

At Grupa LOTOS, risk management is a decision making supporting process. Moreover, it allows for a threat prevention, reducing occurring threats impact and the selection of the most suitable solutions for the Company.

The implementation and operation of the corporate risk management system is supervised by the Strategy Committee. Furthermore, an internal audit unit in charge of, without limitation, the evaluation of risk management systems and the analysis of business processes exists. Relevant reports are submitted to the Management Board and the Audit Committee of the Supervisory Board of Grupa LOTOS.

Key rules and responsibilities relating to the system are defined in the "Capital Group Corporate Risk Management Policy of Grupa LOTOS S.A." Risk management is not only an element of business process management and operation, but also an integral part of the organisational culture., Risk management policies at the LOTOS Group stipulate that:

- risk management is an inherent element of management and business processes, as well as an element of the organisational culture;
- each Capital Group employee must report threats and risks, as well as chances and opportunities related to processes and likely to influence the achievement of goals defined;
- at the Capital Group, all decisions are made on the basis of relevant risk analysis;
- risks are identified, analysed and assessed in terms of their consequences;
- based on risk assessment, the Company prepares an aggregated risk map of the LOTOS Group;
- in the event of a risk being qualified as potentially significant for the Group, a risk management strategy and measures to be taken in case of its materialization are defined;
- any significant risks are supervised and monitored on a current basis by a delegated employee, a risk owner, according to monitoring policies set out; monitoring of the outcome is reported in accordance with the rules;
- disputable issues relating to risks and opportunities for the Capital Group are solved by the Strategy Committee or the Management Board of Grupa LOTOS on the basis of the Committee's recommendations;
- compliance with the Policy and the efficiency of the Risk Management System are verified at least once a year or in the event of changing circumstances. Results and recommendations are used for the purpose of continuous system improvement;
- risk management and detailed related responsibility are defined in the Integrated Management System documentation.