

MINISTER OF ENERGY

*Krzysztof Tchórzewski*

Warsaw, November 23rd 2016

DKN-III-0960-136/16

Mr  
**Marcin Jastrzęski**  
Acting  
President of the Management Board  
Grupa LOTOS S.A.

ul. Elbląska 135  
80-718 Gdańsk, Poland

**Dear Mr Jastrzęski,**

Acting as a representative of the shareholder State Treasury, on the basis of the deed of appointment of December 1st 2015 and as an authorised person under Art. 400.1 of the Commercial Companies Code, I request that an Extraordinary General Meeting of Grupa LOTOS Spółka Akcyjna of Gdańsk be convened on the earliest possible date, and that the following items be included in the Meeting's agenda:

1. Passing a resolution on the rules of remuneration for members of the Management Board of Grupa LOTOS S.A.
2. Passing a resolution on the rules of remuneration for members of the Supervisory Board of Grupa LOTOS S.A.

### **Grounds**

The rules of remuneration for members of management boards of companies in which the State Treasury holds equity interest are governed by the provisions of the *Act on Rules of Remunerating Persons Who Manage Certain Companies*, of June 9th 2016. In the performance of his obligation under Art. 2.1 and Art. 2.2.1 of this Act, the Minister of Energy moved for the Company's General Meeting to pass a resolution on the rules of remuneration for members of the management and supervisory bodies. The Act stipulates new rules of remuneration for members of management and supervisory boards of companies in which equity interests are held by the State Treasury, local government units, as well as central-government and municipal entities. Defining new rules of remuneration by way of a resolution passed by the General Meeting will ensure that the rules and amounts of remuneration of members of the governing bodies are set in an open and transparent manner.

Passing a resolution on the rules of remuneration for members of the Company's Management Board

The draft resolution to be considered by the General Meeting will define in particular:

- 1) amounts of the fixed component of the monthly base pay,

- 2) amounts of the variable component of pay designed as a performance-based incentive, whose amount will depend on achieving a set of specific management objectives.
- 3) a general catalogue of management objectives.

The draft resolution will also stipulate:

- 1) the type of contract to be executed between the Company and Management Board members,
- 2) the notice period referred to in Item 6 above, consistent with the limit defined in the Act on Remuneration,
- 3) the prohibition for Management Board members to receive remuneration for serving on governing bodies of other Group companies,<sup>1</sup>
- 4) inclusion in the management contract of provisions concerning:
  - a) the requirement to seek approval from the Company's Supervisory Board for any planned assumption of a position on a governing body of another company under commercial law, acquisition of shares in another company under commercial law, performance of work for or provision of services to other entities under an employment contract, a mandate contract or any other arrangement,
  - b) the prohibition for Management Board members to serve on governing bodies of other companies under commercial law, or other limitations on activities of Management Board members (optional),
- 5) Management Board members' rights to use the Company's equipment and other resources,
- 6) the right to receive severance pay, with the amount of such severance pay specified, subject to the conditions referred to in Art. 7 of the Act on Remuneration,
- 7) the prohibition to engage in competitive activities, subject to the conditions referred to in Art. 8 of the Act on Remuneration. The General Meeting's resolution will also authorise the Supervisory Board to:
  - 1) enter into management contracts on the terms and conditions specified in the Act on Remuneration and in accordance with the General Meeting's resolution,
  - 2) define in more detail all aspects of the matters covered by the resolution of the General Meeting.

Passing a resolution on the rules of remuneration for members of the Company's Supervisory Board

The draft resolution of the General Meeting will define the amount of monthly remuneration payable to Supervisory Board members and the rules of payment of remuneration in the event of a Supervisory Board member's unexcused absence from a Supervisory Board meeting.

Draft resolutions on the terms of remuneration for members of management and supervisory boards will be provided without undue delay once their precise wording is drafted.

Yours sincerely,

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<sup>1</sup> as defined in Art. 4.14 of the Act on Competition and Consumer Protection, dated February 16th 2007.