

Key instruments

Grupa LOTOS identifies the risks for accomplishing both its strategic as well as preceudal and operational goals. This identification is mainly done at group workshops but all employees are also entitled and obliged to report threats and opportunities which are linked to the processes they take part in and can have influence on accomplishing the defined goals.

The risk assessment is done in two time horizons: within the next year and till the end of the period for which the current LOTOS Group's Strategy is valid, that is till the year 2015. For all risk types, the probability of their materialising is estimated and then the financial consequences which would be incurred as well as the possible effect on reputation of the LOTOS Group are calculated should the given risk materialise. The human safety and the environmental impact along with the expected reception by the Company's stakeholders is also taken into account in this calculation.

For all registered risks, adequate controlling measures and prevention mechanisms put in place are indicated along with the method of monitoring them. Each risk has its own so-called risk owner who is responsible for its supervision and monitoring, using the pre-set indicators. The monitoring results are then reported in compliance with the adopted principles.

Based on this risk assessment, the aggregated Risk Map for the LOTOS Group is prepared. It is a dynamic document which is subject to changes due to the changeable character of the business environment, the business processes being put in place in the organisation, finalising the completion of some investments and starting new ones as well because of the actions being taken to limit the identified risk.

All risk types which were assessed as significant from the point of view of the goals which are set to be accomplished by the Company are then subjected to detailed analysis with regard to the factors of the given risk and the current system of managing and monitoring it. Further to the analysis, plans aimed at limiting the risk and action plans in case of its materialising are prepared.

In Grupa LOTOS, the project risk management is also put in place, especially for investment projects. The risk assessment criteria differ slightly from the ones discussed above as they have been adapted to the area of project management. However, the principles of how the risk itself should be handled are consistent in the whole Grupa LOTOS and help to complete the planned projects efficiently and safely.