




Sustainable procurement policy

Reference	POL-ENGIE-008 ed 1 rev 0
Release and applicability	<p>The policy is applicable to all activities carried out by ENGIE Romania Group legal entities (hereafter „the Group”), meaning ENGIE Romania SA, Distrigaz Sud Retele SRL, ENGIE Servicii SRL, ENGIE Building Solutions SRL, Alizeu Eolian SA, Braila Winds SRL, Helios Development SRL, Solar Development SRL but also any other legal entity that would be part of the Group.</p> <p>This policy is communicated to all employees and to all external stakeholders, including our contractors in order to ensure consistency and agreement throughout the implementation process and it is made available to the public through selected media (on ENGIE Romania website).</p>
Summary	<p>This policy has been developed taking into account the ENGIE Group policies, but also commitments from bodies such as the United Nations Global Compact to which ENGIE Romania Group adheres. It is applicable within the limits of the laws and regulations that apply to regulated companies.</p> <p>This policy has been developed in line with other interconnected policies: Health and Safety, Human Resources, Ethics, Human Rights, Environment, Industrial safety, etc. Together, these policies allow the Group to ensure the operational implementation of its purpose statement, ambition and strategy.</p> <p>This policy summarizes the basic principles applicable in the field of procurement within the ENGIE Romania Group, in the following key sustainability topics:</p> <ul style="list-style-type: none">• Supplier carbon neutrality;• Supplier environmental practices;• Supplier social practices, including human rights;• Supplier Health & Safety practices

Reviewers and approvers

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1. Scope, purpose and governance in terms of responsibility

This policy applies to all companies in the ENGIE Romania Group (referred to as ENGIE Romania). Sustainable procurement policy is an integral part of the Group's governance, and is supported by each of its entities. Within the ENGIE Romania Group, the Procurement Department supports management in implementing the sustainable procurement policy.

The mission of Procurement is to contribute to ENGIE Romania's commitment to the net zero transition. This policy outlines our commitments to sustainable procurement and sets guidelines for:

- Decarbonization of main suppliers;
- CSR assessment of suppliers;
- Inclusive procurement.

2. Review Mechanism.

The policy is reviewed annually for relevance to ensure it remains up-to-date, effective, and aligned with organizational objectives/legal requirements.

The frequency of reviews can vary depending on factors such as:

- Legal and regulatory requirements: Compliance with environmental laws and regulations may require regular reviews to ensure ongoing adherence and to incorporate any updates or changes in legislation;
- Organizational changes: Changes in the organization's structure, operations, or objectives may warrant a review of the environmental policy to align with new priorities and strategies;
- Environmental performance: Monitoring and assessing environmental performance indicators can help identify areas for improvement and the need for policy adjustments;
- Technological advancements: Advances in technology may offer new opportunities for environmental management and sustainability initiatives, prompting a review of the policy to incorporate relevant innovations;
- Stakeholder expectations: Input from stakeholders, including customers, investors, employees, and communities, may influence the need for revisions to the environmental policy to address emerging concerns or meet evolving expectations;
- External factors: Changes in the external environment, such as shifts in market conditions, emerging environmental risks, or societal trends, may necessitate a review of the policy to ensure continued relevance and effectiveness.



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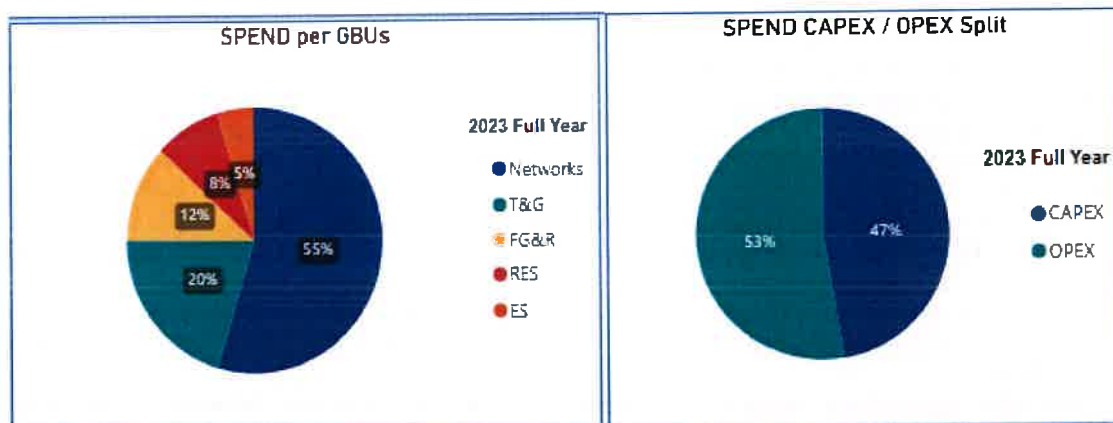
3. Procurement at ENGIE Romania – key figures

ENGIE Romania's addressable spend was of 200 million Euros in 2023. ENGIE Romania develops and maintains sustainable performance with around 1,500 active suppliers. Ability to catch suppliers' best products, services and innovations is essential to act as an assembler of solutions and technologies aimed at delivering zero-carbon transition to end customers.

200 mil. € SPEND
(compared to 184 mil. € in 2022)

80% covered by
82 suppliers

+25 FTE's
in procurement



Category		2022 Full Year	2023 Full Year	Annual Variation (MRON)	Annual Variation (%)
Sub Contracting (construction/installation/maintenance)	1	326.7	323.6	-3.1	↓ -1 %
Process Control Automation & Meters	2	159.9	146.9	-13.0	↓ -8 %
Solar Equipment	3	39.8	60.1	20.3	↑ 51 %
Light vehicles – Fuel – Mobility Solutions	4	34.8	48.9	14.1	↑ 41 %
Global facility management	5	39.7	45.1	5.3	↑ 13 %
IT software and cloud	6	38.2	45.0	6.8	↑ 18 %
Pipes and accessories	7	38.6	39.3	0.7	↑ 2 %
Temporary workers agencies	8	17.3	22.9	5.6	↑ 32 %
Low Medium and High voltage equipment	9	12.4	20.8	8.4	↑ 68 %
Environment Expenses	10	7.9	19.8	11.9	↑ 152 %
Others	11	203.9	231.1	27.2	↑ 13 %
Total		919.3	1003.5	84.3	↑ 9 %

Procurement function manages supplier relations within a system of governance seeking to:

- contribute significantly to the ENGIE Romania's Group operational performance,
- be an ambassador for suppliers with respect to the Group's commitments on Health and Safety and on Environmental and Social Responsibility.



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4. Engaging with suppliers for a sustainable business

Suppliers and subcontractors represent key stakeholders in ENGIE Romania's value chain. The ENGIE Group Procurement function has defined a vision organized around the following goals, that have been cascaded to the Procurement function of ENGIE Romania:

- to contribute to the Group's operational performance by putting forward a panel of competitive and differentiated suppliers to the operational teams
- to uphold the Group's commitments to its suppliers;
- to contribute to the Group's CSR approach and carbon neutrality;
- to develop expertise within the Procurement Department

To achieve this ambition the Procurement Department relies on a management system serving CSR.

4.1. Management System

The implemented management system compliant with legal requirements is transposed in two governing documents

- A Procurement Charter (Commitment and Risk management), provided by the Group: this public document which emphasizes ENGIE's decarbonation ambitions, is shared with suppliers. It specifies the Group's requirements in terms of:
 - the suppliers' health and safety commitments,
 - a commitment from suppliers to engage in ethical business relationships and take into account social responsibility, ethics, embargoes and anti-corruption,
 - the search for competitive bids and sustainable and innovative solutions;
- A procurement procedure that includes both the Requirements of the ENGIE Group Procurement Governance and the ones of the Public Procurement Legislation (Law 99/2916) and puts forward the CSR Evaluation and the Due Diligence Process that is applied for all tenders above 25 kEUR. The process described in the procurement procedure is compliant with the ENGIE Group Requirements:
 - The Ethics Charter
 - The Code of Conduct for Relations with Suppliers
 - The Due Diligence Policy for Direct Suppliers and Subcontractors

Monitoring of deployment

The proper implementation of procurement processes is verified via the INCOME Internal Control Program. With 28 encompassing controls, the INCOME Procurement reference system covers all purchasing processes.

4.2. Supplier onboarding

4.2.1. Supplier CSR Assessment

Since 2019, the Procurement Department has been relying on an external provider (ECOVADIS) to evaluate major suppliers over four themes (Environment, Work and Human Rights, Ethics and Sustainable Purchasing). To date 40 suppliers have been assessed and the SPEND through Ecovadis assessed suppliers has reached 43%. Over 45/100, EcoVadis considers that the supplier is engaged in major CSR topics, therefore risks are limited. The Supplier embraces continuous performance improvements on CSR and should be considered for a long-term business relationship. The progress of the evaluation is both monitored through ECOVADIS' platform and internally by the Group Procurement Department.

Rolling out the Ecovadis assessment is challenging given that:

- On public procurement the Ecovadis Certification cannot be included in the award criteria and 55% of ENGIE Romania's SPEND is on public procurement;



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- 50% of subcontractors are SME's that have little CSR awareness

To tackle these challenges all buyers have been trained on CSR key principles and the Back-Office and Optimization Bureau, included in the Procurement Department is in charge of promoting the evaluation of the suppliers and giving guidance on embarking on the Ecovadis assessment process.

In addition, the "Ethics" clause included in all contracts, now allows the buyers to ask the supplier to be assessed, at his expense, by a third party appointed by ENGIE. The exercise of this option will be systematic for Major suppliers. Non-compliance with this clause is a cause of contract termination.

Objectives progress

SPEND with Ecovadis	2021	2022	2023	2024 target	2025 target
Spend value (MRON) - above 45	159.4	339.0	428.5		
Number of suppliers - above 45	18	29	36		
Spend value (MRON) - below 45	3.3	38	25		
Number of suppliers - below 45	1	4	3		
%Spend with ECOVADIS	19%	41%	43%	55%	80%

In 2025, 80% of major suppliers have to be Ecovadis Certified.

4.2.2. Due diligence

In accordance, with the Procurement Charter and the Due Diligence Policy included the Local Procurement Policy, suppliers participating in tenders with estimated values above 25 kEUR have to be assessed from a due diligence perspective, before contracting takes place.

Our due diligence procedures are doubled by strict contract provisions detailing ENGIE Romania expectations regarding human rights protections. In order to minimize liability for supplier corruption, ENGIE Romania has the ISO 37001 Antibribery management system implemented imposing also a risk-based due diligence procedure to identify suppliers at greatest risk of being accused of such transactions.

Objectives progress

SPEND with due diligence	2021	2022	2023	2024 target	2025 target
Total SPEND	838	919	1,048		
No. of suppliers with SPEND	1,471	1,501	1,525		
SPEND with Due Diligence	601	629	806		
No. of suppliers with Due Diligence (with SPEND)	124	142	277		
% SPEND with Due Diligence	72%	68%	77%	80%	80%

Major suppliers, that represent 55% have all undergone the due diligence assesment.

4.2.3. Supplier contracts and suppliers capacity building

Our contracts contain mandatory clauses that authorize us to verify suppliers' compliance with our requirements in terms of CSR, Environment, Ethics, Human Rights and H&S.



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To prevent supply disruptions and potentially costly litigation, companies should work to embed their human rights, human capital management, and business ethics commitments throughout their supply chain operations in order to address operational impacts on stakeholders. Supply Chain risk management efforts should focus on fundamental human rights for internal and external stakeholders, working conditions and fair business practices.

The supply of services, treatment materials, equipment and machinery can have significant environmental impacts within the value chain. ENGIE Romania is addressing the environmental issues along the supply chain by educating and raising awareness among our partners. We are focusing on selecting products and suppliers based on environmental specifications, for example, compliance with ISO 14001 certification, lifecycle assessments and others (see Ecovadis). Environmental assessments and audits of the suppliers may also be performed.

We are organizing one to one and Suppliers Days in order to build capacity of suppliers in order to drive sustainable change in the supply chain and encourage the adoption of best practices.

5. Procurement Organization

In order to engage with suppliers of a sustainable business, a dedicated training program has been deployed at ENGIE Group level for procurement employees focusing on:

- the implementation of a due diligence policy for suppliers and subcontractors within the entities;
- ethics and supplier relations;
- Environmental aspects, with topics covering GHG emissions (Scope 3) and pollutants from transport in the supply/distribution network.
- three mandatory online training modules for the entire procurement function: "Fraud and Corruption, zero tolerance", "Our Group, our Ethics" and "Competition Law";
- four videos: "Prevention of corruption", "Gifts and invitations... What to do", "Prevention of conflicts of interest" and "ENGIE whistleblowing system".

At local Level, the trainings program includes one mandatory training on sustainable procurement topics per year, starting with 2023.

In addition, starting with 2022, in the performance management process of buyer, mandatory objectives on sustainability have been included.

Objectives progress

Buyer Training and objectives	2021	2022	2023	2024 target	2025 target
Percentage of buyers across all locations who have received training on sustainable procurement	0%	0%	0%	100%	100%
Buyers that have Sustainable procurement objectives integrated	0%	91%	91%	100%	100%

6. Focus on decarbonization (Scope 3)

Focusing on the decarbonization of major suppliers is key in meeting ENGIE Romania's net zero targets. The supply of services, treatment materials, equipment and machinery can have significant environmental impacts within the value chain. Some issues include GHG emissions (Scope 3) and pollutants from



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transport in the supply/distribution network. The first step to address environmental issues along the supply chain is by educating and raising awareness among buyers and suppliers. In this respect, in 2023 a Decarbonization questionnaire was sent to our major suppliers.

The selection of products and suppliers is also based on environmental specifications where possible (for example, compliance with ISO 14001 certification, lifecycle assessments and others). Environmental assessments and audits of the suppliers are included in the targets of buyers. Finally, capacity building of suppliers is essential in order to drive sustainable change in the supply chain and encourage the adoption of best practices.

Accompany the small and medium sized suppliers

As most of our SPEND is local and the percentage of SME's we are working with is high a dedicated training on sustainability has to be provided to our suppliers in 2024.

Objectives progress

Procurement (GRI 308)	2021	2022	2023	2024 target	2025 target
Suppliers are assessed and performance is measured and monitored	Annual	Annual	Annual	Annual	Annual
Percentage of targeted suppliers that have signed the sustainable procurement charter/supplier code of conduct	n/a	n/a	89%	100%	100%
Percentage of targeted suppliers with contracts that include clauses on environmental, labour, and human rights requirements	100%	100%	100%	100%	100%
Number of targeted suppliers for CSR assessment*	n/a	n/a	21	100%	100%
Percentage of targeted suppliers that have gone through a CSR assessment (e.g. questionnaire)	n/a	n/a	48%	100%	100%
Percentage of targeted suppliers that have gone through a CSR on-site audit	0%	0%	0%	15%	50%
Percentage or number of audited/assessed suppliers engaged in corrective actions or capacity building	0%	0%	0%	15%	50%
% suppliers that are certified ISO 14001 from targeted suppliers	n/a	n/a	78%	90%	100%
% suppliers that are certified ISO 45001 from targeted suppliers	n/a	n/a	89%	90%	100%

* Targeted supplier: major suppliers



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7. Inclusive Procurement

After evaluating the local context and the capacity to create robust procurement requirements from supplier on inclusive procurement areas, ENGIE Romania decided to target the following 3 social groups:

- People with disabilities
- Unemployment
- FTE's above the age of 55, and
- Small and medium sized entities as approximately 50% of ENGIE Romania's subcontractors are SME's

Inclusive procurement KPIs will be defined and monitored starting 2024.

