



**AEROTEH S.A.**

**Bucharest  
Romania**

**2024**

**SUSTAINABLE  
PROCUREMENT POLICY**



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# AEROTEH S.A.

## SUSTAINABLE PROCUREMENT POLICY

### 1. Introduction

AEROTEH S.A. recognizes the critical importance of sustainability in all aspects of its operations, including procurement. This policy underlines our commitment to promote socially and environmentally responsible practices, reflecting our commitment to a more sustainable future.

#### 1.1. Purpose of the Sustainable Procurement Policy

*The purpose of this policy is to establish and implement in the coming years a defined framework for the sustainable procurement made by AEROTEH S.A., ensuring that all purchases support our vision of sustainability.*

The policy aims at integrating social and environmental considerations into the procurement decision-making process, from the selection of suppliers to the conclusion of contracts. By implementing this policy, we aim at minimizing our Company's impact on the environment, promoting human rights and encouraging innovation and efficiency in our supply chain.

#### 1.2. AEROTEH S.A.'s Vision of Sustainability

AEROTEH S.A.'s vision of sustainability is to be an industry leader, demonstrating that operational excellence and social and ecological responsibility can go hand in hand. We understand that sustainability is an ongoing and arduous journey, not just a goal to be achieved. We are therefore committed to constantly improving our procurement practices to reflect best practices in the field of sustainability.

We aim at becoming a major link in the sustainability chain, connecting the beneficiaries of our products with our suppliers through a shared commitment to the principles of sustainable development.

*By integrating social and environmental factors into our procurement process, we not only fulfil our corporate responsibilities, but also contribute to a more sustainable future for all.*

AEROTEH S.A. aims at integrating social and environmental clauses into contracts concluded with its suppliers, thus setting clear expectations regarding sustainable practices. This approach not only improves the environmental and social performance of our supply chain, but also creates long-term value for our shareholders and stakeholders.

Through this policy, AEROTEH S.A. reaffirms its commitment to understand and comply with relevant international norms and local laws, such as the United Nations Global Compact and ISO/DIS 20400:2017.66 Standard. Moreover, by consulting the interested parties and involving them in the sustainable procurement process, AEROTEH S.A. aims at building solid partnerships based on trust and mutual performance.

*AEROTEH S.A. Sustainable Procurement Policy is fundamental to the sustainable future our Company is building, ensuring that every procurement decision reflects a commitment to environmental and social responsibility.*

## 2. AEROTEH S.A.'s Commitment

### 2.1. Basic Principles in Sustainable Procurement

AEROTEH S.A. bases its sustainable procurement on a set of core principles that guide our entire procurement process, ensuring that every decision will support our commitments to environmental protection, ethical labour practices and human rights. These principles include:

- **Ecological responsibility:** We recognize the importance of protecting the environment and are committed to reducing the environmental impact of our operations through the careful selection of products and suppliers that follow green manufacturing practices.
- **Ethics and transparency:** All procurement are to be carried out with integrity, honesty and in accordance with the highest ethical standards, promoting transparency at all stages of the procurement process.
- **Respect for human rights:** We are strongly committed to respecting human rights in our supply chain, to avoid any form of forced or child labour, and to ensure safe and fair working conditions for all.
- **Innovation and efficiency:** We encourage and value innovation in sustainability practices, both within our Company and at our suppliers, to continuously improve our environmental and social efficiency and impact.

## **2.2. Integration of Sustainability Considerations into all Stages of the Procurement Process**

AEROTEH S.A. is concerned with integrating sustainability considerations into every stage of the procurement process, from supplier planning and selection to contract evaluation and review. This process includes:

- **Preliminary assessment:** We identify procurement needs with a deep understanding of the associated social and environmental impact, establishing sustainability criteria for the selection of products and services.
- **Selection of suppliers:** Suppliers are evaluated and selected based on their compliance with our sustainability principles, including waste management, emissions reduction and ethical labour practices.
- **Negotiation of contracts:** We integrate social and environmental clauses into supplier contracts, setting clear sustainability expectations and monitoring compliance.

## **2.3. Collaboration with Suppliers to Promote Sustainable Practices**

Aware that a sustainable supply chain requires a joint effort, AEROTEH S.A. is committed to working closely with its suppliers to promote and improve sustainability practices by:

- **Constant dialogue:** We maintain open and continuous communication with our suppliers to share best practices, innovations and challenges in the field of sustainability.
- **Training and development:** We prepare training and development programmes for our suppliers to help them understand and implement sustainable business practices.
- **Assessments and feedback:** We conduct regular assessments of supplier sustainability performance and provide constructive feedback for continuous improvement.

Through this collaborative approach, AEROTEH S.A. aims at creating a robust and sustainable supply chain that reflects our shared commitment to a better future. Together, we are building a solid foundation for sustainability that supports not only our corporate goals, but also those of the communities and environment in which we operate.

## **3. Sustainability Criteria in Procurement**

### **3.1. Environmental Impact Assessment**

Within AEROTEH S.A., environmental impact assessment must become an essential component of the sustainable procurement process. This will include:

- **Life cycle analysis:** We are concerned with evaluating products and services to understand their environmental impact throughout their entire life cycle, from production to disposal.
- **Carbon emission reduction:** We are committed to prioritizing procurements that help reduce the Company's carbon footprint by selecting suppliers that use renewable energy and energy-efficient manufacturing practices.

- **Resource conservation:** We encourage the use of recycled and recyclable materials, as well as products that require fewer natural resources in the manufacturing process.
- **Biodiversity and habitat protection:** We consider the importance of the impact of procurement on biodiversity and are committed to avoiding products that contribute to deforestation or the degradation of natural habitats.

### **3.2. Social and Ethical Considerations**

AEROTEH S.A. integrates social and ethical considerations into procurement criteria, reflecting our commitment to fair labour practices and social responsibility:

- **Human rights:** We require our suppliers to respect fundamental human rights in all aspects of their operations, prohibiting forced labour and child exploitation.
- **Working conditions:** We evaluate the working conditions of our suppliers, ensuring that they provide a safe and healthy working environment for employees.
- **Equality and non-discrimination:** We promote diversity and equal opportunity in our supply chain by selecting suppliers who demonstrate a commitment to non-discrimination and inclusion.
- **Community development:** We encourage partnerships with suppliers that contribute to the economic and social development of local communities.

### **3.3. Economic Efficiency and Long-Term Costs**

*The top management of AEROTEH S.A. emphasizes that sustainability implies not only ecological and social responsibility, but also economic efficiency:*

- **Cost-benefit analysis:** We promote the procurement evaluation not only on the basis of initial cost, but also by considering long-term value and potential savings by reducing energy consumption, materials and maintenance costs.
- **Investments in quality:** We are concerned with identifying and prioritizing products and services that offer superior durability and reliability, understanding that these can reduce long-term costs by minimizing the need for replacement or repair.
- **Strategic partnerships:** We are keen to develop partnerships with suppliers who share our commitment to innovation and efficiency, in order to jointly identify methods to reduce operational costs and improve sustainability performance.

By integrating these sustainability criteria in the procurement process, AEROTEH S.A. reinforces its commitment to sustainable development by ensuring that our procurement practices will support a more socially, environmentally and economically responsible future.



## 4. Responsible Procurement Practices

### 4.1. *Supplier Selection and Evaluation*

AEROTEH S.A. is concerned with adopting a systematic and rigorous approach in supplier selection and evaluation, to ensure their alignment with our principles of sustainability and social responsibility. The process includes:

- **Preselection criteria:** Establishment of pre-selection criteria that reflect our commitment to environmental protection, ethical labour practices and respect for human rights.
- **Sustainability assessments:** Implementation of sustainability assessments, including on-site audits and supply chain checks, to ensure supplier compliance with our standards.
- **Open dialogue:** Maintenance of an open dialogue with potential suppliers to understand their sustainability capabilities and commitments, as well as to identify opportunities for improvement.

### 4.2. *Specific Requirements for Suppliers*

AEROTEH S.A. Sustainable Procurement Policy requires suppliers to adhere to a clear and detailed code of conduct which includes:

- **Environmental practices:** Adoption of production practices that minimize the negative impact on the environment, including efficient waste management, emission reduction and the use of renewable resources.
- **Respect for labour and human rights:** Ensuring a safe and healthy working environment, respecting workers' rights, prohibiting forced or child labour and promoting equality and diversity.
- **Business ethics:** Conduct of business with integrity, transparency and compliance with applicable laws, including corruption and bribery.

### 4.3. *Monitoring Suppliers' Performance in the Field of Sustainability*

To ensure continued compliance with sustainability commitments, AEROTEH S.A. is concerned with implementing a robust supplier performance monitoring system:

- **Regular evaluations:** Carrying out periodic evaluations of the performance of our suppliers in the field of sustainability, using specific and measurable indicators.
- **Reporting and feedback:** Requiring suppliers to regularly report on sustainability progress and provide constructive feedback for improvement.
- **Action plans:** Where deficiencies are identified, working with suppliers to develop and implement corrective action plans, thereby ensuring alignment with our sustainability standards.

Through these responsible procurement practices, AEROTEH S.A. demonstrates its commitment to a sustainable and ethical supply chain while strengthening relationships with suppliers who share the same sustainability values and goals. This approach not only supports our corporate responsibility goals, but also helps create a solid foundation for long-term sustainable growth.

## 5. Cooperation with Suppliers

### 5.1. *Development of Supplier Capacities for Sustainability*

AEROTEH S.A. understands that the sustainability of its supply chain depends not only on strict internal policies, but also on the ability of suppliers to meet these expectations. To this end, the Company is concerned to:

- **Providing training and resources:** Organizing training sessions and providing educational materials to help suppliers understand and implement sustainable business practices.
- **Providing support for certifications:** Assistance for suppliers in their process of obtaining ecological or sustainability certifications, recognized at national and international level.
- **Organizing mentorship programmes:** Launching mentorship and partnership programmes to support suppliers in developing and implementing effective sustainability strategies.

### 5.2. *Dialogue and Partnership with Suppliers*

Ongoing dialogue and close partnership with suppliers is essential to continuously improve sustainability performance in the supply chain:

- **Regular meetings:** Holding regular meetings with suppliers to discuss sustainability progress, challenges and opportunities for improvement.
- **Constructive feedback:** Providing constructive feedback and recognition for supplier efforts and achievements in sustainable practices.
- **Strategic partnerships:** Encouraging the development of long-term strategic partnerships with suppliers who demonstrate an exceptional commitment to sustainability, in order to share knowledge and resources.

### 5.3. *Fostering Sustainable Innovation*

AEROTEH S.A. acknowledges that innovation is key to effectively addressing sustainability challenges and encourages suppliers to explore and implement innovative solutions:

- **Support for innovation:** Providing support and resources for suppliers developing new, more environmentally and socially efficient products or processes.
- **Participation in pilot projects:** Engaging suppliers in pilot projects to test and scale innovative sustainability solutions before large-scale implementation.
- **Performance recognition:** Highlighting and rewarding suppliers who demonstrate leadership in sustainable innovation, thereby encouraging the entire supply chain to follow best practices.

Through these strategies, AEROTEH S.A. aims at creating a business ecosystem where cooperation, dialogue, capacity building and sustainable innovation are leveraged to the fullest to ensure a responsible and sustainable supply chain. This approach not only improves the environmental and social performance of the Company and its partners, but also contributes to the creation of long-term added value for all stakeholders.

## 6. Risk Management and Compliance

### 6.1. Identification and Management of Sustainability Risks in the Supply Chain

AEROTEH S.A. is concerned with implementing a robust risk identification and management process to include sustainability challenges in its supply chain. This process should include:

- **Risk analysis:** Conducting a comprehensive risk analysis to identify potential sustainability issues such as negative environmental impact, unethical labour practices or human rights violations.
- **Mitigation plans:** Developing and implementing plans to mitigate the effects of identified risks, ensuring that appropriate preventive and corrective measures are taken.
- **Collaboration with suppliers:** Working with suppliers to improve their sustainability practices and reduce supply chain risks.

### 6.2. Ensuring Compliance with Relevant Laws and International Standards

AEROTEH S.A. is committed to complying with all applicable laws and adhering to relevant international standards for sustainability, including:

- **Laws and regulations:** Ensuring continued compliance with national<sup>1</sup> and international laws such as EU<sup>2</sup>, UN<sup>3</sup> and ISO/DIS 20400:2017.66 Standard<sup>4</sup>.
- **International standards:** Aligning to implement international best practices and sustainability standards to guide operations and supplier relationships<sup>5</sup>.
- **Contractual clauses:** Integrating sustainability clauses into supplier contracts to ensure compliance with Company standards and policy<sup>6</sup>.

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<sup>1</sup> - Government Decision no. 1.117/2023 on the approval of the Methodology for sustainability reporting, Official Journal of Romania no. 1052, part I, November 21<sup>st</sup>, 2023

-Annex to Government Decision no. 1.117/2023 on the approval of the Methodology for sustainability reporting — the **Romanian Sustainability Code**, Official Journal of Romania no. 1052 bis, part I, November 21<sup>st</sup>, 2023

<sup>2</sup> Decision no. 756/UE/2013 establishing the position to be taken on behalf of the European Union within the Public Procurement Committee with regard to decisions to implement certain provisions of the Protocol amending the Agreement on Public Procurement - Council of the European Union, Published in OJ L no. 335 of 14.12.2013, - APPENDIX E - Decision of the Public Procurement Committee regarding a work programme on sustainable procurement; Decision of March 30<sup>th</sup>, 2012 - 2. - (a) objectives of sustainable procurement;

<sup>3</sup> Principles of the United Nations Global Compact (UNGC)

<sup>4</sup> <https://www.iso.org/obp/ui/#iso:std:iso:20400:ed-1:v1:en>

<sup>5</sup> - GRI 204\_ Procurement Practices 2016;

- GRI 308\_ Supplier Environmental Assessment 2016;

- GRI 414\_ Supplier Social Assessment 2016;

- EcoVadis - Sustainable Procurement Policy;

- EcoVadis - Sustainable Procurement Report;

<sup>6</sup> - AEROTEH S.A., Procedure **PP.04.01 - SUPPLY**

- AEROTEH S.A., Procedure **PC.00.02 - Management of invoices received and sent through the National System regarding the RO E-Invoice electronic invoice**

- AEROTEH S.A., Form **F 277 - ORDER**

### **6.3. Regular Audits and Evaluations**

To ensure continued compliance with sustainability commitments and compliance with relevant laws, AEROTEH S.A. is concerned with carrying out regular audits and evaluations:

- **Regular audits:** Scheduling and conducting regular audits, both internal and at key suppliers, to verify compliance with the Company's sustainability policy and legal requirements.
- **Performance reporting and analysis:** Collecting and analysing performance data from suppliers to assess progress in the field of sustainability and identify areas for improvement.
- **Corrective actions:** Implementing corrective actions when non-compliances are identified, working closely with suppliers to remediate issues in an early and effective manner.

Through these measures, AEROTEH S.A. wants to strengthen its ability to manage sustainability risks in its supply chain and ensure a high level of compliance with relevant laws and international standards. This approach not only protects the Company and its partners from potential risks and penalties, but also helps build a strong reputation as a responsible leader in sustainability.

## **7. Transparency and Reporting**

### **7.1. Communicating Commitment and Performance in the Field of Sustainable Procurement**

AEROTEH S.A. places particular emphasis on transparency in all aspects of sustainable procurement, acknowledging that this is essential to building and maintaining stakeholders' trust. Our Company is:

- **Publishing policies and standards:** It publicizes sustainable procurement policies and standards, including the ***Code of Conduct for Suppliers***, to ensure a clear understanding of expectations.
- **Reporting performance:** It regularly communicates its sustainability performance and progress through annual reports, website updates and press releases, highlighting both achievements and areas for improvement.

### **7.2. Reporting Progress and Challenges**

AEROTEH S.A. adopts a transparent and honest approach in reporting progress and challenges encountered on the way to sustainability:

- **Detailed reports:** It provides details on concrete measures taken to address sustainability issues, their impact and challenges encountered.
- **Objectives and performance indicators:** It is concerned with the inclusion of clearly defined objectives and performance indicators (KPIs) in its reports, to facilitate the tracking of progress and the evaluation of the effectiveness of the actions taken.
- **Case studies and examples:** It is open to presenting case studies and concrete examples of good practice to illustrate how the Company and its partners have addressed sustainability challenges.



Figure 1 AEROTEH S.A. Code of Conduct for Suppliers - CDD.AS.F. code, 01 edition, rev.

00, 01.02.2024, [https://aeroteh-sa.ro/?page\\_id=1180](https://aeroteh-sa.ro/?page_id=1180)

### ***7.3. Stakeholder Feedback and Continuous Improvement***

AEROTEH S.A.'s commitment to continuous improvement is fuelled by the feedback received from stakeholders:

- **Stakeholder consultation:** It initiates and maintains open channels of communication with customers, suppliers, employees and other stakeholders to collect their feedback on sustainable procurement practices.
- **Feedback meetings and workshops:** It is open to hold regular feedback meetings and workshops with stakeholders to discuss performance in the field of sustainability and identify opportunities for improvement.
- **Feedback-based improvement processes:** It implements changes and improvements in sustainable procurement policies and practices based on feedback received, engaging in a continuous cycle of evaluation and improvement.

Through these measures, AEROTEH S.A. demonstrates its commitment to full transparency and continuous improvement of its performance in the field of sustainable procurement, while strengthening the relationship of trust with stakeholders and promoting an organizational culture based on accountability and openness.

## **8. Training and Outreach Enhancement**

### ***8.1. Development of Internal Competencies for Sustainable Procurement***

For AEROTEH S.A., the development of internal competencies is essential for the effective implementation of sustainable procurement. The Company invests in:

- **Specialized training programmes:** It provides training programmes for the procurement team and other relevant departments, emphasizing the understanding and application of sustainable procurement principles, the assessment of supplier sustainability and the integration of environmental and social criteria in the selection process.
- **Workshops and seminars:** It organizes regular workshops and seminars to keep employees up-to-date on the latest trends, regulations and best practices in the field of sustainability.
- **Partnerships with experts:** It is open to working with external experts and relevant organizations to bring a fresh and authoritative perspective to employee training and to ensure that the approaches adopted are in line with international best practices.

### ***8.2. Outreach Enhancement and Training of Employees on the Importance of Sustainability***

Enhancing employee outreach of the importance of sustainability is fundamental to creating a corporate culture that values and supports responsible practices:

- **Awareness programmes:** It implements awareness programmes to educate all employees about the importance of sustainability, the impact of their actions on the environment and society, and the critical role each plays in achieving the Company's sustainability goals.
- **Regular internal communication:** It uses internal communication channels such as newsletters, team meetings and online platforms to share sustainability success stories, challenges and lessons learned.



Figure 2 AEROTEH S.A. Sustainable Procurement Code, CDD.AS.C. code, 01 edition, rev. 00, [https://aeroteh-sa.ro/?page\\_id=1180](https://aeroteh-sa.ro/?page_id=1180)

- **Encouraging individual initiative:** It promotes individual initiative and employee involvement in sustainability projects, offering recognition and rewards for innovative and effective contributions.

Through these efforts, which are concentrated in the **AEROTEH S.A. Sustainable Procurement Code**, our Company's top management aims at increasing the level of knowledge and engagement of its employees towards sustainability, ensuring that all levels of the organization actively contribute to the achievement of its sustainability goals. This holistic approach not only reinforces internal sustainable procurement practices, but also strengthens the Company's reputation as a responsible and sustainable industry leader.

## 9. Policy Reviewing and Updating

### 9.1. Regular Sustainable Procurement Policy Reviewing

AEROTEH S.A. recognizes the importance of keeping its sustainable procurement policy relevant and effective while facing constant changes in business and society.

For this, the Company has established a periodic review process:

- **Annual evaluation:** It conducts annual evaluations of the sustainable procurement policy to identify any updating or adjustment needs. These evaluations take into account feedback from:
  - stakeholders,
  - sustainability performance, and
  - changes in the relevant laws.
- **Working groups:** It forms interdepartmental working groups for:
  - analysing the effectiveness of current policies, and
  - proposing changes based on the latest trends and best practices in the field of sustainability.
- **Stakeholder consultation:** To ensure that revisions reflect a comprehensive understanding of needs and expectations, the Company may propose consultations with a wide range of stakeholders:
  - suppliers,
  - customers,
  - NGOs, and
  - sustainability experts,
  - etc.

### 9.2. Policy Updating According to Internal and External Developments

AEROTEH S.A. is prepared to engage in a dynamic process of updating its Sustainable Procurement Policy, ensuring that it remains in step with internal and external developments such as:

- **Changes in laws and standards:** It updates the policy to reflect any changes in national and international laws, as well as changes in sustainability standards and best practices.
- **Feedback and lessons learned:** It integrates lessons learned from policy implementation and stakeholder feedback to continuously improve policy effectiveness and enforceability.



- **Innovations and trends:** It adapts the policy to include new sustainability innovations and trends, such as green technologies, circular economy and corporate social responsibility, to stay at the forefront of sustainable practices.

Through this reviewing and updating process, AEROTEH S.A. demonstrates its commitment to excellence and leadership in the field of sustainable procurement, making sure that its policy remains relevant, effective and aligned with the highest standards and expectations of stakeholders.

This approach enables the Company to successfully navigate the complexities and challenges of the dynamic business and social landscape while promoting long-term sustainable development.

