Polski Koncern Naftowy ORLEN
Spółka Akcyjna

STANDARD FOR
COMPETITION LAW COMPLIANCE POLICY
AT AN ORLEN GROUP COMPANY

Pursuant to Clause 10 of the ORLEN Group Cooperation Agreement of October 15th 2022 (the “Cooperation Agreement”), the following Organisational Standard for Competition Law Compliance Policy, hereinafter also referred to as the “Standard”, is hereby introduced.

As the previous Standard required an update, this Standard supersedes the Standard for Competition Law Compliance Policy on which an opinion was issued by the ORLEN Group Board pursuant to its Resolution No. 7/2020 of November 9th 2020 and which was approved by the Company Strategy Committee on January 12th 2021.

This Standard for Competition Law Compliance Policy is introduced to define and standardise the key principles of conduct for officers, including management board members, persons in managerial positions, and employees of the ORLEN Group Companies, in order to ensure compliance of the ORLEN Group Companies’ conduct with the requirements of competition law and to implement appropriate organisational mechanisms that are of high importance for ensuring the highest level of legal safety for both ORLEN Group Companies and PKN ORLEN S.A. in the area of competition law, including protection against the risk of financial penalties or other legal sanctions being imposed by competent authorities for breach of competition protection regulations.

When implementing this Standard, ORLEN Group Companies based outside Poland should take into account competition law principles and requirements that result from the national regulations applicable to them. This stipulation applies to this document in its entirety.

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COMPETITION LAW COMPLIANCE POLICY
of an ORLEN Group Company

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In doing business, an ORLEN Group Company shall be guided by reliability, integrity and mutual respect for its customers and trading partners. Ensuring compliance of an ORLEN Group Company's operations with the applicable laws shall be the foundation of its corporate culture reflecting the rules of ethical conduct.

An ORLEN Group Company shall comply with the rules set out in competition laws and shall follow good practices, avoiding prohibited practices restricting competition in its relations with trading partners, customers and competitors. The purpose of this Competition Law Compliance Policy is to ensure that the conduct of an ORLEN Group Company is always in compliance with those rules.

Furthermore, in the case of ORLEN Group Companies that operate in the area of trading in agricultural and food products, which is subject to special regulations under the law on counteracting unfair use of contractual advantage in trading in agricultural and food products, this Competition Law Compliance Policy also aims to ensure a high level of compliance with those regulations.

The perception of an ORLEN Group Company as a reliable trading partner that operates in accordance with the principles of fair competition and commercial integrity is one of the most important factors contributing to its success.

Under competition law and regulations on counteracting unfair use of contractual advantage in trading in agricultural and food products, the conduct of an undertaking's Employee is imputed to the undertaking.

Therefore, an ORLEN Group Company shall require that its Employees at different levels of the organisational structure follow particularly high standards of conduct so that their behaviour does not infringe the principles of competition law or regulations on counteracting unfair use of a contractual advantage in trading in agricultural and food products. Each Employee should also protect the image of the ORLEN Group Company and refrain from engaging in any conduct that is in conflict with the applicable standards of business ethics.

Violation of the rules of fair competition and commercial integrity may lead to serious consequences, such as high fines imposed on the undertaking and private individuals, invalidity of contracts, claims for damages, as well as reputational risk.

An ORLEN Group Company shall implement this Competition Law Compliance Policy in order to standardise and comprehensively define the key principles of conduct for its officers, including management board members, persons in managerial positions, and Employees to ensure compliance with the requirements of competition law.

SECTION 1. General

1. This Competition Law Compliance Policy implements the standards of compliance with competition law and the Act on Counteracting Unfair Use of Contractual Advantage in Trading in Agricultural and Food Products of November 17th 2021[1] and in this respect shall govern the relationships between Employees, Officers and other market participants, including in particular customers and competitors.

[1]ORLEN Group Companies based outside Poland should take into account the definitions and requirements resulting from the national regulations applicable to them in the area of counteracting unfair use of contractual advantage in trading in agricultural and food products. This stipulation applies to this document in its entirety, including the powers of the competent competition authorities and procedural rules.

2. The primary objectives of this Competition Law Compliance Policy are to:

   1) identify threats resulting from infringements of competition law or the Act on Counteracting Unfair Use of Contractual Advantage in Trading in Agricultural and Food Products, assess the risk, and take measures to protect the economic and legal interests of an ORLEN Group Company;

   2) build awareness of the persons making business decisions on behalf of an ORLEN Group Company as regards the identification and prevention of conduct that may be an infringement of competition law or the Act on Counteracting Unfair Use of Contractual Advantage in Trading in Agricultural and Food Products;

   3) implement rules (standards) of conduct designed to counteract agreements restricting competition, abuse of a dominant position, anti-competitive exchange of information and any practices involving unfair use of contractual advantage;

   4) define rules to be followed in the event of an inspection or search conducted by competition authorities in order to protect the interests of an ORLEN Group Company;

   5) initiate audits to assess incidents and determine liability of persons suspected of violating the standards of compliance with competition law or the Act on Counteracting Unfair Use of Contractual Advantage in Trading in Agricultural and Food Products.

3. In order to ensure compliance with competition law or the Act on Counteracting Unfair Use of Contractual Advantage in Trading in Agricultural and Food Products, it is important that any intended action or activity be assessed in advance and, in case of doubt, advice be sought from the Legal Office[2].

4. Notwithstanding the foregoing, any person who is in doubt as to whether a particular conduct is compliant with competition law or the Act on Counteracting Unfair Use of Contractual Advantage in Trading in Agricultural and Food Products, or who becomes aware of such conduct may report this using anonymous and confidential reporting channels specified by the ORLEN Group Company[3].

5. References to an organisational unit or area at an ORLEN Group Company shall also include references to the relevant organisational unit or area that has replaced, directly or indirectly, such organisational unit or area.

SECTION 2. Definitions[4]

1. The following terms, when used in this Competition Law Compliance Policy, shall have the following meanings:

   1) **Competition and Consumer Protection Act** shall mean the Polish Competition and Consumer Protection Act of February 16th 2007 (Dz. U. of 2021, item 275, as

[2] If an ORLEN Group Company has no Legal Office, the unit/position of the person responsible for legal support to the ORLEN Group Company should be specified.

[3] Please specify.

[4] ORLEN Group Companies based outside Poland should take into account the definitions and requirements resulting from the national regulations applicable to them. This stipulation applies to this document in its entirety, including the powers of the competent competition authorities, procedural rules, and sanctions.

amended). The Competition and Consumer Protection Act applies to any practices that cause or may cause effects in the territory of Poland.

2) **TFEU** shall mean the Treaty on the Functioning of the European Union.

3) **Agreement** shall mean (i) an agreement between undertakings, between associations of undertakings, or between undertakings and associations of undertakings, or certain provisions of such an agreement, (ii) any arrangements made in any form between two or more undertakings or associations of undertakings, (iii) resolutions or other acts of associations of undertakings or their statutory bodies.

4) **Employee** shall mean a person employed at an ORLEN Group Company under an employment contract, whether on a full-time or part-time basis.

5) **Undertaking** shall mean any entity conducting business activities, irrespective of its legal status and method of financing, including in particular an undertaking as defined in the Business Law Act of March 6th 2018 (Dz. U. of 2021, item 162, as amended)[5], as well as:

   (a) any natural person, legal person, or unincorporated organisation with statutory legal capacity, which organises or provides public services that are not deemed business activity as defined in the Business Law Act;

   (b) any natural person who practises a profession in their own name and for their own account, or who conducts business in the exercise of such profession;

   (c) any natural person who has control over one or more undertakings, whether or not such person conducts business activity as defined in the Business Law Act, if such person undertakes further activities which are subject to control of concentrations within the meaning of the Competition and Consumer Protection Act.

6) **Dominant position** shall mean a position enjoyed by an undertaking which enables it to prevent effective competition being maintained in the relevant market by giving it the power to behave to an appreciable extent independently of its competitors, customers and consumers; under the applicable provisions of the Competition and Consumer Protection Act, a dominant position is presumed to exist if an undertaking holds a 40% share of the relevant market[6].

7) **Officer** shall mean a person managing an ORLEN Group Company's enterprise, including in particular a member of the management body of such ORLEN Group Company or a person in a managerial position (persons in a managerial position shall mean in particular any persons who are entrusted with the management of the enterprise but who are not members of the management body, e.g. directors, managers as well as other persons managing the enterprise, i.e. persons who may actually set the directions of the undertaking's activities without formally holding

[5]ORLEN Group Companies based outside Poland should take into account the definition resulting from the national regulations applicable to them.

[6] The share of the entire ORLEN Group should be taken into account in such a case. Presumption under the Competition and Consumer Protection Act. In the case of ORLEN Group Companies, the relevant regulations of the national law should be taken into account.

a managerial position in its organisational structure or sitting on the undertaking's management bodies)[7].

8) **Competitors** shall mean undertakings which at the same time market or may market, or purchase or may purchase, goods in the relevant market; the term therefore includes entities operating at the same level in the market, which may be actual or potential competitors.

9) **Customer** shall mean any natural person, legal entity or unincorporated organisation which has, has had or will have a contract with an ORLEN Group Company for the sale of goods (including services), purchase of goods (including services), lease, rental, borrowing or disposal of the ORLEN Group Company's assets. This definition includes an existing customer, a new customer or a potential customer, including a natural person, legal entity or an unincorporated organisation with which the ORLEN Group Company is negotiating to enter into a contract; a customer may also be a competitor.

10) **ORLEN Group** shall mean, for the purposes of this Competition Law Compliance Policy, all undertakings controlled, whether directly or indirectly, by PKN ORLEN S.A., including PKN ORLEN S.A.

11) **Control** shall mean the ability to exercise powers which, separately or jointly, taking into account all legal or factual circumstances, make it possible to exert decisive influence on another undertaking or other undertakings.

12) **Goods** shall mean things, as well as energy, securities and other property rights, services, and construction work.

13) **Contractual Advantage Act** shall mean the Polish Act on Counteracting Unfair Use of Contractual Advantage in Trading in Agricultural and Food Products of November 17th 2021 (Dz. U. of 2021, item 2262, as amended).

14) **Contractual advantage** shall mean the existence of a significant disparity in the economic potential of a buyer vis-à-vis its supplier or a supplier vis-à-vis the buyer.

15) **Agricultural or food product** shall mean any of the products listed in Annex I to the TFEU or a product which is not listed in the Annex but has been processed for consumption using products listed in the Annex, including in particular fruit, vegetables, meat, bread, dairy, grains and cereals.

16) **Perishable product** shall mean an agricultural or food product which, by reason of their nature or processing phase, may cease to be fit for sale or processing within 30 days from the time when it was harvested, produced or processed.

SECTION 3. Rules of compliance

1. This Competition Law Compliance Policy requires that Employees have a mandatory duty to comply with the principles of competition law, the Contractual Advantage Act, and the standards of conduct set out in this Competition Law Compliance Policy in any actions

[7] Definition based on the provisions of the Competition and Consumer Protection Act. ORLEN Group Companies based outside Poland should take into account the definition resulting from the national regulations applicable to them.

they take, including in particular in relations with competitors and customers of an ORLEN Group Company.

2. This Competition Law Compliance Policy shall apply to both conventional and e-commerce activities. Given the growing interest of competition authorities in practices engaged in on the Internet or relating to business conducted online, it is necessary to exercise special care to ensure legal compliance of an ORLEN Group Company's conduct in this area.
3. Officers shall be required to take particular care to ensure that their conduct does not infringe the competition rules, as they may be held personally liable for participation in agreements restricting competition.
4. Under the regulations of competition law and the Contractual Advantage Act, an assessment of an ORLEN Group Company's conduct shall take into account not only the activities and position of that ORLEN Group Company but, in general, also the activities and position of each ORLEN Group Company (for example: market share, competitors, customers, turnover taken into account when establishing existence of a contractual advantage).
5. As regards any persons who perform duties or activities at an ORLEN Group Company on a legal basis other than an employment contract, the provisions of this Competition Law Compliance Policy shall apply to such persons as they apply to Employees.

SECTION 4. Principles of competition law

Illegal conduct punishable by a fine

1. Agreements restricting competition

1. Employees of an ORLEN Group Company and Officers mat not enter into any agreements restricting competition.
2. The law prohibits any anti-competitive agreements, i.e. arrangements, in any form, made by two or more independent undertakings, which have as their object or effect preventing, restricting or distorting competition on the relevant market. If an agreement restricting competition may affect trade between Member States of the EU (and more broadly of the European Economic Area) and has as its object or effect the prevention, restriction or distortion of competition within the internal market, the EU competition rules, in particular those provided in the TFEU, also apply to the assessment of such agreement.
3. The prohibition applies in particular to agreements restricting competition which:
   - directly or indirectly fix purchase or selling prices or any other trading conditions;
   - limit or control production, markets, technical development, or investment;
   - share markets or sources of supply;
   - apply onerous or dissimilar conditions to equivalent transactions with other trading parties, thereby placing them at a competitive disadvantage;
   - make the conclusion of contracts subject to acceptance by the other parties of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such contracts;

- restrict access to the market or eliminate third-party undertakings from the market;
- involve agreeing the terms of bids, including in particular the scope of work or prices, between bidders in a tender procedure or between bidders and the undertaking holding the tender procedure.

4. An agreement restricting competition may take any form. Moreover, an infringement of antitrust law may occur irrespective of whether an agreement restricting competition has been actually concluded, whether formally (e.g. a contract) or informally (e.g. „handshake"). The existence of an agreement restricting competition may be established based on a party's conduct and other circumstances of the case, such as exchange of email correspondence, coordination of certain activities, or arrangements made with a customer. In particular, an agreement restricting competition may be deemed to exist solely by reason of discussions held or exchange of information with competitors. Likewise, a situation where one party indicates the expected conduct (e.g. application of certain prices) and the other party (silently) accepts this may be deemed an agreement restricting competition.
5. The prohibition regarding agreements restricting competition does not apply to agreements restricting competition concluded between ORLEN Group companies as long as the ORLEN Group companies form one business organisation. However, a single business organisation should not be presumed to exist in the case of a joint venture or consortium (especially as regards assessment of the conduct of entities in the course of tender procedures). It should also be borne in mind that relations within the Group may be subject to restrictions under other laws, in particular under the Energy Law, including specific provisions on the rules to be followed by a transmission system operator or combined system operator in relation to an energy company engaging in the production or trading of gas fuels or the generation or trading of electricity (unbundling principle).
6. A vertical agreement (see Section 1.2 below) may be exempted from the prohibition of anti-competitive agreements if certain strictly defined conditions specified in the law are met.
7. Agreements restricting competition may, without limitation, take the forms indicated below.

1.1. Horizontal agreements

A **horizontal agreement** is an agreement between entities operating at the same level in the market (competitors).

A. PRICING AGREEMENTS

1. Employees and Officers shall refrain from making any arrangements with competitors which have as their object or effect the fixing of prices or any factors or elements affecting prices (markups, discounts, etc.). In particular, it is prohibited to jointly agree (directly or indirectly) on:
   - purchase prices or selling prices of goods (also services), including fixed or minimum prices; this also applies to prices used in online distribution (in online stores);
   - price increases or reductions;

- discount or bonus levels and other commercial terms, including credit terms;
- markup levels.

2. It is also be prohibited to transfer, disclose, obtain or exchange any information that includes the abovementioned information on the pricing policy, any intended changes to the pricing policy, and pricing factors.
3. The use of any pricing tools in the e-commerce channel should be preceded by verification of their functioning also in terms of legality.

B. MARKET SHARING AGREEMENTS

1. Employees and Officers may not make any arrangements or enter into any agreements on the sharing or allocation of a market or any customer groups/categories, in particular to share a market based on such criteria as territory, product or service type, specific entities, etc. It is prohibited in particular to jointly agree (directly or indirectly) on:
   - allocating customers, territories, distribution channels;
   - restricting contracting with specific entities, including those from specific areas;
   - allocating specific areas of activity;
   - referring customers to particular undertakings (because of an agreed allocation of customers, territories or distribution channels);
   - spheres of influence of specific undertakings.

C. COLLUSIVE BIDDING

1. Collusive bidding is considered to be one of the most serious infringements of competition law. When bidding for contracts or organising a tender, Employees and Officers shall comply with applicable laws, including not only regulations on tender procedures but also competition law.
2. In particular, undertakings participating in tenders may not (directly or indirectly):
   - agree on the terms of their bids,
   - agree on how they enter tenders (e.g. allocation of tenders, obligation to refrain from entering a tender, submission of collusive/sham bids, withdrawal of bids, failure to remedy formal deficiencies in a bid);
   - transfer, disclose, obtain or exchange information on their bids.

   Furthermore, in their mutual relations the undertaking holding the tender and the bidders may not do the following, without limitation:
   - make any arrangements with respect to the tender procedures;
   - agree on the following with the bidders seeking award of the contract: the contract parameters, criteria of the terms of reference, any material elements, other parameters, including in particular any parameters that may limit the group of possible bidders;
   - agree to select the bid submitted by a specific undertaking;
   - agree on the contents of bids to be submitted by the bidders;

- agree on the terms of the bids, in particular the scope of work or the price, between the bidders, or between the bidders and the undertaking holding the tender.

3. The principles of competition law apply to both public and private tenders.
4. It may be forbidden to form a consortium where this leads to less competition between undertakings. In particular, the formation of a consortium by competitors may be deemed a prohibited agreement restricting competition if the consortium members could submit bids separately. In each case where a consortium is formed, the Legal Office should be consulted.
5. Collusive bidding (in public tenders) may also be an offence leading to severe criminal liability (imprisonment for up to three years).

D. LIMITING OR CONTROLLING PRODUCTION, MARKETS, TECHNICAL DEVELOPMENT OR INVESTMENT (QUOTA AGREEMENTS)

1. Employees and Officers may not make any arrangements or enter into any agreements with competitors to limit or control production or markets and technical development or investment.
2. In particular, it is prohibited to jointly agree (directly or indirectly) on:
   - a supply strategy (including by setting or limiting the volumes of production, sale or purchase);
   - limiting exports or imports of goods;
   - limiting the volume/number of marketed goods;
   - the volume/number of goods to be sold by each undertaking;
   - the range of goods or services offered by the undertakings;
   - limiting distribution channels;
   - limiting the number of supplied customers;
   - the volume of stocks held;
   - prohibiting the marketing of goods which do not meet specific quality or technical standards;
   - prohibiting the creation and development of standards alternative to existing standards;
   - limiting the areas of investment and R&D activities;
   - limiting or prohibiting investments, e.g. in projects of a certain scale, in a certain area, etc.

E. PROHIBITED CONDUCT RELATED TO INVOLVEMENT WITH INDUSTRY ORGANISATIONS AND ASSOCIATIONS OF UNDERTAKINGS AND IN CONTACTS BETWEEN COMPETITORS

1. Involvement with industry organisations and associations of undertakings is not prohibited. Such organisations conduct, in particular, important activities in the area of expert sector research. Also, membership of industry organisations and associations of undertakings has a positive effect on the image of the member companies. An ORLEN

Group Company is/may be a member of industry organisations and associations of undertakings, and may participate in meetings held by such organisations.

2. Membership of industry organisations and associations of undertakings may create risks under competition law as it involves contacts between competitors. Practices undertaken as part of such organisations are assessed from the point of view of competition law, just like any other activities of undertakings.
3. Membership of industry organisations and associations of undertakings does not make legal any anti-competitive arrangements made between their members. Considering the above, the prohibition of entering into agreements restricting competition also applies to any conduct of ORLEN Group Company representatives as part of involvement with industry organisations and associations of undertakings.
4. In particular, the following are prohibited as part of involvement with industry organisations and associations of undertakings:
   - making any anti-competitive agreements;
   - any exchange of information that may involve disclosing activities taken or planned to be taken by an undertaking and may influence the market conduct of competitors, reduce uncertainty as to the market conduct of competitors, including in particular as to the future pricing policy of a given undertaking, result in an artificial increase in market transparency, including e.g. information about prices, production costs, production capacities, transport rates, information on sales and market strategies, customers, areas of activity, investments, divestments or divestment plans, technologies.
5. Any ORLEN Group Company representative participating in meetings of industry organisations or associations of undertakings shall be required to make sure that only topics that do not create a risk of competition law infringement are addressed or discussed during the meetings. Generally, members of industry organisations and associations of undertakings can discuss in very general terms issues relating to the operation of the sector (without exchanging or communicating unilaterally or bilaterally any data and detailed information about activities, products, costs and strategies of undertakings). Such discussions may only include information that cannot be used to discover the market conduct, including the strategies, of individual undertakings, and that cannot result in coordinating such conduct and strategies, and in particular does not include the data indicated in item 4 above. As long as the above rules are followed, in principle the discussions may concern general topics related to the sector, such as: known and publicly available data on the general characteristics of products and their applications, matters relating to regulations applicable to the sector or legislative initiatives, or matters relating to health, safety and the environment, general observations without reference to any price or volume trends, the sector's PR.
6. Information and data on the characteristics of products and their applications, technologies or standards, and similar data may only be exchanged if it is of a general nature (general potential, benefits, risks) and does not refer to whether, when, for what purpose, or how an entity develops, uses, or stops using a given technology or product, or what the intentions in its respect are. In particular, any proposals from industry and trade associations to conduct joint research or to establish industry standards or industry

codes require verification in terms of their compliance with competition law. In case of doubt, the Legal Office should be contacted.

7. Likewise, any joint applications to relevant authorities cannot lead to the coordination of market conduct or any commitments in this respect (e.g., as a general rule, commitments to use or stop using certain technologies or standards, commitments not to pass on costs to customers, are not allowed), except in specific cases that may result from explicit requirements of public authorities or public interest objectives, which need to be assessed on a case-by-case basis.
8. Industry organisations and associations of undertakings may also engage in statistical activities for the purpose of which they collect data from its members and prepare reports. Also in this case it is necessary to respect the prohibition of anti-competitive exchange of information and to establish a specific and lawful purpose and method of supplying the data and how it will be used. In general, it is permissible to discuss aggregate market data that cannot be used to discover the conduct of individual undertakings, or historical data (concerning sufficiently distant past periods), without making any recommendations as to market conduct. If a request for new information is received, the Legal Office should be consulted before providing such information. Employees and Officers may not take part in any correspondence or meeting, or any part of it, where prohibited topics are addressed or discussed, leading to prohibited agreements or prohibited exchange of information.
9. Employees and Officers shall be required to apply the following rules of conduct to clearly and publicly distance themselves from any attempts to address or discuss prohibited topics. Employees and Officers shall:
   - request the agenda of a meeting, describing precisely the subject matter of the meeting and its specific agenda items, in advance of the meeting;
   - read the meeting agenda and, after its detailed analysis, make comments, requesting removal of any prohibited topics; if a topic is not removed from the agenda, the Employee or Officer should refuse to attend the meeting and report the situation to their superior;
   - discuss only the topics included in the agenda;
   - distance themselves clearly and publicly (in a manner clear to the other participants) from any attempts to exchange prohibited information; in particular, an Employee or Officer should object to any proposals to discuss or address prohibited topics, and, where necessary, if a decision is made to discuss such topics anyway, should leave the meeting stating clearly and openly the reason for leaving, request that this be recorded in the minutes, write a relevant memo, and promptly report the situation to their superior;
   - review the minutes of the meeting to satisfy themselves that they accurately reflect the actual course of the meeting; in particular, an Employee or Officer should ensure that the minutes include information on any objections raised, as well as the fact of and reason for leaving the meeting;
   - if an exchange of information takes place by correspondence (e.g. electronic mail) before or after a meeting, an Employee or Officer should promptly request to be removed from the list of addressees, clearly stating the reason, and in extreme cases,

if the request has not been complied with, should block incoming messages from specific senders/addressees, and then write a memo about this fact;

- an Employee or Officer should also interrupt any prohibited telephone conversation before or after a meeting, clearly stating the reason, and then write a memo about this fact and clearly confirm by email to the caller (or, if the caller's direct email address is not known, to the appropriate address of the entity represented by the caller) and to their superiors that the conversation was discontinued for a specific reason and that the ORLEN Group Company representative will not engage in such prohibited conversations; if the Employee or Officer is in doubt as to how to distance themselves, they should contact the Legal Office.

10. The above rules shall apply not only to industry meetings but to any situations, including meetings, events accompanying meetings, conversations, and correspondence, in which anyone does anything that indicates an intention to make prohibited arrangements with the participation or involvement of an ORLEN Group Company.
11. In case of doubt as to the proper conduct, the Legal Office should be consulted.
12. The above rules for the exchange of information are without prejudice to the rules arising from other provisions of law, in particular the Energy Law of April 10th 1997, the REMIT Regulation (*Regulation (EU) No. 1227/2011 of the European Parliament and of the Council of October 25th 2011 on the integrity and transparency of the wholesale energy market together with Commission Implementing Regulation (EU) No. 1348/2014 of December 17th 2014 on data reporting implementing Article 8(2) and Article 8(6) of Regulation (EU) No 1227/2011 of the European Parliament and of the Council on wholesale energy market integrity and transparency*), the MAR Regulation (*Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16th 2014 on market abuse)*, and the Act on the Protection of Classified Information of August 5th 2010. (Dz. U. of 2019, item 742), and are not in conflict with any rules stipulated in internal regulations of an ORLEN Group Company relating to the treatment of such ORLEN Group Company's Business Secrets and Company Secrets that are in force at the ORLEN Group Company.[8]

F. RISKS INVOLVED IN COOPERATION AGREEMENTS

1. Cooperation agreements, in particular those made in a horizontal relationship (between competitors or potential competitors), such as research, development, research and development, joint production, commercialisation, and joint distribution agreements, are a source of potential economic benefits or efficiencies but may also lead to restricting competition, in particular if they involve prohibited price fixing, market sharing, exchange of information, etc.
2. Employees and Officers shall seek an opinion of the Legal Office before entering into a cooperation agreement with a competitor (including a potential competitor).

1.2. Vertical agreements

1. A vertical agreement is an agreement or concerted practice related to the terms of purchase, sale or resale of goods or services, entered into between two or more

[8]ORLEN Group Companies based outside Poland should take into account the definitions and requirements resulting from the national regulations.

undertakings operating at different levels in the market (see, however, item 4 below). It may involve both conventional and e-commerce activities.

2. If two entities are in a vertical relationship while competing with each other at the retail and higher levels, all agreements between them are considered horizontal agreements.

3. By way of exception, certain vertical agreements may be exempted from the prohibition of anti-competitive agreements. An exemption from the prohibition is allowed provided that specific conditions regarding market share and contractual clauses are met.

4. In a vertical relationship, the exchange of certain information between the supplier and the buyer is necessary for the proper functioning of the market. However, the law sets forth stricter rules for antitrust examination of information exchange between the supplier and the buyer if the two undertakings are in a vertical relationship while competing at the retail level but not at a higher level (**dual distribution** – where the supplier (a producer, etc.) cooperates with the buyer (a distributor, etc.) but simultaneously distributes the goods itself). Therefore, with respect to dual distribution, particular caution should be exercised when exchanging information. It is prohibited to exchange with a distributor any information that is not:

   a) directly related to the implementation of the vertical agreement; or

   b) necessary to improve the production or distribution of the goods or services covered by the agreement.

   In case of doubt, advice from the Legal Office should be sought to determine what information may be exchanged.

5. In a vertical relationship, an ORLEN Group Company may act either as a supplier (e.g. when it sells products on the wholesale market for further resale to customers on the retail market) or as a buyer (e.g. when it purchases goods for further resale, for instance via its online store).

6. Dual distribution may occur where an ORLEN Group Company sells through an online store its manufactured goods that are also distributed by third party distributors.

7. Vertical agreements, including in particular distribution agreements or cooperation agreements between a manufacturer and a distributor, may also lead to violation of competition laws, which is prohibited. Particular caution should be exercised with respect to specific distribution models, such as exclusive distribution or selective distribution (as their major characteristics, these models grant exclusive rights to sell goods within a particular territory or to particular customers, or limit the number of distributors and prohibit resale to unauthorised distributors).

8. The following practices, among others, shall be prohibited in vertical relationships.

A. PRICE FIXING:

1. In particular, it shall be prohibited to:

   - impose or set a fixed or minimum price level to be observed by the customer at resale;
   - impose or agree with the buyer the amount of discounts or price reductions to be offered by the buyer to its customers;
   - specify resale prices in order forms, offers, invoices, price lists, catalogues;

- make the grant of a discount or refund of promotion costs by the supplier subject to applying a given price level;
- tie the required resale price to the resale prices of competitors;
- make threats, intimidate, issue warnings, impose penalties, delay or suspend deliveries, terminate contracts because of the customer's failure to apply a given price level;
- create price monitoring systems to control and influence the resale prices applied by the customers;
- coordinate the pricing policy with distributors, prohibit discounts to buyers, impose price calculation methods, set minimum levels of markups;
- set resale prices to be applied in a distribution channel (e-commerce channel, etc.);
- set a minimum price that may be advertised by the distributor.

2. It is particularly important to note that resale price maintenance (RPM) is prohibited, meaning that a supplier may not impose on its buyers, distributors or dealers a (minimum or fixed) resale price or a minimum advertised price. The supplier should not dictate the price at which the buyer should resell goods or services.
3. At the same time, in principle, in a vertical relationship it is permissible to specify recommended and maximum prices, subject to the satisfaction of any conditions provided for by law, which should be consulted with the Legal Office. To note, a recommended or maximum price should not be fixed by providing benefits to undertakings that adhere to the recommended price or by exerting pressure (verbally, by threatening negative consequences). It may also be risky to set a maximum price where circumstances imply distributors would apply exactly that price. Any doubts should be consulted with the Legal Office.
4. Under certain conditions, it is currently permitted to set with the buyer (distributor) different wholesale prices for goods to be resold online and offline (dual pricing). Dual pricing is allowed provided it does not restrict resale to particular territories or customers. Furthermore, the difference in price may not prevent the buyer (distributor) from effectively using the Internet for resale in certain territories or to certain customers, for instance where the difference would be so significant that it would make online sales unprofitable or lead to a reduction in the number of products that could be offered online. Those circumstances need to be examined, therefore any dual pricing arrangements shall require consultation with the Legal Office.

B. LIMITING SALES

1. The general rule is that it is prohibited to restrict territories where the buyer and its direct customers may actively or passively sell goods or services, and to limit the group of customers to whom the buyer can actively or passively sell goods or services.
2. Passive sales restriction clauses are prohibited in contracts. Passive sales are sales that are made in response to unsolicited orders from customers and were not initiated through advertising actively targeted at specific customers (customer groups, territories). Passive sales also include sales made as a result of participation in a public procurement process or a private invitation to tender.

3. In particular, it shall be prohibited to:

   - require or agree with a distributor not to sell goods or services to certain customers or to customers in certain territories;
   - require orders from such customers to be referred to other distributors;
   - prohibit a distributor from filling orders that originate from outside the area allocated to such distributor;
   - require or agree with a distributor that in response to orders from outside its allocated territory, it will take steps to discourage the potential buyer from purchasing goods from that distributor, for instance by charging an excessive price for the goods or delivery;
   - prohibit advertising other than advertising actively targeted at specific customers (customer groups, territories) (for details, see items 4 and 5 below);
   - prohibit sales through other sales channels, such as the Internet (including referral of orders) or certain online platforms;
   - limit the volumes of goods or services sold online, etc.;
   - take measures to prevent a distributor from selling to customers online by, among others, refusing or reducing bonuses and discounts, withholding deliveries or limiting them to the level of demand in the allocated area, intimidating and making threats of termination of the contract, demanding a higher price for products to be exported, limiting the proportion of sales that can be exported, imposing an obligation to transfer profits, offering financial incentives and bonuses in exchange for not selling goods to customers online. In certain circumstances, it is permitted to limit active sales. Active selling is understood as actively approaching customers:

     a) through visits, letters, emails, telephone calls or other means of direct communication;

     b) by targeted advertising and sales promotions online or offline, for instance by means of printed or digital media, including online media, price comparison services or search engine advertisements, designed to attract customers in certain territories or specific groups of customers;

     c) by running a website with a top-level domain corresponding to specific territories or offering language options commonly used in specific territories that are different from the usual language used in the territory of the buyer's place of establishment.

5. The circumstances under which restrictions on active sales are permitted require examination by the Legal Office.

6. It is prohibited to prevent the effective use of the Internet by the buyer or its customers for selling goods or services by restricting territories where the goods or services may be sold or customers to whom the goods or services may be sold. However, it is permitted to impose on the buyer:

   (i) other restrictions on online sales; or

(ii) restrictions on online advertising which are not intended to prevent the use of an entire online advertising channel.

7. In this context, the prohibited restrictions on the use of the Internet include, without limitation, restrictions seeking to significantly reduce the total volume of online sales of goods or services or limit the ability of end customers to purchase goods or services online.

8. No caps on the volume of goods a buyer may offer for sale in certain territories or to certain customers may be included in contracts (even where they are not protected by contractual penalties). No mechanisms that would lead, even indirectly, to such an outcome should be applied. Offering discounts or bonuses in exchange for not exceeding a certain maximum volume of online sales of goods may be in conflict with the law. It may also be risky to introduce caps on the volumes of goods that can be sold to end customers from a specific location. It may be unlawful to set a cap on online sales volumes with respect to all or certain categories of goods covered by the agreement. Restrictions on online sales may also result from restrictions on the use of online advertising tools. Placing restrictions on the use by the buyer of an entire online advertising channel (or a general restriction on the use of all online advertising channels) may prevent the buyer from selling online. Such unlawful practices may include restrictions on the use of search engines or price comparison services. Prohibiting the buyer from opening its own online store or using an existing store to sell the goods covered by the agreement may also be against the law.

9. Any issues that may arise with regard to the rules of using the Internet by the buyer or its customers to sell goods or services and any solutions to such issues must be consulted with and examined by the Legal Office.

C. IMPOSING NON-COMPETE OBLIGATIONS

1. Non-compete obligations mean:

   a) any direct or indirect obligation prohibiting the buyer from manufacturing, purchasing, selling or reselling goods or services which compete with the goods or services covered by the agreement; or

   b) any direct or indirect obligation of the buyer to purchase from the supplier or another undertaking designated by the supplier more than 80% of the buyer's total purchases of the goods or services covered by the agreement and their substitutes on the relevant market.

2. For example, a non-compete obligation would be to include in a distribution agreement or in a licensing agreement covering distribution, a prohibition of the manufacturing or sale of competing goods, or to include a clause whereby certain goods may be purchased exclusively from the supplier.

3. The application of non-compete obligations entails a risk of breaching competition law. As a general rule, it is not permissible to introduce such clauses (non-compete clauses) to be effective for more than five years or for an indefinite term, or to prohibit the manufacture and sale of competing products after the termination of the agreement.

4. Before entering into an agreement containing any such restrictions (non-competition obligations), it is necessary to seek advice from the Legal Office.

D. INTRODUCING RESTRICTIONS RELATING TO INTELLECTUAL PROPERTY RIGHTS

1. It is prohibited to impose any contractual restrictions relating to intellectual property rights where such restrictions infringe the principles of competition.

2. In particular, it is prohibited to:

   - include any clauses that prohibit the other party from questioning the confidentiality of licensed know-how;
   - include any clauses that prohibit the other party from questioning the validity of a licensed patent;
   - set the price at which the licensee is required to sell its products;
   - require that the licensee grants an exclusive licence to the licensor or a third party for making improvements and developing new applications of the licensed technology;
   - prohibit competition in research and development, manufacture, use and sale of own products, making improvements and development of new applications.

3. The prohibitions referred to above also apply to franchise agreements, i.e. agreements that include licences for intellectual property rights relating, in particular, to trademarks or signs and know-how for the purpose of using and distributing goods. In particular, it is not permissible to impose fixed or minimum resale prices within a franchise network.

E. OTHER

1. Introducing any other limitations in vertical relationships, such as exclusivity of supply, exclusivity in terms of territory or specific entities, single branding, shelf space

management, category management, tie-in sale, maximum prices or recommended (non-binding) prices, establishment of an exclusive or selective distribution system, and agreement on the use of parity clauses (most-favoured nation clauses), is subject to case-by-case examination and/or the satisfaction of additional conditions. Therefore, before any contract containing such limitation is executed, the opinion of the Legal Office should be sought.

2. Parity clauses (most-favoured nation clauses) may be applied particularly when agreeing on the terms of business and terms of sale of goods in an online store. Their purpose is usually to prohibit a contract party from offering better terms of sale in other sales channels or to other customers. Given the antitrust risk, it is necessary to consult every draft contract containing such clauses with the Legal Office.

1.3 Geo-blocking and online platforms

1. The provisions of the EU Regulation on geo-blocking (Regulation (EU) 2018/302 of the European Parliament and of the Council of February 28th 2018 on addressing unjustified geo-blocking and other forms of discrimination based on customers' nationality, place of residence or place of establishment within the internal market) should also be taken into account in the context of competition law compliance. The prohibited practices occur mainly in the case of e-commerce, but also in the case of purchasing services when travelling to another EU member state. The prohibition primarily applies to:

    a) applying different general conditions of access to goods (including services) for different customers based on the customer's nationality, place of residence or place of establishment (this applies to the sale of goods (including services) to be delivered to a location in a Member State; sale of electronically supplied services, sale of services provided at a specific physical location);

    b) blocking access to a website by customers from other Member States, redirecting a customer to a version of the trader’s online interface other than the one the customer originally tried to access;

    c) different treatment of customers in respect of electronic payments based on the customer's domicile, place of establishment, location of the payment account, place of establishment of the payment service provider, or place of issue of the payment instrument.

2. The EU Geo-blocking Regulation applies to cross-border transactions. In the case of business-to-business transactions, it applies to such (cross-border) transactions which are based on general (not individually negotiated) terms of access and which involve goods or services to be received by the customer for the sole purpose of end use (i.e. the purpose of the transaction is other than resale, transformation, processing, renting or subcontracting).

3. Where any of the above practices forms a part of an agreement between undertakings, it may be deemed a practice restricting competition (restrictive practice), subject to assessment on the basis of, among others, the Competition and Consumer Protection Act and the TFEU.

4. Activities comprising the offering of goods and services online must be checked on a case-by-case basis, taking into account their subject matter and scope, for compliance

with applicable regulations governing online platforms, including Regulation (EU) 2019/1150 of the European Parliament and of the Council of June 20th 2019 on promoting fairness and transparency for business users of online intermediation services.

2. Abuse of a dominant position

1. A dominant position is defined as the market power of an undertaking which enables it to prevent effective competition being maintained in the relevant market by giving it the ability to behave to an appreciable extent independently of its competitors, customers and consumers.
2. Dominant market position refers to “economic power”. An undertaking is deemed to have a dominant position if it is the strongest player operating in a given market (stronger than any of its competitors), with the proviso that there may be cases of a collective dominant position (held jointly by more than one entity).
3. It is therefore assumed that an undertaking enjoying a dominant position has a particular responsibility to ensure that its conduct does not impair effective and undistorted competition on the market.
4. Holding a dominant position is not prohibited. However, it is prohibited to abuse a dominant position.
5. Abuse of a dominant position consists in particular in:
   - imposing, directly or indirectly, unfair prices, including unreasonably high or low prices, distant payment deadlines, or other conditions of purchase or sale of goods;
   - limiting production, markets or technical development to the detriment of customers or consumers;
   - applying onerous or dissimilar conditions to equivalent transactions with other trading parties, thereby placing them at a competitive disadvantage;
   - making the conclusion of contracts subject to acceptance by the other parties of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such contracts;
   - taking measures to prevent the establishment of conditions necessary for the emergence or development of competition;
   - imposing onerous contractual terms bringing unjustified benefits to the undertaking;
   - sharing a market based on criteria relating to territory, type of goods or services, or specific entities.
6. If an abuse of a dominant position may affect the EU internal market, it could also be considered an infringement of the EU competition rules, in particular those provided in the TFEU.
7. On those markets where an ORLEN Group Company may hold a dominant position, in particular where it has a market share of about 40%, Employees and Officers shall be required to ensure that any activities they undertake do not lead to an abuse of a dominant position. In case of doubt as to the share of an ORLEN Group Company in the relevant market, the opinion of the Legal Office should be sought.

8. Below are presented examples of activities that may be considered an abuse of a dominant position. If an Employee or Officer believes that a particular conduct may be considered to represent any of the cases described below, they should seek the opinion of the Legal Office.

A. APPLYING PROHIBITED PRICING POLICIES AND OTHER TRADING CONDITIONS

1. A prohibited practice may involve, in particular, the following conduct:
   - predatory pricing, i.e. applying unreasonably low prices (essentially below cost);
   - excessive pricing, i.e. applying unreasonably high prices;
   - price discrimination (applying different prices for different customer groups in a comparable situation without a reasonable and justified basis);
   - price-squeeze, i.e. offering goods on the wholesale market at such price as to make the buyers of those goods unable to compete on the retail market (vertically integrated undertakings operating at different levels);
   - imposing distant payment deadlines (not justified from the point of view of a reasonable payment chain);
   - imposing unfair contractual terms (e.g. passing on costs to the customer, preventing cost reduction, other conditions that increase the customer's operating costs).
2. On those markets where an ORLEN Group Company holds a dominant position, particular attention should be paid to the discount policy, including the criterion based on which discounts are granted.

B. LIMITING PRODUCTION, MARKETS, TECHNICAL DEVELOPMENT

A prohibited practice may include, in particular, the following conduct:

- limiting production (limiting the volumes of goods produced);
- limiting markets (limiting the volumes of goods placed on the market, including, for example, a prohibition of exports);
- limiting technological development (impeding the development of new technologies, hindering their dissemination).

C. PREVENTING THE DEVELOPMENT OF COMPETITION

A prohibited practice may include, in particular, the following conduct:

- imposing exclusivity in purchases, supplies, provision of services;
- refusal to contract without any objective reason (refusal to enter into a contract, refusal to sell, refusal to supply, refusal to license, refusal of access, in particular where an undertaking's infrastructure, property or assets are indispensable to be able to operate in a specific market, “essential facilities”).

D. IMPOSITION OF ONEROUS CONTRACTUAL TERMS

It is prohibited, in particular, to impose conditions that are a greater burden to the other party than is the general practice in relations of a given type. This may concern, in particular, any terms that create an unreasonable unilateral burden on the customer, the

imposition of certain costs, payment deadlines, conditions for delivery and receipt of goods, termination periods and conditions.

E. DISCRIMINATION

It is prohibited to give different treatment to entities in a similar position, including, for example, by applying different criteria and contractual terms, e.g. discount levels, to similar customers without a justified reason, to the extent that doing so places some of those entities at a competitive disadvantage.

F. TIE-IN/BUNDLE SALES

Tie-in or bundle sale means selling separate goods which, by their nature or according to commercial usage, are not connected, making the sale of one product conditional on the simultaneous purchase of another product, or taking measures to encourage the customer to purchase both goods offered in a bundle (e.g. discounts, free delivery, priority of delivery, etc.), and may constitute an abuse of a dominant position.

3. Exchange of strategic information with competitors/trading partners

1. Exchange of information on undertakings' business activities is the source of the greatest concern from the point of view of competition law compliance if it takes place in horizontal relationships, i.e. between undertakings competing at the same level in the market (e.g. between two or more fuel suppliers or two service stations). It should be borne in mind that the conduct of an undertaking's Employees is imputed to the undertaking.
2. In general, an ORLEN Group Company shall not accept any meetings of its employees with competitors, unless such meetings result from clearly defined and pre-approved legitimate activities, including e.g. in the context of license or distribution agreements, or the ORLEN Group Company's involvement with industry organisations or associations of undertakings whose objectives and activities raise no concern from the point of view of competition law.
3. An ORLEN Group Company shall approve only legitimate contacts with competitors, unless they lead to prohibited restriction of competition. While respecting the right to privacy, an ORLEN Group Company shall require that the same rules be followed in any contacts outside working hours or outside official duties.
4. It is also prohibited to engage in the abovementioned conduct through "intermediaries", e.g. a customer that is at the same time a customer of a competitor (e.g. common suppliers, online platforms), as an infringement of the law may occur not only through direct contacts.
5. To note, even one-off exchange of information may be found to be a violation of the law.
6. The greatest risk is related to the exchange of so-called strategic information between competitors, in particular:
   - information about factors or elements affecting prices, i.e. information on prices, commercial terms, costs incurred by competitors, purchase prices of raw materials, intermediate products;
   - information about sales strategies, sales volumes, production volumes, market shares, production stoppages, supply shortages, geographical coverage, marketing strategy;

- information about plans to enter tenders and the terms of participation in tenders, including in particular a decision to enter a tender and the bid terms;
- information about distributors' plans to enter tenders and the terms of participation in tenders, including in particular a decision not to enter a tender, bid terms;
- information about stocks, production capacities;
- information about marketing and investment plans;
- information about technologies and ongoing development research;
- information about ongoing negotiations;
- information about the areas in which an undertaking operates or intends to operate.

7. information exchange restrictions must also be observed in the case of an intended concentration. As a rule, in order to enable competitively sensitive information to be exchanged, a Clean Team needs to be established and its operation rules need to be defined to prevent disclosure of information outside the Clean Team, with the information exchanged solely on the "need to know" basis. Prior consultation with the Legal Office is required.
8. Exchange of information with entities which are not ORLEN Group Companies' competitors involves lesser risk than exchange of information in relationships with competitors. Nevertheless, also in this case insufficient control of the exchanged information may lead to an infringement of competition law, so the Legal Office should be consulted to discuss the permitted scope of information exchange. The special rules for the exchange of information in dual distribution (where the supplier and the buyer are in a vertical relationship but compete with each other at the retail level and do not compete at a higher level) are set out above – see Section 1.2.4.
9. If an Employee receives information about competitors, or any other information presumed to be a type of information that should not be exchanged in accordance with the principles of competition law, the Employee shall promptly inform their superior of the fact to determine what steps should be taken.
10. In particular, it is prohibited to:
    - discuss pricing policies, sales figures, production plans or other strategic market information with competitors;
    - obtain strategic information about the ORLEN Group's competitors from their subcontractors during informal meetings.
11. Subject to compliance with other provisions of law, it is permissible, among other things, to:
    - obtain information about competitors from public sources (e.g. newspapers, trade journals, newsletters, public websites), public information resources and publicly available documents filed with authorities or published on official websites (e.g. financial statements, current reports, etc.). Websites with password-protected access are generally not considered public sources.

4. Concentrations

1. Concentration transactions, including mergers of undertakings, acquisition of control of other undertakings, establishment of a joint venture, and acquisition of part of the assets of another undertaking, require **prior** assessment of whether they must be notified to the relevant competition and consumer protection authority. The notification requirement may also apply to transactions conferring rights to part of the assets of another undertaking that enable generation of turnover, for example long-term lease contracts.
2. The notification requirement applies to intended concentrations. It must be complied with before the concentration process commences (*ex-post* notification is allowed in certain foreign jurisdictions, but this requires examination on a case-by-case basis). Before the competent authority passes its decision on the admissibility of a concentration, it is prohibited to act as if the concentration had already taken place (interfere with activities of the target company, exchange information, devise marketing strategies, etc.).
3. A concentration that requires notification must not be undertaken without clearance from the relevant competition authority.
4. The relevant authority with jurisdiction over the concentration needs to be identified. As a rule, for concentrations to which the Competition and Consumer Protection Act applies, this will be the President of the Office of Competition and Consumer Protection (UOKiK)[9]. The authority empowered to receive and assess notifications of concentrations with a Community dimension (where the turnover generated by participants is particularly high) is the European Commission. This does not exclude the powers of the relevant authorities with jurisdiction over the concentration outside the European Union. These rules (the notification requirement, the requirement to obtain clearance, the requirement to refrain from certain actions until a decision is passed by the authority) remain valid.

SECTION 5. Unfair use of contractual advantage[10]

1. Employees of an ORLEN Group Company are prohibited from engaging in practices that constitute unfair use by the ORLEN Group Company of contractual advantage in trading in agricultural and food products.
2. Contractual advantage means the existence of a significant disparity in the economic potential of a buyer vis-à-vis its supplier or a supplier vis-à-vis the buyer. The Contractual Advantage Act sets turnover thresholds which, when exceeded, trigger the presumption of contractual advantage.
3. Having contractual advantage is not prohibited. Given the high turnover generated by the ORLEN Group, it is highly probable that the Group will have contractual advantage in relations with its suppliers.

[9] Polish competition and consumer protection authority. When implementing this Standard, ORLEN Group Companies based outside Poland should take into account the competent national authority and the procedures followed in proceedings conducted under applicable national regulations.

[10] ORLEN Group Companies based outside Poland should take into account the definitions and requirements resulting from the national regulations applicable to them in the area of counteracting unfair use of contractual advantage in trading in agricultural and food products.

4. The law prohibits unfair use of contractual advantage. The use of contractual advantage is unfair where it **is contrary to good practices and threatens or infringes upon vital interests of the other party**.

5. The Contractual Advantage Act lists practices which are presumed to be practices involving unfair use of contractual advantage. The practices fall into two categories: “black”, which are strictly prohibited at all times, and “grey”, which are prohibited unless certain other circumstances exist (see item 8 for details). The prohibition covers “black” and “grey” practices as well as any other conduct that constitutes unfair use of contractual advantage. This means a conduct not expressly provided for in the act may also be unlawful.

6. The prohibition of the unfair use of contractual advantage applies only to trading in agricultural and food products including, without limitation, fruit, vegetables, meat, bread, dairy, cereals, and products processed for consumption using agricultural and food products. In case of any doubts as to whether a product falls within the scope of the applicable laws, the Legal Office should be consulted.

7. The prohibition of unfair use of contractual advantage applies primarily to contractual relationships between an ORLEN Group Company and its suppliers, such as sale contracts, general terms and conditions of sale, framework agreements and related agreements on marketing cooperation, discounts, sales promotions, etc. A situation where an ORLEN Group Company is the supplier and another undertaking is the buyer must also be considered in the context of the prohibition of unfair use of contractual advantage.

8. The prohibited black practices of unfair use of contractual advantage are listed below:

   1a) where the contract provides for regular deliveries of products, the buyer pays the supplier:

   - 30 days from the later of the end of the delivery period for perishable agricultural or food products agreed between the buyer and the supplier in which the products were delivered, or the date when the amount payable for that delivery period is set;

   - 60 days from the later of the end of the delivery period for agricultural or food products other than perishable products agreed between the buyer and the supplier in which the products were delivered, or the date when the amount payable for that delivery period is set;

   1b) where the contract does not provide for regular deliveries of products, the buyer pays the supplier:

   - 30 days from the later of the date when perishable agricultural or food products were delivered, or the date on which the amount payable was set;

   - 60 days from the later of the date when agricultural or food products other than perishable products were delivered, or the date on which the amount payable was set;

   2) the buyer cancels the contract less than 30 days before the expected date of delivery of perishable agricultural or food products;

   3) the buyer unilaterally changes the terms of the contract governing the frequency, method, place, date or volume of all or some deliveries of agricultural or food products, quality standards of agricultural or food products, payment terms or prices, or

performance of certain services and activities (see services and activities described in item 9);

4) the amount payable for deliveries of agricultural or food products is reduced without good reason after they have been received by the buyer in full or in the agreed part, particularly as a result of the buyer demanding a discount;

5) the buyer demands payments from the supplier that are not related to the sale of agricultural or food products of the supplier;

6) the buyer charges the supplier for deterioration or loss of agricultural or food products that occurred on the premises of the buyer or after the ownership of such products transferred to the buyer, for reasons not attributable to the supplier;

7) as a rule, when the buyer refuses to provide written confirmation of the terms of the contract between the buyer and the supplier when requested by the supplier;

8) the buyer unlawfully acquires, uses or discloses trade secrets of the supplier;

9) commercial retaliation actions are threatened or taken against the supplier if it exercises its contractual or legal rights;

10) the supplier is required to reimburse the costs of processing consumer complaints related to the sale of agricultural or food products of the supplier that were made for reasons not attributable to the supplier.

9. For the purposes of items 1a) and 1b) above:

a) “date of setting of the amount payable” means the date when the invoice is delivered to the ORLEN Group Company (buyer). However, if it is the ORLEN Group Company that sets the amount payable, where the contract provides for regular deliveries of agricultural or food products the due date for payment is counted from the end of the agreed delivery period for agricultural or food products during which the products were delivered, and where the contract does not provide for regular deliveries – from the date of delivery of the agricultural or food products,

b) the agreed delivery periods for agricultural or food products referred to in item 1(a) are deemed to not exceed 30 days.

10. Grey practices that are prohibited unless certain circumstances exist:

1) the buyer returns unsold agricultural or food products to the supplier without paying the supplier for the products or for their disposal;

2) the supplier is charged a fee as a condition for storing, displaying, offering for sale or marketing its agricultural or food products;

3) the buyer demands that the supplier bear all or part of the costs of reductions in prices of agricultural or food products sold by the buyer in a sales promotion organised by the buyer;

4) the buyer demands that the supplier pay the buyer for advertising agricultural or food products;

5) the buyer demands that the supplier pay the buyer for marketing agricultural or food products;

6) the buyer demands that the supplier pay fees or charges for the activities performed by the employees involved in the arrangement of the premises used to sell the agricultural or food products of the supplier.

11. Grey practices are prohibited unless they have been clearly and unambiguously agreed in the contract between the buyer and the supplier prior to their application. If the buyer demands that the supplier bear all or part of the costs of reductions in prices of agricultural or food products sold by the buyer in a sales promotion organised by the buyer, it is also required that the contract between the supplier and the buyer is concluded before the anticipated date of the promotion and contains provisions specifying the sales promotion start date and duration and the quantity of agricultural or food products covered by the promotion.
12. In the case of grey practices listed in item 9.2–9.6, at the request of the supplier, the buyer is required to provide in writing the estimated unit rates or total payments, depending on the type of service specified in the contract. In the case of practices listed in item 9.2 and 9.4–9.6, the estimated cost of a service and the basis for its calculation must also be provided.
13. In case of any doubt as to whether a practice may be deemed unfair use of contractual advantage, the Legal Office should be consulted.

SECTION 6. Language of communication

1. An ORLEN Group company shall pay particular attention to the content and form of its internal and external communications. The content of communications should be clear and understandable. Ambiguous phrases or phrases that could wrongly imply anti-competitive intentions or effects should be avoided. Due care should be exercised in relations with suppliers of agricultural and food products so that the communication does not give any grounds for wrongly inferring that an ORLEN Group Company uses its contractual advantage.
2. The following guidelines can help avoid problems in competition-related matters:
   - ✓ Use clear, simple and accurate language.
   - ✓ Do not say anything that cannot be written down in a memo and do not encourage anyone to destroy correspondence or notes (do not give instructions such as "*please destroy after reading*", etc.).
   - ✓ Avoid language that could be misinterpreted as suggesting that an ORLEN Group Company approves of or is involved in any anti-competitive activities.
   - ✓ Do not use language that wrongly suggests existence of a dominant position or abuse of market position (some examples are phrases such as *exclude*, *boycott*, *eliminate*, *dominate*; however, making statements about, for example, market share development is not prohibited).
   - ✓ Do not use language that wrongly suggests any forbidden actions within associations.
   - ✓ Do not speculate in writing whether an activity is illegal or legal; however, this does not preclude the conduct of analyses to make a legal assessment of any planned action or activity and to define a lawful framework for such action or activity.

- ✓ In relations with suppliers of agricultural or food products and in internal relations, do not communicate or suggest that the market position of an ORLEN Group Company is such as to able the ORLEN Group Company to impose its own contractual terms.
- ✓ In the event of a dispute with a supplier of agricultural or food products, avoid making any statements, including suggestions, that the relationship with such supplier may be terminated or that orders may be reduced if no agreement is reached.

3. It should be borne in mind that any communications, including even comments or notes, may serve as evidence in proceedings conducted by competition authorities, proceedings concerning practices involving unfair use of contractual advantage, or court proceedings. Nothing is ever lost in the digital world. Every paper document usually has its electronic version, which can be retrieved even if deleted. Any electronic messages, such as email, sms and text messages, may be stored for an indefinite time after they have already been deleted from the devices of the persons who wrote, sent or received them. Email and voice mail messages may be accessed during inspections conducted by competition authorities. Competition authorities consider such messages to be a particularly good source of information since it is easy to determine their timing, and they can give a full picture of the situation at a specific time. Therefore, it is extremely important to comply with the above principles of clear and unambiguous communication, and equal care should be exercised in preparing traditional and electronic messages as well as messages for external customers and internal addressees. An attempt to view the situation from the perspective of a competition authority or court may provide an initial answer as to whether a message is unambiguous and does not entail any risk under competition law. In the event of any doubts as to the wording of any documents processed, in particular any contracts for trading in agricultural or food products, the Legal Office should be consulted.

SECTION 7. Sanctions for competition law infringements[11]

1. If the President of the Office of Competition and Consumer Protection declares that there has been an infringement of the prohibition of restrictive practices, an administrative fine may be levied on an ORLEN Group Company in the amount of up to 10% of its previous year's turnover (the President of the Office of Competition and Consumer Protection may also impose separate penalties for the violation of the Competition and Consumer Protection Act and the TFEU).
2. If the European Commission issues a decision declaring existence of an infringement, the fine may be calculated by reference to the turnover generated by the entire ORLEN Group.
3. There is also a risk of the parent being held liable for the conduct of its subsidiary.
4. If the President of the Office of Competition and Consumer Protection issues a decision declaring that an anti-competitive agreement has been made, an Officer who, in the course of their duties in the period of the declared infringement, intentionally allowed, by their action or omission, an infringement by the undertaking of the prohibitions specified in the Competition and Consumer Protection Act (Art. 6.1.1 to 6.1.6 of the Competition

[11] ORLEN Group Companies based outside Poland should take into account the sanctions resulting from the national regulations applicable to them.

and Consumer Protection Act) or Article 101(a)-(e) of the TFEU, may also be held liable. The maximum amount of the fine that may be levied on such Officer is PLN 2 million[12].

5. In addition, any restrictive practices are ineffective, in whole or in part, by operation of law. This means that any resulting contracts will be invalid, in whole or in part, and it will not be possible to apply them or enforce their performance by the other party.
6. If any entity was to suffer a loss or damage as a consequence of an ORLEN Group Company's hypothetical practice restricting competition, such entity may seek redress of damage before civil courts. In addition to such sanctions, there may be significant costs of defence against competition-related charges or in competition proceedings. Furthermore, such matters and proceedings may cause a serious disruption to the operations of the ORLEN Group Company as the focus is shifted towards the proceedings and preparation of defence.
7. The President of the Office of Competition and Consumer Protection may also impose an administrative fine equal to up to 10% of the previous year's turnover where a concentration has been completed without obtaining the authority's consent. If the concentration has a Community dimension, the entity competent to impose a fine is the European Commission.
8. The President of the Office of Competition and Consumer Protection may impose a fine of up to fifty times the average pay on a person holding a managerial position or being a member of an undertaking's management body if such person, whether intentionally or unintentionally, fails to notify an intended concentration.
9. In certain cases where the effects of an ORLEN Group Company's actions/omissions could affect the market of a country other than Poland, it should be remembered that the applicable laws of that country and potential sanctions provided for in such laws may apply. This also applies to a concentration.
10. If the President of the Office of Competition and Consumer Protection declares that there has been an infringement of the prohibition of unfair use of contractual advantage in trading in agricultural and food products, an administrative fine may be levied on an ORLEN Group Company, in the amount equal to up to 3% of its previous year's turnover.

SECTION 8. Rules to be followed in the event of an inspection or search

1. In cases concerning an infringement of competition law, the President of the Office of Competition and Consumer Protection and other relevant authorities (including the European Commission) may conduct an inspection or search on the undertaking's premises. It is essential that in the course of such inspection or search an appropriate conduct of Employees and Officers is ensured, including proper cooperation with the inspectors.
2. The subject matter of the inspection or search will be specified in the inspection authorisation issued by the President of the Office of Competition and Consumer Protection or in the court decision approving a search (in the case of an inspection by the European Commission – in the relevant decision issued by the European Commission).

[12] ORLEN Group Companies based outside Poland should take into account the sanctions for natural persons that result from the national regulations applicable to them, if the regulations provide for such sanctions.

3. The inspectors may in particular:
   - require access to any files, books, letters of any type and documents, relating to the subject matter of the inspection/search, as well as their copies and extracts;
   - require access to electronic mail correspondence, computer data carriers as defined in the regulations on the computerisation of activities of entities performing public tasks, other devices containing computer data, or IT systems;
   - require access to third party IT systems that contain data of the entity subject to the inspection/search relating to the subject matter of the inspection/search, to the extent the entity has access to such systems;
   - require access to land and buildings, rooms or other premises and means of transport of the entity subject to the inspection/search;
   - require that the entity subject to the inspection/search, an authorised person, owner of premises, a room, property or means of transport provide access to and hand over other objects that may serve as evidence in the case;
   - require that relevant persons provide oral explanations on the subject matter of the inspection/search;
   - take notes on the materials and correspondence;
   - require that the entity subject to the inspection/search make copies or printouts of the materials, correspondence and information stored on data carriers, devices or systems.
4. Preventing or obstructing the commencement or conduct of an inspection/search may result in the imposition of severe administrative penalties:
   - on the undertaking – up to EUR 50,000,000;
   - on a person in a managerial position or being a member of the undertaking's management body – up to fifty times the average pay;
   - on a person on duty in the undertaking's offices, who is an employee of the entity subject to the inspection/search – for preventing or obstructing presentation of documents at the time of commencement of the inspection/search – up to fifty times the average pay.

   In the case of inspections carried out by the European Commission, the fine may amount up to 1% of previous financial year's turnover or, in the case of a periodic fine, up to 5% of previous financial year' average daily turnover for each day of default on an obligation, depending on the type of infringement.
5. The President of the Office of Competition and Consumer Protection also has the authority to carry out inspections under the provisions of the Contractual Advantage Act. An inspection may be ordered and executed by the Trade Inspection.
6. The subject matter of an inspection conducted on the basis of the Contractual Advantage Act is defined in the inspection authorisation issued by the President of the Office of Competition and Consumer Protection.
7. In carrying out an inspection under the Contractual Advantage Act, the inspectors may in particular:

- require access to land and buildings, rooms or other premises and means of transport of the inspected entity;
- require access to any documents relating to the subject matter of the inspection, including in particular files, books and letters of any type, as well as their copies and extracts;
- require access to electronic mail correspondence, computer data carriers as defined in the regulations on the computerisation of activities of entities performing public tasks, other devices containing computer data, or IT systems;
- require access to third party IT systems that contain inspected entity's data relating to the subject matter of the inspection, to the extent the inspected entity has access to such systems;
- require that they be allowed to take notes on documents and correspondence;
- require that the inspected entity make copies or printouts of documents, correspondence and information stored on data carriers, devices or systems.
- require that the inspected entity or persons authorised by the inspected entity:

  a) provide oral explanations concerning the subject matter of the inspection;

  b) provide access to and deliver items which may serve as evidence in the case.

8. Preventing or obstructing the commencement or conduct of an inspection under the Contractual Advantage Act may result in the imposition of severe administrative penalties:
   - on the undertaking – up to EUR 50,000,000;
   - on a person in a managerial position or being a member of the undertaking's management body – up to fifty times the average pay;
   - on a person on duty in the undertaking's offices, who is an employee of the inspected entity – for preventing or obstructing presentation of documents at the time of commencement of the inspection – up to fifty times the average pay.
9. Detailed rules to be followed in the event of a search or inspection are set out in a separate document.

SECTION 9. Internal audits

In the event of a suspected breach by an ORLEN Group Company of the standards of compliance with competition law or the Contractual Advantage Act, an audit shall be undertaken at such ORLEN Group Company in accordance with the procedure set out in other internal regulations.