

SUPPLIER SUSTAINABILITY POLICY

1. Purpose and Scope

The quality, reliability and environmental performance offered by KLINGER Turkey through its products are not determined solely within our own production facilities. Our raw material and material suppliers, outsourced manufacturing and service providers, and other business partners are joint contributors to this outcome. We therefore do not consider risks related to environmental impact, occupational health and safety, human rights, business ethics and product compliance to be limited to our own site boundaries; rather, we address them throughout our entire supply chain.

This Policy brings together our expectations regarding our supply chain within a single framework. It defines what we expect from our suppliers, the responsibilities we assume in our procurement processes, and how non-conformities are addressed.

This Policy covers all procurement and supply activities carried out at our facility located in the Istanbul Industry and Trade Free Zone. This includes the procurement of raw materials, semi-finished products, packaging and consumables; the supply of machinery, equipment and spare parts; maintenance and repair services; logistics and transportation; waste collection and disposal services; and information technology and consultancy services. The parties covered by this Policy include our employees and interns involved in procurement, quality and logistics processes; raw material and equipment suppliers; contract manufacturers; contractors and subcontractors working at our site or at customer sites; logistics and waste service providers; dealers and distributors; and organizations providing consultancy and information technology services.

The Policy is directly binding on our employees involved in procurement processes. For our suppliers, contractors and business partners, it is implemented through procurement specifications, supplier agreements, the Supplier Sustainability Commitment, and supplier evaluation processes. It complements our Human Rights Policy and our Health, Safety and Environmental Policy from a supply chain perspective and does not replace these policies.

2. Compliance with National and International Legislation and Standards

We conduct our procurement activities in compliance with applicable legislation, particularly the Labour Law, Occupational Health and Safety Law, Environmental Law and Waste Management Regulation, Regulation on the Registration, Evaluation, Authorisation and Restriction of Chemicals, Competition Law and Personal Data Protection Law. Compliance with foreign trade control and sanctions legislation is considered an integral part of our contractual processes.

At the international level, we refer to the ISO 20400 Sustainable Procurement Guidance Standard, the United Nations Guiding Principles on Business and Human Rights, the principles defined in the fundamental conventions of the International Labour Organization, the OECD Guidelines for Multinational Enterprises and the OECD Due Diligence Guidance for Responsible Business Conduct. With regard to product compliance, we take the requirements of the REACH Regulation and the RoHS Directive as a basis and monitor European Union

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regulations concerning corporate sustainability due diligence, particularly where requirements may be cascaded into our value chain through our customers.

3. Policy Principles**• Environment and Climate**

We expect our suppliers to conduct their activities in a manner that minimizes environmental impact. We require them to comply with environmental legislation, maintain all required permits, licences and declarations, and segregate their waste in accordance with applicable legislation and ensure its disposal exclusively through licensed organizations. We expect them to monitor energy consumption and greenhouse gas emissions, safely store, label and transport hazardous substances, and provide Safety Data Sheets upon request.

In packaging and material procurement, we prefer options with higher recycled content and lower environmental impact. We consider fuel consumption arising from road transportation to be a priority environmental risk within our supply chain and regard increasing shipment load factors as a key means of managing this risk.

• Occupational Health and Safety

We expect our suppliers to provide a safe working environment for their own employees and personnel working at our site. We require them to establish an occupational health and safety management system in compliance with applicable legislation, keep risk assessments up to date, provide employees with personal protective equipment and occupational health and safety training free of charge, record occupational accidents and share the relevant records with us upon request.

We also apply our principle that accidents are preventable to contractor and subcontractor personnel working at our site. Contractor personnel who will work on our site are required to undergo occupational health and safety orientation before commencing work, and these records are maintained by our occupational safety specialist.

• Human Rights and Working Conditions

We address respect for human rights throughout our supply chain in accordance with the principles defined in our Human Rights Policy. We expect our suppliers to:

- not employ child labour and verify employees' ages during recruitment;
- prohibit all forms of forced labour and debt bondage;
- not confiscate employees' identity documents;
- prohibit discrimination and all forms of harassment;
- manage working hours and overtime in compliance with applicable legislation;
- pay wages on time and at no less than the statutory minimum wage;
- respect freedom of association and the right to collective bargaining; and
- employ workers under written contracts and complete all required social security registrations and notifications.

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We enable our suppliers and their employees to report human rights and ethical violations arising from the supply chain through our Ethics Hotline. We make the Ethics Hotline contact information visible in supplier agreements and procurement specifications. No retaliation may be taken against anyone who makes a report in good faith.

- **Business Ethics, Anti-Corruption and Fair Competition**

We expect our suppliers to reject all forms of bribery, corruption, favouritism and facilitation payments; disclose situations that may create conflicts of interest; comply with competition law and foreign trade control legislation; and protect our company's confidential business information and personal data.

We expect our suppliers to establish their own codes of conduct consistent with these principles and communicate them to their sub-suppliers. We expect our suppliers to make reasonable efforts to extend our expectations to lower tiers of the supply chain.

- **Chemical Compliance, Product Safety and Responsible Sourcing of Raw Materials**

We require declarations confirming that the materials supplied comply with REACH and RoHS requirements. Upon request, suppliers shall provide registration information, declarations concerning Substances of Very High Concern (SVHCs), Safety Data Sheets and all requested material certificates. Any changes in material composition must be notified to us in advance.

It is essential that our products do not contain tin, tantalum, tungsten or gold sourced from conflict-affected and high-risk areas. We do not knowingly procure products containing such minerals from prohibited or non-compliant sources. We request declarations from our suppliers on this matter and expect them to make reasonable efforts to trace the origin of raw materials through lower tiers of their supply chains.

- **Our Own Procurement Practices**

We recognize that our procurement practices may place pressure on our suppliers. We make payments to our suppliers within the payment terms agreed in the contract and establish delivery schedules that are mutually practicable. We approach our sustainability expectations not as a unilateral burden imposed on suppliers, but as an area for mutual development, and we provide information and guidance to suppliers seeking to improve their practices.

Under equal conditions, we prefer to procure from local suppliers and small and medium-sized enterprises. We consider it our responsibility to improve the sustainability procurement competencies of employees involved in procurement processes.

4. Supplier Selection, Evaluation and Monitoring

Before new suppliers are granted approved supplier status, we evaluate them using separately defined performance evaluation forms for material and service suppliers. The evaluation includes sustainability criteria in addition to quality, delivery and commercial criteria. These

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criteria include the possession of environmental and occupational health and safety management system certifications, the existence of carbon emissions and water efficiency initiatives, confirmation that child labour is not used, and a written ethical commitment. We aim to expand the scope of the sustainability criteria included in our evaluations over time.

We classify our suppliers based on expenditure amount, the criticality of the products or services supplied, and the sustainability risk associated with the country and sector in which they operate. We determine the intensity of evaluation and monitoring according to this classification and allocate our resources to suppliers where risks are concentrated.

Supplier performance is primarily monitored through supplier evaluation records and documents provided by suppliers. We request additional information and documentation from suppliers classified as high-risk or subject to a serious finding or complaint and, where necessary, conduct on-site visits. A valid third-party sustainability assessment or management system certificate submitted by the supplier may be accepted as evidence for the relevant criterion.

Supplier selection, classification, the commitment process, and the inclusion of sustainability provisions in contracts are the responsibility of the Procurement Department. The Quality Department is responsible for maintaining the evaluation forms, monitoring non-conformities and maintaining approved supplier records. Relevant responsible functions provide technical support in defining environmental and occupational health and safety criteria, while the Ethics Committee is responsible for reviewing ethical reports received from the supply chain.

5. Identification and Remediation of Non-Conformities

For identified non-conformities, a responsible person and deadline are assigned and a corrective action plan is requested. A supplier is not re-approved until closure has been verified. Our priority is to remedy the non-conformity. We first inform and guide our suppliers and allow a reasonable period for corrective action. If the non-conformity is not remedied within this period, we progressively apply measures such as limiting business volume, suspending the business relationship, and terminating the business relationship.

Serious non-conformities such as child labour, forced labour, bribery and serious environmental violations are excluded from this graduated approach. In the event of a verified violation of this nature, the business relationship is suspended or terminated.

6. Monitoring and Reporting

We have defined indicators to measure the effectiveness of this Policy and will begin monitoring these indicators. The indicators we have defined include:

- the number and proportion of suppliers evaluated using sustainability criteria;
- the proportion of suppliers that have signed the Supplier Sustainability Commitment;
- the proportion of critical raw material suppliers from whom chemical compliance and mineral origin declarations have been obtained;
- the local sourcing rate;

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- the number of ethical reports received from the supply chain and their resolution status; and
 - the number of verified serious non-conformities.

To measure the local sourcing rate, we will first establish a definition of "local supplier."

Monitoring will be conducted using our existing supplier evaluation records, contract files, procurement records and Ethics Hotline reporting records. The results will be reviewed during the management review meeting. Where deviations from targets are identified, a responsible person and deadline will be assigned and corrective action will be initiated. We will establish improvement targets for the indicators after data from the first full monitoring year becomes available and will disclose the results through our sustainability report.

7. Effective Date and Review

This Policy enters into force upon approval by the General Manager. It is communicated to all our employees, provided to our suppliers as part of the procurement process, incorporated into supplier contracts by reference, and published on our company's website. The Policy is reviewed at least once a year. It is updated without waiting for the regular review period in the event of changes in legislation, significant changes in the structure of the supply chain, identification of a serious non-conformity, or publication of new requirements at Group level. Responsibility for reviewing the Policy rests with the Procurement Department and the Quality Department. Revisions are submitted to the General Manager for approval through the Quality Department.