



UZ PUBLIC

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Sustainability Policy

Rețele Electrice România S.A.
B-dul. Mircea Vodă 30, et. 3, Sector 3, București
Nr. de ordine în Registrul Comerțului J2002001859405, Cod Unic de
înregistrare 14507322,
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www.reteleelectrice.ro

1. INTRODUCTION

The Sustainability Policy (the "Policy") defines the strategic and operational framework through which **RETELE ELECTRICE ROMANIA S.A.** (the "Company") integrates the principles of sustainable development across all areas of activity, in line with PPC Group's Sustainable Development Policy. It specifies its application locally having regard to the nature, size, risks, and regulatory context of operations in Romania. It constitutes a core element of the corporate governance framework and serves as a horizontal reference for the systematic integration of Sustainability Principles into policies, procedures, and operations.

This Policy reflects the commitments made at international and European levels regarding governance, social responsibility, and environmental protection, providing clear guidance on the implementation of ESG principles within business strategy, operational processes, and organizational culture.

The PPC Group, comprising Public Power Corporation S.A. (PPC S.A.) and its subsidiaries, constitutes a modern, international energy Group having as key priorities the integration, implementation, and safeguarding of the Sustainable Development principles in its activities and operations. Within this framework, the Group establishes and implements the Sustainable Development policy, outlining reliable practices to manage environmental, social and governance issues (Environmental, Social, Governance - ESG).

PPC Group's strategic philosophy focuses on creating value for its stakeholders while maintaining a commitment to achieving its business objectives, as guided by Sustainable Development principles.

The Group has implemented a contemporary and efficient development model that strengthens its resilience and aligns with the United Nations Sustainable Development Goals (SDGs). Through its policies, processes, and initiatives, the Group is dedicated to ensuring a safe and equitable working environment, significantly contributing to the inclusive creation of direct and indirect economic value, supporting communities impacted by its activities, minimizing the environmental impact of its operations, and systematically evaluating climate

risks. The Group prioritizes the impacts, risks, and opportunities identified through double materiality analysis and stakeholder consultation and undertakes targeted actions to address Sustainable Development issues.

By implementing a sustainability policy PPC Group actively manages its environmental and social impacts, ensuring responsible and sustainable operations across all aspects of its activities. The Policy underscores the Group's commitment to aligning social progress with business success, and through innovative solutions, it seeks to contribute to sustainable development.

2. PURPOSE AND ALIGNMENT WITH PPC GROUP POLICY

The PPC Group's Sustainable Development Policy establishes the fundamental principles guiding the Group's companies on sustainable development, motivating them to foster shared value and advance sustainability. This Policy is fully aligned with the PPC Group's Sustainable Development Policy and adapts its content to Romanian operational specificities within the applicable national legal framework without derogating from Group requirements.

2.1. PPC GROUP SUSTAINABLE DEVELOPMENT PRINCIPLES

PPC Group conducts its business responsibly and transparently, focusing on environmental responsibility, merit-based labor practices, stakeholder engagement, and compliance with applicable regulatory and legislative frameworks, both national and international, in line with the EU objective of climate neutrality by 2050.

The Group's principles include, among others, reducing GHG emissions and air pollutants, promoting circular economy and sound waste management, protecting biodiversity and ecosystems, ensuring competitiveness of products and services, respecting human rights, valuing diversity and inclusion, linking executive remuneration to ESG performance criteria, selecting partners based on ESG performance, promoting innovation, and exemplifying good corporate governance with zero tolerance for corruption and bribery.

2.2. PPC GROUP SUSTAINABILITY PILLARS

The Sustainability Principles across Environment (E), Society (S), and Governance (G) constitute the organizational framework for integrating commitments and priorities into operations and guide this Policy in harmony with the Group Policy.

- **Environmental:** The Group implements actions to minimize environmental impact, aligns EU climate neutrality targets, and has validated science-based targets for GHG reduction.
- **Social:** The Group advances socio-economic shared value through the CSV model, addressing energy poverty, access to clean energy, and local community needs, while safeguarding workforce health and safety and protecting consumer rights.
- **Governance and Economic Growth:** The Group adopts corporate governance best practices, maintains a robust Internal Control System, operates an Ethics & Compliance programme, and deploys a Sustainability Committee to oversee sustainability matters.

3. SCOPE OF APPLICATION

This Policy applies to the members of the Board of Directors, persons who are part of the administrative, management or supervisory bodies, managers, employees and collaborators connected to the Company by contractual relationships of any type, including occasional and/or solely temporary roles. Stakeholders encompassed by the Policy are encouraged to endorse and support its implementation within their respective capacities. These stakeholders include the Company's suppliers and collaborators, along with all external entities that cooperate with the Company and engage in the value chain supply processes.

This Policy enters into force upon approval by the Board of Directors of the relevant Company and remains effective until revised in accordance with the review provisions set out herein.

4. LOCAL ESG PRIORITIES

In the context of operations carried out in Romania, the local implementation of the PPC Group's sustainability policy is guided by the mission to become the front-runners of inclusive sustainable solutions on our transition towards a secure, sustainable, and affordable energy access for all.

The Company is committed to ensuring that no one is left behind by maintaining a high level of care for the wellbeing and safety of all those involved or affected, promoting inclusion both within and beyond the organization, and fully embracing our shared responsibility to protect nature and counter the effects of climate change.

The Company aims to integrate ESG objectives into strategic and operational decisions, in line with the directions set at both European and national levels. The ESG priorities of the Company in Romania are aligned with the Group's priorities and reflect these European and national commitments, with emphasis on:

Climate neutrality: decarbonizing the energy system and advancing the national energy transition reflecting the European Green Deal, including the decarbonization priorities set out in the Integrated National Energy and Climate Plan (INECP) and the Just Transition Plan.

Socio-economic value: strengthening social capital by respecting human rights and engaging local communities (in accordance with European regulations, especially Directive (EU) 2024/1760 on corporate sustainability due diligence).

Activities that contribute positively to the restoration and conservation of nature:

- promoting the circular economy and resource reuse (in line with the EU Circular Economy Strategy);
- protecting biodiversity and conserving ecosystems, in accordance with the national legislation reflecting the EU Biodiversity Strategy for 2030, the Regulation (EU) 2024/1991 on nature restoration, EU Habitats Directive (Directive 92/43/EEC), EU Birds Directive (Directive 2009/147/EC, codified version of 79/409/EEC), EU Water Framework Directive (Directive 2000/60/EC) and the EU Environmental Liability Directive (Directive 2004/35/EC).

The local priorities defined based on the three ESG pillars form the foundation of the Sustainability Plan (see dedicated Section below) developed by the Sustainability and Environment Division. This plan is the result of a collaborative process involving support functions and business and is designed to ensure coherent integration of the PPC Group's directions with regulatory requirements and the operational specificities of the local market.

The plan is built on PPC Group's integrated model, which envisions the modernization of distribution networks through the application of new technologies across all business activities aiming at facilitating access to energy for all. In addition to this priority, we have also implemented ESG accelerators at the local level aiming to strengthen the Company's operational capacity by integrating sustainability principles into the energy infrastructure, digitalization, and cybersecurity.

These priorities are aligned with the 2030 Agenda and the 17 United Nations Sustainable Development Goals (SDGs), with a local focus on: SDG 5 – Gender Equality, SDG 7 – Affordable and Clean Energy, SDG 8 – Decent Work and Economic Growth, SDG 10 – Reduced Inequalities, SDG 12 – Responsible Consumption and Production, SDG 13 – Climate Action and SDG 15 – Life on Land. These goals are concretely embedded in the objectives and strategic decisions of the local business plan, influencing investment, operational, and governance directions.

5. IMPLEMENTATION OF THE SUSTAINABILITY PROCESSES AT LOCAL LEVEL

5.1 ESG Processes and Regulatory Requirements

The Company implements ESG processes in accordance with CSRD/ESRS, EU Taxonomy, and energy market rules, ensuring protection and support for vulnerable consumers and alignment with PPC Group processes and documentation. These include:

5.2 Double Materiality Analysis (DMA)

DMA identifies and prioritises ESG impacts, risks, and opportunities under impact and financial materiality, engaging stakeholders, collecting and analysing data, prioritising IROs, and integrating findings into strategy, reporting, and KPI setting, in line with CSRD and ESRS.

DMA informs the Sustainability Plan and CSV initiatives, aligning strategic planning with local context and international requirements.

5.3. Sustainability Plan

The Plan translates ESG strategy into operations structured around climate neutrality, socio-economic shared value, nature protection, and ESG accelerators; it defines priorities and objectives, establishes quantitative targets and KPIs, assigns responsibilities and timelines, and sets monitoring and update mechanisms.

The Sustainability Plan will include clearly identified quantitative targets, measurement indicators (KPIs), and implementation timelines, assigned to accountable owners, and linked to monitoring and reporting mechanisms, consistent with the structure set out for the Plan.

Targets will be based on DMA outcomes, PPC Group priorities, and EU regulatory requirements, and will be disclosed in non-financial reporting in line with ESRS. Examples of target categories include GHG emissions reduction, air pollutant reduction, circularity indicators, biodiversity impact mitigation, health and safety performance, diversity and inclusion metrics, consumer protection outcomes, and Taxonomy-aligned CapEx/OpEx ratios.

The initial portfolio of targets, indicators, baselines, and milestone years will be approved as part of the Sustainability Plan and updated through the Policy's review cycle.

5.4. Sustainability Reporting

Reporting complies with CSRD and ESRS, with cross-functional data ownership and validation, data quality management, and preparation of disclosures reflecting DMA outcomes and enabling KPI setting in the country Plan.

5.5. EU Taxonomy

The Company assesses eligibility, tests substantial contribution against technical screening criteria, applies Do No Significant Harm (DNSH,) principles respects Minimum Social Safeguards, and annually reports revenues, CapEx and OpEx related to Taxonomy-aligned activities.

5.6. ESG Due diligence in our value chain

Business relationships are based on transparency and integrity, encouraging alignment with ESG criteria under ESRS and CSDDD, with expectations on human rights, labour, health and safety, environment, legal compliance, and adherence to the Code of Conduct and contractual conditions.

5.7. CSV Design and Implementation

The CSV model is implemented through planning, execution, monitoring and evaluation of initiatives addressing socio-economic and environmental issues, with in-depth local context analysis, stakeholder dialogue, and strategic partnerships; initiatives may include supporting vulnerable consumers, community development, supply chain sustainability, diversity and inclusion, STEM education, and workforce training. All ESG processes are supported by policies and procedures consistent with the Code of Conduct and the Whistleblowing Policy.

5.8. Local Coordination and Governance

The Sustainability and Environment Division coordinates ESG processes at national level, anticipates evolving requirements, ensures compliance through internal frameworks, prepares and coordinates sustainability reporting and disclosures, and ensures transparency for stakeholders.

It oversees sustainability governance, decision-making, stakeholder engagement, and programs, integrates sustainability across operations and culture, develops internal capacity, fosters innovation, and supports continuous learning. It builds an internal sustainability ecosystem, aligns local policies with Group policies, and facilitates collaboration across support functions and business.

Companies and support functions set targets and plans, monitor performance, and

develop partnerships, embedding sustainability cross-functionally in organizational culture, processes, and governance to achieve Group ESG objectives in Romania. An executive oversight mechanism with consultative and strategic roles will guide and monitor implementation of the policy and ESG priorities, including progress on decarbonization and climate risks. The Sustainability and Environment Division, with the Division of Legal and Corporate Affairs, updates this Policy and ensures it reflects best practice. The Policy will be reviewed at least every two years or more frequently when necessary.

6. SOURCES

This Policy has taken into account internationally recognized Standards, Regulations, Principles and Guidelines, as follows:

1. The 17 UN Sustainable Development Goals (SDGs) and the 2030 Agenda for Sustainable Development
2. The International Bill of Human Rights which consists in particular of:
 - ✓ The Universal Declaration of Human Rights
 - ✓ The International Covenant on Civil and Political Rights (ICCPR)
 - ✓ The International Covenant on Economic, Social and Cultural Rights (ICESCR)
3. The European Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).
4. [Global Reporting Initiative](#) (GRI STANDARDS).
5. The [ESG Disclosure](#) Guide of the Athens Stock Exchange.
6. The UN Guiding Principles on Business and Human Rights.
7. Guide to [Corporate Sustainability](#) of the UN Global Compact.
8. The OECD Guidelines for Multinational Enterprises.
9. The Declaration on Fundamental Principles and Rights at Work and the Fundamental Conventions of the International Labour Organisation (ILO)
10. Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (EU Taxonomy Regulation).
11. Directive (EU) 2019/944 on common rules for the internal market for electricity and amending Directive 2012/27/EU.
12. Directive (EU) 2024/1711 amending Directives (EU) 2018/2001 and (EU) 2019/944 as regards improving the Union's electricity market design.

13. Regulation (EU) 2024/1991 on nature restoration.
14. Directive (EU) 92/43/EEC on habitats.
15. Directive (EU) 2009/147/EC, codified version of 79/409/EEC, on birds.
16. Directive (EU) 2000/60/EC on water framework.
17. Directive (EU) 2004/35/EC on environmental liability.

7. REVIEW AND ENTRY INTO FORCE

This Policy will be reviewed at least every two years or when deemed necessary and enters into force upon approval by the Board of Directors.

This Policy shall enter into force upon its approval by the Board of Directors of the Company, respectively on 17.12.2025