

RESPONSIBLE AND INCLUSIVE PROCUREMENT POLICY

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1. Procurement: a global mission

ENGIE's purpose is to act to accelerate the transition towards a carbon-neutral economy. Within this context, *"The mission of ENGIE's Procurement function is to support our Group's performance, sustainability, and competitiveness, through the selection of performing, innovative suppliers which have a positive impact on people and the planet"*, Aurélia Tremblay – Chief Procurement Officer of the ENGIE Group (Procurement Charter).

Procurement is a function focused on becoming a **partner for sustainable development**, driving the operational performance and decarbonization of our business, while reducing the risk throughout the supply chain.

The commitments and expectations of the ENGIE Group for its suppliers are detailed in the *Procurement Charter*¹ issued by the Group in December 2021.

These are summarized below:

- Selecting suppliers through a fair, open, and transparent process.
- Developing a long term and balanced relationship.

¹ <https://engie-energia.pe/proveedores>

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- Accompanying the implementation of the Group's Health & Safety policy.
- Committing to ethical relationships, ensuring prior and sufficient investigation.
- Contributing to achieving ENGIE's Net Zero Carbon by 2045 objective.
- Respecting all applicable laws and regulations.
- Identifying niche players and innovative companies.
- Developing partnerships with local key players.

Within this framework, ENGIE Energía Perú actively seeks **diverse, qualified suppliers who can provide competitive and high-quality goods and services**, whose business model is aligned with our Group strategy and our principles and values. In addition, ENGIE Energía Perú encourages and develops its suppliers to act responsibly, including and putting in practice the concepts of sustainability in its supply chain.

2. ENGIE Energía Perú's commitment to sustainability

In ENGIE Energía Perú we are aware of our role and impact on society, and therefore we act in the interest of our employees, customers, contractors and suppliers, communities and shareholders, seeking to build harmonious and long-lasting relations with all other stakeholders.

As a result, our general strategy integrates the environmental, social good corporate governance factors, considering that a sustainable management not only adds great value to the company but also fosters environmental stewardship, improvement of quality of life and the economic and social development.

Our corporate sustainability vision comes from the common purpose of the ENGIE Group in the world, "We act to accelerate the transition to a carbon-neutral economy", and relies on three pillars that support our decisions: safety and excellence; ethics and responsibility; and, customer centricity.

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The Responsible and Inclusive Procurement Policy is an essential component of our approach to sustainability, and permits us:

- **To contribute to the global mission of the ENGIE Group** by creating sustainable value.
- **To build balanced relations with our suppliers** and contribute to the creation of ethical and responsible supply chains in the country.
- **Develop innovative partnerships** with our suppliers and sharing with them our approach to sustainability.

This policy is anchored in the global vigilance plan that ENGIE Energía Perú has in place within the framework of the French law on the duty of vigilance of transnational companies and relies on **5 principles** related to occupational health and safety, ethics and human rights, climate, nature, and social impact, as detailed in paragraph 6.

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3. Definitions

The procurement function is to be a sustainable partner that actively contributes to the operational performance and decarbonization of the business. Through the responsible and inclusive purchases, the new risks in the supply chain are managed and value creation opportunities are found.

Supplier:

Individual or corporation that provides goods or services to ENGIE Energía Perú.

Responsible purchases

Responsible purchases are purchases that integrate environmental, social and good governance aspects into purchase and service procurement decisions, taking into account the stakeholders in the technical and economic evaluation, which permit to obtain savings and satisfy the requirements and promote the efficiency in terms of energy and resources.

Local purchases

Local purchases refer to the procurement of goods and/or services from local suppliers located in the same geographical region where ENGIE operates or in its areas of influence. These local suppliers undergo the same evaluations as all suppliers to make sure that they comply with all applicable rules and regulations, and share ENGIE's values and sustainability commitments contained in the 5 principles detailed in item 6.

Inclusive purchases

An inclusive supply chain promotes a work environment that respects and values individual differences, promotes and defends the human rights of employees and suppliers, fighting discrimination and reducing inequalities.

In ENGIE Energía Perú we have posted our Diversity and Inclusion Policy², whereby we actively promote and defend the human rights of our personnel and contractors, we fight discrimination and seek to eliminate inequalities, creating a healthy and harmonious environment, free of

² <https://engie-energia.pe/wp-content/uploads/2023/07/Politica-de-Diversidad-e-Inclusion-EEP-v1.pdf>

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violence through the prevention, attention and sanction of any type of harassment and any behavior contrary to morals.

We thus strengthen the quality of the personal and professional life of our people, and also contribute with social responsibility actions vis-à-vis our stakeholders.

Through inclusive purchases, we want to promote these guidelines with our suppliers for them to be an active part of our responsible supply chain. Inclusive purchases also permit to incorporate into the supply chain the suppliers who, given their social and economic vulnerable condition, have less opportunities to gain access to the formal market.

4. Scope of the policy

This policy applies to all workers in ENGIE Energía Perú who perform contracts, negotiations and direct and indirect management of suppliers, and to all suppliers of ENGIE Energía Perú.

The policy seeks to integrate the sustainable development aspects over the life cycle of a procured product or service into the different procurement stages – from the supplier qualification, procurement and contracting process until the contract is finalized.

In ENGIE, we uphold the agreements of the International Labor Organization (OIT)³, the principles of the United National Global Compact⁴, in addition to our principles and expectations regarding aspects related to sustainability. In this regard, our suppliers are also required to comply with the foregoing.

5. Policy objectives

The Responsible and Inclusive Procurement Policy of ENGIE Energía Perú aims at adopting sustainability criteria during the technical-economic evaluation in the goods and services procurement process.

In addition to valuing the planning and efficient use of resources, the policy drives company efforts to foster the adoption of sustainable practices among its suppliers, extending the benefits to the society at large, through the determination of guidelines and commitments of supply, encouraging suppliers to apply sustainability, welcoming diversity, equal opportunities and decarbonization of the value chain in their workplaces.

³ <https://www.ilo.org/declaration/lang-es/index.htm>

⁴ <https://www.pactomundial.org/que-puedes-hacer-tu/diez-principios/>

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We review our policy on a yearly basis and increase the scope according to the progress.

6. Our 5 principles

The approach to Responsible and Inclusive Purchases of ENGIE Energía Perú is structured based on the following principles:

Principle 1: No life at risk. The safety and health of our workers and contractors is our priority.

Principle 2: In ENGIE Energía Perú we promote zero tolerance in fraud and corruption, we protect the human rights and apply the highest business ethics standards. We require the same from our suppliers.

Principle 3: Act against the climate change is strategic for ENGIE Energía Perú, with energy transition being at the core of our activities. To this end, we seek to measure, prevent, reduce and offset the Greenhouse Gas Emissions (GHG).

Principle 4: The protection of the natural heritage is paramount to ensure continuity of life in the planet. To this end, we seek to measure, prevent, reduce, offset in biodiversity, water, energy and waste.

Principle 5: In ENGIE Energía Perú we seek to create a positive impact on the society and develop shared-value projects, among other things, through inclusive purchases.

7. ENGIE Energía Perú commitments

1. **Promote** information of **ENGIE's sustainable initiatives and behaviors in the supply chain** through notices and/or regular training of suppliers and contractors, in addition to awareness campaigns.
2. **Train the employees** of ENGIE Energía Peru involved in **Sustainability** procedures for procurement of goods and/or services in order to foster these behaviors among all agents who intervene in the supply chain.
3. Maintain an **open communication channel with suppliers** in order to detect the application of sustainable initiatives, and receive suggestions and opportunities for

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improvement⁵; and to reject and/or report any practice detected in the value chain against sustainable management in any of its environmental, social or economic aspects (<https://etica.resguarda.com/engie/pe.html>).

4. **Equal technical and economic conditions**, our commitment is to procure environmentally friendly products and/or services and be vigilant of their social impacts, and to engage the services of local companies with outstanding sustainable management.
5. Develop **alliances with other organizations** to share experiences in sustainable purchases, seeking the continuous improvement of associated practices.

8. How are 5 Responsible and Inclusive Procurement Principles implemented?

Our expectations and information regarding our suppliers can be found in our website <https://engie-energia.pe/proveedores>:

1. **Occupational Health and Safety**, and compliance with our standards.
2. **Competitiveness** in the delivery of products and services.
3. **Ethics, human rights and responsibility**, not only complying with the laws and regulations but also with our principles and targets.
4. **Sustainability**, establishing ambitious objectives in their social and environmental practices.
5. **Control, audit and transparency** of exchanges.

To promote the sustainable growth of our suppliers, we have implemented the following actions and procedures according to the 5 principles explained in item 6 of this policy.

Principle 1: No life at risk. The safety and health of our workers and contractors is our priority.

ENGIE has an objective of zero accidents: 100% of our suppliers entering our premises to render services shall meet our Occupational Health and Safety requirements, be aware of and comply with the policies, rules, regulations and any other safety document of ENGIE, including the HODELPE safety certification.

⁵ gestorproveedor.eep@engie.com / <https://engie-energia.pe/proveedores>

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How do we implement it?

- The evaluation table of a service bidding process includes safety factors. This is a binary evaluation: the supplier shall meet the requirements, otherwise it will not pass the technical evaluation of the process. The Occupational Health, Safety and Environmental guide for contractors and suppliers (OHSE Guide⁶) is included in all service bidding processes and is of mandatory compliance for bidders.
- The contracts include a clause where the supplier represents to know and comply with the policies, rules, regulations and any other safety document of ENGIE. This clause is also included in the General Service Conditions accompanying each purchase order.
- During the performance of a contract:
 - Non-scheduled safety audits of service supplied are conducted on site by internal and/or external auditors in addition to controlled self-evaluations. An Occupational Health and Safety finding is subject to the payment of a penalty as stipulated in the OHSE guide⁷ and is grounds for possible termination of the contract.
 - In addition, a performance assessment is conducted for each service, which rates as good, fair or poor the level of service with respect to several factors related to the 5 principles.

Indicator:

- Indicator based on contractor's performance on preventive issues: number of walkdowns, HIPOs, reporting of events, reporting of stops using the STOP rule, etc.
- For long-term contractors: result of the annual audit > 90% and compliance with their OHS program.

Principle 2: In ENGIE Energía Perú we promote zero tolerance in fraud and corruption, we protect the human rights and apply the highest business ethics standards. We require the same from our suppliers.

⁶ https://engie-energia.pe/wp-content/uploads/2023/07/SSOMA-guide-Safety-Occupational-Health-and-Environmental-Compliance-Guide-for-Contractors-and-Suppliers_V01-ESP.pdf

⁷ https://engie-energia.pe/wp-content/uploads/2023/07/SSOMA-guide-Safety-Occupational-Health-and-Environmental-Compliance-Guide-for-Contractors-and-Suppliers_V01-ESP.pdf

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100% of our suppliers shall meet our requirements for zero tolerance in fraud and corruption and respect of human rights, including:

- Having an approved DDL1,
- In case of a contract, it shall include the ethics clause.

In addition, awareness will be raised among national suppliers through at least one annual ethical training session.

How do we implement it?

- All our suppliers of goods and services undergo an Ethics Due Diligence (DD) process, which is reviewed on a regular basis.
- Biddings are only conducted with suppliers with an approved and valid DD, or which are undergoing evaluation. In case of an ethical finding, a business relation with such supplier cannot be established.
- All new contracts and general purchase conditions include an ethics clause. The supplier represents that it has been informed of, and agrees to comply with, ENGIE's ethics commitments, as contained in ENGIE's Ethics Charter and the Practical Guide to Ethics, which can be found at ENGIE's website: <http://engie-energia.pe/pagina-1/carta-etica>
- During the performance of a contract: An ethical finding is grounds for possible termination of the contract. All reports and findings submitted through the whistleblowing channel RESGUARDA⁸ are investigated and the consequences include temporary or permanent suspension from ENGIE Energía Perú's registry of suppliers.

Indicator:

- % of suppliers with approved DDL1.
- All contracts shall contain the ethics clause.
- % of suppliers who have attended the annual ethics training.

Principle 3: Act against the climate change is strategic for ENGIE Energía Perú, with energy transition being at the core of our activities. To this end, we seek to measure, prevent, reduce and offset the Greenhouse Gas Emissions (GHG).

⁸ <https://etica.resguarda.com/engie/pe.html>

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ENGIE Energía Perú aims at reaching Net Zero Carbon by 2045 and expects its suppliers to contribute to this objective:

- In the bidding process, 2% is added in the technical and economic evaluation to the suppliers with continuous monitoring of their GHG emissions, through the preparation, posting and certification of their annual GHG inventory in accordance with the standards of the GHG protocol⁹, and an additional 1% to the suppliers who make public their objectives and associated actions.
- 1% is added in the technical and economic evaluation to the suppliers with the international EcoVadis certification, with a rating above 45, taking into account that our critical suppliers are obliged to have such certification and rating.

Indicator: annual carbon footprint of suppliers and number of suppliers who make it public.

Principle 4: The protection of the natural heritage is paramount to ensure continuity of life in the planet. To this end, we seek to measure, prevent, reduce, offset in biodiversity, water, energy and waste.

We seek to encourage the development of innovation program, which permits the use of recycling techniques in products and services. As part of the bidding process, up to an additional 2% is awarded to bidders with implemented practices on re-use and recycling, packaging reduction, use of eco-friendly raw materials, sustainable manufacturing certification, etc. On the other hand, up to an additional 2% is awarded to suppliers presenting their ecologic and/or water footprint measurement, action plans or initiatives in favor of biodiversity, water and energy efficiency.

In case of an environmental finding or breach of the regulations in force by the supplier, it may be suspended temporarily or permanently from our suppliers' database.

Indicator: % of suppliers with good biodiversity, water, energy and waste practices.

Principle 5: In ENGIE Energía Perú we seek to create a positive impact on the society and develop shared-value projects, among other things, through inclusive purchases.

⁹ <https://ghgprotocol.org/>

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Within this framework, and based on our materiality matrix, we have decided to focus on offering opportunities to local suppliers to foster generation of employment, revenues and development of the areas where we operate, and promoting the development of entrepreneurial women.

- Local purchases: We want to reach 10% of annual expenditure in purchases from local suppliers. To such end:
 - We map the local companies that can provide services to our plants, including their qualification with annual updates.
 - These companies are invited to participate in the different procurement processes of the company.

Indicator: % of annual expenditure in purchases from local suppliers.

- Inclusion: We promote local unskilled labor hire.
 - Our bidding processes stipulate that all unskilled positions will be filled by local personnel or from the area of influence.
 - The contracts include a clause that requires suppliers to engage local personnel or from the area of influence to fill unskilled positions.

Indicator: % of local personnel engaged per service and globally per year.

- Promotion of inclusion of women and gender equality:

In all bidding processes, up to 2% is added to the bidder with a Diversity and Inclusion policy in place and practices related to gender equality and inclusion of women in leadership positions.

Indicator: number of suppliers with policy and/or actions related to Diversity and Inclusion.

CONCLUSIÓN

ENGIE Energía Perú is committed to executing, implementing and updating annually its action plan for responsible and inclusive procurement based on this policy.

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