



Responsible Purchasing and Sustainable Supply Chain Statement

June 2018

Brilliance inspired by titanium



Cristal's Supply Chain leverages human resources, procurement, technologies, packaging, transportation and distribution to effectively and efficiently produce and deliver Cristal products to market. We are committed to a journey towards procurement excellence seeking to implement best-in-class supplier management across our global business. We seek to create stable and reliable relationships based on shared values.

Our Purchasing and Supply Chain activities follow a global process designed to ensure compliance to our corporate mission, vision and values.

Mission

Cristal strives to unleash the brilliance of titanium to provide great opportunities and safe environments for our communities. Our success will deliver sustainable and rewarding growth for our people, customers, partners, suppliers, and investors.

Vision

Inspired by the brilliance of titanium, we deliver cutting-edge solutions that create a cleaner and brighter world.

Values

Caring – Safety is paramount for our family members and the communities. We each individually, take our Corporate Social Responsibility seriously and incorporate it into our business decisions. We act with openness and fairness in all our relationships, respect others, and value their diversity. We hold ourselves and each other accountable for our actions and performances and have a personal sense of ownership of the business.

Collaborative – We are committed to working together. We believe in clear communication and looking at things from different points of view in order to really understand what you need. This way we can build a leading team to deliver excellence. **Passionate** – We are passionate about what we do, going the extra mile to challenge the status quo, and constantly striving to improve. We are never satisfied with mediocrity and are driving the business forward. We lead innovation in titanium solutions by being inquisitive and enterprising. **Professional** – We demonstrate the highest levels of professionalism and integrity through everything we do. We are focused on our business objectives and getting a good result. We are constantly learning and use our knowledge and expert skills to get things done.

This Responsible Purchasing and Sustainable Supply Chain Statement applies to all our business units across our business and outlines how we conduct business with our suppliers, what we require from them and what they should expect from us.

How we Conduct our Business with our Suppliers

Our responsible purchasing and supply chain's best-in-class approach to supplier relationship management is based on the following steps:

	DESCRIPTION	DELIVERABLES
1	Qualification and Classification <ul style="list-style-type: none"> Qualify new suppliers based on a common set of criteria that are aligned with company strategy and standards including commercial, QSHE, CSR, and sustainability issues Classify suppliers based on material or service provided 	<ul style="list-style-type: none"> Pre-qualify suppliers following a structured process for approvals Ensure consistent qualifying standards across the company's supplier base Reduce supply chain risk and meet requirements from customers (e.g., brand, legal, reputational, environmental and supply risks)
2	Segmentation <ul style="list-style-type: none"> Categorization of suppliers based on their importance to the company (depending on the spend and the criticality of the material or service) 	<ul style="list-style-type: none"> Build a better understanding of the supplier based on spend, criticality to the business, and alignment with our CSR values Optimize procurement resource allocation Focus on building relationship with the most important suppliers that ensure shared CSR objectives
3	Relationship Management <ul style="list-style-type: none"> Manage supplier relationships with a clear governance structure which is based on supplier segmentation and performance management including corrective actions 	<ul style="list-style-type: none"> Transparency between suppliers and the company through periodic feedbacks on performance targets and action plans Collaborative problem solving Optimized top management involvement and development effort for critical and strategic relationships
4	Performance/ Risk Management <ul style="list-style-type: none"> Manage supplier performance using standard performance tracking tools and periodic reviews Monitor risks with standard risk scorecards tailored to business requirements 	<ul style="list-style-type: none"> Fact-based conversation with suppliers Consistent performance standards for suppliers across the company (third party monitoring against key CSR KPI for strategic suppliers) Performance recognition (awards) Timely response to issues and risks that have high impact and high probability of occurrence



How we Conduct our Business with our Suppliers

How our Procurement Team is organized

TIO₂ SBU Procurement

Under the leadership of the head of procurement, we have a team of strategic commodity managers who manage global commodity sourcing strategies for our strategic purchases of: ore, coke, process chemicals, packaging and utilities.

International Procurement

Under the leadership of the general manager, international procurement, each region we operate in has a team of local/regional buyers managed by a regional procurement manager. The regional teams are responsible for implementing the strategic sourcing projects and for all other commodities and services required to support the sites, in accordance with the global standards.

Procurement Center of Excellence

A team dedicated to leading global programs to drive procurement excellence, including the implementation of supplier relationship management programs, CSR and risk management monitoring processes, global policy and procedures, and performance management and reporting.

What a Supplier can expect from us

- Cristal employees shall conduct themselves in accordance with our Business Ethics Policy in a clear and transparent manner at all times.
- Cristal will seek solutions that meet our business objectives relating to cost, performance, quality, safety and sustainability. Cristal pledges to ensure that all business decisions are based on fair and objective assessment of the selection criteria, and that proper approvals are in place prior to making any commitments to suppliers.
- Cristal shall actively encourage suppliers to suggest improvements to the goods and services supplied relating to cost, security of supply, quality, environmental and safety improvements.
- Cristal shall respect the confidentiality and intellectual/copy property rights associated with the supplier.
- Cristal shall strive to pay our suppliers in accordance with agreed terms subject to invoice protocols being followed.
- Cristal shall ensure that any concerns raised by the supplier are dealt with in an appropriate manner with escalation to senior management if they cannot be resolved at the operational level.



How we Conduct our Business with our Suppliers

What we expect from our Suppliers

- Maintain a safe and healthy working environment at all times for all employees within their organization and to comply with all Cristal safety rules and instructions while operating on any of our sites.
- Conduct business in a clear and transparent way in accordance with applicable laws and in conformance to Cristal's Ethics Policy.
- Promote and respect fundamental human rights. Suppliers must have appropriate policies and procedures in place and operate their business to eliminate forced/slave and child labor from their supply chains.
- Conflict mineral compliance procedures in place.
- Promote and respect environmental and other corporate social responsibility compliance by managing environmental impact and operating in a sustainable way. Where possible participate in any third party monitoring programs Cristal sets up to measure CSR performance.
- Maintain confidentiality and respect Cristal intellectual property/copy rights.
- Deliver the goods and services contracted for in a professional and timely manner in accordance with the agreed terms and conditions.
- Proactively propose improvements in safety, service, cost, sustainability or other CSR factors and once approved work with Cristal to implement them.
- Inform Cristal in a timely manner to any changes to your organization or ability to perform any contractual obligations.
- Proactively work to resolve problems and implement improvements associated with any vendor noncompliance notices served.



Zero-Tolerance Policy

The Code of Business Principles is set out as the key principle which governs the way we carry out our business. Keeping to these principles protects our lives, our credibility, our reputation and our ability to sustain our growth.

The Zero-Tolerance principles highlight and enforce certain key principles of title Code. Any allegation that Zero-Tolerance principles have been broken should immediately be reported. Violation will be assessed by a senior internal committee, which will identify the appropriate and prompt action to be taken.

- 1** Safety comes before everything else and we will continue to be committed to the safety standards of the company. We are committed to protecting our environment and improving the overall welfare of the environment, where we operate and beyond.
- 2** We do not give or receive bribes, or facilitate improper payment. Our accounting records must accurately reflect the true and complete nature of every transaction. No unrecorded account, fund or asset, will be established or maintained. Our family members will support and encourage each other as long as this does not compromise our high ethical standards.
- 3** We will not advance our personal interests by misusing or abusing our positions or company assets, and will ensure that our personal interests are in line with those of the organization.
- 4** We will respect our colleagues and their opinions, beliefs and values. We will support them and behave in a positive and constructive way towards them at all times.
- 5** Cristal companies and family members must comply with the laws and regulations of every country in which we operate. Compliance with these principles is an essential element of our success.



More information

Sustainability is foundational to Cristal's corporate strategy. We expect our suppliers to join us on our journey towards excellence by implementing their own processes and procedures to meet the requirements set out in this document.

Cristal participates in third party monitoring managed by EcoVadis and encourages our suppliers to participate in the program. Full details are available from www.Ecovadis.com

It should be understood that this is an umbrella document which sets out Cristal's approach and does not form any part of any legal agreement between Cristal and any of its suppliers.