

GOOD PROCUREMENT PRACTICES OF THE PGE CAPITAL GROUP

I. PRINCIPLES FOR CONDUCTING PROCUREMENT PROCEDURES

- 1.1 Partnership
- 1.2 Fair competition
- 1.3 Transparency
- 1.4 Information security
- 1.5 **ALL PERSONS** directly or indirectly involved in the Procurement Procedure are obliged to comply with generally applicable laws, the principles resulting from the PGE Capital Group Code of Ethics, the PGE Capital Group Good Procurement Practices, the anti-corruption rules and other internal procurement regulations in force in the PGE Capital Group.
- 1.6 The Good Procurement Practices do not violate the principles of procurement resulting from the regulations of the generally applicable law.

EVERY person who initiates, participates in, conducts or supervises a procurement process:

- a. is always guided by the principles of ethics and the good of the PGE Capital Group,
- b. represents the interests of the PGE Capital Group and takes care of the good name of the PGE Capital Group,
- c. is honest, dutiful, scrupulous, open to knowledge from various areas,
- d. does not surrender to influence or pressure,
- e. maintains impartiality towards Contractors and avoids situations that may violate the impartiality principle,
- f. avoids a conflict of interest and – should it occur – immediately reports it in accordance with the internal procedures,
- g. observes the rules of interaction and communication with parties involved in the procurement process,
- h. actively supports the procurement process,
- i. updates their knowledge of the market, best procurement practices and changes in the law on an ongoing basis,
- j. protects information that could hinder competition,
- k. observes the “no gifts” principle.

The Procurement Unit EMPLOYEE and the Procurement Coordinator:

- a. upholds the transparency of the procurement process,
- b. actively leads the procurement process – is not limited to formal actions, but is actively involved in cooperation on a partnership basis with the Internal Customer and Contractors,
- c. promotes ethical attitudes, behaviours and standards,
- d. disseminates knowledge about the procurement regulations and the Good Procurement Practices.

THE MANAGEMENT TEAM (Members of the Management Board, Directors, Managers) are obliged:

- a. to ensure compliance with the ethical principles and the Good Procurement Practices,
- b. to guard the transparency of the Procurement Procedure,
- c. to take objective decisions, being guided by the interest of the PGE Capital Group,
- d. to promote ethical attitudes, behaviours and standards in procurement teams and among colleagues from outside the procurement area (Internal Customers) and among Contractors,

- e. to create and protect an atmosphere conducive to taking objective decisions and to ensure transparency of the Procurement Procedure,
- f. to engage in the implementation of the anti-corruption regulations adopted in the PGE Capital Group,
- g. to comply with the anti-corruption regulations of the PGE Capital Group.

Remember! Ignorance of the PGE Capital Group Code of Ethics, the Good Procurement Practices, the anti-corruption regulations adopted in the PGE Capital Group and the Procurement Procedure may not constitute an excuse for behaviour inconsistent with these documents.

II. SOCIALLY RESPONSIBLE PROCUREMENT IN THE PGE CAPITAL GROUP

When conducting the Procurement Procedure, we strive to achieve maximum measurable benefits for the PGE Capital Group, however, we do not forget about our values defined in the PGE Capital Group's Code of Ethics, i.e.: Partnership, Development and Responsibility. Thus, we move towards the broadest possible involvement in social and environmental issues, also in the area of the Procurement Procedure. We focus on:

2.1 Occupational health and safety:

- a. we set high requirements for Contractors and subcontractors in terms of occupational health and safety standards,
- b. we promote solutions and products that support the highest occupational health and safety standards and meet all applicable safety requirements.

2.2 Social commitment:

- a. we aim for the widest possible involvement in social issues,
- b. conducting the Procurement Procedure, we support the labour market, small and medium-size entrepreneurs, market and local community development as well as mobilisation of socially excluded and disabled people.

2.3 Innovation and development:

- a. wherever we see potential for development within the procured technologies, we organise technical dialogues with potential Contractors in order to strengthen our awareness and broaden our horizons by searching for optimal solutions. Consequently, as our requirements increase, we promote Contractors offering the most technologically advanced and innovative solutions,
- b. in procurement documentation, besides economic criteria for evaluation of tenders, we include additional criteria promoting the innovativeness of applied technologies.

2.4 Environmental protection:

- a. we promote environmentally friendly solutions,
- b. we require that our Contractors conduct their business activities in compliance with the highest standards in the area of environmental protection, in particular those minimising negative impact on the environment, ensure the rational and economical use of natural resources, conduct proper waste management activities, take actions aimed at shaping the environmental awareness of employees and subcontractors.

Practical guidelines:

- formulating the principles for evaluation of tenders, promote innovative solutions, including those streamlining internal processes through their automation, as well as solutions limiting the negative impact on the environment, e.g. through the reduction of paper consumption, water consumption, greenhouse gas emissions as well as pro-ecological waste management
- demand that supplied products possess marketing authorisations for the Polish and European markets

- during the procurement process inform Contractors of the necessity to become acquainted and comply with the Code of Conduct for Business Partners of the PGE Capital Group and the Good Procurement Practices
- oblige Contractors and subcontractors to comply with the regulations concerning information security, environmental protection, occupational health and safety, as well as to take actions aimed at reducing the nuisance caused by construction works to local communities

III. PARTNERSHIP

- 3.1 In internal relations within the PGE Capital Group:
- a. we share our knowledge, experience and good practices,
 - b. we support Internal Customers throughout the entire Procurement Procedure and at the contract performance stage.
- 3.2 In external relations:
- a. we define the conditions of participation in the Procurement Procedure adequately to the subject matter of the contract,
 - b. we apply objective criteria to tender evaluation,
 - c. we apply proportionate contractual provisions, in particular contractual penalties adequate to existing risks,
 - d. in negotiations, we aim at a win-win situation for both parties.

Practical guidelines:

- organise meetings of tender committees/working teams in order to work out the parameters of the Procurement Procedure/description of the subject matter of a contract that are optimal for the Purchaser
- as part of cooperation within the PGE Capital Group, share the developed document templates, proven good practices and information concerning Contractors
- support Contractors in their interpretations of the of internal procedures of the PGE Capital Group
- conduct negotiations on a partnership basis

IV. FAIR COMPETITION

The principle of fair competition is implemented in particular through:

- a. ensuring equal treatment of Contractors and subcontractors,
- b. providing Contractors with an opportunity to compete for contracts on the same terms,
- c. providing Contractors with equal access to information,
- d. applying objective tender evaluation criteria and conditions of participation in the Procurement Procedure,
- e. applying non-discriminatory provisions in procurement documentation.

Practical guidelines:

- define criteria and conditions of participation in the Procurement Procedure objectively and adequately to the subject matter of a contract
- evaluate the competences and experience of Contractors and their personnel in order to select the best ones
- evaluate the quality, innovation, usefulness and maturity of offered solutions/products
- ensure equal access to information for Contractors by providing the same data on equal terms

V. TRANSPARENCY

Transparency of the procurement process is achieved by:

- a. establishing the Procurement Procedure in force in the PGE Capital Group and making them available to Contractors,
- b. applying the principles of transparency, fair competition, impartiality and objectivity,
- c. avoiding any conflict of interest, and if a conflict of interest occurs, notifying competent persons thereof, in accordance with the regulations in force in the PGE Capital Group,
- d. applying the rule that only appointed persons are authorised to contact Contractors in the course of the Procurement Procedure,
- e. establishing the rights and obligations of contractual parties in a clear and transparent way.

Practical guidelines:

- strictly comply with the obligation to exclude yourself from the tender committee in the event of a conflict of interest or doubts as to your impartiality

Remember! It is your duty to carefully analyse the possibility of a conflict of interest and to disclose it if it occurs. Always ask yourself whether your participation in the Procurement Procedure constitutes a conflict of interest. If you are not sure whether you are subject to exclusion, consult an employee or the manager of the Procurement Unit/Procurement Centre, the manager of the Procurement Department/Office or the relevant compliance unit. Failure to exclude yourself from the tender committee despite the existence of a conflict of interest will result in liability.

- adhere to the rule that all contacts with Contractors within the framework of the Procurement Procedure take place under the supervision of Procurement Unit employees. Exceptionally, it is permissible for technical meetings such as site visits to be conducted by technical personnel, after prior arrangements with an employee of the Procurement Unit.

VI. INFORMATION SECURITY

Information protection and security is ensured both before the commencement and during the course of the Procurement Procedure by:

- a. protecting information, including the business secrets of both the PGE Capital Group and Contractors,
- b. protecting personal data in the scope of determining the flow of personal data with the Contractor and protecting personal data within the scope of conducted procedures,
- c. maintaining the confidentiality of all information pertaining to the Procurement Procedure whose disclosure could distort competition in the Procurement Procedure and cause any Contractor to obtain an advantageous position vis-à-vis other Contractors,
- d. strictly defining and complying with the rules of communication with Contractors for each Procurement Procedure,
- e. providing Contractors only with information necessary for the correct preparation of a tender.

Practical guidelines:

- do not discuss important business matters with friends or family members

- do not disclose any information related to your work (e.g. business secrets, personal data of customers and business partners, information that may have a negative impact on the competitiveness of the market or raise any moral/ethical concerns) on the internet

- consult the provisions of contracts with the relevant unit responsible for personal data protection, especially when the scope of the service provided by the Contractor involves the processing of personal data

Remember! Do not use private email for business purposes and do not use work email for private purposes, do not disclose passwords to the PGE Capital Group Procurement System; when working remotely, outside

of the workplace, use only your company computer, ensure a secure connection to the internet and use a screen privacy filter

- protect information, including that stored on mobile devices (phones, laptops) or information carriers such as pendrives, CD/DVD

- secure files containing sensitive information such as Contractors' business secrets in line with the regulations in force in the PGE Capital Group

- report information security incidents and suspected breaches of personal data security to the following email addresses: bezpieczenstwo.informacji.pgesa@gkpge.pl and iod.pgesa@gkpge.pl

VII. "NO GIFTS" PRINCIPLE

- 7.1 In the PGE Capital Group, employees of the Procurement Units, Procurement Coordinators, follow the "no gifts" principle. It is prohibited to accept any business gifts from Contractors. According to the PGE Capital Group anti-corruption regulations, business gifts are presents whose giving or receiving has no impact on the performance of tasks or the making of decisions, and as such, does not result in an obligation to reciprocate. Business gifts include material objects, benefits, invitations to events, external meetings and catering services.
- 7.2 The "no gifts" principle must be observed by:
- managers and employees who supervise or are directly involved in the selection of suppliers, consultants or service providers,
 - all persons directly involved in or having influence on the Procurement Procedure,
 - members of tender committees,
 - persons preparing the Procurement Procedure and making decisions therein, in particular persons responsible for a description of the subject of a contract, estimation of the contract value, as well as selection of Contractors participating in the Procurement Procedure,
 - persons who participate in the work of tender committees in the capacity of advisers or experts, and who have an impact on the content of procurement documentation and who take decisions in the Procurement Procedure, supervise the performance of procurement contracts, in particular carry out acceptance inspections, account for contracts and issue references.
- 7.3 Employees covered by the "no gifts" principle should comply with the provisions of the PGE Capital Group anti-corruption regulations regarding their participation in meetings with present or future Contractors.
- 7.4 The "no gifts" principle does not apply to received and given small objects with a company logo such as pens, calendars, mugs or other small items with a value of up to PLN 50.00, provided that such objects are not intended to influence the making of decisions.

Practical guidelines:

- observe the principles defined in the PGE Capital Group anti-corruption regulations
- do not use your position or role in the Procurement Procedure for personal or material gain
- in the event of receiving a prohibited gift, report it to competent persons in accordance with the anti-corruption regulations in force in the PGE Capital Group

VIII. REPORTING IRREGULARITIES

- 8.1 Every employee is obliged to report any violations, abuses, unethical behaviours or situations where the ethical rules in force in the PGE Capital Group are not observed.
- 8.2 The purpose of such reporting may not be to achieve personal goals (revenge, mobbing, discrimination, weakening of the professional position or credibility of a colleague, etc.) – such reporting also constitutes a violation of the Code of Ethics of the PGE Capital Group.

Remember! Silence or lack of reaction when you have information on non-compliance with the ethical principles constitutes a violation of the Code of Ethics of the PGE Capital Group.

Guidelines on how to report abuse, violation of regulations, unethical behaviours

Suspected or factual violations of the applicable regulations, the Code of Ethics or the Good Procurement Practices should be reported:

- to your immediate superiors, or
- to the organisational unit responsible for compliance
- by email to the address uczciwybiznespge@gkpge.pl, which will be forwarded to the Compliance Director
- by letter or telephone to the Director of the Compliance Department

IX. RELATIONS WITH BUSINESS PARTNERS OF THE PGE CAPITAL GROUP

- 9.1 The PGE Capital Group sets high ethical requirements in all areas of its operations and expects the same from its business partners, broadly understood as Contractors, subcontractors, suppliers and other entities.
- 9.2 **The PGE Capital Group expects Contractors** participating in the Procurement Procedure to behave ethically, and in particular:
- a. to comply with the applicable legal regulations and the standards of conduct for business partners of the PGE Capital Group,
 - b. to comply with the Good Procurement Practices, as well as the Procurement Procedure and regulations in force in the PGE Capital Group,
 - c. to observe the principles of fair competition and anti-corruption,
 - d. to observe human and labour rights,
 - e. to conduct business activities in accordance with the fundamental principles set forth in the Universal Declaration of Human Rights, the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work, and the United Nations Global Compact,
 - f. to act in accordance with Polish and international standards aimed at reducing the negative impact of business on the environment,
 - g. to ensure that Contractors, their employees, partners, subcontractors and persons helping them in the course of the Procurement Procedure or the performance of a contract for the PGE Capital Group comply with all applicable legal regulations and the provisions of the aforementioned documents
- and
- h. to ensure reliability in the preparation of tenders and documents to be submitted in the Procurement Procedure and during the course of contract performance,
 - i. to be dialogue-oriented and to pursue amicable resolutions of disputes related to contract performance,
 - j. NOT to enter into collusive price fixing agreements,
 - k. NOT to take actions that are contrary to antitrust regulations or competition and consumer protection regulations,
 - l. NOT to offer dumping prices,
 - m. NOT to take actions aimed solely at cancelling the Procurement Procedure or rejecting tenders submitted by competitive Contractors,
 - n. NOT to submit a tender in the event of lack of appropriate potential, experience and skills necessary to perform a contract,
 - o. NOT to make false statements in the course of the Procurement Procedure and contract performance,
 - p. NOT to make corruptive attempts or provide any benefits to the employees or partners of the PGE Capital Group in order to influence their decisions, the course of the Procurement Procedure or to obtain advantageous results.
- 9.3 **The PGE Capital Group also requires that its Business Partners and their subcontractors comply with the principles described in the Code of Conduct for Business Partners of the PGE CG Companies.**