

Extract from Minutes No. 14/XI/2022
of the meeting of the Management Board
of Grupa LOTOS S.A.
dated March 16th 2022

**“Resolution No. 118/XI/2022
of the Management Board of Grupa LOTOS S.A.
dated March 16th 2022**

concerning: approval of the 2021 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 2021 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.”

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|---------------------------------------|---|----------------------------------|
| 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 GRUPA LOTOS MANAGEMENT BOARD ON ENTERTAINMENT
EXPENSES, LEGAL COSTS, MARKETING COSTS, PUBLIC RELATIONS AND SOCIAL
COMMUNICATION EXPENSES, AND MANAGEMENT CONSULTANCY FEES IN 2021**

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Jarosław Wróbel
Vice President of
the Management
Board

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Vice President of
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Board

.....
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 2021.

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

In 2021, entertainment expenses, marketing costs, public relations and social communication expenses were as follows:

- sponsorship – **PLN 51,953,934**
- marketing costs – **PLN 24,784,061.46**
- public relations and social communication expenses – **PLN 1,228,055.57**
- entertainment expenses – **PLN 507,205.12.**

Sponsorship expenses

The LOTOS Group's sponsorship activities support its business and image promotion objectives and are among the tools used to indirectly support sales of products and build the LOTOS Group's competitive advantage. They are consistent with the marketing communication in creating the LOTOS brand's desired positive image and recognition at the local and nationwide levels.

In 2021, sponsorship activities covered the following areas:

- Sports (e.g. Main Sponsor of the Poland National Football Team, General Sponsor of the Polish Ski Association, Strategic Partner 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, Title Sponsor of the LOTOS Gdynia Aerobaltic Airshow, and Official Sponsor of the 78th Tour de Pologne).
- Culture (e.g. Title Sponsor of LOTOS Jazz Festival – Bielska Zadymka Jazzowa, Title Sponsor of LOTOS Siesta Festival, Ladies Jazz Festival, Patron of the Baltic Opera, Patron of the Atelier Theatre, Patron of the Music Theatre of Gdynia, Patron of the Polish Royal Opera, and Main Sponsor of the 46th Polish Film Festival in Gdynia).
- Social and CSR initiatives (e.g. the 'Road Champions' Road Traffic Safety programme, E(x)plory Festival, 'Headed for the Baltic', LOTOS Physical Culture Promotion Association, Moto Safty Day).

Marketing costs

The aim of the marketing activities carried out in 2021 was to support the LOTOS Group's strategy objectives:

- maximise the effectiveness of marketing activities, in terms of both image creation and sales effects,
- achieve a positive trend in LOTOS brand and product brands awareness,
- achieve a positive trend in customer satisfaction (NPS).

The indicators are reviewed as part of the ongoing process of monitoring the delivery of the LOTOS Group's strategy, based on marketing research, media data and sales analyses.

The marketing activities carried out in 2021 were mainly focused on fostering the LOTOS brand's awareness and image through sports sponsorship and on supporting sales of the LOTOS Group's products. In its marketing activities, the Group used the images of sportspeople as brand ambassadors to convey attractive advertising messages and maximise the return on investment in sponsorship.

Key marketing activities in 2021:

1. Supporting the LOTOS corporate brand:

- a. media activities supporting the sponsorship engagement with the Polish Football Association, mainly a 360° image promotion° campaign (TV, outdoor, digital, press) under the slogan 'You need to look wider to see more' using the images of the Polish national football team during the EURO Championship, fan activation, sponsoring TV broadcasts of football matches (the European Championship and World Cup qualifiers) and TV programmes related to football;
- b. media activities supporting the sponsorship engagement with the Polish Ski Association, e.g. sponsoring sports programmes on TV, digital activities, fan activation;
- c. media activities supporting the sponsorship engagement with Kajetan Kajetanowicz and the LOTOS Rally Team – promotion of the team's WRC3 successes in digital media and sports press;
- d. media activities supporting the sponsorship engagement with the Polish Tennis Association and Hubert Hurkacz – competitions for fans run in partnership with the media, congratulatory advertisements;
- e. media activities supporting the sponsorship engagement with Tour de Pologne – sponsoring TV broadcasts;
- f. media activities supporting other sponsorship areas, including tennis, basketball, Medal Hopes (Olympic Games), FEN;
- g. media activities supporting social and sports programmes: 'In Search for the Champion's Successors', 'Football Future with LOTOS', 'LOTOS Racquets' – TV, digital, press;
- h. media activities related to the promotion of Grupa LOTOS as a patron of culture and its partnerships with institutions of culture;
- i. media activities supporting CSR projects in environmental protection, science, road traffic safety, health and promotion of vaccination;
- j. activities promoting the LOTOS Group in the context of conferences, economic and industry events, e.g. the European Economic Congress, the Development Vision Forum, Congress 590, conferences devoted to industry projects;
- k. support for ongoing communication of the LOTOS Group's activities in the media in collaboration with the LOTOS Group Communication Office, including activities communicating the merger process with PKN Orlen.

2. brand image support for the LOTOS Group's products:

- a. activities supporting the Dynamic brand of winter and arctic fuels – a wide-range campaign (radio, digital) in winter using the images of ski jumpers;
- b. activities supporting product brands in the context of the EURO Championship (e.g. Dynamic fuels, Cafe Punkt) – a wide-range campaign 'You need to look wider to see more' using the images of the Polish national football team;
- c. activities supporting the Cafe Punkt brand and its offering (coffee and beverages, sweet snacks, hot dogs and sandwiches) – digital activities using the images of sportspeople, prize competitions in nationwide media;
- a. activities supporting the Navigator loyalty programme – promotion of new programme awards and functionalities;
- d. activities supporting the services available at LOTOS stations (e.g. car wash, Pay&Go),
- e. activities supporting motor oils and other LOTOS Oil products – industry programmes on nationwide TV, press, digital;

- f. wide-range media communication related to the Anti-Inflation Shield for fuel products (radio, digital, press).
3. Supporting product sales at LOTOS stations through media activities:
 - b. continuation of the 'Instant Lottery' wide-range campaign (sales promotion with prizes resumed after the lockdown period);
 - c. 'Time to play ball' wide-range campaign (TV, radio, outdoor and digital) supporting the 'Football on your Side' promotion run at service stations during the EURO Championship;
 - d. wide-range radio and digital campaign supporting the 'Refuel Cheaply' discount promotion run during a period of rising fuel prices;
 - e. ongoing media support for nationwide promotions of fuels and non-fuel products (coffee, beverages, food, car wash).

Public relations and social communication expenses

To be effective, both internal and external communication require dedicated and consistent activities with the support of specialised service providers. In 2021, 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,
- the need to keep stakeholders informed about the planned process of acquisition of the LOTOS Group by PKN Orlen and the project to build a multi-utility group,
- promotion of ongoing and planned investment projects, including the refinery overhaul shutdown, the UCOPure filtration unit, the Hydrocracking Base Oils (HBO) project, the hydrogen project - VETNI, the launch of production from the YME field,
- support of Grupa LOTOS'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 2021, Grupa LOTOS continued to use the existing channels of communication (both internal and external), expanding 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

With respect to legal advice services, in 2021 the Management Board of Grupa LOTOS S.A. took further steps aimed at centralising such services, e.g. by concluding an agreement for the coordination of legal services with the LOTOS Foundation.

In addition to providing day-to-day legal services to certain companies of the LOTOS Group, the Legal Office provided legal support for the implementation of key capital projects, such as the construction of a new CCGT source, review of options for the B4 and B6 field development project and pre-project work related to the Hydrocracking Base Oils unit. The Legal Office also supported the organisation through the M.9014 Project and provided continuous legal support after the transfer of the Refinery Business Unit from Grupa LOTOS S.A. to LOTOS Asphalt Sp. z o.o.

Continuous legal support was also provided by the Legal Office in connection with court proceedings involving the Company, including a dispute initiated by SACE regarding a fee refund with respect to the loan granted to Grupa LOTOS S.A. for the 10+ Programme.

In 2021, legal expenses totalled **PLN 8,611,022.76**.

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 2021, expenditure on management consultancy services amounted to **PLN 12,960,099.13**.