

COBALT SUPPLY CHAIN DUE DILIGENCE POLICY

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FOREWORD

With more than 60 years of experience and wide product-range serving to more than 10 sectors such as the ceramic, construction chemicals, rubber, agriculture and paint sectors, EGE Kimya's relationships with suppliers and customers are essential to build financial and economic value, and play a key role in the promotion of social and environmental best practice. EGE Kimya is committed to the principles of sustainable development and conduct business with those willing to take similar commitments or work towards that direction.

Among other minerals, EGE Kimya use also Cobalt in its production. It procures cobalt from its supply chain to produce cobalt carbonates, cobalt catalysts, cobalt octoate and cobalt based rubber adhesion promoters. Cobalt has complex supply chain. Democratic Republic of Congo (DRC) produces about half of the world's cobalt. Due to limited refining capacity, cobalt mineral is exported to be refined in various parts of the world from where supplies are also provided to the world markets.

However, infringements of human rights, occurrence of child labour and environmental issues, as well as the lack of sufficient health and safety protection are reported to occur in certain parts of the cobalt supply chain. EGE Kimya is aware of these risks that are linked to the sourcing of cobalt. To avoid the occurrence of these risks and practices in its supply chain, and consequently in its products or in the products of its customers, EGE Kimya has adopted more proactive, comprehensive, and risk-oriented due diligence and procurement policy for cobalt.

Cobalt is a natural component of the earth's crust and through natural environmental processes can be found in water, soil and air. It is also widely regarded as critical raw material and fundamental to the various industries, essential for enabling technological development and key to a low carbon future due to its unique properties.

By developing this due diligence and procurement policy specific for Cobalt, EGE Kimya will identify and address the most salient issues in its relevant supply chains, while also decreasing our exposure to any reputational risks while we are conducting our business.

Metin Mansur
Chairman of the Board





1 EGE KIMYA

Ege Kimya is the manufacturer of chemical preparations and intermediate chemicals supplier aspires to be globally known organization for its trustworthiness, compliance to laws, regulations and ethical norms esteemed by its business partners and wider society.

EGE Kimya is the chemicals supply intermediary to more than 10 sectors (such as ceramics, construction chemicals, rubber, agriculture and paints) with more than 60 years of experience and a wide product-range. Our production capacity has increased through co-production agreements and partnerships established with international firms, in an effort to become a preferred partner to other multi-national companies wishing to take advantage of our industrial agility.

EGE Kimya provides solutions to the increasing expectations of its customers and business partners. With its chemical manufacturing facility established over 120 000 sqm located in Adapazarı, and with all its established corporate and financial services, EGE Kimya is able to serve the requirements of its clients.

Ege Kimya operates as an integrated team with its technical staff, experienced in different fields, and with employees trained in their specialties. Its Research and Development team consists of postgraduate researchers and senior executives.

Ege Kimya has partnerships with the companies directing the chemical industry of the world such as Albemarle Catalysts in the catalyst sector; Evonik-Degussa in the automotive, car tire and rubber sectors, and The Euclid Chemical Company in development, production, marketing of admixtures and concrete fibres for concrete construction, tunnelling and mining applications.

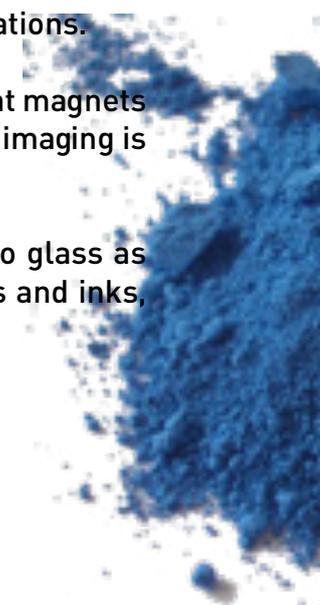
These partnerships do not only contribute expanding the Turkish market, but also a growing number of export markets. By this means, Ege Kimya has found the opportunity to promote the success of its products to the world leaders in their fields. In this way, Ege Kimya, which continuously develops and grows, has always been able to be the first in Turkey and abroad. The aim of the management & staff of Ege Kimya is to continue in this path and add successful partnerships to its range of activities.

2 ABOUT COBALT

Cobalt is a transition metal found between iron and nickel on the periodic table. It is considered a critical raw material. There are many uses and applications of cobalt and its compounds and as a result, it is widely considered technology enabling metal.

Cobalt has been used in many industrial, commercial, and military applications:

- Cobalt oxide, hydroxide, and metals are used in many electrochemical devices that convert chemical energy to electrical energy, such as rechargeable batteries due to highest energy densities of Cobalt based chemistries. Portable devices such as mobile phones, laptops, and other consumer electronic devices right up to electric vehicles, all utilise rechargeable batteries. Cobalt acts as a raw material in the cathode technology which is essential for recharging batteries.
- Cobalt is used as a catalyst for many industrial applications such as removing sulphur from petroleum and natural gas products. Desulphurisation of diesel, petrol, kerosene and other fuel oils contributes to reducing emissions.
- Cobalt-based superalloys form high-temperature resistant parts for gas turbine aircraft engines, space vehicles, rocket motors, and other aerospace applications.
- Cobalt is used widely as one of the metals needed to create hard permanent magnets that are used in motors, hard disk drives, and sensors. Magnetic resonance imaging is an example of an application for Cobalt based magnetic alloys.
- Cobalt pigments are used to decorate ceramics and can also be added to glass as a colourant or decolouriser to create specific tints. Glass, porcelain, paints and inks, and enamelware use it in order to achieve a vivid blue colour.



3 ISSUES WITH COBALT SUPPLY CHAIN

The cobalt metal and chemical supply chains share some risks, but also present separate risks.

When looking at the cobalt market, one of the first things to understand is that cobalt metal and cobalt chemicals have distinct supply chains. Cobalt metal is mined at primary cobalt mines and as a by-product at nickel and copper mines. From there, the cobalt concentrates or intermediates are sent to metal refineries, which are usually close to the mine sites; at refineries, end products are formed to be used in a variety of industrial applications. The cobalt chemical supply chain also starts at the mine level, where concentrates or intermediates are produced. They are then sent to chemical refineries. With more than half of the cobalt mined in the Democratic Republic of the Congo (DRC), and almost half of the cobalt refined in China.

The chemical supply chain likely uses hydroxide as a feedstock from DRC and lithium-ion batteries are the major end market. The DRC comes with geographical risk, as well as corporate social responsibility (CSR) issues linked to a small amount of supply. The artisanal cobalt mines further diversification of the mined supply, but unlike industrial mining, artisanal or small-scale mining in DRC is done mostly by hand, often using only rudimentary tools.

DRC has the lowest WGI-PV score of all mining countries on political stability and absence of violence/terrorism. In addition to political supply risks, environmental damage can also cause supply risks when cobalt is extracted and processed with a level of environmental damage that society does not consider acceptable. Due to environmental and social concerns, the sourcing of minerals and metals has become a topic of broad interest.

To manage risks upstream of the supply chain, companies can source their materials via 'sustainability schemes'. In recent years numerous 'sustainability schemes' and 'sustainable mining' initiatives have been developed, differing in their requirements and the type of responsible sourcing to which they apply. EGE Kimya prepared this Cobalt due diligence policy in order to respond to these developments in our supply chain and manage it for the sustainable future of our business.

4 COBALT SUPPLY CHAIN DUE DILIGENCE POLICY

Companies have to pull out of a market if they are unable to comply with their due diligence obligations.

In conflict-affected and high-risk areas, companies involved in mining and trade in minerals have the potential to generate income, growth and prosperity, sustain livelihoods and foster local development. In such situations, companies may also be at risk of contributing to or being associated with significant adverse impacts, including serious human rights abuses and conflict.

This Cobalt Due Diligence Policy is an ongoing, proactive and reactive process through which we can ensure that EGE Kimya respect human rights and do not contribute to conflict. This due diligence also helps us to ensure we observe international law and comply with domestic laws, including those governing the illicit trade in minerals and United Nations sanctions. We identify and address actual or potential risks to prevent or mitigate their adverse impacts associated with our activities or sourcing decisions.

By this Cobalt Due Diligence Policy (hereinafter “Policy”), EGE Kimya aims to contribute to sustainable development and source responsibly from conflict-affected and high-risk areas, while creating the enabling conditions for constructive engagement with suppliers.

5 APPLYING THE COBALT DUE DILIGENCE POLICY

Every supplier working for EGE Kimya, regardless of their function, position or location, is subject to this Policy and other Company policies.

This Policy is specific to Cobalt, but should be read as part of Code Conduct and Sustainable Procurement Policy applied across the business by EGE Kimya. The Policy is an integral part of our business agreements and dealings with regard to purchasing Cobalt.

Recognising that risks of significant adverse impacts which may be associated with extracting, trading, handling and exporting minerals from conflict-affected and high-risk areas, and recognising that we have the responsibility to respect human rights and not contribute to conflict, we commit to adopt, widely disseminate and incorporate in contracts and/or agreements with suppliers the following policy on responsible sourcing of minerals from conflict-affected and high-risk areas, as representing a common reference for conflict-sensitive sourcing practices and suppliers' risk awareness from the point of extraction until end user.

We commit to refraining from any action which contributes to the financing of conflict and we commit to comply with relevant United Nations sanctions resolutions or, where applicable, domestic laws implementing such resolutions.

EGE Kimya recognises that flexibility is needed in the application of this Policy. The nature and extent of appropriate due diligence that will depend on individual circumstances and be affected by factors such as the size of the enterprise, the location of the activities, the situation in a particular country, the sector and nature of the products or services involved.

These challenges may be met in a variety of ways, including but not limited to:

- Industry-wide cooperation in building capacity to conduct due diligence.
- Cost-sharing within industry for specific due diligence tasks.
- Participation in initiatives on responsible supply chain management.
- Coordination between industry members who share suppliers.
- Cooperation between upstream and downstream companies.
- Building partnerships with international and civil society organisations.
- Integrating the into existing policies and management systems, due diligence practices of the company, such as procurement practices, integrity and know your customer due diligence measures and sustainability, corporate social responsibility or other annual reporting.



6 SERIOUS ABUSES ASSOCIATED WITH THE EXTRACTION, TRANSPORT OR TRADE OF COBALT

While sourcing from, or operating in, conflict-affected and high-risk areas, EGE Kimya will neither tolerate nor by any means profit from, contribute to, assist with or facilitate the commission by any party of:

- i) any forms of torture, cruel, inhuman and degrading treatment;
- ii) any forms of forced or compulsory labour, which means work or service which is exacted from any person under the menace of penalty and for which said person has not offered himself voluntarily;
- iii) all forms of child labour;
- iv) other gross human rights violations and abuses such as widespread sexual violence;
- v) war crimes or other serious violations of international humanitarian law, crimes against humanity or genocide.

7 RISK MANAGEMENT OF SERIOUS ABUSES

EGE Kimya will immediately suspend or discontinue engagement with upstream suppliers where it identifies a reasonable risk that they are sourcing from, or linked to, any party committing serious abuses.

8 DIRECT OR INDIRECT SUPPORT TO NON-STATE ARMED GROUPS

EGE Kimya will not tolerate any direct or indirect support to non-state armed groups through the extraction, transport, trade, handling or export of Cobalt. “Direct or indirect support” to non-state armed groups through the extraction, transport, trade, handling or export of Cobalt includes, but is not limited to, procuring Cobalt from, making payments to or otherwise providing logistical assistance or equipment to, non-state armed groups or their affiliates who:

- i) illegally control mine sites or otherwise control transportation routes, points where Cobalt is traded and upstream actors in the supply chain; and/or
- ii) illegally tax or extort money or Cobalt at points of access to mine sites, along transportation routes or at points where Cobalt is traded; and/or
- iii) illegally tax or extort intermediaries, export companies or international traders.

9 RISK MANAGEMENT OF DIRECT OR INDIRECT SUPPORT TO NON-STATE ARMED GROUPS

EGE Kimya will immediately suspend or discontinue engagement with upstream suppliers where it identifies a reasonable risk that they are sourcing from, or linked to, any party providing direct or indirect support to non-state armed group.

10 PUBLIC OR PRIVATE SECURITY FORCES

EGE Kimya recognises that the role of public or private security forces at the Cobalt sites and/or surrounding areas and/or along transportation routes should be solely to maintain the rule of law, including safeguarding human rights, providing security to mine workers, equipment and facilities, and protecting the mine site or transportation routes from interference with legitimate extraction and trade.

EGE Kimya agrees to eliminate direct or indirect support to public or private security forces who illegally control Cobalt sites, transportation routes and upstream actors in the supply chain; illegally tax or extort money or Cobalt at point of access to Cobalt sites, along transportation routes or at points where Cobalt is traded; or illegally tax or extort intermediaries, export companies or international traders.

Where we or any company in our supply chain contract public or private security forces, we commit to or we will require that such security forces will be engaged in accordance with the Voluntary Principles on Security and Human Rights. Created in 2000, the Voluntary Principles is a multi-stakeholder initiative that promotes the implementation of a set of principles that guide companies on providing security for their operations while respecting human rights. In particular, we will support or take steps, to adopt screening policies to ensure that individuals or units of security forces that are known to have been responsible for gross human rights abuses will not be hired.

EGE Kimya will support efforts, or take steps, to engage with central or local authorities, international organisations and civil society organisations;

- to contribute to workable solutions on how transparency, proportionality and accountability in payments made to public security forces for the provision of security.
- to avoid or minimise the exposure of vulnerable groups, in particular, artisanal miners where minerals in the supply chain are extracted through artisanal or small-scale mining, to adverse impacts associated with the presence of security forces, public or private, on mine sites.

11 RISK MANAGEMENT OF PUBLIC OR PRIVATE SECURITY FORCES

In accordance with the specific position of EGE Kimya in the supply chain, we devise, adopt and implement a risk management plan with upstream suppliers and other stakeholders to prevent or mitigate the risk of direct or indirect support to public or private security forces, where we identify that such a reasonable risk exists. In such cases, we suspend or discontinue engagement with upstream suppliers after failed attempts at mitigation within six months from the adoption of the risk management plan.

12 BRIBERY AND FRAUDULENT MISREPRESENTATION OF THE ORIGIN OF COBALT

EGE Kimya will not offer, promise, give or demand any bribes, and will resist the solicitation of bribes to conceal or disguise the origin of Cobalt, to misrepresent taxes, fees and royalties paid to governments for the purposes of Cobalt extraction, trade, handling, transport and export.

13 MONEY LAUNDERING

EGE Kimya will support efforts, or take steps, to contribute to the effective elimination of money laundering where we identify a reasonable risk of money laundering resulting from, or connected to, the extraction, trade, handling, transport or export of Cobalt derived from the illegal taxation or extortion of Cobalt at points of access to Cobalt sites, along transportation routes or at points where minerals are traded by upstream suppliers.

14 PAYMENT OF TAXES, FEES AND ROYALTIES DUE TO GOVERNMENTS

EGE Kimya will ensure that all taxes, fees, and royalties related to Cobalt extraction, trade and export from conflict-affected and high-risk areas are paid to governments and, in accordance with the company's position in the supply chain.

15 VIOLATION OF THIS POLICY

All our stakeholders are obliged to comply carefully with the provisions of the Policy, and company officers and executives must behave in an exemplary manner in this regard.

Decisions and actions in breach of this Policy will not be tolerated, and in the event of possible violations to the Policy, the Board of Directors and the Disciplinary Committee will work together to apprehend the relevant party(ies) and take the necessary actions.

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