






## Useful information

We have developed a number of functionalities to facilitate the in-depth study of the information presented in our Report for readers interested in doing so. Apart from a detailed calendar of important events 2012, contact data and glossaries of useful terms, we have also prepared an interactive presentation of all non-financial data, according to the Global Reporting Initiative guidelines.

IN THIS CHAPTER

<p><b>Calendar of important events in 2012</b></p> 	<p><b>GRI Content Index</b></p> 	<p><b>Glossary of industry terms</b></p> 
<p><b>Glossary of social terms</b></p> 	<p><b>Contact</b></p> 	

## Calendar of important events in 2012

interactive timeline of events is available online at:

<http://raportroczny.lotos.pl/en/useful-information/calendar-of-important-events-in-2012>

# Table of Content of the GRI Performance Indicators and Global Compact Principles

The Table below can prove helpful in finding the exact place where specific information or result data required by the Global Reporting Initiative as well as resulting from the adoption and implementation of ten principles of the United Nations Global Compact by Grupa LOTOS has been published in the Report.

## Reporting application level indicators:

⊕ full   
 ⊕ / ⊖ partial   
 ⊖ none

Global Reporting Initiative (GRI) Indicator	Reporting Application Level	Chapter of The 2012 Annual Report	Comments	Un Global Compact Principles	Assurance
<b>Strategy and Analysis</b>					
1.1. Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy.	⊕	Implementing the strategy [1] Sustainable development [2]			
1.2. Description of key impacts, risks, and opportunities.	⊕	Risk management [1] Implementing the strategy [2] Sustainable development [3] Corporate governance [4]			
<b>Organizational Profile</b>					
2.1. Name of the organization.	⊕	The Organization and its Report [1]			
2.2. Primary brands, products, and/or services.	⊕	The Organization and its Report [1] Implementing the strategy [2] [3] [4] [5]			
2.3. Operational structure of the organization, including	⊕	The Organization and its Report [1]			

main divisions, operating companies, subsidiaries, and joint ventures.

2.4. Location of organization's headquarters.	+	The Organization and its Report [1] Useful information [2]
2.5. Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	+	The Organization and its Report [1]
2.6. Nature of ownership and legal form.	+	The Organization and its Report [1] [2]
2.7. Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries.	+	The Organization and its Report [1] Implementing the strategy [2]
2.8. Scale of the reporting organization.	+	The Organization and its Report [1]
2.9. Significant changes during the reporting period regarding size, structure, or ownership.	+	The Organization and its Report [1]
2.10. Awards received in the reporting period.	+	The Organization and its Report [1] Useful information[2]

## Report Parameters

### Report Profile

3.1. Reporting period.	+	The Organization and its Report [1]
3.2. Date of most recent previous report.	+	The Organization and its Report [1]
3.3. Reporting cycle.	+	The Organization and its Report [1]
3.4. Contact point for questions regarding the report or its contents.	+	Useful information [1]
3.5. Process for defining report content, including:	+	The Organization and its Report [1] [2]

- Determining materiality;
- Prioritizing topics within the report; and
- Identifying stakeholders the organization expects to use the report.

3.6. Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).

+

The Organization and its Report [1]

3.7. State any specific limitations on the scope or boundary of the report.

+

The Organization and its Report [1]

3.8. Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.

+

The Organization and its Report [1]

3.9. Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.

+

The Organization and its Report [1]  
Sustainable development [2]

3.10. Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).

+

The Organization and its Report [1]

3.11. Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.

+

The Organization and its Report [1]

**GRI Content Index**

3.12. Table identifying the

+

GRI Performance

**Assurance**

3.13. Policy and current practice with regard to seeking external assurance for the report.	+	The Organization and its Report [1] [2]
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Governance, Commitments, and Engagement

**Governance**

4.1. Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	+	Corporate governance [1] [2] [3]
4.2. Indicate whether the Chair of the highest governance body is also an executive officer.	+	Corporate governance [1]
4.3. For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	+	Corporate governance [1] [2]
4.4. Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	+	Corporate governance [1]
4.5. Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	+	Corporate governance [1] [2]
4.6. Processes in place for the highest governance body to ensure conflicts of interest are avoided.	+	Corporate governance [1] [2]
4.7. Process for determining the composition	+	Corporate governance [1]

the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.

4.8. Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation. + Corporate governance [1]

4.9. Procedures of the highest governance body for overseeing the organization’s identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles. + Corporate governance [1]

4.10. Processes for evaluating the highest governance body’s own performance, particularly with respect to economic, environmental, and social performance. + Corporate governance [1]

**Commitments To External Initiatives**

4.11. Explanation of whether and how the precautionary approach or principle is addressed by the organization. + Risk management [1]  
Sustainable development [1]

4.12. Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses. + Sustainable development [1] [2]  
Corporate governance[1]

4.13. Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: + The Organization and its Report [1]

- Has positions in

- has positions in governance bodies;
- Participates in projects or committees;
- Provides substantive funding beyond routine membership dues;
- Views membership as strategic.

## Stakeholder Engagement

4.14. List of stakeholder groups engaged by the organization.	+	The Organization and its Report [1]
4.15. Basis for identification and selection of stakeholders with whom to engage.	+	The Organization and its Report [1]
4.16. Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	+	The Organization and its Report [1]
4.17. Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	+	The Organization and its Report [1] Society [1] [2]

## Management Approach and Performance Indicators

<b>Economy</b>	+	Implementing the strategy [1]
<b>Environment</b>	+	Sustainable development [1]
<b>Labor Practices &amp; Decent Work</b>	+	Sustainable development [1] [2]
<b>Human Rights</b>	+	Sustainable development [1]
<b>Society</b>	+	Sustainable development [1] [2]
<b>Product Responsibility</b>	+	Sustainable development [1]



# Performance Indicators

## ECONOMIC

### Aspect: Economic Performance

EC1. Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community Investments, retained earnings, and payments to capital providers and governments.	+	Sustainable development [1] [2] Consolidated statement of comprehensive income [3] The Organization and its Report [4]	Direct economic value generated and distributed, including revenues, operating costs, employee compensation and benefits, as well as payments to investors, have all been presented in the Statement of comprehensive income.
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EC2. Financial implications and other risks and opportunities for the organization's activities due to climate change.	+	Risk management [1] [2] Sustainable development [1] [2]	
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EC3. Coverage of the organization's defined benefit plan obligations.	+	Sustainable development [1]	
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EC4. Significant financial assistance received from government.	+	Sustainable development [1]	
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### Aspect: Market presence including local content

EC5. Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	+	Sustainable development [1]	
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EC6. Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	+	Sustainable development [1]	
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EC7. Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	+	Sustainable development [1]	
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### Aspect: Indirect economic impacts

EC8. Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	+	Sustainable development [1]		
EC9. Understanding and describing significant indirect economic impacts, including the extent of impacts.	+	Sustainable development [1]		
<b>Aspect: Reserves</b>				
OG1. Volume and type of estimated proved reserves and production.	+	Implementing the strategy [1]		
ENVIRONMENT				
<b>Aspect: Materials</b>				
EN1. Materials used by weight or volume.	+	Sustainable development [1] [2]	8	
EN2. Percentage of materials used that are recycled input materials.	-	GRI Performance Indicators and Global Compact Principles Table	8	
				The specific operations of Grupa LOTOS allow us to use recycled products to only a marginal degree. Each group entity involved in the production business is required by law to submit used materials for recycling, through third-party Recovery Organisations. However, even under this framework, the potential for reuse of recycled products is negligible. The related GRI indicator is therefore not reported.
<b>Aspect: Energy</b>				
EN3. Direct energy consumption by primary energy source.		Sustainable development [1] [2]	8	

OG2. Total amount invested in renewable energy.	⊖	GRI Performance Indicators and Global Compact Principles Table	Grupa LOTOS did not invest in renewable energies in 2012. This indicator is therefore not reported.	
OG3. Total amount of renewable energy generated by source.	⊖	GRI Performance Indicators and Global Compact Principles Table	Grupa LOTOS did not generate energy from renewable sources. This indicator is therefore not reported	
EN4. Indirect energy consumption by primary source.		Sustainable development [1]		8
EN5. Energy saved due to conservation and efficiency improvements.	⊕ / ⊖	Sustainable development [1]		9
EN6. Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives.	⊕	Sustainable development [1]		9
EN7. Initiatives to reduce indirect energy consumption and reductions achieved.	⊕	Sustainable development [1]		8
<b>Aspect: Water</b>				
EN8. Total water withdrawal by source.	⊕	Sustainable development [1] [2]		8
EN9. Water sources significantly affected by withdrawal of water.	⊕	Sustainable development [1] [2]		
EN10. Percentage and total volume of water recycled and reused.	⊕	Sustainable development [1] [2]		
<b>Aspect: Ecosystem services, including biodiversity</b>				
EN11. Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	⊕	Sustainable development [1]		8
EN12. Description of	⊕	Sustainable development		8

significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.

[1]

EN13. Habitats protected or restored.

+

Sustainable development [1]

8

EN14. Strategies, current actions, and future plans for managing impacts on biodiversity.

+

Sustainable development [1] [2]

8

EN15. Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.

+

GRI Performance Indicators and Global Compact Principles Table

The Company's operations pose no risk to any of the species included in the IUCN Red List or national lists of endangered species. In areas surrounding the Gdańsk refinery, there are no known habitats of conservation list species and no risk of their extinction.

OG4. Number and percentage of significant operating sites in which biodiversity risk has been assessed and monitored.

+

Sustainable development [1]

8

**Aspect: Emissions, effluents and waste**

EN16. Total direct and indirect greenhouse gas emissions by weight.

+

Sustainable development [1] [2]

8



EN17. Other relevant indirect greenhouse gas emissions by weight.

+

Sustainable development [1] [2]

8



EN18. Initiatives to reduce greenhouse gas emissions and reductions achieved.

+

Sustainable development [1] [2]

8

EN19. Emissions of ozone-depleting substances by weight.

+

Sustainable development [1] [2]

8



EN20. NOx, SOx, and other significant air emissions by type and weight.

+

Sustainable development [1] [2]

8



EN21. Total water discharge by quality and destination.


+

Sustainable development [1] [2] [3]

8




OG5. Volume of formation or produced water.	+	Sustainable development [1]		✓
EN22. Total weight of waste by type and disposal method.	+	Sustainable development [1] [2] [3] [4]	8	✓
EN23. Total number and volume of significant spills.	+	Sustainable development [1] [2] [3]	8	✓
OG6. Volume of flared and vented hydrocarbon.	+	Sustainable development [1]	8	
OG7. Amount of drilling waste (drill mud and cuttings) and strategies for treatment and disposal.	+	Sustainable development [1]	8	
EN24. Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	+	Sustainable development [1] [2]	8	
EN25. Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	+	Sustainable development [1]	8	
<b>Aspect: Products and services</b>				
EN26. Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	+	Sustainable development [1]	7, 8, 9	
OG8. Benzene, lead and sulfur content in fuels.	+	Sustainable development [1]		
EN27. Percentage of products sold and their packaging materials that are reclaimed by category.	+	Sustainable development [1]	8	✓
<b>Aspect: Compliance</b>				

EN28. Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	+	Sustainable development [1]	8	
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**Aspect: Transport**

EN29. Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	+	Sustainable development [1]	8	
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**Aspect: Overall**

EN30. Total environmental protection expenditures and investments by type.	+	Sustainable development [1]	8	
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SOCIAL PERFORMANCE INDICATORS

LABOR PRACTISES AND DECENT WORK

**Aspect: Employment**

LA1. Total workforce by employment type, employment contract, and region, broken down by gender.	+	Sustainable development [1]	6	
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LA2. Total number and rate of new employee hires and employee turnover by age group, gender, and region.	+	Sustainable development [1] [2] [3] [4] [5] [6] [7] [8] [9]	6	
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LA3. Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	+	Sustainable development [1]	6	
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LA15. Return to work and retention rates after parental leave, by gender.	+	Sustainable development [1]		
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**Aspect: Labor/management relations**

LA4. Percentage of employees covered by collective bargaining agreements.	+	Sustainable development [1]	3	
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LA5. Minimum notice period(s) regarding operational changes,	+	Sustainable development [1]	3	
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including whether it is specified in collective agreements.

### Aspect: Occupational health and safety

LA6. Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	+	Sustainable development [1]	6	
LA7. Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	+	Sustainable development [1]	6	✓
LA8. Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	+	Sustainable development [1]	6	
LA9. Health and safety topics covered in formal agreements with trade unions.	+	Sustainable development [1] [2] [3]	3	✓

### Aspect: Training and education

LA10. Average hours of training per year per employee by gender, and by employee category.	+	Sustainable development [1]	6	✓
LA11. Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	+	Sustainable development [1] [2]	6	
LA12. Percentage of employees receiving regular performance and career development reviews, by gender.	+	Sustainable development [1]	6	✓

### Aspect: Diversity and equal opportunity

LA13. Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group	+	Corporate governance [1] [2] Sustainable development [1]	6	✓
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membership, and other indicators of diversity.

**Aspect: Equal remuneration for women and men**


LA14. Ratio of basic salary and remuneration of women to men by employee category.	+	Sustainable development [1]	6
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HUMAN RIGHTS

**Aspect: Investment and procurement practices**

HR1. Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	+	Sustainable development [1] [2]	1, 2
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HR2. Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken.	+	Sustainable development [1]	1, 2, 3, 4, 5, 6
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HR3. Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	+	Sustainable development [1]	1, 2, 3, 4, 5, 6	
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**Aspect: Non-discrimination**

HR4. Total number of incidents of discrimination and corrective actions taken.	+	Sustainable development [1]	6
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**Aspect: Freedom of association and collective bargaining**

HR5. Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	-	GRI Performance Indicators and Global Compact Principles Table	Grupa LOTOS has no tools with which to review suppliers in terms of risks posed to the right to exercise freedom of association, and does not identify any such risks in its environment. This indicator is therefore not reported.
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**Aspect: Child labor**




HR6. Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	-	GRI Performance Indicators and Global Compact Principles Table	Grupa LOTOS supports elimination of child labor worldwide. The Company does not report this GRI indicator because it does not face this problem. In 2012, just as in previous years, no events were recorded at the LOTOS Group which would be identified as carrying with them a material risk of benefiting from child labor.	5
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**Aspect: Forced and compulsory labor**

HR7. Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	-	GRI Performance Indicators and Global Compact Principles Table	Grupa LOTOS supports elimination of all forms of forced or compulsory labor. The Company does not report this GRI indicator because it does not face this problem. In 2012, just as in previous years, no incidents of forced or compulsory labor took place within the LOTOS Group.	4
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**Aspect: Security practices**

HR8. Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	+	Sustainable development [1]	1, 2	
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**Aspect: Indigenous rights**

HR9. Total number of incidents of violations involving rights of indigenous people and actions taken.	-	GRI Performance Indicators and Global Compact Principles Table	Grupa LOTOS supports and observes human rights. The Company does not report this GRI indicator because it does not face the problem of violating the rights of indigenous populations.	1, 2
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OG9. Operations where indigenous communities are present or affected by activities and where specific engagement strategies are in place.



GRI Performance Indicators and Global Compact Principles Table

Grupa LOTOS does not identify any groups in its operating territory whose identity differs from the mainstream society's. This indicator is therefore not reported.

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**Aspect: Assessment**

HR10. Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.



GRI Performance Indicators and Global Compact Principles Table

Grupa LOTOS does not consider observance of human rights as a criterion in siting its facilities, because the Company does not operate in areas where increased risk of human rights violations is present. The indicator is therefore not reported.

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**Aspect: Remediation**

HR11. Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.



GRI Performance Indicators and Global Compact Principles Table

In 2012, Grupa LOTOS did not identify any risk of grievances concerning the impact of its operations and decisions on human rights. This indicator is therefore not reported.

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**SOCIETY**

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**Aspect: Local communities**

SO1. Percentage of operations with implemented local community engagement, impact assessments, and development programs.



Sustainable development [1]


SO9. Operations with significant potential or actual negative impacts on local communities



Sustainable development [1]

SO10. Prevention and mitigation measures

Sustainable development [1] [2]

implemented in operations with significant potential or actual negative impacts on local communities.	+			
OG10. Number and description of significant disputes with local communities and indigenous peoples.	-	GRI Performance Indicators and Global Compact Principles Table	Grupa LOTOS did not enter into any disputes with local communities in its operating territory in 2012. This indicator is therefore not reported.	
OG11. Number of sites that have been decommissioned and sites that are in the process of being decommissioned.	+	The Organization and its Report [1]		
<b>Aspect: Corruption</b>				
SO2. Percentage and total number of business units analyzed for risks related to corruption.	+	Risk management [1]		10
SO3. Percentage of employees trained in organization's anti-corruption policies and procedures.	+	Risk management [1]		10
SO4. Actions taken in response to incidents of corruption.	+	Risk management [1]		10
<b>Aspect: Public policy</b>				
SO5. Public policy positions and participation in public policy development and lobbying.	+	Sustainable development [1] [2]		10
SO6. Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	+	Sustainable development [1]		10
<b>Aspect: Anti-competitive behavior</b>				
SO7. Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	+	Sustainable development [1]		10
<b>Aspect: Compliance</b>				

SO8. Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	+	Sustainable development [1]	
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**Aspect: Involuntary resettlement**

OG12. Operations where involuntary resettlement took place, the number of households resettled in each and how their livelihoods were affected in the process.	-	GRI Performance Indicators and Global Compact Principles Table	No involuntary resettlement took place in 2012 as a result of operations carried out by the LOTOS Group. This indicator is therefore not reported.
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**Aspect: Asset integrity and process safety**

OG13. Number of process safety events, by business activity.	+	Sustainable development [1]	
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PRODUCT RESPONSIBILITY

**Aspect: Customer health and safety**

PR1. Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	+	Sustainable development [1]	
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PR2. Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	+	Sustainable development [1]	1
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**Aspect: Product and service labelling**

PR3. Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	+	Sustainable development [1]	10
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PR4. Total number of incidents of non-compliance with regulations and voluntary codes concerning	+	Sustainable development [1]	
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product and service information and labeling, by type of outcomes.

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PR5. Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	+	Sustainable development [1]
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**Aspect: Marketing communications**

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PR6. Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	+	Sustainable development [1]
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PR7. Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	+	Sustainable development [1]
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**Aspect: Customer privacy**

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PR8. Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	+	Sustainable development [1]
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**Aspect: Compliance**

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PR9. Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	+	Sustainable development [1]
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**Aspect: Fossil fuel substitutes**

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OG14. Volume of biofuels produced and purchased meeting sustainability criteria.	+ -	Sustainable development [1]
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## Glossary of industry terms

### A

#### ACEA

European Automobile Manufacturers' Association; it establishes quality criteria for engine oils, applicable across Europe. ACEA European Oil Sequences 2008 are the published quality criteria for all engine oils on the European market, including the requirements to be met by engine oils for new cars. The document categorises oils and specifies all physical and chemical parameters, as well as engine tests for each quality category. ACEA requires that any claims for oil performance to meet the ACEA standards must be based on credible data and controlled tests in accredited test laboratories.

#### APC

(Advanced Process Control) is a computerized manufacturing process control system in place in the Gdańsk Refinery since 2001. APC simultaneously controls a large number of technological process parameters at the industrial plant. With the help of this system, one can optimize the plant operations, increasing the yield of the desired products and keep the plant working safely.

#### ARA

the market with its territory delineated by the ports of Antwerp – Rotterdam – Amsterdam.

#### Atmospheric distillation

a physicochemical process used to separate component products of a mixture, using differences in the boiling point temperatures of individual components. In the process of atmospheric distillation, individual fractions of gases, benzene, paraffin and diesel oils become separated. Heavier hydrocarbons constitute so-called atmospheric remnants. Atmospheric distillation is a process carried out at a pressure close to atmospheric pressure.

#### Audit recertifying the Integrated Management System (renewal)

an audit aimed at assessing the compliance of the management system with the requirements of the standards. A recertifying audit is carried out in the period determined by the certifying entity to extend the validity or issue a new IMS certificate.

### B

#### B100

B100 (fuels) - a determination of fuels produced solely from a biocomponent.

#### B3 Oil Field

a marine natural gas and oil field located about 73 km north of Rozewie. In operation since 1992, it hosts the Marine Oil Mine (Morska Kopalnia Ropy). It is the main source of crude oil produced by LOTOS Petrobaltic.

## B8 Oil Field

a marine natural gas and oil field located about 68 km northeast of Rozewie.

## Barrel

(of crude oil) - a primary unit of measure used in crude oil production. One barrel encompasses around 159 litres.

## Base oil

unrefined oil, without improvers, obtained in the processing of crude oil. It represents the base raw material in the manufacture of lubricant oils.

## BAT

Best Available Technique is, within the meaning of the definition contained in Directive 96/61/EC, the most effective and advanced stage in the development of activities and their methods of operation which indicate the practical suitability of particular techniques for providing in principle the basis for emission limit values designed to prevent, and where that is not practicable, generally to reduce emissions and their impact on the environment as a whole.

## Biocomponent

an additive used in fuel production made in biomass processing of e.g. oil plants or corn.

## Biofuel

fuel manufactured by adding more than 7% biocomponents to gasoline or diesel oil.

## BREF

(BAT Reference Notes) - BAT guidelines developed by the European IPPC (Integrated Pollution Prevention and Control) Bureau in Seville, Spain. They are not binding legal regulations, but guidelines to be followed in the assessment of applications for integrated permits and issuance of integrated permits.

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## C CD Process

(Continuous Deglycerolization Process) - a manufacturing process of fatty acid methyl esters used at the installation located in Czechowice-Dziedzice.

## CDU/VDU

(installation) - a basic installation system used for crude oil processing comprising a Crude Distillation Unit (CDU) and Vacuum Distillation Unit (VDU).

## Ceresin

product of deoiling of heavy slack waxes. Ceresin is a complex mixture of n-paraffin hydrocarbons with a solidification point of approximately 73°C. It may be used as feedstock in the production of lubricants, proofing and protective products in the chemical industry and, after a purifying process, in the cosmetics and pharmaceutical industries.

## CLP Regulation

Classification, Labelling and Packaging Regulation - regulation under which a new system for the classification, labelling and packaging of substances and mixtures has been implemented in the European Union, based on the Globally Harmonised System of Classification and Labelling of Chemicals created by the United Nations in 2003. The CLP Regulation supplements the REACH Regulation and replaces the system provided for in Directives 67/548/EEC and 1999/45/EC. The Regulation took effect on January 20th 2009 and is binding directly, without the need to be implemented into Polish law.

### CODO stations

(company-owned, dealer-operated) - stations owned by LOTOS Paliwa and managed by external companies.

### Component for bitumen production

usually a heavy vacuum distillate fraction obtained from crude oil, which can be further processed on the installation for bitumen manufacture.

### Confirmed resources

the volume of oil production that may be estimated based on geological analyses and engineering data with reasonable certainty as commercially available for production since a specific date, from the known deposit horizons and in specific economic conditions, using the defined operational methods and based on determined administrative regulations.

### Conversion

conversion processes usually involve technological cracking processes. In such processes, components with high boiling temperatures (heavy distillates) are used to manufacture light products used for fuel production. The most common conversion processes are thermal cracking, catalytic cracking and hydrocracking.

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## D

### DAO

(De-Asphalted Oil) - oil produced with an SDA installation used as a raw material for further refining. It may be the basis for producing base oils or an input for a cracking process.

### DODO stations

(dealer-owned, dealer-operated) - stations operating under the logo of the Gdańsk Refinery under patronage contracts.

### DOFO stations

(dealer-owned, franchise-operated) - stations operating under the LOTOS brand within trading partnership under long-term franchise agreements.

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## E

### ETBE

(Ethyl Tert-Butyl Ether) - the name of a high-octane biocomponent used in gasoline production. It is manufactured in petrochemical complexes with ethanol and isobutylene.

### Ethanol



ethyl alcohol used e.g. as a biocomponent for producing fuels and biofuels used in cars with ignition engines.

## European Chemical Agency

the EC agency responsible for the implementation of the REACH (Registration, Evaluation and Authorisation of Chemicals) Regulation as regards the establishment and administration of a registration system, assessment of, issuance of authorisations for, and imposition of restrictions in the use of, chemical substances at the EU level. Its main task is to manage the database of chemicals submitted for registration: initial registration of a substance (the process already completed) and proper registration of a substance. Under the European Council's decision of 2004, the registered office of the European Chemicals Agency (ECHA) is located in Helsinki, Finland.

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## F FAME

(Fatty Acid Methyl Ester) - such esters are biocomponents used to manufacture fuels and biofuels for diesel engine vehicles. FAME is manufactured by the transesterification of oil with methanol in the presence of a catalyst.

## Forties Blend

a type of crude oil from the North Sea. Forties Blend is light petroleum with a low content of sulphur and a high potential in gasoline production.

## Furfurol extraction

a technology applied to increase the quality of base mineral oils. During the process unfavourable aromatic hydrocarbons are separated, which increases the so-called viscosity index.

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## G Gasoline isomerisation

a refining process that creates a higher octane number of the gasoline fraction by changing the chemical structure of particles.

## Gasoline natural gas

natural gas that contains, apart from methane and ethane, a certain quantity of heavier hydrocarbons.

## Gasoline reforming

a refining process that involves a reaction with a catalyst creating high-octane aromatic hydrocarbons and hydrogen.

## General nitrogen

the content of nitrogen for nitrogen bound in all possible chemical forms.

# H

## HDS

(Hydrodesulphurisation Diesel Unit) - a system for the hydrodesulphurization of diesel oils.

## Heavy fuel oil

an oily liquid representing a residue from the distillation of crude oil. Heavy fuel oil finds its use in industrial installations of large manufacturing or processing facilities, as well as in combined power plants. It is also used as bunker fuel for ships.

## HGU

(Hydrogen Generation Unit) - a system for hydrogen production.

## Hydrocracking

a refining process used to produce high quality fuel components during the reaction of vacuum distillates with hydrogen with a catalyst. Hydrocracking processes usually take place at a very high pressure and provide components that are free of sulphur and contaminations.

## Hydrorefining (of slack wax)

a process of purifying paraffin during the reaction with hydrogen in a catalyst.

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# I

## ISO

International Organization for Standardization.

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# J

## Jet A1

aviation fuel for jet and turbine engines.

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# K

## KAS

(installation) - an amine-sulphur complex of installations for purifying refining gases of hydrogen sulphide and for the production of liquid sulphur.

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# L

## LCA

(Life Cycle Assessment) - the assessment of a product life aimed at determining the environmental impact (emission of greenhouse gases during individual stages of production, processing and transport). LCA also determines the environmental impact resulting from obtaining biomass, transport and its processing into biofuels vs. the impacts that occur in the life cycle of fossil fuels.

## Light fuel oil

a product obtained in crude oil processing characterized by a lower sulphur content and density than heavy heating oil. The light fuel oil is mainly used in household boiler rooms, in SMEs and institutions. It is also successfully used as the heating fuel in the boiler rooms of residential estates.

## LPG

(Liquefied Petroleum Gas) - a liquefied gas, being a mixture of propane and butane, obtained in the processing of crude oil. Among its other applications, LPG is used as engine fuel or as fuel for household gas stoves.

## LPG amine washing installation

a system for removing hydrogen sulphide from the liquid gas fractions.

## Lubricant oils

a composition of base oil and improvers. The quantity, type and relative proportions of these components are decisive for the class of the oil manufactured. Their main task is to reduce friction between the surfaces of the movable parts of mechanical devices that touch each other and work together. Lubricant oils are used in the automotive industry and for industrial applications.

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## M Mechanical Completion (MC)

completing building-assembly work by signing a protocol between the ordering party and the contractor, which confirms that all work has been completed in compliance with the design and applicable regulations.

## MHC

(Mild Hydrocracking) - a hydrocracking installation that operates in slightly milder conditions than a standard hydrocracking system.

## Modified asphalts

asphalts characterized by improved quality parameters, thanks to the interaction between asphalt and an applied modifier.

## MTBE

(Methyl Tert-Butyl Ether) - a high-octane component used for gasoline production. Unlike ETBE, it is not a biocomponent.

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## N Naphtha

a fluid fraction of crude oil composed of hydrocarbons whose particles contain 9-16 atoms of carbon. Naphtha can be processed into aviation fuel and diesel oils.

## National Index Target

a minimum share of biocomponents in the total volume of liquid fuels and liquid biofuels used during a calendar year in transport, calculated according to the caloric value.

## O Oil transesterification

a chemical reaction resulting in the formation of fatty acid methyl esters. The transesterification reaction of oils is a reaction of oil with methanol in the presence of a catalyst.

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## P Paraffin

a mixture of solid saturated hydrocarbons, separated from the fractions of crude oil. It is used, among others, to manufacture candles, as a floor polish and as an insulation material.

### Paraffin fraction

unreacted oil from hydrocracking of a mixture of vacuum distillates and oil from the solvent de-asphalting process of heavy residue. Paraffin fraction is a mixture of n-paraffin, iso-paraffin and cyclic saturated hydrocarbons. It has a low sulphur content (below 100 mg/kg) and may be used as feedstock in the production of oil bases, or in catalytic cracking or hydrocracking yielding additional volumes of fuels.

### Plasticizers

plasticizing improvers added to polymer products. Grupa LOTOS manufactures hydrocarbon plasticizers for the rubber industry.

### Ppm

(parts per million) - a popular measuring method used to express the concentration of extremely diluted solutions of chemical compounds. This measure tells how many particles of a chemical compound are to be found among one million particles of the solution.

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## R REACH

Regulation of the European Parliament and Council concerning the safe application of chemicals through their registration and assessment and in some cases granting commercial permits and restrictions as regards the application. It came into force on 1 June 2007 and replaces several dozen previous community legal acts, both regulations and directives introduced into Polish legislation with the Act of 11 January 2001 on chemical substances and preparations.

### Ready For Start Up (RFSU)

the condition of readiness for start-up achieved by the system (introduction of production media).

### REBCO

(Russian Export Blend Crude Oil) - a commercial name of Russian crude oil from the Ural.

### Red chemicals

are those which have pollution category Y and are on the list of chapter 17 of the IBC Code or on MEPC.2/Circ. currently in force. These chemicals deemed to present a hazard to marine resources or human health or cause harm to amenities or legitimate uses of the sea.

## Reformate

high-octane number component, with octane number of 96–100, used in the manufacture of engine gasolines. Reformate is a product of catalytic reforming of desulphurised naphta.

## ROSE

(Residual Oil Supercritical Extraction) - a technology used at the Gdańsk Refinery in the SDA installation.

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# S

## SDA

(Solvent Deasphalting) - an installation used to separate vacuum remnants after crude oil processing into lighter fractions, i.e. deasphalted oil (DAO) and heavier fractions, namely a bitumen component.

## Slack wax

a semi-product received in crude oil processing. It is used to produce wax.

## Stakeholder

A person or entity interested in the operation of a firm and incurring various types of risks related to its business or the persons or entities that are affected by a firm through its activities. Unlike shareholders, who are primarily interested in the profits of the company, stakeholders include a much wider group, e.g. employees, customers, creditors, suppliers, government administration and, in a wider context, local communities, the natural environment and public opinion. The term was first introduced by the Stanford Research Institute in 1963.

## Stock ticket service

service consisting in the creation and maintenance of mandatory reserves of fuels on behalf of customers. A customer using the service meets the legal requirements without stocking its own fuels.

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# T

## Troll Blend

a type of crude oil from the North Sea. The Troll Blend is an average crude oil with a low sulphur content and a high potential within the production of diesel oils.

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# V

## Vacuum distillate

a fraction of hydrocarbons separated from a more complex mixture with distillation under a reduced atmospheric pressure. Vacuum distillates produced from crude oil are usually used to produce base oil, and also as input for cracking processes.

## Vacuum distillation

a process analogical to the process of atmospheric distillation, conducted, however, at a reduced ambient pressure. It uses a physical property, whereby the boiling point decreases as the ambient pressure is reduced. It makes it possible to separate vacuum distillates in the atmospheric residuals. Heavy remnants of the distillation process are so-called vacuum residuals.

## Glossary of social terms

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### **B** Business ethics

Taking account of the moral aspect in business, i.e. applying solutions that combine moral requirements with the strategic interests of a firm. Business ethics determines ethical standards of behaviour, norms and values as well as conduct in a business.

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### **C** Code of ethics

A set of rules that regulate moral life. A code of ethics in business indicates specific 'behaviours' of an organization, in addition to general guidelines concerning reliability and integrity required in business and actions that are conducive to social development and not contradictory to moral standards and collective customs.

#### Corporate community involvement

Involvement of a firm in social issues and participating in solutions of social problems. This concept is narrower than corporate social responsibility and it refers to different activities of a company in a community. It includes various forms of involvement, such as financial support, material assistance and voluntary work of employees. Community involvement makes a firm more reliable in the eyes of the general public and builds a positive image.

#### Corporate social responsibility

The strategy that provides for a firm to take account voluntarily of social interests while trying to achieve its economic aims, taking decisions and actions. CSR includes the consideration for ethical rules, rights of employees and human rights as well as the social and natural environment. It is assumed that the corporate social responsibility should be an integral part of the business policy, together with its economic objectives.

#### Corporate volunteering

This involves employees of a firm in voluntary work for social organizations. Employees (volunteers) perform various types of work for those in need, by using their skills and abilities and developing their talents in such areas. A firm supports its employees in such actions and, depending on its organizational culture, appoints employees to work as a volunteers during working time or provides material assistance or logistic and financial support.

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### **D** Donation

A form of an agreement by which a donor undertakes to provide free-of-charge performance with its assets. A donation may be granted by individuals or corporations. The subject matter of the donation may include real properties, movables, money as well as rights or may involve free provision of services.

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## G Global Compact

The world's largest initiative of the Secretary General of the United Nations for corporate responsibility and sustainable development. The Polish Global Compact Local Network is coordinated by the United Nations Development Programme (UNDP) Project Office. Since it was launched in 2000, over 9,000 members from 135 countries have joined the initiative. Global Compact calls on companies to embrace in their activities ten principles in the areas of: human rights, labor rights, environmental protection, counteracting corruption and promoting corporate social responsibility.

### GRI

The Global Reporting Initiative (GRI) is an independent institution with its seat in the Netherlands that develops and promotes so-called Sustainability Reporting Guidelines. GRI Guidelines are applied all over the world. They may be used by all companies that are ready to submit comprehensive reports on their economic, environmental and social activity. Since 2006, the third version of the GRI Guidelines applies, so-called G3. The organization has introduced a three-level system of applications: from the highest that includes the largest scope of revealed information, i.e. about 80 reporting indexes (A, A+), to the smallest, with less than 40 indexes (C, C+). A plus before each level means the external verification of the report by an independent certifying authority.

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## H Human capital

Employees of a firm who contribute to its operation and development and have specific knowledge, skills and talents.

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## L Local community

The group of people who live in the area and are connected by social bonds, common tradition and culture. A local community is formed by inhabitants of villages, towns, cities or municipalities.

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## M Mission

A set of fixed aims and targets of a firm. It contains values that are upheld by the management board and are the basis for determining its actions. The mission determines the identity of a firm and its organizational culture.

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## N Non-governmental organization (NGO)

A voluntary organization that operates independently of state or political structures and whose operation is not profit oriented. It works for social issues and development. Its operation is based mostly on voluntary work.

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## O Organizational culture

Organizational culture A set of standards, values, forms of behaviour, attitudes, premises and symbols that determine the mode of thinking and acting in a company and define standards of communication and conduct.

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## S Social dialogue

The exchange of information and presentation of positions concerning social problems and issues between parties that may be public institutions, entrepreneurs or NGOs. It is a form of representing the interests of parties. The source of success is reliable information exchanged between the parties and cooperation.

### Social programme

Planned actions aimed at solving or counteracting a specific social problem. They may be implemented jointly or independently by public institutions, businesses or social organizations.

### Social report

A report issued by a firm that presents its whole strategy and social policy. It takes account of economic, social and ecological aspects of its operations.

### Sponsoring

Joint obligations of two parties – a sponsor and a sponsoree. A sponsor provides funds, material assistance or services to the sponsoree in return for promotion. Sponsoring is a planned and conscious act aimed at creating a positive image of a firm. It is often a part of the long-term marketing strategy of a business.

### Sustainable development

The path of social and economic development that is in harmony with the natural environment. The idea of sustainability provides for the skilful use of resources (social, human and natural), so that they can be used in the future.

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## Contact

Additional information about the economic activity as well as the social and environmental aspects of the LOTOS Group's activities are available on the Grupa LOTOS website:

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