

EPH Group Procurement Policy

1. BASIC PRINCIPLES & COMMITMENTS

Energetický a průmyslový holding, a.s. ("EPH") and its 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 from their suppliers. The principles laid down in the ESG Master policy are at the core of the EPH Group's business activities and must be respected and followed by all EPH Group Companies. The EPH Group Companies follow, at a minimum, these main principles and implement them through their own binding internal policies.

In order for the EPH Group to uphold its commitment, thorough screening of each supplier is carried out to ensure that the supplier is conscious of the stated principles. At the same time we encourage suppliers to share our commitment to compliance with laws and regulations, ethical business conduct, human rights and working conditions, health and safety, and environmental protection.

This Policy defines commitments in all procurement processes and set out what is expected from 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 regulations on procurement processes and encourages its suppliers to follow our internal policies. This applies especially 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 suppliers to comply with the following principles:

- I. REGULATORY COMPLIANCE**
Suppliers are obliged to comply with rules and regulations at the national or international levels.
- II. HUMAN RIGHTS**
Suppliers are strongly encouraged to respect human rights as defined by the UN's Universal Declaration of Human Rights.
- III. GOOD LABOUR PRACTICE**
Suppliers are strongly encouraged to adhere, as a minimum standard, to the following aspects of good labour practice:
 - a. **EMPLOYMENT IS FREELY CHOSEN**
Suppliers must not engage in any form of forced or illegal employment and must allow their employees to leave their employment freely after giving reasonable notice.
 - b. **FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING ARE RESPECTED**

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

Suppliers' employees must have the freedom of association and the right to collective bargaining, and suppliers must adopt an open attitude towards these activities.

c. WORKING CONDITIONS ARE SAFE AND HYGIENIC

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

d. CHILD LABOUR SHALL NOT BE USED

Suppliers must not employ child labour.

e. LIVING WAGES ARE PAID

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

f. WORKING HOURS ARE NOT EXCESSIVE

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

g. NO DISCRIMINATION IS PRACTICED

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

h. REGULAR EMPLOYMENT IS PROVIDED

Suppliers must ensure that, to the greatest extent possible, all work is performed on the basis of a recognised employment relationship established under national law and practice.

i. NO HARSH OR INHUMANE TREATMENT IS ALLOWED

Suppliers are obliged not to allow any form of physical abuse or discipline, threats of physical abuse, sexual or other harassment, verbal abuse, or other forms of intimidation.

IV. ENVIRONMENTAL PROTECTION ("Green Procurement")

Suppliers are expected to minimize the environmental impact of their activities, products and services. The EPH Group requires environmental regulatory compliance at all times, and encourages the implementation of environmental management systems and the adoption of relevant standards. Suppliers should share the EPH Group's values regarding the efficient use of natural resources, energy efficiency, waste management, emissions and greenhouse gases control, and biodiversity preservation.

V. ANTI-CORRUPTION

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

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

2. IMPLEMENTATION

With regard to the above, it is vital that the EPH Group Companies perform adequate screening of their suppliers and identify areas with an elevated risk of adverse impacts, particularly in relation to human rights, health and safety, working conditions, or the environment.

To ensure the principles set out in Part 1 of this Policy are duly implemented, the EPH Group Companies shall adhere to the following:

- A. CONTRACTUAL APPLICATION.** The principles outlined in the EPH Procurement Policy are incorporated by reference into the general terms and conditions of all contracts between EPH Group Companies and their suppliers.
- B. MATERIALITY.** Each EPH Group Company, in accordance with the KYC Directive, is required to establish a materiality threshold that reflects the nature and scope of its activities and business relationships. This materiality threshold shall be taken into account when applying the principles of this Policy to ensure that disproportionate requirements are not imposed on small or low-risk suppliers.
- C. RISK ASSESSMENT OF SUPPLIERS.** Each EPH Group Company shall assign basic risk attributes to its suppliers, including, at a minimum, the country of operation and the industry sector. This classification provides the foundation for the preliminary assessment of each supplier's risk profile and supports the identification of areas with potentially elevated risk.
- D. TAILORED KYC QUESTIONNAIRE.** The scope of the KYC questionnaire used during the onboarding of new suppliers shall be proportionate to the supplier's preliminary risk assessment. EPH provides an extended version of the questionnaire covering areas such as human rights, health and safety, working conditions, sanctions, and environmental impacts. EPH Group Companies shall adapt the KYC questionnaire to reflect the level of risk identified for each supplier through the preliminary assessment.
- E. DUE DILIGENCE PROCESS.** Monitoring of the supply chain is an ongoing process. EPH Group Companies are required to conduct regular assessments of suppliers identified as having an elevated risk profile. The primary tools used in the due diligence process include the KYC questionnaire, monitoring of publicly available information, direct communication with suppliers (via email or phone), requests for supporting documentation (policies, ISO certifications, labor inspectorate or other third-party audits), and on-site visits where appropriate.
- F. GOVERNANCE AND OVERSIGHT.** The Procurement Department of each EPH Group Company is responsible for implementing the procurement principles set out in this Policy. If any material risk areas are identified, the Procurement Department shall promptly inform the company's Board of Directors as well as the EPH Compliance Committee.
- G. TRAINING OF RELEVANT STAFF.** The Procurement Policy shall be communicated to all employees engaged in procurement activities or supplier interactions. EPH Group Companies shall ensure that such staff receive appropriate training to understand and apply the principles and requirements of the Procurement Policy.

3. REPEAL

This Policy repeals the Procurement Policy adopted on 31 March 2021.

Approved by the Energetický a průmyslový holding, a.s. Board of Directors on 11 December 2025