

## RESPONSIBLE PROCUREMENT POLICY

### 1. PURPOSE and SCOPE

This Policy has been created to explain the sustainability practices and responsible procurement principles adopted by Çimsa during its supply chain activities and to convey the expectations from suppliers and business partners.

With this policy, Çimsa aims at determining the current performance of the companies in its supply portfolio in environmental, social, ethical, governance, and human rights issues, as well as areas of improvement and risks related to these issues, and determining the necessary action items.

This Policy is applied at Çimsa Çimento Sanayi ve Ticaret A.Ş. and Afyon Çimento Sanayi Türk A.Ş.

### 2. DEFINITIONS AND ABBREVIATIONS

**Equality:** Equality is about ensuring that every individual has an equal opportunity to make the most of their ideas and talents and to contribute to society. It is also the belief that no one should have a lower standard of living because of where they were born, where they come from, what they believe in or whether they have a disability.

**Diversity:** In a general sense, diversity refers to all the differences of individuals. Everything that makes individuals unique, forms a part of the definition of diversity.

**Inclusivity:** Inclusivity in the workplace means including, accepting and valuing all people in the workplace, regardless of their differences and social identities.

Inclusivity involves bringing together and utilizing the strengths and resources that come from the diversity of individuals in a beneficial way. Inclusivity puts the concept and practice of diversity into action by creating an environment of participation, respect and connection where the richness of ideas, backgrounds, and perspectives are used to create business value. Institutions need both diversity and inclusivity to succeed.

**UN Global Compact - The Ten Principles:** The Ten Principles of the UN Global Compact address the core responsibilities of business in the areas of human rights, labor standards, environment, and anti-corruption. By incorporating the Ten Principles into their strategies, policies, and procedures, companies do not only uphold their fundamental responsibilities for people and the planet, but also lay the groundwork for long-term success. The Ten Principles of the UN Global Compact are based on universally recognized United Nations declarations on the subject.

**United Nations Universal Declaration of Human Rights:** The Declaration, a landmark in the history of Human Rights, was drafted by representatives from all regions of the world with different legal and cultural backgrounds. Declared on 10 December 1948 in Paris by the UN General Assembly as a common benchmark of achievement for all peoples and all nations, it is the first document to emphasize the universal protection of fundamental Human Rights.

**United Nations Guiding Principles on Business and Human Rights:** Guiding principles describing the existing obligations of States and business enterprises to respect, protect and fulfill human rights and fundamental freedoms.

**Sustainable Development Goals (SDG):** A universal call to action to eradicate poverty, protect the planet, and ensure that all people live in peace and prosperity. These 17 Goals build on the achievements of the Millennium Development Goals (MDGs) while incorporating new areas such as climate change, economic inequality, innovation, sustainable consumption, peace and justice, among other priorities. The Goals are interconnected - the key to success on one Goal is to address common challenges together.

**Sabancı Holding Code of Business Ethics (SA Ethics):** SA-Ethics are the values and working principles that Sabancı Holding and Group companies take as a basis in all business processes, and in their relations with employees and all stakeholders. In addition to protecting companies and employees, SA-Ethics provides guidance beyond the laws, regulations, and internal procedures that govern all company decisions and activities.

### **3. PARTIES AND RESPONSIBILITIES**

#### **3.1. Company**

The sponsor of this Policy is the highest level CEO/General Manager of the Company, and the Assistant General Manager of the Supply Chain is responsible for the implementation of the policy, as well as the development, monitoring, and reporting of its dissemination throughout the company.

The Company informs all relevant stakeholders, including its suppliers and business partners in the value chain, about this Policy.

#### **3.2. Suppliers and Business Partners**

Suppliers and business partners are responsible for working in compliance with the commitments, principles, and guidelines set out in this policy. They ensure the necessary communication with Çimsa officials in case there is a need for additional information, implementation, and collaboration regarding the Policy.

The Company's suppliers may use subcontractors only if permitted by the contract made between them and Çimsa. Suppliers are responsible for informing the subcontractors they hire within the scope of the services they will provide to Çimsa about this Policy.

#### 4. COMMITMENTS, PRINCIPLES, AND GUIDELINES

Çimsa is an international cement and building materials company that continuously grows and develops by making a difference in its sector with its 50 years of experience, wide product range, innovative employees, and approach that respects people and the environment.

Sustainability, which is included in our core strategy, is our main guiding principle in the selection of raw materials, products, and services. Çimsa always observes ethical principles, environment, society, and human rights in all procurement activities. In the supplier selection and evaluation phase, it holistically considers environmental and social outputs, as well as economic success.

The raw materials used during our production processes are evaluated in terms of their contribution to our sustainability perspective. This is done through objective and fact-based methods such as life cycle assessment, which examines the entire journey of the product or raw material from production, use, and recycling/waste management.

Çimsa considers human rights, equality, diversity, and inclusivity as important elements in business life and prioritizes the development and promotion of such practices. With this perspective, our suppliers undertake to act in accordance with the following principles.

United Nations Universal Declaration of Human Rights

United Nations Global Compact<sup>1</sup>

United Nations Guiding Principles on Business and Human Rights<sup>2</sup>

International Labour Organization Declaration on Fundamental Principles and Rights at Work<sup>3</sup>

#### **Ethical Principles**

Sabancı Holding and Group companies have a [Code of Business Ethics](#) (SA-Ethics), which is a guideline containing the values and working principles that Sabancı Holding and Group companies take as basis in all business processes, and in their relations with employees and all stakeholders. In this context:

- **Conflict of interest:** Suppliers must report any conflict of interest that arises in their professional relationships with Çimsa, allowing us to determine the appropriate action to be taken in this regard. Çimsa's representatives or employees shall be obliged to disclose any material proprietary relationships or interests they have in relation to the business of any supplier.
- **Bribery, corruption:** Corruption is a criminal offense in all fields in which Çimsa and its subsidiaries operate. If this issue is violated, direct legal proceedings will be initiated and relations with the supplier will be terminated. Bribery, which is a criminal offense in commercial relations, can be committed actively or passively. Bribery may take the form of directly or indirectly providing, promising, authorizing, requesting or receiving a personal advantage of any nature. Bribes may also be given and received indirectly through

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<sup>1</sup> <https://www.globalcompactturkiye.org/10-ilke/>

<sup>2</sup> <https://www.ihd.org.tr/wp-content/uploads/2021/06/BM-is-dunyas%C4%B1-ve-insan-haklari.pdf>

<sup>3</sup> [https://www.ilo.org/ankara/about-us/WCMS\\_412372/lang--tr/index.htm](https://www.ilo.org/ankara/about-us/WCMS_412372/lang--tr/index.htm)

intermediaries. [The Anti-Bribery and Anti-Corruption Policy](#) outlines the steps to be taken in these cases.

- **Gifts:** Çimsa and its subsidiaries are important customers for suppliers and service providers. All employees, especially those conducting procurement activities, may have the potential to encounter unethical and inappropriate offers from suppliers or other business partners. [The Anti-Bribery and Anti-Corruption Policy](#) defines the steps to be taken by the employees.
- **Confidentiality:** Suppliers must consistently protect and safeguard Çimsa's intellectual property, trade secrets and other proprietary, restrictive, and sensitive data or information. The data provided by Çimsa shall only be used for the purposes determined and agreed upon by Çimsa and the supplier.
- **Anti-competitive and restrictive business practices:** Suppliers are obliged to comply with local and international legislation aimed at promoting fair competition. This compliance is also important to ensure competitive prices and innovative products. In addition, suppliers must strictly avoid dealing with persons and entities named on blacklists published by national and international authorities in the country of operation on the laundering proceeds of crime and financing of terrorism, and with companies located in countries subject to extensive nationwide sanctions by the EU, the US or the United Nations.

## **Human Rights, Equality, Diversity, and Inclusivity**

Çimsa ensures full compliance with national and international norms regulating human rights, particularly the United Nations Declaration of Human Rights, and implements the necessary practices within the scope of its operational cycle. Çimsa's [Human Rights Policy](#) and [Equality, Diversity, and Inclusivity Policy](#) contain all the details on the subject. In this context:

- **Forced labor and child labor:** Suppliers must prohibit the use of child labor at any stage of their operations. We expect our suppliers not to employ children and young people in compliance with the legal legislation of the country in which they are located. Suppliers must not engage in forced labor in the form of human trafficking or modern slavery.
- **Equality, Diversity, and Inclusivity:** Suppliers are committed to creating a culture where everyone is treated equally and can fully contribute to their own potential regardless of race, color, gender, age, nationality, religion, gender identity or expression, marital status, citizenship, disability or any other legally protected status.
- **Prevention of Harassment and Violence:** Suppliers do not allow any form of harassment and take necessary measures. Any violation of the immunity of employees through corporal punishment or physical, sexual, psychological, emotional or verbal harassment will not be tolerated.
- **Freedom of Association and Collective Bargaining:** Suppliers respect their employees' right to unionize and their decision to become union members, and their right to organize and bargain collectively in accordance with the law.
- **Compliance with Labor Laws (Wages and working hours):** Suppliers shall pay their employees wages, including salary and overtime, equal to or above the minimum wage set

forth in applicable laws and regulations. Moreover, employees are also obliged to work in compliance with the Labor Law and related legislation.

### **Occupational Health and Safety**

Çimsa positions occupational health and safety requirements as an integral priority of its operations with the principle of "Zero Work Accidents and Zero Occupational Diseases". It shares the [Occupational Health and Safety Specification](#) and [OHS Management Program Procedure](#), which include all expectations of Çimsa regarding occupational health and safety, with all suppliers and business partners.

### **Environmental Management**

Çimsa expects compliance with all environmental laws and regulations during the activities conducted throughout the entire value chain. It accepts as a prerequisite the existence of all kinds of authorizations, environmental permits and licenses required for the activities conducted.

Çimsa requires its suppliers and business partners in the value chain to manage their consumption of energy, natural resources, etc. with a responsible resource consumption approach. On the other hand, Çimsa supports its suppliers and business partners in measuring and reporting greenhouse gas emissions generated throughout Scope 1 (direct), Scope 2 (indirect) and Scope 3 (value chain), and implementing the necessary targets and systematics for their reduction.

It encourages the creation of the necessary infrastructure and practices that will not harm the environment during waste management, the storage, transportation and use of chemicals with a circular economy and zero waste approach.

Çimsa prioritizes working with suppliers and business partners that manage their own environmental and social impacts, care about the improvement of their employees and society, develop sustainability practices, report annually to CDP Climate Change and CDP Water programs, publicly declare their commitment to net zero emissions and/or zero waste by 2050 at the latest, and possess ISO 14001 Environmental Management System and ISO 50001 Energy Management System certifications in order to systematically implement all these practices within the scope of environmental management.

## **5. PRACTICES**

As Çimsa, we know that the development of our suppliers and business partners in sustainability is extremely important for our common success and we consider it important to support this development journey. In this context, we value our relationship with our stakeholders that adopt a similar approach and vision in terms of sustainability.

With the Responsible Procurement Policy, we expect all our suppliers and business partners to work in accordance with the commitments and principles set out in this policy, to act in compliance with all laws and regulations concerning their fields of activity, and to adopt the best practices around the world and adapt them to their business lives. We aim to demonstrate this mutual commitment together with our suppliers and business partners and support them in their development points by means of sustainable procurement practices.

Çimsa requests that the practices specified in this policy also cover the sub-suppliers that its own suppliers are working with. Additionally, Çimsa supports its suppliers and business partners in developing their own Responsible Procurement Policies.

In line with this approach, we continue our efforts to:

- Provide information, raise awareness, and organize trainings when deemed necessary in order to create an understanding about our sustainable supply chain management,
- Evaluate our suppliers in terms of their environmental and social performance in procurement processes,
- Periodically review and reorganize our procurement processes in order to continuously improve them.

Çimsa acts in compliance with this policy and prioritizes its high-performing suppliers and business partners in the selection and evaluation phase.

## **6. REPORTING AND AUDITING**

Çimsa conducts various analyses, surveys, audits and evaluations to determine the current compliance status of suppliers and business partners with this policy within the framework of the annual plan to be determined according to the level of impact on the activities.

Action needs arising from the assessments are evaluated and necessary corrective actions are expected to be implemented within 12 months at the latest.

The Internal Audit Departments of the Company, under the supervision of the Audit Committees of the Company, conduct regular audits in the prioritized areas to ensure compliance with this Policy, starting 12 months after the Policy enters into force, but not less than once every three years.

## **7. EXECUTION APPROVAL AND REVIEW**

The Policy is binding for all parties concerned as of the date of issuance and remains valid as long as it remains in force.

Suppliers and business partners that fall within the scope of this Policy and are prioritized are expected to ensure the necessary compliance within 12 months at the latest after the contract entered into force, or until the first contract renewal date after the entry into force date if the contract renewal period is not due within 12 months.

The Office of the Assistant General Manager of Supply Chain is responsible for communicating the Policy to all employees, suppliers, and business partners.

The Company's Board of Directors is responsible for putting this Policy into effect and approving significant structural changes.