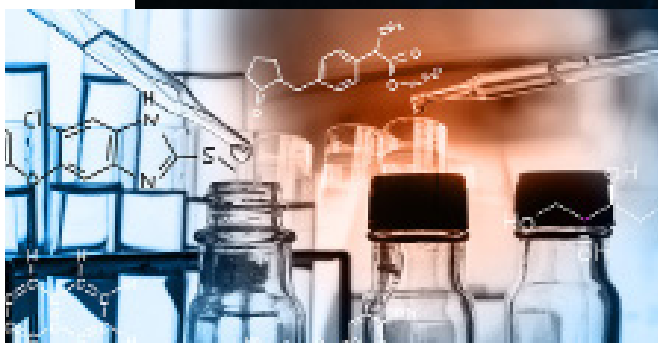


# SUSTAINABLE PROCUREMENT POLICY

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## INTRODUCTION

Ege Kimya is the intermediate chemicals supplier to more than 15 sectors such as the detergent, ceramic, construction chemicals, rubber, vehicle tires, agriculture, paint, textile, paper and battery chemicals sectors with more than half a century of experience and a wide product-range. It has become a preferred company in the global supply chain with its customer-oriented management philosophy. The production capacities have increased through partnerships established with international firms, co-production agreements, in an effort to become a partner of preference to other multinational companies wishing to take advantage of our industrial agility. With our chemical manufacturing facility established over 120 000 sqm located in Adapazari, and with all our established corporate and financial services, Ege Kimya provides solutions to the ever-increasing expectations of its customers, business partners and clients.

Sustainability is our guiding principle for selecting raw materials, products and services. For us, sustainability means aligning economic success with environmental and social responsibility. We evaluate raw materials for our applications in terms of sustainability and use them as efficiently as possible. This evaluation is supported by holistic assessments of product and process sustainability (e.g., land use, biodiversity, water, energy) using objective, fact-based methods such as life cycle assessment (LCA). LCA looks at the whole life cycle of a product or service from raw materials to manufacture to use to disposal/recycling.

Sustainable Procurement is about using procurement and working with our supply chain to address social, economic and environmental considerations over the entire life cycle in ways that offer real long-term benefits to the economy, to communities, and to the environment. Ege Kimya focuses on assuring the goods and services purchased are manufactured, transported, used and disposed of in an environmentally and socially responsible manner, and convey a long-term economic value for Ege Kimya and its customers.

Ege Kimya believes that organizations can help to understand and solve fundamental social issues while having the upper hand. As a consequence of this vision, we aim to embrace various activities in order to adopt sustainability in our constitution and to accomplish our business tasks. We have always promoted high ethical standards for professional and individual conduct by our colleagues and business partners.

The entirety of our colleagues and business partners ought to be committed to unity in all parts of their activities and consent to each relevant law, regulation and internal policies. In this regard, we set out a Code of Conduct policy explaining in detail our approach to specific ethical issues, and we intend to guarantee that our business activities are conducted accordingly.

We recognize that sustainable development of our suppliers in the long run is fundamental to our joint achievement and we value our relationship with suppliers who share a similar approach and vision towards working together. In accordance with our commitment, we have developed this Sustainable Procurement Policy. With this, we are aiming to promote mutual understanding with our suppliers, as well as providing improvement assistance, through the sustainable procurement. We also exchange opinions with the procurement departments of other companies to continue strengthening our own sustainable procurement activities.

We anticipate that our suppliers should work as per the guidelines as defined in this policy and stick to every single relevant law and regulation in their area of operation. This Policy goes beyond minor consistence with the law by drawing upon universally accepted norms so as to characterize best practices from all over the world. It also describes our expectations with respect to ethics, business integrity, human rights, health & safety, environment, the local community and quality of products and services. We will occasionally review this policy to make sure that it helps us move towards our vision. We expect our suppliers to follow this policy and assure that the standards and practices laid out will be reflected in our professional relations.



## THE PRINCIPLES

We manage our business operations in an adequate and transparent way with trustworthiness, unity, high ethical & moral norms. We deeply believe that ethical norms are fundamental for profound business relations. We expect that our suppliers should share this responsibility while leading their business as well. We have the four following principles for our procurement policy:

### 2.1 Ethically Driven

#### 2.1.1 Business integrity and ethics

**Conflict of interest:** Suppliers are anticipated to report any conflict of interest in any professional interactions with Ege Kimya that they are aware of to give us the chance to take appropriate action. Any representative or employee of Ege Kimya shall disclose any substantial proprietorship or interest for a supplier's business.

**Bribery, corruption, gifts and donations:** Suppliers in every business transaction with Ege Kimya shall not get or offer to make any unlawful payments, donations, bribes, gifts or other inappropriate benefit so as to acquire favours for the business. All suppliers must guarantee that they are not involved with any action undermining any relevant anti-bribery/anti-corruption law and/or regulation in the areas they operate and work towards to eradicate all types of corruption and bribery.

**Confidentiality:** Suppliers must protect and value Ege Kimya's intellectual property -trade secrets and other private, restrictive and delicate data or information- consistently. The data given by Ege Kimya shall be used solely for the purposes decided and settled upon between Ege Kimya and the supplier.

**Anti-competitive and restrictive trade practices:** Suppliers must comply with the relevant local and international regulations to facilitate fair competition. This compliance is also important in terms of offering competitive prices and innovative products.

### **2.1.2 Human rights**

**Forced and child labour:** Suppliers must forbid child labour at any phase of their operations. We expect that our suppliers not to hire employees under the age of 18 (even though this limit is 15 under the Turkish law). This requirement is also applied for all international suppliers even the local law states lower. The suppliers should not use forced labour comprising human trafficking or modern-day slavery.

**Compensation and working hours:** We anticipate that suppliers should comply with relevant remuneration regulations and statutory industry standards relating to minimum wage, overtime payment, working hours and breaks.

**Non-discrimination:** Suppliers must guarantee that, in their recruitment processes, there is no discrimination on the basis of race, colour, gender, age, nationality, religion, sexual orientation, marital status, disability and so on.

### **2.1.3 Accountability and transparency**

Suppliers should guarantee that there is no discrimination in their recruitment processes based on race, colour, gender, age, nationality, religion, sexual orientation (LGBT), marital status, disability and so on.

### **2.1.4 Legal and regulatory compliance**

We expect that our suppliers should comply with every single relevant law of the country in which they operate. All other relevant universal laws and regulations shall likewise be respected. Besides, all guidelines of the required permits and registers should be followed in order to stay legally compliant at all times.

## 2.2 Social Focused

We are committed towards supporting sustainable development and business practices. Sustainable practices now have grown to encompass social performance criteria as well. We believe that any organisation should play a significant and beneficial role within their local community and the society in general. We are contributing towards social and economic development of the communities in which we operate and expect our suppliers to take steps towards the same.

We have dedicated ourselves to support sustainable development and business practices. We believe that we have a significant and valuable role within the local community thanks to our sustainability approach. We are contributing towards social and economic development of the local society and expect that our suppliers would do the same.

### 2.2.1 Responsible conduct with stakeholders

**Fair dealing with vendors/suppliers:** Our suppliers are encouraged to manage all transactions with their business partners in a transparent manner including fair assessment, equal opportunities and fair competition for everyone.

**Diversity in workforce:** We encourage our suppliers to undertake initiatives in order to have a diverse and inclusive workforce regarding age, gender, experience, ethnicity and so on.

**Engage and involve local communities:** Our suppliers are encouraged to address concerns raised by society as a result of their activities, and to mitigate/reduce the possible adverse effects.

### 2.2.2 Employee health and safety

In order to be compliant with the relevant health and safety regulations and industry standards, we expect our suppliers to adopt relevant management practices within their institution. In this regard, they are encouraged to conduct trainings for workers on occupational health and safety issues. We likewise recommend suppliers to analyse and minimize risk exposure and take relevant actions to prevent possible accidents and injuries.

### 2.2.3 Local community development

We understand that our operations not only affect our local communities but also the communities of our suppliers in our supply chains. Therefore, we encourage our suppliers to undertake steps to cooperate and engage with the local community for economic and social development by providing employment, helping in eradicating poverty and in developing skills of locals wherever relevant.

We are also aware of that our operations influence the individuals connected with our supply chain and our suppliers. In this regard, our suppliers are encouraged to take actions to work together with those individuals and their local communities to promote economic and social development by providing employment opportunities, helping in elimination of poverty, assisting in developing native's skillset and so on.

## 2.3 Climate Friendly / Green Inspired

The environmental issues we are currently facing are no more the issues of tomorrow but are real issues of today. In this regard, our principal aim is to make our supply chain environmentally friendly. We conduct our operations in compliance with the requirements of local laws and regulations related to environment. We expect the same from our suppliers. We understand that the scope and nature of activities of our suppliers might vary and therefore, emphasis on these standards may vary accordingly.

### 2.3.1 Climate change mitigation and adaption

The Chemical industry is one of the main emitters of anthropogenic greenhouse gases (GHGs) such as CO<sub>2</sub>. The industry sector is responsible for 21 per cent of global GHG emissions. Out of these, 22 per cent of the emissions can be ascribed to chemicals and petrochemicals. In the chemicals sector, CO<sub>2</sub> is produced both by the burning of fossil fuels to generate power in the factories themselves and indirectly by the external procurement of energy from external suppliers. In addition, NO<sub>x</sub>, methane and other climate-relevant gases are released in the manufacturing process.

Climate change mitigation includes the company's measures relating to the reduction of GHG emissions / energy consumption within its operations and through its products. Climate change strategy, greenhouse gas emissions (direct and indirect), energy consumption action plans to reduce GHG emissions / energy consumption, evolution of climate change related business risks and related counter measures are actions we expect from our supply chain.

### 2.3.2 Energy efficiency and renewable energy

The chemicals industry is highly energy intensive. Chemical companies are major consumers of electricity and fossil fuels—primarily oil and natural gas. The chemicals industry has a significant opportunity to transform their core operations through improved energy efficiency and through innovations in sustainable energy.

Natural gas and oil comprise the bulk of the industry's energy consumption. The industry uses a significant amount of electricity and steam. For some chemical products, energy accounts for up to 85 percent of total production costs.

Energy efficiency is an important part of sustainability. Sustainable energy efficiency measures lower energy consumption and protect the climate while not stressing other resources additionally and taking cost-efficiency and social acceptance into account. Energy efficiency compares an output of performance, service or goods with an input of energy: less energy for heating or cooling a house, less fuel per km, less electricity per ton of Chlorine etc.

Our suppliers shall endeavour to use renewable sources of energy when it is possible in order to be more climate friendly. The suppliers should determine the opportunities of substituting conventional energy sources with sustainable / renewable ones in their operations. They should also work towards upgrading the efficiency and performance of the equipment and processes they use by regular improvements. Best practices must be followed in order to guarantee that natural resources are protected and preserved.



### **2.3.3 Responsible resource use and consumption**

Effective resource and environmental management is a key attribute of sustainability. The chemical industry is an energy and water-intensive industry in which the use of these natural resources are an important aspect to manage. Preceding any proposed procurement, Ege Kimya will review the total need in order to reduce volume, scale, costs and environmental impacts. Ege Kimya will ensure that there is a real operational requirement for the procurement, and the purchased materials will be used efficiently, minimizing waste where possible.

Water is another important resource, in fact, lifeblood of humanity. In our industry, reduction of water use is tackled by new design of processes requiring less water, new sustainable cooling systems without water, and internal recycling and reuse. Reduction of the use of fresh water and drinking water resources (sustainable use of alternative sources such as desalination and wastewater from urban areas) and wastewater treatment and management is important aspect of water conservation and management. Management of water effectively and efficiently requires measurement of water use (in m<sup>3</sup>) per amount (e.g. in tonnes) of product manufactured, groundwater consumption in m<sup>3</sup> and waste effluent water in cubic meters.

We suggest our suppliers to reduce use of all resources in their operations, including virgin raw materials. The supplier should explore for opportunities to minimise use of resources by improving efficiency, investing in cutting edge technologies, and reusing material by advanced products and processes. The supplier ought to reduce reliance on non-renewable resources by determining and using suitable substitutions.

### **2.3.4 Green products, processes and services**

Green products and services are an important part of sustainable procurement. However, it is challenging to know which environmental criteria to use, as procurers will not typically have expertise in this area. Another challenge for procurers is how to verify that products actually meet the environmental criteria claimed. Independent ecolabels such as the European Ecolabel provide an excellent source for finding criteria. The environmental criteria underpinning independent ecolabels have been developed based on solid scientific evidence and in co-operation with all relevant stakeholders.

Ecolabels are third party certifications provided product and services under ISO standards. Such labels help all partners in the procurement procedure to comprehend what is required in the agreement for green purchasing. As the criteria specifications for the award of such a label are defined in ISO standards and have been set in alignment with prior studies such as Life Cycle Assessment, they ensure the end users that the product has a lower environmental impact. In addition, they are verified by independent organizations which makes them transparent and highly trustworthy. They help drawing up the technical specifications so as to characterize the goods or services that are subject to procurement. Proceeding the operations with ecolabelled products wherever possible is important in terms of reducing the environmental impact and to achieve an effective sustainable procurement strategy.

The followings are the most common types of labels the most commonly used in green procurement:

- ISO 14024 Type I labels are based on a number of pass/fail criteria that set the standard for the label in question. Examples include:

  - The European Ecolabel: [http://ec.europa.eu/environment/ecolabel/index\\_en.htm](http://ec.europa.eu/environment/ecolabel/index_en.htm)

  - The Nordic Swan, Scandinavia: [www.svanen.nu](http://www.svanen.nu)

  - The Blue Angel (Blauer Engel), Germany: [www.blauer-engel.de](http://www.blauer-engel.de)

  - Umweltzeichen, Austria: [www.umweltzeichen.at](http://www.umweltzeichen.at)

  - NF Environment, France: [www.marque-nf.com](http://www.marque-nf.com)

  - Milieukeur, the Netherlands: [www.milieukeur.nl](http://www.milieukeur.nl)

  - AENOR, Spain: [www.aenor.es](http://www.aenor.es)

A list of further ecolabelling schemes can also be obtained at the web site of the Global Eco-labelling Network (GEN) [www.gen.gr.jp/product.html](http://www.gen.gr.jp/product.html)

- ISO 14025 Type III labels provides quantified environmental information about a product or service based on the Life Cycle Assessment. This program provides a product profile rather than a verifiable claim or assurance. Examples include environmental product declarations (EPDs). Examples include:

  - EPD Turkey: [www.epdturkey.org](http://www.epdturkey.org)

  - International EPD System: [www.environdec.com](http://www.environdec.com)

- Single-issue labels

These are labels that relate to one particular environmental issue like energy use or emission levels. There are two different types of single-issue labels. The first type is based on one or more pass/fail criteria linked to a specific issue, e.g. energy efficiency. If a product meets those criteria, then it may display the label. Examples of this type of label are the EU organic label or the 'Energy star' label for office equipment. The second type of label works by grading products or services according to their environmental performance on the issue in question. Examples of the second type include the EU energy label, which grades household goods according to their energy efficiency, with A++ as the most efficient and G as the least efficient.

- Private labels

In addition to the major public labels, there are number of private labels, run by NGOs, industry groups, or combinations of stakeholders. These include labels on forestry certification schemes, such as the FSC (Forest Stewardship Council) or PEFC (Pan European Forest Certification Council) schemes, organic labels such as the IFOAM scheme, or multiple-criteria labels such as the Swedish label 'Bra Miljöval'

Where possible, our suppliers should be aware of these labels and use these to provide us product and services.

Transportation/logistics as a service is an important aspect of sustainability. The strategy for transportation significantly affects the sustainability during procurement. Whenever the conditions allow, the mode of transport with the lower impact must be introduced to the procurement process. Understanding current environmental impacts of different modes of transport is important to improve the performance of the logistics operations. Rail transport has the lowest environmental impact followed by sea, road and air transport. Detailed analysis on supply chain structure, vehicle utilization, fuel efficiency, carbon intensity of fuel, etc. would help to manage to reduce impacts related to transport.

### 2.3.5 Emissions to nature

**Reducing emissions:** We propose that our suppliers recognize sources of emissions (CO<sub>2</sub>, SO<sub>x</sub>, NO<sub>x</sub>, Particulate Matter and other Greenhouse Gases) and take innovative and progressive actions towards minimising these emissions. Total CO<sub>2</sub>, NO<sub>x</sub>, SO<sub>x</sub>, VOC emissions amount per manufacturing or service activity of supplier can be used as key indicators to manage these emissions.

**Reducing usage of hazardous and toxic materials and substances:** REACH (Registration, Evaluation, and Authorization and Restriction of Chemicals) is a regulation enacted to protect human health and the environment from chemicals contained in manufactured goods that are either produced in the European Union or imported to the EU. Effective communication between downstream users and suppliers at all stages in the REACH process helps to ensure that relevant information is provided in the supply chain. When downstream users provide information regarding their uses and conditions of use to their suppliers, registrants can base the exposure scenarios in their chemical safety assessment on this information.

We expect that our suppliers to evaluate their hazardous and toxic materials use and find a way to minimise them, where possible. Risk assessment of substances/products across the entire life-cycle is important. Substitutes may be introduced to reduce the amount of these materials in the manufacturing processes.

**Disposal of toxic waste:** Toxic waste shall be dealt with expert guidance and must be disposed of only by authorized organisations.

### 2.3.6 Reduce, Reuse and Recycle

Policies should support the development of new technologies and practices that ensure that the most efficient and sustainable disposal, recovery or recycling options are implemented. Disposal methods for chemistry-based products (e.g., landfill, incineration with or without heat recovery and recycling) are unequal across regions, which has a significant impact on total emissions over the life cycle of a product.

Waste to landfill ought to be assessed, suppliers should attempt setting goals to minimise the amount of disposal to landfills. They also must adopt alternative waste disposal methods to minimise their environmental impacts.

Suppliers should attempt to find a way to minimise the environmental impact of their packaging material by creating innovative solutions to alter the design and disposal strategy to the most ideal degree. On the other hand, any kind of unnecessary or excessive secondary packaging must be eliminated in the transportation loop. Our suppliers are also encouraged to use recycled and/or reused packaging material wherever possible.

### **2.3.7 Adopting green initiatives and practices**

Practices to monitor and reduce environmental impacts shall be adopted within the organisation in order to monitor the environmental performance, and to become environmentally friendly. We suggest our suppliers to introduce new practices in their operations and adopt new initiatives to minimise their environmental impact.

## **2.4 Quality centred**

Ensuring quality and adherence to manufacturing and product standard is one of the key importance for us.

### **2.4.1 Quality management system**

We expect our suppliers to create objectives, policies, manuals and procedures for a certified Quality Management System set up by a competent authority such as the ISO. Each supplier must comply with local laws and to use training, management surveys and internal audits to ensure that its Quality Management System works efficiently.

### **2.4.2 Best value for money**

The specification and purchasing process involves defining the best deal which presents the ideal mix of variables, such as correct quality, life-cycle costs and other different parameters including environmental and social impacts. Reducing energy and resource use throughout the life-cycle brings about greater efficiencies and cost savings.

### **2.4.3 Facility and machinery**

We expect our suppliers to pay utmost attention to equipment design, installation and maintenance, and to ensure validation/verification of their equipment. In addition, suppliers must have set up appropriate housekeeping and pest control to assure hygiene, safety and the security of the workforce.

### **2.4.4 Good manufacturing practices and quality controls**

We expect our suppliers to have up-to-date manufacturing and packaging operations with appropriate maintenance and process control records and a final product delivery programme.

### **2.4.5 Material management**

We expect our suppliers to set up practices for storage, handling and transportation of raw materials, and to improve risk prevention measures through best management practices for handling rejected material.



## IMPLEMENTATION OF POLICY

### 3.1 Applicability and implementation

We are aware that our suppliers fall under various classifications regarding their size, the product/service they provide, the raw materials they are using, their organisational structure and areas of operation. Taking these variables into account, we have prepared the Policy in a way that it covers the entire supplier base, in spite of the fact that the level and type of consistence will change according to the type of the supplier and the standards relevant to them. We expect that our suppliers to set up internal policies, systems and procedures and to take some other relevant actions to assure the compliance with this Policy. The suppliers are anticipated to disclose us the objectives set, and the measures taken for each one of the different topics underlined in this Policy. Should there be any non-compliance, we will work together with our suppliers to establish the issues that do not match with our requirements and help them resolve those issues.

The implementation of this policy is the collective responsibility of all employees, agents, consultants, suppliers and subcontractors.

*Responsibility for this policy lies with the Group CEO.*

### 3.2 Scope

This Sustainable Procurement policy describes EGE Kimya’s commitments to deliver sustainable outcomes through our procurement activity and is to be applied to all purchasing activities within Ege Kimya.

Suppliers and subcontractors must also comply with our other associated policies and initiatives, including Code of Conduct.

Suppliers and subcontractors must comply with the United Nations Universal Declaration of Human Rights, the International Labour Organisation’s standards on child labour and minimum age, the United Nations Global Compact and the Modern Slavery Act 2015. Suppliers and subcontractors must ensure their suppliers and subcontractors also comply with these standards.

### 3.3 Monitoring and reporting

Our suppliers are expected to monitor and report the activities to assure compliance to this Policy. In this regard, we suggest our suppliers to set monitoring and reporting mechanisms, in order to implement and manage this Policy effectively. The suppliers shall regularly concentrate on improving their performance regarding the compliance to this Policy.

### 3.4 Reporting on breaches

We encourage and support the individuals who report actual or suspected breaches without any concern for reprisal. Any failure to comply with this Policy (including any failure by an Ege Kimya employee or anybody representing Ege Kimya), of which the supplier is aware, ought to be promptly revealed through our anonymous “Contact” channel which can be reached from our website (<https://www.egekimya.com/en/sustainability/code-of-conduct-19.html>).





## RESPONSIBLE CARE

Ege Kimya is a signatory to Responsible Care Global Charter and have been implementing elements of sustainable development over the years through this charter.

Responsible Care is the prevailing ethic which guides the health, safety and environmental performance of the global chemical industry. In place for nearly 25 years, its concepts of working with communities, sharing information along the supply chain and continuously improving performance were in place well before the emergence of “sustainable development” as a prevailing concept for aspirational performance. The global chemical industry therefore continues to build on the Responsible Care ethic to strengthen its commitment to sustainability.

Responsible Care is the centrepiece of the global chemical industry’s commitment to sustainability. It embodies the spirit of continuous improvement, encompassing expectations in the areas of occupational health and safety, environmental performance, resource efficiency, product stewardship, transportation safety, process safety, community outreach and emergency preparedness and response. Responsible Care companies and associations are also committed to openness in reporting their performance, and in this vein, the ICCA annually compiles a Responsible Care.

Status Report which provides country-by-country performance data on key environmental, health and safety indicators. Responsible Care has engendered a worldwide program of continuous performance improvement in the chemical industry's operations and business practices. While historically these improvements have been sought in the areas of environmental protection, occupational safety and community outreach, it is clear that today's expectations and challenges are related to sustainable patterns of consumption and production, focusing on building sustainable supply chains, cradle-to-cradle lifecycles, biodiversity, and developing technologies that will enhance the environment and the quality of life green technologies. The global chemical industry will play a major role in developing innovative solutions, and believes that Responsible Care provides a robust foundation from which to embrace these sustainable development challenges as they develop and change over time, while enhancing our industry.



**Responsible Care**®  
OUR COMMITMENT TO SUSTAINABILITY





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