

Extract from Minutes No. 26/X/2021
of the meeting of the Management Board
of Grupa LOTOS S.A.
held on May 26th 2021

**“Resolution No. 220/X/2021
of the Management Board of Grupa LOTOS S.A.
of May 26th 2021**

concerning: approval of the 2020 Report of the Management Board of Grupa LOTOS S.A. on entertainment expenses, legal costs, marketing costs, public relations and social communication expenses, and management consultancy fees

Acting pursuant to Art. 16.6.3 of the Articles of Association and Section 18.2 of the Rules of Procedure for the Management Board, the Management Board of Grupa LOTOS S.A. resolves as follows:

Section 1

1. The Management Board of Grupa LOTOS S.A. approves the 2020 Report of the Management Board of Grupa LOTOS S.A. on entertainment expenses, legal expenses, marketing costs, public relations and social communication expenses, and management consultancy fees, attached as an appendix hereto.
2. The Management Board of Grupa LOTOS S.A. resolves to submit the Report referred to in Section 1 to the General Meeting of Grupa LOTOS S.A.

Section 2

Acting pursuant to Art. 13.2.12 of the Articles of Association, the Management Board of Grupa LOTOS S.A. requests the Supervisory Board to provide its opinion on the Report referred to in Section 1 hereof.

Section 3

This Resolution shall become effective upon adoption.”

1. Votes in favour of the resolution: 5 Members of the Management Board
2. Votes against the resolution: 0 Members of the Management Board
3. Abstaining votes: 0 Members of the Supervisory Board

Jarosław Wróbel
Vice President of
the Management Board

Krzysztof Nowicki
Vice President of the
Management Board

Jarosław Wittstock
Vice President of the
Management Board

Piotr Walczak
Vice President of
the Management Board

Zofia Paryła
President of the Management
Board

**REPORT OF THE MANAGEMENT BOARD OF GRUPA LOTOS S.A.
ON ENTERTAINMENT EXPENSES, LEGAL EXPENSES, MARKETING COSTS, PUBLIC RELATIONS AND SOCIAL
COMMUNICATION EXPENSES, AND MANAGEMENT CONSULTANCY FEES IN 2020**

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Jarosław Wróbel
Vice President of
the Management
Board

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Krzysztof Nowicki
Vice President of the
Management Board

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.....
Zofia Paryła
President of the Management
Board

Acting pursuant to Art. 16.6.3 of the Company's Articles of Association, the Management Board of Grupa LOTOS S.A. presents information on the entertainment expenses, legal costs, marketing costs, public relations and social communication expenses, and management consultancy fees in 2020.

I. ENTERTAINMENT EXPENSES, MARKETING COSTS, AND PUBLIC RELATIONS AND SOCIAL COMMUNICATION EXPENSES

In 2020, entertainment expenses, marketing costs, public relations and social communication expenses were as follows:

- sponsorship – **PLN 56,577,955** (of which PLN 10,400,000 was transferred to the LOTOS Foundation to support the fight against COVID-19),
- marketing costs – **PLN 23,187,509.26**
- public relations and social communication expenses – **PLN 1,242,462.08**
- entertainment expenses – **PLN 669,392.42.**

Sponsorship expenses

The LOTOS Group's sponsorship activities are aligned with Grupa LOTOS S.A.'s business strategy for 2017–2022. The sponsorship activities support the LOTOS Group's business, marketing and image-building objectives and are among the tools used to support sales of products and build the Group's competitive advantage. In 2020, sponsorship activities covered numerous areas, including:

- Sports (e.g. Main Sponsor of the Poland National Football Team, General Sponsor of the Polish Ski Association, Strategic Sponsor of the LOTOS Rally Team of Kajetan Kajetanowicz, Strategic Sponsor of the Polish Tennis Association, Main Partner of Hubert Hurkacz, Main Sponsor of the University Sports Association of Poland, Sponsor of the Polish Basketball Association, as well as many other sports sponsorship projects),
- Culture (e.g. sponsor of LOTOS Jazz Festival – Bielska Zadymka Jazzowa, LOTOS Siesta Festival, Ladies Jazz Festival, Patron of the Baltic Opera, Patron of the Atelier Theatre, Patron of the Music Theatre of Gdynia, and many other culture sponsorship projects),
- Social and CSR programmes (e.g. the 'Road Champions' Programme, E(x)plory Festival, Headed for the Baltic, and other CSR initiatives).

Marketing costs

In 2020, the Company used its marketing budget to carry out mainly advertising and promotional projects to support the sale of fuels and other products at LOTOS service stations during the COVID-19 pandemic.

As in previous years, in its marketing activities the Company used the image of ambassadors and athletes of leading disciplines to convey attractive advertising messages and build the LOTOS brand.

Marketing activities in 2020:

1. Supporting the LOTOS corporate brand:

- brand promotion activities at economic and industry events,

- image-building activities related to the fight against COVID-19, including the ‘Everyone is waiting for their BEST’ nationwide campaign run in various media, with a possibility of donating Navigator points to support the fight against the pandemic, and the ‘Staying at home is also the BEST’ social media campaign,
- cultural sponsorship activities,
- activities supporting the sponsorship of the Polish Ski Association,
- activities supporting the sponsorship of the Polish Football Association,
- activities supporting the sponsorship of Kajetan Kajetanowicz and the LOTOS Rally Team,
- activities supporting the sponsorship of the Polish Tennis Association and Hubert Hurkacz,
- activities supporting the sponsorship of Tour de Pologne,
- activities supporting social and sports programmes (‘In Search for the Champion’s Successors’, ‘Football Future with LOTOS’, ‘LOTOS Racquets’),
- activities supporting CSR projects in environmental protection, science and road safety.

2. Supporting the brands of products and services offered by the LOTOS Group:

- activities supporting the Dynamic winter-grade fuels,
- activities supporting the Dynamic premium fuels, e.g. the “Dynamic takes us farther” nationwide TV campaign using the image of the Polish national football team in the context of the Nations League matches,
- activities supporting the Cafe Punkt brand and offering (coffee and drinks, sweet snacks and sandwiches),
- activities supporting the Navigator loyalty scheme,
- activities supporting the services available at LOTOS stations (e.g. car wash),
- activities supporting the offering of Dynamic beverages and candies,
- activities supporting LOTOS Oil engine oils and sanitisers,
- activities supporting LOTOS Asphalt products.

3. Supporting sales promotions at LOTOS service stations:

- ‘Refuel and have a hot dog for 1 grosz’ nationwide campaign in various media during the holiday period, taking advantage of increased tourist traffic in Poland,
- nationwide campaign in various media for the ‘Instant Lottery’ (sales promotion with prizes),
- media support for short-term discounts on fuels and food products and services, as well as for local promotions,

Public relations and social communication expenses

To be effective, internal and external communication requires dedicated and consistent activities and support from specialised service providers. In 2020, services supporting the implementation of Grupa LOTOS S.A.’s strategy for communication served various purposes, including:

- the need and willingness to raise the LOTOS brand recognition and to strengthen Grupa LOTOS's position in the Polish and international markets, in line with the Company's Strategy for 2017–2022,
- promotion of ongoing and planned investment projects, including expansion of the service station chain, LOTOS Blue Trail, PURE H2, Green H2, oil hydrocracker (HBO), modern railway loading facility, construction of the Hydrogen Recovery Unit, continuous emission monitoring system (CEMS), construction of a temporary hospital in Gdańsk,
- support for Grupa LOTOS S.A.'s operations in the markets of Norway, United Kingdom, and the Baltic Sea states,
- effective use of the potential of the Company's existing sponsorship agreements,
- the need and willingness to promote the LOTOS Foundation's initiatives,
- support for the Polish healthcare system during the fight against the COVID-19 epidemic,
- the need to monitor the media coverage, coordinate activities and distribute information during a potential crisis.

In 2020, Grupa LOTOS S.A. continued to use the existing channels of communication (both internal and external) and expanded its presence in social media. Communications were supported by numerous video materials and cooperative links established with selected media.

II. LEGAL EXPENSES AND MANAGEMENT CONSULTANCY FEES

Legal expenses

In 2020, the Management Board of Grupa LOTOS S.A. continued to take steps to centralise the legal function and to further optimise the costs of third-party legal services.

Apart from providing day-to-day legal services, the Legal Office supported the key projects pursued by Grupa LOTOS S.A. At the beginning of the year, the most important task was to provide legal support in connection with the EFRA project completion and the construction of the oil hydrocracker, which was beginning at that time. Work was also continued on the Polimery Police and M.9014 projects. In response to the coronavirus pandemic, the LOTOS Group actively participated in assistance projects and launched a number of campaigns to support institutions struggling with the pandemic. It also built a temporary hospital. The Legal Office consistently supported these efforts of Grupa LOTOS S.A. and helped the organisation to adapt to the rapid changes in legislation. The legal support provided in connection with modification of the Group's work organisation due to the pandemic was also an important effort.

In 2020, expenditure on legal advisory services amounted to **PLN 5,045,062.31, VAT exclusive**.

Management consultancy fees

The management consultancy fees include fees for advisory services provided to the Company by professional third-party advisors to support specific initiatives and strategic projects, including preparation of business, financial and similar analyses. In 2020, expenditure on management consultancy services amounted to **PLN 5,402,148.79, VAT exclusive**.