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SUSTAINABLE PROCUREMENT POLICY

As Arkem Kimya Sanayi ve Ticaret A.Ş., we bear the responsibility of being one of the leading and reliable organizations in the sector in line with our corporate values. With this responsibility, we invest in establishing long-term partnerships and continuously developing these relationships with suppliers who offer healthy and safe working environments and who also operate in accordance with environmental, social and ethical standards.

As a signatory to the UN Global Compact, Arkem Kimya embraces the 10 principles of the United Nations Global Compact and ensures that these principles are implemented throughout our supply chain as well as throughout the company. These universal principles in the areas of human rights, labor standards, the environment and the fight against corruption form the cornerstones of our corporate responsibility approach.

Through our Sustainability Report, we aim to share these commitments and practices transparently with all our stakeholders, to reveal our progress and to strengthen our understanding of responsible business with a continuous improvement approach.

By focusing on the management of sustainability risks in our supply chain, we consider not only the quality of products and services but also the ethical, environmental and social dimensions of the procurement process. Through the materials we purchase and the outsourced services we provide, we encourage the adoption of sustainable practices and continuous improvement of operations across our supplier base. The steps we have taken in this context are aimed at strengthening our understanding of sustainable supply and creating a transparent, responsible and long-term value chain with our suppliers.

We encourage all our suppliers and stakeholders to adopt a similar perspective; in this regard, we adopt open communication and mutual responsibility as a basis. Our company transparently shares its expectations regarding the fulfillment of social and environmental responsibilities of its suppliers through the “Supplier Code of Conduct” it has created with all its suppliers. Our suppliers are also expected to inform not only their own operations but also the sub-suppliers in their supply chain within the scope of this policy and to ensure that they also act in accordance with the relevant environmental and social principles.

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We include provisions or clauses in business contracts that cover sustainability issues and the management of risks arising from negative impacts in cooperation with the supplier. Although these issues are not directly related to the subject of the contract, they aim to set expectations for sustainability and due diligence. These clauses bind suppliers to comply with the terms of the contract and often include disciplinary sanctions, including termination, for breach of contract.

As Arkem Kimya, we continue our work to create a systematic risk assessment process to determine the negative environmental, social and ethical impacts that may arise in our supply chain and among our suppliers. This assessment process aims to identify sustainability risks in the supply chain in advance and manage these risks effectively. The findings obtained are used as a reference point to determine whether our company needs to take additional action (e.g. more detailed assessment, field audit or capacity building studies) for a particular supplier, product group or purchasing category. By supporting a risk-based sustainability management approach, this approach increases the resilience of our supply chain and contributes to our corporate sustainability goals.

As the Board of Directors;

- To follow a sustainable business model that contributes to sustainable development goals,
- To comply with national and international laws and regulations,
- Continuously strengthening communication with suppliers through different communication tools,
- To manage risks arising from negative environmental impacts in the supply chain and selecting suppliers that adopt the best environmental practices,
- To manage risks (working hours, wages, etc.) arising from negative social impacts in the supply chain and selecting suppliers that adopt best social practices,
- To prioritize working with suppliers with high environmental and social performance, whenever possible, based on supplier evaluation results.
- To engage, support and collaborate with our suppliers in the pursuit of continuous improvement in social and environmental performance,
- To provide appropriate support to assist suppliers in their corrective action efforts in order to improve supplier performance,

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- To address the fight against and adaptation to climate change with the active participation of the Senior Management, including the Board of Directors,
- To identify risks and opportunities arising from climate change and improving them across all business lines,
- To operate our supply chain in accordance with ethical rules in line with the basic principles of sustainability: accountability, transparency, fairness and equality,
- To give importance to providing a working environment that respects fundamental human rights and employee rights, and to stand against all forms of discrimination,
- To support equality and diversity of opportunities,
- To work to provide superior quality with the principle of operational excellence to ensure business continuity, to adopt customer-oriented continuous development and to ensure customer satisfaction,
- As we continue to grow, we adopt as our basic principles the importance of contributing to socio-economic development by responding to the basic needs of the society and creating value by supporting social development in this direction.

The Sustainability and Ethics Committee, appointed by the Board of Directors, is responsible for the implementation and oversight of this policy. The Sustainable Sourcing Policy is reviewed by the Sustainability and Ethics Committee at least once a year for its currentness and effectiveness. Revisions deemed necessary are submitted to the Board of Directors for approval and put into effect. Once put into effect, they are published on the website and QDMS, making them accessible to all stakeholders.

The quantitative targets determined by the Sustainability Committee within the scope of our Sustainable Procurement Policy are defined in detail in the FR-116 Strategic Sustainability Targets (<https://www.arkem.com.tr/kurumsal/degerler/stratejik-surdurulebilirlik-hedefleri/>) document, which is an integral part of this policy.

For detailed notifications and feedback, you can contact the Sustainability Committee at sustainability@arkem.com.

Arkem Kimya Sanayi ve Ticaret A.Ş. Chairman of the Board

Levend Kokuludağ

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