

# Procurement Statement

## Procurement Organisation and Process

Rune Crow's procurement process is aligned with ISO10845, on international procurement procedures.

Procurement at RUNE Crow is organised as follows:

- First step is the Request for expression of interest (RFI) to alert the market and to update our knowledge about the technology advancements and the current state of the art for each procurement segment;
- Second step is the Request for quotation (RFQ), which is unbinding (although prices are often declared by the bidders), and done on the relatively precise technical specifications, prepared on base of our knowledge, experience and information gathered in the RFI step. Meetings with potential suppliers follow to discuss and evaluate potential options to optimize our technical solutions;
- Third step is Request for final offer (RFFO), which is binding for the bidders. It is done on a closed technical specification;
- In some cases, we evaluate the samples after the RFFO phase (on some products, the technical specifications only cannot substitute the visual and physical test);
- Supply agreements are signed.

For most of the materials, RUNE Crow contracts the technical properties, prices and other commercial conditions, but materials are bought by our contractors and sold to RUNE Crow as built-in.

In some limited cases, where because of delivery issues, minimum quantity issues or similar, materials are contracted and bought by RUNE Crow directly.

For the services, where personal trust and/or technical skills are of outmost importance (legal/lawyer services, technical supervision, network design services...), direct contracting is done, obviously at market conditions.

The construction contracts are divided into two groups:

- Aggregation and primary network construction, invoiced monthly per quantities built (kilometers, hours, ...), all quantities crosschecked by the technical supervisors and by RUNE Crow;
- Secondary network (user drop and in-house) construction, invoiced monthly per piece (per household), quantities evident and visible through RUNE Crow's network management system.

All relevant communication is archived, and revision track is kept.

All payments shall undergo an appropriate validation process independent from the purchasing process and traceable via a specific and unique identification number.

### Scope of the Present Procurement Statement

This process, as well as the principles included in the present Procurement Statement, apply to RUNE Crow's purchases, as specified above.

## Procurement Standards

### Legal and Regulatory Compliance

All suppliers of RUNE Crow must ensure that their operations comply with applicable EU, national, and/or local laws and regulations.

### Business Conduct Standards

In accordance with RUNE Crow's Code of Business Conduct, all suppliers are expected to uphold the following ethical standards:

- **Conflict of interest:** Suppliers shall ensure that their employees avoid conflicts of interest, or situation where their ability to make non-discriminatory business decisions based on fair competition considerations is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest.
- **Anti-bribery and corruption:** Suppliers shall comply with all relevant anti-bribery and corruption laws and regulations.
- **Privacy and data protection:** Suppliers shall protect their employees' and customers' privacy, in compliance with the EU's General Data Protection Regulation (GDPR), as well as local regulation, if applicable.
- **Transparency and disclosure of information:** Suppliers shall be committed to achieving the highest possible level of transparency. This transparency could include, if relevant, public disclosure of project information (i.e. policies, guidelines, etc.) and dialogue with stakeholders.

### Social and Environmental Standards

#### *Social Standards*

In accordance with the EIB's Core Labour Standards, based on the fundamental principles of the International Labour Organisation (ILO), all suppliers and sub-contractors shall uphold the following standards in the management of their human resources:

- **Child labour:**<sup>1</sup> Child labour shall not be used in any stage of the project. In particular, as required by the EIB, suppliers must refrain from hiring or involving workers below 15 years of age.
- **Bonded labour and forced labour:**<sup>2</sup> Forced or involuntary labour shall not be used at any stage of the project. All work shall be voluntary and employees shall be free to leave upon reasonable notice, in compliance with applicable regulation and contractual agreement.
- **Equal treatment and equal opportunity:** The suppliers' workforces shall be free of harassment and discrimination. Suppliers shall therefore not engage in any distinction, exclusion or preference made on the basis of race, colour, sex, religion, political opinion, national extraction or social origin, which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation. In addition, suppliers shall guarantee equal remuneration<sup>3</sup> for men and women workers for work of equal value without any discrimination based on gender.
- **Freedom of association and the right to collective bargaining:** Suppliers shall not restrain their employees' freedom of association and right take collective action to pursue common interests. Suppliers should also negotiate with the employees' organisations and trade unions to establish fair wages and working conditions.

In addition, sub-contractors are required to comply with national/local laws and regulations. Sub-contractors hiring posted workers are also expected to comply with all relevant EU rules regarding the terms and conditions of employment of those posted workers.

### *Environmental Standards*

In accordance with the environmental standards of the EIB, which are intended to protect and enhance the natural environment, all suppliers are expected to uphold the following standards:

- **Environmental authorisations:** Where applicable, all environmental permits, licences, and approvals required by the applicable legislation shall be obtained by suppliers and sub-contractors.
- **Product content restrictions:** All products shall be compliant with applicable laws, regulations, and customer requirements regarding prohibition or restriction of specific substances, as defined by the EU Directive on the Restriction of Hazardous Substances (RoHS) (category 3) and/or the REACH Restricted Substance List (RSL), for example.
- **Waste and emissions:** Suppliers and sub-contractors shall implement dedicated systems to ensure the safe handling, storage, recycling, reuse or management of waste, air emissions, and wastewater discharges.
- **Releases:** Suppliers and sub-contractors shall implement measure to efficiently manage potential spills or releases into the environment.

<p><u>Fabrice de Seze</u></p>  <p>5 July 2019</p>	 <p><b>RUNE Crow</b> TELEKOMUNIKACIJSKA INFRASTRUKTURA d.o.o. Opatija</p>	<p><u>Saša Ukić</u></p>  <p>5 July 2019</p>
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### **End Notes**

<sup>1</sup> According to the ILO, **child labour** can be considered as “work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development. It refers to work that is mentally, physically, socially or morally dangerous and harmful to children; and interferes with their schooling by depriving them of the opportunity to attend school; obliging them to leave school prematurely; or requiring them to attempt to combine school attendance with excessively long and heavy work”.

<sup>2</sup> According to the ILO (International Labour Organisation), “**Forced labour** can be understood as work that is performed involuntarily and under the menace of any penalty. It refers to situations in which persons are coerced to work through the use of violence or intimidation, or by more subtle means such as manipulated debt, retention of identity papers or threats of denunciation to immigration authorities.”

<sup>3</sup> The term **remuneration** includes the ordinary, basic or minimum wage or salary and any additional emoluments whatsoever payable directly or indirectly, whether in cash or in kind, by the employer to the worker and arising out of the worker's employment.