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Nadace ORLEN Unipetrol
Butadien Kralupy a.s.



**PROCUREMENT POLICY
OF THE ORLEN CAPITAL GROUP**
issue No.1, 02.04.2025

(HEREINAFTER ALSO REFERRED TO AS THE “POLICY”)

Approved by:

CEO / Executive directors

Valid from:

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Document administrator:

ORLEN Unipetrol RPA s.r.o. – Management Systems Department

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1 Purpose and scope of the Policy

Purpose and scope of the Policy

The purpose of this Policy is to define the principles of the procurement process and the directions of transformation of the Procurement Area in the ORLEN Group.

The Procurement Policy is binding on ORLEN S.A. and on the Companies belonging to the ORLEN Group that have adopted the Policy for implementation.

Any deviations from the rules resulting from the Policy require consultation and acceptance by the Procurement Executive Director at ORLEN S.A.

The Policy is consistent with the [ORLEN Group Sustainable Development Strategy 2024-2030](#) and European regulations on sustainable development.

Every two years, the Policy is subject to revision. Procurement Executive Director is responsible for conducting the revision.

Scope of the Procurement Policy

This Policy covers procurements made by the ORLEN Group, with the exception of:

oil	gas	electricity
energy utilities other than electricity	finished fuels	non-fuel goods and services
capital investments	real estate	financial services
other not covered by procurement procedures, e.g. taxes and official fees	other products intended directly for resale, except for procurements made on the basis of arrangements with the sales area	

Procurement process rules

Each procurement process should be conducted based on the following rules:

- professionalism,
- transparency,
- compliance with the principles of sustainable development, including ethics, as well as with the provisions of law and internal regulations of the ORLEN Group Companies,
- documented course,
- competitiveness.

Directions of transformation of the Procurement Area

The ORLEN Group carries out procurement effectively, in accordance with the highest international procurement standards.

The ORLEN Group constantly strives to achieve the highest standards of conducting business activity and constantly requires itself to implement the best solutions.

Therefore, within the framework of the Policy, the following transformation directions of the Procurement Area are indicated:

- **increasing efficiency,**
- **synergies and cooperation with the ORLEN Group Companies,**
- **risk management,**
- **implementation [of the ORLEN 2035 strategy](#).**

2 Scope of Validity

The Document is **valid** in the following marked companies/branches:

- ☒ ORLEN Unipetrol a.s. ☒ ORLEN Unipetrol RPA s.r.o. ☒ BENZINA, odštěpný závod
- ☒ POLYMER INSTITUTE BRNO, odštěpný závod ☒ ORLEN Unipetrol Doprava s.r.o.
- ☒ PARAMO, a.s. ☒ SPOLANA s.r.o.

The Document is **also valid** in PETROTRANS, s.r.o., ORLEN Unipetrol Slovakia s.r.o., REMAQ, s.r.o., HC VERVA Litvínov, a.s., Nadace ORLEN Unipetrol, Butadien Kralupy a.s. and its validity is subject to approval in the following legal entities / companies.

The issue **replaces** „Procurement Policy of ORLEN Capital Group” dated 4. April 2017, available on the ORLEN Unipetrol RPA s.r.o. website.

The policy is available for external entities on the ORLEN Unipetrol RPA s.r.o. website:
<https://www.orlenunipetrolrpa.cz/en/AboutUs/Pages/Purchasing-and-Suppliers.aspx>

3 Terms, Definitions and Abbreviations

ORLEN Group – means ORLEN S.A. and trading companies that are its subsidiaries within the meaning of International Financial Reporting Standard 10 – Consolidated Financial Statements or another standard applicable in its place.

Procurement Area - organizational units of ORLEN S.A. subordinate to the Procurement Executive Director.

Procurement procedure – part of the procurement process covering activities undertaken from the moment of acceptance of the demand by the Owner of the budget/investment project/Orderer and confirmation of completeness of the received demand by the Buyer, through the process of selecting a supplier on the Procurement Platform, until the moment of signing a contract with the supplier.

Ordering Party – the budget owner/financial source of the subject of the procurement or a person indicated by them.

4 Stages of the procurement process

Within the framework of this Procurement Policy, the following procurement process is distinguished:

- consolidation of material needs by the Ordering Party,
- procurement planning,
- procurement preparation,
- selection of the procurement procedure mode,
- selection and acceptance of a supplier, taking into account the quality-price ratio (e.g. value for money) and the integration of economic, environmental and social aspects,
- conclusion of the contract,
- execution of Orders and settlement of invoices,
- evaluation of suppliers.

Procurement processes are carried out using IT tools.

Each stage of the process should be properly documented and recorded for the purposes of records in dedicated IT tools.

5 Division of responsibilities in the procurement process

The current practice in the ORLEN Group Procurement Area is a clear division of roles and responsibilities of all participants in the procurement processes.

The standard is to divide responsibilities between:

- persons ordering the procurement – also responsible for acceptance and receipt of ordered goods and services,
- persons selecting suppliers and contracting, as well as
- persons responsible for the correct settlement of orders and payment execution.

The Procurement Area in the ORLEN Group performs the following activities as part of the procurement process:

- qualification and selection of suppliers, their evaluation and management of relations with suppliers,
- conducting procurement negotiations,
- conclusion of obligations and contracts with suppliers,
- settlement of concluded contracts (excluding contracts settled out of the Procurement Area).

Detailed rules for the course of procurement processes and the division of roles and responsibilities are specified in separate internal organizational acts concerning procurement processes at ORLEN S.A. and in the ORLEN Group Companies.

Incurring procurement liabilities takes place in accordance with the rules of authorization to conclude contracts on behalf of ORLEN S.A. and the ORLEN Group Companies and the relevant procurement procedures.

6 Supplier management

The Procurement Department creates and develops long-term, mutually beneficial and ethical relationships with suppliers, bearing in mind the best interests of the ORLEN Group.

The ORLEN Group uses the services of carefully selected suppliers. As part of the continuous improvement of procurement processes, it develops and standardizes processes related to the selection of suppliers. Qualification, selection and periodic evaluation of suppliers allow for minimizing financial, process and reputational risks and maximizing the quality of cooperation with contractors. This translates into operational excellence and building the ORLEN Group's competitive advantage.

7 Sustainable development

The ORLEN Group is aware of the current challenges related to climate change, loss of biodiversity, social challenges, geopolitical and economic situation. Therefore, it continuously adjusts its activities to changing conditions in order to minimize the negative impact and increase the positive impact on its environment. Due to cooperation with many business entities, the ORLEN Group is responsible for introducing positive changes also among companies in its supply chains.

The ORLEN Group, as part of its Sustainability Strategy, has defined five streams that precisely define the principles and goals towards sustainable development. These principles will also be implemented by ORLEN in its supply chains.

Climate	Environment	Employees	Communities	Management
Minimizing the impact on the climate	Protection of the natural environment and biodiversity	Safety and good working conditions	Relationship with the environment and communities	Responsible management

The ORLEN Group, in cooperation with suppliers, strives to integrate the goals of sustainable development and partnership in the sustainable transformation of the economy. It bases mutual relations on the principles of responsible business and sustainable development, supporting suppliers in building awareness and developing the best business practices in this area. The ORLEN Group also encourages suppliers to engage in a substantive dialogue and cooperation promoting responsible business throughout the value chain.

8 Principles of cooperation with ORLEN Group companies

The ORLEN Group operates on a segmental management basis. The Procurement Department at ORLEN S.A. and in the Companies belonging to the ORLEN Group implements the interests of the ORLEN Group through integrated operational management and the implementation of synergies and strategic goals defined by ORLEN S.A.

Segmental management and supervision by representatives of ORLEN S.A. on the Supervisory Boards of ORLEN Group Companies is intended to ensure consistency and synergy of procurement processes, maximization of benefits and minimisation of risk in the supply chain and meeting business needs for the growth of value and competitiveness of the ORLEN Group.

The Procurement Executive Director at ORLEN S.A is authorized to manage the Procurement Department in the scope of implementing the strategic goals of the Procurement Department in the ORLEN Group, while maintaining the institutional distinctiveness of the ORLEN Group Companies.

At the same time, the managers of the remaining Segments and Areas and the ORLEN Group Companies actively cooperate with the Executive Director for Procurement of ORLEN S.A. to implement the provisions specified in this Procurement Policy.

As part of the implementation of the Procurement Policy, the Procurement Executive Director at ORLEN S.A. is authorized to perform the following tasks:

- monitoring the implementation of the ORLEN Group Procurement Policy,
- implementing procurement in the ORLEN Group, excluding the categories indicated in item. I of this Procurement Policy,
- optimizing supply costs in the ORLEN Group,
- securing the supply of bio-components and raw materials for their production in the ORLEN Group,
- optimising the ORLEN Group's stocks in terms of material supply,
- monitoring procurement and assessing the effectiveness of the ORLEN Group Procurement Policy,
- defining process and tool standards to ensure the operational efficiency of other business processes in the ORLEN Group.

The Procurement Executive Director at ORLEN S.A. defines the standards applicable in the ORLEN Group, regulating key elements of procurement processes, in particular:

- implementation of procurement category strategies,
- qualification and evaluation of suppliers,
- recording, execution and settlement of orders and contracts,
- applied IT procurement systems and tools,
- reporting and exchange of procurement data between the ORLEN Group Companies,
- building procurement competences in the ORLEN Group.

Implementation and modification of internal regulations concerning procurement processes in the ORLEN Group Companies requires consultation and approval of the Procurement Executive Director at ORLEN S.A.

The Procurement Department may delegate the authority to make and/or execute procurements to other departments within a specified monetary limit and/or available framework agreements.