



# Sustainable procurement policy

## Contents

|  |   |
|--|---|
| <b>Scope and target</b>  | 2 |
| <b>Regulatory framework of reference</b>   | 2 |
| <b>Governance and approach to the sustainable management of the supply chain</b> | 3 |
| <b>Suppliers' code of conduct</b>  | 3 |
| <b>Pervasiveness of ESG criteria within the procurement process</b>              | 4 |
| <b>Education and Engagement</b>  | 5 |
| <b>Collection, monitoring, and handling of defaults</b>                          | 5 |
| <b>Communication, review and document updates</b>                                | 6 |



## Scope and target

This Policy defines the principles and methods that guide and characterise Edison's actions in its relations with its upstream supply chain, with the purpose of maintaining it highly resilient in the face of change, guaranteeing stability and durability of supply relationships over time, dialoguing with and involving suppliers in the design processes of goods and services from a sustainable and circular perspective, thus reducing their exposure to risk, guaranteeing efficiency/effectiveness of business activities and nurturing the development of innovative approaches.

Edison bases its relations on values of transparency and respect for suppliers, bases its actions on long-term relations with the value chain and has adopted solid management systems for managing suppliers and third-party companies.

Edison is striving to manage its supply chain sustainably by increasingly integrating ESG (Environmental, Social, Governance) criteria into its procurement processes: qualification, tendering, contracting, and performance assessment.

With the aim of guiding the sustainable energy transition of customers, suppliers and communities, the company recognises that the supply chain - a relevant stakeholder<sup>1</sup> - is a key lever for the generation of long-term value, as well as a positive impact factor in advancing the UN Sustainable Development Goals (SDGs) to which it is committed; it also considers responsible supply chain management to be a material issue of sustainability<sup>2</sup>.

In order to promote sustainable business conduct aimed at identifying and managing its impacts as well as the risks and opportunities that lie within it, Edison is also committed to implementing and enforcing due diligence on human rights and the environment in its value chain.

For the purposes of this Policy, suppliers are those entities from which Edison directly and indirectly purchases works and works, materials, technical-industrial products, services and performances.

This Policy applies to all companies that are part of the Edison Group, to employees and to all suppliers, partners and third party collaborators operating at Group plants, sites and offices.

## Regulatory framework of reference

Consistent with certain policies and guidelines that the company has adopted, together with its organisation, management and control systems and, specifically, *i) the Code of Ethics, ii) the Sustainability Policy, iii) the Health and Safety Policy the Environment, Quality and Sustainable Energy, and IV) the Policy for the Protection of Human Rights, as well as V) the Organisation, Management and Control Model 231, VI) the Anti-Corruption Guidelines, VII) the Integrity Check Guidelines, VIII) the Anti-Fraud Policy and IX) the Whistleblowing Policy*, Edison bases its specific action on the following general corporate regulations on procurement:

- *GS 92/14 - Procurement processes for goods, services, works and works (rev. July 2023)*
- *Health and safety in the workplace, environmental protection, sustainable quality and energy (rev. April 2022)*
- *Suppliers' code of conduct*

<sup>1</sup> Confirmation by application of criteria of dependence, responsibility, influence, proximity and representativeness (Reference: AA1000 SES - Stakeholder Engagement Standard)

<sup>2</sup> Materiality analysis included in the Sustainability statement.





besides the following reference frameworks:

- *Ten UN Global Compact principles*
- *Corporate Sustainability Reporting Directive (CSRD)*
- *Corporate Sustainability Due Diligence Directive (CDDD)*
- *ISO 20400*
- *Regulation 2020/852 (EU) – EU Taxonomy*
- *ISO 9001, ISO 14001 quality management systems, ISO 45001 concerning health and safety in the workplace, SA8000 concerning Social Responsibility, and ISO 370 concerning Anti-corruption.*

## **Governance and approach to the sustainable management of the supply chain**

Edison's procurement responsibility system, led by the Procurement Department, is regulated through GS. 92/14 that establishes general principles, fundamental policies and responsibilities as well as operational methods and responsibilities. This standard establishes the roles and responsibilities of the units involved in procurement, including the Supplier Qualification Team (known as SQT), the corporate body through which all the main corporate Organisational Units involved in procurement processes are represented on the basis of the competence principle.

Edison's procurement activities are also characterised - inter alia - by the assessment of the sustainability profile of its suppliers; by actions to promote, train and raise awareness among its suppliers on sustainability issues; by the analysis and monitoring of risks in the procurement process, including those of an ESG nature.

Furthermore, the Procurement Director is designated by the CEO as a permanent member of the Sustainability Management Committee.

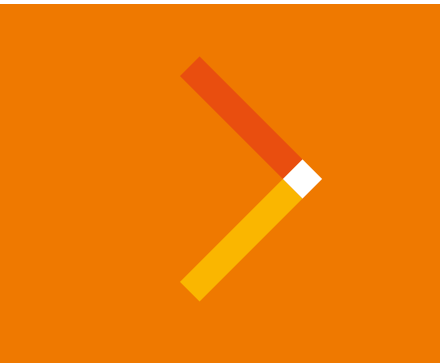
In addition, Edison is committed to enforcing rigorous, transparent administrative procedures for the payment of suppliers, with a view to ensuring compliance with contractual agreements and avoid delays in payment, so as not to burden the financial balance of suppliers, particularly SMEs, in business relations with larger companies.

## **Suppliers' code of conduct**

Edison undertakes to use the Suppliers' Code of Conduct as an additional tool for relations with its supply chain in the implementation of a course of action and awareness-raising among suppliers on sustainable procurement issues.

Compliance with the rules of conduct set out in the Suppliers' Code of Conduct, in line with the principles and values outlined in the axes of its Sustainability Policy, and in addition to the contents of the Policy on the Protection of Human Rights and of the Code of Ethics, is instrumental to achieving the objective of ensuring that responsible procurement issues are effectively applied throughout the value chain.





## Pervasiveness of ESG criteria within the procurement process

### Qualification process

The verification that suppliers conform to Edison's values and the highest standards of health and safety, respect for human rights, anti-corruption and respect for the environment - is ensured by a qualification process.

In this context, the vision and acceptance of some of the documents mentioned in the previous paragraph "Reference regulatory framework" is an essential element for suppliers and subcontractors and a necessary prerequisite for establishing a lasting cooperation.

The transit of suppliers through the Supplier Qualification Portal, which can be accessed from the corporate website, makes it possible to feed the aforementioned processes and to substantiate a structured assessment guaranteed by the Supplier Qualification Team (SQT) on technical, ethical and legal, safety and environmental, financial, commercial and sustainability aspects.

With regard to the latter, information is requested on all ESG (Environmental, Social, Governance) areas, with particular focus on certain actions/practices by the supplier: i) adoption of sustainability objectives and related reporting, ii) adoption of Diversity & Inclusion and Human Rights policies, iii) evaluation of its suppliers on the basis of sustainability criteria, IV) calculation of climate-changing gas emissions, V) use of renewable energy, VI) commitment to research and innovation and VII) use of partnerships in sustainability projects. For relevant suppliers (product categories from the Supplier Register), this check is carried out with an additional level of detail, to which a specific weight is attributed in the overall assessment, and involves the return to the supplier of an 'ESG score'.

### Tender process

Given the structured Qualification process, including the ESG profile, the tender process involves suppliers whose sustainability profile is in line with the expectations. Nevertheless, Edison commits to assessing the feasibility and promote increasing prizes (as a form of positive reinforcement) in order to help enhance the value of the suppliers that are most active in sustainability.

### Environmental, social and sustainable development clauses in contracts

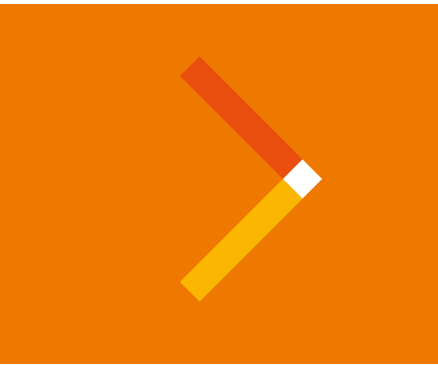
In addition to the structured system of policies and regulations concerning safety, hygiene in the workplace and environmental protection that all suppliers must accept and adopt when executing works and services, Edison promotes, in its procurement contracts, the use of environmental, social and sustainable development clauses aimed at objectifying the commitment of the company and its suppliers to operate in compliance with corporate sustainability rules and objectives<sup>3</sup>.

In addition, Edison undertakes, in implementing the path of actions and awareness-raising among suppliers on responsible procurement issues, to promote the adoption of clauses aimed at:

- requiring suppliers with whom Edison has a long-term relationship to self-assess the potential impacts of their activities on the environment and human rights and to be willing to undertake any audits;

<sup>3</sup> Sustainability targets are reported in the yearly Sustainability Report





- temporarily suspend business relations with the supplier in connection with which, or in the value chain of which, a potential or actual negative impact has emerged, combined with the simultaneous continuation of prevention and impact minimisation initiatives, where a positive result can reasonably be expected in the short term;
- terminate the business relationship for the activities in question if the negative impact is particularly significant.

### **Performance assessment**

Edison is committed to integrating ESG criteria also in the periodic assessment of its suppliers' performance, pursuing the objective of continuous improvement also in sustainability aspects (relating to elements that are material for Edison and elements investigated in the qualification phase, such as carbon footprint and climate impact, even beyond the specific performance established in the contractual relationship, insofar as they are linked to the company's intrinsic profile) within the management systems of its supply chain.

## **Education and Engagement**

Edison is committed, in the sustainable management of its supply chain, to nurturing dialogue with and involvement of suppliers, which are characteristic elements of its posture as a responsible energy operator.

In order to implement this approach, Edison is committed to supporting its suppliers in a process of improvement with regard to any deviations from good industry practices, including those that emerge from interviews and surveys, through awareness-raising and training courses or ad hoc solutions dedicated to raising its ESG profile.

Edison is also aware that this path to sustainable growth requires the engagement of the entire ecosystem of stakeholders that revolves around the supply chain, in a sort of alliance between the company, its suppliers and the system and local stakeholders; in this context, dialogue initiatives with suppliers also contribute to the company's internal engagement (colleagues engaged in various capacities in dialogue with suppliers) on this issue.

## **Collection, monitoring, and handling of defaults**

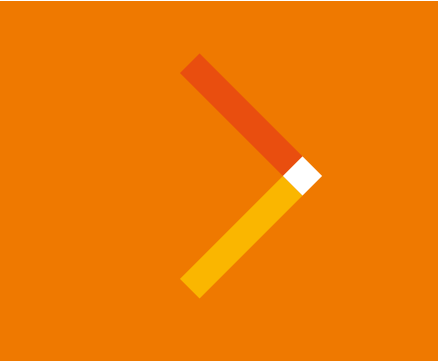
The monitoring of the issue of sustainable procurement is carried out through provisions, tools and management systems that can be traced back to the documents mentioned in the '*Legal framework of reference*' of this Policy.

As stipulated in NG. 92/14, all suppliers are monitored in their performance and subject to performance evaluation.

The adoption of integrated management systems, in particular for the control of environmental and health and safety aspects, allows a systemic approach to risk management and the continuous improvement of performance through the monitoring of specific indicators, such as the accident index, and the provision of ad hoc training.

With particular reference to non-compliance or violations, and with the aim of involving all stakeholders in an activity to combat illegality, through active and





responsible participation, Edison has a system of whistleblowing in line with the regulatory requirements of Legislative Decree No. 24 of 2023, which provides the opportunity, among other things, to report episodes of corruption, fraud or other illegal conduct.

If non-compliance is detected, Edison reserves the right to take appropriate measures against those who fail to act consistently with the principles promoted. Failure to comply with the principles may lead, depending on the seriousness of the violation, removal from the Supplier Register or Vendor List, temporary suspension of the contract or its termination.

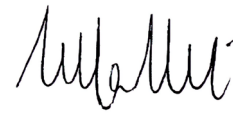
## **Communication, review, and document updates**

Edison undertakes to ensure that the Policy is disseminated and communicated to interested stakeholders, through corporate channels, and that initiatives are implemented to raise awareness and implement it in Group companies and at suppliers and subcontractors.

The Policy is periodically updated by the Procurement Department, taking into account the regulatory framework, the evidence emerging from the monitoring of suppliers themselves and, more generally, company guidelines.

Information on the implementation and monitoring of this Policy will be made available for reporting purposes in the Sustainability Report and in corporate sustainability reporting documents in general.

27 September 2024



**Nicola Monti**  
Chief Executive Officer  
and for the Executive Committee  
of the Edison Group

