



Acacia
Mining Operations

ACACIA MINE OPERATION GOKIRMAK COPPER MINE

Local Procurement Procedure 2017

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1.0 PURPOSE

All agreements and orders to be made with local contractors and suppliers fall under the key business principles of Acacia Maden İşletmeleri A.Ş (AMI). AMI developed the Local Procurement Plan in order to manage all agreements and orders to be made with local contractors and suppliers in line with the following objectives:

This plan is the key component for Public Relations Policy, Procurement Directive (Ref: Acacia-9002-YNG-001), Contract Management Directive (Ref: Acacia-9002-YNG-002) and Contractor/Supplier Performance Management Directive (Ref: Acacia-9001-YNG-005).

The following are the objectives of this plan.

- a) Establishing and managing a sustainable business model with local contractors and suppliers,
- b) Classifying procurement of goods and services and allocating them to areas,
- c) Providing guidance in order to produce business alternatives that create more local employment and encourage labor more, conducting capacity developing activities within this framework,
- d) Conducting and coordinating the business procedures with all local contractors and suppliers, with an ethical, fair and transparent approach,
- e) Proactively creating solutions that add value to our company, local contractors and local suppliers.

This directive only focuses on local procurement. Supply Chain Management, Pre-Qualification and Contractor Performance Management has been explained in separate directives as stated above.

2.0 SCOPE

This plan is valid for all Acacia activities conducted in construction and operation phases of the GCM undertaken by its direct employees, sub-contractors and local contractors/suppliers.

The following institutions are not within the scope of this plan.

- a) All governmental offices, courts, notaries.
- b) Tax offices, municipalities.
- c) Institutions and companies that provide monopolized services and consumption materials for electricity, tap water, natural gas, phone, fax, etc.

3.0 DESCRIPTIONS AND ABBREVIATIONS

For the purpose of this plan, the following terms and abbreviations are used.

Term	Description
Approval Authorities	The signing process to be carried out in line with the Acacia Approval Matrix, based on the recommended value of the procurement and/or contract,
LPC	Local Procurement Committee
Approved List of Contractors/Suppliers	The list of prequalified contractors/suppliers, made by the Supply Chain Department in line with lines of work,

Term	Description
Company or Acacia	Acacia Maden İşletmeleri A.Ş. or Acacia for short
Contract	The contract made with a contractor or supplier for the supply of a certain good, equipment, project, material, work or service under certain terms and conditions,
Local Contractor/Local Supplier/Local Company	Parties that provide Acacia with goods and/or services on the basis of contracts/orders.
Contract Administrator	The Supply Chain Department employee liable for drafting company contracts, starts tender process, presenting them for approval, publishing and controlling them.
Contract Supervisor	The Acacia employee appointed by the related department manager, liable for requesting the contract, putting it into implementation after it is published by the Contract Administrator, executing it, controlling it, monitoring it and the acceptance of its works or services.
Supply Chain Department	The department liable for the contracts, procurement, import, logistics, storage and supply of all goods and services procured by the company to other departments.
Supply Chain Manager	The Supply Chain Executive that is in charge of the Supply Chain Department.
Public Relations Department	The department liable for the Project's social management system and public relations activities.
Environment and Public Relations Coordinator	The Public Relations Executive that is in charge of the Environment and Public Relations Department.
Process Owner	The Acacia employee appointed between Acacia and the contractor/supplier, by the related department manager.
Tender	The tender made by the contractor/supplier in response to the RFT.
RFC	Request Form for Contract
RFT	Request Form for Tender

4.0 ROLES AND LIABILITIES

Supply Chain Manager (SCM) of Acacia will be the key owner of implementation of this plan in coordination with other relevant key departments and employees.

Role	Liability
CEO/General Manager	a) Final approval of the plan and resources and supporting taking all necessary steps and the implementation of the plan throughout Acacia, b) The CEO has the final approval/refusal on the Local Procurement Committee's (LPC) resolution.

Operations Manager (OM) / Deputy Operations Manager (DOM)	<ul style="list-style-type: none"> a) Approval of the plan and supporting the implementation of the plan throughout Acacia, b) Being an active member of the Local Procurement Committee and having the approval/refusal before the commission's final resolution is presented to the CEO.
Supply Chain Manager (SCM)	<ul style="list-style-type: none"> a) Ensuring that all contractual activities are executed, coordinated and managed in accordance with this plan, b) Managing the Supply Chain Department and contracts and/or orders to be made with local contractors and suppliers, so as to add the highest value to Acacia. c) Assembling the Local Procurement Committee if necessary by taking the contract value or other criteria as basis. d) Coordinating and/or managing the negotiation processes with local contractors and suppliers, e) Attending and coordinating monthly procurement meetings, Also, enforcing the resolutions reached during these meetings, f) Being an active member of the Local Procurement Committee, g) Aligning LPC resolution strategies with Acacia's supply chain policies, plans and objectives.
Environment and Public Relations Team (EPRT)	<ul style="list-style-type: none"> a) Attending local procurement meetings held by the SCM in long-term local goods and services procurement contract processes, b) Inviting committee members to the meeting in emergencies, c) Approving Local Procurement Committee resolutions, contractual resolution rationales and/or contractual amendment resolution rationales, d) If deemed necessary by SCM, attending the negotiation meetings to be held with local contractors and/or suppliers, e) Helping determining a strategy for local goods and services procurements with the Supply Chain Department, f) Taking part in planning efforts with the Supply Chain Department, in order to increase the capacity of local contractors and suppliers, g) Being an active member of the Local Procurement Committee, h) Aligning LPC resolution strategies with Acacia's public relations policies, plans, objectives and the international standards, i) Managing local contractors' and suppliers' requests and complaints in accordance with Acacia Request and Complaint Directive.
Human Resources Manager (HRM)	<ul style="list-style-type: none"> a) Being a member of the Local Procurement Committee, b) Stating opinions during local procurement meetings on local employment and such matters, c) Aligning LPC decision strategies with Acacia's human resources policies, directives and objectives. d) Auditing the Labour conditions in the supply chain on regular basis in order to comply with the Labour legislation and project standards
Finance Manager (FM)	<ul style="list-style-type: none"> a) Being a member of the Local Procurement Committee, b) Stating opinions on the financial impacts of the said contract processes, c) Preparing and presenting financial reports at local procurement meetings, as preparation, d) Aligning LPC strategies with Acacia's financial policies, plans and objectives.
	<ul style="list-style-type: none"> a) Conducting all department based contractual activities in line with this plan, b) Ensuring that the contracts chiefs in their department are delivered the

Department Manager (DM)	appropriate training and that these persons are qualified for the role, c) Appointing contracts chiefs to related areas in their department, d) In the event that there is a procurement related to their department, department managers are invited to the local procurement meeting by the SCM.
Security Manager (SM)	a) Being a member of the Local Procurement Committee, b) Attending the commission meeting in all events, provided that there are no safety risks, based on the type of the activity.
Contracts Supervisor (CS)	Appointed by their department directorates, from their departments, this person actively manages the contracts signed between Acacia and contractors and/or suppliers.
Procurement and Contracts Unit Head (PCUH)	a) Monitoring local contracts from the tender stage to the closing, on behalf of the Supply Chain Department, b) Managing the contracts with the Contracts Supervisors(CS), by ensuring that this plan is implemented in contract processes with local Contractors/Suppliers, in reference to the local purchase commission resolutions, c) Being an active member of the Local Procurement Committee, d) Drafting the Commission Resolution Article and submitting it for approval, in reference to the resolutions of the Local Procurement Commission, e) Drafting the meeting records after Local Procurement Meetings and publishing it for the related persons.
Local Procurement Committee	The committee assembled to take resolutions regarding goods and service procurements from local areas. SCM, EPRC, HRM, FM, SM, PCUH, DM (if needed) and CS (if needed) attend local procurement meetings. SCM is liable for determining the meetings' location, time and participants.

5.0 PLAN

5.1 Contractor/Supplier Zones

Acacia has conducted a basic study with Environment and Public Relations Department so as to define zones based on goods and services that will be provided in case of needs. Acacia is also preparing Contractor/Supplier Pre-Qualification directive ("Ref: Acacia-9001-YNG-005"). Based on that directive, a detailed survey will be conducted on availability and quality of goods and services as per defined zones.

Acacia will apply performance and capacity increase programs for Contractors/Suppliers at construction and operational phase for zones 1 and 2. The quality and capacity of the service is not as required. By applying those programs, the performance will be increased to targeted level as per Performance Measurement and Pre-Qualification directives.

Available Services and Goods as per Zones 1, 2 and 3.

Service / Material Rental or Purchase	The Name of the Place Where the Service / Material Purchase Is Made	Name of Supplier Company
Food	Kastamonu/Hanönü	Asaroğulları Market
	Kastamonu/Hanönü	Bozyiğit Market
	Kastamonu/Hanönü	Yılmaz Market
	Kastamonu/Hanönü	Arıkan Market
Rent A Car	Kastamonu/Center	Kanyon Oto Kiralama
Fuel Supply	Kastamonu/Hanönü	Totili Petrol
	Kastamonu/Taşköprü	Ertürk Petrol
	Kastamonu/Taşköprü	Mehmet Alay Kömür Zahire Tic.
Construction Material Purchase	Kastamonu/Hanönü	Yılmaz Ticaret Nalburiye İnşaat Malzemeleri
	Kastamonu/Hanönü	Dündar Ticaret
	Kastamonu/Taşköprü	Çakıroğulları Ticaret
White Goods and Durable Consumption Equ. Supply	Kastamonu/Hanönü	Kapusuz Ticaret
	Kastamonu/Taşköprü	Fatih-Uğur Ticaret
	Kastamonu/Center	Himmetoğlu Petrol A.Ş
Cleaning Service	Kastamonu/Hanönü	Öz Oto Yıkama
Transportation Service	Kastamonu/Hanönü	Necip Sarıkaya (Taksi)
	Kastamonu/Hanönü	Doğan Akkaya(Taksi)
	Kastamonu/Hanönü	Mehmet Acar(Taksi)
	Kastamonu/Hanönü	Kenan Sarı (Hanönü-Personel Servisi)
	Kastamonu/Hanönü	Yaşar Kayar(Taşköprü-Personel Servisi)
	Kastamonu/Hanönü	Öztürkler Manifatura Taşımacılık(Kastamonu-Personel Servisi)
Electrical Materials	Kastamonu/Center	Çağrı Elektrik
	Kastamonu/Center	Uzman Elektrik
	Kastamonu/Center	Es Enerji
	Kastamonu/Center	Aksa Kastamonu
	Kastamonu/Center	Mutlusa Elektrik
	Kastamonu/Center	
Purchase Of Stationery Supplies	Kastamonu/Hanönü	Uçar Kırtasiye
	Kastamonu/Center	Koza Kitabevi
	Kastamonu/Center	Sancak Kitabevi
Restaurants	Kastamonu/Hanönü	Hanımeli Ev Yemekleri

	Kastamonu/Hanönü	Ehli Sultan Sofrası
	Kastamonu/Taşköprü	Adem Usta
	Kastamonu/Center	Canoğlu Pastanesi
	Kastamonu/Center	Şekerci
Hotel	Kastamonu/Taşköprü	Ergün Otel
Advertisement and Blueprint	Kastamonu/Taşköprü	Planet Reklam
	Kastamonu/Center	Uzanlar Özalit
	Kastamonu/Center	Kent Reklam
	Kastamonu/Center	Şafak Reklam
Auto Maintenance Repair	Kastamonu/Center	Sesay Otomotiv
	Kastamonu/Center	Hacımahmutoğulları Otomotiv
Occupational Health and Safety Equip.	Kastamonu/Center	Afacan Tüp Dolum
	Kastamonu/Center	Era Çevre
	Kastamonu/Center	Kastamonu Sağlık Hiz. San.Tic.
Textile	Kastamonu/Center	Çınar Giyim
Weighbridge Calibration	Kastamonu/Center	Serdar Kantar
Mineral Demands	Kastamonu/Taşköprü	Ünallar Palet
	Kastamonu/Hanönü	Mehmet Yıldız Marangoz
	Kastamonu/Hanönü	Çobanoğlu Marangoz
	Kastamonu/Center	Özçakmak Mühendislik Ltd.Şti.
Construction Work	Kastamonu/Center	Karakoçlar
	Kastamonu/Hanönü	Dündar Ticaret
Security Service Procurement	Kastamonu/Center	Koşar Güvenlik Hizm.
Shipping Service Procurement	Kastamonu/Taşköprü	Nakliyecisi Zekeriya Ünal
Food	Kastamonu/Center	Yapıkur İnşaat Sanayi Ve Tic.A.Ş.

Acacia designated 5 (five) geographical zones to classify the Contractors/Suppliers. These zones are in line with the descriptions of directly/indirectly affected settlements in the Social Impact Assessment report and are as follows:

Zone 1: Sepetçioğlu, Dereköy, Vakıf, Küreçayı, Hanönü District Centre, Bağdere, Geymene, Yılanlı.

Zone 2: Other villages of Hanönü, Taşköprü, Boyabat.

Zone 3: Kastamonu Merkez and other districts, Sinop and its districts.

Zone 4: Turkey.

Zone 5: Other countries.

5.2 Local Procurement Committee (LPC)

Local Procurement Committee is held in reference to contractual necessities and Supply Chain Manager's and/or Procurement & Contracts Unit Manager's invitation. LPC is composed of the following members:

Local Procurement Committee Members

- Operations Manager and/or Deputy Operations Manager,
- Supply Chain Manager,
- Procurement and Contracts Unit Manager,
- Public Relations Director/Department Representative,
- HR Manager/Director and/or Deputy HR Manager/Director
- Contract Manager (added by the Procurement and Contracts Unit Manager if needed),
- Related Department Manager (if needed),
- Security Manager (if needed).

Main duties of this committee include determining procurement strategies for goods and/or services that local contractors and/or suppliers can provide or that can be provided through the Public Relations Department's directives and capacity developing activities and decision making processes.

At least 2 (two) active members must be present at these meetings, in addition the Supply Chain Manager and Environment & Public Relations Coordinator.

All resolutions shall rely on the member's unanimity. The resolutions reached at the end of meetings must be approved with the unanimous decision of the LPC. Supply Chain Manager is liable for managing and coordinating the business processes in line with the approved resolutions.

5.3 Incentive (Premium) Procurement Limits

Because of the scale economy, local contractors and suppliers will be in a disadvantaged position in tender competition, compared to other national and international companies. The following incentive procurement limits are set for local contractors and suppliers in order to increase their capacity. These limits can be applied as stated in the table below. Stated limits are valid for contractual and non-contractual procurements up to TRY 100.000,00 at a time. Fair profit margins will be applied to procurements above this limit. For procurements above this limit, profit margins will be submitted to LPC for approval.

GOODS AND SERVICES PREMIUMS TO ZONES			
Zone No.	Zone Name	Goods Procurement (% of total procurement value in TL for Per Contract/Procurement)	Services Procurement (% of total procurement value in TL for per Contract/Procurement)
1	Sepetçioğlu, Dereköy, Vakıf, Küreçayı, Hanönü District Centre, Bağdere, Geymene, Yılanlı	8%	8%
2	Other villages of Hanönü, Taşköprü, Boyabat	7%	7%
3	Kastamonu Merkez and other districts, Sinop and its districts.	5%	5%
4	Turkey	0%	0%
5	Other Countries	0%	0%

Premium rates can be updated as a part of local contractor and supplier capacity development, in reference to the approving of Local Procurement Committee's resolution.

5.4 Goods and Services Procurement Designated by Zones

In addition to various incentive limits applied to zones, Acacia will have a list of goods and services designated to each zone. The purpose of designating restrictions based on zones and classifications in goods and service procurements is to determine if local goods and services can be provided from local business partners sustainably, in reference to the current capacity and sufficiency.

Designated goods and/or services shall only be provided from designated zones, within the incentive limits stipulated in Article 5.2. In the event that they are not provided from these zones or the companies in these zones request a high profit margin, goods and/or services shall be provided from the next designated zone.

NOMINATED & RESTRICTED GOODS AND SERVICES TO ZONES			
Zone No.	Zone Name	Designated Goods and Service Procurements	Restricted Goods and Service Requirements
1	Sepetçioğlu, Dereköy, Vakıf, Küreçayı, Hanönü District Centre, Bağdere, Geymene, Yılanlı	Shipping (Except for Shipping of Dangerous Substances-Chemicals, Equipment), Personnel Transport Service, Cafeteria Services, Construction machinery/Vehicle Rental Service, maintenance-fixing,	Procurements of materials and/or services that require technical knowledge/expertise.
2	Other villages of Hanönü, Taşköprü, Boyabat		
3	Kastamonu (Merkez) central district and other		

	districts, Sinop and its districts.	cleaning, food, furniture-major appliances, inns, vehicles and office supplies, various consumables, etc.	
4	Turkey	Inapplicable	Inapplicable
5	Other Countries	Inapplicable	Inapplicable

5.5 Restricted Goods and Service Procurements

Since goods and service categories stated in this section are technically impossible to provide from designated zones, local companies that are founded here will not be included in the tender/bidding processes under any circumstances. Within the framework of capacity developing programs, if the companies meet the said preliminary qualifications for goods and service supply, the said category can only be included in Designated Goods and Service Procurements section with the approval of the Local Procurement Committee.

Restricted goods and services cannot be provided from below their designated zone. For instance, the restricted zone for scrap metal recycling is Zone 3, Kastamonu. This will mean that the procurement for this service may only be provided from this zone and above, that Hanönü and below zones shall not provide scrap metal recycling service.

Acacia shall not procure goods and/or services from its own or its sub-contractors' personnel. However, in the event that Acacia cannot provide a good and/or service from local companies but from its own or its sub-contractors' personnel, this good and/or service can be provided with the approval of the local procurement committee.

5.6 Local Procurement Committee Meeting

This meeting is to take place on the last week of each month and LPC members stated in Article 5.2 are to attend it. Executives that cannot attend this meeting are liable for assigning deputy personnel to attend the meeting on their behalf.

After the said meeting is concluded, the meeting record in Annex-2 shall be published by the Procurement and Contracts Unit Manager for the related persons, within 3 days. The Procurement and Contracts Unit Manager shall also issue the resolutions of the meeting in the Local Procurement Committee Resolution Rationale Form, thus include them in the approval process.

After the related approvals are given, the contracting and procurement process shall be initiated.

5.7 Low Value Procurements (Procurements Up to TRY 10,000 at a time)

These procurements shall include the below stated categories, respectively from Zones 1, 2 and 3.

- a) Foodstock procurement (tea, water, etc.)
- b) Cleaning material procurement,
- c) Office supplies procurement,
- d) Hardware material procurement,
- e) Car washing service procurement,
- f) Restaurant catering service procurement,

- g) Short-term equipment rental and various goods and services procurements.

For these procurements, a fair distribution will be made among prequalified companies, within the framework of the below stated quota.

A quota of TRY 2,000 (not including VAT) was designated for each business for the above mentioned articles. If this quota is reached, procurements will be made from the next company in line. During these procurements, in the event that companies that cause problems in terms of price and quality cannot be agreed with, the activities shall be suspended with the resolution of the Local Procurement Committee. If the company improves its processes and commits that it will meet the stated criteria, a trial period activity shall be initiated with the resolution of the Local Procurement Committee. If the company meets the expected criteria during the trial period, the activities shall continue. Trial periods for these businesses shall not exceed 3 months.

The said quota limit can be updated with the resolution of the LPC.

1. New businesses to be opened in the area shall initiate operations with the LPC resolution regarding prequalification process, after the opening documents are submitted to the Supply Chain Department.

Within the set quota, the Supply Chain Department shall draft a procurement report each quarter and share it with the related departments and the management. Depending on the type of goods and service supply, it is essential to make a fair and well-balanced work distribution between the companies.

6.0 TRAINING AND LOCAL CAPACITY DEVELOPMENT NECESSITIES

In order to implement the Local Procurement Plan effectively and successfully throughout Acacia, all employees that are responsible for implementation of the commitments in this plan will be trained. As their roles and responsibilities require, AMI will ensure that the key responsible parties will have satisfactory qualities.

In addition to the training with regards to this plan, the following trainings are recommended for Contract Managers, Contracts Chiefs, Department Managers and related personnel of the sub-contractors;

- Contract Management,
- Effective Contractor/Supplier Management Training,
- Effective Negotiation Training,
- Risk Evaluation and Management,
- Conflict Management.

For the plan to achieve its objectives, Acacia Environment & Public Relations, Supply Chain and such related departments shall cooperatively conduct local capacity developing activities, prioritizing Zones 1, 2, and 3, and work for giving the project affected people (both directly and indirectly) a sustainable income or business model (training, establishing local companies, developing the current businesses, etc.).

Acacia will provide training programmes to Local Contractors and Suppliers so as to increase their work capacity and increase quality performance. Those training programmes will be determined after detailed survey that will be conducted as per Pre-Qualification and Performance Measurement Directives.

7.0 MONITORING/CONTROLLING

Supply Chain Manager is accountable for the monitoring and delivery of this plan. However, all Department Managers are also liable for following up the contractual activities of the contracts supervisors related to them.

8.0 REVISION/IMPLEMENTATION

8.1 Periodical Revision

The Supply Chain Manager shall periodically revise the plan every 2 (two) years.

7.1 Instant Revision

Instant revision shall be made when the circumstances affect this plan's rules (changes in Incentive limits, changes in Zone descriptions, etc.)

9.0 ANNEXES

Annex 1	Local Procurement Committee Resolution Rationale Form
Annex 2	Local Procurement Meeting Record Form
Annex 3	List of Approved Local Contractors/Suppliers (Up till Zone 3)
Annex 4	List of Approved Contractors/Suppliers for Zones 1 and 2
Annex 5	Business/Supply Plan for Zones 1 and 2
Annex 6	Sub-Directive for Contractor/Supplier Zone Allocating