



Responsible Purchasing Charter & ESG code of conduct for Suppliers Year 2025

Finalized on 11/19/2024

Preamble

As a real estate company leading its market, Argan intends to actively take part to a sustainable and ethical development as order giver. Within its ecosystem, it thus ensures a selection of its Suppliers based not only on the technical and financial quality of the offer, but also on adherence to key human, ethical, and environmental principles.

We are committed to integrating social, environmental, and economic criteria into our purchasing processes to promote responsible practices among our partners and suppliers.

The purpose of this **Responsible Purchasing Charter** is to formalize our commitment to ethical management of our supply chain while ensuring the quality of our real estate projects.

This Charter embodies our commitment to adopting ethical, sustainable, and transparent purchasing practices in collaboration with our Suppliers and partners.

By aligning our supply chain with our sustainable development goals, we affirm our ambition to contribute to building a more equitable and environmentally respectful future.

We invite our partners to share this vision and join us in committing to responsible business practices.

ARGAN supports the United Nations Global Compact and, as such, expects its Suppliers to uphold the 10 fundamental principles promoted by the Compact (see next page).

WE SUPPORT



The 10 principles of the Global Compact

Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights
2. Make sure that they are not complicit in human rights abuses

Labour

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
4. The elimination of all forms of forced and compulsory labour
5. The effective abolition of child labour
6. The elimination of discrimination in respect of employment and occupation

The environment

7. Businesses should support a precautionary approach to environmental challenges
8. Undertake initiatives to promote greater environmental responsibility
9. Encourage the development and diffusion of environmentally friendly technologies

Anti-Corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery

1. Overview of ARGAN's ESG objectives

ARGAN is committed to addressing several major environmental, social, and societal challenges, ensuring the resilience of its model for the future and contributing to the UN Sustainable Development Goals.

Our main targets are listed below:

✓ Environmental commitments

- Implement an ambitious decarbonisation strategy, aligned with the SBTi, at the ARGAN level and by raising our clients' awareness with respect to the purchase of certified green energy,
- Accelerate and strengthen ARGAN's energy policy, in particular through the development of photovoltaic energy,
- Improve the environmental performance of all our new developments,
- Emphasize land sobriety and the fight against artificialisation,
- Preserve biodiversity and strengthen water management.

✓ Social and societal commitments

- Increase attractiveness, loyalty and upskilling of our people and improve quality of life at work,
- Guarantee the safety of our people by further improving prevention,
- Work together with our stakeholders to improve safety for construction and operation phases of our warehouses,
- Promote employment integration during the construction phases, for the maintenance and upkeep of our warehouses, in coordination with our partners and clients.

✓ Governance commitments

- Achieve the best standards for steering our ESG policy, ensuring respect for human rights throughout our value chain,
- Promote these fundamental principles to all our stakeholders, in particular by developing our main contractual documents (property development agreements "French CPI", off-plan leases "French BEFA", tenders, etc.),
- Further strengthen our ethical approach and the fight against all forms of corruption,
- Develop our responsible procurement policy, integrate our suppliers into the approach and train the employees concerned.

All our ESG policies, targets and commitments are in our latest ESG report, available on our website www.argan.fr in French and English.

2. Environmental commitments

Argan committed to implementing a responsible purchasing policy that includes respect for the environment criteria throughout the full process of procurement of goods and services.

We expect from our Suppliers that they adopt a precautionary attitude so as to measure and assess potential environmental risks that would be caused by their business and to implement all appropriate measures to avoid, reduce or compensate these risks.

2.1. Decrease in the carbon footprint

We collectively commit to:

- ✓ Favouring **local purchasing** to reduce carbon emissions linked to the transport of goods, thus contributing to a decrease in our carbon footprint. This commitment is in particular included in our real estate development contracts;
- ✓ Favouring Suppliers that use **renewable energy** or that actively work to reduce their carbon footprint;
- ✓ Promoting products with **long life expectancy** and that need less maintenance or frequent repairs aiming for **sustainability**.

2.2. Promote circular economy

We collectively favour circular economy by:

- ✓ Selecting **reusable, recyclable or recycled materials** for our projects, to reduce raw materials consumption;
- ✓ Encouraging practices that consist in **reusing materials** in the construction and renovation of our real estate assets;
- ✓ Ensuring qualitative **waste management** is put in place by our Suppliers, in particular on construction or refurbishment sites for our warehouses, to optimize used materials recycling and reduce the volume of waste sent to disposal facilities.

2.3. Efficient management of resources

We collectively commit to:

- ✓ **Rationalizing the use of natural resources** (water, energy) linked to our real estate projects and to relations with Suppliers, by prioritizing technologies that help optimize their use (for example, we deploy BMS in our warehouses to measure and manage energy flows);
- ✓ Promoting **innovative solutions** to reduce energy consumption and carbon emissions for the construction, usage and maintenance of buildings, for example through installing more efficient energy management systems that are also less carbon intensive (plan to replace gas boilers by electric heat pumps).

3. Social responsibility

We collectively commit to promoting responsible practices throughout all our supply chain by taking into account social norms and respect for human rights.

3.1. Fair and dignified working conditions and human rights

ARGAN demands from its Suppliers that they abide by the laws and rules applied in France.

If a Supplier does business outside France or the European Union, this Supplier must abide by the laws and rules of the country where it does business, but also to the principles listed in the International Bill of Human Rights, to fundamental conventions of International the Labour Organization (ILO), as well as to the 10 principles of the Global Compact of the United Nations.

It is also demanded from the Suppliers that they:

- ✓ Respect **fundamental rights of workers** (freedom of association, decent salary, ban on forced labour and child labour);
- ✓ Ensure **safe and fair working conditions**, with particular attention on the **health and safety of employees**. The Supplier commits to do everything in its power to manage the risks and to take necessary precautionary measures in terms of prevention of accidents and work-related diseases for its people and to protect them from these issues, in particular for all construction and refurbishment works for our warehouses;
- ✓ Initiate actions to **reduce inequalities** within their teams.

The Supplier must also ensure that its own suppliers and subcontractors respect these fundamental principles.

3.2. Respect for neighbouring communities

As part of construction and refurbishment works conducted for ARGAN, the Supplier commits to limiting annoyances for neighbouring communities but also for the local fauna (cleanliness of public roads, noise management, night lighting...).

3.3. Diversity and non-discrimination

We support diversity and inclusion by encouraging our Suppliers to:

- ✓ Promote **equal opportunities** and **diversity** in their teams, in particular through inclusiveness policies for topics related to gender differences, ethnical origins and diversity of backgrounds;
- ✓ Make no distinction, exclusion, or preference based on criteria such as age, gender, origin, health status, disability, physical appearance, sexual orientation, political or philosophical opinions, union activities, religious beliefs, or family situation, etc.;
- ✓ Implement procedures and preventive actions related to harassment, particularly sexual harassment;
- ✓ Give priority to **local partners** and **social integration companies** (such as sheltered workshops).

4. Business ethics

ARGAN applies the following principles towards its Suppliers:

✓ **Ensure the respect of balanced financial conditions**

ARGAN is committed to respecting legal payment deadlines, applying these provisions strictly and sincerely. ARGAN pledges not to distort the spirit of the law and, particularly with regard to small and medium-sized businesses, to:

- Ensure the smoothness of the end-to-end payment process,
- Make payments no later than the contractual or legal deadlines without demanding any unfair compensation,
- Inform the Supplier of any payment delay or deduction, whether related to a dispute or not, and in all cases address it proactively.

✓ **Respect the principles of the Ethics Charter**

Since 2023, ARGAN has an **Ethics Charter** (publicly available on www.argan.fr), whose principles must be applied to the whole value creation chain.

ARGAN conducts its activities in accordance with principles of honesty and fairness and with applicable regulations on competition and the prohibition of corruption in commercial transactions. It is committed to upholding its Ethics Charter in the conduct of its business activities.

ARGAN's teams involved in contacts with suppliers and in purchasing operations commit to adopting an ethical and responsible behaviour, which combines thoroughness, impartiality, loyalty and transparency. They are personally committed to fight corruption, with impartiality and an unbiased attitude while avoiding any situation that could lead to conflicts of interest.

Moreover, ARGAN favours mediation as an alternative way to solve conflicts in case these conflicts were not otherwise solved, unless the law or the contract that ties us to the Supplier includes other specifications.

5. Selection and supplier assessment

Our supplier selection and assessment processes include strict criteria in terms of sustainable development and social responsibility.

We adhere to the principle of fairness in the treatment of our Suppliers and select them based on objective criteria. In a consultation process, the same information is provided to all bidders, who are given the same timeframe to respond.

In general, ARGAN is committed to building long-term relationships with its Suppliers through a process of continuous and mutual improvement. To this end, the company ensures that it avoids creating any economic dependency on the part of its suppliers that could place either party at risk.

5.1. Selection criteria

When selecting our Suppliers, we take into account:

- ✓ Their **commitment to sustainable development**: environmental certifications (ISO 14001, BREEAM, LEED), use of eco-certified products, and internal policies in support of sustainability;
- ✓ Their ability to comply with the **social and ethical standards** established in this Charter;
- ✓ Their **technical and financial performance**, as well as the social and environmental impact of their products and services.

5.2. Continued assessment

We are committed to regularly evaluating our Suppliers through:

- ✓ **Audits** and inspections to verify compliance with commitments related to sustainable development, working conditions, and business ethics;
- ✓ **Ongoing collaboration** with our partners to identify areas for improvement and work on joint solutions.

In the event of a serious breach of ethical, social, or environmental standards, ARGAN reserves the right to terminate the ongoing collaboration and cease engaging the Supplier, in accordance with the signed contracts.

6. Innovation and collaboration with suppliers

We promote innovation and collaboration as drivers to improve the social and environmental performance of our supply chain.

6.1. Supporting innovation

We support our Suppliers to:

- ✓ Invest in **innovative and sustainable solutions** that improve the environmental performance of their products and services;
- ✓ Offer eco-friendly and sustainable alternatives, such as low-carbon materials, green building technologies, or business models based on the circular economy.

6.2. Collaborating for ongoing improvement

ARGAN commits to:

- ✓ **Actively collaborate with Suppliers** to co-develop solutions that meet shared social and environmental challenges;
- ✓ Participate in **pilot projects** and support initiatives aimed at strengthening responsible practices in their sector.

7. Raised awareness and training

To ensure the commitment and effective implementation of this Charter, ARGAN invests in the training and raised awareness of all stakeholders involved in procurement.

7.1. Internal training

We collectively commit to:

- ✓ Train our teams on the **issues of sustainable development, responsible purchasing, and ethical risks** in order to integrate these dimensions into all our decision-making processes.

7.2. Raising awareness amongst our Suppliers

All our Suppliers receive this Charter, which they commit to adhere to in their business relationships with ARGAN.

We work with them to:

- ✓ Inform them regarding the **expectations part of this Charter** and help them set practices conforming with our requirements;
- ✓ Be a partner to design sustainable strategies.

8. Tracking and reporting on commitments

ARGAN ensures regular monitoring of its responsible purchasing practices and reports its progress to its stakeholders.

8.1. Performance indicators

We collectively develop key performance indicators to assess the impact of our responsible purchasing practices in view, for example, to achieve the following targets for each of our contracts:

Principle	Indicator	Target
Circular economy	% of turned-around waste from construction sites of the year (sites delivered or ongoing construction works)	90 %
Local business	Share of costs related to works ensured by local companies that are less than 180 km away from the construction site	30%
Social inclusion	Number of hours of work by companies focusing on social inclusion for 1,000 sq.m of built area	250 h
Carbon emissions	CO ₂ emissions by built sq.m	490 kg / sq.m

It will also be asked from contractors by ARGAN to share the carbon footprint linked to each construction project.

ARGAN has also set targets as part of its biodiversity strategy, which include:

Principle	Indicator	Target
Reforestation	Number of planted trees and shrubs, for new delivered projects, per 1,000 sq.m of non-waterproof field (without construction and roads)	60
Creation of wetland areas	% of new developments integrating water infiltration basins that can welcome local fauna (provided that soil characteristics allow it and pending on legal constraints)	100%
Fauna preservation	% of new projects delivered that integrate shelters for insects and animals (nesting boxes, insect hotels, etc.)	100%
Reasonable use of water	% of new developments integrating a system to recollect or reuse rainwater for other purposes	100%

The construction of these indicators and the process to update them are a responsibility shared by ARGAN and its Suppliers. In this regard, ARGAN will be able to ask its Suppliers, for each project and/or once a year, to answer ESG queries integrating a dedicated performance reporting. Suppliers commit to reply upon these requests within the deadlines and share with ARGAN any difficulty that they would encounter.

8.2. Transparency and reporting

ARGAN commits to:

- ✓ **Communicate its results** in terms of sustainable purchasing in its yearly ESG reports;
- ✓ Maintain **complete transparency** towards its stakeholders regarding the practices of its Suppliers and the results of the audits carried out.

8.3. Internal control and whistle blowing systems

The respect and enforcement of these rules are mandatory for all ARGAN employees and suppliers, regardless of their roles and responsibilities. Each individual must remain vigilant for themselves, their colleagues, their team, or anyone under their supervision.

Any obstruction to the proper conduct of controls and audits, whether by internal departments or third parties (e.g., auditors), as well as any concealment of information in this context, is prohibited and would constitute serious violations of these rules.

In this context, employees responsible for purchases (projects, supplies, services) are the guarantors of supplier relationships and must ensure compliance with the rules set forth in the Responsible Purchasing Charter.

Any employee, individual, or third party may use the ARGAN whistle blowing procedure, in compliance with the laws and regulations in force in their country of residence, if they suspect a violation of legislation (such as anti-corruption laws, competition law, labour law, etc.) or of the company's charters and policies.

Contact: alerte.ethique@argan.fr

FOR THE SUPPLIER

Signature and title:

On behalf of the company:

Day of signature:

FOR ARGAN

Mr. Jean-Claude LE LAN

Chairman of the Supervisory Board

On 11 / xx / 2024