

# Ethics and anti-corruption

## Values and the Code of Ethics

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The LOTOS Group's responsibility towards society and the natural environment manifests itself in carrying out production activities in a manner preventing degradation of natural and social capitals. The LOTOS Group feels responsible for its products towards the state, the market, our partners, customers and employees.

The Group conducts its business in compliance with ethical principles, respecting standards in all areas of its operations. We have adopted a system of values which is founded on respect for the needs of society and the natural environment.

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The four primary values underlying the LOTOS Group's corporate social responsibility are:

### TRANSPARENCY

the Group undertakes to comply with the most exacting environmental standards, remains committed to ethical and fair competition, and counteracts the abuse of human rights



### OPENNESS

the Group is open to changes, the world's needs and people's expectations

### RESPONSIBILITY

the underlying principle of the Group's attitude towards mankind and its future, the environment, the home country and its international status

### INNOVATIVENESS

the Group takes an innovative approach to solving social and environmental issues; by acting in accordance with the principles of sustainable development, the Group achieves business benefits and gains a competitive advantage on the market

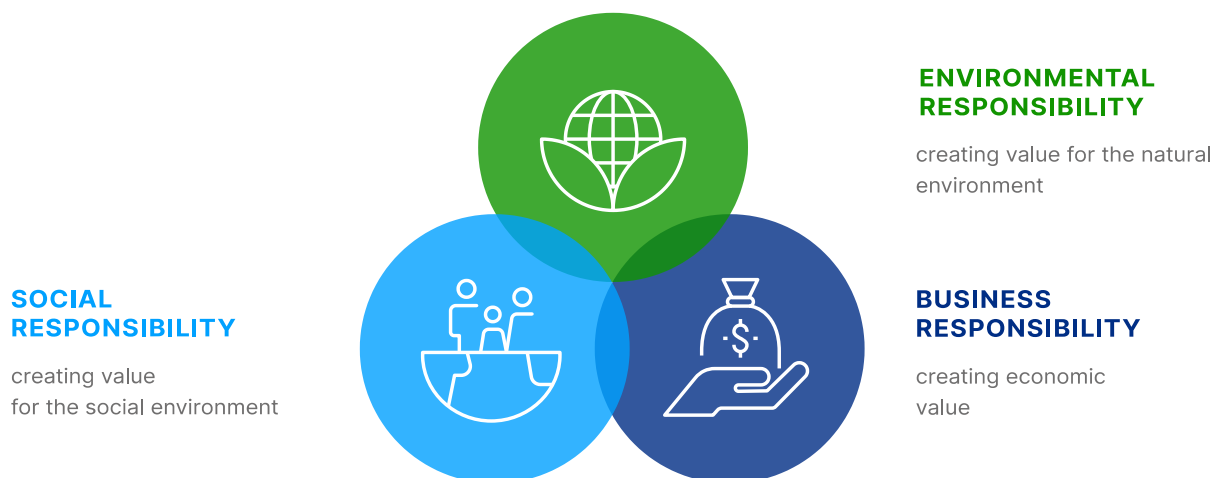
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To the LOTOS Group, sustainable development is an integral part of its business. The Group is aware of its community and environmental impacts. Therefore, as a socially responsible corporate citizen, it is guided by ethical values in conducting its business.

The organisation is strongly committed to compliance with international standards, such as ISO 26000, with respect to corporate governance, human rights, labour practices, the environment, fair operating practices, consumer matters, as well as community engagement and development.

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**The pillars of the LOTOS Group's strategic approach to sustainable development:**



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**The LOTOS Group CSR Strategy :**

[https://odpowiedzialny.lotos.pl/239/nasza\\_odpowiedzialnosc/w\\_grupie\\_kapitalowej/strategia](https://odpowiedzialny.lotos.pl/239/nasza_odpowiedzialnosc/w_grupie_kapitalowej/strategia)

In 2019, the LOTOS Group addressed the challenges defined by 17 Sustainable Development Goals (SDGs) until 2030, Vision of Sustainable Development for Business in Poland until 2050, and the ten Global Compact principles.

**In line with the Vision of Sustainable Development for Business in Poland until 2050, the Group has undertaken to:**

- base its efforts on broad cooperation, innovative thinking and education of its own employees and members of the public;
- conduct business activities relying on trust and dialogue;
- initiate cooperation with academic centres and schools to educate future employees;
- create conditions and opportunities conducive to employee development;
- promote and support the implementation of new technological solutions;
- develop infrastructure and implement investment projects based on dialogue and in accordance with the principles of sustainable development;
  
- take measures to reduce its environmental footprint;
- introduce solutions to reduce energy consumption, including through implementation of new technological solutions, process optimisation and education;
- engage in dialogue with the government and share experience in issues that are material to entrepreneurs and economy;
- raise ethical standards in business, including in relationships with all stakeholder groups.

## **Ethical Conduct Programme**

The Ethical Conduct Programme, which is the cornerstone of our activities, enables effective and ethical management of the LOTOS Group's organisational culture. It builds value for our employees and external stakeholders.

#### **The Ethical Conduct Programme comprises:**

- Code of Ethics;
- Ethics Officer;
- channels for reporting breaches of the Code;
- employee education;
- easy communication.

The Code of Ethics defines the system of ethical values and standards of conduct our employees are expected to uphold in the workplace and in relations with key stakeholder groups. Breaches of the Code of Ethics are reported to and handled by the Ethics Officer, who oversees compliance with the LOTOS Group Code of Ethics.

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The Ethics Officer is available to each employee and trading partner of the LOTOS Group.

#### **The following methods can be used to communicate with the Ethics Officer:**

- a meeting in person at a time convenient to the employee, arranged in advance by phone;
- telephone conversation with or voicemail to the Ethics Officer (phone: +48 58 308 80 70),
- by email: [liniaetyki@grupaLOTOS.pl](mailto:liniaetyki@grupaLOTOS.pl),
- online report form available at [www.LOTOS.pl](http://www.LOTOS.pl),
- by traditional mail.

Grupa LOTOS S.A. operates in compliance with the Code of Best Practice for WSE Listed Companies. Compliance with the Code helps us build the Company's ethical culture, which is vital for our relations with the market environment and for building our market position.

For more information on the LOTOS Group's Code of Ethics, go to :

<[https://odpowiedzialny.lotos.pl/1073/nasza\\_odpowiedzialnosc/w\\_biznesie/kodeks\\_etyki](https://odpowiedzialny.lotos.pl/1073/nasza_odpowiedzialnosc/w_biznesie/kodeks_etyki)>

## **Prevention of corruption, misconduct and conflicts of interest**

103-1, 103-2, 103-3

The LOTOS Group operates a Misconduct Prevention Policy, aimed at enhancing the security of its business processes.

The risk of misconduct is mitigated through effective management. Should the risk materialise, an emergency plan is in place that ensures immediate mobilisation of resources to explain the situation, mitigate its adverse impacts, return to normal operations, and prevent recurrence.

Stakeholders can report any suspected irregularities and/or misconduct via specified open communication channels, including the Group LOTOS Internal Audit Office.

In the organisation, no misconduct is tolerated. The organisation has signed the United Nations Global Compact's Call to Action on Anti-Corruption, a global initiative where businesses join forces to fight corruption in all its forms. The Misconduct Prevention Policy and other internal anti-corruption regulations are known to all employees of the LOTOS Group companies. All new hires receive relevant training, including information on anti-corruption regulations and liability in case of non-compliance. Moreover, employees are repeatedly reminded of anti-corruption rules during their employment.

In 2019, the LOTOS Group made progress in the implementation of the Misconduct Prevention Programme and monitored solutions developed under the programme. A number of educational initiatives, including training and publications, were undertaken to enhance the organisation's resilience to misconduct and to raise the awareness and engagement of both management personnel and other employees.

**The misconduct prevention and detection measures taken by the organisation are viewed as effective. These measures included:**

- implementing the Misconduct Risk Management Programme based on the Misconduct Prevention Policy, which seeks to educate employees on risk identification, provide information on liability for corrupt behaviour and corruption offences, investigate cases of suspected misconduct and implement misconduct risk mitigation mechanisms;
- defining a Misconduct Risk Management Charter, managing and monitoring the risk of misconduct, and risk mitigation and contingency planning;
- incorporating CSR clauses (including an anti-corruption clause) in requests for proposals and contracts;
- setting up a Misconduct Risk Management Team within the Internal Audit Office;
- establishing a Trade Partner Vetting Department and an Internal Control Office within the LOTOS Group;
- requiring all LOTOS Group companies to screen their trading partners in accordance with a relevant procedure;
- delivering training on misconduct prevention at the LOTOS Group.

Misconduct prevention measures include the obligation for all Group companies to vet their trade partners in accordance with the procedure and to ensure compliance with the Misconduct Prevention Policy.

Misconduct Prevention Policy : <[https://odpowiedzialny.lotos.pl/1073/nasza\\_odpowiedzialnosc/w\\_biznesie/kodeks\\_etyki](https://odpowiedzialny.lotos.pl/1073/nasza_odpowiedzialnosc/w_biznesie/kodeks_etyki)>

All the LOTOS Group companies were assessed for the risk of corruption in 2019.

## Due diligence procedures

**At the LOTOS Group, (depending on the scope of a given company's operations and needs) the following due diligence procedures are applied that are consistent with applicable standards, under certified management systems:**

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Quality management, according to the PN-EN ISO 9001:2015 standard 'Quality management systems – Requirements'

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Environmental management, according to the PN-EN ISO 14001:2015 standard 'Environmental management systems – Requirements and guidelines for use'

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Health and safety management system, according to the PN-N-18001:2004 standard 'Health and safety at work management systems – Requirements'

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**Other management systems or their components implemented at the LOTOS Group but not certified:**

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Energy Management System (ISO 50001)

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Information Security Management System (ISO 27001)

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Internal Control System

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AQAP – NATO quality assurance requirements (AQAP 2110)

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Risk Management System (ISO 31000).

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