

THE SECOND PILLAR OF THE SOCIAL RESPONSIBILITY STRATEGY OF THE LOTOS GROUP

NATURAL ENVIRONMENT = ENVIRONMENTAL RESPONSIBILITY

target = establish environmental values
eco-effectiveness, "doubly profitable" investments

Reduction of environmental impact

For many years, the purpose of the environmental policy of Grupa LOTOS is to ensure that the Company operates in accordance with the [sustainable development](#) rule and respects environmental conditions set out by law, as well as [corporate social responsibility](#).

The goals are achieved since the policy focuses on:

- **clean production consisting of the continuous aspiration for the reduction of utility and raw material consumption;**
- **the reduction of pollution emissions;**
- **waste management;**
- **safety of industrial processes to efficiently prevent breakdowns.**

By applying the rule of [sustainable development](#) and [corporate social responsibility](#), the Company produces high quality products that cause the least possible harm to the environment.

By cooperating, and through consultation with local authorities and social organisations dealing with environmental protection in the region, the Company carries out many actions to reduce the Company's environmental impact.

The Company minimises adverse impact by way of:

- continuous monitoring of the emission and immission of air and water pollution, and the concentration of carbohydrates around the refinery, so as to react fast with environmental impact measures in the case of adverse growth;
- disposing of wastes whose quality is fully adjusted to legal requirements owing to the three-stage sewage treatment plant;
- the repeated use of cleaned wastes to produce industrial water;
- detailed supervision of the waste management,
- the use of environment protective equipment like:
 - the system of double insulation installed in containers with floating roofs;
 - the hermetisation of all technological systems and connection to the system of emergency discharge, where carbohydrates are burnt in torches;
 - filling tankers and railway tanks by use of steam hermetisation and recovery.

At Grupa LOTOS all issues relative to environmental protection are handled by the Environmental Protection Bureau. Next to monitoring the manner and scope of the environmental impact of Grupa LOTOS' production facilities in Gdańsk and the analysis of the compliance of quantities and the quality of pollution emitted thereby, wastes, sewages and waters disposed of, and the emission of noise, the Bureau also coordinates actions aimed at the fulfilment of legal environmental requirements and the establishment of standards for environment-friendly activities at the whole LOTOS Group. The Bureau also monitors the emission of CO₂ and carries out actions relating to the Community emission trading system. The emission of CO₂ from Grupa LOTOS' installations is monitored and analysed correctly, which is confirmed by the annual positive assessment conducted by a licensed controller, the world leader in certification services.

Finally, with regard to the Company's approach to environment management, it is worthwhile to mention the improvement of employees' environmental awareness through internal communication on environmental protection issues understood as individual, company, regional and global initiatives.

Development plans

In the forthcoming years, the environmental impact of both single processes and the refinery as a whole will be reduced by the planned modernisation of boilers in the Company's thermal and power plant consisting, among others, of installing low NO_x emission burners. The use of natural gas (as an energy medium and raw material for hydrogen production) as the basic fuel at the refinery, as well as the use of

discharge gases, currently burnt in the torch system, are at the conceptual stage. After the execution of these projects, the emission of pollution to the air will decrease significantly.

Grupa LOTOS takes part in the construction of a highly efficient gas thermal and power plant which will partially replace the existing oil thermal and power plant.

Managing chemical substances

Procedures applicable at the LOTOS Group require that the impact of all products on health and safety has to be identified. All products manufactured during oil processing are subject to classification and are assessed in terms of their impact on health and safety of use. Grupa LOTOS carries out intensive actions to fulfil the requirements of [REACH](#) (Registration Evaluation Authorisation of Chemicals). The decision to launch the [REACH](#) project was made at the beginning of 2007 and since spring 2007, in accordance with the assumptions of EU law, the entire LOTOS Group has been working on the implementation thereof. In the middle of November 2008, Grupa LOTOS closed the stage of preliminary chemicals registration in accordance with the schedule of the EU regulation.

The agenda of implementation is planned and carried out with a longer term horizon anticipating e.g. adequate registration, permits and limitations. It is necessary to point out that the commencement of the preparation for the implementation of [REACH](#) in the organisation, much in advance, proves that the Company has high awareness of the need to manage chemicals. The [REACH](#) project is to be implemented in 11 years.

To reduce project implementation expenses, the Company partnered with international organisations dealing with such products as base, diesel, fuel oil, petrols, asphalts and substances in [paraffin](#) products. In such a way, it will be able to reduce expenses by almost a half in comparison to independent research being carried out by the Company.

It is worth mentioning that in May 2006, Grupa LOTOS joined CONCAWE, the organisation associating refineries and dealing with the analysis of the cleanness of water and air. The organisation helps to prepare safety reports on testing substances of similar toxicologic and ecotoxicologic properties.

Grupa LOTOS has already preliminarily registered all its products, thereby it automatically joined information forums under SIEF (Scientific Information Exchange Forum). Thanks to this, the Concern's customers may be confident that they will still receive products and that supplies will be consistent with the chemical legislature. Information between enterprises under SIEF and with the European Chemicals Agency in Helsinki is exchanged electronically. At the LOTOS Group, the [REACH](#) system is operated via the integrated IT system, which may be used

by all companies. It is compatible with other systems under product consortiums of other petrochemical companies. As IT tools, the Group uses: a free European data base and a portal used to transmit preliminary registration files. Grupa LOTOS analyses the progress of the development of Candidate Lists of SVHCs (substances of very high concern) on a current basis and takes all necessary actions to fulfil its obligations arising from the [REACH](#) regulation.

At present, none of the substances produced and marketed by Grupa LOTOS is included in the SVHC Candidate List published by the European Chemicals Agency.