

TÜRK TELEKOM GROUP PROCUREMENT POLICY

1. PROCUREMENT MISSION AND VISION OF TÜRK TELEKOM GROUP COMPANIES

1.1 Mission

- Identifying and implementing procurement strategies which would support TT Group's targets,
- Providing support to Demand Divisions in reaching their business objectives,
- Carrying out the procurement procedure with optimum quality, price and technical performance,
- Managing supplier relations in a sustainable and effective manner by improving TT Group's ecosystem.

1.2 Vision

- Becoming one of the procurement and vendor management teams with a high level of competence that employ the best practices at global and sectorial level,
- Being one of the main business functions within the body of TT Group's organization, contributing to the Group's strategies.

2. BASIC PRINCIPLES

Procurement procedures of TT Group Companies shall be carried out in accordance with applicable legislation and Turk Telekom Group Procurement Policy and Procedure.

- In consideration of the principle of segregation of duties, Procurement Units and other units shall perform their duties related with procurement under their responsibility in accordance with Company Policies and this Policy.
- In order for procurements to be made with optimal quality, time and cost, all relevant units shall be aware of the importance of informing each other on time and fulfilling their duties completely.
- In order for procurements to be made in accordance with TT Group's interests, the creation of a thoroughly transparent and competitive environment shall be ensured by acting in line with short, medium and long-term business plans.
- In order to make use of the scale advantage in procurements, to benefit from TT Group's total purchasing power, to create a fund of knowledge and utilize it effectively, demands shall be generated by incorporating needs that constitute an integrity in economic and technical terms as much as possible.

- Effective procurements shall be made in consideration of main factors such as TCO (total cost of ownership), supply chain risks, sustainability, etc.
- Competitiveness of TT Group Companies shall be supported.
- In order to avoid abusing suppliers' confidence, effort shall be made for not saddling the suppliers with additional tasks except commercial necessities.
- Taking the nature of business into account, effort shall be made to meet TT Group Companies' requirements at first hand (by the manufacturer, importer or the main distributor) as much as possible.
- Besides pursuing targets focused on savings and costs, Demand Divisions which have internal customers shall be provided Procurement services with a certain quality and in optimal periods.

3. THE PRINCIPLE OF SEGREGATION OF DUTIES

In view of the principle of segregation of duties, Procurement and other units shall fulfil their duties regarding procurements within the scope of their responsibilities according to TT Group's policies including this Policy.

In order to eliminate risks such as errors, omissions, inaccuracies and irregularities in procurement processes, the principle of segregation of duties should be abided by units which manage orders and accept services. TT Group employees shall have at most one of the following authorities related with Procurements. Only the authorities specified in (a) and (c) may be vested in the same person or group.

- a) Identification of the demand
- b) Supplier selection, specification of conditions and Order management
- c) Product or service acceptance
- d) Invoice acceptance and payment procedures

4. SUPPLIER MANAGEMENT PRINCIPLES

The management of activities aimed at the specification and implementation of supplier relations strategy to be pursued in the course of the procurement process, the creation and management of TT Group supplier portfolio, the reception, evaluation and acceptance/rejection of new supplier applications, assessment of supplier performances, specification of actions to be taken according to assessment outcomes, bringing forth corrective/remedial measures through inspections and surveys conducted at supplier's premises, the compilation and monitoring of a suppliers black list shall be

under TT Group Procurement's authority.

Suppliers must abide by laws, rules and regulation; they shall be informed about the business activities of other suppliers and subcontractors they work with. TT Group reserves the right to terminate its relationship with suppliers who do not abide by the rules.

Our fundamental principles regarding the supplier management process are;

- Transparency
- Fairness and equal treatment
- Communication based on mutual respect and honesty
- Maintenance of intellectual property and confidential information

5. ETHICAL PROCUREMENT PRINCIPLES

The core values of the procurement process are transparency, accuracy and honesty. The relationship of TT Group employees with the stakeholders and suppliers are based on the core values elaborated in Turk Telekom Code of Business Ethics, which first and foremost include those specified below.

- Utmost care shall be taken for the fulfilment of obligations vis-à-vis the suppliers within the framework of contracts.
- Utmost care shall be taken to conduct procurement processes in accordance with laws and Company policies.
- Utmost care shall be taken to have the suppliers conform to legal regulations and ethical rules, and in the event of violations, necessary notifications and warnings shall be made.
- Utmost care shall be taken to have the suppliers conform to labor law and other related laws, which prohibit child labor, forced labor, illegal immigrants, and foreigners without work permit and give the right of collective bargaining and freedom of association.
- Utmost care shall be taken to ensure that the company and the suppliers act in accordance with human health and environmental policy requirements.
- Within the scope of purchasing activities, competition with the competitors shall be carried out within the framework of legal and ethical rules.
- Attitudes and behaviours which may harm Turk Telekom Group's brand value shall be avoided.
- Besides the requirements of legal regulations and the customs of trade, no burden shall be imposed on suppliers.
- Suppliers shall be treated fairly and equally in line with the conditions of competition and market.
- Supplier selection shall be based on fair and objective criteria.
- Avoiding conflict of interest, supplier relations shall be managed on a transparent and fair basis without establishing a relationship based on self-interest.

TT Group Procurement shall not carry out any contract and/or order procedure in relation to procurement processes initiated by Demand Divisions without informing the former. Such a case shall also be accepted as a breach of Procurement Procedure. Those who are engaged in activities which are considered as a violation shall be subject to relevant sanctions pursuant to "Discipline Principles" and "Turk Telekom Group Code of Business Ethics".

As required by company policies and confidentiality provisions, contracts shall be maintained at least for their legal term of validity, and do not be disclosed to irrelevant/unauthorized third persons.

6. SUSTAINABLE PROCUREMENT APPROACH

Provided that there is no supply shortage in the Turkish market, TT Group shall take utmost care to abide by the sustainability conditions specified below, and to prefer products which have the closest features that satisfy the conditions or those which employ the local alternative to the label in case there is no material that fully conform to the conditions required in the Turkish market.

The purpose of Sustainable Procurement Approach is to ensure sustainability in purchasing as well as general activities of TT Group; in this context, the process shall be managed in a manner so as to prioritize the protection of human and environmental health, reduce in waste, pollution and the consumption of natural resources (ex. energy, water) and to address CO2/GHG emissions.