



# CODE OF RESPONSIBLE PROCUREMENT

## 1. Prologue

Sustainability is an integral part of INA Group's day-to-day operations that aims to achieve a balanced integration of economic, environmental and social factors within the Group's corporate commitments. This implies that all areas and factors of sustainability shall also be fully integrated into INA Group's procurement strategies, decisions and actions, ensuring that the appropriate measures are in place to monitor and continuously improve the sustainability of its entire inbound supply chain of materials and services. INA Group is developing the relationship only with business partners and suppliers who share the same sustainable values and principles.

## 2. Areas of Responsible Procurement

INA Group is recognising 4 Sustainability focus areas. **Targets and actions have been defined in all sustainability focus areas** to ensure INA Group's sustainable development in collaboration with its partners and stakeholders in the supply chain. These targets are incorporated into INA Group's procurement processes therefore the following main areas are defined in this Policy to enable the development of a functional responsible procurement operation.

### 3.1 Climate & Environment:

Understanding the environment in which INA Group operates and minimising the environmental footprint are critical to maintain the corporate's legal, social and commercial licence to operate. INA Group is continuously working on eliminating, minimizing and mitigating the negative environmental impacts in all areas of its operation. INA Group aims to improve its waste management and emission performance, manage the impacts on water and biodiversity and address any related impact on the local communities.

As an influential participant in the oil, gas and gas products market in Croatia and neighboring countries, INA Group has a significant carbon footprint. Transparency about the effects of its operations is considered a high priority while INA Group is also committed to **reduce its greenhouse gas emissions in all aspects**. INA Group's total carbon footprint includes the direct emissions from its operations (Scope 1), indirect emissions related to purchased energy (Scope 2) and also the emissions not related to the operations directly but to the use of products and services or emissions generated otherwise by its third-party suppliers and other business partners (Scope 3).

INA Group is committed to reduce the use of natural resources, minimize negative impacts and manage its waste by

- preparing an enhanced Group level Waste Management Plan in order to achieve the main objectives of European Green Deal and Circular Economy,
- elaborating Water Reservation Strategy to reduce the negative environmental impact on the surface and subsurface water bodies,
- ensuring the biodiversity aspects during all greenfield development in line with EU level Biodiversity Action Plan,
- improving the efficiency of logistics activities are strategic for INA companies and are critical for decreasing CO2 emission in respect of their core operations,
- **continuously measuring and improving Scope 3 emission calculations and actively collaborating with its supply chain actors to reduce the Scope 3 GHG emissions in order to achieve 30% reduction of the emissions entailed by the inbound supply chain by 2030 and targeting net zero by 2050.**



#### Actors in INA Group's supply chain must ...

- accept INA Group's Responsible Procurement Policy and actively promote, implement and use all reasonable endeavours to enforce the same principles within their own supply chain,
- actively contribute to INA Group's efforts and support to achieve these goals and continuously seek and provide new innovative and sustainable solutions that can still satisfy the demand of INA Group's in the given scope of products and/or services,
- share transparently the methods, practices and tools for measuring the GHG/carbon footprint of their operations and supply chain, as well as their goals for decarbonisation,
- be committed to protect the environment and be consistent in decreasing the environmental footprint of their own operation, by the minimizing the use of natural resources, waste and GHG emission.

### 3.2 People & Communities: Human rights and other CSR related areas

INA Group aims to conduct its business operations in a socially responsible manner which also complies with the best industry practices. A fundamental part of INA Group's corporate value set is the support for national, cultural, religious diversity, gender equality and diverse communities.

To fulfil these commitments and social responsibilities INA Group have increased the support to the local communities in the geographical scope of its operations.

INA Group's Responsible Procurement concept forbids unfair and unacceptable labour practices and requires all of the Group's internal and external partners to fully comply with the legal obligations as stipulated by the applicable labour codes and to fully respect human rights.

#### Partners in INA Group's supply chain must ...

- forbid child labour,
- actively avoid objectionable working conditions,
- respect the national laws about working hours and provide adequate resting period,
- ensure compliance with union and associative right,
- provide fair and regular remuneration to their employees.

### 3.3 Integrity & Transparency

INA Group owns its excellent reputation to the reliability of its employees, managers and business partners. Good reputation and brand equity accounts for a significant portion of the corporate's business value.

Ethical business conduct contributes to the creation of a corporate environment and culture that shall ensure the prevention or mitigation of internal and external risks and conflicts, which would jeopardize the achievement of the strategic long-term business targets, including the special focus on sustainable development.

In addition to the risk mitigation objectives, ethical, fair and transparent operation also has a tremendous positive impact on society, environment and economy as well as the future growth potential. Uncompromised integrity and good reputation support the development and maintenance of business relationships that create value, boost consumer and shareholder confidence, attract and retain talent, increase goodwill, brand trust and profitability.

#### Actors in INA Group's supply chain must ...

- accept and behave according to INA Group's Code of Ethics and Business Conduct and the Business Partner Code of Ethics,



- consider its actions' impact on reputation and social environment,
- behave ethically with their partners and subcontractors.

### 3.4 Health & Safety

INA Group is committed to act responsibly on the health, safety, environmental (HSE) areas and realize the social impact of its activities as part of its day-to-day operations and business conduct, including but not limited to:

- improving asset integrity to prevent incidents of any type, whilst maintaining a high standard of emergency response,
- promoting a culture in which all INA Group employees share these commitments.

#### Actors in INA Group's supply chain must ...

- accept INA Group's HSE Policy, behave accordingly and expect the same from their partners and subcontractors,
- provide safe and healthy working conditions,
- comply with the applicable labour code health and safety provisions.

### 3. INA Group's commitments in the framework of Responsible Procurement

- **Actively support MOL Group's Strategy** to decrease its environmental footprint, reducing greenhouse gas emissions of any kind and implement new, sustainable solutions by developing and maintaining a sustainability focused operational model.
- **Raise awareness and engagement around MOL Group's Strategy**, actively promote and appraise the sustainability goals, KPIs and achievements in relation to the sustainability of INA Group's supply chain of purchased goods and services.
- Ensure that all INA Group Procurement professionals, as well as business partners including but not limited to stakeholders and suppliers are made **aware of the Responsible Procurement concept**, framework and actions.
- Require all of INA Group's **business partners to comply** with the legal and environmental requirements and standards which follow industry best practices.
- **Ensure that suppliers are properly informed, qualified and educated** in line with INA Group's sustainability standards, and that those are being adhered to during the entire lifecycle of the business relations
- Control and **minimize the Health, Safety, Environmental and Social risks and impacts** of all purchased operations, products and services
- Ensure that 100% of **the category strategies include a Responsible Procurement assessment**.
- Develop and maintain a **comprehensive set of targets** to improve supply chain sustainability with tangible KPIs, metrics.
- Integrate Sustainability aspects to the **supplier qualification mechanism, supplier selection decisions** and contract award process by implementing a comprehensive assessment methodology for evaluating the sustainability of each supplier's operation and supply chain.
- Operate a **risk identification and management framework** that shall provide information on the potential threats in INA Group's third-party supply base in line with the defined risk factors related to sustainability.



- **Manage supplier relationships** driving the implementation of the common development actions as defined and mutually agreed by the INA Group's third-party vendors to efficiently mitigate risks and seize opportunities in the areas of sustainability.

#### 4. Obligations of suppliers in the framework of Responsible Procurement

INA Group Responsible Procurement Policy represents commitments to support the sustainability principles and values that are to be shared with all suppliers of INA Group. Therefore, all suppliers of INA Group are requested to accept and sign this Appendix, through which they undertake to:

- **cooperate and collaborate** in the efforts towards MOL Group's strategic targets, which represent a long-term framework for the INA Group's own business strategies, to improve sustainability in its inbound supply chain,
- **work on decarbonization:** contribute to the ambition to reach net zero by 2050
  - **set targets** – cooperate to have at place their own Sustainability related processes, targets, actions, reports, transparency. These can be audited by designated persons.
  - **share with** INA – to share their sustainability practices, targets, and measures.
- ensure that **their own suppliers and subcontractors also comply** with the provisions of this Appendix, its values, principles, requirements and commitments.
- cooperate in **assessment and monitoring** activities.
- **participate in INA Group's reporting** activities as and when requested and implement action plans during sustainability risk assessment reviews.
- authorise INA Group to use the reported data for non-financial reporting, further analysis of compliance.
- **ensure legal compliance** in terms of acquiring and holding the necessary authorisations, permits and expertise in their scope of operation in relation to the goods and services supplied to INA Group. Upon request suppliers should provide proof of responsible business conduct in the areas defined in this Appendix.

#### 5. Supplier statement & acknowledgment

We, the undersigned Supplier, hereby declare that we are aware of and acknowledge INA's commitment for sustainable operation as detailed in this Appendix. We understand that compliance with the principles described in this Appendix is of primary importance to INA, therefore our non-compliance with the provisions of this Appendix may constitute grounds for INA Group to discontinue our commercial relation.

**Signature:**

.....  
[Supplier's company name]

.....  
[Representatives' name(s)]

.....  
[Representatives' title(s)]

.....  
[Date of declaration]