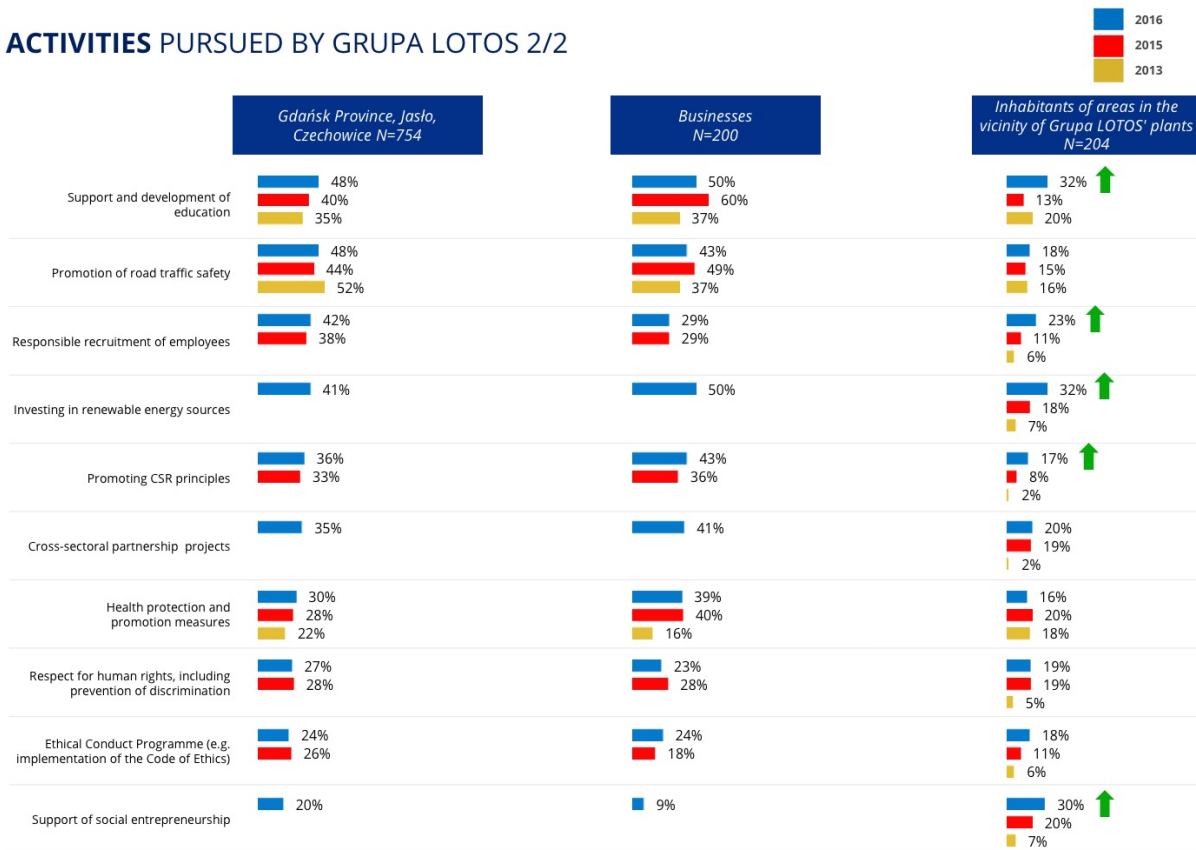
Data sorted for the Gdańsk Province, Jasło, and Czechowice – 2016

↑ ↓ statistically significant difference between 2016 and 2015 results

The level of awareness, and the resulting self-assessment of our CSR activities improved compared with the 2013 and 2015 surveys. Particularly important data is that pertaining to the social activities addressed to the communities living close to Grupa LOTOS' facilities, as well as the awareness of our initiatives designed to mitigate adverse environmental impacts (up from 2% to 17% of inhabitants in the areas located in the vicinity of our production plants).

The survey results, part 2

ACTIVITIES PURSUED BY GRUPA LOTOS 2/2



Q6. Which of those activities are, to your knowledge, pursued by LOTOS?

↑ ↓ statistically significant difference between 2016 and 2015 results

Data sorted for the Gdańsk Province, Jasło, and Czechowice – 2016

In other important areas, the awareness of our activities, including promotion of the CSR concept, support to social economy entities and education, improved by at least 10 percentage points among respondents living near the refinery and our key companies in southern Poland.

We also hold consultations to verify if the directions of our activities are correct. Asked about what activities the LOTOS Group should engage in, the respondents most often pointed to the areas on which we have consistently focused under our CSR strategy since 2011.

The survey results, part 3

ACTIVITIES IN WHICH GRUPA LOTOS SHOULD ENGAGE (TOP 2 BOXES)

	Gdańsk Province, Jasło, Czechowice N=754			Businesses N=200			Inhabitants of areas in the vicinity of Grupa LOTOS' plants N=204		
	2016	2015	2013	2016	2015	2013	2016	2015	2013
Care for natural environment, ecology	83%	81%	78%	95%	95%	94%	61%	58%	74%
Mitigation of adverse environmental impacts	76%	75%	-	93%	96%	-	64%	63%	14%
Investing in renewable energy	71%	69%	62%	86%	89%	85%	61%	61%	71%
Support to the development of research and science	60%	63%	51%	85%	85%	89%	61%	63%	76%
Sports programmes for children and youth	60% 	50%	53%	75%	80%	82%	67%	64%	70%
Promotion of road traffic safety	56%	56%	58%	64%	69%	77%	59%	62%	61%
Monitoring of compliance with ethical conduct rules, social intercourse principles and environmental protection standards by suppliers and contractors	55%	48%	-	71%	76%	-	62%	65%	15%
Support and development of education	51%	49%	44%	68%	73%	72%	61%	58%	71%
Sports sponsorship	51%	51%	44%	75%	80%	85%	74%	66%	75%
Application of ethical, social and environmental criteria when selecting trading partners	51%	44%	-	68%	74%	-	57%	57%	14%
Support to local communities	50%	44%	35%	78%	80%	85%	62%	54%	66%
Health protection and promotion measures	49%	48%	45%	67%	70%	62%	63%	59%	66%
Support to the poor and people in need	44%	47%	49%	60%	58%	58%	61%	58%	63%
Sponsorship of cultural events and institutions	41%	43%	31%	70%	73%	76%	52%	52%	70%
Construction of sports fields near schools	39%	46%	37%	46% 	63%	60%	59%	56%	58%
Construction of playgrounds in town districts	36%	40%	36%	52%	46%	49%	60%	58%	63%
Inclusion of service station customers in CSR programmes organized by the Company	35%	--	-	60%	--	-	55% 	41%	12%
Fostering CSR principles among other companies	33%	30%	-	63%	69%	-	69%	67%	14%
Promoting Polish artists/culture	30%	28%	17%	52%	46%	38%	55%	55%	62%

Q15/ Q16. Which activities do you think Grupa LOTOS should engage in?

Data sorted for the Gdańsk Province, Jasło, and Czechowice – 2016

  statistically significant difference between 2016 and 2015 results