

Profile of the statement

The Consolidated Non-Financial Statement for 2009 is based on the Reporting Framework and the third version of the Guidelines of the Global Reporting Initiative (G3 GRI). Grupa LOTOS declares that within the three-level system of the Application Levels it has achieved Level A^(*).

^(*) Specific Application Levels have been marked with letters from C (the lowest level), through C+ (where „+” stands for the external verification of the statements by independent certifying authorities), B, B+, A to A+. The criteria of reporting attributed to every Level provide the measurement of the application level of the Guidelines and implementation of [GRI Reporting Framework Guidelines](#).

GRI Application Level	C	C+	B	B+	A	A+
Company's assessment					✓	

The Statement of the LOTOS Group concerns operations of the organization throughout the financial year 2009. In relevant cases, information concerns also the events material for the Company that took place in the period preceding the publication of the Statement, i.e. in Q1 2010.

This Consolidated Non-Financial Statement constitutes the third publication of Grupa LOTOS concerning the non-financial aspects of its operations. Moreover, it is the first publication that constitutes an integral part of the Annual Report of Grupa LOTOS. The previous reports on sustainability were published by Grupa LOTOS independently of the annual reports.

In June 2008 the first [corporate social responsibility](#) Report was published for the LOTOS Group. It contained information for the years 2006-2007. The second CSR Report was published in mid-2009 and dealt with results achieved in the financial year 2008. In 2007 the Environmental Report of Grupa LOTOS was published covering the year 2006. Starting from the CSR Report for 2008, the environmental protection issues have been incorporated into the CSR Report of Grupa LOTOS. The reports are available on the dedicated website of Grupa LOTOS at www.csr.lotos.pl.

Pursuant to the decision of the Management Board of Grupa LOTOS, the organization adopted the annual reporting procedures monitoring the implementation of the CSR strategy. The consecutive reports are to present the situation of Grupa LOTOS in specific years. Starting from this issue Grupa LOTOS intends to publish integrated reports that contain both consolidated financial and non-financial statements.

The Communication and CSR Office is responsible for coordinating [social reporting](#) procedures in the LOTOS Group. All the parties concerned can contact the Office at: csr@grupalotos.pl. Detailed contact data are available in [Additional Info](#).

Scope and framework of the Report

In the process of defining the content of the Consolidated Non-Financial Statement and other chapters of the Annual Report that present the non-financial results of the operations, the [GRI Reporting Framework Guidelines](#) were followed. The selection on both non-financial measurable indexes and the descriptive aspects contained in the Report was based on the significance rule. By significance, Grupa LOTOS understands the importance and weight of a factor not only for the Concern's operation compliant with sustainability practices but also for all external [stakeholders](#) who expect and look for reliable, comparable and realistic data and information that affect their choices and decisions.

This Report uses all the basic result indexes concerning separate aspects of operations, i.e. economic, environmental and social ratios as well as major non-obligatory ratios included in the [GRI Guidelines](#). As there is no separate Sectoral Supplement covering the period of the Report, no indexes dedicated to the sector have been applied other than provided for in the basic list. For the calculation of financial data presented in the Report, same methods have been used as applied in the Consolidated Financial Statement of the LOTOS Group for 2009, i.e. in compliance with the International Financial Reporting Standards applicable as of 31 December 2009.

In most problem areas presented in the Report, information concerns the dominant entity, i.e. Grupa LOTOS. However, as far as possible all efforts have been made to consolidate data for the LOTOS Group. In the areas of key importance for the product responsibility, data have been presented for the commercial companies of the LOTOS Group. In all instances the differentiation has been made in the Report by adding information on the specific subsidiary of the LOTOS Group. Both scope and framework of the Report are being successively extended, in particular by increasing the number of economic, environmental and social indexes of the companies in the LOTOS Group, i.e. the entities that play the most important role in developing the value chain through their individual and institutional customers, suppliers and partners.

In the previous period there have been no changes or any other material circumstances with reference to the subsidiaries of the LOTOS Group that might affect the general assessment of the organization in individual aspects or in the comparison with other domestic entities from this sector. This Report does not provide any revisions to information given in the previous report for 2008.

The scope of this Report has been extended with regard to the Social Responsibility Report of the LOTOS Group 2008 in two aspects:

1. according to the declaration made in the previous reporting period, the number of result indexes has been augmented to comprise achievements of individual companies of the LOTOS Group, furthermore adding one more reporting entity (5 instead of 4);

The GRI indexes reported by the commercial companies: LOTOS Asphalt, LOTOS Kolej, LOTOS Oil, LOTOS Paliwa and LOTOS Parafiny for their operation in 2008-2009

2008		2009	
Aspect	Index	Aspect	Index
Products and services	EN26, EN27	Products and services	EN26, EN27
Transport	EN29	Transport	EN29
Health and safety of consumers	PR1	Health and safety of consumers	PR1
Product and service labelling	PR3, PR5	Product and service labelling	PR3, PR5
Marketing communication	PR7, PR8	Marketing communication	PR7, PR8
Privacy of customers	PR8	Privacy of customers	PR8
Compliance with law	PR9	Compliance with law	PR2, PR4, PR9
-	-	Biodiversity	EN11
-	-	Intermediate economic impact	EC9
-	-	Market position	EC5, EC6, EC7

2. the description of Grupa LOTOS operations has been completed by adding information on the EC9 index, relative to the scale of the indirect economic impact of the enterprise. The basis for presenting the results in this regard have been the analysis conducted by Grupa LOTOS with regard to the indirect effects of the key investment project of Grupa LOTOS, the 10+ Programme.

74 GRI reporting indexes have been considered when drawing up the Annual Report 2009.

Verification

Any and all data presented in the Report have been collected in a reliable and responsible manner and have been certified as conforming to the actual data by the senior management of Grupa LOTOS and the selected subsidiaries of the LOTOS Group supervising the individual reported areas of operation. The financial data comply with information provided in Consolidated Financial Statements for individual periods.

This Consolidated Non-Financial Statement has not undergone any external verifications by an independent certifying authority. However, it is noteworthy that a large part of financial data concerning the previous financial year that is the subject matter of this Report, have been appraised by the licensed auditors of Deloitte, who audited the Consolidated Financial Statement of the LOTOS Group.

Grupa LOTOS has implemented the Integrated Management System based on the requirements of: PN-EN ISO 9001:2001 Quality Management System, PN-EN ISO 14001:2005 Environmental Management System and PN-N-18001:2004 Health and Safety Management System. In June 2007 Grupa LOTOS underwent the re-certifying audit aimed at assessing compliance of the management system with the requirements of the standard. The re-certifying audit is conducted every three years. Both the re-certifying audit and the supervision audit (conducted annually in Grupa LOTOS) are carried out by the external independent certifying body. According to the implemented procedures of the IMS, the LOTOS Group carries out planned internal audits to verify if the IMS is implemented and maintained effectively and if it corresponds with the planned actions and standard requirements. Therefore, regular audits cover individual aspects of the operations within environmental protection, health and safety and quality standards presented in this Report.

Moreover, in compliance with the adopted communication transparency policy with stakeholders, Grupa LOTOS undergoes external assessment of its commitment to CSR by participating in professional audits that compare achievements of companies involved in developing CSR ideas. The most important actions executed in this area in 2009 include the participation of Grupa LOTOS in:

1. Ranking of Responsible Firms 2009, organised by the Centre of business ethics of Kozminski University and the Forum of Responsible Business. The results and achievements of Grupa LOTOS that are the basis for assessment were verified by the auditors of PricewaterhouseCoopers – a partner of the ranking;
2. RESPECT Rating that has been prepared as the basis for selecting companies to be included in the sustainability stock exchange index, the RESPECT Index, a result of joint cooperation of the 'Forbes' monthly, the Warsaw Stock Exchange and the experts of Kulczyk Investments. The actions taken by Grupa LOTOS within CSR have been verified by Deloitte who prepared the results of the Rating.

In both cases mentioned above, auditors revised the information provided by Grupa LOTOS by interviewing Grupa LOTOS representatives but first and foremost based on the presented documentation.

Economic aspects of operation

Economic results

GRI No.	AREA
EC 1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.

Grupa LOTOS	2005	2006	2007	2008	2009
Thousand PLN					
Net income	8,547,293	11,630,382	11,867,884	14,900,794	12,711,611
Operating costs	7,549,452	10,712,102	10,851,429	14,867,282	12,116,519
Remuneration of employees and other benefits	77,859	82,771	94,724	115,587	131,585
Payments to the investors	29,553	3,093	65,680	61,497	127,114
Payments to the public sector	4,135,495	5,249,087	6,730,682	7,108,738	8,557,314
Social investments	939	1,876	1,121	651	793

On 30 June 2008, the Shareholders' Meeting of Grupa LOTOS took the resolution on the distribution of net profit for 2007. According to the resolution, a part of the net profit of Grupa LOTOS amounting to PLN 2,500 thousand was allocated to the special purpose fund of Grupa LOTOS for financing social projects of Grupa LOTOS.

The LOTOS Group	2005	2006	2007	2008	2009
Thousand PLN					
Net income	9,707,829	12,834,708	13,143,463	16,309,960	14,344,851
Operating costs	8,053,554	10,978,033	11,346,692	15,287,258	12,750,542
Remuneration of employees and other benefits	320,502	359,998	388,418	422,506	462,948
Payments to the investors	47,783	32,845	96,768	99,729	176,338
Payments to the public sector	4,720,673	5,968,567	7,194,536	7,519,904	8,951,791
Social investments	1,644	2,352	1,362	898	839

GRI No.	AREA
EC 3	Coverage of the organization's defined pension plan and allowance obligations

Due to the liabilities of the employer resulting from the Collective Agreement, Grupa LOTOS creates reserves for pensions, disability pensions and anniversary bonuses.

Grupa LOTOS	2005	2006	2007	2008	2009
Thousand PLN					
Reserves for anniversary bonuses and pension and disability pension pays:					
- long-term	14,288	15,150	19,072	27,612	28,820

- short-term	2,193	2,189	2,753	3,666	4,348
Total reserves	16,481	17,339	21,825	31,278	33,168
Payments within the Grupa LOTOS employee insurance plans within the so called 3rd pillar of insurance investment funds	897	1,453	2,496	3,105	3,439
The LOTOS Group					
Thousand PLN					
Reserves for anniversary bonuses and pension and disability pension pays:					
- long-term	49,771	54,232	60,295	82,587	87,961
- short-term	12,751	7,472	8,888	9,505	10,733
Total reserves	62,522	61,704	69,183	92,092	98,694
Payments within the LOTOS Group employee insurance plans within the so called 3rd pillar of insurance investment funds	3,024	4,524	7,068	8,720	10,195

GRI No.	AREA
EC 4	Material financial support granted by State

Grupa LOTOS	2005	2006	2007	2008	2009
Thousand PLN					
Received subsidies	13,144	3,416	2,808	-	5,908
Subsidies accounted for	-	-	-	-	-
Value of subsidies as of the year end	13,144	16,560	19,368	19,368	25,276
The LOTOS Group					
Thousand PLN					
Received subsidies	13,144	3,486	4,322	19	5,908
Subsidies accounted for	732	634	601	663	744
Value of subsidies as of the year end	17,967	20,819	24,540	23,896	40,343

LOTOS Asphalt operates in the Tarnobrzeg Special Economic Zone EURO-PARK WISŁOSAN pursuant to the Permit No. 158/ARP S.A./2008 of 23 January 2008. The permission was granted until 15 November 2017. Under applicable regulations LOTOS Asphalt is exempt from the corporate income tax within the operations covered by the permission. LOTOS Asphalt calculates the tax basis according to the Act on corporate income tax of 15 February 1992. For the purpose of calculating the tax basis, the exempt income and the taxable income, LOTOS Asphalt allocates its income and costs according to either operations in the zone or outside the zone. The exemption from the income tax is effected under the Act on special economic zones of 20 October 1994 and the Permit No. 158/ARP S.A./2008 of 23 January 2008.

Presence on the market

GRI No.	AREA
EC 5	Relation of the standard basic remuneration to the minimum remuneration granted in the main locations of Grupa LOTOS's operations

Value of minimum salaries in Poland in 2009 (in PLN)						1,276
	Grupa LOTOS	LOTOS Asphalt	LOTOS Kolej	LOTOS Oil	LOTOS Paliwa	LOTOS Parafiny
Value of minimum remuneration (basic) on the lowest level of remunerations (in PLN)	2,189	2,150	2,373	2,155	2,500	1,400
Ratio of the lowest basic remuneration to the minimum domestic	172	168	186	169	196	110

GRI No.	AREA
EC 6	Policy, practices and proportion of spending on locally-based suppliers at the main locations of operation

The LOTOS Group is interested in economic development of all the areas where its entities operate. Grupa LOTOS runs its business in compliance with the rules of [corporate social responsibility](#) and sustainability.

Strict procurement policies apply in the LOTOS Group. Companies prefer buying from local suppliers provided their prices and qualities, as well as quality certificates held, are comparable to the offers of other potential suppliers. The factors that affect the selection of a supplier, apart from the location, depend on the type of services/goods that are to be procured and include:

- competitive price,
- comprehensive offer,
- quality of offer,
- letters of reference and the experience of the supplier and its team in implementing projects similar to the one enquired about,
- certificates held,
- lead time,
- payment terms,
- aesthetics (visual attractiveness), quality of production, diversity and functionality of sold products, and
- attractiveness of designs and functionality of solutions.

Grupa LOTOS: 80% of suppliers are local businesses operating in the main locations of Grupa LOTOS's presence, i.e. from Gdańsk, Warsaw and Krakow. About 60% of contracts are concluded with suppliers who run operate in the Pomorskie Voivodeship.

LOTOS Asfalt: The strategic supplier of raw materials to LOTOS Asfalt at its main locations (Gdańsk, Jasło and Czechowice) is Grupa LOTOS. 95% of suppliers are local companies that have their branches or warehouses located all over Poland. Due to the shortage of the main raw materials for the production of bitumen made by the domestic companies, some of raw materials are procured from Polish agents or representatives who import products from Europe and countries from outside Europe, having their warehouses in Europe or Poland. The products and materials available in Poland are procured from local suppliers who deliver their products to a production plant. In Jasło and Czechowice, the suppliers come from the south of Poland.

LOTOS Kolej: The largest costs of material are incurred by Grupa LOTOS due to spare parts for the rolling stock. All firms that provide such parts are located in the south of Poland, therefore only some of the consumables can be bought from local firms, i.e. in the Pomeranian Voivodeship.

LOTOS Parafiny: Grupa LOTOS has its production facilities in Czechosławice and Jasło, therefore local suppliers come from southern Poland. More than 50% of suppliers come from this part of Poland, exclusive of suppliers of strategic raw materials. About 60% of Jasło supplies are provided by local shipping companies.

LOTOS Oil: Grupa LOTOS makes an effort to apply the policy of selecting supplies so as to purchase from at least two sources in each category of products. In case of a monopoly supplier, Grupa LOTOS intends to subject such a monopoly to regular revisions. The ongoing procurement policy is based on penetration of local markets to in order to identify suppliers. Shall a reliable and prospective supplier be found, Grupa LOTOS invites it to the tender procedure. There are certain categories of procurement, in particular at low prices, where the local suppliers cannot meet expectations of Grupa LOTOS with regard to prices and delivery times – such suppliers are invited to the tender process anyway. It has been assumed that a local supplier is a supplier who issues invoices in the voivodeship where the production plan and the distribution centre of Grupa LOTOS is located. The main plants are located in Gdańsk, Czechowice, Jasło and Piotrków Trybunalski.

GRI No.	AREA
EC 7	Procedures for local employment and proportion of senior management employees from the local community , at the main locations of operation

The LOTOS Group employs senior management according to the profile and requirements of positions. Such managers have to fulfil the set requirements to the maximum level. The HR policy does not give any special preferences to persons from the local labour market. Employees of Grupa LOTOS are often promoted to the higher positions in Grupa LOTOS.

Grupa LOTOS: The ratio of senior management from the [local community](#) at the main locations of Grupa LOTOS is as follows: 83% in Gdańsk, 100% in Warsaw and 0% in Krakow, where Grupa LOTOS does not employ any senior managers.

LOTOS Asfalt: The ratio of senior management from the [local community](#) at the main locations of Grupa LOTOS is as follows: 100% in Czechowice, 71% in Jasło and 79% in Gdańsk.

LOTOS Kolej: 100% of senior managers come from the [local community](#), i.e. from the Pomeranian Voivodeship.

LOTOS Oil: At the main locations of its operations, i.e. in Gdańsk, Czechowice, Jasło and Piotrków Trybunalski, the ratio of employment of the senior management from the [local community](#) amounts to 100%.

LOTOS Parafiny: The ratio of senior management from the [local community](#) at the main locations of Grupa LOTOS is as follows: in Czechowice 86.7% and in Jasło 87.5%.

Indirect financial impact

GRI No.	AREA
EC 8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement

In 2009, Grupa LOTOS provided financial support to initiatives serving the general public. The total value of subsidies amounted to PLN 277 thousand. Such projects are not aimed at developing the business activity, but they are the proof of commitment of Grupa LOTOS for the local communities and local economies.

The support for the above-mentioned projects is aimed at:

- for investments in educational institutions: improving educational premises for children and youth and the quality of education,
- for investments in medicine and the disabled: raising the quality and efficiency of therapy, and
- for investments in safety: improving the safety of traffic.

Entity	City / town	Voivodeship	Scope
2009			
Foundation for Surgery Development VIRIBUS UNITIS	Gdynia	Pomorskie	Purchase of medical equipment – an ultrasonograph appliance Pro Focus 2202 for the Oncologic Surgery ward at the Red Cross City Hospital
Specialist Hospital	Jasło	Podkarpackie	Co-financing of medical equipment purchases – a harmonic knife and accessories
Powiatowe Centrum Zdrowia Sp. z o.o.	Kartuzy	Pomorskie	Procurement of medical equipment – 4 cardiomonitors
Gmina of the City of Gdańsk – Roads and Green Areas Administration	Gdańsk	Pomorskie	Co-financing the repairs of the pavement in Gdańskiego Kolejarsza Street in Gdańsk Rudniki
Complex of Food Industry and Chemical Schools	Gdańsk	Pomorskie	Procurement of equipment for the chemical laboratory – a laboratory drier with the air circulation and the water-steam bath
Faculty of Drilling, Oil and Gas at the AGH University of Science and Technology	Kraków	Małopolskie	Procurement of teaching aids – ball Hoppler viscometer and a printer
Special Education Centre	Jasło	Podkarpackie	Purchase of 100 chairs for the disabled students
Rev. E Dutkiewiczza	Gdańsk	Pomorskie	Purchase of 4 specialist beds

Social aspects of operation

Labour practices and decent work

Employment

GRI No.	AREA
LA 1	The total number of employees by types of employment, type of employment agreements and regions

Employment	31.12.2005		31.12.2006		31.12.2007		31.12.2008		31.12.2009	
	Number	%	Number	%	Number	%	Number	%	Number	%
Grupa LOTOS	823	-	945	15	1,098	16	1,246	13	1,305	5
The LOTOS Group	5,435	-	5,624	3	4,764	-15	4,878	2	4,949	1

The number of employees by type of agreement and region.:

Specification	31.12.2009
- for an indefinite period of time	
Gdańsk	907
Czechowice	29
Jasło	15
Krakow	3
Piotrków Trybunalski	9
Poznań	4
Rypin	9
Warsaw	15
Total:	991
- for a definite period of time	
Gdańsk	303
Czechowice	0
Jasło	2
Krakow	0
Piotrków Trybunalski	0
Poznań	1
Rypin	2
Warsaw	6
Total:	314

Specification	31.12.2009
- full-time jobs	
Gdańsk	1,206
Czechowice	29

Jasło	16
Krakow	3
Piotrków Trybunalski	9
Poznań	5
Rypin	11
Warsaw	20
Total:	1,299
- part-time jobs	
Gdańsk	4
Czechowice	0
Jasło	1
Krakow	0
Piotrków Trybunalski	0
Poznań	0
Rypin	0
Warsaw	1
Total:	6

GRI No.	AREA
LA 2	Total number of resignations and the employee rotation index by age groups, sex and region

The index of rotation (fluctuation) of employees in Grupa LOTOS amounted to 13.13% in 2009.

GRI No.	AREA
LA 3	Additional benefits guaranteed to full-time employees that are not provided to temporary or part-time employees, by main organizational units

Grupa LOTOS provides all employees, i.e. employed for an indefinite period of time, for a definite period of time (temporary), full-time workers and part-time workers, the option to use the package of the same social benefits guaranteed under the Collective Bargaining Agreement and the Regulations of the Social Benefits Fund. Grupa LOTOS provides life insurance (managed in a partnership with an investment fund), additional medical care, maternal or paternal leaves, social aid with loans, subsidies and co-financing of holidays for employees and their children.

Labour and management relations

GRI No.	AREA
LA 4	Percentage of employees covered by the collective agreement

The Collective Agreement covers 96.4% of Grupa LOTOS employees.

GRI No.	AREA
LA 5	Minimum notice due to material changes to the business, taking account of the provisions of the Collective Bargaining Agreement

The minimum notice relative to indefinite period of time employment agreements is stipulated by the regulations of the labour law, dependent on the period of service with the employer, and amounts to 2 weeks should an employee have worked less than 6 months, or 3 days in case of so-called 'replacement' contract.

Occupational Health and Safety

GRI No.	AREA
LA 6	Percentage of the total number of employees represented in the official joint management / staff committees for H&S that provide monitoring and consulting within the H&S employee programmes

According to the regulations of labour law, the H&S Committee has been established in Grupa LOTOS, comprising:

- trade unions attorney,
- H&S services,
- physician who provides prophylactic health care to employees,
- Corporate Social Labour Inspectorate, and
- trade union representatives.

GRI No.	AREA
LA 7	Rate of injuries, occupational diseases, lost days, absenteeism and a total number of work-related fatalities by region

The main injuries are limb injuries – spraining, bruises and fractures. In 2009, no serious or fatal accidents occurred.

2009 saw the growing LTIF index trend in Grupa LOTOS compared to the previous years. This situation resulted from the higher awareness among employees with regard to H&S being a consequence of e.g. extensive awareness raising campaigns, higher commitment and developing healthy work culture. Employees participated in trainings and meetings on health and safety and other communication channels were provided for this purpose. Such measures gave the expected results and keep raising the knowledge of the employees every day. However, this planned process of raising the awareness and the safety culture of work is a long-term process and is the direction for work to be performed in the coming years. Irrespective of the rise of the LTIF index in 2009, during the last several years Grupa LOTOS has recorded a positive falling trend, which proves the right direction of measures taken for H&S. The existing problem is the lack of cohesion between the Polish and EU legal regulations. The elimination of legal gaps in the area of incidents would allow for their uniform classification and reported statistics. It would also definitely reduce the number of incidents recorded at Grupa LOTOS and the fair benchmarking in H&S between the LOTOS Group and other companies of the chemical sector in the world.

Grupa LOTOS	2005	2006	2007	2008	2009
Number of employees	823	945	1,098	1,246	1,305
Accidents at work	5	7	6	7	13
Absence (calendar days) Lost days are calculated since the date of reception of a doctor's leave	161	177	133	171	537
Occupational diseases	none	none	none	none	none
LTIF index (per 1 million working hours)	5.5	4.5	3.1	2.86	5.6
LIDIR index (per 200 thousand working hours)	0.7	0.8	0.6	0.6	1.1
the LOTOS Group	2005	2006	2007	2008	2009.
Number of employees	4,841	5,624	4,764	4,878	4,949
Accidents at work	74	70	50	49	45
Absence (calendar days)	2,685	2,819	2,008	1,375	1,257
Occupational diseases	none	none	none	none	none
LTIF index (per 1 million working hours)	9.5	6.9	5.6	5,2	4.4
LIDIR index (per 200 thousand working hours)	1.7	1.4	1.2	0.9	0.9

The LOTOS Group classifies accidents according to Polish legislation. Moreover, incidents are registered and statistics are held according to the European scale, i.e. of hazardous situations (including hazardous conditions and near misses), accidents that cause the LTI (lost time injury) above one day, used to calculate the LTIF index (Lost Time Injury Frequency), incidents of first aid and road accidents.

According to guidelines laid out in the Code of Practice of the International Labour Organization 'Registration and reporting accidents at work and occupations diseases', the entities of the LOTOS Group:

- follow a uniform procedure for accidents at the site of Grupa LOTOS,
- analyse the causes and effects of accidents,
- draw conclusions and introduce required corrective and preventive measures to eliminate the possibility of reoccurrence of such events in the future,
- document accidents and other hazardous situations, and
- identify and analyse hazardous situations to take required proactive and reactive measures that are aimed at preventing the reoccurrence of similar situations in the future.

GRI No.	AREA
LA 8	Education, trainings, consultation, prevention programmes and risk control programmes available to support employees, their families or members of the community due to the occurrence of serious diseases

All obligatory actions in this regard resulting from the H&S and health care regulations as well as the production-technical safety have been presented [on the website of Grupa](#)

GRI No.	AREA
LA 9	Health and safety issues included in the formal agreements with trade unions

Healthcare and safety at work leave little room for introducing agreements with personnel representatives in the system of applicable laws. This fact results from the full responsibility born by the employer for all H&S issues, while the nature of any agreements is to transfer certain competences and related obligations, which is not possible in this case.

Multiparty consultations within H&S remain the sole and best solution with regards to this issue. The rules of law that introduce this institution require an employer to submit for discussion with employees any and all issues related to H&S. In Grupa LOTOS the consultation procedures are followed within the H&S Commission, which is formed of the representatives of employees and the employer. According to regulations, the Commission should hold meetings at least once a quarter. To reach the objective of a consultation, such consultation meetings at Grupa LOTOS are held more often and follow the initiative both of the employer and the representatives of the employees. Owing to the popularity of the consultation and extending its scope by transferring the initiatives to convene the meetings by the representatives of the personnel, the H&S Committee presents postulates to the management with regard to the improvement of safety, in particular the comfort of work. As a result, the employer may take account of such postulates to fulfil its obligations within H&S, which come from the public discussions with employees. In this way the employer goes beyond the minimum requirements set by the legal standards.

For example, the H&S Office and the H&S Committee have developed the practice of testing the personal protection equipment, working clothes and footwear by the employees, to take decisions on buying after receiving opinions from the staff that will use the tested equipment in the future. Another practice resulting from the above-mentioned cooperation involves regular meetings with producers of equipment and accessories used at work that affect safety, to improve the comfort of work. To change such practices into formal procedures, the H&S Committee has requested to include such proven solutions in the regulations issued by the employer. The efficiency of such actions and the adopted direction is proven by the fact that Grupa LOTOS Social Labour Inspector has not had to use its authorities within H&S for more than a year, since the practice of cooperation in this regard provides the early elimination of problems.

Training and education

GRI No.	AREA
LA 10	Average number of training hours per employee by types of employment in an annual system

Kategoria zatrudnienia	2005	2006	2007.	2008	2009
Senior management	20.1	51.6	41.5	45.8	35.2
Junior management	21.5	60.6	38.3	44.7	51.9
Administration	11	24.8	35.9	33.1	38.7
Production	11.3	13.4	13.8	10.2	10.3

GRI No.	AREA
LA 11	Programmes of developing managerial skills and adult education that support the continuity of employment and facilitate retirement

All employees of Grupa LOTOS, irrespective of their age or retirement time, can participate in the programmes aimed at gaining and extending their knowledge, professional skills and general abilities, both in internal and external trainings. The development of skills is facilitated by co-financing the education as well as with training leaves.

Moreover, employees of Grupa LOTOS may declare their intention of early retirement. Those employees who decide to change their employment agreement for an indefinite term to a definite term within two years before obtaining the statutory right to retire, receive a one-off increase of basic salaries by 8.5% per month under the amended employment agreement.

The employees are entitled to a single severance pay due at retirement and its value depends on the period of service. The severance pay may vary from a one-month salary if the service period amounts up to 15 years to 500% of the basic salary after 35 years of work.

GRI No.	AREA
LA 12	Percentage of employees subject to regular performance assessment and career development reviews

	2005	2006	2007	2008	2009
Employees subject to regular performance assessment and career development reviews (in %)	85	69	86	79	(*)

(*) The assessment for 2009 will be carried out in Q3 2010.

According to the procedure entitled 'Regular assessment of Grupa LOTOS employees', all employees of Grupa LOTOS under employment agreements (except for the Management Board) who have worked for at least 6 months in the organization unit on the day of the regular assessment, are subject to the assessment. When assessing an employee, a line manager has to have worked for at least 6 months in the position before conducting the assessment. Therefore, depending on the intensity of organizational changes and the number of new employees, the percentage of assessed persons will change every year. The results obtained fulfil the objectives.

Diversity and equal opportunities

GRI No.	AREA
LA 13	by gender, age, minority group membership and other indicators of diversity

The composition of managing and supervising authorities of Grupa LOTOS by sex:

Specification	31.12.2009	%
- men		
Management Board	4	0,31
Senior management	25	1.92
Mid-management	49	3.75
Total:	78	5.98
- women		
Management Board	0	0
Senior management	8	0.61
Mid-management	14	1.07
Total:	22	1.69

The composition of managing and supervising authorities of Grupa LOTOS by age:

Specification	31.12.2009	%
below 30 years old		
Management Board	0	0
Senior management	0	0
Mid-management	5	0.38
Total:	5	0.38
30 – 50 years old		
Management Board	1	0.08
Senior management	21	1.61
Mid-management	40	3.07
Total:	62	4.75
above 50 years old		
Management Board	3	0.23
Senior management	11	0.84
Mid-management	19	1.46
Total:	33	2.53

GRI No.	AREA
LA 14	Ratio of basic salary of men and women by employment category

Basic salaries by gender

31 December 2009

Employment categories	Women		Men		Ratio of average basic salary of women to average basic salary of men (in %)	Ratio of basic salary of men to basic salary of women (in %)
	Quantity	Average basic salary	Quantity	Average basic salary		
Management Board	0	-	4	19,919	-	-
Senior management	8	16,375	25	20,490	80	115
Lower management	40	9,819	89	11,583	85	118
Administration	355	5,093	249	7,201	71	132
Production	1	3,581	534	6,119	59	78
Total	404	5,628	901	7,029	80	128

Human rights

Practices within investments and procurement

GRI No.	AREA
HR 1	Percentage and total number of material investment contracts that include human right clauses or have been revised in this regard

Grupa LOTOS has not included human rights clauses in its contracts so far. However, due to the requirement to develop the relevant provisions in this regard, the management of Grupa LOTOS has decided to establish the Social Responsibility Committee that will be responsible for developing a coherent policy of Grupa LOTOS with regard to human rights and their control, including the relevant clauses in investment contracts concluded by Grupa LOTOS.

GRI No.	AREA
HR 2	Percentage of material suppliers and contractors that have been controlled with regard to the compliance with human rights and actions taken in this regard

Grupa LOTOS has not controlled the compliance with human rights by suppliers and contractors, either during their selection or subsequent cooperation.

GRI No.	AREA
HR 3	Total number of training hours of employees within human rights policy and procedures that are important for the business and the percentage of trained employees

Grupa LOTOS has designated 364 hours for training within human rights policy and procedures of importance for the business. In total, 11% of employees have undergone the training.

Counteracting discrimination

GRI No.	AREA
HR 4	Total number of instances of discrimination and actions taken in this regard

Grupa LOTOS has recorded no instances of discrimination due to race, colour, gender, religion, political affiliation, nationality or social background.

Freedom of association and collective bargaining

GRI No.	AREA
HR 5	Actions identified as the potential risk of violating the freedom of association and collective bargaining and actions taken to support the exercise of such rights

Grupa LOTOS has recorded no actions that might threaten the freedom of association or collective bargaining.

Child labour

GRI No.	AREA

HR 6	Actions identified as resulting in material risk of using child labour and actions taken to eliminate such cases
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Grupa LOTOS has recorded no actions that could be recognised as the material risk of child labour or labour of young workers exposed to hazardous working conditions.

Forced or compulsory labour

GRI No.	AREA
HR 7	Actions identified as the material risk of enforced or compulsory labour and means taken to eliminate such cases

No incidents of forced or compulsory labour have occurred in Grupa LOTOS.

Security procedures

GRI No.	AREA
HR 8	Percentage of security employees trained according to the policy or procedures applicable in the organization and concerning human rights, which are important for the business

According to the human rights policy and procedures that are material for the business. 91% of security employees have attended training. As regards contracted companies providing security services for Grupa LOTOS such training was attended by 88% employees.

Product liability

GRI No.	AREA
PR 1	The stages of the product life cycle on which the impact of products and services is assessed on the health and safety, to improve the indexes and the percentage of material categories of products and services subject to such procedures

The procedures applied in Grupa LOTOS require determining the possible impact on health and safety. All products manufactured when processing oil are subject to classification, which includes the assessment of their impact on the health and safety of use. Such actions are determined in the [REACH](#) regulation (Registration Evaluation Authorisation of Chemicals), which concerns chemical substances. The [REACH](#) regulation is the EU initiative used to systematize and order the rules of launching chemical substances [EC 1907/2006 Regulation of the European Parliament and Council of 18 December 2006].

The data presenting the fulfilment of the obligation to assess the impact of products on health and safety during all stages of the cycle of use by individual trading companies of the LOTOS Group are available [on the website of Grupa LOTOS](#).

GRI No.	AREA
PR 2	Total number of instances of non-compliance with regulations and the voluntary code of practice with regard to the impact of products and services on health and safety

During the reporting period, no instances of non-compliance with the regulations that concern the impact of products on health and safety have been recorded in the LOTOS Group.

Marking of products and services

GRI No.	AREA
PR 3	Type of information on products and services required under the procedures and the percentage of material products and services subject to such requirements

For all products manufactured at Grupa LOTOS, Data Sheets are drawn up based on the applicable legal requirements (REACH Regulation). Such documents include information on the impact of the product on health and environment, the hazardous ingredients, exposure control, procedures in case of fire and emission to the environment as well as disposal of waste.

Product Data Sheets are available in Polish [on the website of Grupa LOTOS](#).

The data including the type of information on products and services required under the procedures and provided by individual trading companies of the LOTOS Group are available on the website of Grupa LOTOS.

Scope of available information concerning products and services required by external procedures	Yes
Origin of ingredients of a product or service	x
Composition, in particular including the substances that may affect the environment or the society	x
Safety of using the product or service	x
Disposal of products and impact on the environment / society	x
Other: procedures for storage and transport physical and chemical properties, stability and reactivity waste management	x

Commercial companies of the LOTOS Group fulfill the obligation to provide information on products according to guidelines resulting from the rules of law and the binding internal procedures.

- General rules of packaging marking have been determined in the Act on packed goods. According to the Act, packaging should include the name of the product, its nominal quantities and the marking of the operator.
- The Act on general safety of products requires a producer to provide a consumer with information that enables to assess hazards related to a product during the ordinary and predictable period of its use, if such hazards are not visible without the relevant warning, as well as to counteract such hazards. According to applicable rules of law, the marking of every manufactured product with the PKWiU code enables sellers to tax the product correctly.
- The Act on the liberty of economic activity requires the entity that launches a product to place on the product, i.e. its packaging, label or instructions, the name and address of the distributor, the name of the goods and other marking and information required under other regulations.
- The Act on chemical substances and preparations imposes the obligation to mark hazardous substances and preparations. The regulations require to label all hazardous preparations and some preparations that are not classified as hazardous, but contain at least one hazardous substance.

The data on the products and services required under the procedures and provided by the commercial companies of the LOTOS Group are available [on the website of Grupa LOTOS](#).

GRI No.	AREA
PR 4	Total number of instances of non-compliance with regulations and the voluntary codes of practice with regard to information on products and services and their labelling

During the reporting period, no instances of non-compliance with the regulations, rules and codes within production information have been recorded in the LOTOS Group.

GRI No.	AREA
PR 5	Practices concerning customer satisfaction including the results of questionnaires to test such satisfaction

The largest commercial companies of the LOTOS Group conduct regular polls and questionnaires of customer satisfaction. The methodology and the scope of such tests and their results are presented [on the website of Grupa LOTOS](#).

Marketing communication

GRI No.	AREA
PR 6	Compliance programmes, standards and voluntary codes of conduct concerning marketing communication, including advertisement, promotion and sponsoring

In the process of managing all issues related to the corporate brand strategy, product brands, promotion strategy and building the brand value and the LOTOS brand image, the following rules are strictly followed in the distribution of promotional materials and marketing work:

- compliance with applicable regulations,
- causing no intentional damage,
- bearing the responsibilities for the consequences of actions, and
- the appropriate use of education, professional skills and experience of employees.

All actions are taken in compliance with human dignity, equality of sexes and without using any controversial content that may offend any social groups or provoke negative emotions. These rules are the supplement to the applicable and strictly followed rules of law, in particular the Constitution of Republic of Poland, the Civil Code and the Act on counteracting unfair competition, the Act on press law, the Act on radio and television, the Act on protecting certain consumer rights, the Act on rendering electronic services, the Act on protecting personal data, the Act on copyrights and related rights, the Act on industrial ownership and the Code of Advertisement Ethics.

By respecting the right to the protection of privacy in its marketing, Grupa LOTOS follows all the regulations that result from constitutional standards and the regulations stemming from the Act on the protection of personal data.

The internal procedures are governed by the Regulations of the Committee for Marketing and Communication, whose purpose is to provide the suitable marketing in the whole

LOTOS Group.

Entities that cooperate with the LOTOS Group within the marketing cooperation are obliged to follow the International Code of Marketing Practises, as adopted by the International Chamber of Commerce (ICC).

In its [sponsoring](#) activities, Grupa LOTOS follows the rules given in the voluntary codes of practices developed e.g. by business organizations of the promotion, advertising and [sponsoring](#) sector as well as the organizations that promote good practices in business.

Concluded [sponsoring](#) agreements have to clearly and transparently define their type and have to accurately determine all the parties involved and the obligations of the sponsored party. Grupa LOTOS does not get involved in any events that might damage any historical or artistic objects or in any events that might have any negative impact on the natural environment.

Grupa LOTOS, being a member of Global Compact and following the rules of this organization related to the responsibility for the natural environment, within the marketing communication and [sponsoring](#) complies with Principle 7, i.e. supporting the precautionary approach to environmental challenges, and Principle 8, i.e. undertaking initiatives to promote greater environmental responsibility.

GRI No.	AREA
PR 7	Total number of instances of non-compliance with regulations and the voluntary codes of practice that govern the issues of marketing communication, including advertisement, promotion and sponsoring according to the types of effects

During the reporting period, no instances of non-compliance with the regulations and codes that concern marketing communication have been recorded.

Privacy of customers

GRI No.	AREA
PR 8	Total number of justified complains related to the breach of privacy of customers and the loss of data

No complaints due to the violation of the privacy of customers or the loss of data have been recorded in the commercial companies of the LOTOS Group.

Compliance with applicable laws and regulations

GRI No.	AREA
PR 9	Value of financial penalties due to instances of non-compliance with law and regulations concerning deliveries and use of products and services

During the reporting period, no incidents related to the deliveries or use of products or provision of services have been recorded. Therefore, no administrative or court sanctions have been imposed on any entities of the LOTOS Group due to the non-compliance with law or the regulations concerning deliveries and use of products and provision of services.

Society

Corruption

GRI No.	AREA
SO 2	Percentage and total number of business entities exposed to the risk of corruption

Internal regulations, procedures and instructions introduced in Grupa LOTOS contain a built-in system of control mechanism that are aimed at minimising the risk of abuse or corruption. The second element of counteracting corruption are the generally available internal regulations that determine the desirable ethical and moral attitudes:

- Codes of Conduct for employees,
- Code of Managers,
- Corporate Decalogue, and
- [code of ethics](#) for internal auditors.

To verify the efficiency of the internal control system, Grupa LOTOS prepares the annual and long-term audit plan based on the internal analysis of risks and encompassing also the possibility of corruption practices. If any events or areas exposed to the corruption practices are identified, Grupa LOTOS has a defined path of launching ad hoc audits aimed at reacting quickly to such risks/practices.

GRI No.	AREA
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SO 3	Percentage of employees trained within the area of anticorruption policies and procedures of the organization
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Position	Employees trained (w %)
Managerial	24.1
Other	6.7

GRI No.	AREA
SO 4	Actions taken in response to the instances of corruption

During the reporting period, any corruption practices were identified that could potentially result in legal charges.

State policy

GRI No.	AREA
SO 6	Total value of funds and contributions donated to political parties, politicians and similar institutions

The ethical principles adopted by Grupa LOTOS prevent any political involvement of Grupa LOTOS, which cannot support any political groups.

Anti-competitive behaviour

GRI No.	AREA
SO 7	Total number of legal actions, anti-competition or anti-trust behaviour and monopolist practices taken against the organization and their final result

1. Pursuant to the decision of the President of the Office of Competition and Consumer Protection of 21 March 2005, the anti-monopoly proceedings were initiated due to the suspected non-market agreement concluded between Polski Koncern Naftowy ORLEN S.A. in Plock and Grupa LOTOS in Gdańsk concerning the simultaneous discontinuation of the production and distribution of the universal U95 gasoline. According to the Management Board of Grupa LOTOS, due to the continuation of the production and sale of the U95 universal gasoline, the accusations of the Office are groundless and in April 2005 the Management Board requested issuing a statement proving that Grupa LOTOS has not undertaken any actions aimed at uncompetitive practices.

In July 2005 Grupa LOTOS submitted to the Anti-Monopoly Court the complaint against the decision of the Office concerning the limited access to some of the evidence collected in this case. Irrespective of this complaint, Grupa LOTOS filed another motion in September 2005 requesting issuance of a statement proving that Grupa LOTOS has not undertaken any actions aimed at uncompetitive practices. In October 2005 another decision of the Office was received that limited access to some of the collected evidence and Grupa LOTOS appealed against it to the Anti-Monopoly Court. The District Court – the Court of Competition and Consumer Protection rejected the complaint. Grupa LOTOS complained against this decision to the Appeal Court in Warsaw, which was rejected.

Pursuant to the decision of 18 April 2007 which followed the motion of PKN ORLEN, the right of Grupa LOTOS to access the evidence material in the anti-monopoly proceedings was limited. It concerned the materials collected during the control of PKN OLREN in the part of schedules to the reports on controls of offices in Plock. Moreover, the access to the report on the control of offices in Warsaw with schedules was limited. In the same decision the motion of PKN ORLEN was rejected, which applied for limiting access to the evidence material within the control of offices in Plock. On 26 April 2007 Grupa LOTOS complained against the decision that limited the right of Grupa LOTOS to access the evidence material. On 9 May 2007, Grupa LOTOS received the summons from the Office to provide information concerning changes of prices of U95 and Pb95 gasoline. The same day, Grupa LOTOS sent the required information to the Office. On 2 August 2007 Grupa LOTOS sent information to the Office on completing the production of U95 gasoline. On 31 December 2007 the President of the Office imposed a 1,000 thousand PLN fined on Grupa LOTOS. Therefore, on 17 January 2008 this decision was appealed against at the District Court in Warsaw.

On 23 September 2008 the District Court in Warsaw, the Court of Competition and Consumer Protection, sent the response of the President of Office to the appeal of Grupa LOTOS against the decision. In response to the appeal of Grupa LOTOS the President ascertained that the complaint of Grupa LOTOS was unjustified, both with regard to material and formal regulations, and he motioned for the rejection of the appeal in whole and charging the defendant with costs of court proceedings. The hearing is to take place on 27 April 2010. As of day of approving the Financial Statements, the case was pending.

According to the Management Board, the risk related to the loss of the dispute is low, therefore no reserve for any damages have been created in the financial statements.

2. Action brought by PETROECCO JV Sp. z o.o. for damages due to the use of monopolistic practices.

With the action of 18 May 2001 PETROECCO JV Sp. z o.o. made the claim against Grupa LOTOS for damages amounting to PLN 6,975 thousand with statutory interest since 1 May 1999 for losses incurred because of the monopolistic practices that involved the sale of BS base oils in the manner that gives preferences to certain customers, by fulfilling their orders on a much larger scale than the orders filed by PETROECCO JV. The use of monopolistic practices was ascertained with the decision of the Anti-monopoly Office of 26 September 1996, wherein the Office ordered Grupa LOTOS to discontinue such practices.

Grupa LOTOS appealed against the decision. The Voivodeship Court in Warsaw, the Anti-monopoly Court, issued the sentence of 22 October 1997 that changed only the justification to the decision and also ordered Grupa LOTOS to discontinue such monopolistic practices. The final appeal against this sentence was also rejected by the Supreme

Court with the sentence of 2 June 1999. The District Court in Gdańsk, with the sentence of 21 December 2002, rejected the claim for damages, accepting the claim of limitation submitted by Grupa LOTOS. However, this sentence was quashed by the Appeal Court in Gdansk in the case I ACa 824/03 and referred back to the District Court in Gdańsk. The Appeal Court decided that the limitation argument was incorrect. According to this Court, it was only on 2 June 1999 (the date of the ruling by the Supreme Court) that PETROECCO JV learnt that its losses were the result of monopolistic practices, which were related to the tort liability of Grupa LOTOS, and since that date, according to the Court, the three-year limitation period for claims for damages ran. The case was held at the District Court in Gdańsk (1st instance court), ref. No. IX GC 134/04. Grupa LOTOS also used the content-related arguments (questioning any losses incurred by PETROECCO JV, their value and the cause and effect relation between the monopolistic practice and the loss). After the hearing in June 2005, the District Court ordered an opinion from an expert in accounting and economics with regard to losses incurred by the claimant due to the actions of Grupa LOTOS. In the opinion the expert argued that it was not possible to calculate the value of losses or their incurrence with the materials submitted by PETROECCO JV. The expert also recommended that another opinion should be contracted from another expert in accounting. The shortage of evidence for issuing such an opinion enabled the claimant to make the court select another expert. The hearing was held on 27 March 2007. The sentence was to be issued on 10 April 2007, however it was delayed until 20 April 2007. The suit was dismissed with the sentence of 20 April 2007. On 17 May 2007 Grupa LOTOS made a complaint against the decision on the costs of proceedings. On 4 June 2007 PETROECCO JV appealed against the sentence of 20 April 2007. On 12 August 2007 Grupa LOTOS responded to the appeal. On 20 December 2007 the Court dismissed the appeal of PETROECCO JV against the sentence of the District Court. On 19 March 2008 the application for execution was submitted to the court collector against PETROECCO JV. On 17 April 2008 PETROECCO JV made the final appeal against the sentence of 20 December 2007. The appeal was delivered to Grupa LOTOS on 17 June 2008. The response was sent on 30 June 2008. The case was submitted to court on 14 November 2008. On 14 January 2009 the Supreme Court decided to reverse quash the sentence and directed the case to the Appeal Court in Gdańsk again. The files of the case were submitted to the Appeal Court on 10 March 2009 and on 3 April 2009 the court collector delivered the decision on discontinuing the execution proceedings. On 14 May 2009 the Appeal Court transferred the court back to the District Court. At the hearing on 3 November 2009 the Court obliged PETROECCO JV to appoint an expert. Another date of the hearing is to be set. As of the day of approving the financial statements, the case was pending.

According to the Management Board, the risk related to the loss of the dispute is low, therefore no reserve for any damages have been created in the financial statements.

Compliance with applicable laws and regulations

GRI No.	AREA
SO 8	Value of material financial penalties and the total number of non-financial sanctions due to non-compliance with applicable law and regulations

During the reporting period companies of the LOTOS Group did not pay any material fines and were not charged with any non-financial sanctions due to the non-compliance with applicable law and regulations.

Environmental aspects of operation

Materials

GRI No.	AREA
EN 1	Used raw materials/materials by weight and volume

Oil processing [tonnes]

Specification	2005	2006	2007	2008	2009
Total oil	4,836,900	6,098,600	6,156,431	6,203,414	5,461,540
Raw materials and components			1,088,605	1,146,989	1,699,034
Improvers			2,052	1,825	2,229

GRI No.	AREA
EN 2	Percentage of materials stemming from recycling used in the production process

Due to the nature of Grupa LOTOS operations, it may use recycled products only to a limited extent. Each of the LOTOS Group companies involved in production activity is subject to the statutory obligation of disposing of the used material for recycling via external Recycling Organizations. However, the potential of reuse of the recycled products is also very limited in this case.

Energy

GRI No.	AREA
EN 3	Direct energy consumption by original energy sources

Specification	u.o.m.	Direct, purchased sources of energy	Direct, produced sources of energy	Direct, sold sources of energy	Direct, total consumption of energy
Natural gas	GJ	801,742			801,742
Fuel gas	GJ		6,092,455		6,092,455
Fuel oil HSFO	GJ		2,553,180		2,553,180
Fuel oil LSFO	GJ	3,694,288			3,694,288
Electricity	GJ			6,912	-6,912
Thermal energy	GJ			25,442	-25,442
Total	GJ	4,496,030	8,645,635	32,354	13,109,311

GRI No.	AREA
EN 4	Indirect energy consumption by original sources of energy

Specification	Unit of measure	Average-advanced purchased energy
Electricity	GJ	963,277

GRI No.	AREA
EN 5	Volume of energy saved through maintenance/overhauls of infrastructure and the improved energy efficiency of tools used before

In 2009, an IT system of energy consumption visualization and optimization – Visual Mesa by Soteica – was launched at the refinery in Gdańsk. The programme provides non-stop monitoring of the power infrastructure of the refinery – the systems of gas and fuel oil as well as process steam – and suggest changes to the power system based on optimization algorithms, which result in the reduced costs of operations. It is difficult to estimate the impact of the programme for optimising the energy system of the refinery on the savings in energy consumption, because 2009 was the year of continuous changes in the power system – new production systems were started together with new elements of the power media and auxiliary system. It is not possible to estimate the energy consumption had the system not been introduced. According to estimates before the launch, the optimization reduces energy consumption by 2-3%, which for 2009 would mean the reduction of energy consumption by almost 300,000 GJ, i.e. burning about 6,800 tonnes of fuel oil less.

GRI No.	AREA
EN 6	Initiatives undertaken to provide products and services that are energy efficient and based on renewable energy and reductions of power requirements due to such measures

Fuel products produced by Grupa LOTOS are composed according to the requirements of the [National Index Target](#) concerning the share of renewable raw materials in road fuels. Both gasoline and diesel oil contain biocomponents produced with renewable sources. A scientific discussion continues about the impact of biocomponent application on the reduction of emission, therefore Grupa LOTOS will introduce the Life Cycle Assessment (LCA) analysis, which tests energy consumption during the whole production chain.

Water

GRI No.	AREA
EN 8	Total water consumption by sources

[m ³]	2005	2006	2007	2008	2009
underground	136,065	168,110	144,907	179,735	209,147
surface	2,252,811	2,559,165	2,598,158	2,520,603	3,557,093
Total	2,388,876	2,727,275	2,743,065	2,700,338	3,766,240

NR GRI	AREA
EN 9	Water sources depleted due to excessive consumption

Grupa LOTOS does not affect significantly any sources of surface water, i.e. it does not exceed the value of so-called unalterable flow in the Motława River (0.56 m³/s). The average water consumption is below 5% of the average flow in the river.

GRI No.	AREA
EN 10	Percentage and total volume of treated and recycled water

[m ³]	2005	2006	2007	2008	2009
Production of process water from treated sewage	989,710	801,575	891,708	845,397	870,230

Biodiversity

GRI No.	AREA

EN 11	The location and area of owned, leased or rented land located in protected land or land of high value in terms of biodiversity outside the protected areas or adjacent to such areas
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Detailed information on the locations and areas of owned, leased or rented by Grupa LOTOS and commercial companies of the LOTOS Group land located in protected areas or land of high value in terms of biodiversity outside the protected areas or adjacent to such areas is available [on the website of Grupa LOTOS](#).

GRI No.	AREA
EN 12	Description of material impact of operation, products and services on biodiversity of protected areas and areas of high biodiversity outside protected areas

The proper use of Grupa LOTOS products does not cause any material impact on the environment.

GRI No.	AREA
EN 14	Strategy, actions and management plan for the impact on biodiversity

No negative impact of the production activity by Grupa LOTOS has been found on the biodiversity level in the land, fresh water and sea environment. Actions taken by the commercial companies of the LOTOS Group have been presented [on the website of Grupa LOTOS](#).

GRI No.	AREA
EN 15	Number of species listed in the Red Book of the International Union for Conservation of Nature and the domestic lists of endangered species identified on the area affected by the organization according to the level of extinction hazard

The operation of Grupa LOTOS does not cause any hazard to species listed in the Red Book of IUCN.

Emission, sewage and waste

GRI No.	AREA
EN 16	Total direct and indirect emission of greenhouse gases by weight

Emission [thousand tonnes / year]

	2005	2006	2007	2008	2009
CO ₂	979	1,154	1,153	1,135	1,121

GRI No.	AREA
EN 18	Initiatives taken to reduce the emission of greenhouse gases and the effects

Grupa LOTOS has taken several initiatives to achieve this aim, namely:

- computer system of energy consumption visualization and optimization,
- recovering and reusing flared gases – the initial stage is being implemented (concept, profitability, etc.),
- analysis of the potential application of CO₂ sequestration techniques combined with the operation of LOTOS Petrobaltic, and
- introducing natural gas to the power supply system of Grupa LOTOS.

GRI No.	AREA
EN 19	Emission of substances that deplete the ozone layer by weight

Grupa LOTOS does not use or emit any substances that deplete the ozone layer.

GRI No.	AREA

EN 20	Emission of NO _x and SO _x compounds and other material compounds emitted to air by type and weight
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Emission [tonnes/year]

	2005	2006	2007	2008	2009
SO₂	6,216	4,859	4,808	5,022	4,170
Maximum acceptable value of SO ₂	8,256	8,256	6,056	6,056	6,470
NO₂	1,442	1,601	1,583	1,317	1,132
Maximum acceptable value of NO ₂	2,262	2,262	2,262	2,095	2,405
Dust	339	364	282	306	220
/Dust from the power plant	97	94	82	86	84
Maximum value of dust / maximum value for the power plant	448	-	-	-	521
	163	163	163	163	209

GRI No.	AREA
EN 21	Total volume of discharged sewage by quality and target destination

Volume of discharged sewage [m³]

Receiver	2005	2006	2007	2008	2009
Rozwójka	3,837,217	3,960,830	3,873,534	3,294,540	4,083,604
Martwa Wisła			379,080	724,249	1,094,220
Total	3,837,217	3,960,830	4,252,614	4,018,789	5,177,824

Parameters of treated sewage discharged to the receivers from Grupa LOTOS by years were as follows:

Rozwójka

	2005	2006	2007	2008	2009
pH	7.9	7.9	7.8	--	--
maximum acceptable values	6.5 – 9.0	6.5 – 9.0	6.5 – 9.0	--	--
BZT [mg O ₂ /dm ³]	11.6	7.4	7.5	--	--
maximum acceptable value	15	20	20	--	--
ChZT [mg O ₂ /dm ³]	46.3	43.4	50.9	--	--
maximum acceptable value	70	100	100	--	--
General suspensions [mg /dm ³]	12.1	7.2	7.3	9	9.6
maximum acceptable value	30	35	35	35	35
Volatile phenols [mg /dm ³]	0.011	0.009	0.011	--	--
maximum acceptable value	0.3	0.08	0.08	--	--
Substances extracted with oil ester [mg /dm ³]	1.1	1.1	2.2	--	--
maximum acceptable value	40	40	40	--	--
Oil hydrocarbons [mg /dm ³]	--	1.7	1.25	1.54	1.64
maximum acceptable value	--	5	5	5	5
General nitrogen [mg N/dm ³]	6.8	5.7	4.9	--	--
maximum acceptable value	25	25	25	--	--
General phosphorus [mg P/dm ³]	0.65	0.5	0.4	--	--
maximum acceptable value	2.5	2.5	2.5	--	--
Sulphides [mg S/dm ³]	0.027	0.008	0.01	--	--
maximum acceptable value	0.2	0.16	0.16	--	--
Nickel [mg Ni/dm ³]	--	0.0158	0.0127	--	--

maximum acceptable value	--	0.4	0.4	--	--
Vanadium [mg V/dm ³]	--	0.066	0.0243	--	--
maximum acceptable value	--	1.6	1.6		
Aluminium [mg Al/dm ³]	--	0.0712	0.0867		
maximum acceptable value	--	2.4	2.4		

Martwa Wisła

	2005	2006	2007	2008	2009
pH	--	--	7.5	7.9	7.5
maximum acceptable value	--	--	6.5 – 9.0	6.5 – 9.0	6.5 – 9.0
BZT [mg O ₂ /dm ³]	--	--	2.6	3.9	5.5
maximum acceptable value	--	--	20	20	25
ChZT [mg O ₂ /dm ³]	--	--	56.4	54.8	51.5
maximum acceptable value	--	--	100	100	125
General suspensions [mg /dm ³]	--	--	5.6	8.6	12.5
maximum acceptable value	--	--	35	35	35
Volatile phenols [mg /dm ³]	--	--	0.002	0.003	0.005
maximum acceptable value	--	--	0.08	0.08	0.1
Substances extracted with oil ester [mg /dm ³]	--	--	2.7	1.2	1.21
maximum acceptable value	--	--	40	40	50
Oil hydrocarbons [mg /dm ³]	--	--	1.1	0.51	0.73
maximum acceptable value	--	--	5	5	5
General nitrogen [mg N/dm ³]	--	--	3.1	4	4.3
maximum acceptable value	--	--	25	25	30
General phosphorus [mg P/dm ³]	--	--	0.4	0.4	0.9
maximum acceptable value	--	--	2.5	2,5	3
Sulphides [mg S/dm ³]	--	--	0.004	0.01	0.01
maximum acceptable value	--	--	0.16	0.16	2
Nickel [mg Ni/dm ³]	--	--	0.0124	0.0089	0.0548
maximum acceptable value	--	--	0.4	0.4	0.5
Vanadium [mg V/dm ³]	--	--	0.0296	0.0254	0.0679
maximum acceptable value	--	--	1.6	1.6	2
Aluminium [mg Al/dm ³]	--	--	0.032	0.0383	0.0420
maximum acceptable value	--	--	2.4	2.4	3.0

In 2005–2007 (first half year) the precipitation and drainage waters as well as production sewage, oiled water and sanitary sewage, after treatment, were discharged with one outlet to the receiver, i.e. the Rozwójka River. In the second half of 2007, the discharged streams were separated. The precipitation and drainage water is discharged to the Rozwójka River, while the production sewage, sanitary sewage and oiled water, after treatment, is discharged to the Martwa Wisła.

GRI No.	AREA
EN 22	Total: waste to be managed during the year

Year	2005	2006	2007	2008	2009
Waste produced in year	8,280	8,294	9,100	8,06	10,305
including:					
Hazardous waste	4,327	3,919	4,151	4,126	4,242
Waste other than hazardous	3,953	4,375	4,949	4,680	6,063
Waste stored as of the end of the previous year	4,672	3,882	3,446	3,680	3,367
Total: waste to be managed during the year	12,952	12,176	12,546	12,486	13,672

Maximum acceptable value (data from the integrated permit)	57,991	57,991	57,991	57,991	89,627
Recycled waste (recycling)	8,012	8,69	8,765	8,964	10,215
Neutralized waste, including:			101	155	1,243
Incineration	1,058	361	36	99	966
Disposal to a storage facility			65	56	277
Waste stored at the site as of the end of the year	3,882	3,446	3,680	3,367	2,214
including:					
hazardous	1,249	1,119	970	988	953
other	2,633	2,327	2,710	2,379	1,261

GRI No.	AREA
EN 23	Total number and volume of material leakage

In 2009, out of 16 failures that occurred, there was one of significance for the environment, namely the leakage of product/diesel oil due to the criminal drill on the pipeline transporting the product to the port. It is not possible to determine the volume of diesel oil that leaked. The scale of the event and the method of repairs were determined.

GRI No.	AREA
EN 24	Weight of transported, imported, exported and processed waste classified as hazardous (according to Annexes I, II, III and VIII of the Basel Convention) and the percentage of waste in transboundary movement

In 2009, Grupa LOTOS exported 286,768 tonnes of hazardous recycled waste. Moreover, 4,277 tonnes of hazardous waste were disposed of domestically, including 3,330 tonnes to be recycled and 947 tonnes to be neutralized.

GRI No.	AREA
EN 25	Type, size, protective status and importance for biodiversity of water regions and habitats that are affected significantly by water discharged by the organization and leakage

The receivers of water and sewage from Grupa LOTOS do not hold the status of protected water regions. There is no hazard for the biodiversity in these receivers.

Products and services

GRI No.	AREA
EN 26	Initiatives aimed at minimising the impact of products and services on the environment and the effect of such initiatives

Initiatives aimed at limiting the negative impact of products and services on the environment, due to the nature of the business, are taken by individual companies of the LOTOS Group, in particular by: LOTOS Asphalt, LOTOS Oil, LOTOS Paliwa, LOTOS Parafiny and LOTOS Kolej. Projects implemented by the entities of the LOTOS Group have been presented [on the website of Grupa LOTOS](#).

GRI No.	AREA
EN 27	Percentage of recovered materials from the sold products and their packaging by categories of materials

According to the Act of 11 May 2001 on the obligations of entrepreneurs within management of certain waste and the product charges and the deposit charges, the management relative to recovery and recycling of packaging waste and used products as well as the recovery and regeneration of lubricating oils as falling under obligations of selected companies within achieving the aforementioned required levels, have been transferred to specialist recycling organizations. The detailed data for 2009 concerning the fulfillment of the waste management by the commercial companies of the LOTOS Group have been presented [on the website of Grupa LOTOS](#).

Compliance

GRI No.	AREA

EN 28	Value of material fines and the total value of non-financial sanctions for non-compliance with laws and regulations concerning environmental protection
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No cases of violations of and/or non-compliance with environmental laws and regulations by Grupa LOTOS occurred in the period given analysed.

Transport

GRI No.	AREA
EN 29	Material impact on the environment due to transport of products, other goods and materials used in the operation of the organization and the transport of employees

Commercial companies of the LOTOS Group contract the transport of their products from specialist companies. The description of the procedures and requirements applied when ordering such services by individual companies has been detailed [on the website of Grupa LOTOS](#).

Outlays on environmental protection

GRI No.	AREA
EN 30	Total expenses on environmental protection and investments by type

Costs incurred by exploiting the right to use the environment for economic purposes incurred by Grupa LOTOS

Emissions [thousand PLN]					
	2005	2006	2007	2008	2009
Emission to air	3,594	3,518	3,521	3,181	3,046
Water intake	87	109	100	113	211
Sewage discharge	295	266	280	213	254
Total	3,940	3,893	3,902	3,508	3,511

Investment outlays on environmental protection incurred by Grupa LOTOS:

Outlays [thousand PLN]					
	2005	2006	2007	2008	2009
Total investments	246,123	284,104	858,462	1,910,687	2,271,034
Environmental investments	7,265	34,387	99,880	224,723	138,818