

This Annual Report pertains to the activities of the Capital Group of Grupa LOTOS S.A. (hereinafter: the LOTOS Group, the Capital Group, the Group), in particular of its dominant entity, Grupa LOTOS S.A. (hereinafter: Grupa LOTOS, the Company, the Concern).

Grupa LOTOS is the largest company in Pomerania, the second largest petroleum group in Poland and one of the most effective groups in Central and Eastern Europe. The LOTOS Group employs nearly 5,000 staff. As part of the 10+ Programme implementation, a number of new, technologically advanced facilities have been developed in the area of the Grupa LOTOS refinery in Gdańsk. These facilities will increase the petroleum processing capacity to 10.5 million tonnes per year by 2012. The refinery applies advanced technologies, which ensure a high level of desulphuring of petroleum derivatives and minimise the environmental impact.

Sustainable development is the central theme of the Report which assumes that the Company pursues its activities in a manner which involves the efficient use of economic, social and environmental resources, so that these could be used by future generations. Grupa LOTOS treats this aspect not only as a sign of the Company's responsibility for its social and environmental surrounding, but as a proof of being open to the future, to long-term planning and to an innovative approach to the business. Mapping the prospect of [sustainable development](#) towards the future, in the historical and business aspect, namely the "10+" perspective is an additional element of this publication. The description of the activities of the LOTOS Group should invoke the challenges, risks and opportunities posed by the beginning of the new decade and the forthcoming, successful completion of the 10+ Programme investment.

The 2009 Annual Report is the first integrated report by the Company. From 2007 to 2009 the Group published separate reports on environmental protection and [corporate social responsibility](#), and then submitted the reports to the [stakeholders](#) along with the reports containing the consolidated financial statements prepared each year. In line with the CSR strategy of the LOTOS Group and the intention to pursue an open information policy, the Management Board decided to integrate the publications which regularly presented all the [stakeholders](#) with the management approach and results achieved by the organisation in all of its fields of operations: economic, social and environmental. This decision follows our wish to provide all the key [stakeholders](#) with a comprehensive description of the achievements of the LOTOS Group with regard to results of the basic activities, social-oriented activities, and mitigation of the environmental impact. The Management Board would like to enable the environment of the organisation to conduct a comprehensive, measurable and objective assessment of the organisation's involvement in [sustainable development](#) by means of an integrated presentation of financial and non-financial statements on activities performed during the financial year.

Grupa LOTOS preceded this decision by an extensive survey conducted among the key [stakeholders](#) of the Company, including opinion leaders, representatives of public administration, NGOs, stock market and the mass media. The consultations involved assessment of the existing reporting practices of the Company as well as related information needs of recipients. Inclusion of the [stakeholders](#) in the process of

improving the reporting aimed at the best possible matching of their expectations and tools used by the Company to report on the progress of the CSR strategy implementation.

As a company listed on the Warsaw Stock Exchange and a participant of the first stock exchange index of socially responsible companies in Central and Eastern Europe, the RESPECT Index, Grupa LOTOS follows good practices of communication for public listed companies:

- in the financial reporting area, Grupa LOTOS follows the International Financial Reporting Standards (IFRS) ratified by the European Union, published and binding as at 31 December 2009;
- in the non-financial reporting area, Grupa LOTOS applies the G3 [GRI](#) (Global Reporting Initiative) Sustainability Reporting Framework and the UN Global Compact principles relating to the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Declaration against Corruption and Bribery.

Since there are no generally recognized standards applicable to the preparation of integrated annual reports, Grupa LOTOS applied the best practices on the financial and non-financial reporting. The Company followed the universal principles of accuracy, relevancy, completeness, comparability, balance and reliability.

The 2009 Annual Report contains Consolidated Financial Statements of the LOTOS Group approved by the Grupa LOTOS Management Board on 26th April 2010 as well as Consolidated Non-Financial Statements. The non-financial statement contains links to the content and documents that supplement presented information, available on the Grupa LOTOS website. The result ratios presented in the consolidated statements are accompanied by descriptive content included in separate chapters of the Report; this content describes the management approach, strategic goals and development plans in various fields of activities.

The index, designed to facilitate search of specific results ratios and descriptive content corresponding to the issues discussed, is included in the [GRI Table of Contents and the UN Global Compact principles](#).