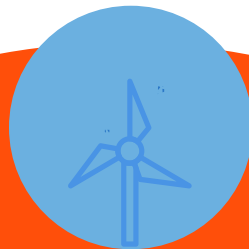


SUSTAINABLE PROCUREMENT POLICY



Foreword

At Borusan, we engage in inclusive and impact-oriented initiatives within our climate, human, and innovation focus areas, crafted under the vision of **"Inspiring the Future"**.

In our sustainability journey, we recognize the value of collaborative efforts with all stakeholders and suppliers, emphasizing shared values and objectives to expedite our progress towards our goals.

Aligned with our aspiration to become a 200-year-old company, we have developed our sustainable procurement approach in accordance with Borusan's **environmental, social, and governance (ESG)** expectations and our sustainability policy, which is anchored within the focus areas of Climate, Human, and Innovation (i3). Our goal is to foster the adoption and implementation of this approach throughout the Group, involving our business partners and all suppliers within our procurement portfolio.

Within this framework, we will be enforcing the **Sustainable Procurement Policy**, which we assess from two distinct perspectives, "Borusan Specific" and "Suppliers Specific", with the intention of encouraging all our stakeholders to embrace it.

Our Sustainable Procurement Policy outlines the integration of sustainability issues within the Group's procurement practices, detailing how suppliers are expected to align with the Group's expectations and address pertinent issues. Furthermore, we have incorporated procurement strategies aimed at advancing our company and solution partners through an inclusive and impact-oriented business approach.

As part of our policy framework, we have developed the Borusan Sustainable Procurement Supplier Guide, delineating our expectations for suppliers and serving as a comprehensive reference document. Within the scope of the Guide, our suppliers are expected to:

- Disclose their practices regarding ethics in management and anti-bribery, data security and confidentiality, and legal compliance,
- Adhere to national and international environmental standards and regulations within their environmental management systems,
- Implement effective and certified environmental and energy management systems, along with establishing policies, processes, and procedures to manage their environmental impacts,
- Operate in alignment with Borusan's human and value-oriented approach concerning occupational health and safety, equality, and inclusion.

As Borusan, we recognize our responsibility extends not only to ourselves but also to our suppliers. With this awareness, we prioritize collaborating with suppliers who share our sustainability values and adhere to our criteria. Together, we acknowledge the necessity and value of conducting our commercial activities with sustainable business models to ensure a viable future. We hope that the **Borusan Sustainable Procurement Supplier Guide** proves to be beneficial and conducive for all our business partners.

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INTRODUCTION

Our Goal

The Sustainable Procurement Policy has been formulated with a view to internalizing Borusan's sustainability approach within the company, transferring it to our business partners, and ensuring that all suppliers in our procurement portfolio operate in accordance with Borusan's **environmental, social, and governance (ESG)** expectations and sustainability principles.

The Sustainable Procurement Policy encompasses how the sustainability issues adopted throughout the Group are addressed through a procurement perspective, the key considerations for Borusan suppliers as well as how they are expected to meet the Group's relevant expectations, and sustainable procurement-oriented approaches aimed at advancing Borusan and its solution partners towards a sustainable business approach.

This policy is designed for the benefit of all internal and external stakeholders of Borusan. Comprehensive details and guidance on the implementation principles of the Policy are provided in the **Borusan Sustainable Procurement Supplier Guide**.

Relevant Documentation and Definitions

Borusan Sustainable Procurement Policy: This Policy outlines Borusan's approach to sustainable procurement and its expectations regarding ESG issues for the entire Borusan ecosystem, encompassing Borusan employees, business partners, and suppliers.

Borusan Sustainable Procurement Supplier Guide: Complementing the Sustainable Procurement Policy, this guide delineates Borusan's expectations from its suppliers regarding the Sustainable Procurement Levels and Related Subtopics outlined in the Policy. It provides detailed information and guidance on the implementation steps of the Policy. The Guide is intended for all current and potential suppliers of Borusan.

Borusan Sustainable Procurement Category-Based Key Considerations: Improvements and primary actions for sustainability are delineated for category-based purchases made by Borusan staff members. (Annex-1)

Borusan Supplier Self-Assessment Form: This form is designed to assess the ESG performance of Borusan's current or potential suppliers. It serves as the basis for strategic procurement decisions, requiring suppliers to complete the questionnaire and notify Borusan through the declaration procedure.

Borusan Group Sustainable Procurement Code of Conduct:

Borusan Group may engage in partnerships with suppliers who uphold and practice the behaviors outlined in the code of conduct, in the form of their business ethics. This document outlines the essential conditions for collaboration with Borusan. By endorsing this code of conduct, our suppliers pledge to integrate these behaviors into our procurement process. Failure to comply with these practices will result in the dismissal of the supplier.

**SUSTAINABLE
PROCUREMENT
UNDERSTANDING
OF BORUSAN**

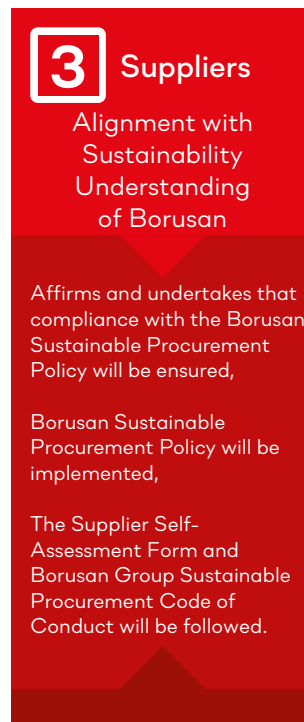
With the aspiration of becoming a 200-year-old company, our mission is to generate a positive societal and global impact through our sustainable business model, configured under the value areas of **Climate**, **Human** and **Innovation** (i³) within Borusan. In line with our long-term objectives, we have been strategizing for a carbon-free business model. Our endeavors are guided by our focus on a human-centric corporate culture, social benefits, and innovation for sustainability. We assume responsibility and exert our utmost efforts to ensure that the environmental and social impact resulting from our current sustainability practices permeates throughout Borusan employees and across our value chain.

Within this framework, we assess the Borusan Sustainable Procurement Approach from two distinct perspectives, namely "Borusan Specific" and "Supplier Specific". We integrate the **Sustainable Procurement Policy**, **Supplier Self-Assessment Form**, and **Borusan Sustainable Procurement Supplier Guide** into our implementation framework to disseminate this understanding among all stakeholders.

Borusan Specific



Supplier Specific



● **Borusan Specific Sustainable Procurement Understanding**

Our primary objective is to propagate the Sustainable Procurement Understanding with a Borusan specific perspective; this is why, all employees, particularly the relevant purchasing managers, bear significant responsibility in this endeavor. Employees initiating procurement requests in accordance with the guidance outlined in the Borusan Sustainable Procurement Policy are required to follow the key steps of product or service procurement, as prescribed for the procurement officer working for Borusan Holding and/or the relevant subsidiaries.

Key Steps of Sustainable Procurement Operation

Procurement officers working for Borusan Holding are mandated to incorporate the practices outlined the Borusan Sustainable Procurement Policy and the Sustainable Procurement Supplier Guide into their ongoing operations when procuring products or services. Accordingly, it is imperative to ensure that the relevant product or service is genuinely needed, and that all instructions are followed when making any purchasing decision. Furthermore, during the procurement decision-making process, it is essential to ascertain if the required product or service can be sourced from other departments within Borusan and conduct the necessary verifications. For bulk purchases, the individual in charge of the procurement will also be responsible for verifying the need for stocking the relevant material depending on the service or product to be acquired, and figuring out how frequently the product is used. Assessment of whether sustainable alternatives for the product or service being procured are available is also necessary. At the end of this assessment, the relevant teams must analyze the financial impact and returns of the commercial decisions made within the framework of sustainable products or services. **When selecting suppliers for the purchase of products or services, preference will be given to those who adhere to the Borusan Sustainable Procurement Policy and disseminate this policy throughout their supply chains.** At the end of the assessment, the relevant teams must be consulted to analyze the financial impact and returns of the commercial decisions made within the framework of sustainable products or services. Lastly, when carrying out the procurement procedure, best efforts should be used to minimize waste generation in all communication and intermediary operational processes (such as utilizing electronic means instead of paper or brochures containing relevant product information, etc.).

● **Supplier Specific Sustainable Procurement Understanding**

We consider the implementation, endorsement, and dissemination of our sustainability vision and commitments by our business partners to be crucial. To advance steadfastly in this direction, we have been devising our plans with due regard for our parent organization and subsidiaries, aiming to integrate the Sustainable Procurement Policy we have formulated, with our suppliers.

The understanding of "Sustainable Procurement," established within the Borusan framework, can be described as systematically incorporating four main focus areas (Borusan Sustainability Strategy, Governance Level, Environmental Level, and Social Level), along with related sub-headings and criteria groups, into organizational procurement decisions and long-term collaborations with suppliers.

Reflecting this understanding, Borusan's sustainable supply chain management is underpinned by the implementation of a procurement policy aligned with ESG topics and adherence to the pertinent criteria within the governance scope at the initial stage.

We prioritize the following: Ensuring that our partners integrate Sustainable Procurement into their business models,

- Encouraging our business partners to adopt Borusan's corporate sustainability approach,
- Motivating our business partners to adapt compliance principles to their own operations to meet the needs and expectations aligned with our customers' demands,
- Inspiring our business partners to undertake value creation model initiatives specific to sectoral high-risk topics in accordance with long-term goals,
- Refraining from actions that could contribute to the financing of conflicts, and complying with relevant United Nations sanction resolutions or, where applicable, domestic laws implementing such resolutions, while also supporting our suppliers and business partners to do the same,
- Requiring, as part of our supply chain, all the suppliers to familiarize themselves with the components in their respective supply chains and to make sure that the necessary systems are in place for sharing information on the origin, content, and supply quantities of the products and services they provide to Borusan, upon request,
- Instigating our business partners to ensure that their respective suppliers also adopt and comply with the "Borusan Sustainable Procurement Policy."

In accordance with the published policy, we finalize our supplier assessments by conducting an analysis on governance, environmental, and social focus areas, along with relevant procurement subcategories while also employing a declaration-based control mechanism.

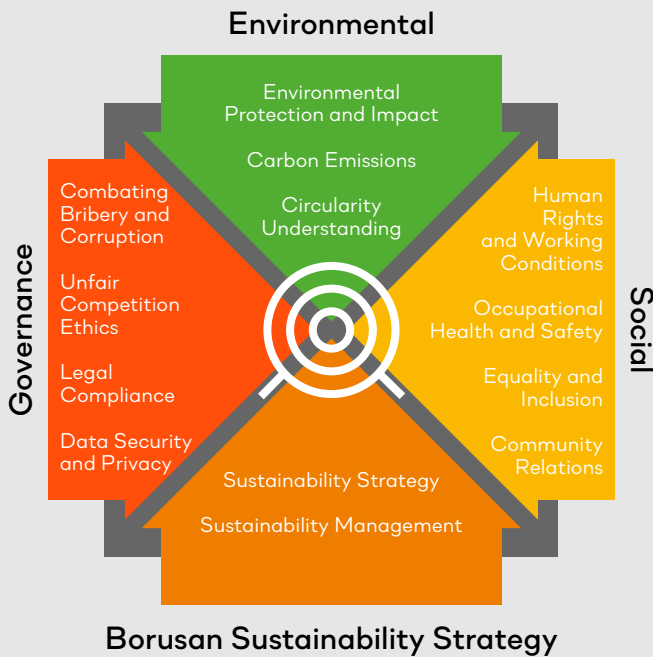
● **Scope**

This study incorporates categories related to the purchasing of goods and services conducted as part of procurement operations at Borusan Group. Suppliers operating within the Borusan external stakeholder framework and all business actions undertaken by representatives across the Borusan ecosystem are encompassed within the scope of this policy. As a result of assessments conducted throughout the supply chain, a more comprehensive understanding is pursued, which includes examining the sub-suppliers of our suppliers, particularly within critical sectors. In this regard, our aim is to ensure that our solution partners comprehend the interconnectedness of environmental, social, and governance changes with the business landscape, and to advance together along our value chain, fostering a sustainable future.



**SUSTAINABLE
PROCUREMENT
LEVELS AND
RELATED
SUBTOPICS**

Borusan's Four-Level Sustainable Procurement Understanding



We are committed to expanding sustainable business practices throughout our value chain, recognizing them as fundamental to fostering a better life and building a sustainable future for all our stakeholders. To achieve this goal, we urge our entire stakeholder ecosystem to adopt the same approach, emphasizing the integration of the Borusan Sustainable Procurement Policy into all decision-making processes.

This policy delineates our approach to conducting business with our suppliers and all related supply chains, aligning with the four-level focus area which consists of **Borusan Sustainability Strategy, Governance, Environmental, and Social** aspects, as part of our Sustainable Procurement approach.

● Borusan Sustainability Strategy

At Borusan, our aim is to instill a culture of sustainability within every layer of our supply chain, strategically integrating this understanding into our business models as we progress on our sustainability journey, guided by the ethos of "Inspiring the Future by Drawing Inspiration from the World."

Sustainability Strategy

At Borusan, we place paramount importance on environmental and social sustainability within our supply chain, acting in harmony with every facet of our value chain as part of our sustainability approach. In this regard, Borusan mandates its suppliers to prioritize social, environmental, economic, and ethical considerations that shape their interactions with society, aligning with the company's mission, vision, and values. Suppliers are required to develop a sustainability strategy encompassing objectives, plans, actions, performance indicators, and reporting elements.

Sustainability Management

Borusan is committed to establishing a sustainability governance mechanism that ensures suppliers implement a sustainability strategy across their operations, oversee goal setting and reporting processes, and extend from the highest decision-making body to the company's business units.

● Environmental Level

Environmental Protection and Impact

Borusan is dedicated to conducting its activities in an environmentally sound and safe manner, adhering to legal requirements and striving to conserve limited resources and save energy to protect and preserve the environment. It expects its suppliers to demonstrate the same level of care.

- **Environmental Management Systems:** Borusan expects its suppliers to comply with national and international environmental standards and regulations, possess effective and certified environmental and energy management systems to manage their environmental impacts, and establish robust policies, processes, and procedures. In this regard, suppliers are required to adhere to the guidance provided in the Borusan Sustainable Procurement Supplier Guide.
- **Management of Restricted Chemicals:** Our suppliers are required to comply with and declare adherence to national and international regulations and other requirements pertaining to banned and/or restricted chemicals, including but not limited to the Restriction of the Use of Hazardous Substances (RoHS), Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH), Toxic Substances Control Act (US EPA TSCA), and the Turkish Regulation on Registration, Evaluation, Authorization, and Restriction of Chemicals (KKDIK).
- **Energy Efficiency and Renewable Energy:** Suppliers are expected to implement process improvements and adopt practices to enhance energy efficiency, thereby reducing their carbon footprint. Furthermore, suppliers are mandated to provide transparency regarding their use of renewable energy, where available, and explore options for transitioning to renewable energy sources within the scope of clean energy utilization.

Carbon Emissions

At Borusan, we are committed to fostering healthy ecosystems through our carbon-free business model objective. Accordingly, we undertake projects aimed at effectively managing and reducing emissions and manage our operations within the scope of our goal to minimize our carbon footprint.

- **Carbon Emission Quantification:** Borusan expects its suppliers to measure and validate the reporting of their direct and indirect emission data (Scope 1, Scope 2, Scope 3) originating from their own operations and, where feasible, from their production activities on both a corporate and product level, in accordance with relevant standards (such as the Greenhouse Gas Protocol, ISO 14064, ISO 14067). Transparency regarding emission data is essential, with this information expected to be shared with Borusan and the public in line with transparency principles. Borusan recommends utilizing internationally recognized platforms like CDP (Carbon Disclosure Project) and publishing a Sustainability Report / Integrated Annual Report in accordance with the GRI (Global Reporting Initiative) guidelines.
- **Carbon Emission Reduction:** Borusan mandates its suppliers to establish short, medium, and long-term targets for monitoring, reducing, and managing their direct and indirect CO₂ emissions in alignment with the Paris Agreement. Suppliers are required to implement effective measures by developing reduction plans and adopting necessary practices to achieve these targets.

Circularity Understanding

At Borusan, we embrace a business model inspired by circular principles observed in nature. Accordingly, we conscientiously integrate reuse, reproduction, and rethinking into our production and service processes.

reproduction, and rethinking into our production and service processes. Moreover, we expect our suppliers to align their production processes with circularity principles, aiming to establish climate-conscious systems not only within our own operations but also across our entire value chain.

- **Waste:** Our suppliers are required to implement effective practices aimed at reducing environmental impact and minimizing waste generation in their operations. This includes preemptively preventing waste generation after resource utilization whenever feasible, as well as efficiently reusing, repurposing, and properly disposing of waste that cannot be prevented. In this context, suppliers are encouraged to explore industrial symbiosis practices by establishing intermediary structures that facilitate industrial cooperation between Borusan and its suppliers. This collaborative approach ensures that one entity's waste becomes another's raw material, promoting resource efficiency and sustainability. Furthermore, it is imperative to segregate waste generated at the end of operational processes, minimizing potential environmental damage, and ensuring compliance with legal limits.
- **Product Design:** Our suppliers are required to develop environmentally friendly products aimed at minimizing the environmental impact throughout their entire life cycle, from production to final disposal. Additionally, products should be designed to have no negative impact on human health. Manufactured products are expected to adhere to and be certified according to relevant national and international standards. Suppliers are also mandated to provide Material Safety Data Sheets detailing the chemical content and environmental and health & safety impacts of the products.
- **Material Utilization:** Recognizing the limitations of natural resources, we urge our suppliers to responsibly and efficiently utilize energy, water, and all types of raw materials and materials. They are also expected to develop more efficient production methods to optimize resource utilization.

● Social Level

Human Rights and Working Conditions

We firmly believe that the essence of making a difference in the world of business lies in the "human" aspect, and as a signatory to the United Nations Global Compact since 2006, Borusan adheres to the Human Rights Principles outlined therein. Respecting the human rights of employees and the communities in which it operates while providing a healthy, safe, and equitable work environment for its employees is a top priority for Borusan. In this context, we expect our suppliers to uphold the same principles regarding human rights.

- **Human Rights:** Suppliers are expected to develop and implement policies and procedures to safeguard all human rights within their own business operations and those of their suppliers. Accordingly, all suppliers are required to adhere to the principles and meet the requirements of international initiatives outlined in the Sustainable Procurement Supplier Guide. Borusan maintains a zero-tolerance policy towards any human rights violations within its organization or the activities of its suppliers.
- **Child Labor:** Our suppliers are unequivocally prohibited from employing individuals below the legal minimum working age or compulsory education age under any circumstances. When hiring young workers, our suppliers are obligated to act in compliance with all regulations established by the International Labor Organization and local legislation regarding the employment of young workers.
- **Forced and Compulsory Labor:** Our suppliers are strictly prohibited from engaging in any form of forced, trafficked, indentured, bonded, indebted, or unlawful labor, under any circumstances.
- **Working Conditions:** At Borusan, ensuring a safe and healthy working environment for all employees, customers, and suppliers is a top priority. In this context, our suppliers are mandated to:

- Contract with all employees based on freely agreed upon and documented terms of employment,
- Treat all employees equally, respectfully, and with dignity,
- Pay fair wages to all employees,
- Maintain reasonable working hours for all employees,
- Allow employees the freedom to unionize and/or join trade unions and exercise their right to collective bargaining, and
- Ensure a healthy and safe work environment for all employees.

Occupational Health and Safety

At Borusan, ensuring a safe and healthy environment for all employees, customers, suppliers, and the community impacted by our operations is our foremost priority, as mandated by our zero occupational accident target. All suppliers of Borusan are mandated to provide a work environment where comprehensive measures are implemented for the occupational health and safety of their employees and stakeholders affected by their operations. They are also required to oversee the accurate and complete implementation of occupational health and safety regulations. In this context, our suppliers are expected to adhere to national and international health and safety standards and regulations, establish necessary supervision mechanisms and conduct periodic checks to ensure compliance, take actions aimed at eliminating health and safety risks at the source while continuously minimizing them when not feasible due to the nature of the work, and improve working conditions for the workforce, including subcontractors, visitors, and interns working within the facilities.

Equality and Inclusion

At Borusan, we place great emphasis on creating an inclusive and equitable working environment as the cornerstone of our human-centric business approach. We make concerted efforts to prevent discrimination, champion diversity, offer equal opportunities, and foster inclusion across all our operations.

Accordingly, Borusan expects its suppliers to refrain from discriminatory employment practices based on various factors such as race, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership, political affiliation, or any other characteristic, as prohibited by the applicable legislation. Furthermore, Borusan requires its suppliers to actively combat physical or psychological harassment, threat of harassment, sexual or verbal harassment, intimidation, and any other act of violence.

We firmly believe that social and individual welfare hinges unconditionally on equal opportunities. Our **"Equal Borusan"** approach aims to advocate for gender equality, enhance diversity and inclusion, mitigate discrimination, and ensure equal opportunities in all domains. To this end, Borusan suppliers are obligated to provide equal opportunities to all demographic groups, considering characteristics such as race, national origin, religion, age, disability, marital status, sexual orientation, and particularly gender. They are also required to establish policies and processes while undertaking necessary actions to effectively incorporate all segments within their stakeholder group.

Community Relations

At Borusan, in line with our commitment to addressing societal challenges, we carry out our operations with due regard for generating a positive impact on all stakeholders through our exemplary business group model, which harmonizes with the natural and social environment. Aligned with our objective of fostering social benefit at both the national and regional levels, we aspire to enhance the well-being of the communities in which we operate and contribute to their improvement in all aspects. Our guiding principle involves sharing the benefits we receive from society through the realization of impactful projects.

Governance Level

Suppliers commit to complying with the rules outlined by Borusan under each topic specified for this level, in the Borusan Group Sustainable Procurement Code of Conduct.

Combating Bribery and Corruption, Conflict of Interest, and Unfair Competition

Borusan suppliers pledge to uphold transparency and accountability in their operations, including implementing effective processes and procedures to proactively prevent unethical behavior such as bribery, corruption, conflicts of interest, facilitation payments, unfair competition, and abuse of office. Borusan requires its suppliers to establish adequate control mechanisms to prevent bribery and corruption.

Ethics

Integrity, transparency, and high business ethics are paramount in all Borusan activities, and Borusan expects all business partners to uphold these values. Therefore, Borusan requires its suppliers to maintain an effective governance, monitoring, and internal control system to ensure compliance with the applicable laws and Borusan Sustainable Procurement Policy, and to foster awareness of ethical business practices.

Legal Compliance

The entire Borusan ecosystem, operating both in Türkiye and abroad, is obligated to adhere to the laws and international legal regulations of the countries where they conduct operations, as well as the legislation, regulations, and other official mandates pertinent to their business activities. This includes compliance with Personal Data Protection Law No. 6698, relevant secondary legislation, and regulations concerning personal data protection in accordance with decisions made by the Personal Data Protection Board. Additionally, adherence to competition law regulations outlined in Law No. 4054 on the Protection of Competition, relevant secondary legislation, and decisions by the Competition Board is imperative. **Borusan's suppliers are accountable for full compliance with all corporate initiatives, policies, procedures, and plans pertaining to their work, with particular emphasis on the Borusan Sustainable Procurement Policy.**

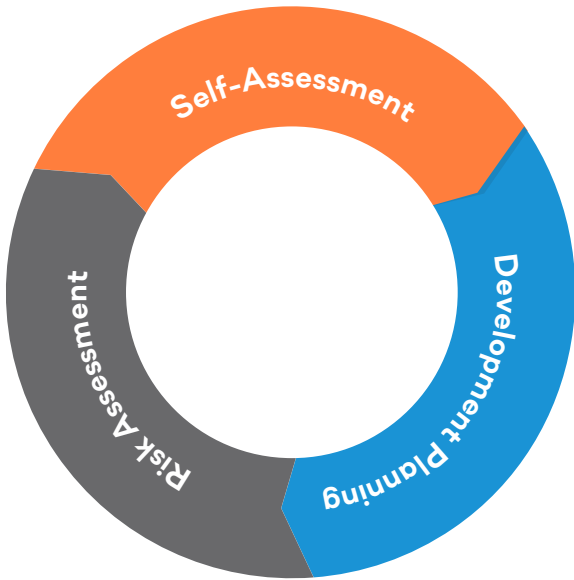
Data Security and Privacy

Information stands as one of the most critical asset categories. To ensure the protection of information assets in alignment with their significance, value, and sensitivity, our suppliers are mandated to conduct the processing and storage of all data shared with them by Borusan in accordance with the law, and implement all necessary security measures and adhere to the principles, tenets, and procedures stipulated by the prevailing data privacy legislation. Suppliers are prohibited from utilizing Borusan's data and confidential information for their own benefit or for the benefit of other individuals or organizations.

*Borusan obligates its suppliers to establish the requisite control mechanisms within their own organizations to prevent unethical behaviors referred to in the **Sustainable Procurement Supplier Guide**, under the governance level, pertaining to the sub-topics of Combating Bribery and Corruption, Conflict of Interest and Unfair Competition, Ethics, and Legal Compliance as well as Data Security and Privacy. Additionally, suppliers are required to promptly report any suspected or actual violations to Borusan.*



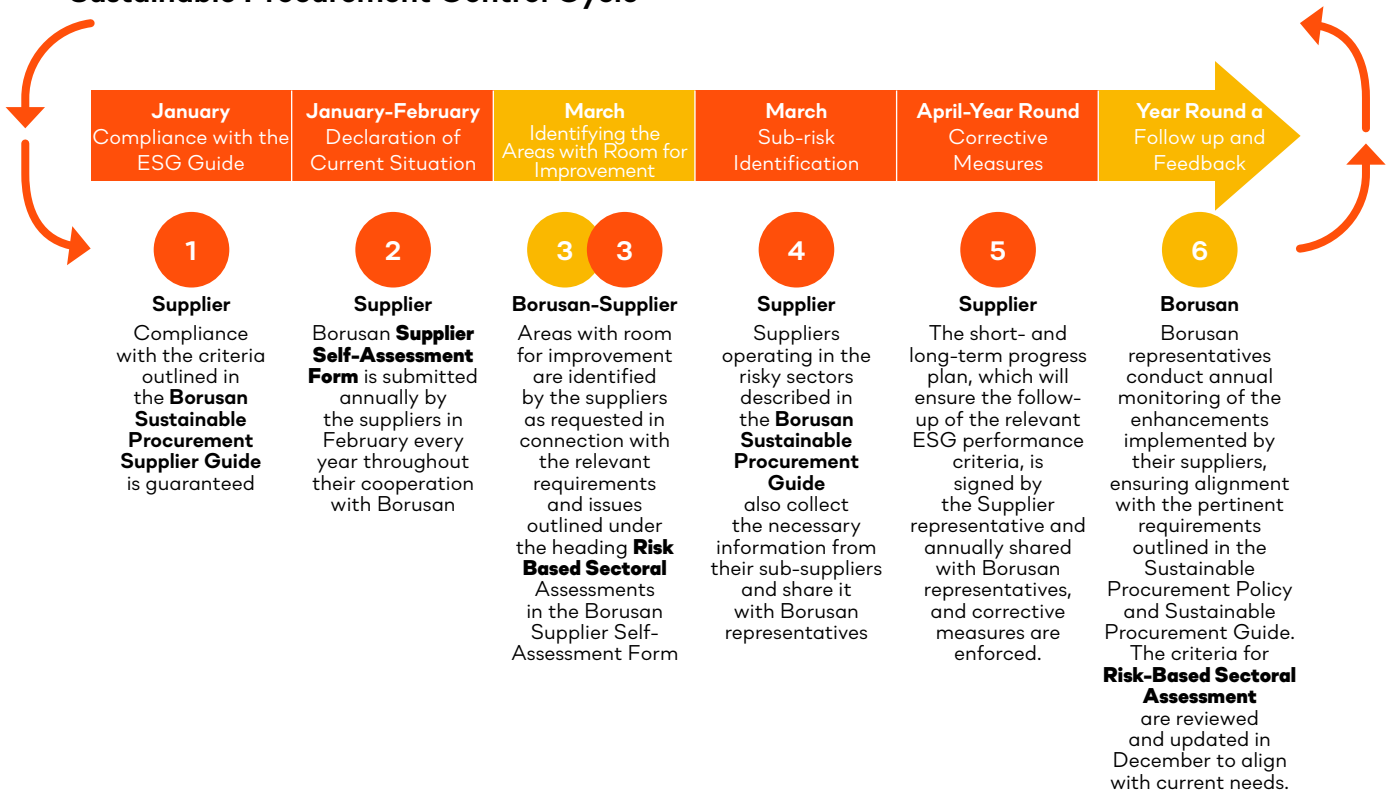
**SUPPLIER'S CODE OF
PRACTICE FOR
SUSTAINABLE
PROCUREMENT**



We strive to ensure that the Borusan Sustainable Procurement model is appreciated, endorsed, and shared by all our business partners. For the environmental, social, and governance levels delineated in the Sustainable Procurement Guide, we have devised a control mechanism, which entails a procedure of self-declaration and transparent communication for our suppliers. Borusan reserves the right to perform inspections on its suppliers to assess their environmental, social, and governance performance either internally or by commissioning an independent organization, where necessary. Suppliers are expected to undertake three fundamental steps: internalizing the risk assessment section with a focus on their respective sectors, completing the Supplier Self-

Assessment questionnaire by emphasizing pertinent topics identified in the risk assessment section, and sharing their annual development-oriented plans with Borusan representatives while executing said plans accordingly.

Sustainable Procurement Control Cycle



A set of "Code of Practice" steps have been established, which suppliers will follow as they adapt the model into their respective contexts as required by the Borusan Sustainable Procurement Policy, which is part of the Borusan Procurement process. To become part of this process, it is essential that the suppliers and their pertinent sub-suppliers consider the six main steps outlined below.

Contact Us

For any inquiries related to the Sustainable Procurement Understanding of Borusan, please forward information to surdurulebilirsatinalma@borusan.com.

● **Annex 1- Borusan Sustainable Procurement Category-Based Key Considerations:**

Purpose: This document is intended for Borusan employees.

Procurement officer working for Borusan Holding is required to incorporate the practices outlined in the Borusan Sustainable Procurement Policy and Guide into their ongoing operations when procuring products or services. Accordingly, it is imperative to ensure that the relevant product or service is genuinely needed when making any purchasing decision. Furthermore, during the procurement decision-making process, it is essential to ascertain if the required product or service can be sourced from other departments within Borusan and conduct the necessary verifications. For bulk purchases, the individual in charge of the procurement will also be responsible for verifying the need for stocking the relevant material depending on the service or product to be acquired, and figuring out how frequently the product is used. Assessment of sustainable alternatives for the product or service being procured is also necessary.

- Have you considered whether the requested product or service may be sourced from another Borusan department?
- If you conclude, at the end of the assessment that, the requested product or service may be sourced from another department of Borusan, contact the relevant department.
- Have you considered whether the requested product or service is available in the product portfolios of Borusan's other subsidiaries or in lists the of already-purchased products?

If you conclude, at the end of the assessment that, the requested product or service may be sourced from other subsidiaries of Borusan, contact the relevant company.

Where there is a product-based request:

- **Could a used or repaired product in your possession can fulfill the requirement instead of purchasing a new one?**

If you conclude, at the end of the assessment that, the requested product may be sourced from a used or repaired product, contact the relevant department.

If you conclude, at the end of the assessment that, the requested product may be supplied through leasing, contact the relevant department or subsidiary.

- **Is a bulk purchase required for the requested product?**

If yes,

- Has the risk of stock depletion been considered for the product requested to be purchased in bulk within the expected consumption/use timeframe?

The risk of stock depletion should be assessed as the possibility that the product purchased in bulk becomes unusable due to expiration of its shelf life during the storage period.

• **Is there a sustainable product alternative for the requested product?**

If yes, kindly forward your assessments regarding alternative products to the Procurement unit.

Below are general and sector-specific examples to guide your assessment of sustainable products within each sector. Category-based enhancements are subject to ongoing refinement by all Borusan employees involved in the procurement process.

Sector	Sub-sector	Example of Sustainable Product Alternative
Vehicle Rental	For Corporate Vehicle Rental	Preference for hybrid vehicles over diesel or gasoline vehicles.
	For Employee Transportation:	Preference for companies with route optimization capabilities.
IT Communication	For Information Technologies	<p>Preference for software with a low product carbon footprint, flexible with a long life cycle, and low environmental and economic impact.</p> <p>Preference for adaptive software from a company focusing on sustainability, energy efficiency, renewable energy use, waste management, and reducing its carbon footprint through new technologies such as cloud systems.</p>
Production Consumables	For Carboy Water	<p>Consideration of alternative drinking water supply options, prioritizing treated water.</p> <p>Preference for glass or biobased material carboys over plastic packaging.</p> <p>Preference for suppliers not sourcing water from water-stressed regions.</p> <p>Preference for suppliers that minimize negative impacts on nature and communities in these areas during their operations.</p>
	For Printing Houses	<p>Preference for recycled paper or printing houses using recycled paper.</p> <p>Preference for FSC® Certified papers or printing houses using such papers.</p> <p>Use of vegetable oil-based ink or preference for printing houses using this ink.</p>
	For Office Consumables	<p>Preference for products made entirely or partially from recycled materials.</p> <p>Preference for products with replaceable or refillable consumable parts (e.g., pens, seals, stamps, correctors, adhesives).</p> <p>Preference for companies that use environmentally friendly packaging materials and minimize waste generation during shipment.</p>
	For Field Textiles	<p>Preference for textile products made entirely or partially from recycled materials.</p> <p>Preference for durable, high-quality products designed with a focus on energy/material efficiency.</p> <p>Preference for companies focusing on sustainability, carbon footprint, energy efficiency, water footprint, water efficiency, waste management, and publicly sharing environmental performance.</p> <p>Preference for companies that use environmentally friendly packaging materials and minimize waste generation during shipment.</p> <p>Preference for companies that maintain high standards in Human Rights, Occupational Health and Safety, and Working Conditions.</p>

Where there is a service-based request:

- Is there a sustainable service alternative for the requested service?

If yes, kindly forward your assessments regarding alternative services to the Procurement unit.

Below are general and sector-specific examples to guide your assessment of sustainable products within each sector. Category-based enhancements are subject to ongoing refinement by all Borusan employees involved in the procurement process.

Sector	Sub-sector	Example of Sustainable Product Alternative
Subcontracted Service	Catering	<ul style="list-style-type: none"> Preference for companies implementing food and material waste management systems. Preference for companies involved in composting and waste utilization efforts. Preference for companies with a water management system in food production areas (kitchens) and dining halls. Preference for companies using environmentally friendly and recyclable products in product/food packaging.
	Security	<ul style="list-style-type: none"> Preference for companies with digital infrastructure in documentation systems. Preference for companies adhering to relevant Labor Law and Working Hours processes for their employees. Preference for companies offering digital service solutions. Preference for companies assessing the environmental impact of equipment and transportation vehicles used in security services and employing low emission solutions.
	Online Purchasing Media Service Procurement	<ul style="list-style-type: none"> Preference for companies prioritizing sustainability, publicly disclosing their ESG performance, making social benefit investments, and fostering strong community relations.

Annex 2- Clarifications

Sustainable Procurement Policy Formulation Stages

In establishing the groundwork for Borusan's Sustainable Procurement approach, a methodical progression from specific to general was embraced, unfolding through five primary steps, culminating in the formulation of the Sustainable Procurement Policy.



- As an initial step, Borusan analyzed the sector-based main categories within its current supplier portfolio, along with their financial-oriented purchasing shares. In this context, centralized procurement processes and related subcategories were assessed in alignment with Borusan Holding's Key Procurement principles and subsidiaries. These assessments were conducted with active involvement from relevant units and in consideration of Borusan Holding's corporate identity and sustainability perspective. As part of the analyses of the supplier portfolio based on sector categorization, the purchasing subcategories that have been included in Borusan Holding's prioritized product transformation were examined, alongside financial-oriented purchasing shares.
- Subsequently, global and national sectoral best practices that align with Borusan's sustainability approach, objectives and commitments were evaluated, and their sustainable procurement approaches were reviewed. Within the existing policy and guideline documents, comprehensive analyses were conducted.
- The third step involved deciding that the sustainable procurement approach, tailored to align with Borusan's business model and specific to its suppliers, would consist of four main levels: Borusan Sustainability Strategy, Governance Level, Environmental Level, and Social Level.
- In the fourth step, specific sub-topics constituting the sustainable approach model were identified for each of the four main levels within the focus areas. Throughout this process, national and international sectoral best practices and globally recognized initiatives were utilized. This way, topics to be prioritized within the focus areas were assessed in accordance with the SASB (Sustainability Accounting Standards Board) standard and shared with relevant Borusan working groups. Upon approval, the matching of main levels and subtopics was finalized.
- In the fifth and final step, the risk assessment process was conducted for the focal purchasing categories, aligned with the identified sub-topics, guided by the global risk indices (mandatory under all circumstances, high, medium, and low). Based on this study, a risk heat map was generated for the identified sub-topics and the sectors covered by the Sustainable Procurement Policy. Consequently, the criteria for the sub-topics outlined within the governance level were rated as mandatory; the criteria for the sub-topics within the general sustainability, environmental, and social levels were rated - depending on the outcomes from the sectoral risk heat map- as **"compliance is medium-risk situations, and as "notification only" for low-risk situations.**

¹The risk assessment process involved utilizing the S&P ESG Risk Atlas to assess the relative risk levels of sectors regarding environmental and social risks, and the MSCI Industry Materiality Map to highlight the key ESG issues impacting the sectors.

All suppliers within the Borusan ecosystem are required to comply with the topics detailed in the Methodology section through the declaration procedure. The study, which involves sector-based segmentation and risk mapping, is outlined in the Borusan Sustainable Procurement Guide.

Applicable Global Principles, National and International Standards, Initiatives, and Risk Indices

- Sustainable Development Goals: Established by the United Nations in 2015, they serve as a universal call to action encompassing 17 goals. It encompasses various objectives, including boosting global prosperity, eradicating poverty, fostering inclusive economic growth, addressing all forms of inequalities, and safeguarding the ecosystem and resources within a unified framework. The 17 main focus areas of Sustainable Development Goals are as follows:
- **SDG 1: No Poverty**, *End poverty in all its forms everywhere*
- **SDG 2: Zero Hunger**, *End hunger, achieve food security and improved nutrition and promote sustainable agriculture*
- **SDG 3: Good Health and Well-Being**, *Ensure healthy lives and promote well-being for all at all ages*
- **SDG 4: Quality Education**, *Ensure inclusive and equitable quality education and promote lifelong opportunities for all*
- **SDG 5: Gender Equality**, *Achieve gender equality and empower all women and girls*
- **SDG 6: Clean Water and Sanitation**, *Ensure availability and sustainable management of water and sanitation for all*
- **SDG 7: Affordable and Clean Energy**, *Ensure access to affordable, reliable, sustainable and modern energy for all*
- **SDG 8: Decent Work and Economic Growth**, *Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all*
- **SDG 9: Industry, Innovation and Infrastructure**, *Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation*
- **SDG 10: Reduces Inequalities**, *Reduce inequality within and among countries*
- **SDG 11: Sustainable Cities and Communities**, *Make cities inclusive, safe, resilient and sustainable*
- **SDG 12: Responsible Consumption and Production**, *Ensure sustainable consumption and production patterns*

- **SDG 13: Climate Action,** *Take urgent action to combat climate change and its impacts*

- **SDG 14: Life below Water,** *Conserve and sustainably use the oceans, seas and marine resources for sustainable development*

- **SDG 15: Life on Land,** *Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss*

- **SDG 16: Peace, Justice and Strong Institutions,** *Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels*

- **SDG 17: Partnership for the Goals,** *Strengthen the means of implementation and revitalize the global partnership for sustainable development*

- **SASB (Sustainability Accounting Standards Board):** Established in 2011 by Jean Rogers, SASB is a non-profit organization dedicated to developing sustainability accounting standards. The SASB Materiality Map, comprising 4 main dimensions, is employed to delineate sustainable procurement focus areas, pinpointing financially critical issues that may significantly impact a company's financial health or operational performance, thus holding paramount importance for investors.
- **MSCI (Morgan Stanley Capital International):** Headquartered in New York, MSCI is a global provider of equity, fixed income, real estate indices, multi-asset portfolio analysis tools, ESG, and climate products. The risk assessment process incorporates the use of the MSCI Industry Materiality Map tool, which delineates the principal ESG issues affecting various industries.
- **S&P (Standard & Poor's):** A renowned international credit rating agency headquartered in New York, USA. In the risk assessment process, the S&P ESG Risk Atlas, which evaluates the relative risk levels of sectors concerning environmental and social risks, was utilized.
- **GHG Protocol:** Establishing comprehensive global standard frameworks for measuring and managing greenhouse gas (GHG) emissions across private and public sector operations, value chains, and emission reduction actions, the GHG Protocol provides detailed information on the standards and their application in the GreenHouse Gas Protocol.
- **United Nations Global Compact:** Comprising 10 principles grounded in universally accepted United Nations declarations, the United Nations Global Compact addresses the core responsibilities of businesses in the realms of human rights, labor standards, the environment, and anti-corruption.
- **International Labor Organization:** Dedicated to fostering social justice and promoting internationally recognized human and labor rights, the International Labor Organization endeavors to cultivate conducive economic and working conditions that empower workers and business communities to advocate for enduring peace, prosperity, and progress. For further information, please see: The Declaration on Fundamental Principles and Rights at Work