

PGE Capital Group General Procurement Procedure

PROG 00096/F

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I OBJECTIVES AND SCOPE

- 1.1 The aim of the Procedure is to define standards in the process of planning and conducting Purchases at PGE Group companies.
- 1.2 This Procedure is an overriding document and each PGE Group company will develop and implement internal regulations based on this Procedure (or adapt the currently binding ones) regarding the planning and performing of Purchases, which will constitute more detailed rules resulting from this Procedure. Internal regulations may not contain provisions that are contradictory to this Procedure. Prior to implementing internal regulations, PGE Group companies agree them in the manner specified in points 13.2 and 13.3 before the deadline indicated in point 13.1 of the Procedure.
- 1.3 The Purchasing Department is required to inform organisational cells about the current amount thresholds that determine the obligation to apply the Act and about each change thereto.
- 1.4 The Procedure also applies to awarding Purchases that are co-financed using aid funding to the extent that this is not in contravention to the existing laws and guidelines for the specific aid programs. Each PGE Group company may introduce internal regulations pertaining to Purchases co-financed with aid funding.
- 1.5 The types of Purchases exempted from the Procedure are described in [Appendix 1](#) to the Procedure, subject to point 1.6 below. A Contractor to whom an Exempted Purchase will be awarded will not be a Contractor subject to exclusion pursuant to point 9.4.3 of the Procedure during the period indicated in point 9.4.6 letter f of the Procedure.
- 1.6 The Purchases referred to in [Appendix 1](#) to the Procedure should be performed by an internal customer, with due diligence as to the best terms of Purchase and concern for the Awarding Party's interests. The internal customer is responsible for the correct award of the Purchase referred to in [Appendix 1](#) to the Procedure, including the qualification of the Purchase for the relevant exclusion point. At the request of an internal customer, a Purchase exempted from the Procedure under point 1.5 may be carried out in accordance with the Procedure, subject to approval from the Director of the Purchasing Department. In such situations, the internal customer is required to submit a Purchasing Application in PGE Group's Purchasing System, subject to point 7.2.1 of the Procedure.
- 1.7 In the case of the Purchases referred to in [Appendix 1](#) to the Procedure, excluding the Purchases referred to in point 1 of [Appendix 1](#) to the Procedure, the internal customer is required to register the Purchase and indicate the basis for exemption. In the case of a SAP MM Order, registration is done in the SAP System and in the case of Contracts registration is done in PGE Group's Purchasing System. For PGE Group companies that do not have the SAP System or PGE Group's Procurement System, the information referred to in this point is submitted to the Director of the Purchasing Department or a person indicated by the Director of the Purchasing Department, using a signed Purchasing Request or Purchasing Agreement. Point 7.2.1 to the Procedure applies to the Purchasing Request referred to in the preceding sentence, as appropriate.
- 1.8 The Management Board of a PGE Group company may adopt a resolution ruling out the application of the Procedure or its specific provisions. As regards Purchases being performed on the basis of the Act, a departure from the Procedure may not apply to its provisions if such a departure would breach the provisions of the Act.
- 1.9 If the Management Board of a PGE Group company adopts a resolution allowing to rule out the application of the Procedure, this PGE Group company is required to inform the Director of the Purchasing Department at PGE S.A. of this resolution, along with information on the subject of the Purchase, its estimated value, contractor, justification for the departure from the Procedure, as well as the number and date of the resolution. The information referred to in the preceding sentence is provided by PGE Group companies to the Director of the Purchasing Department no later than on the 10th day of the month following the month in which the resolution to depart from the Procedure was adopted. This information is provided using the sharepoint tool named Register of Departures. In the case of supervised companies, the information referred to in this point is also provided to the Director of the Purchasing Department at the managing company, in line with the rules specified in this point.
- 1.10 Amounts in EUR given in the Procedure are converted using an exchange rate determined on the basis of the relevant announcement by the President of the Public Procurement Office.
- 1.11 Rules for awarding Purchases to the Shared Supply and Services Centre and supervised companies are specified in [Appendix 16](#) to the Procedure.
- 1.12 In proceedings to which the Act applies (Public Purchase Procedures), the procedures and rules for conducting Purchase Procedures, the manner of their documentation, forms, rules for establishing, depositing, retaining and returning a bid bond, performance bond, as well as for executing, performing and amending the Contract, are specified by the Act. Chapters I - V, chapter VI points 6-7, 11-12 (except for points 11.2, 12.1) of the Procedure

- apply to Purchases to which the Act applies; provisions pertaining directly to proceedings conducted and contracts executed on the basis of the Act and other regulations are applied appropriately to the extent that they do not contradict the generally applicable laws.
- 1.13 For Purchases carried out exclusively on behalf of the respective Company, the internal regulations in force in that Company will apply, unless the agreements concluded or powers of attorney agreed with the Company's purchasing department require the application of other regulations.
- 1.14 As regards shared Purchases, the internal regulations of the Procedure Organiser apply, unless the Director of the Purchasing Department at PGE S.A. decides to apply different internal regulations. Detailed rules for joint purchases are specified in [Appendix 8](#) to the Procedure and [Appendix 5](#) to the Procedure as regards Purchases in the IT purchasing category.
- 1.15 In the case of PGE Group companies with which PGE S.A. has executed support contracts for legal services, the purchase of services involving the provision of legal assistance by third parties will be made exclusively by PGE S.A. on behalf and for the benefit of such PGE Group companies, in accordance with the content of such agreements or powers of attorney granted, with the proviso that
- the rules and procedures for purchasing legal services are specified in PGE S.A.'s internal purchasing regulations, which to this extent at the request of the unit in charge of legal affairs may introduce exemptions from the rules specified in the Procedure;
 - actions taken in Purchase Procedures, including the decisions referred to in point 8.7.4, will be taken only by the persons indicated in the internal purchasing regulations of PGE S.A., subject to the obligation to obtain necessary approvals resulting from separate regulations of a given PGE Group company (Articles of Association/Company Memorandum of Association) other than the purchasing regulations;
 - The planning of the purchase of these services will be carried out exclusively by the unit competent for legal affairs in PGE S.A. within PGE S.A.'s purchase plan. Deviations in this respect are only possible after agreement with the unit responsible for legal affairs at PGE S.A. and the Purchasing Department at PGE S.A.,
 - point 11.1.13 of the Procedure does not apply. The conclusion of an annex to the Purchase Agreement will take place in accordance with the Support Agreements for legal services or in accordance with the powers of attorney granted.

In justified cases, it will be admissible for a PGE Group company to directly conclude, without the intermediation of PGE S.A. as a proxy, an Agreement for the provision of legal assistance, provided that each time the PGE Group company is obliged to obtain, at least in the form of an e-mail, the approval of the Director of the unit responsible for legal affairs in PGE S.A. for such an action and to agree on the selection of the Contractor with the unit responsible for legal affairs in PGE S.A.

II RESPONSIBILITY

- 2.1. PGE Group companies that had adopted PGE Group's code are responsible for the application of this Procedure.
- 2.2. PGE Group companies that had adopted PGE Group's code are required to directly apply the Procedure. For other PGE Group companies, the Procedure constitutes guidelines for application, unless such a PGE Group company decides to apply it directly.
- 2.3. The unit in charge of purchases at a PGE Group company is responsible for the process of planning and performing Purchases for that company.
- 2.4. As regards PGE Group companies that have signed an agreement with PGE S.A. or another PGE Group company for services relating to Purchase Procedures, activities related to conducting such Procedures are performed by the Purchasing Department of the company carrying out the procedure, and the role of Purchasing Department Director for these companies is performed by the Purchasing Department Director at the company carrying out the procedure.
- 2.5. All PGE Group companies and their organisational cells are responsible for performing the provisions of this Procedure in as far as they co-participate in its performance, including for planning and performing Purchases in selected Purchasing Categories. The management of individual Purchasing Categories at PGE Group is carried out on the basis of guidelines issued by the Director of PGE S.A.'s Purchasing Department after consultation with the Purchasing Group.
- 2.6. In case of doubts concerning the application and interpretation of this Procedure, the Director of PGE S.A.'s Purchasing Department will be responsible for issuing a binding interpretation of its provisions.
- 2.7. The Purchasing Department prepares and conducts a Purchase Procedure in accordance with the Procedure and the Act. In addition, the Purchasing Department provides information to other participants in the Purchase Procedure about the regulations governing the purchase process. This does not relieve the participants in a Purchase Procedure, in particular the Internal Customer, from the obligation to read and apply the provisions of the Procedure and the Act.

- 2.8. Activities in a Public Purchase Procedure are undertaken on the basis of the rules specified in the Act, the Procedure and internal regulations of individual PGE Group companies. Activities in a Public Purchase Procedure are undertaken on the basis of rules specified in the Act, the Procedure and internal regulations of individual PGE Group companies.
- 2.9. The purchase procedure is prepared and conducted by a Tender Committee.
- 2.10. The Tender Committee is a support team for the Manager of the Awarding Party and performs activities in the purchase procedure which are not reserved for other persons indicated in a table of the division of competences and responsibilities specified in the internal regulations of the PGE Group company. Rules, composition and work procedures for the Tender Committee are specified in [Appendix 2](#) to this Procedure. The Secretary and, in his/her absence, the Chairperson of the Tender Committee or another Purchasing Department employee designated to replace the Secretary in his/her absence, will be authorised to communicate to the Contractors the actions and decisions taken by authorised persons in the course of the Purchase Procedure. If there is a replacement of the Secretary in the Purchase Procedure, this information should be included in the minutes of the Purchase Procedure or in PGE Group's Procurement System.
- 2.11. Each PGE Group company will include in its internal regulations a table for the division of competences and responsibilities at a given PGE Group company. The principles of acceptance, in accordance with the Table of division of competences and responsibilities specified in the internal regulations of the PGE Group company, require at least the following:
- Application of the closed mode of Purchase Procedure, subject to the necessity of obtaining additional approvals provided for a given closed mode,
 - Purchase Announcement, Specification, invitation to participate in the Purchase Procedure,
 - Requirements for admission of Contractors to the next stage of the Purchase Procedure (pre-qualification conditions) or the document in which they are published, e.g. instructions for Contractors, or their amendment
 - Bid evaluation criteria and their significance and amendment,
 - Changes to the purchase announcement, Specification, invitation to participate in the Purchase Procedure,
 - Exclusion of Bidders,
 - Rejection of Bids,
 - Selection of the Best Bid/acceptance of the content of the negotiated Negotiated Contract,
 - Cancellation of the Purchase Procedure.

III RELATED DOCUMENTS

- 3.1 *PGE Group's Code of Ethics*
- 3.2 *PGE Group's Purchasing Policy REGL 00062*
- 3.3 *PGE Group's ICT Organisation Policy REGL 00082*
- 3.4 *PGE Group's Anti-Corruption Policy REGL 00100*
- 3.5 *PGE Group's General Procedure - Documentation Standard for Management System PROG 00001*
- 3.6 *PGE Group's General Procedure for analysing the effectiveness of purchasing PROG 00030*
- 3.7 *PGE Group's General Procedure for managing production raw material supplies, transport services and associated services for the purposes of electricity and heat production PROG 00046*
- 3.8 *Code of Conduct for PGE Group Companies' Business Partners*
- 3.9 *Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors*
- 3.10 *Act of 10 April 1997 - Energy Law*
- 3.11 *Act of 5 July 2002 on the provision of legal aid by foreign lawyers in Poland*
- 3.12 *Act of 28 October 2002 on the responsibility of collective undertakings for prohibited acts under penalty*
- 3.13 *Act of 11 September 2019 - Public Procurement Law and implementing acts issued on its basis.*
- 3.14 *Act of 29 July 2005 on trade in financial instruments*
- 3.15 *Act of 20 February 2015 on renewable energy sources*
- 3.16 *Act of 20 May 2016 on energy efficiency*
- 3.17 *Act of 8 March 2013 on the prevention of excessive delays in commercial transactions*
- 3.18 *Act of 13 April 2022 on special solutions to counter support for aggression against Ukraine and to protect national security*
- 3.19 *Council Regulation (EC) No 765/2006 of 18 May 2006 concerning restrictive measures against President Lukashenko and certain officials of Belarus*
- 3.20 *Council Regulation (EU) No 269/2014 of 17 March 2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine*

IV APPENDICES

- 4.1 [Appendix 1](#) Exemptions from Procedure application
- 4.2 [Appendix 2](#) Rules, composition and work procedures for the Tender Committee and other persons performing tasks related to the preparation and conduct of a Purchase Procedure
- 4.3 [Appendix 3](#) Purchasing request template
- 4.4 [Appendix 4](#) List of supervised companies and managing companies
- 4.5 [Appendix 5](#) Rules for Purchase Procedures and Implementing Procedures in the IT purchasing category
- 4.6 [Appendix 6](#) Guidelines for purchasing contracts
- 4.7 [Appendix 7](#) Conditions for applying the single-source procurement procedure
- 4.8 [Appendix 8](#) Detailed rules for organising Purchasing Proceedings for award of a shared contract
- 4.9 [Appendix 9](#) Scope of information required in the Purchasing Announcement and Specification
- 4.10 [Appendix 10](#) Declaration on exclusion from participation in a non-public purchasing procedure
- 4.11 [Appendix 11](#) Adviser's declaration on confidentiality
- 4.12 [Appendix 12](#) Declaration by Shared Supply and Services Centre / ICT Shared Services Centre / Supervised Company
- 4.13 [Appendix 13](#) Estimating the Purchase value
- 4.14 [Appendix 14](#) Rules for conducting preliminary market consultations
- 4.15 [Appendix 15](#) List of example criteria and indicators
- 4.16 [Appendix 16](#) Awarding Purchases to the Shared Supplies and Services Centre (excluding the ICT Shared Services Centre) and to Supervised Companies

V ABBREVIATIONS AND DEFINITIONS

GK PGE; PGE, PGE S.A.; SAP MM; SLA;

Internal Customer Director; PGE Group (Group or PGE Group); Tender Committee; Organisational cell; Bid; PGE Group Company, Company, Companies; Framework Contract; Purchase Contract; Purchase Request; SAP MM Order

Abbreviations used for the purposes of this document:

- CIO** - Chief Information Officer, CIO – a role performed by the head of the unit in charge of ICT strategy PGE Group. Is responsible for the operational management of the ICT function at PGE Group
- DSIT** - PGE S.A.'s IT Strategy Department
- Purchasing Department** - unit responsible for purchases at a PGE Group Company
- DZ PGE S.A.** – PGE S.A.'s Purchasing Department
- PGE Group** - PGE Group
- ICT** - ICT
- Description of subject** - description of the subject of a Purchasing Procedure
- OT** - Operational Technology, industrial control systems
- PGE, PGE S.A.** - PGE Polska Grupa Energetyczna S.A.
- SAP MM** - a SAP system module that manages materials at PGE Group. The module manages the entire process of purchasing transactions, from reporting a purchasing request, awarding the order, to settling the purchase along with warehouse management
- SLA** - Service Level Agreement

Definitions used for the purposes of this document:

- 5.1 **Central Register of Advisory Contracts** - a central register for advisory products (reports, analyses, opinions, etc.), maintained using a uniform IT tool, making it possible to analyse products at the Company.
- 5.2 **Shared Supply and Services Centre** - a Company other than a Supervised Company formed in order to provide supplies and services to PGE Group. As regards accounting, HR and payroll services, PGE Synergia Sp. z o.o. serves as a shared services centre.
- 5.3 **ICT Shared Services Centre** - entities the aim of which is to provide ICT supplies and services to other PGE Group companies based on a model that optimises ICT performance at PGE Group. The role of the ICT Shared Services Centre is performed by the companies indicated in *PGE Group's ICT Organisation Policy REGL 00082*. PGE Systemy S.A. in its role as the ICT Shared Services Centre also services as Central Awarding Party in the meaning of art. 44 of the Act.
- 5.4 **Purchasing Centre** – the Procurement Unit in a given PGE Group company responsible for standardising, centralising and running Procurement within a given Segment.
- 5.5 **Director of PGE S.A.'s Purchasing Department** - head of the unit in charge of purchasing at PGE or his/her deputy, and if no-one is appointed to these roles, then the member of PGE's Management Board in charge of the

- purchasing area or another person authorised to perform activities in the purchasing area in accordance with PGE's internal regulations.
- 5.6 **Internal Customer's Director** - head of the unit/cell of a PGE Group company or his/her deputy, and if no-one is appointed to these roles, then the member of the Management Board in charge of the Internal Customer area or another person authorised to perform activities in the given area or the Head of a Task Force/Project Team.
- 5.7 **Director of Purchasing Unit / Director of Purchasing Department** - head of the unit in charge of purchasing at a PGE Group company or his/her deputy, and if no-one is appointed to these roles, then the member of the Management Board in charge of the purchasing area or another person authorised to perform activities in the purchasing area in accordance with the internal regulations of a PGE Group company.
- 5.8 **Director in charge of corporate management at PGE Group** - head of the unit in charge of owner's supervision at PGE or his/her deputy, and if no-one is appointed to these roles, then the member of the Management Board in charge of the owner's supervision area at PGE or another person authorised to perform activities in this area.
- 5.9 **Written form** – a paper document bearing a handwritten signature or an electronic document bearing a qualified electronic signature.
- 5.10 **PGE Group (Group or PGE Group)** – PGE and Companies in respect of which PGE has the status of parent company in the meaning of art. 4 § 1 point 4 of the Polish Commercial Companies Code.
- 5.11 **Purchasing Group** - a team comprising in particular the Directors of the Purchasing Centres and/or the heads of the Purchasing Units.
- 5.12 **Procedure Initiator** - a) Internal Customer, b) Category Manager with respect to his/her Purchase Category, c) PGE Group Company (especially in the case of Joint Procurement or Purchases conducted in the name and on behalf of a PGE Group Company which has signed an Agreement with PGE for the provision of services with respect to the conduct of Purchase Procedures).
- 5.13 **Essential Terms of Contract** - material terms and conditions and scope of the Purchase Contract, and in the case of Public Purchase Procedures, the draft Contract.
- 5.14 **Purchasing Unit** – an organisational cell at a PGE Group company that conducts a Purchase Procedure.
- 5.15 **Purchasing category** - an industry group within purchases of supplies, services or works, for which expenditures are analysed and strategic objectives are formulated to ensure maximum effects for PGE Group, divided into subcategories.
- 5.16 **Awarding Party's Director** – the Management Board of a PGE Group company. In the case of Shared Procedures - the Management Boards of the Companies participating in the Procedure. The Awarding Party's Director may entrust in writing the performance of tasks reserved for him/her to Employees of a PGE Group Company, to another PGE Group Company or to other third parties.
- 5.17 **Internal Customer** - an organisational cell at a PGE Group Company or a task/project team at a PGE Group Company for the needs of which the Purchase Procedure is being conducted. In the case of Purchase Procedures being conducted in the name and on behalf of a given PGE Group Company, an Organisational Cell of the Procedure Organiser may also be an Internal Customer.
- 5.18 **Tender Committee** - a team appointed to prepare and conduct a Purchase Procedure or Implementing Procedure.
- 5.19 **Organisational Cell/Cell** - a single- or multi-person body established to perform specific parts of tasks in an Organisational Unit, having an established place in its organisational structure. A cell may be a department, office, team, division, department, section or other internal unit within a Company or a Branch of a Company.
- 5.20 **Category Manager** - an individual who manages Strategic Purchases within a given Purchasing Category/Subcategory, as defined in the Procedure, as well as an individual who manages other purchases included in the Purchasing Categories.
- 5.21 **Best Bid** – A bid that represents the most favourable ratio of quality and other criteria to price or cost or a bid with the lowest price or cost.
- 5.22 **Bid** - a statement of will to execute a Contract made by the Bidder to the Awarding Party in response to an invitation to submit Bids or a Purchase Notice or Specification.
- 5.23 **Preliminary Bid** – an initial statement of intent to enter into a Contract submitted by a Contractor in the first round of a multi-stage procedure.
- 5.24 **Procedure Organiser** - a PGE Group Company preparing and conducting a joint purchase procedure or a PGE Group Company preparing and conducting a purchase procedure on behalf of another PGE Group Company, not acting as a Proxy.
- 5.25 **Proxy** – a PGE Group Company preparing and conducting a Joint Purchase Procedure on behalf of the Procedure Organiser or preparing and conducting a Joint Purchase Procedure on behalf of a PGE Group Company.
- 5.26 **Electronic form** – a form of a document, for recording and reading of which technical means of representing information in a digital manner are used, allowing the identification of the author of the document, in particular a scan of a signed paper document.

- 5.27 **Bid increment** - minimum value by which the Bid parameter can be increased or decreased during an electronic auction, as indicated in the auction invitation.
- 5.28 **Implementing procedure** – A purchase procedure conducted under a framework agreement to select a Contractor to perform a particular Purchase covered by the framework agreement.
- 5.29 **Purchase Procedure** - a process aimed at selecting a Contractor for the performance of supplies, services or works, conducted on the basis of the Procedure, internal regulations of a PGE Group Company, the Act or the Civil Code, including the Implementing Procedure.
- 5.30 **Procedure** – PGE Group's General Purchasing Procedure PROG 00096/F, this document.
- 5.31 **Advisory Agreement Product / Product** – the product of an Advisory Agreement, excluding legal services (FPD.243 Legal services).
- 5.32 **Segment** - a group of Business Units separated within PGE Group to carry out activities in the area of the indicated technology or market in which it operates, constituting a competence centre in this respect; replaces the term "Business Line" referred to in PGE Group's Code.
- 5.33 **Specification/Terms of Reference/Description of needs and requirements** - a document containing information and requirements for submitting a preliminary bid / bid in a purchasing procedure.
- 5.34 **PGE Group Company, Company, Companies** – commercial-law entity or entities being part of PGE Group.
- 5.35 **Supervised company** – a PGE Group company listed in [Appendix 4](#) to the Procedure.
- 5.36 **Managing company** – a PGE Group company indicated in [Appendix 4](#) to the Procedure.
- 5.37 **PGE Group's Procurement System** – an IT tool that supports PGE Group's procurement process.
- 5.38 **SAP** - an integrated ERP system supporting enterprise management in specific business areas, in particular such as accounting and logistics, human capital management, asset management (AM), materials management (MM), data warehouse (BW) and management reporting area (FC).
- 5.39 **Table of competences and responsibilities** - an internal document developed by PGE Group Companies, which defines persons authorised to take decisions connected with the preparation and conduct of the Purchase Procedure and bearing responsibility for specific areas of the procurement process.
- 5.40 **Contract** – a consensual statement of intent by two or more parties to establish, alter, or abolish a particular legal state. Specifically, the Contract means the following: Framework contract, Purchasing contract, annex to contract, order under framework contract, SAP MM order, order.
- 5.41 **Framework Contract** - concluded as a result of a Purchasing Procedure, a Contract between the Awarding Party and one or more Contractors, the purpose of which is to establish the terms and conditions regarding paid Purchases that may be made during its term.
- 5.42 **Purchase Contract** - a Contract for pecuniary interest concluded following a Purchase Procedure between the Awarding Party and the Contractor, the subject of which are supplies, services or construction works, or a Framework Contract;
- 5.43 **Entrustment agreement** - personal data processing entrustment agreement between the Awarding Party and the Contractor, concluded as a result of the Purchasing Procedure, the purpose of which is to determine the terms and conditions regarding the entrustment of personal data processing as a result of the necessity to undertake actions necessary to perform the service referred to in the Contract.
- 5.44 **Access Agreement** - an Agreement for access to personal data concluded as a result of a Purchasing Procedure between the Awarding Party and the Contractor, the purpose of which is to establish the terms and conditions regarding the access to personal data as a result of necessary actions required to perform the service referred to in the Contract.
- 5.45 **Advisory Services** - services identified in Purchasing Category FPD.241 Advisory Services and FPD.243 Legal Services for which the subject matter is legal advice.
- 5.46 **Act** – the Public Procurement Law and implementing acts issued on its basis.
- 5.47 **Estimated value** - the value of the Contractor's total estimated remuneration for the performance of the Purchase, excluding value added tax, determined with due diligence in a manner consistent with the provisions of the Procedure and in case of PGE Group Companies applying the Act in a manner consistent with the provisions of the Act.
- 5.48 **Purchasing Contract Owner** - Internal Customer who is responsible for its execution.
- 5.49 **Application for participation in a purchase procedure** - declaration of intent to participate in the purchase procedure submitted by a Contractor in the first round of an ongoing multi-stage purchase procedure.
- 5.50 **Purchase Request** - a request from the Procedure Originator, which is the basis for preparing and conducting a Purchasing Procedure or Implementing Procedure.
- 5.51 **Preliminary market consultations** - a set of activities preceding the commencement of a Purchase Procedure conducted in the formula of market consultation in order to obtain information to the extent necessary to prepare

- the description of the subject of the Purchase, the Specification or to determine the terms and conditions of the Purchase Contract and to inform contractors about the Awarding Party's plans and requirements for the contract.
- 5.52 **Contractor** – a natural person, legal entity or organisational unit other than legal entity, which offers the Purchase subject on the market or is participating in a Purchase Procedure, submitted a Bid in a Purchase Procedure or concluded a Contract.
- 5.53 **Purchase/Order** - supply, service or construction work being the subject of a Purchase Procedure, which is aimed at selecting a Contractor.
- 5.54 **Awarding Party** – a PGE Group Company for which the Purchase is being carried out, and in the case of joint procurement - the PGE Group Companies participating in the Purchase Procedure under a joint Procurement. In the case of Purchase Procedure conducted in the name and on behalf of a given PGE Group Company or in the case of joint Procurement, all references to the term Awarding Party in the Procedure refer to the Procedure Organiser or Proxy.
- 5.55 **SAP MM order** - a document generated by SAP MM, approved by the Contractor and the Awarding Party, which specifies the ordered items, quantities, delivery dates and expected Purchase price.
- 5.56 **Joint Procurement** - a Purchase that will be made in a Purchase Procedure conducted in the name and on behalf of at least two PGE Group Companies, provided that such a Purchase does not concern two Companies from a single PGE Group Business Line.
- 5.57 **Request for information (RFI)** – a request addressed to potential Contractors to obtain information on market conditions for the execution of the Purchase, for the purpose of preparing a future Purchase Procedure. No direct consultations or negotiations with Contractors are held as part of the RFI.
- 5.58 **Team for preliminary market consultations / Team** - a team appointed to perform tasks as regards preparing and conducting preliminary market consultations.

VI IMPLEMENTATION

6 PLANNING

- 6.1 A PGE Group company creates a purchasing plan that contains purchasing procedures expected to be originated in the coming calendar year. Based on the Company's purchasing plans, Segment purchasing plans and PGE Group's joint purchasing plans are created.
- 6.2 Rules for planning purchases for a given planning year are specified by the Director of PGE S.A.'s Purchasing Department in the form of guidelines for planning purchases at PGE Group.
- 6.3 The planning process does not include the purchases referred to in [Appendix 1](#) to the Procedure. If the number of Purchase Requests not included in the Company's Purchase Plan or delayed with respect to the dates indicated in the Company's Purchase Plan prevents the timely origination or execution of all Purchases, the Purchase Procedures included in the Company's Purchase Plan and launched in accordance with the dates specified therein will enjoy priority of execution. An Internal Customer has the option to change the prioritisation of submitted tasks, however this requires agreement with the Purchasing Department and indication of which of the tasks planned in the Company's Purchase Plan will be cancelled or postponed at the expense of the unplanned task.

7 LAUNCHING PURCHASING PROCEDURES

7.1 Market analysis, preliminary market consultations, RFI.

- 7.1.1 The origination of a Purchase Procedure the value of which is equal to or exceeds PLN 1 600 000 must be preceded by an analysis of needs and requirements carried out by the internal customer. The needs and requirements analysis may be preceded by an RFI or preliminary market consultations.
- 7.1.2 The needs and requirements analysis includes in particular:
- 7.1.2.1 assessing the possibility of meeting identified needs using in-house resources,
- 7.1.2.2 market sounding:
- as regards alternative resources to meet the identified needs,
 - as regards possible variants for implementing the order together with a recommendation for the selected variant or indication that there is only one possible way of fulfilling the order.
- 7.1.3 The following should be specified based on this analysis:
- 7.1.3.1 an indicative value of the Purchase for each of the order fulfilment variants indicated,
- 7.1.3.2 possibility for splitting the Purchase into parts,
- 7.1.3.3 expected procedure for awarding the Purchase,
- 7.1.3.4 possibility for incorporating social, environmental or innovative aspects of the Purchase,
- 7.1.3.5 risk associated with the Purchase Procedure and implementing the Purchase in each of the variants.
- 7.1.4 The internal customer is required to prepare a document that contains an analysis of needs and requirements. Opting out of the needs and requirements analysis must include a justification demonstrating that it is not advisable

to do it. An opt-out is possible with approval from the internal customer's director, in particular if the internal customer is in possession of such an analysis was carried out less than a year prior to originating the Purchase Procedure, which can be considered as up-to-date in light of the current market situation.

- 7.1.5 If the Purchase is preceded by this analysis, the internal customer attaches information from such analysis to the Purchase Request.
- 7.1.6 The internal customer conducts an RFI on its own. At the request of the internal customer's director, an RFI may be carried out with the participation of a Purchasing Department representative, with approval from the Purchasing Department's Director. If the Purchase is preceded by an RFI, the internal customer attaches information from this RFI to the Purchase Request.
- 7.1.7 In the case of Purchases of a particularly complex nature, where there is objective difficulty in developing a description of the subject of the Purchase, the Internal Customer should conduct a Preliminary Market Consultation in order to acquire the knowledge necessary to initiate the Purchase Procedure or consider using the appropriate mode of the Purchase Procedure, e.g. competitive dialogue or negotiation with an announcement in the case of a Purchase conducted in accordance with the Act. Preliminary market consultations are conducted with the participation of a Purchasing Department representative designated by the Purchasing Department Director. The internal customer is responsible for conducting preliminary market consultations. Rules for carrying out preliminary market consultations are specified in [Appendix 14](#) to the Procedure.

7.2 Purchase Requests

- 7.2.1 In order to initiate a Purchasing Procedure, the Procedure Originator prepares a Purchase Request in PGE Group's Procurement System or in another electronic form bearing a digital signature (or in an electronic form approved in a dedicated IT tool) or in written form, within the timeframe allowing for the scheduled initiation, conduct and settlement of the Procedure. For Purchase Requests prepared in PGE Group's Procurement System, the scope of data and obligatory fields are determined by PGE Group's Procurement System. If the Company's internal regulations do not state otherwise, at PGE Group companies where a purchasing request is initiated in the SAP system, the Originator attaches an approved purchasing request to the order request in SAP. For PGE Group companies that do not have PGE Group's Procurement System, the purchase request is prepared in writing or electronic form bearing a digital signature in accordance with [Appendix 3](#) to the Procedure.
- 7.2.2 Each PGE Group company determines, within the framework of internal regulations, the manner of initiating and internal approval of the Purchase Request and the list of documents required to be submitted with the Purchase Request.
- 7.2.3 In the case of joint Procurements, Purchase Requests together with original copies of necessary powers of attorney will be submitted by interested PGE Group companies after the Procedure Organiser announces the commencement of preparation of the Purchase Procedure, within time limits allowing for planned commencement of the procedure indicated by the Procedure Organiser.
- 7.2.4 The Procedure Originator is required to indicate the justification of the necessity and expediency of granting the Purchase in the Purchase Request. Additionally, in the case of a Purchasing Procedure for advisory services, the justification for awarding the Purchase should also include:
 - a. statement that the Purchaser is unable to perform the subject of the Purchase within its own competence or within the time required,
 - b. statement from the Initiator that the Central Registry of Advisory Contract Products has been verified and that advisory contract products previously purchased are not available.
- 7.2.5 A Purchase Request may be submitted for execution upon its acceptance by all the designated persons, in accordance with the Purchase Request Acceptance Table binding for the given PGE Group company and after meeting additional requirements, if specified by that PGE Group company in its internal regulations.
- 7.2.6 The list of Contractors proposed in the Purchase Request in a non-public closed procedure may be changed or supplemented by persons indicated in the internal regulations of the given PGE Group company as appropriate for the approval of the list of Contractors.
- 7.2.7 A Purchase Request that is incomplete or does not comply with the Procedure may be returned to the Procedure Originator for completion or correction. In PGE Group's Procurement System, a purchase request is returned by rejecting it.
- 7.2.8 In the case of cancellation of the procedure and decision to repeat the procedure, the Procedure Originator is required to perform again the actions specified in point 7.2.1 of the Procedure, including preparation of a new Purchase Request and request in the SAP System (applies to those PGE Group companies where the purchase process is initiated in the SAP System). PGE Group companies may define in their internal regulations different rules for re-using the Purchase Request from the previously cancelled procurement procedure.

8 RULES FOR CONDUCTING NON-PUBLIC PURCHASE PROCEDURES

8.1 General rules

8.1.1 Purchase procedures to which the Act does not apply (Non-Public Purchase Procedure) are prepared and conducted in compliance with the principle of fair competition and the principle of equal treatment of Contractors, as well as the principle of the best quality and economic effectiveness of purchases, transparency and proportionality.

8.2 Description of the subject of Purchase

8.2.1 The internal customer describes the Purchase subject in an unequivocal and exhaustive manner, using sufficiently precise and understandable terms, taking into account all requirements and circumstances that may influence the preparation of the Request for admission to participate in a Purchase Procedure / Preliminary Bid / Bid.

8.2.2 The internal customer specifies the required features of supplies, services or construction works in the description of the subject of the Purchase. These features may relate in particular to a particular process, method of production, performance of required supplies, services or works, or to a particular process of another stage of their life cycle, even if these factors are not an essential element thereof, provided that they are related to the subject matter of the Purchase and proportionate to its value and objectives.

8.2.3 The subject matter of the Purchase cannot be described in a way that might hinder fair competition, in particular by indicating trademarks, patents or origin, source or specific process or features that characterise products or services provided by a particular Contractor, if it might result in privileging or eliminating certain Contractors or products.

8.2.4 The subject of the Purchase can be described by indicating trade marks, patents, origin, source or specific process or feature of the product or service provided by a specific Contractor, if the internal customer cannot describe the subject of the Purchase sufficiently precisely and in an understandable manner, which should be accompanied by the words "or equivalent" along with the criteria for determining the equivalence.

8.2.5 In the case of departure from the rules specified in points 8.2.3 and 8.2.4 dictated by a justified interest of the PGE Group company, the Internal Customer is required to prepare and attach to the Purchase Request a document containing a justification for this departure. Responsibility for the decision to waive the rules in 8.2.3 and 8.2.4 of the Procedure rests with the Internal Customer. The waiver of equivalence criteria may not apply to Purchases being conducted under the provisions of the Act.

8.2.6 The description of the subject of Purchase / draft Contract may be modified at any stage of the Purchasing Procedure, until the final selection of the Best Bid, provided that it does not violate the rules of fair competition and equal treatment of Contractors.

8.3 Estimating the purchase value

8.3.1 The internal customer determines an Estimated Value for the Purchase with due diligence taking into account current market conditions. If the terms of the Purchase provide for the Right to Option, the value of the Option is added to the estimated value of the Purchase. If the terms of the Purchase provide for further orders to be awarded to the Contractor that will be performing the base procurement, the value of the following is added to the estimated value of the Purchase:

- a. value of procurement consisting of additional supplies, the subject of which is a partial replacement of delivered products or installations or increase in on-going deliveries or expansion of existing installations,
- b. value of Purchase consisting of services or construction works, Purchase the subject of which is re-performance of similar services or construction works,

8.3.2 For Purchases awarded for an indefinite period of time, the Estimated Value of the Purchase is determined taking into account a 48-month period of performance of the Purchase.

8.3.3 The following actions intended to avoid the application of the provisions of the Act or the Procedure as well as internal regulations of the given PGE Group company concerning the award of Purchases are prohibited:

- a. undervaluing the Purchase,
- b. selecting a method for calculating the Purchase value that undervalues it,
- c. splitting Purchases into separate Purchases in order to avoid estimating the total value.

8.3.4 The Purchase value is determined not earlier than 3 months before the date of initiation of the Purchase Procedure, if supplies or services are the subject of the Purchase, and not earlier than 6 months before the date of initiation of the Purchase Procedure, if construction works are the subject of the Purchase.

8.3.5 If, after the value of the Purchase has been determined, there is a change in the circumstances affecting the determination made, the Internal Customer will amend the value of the Purchase before initiating the Purchase Procedure.

- 8.3.6 The Internal Customer is required to prepare a document containing an estimate of the value of the Purchase in accordance with the template constituting [Appendix 13](#) to the Procedure and attach it to the Purchase Request.

8.4 Bid evaluation criteria

- 8.4.1 Bid evaluation criteria must be related to the subject of the Purchase. Bid evaluation criteria may concern the following:
- qualitative criteria and price or cost,
 - price or cost,
 - other aspects associated with the subject of the Purchase.
- 8.4.2 Qualitative criteria may be, in particular, criteria relating to: quality, including technical performance, after-sales service, technical assistance, conditions of delivery or execution of the work such as the date, method or time of delivery, period of execution, aesthetic and functional characteristics, social aspects, environmental aspects, innovative aspects, organisation of qualifications and experience of the persons appointed to execute the contract - if they can influence the quality of its execution.
- 8.4.3 In procedures where the subject matter of the Purchase involves services in the field of creative or scientific activity, the result of which cannot be described in advance in an unambiguous or exhaustive manner, the Best Bid will be selected solely on the basis of price or cost and quality criteria.
- 8.4.4 In the Purchase Notice or Terms of Reference, the Awarding Party specifies the Bid evaluation criteria applied in the Purchase Procedure and the weight that is assigned to each criterion selected to identify the Best Bid. However, the Awarding Party is not required to notify Contractors before the opening of the Bids about the detailed evaluation method for particular criteria, which is defined in internal documents of the purchase procedure.
- 8.4.5 In a Purchase Procedure, the criteria for evaluating Bids may concern the characteristics of the Contractor, in particular his/her experience.
- 8.4.6 The selection of the Contractor to whom the Purchase will be awarded in the Purchase Procedure under a Framework Agreement may be made on the basis of non-price criteria, in particular regarding the quality, functionality, methodology, creativity of the solution proposed by the Contractor and the characteristics of the Contractor, including its experience.

8.5 Form of action and communication in a purchase procedure

- 8.5.1 A Purchase Procedure is conducted using electronic means of communication (including e-mail) and PGE Group's Procurement System, however the Purchasing Department Director may allow Purchase Procedures and Implementing Procedures to be conducted exclusively or partially in writing, in electronic form using electronic means of communication. In the case of a PGE Group company that does not have PGE Group's Procurement System, it is possible to conduct Purchase Procedures in written form and in electronic form using means of electronic communication.
- 8.5.2 The form in which the Request for participation in the Purchase Procedure/ Preliminary Bid / Bid is to be submitted is defined in each case in the invitation to participate in the Procedure and in the Specification; however, if the Application for participation in the Purchase Procedure/ Preliminary Bid / Bid is submitted via PGE Group's Procurement System, the Application for participation in the Purchase Procedure/ Preliminary Bid / Bid is submitted in an electronic form.
- 8.5.3 Rules of communication with the Contractor and formal requirements for submitted documents and statements in the Purchase Procedure are defined in the Purchase Announcement, invitation to participate in the Purchase Procedure/ Specification or Description of Needs and Requirements.

8.6 Bid security

- 8.6.1 A bid security may be required in a Purchase Procedure.
- 8.6.2 The bid security amount is up to 3% of the estimated Purchase value. If the Awarding Party allows the submission of partial bids or the award of Purchases in parts, the Awarding Party specifies the amount of bid security for each part.
- 8.6.3 A bid security in the Purchase Procedure may be submitted in the following forms: cash, bank guarantee, insurance guarantee. The acceptable forms and amount of the deposit will be specified each time in the Purchase Notice, invitation to participate in the Purchase Procedure, invitation to submit Preliminary Bids/Bids, or Specification or Description of Needs and Requirements.
- 8.6.4 A bid security paid in cash will be kept in a bank account.
- 8.6.5 The Awarding Party returns the bid security to the Contractors, subject to point 8.6.7, immediately after the cancellation of the Purchase Procedure or the selection of a Bid, with the exception of the bid security for the Contractor whose Bid was selected as the most advantageous. The bid security of the Contractor whose Bid has been selected as the most advantageous will be returned by the Awarding Party immediately after the conclusion

- of the Purchase Contract and submission of the security for proper performance of the Purchase Contract, if required.
- 8.6.6 A bid security in cash will be returned to the Contractor to the same bank account from which the bid security was transferred, unless the Contractor indicates a different bank account and justifies this. Information about the Contractor's request to return the deposit to another bank account will be forwarded, prior to the return, to the compliance area for analysis of the admissibility of such return.
- 8.6.7 In a Purchase Procedure, the Awarding Party returns the Contractor's bid security also in a situation where the Contractor withdrew the Bid before the deadline for submitting Bids, the Contractor did not submit a Bid but put up a bid security, the Contractor was rejected, or the Contractor's Bid was rejected, or the Bid was submitted after the deadline.
- 8.6.8 The return of a bid security put up in cash will be made by an organisational cell designated as competent in a given PGE Group company. Detailed rules for the storage and return of the bid security are defined in the relevant PGE Group company's internal regulations.
- 8.6.9 The Awarding Party may keep the bid security in a situation where the Contractor evades the conclusion of the Purchase Contract, refrains from confirming its Bid submitted in an electronic auction, refrains from confirming the negotiated conditions during trade negotiations or fails to provide a security for the proper performance of the Purchase Contract on time. In such a case, the decision to retain the deposit will be made in accordance with the Table of division of competences and responsibilities.

8.7 Modes of conducting Purchase Procedures

- 8.7.1 Purchases are conducted in open or closed modes.
- 8.7.2 Open procedures include: open tender, open negotiation.
- 8.7.3 Closed procedures include: closed-form negotiation, price inquiry and negotiated procurement.
- 8.7.4 The Procedure Originator indicates the proposed mode in the Purchase Request. The Tender Committee or persons indicated in the Table of competences and responsibilities, in consultation with the Procedure Initiator, may propose a different mode of conducting the purchase procedure. The mode of procedure is selected in accordance with the following rules:
- Open modes are the primary modes for awarding a Purchase and may be used in any case and do not require justification,
 - Closed purchase procedures such as: Closed-format negotiations and requests for quotation in excess of PLN 50 000 net may be used only with the approval of the Management Board Member overseeing the Procedure Initiator (or the Vertical Director overseeing the Procedure Initiator),
 - The Purchases referred to in point 8.8.5 may be used solely with the approval of the Internal Customer's Director,
 - The single-source procurement mode requires justification and approval in accordance with the Table of competencies and responsibilities binding in the given PGE Group company for which the Purchase is carried out, with the reservation that Purchases in excess of PLN 50 000 net to PLN 100 000 net are approved by the competent Member of the Management Board or the Vertical Director supervising the Procedure Initiator, and Purchases with a value equal to or exceeding PLN 100 000 net are subject to approval by the Management Board of the given PGE Group company for which the Purchase is carried out. In the case of joint Purchases, the approval of the single-source procurement procedure will be made by each of the companies participating in the joint Purchase, in accordance with the rules defined in the Table of competencies and responsibilities, applicable to the Purchase amount attributable to a given PGE Group company.

8.8 Rules for conducting Purchase Procedures

- 8.8.1 In a Purchase Procedure, the Tender Committee may first evaluate the Bids and then examine whether the Bidder whose Bid was evaluated as the most advantageous is not subject to exclusion and meets the conditions for participation in the Purchase Procedure, if such possibility was provided for in the Specification, in the Purchase Notice, in the invitation to participate in the Procedure or in the invitation to submit Bids. If there are grounds for excluding a Contractor or if such a Contractor fails to comply with the conditions for participation in the procedure, the Awarding Party will re-examine and evaluate the bids of the remaining Contractors and then examine the next Contractor, whose bid was awarded the highest score, with regard to the absence of grounds for exclusion and compliance with the conditions for participation in the procedure. The Awarding Party continues the procedure of re-examination and evaluation of the Bids until the selection of the most advantageous Bid or cancellation of the Purchase Procedure.
- 8.8.2 An extension of the deadline for submission of Applications for Participation in the Purchase Procedure/Preliminary Bids/Bids as well as the change of the date of negotiations (trade negotiations) or electronic auction will not constitute a modification requiring approval as referred to in 2.11 of the Procedure.

- 8.8.3 In the course of a purchase procedure conducted in the form of a request for quotation or in the case of closed-formula negotiations, in order to increase competition, additional Contractors may be invited to participate in the purchase procedure up to the deadline for submitting Requests for participation in the purchase procedure/ preliminary Bids in the case of closed-formula negotiations, and up to the deadline for submitting Bids in the case of a request for quotation procedure, while observing the principle of equal treatment of Contractors. The decision to invite additional Contractors will be made in accordance with the Table of competences and responsibilities.
- 8.8.4 In case of Purchases with the Estimated Value below or equal to PLN 50 000 net, the Purchase Procedure may be conducted in one of the modes with the following simplifications:
- The internal customer or the Tender Committee may waive the obligation to apply the Purchase Contract Guidelines set forth in [Appendix 6](#) to the Procedure,
 - decisions on the acceptance of the actions referred to in 2.11, except for the selection of the most advantageous bid, will be made by the Tender Committee or a person indicated in the Table of competences and responsibilities,
 - The Specification may contain only: description of the subject of the Purchase, deadline for submission of Bids, method of price calculation, criteria for evaluation of Bids and deadline for completion of the Purchase,
 - The Specification may be replaced by an invitation to participate in the Purchase Procedure, containing at least the information indicated in letter c,
 - The Tender Committee may, in justified cases, refrain from holding commercial negotiations and auctions, justifying its decision in a Purchase Procedure protocol,
 - The conduct of a Closed Purchase Procedure does not require the consent referred to in 8.7.48.7.4 letters b and d of the Procedure. PGE Group companies define in their internal regulations a person or persons authorised to give consent for the use of the closed mode,
 - The Tender Committee will consist of at least two persons - an employee of the Purchasing Department and an employee of the Procedure Initiator, but it is not necessary to appoint the function of the Tender Committee Chairperson, and the duties of the Secretary will be performed by a representative of the Purchasing Department.
- 8.8.5 If the estimated Value of the Purchase is equal to or lower than PLN 10 000 net, it is possible to make the Purchase through price inquiry, on the basis of comparison of at least three offers published online by Contractors or on the basis of offers acquired directly from at least three Contractors offering the subject matter of the contract.

8.9 Open tender

- 8.9.1 Open tender is a mode in which, in response to a Purchase Notice or Specification, Bids may be submitted by all interested Contractors. An open tender may apply to any Purchase Procedure.
- 8.9.2 The Awarding Party initiates a purchase procedure in the open tender mode by publishing a Purchase Notice or a Specification in PGE Group's Procurement System, and companies which do not have PGE Group's Procurement publish this on PGE Group's website.
- 8.9.3 The Tender Committee or Category Manager may also choose to provide the Specifications or notice of the place of publication of the Purchase Notice or Specifications to Contractors known to them. If a list of Contractors has been indicated in the Purchase Request, then the Tender Committee will also forward the Specification or inform about the place of publication of the Purchase Notice or Specification to all Contractors indicated in the Purchase Request.
- 8.9.4 The Specification / Purchase Notice should contain at least the information referred to in [Appendix 9](#) to the Procedure.
- 8.9.5 The Tender Committee will, following the submission of Bids, additionally conduct commercial negotiations or an electronic auction as set forth in points 9.6.3 - 9.6.14 of the Procedure. The Tender Committee may recommend to refrain from holding commercial negotiations and auctions. The decision to refrain from holding commercial negotiations or an electronic auction will be made in accordance with the Table of competences and responsibilities.

8.10 Open-format negotiations

- 8.10.1 Open-format negotiations are a procedure in which Contractors are invited to participate in a Purchase Procedure by publishing a Specification or a Purchase Notice in PGE Group's Procurement System. PGE Group companies that do not use PGE Group's Procurement System publish documents on the website of the relevant PGE Group company.
- 8.10.2 The Tender Committee or Category Manager may also decide to forward the Specifications or inform about the place of publication of the Purchase Notice or Specifications to known Contractors, and if a list of Contractors is indicated in the Purchase Request then the Tender Committee will also forward the Specifications or notice of the place of publication of the Purchase Notice or Specifications to all Contractors indicated in the Purchase Request.

- 8.10.3 The Specification / Purchase Notice should contain at least the information referred to in [Appendix 9](#) to the Procedure.
- 8.10.4 Contractors apply to participate in negotiations in the form specified in the Purchase Notice/Specification (Application for Participation in the Purchase Procedure or Preliminary Bid).
- 8.10.5 The Tender Committee may recommend inviting to negotiations all Contractors who submit Requests to participate or Preliminary Bids where no conditions for participation or rules for evaluation of compliance with the requirements specified by the Awarding Party were defined in order to determine the ranking of Contractors or only the Contractors who meet the conditions for participation in the purchase procedure or obtained the highest score on compliance with the requirements specified by the Awarding Party (pre-qualification). The Tender Committee may also recommend inviting to negotiations Contractors who, at the date of the invitation to negotiate, have not yet demonstrated that they fulfil the conditions for participation in the Purchase Procedure. The list of Contractors invited to negotiate requires approval in accordance with the Table of competences and responsibilities if the list has changed since the last approval.
- 8.10.6 The Tender Committee will conduct negotiations with the Contractors, which may also be conducted via electronic means of communication. Negotiations with Contractors are confidential.
- 8.10.7 The subject matter of negotiations may be, in particular: supplementation or clarification of the subject matter of the Purchase, terms and conditions of execution of the Contract, price conditions. After talks (negotiations) with Contractors are completed, the Awarding Party creates/amends the Specification based on information obtained during the negotiations.
- 8.10.8 After negotiations, the Awarding Party invites all Contractors who participated in the negotiations to submit Bids by providing the Specification.
- 8.10.9 The Tender Committee will, following the submission of Bids, additionally conduct commercial negotiations or an electronic auction as set forth in points 9.6.3 - 9.6.14 of the Procedure. The Tender Committee may recommend to refrain from holding commercial negotiations and auctions. The decision to refrain from holding commercial negotiations or an electronic auction will be made in accordance with the Table of competences and responsibilities.
- 8.10.10 If only one Preliminary Bid is received or if only one Preliminary Bid is not subject to rejection, the Awarding Party has the option to waive negotiations or the collection of Bids subject to approval in accordance with the Table of competences and responsibilities. The provisions of point 8.10.9 apply without change.

8.11 Closed-format negotiations

- 8.11.1 Closed-format negotiation is a procedure in which selected Contractors are invited to participate in the Purchase Procedure, in a number that ensures competitiveness, not fewer than three, by transmitting the Specification or invitation to participate in the Purchase Procedure. The invitation of two Contractors to the Purchase Procedure requires justification in the Purchase Request. The list of Contractors invited to the Purchase Procedure is accepted together with the Purchase Request. A change of the list of Contractors in relation to that proposed in the Purchase Request or the invitation of only two Contractors to participate in the Purchase Procedure requires approval in accordance with the Table of competences and responsibilities.
- 8.11.2 The Specification / invitation to participate in the Purchase Procedure should contain at least the information referred to in [Appendix 9](#) to the Procedure.
- 8.11.3 The Tender Committee will conduct negotiations with the Contractors, which may also be conducted via electronic means of communication. Negotiations with Contractors are confidential.
- 8.11.4 Contractors apply to participate in the Purchase Procedure in the form specified in the Purchase Notice/Specification (Application for Participation in the Purchase Procedure or Preliminary Bid).
- 8.11.5 The Tender Committee may recommend inviting to negotiations all Contractors who submit Applications to participate or Preliminary Bids where no conditions for participation or rules for evaluation of compliance with the requirements specified by the Awarding Party were defined in order to determine a ranking of Contractors or only the Contractors who meet the conditions for participation in the purchase procedure or obtained the highest score on compliance with the requirements specified by the Awarding Party (pre-qualification). The Tender Committee may also recommend inviting to negotiations Contractors who, at the date of the invitation to negotiate, have not yet demonstrated that they fulfil the conditions for participation in the Purchase Procedure. The list of Contractors invited to negotiate requires approval in accordance with the Table of competences and responsibilities if the list has changed since the last approval.
- 8.11.6 The subject matter of negotiations may be, in particular: supplementation or clarification of the subject matter of the Purchase, terms and conditions of execution of the Contract, price conditions. After talks (negotiations) with Contractors are completed, the Awarding Party creates/amends the Specification based on information obtained during the negotiations.

- 8.11.7 After negotiations, the Awarding Party invites all Contractors who participated in the negotiations to submit Bids by providing the Specification.
- 8.11.8 The Tender Committee will, following the submission of Bids, additionally conduct commercial negotiations or an electronic auction as set forth in points 9.6.3-9.6.14 of the Procedure. The Tender Committee may recommend to refrain from holding commercial negotiations and auctions. The decision to refrain from holding commercial negotiations or an electronic auction will be made in accordance with the Table of competences and responsibilities.
- 8.11.9 If only one Preliminary Bid is received or if only one Preliminary Bid is not subject to rejection, the Awarding Party has the option to waive negotiations or the collection of Bids subject to approval in accordance with the Table of competences and responsibilities. The provisions of point 8.11.8 apply without change.

8.12 Request for quotation

- 8.12.1 Request for quotation is a procedure in which selected Contractors are invited to participate in the Purchase Procedure, in a number that guarantees competition, not fewer than three, by transmitting the Specification. The invitation of two Contractors to the Purchase Procedure requires justification in the Purchase Request.
- 8.12.2 A list of Contractors invited to the Purchase Procedure is accepted together with the Purchase Request. A change of the list of Contractors in relation to that proposed in the Purchase Request or the invitation of only two Contractors to participate in the Purchase Procedure requires approval in accordance with the Table of competences and responsibilities.
- 8.12.3 The Specification should contain at least the information referred to in [Appendix 9](#) to the Procedure.
- 8.12.4 The Tender Committee will, following the submission of Bids, additionally conduct commercial negotiations or an electronic auction as set forth in points 9.6.3 - 9.6.14 of the Procedure. The Tender Committee may recommend to refrain from holding commercial negotiations and auctions. The decision to refrain from holding commercial negotiations or an electronic auction will be made in accordance with the Table of competences and responsibilities.

8.13 Single-source procurement

- 8.13.1 Single-source procurement is a procedure in which Purchases are awarded after negotiations with only one Contractor.
- 8.13.2 The single-source procurement procedure may be used when at least one of the conditions described in [Appendix 7](#) to the Procedure is met. The analysis of the existence of the prerequisites for the single-source procurement procedure should be carried out with due diligence and care to obtain the best economic results.
- 8.13.3 The Tender Committee will provide the Contractor with an invitation to participate in the Purchase Procedure, containing information allowing the Contractor to prepare for negotiations, in particular the essential terms of contract or a draft Purchase Contract.
- 8.13.4 Upon completion of negotiations with the Contractor, the Tender Committee submits the contents of the negotiated Purchase Contract for approval in accordance with the Table of competences and responsibilities. In a single-source procurement, no commercial negotiation or electronic auction will be conducted after the negotiation process has been completed.

8.14 Implementing procedures under framework contracts

- 8.14.1 Rules for carrying out Purchases on the basis of Framework Contracts concluded as a result of a Purchase Procedure are defined in the internal regulations of individual PGE Group companies, subject to point 8.14.2 of the Procedure.
- 8.14.2 Rules for carrying out Purchases under Framework Contracts in the IT Category are set forth in [Appendix 5](#) to the Procedure.

8.15 Requirements for contractors

- 8.15.1 Conditions for participating in a Purchase Procedure
 - 8.15.1.1 Contractors may participate in a Purchase Procedure if:
 - 8.15.1.1.1 they are not subject to being rejected,
 - 8.15.1.1.2 meet the conditions for participating in the Purchase Procedure, i.e.:
 - a. have the necessary technical or professional skills to complete the Purchase, in particular knowledge and experience, and have the technical potential and people capable of carrying out the Purchase:
 - b. are authorised to conduct a specific business or professional activity, if separate regulations impose the obligation to have such powers,
 - c. are in an economic or financial situation ensuring the performance of the Purchase,

provided that the relevant conditions have been specified by the Awarding Party in the Purchase Notice, Terms of Reference or invitation to participate in the Purchase Procedure.

- 8.15.1.2 The Awarding Party may admit to participation in the Purchase Procedure Contractors applying jointly for the award of the Purchase (e.g. consortium). If Contractors applying jointly for the award of the Purchase are admitted to the Purchase Procedure, provisions concerning Contractors apply correspondingly. Contractors applying jointly for the award of the Purchase will be jointly and severally liable for performance of the Purchase Contract and payment of the performance bond, unless the Awarding Party decides otherwise, of which it will inform the Contractors. The Awarding Party may demand presentation of an agreement governing cooperation of the Contractors applying jointly for the award of the Purchase (e.g. Consortium Agreement).
- 8.15.1.3 In order to confirm that the conditions for participation in the Purchase Procedure are met, in appropriate situations and for a specific Purchase or its part, the Awarding Party may allow the Contractors to rely on the technical or professional skills or financial or economic situation of entities providing resources, regardless of the legal nature of relations between the Contractor and such entities. Such a possibility and the requirements to be met by the Contractor in the case of using the resources of resource providers should be indicated in the Purchase Notice, Terms of Reference or the invitation to participate in the Purchase Procedure. With regard to conditions relating to education, professional qualifications or experience, Contractors may rely on the abilities of resource providers if these entities carry out the works or services for which these abilities are required.
- 8.15.1.4 If justified by the specificity of the subject matter of the Purchase, the Awarding Party may refuse to allow the Purchase to be carried out with the help of subcontractors/define the obligation for the Contractor to personally execute the whole or part of the order, of which it will inform the Contractors in the ToR/Invitation to the Purchase Procedure. The rationale for limiting subcontracting should be attached to the record of the procedure.
- 8.15.2 Documents confirming that Contractors meet the conditions for participation in the Purchase Procedure.
- 8.15.2.1 The Awarding Party will require the Contractor to submit a statement on the absence of grounds for exclusion as referred to in point 9.4.2 and on the fulfilment of conditions for participation in the Purchase Procedure referred to in point 8.15.1.1 of the Procedure, if the relevant requirements regarding such conditions or grounds for exclusion were specified in the Purchase Notice, Terms of Reference or the invitation to participate in the Purchase Procedure. In the case of the mandatory grounds for exclusion from the Purchase Procedure indicated in point 9.4.3 of the Procedure, the Awarding Party will require from the Contractor at least a declaration that he is not subject to exclusion on the basis of this ground.
- 8.15.2.2 In order to confirm that the conditions for participation in the Purchase Procedure are met, the Awarding Party may require the Contractor to submit relevant documents and statements.
- 8.15.2.3 If the Contractor indicates in the Request for participation in the Purchase Procedure / Preliminary Bid / Bid the availability of up-to-date statements or documents, in order to confirm that the Contractor meets the conditions for participation in the Purchase Procedure and is not subject to exclusion, in electronic form at a specified internet addresses of publicly available and free databases, the Tender Committee will download them from these databases, provided that it has access to them.
- 8.15.2.4 When the Contractor indicates in the Application for Participation in the Purchase Procedure / Preliminary Bid / Bid statements or documents in order to confirm that the Contractor meets the conditions for participation in the Purchase Procedure and is not subject to exclusion, which are in the possession of the Awarding Party, in particular statements or documents kept by the Awarding Party in connection with other Purchase Procedures, the Tender Committee may decide to use the statements or documents in its possession, as long as they are up to date.
- 8.15.2.5 The Awarding Party may also use statements and documents in its possession and make use of databases where documents are available to the Awarding Party, even if the Contractor does not refer to such a circumstance in the Bid / Preliminary Bid / Application to participate in the procedure.

9 ACTIVITIES IN NON-PUBLIC PURCHASE PROCEDURE

9.1 Clarification and modification of Purchase Procedure conditions

- 9.1.1 If an inquiry is received from a Contractor in the Purchase Procedure regarding the invitation to participate in the Purchase Procedure, the Specifications or the Purchase Notice, the Tender Committee will respond. The Tender Committee may decide not to respond to an inquiry if it is received less than 3 business days before the deadline for submission of Bids.
- 9.1.2 The content of responses is provided to all Contractors, without disclosing the source of the question.
- 9.1.3 The Tender Committee may publish the contents of responses via PGE Group's Procurement System or on the website of a PGE Group company without the need for additional, individual transmission of the content of the response to Contractors, provided that information on such a form of response transmission has been included in the invitation to participate in the Purchase Procedure, the Purchase Notice or the Specification.

- 9.1.4 In the course of the Purchase Procedure, the Tender Committee may modify the contents of the invitation to participate in the Purchase Procedure, the Purchase Notice, the Specification, in particular the description of the subject of the Purchase, criteria for evaluation of the Bids and their importance, conditions for participation in the Purchase Procedure, requirements for admission of Contractors to the next stage of the Purchase Procedure (pre-qualification conditions), as well as the essential contractual provisions or the draft Purchase Contract, provided that such changes cannot violate the rules of fair competition and equal treatment of Contractors. The above modifications are subject to approval in accordance with the Table of competences and responsibilities.
- 9.1.5 On its own initiative or at the request of a Contractor, the Tender Committee may extend the deadline for submitting Applications for Participation in the Purchase Procedure or Preliminary Bids / Bids by additional time necessary to prepare, respectively, Applications for Participation in the Purchase Procedure or Preliminary Bids / Bids. The above also applies to changing the date of negotiations (commercial negotiations) and the date of the electronic auction.
- 9.1.6 Information is provided during the proceedings to the Contractors participating in the procedure on an equal basis.

9.2 Opening of Bids

- 9.2.1 The opening of Bids is closed to the public in the Purchase Procedure. In justified cases the Tender Committee may decide to provide the Contractors who submitted tenders in the Purchase Procedure with information about the names or first and last names and the registered offices or places of business or places of residence of the Contractors whose Bids have been opened and about the prices offered by these Contractors. PGE Group companies may specify in their internal regulations the procedure and scope for providing information from the opening of Bids.
- 9.2.2 Bids submitted after the deadline will not be examined and evaluated.
- 9.2.3 A Contractor's Bid submitted after the deadline will not be returned unless the Tender Committee decides to return the Bid to the Contractor.

9.3 Clarification and supplementation of Application/Bid

- 9.3.1 The Tender Committee will call upon the Contractors who did not submit powers of attorney, statements or documents required by the Awarding Party within the deadline or who submitted powers of attorney, documents and statements containing defects or errors, to supplement them or clarify them within the designated time limit.
- 9.3.2 In the course of examining and evaluating the Bids, the Tender Committee may request clarifications from Contractors regarding their Applications/Bids.
- 9.3.3 In the case of obvious errors in the Application/Bid, the Tender Committee will correct them and notify the Contractor of their correction. In the case of other errors, the Tender Committee may call on the Contractor to agree to correct the errors in accordance with the method indicated by the Awarding Party and within a specified period.
- 9.3.4 The Tender Committee may refrain from correcting any errors as well as supplementing and clarifying the Applications/Bids, provided that this will not affect the selection of the Best Bid.

9.4 Exclusion of Contractor

- 9.4.1 The Awarding Party will exclude from the Purchase Procedure a Contractor that did not fulfil the specified conditions for participation in the Purchase Procedure or there are grounds for exclusion, provided that the conditions for participation in the Procedure or the grounds for exclusion (optional grounds) were specified in the Procedure, subject to points 9.4.3. and 9.4.7. of the Procedure. The conditions for participation in the Purchasing Procedure or the grounds for exclusion will be determined on a case-by-case basis for the Purchase Procedure, depending on the decision of the Procedure Initiator/Tender Committee, taking into account the provisions of section 9.4.2 (optional grounds for exclusion) and subject to section 9.4.3 of the Procedures (mandatory grounds for exclusion).
- 9.4.2 **A Contractor may be excluded from the Purchase Procedure (optional grounds for exclusion) if:**
- 9.4.2.1 the Contractor does not meet the conditions for participation in the Purchase Procedure or fails to prove that these conditions are met,
- 9.4.2.2 a Contractor being a natural person and if there are no other Contractors - a current member of its management or supervisory organ, partner in a general partnership, partnership or general partner in a limited partnership or partnership limited by shares or a proxy has been lawfully convicted of:
- 9.4.2.2.1 participating in an organised crime group or in connection with the intention to commit a crime or a treasury crime as referred to in art. 258 of the Polish Penal Code,
- 9.4.2.2.2 human trafficking as referred to in art. 189a of the Polish Penal Code,
- 9.4.2.2.3 as referred to in art. 228-230a, art. 250a of the Polish Penal Code, art. 46-48 of the Act of 25 June 2010 on sports (Polish Journal of Laws of 2020 item 1133 and of 2021 item 2054) or in art. 54 sec. 1-4 of the Act of 12 May 2011

- on reimbursement of medicines, foodstuffs for special nutritional purposes and medical devices (Polish Journal of Laws 2021, items 523, 1292, 1559 and 2054),
- 9.4.2.2.4 financing a terrorism-related crime as referred to in art. 165a of the Polish Penal Code, or the crime of preventing or obstructing the determination of the criminal origin of money or concealing its origin as referred to in art. 299 of the Polish Penal Code,
- 9.4.2.2.5 a terrorism-related crime as referred to in art. 115 § 20 of the Polish Penal Code, or intended to commit this crime,
- 9.4.2.2.6 work of foreign minors, as referred to in art. 9 sec. 2 of the act of 15 June 2012 on the effects of entrusting work to foreigners residing in the territory of the Republic of Poland in violation of regulations (Polish Journal of Laws item 769),
- 9.4.2.2.7 a crime against economic trade, as referred to in art. 296–307 of the Polish Penal Code, a crime of fraud, as referred to in art. 286 of the Polish Penal Code, a crime against the credibility of documents, as referred to in art. 270–277d of the Polish Penal Code, or a treasury crime,
- or for a relevant prohibited act specified in the provisions of foreign law.
- 9.4.2.3 the Contractor has been banned from applying for public purchase contracts,
- 9.4.2.4 the Awarding Party may state, based on reliable grounds, that the Contractor made an arrangement with other Contractors in order to disrupt competition, especially if while belonging to the same group in the meaning of the act of 16 February 2007 on competition and consumer protection they submit separate Requests for participation in the Purchase Procedure / Preliminary Bids / Bids, unless they are able to prove that they prepared their Requests for participation in the Purchase Procedure / Preliminary Bids / Bids independently of each other,
- 9.4.2.5 the Contractor unlawfully influenced or attempted to influence the Awarding Party's actions or attempted to acquire or acquired confidential information that could constitute an advantage in the Tender Procedure,
- 9.4.2.6 the Contractor does not guarantee the proper performance of the Purchase due to proceedings against it or members of the bodies of the Contractor's company for committing a crime in connection with business activity,
- 9.4.2.7 liquidation proceedings have been launched in relation to the Contractor, bankruptcy has been declared for a Contractor the assets of which are managed by a liquidator or a court, the Contractor has made an arrangement with creditors, or the Contractor's business activity is suspended or the Contractor is in a different situation of this type resulting from a similar procedure provided for in the regulations of the place where this procedure is initiated,
- 9.4.2.8 the Contractor fails to perform or improperly performs an obligation under another Purchase Contract concluded with a PGE Group company or other entities.
- 9.4.2.9 the Contractor advised or in any other manner was involved in preparing the Purchase Procedure, which distorted competition as a result of previous involvement of this Contractor or another entity that is in the same group as the Contractor in the meaning of the Act of 16 February 2007 on competition and consumer protection, unless the distortion of competition caused this way can be eliminated in a way other than by rejecting the Contractor from participating in the Purchase Procedure,
- 9.4.2.10 the Contractor has failed to perform, or has performed improperly, a Purchasing Contract concluded by the Awarding Party,
- 9.4.2.11 the Contractor refused to conclude the Contract after the Purchase Procedure,
- 9.4.2.12 as a result of recklessness or carelessness, the Contractor provided misleading information, which could have had significant influence over decisions made by the Awarding Party in the Purchase Procedure,
- 9.4.2.13 the Contractor, due to intentional action or gross negligence, misled the Awarding Party in presenting information that the Contractor is not subject to rejection, meets the conditions for participation in the Purchase Procedure or the selection criteria, which could have had a significant impact on decisions made by the Awarding Party in the Purchase Procedure, or a Contractor that concealed this information,
- 9.4.2.14 the Contractor is in arrears with the payment of taxes, fees or social or health insurance contributions, unless the Contractor, prior to the submission of applications for admission to the procedure or Bids, has paid the taxes, fees or contributions due, which the Contractor will be able to prove to the Awarding Party.
- 9.4.3 **The following will be excluded from the Purchase Procedure (mandatory grounds for exclusion):**
- 9.4.3.1 a contractor included in the lists set out in Council Regulation (EC) No 765/2006 of 18 May 2006 concerning restrictive measures in view of the situation in Belarus and its involvement in Russia's aggression against Ukraine (Official Journal of the EU L 134, 20.05.2006, p. 1, as amended) (hereinafter: Regulation 765/2006) and Council Regulation (EU) No 269/2014 of 17 March 2014 on restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine (Official Journal of the EU L 78 of 17.03.2014, p. 6, as amended) (hereinafter: Regulation 269/2014) or listed on the basis of a listing decision deciding on the application of a measure referred to in art. Act of 13 April 2022 on special solutions to counter support for aggression against Ukraine and to protect national security (Polish Journal of Laws of 2022 item 835) (hereinafter: Act on countering support for aggression),

- 9.4.3.2 a contractor whose beneficial owner within the meaning of the Act of 1 March 2018 on the prevention of money laundering and terrorist financing (i.e. Polish Journal of Laws of 2022, item 593, as amended) is a person listed in the lists set out in Regulation 765/2006 and Regulation 269/2014, or listed or being such a beneficial owner as from 24 February 2022, provided that he has been listed on the basis of a decision on listing resolving the measure referred to in art. 1 point 3 of the Act on countering support for aggression,
- 9.4.3.3 a contractor whose parent entity in the meaning of art. 3 sec. 1 point 37 of the Accounting Act of 29 September 1994 (i.e.: Polish Journal of Laws of 2021 item 217, as amended) is an entity listed in the lists set out in Regulation 765/2006 and Regulation 269/2014, or listed or being such a beneficial owner as from 24 February 2022, provided that it has been listed on the basis of a decision on listing resolving the measure referred to in art. 1 point 3 of the Act on countering support for aggression.
- 9.4.3.4 a contractor with the participation of:
- Russian citizens or natural or legal persons, entities or bodies based in Russia;
 - legal persons, entities or bodies in which more than 50% of the ownership rights are directly or indirectly held by an entity referred to in letter a) of this point; or
 - natural or legal persons, entities or bodies acting on behalf of or at the direction of an entity referred to in letters a) or b) of this point, including subcontractors, suppliers or entities on whose capacity the concerned Contractor relies in order to demonstrate the fulfilment of the conditions for participation in the Purchase Procedure, within the meaning of the Public Procurement Directives (Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on the procurement by entities operating in the water, energy, transport and postal services sectors, repealing Directive 2004/17/EC) in case they account for more than 10% of the value of the Purchase.
- 9.4.4 A Contractor not invited after pre-qualification to the next stage of the Purchase Procedure is treated as excluded.
- 9.4.5 A Contractor's exclusion is subject to approval in accordance with the Table of competences and responsibilities.
- 9.4.6 A Contractor is excluded in the cases referred to in:
- points 9.4.2.2.1 -9.4.2.2.7 for a period of 5 years from the date of a judgement confirming the existence of one of the grounds for exclusion becoming final, unless a different exclusion period has been specified in that judgement,
 - point 9.4.2.3 for the period for which a ban on competing for public contracts has been validly declared,
 - points 9.4.2.4, 9.4.2.5, 9.4.2.7, 9.4.2.8, 9.4.2.10 - 9.4.2.11 for a period of 3 years following the occurrence of the event giving rise to the exclusion,
 - point 9.4.2.12 for a year from the occurrence of the event giving rise to the exclusion,
 - point 9.4.2.13 for two years from the occurrence of the event giving rise to the exclusion.
 - in points 9.4.3.1-9.4.3.4 for as long as the circumstances indicated in those points remain.
- 9.4.7 The Awarding Party may decide not to exclude the Contractor due to the grounds referred to in points 9.4.2.2, 9.4.2.4, 9.4.2.7-9.4.2.8, 9.4.2.10-9.4.2.12 above, if the Contractor jointly demonstrates that:
- 9.4.7.1 has made good or has undertaken to make good the damage caused by the offence, misdemeanour or his or her wrongful conduct, including by making financial reparation;
- 9.4.7.2 has fully explained the facts and circumstances surrounding the offence, the misconduct or his/her wrongful conduct and the damage caused thereby, cooperating actively with the competent authorities, including the law enforcement authorities, or the Awarding Party, as appropriate,
- 9.4.7.3 has taken technical, organisational or personnel measures that are appropriate to prevent further offences, misconduct or malfunction, and in particular:
- has severed all links with persons or entities responsible for the contractor's misconduct,
 - has reorganised personnel,
 - has implemented a reporting and control system,
 - has created internal procedures for monitoring compliance with the law, internal regulations or standards,
 - has introduced internal regulations on liability and compensation for non-compliance with laws, internal regulations or standards.
- 9.4.8 The assessment of the circumstances indicated in point 9.4.7 above will be made taking into account the gravity and special circumstances of the Contractor's act and based on whether the actions taken by the Contractor are sufficient to demonstrate its reliability. If, in the opinion of the Contractor, the actions taken by the Economic Operator as referred to in point 9.4.7 above are not sufficient to demonstrate his reliability, the Contractor shall be excluded by the Awarding Party.
- 9.4.9 In case of exclusion of the Contractor on the basis of point 9.4.2.8., point 9.4.2.10. of the Procedure and art. 109 sec. 1 points 5 and 7 of the Act, the Director of the cell responsible for purchases at the PGE Group company or Director of the cell responsible for purchases at the company handling purchases for that PGE Group company or Director of the organisational cell overseeing the purchasing area at the PGE Group company is required to notify,

within 7 days of the decision to exclude a Contractor from a Purchase Procedure based on the aforementioned exclusion criteria, the cells responsible for purchasing at the PGE Group companies about the exclusion of that Contractor, stating the name, address and NIP number of that Contractor as well as the legal and factual basis for exclusion.

9.5 Rejection of Contractor's Application/Bid

- 9.5.1 The Awarding Party rejects a Contractor's Application for Participation in the Purchase Procedure / Preliminary Bid / Bid if:
- a. the Request to participate in the Purchase Procedure / Preliminary Bid / Bid was submitted after the deadline for submission of Requests to participate in the Purchase Procedure/Preliminary Bid / Bid,
 - b. the Request to participate in the Purchase Procedure / Preliminary Bid / Bid was submitted by a Contractor subject to exclusion from the procedure or a Contractor that has not met the conditions for participating in the procedure,
 - c. the Application for participation in the Purchase Procedure / Preliminary Bid / Bid does not meet the requirements specified by the Awarding Party in the Purchase Procedure documents,
 - d. the Bid contains an abnormally low price or cost in relation to the subject matter of the Purchase,
 - e. the Preliminary Bid / Bid is void under applicable law,
 - f. the Contractor has not corrected errors in the Preliminary Bid / Bid at the Awarding Party's request or has not agreed for the Awarding Party to correct these,
 - g. the Contractor failed to supplement or submit clarifications regarding its Request for participation in the Purchase Procedure/ Preliminary Bid / Bid when requested to do so by the Awarding Party, with the proviso that the Awarding Party has the right to request the Contractor to submit clarifications or make supplementations more than once,
 - h. the Contractor has submitted a Request for participation in the Purchase Procedure / Preliminary Bid / Bid without being invited to submit a Request for participation in the Purchase Procedure / Preliminary Bid / Bid, if the procedure is conducted in a manner providing for an invitation to submit a Request for participation in the Purchase Procedure / Preliminary Bid / Bid,
 - i. the Request for admission to participate in the Purchase Procedure / Preliminary Bid / Bid has been submitted in conditions of an act of unfair competition within the meaning of the Act of 16 April 1993 on Combating Unfair Competition,
 - j. the Contractor has not agreed to extend the time limit for the Preliminary Bid / Bid or the Contractor has not agreed to have its Bid selected after the expiration of the time limit for the Preliminary Bid / Bid,
 - k. the Contractor has not put up a bid security or has not maintained the bid security until the expiry of the bid validity period, or has submitted the bid security incorrectly,
 - l. the Bid has been submitted without a site visit or without reviewing the documents necessary to perform the contract available at the Awarding Party's site, where required by the Awarding Party in the Purchase documents,
 - m. the Application for Participation in the Purchase Procedure / Preliminary Bid / Bid has been prepared or submitted in a manner inconsistent with the technical or organisational requirements for preparing or submitting Bids / Applications for Participation in the Purchase Procedure indicated in the Terms of Reference / Purchase Notice / Invitation to the Procedure,
 - n. in the event indicated in point 9.6.23 of the Procedure.
- 9.5.2 The rejection of a Contractor's Application for participation in the Purchase Procedure / Preliminary Bid / Bid requires approval in accordance with the Table of competences and responsibilities.
- 9.5.3 In justified cases, the Tender Committee, after obtaining the approval of the Internal Customer Director, may decide to admit to commercial negotiations a Contractor whose Initial Bid/Bid does not comply with certain requirements specified by the Awarding Party in the Purchase Procedure documents. In the event that the ongoing commercial negotiations fail to bring the Preliminary Bid/Bid into conformity with the Purchase Procedure documents, it will be subject to rejection pursuant to point 9.5.1. letter c above.

9.6 Selection of the Best Bid

- 9.6.1 Bids in the Purchase Procedure are evaluated using the Bid evaluation criteria specified by the Tender Committee. The criteria for evaluating Bids, their importance (weighting) and the detailed method of evaluation are to be approved before the deadline for Bid submission in accordance with the Table of competences and responsibilities. The Tender Committee is not required to inform the Contractors of the detailed method of evaluation of the Bids under each criterion prior to evaluation. Only a Bid from a Bidder who has demonstrated that he meets the conditions for participation in the procedure and that there are no grounds for exclusion in accordance with the requirements of the contract notice/essential terms of contract/invitation to participate in the Purchase Procedure can be considered the best.

- 9.6.2 The Tender Committee should examine the opinion of the advisors referred to in point 6 of [Appendix 2](#) to the Procedure, if appointed, prior to selecting the Best Bid.
- 9.6.3 All Contractors who submitted non-rejectable bids, and in the case of pre-qualification of Contractors (if such information was indicated in the invitation to the Purchase Procedure, the Purchase Notice or the Terms of Reference) whose Applications for participation in the Purchase Procedure or Preliminary Bids were evaluated the highest will be invited to commercial negotiations or electronic auction conducted after the submission of the Bids or Preliminary Bids.
- 9.6.4 Commercial negotiations are conducted in order to obtain optimal business conditions for the Awarding Party. If, as a result of commercial negotiations, there would be a significant change in the subject matter of the Purchase, the criteria for evaluation of the Bids or an increase in the price of a Contractor's Bid, the Tender Committee will be required to invite the other Contractors not participating in the commercial negotiations to negotiate or request them to revise their Bids. The decision to invite other Contractors to commercial negotiations or to request them to revise their Bids requires approval in accordance with the Table of competences and responsibilities.
- 9.6.5 For PGE Group companies that have PGE Group's Procurement System, the Contractor will confirm the negotiated terms in PGE Group's Procurement System or by electronic means of communication. For PGE Group companies that do not have PGE Group's Procurement System, the Contractor will confirm the negotiated terms by electronic means of communication or in writing.
- 9.6.6 If an electronic auction is conducted to select the Best Bid, the following rules will apply:
- the criteria for evaluating Bids in the course of an electronic auction are those that enable automatic evaluation of the Bid, indicated in the Purchase Notice, Specification or invitation to participate in the Purchase Procedure,
 - this is a one-stage auction,
 - the electronic auction may be conducted if at least two Bids not subject to rejection have been received,
 - The Tender Committee may decide to hold an auction with a single Contractor; this decision will be recorded in the procedure documentation.
- 9.6.7 The person operating the auction will electronically invite the Contractors designated by the Tender Committee to participate in the electronic auction.
- 9.6.8 In the invitation, the Contractors are provided the following information in particular:
- ranking of their Bid,
 - minimum bidding increments to be submitted in the course of the electronic auction,
 - the start time for the electronic auction,
 - the end time and conditions for the electronic auction,
 - the way in which Bids submitted in the course of the electronic auction are evaluated.
- 9.6.9 The deadline for opening an electronic auction may not be shorter than 2 working days from the date of invitation delivery, unless all Contractors invited to the electronic auction have agreed to a shorter deadline.
- 9.6.10 The method of evaluating Bids during an electronic auction should include recalculation of the Bids, taking into account the score received before opening the electronic auction.
- 9.6.11 In the course of the electronic auction, the Contractors, using the form available on the website, which allows for entering necessary data in direct connection with the website, will place subsequent more advantageous bids, subject to automatic classification.
- 9.6.12 In the course of the electronic auction, information about the position of a bid submitted by the Contractor will be communicated to the Contractor on an ongoing basis. Until the electronic auction is closed, the system does not disclose any information enabling the identification of Contractors.
- 9.6.13 During the electronic auction, motions, declarations and other information will be transmitted electronically from the opening until the closing time.
- 9.6.14 The Awarding Party closes the electronic auction:
- within the deadline specified in the invitation to electronic auction or
 - if no new bids are submitted within the time limit stated in the invitation to electronic auction.
- 9.6.15 The Contractor's Bid ceases to be binding in the scope in which the Contractor submitted a more favourable bid in the course of the electronic auction. The period of validity of the Bid is not interrupted. At the request of the Awarding Party, the Contractor will be required to confirm the bidding conditions (the bid submitted in the electronic auction) by means of electronic communication or in writing, not later than within 3 working days after the end of the auction. Submission of the most advantageous bid during an electronic auction does not constitute selection of the Bid as the most advantageous. Following the electronic auction, the Tender Committee may decide to conduct commercial negotiations with the Contractor who submitted the best bid during the auction.
- 9.6.16 The Director of PGE S.A.'s Purchasing Department has the right to designate a PGE Group company competent to hold an electronic auction if a given PGE Group company does not have or cannot use PGE Group's Procurement System for any reason.

- 9.6.17 Based on bid evaluations, the Tender Committee recommends the selection of the Best Bid to persons indicated in accordance with the Table of competences and responsibilities. Selection of the Best Bid or acceptance of the negotiated Purchase Contract / essential terms of contract will be made in accordance with the Table of competences and responsibilities.
- 9.6.18 If in the Purchase Procedure it is not possible to select the Best Bid because Bids with the same price were submitted, and the only criterion for evaluation of the Bids is price, the Tender Committee will call upon the Contractors who submitted such Bids to submit additional Bids within an established deadline. Contractors submitting additional Bids may not offer prices higher than those offered in the originally submitted Bids.
- 9.6.19 If it is not possible to select the Best Bid in the Purchase Procedure, because two or more Bids present the same balance of price and other criteria, the Tender Committee will recommend selection of the Bid with the lower price.
- 9.6.20 If the Contractor who submitted the Best Bid evades entering into a Purchase Contract or fails to provide the required bid security, the Awarding Party may choose the Best Bid from among the remaining Bids. The Awarding Party may select the Best Bid from among the remaining initial Bids, provided that in the notice or in the Specification it foresaw the possibility of terminating the procedure after the stage of submission of preliminary Bids.
- 9.6.21 The Tender Committee will notify the Contractor who submitted the Best Bid of the result of the Purchase Procedure, and the remaining Contractors will be notified of its completion. Each PGE Group company may specify in its internal regulations the scope of information provided to Contractors along with the information about the end of the Purchase Procedure.
- 9.6.22 In the event that, in connection with the performance of the Purchase Contract, the Contractor will process personal data for the Awarding Party on the basis of the Personal Data Processing Entrustment Agreement, the Tender Committee will call upon the Contractor whose Bid was awarded the highest score to submit a questionnaire on personal data processing security guarantees within the designated deadline. The assessment should be carried out by the Purchase Contract Owner in consultation with the Data Protection Officer or the unit responsible for personal data protection, unless otherwise regulated by the PGE Group company in its internal regulations.
- 9.6.23 If the Contractor, who is a personal data processing entity, fails to submit a questionnaire on security guarantees for personal data processing within the deadline set for this purpose or if the Awarding Party, after analysing the questionnaire, decides that the Contractor does not provide such guarantees, the Contractor's bid will be rejected. In such a situation, the Awarding Party may select the Best Bid from among the remaining Bids.
- 9.6.24 PGE Group companies may further specify in their internal regulations the principles for verifying the aforementioned guarantee of the Contractor processing personal data for the Awarding Party.

9.7 Cancellation of the Purchase Procedure

- 9.7.1 The Tender Committee may recommend cancellation of the Purchase Procedure by providing a justification.
- 9.7.2 The decision to cancel the Purchase Procedure will be made in accordance with the Table of competences and responsibilities.
- 9.7.3 The Awarding Party may decide to cancel the Purchase Procedure without giving any reason.
- 9.7.4 PGE Group companies may specify in their internal regulations the manner and rules of proceeding related to cancellation of a purchase procedure.

10 PURCHASE PROCEDURE DOCUMENTATION

10.1 Documenting the work of the Tender Committee

- 10.1.1 In a Purchase Procedure, the Tender Committee prepares a protocol of the Purchase Procedure. The protocol may be drafted using PGE Group's Procurement System.
- 10.1.2 The protocol of a non-public purchase procedure should contain at least the following information:
- the mode in which the Purchase Procedure is conducted, along with the reasons for its use,
 - estimated value of the Purchase,
 - Contractors participating in the Purchase Procedure,
 - applications for participation in the Purchase Procedure,
 - Bids (Preliminary Bids) submitted, including Contractors' data and offered prices,
 - key decisions made,
 - significant / key changes resulting from negotiations conducted in the Purchase Procedure (e.g. relating to the description of the subject of the Purchase, terms and conditions of the Purchase Contract),
 - exclusion of a Contractor, along with justification,
 - rejection of a Contractor's bid, along with justification,
 - cancellation of the Purchase Procedure, along with justification,
 - selection of the Best Bid, along with justification.

- 10.1.3 The protocol of the Purchase Procedure will be accepted by members of the Tender Committee.
- 10.1.4 Approval of the Purchase Procedure protocol will be in accordance with the Table of competences and responsibility.
- 10.1.5 The Purchasing Department is required to store the protocol along with attachments for a period of 4 years from the date on which the Purchase Procedure ends or is cancelled. If the duration of the Contract exceeds 4 years it will be kept for no less than the entire duration of the Contract.

11 PURCHASE CONTRACTS

11.1 General provisions

- 11.1.1 A draft Purchase Contract (or essential terms of contract in the event of a non-public purchase procedure) is attached to the Purchase Request. PGE Group companies may in their internal regulations set a different rule in this regard.
- 11.1.2 The final draft of the Purchase Contract or essential terms of contract will be attached to the Purchase Notice, Specification or invitation to participate in the Purchase Procedure.
- 11.1.3 Purchase Contracts concluded as a result of Public Purchase Procedures will be concluded in writing (subject to Contracts for which a special form is required under pain of nullity). PGE Group companies may determine in their internal regulations the rules for concluding Purchase Contracts as a result of Private Purchase Procedures, including determination of the purchase amount threshold in a Private Purchase Procedure, for which conclusion of a written Contract is required (subject to Contracts the validity of which requires a special form under pain of nullity).
- 11.1.4 A draft Purchase Contract (or essential terms of contract) should be accompanied by a draft Entrustment Agreement or a draft Access Agreement, if the subject of the Purchase Contract requires so, unless internal regulations of PGE Group companies determine the process of concluding Entrustment Agreements or Access Agreements in a different manner.
- 11.1.5 The final draft of the Purchase Contract (or essential terms of contract) that will be attached to the Purchase Notice, Specification or invitation to tender is prepared by the Tender Committee on the basis of a draft Purchase Contract (or essential terms of contract) attached to the Purchase Request, based on the guidelines enclosed as [Appendix 6](#) to this Procedure, in cooperation with the unit responsible for legal services and, if internal regulations of the relevant PGE Group company provide so, also with the unit responsible for taxation. PGE Group companies determine in their internal regulations the rules of cooperation with the units responsible for personal data protection in the event it is necessary to regulate issues related to personal data (including entrustment, providing access to data) in the draft Purchase Contract (or essential terms of contract). Before entering into a Personal Data Processing Entrustment Agreement, the processing entity should be assessed to ensure that guarantees are in place for the processing of personal data in accordance with the Personal Data Protection Legislation. The assessment should be carried out by the Purchase Contract Owner in consultation with the Data Protection Officer or the unit competent for personal data protection in accordance with point 9.6.22 and point 9.6.23 of the Procedure, unless the PGE Group company regulates these matters differently in its internal regulations.
- 11.1.6 In justified cases, the Tender Committee, in consultation with a legal advisor appointed by the unit responsible for legal services, may recommend departing from the guidelines referred to in [Appendix 6](#) to the Procedure.
- 11.1.7 A departure from the guidelines referred to in [Appendix 6](#) is subject to approval in accordance with the path provided for acceptance of the Specifications, as set forth in the Table of competences and responsibilities. In the case of the guidelines indicated in point 20 of [Appendix 6](#) to the Procedure, the departure will also require the consent of the unit responsible for compliance.
- 11.1.8 Amendments made to the draft Purchase Contract during the Purchase Procedure and after the selection of the Best Bid up to the signing of the Contract will be subject to agreement on the terms and conditions indicated in point 11.1.5. Modification of the provisions of the draft Purchase Contract after the selection of the Best Bid and prior to its signing requires approval, according to the approval path provided for modification of the Specification, in accordance with the Table of competences and responsibilities. Such change may not affect the outcome of the conducted procedure or give preference to the selected Contractor. In the case of amending the draft Purchase Contract within the guidelines indicated in point 20 of [Appendix 6](#) to the Procedure, the change will be agreed with the unit responsible for compliance.
- 11.1.9 The performance of actions aimed at the conclusion and registration of the Purchase Contract as well as its amendment are specified in the pertinent internal regulations of the relevant PGE Group company.
- 11.1.10 The Internal Customer is the owner of the Purchase Contract and is responsible for its execution.
- 11.1.11 Subject to point 11.1.3 of the Procedure, the execution of the Purchase Contract will be in Writing or the award of a SAP MM Order or a purchase order.

- 11.1.12 In a non-public procedure, an annex may not increase the original value of the Purchase Contract by more than 20%.
- 11.1.13 The execution of an annex to a Purchase Contract requires each time the approval of the Purchase Contract Owner and an opinion on the draft of such annex by legal counsel. The execution of an annex to the Purchase Contract resulting in a change to the Contractor's remuneration or reduction of the scope of the subject of the Purchase Contract requires each time the approval of the Member of the Management Board supervising the area of Internal Customers or the Vertical Director, after the draft of such annex has been reviewed by legal counsel and with regard to its compliance with the Procedure by the Purchasing Department of the relevant PGE Group company. The above does not exclude the necessity to obtain additional relevant approvals provided for in separate internal regulations applicable at a given PGE Group company.

11.2 Bond for proper performance of Purchase Contract

- 11.2.1 In a Purchase Procedure, the Awarding Party may require a bond for due performance of the Purchase Contract. Information on the obligation to provide a performance bond will be included in the Purchase Notice, Specification, description of needs and requirements or invitation to participate in the Purchase Procedure.
- 11.2.2 The amount of the performance bond for the Purchase Contract will be determined by the Tender Committee but it cannot be higher than 5% of the total price quoted in the Bid or the maximum nominal value of the Awarding Party's liability under the Purchase Contract. In justified cases, a higher bond performance may be introduced. A decision in this regard will be made in accordance with the path provided for acceptance of the Specification, in accordance with the Table of competences and responsibilities.
- 11.2.3 The bond may be put up in cash (by transfer to the bank account indicated by the Awarding Party), in sureties, bank guarantees or insurance guarantees. At the Contractor's request, the Awarding Party may credit the bid security submitted by the Contractor in cash against the performance bond, provided that the missing amount of performance bond is paid, if necessary.
- 11.2.4 Rules for returning the bond are specified in the Purchase Contract. It is recommended that at least 30% of the bond amount be returned to the Contractor only upon expiration of the warranty or guarantee period, whichever expires later.

12 PRINCIPLES FOR EVALUATING THE PERFORMANCE OF PURCHASE CONTRACTS BY CONTRACTORS

12.1 Evaluating the performance of a Purchase Contract in a non-public purchase procedure

- 12.1.1 The purpose of evaluating the performance of a Purchase Contract is to evaluate the manner and quality of Contractor's performance of the Purchase Contract.
- 12.1.2 The evaluation of a Purchase Contract takes place after its completion; in justified cases it is possible to perform the evaluation during its implementation.
- 12.1.3 The performance of Purchase Contracts with a value equal to or exceeding PLN 500 000 net must be evaluated.
- 12.1.4 The evaluation of the performance of the Purchase Contract referred to in point 12.1.3 will be performed on the basis of an evaluation scenario containing selected evaluation criteria and metrics, which are exemplarily specified in [Appendix 15](#) to the Procedure. Selecting the evaluation criteria and metrics from among those indicated in [Appendix 15](#) to the Procedure and determining the evaluation point ranges and percentage weights is performed by the Purchase Contract owner.
- 12.1.5 The Purchase Contract Owner prepares an evaluation scenario and conducts the evaluation process for the performance of the Purchase Contract.
- 12.1.6 Evaluating the performance of a Purchase Contract will be the responsibility of the Purchase Contract Owner and will be made in written or electronic Form within 30 days from the completion of the Purchase Contract.

12.2 Evaluating the performance of a Purchase Contract in a public purchase procedure

- 12.2.1 In the case of a Purchase Contract entered into as a result of a Public Purchase Procedure, the evaluation of the performance of such Contract made for the purpose of preparing the information necessary to publish a notice of Contract performance will be made in accordance with the provisions of the Procedure indicated below. In addition, where indicated in the Act, the Awarding Party is required to prepare a report on the performance of the contract. The Purchase Contract Owner will be responsible for performing the duties related to the performance of the Contract as set forth in the Act, including but not limited to the preparation of a contract performance report and a contract performance evaluation.
- 12.2.2 An evaluation of the performance of a Purchase Contract entered into under the provisions of the Act will include at least the following information regarding the course of performance of the Contract: indication whether the Contract has been performed; the deadline for performance of the Contract, including information on whether the

Contract has been performed within the originally specified deadline; information on amendments to the Contract, including indication of the legal basis authorising amendment of the Contract, reasons for making the amendments, a brief description of the Contract after the amendment, the value of the amendment together with information on any increase in remuneration in connection with the amendment to the Contract (if applicable, indicate as many times as necessary); total value of remuneration paid on account of the completed Contract; information as to whether the Contract was performed properly; indication whether during contract performance the Awarding Party took into account requirements connected with contract execution stipulated in the Contract (if applicable): with regard to employment based on an employment relationship, in the circumstances referred to in art. 95 of the Act, including social, environmental and innovative aspects, in accordance with art. 96 of the Act, to the extent of requiring a specific label or indicating the applicable requirement of a specific label, pursuant to art. 104 of the Act and indication whether there are grounds for preparing the report referred to in point 12.2.3.

- 12.2.3 A report on contract performance is drafted in the following cases:
- a. an amount higher by at least 10% than the bid price was spent on performing the contract,
 - b. contractual penalties of at least 10% of the bid price were imposed on the Contractor,
 - c. there were delays in performing the Contract in excess of at least 30 days, there were delays in performing the Contract in excess of at least:
 - 90 days, in the case of works contracts with a value equal to or exceeding the PLN equivalent of EUR 20 000 000 for construction works and EUR 10 000 000 for supplies or services,
 - 30 days, in the case of works contracts with a value equal to or exceeding the PLN equivalent of EUR 20 000 000 for construction works and EUR 10 000 000 for supplies or services,
 - d. the Awarding Party or the Contractor withdrew from the Contract in whole or in part or terminated it in whole or in part.
- 12.2.4 The report on contract performance referred to in point 12.2.3 must contain at least the following:
- a. indication of the amount that was spent on performing the contract and comparison of it with the amount resulting from the contract value estimate and the total price quoted in the bid or the maximum nominal value of the Awarding Party's liability under the Contract, if the tender quotes a unit price or prices;
 - b. indication of the circumstances referred to in point 12.2.3 and the reasons for their occurrence;
 - c. evaluation of the manner in which the contract was performed, including the quality of its performance;
 - d. conclusions regarding possible changes in the method of performance of future contracts or definition of the subject matter of the contract, taking into account expediency, economy and effectiveness of public fund spending.
- 12.2.5 The Purchase Contract owner will prepare a report within one month from the date of the acceptance protocol or the Contract being deemed to have been performed or the Contract being terminated as a result of a notice of termination or withdrawal from the Contract.
- 12.2.6 The Purchase Contract Owner will prepare an evaluation of the performance of the Contract within 20 days of the completion of the Contract.
- 12.2.7 In the case of a Purchase Contract entered into as a result of the settlement of a proceeding conducted under the provisions of the Act, an announcement of the performance of the Contract will be published in the Public Procurement Bulletin within 30 days of the performance of the Contract.
- 12.2.8 Each PGE Group company specifies in its internal regulations the rules for publishing the notices referred to in point 12.2.7.

13 TRANSITIONAL AND FINAL PROVISIONS

- 13.1 PGE Group companies are required to ensure the compliance with this Procedure of their internal regulations concerning Purchase planning and performance by 1 October 2022.
- 13.2 Internal regulations constituting details of the Procedure at PGE Group's segment companies and companies handled by PGE S.A.'s Purchasing Department, i.e.:
- a. PGE Górnictwo i Energetyka Konwencyjna S.A.
 - b. PGE Energia Odnawialna S.A.
 - c. PGE Obrót S.A.
 - d. PGE Dystrybucja S.A.
 - e. PGE Energia Ciepła S.A.
 - f. PGE Baltica Sp. z o.o.
 - g. PGE Ekoserwis S.A.
 - h. PGE Systemy S.A.
 - i. PGE Ventures Sp. z o.o.
 - j. PGE Nowa Energia Sp. z o.o.

- k. PGE Synergia Sp. z o.o.
- l. PGE Gryfino 2050 Sp. z o.o.
- m. PGE Inwest 12 Sp. z o.o.
- n. PGE Inwest 14 Sp. z o.o.

to the extent permitted by this Procedure, require the opinion of the Director of PGE S.A.'s Purchasing Department prior to their adoption.

- 13.3 Internal regulations of supervised companies constituting details of the Procedure before their adoption require the opinion of the Director of the management company's purchasing department. In the case of a conflict between the Procedure and PGE Group's internal regulations regarding planning and performing Purchases, the provisions of the Procedure will prevail.
- 13.4 For Purchase Procedures initiated before the effective date of the Procedure, each PGE Group company applies its existing purchase regulations.
- 13.5 The existing provisions of the Procedure apply to Purchase Contracts concluded as a result of Purchase Procedures initiated before the date of entry into force of the Procedure, in particular changes to their content. Actions performed under the previous regulations remain in force.
- 13.6 In performing the provisions of this Procedure, PGE Dystrybucja S.A.:
 - a. maintains its independence to the extent resulting from art. 9d sec. 1d and 1e of Act of 10 April 1997 - Energy Law (Polish Journal of Laws of 2021, item 716, as amended - hereinafter "Energy Law") and does not apply the provisions of this Procedure such as are in conflict with the independence principle specified in the Energy Law;
 - b. facilitates the functioning of the coordination mechanisms referred to in art. 9d sec. in particular, makes it possible to assess whether its activities with respect to Purchases do not go beyond the approved financial plan, and if it is determined that these activities go beyond the financial plan, to assess these activities in terms of the protection of ownership rights with respect to the supervision of the management and business activities carried out by the Company, with respect to the profitability of the assets managed by it and the level of total indebtedness of its enterprise;
 - c. does not provide documents and data that constitute sensitive information in the meaning of the compliance program in place at PGE Dystrybucja S.A.

If the circumstances indicated in letters a and c materialise, PGE Dystrybucja S.A. indicates the legal basis and factual justification for departing from the application of the provisions of this Procedure.

- 13.7 The Director of PGE S.A.'s Purchasing Department is authorised to update the appendices to the Procedure (except for amending Appendix 1, Appendix 5, Appendix 7 to the Procedure) and to update the Procedure with regard to the EU thresholds from which the Act applies, without the necessity of re-approval, in accordance with the principles of PGE Group's General Procedure - Standard for Documentation of Management System PROG 00001.
- 13.8 [Appendix 4](#) to the Procedure is updated each time at the request of the Director responsible for corporate management at PGE Group.
- 13.9 The existing General Procedure for Procurement at PGE Group PROG 00096/F expires on the date on which this General Procedure for Procurement at PGE Group PROG 00096/E enters into force.
- 13.10 The procedure enters into force 3 days after publication in the Document Bank.