



RULES OF PROCEDURE FOR THE MANAGEMENT BOARD OF GRUPA LOTOS S.A.

*adopted by resolution No. 3/IX/2017 of the Management Board of Grupa LOTOS S.A. dated
January 16th 2017,
and approved by resolution No. 164/IX/2017 of the Supervisory Board of Grupa LOTOS S.A. dated
January 19th 2017.*

I. GENERAL PROVISIONS

Section 1

1. These Rules of Procedure for the Management Board of Grupa LOTOS S.A. define the Management Board's organisation and its work process, the manner of conducting the Company's affairs and the rules governing the Management Board's resolutions.
2. Whenever used in these Rules, the following terms shall have the following meanings:
 - a) **Company** shall mean Grupa LOTOS S.A.,
 - b) **Company's Management Board** or **Management Board** shall mean the Management Board of Grupa LOTOS S.A.,
 - c) **Supervisory Board** shall mean the Supervisory Board of Grupa LOTOS S.A.,
 - d) **General Meeting** shall mean an annual or extraordinary General Meeting of Grupa LOTOS S.A.,
 - e) **Rules of Procedure for the Management Board** or **these Rules** shall mean the Rules of Procedure for the Management Board of Grupa LOTOS S.A.,
 - f) **Commercial Companies Code** shall mean the Polish Commercial Companies Code (Kodeks spółek handlowych) of September 15th 2000 (Dz.U. of 2000, No. 94, item 1037, as amended),
3. These Rules of Procedure also serve as a cooperation agreement among the Management Board members, applicable as long as they represent the Company and conduct its affairs, which guarantees them freedom to express their independent views and confidentiality vis à vis the outside world.

Section 2

1. The Company's Management Board is a collective body that conducts the Company's affairs and represents the Company before third parties.
2. Activities of the Company's Management Board shall be governed by applicable laws, particularly the Commercial Companies Code, as well as the Company's Articles of Association and these Rules of Procedure.

II. COMPOSITION OF THE MANAGEMENT BOARD AND APPOINTMENT OF MANAGEMENT BOARD MEMBERS

Section 3

1. The composition of the Management Board and the manner of appointing Management Board members shall be defined by the Company's Articles of Association, the Supervisory Board's resolutions and laws of general application.
2. The President of the Management Board may request the Supervisory Board to remove or suspend a member of the Management Board in justified cases.

Section 4

1. Contracts with members of the Management Board shall be executed on the Company's behalf by the Supervisory Board or its authorised member.
2. Any other legal transactions between the Company and members of the Management Board shall be executed in accordance with the same procedure.

Section 5

1. In the case of any changes to the composition of the Management Board, the outgoing Management Board member shall be obliged to hand over (as evidenced by a formal report) all matters he or she was in charge of, along with the relevant documents in his or her possession.

2. The matters and the documents shall be taken over by the President of the Management Board or a Management Board member designated by the President.

III. RULES OF COMPANY REPRESENTATION

Section 6

The Management Board shall represent the Company in its relations with third parties and in any legal transactions other than transactions executed by the Company vis à vis Management Board members.

Section 7

Each member of the Management Board shall be authorised to represent the Company in and out of court in relation to its business, with the exception of matters reserved for the General Meeting or Supervisory Board under the Commercial Companies Code or the Company's Articles of Association, as well as matters falling outside the scope of day-to-day management of the business, which require the Management Board's prior resolution, and matters which – in accordance with these Rules – fall within the remit of individual members of the Management Board.

Section 8

1. The Management Board may grant powers of proxy or powers of attorney. Powers of proxy may be granted as individual or joint powers.
2. Appointment of a commercial proxy shall require the approval of all Management Board members. A power of proxy may be revoked by any member of the Management Board.
3. The Management Board shall grant powers of attorney in accordance with the Company's relevant internal regulations. A power of attorney may authorise the attorney in fact to act on the Company's behalf jointly with a Management Board member in performing all or some of the activities to which the power of attorney relates.

Section 9

1. Declarations of will on the Company's behalf may be made by two members of the Management Board acting jointly or one member of the Management Board acting jointly with a commercial proxy. A declaration of will and a signature by one Management Board member shall be sufficient to assume liabilities or dispose of assets for an amount of up to PLN 100,000 (one hundred thousand złoty).
2. Management Board members may grant special powers of attorney to each other to make declarations of will and sign documents on the Company's behalf.
3. Each of the Management Board members and commercial proxies shall be authorised and obligated to receive declarations of will and letters addressed to the Company, both in and out of the Company's offices. Having received a declaration of will or a letter, each person authorised to do so should issue a confirmation of its receipt, with the date of receipt stated and documented for the Company. Any received declaration of will or letter should be immediately delivered to the Management Board member within whose remit the matter falls, or to the Management Board's Office.

IV. SCOPE OF THE MANAGEMENT BOARD'S ACTIVITY

Section 10

1. The Management Board's activity shall comprise conducting the Company's affairs, directing the Company's business and managing its assets, as well as representing the Company, except where a given matter is reserved for other governing bodies.
2. In conducting the Company's affairs, the Management Board shall be subject to the limitations imposed by law, the Company's Articles of Association, as well as resolutions of the General Meeting and the Supervisory Board.
3. In the process of conducting the Company's affairs:
 - 1) with respect to matters falling within the scope of day-to-day management – no Management Board's resolution shall be required,
 - 2) with respect to matters falling outside the scope of day-to-day management – the Management Board's resolution shall be required to proceed with the matter.
4. Day-to-day management shall be deemed to include all activities aimed at maintaining continuity of the Company's business, ensuring its normal operation, maintaining the Company's market share and its ability to market products.

Section 11

1. In particular, the following matters shall require a resolution of the Management Board:
 - 1) adoption or amendment of the Rules of Procedure for the Management Board,
 - 2) adoption or amendment of the Organisational Rules for the Company, including the Company's organisational structure,
 - 3) adoption of any rules or regulations which are required for the Company by law,
 - 4) granting of a power of proxy (in which case a resolution passed unanimously by all Management Board members shall be required),
 - 5) adoption of the Company's annual budget,
 - 6) adoption of the strategy for the LOTOS Group,
 - 7) adoption of the Company's financial statements for the previous financial year, prepared in accordance with the International Financial Reporting Standards, along with the Directors' Report on the Company's operations in the previous financial year (not later than within three months of the reporting date),
 - 8) adoption of the consolidated financial statements for the previous financial year, prepared in accordance with the International Financial Reporting Standards, along with the Directors' Report on the LOTOS Group's operations in the previous financial year (not later than within three months of the reporting date),
 - 9) convening of annual and extraordinary General Meetings on the Management Board's own initiative or at the request of a shareholder or shareholders representing at least one-twentieth of the share capital, as well as in other cases provided for in the Commercial Companies Code (in due time),
 - 10) determining a General Meeting's agenda,
 - 11) any equity investments or projects involving capital expenditures made by the Company, including assumption of related liabilities, as well as related divestments, if such investments, projects or divestments entail expenses, charges or disposals exceeding PLN 500,000 (VAT exclusive),
 - 12) exercise by the Company of voting rights at general meetings of its subsidiaries with respect to:
 - a) share capital increase or reduction,
 - b) mergers with other companies or company transformations,
 - c) sale or lease of the company's business and/or its encumbrance with usufruct rights,
 - 13) formation of companies under commercial law and foreign companies,
 - 14) acquisition and disposal of shares and interests in companies,

- 15) acquisition and disposal of shares, except where the shares are acquired or disposed of in public trading in securities, unless such acquisition or disposal results in gaining or losing the status of the parent,
 - 16) acquisition or disposal of property, perpetual usufruct rights or an interest in property,
 - 17) establishment and joining of partnerships, organisations or ventures which involve unlimited liability enforceable against the Company's assets,
 - 18) any matters which require the Supervisory Board's or General Meeting's resolution,
 - 19) matters falling outside the scope of day-to-day management of the business,
 - 20) matters which have been objected to by at least one of the Management Board members,
 - 21) any matters to be decided by way of a Management Board resolution at the request of the President of the Management Board.
2. Any matters not listed in Section 11.1 shall be managed by the individual Management Board members in accordance with the provisions of Section 11.3 and 11.4, or by persons to whom the Management Board or its members have entrusted such matters based on a power of attorney or through a designated scope of duties.
 3. Subject to Section 11.4 below, ordinary matters of the Company, not requiring the Management Board's resolution, shall be carried out by the President independently and by individual Management Board members in line with the division of powers and responsibilities defined under the Organisational Rules of Grupa LOTOS S.A., pursuant to which:
 - the President of the Management Board directs and supervises the Company's management, hydrocarbon exploration, development and production operations, as well as the trading area,
 - the Vice President of the Management Board, Chief Financial Officer, directs and supervises the Company's financial matters,
 - the Vice President of the Management Board, Chief Strategy and Development Officer, directs and supervises the Company's operations with respect to development and implementation of the Company's strategies and development projects,
 - the Vice President of the Management Board, Chief Refining Officer, directs and supervises the Company's refining operations.
 4. The President of the Management Board may delegate a matter to a selected Management Board member or may decide to deal with the matter personally, contrary to the division of powers and responsibilities defined in the Organisational Rules of Grupa LOTOS S.A. The President of the Management Board's decision in this respect must be made in writing.
 5. Any disputes between members of the Management Board relating to the division of powers and responsibilities shall be resolved by the President of the Management Board.
 6. Any matters not reserved for individual members of the Management Board in accordance with Section 11.3 shall be conducted and supervised by the President of the Management Board or by a person designated by the President.

Section 12

1. The President of the Management Board shall direct the Management Board's activities.
2. As part of the division of duties within the Management Board, the corporate matters specified below shall be entrusted for direction and supervision to the President of the Management Board:
 - convening and presiding over meetings of the Management Board,
 - maintaining the Management Board's documentation, files and meeting minutes,
 - performing obligations under commercial law and matters relating to the register of entrepreneurs,
 - ensuring that necessary services are rendered to the Company's governing bodies and that minutes of their proceedings are prepared,

- representing the Management Board before the Company's other governing bodies, subject to the provisions of the Commercial Companies Code and the Company's Articles of Association.
3. The President of the Management Board shall be authorised to act individually in matters related to labour law, pursuant to Art. 3¹ of the Labour Code.

V. CONVENING AND CHAIRING MANAGEMENT BOARD MEETINGS

Section 13

Management Board meetings shall be held as needed.

Section 14

1. The President of the Management Board, or in his absence the Management Board member authorised by the President, shall convene, determine the agenda of, and preside over Management Board meetings. This provision shall apply accordingly to all provisions of these Rules which provide for the President's powers to convene and to hold meetings of the Management Board.
2. At a request of a Management Board member, a meeting should be held not later than within seven days of the request date.
3. Acting on behalf of the Supervisory Board and on the basis of the Supervisory Board's resolution, the Chairman of the Supervisory Board shall have the right to request that a Management Board meeting be held and that particular matters be included on its agenda. A Management Board meeting convened on the Supervisory Board's initiative shall be attended by the Chairman of the Supervisory Board or another Supervisory Board member authorised by the Chairman (without the right to vote). Such meeting should be held within the time limit specified in Section 14.2.
4. The Chairman of the Supervisory Board or another Supervisory Board member authorised by the Chairman shall have the right to participate in any meeting of the Management Board without a special invitation, provided that the President of the Management Board is notified of such participation beforehand.

Section 15

1. A notice of a Management Board meeting shall be prepared by the Management Board's Office both in writing and in electronic form, and shall be delivered by the Office to all members of the Management Board along with relevant materials at least two days prior to the meeting date.
2. The President may order a different manner and time limit for giving notice of a meeting to the Management Board members.
3. A notice of a Management Board meeting should contain the agenda, proposals and materials – in the form of appendices – concerning the matters placed on the agenda.

Section 16

1. Company employees or other persons competent for any matters to be debated may be invited to a Management Board meeting (but they shall have no right to vote).
2. Guests and Company employees may be invited for the whole meeting or for the time of debating a specific agenda item by the President of the Management Board, acting at the request of persons submitting proposals to be considered by the Management Board.

Section 17

1. A Management Board meeting shall be properly convened and capable of passing resolutions if all the Management Board members have been properly notified of the meeting. Resolutions may be passed and decisions made only on matters placed on the agenda, subject to Section 17.2 and 17.3.
2. The proposed agenda of the meeting may be changed if all members of the Management Board are present at the meeting and there are no objections as to the new agenda.
3. The President of the Management Board may decide during a Management Board meeting not to consider a matter included in the agenda if he determines that the matter is not sufficiently prepared or if other special circumstances arise.

Section 18

1. Management Board meetings shall be held at the Company's registered office. In justified cases, Management Board meetings may be held elsewhere.
2. Management Board meetings may also be held by means of remote communication, provided that the technical means used for this purpose enable – as a minimum – all participants to simultaneously communicate with one another.

Section 19

1. Meetings of the Management Board shall be documented in minutes. Minutes shall be prepared by a minutes secretary – a designated employee of the Management Board's Office.
2. Minutes of a Management Board meeting should specify or contain:
 - a) the date and place of the meeting,
 - b) a statement that all the Management Board members were invited to the meeting,
 - c) the names and surnames of the Management Board members participating in the meeting,
 - d) the names and surnames of persons present at the meeting,
 - e) the agenda of the meeting,
 - f) a description of how the meeting proceeded,
 - g) contents of the resolutions passed, as well as the voting results and the manner of voting,
 - h) any reservations and dissenting opinions raised by the Management Board members.
3. The minutes shall be signed by the Management Board members who participated in the meeting to which the minutes pertain. A Management Board member who did not participate in the meeting shall confirm that he or she has read the minutes by signing them next to a note stating that the member acknowledges their contents.
4. Each Management Board member shall have the right to request that his or her dissenting opinion be recorded in the minutes.
5. Minutes of Management Board meetings shall be kept at the Management Board's Office.

VI. ADOPTING RESOLUTIONS

Section 20

1. The Management Board's resolutions shall be valid provided that all the Management Board members were notified of the meeting and at least 3/5 (three-fifths) of all the members were present at the meeting.
2. The Management Board's resolutions shall be passed with an absolute majority of votes for a resolution over the votes against it; abstaining votes shall not be counted.
3. Voting shall be by open ballot. A voting by secret ballot shall be held if requested by the President or two members of the Management Board.
4. In the case of a voting tie, the President of the Management Board shall have the casting vote.

VII. PASSING RESOLUTIONS OUTSIDE OF A MEETING

Section 21

1. The Management Board's resolutions may also be passed by written ballot (by circulation) or by means of remote communication, in particular by e-mail or fax.
2. In the event that the President of the Management Board orders that a resolution be passed by written ballot (by circulation) as referred to in Section 21.1., the Management Board's Office shall deliver to the Management Board members the proposed wording of the resolution along with documents setting out the grounds for the resolution by courier service to the address for correspondence notified by a Management Board member, by e-mail or by fax.
3. In the event that the President of the Management Board orders that a resolution be passed by means of remote communication as referred to in Section 21.1., the Management Board's Office shall deliver to the Management Board members the proposed wording of the resolution along with documents setting out the grounds for the resolution by e-mail or fax.
4. Any proposal to pass a resolution by written ballot (by circulation) or by means of remote communication should specify the time limit for casting a vote and should include a detailed description of how the Management Board members may cast their votes. Except as provided for in Section 21.5, such time limit may not be shorter than 3 (three) days of the date of delivery of the proposal to pass a resolution.
5. In justified cases, the President of the Management Board may request members of the Management Board to take a position within a time limit shorter than 3 (three) days of being served with the proposal to pass a resolution.
6. Resolutions voted on by circulation shall be passed in such a manner that each Management Board member participating in the voting shall affix his or her signature on separate counterparts of the Management Board's resolution, or in such a manner that all Management Board members participating in the voting shall affix their signatures on a single copy of the resolution. When affixing a signature, a Management Board member should mark clearly whether he or she votes 'for' or 'against' a resolution; in the absence of such clear marking, the vote shall be deemed not cast. In the case of resolutions voted on by circulation, the voting shall be deemed closed and – if a resolution is passed – the resolution shall be deemed passed on the earlier of the expiry of the time limit designated for the casting of votes and the date when the President of the Management Board receives all copies of the resolution signed by the Management Board members participating in the voting or the single copy signed by all the Management Board members participating in the voting.
7. Resolutions voted on by the Company's Management Board by means of remote communication shall be passed in such a manner that each Management Board member participating in the voting shall cast a vote by sending an e-mail message to the address indicated in the proposal to pass a resolution by means of remote communication, or by sending a fax message to the number indicated, enclosing the draft of the resolution voted on and stating clearly in the message whether he or she votes 'for' or 'against' the resolution; if the message fails to state clearly whether the member votes for or against it, the vote shall be deemed not cast. The voting shall be deemed closed and – if a resolution is passed – the resolution shall be deemed passed on the earlier of the expiry of the time limit designated for the casting of votes and the moment when all the Management Board members participating in the voting have cast their votes.
8. The Management Board may also pass resolutions outside of a meeting by means of remote communication that enable all members of the Management Board taking part in the voting to simultaneously communicate in real time and identify one another (e.g. a

- teleconference). A memo of any voting carried out in such manner shall be prepared by a person designated by the President of the Management Board.
9. Any resolution passed in the manner referred to in Section 21.1 shall be valid if all Management Board members were effectively notified of the wording of the proposed resolution as required by these Rules, and provided that no less than 3/5 (three-fifths) of the Management Board members took part in the voting.
 10. The Management Board's Office, acting on behalf of the President of the Management Board, shall immediately notify the Management Board of the results of any voting carried out in the manner referred to in Section 21.1, quoting the text of the resolutions so passed.
 11. Any resolutions passed in the manner referred to in Section 21.1, along with an indication of the manner in which they were voted on, shall be presented at the nearest meeting of the Management Board and shall be enclosed as an appendix to the minutes of that meeting and signed by all Management Board members present at the meeting who participated in the passing of the resolution (unless the resolutions have already been signed). Votes cast by e-mail and by fax, as well as the memo referred to in Section 21.8 and any other correspondence documenting the voting process, shall be attached to the same minutes; all materials in electronic form shall be kept in the form of print-outs by the Management Board's Office, in accordance with the rules applicable at the Company to the storage of the Management Board's documents. Any minutes pertaining to the passing of a resolution outside of a meeting should be signed by the Management Board members no later than at the nearest meeting of the Management Board.

VIII. OTHER PROVISIONS CONCERNING MEMBERS OF THE MANAGEMENT BOARD

Section 22

Unless the President of the Management Board decides otherwise, the system of replacements at the Company in the event of absence of individual Management Board members shall be as follows:

- the President of the Management Board shall be replaced by the Vice President of the Management Board, Chief Strategy and Development Officer,
- the Vice President of the Management Board, Chief Financial Officer, shall be replaced by the Vice President of the Management Board, Chief Strategy and Development Officer,
- the Vice President of the Management Board, Chief Strategy and Development Officer shall be replaced by the Vice President of the Management Board, Chief Refining Officer,
- the Vice President of the Management Board, Chief Refining Officer, shall be replaced by the Vice President of the Management Board, Chief Financial Officer,

Section 23

In performing his or her duties, a Management Board member shall exercise all due care required given the professional nature of the member's activity and shall be accountable to the Company for any damage caused due to failure to exercise such due care.

Section 24

Members of the Management Board must obtain approval from the Supervisory Board to serve, and receive remuneration for serving, on supervisory or management bodies of other entities.

Section 25

In the event of a conflict between the interests of the Company and the personal interests of a Management Board member, their spouse, persons related to them through blood or marriage

in the first or second degree, or any persons to whom the Management Board member is personally related, the Management Board member concerned should refrain from participation in deciding on a given matter, and may request that the fact be recorded in the minutes.

IX. FINAL PROVISIONS

Section 26

The administrative and technical aspects of Management Board meetings shall be handled by the Management Board's Office.

Section 27

Any matters not provided for in these Rules shall be governed by the Commercial Companies Code and the Company's Articles of Association.

Section 28

Upon these Rules of Procedure taking effect, the Rules of Procedure for the Management Board of Grupa LOTOS S.A. adopted by Resolution No. 100/IX/2016 of September 14th 2016 and approved by the Supervisory Board's Resolution No. 140/IX/2016 of September 20th 2016 shall no longer be in force.

Section 29

These Rules of Procedure shall enter into force on the date of their approval by the Supervisory Board.