

ENERGO-PRO Group

Sustainability Policy



SUSTAINABILITY POLICY (THE "POLICY")

Foreword by the Chairman of the Board of Directors

Dear Colleagues

ENERGO-PRO a.s. (the "**Company**"), together with its affiliates (the "**Group**" or "**ENERGO-PRO**"),¹ is a leading hydropower operator, distributor and supplier of electricity in Central and Eastern Europe, meeting energy demand and serving the needs of an actively developing region.

We generate more than 3 TWh of power annually and serve more than 2 million grid customers, distributing 11 TWh of electricity in Georgia and Bulgaria. The Group employs more than 9,000 people. Our engineering operations, including Litostroj Engineering a.s. and Litostroj Power d.o.o., develop and manufacture hydro turbines and hydrotechnical equipment, building on more than 100 years of industrial tradition.

Due to our commitment to sustainability and reporting we have adopted a responsible approach to business, systematically integrating sustainability in our design, construction and operations with a view to ensuring long-term success. This is the backdrop against which the present sustainability policy is applied, a policy which arises from Good International Industry Practices (GIIP) aimed at ensuring sustainable fairness through a rigorous process of planning, implementation, evaluation, control and monitoring.

We invite all staff, contractors and sub-contractors, both at the central level and in the subsidiaries to observe the provisions laid down in the present policy, each according to his/her role.

Lastly, the successful implementation of this policy is highly dependent upon (i) the mobilisation of employees and contractors concerned to adopt the requirements detailed below, (ii) the effective involvement of governing bodies to ensure the actual implementation of this policy; and (iii) the commitment of our employees and contractors towards sustainability and Environmental, Social and Governance (ESG) reporting. Such commitments will help in enabling ENERGO-PRO to promote brand image, contribute to sustainability of our projects, become a partner of choice and commercial competitive advantage, and finally access funds, including green bonds, from financial partners requiring ESG and Sustainability reporting.

The future of the Group, and its continuing success and growth, depends on the commitment of each and every one of us towards sustainability.

Yours faithfully



Jaromír Tesař
Chairman of the Board of Directors
ENERGO-PRO a.s.

¹ The Group includes DK Holding Investments, s.r.o., the sole and direct shareholder of ENERGO-PRO a.s., and all of its direct and indirect subsidiaries.

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 1,241 MW, while the annual power generation is more than 3.5 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 significant projects in Canada, Egypt and Iceland. 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 development and to the well-being and protection of communities living in the areas of influence of our investments. We recognize that the policies and practices that we adopt today will shape not only our lives but also those of future generations. Therefore, we believe it is vital to integrate sustainability concerns into our day-to-day operations.

For the purposes of the present policy, ENERGO-PRO is guided by the international charter on human rights, international conventions concerning the protection of the environment, GIIIP and efforts to combat climate change (framework agreement and Paris agreements), as well as the International Labour Organization (ILO) Conventions.

2. Purpose and Objectives.

The purpose of this document is to present our sustainability commitments. It describes leadership, environment and biodiversity, climate change, communities, governance, and human resource commitments. The Sustainability Policy applies to all company executives, management, employees, contractors and subcontractors.

The overall objectives are:

- Apply sustainability best management practices in the planning, design, construction and operation of our activities.
- Recognise the responsibility of contractors and their business activities to respect human rights as an integral part of sustainability.
- Support the United Nation's Universal Declaration of Human Rights and the Voluntary Principles on Security and Human Rights.
- Respect local cultures, customs, and values in our dealings with employees, communities and other stakeholders.
- Provide fair and equitable access to benefits in a manner that is inclusive and does not impede access to basic health services, clean water and sanitation, energy, safe and decent working conditions, and (unless appropriate compensation is given and/or remedial measures taken) land rights and accommodation.
- Meet applicable international standards for maximizing energy efficiency and minimizing the production of wastes, and the release of pollutants, greenhouse gas emissions or other drivers of climate change.
- Use natural resources sustainably and work with other organisations, governments, and groups to address climate change,

- Aim to minimize and mitigate adverse environmental impacts in accordance with internationally recognized business best practice and local legislation.
- Protect local biodiversity with an emphasis on high-value resources and ecosystems and on applying the “no net loss” principle of biodiversity or of priority ecosystem services.
- Comply with applicable local legislation.

3. Principles

We joined the UN Global Compact in 2021 and as such we are committed to supporting the 10 principles on human rights, labour, environment, and anti-corruption. These principles are:

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

Furthermore, ENERGO-PRO has adopted the following additional principles:

- Provide value to our partners and stakeholders.
- Comply with individual country legislation where we are working and Good International Industry Practices (GIIP).
- Embed sustainability into strategic business decisions, planning, design and operations.
- Have regard to the United Nation’s Sustainable Development Goals.
- Conduct all business with integrity and honesty.
- Disclose our Sustainability Policy and enable company executives, management, employees, contractors and subcontractors be aware of the ENERGO-PRO Sustainability Policy and abide by its commitments.
- Develop sustainability targets and strive to continuously improve our sustainability performance.
- Commit to formal ESG/Sustainability reporting by 2022.

4. Sustainability Commitments

The policy describes a set of rules and procedures aimed at addressing leadership commitment towards sustainability: in particular with regard to the environment and biodiversity, climate change, communities, good governance and human resources. These Sustainability commitments apply to all our operations and is integral to strategic decisions,

project design, construction and operation phases. The Sustainability Policy commits us as follows:

Leadership

We recognize the importance of demonstrating sustainability leadership at all levels of the organization:

- The ultimate accountability for the approval and delivery of our Sustainability Policy rests with the CEO, and ENERGO-PRO's Board of Directors and Supervisory Board and the ESG Committee.
- Executives are responsible for demonstrating leadership and commitment to achieving sustainable outcomes and applying our sustainability policy, principles, rules and standards in decision-making and in the allocation of resources.
- General Managers and departmental managers are responsible for ensuring the achievement of sustainable outcomes and the application of the sustainability policy, principles, rules and standards and taking appropriate steps to ensure that the workforce, including contractors and subcontractors, meet the policy requirements.
- Staff are responsible for applying the sustainability policy and principles in decision-making and day-to-day activities.
- Employees are required to foster a working environment that leads to continuous improvement of sustainability performance.
- We will consider in line with the implementation of this policy linking remuneration and job performance of Executives, General Managers and Managers with sustainability performance.

Environment and Biodiversity

We recognize environmental and biodiversity management as an integral part of our businesses, and we aim to preserve the natural and physical environment affected by our operations. We will:

- Establish Environmental and Social Management Systems (ESMS) and ISO Certification at all our Business Units.
- Embed environmental and biodiversity risks into our wider risk identification and mitigation processes.
- Integrate the protection and restoration of biodiversity, natural habitats, and ecosystems as a key aspect of sustainability when designing and developing projects.
- Ensure and encourage the workforce to report environmental incidents and undertake timely investigations, remedial actions and take appropriate measures to avoid reoccurrences.
- Monitor compliance with Good International Industry Practices (GIIP) and commitments.
- Monitor and report on water consumption, waste generation including hazardous waste, effluents, and energy consumption and take action to reduce usage.
- Monitor air quality and noise on a regular basis and take action to reduce emissions.
- Set targets for continuous improvement of environmental and biodiversity performance, taking into account the age and design of assets monitored.
- Establish strategies to maximize natural resource efficiency, including land.
- Monitor biodiversity and implement programs to improve ecosystems and habitats.
- Avoid the unnecessary use of waste, reusing or recycling where possible and selecting techniques with the lowest impact options, wherever possible.
- Avoid, minimize and/or restore negative environmental impacts by applying the mitigation hierarchy. We will consider offsets only after appropriate avoidance, minimization and restoration measures have been applied.

- Where possible, and after consultation with stakeholders, rehabilitate and restore disturbed land and other natural assets ~~at sites~~ as close as possible to the original or preconstruction habitat.

Climate Change

We will:

- Comply with all binding laws regarding climate change and work with partners to improve global climate conditions.
- Understand our transitional and physical climate risks and develop and implement a global climate change resilient strategy.
- Commit to reporting on our GHG emissions, setting science-based targets and work towards decarbonization of our business activities and operations.

Communities

We understand the importance of contributing to social and economic development where we work. We will:

- Embed social risks into our wider risk identification and mitigation processes.
- When possible, avoid and/or minimize impacting community land and assets, cultural heritage, and archaeological sites, when designing and developing projects.
- Require all our Business Units to establish a grievance mechanism procedure to receive and enable resolution of stakeholder concerns.
- Ensure and encourage the workforce to report all social incidents and grievances and undertake timely investigations, remedial actions and take appropriate measures to avoid reoccurrences.
- Engage with communities, Government and other stakeholders to develop community conservation programs that focus on community livelihoods and sustainable forests and ecosystems.
- Promote open, transparent, inclusive and constructive engagement, particularly with the communities, including women, the elderly, and vulnerable people in all matters that concern them and have regard to community participation in decision-making.
- Aim to consult early during the design and planning phase of operational projects, including the design of social and/or environmental management programs. Consultation will be done in a participatory manner and culturally appropriate.
- Develop Local Content approaches and where possible ensure that staff and contractors, develop targets regarding local employment and training, and local procurement.
- Commit to applying the Free, Prior and Informed Consent (FPIC) human rights principle, if operating within the area of influence of Indigenous Peoples (IP) and triggering local legislation regarding IP.

Governance

We commit to complying with binding laws and conducting business in an ethical and transparent manner:

- Not tolerate any form of corruption or unethical conduct by executives, staff and contractors.
- Raise awareness regarding corruption and unethical conduct to all the workforce, contractors and suppliers.
- Apply the highest standards of honesty and integrity across all our operations in all business dealings and with the Government, partners and communities.
- Uphold laws aimed at combating corruption and bribery.

- Encourage all staff and contractors to report all suspicious behaviour regarding bribery or corruption.
- Comply with relevant environmental and social legislation as a minimum level of performance and ensure all required permits are in place.
- Not make donations to political parties and organizations.

Human Resources

We recognize the importance of creating and maintaining a positive working climate. We will endeavour to attract high calibre employees and ensure that all employees and contractors work in a safe environment and are treated with respect and fairness. The Company and its contractors shall:

- Have regard to the principles recognized by the Universal Declaration of Human Rights, the Voluntary Principles on Security and Human Rights, and the declaration of the International Labour Organization on Fundamental Principles and Rights at Work.
- Respect binding laws regarding employees, guaranteeing equal opportunities, without any discrimination that could be based on political affiliations, nationality, age, sex, race, ethnicity and sexual orientation.
- Respect binding laws on employees' rights to join and/or associate with trade or workers' unions and engage in collective bargaining.
- Define policies and activities to help with work-life balance and provide a working environment that is safe and secure, free of harm and harassment.
- Support professional development training initiatives and develop job descriptions that are well understood.
- Forbid the use of forced, bonded and child labour in all our operations.
- Encourage inclusion and diversity in the workforce.
- Identify, prevent, mitigate and report any actual or potential violation of labour standards.
- Develop and communicate employee grievance mechanism procedures in all our Business Units.
- Employ and promote workers based on merit and ability.
- Treat all the workforce with respect and not tolerate any form of sexual harassment, discrimination, bullying or violence.
- Maximize employment opportunities and capacity building from the local communities and regions.
- Recognise the responsibility of our staff, contractors and sub-contractors to respect human rights as an integral aspect of environmental, social and governance (ESG) and sustainability.
- Build a strong brand by building a resilient corporate culture and employee engagement across ENERGO-PRO operations.

5. 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.

6. 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.