



## Procurement Policy

---

July 2021



## Table of Contents

<b>INTRODUCTION - PURPOSE .....</b>	<b>2</b>
<b>SCOPE AND APPLICATION.....</b>	<b>2</b>
<b>PROCUREMENT VISION .....</b>	<b>2</b>
<b>CORE PROCUREMENT PRINCIPLES .....</b>	<b>3</b>
<b>CORE SUPPLIER SELECTION CONSIDERATIONS .....</b>	<b>4</b>
<b>SUPPLIER CONDUCT PRINCIPLES.....</b>	<b>4</b>
1. Compliance with Laws, Regulations and Social Customs .....	4
2. Respect for Human Rights, Labor Rights and Promotion of High Health & Safety Standards .....	5
3. Environmental Protection .....	5
4. Advancing Technological Capabilities .....	6
5. Securing Excellent Product Quality.....	6
6. Delivery Commitment .....	6
<b>PROCUREMENT STRATEGIES &amp; GUIDELINES .....</b>	<b>6</b>
<b>MANAGING THIRD-PARTY RISK .....</b>	<b>7</b>
<b>EMPLOYEES' RESPONSIBILITIES.....</b>	<b>7</b>
<b>ADMINISTRATION AND UPDATING OF THE POLICY .....</b>	<b>7</b>

---

## Introduction - Purpose

---

As a member of the U.N. Global Compact, TITAN Group incorporates in its corporate values, strategy and business practices the protection of fundamental human rights and employment rights, protection of the environment, mitigation of climate change, promotion of health and safety and the combat against corruption while ensuring operational effectiveness and efficiency and achievement of its strategic objectives.

This Procurement Policy (“**Policy**”) aims to set forth the fundamental principles governing Procurement in Titan, which Titan Group employees must follow and suppliers are expected to be aligned with, when engaged in procurement activities involving Titan Group.

---

## Scope and Application

---

This Policy applies to all individuals working at all levels and grades within Titan Group, including directors, senior managers, officers and employees (collectively “**employees**”) of Titan Group, as well as third parties (e.g., agents, consultants) acting for Titan Group in any procurement activity.

This Policy is subject to the applicable laws in each country where any Titan Group company engages in a procurement transaction-

---

## Procurement Vision

---

TITAN Group aims to procure goods and services based on delivering the optimum total cost of ownership to the business, that are of competitive quality, price and delivery terms, while committing to promoting fairness, sustainability, health and safety, environmental protection, mitigation of climate change, social responsibility, and respect for human rights. The key objective of Titan Group’s procurement of goods and services is to meet all the needs of its plants and operating units with a view to optimizing the cost, improving the competitiveness of Titan Group, and enhancing Titan Group’s commitment of being a socially responsible, ethical and environmentally sensitive business organization.

---

## Core Procurement Principles

---

In the course of any procurement activity, Titan Group employees and third parties acting for Titan Group must:

- (1) comply with all applicable laws and regulations, and appropriate social practices, governing local and global business;
- (2) avoid situations that may lead to conflict between Titan Group employees' personal interests and their obligations to serve Titan Group's interests;
- (3) promote integrity and ethical behavior, in accordance with Titan Group's Code of Conduct and Group Policies;
- (4) treat procurement records in confidence;
- (5) promote procurement in ways that reduce environmental impact;
- (6) respect and implement the basic principles of corporate social responsibility included in the UN Global Compact;
- (7) provide suppliers with equal opportunities for transactions with Titan Group, thereby promoting fair competition; and
- (8) evaluate and select suppliers in a fair manner following a qualification process that includes appropriately selected criteria that could include, as required for each situation, reliability, price, quality, delivery time, customer service, technological capability, business continuity and sustainability.

---

## Core Supplier Selection Considerations

---

When selecting suppliers, or continuing transactions with suppliers, Titan Group employees and third parties acting for Titan Group must consider the following minimum set of criteria:

- (1) The company complies with all applicable laws and regulations;
- (2) The company respects human rights;
- (3) The company employs appropriate practices for health and safety, environmental protection, and climate change mitigation;
- (4) The company is not subject to economic sanctions, nor is it involved in any anti-bribery or anti-corruption case in view of the relevant Titan Group policies;
- (5) The company has the ability to supply Titan Group with goods and/or services of appropriate quality, price and delivery lead-times.

---

## Supplier Conduct Principles

---

Titan Group's suppliers (as well as their own suppliers) are expected to abide by the principles embedded in the UN Global Compact, as well as to the following standards:

### 1. Compliance with Laws, Regulations and Social Customs

Suppliers are required to ensure compliance with laws, regulations, and appropriate social customs of the countries and/or regions in which they operate, including in respect to the following matters:

- (1) Compliance with the regulatory framework applicable to the supplier, including but not limited to, competition laws, personal data and privacy protection laws, and intellectual property rights laws.
- (2) Prohibition of bribery (any gift, payment, consideration, financial or non-financial advantage or benefit of any kind that constitutes a corrupt and illegal practice).
- (3) Compliance with all Sanctions programs that Titan Group is observing under its relevant policy.

## 2. Respect for Human Rights, Labor Rights and Promotion of High Health & Safety Standards

Suppliers are required to respect human and labor rights in their business activities and to establish a safe working environment. Suppliers are required to comply with the following parameters:

(1) The following practices are prohibited:

(i) forced labor (including slave labor),

(ii) human trafficking,

(iii) inhumane treatment of workers,

(iv) child labor, and

(v) discrimination.

(2) All workers must work under fair labor conditions and standards, in terms of wages and working hours, and the rights of workers to form or join trade unions must be respected.

(3) All workers must work in a safe and healthy working environment.

(4) Suppliers must comply with applicable safety standards in all countries and regions where they operate.

## 3. Environmental Protection

Suppliers are expected to embrace environmental protection as a high priority issue, and to actively engage in producing goods in an environmentally friendly manner and with the lowest possible impact on climate. Also, suppliers are encouraged to:

(1) adopt environmental and energy management systems preferably based on ISO 14001 and ISO 50001;

(2) procure parts and materials in such ways that have the smallest negative impact on the environment, such as reducing air pollution or eliminating use of potentially hazardous substances, and reducing greenhouse gasses as well landfilling of waste, preserving biodiversity in the areas of operation;

(3) promote environmental protection activities and climate change mitigation, such as establishing policies, implementing systems, raising awareness and providing education and training for protecting the environment and reducing climate change.

## 4. Advancing Technological Capabilities

Suppliers are expected to continually improve their technological capabilities to enable Titan Group to operate with maximum effectiveness and efficiency, and to provide excellent and safe products to its customers.

## 5. Securing Excellent Product Quality

Suppliers are expected to maintain and improve product quality by establishing a quality assurance system (preferably in accordance with ISO 9001).

## 6. Delivery Commitment

Suppliers are required to establish a system for the stable and flexible supply of goods and services and to commit to keeping delivery schedules to the degree possible, with appropriate plans for responding to fluctuations in supply and demand of their markets and products.

---

# Procurement Strategies & Guidelines

---

Procurement strategies are established for all Group-wide categories (goods and services) and for selected local/regional categories as may be decided by Group and Business Unit senior management. These strategies take into account the broader business benefit of the Group and need to be in alignment with the overall strategic priorities of the BUs and the Group, not contradicting to the rules and principles set herein.



Guidelines outlining the requirements and main points of the procurement process and serving as guidance for developing local Purchasing procedures, are prescribed in Group Procurement Manual.

---

## Managing Third-Party Risk

---

Titan Group qualifies its suppliers appropriately, where needed in cooperation with external qualification partners. TITAN Group's key suppliers are encouraged to join reputable external certifiers' platforms, or otherwise ensure that they comply with TITAN Group's qualification criteria.

Furthermore, proportionate and risk based due diligence activities are performed during onboarding, or as needed, as prescribed by Group Compliance and Legal departments.

---

## Employees' Responsibilities

---

TITAN Group employees and third parties acting for Titan Group involved in procurement of goods and/or services are responsible for reading, understanding and complying with this Policy.

In case of any questions or concerns about this policy Titan Group employees may reach out to their immediate supervisor, the Regional Director of Procurement, the Group Procurement Director, or the local or Group Legal Department. Any violation of this policy can be reported to Titan Group's EthicsPoint platform.

---

## Administration and Updating of the Policy

---

The Group Procurement Department is responsible for the administration and periodical review and update of this Policy. Revisions will be submitted for approval to Group Executive Committee.