ANTI-CORRUPTION CODE OF CONDUCT

A policy drawn up at LDC Group level, approved for use at DROSED S.A.

DROSED S.A., a member of the LDC Group, regards integrity as a fundamental and essential value for sustainable development, which should be reflected in ethical conduct within the Company's operations.

The aim of the Anti-Corruption Code of Conduct (hereinafter referred to as the 'Code of Conduct') is to raise awareness of the risks associated with corruption and to mitigate these risks through targeted measures.

Although this Code of Conduct does not cover every situation we may encounter, it should help us make the right decisions, whatever the circumstances, so as to avoid the risk of corruption.

The actions we take will help us to strengthen the image and reputation that DROSED S.A., together with the LDC Group, is building, and to maintain and expand relationships based on trust with our business partners, and in particular with our customers.

Failure to comply with this Code of Conduct will constitute a breach of the law relating to corruption.

The principles set out in the Code of Conduct apply to all members of management, as well as internal and external staff of DROSED S.A.

INTRODUCTION: WHY IS THERE A NEED FOR AN ANTI-CORRUPTION CODE OF CONDUCT?

Committing an act of corruption or bribery is an offence that results in legal and financial consequences for both the employee and DROSED S.A., and causes lasting damage to the reputation of all subsidiaries of the LDC Group.

In this context, the LDC Group, comprising LDC S.A. and the companies controlled by LDC S.A. (hereinafter referred to as the "Group"), together with DROSED S.A., has established a special compliance programme for subsidiaries to prevent and detect corruption or bribery, of which the Anti-Corruption Code of Conduct forms an integral part.

The Code of Conduct applies to all subsidiaries forming part of the LDC Group, as defined above.

The Code of Conduct is available on the LDC Group's website and on the DROSED S.A. website.

The purpose of the Code of Conduct is to remind everyone of:

- the principles of conduct in the fight against corruption and bribery;
- the conduct that must be observed in this regard.

WHO IS COVERED BY THE CODE OF CONDUCT?

The Code of Conduct applies to all internal staff (i.e. any person with an employment contract with DROSED S.A.) and external staff (temporary staff, interns, etc.). Internal and external staff are hereinafter collectively referred to as 'Staff'.

All our business partners (suppliers, service providers, intermediaries, agents, customers, subcontractors, co-contractors, partners, etc.) are also expected to comply with the principles of the Code of Conduct or to apply standards that are at least equivalent to the provisions of the Code of Conduct.

This Code of Conduct is not exhaustive and does not cover all situations that Employees may encounter. It sets out the principles that Employees should follow when making decisions. It is therefore the responsibility of every individual to familiarise themselves with this Code of Conduct and to apply the principles contained therein.

Any DROSED S.A. employee who has questions regarding the compliance of their actions with the Code of Conduct, its interpretation, scope or application, is required to contact their line manager for clarification. Employees may also contact the DROSED S.A. Ethics Committee for further clarification and guidance.

Similarly, in the event of a breach of the rules of conduct set out in the Code of Conduct, an employee is obliged to report such breaches to their line manager. An employee also has the right to blow the whistle (to exercise this right, please refer to section III-2 of this Code of Conduct at and submit your report in accordance with the specified procedure).

WHAT CONSTITUTES CORRUPTION AND FAVOURITISM IN EXCHANGE FOR PAYMENT?

The general term 'corruption' covers both corruption itself and bribery.

An act of corruption occurs when a gift or undue advantage is offered or given to a person entrusted with a public office (hereinafter referred to as a 'public official') or a position in the private sector, with the aim of inducing that person to perform, delay or omit an act falling within the scope of their duties.

Public corruption occurs when it involves a public official. Private corruption occurs when the offence of corruption involves only natural or legal persons from the private sector.

An act of bribery occurs when an undue gift or benefit is offered or given so that the recipient may use their actual or presumed influence to secure a favourable decision from a public authority.

The act involves three participants:

- The person who provides benefits or gives gifts;
- The person who benefits from the trust associated with their position;
- A person with decision-making powers (public authorities or administration, courts, etc.).

A common feature of corruption and bribery is that the beneficiary exploits an undue advantage (a bribe), or the power or influence derived from their position, for their own personal gain, either directly or indirectly.

There are two types of corruption:

- Active corruption, where the person offering the bribe initiates the act of corruption by offering or providing something (payment) in order to obtain an undue advantage;
- Passive corruption, where the act of corruption occurs at the initiative of the bribe-taker, i.e. the person being bribed, who performs or fails to perform an act in exchange for remuneration.

Payment may take various forms: money (cash, bank transfers or other means), the payment of which can be concealed (false invoices, consultancy fees, donations, sponsorship, etc.) or benefits in kind (participation in events), entertainment, travel, gifts, the employment of family members or friends, etc.).

An 'undue advantage' can take various forms: preferential treatment, the signing of a contract, the disclosure of confidential information, 'unjustified' inaction in a situation where intervention is required, etc.

A corruption offence is established on the basis of the mere promise of an undue advantage, even if that advantage is not ultimately realised.

PLEASE NOTE:

An employee should:

- **Refrain from and refuse to offer, promise, accept or give gifts, donations or undue advantages to any private or public individual;**

- **Inform their line manager of any solicitations;**
- **Communicate and uphold the standards of conduct set out in the Code of Conduct to those with whom they come into contact.**

II RULES OF CONDUCT AND EXPECTED BEHAVIOUR

1. GIFTS AND INVITATIONS

Offering gifts and invitations is often seen as a courtesy that strengthens business relationships. The nature of these practices varies considerably depending on customs, the company, business relationships, etc.

However, anti-corruption rules prohibit the offering of gifts, invitations and other items of value to third parties with the aim of obtaining an undue advantage or exerting undue influence over any official actions.

Consequently, offering or accepting gifts or invitations may be regarded as one of the obvious forms of corruption, particularly in the context of a business transaction or a request for a decision and/or authorisation to be issued by a public official.

Gifts, invitations or benefits of any kind:

• must not be intended to secure an undue advantage or to influence someone's actions;

• may only be accepted or offered where this is not prohibited by law;

• must be exceptional; they must be appropriate to the situation, professional customs and the occasion giving rise to them, and must not exceed 200 zł;

• they must remain strictly professional. They may relate solely to the Employee or a business partner, excluding their families or other connections;

• those offered to or received from a public official are prohibited;

• they must not be offered or accepted in connection with the making of important decisions (e.g. a competitive tender process);

• it is prohibited to accept or give gifts in cash or its equivalent, such as gift vouchers, prepaid cards, vouchers, etc.

An employee may only accept an invitation to an event if the inviting business partner is present at the event.

Gifts and benefits offered or accepted with a value not exceeding 200 zł must be offered or accepted in an open and transparent manner.

PLEASE NOTE:

An employee should:

- **Refuse to accept gifts and invitations which, if accepted, could make the employee feel indebted and/or could unnaturally influence their decision-making process;**

- **Comply in all circumstances with DROSED S.A.'s general policy on gifts and invitations as described above.**

EXAMPLES:

Can I accept a box of chocolates from a supplier at Christmas?

This is a gift of modest value, given during the period when such gifts are traditionally exchanged: at Christmas. This situation is therefore not, a priori, akin to an act of corruption, particularly if the gift forms part of a traditional custom.

It should be noted, however, that DROSED S.A.'s policy on gifts prohibits the acceptance of gifts and invitations which, if accepted, could cause an employee to feel indebted and/or could unduly influence their decision-making process.

Can an employee accept a client's invitation to the finals of sporting events? Can they also invite a business partner to such events?

Particular caution must be exercised with regard to invitations of this kind, as they may be of considerable value. It is essential to take all necessary measures to be able to justify the legitimacy of each invitation (retaining the invitation, invoices, the importance of the partner, ensuring no favouritism towards one supplier to the detriment of others, ensuring there is no close temporal link between the invitation and the conclusion or renewal of a contract with the business partner, etc.).

However, given the exceptional nature of these events, an employee may invite their business partners (provided they are attending themselves) and may also accept an invitation extended by their business partner (provided that their business partner will also be present).

It should be borne in mind that the number of invitations should remain reasonable and proportionate to the client's importance (where the employee initiates the invitation).

In some cases, it may be appropriate to decline an invitation extended to you. You should be aware that it is better to risk upsetting another person – who is certainly bound by ethical principles – than to accept a gift or invitation that could raise suspicions of corruption.

2. BRIBES

Gifts are sums of money, often small, demanded by public officials in order to obtain or expedite the performance of specific administrative tasks (processing of official documents, issuing decisions or permits, etc.).

Such gratuities are prohibited.

PLEASE NOTE:

DROSED S.A. prohibits gratuities, even where permitted by law.

However, it is recognised that in certain regions of the world, an Employee may, in exceptional circumstances, be obliged to make such payments in order to prevent themselves or a member of their family from suffering imminent physical or psychological harm, or from being subjected to abusive and unjustified physical restraint. In such a case, the Employee should inform their line manager as soon as possible.

EXAMPLES:

***For example**: An irregularity was detected during an administrative inspection. The company faces a fine of several thousand zlotys, but the inspector, a civil servant, promises that if you hand over 5,000 zlotys in cash, he will not report the detected irregularity to his superiors.*

You should refuse to hand over this money to the official.

***For example**: I have been sent on a business trip abroad; a border guard prolongs the inspection of my passport, questions the validity of my visa, and then suggests that, in exchange for a small sum of cash, he would agree to let me cross the border.*

You should explain to him that DROSED S.A. prohibits this sort of arrangement and politely refuse, even if he does not back down and you are forced to return home.

If you are clearly at risk of physical harm or detention, negotiate the lowest possible amount and pay it so that you can leave freely. You should then notify your line manager as soon as possible.

***For example**: In the context of opening a new office for DROSED S.A. or another subsidiary of the LDC Group in a foreign country, in order to install telephone lines, a government official authorised to approve or refuse the connection requests a 'small tip' to be paid under the table.*

You should always refuse to give a bribe to public officials or local authorities if the payment demanded is not a legitimate fee.

In any event, should any obstacle to your work arise, you should immediately contact your line manager to inform them of the situation, and they will advise you on how to proceed if necessary.

3. CONFLICT OF INTEREST

A conflict of interest is any situation in which an Employee's personal interests may conflict with the interests of DROSED S.A.

A personal interest means any interest that may influence or could influence the way in which an employee carries out the duties entrusted to them by the company.

To the extent that a conflict of interest may conceal an act of corruption, employees should remain vigilant regarding the emergence of any conflict of interest.

Employees have a duty of loyalty to DROSED S.A., which prevents them from using their position within the company to indirectly obtain, or assist others in obtaining, personal gain at the company's expense.

Such a situation may arise, for example, when an employee:

• negotiates a contract on behalf of the company from which they derive a personal benefit, either directly or through a current or future intermediary;

• holds a financial stake in a company controlled by the company's competitors or clients;

• uses confidential information obtained in the course of their work to gain an advantage or benefit for themselves, a family member or a third party;

• acquires tangible or intangible assets and subsequently leases them to or transfers them to the company;

• engages in activities or holds interests, either directly or through intermediaries, which may conflict with their ability to perform their duties objectively and effectively.

PLEASE NOTE

An employee should:

- **Remain vigilant in the event of a conflict of interest;**
- **Refrain from pursuing any personal, financial or family interests that could prevent them from acting in the best interests of DROSED S.A. and raise doubts as to their integrity;**
- **Inform their line manager in writing if they identify any conflicts of interest – whether actual, apparent or potential – which the manager may deem necessary to remove them from the tasks originally assigned to them;**
- **Avoid any situations that could influence their actions or compromise their judgement in the conduct of the company's business;**
- **Not to incur any debt whatsoever to a representative of a company with which they are conducting negotiations;**
- **Refrain from showing any preference to third parties on the basis of personal or family interests.**

EXAMPLES:

For example: *One of my clients, who is also a friend of mine, has offered me the opportunity to organise the annual DROSED S.A. seminar at his popular hotel at a competitive price.*

This proposal seems acceptable. However, you should draw a distinction between your private from your professional ones, in order to avoid a conflict of interest that could mask an act of corruption.

4. RECRUITMENT

Recruitment may conceal an act of corruption.

In fact, the recruitment of a new employee by a company may potentially lead to an act of corruption if a third party grants the company an undue advantage in return for the employment

of a specific candidate; in particular, with a view to benefiting from a future contract or influencing an administrative decision.

PLEASE NOTE

- **Under all circumstances, follow the standard recruitment process;**
- **Managers and senior staff at DROSED S.A. must ensure that the recruitment of a prospective employee meets the company's needs.**

EXAMPLES:

For example: *A client with whom I am involved in the execution of an important contract asks me to take on his nephew for a paid work placement in exchange for a promise to extend the contract, which is due to expire shortly.*

You should reject this proposal, explaining to the client that DROSED S.A. prohibits such arrangements as part of its anti-corruption policy.

However, you may suggest forwarding his nephew's CV to the Recruitment Manager.

For example: *During the recruitment process, the company receives a CV from the husband of the client's Marketing Director, with whom we are currently in negotiations. He possesses all the necessary skills and has attended three interviews, none of which were attended by anyone involved in the negotiations. The HR management considers him to be the best candidate.*

In this case, there is no risk of corruption and the candidate may be hired.

The individual's skills meet the requirements of the post to be filled, and the decision to hire is made impartially and independently of the contract being negotiated.

In fact, the law does not prohibit the use of one's own network of contacts, provided that the rules of the recruitment process are followed and the recruitment meets the company's genuine needs.

5. INTERMEDIARIES

In certain circumstances, a company may be held legally liable for a corrupt act committed by intermediaries (market introducers, lobbyists, etc.) acting on its behalf.

The company may therefore, in some cases, be held liable for the conduct of an intermediary if the intermediary commits a corrupt act with the aim of obtaining or retaining business on behalf of the company.

PLEASE NOTE:

- **Any references to an intermediary should be subject to careful scrutiny and checks prior to their selection. These checks must be tailored and proportionate to the intermediary's specific circumstances (reputation and any current or past**

proceedings, skills and resources in the required field, current or past contractual relationships with a public official, etc.), in accordance with internal procedures;

- **Any breach or indication of suspicious behaviour should lead to the exclusion of, or termination of, all cooperation with the intermediary. This includes situations where the intermediary:**
  - **lacks the required skills;**
  - **requests anonymity or lacks transparency;**
  - **requests payment in cash, in advance or in a country other than their country of residence or business; demands a remuneration that is grossly disproportionate to the value of the services provided;**
  - **claims reimbursement for grossly excessive or undocumented expenses.**
- **Any engagement of an intermediary should result in a written contract. Such contracts must clearly set out the scope of services to be provided, the basis for calculating prices and fees, clauses certifying that the contractor complies with anti-corruption rules and regulations, and provide for the termination of the contract in the event of a breach of these rules;**
- **The intermediary's remuneration should be reasonable (in line with normal market practice) and commensurate with the services and tasks performed by the intermediary;**
- **No payments may be made other than the remuneration agreed for specific tasks and strictly in accordance with the terms of the contract;**
- **All documents relating to the intermediary's activities must be retained for the entire duration of the business relationship (contract, proof of service provision, invoices, payment records) to facilitate subsequent verification.**

EXAMPLES:

***For example**: When negotiating a contract with a businessperson to identify target companies for acquisition abroad, the latter demands an excessive fee, with part of it to be paid in cash.*

You should categorically reject such a proposal, explaining to them that DROSED S.A. prohibits such arrangements.

Please bear in mind that actions contrary to the Code of Conduct may result in sanctions against both you and DROSED, as well as expose the company to losses and damage its reputation.

6. BUSINESS PARTNERS

There is a risk of corruption because DROSED S.A., as part of its professional activities, maintains business relationships with various business partners.

In certain circumstances, DROSED S.A. may be held legally liable for acts of corruption committed by one of its business partners.

In the course of their work, Employees come into contact with numerous business partners, such as suppliers, subcontractors, customers, etc.

They must act in accordance with the internal procedures in force at DROSED S.A.

PLEASE NOTE

- **Payments made to a business partner must always correspond to remuneration commensurate with the service provided. Particular attention should be paid to payments made to a bank account held abroad;**
- **No payment should be made in cash or without a duly approved contractual agreement;**
- **No payments should be made unless the person(s) internally responsible for checking the invoice have been able to verify the validity of the expenditure and the identity of the beneficiary. Such payments must be made upon presentation of a duly certified invoice, primarily by bank transfer to the contractor's bank account, following verification of the beneficiary's bank details and for the amount stated on the invoice, in accordance with the contractual provisions;**
- **All documents relating to the business partner's activities must be retained for the entire duration of the business relationship (contract, proof of service provision, invoices, payment records, etc.) to facilitate subsequent verification.**

EXAMPLES

***For example**: As part of a competitive tender process for the renewal of a framework agreement for DROSED S.A.'s vehicle fleet, involving a substantial sum, a supplier offers a trip for two people. The trip is to Italy and will be offered if the aforementioned agreement is actually renewed.*

In this case, you should explain to your supplier that you cannot accept this trip due to the applicable ethical rules.

7. DONATIONS, PATRONAGE AND SPONSORSHIP

Patronage is a donation of funds, equipment or the company's own products made by DROSED S.A. to a public benefit organisation, without expecting anything in return. It is intended to strengthen the company's institutional image and is treated as a gift for tax purposes.

Patronage donations may take various forms: cash payments, the provision of staff or premises, or donations of goods or products available to or used by the company.

Sponsorship is financial support provided to an event, individual, product or organisation with the aim of deriving advertising benefits from it: the name, brand and message of the sponsoring company will be widely publicised during the event.

Donations, patronage and sponsorship may, in some cases, be carried out with the aim of obtaining an undue advantage, in which case such practices may be classified as corruption.

DROSED S.A. works to support civil society by donating goods, in particular to charitable organisations and foundations.

The company also engages in sponsorship activities, including the sponsorship of local cultural and sporting events, etc.

PLEASE NOTE

Donations, patronage and sponsorship may be permitted under the following conditions:

- **they must never support individuals and must not be carried out with the aim of obtaining an undue advantage or unduly influencing a decision.**
- **compliance with applicable laws and procedures established by DROSED S.A.**

EXAMPLES:

In the context of a private invitation to tender, to which DROSED S.A. – the department responsible for sponsorship activities – is responding, a potential client proposes to sponsor his wife's sports club.

This will influence the decision to award the contract should the sponsorship be granted.

It should be explained to him that the anti-corruption system implemented by DROSED S.A. does not permit the sponsorship of such an event.

Staff should bear in mind that a link between securing a contract and sponsoring a sports club can easily be established and may constitute an act of corruption.

8. MAINTENANCE AND ACCURACY OF ACCOUNTS AND DOCUMENTS

Accounts and documents refer to all accounting, financial and business records. These include invoices, correspondence, statements, accounting ledgers and other documents relating to accounting, finance and commercial matters.

As part of the fight against corruption, it is important that transactions are transparent, fully documented and recorded in accounts that accurately reflect their nature.

PLEASE NOTE

- The Group's books and records should accurately reflect the transactions carried out and be prepared in accordance with applicable accounting standards and regulations. No entry in the books and records may be unfounded, incorrect, falsified or fictitious;
- All controls and approval procedures implemented at DROSED S.A. must be followed.

III COMPLIANCE WITH THE ANTI-CORRUPTION CODE OF CONDUCT AND APPLICABLE SANCTIONS

1. ETHICS COMMITTEE

As part of the Code of Conduct, an Ethics Committee is established.

The Ethics Committee reports directly to the Management Board of DROSED S.A.

The Ethics Committee consists of a member of the Management Board, a representative of the Legal Department, a representative of the Quality Department, and a representative of the Human Resources Department. The Committee members are independent in their decision-making and are obliged to respect confidentiality and protect personal data.

Responsible for establishing and overseeing ethical procedures and their development, the Ethics Committee actively and independently supervises the proper application of the obligations and principles of the Code of Conduct and monitors all matters relating to ethics and compliance at DROSED S.A.

2. THE RIGHT TO REPORT

The purpose of the whistleblowing system is to enable every Employee to take action to prevent corruption risks.

Any Employee may exercise their right to report to raise concerns about behaviour or situations that contravene the Code of Conduct.

An Employee must not be hindered in any way from taking action to report behaviour that contravenes the Code of Conduct. No sanctions will be imposed on an Employee who has exercised the right to report without the intention of obtaining financial gain or causing harm to others.

If a breach of the rules of conduct set out in the Code of Conduct is identified, the Employee should first report the breach to their immediate line manager or the line manager's superior.

Any Employee may also submit their report to the Ethics Committee via one of the following designated channels:

- Dedicated email address: komisjaetykidrosed@drosed.com.pl
- Dedicated postal address, by letter marked 'confidential/poufne':

Komisja Etyki DROSED S.A.
ul. Sokołowska 154
08-110 Siedlce.

3. CONSEQUENCES OF BREACHING THE CODE OF CONDUCT

What are the risks to the Group?

Failure to comply with the rules set out in the Code of Conduct may have consequences not only for DROSED S.A., but also for Employees.

Any conduct contrary to the principles set out in the Code of Conduct may not only damage the Company's reputation and affect its operations, or lead to a loss of trust among business partners, but may also expose it to the risk of having to pay compensation for any damage caused and to criminal proceedings.

Furthermore, DROSED S.A. and/or the LDC Group involved (even through just one of its representatives) in corruption in a given country may be denied access to public procurement contracts not only in that country but also in other countries.

What are the risks for Employees?

In the case of Employees, failure to comply with the anti-corruption rules set out in the Code of Conduct exposes Employees to disciplinary sanctions, which may result in the termination of their employment contract, as well as sanctions in criminal and/or civil proceedings.

4. PUBLICATION AND ENTRY INTO FORCE

The Code of Conduct is published on the website www.drosed.pl.

The Code of Conduct comes into force on the date of its publication.

