

Warsaw, 28 April 2020

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CEO of Allegro.pl

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JUSTICE



Thank you very much for your email and your positive encouragement to continue efforts to support our community and keep consumers safe during this challenging period.

I appreciate the openness for ongoing dialogue and the opportunity to provide you and your team with more information about Allegro's ongoing activities in the context of the COVID 19 outbreak. As you will see in the overview provided below, our actions are based on four pillars:

- I. Awareness-raising and education of consumers and sellers
- II. Keeping the ecosystem fair and safe
- III. Doing the right thing and helping community to grow
- IV. Close cooperation with public authorities

It is our belief that by taking a holistic and comprehensive approach to deal with this crisis we can have a positive impact and prove our commitment to support Polish and European ecosystem.

I hope that you will find the quantitative data and the information regarding our various activities useful. We remain at your disposal should you have further questions.

Yours truly,

Francois Nuyts



Allegro actions in the context of the COVID 19 outbreak

I. Awareness-raising and education of consumers and sellers

First of all, **we raise awareness and facilitate access to reliable information for consumers who seek products on our platform.** For that purpose we've developed a top-page banner, displayed when the search performed concerns keywords related to the epidemic (e.g. protective mask, coronavirus, etc.). The banner redirects consumers to governmental pages with updated information on the latest developments related to the COVID-19 emergency. Such communication proved highly efficient. Since its launch in March 2020, it has been displayed approximately 100 million times.

Education and information sharing has been an important element of Allegro commitment to support SMEs selling through our platform. This included (i) updates on legal changes related to sale of certain categories of products¹ (ii) warnings against price gouging (iii) advice on how to adapt business to challenging circumstances and (iv) information on governmental support programmes and rules dedicated to lower the burdens on companies. We provided relevant information on numerous occasions when sellers interact with our platform e.g. while adding offers to the listings, logging to the account, or searching particular products in relevant categories allowed to reach many sellers. For example, a banner with information targeted at sellers was displayed approximately 39 million times.

Finally, **we developed educational materials that could support sellers in the context of the COVID - 19 outbreak.** It was made available for free through Allegro Academy² to our current and new sellers. The Academy consists of a series of special webinars for e-commerce merchants. These courses include, among other curricula, advice on how to protect sellers and their employees, how to deal with sales in the context of the crisis, how to manage customer services and carry on business activities from home.

¹ Main legal acts related to sale of products were (i) The announcement of the Minister of Health of February 13, 2020 on the list of medicinal products, foodstuffs for particular nutritional uses and medical devices threatened by the lack of availability on the territory of the Republic of Poland. It banned the export of certain products such as medicinal products used preventively in states "flu", i.e. antipyretic, antiviral, analgesic, antimalarial products as well as medical supplies. (ii) The decision (order) of the Prime Minister of March 12, 2020 restricting the selling of special goods needed to combat COVID-19. It included 53 items such as antibacterial hand gels, protective masks, disposable masks, face masks, hygienic and surgical face masks, surgical gloves, operational clothing, medical shoe covers, sterile products etc. The decision was repealed on 10 April 2020. Sale of such products is allowed, provided it does not involve misleading practices or price gouging.

² <https://allegro.pl/dla-sprzedajacych/zapraszamy-do-akademii-allegro-YLk4yAvP1sm>



II. Keeping the ecosystem fair and safe

We continuously strive to keep our platform fair and safe. To ensure clarity and reflect newly adopted regulatory export and sales restrictions, we introduced adequate provisions in our Terms and Conditions. In addition, sellers were provided with clear information reminding them that certain practices, such as unjustified and excessive price inflation and misleading information, is forbidden and will result in offer removals or account blockings.

Overall, approximately 130 000 offers were removed to protect consumers from illegitimate offers, containing forbidden items, false claims or excessively inflated prices. In order to ensure that sellers' legitimate interests are protected, offers were reviewed manually. Web scraping techniques were used only to provisionally detect such offers for further revision. Our experience shows that without human oversight many legal offers would have been removed. Approximately 2500 accounts were blocked for these reasons in case of repetitive infringements. In relation to responsible advertising, it is also noteworthy that we removed all ads referring to COVID-19 and including coronavirus phrases.

III. Doing the right thing and helping community to grow

At the same time, as mentioned in our previous letter to you (dated of 25 March), we complement this strategy with **proactive actions to support Polish SMEs that are at the core of Polish economy.** They resulted in tangible effects which will not only support them during the crisis but will bear fruits in the post COVID - 19 era. According to our data, 64% of all Allegro merchants took advantage of the Merchant Support Package that we launched in March.³ They have increased their online business and listed significantly more offers than they usually. In the last 4 weeks 8000 new Polish SMEs switched their business to online and started selling on Allegro. Moreover, smallest local business owners can also now use the new 'Local marketplace'⁴ category with no fees to reach neighboring consumers. We are confident that this program, worth 16 m PLN, will prove impactful as well, and in the meanwhile we are constantly ideating new potential support schemes.

Our efforts do not end online. As regards to facilitating the personal safety of individuals, Allegro has **delivered PLN 1.1m worth of personal protection gear to 22 local hospitals across Poland.**

³ Including extension of payment terms, suspension of increases in fees. With the package we also decided to waive fees for businesses starting online;

<https://magazyn.allegro.pl/90778-allegro-oglasza-pakiet-wsparcia-dla-sprzedajacych-zeby-pomoc-polskim-firmom-w-czasie-pandemii-korona-wirusa>

⁴ <https://magazyn.allegro.pl/93277-wspieramy-lokalnych-przedsiębiorcow>



We have also rented ten 3D printers to high school students, to produce face shields for hospitals at the rate of 500 pieces per week. Additionally, we created PLN 1m Employee Charity Fund to support 57 employee COVID-related initiatives, such as delivering free meals to local hospitals, providing them with masks and disinfectants, supporting seniors, purchasing of equipment for local schools (e.g. laptops for remote teaching). Finally, we donated 2m PLN to the Relief Fund launched by the Great Christmas Charity Orchestra (WOSP) Foundation - most trusted Polish NGO - to buy 24 respirators for hospitals. We also have launched a nationwide fundraiser (koronawirus.allegro.pl) to contribute to their ongoing efforts to support the healthcare system.

In Allegro we believe that employees are our asset and drive the company. **Security and comfort of our employees was thus essential.** Whenever possible employees moved to remote work and were ensured financial support to equip their home office. We migrated recruitments, training and meetings online. For employees working from company's premises we ensured sanitary equipment, disinfected working spaces and rearranged teams into separate shifts. Last but not least, early on we developed new communication channels dedicated to COVID - 19. We were informing employees about important developments and created a point of contact that allowed them to ask questions and signal issues. We've also advised how to stay safe and align remote work with homeschooling and challenges that lockdown brings.

As regards to our support for consumers, **around 1.4 million Poles have benefited from the Allegro Smart! programme** to finance free deliveries, which we have made available for free during the epidemic⁵. The value of this service should we have charged for it would amount to nearly 90m PLN.

IV. Close cooperation with public authorities

Finally, the last pillar of our approach to contain the consequences of the virus, has been a **constructive and daily cooperation with the public authorities.** We stressed in our first letter to you that we have been closely working with the Polish Office of Competition and Consumer Protection (OCCP). Furthermore, we established close cooperation with Chief Sanitary Inspectorate, the Office for Registration of Medicinal Products, Medical Devices and Biocidal Products. The latter allowed us to properly identify and eliminate offers of uncertified and non-compliant diagnostic products. We are also closely cooperating with the Government and dedicated public institutions in supporting Polish SMEs and their entry on the online market⁶.

⁵ <https://magazyn.allegro.pl/93109-darmowe-dostawy-z-allegro-smart-przedluzone-o-kolejny-miesiac>

⁶ <https://magazyn.allegro.pl/93548-agencja-rozwoju-przemyslu-i-allegro-pomagaja-firmom-wejsc-w-online>