

# Sustainable Procurement Policy

## One Planet

Eneco Group has the ambition to reduce its impact on this planet. In the One Planet Plan<sup>1</sup> we therefore challenge ourselves, our suppliers and customers to operate within the boundaries of our planet. This is necessary not only for nature, but also for our own well-being and that of future generations. With our mission 'Everyone's Sustainable Energy', we set a good example in this.

Eneco Group is committed to the Paris climate agreements to keep global warming well below 2°C, the aim being 1.5°C. These agreements have been translated to our business operations, including our suppliers and customers, using the Science Based Target initiative (SBTi)<sup>2</sup>. For procurement this translates back to 1,5% CO<sub>2</sub> reduction per year based on spend. In addition, we are committed to clean air by reducing the emissions of other toxins and ensuring biodiversity in the construction and installation of our assets. As a 4th ambition, we have named the contribution to a circular economy by making 20% of the procurement of our services and goods circular.

In order to achieve our sustainability objectives, we would like to cooperate with suppliers with whom we share the same values with regard to corporate social responsibility (CSR).

## Supplier Code of Conduct

We ask suppliers to conform to CSR by signing our Supplier Code of Conduct (SCoC)<sup>3</sup>, in which we state the principles for sustainable and socially responsible business practices. Any Eneco supplier should accept the content of the SCoC as part of the agreement. The key performance indicator to steer on SCoC coverage states that at least 90% of the Eneco influenceable spend should be covered by signed SCoC's. The Code of Conduct of the supplier can be listed as acceptable alternative for the Eneco SCoC if the content complies with what Eneco expects of the supplier's CSR policy. SCoC can be amended in certain cases, depending on the context of the supplier, the product/service delivered and in accordance with the Procurement Sustainability Officer. A signed notification by both parties will then be added to the SCoC.

## CSR assessment

In order to map the level of CSR covered by our supplier portfolio in further detail, we ask a selection of our suppliers to do the CSR assessment. This selection is based on: the supplier is listed as a strategic or

preferred supplier and/or spend, and/or CSR risk profile of the supplier, and/or CSR risk of the procurement category assigned to the supplier. Based on the results of this CSR assessment, the suppliers are classified in the following order:

### 1. Leader

This supplier is seen as a forerunner in the field of sustainability. We would like to join forces with this supplier and investigate whether further cooperation in the area of sustainability and innovation is possible.

### 2. Performer

This supplier is doing well in the field of sustainability. In any case, we would like to stick to the achieved level and, in consultation, look into whether further opportunities for improvement can be used.

### 3. Starter

This supplier has made a start in the area of sustainability. We will expect this supplier to work on improving its sustainable character. Where possible, Eneco will actively support the supplier. We expect this supplier to be able to demonstrate within a reasonable period of time that he scores at the level of Performer.

### 4. Laggard

This supplier does not do well in the area of sustainability. Eneco will expect concrete improvement plans and action, as a result of which this supplier will undertake corporate social responsibility. If no improvement is visible within a reasonable period of time, Eneco will weigh the consequences for further cooperation with this supplier.

Eneco strives for a level of CSR coverage in its supplier portfolio selection of at least 40% leaders, followed by more than 50% performers. Not more than 10% starters, laggards and other is considered acceptable.

## CSR criteria in supplier selection

In all procurement projects of Eneco, our sustainable strategy plays an important role and we translate this, where possible, into the selection criteria. In it, we challenge ourselves and our suppliers whether we can meet the purchasing needs in a more sustainable manner. Choices when selecting a supplier are therefore not only based on price and quality, but also on the following social and ecological criteria<sup>4</sup>:

1. Reduce CO<sub>2</sub> emissions
2. Circularity

<sup>1</sup> <https://www.enecogroup.com/what-we-do/sustainability/one-planet-plan/>

<sup>2</sup> <http://sciencebasedtargets.org/>

<sup>3</sup> <https://www.enecogroup.com/who-we-are/about-eneco-group/general-conditions/>

<sup>4</sup> <https://www.enecogroup.com/who-we-are/about-eneco-group/general-conditions/>

3. Social
4. Human Rights
5. Fair Business Practices
6. Consumer Issues

Which CSR criteria should lead to the selection of the supplier and coverage in the agreement depends on the characteristics of Eneco's Request For Proposal (RFP). The buyer has the following tools at his disposal that enable him to decide on CSR criteria that are considered relevant for the procurement project at hand:

#### **1. The contract CSR impact matrix<sup>5</sup>**

Procurement projects within Eneco are divided in three Procurement categories; AES (Asset, Equipment & Services), PS (Professional Services) and I&I (Innovation& IT). Each Procurement category has been divided in subcategories up to level 3. For each of the Procurement categories a CSR impact matrix has been developed. These matrices state if requirements on the CSR criteria mentioned above are considered of high, medium or low/no impact in relation to the subcategories. If the CSR criteria are considered of importance, a concept requirement in relation to the subcategory has been given. The CSR matrix leads to category cards per subcategory with requirements on CSR in more detail.

#### **2. The Procurement Sustainability Checklist<sup>6</sup>**

The Procurement Sustainability Checklist helps our buyers to identify what mandatory CSR clauses should be made part of the agreement with the selected supplier. All agreements should have a signed SCoC and requirements on CSR criteria as set out in the previous paragraph. Additionally based on:

- supplier classification, the supplier should participate in a CSR assessment,
- supplier activity in risk countries, the supplier should perform due diligence on human rights
- the procurement involves products and/or materials, the supplier should provide a BOM (bill of materials) or EPD (environmental product declaration)

Procurement projects with a potential spend of more than 50k€ (full contract period) have to be reviewed by the Procurement Board. Sustainability conditions in the sourcing strategy is one of the items the Procurement Board assesses upon. The ambition is to grow towards coverage of CSR in 60% of our contracts.

<sup>5</sup> Internal use only

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