

## EPP Anti-Corruption Policy

### The principle of zero tolerance for corruption

1. Integrity, reliability, credibility and transparency are values that constitute a basis for the business, corporate culture and success of the EPP's capital group ('**EPP Group**') and of each of its member companies (a member company is defined as the '**EPP**' for the purpose of this Policy). Our customers, business partners and the entire real estate market trust that we act in accordance with these values.
2. Corruption is illegal and contrary to the values of EPP Group and EPP.
3. This is why EPP applies the approach of zero tolerance for corruption as part of its activity and expects its business partners and entities cooperating with EPP to comply with this principle.
4. EPP adopts this Anti-Corruption Policy (the '**Policy**') in order to prevent, detect and appropriately respond to events that may constitute corruption and which may occur in the course of business activity conducted by EPP. The policy contains rules that must be observed in all economic activities of EPP and indicates conduct that can constitute corruption.
5. The appendixes to the Policy, i.e. the Anti-Corruption Manual (the '**Manual**') and the Gift Policy form its integral part.

### About the Policy

1. The Policy provides for the principles of preventing and combating corruption, defines what corruption is (Manual), defines the rules of giving gifts, determines the consequences of non-compliance with the rules resulting from the Policy and suggests what to do in case of doubts or noticed violations of the Policy.
2. The policy is applied both within the organisation and, therefore, in relation to the members of the EPP bodies, its employees and associates employed on the basis of a contract of mandate, contract for specific work, cooperation agreement or other similar agreement, as well as in relation to its business partners.
3. The policy is a part of the sustainable development strategy adopted by EPP.

### Involvement of the Management Board in preventing and combating corruption

1. This Policy is the manifestation of the EPP Management Board involvement in achieving the objectives connected with conducting fair business and preventing and combating corruption.
2. The EPP Management Board assumes the responsibility for the implementation, application and regular updating of the Policy, including the assessment of the risk of corruption in the EPP activities, in order to identify and take adequate actions to prevent it.

3. The Director of Legal Department is responsible for applying the Policy in the EPP day-to-day activity, addressing doubts and for training in the scope of the Policy for managers, employees and associates.

## About corruption

1. **Corruption** is a promising, offering, giving, demanding or accepting – directly or indirectly – any material or personal benefit **in exchange for** an act or omission connected with the performance of professional duties, which is contrary to the provisions of law, customs and ethical standards.
2. Corruption can be committed by accepting or giving a benefit directly or through another person.
3. The corruption may take place in business relations (**private corruption**) or in relations with representatives of public offices and authorities (**public corruption**).
4. **A material benefit** is money and any other goods having a material value, i.e. gifts, events, meals, gift vouchers, prepaid cards, trips, invitations to training, etc.
5. **A personal benefit** is a benefit that satisfies needs other than the material need of a recipient, e.g. obtaining a diploma, promotion, honorary title, acquisition of certain skills.
6. Specific examples of corruption are presented in the Manual and their characteristics are discussed during the Policy training.

## About the risk of corruption for EPP

1. Within its business activity, EPP interacts with private entities and with public authorities.
2. A risk of corruption exists in both private and public interactions area
3. As regards business relations, the risk of corruption largely depends on the structure of the premises rental market and the demand or supply on the market.
4. In business relations with third parties, it is necessary to follow guidelines allowing for identifying and preventing the risk of corruption in relations with business partners, including agents and intermediaries, advisory companies, suppliers, distributors and subcontractors.
5. On the level of relations with public offices and authorities, the risk factor for corruption is, inter alia, any need or necessity to obtain a permit, authorisation or other decision, issuance of which conditions EPP specific actions.

## About the rules of conduct

1. Each EPP employee and associate undertakes to apply the EPP Anti-Corruption Policy.
2. The employees and associates should prevent and report cases of corruption.
3. All EPP employees and associates must avoid any actions that may violate the principle of zero tolerance of corruption and expose EPP to allegations of behaviour that does not comply with applicable laws, customs and ethical standards.

4. It is unacceptable to promise, offer and give, demand or accept any material or personal benefits in exchange for behaviour that is contrary to the law, customs, ethical standards, or breaches the provisions of agreements binding the employee, associate or contractor and EPP, the provisions of other agreements binding EPP and the Policies applicable in EPP.
5. Offering or accepting any gifts, presents, proofs of gratitude, invitations to events or other hospitality by EPP employees and associates is permitted only if it is made in accordance with the rules concerning gifts, as specified below and in the Gifts Policy.
6. It is necessary to be professional and straightforward in relations with public offices and public institutions. The expression of gratitude to a person performing a public function must never have a material form and must meet the conditions of expression of gratitude (see the Manual)
7. In Poland, the so-called facilitation payments, i.e. providing small benefits (the most often relatively small amounts of money) in order to overcome procedural obstacles, to obtain service and settle a matter to which citizens are legally entitled, are forbidden.
8. Failure to comply with the Policy shall constitute a breach of contractual obligations under employment contracts or cooperation agreements.

### About the effects of corruption

1. Corruption is a criminal offence, as well as a negative social phenomenon. It can have both individual consequences as well as consequences for EPP as an organisation.
2. Responsibility for corruption may result from an action of a person who:
  - a. directly commits an act of Corruption; or
  - b. consciously participates in a corruption scheme, i.e. orders to pay a bribe or agrees to the use of company's assets to finance bribes.

#### Consequences for an individual

- Disciplinary liability of the employee
- Termination of employment contract or cooperation agreement
- Termination of contractual and business relations with the counterparty
- Criminal liability + entry in the National Criminal Register + ban on performing functions in the governing bodies of capital companies + possible ban on conducting a specific activity
- Financial and compensatory liability

#### Consequences for EPP

- Liability for damages in connection with the breach of the obligation to refrain from corrupt practices
- Financial losses
- Reputation losses
- Loss of customers
- Criminal corporate liability

## About gifts and donations

1. In the sphere of business relations, EPP permits promotional and marketing expenditure ('expenditure') and accepting and giving small gifts or invitations to events if they meet the criteria for being justifiable, proportional, and neutral.
2. In order to assess whether an expense or gift meets the above criteria, it is necessary to define their purpose, take into account the time and circumstances of the expense or gift and assess whether or not there is a Corruption attempt behind it. Detailed guidelines are included in the EPP Gifts Policy.
3. It is forbidden to accept any gifts in the form of money, including bank transfer, remittance, or in the form of crypto-currency, prepaid cards or restaurant vouchers.
4. Accepting or providing a gift of the value not exceeding **PLN 250** does not require the consent or opinion of the superior, provided that it meets the criteria for being justifiable, proportional and neutral. The receipt or delivery of a gift of the value of up to PLN 250 should be documented.
5. Making a donation (also in the form of a gratuitous performance) for charitable, public benefit or political purposes is only permissible if the donation is made in a completely neutral and disinterested manner and after prior verification that the donation will not constitute or be perceived as a form of corruption.

## Documenting costs and expenses

1. Each EPP employee and associate, within the scope of their duties, is obliged to take care of financial documentation, including the documentation concerning promotional and gift expenses.
2. The documentation shall be subject to regular verification and should give an accurate view of the actual costs and expenses incurred.

## Doubts or detected irregularities

1. **Any doubts** regarding the application of the Policy or permitted or prohibited conduct, especially in the case of offering or accepting gifts, should be reported to the superior or the Head of the Legal Department.
2. In the case of being aware of any occurrence of or planned corrupt conduct, or if there is a reasonable assumption that corruption could have occurred, make a report in accordance with the EPP Whistleblowing Rules.

## Protection of personal data in connection with the application of the Policy

EPP shall process personal data in connection with the application of the Anti-Corruption Policy, including the Gift Policy, in accordance with the general principles of personal data processing in connection with the acceptance of reports about irregularities and follow-up actions specified in the personal data protection clause constituting an appendix to the Whistleblowing Rules.

## Anti-Corruption Manual

### Appendix to the Anti-corruption Policy of EPP

#### What is corruption?

Corruption is a criminal offence.

The offence of corruption is prosecuted *ex officio*, i.e. at the initiative of law enforcement authorities.

In addition, it is an extremely negative phenomenon affecting the public, the functioning of the state and public administration, and also – the functioning of the free market mechanisms, and first and foremost breaching the principle of fair competition between entrepreneurs.

Generally speaking – corruption consists of promising, offering, giving, demanding or accepting benefits in order to induce behaviour that is contrary to the law, applicable standards, customs and ethical standards, in other words – in exchange for dishonest behaviour.

The consequences of corruption are financial losses, loss of reputation, loss of goodwill, loss of counterparties.

#### What does corruption involve?

Corruption involves promising, offering, giving, accepting, or demanding material or personal benefits in exchange for a specific behaviour that does not comply with the duties of the person that is to obtain the benefit.

Promising, offering, giving benefits constitute the so-called active corruption.

Demanding and accepting benefits constitute the so-called passive corruption.

#### **Corruption exists not only in the public sector, but also in the private sector.**

Corruption is not limited only to bribing people who perform public functions. It may also occur in the area of business relations, when, for example, a 'bribe' is given to a representative of EPP or a counterparty in exchange for concluding an agreement or ensuring more favourable treatment than competitors.

A form of corruption is also **influence peddling**, which consists in giving or promising to give a material or personal benefit in exchange for behaviour consisting in intermediation in dealing with a case in a state, self-government, international organisation or a national or foreign organisation having public funds; the intermediation involves exercising unlawful influence on a decision, act or omission of a person performing a public function in connection with performing the function. The unlawful influence may take the form of direct corrupt by an intermediary of a person performing public function.

#### What is the Public Corruption?

Corruption in the public sector involves promising, offering or giving material or personal benefits to a person performing a public function in Poland or abroad, including in an international organisation.

The definition of a person performing a public function is included in the Penal Code.

The persons performing public functions are:

- a public officer, i.e.:
  - the President of the Republic of Poland,
  - a deputy,
  - a senator,
  - a municipal councillor,
  - a member of the European Parliament,
  - a judge (also an arbitrator in the arbitration court),
  - a layman,
  - a public prosecutor,
  - an officer of the financial preparatory proceedings authority or a supervisory body of the financial preparatory proceedings authority:
    - the Head and an officer of the Tax Office,
    - the Head and an officer of the Customs and Tax Office,
    - the Head of the National Tax Administration and an officer of the National Tax Administration,
    - Border Guard officers,
    - Police officers,
    - officers of the Military Police,
    - officers of the Central Anti-Corruption Bureau,
    - officers of the Internal Security Agency,
  - a civil law notary,
  - a bailiff,
  - a probation officer,
  - a bankruptcy trustee,
  - a court supervisor and administrator,
  - a person adjudicating in disciplinary bodies,
  - a person who is an employee of a government administration, other state or local self-government authority, unless he/she performs only service activities,
  - another person in the scope in which he/she is entitled to issue administrative decisions,
  - a person who is an employee of a state control authority or a local self-government authority, unless he/she performs only service activities, etc.;
- a member of a local self-government authority, e.g. the district or voivodship board, also the authority itself, i.e. mayor, voivode, president of the city, a staroste, a voivode;
- a person employed in an organisation managing public funds, unless he/she performs only service activities, as well as another person whose rights and duties in the scope of public activity are defined or recognised by the law or an international agreement binding the Republic of Poland.

**According to the Polish criminal law, giving benefits to persons holding public functions in Poland or abroad, their promising or offering is unacceptable.**

## Is it acceptable to express gratitude to a person performing a public function?

Only by way of an accepted common practice recognised by the case law of criminal courts, it is possible to provide persons holding the public function with small, occasional gifts, which are an expression of gratitude or having a dimension of customary courtesy (flowers, sweets).

The provision of marketing gifts (pens, notepad, etc. with the EPP logo) is also acceptable.

An expression of gratitude given to a person performing a public function may not exceed the value of PLN 100.

The gift may be given only officially, in good faith and in a transparent manner.

### **A PRESENT GIVEN TO A PERSON PERFORMING A PUBLIC FUNCTION MAY NEVER TAKE THE FORM OF CASH OR ITS EQUIVALENT (a pre-paid card, crypto-currency, etc.)**

It is unacceptable to offer gifts in order to speed up the examination of a matter in case of a delay.

## Can I, as an employee of the EPP, provide a gift or an expression of gratitude to an official or a person performing a public function?

**Yes, but only if it is:**

- symbolic,
- of small value, up to PLN 100,
- being offered in a transparent manner,
- unexpected and not anticipated by the person holding a public function,
- occasional (one cannot justify constant gift giving with gratitude),
- handed over only after the action has been completed (never before).

Among others, the following types of gifts are unacceptable:

- expensive bouquets of flowers,
- valuable chinaware,
- costly books,
- collector's pens,
- skiing equipment,
- watches,
- expensive alcohol,
- food products,
- invitations to restaurants (for breakfasts, lunches, dinners).

## Are the so-called small gratuities aimed at speeding up dealing with the case at the office acceptable (the so-called facilitation payments)?

Making the so-called facilitation payments, i.e. small, customarily accepted payments in order to overcome the clerical routine or obstruction (delay in examining a case) and to have the case handled in the normal manner – is unacceptable in Poland and in European countries.

**Remember, EPP regards the so called facilitation payments as unacceptable!**

## What is the Private Corruption?

Private corruption, i.e. in the private sector, is **promising, offering, giving**, for achieving a certain purpose, – of a material or personal benefit to a person:

- performing a managerial function in an enterprise, e.g. to a member of the management board or to a person holding a managerial position (director, manager);
- employed under an employment contract, a specific work contract or a contract of mandate, if they have or may have an impact on the business decision process within the enterprise (organisation).

Corruption is also **demanding or accepting** benefits by the above-mentioned persons.

**Remember that private corruption can always occur when the person to whom the benefit is offered is able to make business decisions that have or may have financial consequences for a specific entity for which the person acts or to influence such decisions.**

The purpose of giving (offering, promising) or accepting (demanding) a benefit is obtaining from a person to whom a benefit is offered (who demands a benefit) the conduct consisting in abuse of powers or failure to fulfil duties which may potentially result in:

- harm to the enterprise,
- act of unfair competition,
- unauthorised preferential act for the benefit of a contractor (e.g. selection of the contractor's or potential contractor's offer on the basis of non-market criteria).

## Who can commit the corruption offence?

As regards **accepting or demanding a benefit (passive corruption)**, the offence of corruption may be committed by persons performing public functions or holding managerial or other positions in an enterprise, which gives the possibility to undertake business decisions or influence them.

A person holding a public function is, for example, an official of a state or local government authority, responsible for or working within the architectural and construction administration area, who issues construction permits or occupancy permits (staroste, voivode, Chief Construction Supervision Inspector). Offering corrupt benefit to a person performing a public function is **public corruption**.

A person holding managerial functions in a private enterprise is, for example, a member of the management board, a sales department manager, the head of purchasing department or its manager, a person authorised to conclude agreements with counterparties. In such a situation, we are talking about **private corruption**.

**As regards persons offering, promising, or giving a bribe (active corruption),** the list is not limited in any way.

**Each person who offers, promises or gives a bribe** to a person performing a public function or holding a managerial position commits the offence of corruption.

### **Is an EPP employee exposed to commit the offence of corruption?**

**Yes,** an EPP employee may commit corruption offence both through:

- a bribe offered, promised or given to a person performing a public function or holding a managerial position in a private enterprise, and
- accepting or demanding a bribe, especially if he/she has a power to make business decisions and act on behalf of EPP.

### **What are material and personal benefits?**

**A material benefit is any benefit having an economic value, e.g.:**

- money, including in the form of grants, loans, transfers, pre-paid cards, gift cards,
- crypto-currency,
- increase in the value of assets (acquisition of shares in a company disposing of assets),
- debt reduction,
- a benefit of material value (rental of an apartment for free),
- movable objects (presents, e.g. jewellery, a unique fountain pen, chinaware, skis),
- journey, domestic or foreign trips,
- entertainment (ticket for a concert, for sporting events, e.g. Formula 1).

**A personal benefit is the benefit which serves to satisfy non-property needs, e.g.:**

- promotion,
- sexual act,
- employment offer,
- exclusive meals.

### **What is the so-called kick-back**

Kick-back – the so-called back-payment – is a form of bribe consisting in transferring % of the remuneration obtained under the concluded agreement to an individual (entity) who has led to concluding the agreement.

This often happens when the agreement is concluded on financial terms less favourable for the entity represented by the corrupted individual, than if the corrupt proposal did not take place.

### Does the benefit have to be intended for the person being corrupted?

The benefit does not have to be intended for the person to whom it is given or who demands it, it may be intended to a third party.

In other words, the argument that the benefit has been transferred to a third party will not be an effective defence.

### At what point does corruption occur?

Corruption occurs at the moment of making a promise, offering, giving, demanding or accepting a material or personal benefit.

**It is irrelevant whether the conduct, in return for which the bribe was handed over, has actually occurred.**

### In return for what specific behaviour can a bribe be given the Private Corruption scheme?

In such a situation, a behaviour sought by the briber is for a person holding managerial functions to abuse of his/her powers or to fail to fulfil his/her duty, with the potential to have an effect in the form of:

- causing damage to the company,
- an act of unfair competition,
- unacceptable preferential treatment for the benefit of the buyer or recipient of goods.

#### **An action to the detriment of the company is:**

- disclosure of data subject to business secret: know-how, customer database, documents, patents, etc.,
- economic decisions not justified by the company's interest and economic criteria, e.g. concluding an agreement on conditions unfavourable to the represented company, i.e. on conditions which are inadequate to the circumstances or where the contractor's performance is not equivalent to the performance of the company; a specific example is the sale of a real property belonging to the company at abnormally low price or the purchase of a specific asset at abnormally high price.

**An act of unfair competition** is an act contrary to the law or good practice if it threatens the interest or violates the interest of another entrepreneur or customer.

The acts of unfair competition include in particular:

- the transfer, disclosure or use of information covered by business secret or its acquisition from an unauthorised person, if it threatens the interests of the entrepreneur or violates the interests of the entrepreneur,
- inducing a person performing work for the benefit of an entrepreneur, to non-performance or improper performance of employee duties or other contractual obligations, in order to obtain benefit,
- slander or fraudulent praise,

- hindering access to the market,
- dishonest or prohibited advertising.

**An inadmissible preferential act** in favour of the buyer or recipient of goods, services, benefits.

**In general:** an unacceptable preferential act occurs when the act is not performed based on market criteria (such as price, quality, guarantee, production conditions, etc.), but on the basis of the criterion of the decision-maker's own interest.

**Examples:**

- preferential treatment of a tenderer in the tendering procedure, not on the basis of economic criteria,
- selecting a supplier according to vague, arbitrary criteria, other than those resulting from economic calculation,
- concluding a commercial agreement on more favourable terms for a counterparty compared to other counterparties, but without market/business justification,
- ordering from a supplier – not in relation to the terms of the offer and on the basis of a real need, but because of the benefit obtained,
- providing promotional services as a service provided by the entrepreneur, but actually provided in return for a bribe, which is a 'remuneration' flowing to the employee and not to the company providing the promotional services.

**In return for what specific conduct of a person performing a public function may a bribe be given in the Public Corruption scheme?**

In such a situation, a conduct sought by a briber can be any potential favourable treatment of the briber of the entity he/she represents by a person holding a public function in connection with performing the public function, e.g.:

- handling the case,
- speeding up the examination of the case, despite the lack of justification for such an action,
- disclosing confidential information relevant for a planned public tender,
- breaking the provisions of law.

**For the Public Corruption to occur, must a bribe be handed over to the decision maker?**

**No**, we can also deal with the so-called influence peddling.

In such a situation, a benefit is given to a person (an intermediary) who declares that he/she may influence the decision or action of a person performing a public function.

It is irrelevant here whether the intermediary can actually influence the decision or action of the person performing the public function, or only gives such impression (apparent influence).

The very handing in a benefit to a person who is to be an intermediary in handling the case constitutes Corruption. It is irrelevant whether the intermediary has a real possibility to exert influence and whether he/she has undertaken the intermediation.

### **Can each benefit, even of small value, constitute a bribe?**

**Yes**, if it is given in order to produce one of the unfair or harmful conduct described above (the purpose of giving the benefit is crucial).

The law does not define the minimum limit of the value under which a benefit does not constitute a corrupt benefit.

So, in theory, handing in a benefit of any value, however minimal, can be prosecuted if its purpose is bribery. The assessment depends on the circumstances of a given case.

If there has been a one-off payment of a small amount in order to obtain a specific behaviour, law enforcement authorities may decide not to prosecute, considering that such behaviour constitutes an act of negligible social harm.

In most cases, such a solution will not apply to the cases of giving a corrupt benefit to a person performing a public function.

In addition, if the benefits, even if of negligible value, **are given multiple times**, the total amount of all benefits becomes significant and the purpose is bribery, **the authorities will undertake prosecution**. All the identified actions consisting in handing in benefits will be considered as one conduct – as one corrupt practice spread over time.

### **As an EPP employee or associate, do I have the opportunity to offer or give, or receive gifts, expressions of gratitude or invitations to events?**

**Yes**, however, this must take place in accordance with the rules of **the Gift Policy**.

You can make a promotional, marketing expense or hand in or accept a gift (invitation for an event) if the expenditure meets the criteria of being justifiable, proportional and neutral.

This assessment must be made on every occasion when you intend to make a promotional or marketing expense or hand in a present.

**Remember that particularly important for the assessment is the time when the gift is handed over and the person to whom the gift is handed over.**

This assessment is very important. Providing and accepting small gifts of an occasional nature or promoting a given enterprise, meals during business meetings, training for counterparties, on the one hand, constitute an existing business standard. On the other hand, – they are a risk area where too expensive, even occasional gift can be treated as a bribe.

Regular giving or accepting gifts or invitations of unit values of PLN 250 can also be assessed as Corruption.

You can autonomously make a decision on promotional or marketing expenditure and on giving or accepting a gift or an invitation with a value of up to PLN 250, provided that your assessment indicates that the expense meets the criteria for being justifiable, proportional and neutral.

A promotional or marketing expense or giving or receiving a gift or an invitation with a value greater than PLN 250 requires the consent of a member of the EPP Management Board or the

director of the Legal Department (it is not necessary to obtain the consent of both, but one of them).

It is forbidden to accept and offer or give gifts in the form of money (cash, bank transfer, pre-paid cards, restaurant vouchers and other documents that constitute a marked monetary amount, crypto-currency).

Any doubts regarding the acceptance or handing in a gift or invitation should be consulted with the director of the Legal Department or a member of the EPP Management Board.

### **What should I do when the counterparty insists that I accept a gift or an invitation of a value exceeding 250 PLN and I do not have the possibility to consult a member of the EPP Management Board or the director of the Legal Department?**

In a situation where a counterparty offers a gift, any other benefit, including an invitation to an event, or hospitality of a value exceeding or possibly exceeding PLN 250, it should be indicated that the EPP Gift Policy requires the consent of EPP to accept such a gift or benefit.

If you judge that the refusal to accept a gift, benefit, gratitude or invitation could have a negative impact on the EPP business relations with a contractor the gift (benefit) or the invitation should be accepted, but immediately a member of the EPP Management Board or the director of the Legal Department must be informed of this fact.

All invitations or gifts (material benefits) that have been accepted by an EPP employee or associate should be entered in the register of gifts and invitations received from counterparties kept by the director of HR Department.

### **What should I do with the accepted gift or invitation to an event, the value of which exceeds PLN 250?**

In accordance with the obligation to prevent corruption, you should transfer the gift received to the director of the Legal Department and decide together whether you can keep the gift taking into account the best interest of EPP.

Any decision that an EPP employee or associate can keep a gift or use an invitation must meet the criteria for being justifiable, proportional and neutral as while deciding to provide a gift or an invitation in a business relationship, and must not create any risk to EPP that EPP actions will be perceived as related to corrupt practice.

Gifts and other material benefits in relation to which an EPP employee or associate and the director of Legal Department have made a decision that the employee or associate will not keep them will be transferred to charity.

You may accept an invitation to an event, if the invitation meets the criteria for being justifiable, proportional, and neutral, and you have the knowledge that other persons from the entity represented by the person offering the invitation will also take part in the event.

### Can a benefit paid via a third party be assessed as corruption?

**Yes.** Corruption also occurs when the corrupt benefit is transferred through a third party, e.g. a company that allegedly provides services to a bribe-financing entity. The corrupt practice is often associated with the issuance of the so-called empty invoices.

Persons from the third party then transfer the benefits to persons for whom the benefit is intended.

The flow of corrupt benefits often takes place under the guise of providing consulting services (fictitious mandates, training, etc.).

### Can a corruption offence be committed if you do not participate in the act of handing in a benefit?

**Yes.** The liability for corruption may also be incurred by those who have not directly handed in the benefit, but who, when performing their decision-making functions in the company, have agreed to the financing of corrupt benefits from the company's budget and were aware of the corrupt practice.

### Can EPP be held responsible if corruption is committed by its employee or associate?

**Yes.** The Company may be held responsible if it gained a profit in result of corrupt practice and the corrupt practice occurred due to:

- improper organisation in the company,
- improper control and supervision,
- incorrect selection of the employee, associate.

### Can EPP be held responsible if corruption is committed by its counterparty (a cooperating entity)?

**Yes.** EPP can be held responsible if, as a result of the corrupt practice of its counterparty, EPP obtained a profit, and the occurrence of the corrupt practice was a result of the EPP failure to check the reliability and honesty of the counterparty.

**Therefore, it is crucial to duly assess the reliability of the potential counterparty before establishing a business relationship, as well as to periodically assess the counterparty with which the EPP has a business relationship.**

The assessment should take place with reference, among other things, to the following criteria (red flags for corruption risk – exemplary calculation):

- 🚩 whether the counterparty has implemented and applies an anti-corruption policy;
- 🚩 whether the counterparty has any relationships with public offices and institutions (lobby) or whether, as part of cooperation with EPP, it will interact with public institutions, including public offices;
- 🚩 whether the counterparty has a well-established market position (results of the business intelligence based on open source of information should be considered);

- 🚩 whether the counterparty expresses a preference for payment in cash, excluding electronic payment;
- 🚩 whether the contractor indicates a personal bank account for the payment related to business activity;
- 🚩 whether the counterparty's bank account is included in the white VAT list;
- 🚩 what material and personal resources are available to the counterparty.

## What are the consequences of corruption?

The consequences of corruption are multidimensional, i.e. they may have an individual dimension – for an employee, associate, counterparty, as well as for EPP.

The consequences include:

- legal consequences: civil liability, criminal liability,
- financial consequences – liability for damages under civil or criminal law, loss of profit due to loss of business partners,
- consequences related to reputation.

## What are the consequences of corruption on the individual level?

### Disciplinary and contractual liability

Failure to comply with the rules resulting from the Policy and undertaking corrupt behaviour shall constitute a serious breach of employee's duties and shall entail disciplinary liability. This may entail termination of the employment contract or the imposition of other disciplinary penalties resulting from the Work Regulations.

In the case of associates and counterparties – a violation of the Policy and undertaking corrupt practices will constitute a basis for terminating the cooperation.

### Criminal liability

Corruption may result in criminal liability for an individual:

- in the case of Private Corruption, – a sentence of imprisonment for up to 8 years may be imposed;
- in the case of Public Corruption, – a sentence of imprisonment for up to 12 years may be imposed;
- the conviction for Private Corruption entails an **automatic** ban on holding functions in the governing bodies of limited liability companies;
- the ban can be imposed by the court in the event of a conviction for Public Corruption;
- independently of the type of Corruption, the court can decide of :
  - depriving an individual of public rights;
  - ban on conducting specific activity or occupying designated positions or performing specific functions;

- ban on occupying all or certain positions or performing certain jobs, or ban on working on the basis of an employment relationship, agency contract, commission contract or other service contract, in state and local self-government bodies and institutions as well as in commercial law companies in which the State Treasury or a local self-government body holds directly or indirectly at least 10% of shares;
- the conviction is entered in the National Criminal Register.

### What can be the consequences of Corruption for EPP?

If an employee, associate or counterparty commits Corruption, EPP can incur the following types of liability:

a) **legal liability:**

- **civil liability** – by terminating an agreement by counterparties or an investor in connection with the violation of the obligation to prevent and counteract corruption and not to engage in corrupt practices,
- **criminal liability** – on the basis of the Act on Corporate Criminal Liability if an individual is found guilty.

In the case of a judgment which states the liability of EPP:

- court order will rule against EPP:
  - a financial penalty from PLN 1,000 to PLN 5,000,000, but within the limit of 3% of the revenue generated in the year in which corruption was committed,
  - forfeiture of benefits obtained as a result of corrupt practices.
- EPP will be entered into the National Criminal Register;
- the court will have a power to impose on EPP a ban:
  - to compete in public procurement,
  - on promotion or advertising its business activity,
  - a ban on using support from public funds,
  - a ban on using the aid from international organisations to which Poland is a party,
- the court can decide on publishing the judgment.

b) **financial liability** – resulting from:

- civil or criminal liability (compensation, redress of damage, forfeiture of the benefit obtained),
- a decrease in turnover and revenues as a result of losing reputation and goodwill.

c) **reputational liability**, which will result in the loss of reputation and goodwill, as well as loss of trust on the market, which may result in a decrease of the portfolio of counterparties.

## Examples of Corruption:

Benefit – form and amount	In return for what?
<b>Material benefit in the form of money and various minor items, such as ‘a bag’, and benefits in the form of free meals with a total value of not less than PLN 10 000</b>	Provided by a person holding a managerial position in a retail company distributing goods to persons from a competitive company in exchange for providing information on marketing activities and customer information
<b>Property benefit in the amount of PLN 8 000</b>	Provided by an employee of a company being a beverage company, with the consent and order by the Managing Director, – to the head of the purchasing department (buyer) in exchange for providing additional promotional services and additional display of goods by the sales chain, an unacceptable preferential act, an act of unfair competition
<b>Benefit in the form of exotic trips</b>	Organized by representatives of a company producing construction chemical compounds for members of the management boards of housing cooperatives in exchange for selection, in the framework of tenders, the offers indicating, in the specifications for the execution of the contract, the manufacturer's products
<b>A fountain pen from a unique collection with a value of approx. PLN 14 000</b>	Provided by representatives of a construction company to the director of a branch of a public institution – in exchange for the unauthorised provision of information about the organised tender and preferential treatment of the construction company
<b>A promise of material benefit in the amount of PLN 200 000 and PLN 50 000 and the position of the director in a company</b>	In return for signing a contractual withdrawal from building lease agreements, acting to the detriment of the leaseholder
<b>Material benefit in the amount of PLN 100</b>	In exchange for abuse of granted powers by making an illegal electricity connection
<b>Material benefit in the form of a tourist trip to Turkey, tourist trip to Morocco, tourist trip to Crete with a total value of PLN 3,299 and cash in the amount of PLN 1,500</b>	In return for the behaviour consisting in accepting goods at the company in the assortment, quantity and quality not corresponding to the needs resulting from the business activity carried out
<ol style="list-style-type: none"> <li data-bbox="204 1700 746 1765">1. <b>Material benefit in the form of amounts of cash of several hundred zloty each.</b></li> <li data-bbox="204 1933 746 1998">2. <b>Material benefit in the amount of PLN 1000.</b></li> </ol>	<ol style="list-style-type: none"> <li data-bbox="783 1700 1394 1906">1. In exchange for abuse of the granted powers constituting an act of unfair competition, consisting in multiple choice of the same entrepreneur to carry out renovation of building balconies with the omission of other contractors.</li> <li data-bbox="783 1921 1394 2054">2. In exchange for an abuse of the granted powers consisting in mandating a specific entrepreneur to replace windows in the building of the Cooperative's Management Board; the material</li> </ol>

<p><b>3. Material benefit in the amount of PLN 12,000.</b></p>	<p>benefit has been included in the value of the ordered service.</p> <p>3. In exchange for an abuse of granted powers constituting an act of unfair competition, consisting in preparing a competitive bid for the renovation of the roof covering in the building in such a way so that the works were carried out by the entrepreneur who has handed over the material benefit.</p>
<p><b>Material benefit in the form of a bottle of alcohol of G. brand and an envelope with money in an unknown amount</b></p>	<p>In return for a failure to comply with the obligation to assess the repair cost estimates.</p>
<p><b>Material benefit of PLN 1000</b></p>	<p>In exchange for preparing valuation of damage to be covered from third-party liability insurance</p>
<p><b>Material benefits from PLN 300 to PLN 25,000</b></p>	<p>A Bank's representative offered assistance in obtaining loans – and confirmed the submitted documents concerning employment and income, even though he knew that they had been falsified</p>
<p><b>Material benefit of PLN 2,856</b></p>	<p>In connection with performing a public function of the Head of the Public Hospital in G. favour and assistance in buying a product of the company (...) in the form of a harmonic knife</p>
<p><b>Material benefit in the form of a mobile phone of the H. brand worth PLN 1,000</b></p>	<p>Police officers – of the Road Traffic Department during a roadside check – demanding a material benefit in the amount of PLN 1,000, making the performance of an official act in the form of releasing the vehicle stopped for control and returning the vehicle documents dependent on receiving such amount</p>
<p><b>Material benefit</b>  1) PLN 100  2) PLN 50 or PLN 100  3) PLN 50 or PLN 100  4) PLN 50  5) PLN 50 or PLN 100  6) PLN 100  7) PLN 150 or PLN 200  8) money or 0.5 l bottle of whisky</p>	<p>Refraining from punishing drivers for a committed offence and completing the road check without imposing a fine</p>
<p><b>Material benefit in the form of a painting showing still life with a total value of PLN 12,000</b></p>	<p>Accelerating the time of the medical procedure for replacement of a loose acetabulum of the left hip joint</p>
<p><b>Material benefit</b>  1) PLN 7 408 (each amount in the range from PLN 62 to PLN 354)  2) amounts in the range from PLN 50 to PLN 161  3) PLN 294 (3 x PLN 98)</p>	<p>Refraining from technical inspection of a vehicle, and, despite the fact, certifying the untruth, as to the circumstances having legal significance, by making an entry in the document concerning the vehicle confirming a positive result of the allegedly conducted technical inspection, as well as making an identical entry in the register held in the IT system</p>

<b>Material benefit of PLN 2,000</b>	Accelerating a patient's surgical procedures at the Ward in view of the worsening state of health and lack of progress in prolonged treatment of the existing injury, consisting in three-bone fracture of the right leg in the area of the ankle and the existing risk of amputation
<b>Material benefit in the form of a bottle of pure vodka of an unspecified brand worth approx. PLN 50</b>	Entry in the electronic documentation of the diagnostic station and in the vehicle registration document of a truck confirming the performance of technical inspection and allowing the vehicle to the road, despite the withdrawal from conducting the inspection
<b>Material benefit of PLN 35,000</b>	Intermediation in providing assistance in winning a competition for running a care and education centre
<b>Material benefit in the amount of PLN 1,500; the promise to obtain further material benefit</b>	Obtaining data from the Police and Border Guard information systems about V. J. and a car of M. make
<b>Material benefit</b> 1) PLN 13,000 2) PLN 5,000 3) PLN 10,000 4) PLN 10,000	Failure, in the course of enforcement proceedings, to proceed with the sale by auction of a real estate located in B. in particular by arranging for the postponement of the auction, or preventing the sale of the aforementioned real property by auction conducted under the supervision of the court, and after the sale of that real property, if any, for its recovery

## EPP Gift Policy

### Appendix to the Anti-corruption Policy of EPP

This Gift Policy sets out the principles of:

- incurring promotional and marketing expenses aimed at the development of business or maintaining business relations, including giving gifts to persons from outside the EPP and accepting gifts by EPP employees ; an invitation to an event should also be understood as a gift;
- making donations for charitable, public benefit or political purposes.

#### Promotion and marketing expenditure and gifts

1. It is possible to make a promotional, marketing expenditure or to provide a gift if the expenditure or gift meets the criteria:
  - of justified and acceptable purpose,
  - of good faith (the expenditure or gift is not motivated by inducing unlawful or dishonest conduct).
    - proportionality, which covers inter alia rationality, i.e. moderation (its value should not exceed PLN 250 over a minimum period of 6 months),
    - the fact for a gift to be occasional (e.g. for Christmas),
  - neutrality (the gift should not be personalized, i.e. dedicated to a specific person), including transparency.
2. A decision on the expenditure or gift should also be made with consideration for the time when the gift is provided, i.e. it should be determined whether:
  - the persons to whom the gift is offered or handed over have previously received a gift from EPP, when it was and under what circumstances,
  - EPP does not organise a tender in which the entity offering the gift participates,
  - EPP does not participate in a tender organised by the entity to which the EPP representative offers or hands over the gift.
3. The assessment of an expenditure or gift must be made on the occasion of the promotional or marketing expenditure, or when providing or accepting the gift.
4. Remember – providing an expression of gratitude to a person performing a public function is subject to additional admissibility criteria (see the Manual).

#### Rules of giving and accepting gifts

1. It is forbidden to accept and provide any gifts in the form of money (cash, bank transfer, pre-paid cards, restaurant vouchers or other documents that express a marked monetary amount).
2. EPP allows its employees or associates to accept discount vouchers from tenants pursuant to the adopted business practice, provided that the criteria for the acceptability of the gift,

as indicated above, are met. The receipt and use of discount vouchers is treated by EPP as a gift and should be recorded in the Register of Gifts.

3. It is necessary to refuse to accept a gift or an invitation to an event, regardless of its value, if the circumstances of providing the gift or the invitation to an EPP employee or associate give rise to a suspicion that the person providing them expects an undue advantage or other conduct contrary to the law, procedures or otherwise being dishonest, or if the acceptance of such an invitation, may expose EPP to reputational damage.
4. If the circumstances of giving a gift or an invitation by an EPP employee or associate of can lead a third party to perceive the provided benefit (invitation) as of corrupt nature or that the EPP employee or associate expects a specific conduct in return, it is necessary to refrain from providing the gift or the invitation.
5. Every EPP employee or associate, who has a marketing budget, may decide on promotional or marketing expenditure and to provide a gift or an invitation **with a value of up to PLN 250**, provided that the assessment of the expenditure shows that it meets the criteria for an acceptable expenditure or gift.
6. The promotional or marketing expenditure and providing or accepting a gift of a value exceeding PLN 250 requires the consent of a EPP Management Board member or the director of the Legal Department. The need for consultation with the director of the Legal Department or the EPP Management Board member and obtaining consent applies also to a situation where the providing or accepting a gift or an invitation may not meet all criteria for the admissibility of the expenditure or the gift. In the case of discount vouchers, EPP employees and associates should report to the director of the Legal Department the receipt of discount vouchers which quantity or use will bring a benefit (savings) of the value of PLN 250 or more.
7. An EPP employee or associate should hand over a gift or an invitation with a real or potential value of above 250 PLN to the director of the Legal Department and decide together whether the employee or associate may keep the gift or use the invitation taking into account the best interest of EPP. With respect to discount vouchers the use of which may result in the benefit worth more than PLN 250, they should be reported to the director of the Legal Department.
8. Each decision whether an EPP employee or associate can keep a gift or use an invitation must comply with the criteria of them being proportional, , justifiable and neutral I and must not give rise to any risk to EPP of perception of its activities as being related to corrupt practice.
9. Gifts and other material benefits for which an EPP employee or associate and the director of the Legal Department of EPP have made the decision not to keep them, will be handed over to charity.
10. In a situation where a counterparty offers a gift, an expression of gratitude or any other benefit the value of which exceeds or may exceed the amount of PLN 250, it should be pointed out that the EPP Gift Policy requires the EPP consent to accept such a gift.
11. If a refusal to accept a gift or benefit could adversely affect the EPP business relations with the counterparty, the gift or the invitation should be accepted – and the director of the Legal Department should immediately be informed of this fact, whose task is to communicate the EPP Anti-Corruption Policy to the counterparty again.

12. Any invitations or gifts (material benefits) which have been accepted or handed over by an EPP employee or associate, regardless of their value, should be entered in the register of gifts and invitations created for this purpose and kept by the director of the Human Resources Department. The director of the Human Resources Department and the director of the Legal Department regularly analyse the records of gifts and expenditure.

## Gifts catalogue

1. In accordance with this Policy, gifts are divided into three categories:

Admissible without the necessity to obtain consent – the value not greater than PLN 250
<ul style="list-style-type: none"> <li>➤ gifts provided/accepted in connection with the promotion of services and activities of EPP or its business partner, e.g.:               <ul style="list-style-type: none"> <li>➤ notepads, pens, mugs, calendars with EPP or a business partner's logo,</li> <li>➤ other gifts, provided that they meet the conditions of permissible gifts.</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>➤ in the form of meals in a service establishment, accompanied by a representative of a business partner, if:               <ul style="list-style-type: none"> <li>➤ they are infrequent and reciprocal,</li> <li>➤ members of the family or other persons close to the employee or the business partner do not take part in them,</li> <li>➤ if the offeror of the meal is not an EPP employee, the offeror or his/her representative should participate in the meal.</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>➤ in the form of invitations to entertainment, provided that:               <ul style="list-style-type: none"> <li>➤ they are infrequent, and reciprocal,</li> <li>➤ the inviter and other representatives of the organisation on whose behalf the inviting employee acts, participate in the entertainment event.</li> </ul> </li> </ul>
Acceptable after obtaining the consent of a member of the Management Board of EPP or the Head of the Legal Department – the value > 250 PLN
<ul style="list-style-type: none"> <li>➤ in the form of marketing gifts,</li> <li>➤ in the form of meals in a service establishment,</li> <li>➤ in the form of invitations to entertainment events.</li> </ul>
Unacceptable
<ul style="list-style-type: none"> <li>➤ handed over/accepted in the form of money or documents that are an expression of a given monetary amount, e.g.:               <ul style="list-style-type: none"> <li>➤ cash,</li> <li>➤ discount voucher (except for discount vouchers accepted by EPP employees or associates in relations with tenants, provided that they meet the criteria for gift acceptability),</li> <li>➤ gift voucher,</li> <li>➤ commonly regarded as inappropriate, obscene, e.g. containing vulgar or erotic content,</li> </ul> </li> </ul>

- crypto-currency,
- capable of causing a conflict of interest,
- conditioning the performance of another activity on a 'something for something' basis.

The above list is not exhaustive.

## Donations

1. EPP allows donations for charitable, public benefit or political purposes, provided that the following conditions are met:
  - selflessness,
  - no conflict of interest,
  - transparency,
  - compliance with the law.
2. No conflict of interest means that, according to the information available, the entity to which a donation is to be provided is not related in any way with a person:
  - a. holding a managerial position in a business entity/ enterprise that is or may be a counterparty or a competitor of EPP,
  - b. performing public functions in a public institution or office that can issue a decision possibly relevant for the EPP activity,
  - c. close to the person indicated in items a or b.
3. Donations should be understood as cash, tangible assets, as well as financing and provision of services that are or are to be beneficial to the community, including the local community.
4. Cash payments and payments to private bank accounts are unacceptable.
5. Donations must not in any way satisfy the interests of private individuals.
6. The decision to donate can only be made by the EPP Management Board.
7. Before making a decision to make a donation, EPP should ensure that the recipient discloses the information about the donation made by the EPP to the public and that there is no risk of a conflict of interest.
8. Any donation in the form of cash or movable property or other property should be made on the basis of a written agreement in which:
  - a. the recipient undertakes to publicly disclose the fact of receiving the donation made by EPP,
  - b. the recipient undertakes not to use the donation for any personal purposes,
  - c. the purpose of the donation will be specified.
9. Each donation for political, charity and sponsorship purposes shall be documented in a transparent manner in the bookkeeping and accounting records.

Template of the form for reporting accepted and provided gifts

<p style="text-align: center;"><b>LIST OF GIFTS ACCEPTED/PROVIDED</b>  <b>IN EPP sp. z o.o.</b></p> <p style="text-align: center;">for the period from ..... to .....                      (month, year)</p>							
No.	Date of accepting/providing a gift	Data of the entity in which the person to whom the gift is provided is employed together with an indication of the position	Details of the person providing the gift, specifying the nature of its relationship with EPP and the position (e.g. <i>employee, associate, counterparty</i> )	Gift description	Estimated value of the gift	The purpose for which the acceptance/ handing over of the gift was performed	Consent to providing/accepting the gift (if applicable)
1							
2							
3							
4							
5							

**Appendix to the EPP Anti-Corruption Policy – Representations Templates**

**Statement on becoming familiar with the EPP Anti-Corruption Policy and on undertaking to apply it**

**EMPLOYEE STATEMENT**

I, the undersigned

.....,

employed in EPP sp. z o.o. on the position

.....

declare that I have read and understood the EPP Anti-Corruption Policy, including examples of corruption described in the Manual, and I have understood the content thereof, and I undertake to comply with it.

\_\_\_\_\_

[place] [date] [name]

## ASSOCIATE STATEMENT

I, the undersigned

.....,

conducting business activity under the business name

.....

.....

with its registered office at

.....

declare that I have read and understood the content of the EPP Anti-Corruption Policy, and I undertake to comply with it.

---

[place] [date] [name]

## COUNTERPARTY STATEMENT

I, the undersigned

.....,

acting on behalf of

.....

with its registered office at the address

.....,

as its duly authorised representative,

declare that I have read and understood the content of the EPP Anti-Corruption Policy, and I undertake to comply with it,

and

I undertake, on behalf of [the represented entity], that its employees, associates and persons acting on its behalf are familiar with the content of the EPP Anti-Corruption Policy and shall comply with it.

\_\_\_\_\_

[place] [date] [name]