

## Procurement Statement

### I. Procurement Organization and Process

Rune Enia procurement process is aligned with ISO10845 on international procurement procedures. All procurement activities are documented, and all procurement documents are archived.

Procurement at RUNE Enia is organized as follows:

- First step is the Request for expression of interest (RFI) to create awareness on the market, 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 not binding (although prices are often so declared by the bidders), and done on the indicative targeted technical specifications, prepared based on our knowledge, experience and information gathered in the RFI step. Meetings with qualified bidders follow, allowing us to discuss and evaluate potential options to optimize our technical solutions and prices. Technical specifications might be updated to reflect potential options acceptable to Rune.
- In RFI and RFQ stages, bidders have the right to send written questions to Rune. Rune will respond to questions from bidders with no undue delay. Rune will share all Q&A with all bidders on a weekly basis.
- Third step is Request for final offer (RFFO), which is binding for the bidders. It is done on the finalized technical specification;
- Supply agreements are signed.

When procurement is done for goods and services that are already sourced by RUNE and carried out by suppliers, for which the price levels are known and transparent, procurement can be organized as follows:

- RFI and RFQ are carried out simultaneously enabling RUNE Enia to establish competence and capacity of the bidders and align prices on specific services.
- Bidders are ranked based on expressed competences and capacity as well as experience if any.
- Prices are aligned from existing prices and prices received from RFI/RFQ process Aligned prices and offered in the counteroffer to bidders.
- If Rune's offer is mutually agreed supply agreement is signed

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

In some limited cases, because of delivery issues, minimum quantity issues or similar, materials are contracted and bought by RUNE Enia 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 at market conditions. Nevertheless, a tender is carried out among suitable suppliers to establish market conditions.

The construction (civil works and installation) contracts are divided into two parts, each corresponding to specific phases of the rollout:

- Construction of the aggregation, primary and secondary networks as well as the end-user drops (home connections-HCs) built by the contractor in charge of rolling out the primary network: executed works are invoiced monthly, based on an as-built report reflecting the quantities built during the month (kilometers, hours, HCs, ...), against the contracted unitary price list. All quantities are always checked and approved by the technical supervisors and/or by RUNE Enia;
- Maintenance services: invoiced monthly, per HC built, after acceptance by Rune.

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 against valid Purchase Requests or Purchase Orders.

### **Scope of the Present Procurement Statement**

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

### **Procurement Standards**

#### **Legal and Regulatory Compliance**

All suppliers of RUNE Enia must ensure that their operations comply with applicable EU, national, and/or local laws and regulations. These are specified in each specific tender.

#### **Business Conduct Standards**

In accordance with RUNE Enia 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 regulations, 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. 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' organizations 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 authorizations:** Where applicable, all environmental permits, licenses, 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 subcontractors shall implement dedicated systems to ensure the safe handling, storage, recycling, reuse or management of waste, air emissions, and wastewater discharges.
- **Releases:** Suppliers and subcontractors shall implement measure to efficiently manage potential spills or releases into the environment.

## **II. Purchase Requests and Purchase Orders**

To assure all relevant communication is archived and revision track is kept, an internal process of how to issue Purchase Request and/or Purchase Order and handle the Incoming Invoices, related to issued Purchase Request is established and the same is supported by Data Management System accordingly.

Purchase Request is used for goods and services where no long-term supply agreement exists, and a Procurement Process must be performed.

Purchase Order is order for goods and services where Procurement Process was performed and there is long-term supply agreement in place.

### **Issuing a Purchase Request or Purchase Order**

#### **Purchase Order – based on valid long-term supply agreement procured under I.**

Purchase Orders are initiated by monthly forecasts from contractors and issued by Area Managers using the following guidelines.

- Area Manager regular obtains contractors' long- and short-term forecasts for each individual area, projects, or AAN
  - When forecast refers to the primary network, the regional manager adds financial (EUR) and non-financial KPIs (km, HP) to the PR.
  - When forecast refers to the secondary network, the regional manager adds financial (EUR) and non-financial KPIs (penetration, HP) to the PR.
- Purchase Orders are compared to the forecasts and the budget and approved by Area Manager if in line. Other Purchase Orders are issued monthly by responsible person for individual supply agreement. Other Purchase Orders are based on actual needs if those needs arise. These Purchase Orders must also be in line with the budget and the supply agreement.

#### **1. Purchase Request – no valid long – term supply agreement in place**

Purchase Request for goods and services in need is initiated by any employee in Rune Enia. Upon approval from the management, the Procurement Process is initiated according to I either through Project Office or Main Office.

Procurement Process is documented as described under I.

## **2. Purchase Request and Purchase Order approval**

Every Purchase Request or Purchase Order must be checked against forecast, KPIs, budget, supply agreement and needs and requirements of work process. The Area Manager or other person responsible for Purchase Request or Purchase Order confirms with issuance that all above requirements are checked, and it complies with all above.

Purchase Request or Purchase Order is then checked again by one or more superiors of the person that issued it. Again, they must check whether it complies with requirements from the above paragraph and verify it if so.

Purchase Request or Purchase Order is then checked by Project Office and once more all aspects are checked, such as budget, forecast, prices per unit etc. and Purchase Request or Purchase Order, when comply, is then being processed further for final authorization.

Controller and/or CFO checks if Purchase Requests or Purchase Orders comply with budget, forecast and how it affects cash flow plan. Purchase Request or Purchase Order is verified again.

Finally Purchase Orders or Purchase Requests are approved by the CEO or CEOs.

## **III. Acceptance of goods and services**

Goods and services are accepted by following internal rules. When goods are delivered and a suitable delivery note signed by Enia, the signature signifies that the goods have been received and/or accepted. When accepted, performance of the contract is completed.

Within the contract there may be a requirement to commission the goods and complete acceptance tests prior to formally accepting them. The signing of a delivery note is to acknowledge that the goods have been received. Formal acceptance might be finished once goods have been successfully checked and acceptance is then completed.

When it is due to different reasons not possible or even reasonable to check the delivered goods, the delivery note is marked 'Goods received but not checked'. This will acknowledge goods receipt but not the final acceptance. Goods should be checked as soon as possible and accepted if goods comply or rejected if do not comply.

Services, such as civil works are accepted once completed and duly checked by the supervisor, who guarantees civil works and other services are performed in proper time and manner, according to the drawings, technology, and other relevant documentation.

#### IV. Payment process

The entire payment process is managed and controlled through a document management system and ERP.

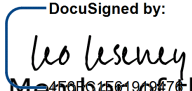
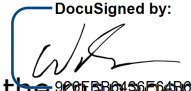
The company receives invoices (incoming invoices) from suppliers of goods and service providers daily in paper or electronic form. Invoice can be processed only if II - Acceptance of goods and services was formally finalized by person responsible.

Person responsible by confirming Invoice confirms that final acceptance of delivered goods and services was performed and that quantities and quality of goods and services comply with the Purchase Request and Purchase Order and that Invoice amount is also in line with quantities and agreed prices.

After confirmation from person responsible Invoice is verified by his superior, Project Office and Controller/CFO.

CEO(s) finally confirm Invoice payment. Upon confirmation Invoice is sent to general ledger and sent to bank payment system for final payment.

If Invoice is rejected at any stage of the process person responsible prepares written rejection notice and informs issuer of the Invoice through Rune Enia Legal Counsel.

<p>Léo Leseney</p> <p>DocuSigned by:</p>  <p>Member of the management Board</p>	<p>Stojan Nikolić</p> <p>DocuSigned by:</p>  <p>Member of the management Board</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.