

# ZORLU ENERJİ ESG SUPPLIER EVALUATION REPORT

## INTRODUCTION

This report has been prepared to provide a summary of the evaluation studies related to the Social Responsibility dimension of Zorlu Enerji's critical supplier companies within the scope of ESG (Environmental, Social, and Governance) considerations.

In this context, the compliance of companies with the ISO 26001 Social Responsibility Standard has been assessed in 2021 and have validity until otherwise stated.

The evaluation has been conducted based on the information provided by companies through surveys and the accuracy declared by company representatives. Surveys were shared with 48 critical suppliers, and their responses were taken into account.

Questions that were answered as out of scope were not included in the evaluation calculations. Calculations were made based on the answers to relevant questions, assessed through standard categories, to reflect the results. Areas for improvement specific to companies have been identified within the ISO 26001 evaluation topics.

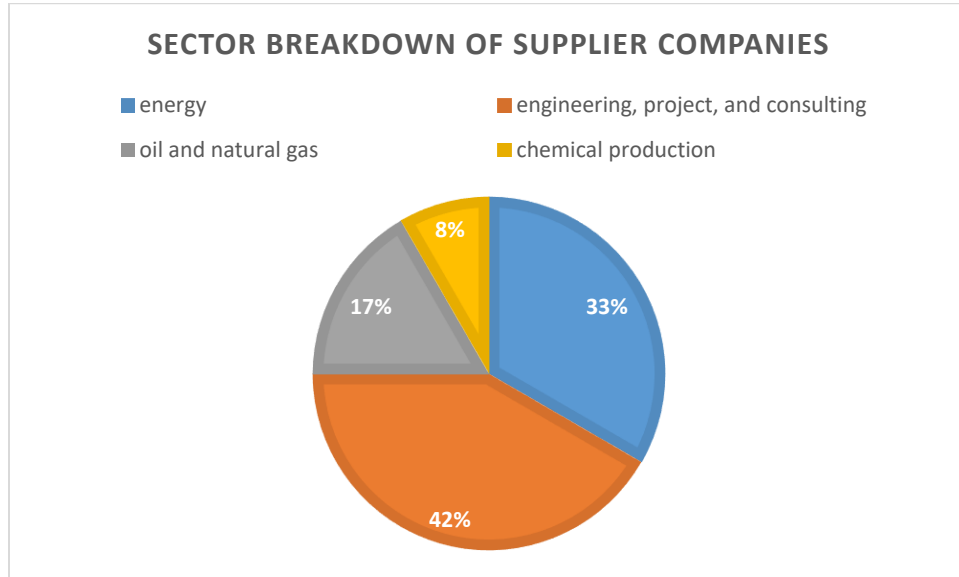
The evaluation categories carried out in accordance with the ISO 26001 Social Responsibility standard are as follows:

- Management
- Diligence required for human rights
- Situations of risk for human rights
- Avoidance of complicity in human rights abuses
- Resolution of complaints
- Discrimination and vulnerable groups
- Economic, social, and cultural rights
- Fundamental principles and rights at work
- Civil and political rights
- Employment and industrial relations
- Working and employment conditions
- Social dialogue
- Occupational health and safety
- Human development and training in the workplace
- Prevention of pollution
- Sustainable use of resources

- Mitigation and adaptation to climate change
- Protection of the environment, biodiversity, and restoration of natural habitats
- Prevention of abuse of power
- Responsible political participation
- Fair competition
- Enhancing social responsibility in the value chain
- Respect for property rights
- Fair marketing, realistic and impartial information, and fair contractual practices
- Protection of consumer health and safety
- Sustainable consumption
- Consumer data protection and privacy
- Access to essential services
- Consumer education and awareness
- Community involvement
- Community education, training, and culture
- Job creation and skill development
- Technology development and access
- Wealth and income generation
- Health
- Social investment

## SUPPLIER EVALUATION RESULTS

Out of the 48 firms to whom the evaluation survey was sent, 12 of them have been included in the assessment. The sector breakdown of the firms included in the evaluation is provided in the graph below.



Visual 1. Sector Breakdown of Included Supplier Companies in the Evaluation

The topic areas for improvement for the firms included in the evaluation have been categorized on a subject-specific basis.

The table below presents the average assessment of the results for relevant firms belonging to the sector, based on the respective topic headings. The specific sectoral areas for improvement have been identified as shown in the visual below.

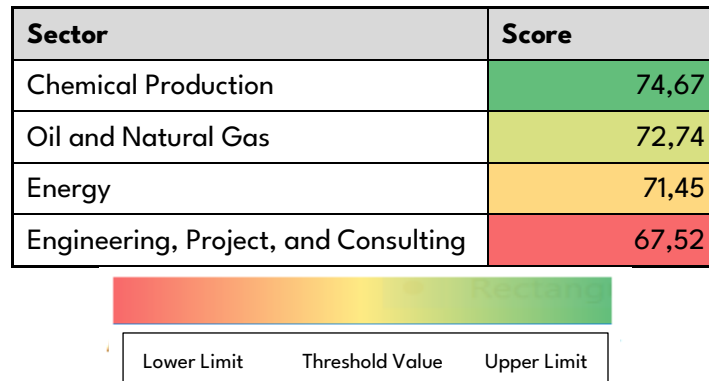
#	Evaluation Title*	Average
1	Management	84,00
2	Diligence Required for Human Rights	61,36
3	Situations of Risk for Human Rights	76,45
4	Avoidance of Complicity in Human Rights Abuses	93,55
5	Resolution of Complaints	87,64
6	Discrimination and Vulnerable Groups	69,82
7	Economic, Social, and Cultural Rights	89,63
8	Fundamental Principles and Rights at Work	70,50
9	Civil and Political Rights	97,17
11	Employment and Industrial Relations	94,58
12	Working and Employment Conditions	91,75
13	Social Dialogue	77,70
14	Occupational Health and Safety	97,08
15	Human Development and Training in the Workplace	87,92
16	Prevention of Pollution	98,09
17	Sustainable Use of Resources	97,22
18	Mitigation and Adaptation to Climate Change	66,27
19	Protection of the Environment, Biodiversity, and Restoration of Natural Habitats	98,44
20	Prevention of Abuse of Power	96,08
21	Responsible Political Participation	95,00
22	Fair Competition	92,50
23	Enhancing Social Responsibility in the Value Chain	83,50
24	Respect for Property Rights	58,70
25	Fair Marketing, Realistic and Impartial Information, and Fair Contractual Practices	98,64
26	Protection of Consumer Health and Safety	100,00
27	Sustainable Consumption	100,00
28	Consumer Data Protection and Privacy	98,80
29	Access to Essential Services	100,00
30	Consumer Education and Awareness	95,00
31	Community Involvement	81,88
32	Community Education, Training, and Culture	86,70
33	Job Creation and Skill Development	83,73
34	Technology Development and Access	98,60
35	Wealth and Income Generation	83,73
36	Health	88,89
37	Social Investment	77,44
<b>ESG Performance Score</b>		<b>87,73</b>

Visual 2. Sectoral Current Status

\*Coloring has been applied to rate the topic areas requiring improvement within the sector. It represents the topic headings that fall below the threshold value.

\*\*The sizes of the areas indicating improvement needed reflect their magnitudes relative to each other, and they have been color-coded based on their distances from the critical threshold value.

Under the scope of ESG considerations, the evaluation scores of firms with strong Social Responsibility practices have been determined as depicted in the visual below.



Visual 3. Average Scores by Supplier Sectors

The evaluation results by sectors are provided below. Based on the color scale, areas for improvement specific to each company have been identified.

#	Evaluation Title*	Engineering, Project, and Consulting	Energy	Oil and Natural Gas	Chemical Production	Average
1	Management	87,8	88,75	57	100	83,3875
2	Diligence Required for Human Rights	39	80	70	100	72,25
3	Situations of Risk for Human Rights	77,2	85	50	100	78,05
4	Avoidance of Complicity in Human Rights Abuses	95	93	91	93	93
5	Resolution of Complaints	86,4	87	92	92	89,35
6	Discrimination and Vulnerable Groups	57,8	72,25	95	95	80,0125
7	Economic, Social, and Cultural Rights	76,33333333	96	100	100	93,08333333
8	Fundamental Principles and Rights at Work	48	88,5	84,5	83	76
9	Civil and Political Rights	96,6	95,75	100	100	98,0875
11	Employment and Industrial Relations	90,2	98	96	100	96,05
12	Working and Employment Conditions	86,8	91,75	100	100	94,6375
13	Social Dialogue	60,4	100	75	100	83,85
14	Occupational Health and Safety	93	100	100	100	98,25
15	Human Development and Training in the Workplace	76	93,75	100	100	92,4375
16	Prevention of Pollution	97,6	97,75	100	100	98,8375
17	Sustainable Use of Resources	93,75	100	100	-	97,91666667
18	Mitigation and Adaptation to Climate Change	81,8	30	100	100	77,95
19	Protection of the Environment, Biodiversity, and Restoration of Natural Habitats	100	96,5	100	100	99,125
20	Prevention of Abuse of Power	97,2	100	83,5	100	95,175
21	Responsible Political Participation	94,33333333	90,66666667	100	100	96,25
22	Fair Competition	81,25	100	100	100	95,3125
23	Enhancing Social Responsibility in the Value Chain	64,33333333	91,66666667	100	100	89
24	Respect for Property Rights	57,4	46,66666667	80	80	66,01666667
25	Fair Marketing, Realistic and Impartial Information, and Fair Contractual Practices	98,4	97,66666667	100	100	99,01666667
26	Protection of Consumer Health and Safety	100	100	100	100	100
27	Sustainable Consumption	100	100	100	100	100
28	Consumer Data Protection and Privacy	97	100	100	100	99,25
29	Access to Essential Services	100	100	100	100	100
30	Consumer Education and Awareness	86,66666667	100	100	100	96,66666667
31	Community Involvement	91,66666667	90	50	100	82,91666667
32	Community Education, Training, and Culture	91,75	75	100	100	91,6875
33	Job Creation and Skill Development	85,8	64	100	100	87,45
34	Technology Development and Access	96,5	100	100	100	99,125
35	Wealth and Income Generation	84,2	66,66666667	100	100	87,71666667
36	Health	100	100	50	100	87,5
37	Social Investment	54,25	93,33333333	100	100	86,89583333
ESG Performance Score		84	89,5	91,5	99	91

Visual 4. Sector-Specific Performance Details

As part of its Sustainability Strategy defined at the end of 2018, Zorlu Enerji integrates supplier principles encompassing environmental, social, and ethical criteria into the contracts it establishes with suppliers. Conducting surveys for the assessment of strategic suppliers and organizing training programs to enhance their capabilities are parts of its practices. When selecting and contracting suppliers, minimum weight is given to ESG criteria, and preference is given to suppliers with better ESG performance.

Zorlu Holding AŞ Procurement Principles cover the purchasing operations of all Zorlu Group Companies and include the fundamental behavioral standards expected from suppliers.

For access to Zorlu Holding Supplier Principles, click [here](#).

## **COMMENTS AND EVALUATION**

Zorlu Enerji endeavors to establish and maintain trust-based, strong relationships with all stakeholders, aiming to create sustainable value. It also considers overseeing and ensuring compliance with environmental, social, and ethical standards for its important business partners, suppliers, as a primary responsibility. In this context, Zorlu Enerji extends its sustainability approach to all suppliers and subcontractors, adopting a responsible supply chain approach.

In line with this approach, across the entire value chain, Zorlu Enerji:

- Organizes information sharing, awareness-raising, and, where necessary, training programs to create awareness about sustainable supply chain management.
- Assesses its suppliers for their environmental and social performances during the procurement processes.
- Gives priority to suppliers who manage their environmental and social impacts, prioritize the development of their employees and the community, and develop sustainability practices.
- Prefers local suppliers if they meet the requirements.
- Periodically reviews and revises procurement processes for continuous improvement.
- Ensures and enhances continuous supplier communication through various communication channels.

In accordance with its [Sustainable Supply Chain Policy](#), Zorlu Enerji aims to ensure compliance with Zorlu Holding Supplier Principles, which cover all purchasing operations of Zorlu Group Companies and include the fundamental behavioral standards expected from suppliers and business partners. The policy encompasses international conventions such as those established by the International Labour

Organization (ILO) and the United Nations (UN), as well as all relevant national laws and regulations.

Within this framework, suppliers and business partners are expected to:

- Act in accordance with all of Zorlu Enerji's policies.
- Not employ child labor under the age defined by Article 138 of the International Labour Organization's Convention.
- Avoid employing young workers in hazardous jobs and not impede their education.
- Not engage in forced or compulsory labor.
- Not employ any worker without job security.
- Reject any form of labor being used to repay debts.
- Not discriminate based on race, ethnicity, gender, gender identity, sexual orientation, color, religion, birthplace, marital status, pregnancy, dependents, age, position, disability, social class, union membership, or political beliefs.
- Respect human rights, conduct business activities with an approach that befits human dignity, and prioritize practices that are consistent with human rights.
- Never tolerate any form of physical abuse, sexual, verbal, or physical harassment or bullying in the workplace.
- Behave fairly in all business relationships in accordance with basic moral and human values.
- Compensate their employees at least at the minimum wage level and ensure that all fringe benefits comply with laws and regulations, ensuring regular and timely payments.
- Make sure that their employees are provided with legally compliant holidays and leave days and that working hours comply with regulations.
- Respect workers' rights to join, become members of, be represented by, and participate in trade unions as defined by local laws.
- Prioritize workplace health and safety, take all necessary precautions, and provide regular workplace health and safety training to their employees.
- Comply with all relevant laws, regulations, and legislations related to the environment (including emissions, waste, wastewater, and all laws related to chemical substances), monitor and manage their operational environmental impacts, and work to reduce carbon emissions, natural resource consumption, and increase the amount of recycled waste.
- Ensure compliance with Zorlu Holding and Zorlu Enerji Ethics Principles in the fight against bribery and corruption, avoid giving or receiving gifts to facilitate business, refrain from situations that may cause conflicts of interest, and respect the intellectual property rights of business partners.
- Share documents proving compliance transparently during supplier audits.