



SUSTAINABLE PROCUREMENT POLICY



Last revision date: January 2023



SUSTAINABLE PROCUREMENT STATEMENT

ESSA Sales & Distribution seeks excellence in every aspect of its business and is committed to minimize the social, environmental, and ethical impacts of its supply chain.

ESSA Sales & Distribution spends significant amounts annually on the procurement of goods and services and our purchases range from computer equipment and office supplies to energy and air travel.

Our policy is to seek the purchase of goods and services that minimize negative and enhance positive impacts on the environment and society whilst meeting our business requirements. By incorporating social, environmental and ethical considerations into purchasing decisions we endeavor to make a positive contribution to the environment and society. To this end, we have developed Operating Principles that are applicable to both our suppliers and to ourselves. These principles seek to ensure that we and our suppliers act in a responsible manner.

Where it is found that a supplier's conduct is not in accordance with ESSA Sales and Distribution Responsible Purchasing Policy and Operating Principles, we will seek to engage with that supplier and encourage continuous improvement in their environmental, social and ethical performance.

In support of the Policy and Principles ESSA Sales & Distribution will:

- Assign responsibility for the Responsible Purchasing Policy and the associated Operating Principles to named responsible individual(s).
- Allocate funds for the effective direction and implementation of the Policy and Principles, with particular emphasis on encouraging continuous improvement.
- Measure and monitor the application of the Policy and Principles.
- Review and revise the Policy and Principles on an annual basis.
- Conduct an environmental, social and ethical assessment of our key suppliers utilizing ESSA Sales & Distribution or external resources as appropriate.

Eugen Saulea,

CEO ESSA Sales & Distribution

January 2023



INTRODUCTION

Sustainability is embedded across every function, including procurement. This policy explains how **ESSA SALES & DISTRIBUTION** integrates environmental and social considerations into procurement policies and practices. We recognize that improving our procurement performance is an ongoing process and that our suppliers, both large and small, are important partners in our journey to become more sustainable.

We, at **ESSA SALES & DISTRIBUTION**, do not simply buy products and services from suppliers. We respect our suppliers, their corporate culture, their growth, and their employees. The quality of the relations maintained with our suppliers contributes to our long-term success and is based on respect, trust, and loyalty.

We support the development of our suppliers through a process that includes constructive dialog and joint effort. The majority of our purchases are made with local suppliers who have been working with us for at least 10 years. As we have a deep concern for sustainability issues, we want our suppliers to share the same values and expect them to meet the same standards for ethics, labor rights, health and safety, and the environment that we set for ourselves.

SCOPE

Our policy describes **ESSA SALES & DISTRIBUTION** commitments to deliver sustainable outcomes through our procurement activity and is to be applied where relevant and proportionate to the goods, services, or subcontracts being provided.

Our supply chain consists of companies and organizations in fields such as accounting, consulting, production of promotional materials, production of hardware and software, media content, construction and maintenance, marketing services, human resources services, printing and messaging services.

To create the best value for our customers, our company wants to choose the optimum combination of whole life costs and benefits. We need to work collaboratively with our supply chain to achieve this ambition.

REQUIREMENTS

1. PROCUREMENT POLICY PRINCIPLES

Our procurement policy is based on the following principles:

- Obtaining the best value for companies in terms of price, quality, goods, services;
- Avoiding conflicts of interest;
- Conducting ethical and fair business relationships with our suppliers and all other parties;
- Procurement will be conducted following all applicable legal requirements, government regulations, transparency and integrity requirements;
- Commercial collaboration with suppliers responsible for the environment and society;
- The supply is responsible for ensuring that the principles of environmental and company liability of **ESSA SALES & DISTRIBUTION** are known and accepted by contract, general terms, and conditions, and other agreements.



2. SUSTAINABILITY

We see sustainability in our supply chain as an opportunity for all. We are aware that, without the support and collaboration of our suppliers, we cannot achieve sustainable growth, but also, as a top company in the Romanian trade marketing sector, we generate development throughout our entire supply chain. Thus, through a development program, we help strategic suppliers to introduce business practices that are socially and ecologically acceptable and economically efficient. The program is developed around four key components that together ensure that the relationship with suppliers is mutually beneficial, respects the principles of social responsibility, the principles of ecological sustainability, and is our framework for evaluating suppliers.

The progress of sustainable practices is a key objective for managing our supply.

3. SUPPLIERS CODE OF CONDUCT

- Requires suppliers to behave ethically and impeccably from a legal point of view;
- Addresses specific requirements for an integral behavior in business relations, regarding the processing of information and the avoidance of conflicts of interests;
- Addresses in detail the topics of active and passive corruption, public procurement, commercial controls, donations, sponsorships, money laundering, data security, and confidentiality.

4. SOCIAL CHARTER

- Refers to the Declaration of Human Rights, the ECHR guidelines, the UN Global Compact, and the ILO core labor standards;
- Includes topics on human rights, working conditions, banning the exploitation of children as labor and forced labor, equal opportunities, work, health, and environmental protection.

5. CORPORATE RESPONSIBILITY AND ANTI-CORRUPTION CLAUSE

- Obliges suppliers to take all necessary measures to prevent and sanction active and passive corruption;
- Contains obligations for our suppliers regarding the improvement of environmental performance and the reduction of energy consumption;
- Includes our Code of Conduct;
- Regulates how to verify suppliers' adherence to our requirements and includes regulations on how their violations will be addressed.

6. ENVIRONMENTAL CONSIDERATIONS IN THE PROCEDURE FOR SUPPLIER ASSESSMENT

Overall supplier assessments shall consider the establishment and implementation of an environmental policy, including procedures, clear objectives, and improvement programs for:

- pollution prevention;
- reduction of resources;
- use, handling, transport, storage, recycling;
- safe reuse and disposal of hazardous substances;



- disposal of wastewater and solid waste.

7. SELECTION OF SUPPLIERS

Suppliers are selected based on purchase orders. All selected suppliers are evaluated by the operational units involved and also each supplier answers a self-evaluation questionnaire. The selection criteria are based on technical specifications, price, commercial conditions, contractual issues, and specific RC requirements.

Contracts with all suppliers include specific clauses or annexes on health and safety, the fight against corruption, security, environmental protection, confidentiality, and compliance with the **ESSA SALES & DISTRIBUTION** Supplier Code of Conduct.

8. SUPPLIERS EVALUATION

The active suppliers of our companies are evaluated annually. This process is coordinated by the Process Management and Improvement Division. The suppliers to be evaluated are selected based on purchase orders issued within 12 months. 100% of new suppliers were assessed based on our criteria on the environment, work practices, human rights, and social impact.

9. CLASSIFICATION AND DEVELOPMENT OF SUPPLIERS

The supplier rating, made by the operational units involved of our companies, together with the questionnaires completed by the suppliers, are published in the Supplier Evaluation System of the **ESSA SALES & DISTRIBUTION**, to obtain the quantification of the performance of each supplier. Each supplier's performance in terms of corporate responsibility represents 10% of the total score. For low-score suppliers, the decision on further actions is taken at the level of **ESSA SALES & DISTRIBUTION** management, both if they need to demonstrate an improvement in their performance and if cooperation with the company ceases.

ROLES AND RESPONSIBILITIES

Body/function/individuals	Roles and responsibilities
ExCom	Responsible for policy approval.
Director of Supply Chain	Policy owner with overall responsibility to ExCom for sustainable procurement issues in ESSA Sales & Distribution, as described in this policy, and for ensuring that material corruption risks in the Group are duly attended to and communicated to the ExCom and the Audit Committee. Responsible for periodically assessing the effectiveness of this policy, the related manuals and screening procedures, and for reporting findings to ExCom and the Chairman of the Audit Committee. Responsible for (supporting) the implementation of the policy in the organization via communication & training.
Regional and local management	Responsible for ensuring that this policy is implemented and adhered to, and that all employees, third parties and business partners are



	made aware of the policy and its requirements. Responsible for annual sign-off on compliance with the policy.
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