

# **ENERGO-PRO Group**

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# **ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY**



## **ENVIRONMENTAL, SOCIAL AND GOVERNANCE 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 sustainable investment and reporting. This Environmental, Social and Governance (ESG) Policy describes our ESG considerations, it is an integral part of our Sustainability Framework. We believe in responsible investment and recognize the importance of a sustainable approach in the communities where we operate, the environment and biodiversity and the manner in which we establish partnerships and conduct business. We have established Key Performance Indicators (KPIs) and the Group is required to report on these KPIs (KPIs are available in a separate document).

We understand we need the commitment and mobilization of all staff and contractors to succeed in all aspects of our business and we invite all staff, contractors and subcontractors to join us in our sustainability journey. We have appointed senior staff ESG Focal Points responsible for ensuring that our ESG requirements are met, including reporting and contractor and subcontractor data.

### **2. Objectives.**

The objectives of the ESG Policy are:

- Respect and demonstrate Good International Industry Practice (GIIP) regarding ESG.
- Provide a framework for ESG reporting.
- Contribute positively to our brand image.
- Contribute to environmental, social and good governance continuous improvement.
- Enable ENERGO-PRO to access funds, including green bonds, from financial partners requiring ESG and Sustainability reporting

### **3. ESG Policy Statement**

*“ENERGO-PRO is committed to investing responsibly, operating with integrity and ensuring ESG is integrated in all phases of our business from design to operations and closure. We believe that ESG is the responsibility of all employees, and it is embedded in our board, decision making and daily operations. We believe in building relationships with our stakeholders that are built on trust and mutual respect, building a diverse and inclusive workplace, taking care of our environment and biodiversity, committing to reduction of GHGs and decarbonization of our operations, and conducting our business with integrity and in an ethical manner. We*

*demonstrate our commitment to sustainable investments by implementing activities that allow us to report on Key Performance Indicators (KPIs) that are aligned with the UN Sustainable Development Goals and recognized ESG commitments."*

#### **4. ESG Principles**

ENERGO-PRO's ESG principles are:

- Report accurate data and disclose appropriately.
- Embed ESG in all aspects of the Group, including operational decision making.
- Act with integrity and transparency.
- Act responsibly in all matters concerning social, environment and good governance.
- Align with the Sustainable Development Goals (SDGs) and Good International Industry Practice (GIIP).
- Invest responsibly.
- Embed accountability with the Board of Directors.
- Proactively identify and manage risks effectively and identify opportunities.
- Comply with applicable legal regulations.
- Commit to developing and implementing concrete and actionable ESG plans that are aligned and integrated with our business objectives and GIIP and/or global and local regulations.
- Recognize that ESG is constantly evolving and adapt to these changes.
- Aim for ESG continuous improvement.

#### **5. ESG Governance**

An ESG Committee has been established to manage ESG. Members of this committee include the Chief Executive Officer, 2 Strategic Development Executive Directors, the Chief Financial Officer, the Group General Counsel, and the ES Group Head. The Committee meets 4 times a year. The responsibilities of the Committee are:

- Reviewing and updating the Group policies.
- Driving forward the integration of ESG in the business.
- Ensuring KPIs are reported annually, and the data is accurate.
- Ensuring the rollout of the Policies and that all employees understand the content of the Policy.
- Ensuring all sites appoint senior ESG focal points.
- Providing oversight to all issues concerning ESG and encouraging continuous improvement.
- Identifying opportunities, risks and challenges and providing solutions to manage the challenges.
- Working closely with the ESG rating providers.
- Overseeing the preparation of the annual Sustainability Report.

The Board of Directors (BOD) has ultimate responsibility for ESG and Sustainability.

#### **6. Focal Areas**

ENERGO-PRO understands that ESG is evolving, and practices and actions will need to change based on monitoring, expectations from stakeholders and our financial partners.

The three main focal areas for responsible investment are described below. They focus on non-financial key performance indicators that address our approach towards sustainability, including impacts on the environment, communities and our workforce and ethical corporate governance.

## Environment

We aim to preserve the natural and physical environment affected by our operations and we understand the increasing global concerns regarding climate change and depletion of natural resources. The main areas of consideration are:

- Calculating our GHG emissions, establishing science-based targets in alignment with the SBTi and Paris Agreement, reporting on progress, and developing concrete actions to reduce our GHG emissions and achieve net-zero through decarbonization plans.
- Monitoring and reporting on energy and water consumption including water discharge, waste and ensure efficiency.
- Establishing environmental and social management systems (ESMS) and work towards ISO Certification of all our Business Units.
- Natural resources efficiency, including biodiversity, ecosystems, and land use.
- Minimizing single use plastic.
- Reducing use of hazardous waste and ensure efficient use and responsible transportation and disposal.
- Establishing and implementing Rehabilitation and Restoration Plans at all our sites aimed at restoring disturbed land and other natural resource assets.

## Social

We understand the importance of contributing to social and economic development where we work and the importance of providing a positive working environment. The considerations are:

- Inclusion, equity, and diversity.
- Living wage.
- Respect for human rights.
- Employee Health and safety.
- Labour and Working conditions.
- Equal opportunities, including gender equality, equal pay for equal work, promotions, training and skills development and inclusivity for those with disabilities.
- Local employment and procurement.
- Protection of community land and assets.
- Respect for cultural heritage and archaeological sites.
- Community investment.
- Participatory consultation and transparent stakeholder engagement.

## Governance

We commit to complying with binding laws and conducting business in an ethical and transparent manner. The main focus areas are:

- Company values.
- Board diversity.
- Global Code of Conduct.
- Whistle Blower Policy.
- Anti-Bribery and Anti-Money Laundering Policy.
- Zero tolerance for any form of corruption or unethical conduct.
- Applying the highest standards of honesty and integrity across all our operations in all business dealings and with the Government, partners and communities.
- Reporting and disclosing ESG and Sustainability performance accurately, transparently and through globally recognized ESG platforms.

## **7. Key Performance Indicators**

We are committed to ESG reporting and annual Sustainability Reporting. We have developed a set of Key Performance Indicators (KPIs) aligned with the Sustainable Development Goals (SDGs) and ESG Good International Industry Practice (GIIP). The KPIs are available in a different report.

## **8. 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.

## **9. Entry into Force**

This version of the Policy enters into force and is effective on and from May 2022 and replaces in full any earlier version of the Policy.