

SUSTAINABLE PROCUREMENT POLICY

REVISION: 01

DATE: 06.11.2025

Written by:
Eugen Šušak

Approved by:
Dario Tomić

1. POLICY STATEMENT

It is the policy of the TT Cables Group (hereinafter: GTTK) to apply a continuous improvement approach in understanding and taking appropriate responsibility for any adverse impacts of its procurement activities on the environment, society, and the economy. In doing so, GTTK will consider impacts across the entire product life cycle and prioritize activities in line with GTTK values, the scale of impact, and applicable regulations. GTTK commits to systematically identifying, assessing, and managing environmental, social, ethical, and economic risks in its supply chain, including risks related to human rights, corruption, health and safety, and climate change.

2. PURPOSE

This Policy has been adopted to align GTTK procurement with its values and objectives in the areas of climate change, social justice, risk reduction, efficient use of resources, and responsible governance, as well as with related policies. In doing so, GTTK seeks to leverage its procurement influence to support markets and increase the availability of more sustainable products and services.

3. APPLICABILITY

This Policy applies to all types of procurement, all suppliers and business partners financed by TTK, and to all departments and employees. Individual employee roles, responsibilities, and expectations are described in more detail within this Policy.

4. DEFINITIONS

Life Cycle – successive and interrelated stages of a product or service system from “cradle to grave,” e.g., from resource extraction and raw material acquisition, through production and use, to final disposal.

Life Cycle Costing – a method of calculating the costs of a product or service over its entire life cycle. It includes Total Cost of Ownership (TCO) and any positive or negative externalities that can be monetized, both for the organization and for society.

Substances of Very High Concern (SVHC) – substances that may have serious and often irreversible effects on human health and the environment. SVHC are typically defined as substances having one or more of the following characteristics:

- persistent, bioaccumulative and toxic (PBT),
- very persistent and very bioaccumulative (vPvB),
- very persistent and toxic (vPT),
- very bioaccumulative and toxic (vBT), or
- known or suspected to be:

- carcinogenic,
- mutagenic,
- toxic to reproduction or development,
- neurotoxic, or
- endocrine disrupting.

Sustainable Procurement – the process by which organizations meet their needs for goods, services, works, and utilities in a way that delivers value for money over the life cycle, generating benefits not only for the organization but also for society and the economy, while minimizing harm to the environment.

Total Cost of Ownership (TCO) – a method of calculating the total direct cost of a product or service to an organization. It includes the initial purchase price as well as related maintenance and operating costs and end-of-life costs.

5. ROLES AND RESPONSIBILITIES

- Top management approves the Policy, monitors KPIs, and ensures resources for implementation.
- The Procurement Department periodically convenes stakeholders to review and update this Policy and is responsible for its implementation together with the GTTK ESG Team.
- All employees are responsible for applying the Core Strategies when planning and designing projects, preparing project and operational budgets, developing asset management plans, preparing technical specifications or product/service standards, selecting materials, making procurement or supplier decisions, and developing and managing contracts and pricing arrangements at TTK, in accordance with their roles and responsibilities and/or the specific project.
- The Procurement Department is responsible for developing and delivering annual training on sustainable procurement for TTK employees and other relevant stakeholders, and for documenting its implementation.
- The Procurement Department is responsible for preparing and publishing reports in line with the requirements set out in the Reporting section of this Policy.

6. POLICY IMPLEMENTATION

To apply a continuous improvement approach in understanding and taking responsibility for reducing the adverse impacts of procurement on the environment, society, and the economy, this Policy establishes Core Strategies that set comprehensive sustainable procurement directions to be implemented over time. They provide guidance aligned with GTTK values to be considered when planning projects and programs, and they serve as a framework for developing minimum requirements, best practices, and related implementation tools.

All GTTK employees should familiarize themselves with the Core Strategies when planning and designing projects, preparing project and operational budgets, developing asset management plans, preparing technical specifications or product standards, selecting materials, making procurement or supplier decisions, and when developing and managing contracts and pricing arrangements, in line with their roles and responsibilities and/or the specific project.

7. CORE STRATEGIES

For all Core Strategies listed below, it is understood that they are implemented alongside standard procurement criteria such as budget, product/service performance requirements, and availability. The Core Strategies provide decision-making guidance. Before initiating new purchases, employees are also expected to consider the need for procurement, options to extend the service life of an existing item or material, and alternative ways to meet operational needs (e.g., renting instead of buying).

1. Use processes, technologies, products, or services that reduce the consumption of natural resources or chemicals.
2. Apply processes, technologies, products, or services that reduce waste generation.
3. Invest in energy- and fuel-efficient products, services, and technologies with a simple payback period of up to 10 years, based on Total Cost of Ownership (TCO).
4. Invest in processes, technologies, products, or services that reduce procurement and use of fossil fuels.
5. Seek processes, technologies, products, or services that support a circular economy.
6. Seek processes, technologies, products, or services that support biodiversity and healthier, more resilient natural habitats.
7. Seek, specify, and procure products with lower embodied carbon compared to the existing solution.
8. Seek, specify, and procure products that minimize exposure of people and the environment to Substances of Very High Concern (SVHC).
9. Intentionally design procurement processes and related programs to support a diverse contractor base, including small, minority-owned, local, and/or women-owned businesses.
10. Seek processes, technologies, products, or services that support transparency in GTTK's supply chain or with respect to product disposal, in accordance with environmental protection regulations.
11. When using social or environmental labels, prefer products or services independently certified by reputable third parties, ideally to multi-criteria standards that assess products or services over their full life cycle.

	SUSTAINABLE PROCUREMENT POLICY	GPOL15
---	---	--------

12. Wherever possible, use Life Cycle Costing methods to determine the total costs of a product, service, or design.
13. Procure from companies certified to Fair Trade or similar standards.
14. Procure energy-efficient and certified IT equipment.
15. Procure environmentally friendly cleaning products and consumables.
16. Procure from regions or countries with a Transparency International Corruption Perceptions Index (TI CPI) score above 25 wherever possible.

8. REPORTING

To monitor progress in achieving the objectives of this Policy, the Procurement Department shall report to TT Cables Group Management at least once per year, as part of the procurement report, on the following:

- The number of Core Values implemented and applied within GTTK, evidenced by actual requests for quotations, contracts, and/or purchases.
- Other performance indicators (KPIs) or metrics defined by this Policy or best practice.
- The number of sustainable procurement trainings delivered to employees and the total number of unique participants.

9. EFFECTIVE DATE AND REVIEW

This Policy enters into force on the date of its adoption and shall be reviewed at least once every three years.