



# Borçelik

# Anti-Corruption Policy

## ■ Brief

This policy aims to ensure that its employees and third parties acting on behalf of the company comply with the highest standards of integrity and define the actions to be taken against corruption.

# Anti-Corruption Policy

Borçelik is well-known for adopting the principle of honesty in its management practices and business transactions. Therefore, it is of great importance for the company to combat all forms of corruption and make efforts to prevent corruption.

Borçelik's Anti-Corruption Policy mainly aims to comply with the anti-corruption legislation in force in all countries where the company operates, along with international conventions on anti-corruption. Borçelik is obliged to comply with local, national and international laws and regulations, including the Borusan Code of Conduct and Ethics (Orange Book) as well as Anti-Corruption Laws.

Third parties acting on behalf of Borçelik, are obliged to understand and to act in accordance with the rules stipulated in the Orange Book and this Anti-Corruption Procedure. In case of any questions or doubts about how these rules are to be applied to a specific case, the matter should be referred to the Borusan Legal Affairs/ Borusan Internal Audit/ Borçelik Internal Control Departments.

## Legal Framework

The Company recognizes the definition and application of bribery in business transactions as regulated in the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (the Anti-Bribery Convention). Pursuant to the OECD Anti-Bribery Convention, bribery:

- Raises serious moral and political concerns,
- Leads to deterioration in governance and economic development,
- Disrupts the conditions for international competition.

Borçelik further recognizes international frameworks such as the United Nations Convention against Corruption, the Council of Europe Criminal Law Convention on Corruption, in addition to complying with local legislation and the OECD Anti-Bribery Convention.

## What is Corruption?

The terms “bribery” and “corruption” are often used interchangeably in practice. Corruption, in fact, is defined as a persons’ abuse of the authority entrusted to them for their own personal interests.

The most common form of corruption is bribery. Bribery is defined as offering or accepting money, gifts or other advantages in order to encourage people or institutions to do something that is contrary to the principle of honesty, is illegal or constitutes a breach of trust in the conduct of the business of the organization.

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Anti-corruption laws prohibit offering, paying, promising to pay or authorizing someone to pay money, gifts or anything of value to any government official for the following purposes, in order to induce such a government official to facilitate the acquisition/grant or performance of a job or to direct a job to any person:

- To influence any acts or decisions of government officials or third parties (customer, supplier etc.) who are parties to the business;
- To encourage government officials or third parties (customer, supplier etc.) who are parties to the business to take any action that would constitute a breach of their legal duties;
- To obtain any inappropriate advantage;
- To persuade them to exercise influence over a government institution.

## Facilitating Payments

A facilitating payment is a type of bribery where the amount involved is rather low and is paid to a low-level official and a payment is made to secure a routine or an action or service to which an individual or company legally reserves the right (to speed up routine permits and services such as visa processing, customs clearance, security).

In accordance with this policy, Borçelik avoids making any payments that could be associated with corruption, including facilitating payments.

Borçelik employees who are asked to make facilitating payments are obliged to report such incidents to the Borusan Legal Affairs/ Borusan Internal Audit/ Borçelik Internal Control Departments in order for appropriate action to be taken.

## Claims and Other Circumstances

A government official or a specific person requesting/claiming a bribe or anything else of value, as well as any other incident or attempt of corruption shall be immediately notified to the Borusan Legal Affairs/ Borusan Internal Audit/ Borçelik Internal Control Departments.

## Who are Government Officials?

- An official or employee working in a public institution with administrative, judicial or legislative power, or any person acting in an official capacity on behalf/to the account of the government.
- An employee of a company in which a public agency has a direct or indirect ownership interest over which it can exercise dominant influence.
- Is a member of a political party or holds a political office.

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## Corruption in the Private Sector

Acts of corruption in the private sector are those that do not involve any government officials. Actions on corruption / bribery in the private sector are against Borusan Orange Book and Borçelik Anti-Corruption Procedure. Any bribe that may be requested from/offered to the parties or any incident or attempt of corruption shall be immediately notified to the Borusan Legal Affairs/ Borusan Internal Audit/ Borçelik Internal Control Departments.

## Procurement and Tender Procedures

Company procurement regulations and procedures contain rules describing the management of procurement and tender processes. Employees have a responsibility to act in accordance with these rules, the Orange Book and the Anti-Corruption Procedure. Employees should never attempt to obtain confidential, non-public, insider information by violating these procedures during bidding.

It is not allowed to present a gift to any official or other person involved in the tender process or engage in any activity that will lead to misuse of duty. Borusan Legal Affairs/ Borusan Internal Audit/ Borçelik Internal Control Departments are obliged to inform in order to prevent the violation of the rules of the tender or the relevant laws.

## Business Partners, Representatives, Contractors and Other Third Parties

In order to assess the risk of corruption when necessary, Borçelik performs due diligence on its business partners (representatives, consultants, lobbyists, suppliers, other intermediaries, consortium or joint venture partners, contractors or large subcontractors, distributors etc.) before engaging in any business.

Borçelik investigates in case of doubt whether any of its business partners have been investigated or sued for corruption and whether there is a court judgment against them. In the case that such a situation exists, Borçelik determines the facts about the incident to the extent possible and makes a decision on this basis taking into account the risk of damage to the company's reputation.

In addition, Borçelik may refer to external service providers to conduct further or more comprehensive due diligence on individuals or legal entities depending on the results of the former due diligence reports and the sensitivity of the issue.

Borçelik adopts the following principles regarding the purchase and pricing of products and services from third parties:

- Products and services from third parties must be legitimate,
- Payments to third parties should be reasonable and should rationally reflect the value of the services procured;

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- Third parties cannot be paid through another country (off-shore) unless it has commercially-valid and legitimate grounds.

## Borçelik Employees

The integrity of Borçelik employees should be protected by applying the following principles:

- An employee shall be appointed to a key position only if there are no doubts about the integrity of the employee,
- All existing or potential conflicts of interest that employees may encounter shall be reported in accordance with the provisions of the Orange Guide,
- Everyone who starts a job in Borçelik is assigned to Borçelik orientation program and anti-corruption training is part of this orientation program,
- Appropriate and proportionate sanction shall apply to an employee who acts in breach of the Anti-Corruption Procedure. No employee shall be subjected to negative sanctions for refusing to pay a bribe even if this causes Borçelik to lose a project/bid or money.

## Gifts, Entertainment & Travel

Employees should refer to the Borçelik Procedure on Receiving & Processing Gifts which regulates the rules to be followed and provides detailed guidance on giving/receiving gifts to/from third parties/company employees.

### Gifts

Borçelik complies with anti-corruption laws in the countries where it does business. Therefore, no gifts should be given without studying the local anti-corruption laws and the anti-corruption guidelines of the relevant countries.

No gifts or tips can be offered to government officials, which is prohibited by local law, has the purpose of corruption, and contrary to Borçelik's "Accepting and Receiving Gifts Procedure"

The Orange Guide rules does not allow offering gifts or performing favors outside the usual course of business to current or potential customers, their employees or representatives or to any person with whom there is a contractual relationship or intention to negotiate an agreement. Borçelik employees reject expensive gifts and tips, and only accept inexpensive gifts such as promotional items from people who do or want to do business with Borçelik, such as suppliers or potential suppliers.

### Entertainment & Travel

Business-related entertainment and travel offered or accepted by Borçelik employees should be reasonable and should only be aimed at facilitating business negotiations. As a general rule, business-related entertainment activities presented as "wining and dining" should comply with local laws, the Orange Guide, should only take place with reasonable frequency and as far as possible and on the basis of reciprocity.

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Borçelik shall compensate the reasonable travel, accommodation or entertainment expenses of government officials directly related to the following or accordingly, shall reimburse the institutions to which these government officials are affiliated:

- a) Promotion, demonstration or description of Borçelik products or services;
- b) The conclusion or fulfillment of an agreement between a company affiliated with the Borçelik and the government represented by the government official.

In this regard, cash payments or allowances should be avoided; reimbursements for expenses related to travel and accommodation should be paid directly to the government agency or office and not to the government official. Exceptions to this rule exclusively require the prior written permission of the General Manager.

## Political Donations

Donations provided on behalf of Borçelik to any political party or individual politician in any country in the form of money or services should be in accordance with the applicable laws and any public disclosure on this issue should be in compliance with the relevant requirements.

Such donations shall require the prior written permission of the Borusan Legal Affairs Affairs/ Borusan Internal Audit/ Borçelik Internal Control Departments or the General Manager.

The rules on conflicts of interest stipulated in the Borusan Orange Guide and the Orange Ethics shall be followed in regard to the donation of money or services to a political party or individual politician in any country. For this purpose, all people who have any connection with the individual politician or political party should refrain from being involved in the decision-making process regarding the donation.

## Union Donations

Donations provided on behalf of Borçelik to any union in any country, to any union member or to any organization controlled by the union in the form of money or services should be in accordance with the applicable laws and any public disclosure on this issue should be made in elaboration with the relevant requirements. Such donations require the prior written approval of the General Director of the company.

## Corporate Social Responsibility Donations

Corporate social responsibility donations and sponsorships must be compatible with Borçelik's corporate social responsibility approach.

The money paid for donations and sponsorships made under corporate social responsibility should not be tied to a business deal or paid to win a business deal or otherwise gain an unfair business advantage. The money is always paid to a legitimate institution, not to individuals. In case of doubt, it is checked to whom the money will go for what purpose.

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## Accounting Requirements

Borçelik maintains reasonably detailed and accurate books, records and accounts that clearly reflect transactions and sales related to the company's assets within the scope of the legal obligations to which it is subject.

The use of false documents and invoices as well as keeping incomplete, unclear or misleading accounting records, and the use of an accounting procedure, technique or method that would hide or otherwise conceal illegal payouts are strictly prohibited.

## Risk Assessments, Monitoring, Certification and Audits

The nature and scope of potential corruption risks that may arise inside and outside the company shall be periodically assessed by Borçelik Internal Control departments through a documented risk assessment procedure. The purpose of the risk assessment is to identify the main risk areas and to take the necessary measures to reduce the risks by focusing on these areas.

Borçelik Internal Control and Borusan Internal Audit departments performs audits with the aim of monitoring the effectiveness of anti-corruption processes and controls and ensuring compliance with anti-corruption laws, these policies and other relevant procedures.

## Notification Policy

A Borçelik employee, shall immediately report/notify any concerns related to a possible bribery or corruption situation to the Borusan Legal Affairs/ Borusan Internal Audit/ Borçelik Internal Control or to Borusan Orange Hotline in accordance with the Borçelik Orange Ethics Policies.

## General Guidance and Contact Persons

As it is not possible to include herein all possible situations within the scope of this Anti-Corruption Policy, it is recommended that Borçelik employees act sensibly and use their common sense. In case of any doubt, employees should refer their questions to the Borusan Legal Affairs/ Borusan Internal Audit/ Borçelik Internal Control Departments.

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