

**ENERGO-PRO Group**

---

# Procurement Policy

**2021**

## **PROCUREMENT POLICY (THE “POLICY”)**

### **1. Introduction**

Our core business is the hydropower sector. We operate hydropower plants in Central and Eastern Europe, the Black Sea, and the Caucasus. We are also engaged in the electricity distribution and power trading, operating large-scale distribution grids in Bulgaria and Georgia with more than 2.3 million grid customers.

Our company was established in 1994 in the Czech town of Svitavy, participating in the modernization and rehabilitation of hydropower energy in Central and Eastern Europe in the period of economic transition. The total installed capacity of our power plants is 1,243 MW, while the annual power generation is more than 3.8 TWh.

One part of the multinational group ENERGO-PRO, headquartered in Prague, is the Slovenian manufacturer of water turbines, Litostroj Power d.o.o., with projects delivered to more than 60 countries worldwide. Its subsidiary, Litostroj Engineering a.s., registered in the Czech Republic (formerly known as ČKD Blansko Engineering, a.s.), focuses on research, design, and engineering works. Litostroj Group also supplies equipment for hydropower plants, including pumped-storage HPP and pumping stations.

ENERGO-PRO is committed to the highest standards of sustainability and Environmental, Social, and Governance (ESG). ENERGO-PRO requires all contractors, sub-contractors, and suppliers (referred to as suppliers in this document) to commit to these same standards which are described in the Global Code of Conduct and company policies. The way we manage our supply chain, and the actions of our suppliers can have an impact on the environment, communities, brand image, our operational and financial success and ultimately on our sustainability and ESG performance.

### **2. Objectives.**

The objectives of this policy are:

- Identify and manage risks associated with suppliers.
- Maximize transparency and effectiveness of our Supply Chain.
- Ensure that the manner in which we purchase goods and services, and the actions of suppliers are aligned with our Global Code of Conduct and policies, in particular regarding biodiversity, human rights, labour, anti-corruption and bribery, stakeholder engagement, our commitments to acting on climate change, child labour, diversity and inclusion in the workforce, occupational health and safety, ESG reporting, and good governance.
- Maximize local content, including local procurement and local employment.
- Ensure that the scope of work and roles and responsibilities of suppliers are well understood.

### **3. The Requirements**

ENERGO-PRO is committed to a sustainable supply chain and believes that suppliers play a key role in the success of our business and our sustainability/ESG commitments. We require all country operations to develop Procurement Procedures aligned with our Global Code of Conduct and policies describing the procurement process and providing a transparent selection approach. Detailed purchasing processes are defined and described in the Internal Purchasing Instruction.

The specific requirements of this policy are:

- I. Contractor Management

Contracts with consulting companies, goods and service providers and construction companies will address the scope of work to be delivered. This will include technical and financial details, schedule, reporting requirements, and deliverables. It will also include confirmation of compliance with ENERGO-PRO's policies.

II. Supplier Selection

Selection of suppliers must be managed in a transparent manner and in compliance with the Anti-bribery and Anti-Laundering Policy and based on the suppliers' ability to perform the tasks/provision of goods. Consideration should be given to:

- Ability and experience of supplier to perform the activities.
- Evaluation of historical sustainability performance.
- Evaluation of goods and/or services.
- Human resource capability.
- Ethical practices and business integrity.
- Alignment with ENERGO-PRO's policies and values.
- Financial proposal.

III. Local Content

Suppliers will include details about how they intend to maximize local procurement and local employment. This includes local communities and regions impacted by our operations. ENERGO-PRO expects all business partners to make reasonable efforts to establish local partnerships through employment and business opportunities.

IV. Occupational Health and Safety

Suppliers are required to abide by our Occupational Health and Safety Policy and related standards and procedures. Suppliers will be given the choice of using the ENERGO-PRO site Health and Safety Management System(s) or use their own system, if compliant.

V. Labour and Human Rights

Suppliers are expected to comply with ENERGO-PRO's Human Rights and Human Resources Policies. In particular regarding discrimination, inclusion, workforce diversity, gender, provision of living-wages and workers' accommodation. We expect our suppliers to respect human rights including interdiction of child labour, rights to life, liberty, freedom of association, security, freedom from slavery and comply with all local relevant laws.

VI. Environment and Climate Change

We expect our suppliers to comply with all our policies and maintain a strong commitment to:

- Energy efficiency.
- Reducing and/or eliminating waste.
- Avoid using single use plastic.
- Responsible environmental management.
- Reporting all environmental incidents and elimination of incidents.
- Responsible use of natural resources, including water.
- Reducing climate change impacts including greenhouse gas emissions.
- Use of environmentally friendly technologies.



- Managing and protecting biodiversity.

#### **4. Distribution**

This document is available on the company website, incorporated in selected standard terms and conditions of business, and may be reviewed by company executives, management, employees, contractors and subcontractors. This policy will be reviewed regularly and updated to meet the requirements of partners and stakeholders.

#### **5. Entry into Force**

This version of the Policy enters into force and is effective on and from July 15, 2021.