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İşin Adı
The Name of
the Job

Mersin-Adana-Osmaniye-Gaziantep Yüksek Standartlı Demiryolu Hattı
İnşaatı ile Elektromekanik Sistemlerinin Temini

Construction of Mersin-Adana-Osmaniye-Gaziantep Hight Standard
Railway Line With Supply Of Electromechanical Systems

Rapor Adı
Report Name

**PURCHASING AND SUPPLIER
EVALUATION PROCEDURE**

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Kodu
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1. PURPOSE

The purpose of this procedure is to determine the rules and responsibilities for the evaluation of suppliers in order to comply with the appropriate quality, on-time delivery criteria of the procurement activities carried out on behalf of the REC International MAOG Project.

2. SCOPE

This procedure covers purchasing and supplier evaluation activities, and its application area is the REC MAOG Project.

General flow and operation of the procedure; It is within the scope of Ronesans Holding's procedures and cannot be contrary to such procedures.

3. DEFINITIONS AND ABBREVIATIONS

RES : Ronesans Integrated Purchasing Portal

MAOG : Mersin-Adana-Osmaniye-Gaziantep High Standard Railway Line Construction and Supply of Electromechanical Systems

4. RESPONSIBLES

REC International MAOG Project Purchasing Unit, Group Directorates, Project Manager is responsible for the implementation of this procedure.

Headquarter E&S Manager:

Responsible for managing infrastructure and superstructure projects regarding environmental and social governance issues and member of the Executive E&S Committee on behalf of the REC.

PIU (Project Implementation Unit)

- PIU Physics Engineer who is responsible for supervising health and safety for the Project.
- PIU Department Manager (Superstructure / Civil Engineer) will be responsible for overseeing the implementation of all health, safety and social measures, as specified within the disclosure package of the Project, and regular reporting to AYGM PIU.

Executive Environmental and Social Management Committee

- Executive E&S Committee Project Manager (Department Head / Branch Manager /Head of Department) will be ultimately responsible for overseeing the activities undertaken by the AYGM/TCDD specialists (listed below), overseeing the implementation of mitigation measures and management procedures specified within the disclosure package of the Project, and overseeing the preparation and implementation of a CESMP, which will be based on this ESMP.

- Executive E&S Committee Environmental, Health and Safety, and Social (EHSS) Manager (Specialist / Engineer) will be responsible for overseeing all matters that relate to environment, health, safety and social aspects of the Project. Also, s/he will be appointed to be responsible for supporting the implementation of the SEP, by conducting regular consultation with affected communities on any concern regarding the Project. CLOs will also have responsibility for disseminating the Project disclosure package as described in the SEP. They will also conduct regular inspections of records relating to grievances received and their resolution. S/He will report regularly to AYGM PIU.

Further technical staff may be required during the course of the Project, who will be assigned internally by the AYGM, either by means of permanent or temporary basis until the completion of relevant tasks under the Project whilst they undertake their current responsibilities.

5. ACTIVITY FLOW

Purchasing process closes all processes from the request to the relevant unit / person to completing the necessary approvals, collecting offers, making purchasing plans, converting the appropriate offer into an order / completing the contracts, and the evaluation of the supplier and the processes until the service / material reaches the desired point.

Materials and services that are centrally purchased by Ronesans Holding Support Units are not included in these processes. (For example; Information Technology requests, business card requests, etc.)

1.1. Creation of Purchase Request

- 1.1.1.** All material / service requests to be purchased for businesses; It is done through the RES Portal by authorized persons by filling in the New Material Request screen.
- 1.1.2.** The material / service definitions, material quantities and units in the requests should be understandable, should include the necessary technical details, and if any, material specifications, samples, etc. should be included. Additional information to describe the service / material should be specified.
- 1.1.3.** Verbal requests will not be accepted.
- 1.1.4.** Exceptionally; In the following cases that require urgent purchase, especially on weekends, public holidays, out of working hours, the Operations teams contact the Central Manager (or Manager) of the relevant service (if not reachable, the Central Purchasing Manager) and provide information on the subject and, based on the approval of the Central Manager, purchase decision is made.
 - It may seriously affect the operation of the project,

- that can endanger human life,
- may cause serious damage to equipment.

1.1.5. When the emergency is resolved, the necessary information, reports and documents regarding purchasing are shared with the central management as soon as possible and routine purchasing steps are followed.

1.1.6. Requests made through RES go through the approval flow of the following users;

- | | |
|--------------------------------------|--------------------------|
| • The User Who Opened the Request | Request |
| • Warehouse Manager | Stock control – Approval |
| • Purchasing Unit (Project) | Approval |
| • Assistant Project Manager (if any) | Approval |
| • Project Manager | Approval |
| • Relevant Service Center Manager | Approval |
| • Purchasing Manager (Headquarters) | Approval |
| • Regional Manager (Center) | Approval |

1.2. Stock Control and Purchase Confirmation

1.2.1. The purchase request is automatically forwarded to the Warehouse Specialist / Assistant Specialist for stock control and approval via the RES Portal.

1.2.2. In case the requested material is in the warehouse

- The purchase request is canceled by the Warehouse Manager.
- The person making the purchase request is informed.
- Purchasing demand is met from stock in accordance with the **Warehouse**

Operating Instruction.

1.2.3. In case the requested material is not available in the warehouse or not in sufficient quantity;

- The material stock status and the suitability of the purchasing process are specified on the request, and the process is approved and forwarded to the next approval step.
- The purchase request is automatically forwarded to the Purchasing Supervisor via the RES Portal for approval.
- The requested material / service details are examined by the relevant unit supervisor and in case of missing information, the request is forwarded to the person making the request to fill in the missing information. If the requested material

/ service details are appropriate, the request is approved and automatically sent to the people in the approval group, respectively.

1.2.4. All purchase requests, whose approvals are completed, are directed to Central Purchasing Unit's control and approval regardless of the amount.

1.2.5. If there is any deficiency in the request controlled by the Central Purchasing Manager, the request is sent back to the Purchasing Chief via the RES Portal. If there is no deficiency in the request, the request is approved or cancelled.

1.3. Market Research and Offer Evaluation

1.3.1. The purchase request, whose approvals have been completed, is automatically forwarded to the Purchasing Chief through the RES Pot to make the purchase.

1.3.2. A market research is conducted by the purchasing chief about the companies to be purchased.

1.3.3. Offers are received via e-mail from suitable companies according to the cost of materials / services.

1.3.4. The issues to be considered in the company selection and evaluation process are as follows;

- Finding new companies
- Gathering information about companies,
- Requesting certificates and documents from companies when necessary,
- If necessary, to carry out on-site inspections at the company's production facilities and storage units,
- Checking the bidders from the Ronesans Holding Restricted Firms List in the RES,

1.3.5. Within the framework of the sustainable supply policy in the purchasing process;

- The machines to be purchased must meet the basic health and safety rules in Annex-1 of the Machinery Safety Regulation published by the Ministry of Industry and Trade and bear CE conformity. In addition, energy class prioritization is made along with the price.
- The purchased chemicals must have Turkish Material Safety Data Sheets approved at least 5 years before the current year, in compliance with the Regulation on the Safety Data Sheets for Harmful Substances and Mixtures published by the Ministry of Environment and Urbanization, and must be submitted to the REC MAOG Project at least 2 weeks before the supply. should be forwarded. In addition, non-hazardous or less hazardous chemicals are preferred in terms of health and safety when purchasing chemicals.
- In the service and raw material purchasing process, the company that causes

less waste with its packaging and less carbon footprint is preferred from two companies with the same prices.

- Purchasing processes comply with IFC PS2, EBRD P2, IFC EHS Guidelines and ILO standards with the following practices:

Suppliers must follow the criteria stated below:

- Child labor is prohibited in the primary supply chain and appropriate action will be taken when forced labor is detected. It will be ensured that any tendering process includes clauses and policies on minimum working age, normal working hours, freedom to collective bargaining, good working conditions and eradicating risks of forced labour; and
- Procurement contracts will include labour management clauses.
- Within the scope of the Occupational Health and Safety and Environment Plan published specifically for the construction site by the REC MAOG Project, if there are high risks regarding the safety of employees in the supply chain, relevant risk prevention measures will be implemented.
- In case of supplier failing to meet IFC Performance Standards or EBRD P2, the REC MAOG Project will shift the primary supply chain to suppliers that can comply with IFC Performance Standards.
- Under the IFC EHS Guidelines, less hazardous materials or processes are preferred by the REC MAOG Project and Service Providers to reduce the hazard at source and avoid the need for additional HSE controls.

Regarding supply chain management, REC ensures that:

- All EHSS requirements for the REC, including Lender's requirements, Turkish legislation and the Project EHSS requirements, will apply to subRECs;
- All sub-RECs will be supplied with copies of the CESMP, CESMP sub-plans, CMP and plans with EHSS requirements, as identified in the CMP; and
- All sub-RECs will be required to appoint a safety representative who will be available on the Site throughout the contract period, unless the PIU gives the sub-REC exemption from this in writing.
- All sub-RECs have human resources policies and procedures on minimum working age, normal working hours, freedom to collective bargaining, good working conditions and eradicating risks of forced labour;
- Sub-RECs have employment contract for all permanent and temporary employees in accordance with Labour law. and
- Undertake regular (every 6 months) monitoring of suppliers to avoid risks associated with child labour and forced labour.

REC MAOG Project, In case that any service provider or supplier failing to comply with Forced Labor Convention No. 29, Convention No. 87 on Freedom of Association and Protection of the Right to Organize, Convention No. 98 on the Right to Organize and Collective Bargaining Agreement, Equal Pay Convention No. 100, Convention No. 105 Prohibition of Forced Labor, Discrimination (Employment and Occupation) No. 111 Convention, Minimum Age Convention 138 and the Worst Forms of Child Labor Convention 182, the REC MAOG Project will shift the primary supply chain or service procurement to service providers or suppliers who can comply with these contracts.

Regarding resource management, these criteria will be followed:

- Set out the specification of recycled and secondary content in imported materials;
- Consider the use of low-carbon cement, where it meets the required specifications;
- Demonstrate the reduction in GHG that has been achieved through the detailed design and selection of materials.
- Ensure the Project is designed for deconstruction and disassembly;
- Identify materials and products that afford higher sustainability performance than typical industry standards;
- Materials will be selected that are able to withstand temperatures up to 60C hotter than current temperatures; and
- Selected materials will be able to withstand scour.

1.3.6. Considering the above criteria, the bid prices are compared and the number of bids is reduced to 3.

1.3.7. The offers of 3 companies that meet the conditions are recorded on the **Offer Evaluation Screen** in the RES portal by the Purchasing Chief who follows the purchasing process.

1.3.8. Prepared proposals are submitted to the approval of the manager via RES, as stated below;

Amount	Corporate Final Approval	Headquarters Final Approval
< 10.000 TL	Project Manager	Regional Manager
> 10.000 TL	Project Manager	General Manager

1.3.9. In line with the approved offer evaluation, an order is placed by the Purchasing Chief who manages the process, via e-mail or in writing to the company from which the material / service will be purchased.

1.4. Storage Process

The purchased material is accepted to the warehouse by making an input control in accordance with the **Warehouse Operating Instructions** and is kept until the requesting unit receives it.

1.5. Supplier Evaluation

- 1.5.1.** The supplier's material / service delivery is monitored on the basis of each purchase by the relevant Purchasing Chief.
- 1.5.2.** After the purchasing process is completed, the supplier is evaluated through the RES Portal by interviewing the requesting unit.
- 1.5.3.** If the supplier evaluation score is above 50, working with the supplier is continued.
- 1.5.4.** If the supplier evaluation score is less than 50, an e-mail confirmation is requested via the RES Portal in order to terminate the work with the supplier and to be included in the Holding's **Restricted Company List**.
- 1.5.5.** Although the supplier evaluation score is below 50, if the supplier has a monopoly or there are situations that make it necessary to work, the limited list approval is not given by the Purchasing Chief who makes the evaluation and the supplier company continues to work.
- 1.5.6.** Working with companies included in the Holding's **Restricted Company List** is terminated and will be considered in the next market research.

6. MONITORING, ASSURANCE AND VERIFICATION

Key success indicators (KPIs) of this procedure will be monitored, verified and evaluated by the relevant parties in accordance with their responsibilities set forth in the E&S Governance document, within the scope of the MAOG-RECU-GB-GNL-IS-PRG-0007-0 HSE Monitoring, Assurance and Verification Procedure.

7. RELATED DOCUMENTS

Machinery Safety Regulation APPENDIX -1

Regulation on Safety Data Sheets Regarding Harmful Substances and Mixtures

Material Safety Data Sheets

Warehouse Operation Instruction

