

EPH Group Procurement Policy

1. BASIC PRINCIPLES & COMMITMENTS

Energetický a průmyslový holding, a.s. ("EPH") and the subsidiaries and companies controlled by it ("EPH Group") are committed to conducting their business activities in a transparent and operationally excellent manner and expect the same of their suppliers. The principles laid down in the ESG Master policy are at the core of the EPH Group's business activities and they are to be respected and followed by all our subsidiary companies. The subsidiary companies follow at minimum these main principles and implement them to their own binding internal policies.

To make sure that the EPH Group upholds its commitment, thorough screening of a material supplier is carried out, to make sure that the supplier is conscious of the stated principles and we encourage the suppliers to share our commitments to law and regulation, ethical business conduct, human rights and working conditions, health and safety, and environmental protection.

This Policy defines commitments in all procurement processes, and what is expected from the suppliers. In addition, the EPH Group expects its suppliers to uphold the eight fundamental Conventions of the International Labour Organization¹.

The EPH Group follows these basic principles:

- A. **INVOLVEMENT OF SUPPLIERS.** The EPH Group monitors compliance with local external regulations on procurement processes and encourages its suppliers to follow our internal policies. This especially applies with regard to human rights, labour rights and working conditions and environmental standards.
- B. **SUPPLIER RISK MANAGEMENT.** To be able to manage and monitor risks regarding suppliers, the EPH Group puts in place assessment elements and practices.

We expect all the suppliers to comply with the following principles:

- I. REGULATORY COMPLIANCE**
The suppliers are obliged to comply with rules and regulations on national or international levels.
- II. HUMAN RIGHTS**
The suppliers are strongly encouraged to respect human rights as defined by the UN's Universal Declaration of Human Rights:
- III. GOOD LABOUR PRACTICE**
The suppliers are strongly encouraged to adhere as minimum standard to the following aspects of good labour practice.
 - a. **EMPLOYMENT IS FREELY CHOSEN**
The suppliers must not resort to any kind of forced or illegal employment and must allow their employees to freely leave their employment after reasonable notice.
 - b. **FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING ARE RESPECTED**
Suppliers' employees must have the freedom of association and right to collective bargaining and the suppliers adopt an open attitude towards these activities.

¹ [Conventions and Recommendations \(ilo.org\)](http://www.ilo.org)

c. WORKING CONDITIONS ARE SAFE AND HYGIENIC

The suppliers are obliged to ensure that their working environment complies with all health and safety standards required by the legislation and where feasible to permanently monitor the safety and health of employees, business partners and the communities surrounding it.

d. CHILD LABOUR SHALL NOT BE USED

The suppliers must not employ child labour.

e. LIVING WAGES ARE PAID

The suppliers are encouraged to ensure that the minimum pay is not less than standards set by the local legislation or industry benchmark, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income.

f. WORKING HOURS ARE NOT EXCESSIVE

The suppliers are also encouraged to ensure that their employees do not exceed the maximum limit of working hours set by local legislation.

g. NO DISCRIMINATION IS PRACTICED

The suppliers are obliged to ensure that there is no discrimination in hiring, compensation, access to training, promotion, termination or retirement on the basis of certain personal attributes as specified by the EPH Group Equality, Diversity and Inclusion Policy.

h. REGULAR EMPLOYMENT IS PROVIDED

The suppliers must ensure that to every extent possible work performed must be on the basis of recognised employment relationship established through national law and practice.

i. NO HARSH OR INHUMANE TREATMENT IS ALLOWED

The suppliers are obliged not to allow any form of physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation.

IV. ENVIRONMENTAL PROTECTION (“Green Procurement”)

The suppliers are expected to keep the environmental impact of their activities, products and services at a minimum. The EPH Group demands environmental regulatory compliance at all times, and the implementation of environmental management systems and adoption of relevant standards is encouraged. The suppliers should share the EPH Group’s values to the efficient use of natural resources, energy efficiency, waste management, emissions and greenhouse gases control and biodiversity preservation.

V. ANTI-CORRUPTION

The suppliers are strongly encouraged to work against corruption in all its forms, including extortion and bribery.

- VI. SUPPLIER ACCEPTANCE PROCEDURE.** Supplier acceptance procedure for material suppliers shall be carried out in line with a separate EPH Group Know Your Customer ("KYC") Directive which details out supplier acceptance steps and procedures. The conditions for acceptance must first be met before any contractual relationship, delivery or business can be done.

Document approved by the Board of Directors of Energetický a průmyslový holding, a.s. at its meeting on March 31, 2021.