

Management Fundamentals 2022



MESSAGE FROM THE CEO —



Dear Stakeholders,

We are pleased to present our Progress Reporting Report, which is a summary of our commitment to the United Nations Global Compact and our approach in this context, to your view this year as well. We would also like to undertake, through our report, that we will present our performance on the Global Compact for your opinion in the upcoming period. I would like to express my gratitude to all our stakeholders who did not leave us alone on this journey and whose contributions we have created to increase the added value we have created.

Sincerely,

Haluk Kürkçü
CEO

CORPORATE GOVERNANCE —

TRANSPARENCY > FAIRNESS > RESPONSIBILITY > ACCOUNTABILITY

The principles of transparency, fairness, accountability and responsibility, which define our corporate governance understanding, constitute the basis of our business manner, as well as the relations we establish with our stakeholders. Our corporate governance structure, which was formed to ensure that these principles are taken as basis in all our operations and reached its current effective and robust state in light of our more than 45-year experience in the industry, is the main driver behind the successes we achieve. As Brisa, we support this understanding and structure with nationally and internationally acclaimed standards, as we constantly look for ways to enhance our performance in the field of corporate governance.

The management structure of Brisa consists of a two-step system involving a Board of Directors and an Executive Committee, with the positions of CEO and Chairman of the Board of Directors occupied by different individuals. The Board of Directors, which is elected by the General Assembly, consists of 11 members, of which 3 have executive duties and 2 are independent.

All the members of Brisa Board of Directors are responsible for the performance of the company. The Audit Committee, Corporate Governance Committee and Committee for the Early Identification of Risks, composed within the body of the Board of Directors, are aimed at assisting the Board of Directors in their respective areas of expertise. The Executive Committee, which is tasked with supporting the Board of Directors in the planning and execution of strategic orientations regarding the operations of our company and in monitoring investments, consists of the CEO, Coordinator, Technical Groups Director, Deputy CTO, Assistant General Manager of Finance, Assistant General Manager of Marketing and International Markets, Assistant General Manager of Sales, Assistant General Manager of Human Resources and Assistant General Manager of Supply Chain & OE. The Committee bears the responsibility for the performance of the Company in economic, social and environmental fields.

You can reach detailed information regarding the corporate governance structure of Brisa, members of the Board of Directors and senior executives in the **2022 Annual Report**.

Click for Brisa Sustainability Policy.

RISK MANAGEMENT —

The end goal of the risk management program at Brisa is to ensure the sustainability of our products, services, operations, people, reputation, and financial strength, thereby creating the highest value for our stakeholders. Our risk management works, which occupy a significant position in our corporate strategy, are executed within a structure disseminating to all the employees from the Company Board of Directors; the efficiency of the risk management system is ensured through communication and audit mechanisms.

Our risk management works encompass financial, strategic, operational, and external environment risk areas. Brisa Board of Directors is responsible at the highest level for the implementation and maintenance of an effective risk management system within the Company. The Committee for the Early Identification of Risk, selected from among members of the Board of Directors, supports the Board with regard to risk management. The Committee makes situation assessments for critical risks in the bimonthly report it offers to the Board of Directors in light of the information received from the Risk Management Department and the Risk Committee, as well as evaluating the efficiency of the corporate risk management system.

You can reach Brisa's risk management processes and business continuity plans, as well as the details of the prospective risks identified, in the [2022 Annual Report](#). (p:69-72)

The Executive Committee, functioning under the Board of Directors, acts within a risk-based decision-making systematics. The Committee evaluates risk management reports at the executive meetings regularly held with the participation of directors, proactively tackling risk management issues on the agenda.

The Risk Department is responsible for the early determination of all the risks the Company may encounter, the effective management of these risks, and ensuring their integration with corporate strategies and processes. It functions as a bridge between the senior management and the lower levels of our organization, with regard to risk management processes. The Department, which organizes risk evaluation workshops with all its functions managers and employees every year, defines the strategic, financial, operational, and external environment risks of functions, determines the probable impacts of risks through various scenarios and prioritizes them accordingly, forms strategies and action plans to mitigate the negative impacts of relevant risks, and monitors these actions.

At Brisa, risk management processes aim for the concept of risk and the risks of the corporation to be understood at all the levels of the organization, from senior executives to employees, for the formation of a common risk awareness and the appropriation of risk management responsibilities. Communication works carried out for this purpose are supported with effective auditing mechanisms, international standards and guidelines, primarily ISO 31000, are taken as reference in these practices.

Evaluating and managing the risks within the scope of our operations and implementing preventive practices for these risks is an important element of our sustainability approach. In this context, climate change, which is a concept that the entire business world has to fight together, is actively followed by our company's partners Bridgestone and Sabancı Holding, on a global and local scale, as well as Brisa within the scope of our operations, it's possible effects are evaluated and relevant measures are taken. Brisa Board of Directors plays a role in the implementation of global strategic decisions and informs the Senior Leadership Team (SLT), which has the highest responsibility in climate-related activities and risk assessment at Brisa.

[Click](#) for detailed information of Bridgestone Group on Climate Change risks and practices. Sabancı Holding detailed information can be found at [Sustainability Report](#).

Production-oriented, sales oriented and operational risks are evaluated periodically in short-medium-long terms in an integrated manner into the Brisa risk management system. The risks evaluated in this context, its relevance to climate change and the actions taken are as below:

Risks	Actions
Regulation Risks	<p>With the regulations brought to prevent climate change, maximum limits for rolling resistance and labeling system have been introduced for tyres. After these new regulations, operating costs such as the development of tyres with low rolling resistance, measuring the rolling resistance coefficient value and printing labels have increased and the impact is significant. In this context, social trends are monitored, including current regulations. The development and introduction of low rolling resistance tyres is encouraged to contribute to CO₂ emissions reduction activities.</p> <p>Many countries have projections for the introduction of carbon pricing. If the carbon tax is increased gradually in the future, its impact is thought to be great. In this context, social trends are followed, including emerging regulations such as carbon tax, and activities to reduce CO₂ emissions are encouraged.</p>
Technological Risks	<p>Sales are likely to fall if products/production become less competitive due to delayed development of low-carbon technology that improves energy efficiency. This has a significant impact on our operations. In this context, the use of energy-efficient technologies and the provision of products and services that can contribute to reducing CO₂ emissions, such as fuel-efficient tyres, are encouraged.</p>
Market Risks	<p>We encourage the provision of products and services that can contribute to reducing CO₂ emissions, such as fuel-efficient tyres. However, changes in climate-related requirements in the market may affect our sales. In addition, winter tyre demand may be lower if the global temperature rises significantly and snowfall decreases. In this context, social trends are actively studied, including market requirements from customers such as automobile manufacturers.</p>
Reputation Risks	<p>With the growing demand for climate change response in the automotive industry, the disclosure of environmental data is also becoming more important. In this context, we transparently disclose environmental data including energy and CO₂ emission data in various media such as the Sustainability Report, CDP Report and website. However, in a crisis situation that undermines social credibility by giving false information about climate change, there is a possibility that customers and stock prices will lose confidence. It can cause a decline and adversely affect business performance and financial condition. We conduct third-party verification and review of most of the data included in sustainability reports, such as CO₂ emissions, to increase the transparency and credibility of the disclosure.</p>
Physical Risks	<p>Our main field of activity is tyres, the raw material of which is natural rubber. Currently, natural rubber is made almost entirely from the sap of the rubber tree. 90% of the growing area of the rubber tree is in Southeast Asia, and due to droughts caused by extreme weather conditions in the tropical rainforests of Southeast Asia, the defoliation period of the rubber tree is prolonged and the time to obtain sap is shortened, thus leading to a reduction in yield. As a result, it is expected that the supply-demand balance will deteriorate and the price of natural rubber, which plays a vital role as a tyre raw material, will increase. If the price of natural rubber rises and it becomes more difficult to procure, the cost of tyre production will increase. In addition, severe weather conditions such as floods and hurricanes can affect operations at production facilities and/or distribution channels. In this context, the Bridgestone Global Environment Working Group monitors social trends, including the annual climate change situation in all regions.</p>

FIGHTING AGAINST BRIBERY AND CORRUPTION —

Within the scope of CDP reporting every year, the risks and opportunities that the company will face regarding Climate Change and Water Footprint issues are evaluated for short, medium and long term and reported in CDP format. In addition, performance data such as energy consumption and emissions directly related to climate change, short-medium-long-term targets are shared in detail within the scope of the sustainability report.

In 2015, we aimed to integrate the framework of compliance management in corporate strategies and culture, to ensure that all employees focus on legal compliance and related risks besides their performance in their daily works, and to contribute to the sustainable development of the company with Brisa Corporate Compliance Policy. The Policy involves principles of compliance, such as fair competition, honesty in business relations, avoiding corruption, adopting the principle of sustainability, fair and respectful working conditions.

Moreover, every year audit reports are prepared by third parties for the evaluation risks such as fire hazards, natural disasters, production losses, etc. within the organization.

As Brisa, we consider operating with the highest standards of honesty and consistency among our priority areas. In this area, in addition to the Sabancı Holding Ethical Principles (SA-Etik) that we have integrated into our activities, we take as reference the Brisa Anti-Bribery and Anti-Corruption Policy, which we prepared in line with the comprehensive risk assessment results and the opinions of our key stakeholders, and the United Nations Global Compact that we signed in 2013. We also regularly review our Policy against possible new risks.

[Click for SA-Etik Principles.](#)

[Click for Brisa Anti-Bribery and Anti-Corruption Policy.](#)

All our current employee base, along with the new employees who started working for our company share with us a written consent letter that they have read and agreed the SA-Etik principles and Brisa Policies for Fighting Against Bribery and Corruption. These documents are continuously available for reach through internal communication channels of the company. Codes of conduct are reminded to employees in order to create employee awareness. These policies are available on our corporate web site to be shared with all our shareholders and business partners.

All of Brisa business processes are prepared and reviewed considering the basic procedures and principles mentioned in the Brisa Policies for Fighting Against Bribery and Corruption and SA-Etik principles. The internal management of the Brisa Policies for Fighting Against Bribery and Corruption and SA-Etik principles are conducted together by the Internal Auditing Management, Legal Management, Human Resources Deputy General Management and Ethics Regulations Consultant. One of the main purposes of the ordinary audit activities carried within Brisa is to eliminate the risk of corruption. During the audits carried on, risks concerning corruption are thoroughly evaluated and the audit results are

reported to authorized departments and in cases where policies against corruption are violated, actions in accordance with internal disciplinary actions and legal regulations are taken. The Auditing Committee is responsible from evaluating the ethical environment of Brisa and control the effectiveness of the processes in terms of their accordance with ethical regulations to independently report the concerning results to the Board of Directors on an annual basis.

The trainings and education sessions in order to increase the awareness of employees from all levels about bribery and corruption are regulated and carried on by SA-Etik within the governing body of our partner Sabancı Holding. The completion of these trainings and education sessions are obligatory for every employee.

All Brisa employees and business partners can communicate possible corruption cases with the Ethics Regulations Consultant within the principle of confidentiality. If confirmed corruption cases are detected, cases will be meticulously evaluated from all angles and legal process will be swiftly started. During the reporting period, no signs of bribery and corruption were detected.

With the Brisa Anti-Bribery and Anti-Corruption Policy, we aim for all our business partners acting on behalf of Brisa or serving the company to fully comply with the anti-bribery and anti-corruption legal regulations. In this respect, we take Brisa's Anti-Bribery and Anti-Corruption Policy as a basis in all supplier selection activities and include relevant provisions in contracts made with supplier companies.

Neither any Brisa employee nor any of its sub employers can be subject to any ill treatment or loss of their rights as a result of not paying bribe or facilitation funds. Brisa does not establish any business relations with suppliers who are included in the blacklist for any possible reasons. In cases where current suppliers and/or customers are included in the blacklist, the annulment process of their continuing business agreements is started.

INTERNAL AUDIT AND INTERNAL CONTROL —

At Brisa, periodical internal audits and internal control aim to ensure the effective, reliable and continuous execution of Company operations. While the integrity, consistency and reliability of the information provided by the accounting and financial reporting system is ensured through audit and control practices, the continuous development of the Company's risk management and corporate governance practices is also guaranteed.

At the head of the Company's internal audit activities is the Audit Committee, established within the body of the Board of Directors. Working in coordination with the Internal Audit Department, the Committee audits and reviews the internal control systems through periodic meetings it holds with the unit, at least once every three months, at least four times a year, and presents its findings and improvement suggestions to the Board of Directors through regular reports.

The processes to be audited throughout the year are identified in accordance with the results acquired through risk management studies. Sabancı Holding SA-Etik guidelines and Brisa Anti-Bribery and Anti-Corruption Policy constitute significant reference points for the audits, while all audit and control practices were designed to cover the issues of anti-bribery and anti-corruption.

The ERP-based audit module is used to provide a higher level of assurance by analyzing larger data sets in a shorter time, improving our internal control ecosystem and making it more efficient.

In 2022, the audit of 6 business processes consisting of 36 sub-processes was completed and the results were presented to the Audit Committee in a report.



OUR STAKEHOLDERS —

We define individuals, groups, and institutions who are directly and indirectly affected by our operations and who have a direct or indirect impact on our operations as our stakeholders. We establish communication mechanisms, whose method and frequency are determined in accordance with the characteristics of stakeholder groups; we evaluate stakeholder feedbacks acquired through these channels as primary inputs for determining our sustainability strategies and objectives.

Periodically organized vision meetings, meetings held with our business partners and practices actualized within the context of sectoral collaborations are among the primary platforms where we come together with our stakeholders. We receive feedback from public institutions within the context of the Ministry of Science, Industry and Technology Tyre Subcommittee (LAK), of which we execute the presidency, and Tyre and Life Safety workshops within the body of the Ministry of Transportation, Maritime Affairs and Communication. We regularly attend European Tyre and Rim Technical Organization (ETRTO) and European Tyre and Rim Manufacturers' Association meetings concerning tyre regulations as a full member.

We transparently offer our sustainability performance to the views of our stakeholders through the sustainability reporting practice we carry out every year. We receive the feedbacks of our stakeholders regarding our reporting practice through the evaluation application we call "External Committee Evaluation", we identify areas of potential improvement and make action plans to be reflected in our next report.



Communication with Stakeholders

Sabancı Employees	Sabancı Social, Sabancı Weekly Bulletin, Media, Ortaya Çıkanlar
Employees	Corporate Website, Social Media, Brisa Academy, Digital Internal Communication Platforms, Sabancı Weekly Bulletin, Media, Corporate Social Responsibility (CSR) Activities, In-house displays, Boards, İz Brakanlar, Almanacs, Financial and Sustainability Reports, Ortaya Çıkanlar, Function Bulletins, Social Media, Vision Meeting, R&D Day, Sales&Marketing Meeting, CEO Townhall
Media	Corporate Website, CSR Activities, Advertising and Marketing Studies, Interview and Talks
Investors	Corporate Website, Corporate and Brands' Digital Communication Platforms, Corporate and Financial Communication, Financial Reports, Investor Presentations, Financial Performance Reports, Plant Visits, Social Media, Interview and Talks, Board Meeting, Public Disclosure Platform
Local Community	Media, CSR Activities, Donations and Sponsorships, Annual Reports
NGOs	Corporate Website, Various Memberships, Joint Projects
Universities	Corporate Website, Scholarships and Training Opportunities, Plant Visits, Sponsorships and Supports, Career Days Presentations, Brisa Akademi Trainings, Ideathon
Business Partners	Corporate Website, Social Media, Dealer Information System, Media, Corporate and Marketing Communication, Brisa Academy, Dealer Meetings, Digital Meetings, Brisalıyız.biz, Dealer Trips
End Users	Corporate and Brands Websites, Social Media, CSR Activities, Advertisement and Marketing Studies, Field Activities, Campaigns
Customers	Meetings, Aspects+ Reports, Profleet Consultants' Field Studies, Annual and Sustainability Reports, Digital Fleet Practices, Fairs
State Institutions	Government Audits, Annual and Sustainability Reports, Meetings, NGO Reports
Suppliers	Face to Face Meetings, Annual and Sustainability Reports, System Information, Supplier Audits, Supplier Honoring Ceremonies
Potential Members of Brisa	Corporate Website, Social Media, Conferences, Benchmark Meetings, Ideathon

	Top Management	Customers	Business Partners	Employees	Suppliers	Local management/ People	Investors and Public Institutions
Smart Mobility		■	■	■	■	■	■
Digitalization	■	■	■	■	■	■	■
Inovation and Corporate Entrepreneurship		■	■	■	■	■	■
Energy and Emission Management	■	■	■	■	■	■	■
Use of Natural Resources	■	■	■	■		■	■
Environmentally Friendly Products and Services	■	■	■	■		■	■
Circular Economy	■	■	■	■	■	■	■
Public Relations	■	■	■	■	■	■	
Becoming a Preferred Employer (Development Journey)	■	■	■	■		■	■
Equality & Diversity	■	■			■	■	■
Data Safety							
Sales Channels Management	■	■	■		■	■	■
Biodiversity						■	■

VALUE CHAIN —

At Brisa, we act with the purpose of creating value added for all the components of our value chain; we design the best journey ahead together with our stakeholders. We carry out practices supervising the lifecycle of our products and services in accordance with our sustainability approach; we rigorously manage our social, environmental and economic spheres of influence. While meeting the expectations of our customers, business partners and suppliers through responsible value chain practices, we also accompany the social and economic development of the societies of which we are a part. We create new and effective business models with the understanding of innovation, which is an integral part of our corporate culture and business processes; we constantly further the value we create for our company and value chain.

Customer Health and Safety During Product Lifecycle

At Brisa, our product responsibility understanding is based on a managerial approach involving the whole product lifecycle, from the procurement of raw materials used in manufacturing to the end user. In this regard, we carry out improvement activities in relation to product safety, we rely on internationally accepted quality standard and management systems in the production stage, and we introduce our products to the market with the highest safety standards. We work to offer fuel efficient and safe tyres with low noise level; we act with the purpose of creating high value added for our customers.

The accurate and transparent information of our stakeholders regarding our products constitutes one of the essential requirements of our approach in both customer health and safety and responsible marketing.

Within the scope of the Tyre Labeling System, our primary reference in this regard, which entered into force in 2012 within the framework of the law of harmonization code of the European Union, tyre performance is evaluated under 3 main criteria, namely fuel efficiency, wet grip and exterior noise. While we fully support these criteria, which reflect 30% of tyre performance in terms of environmental responsibility and driving safety, we also inform our customers regarding other significant criteria.

We focus on many parameters in the areas of economy, safety and comfort with the mission of providing vehicle owners with a balanced performance. Instead of product information works that emphasize a single performance criterion, we provide information that will allow drivers to opt for tyres that are suitable for their driving habits and the road and climate conditions they use their vehicles in.

In addition to all these information works, we also regularly inform the Ministry of Environment and Urbanization regarding the raw materials we use in production in accordance with the Regulation Concerning the Inventory and Control of Chemicals. In the reporting period, there were no cases of non-compliance with regulations and rules regarding product and service information and labeling.

Wet Gripping

Wet gripping represents a significant indicator in terms of our performance in the area of traffic safety. In accordance with our responsible marketing understanding, we transparently share information regarding this parameter, which is significant for reducing traffic accidents during winter months, on all our product labels.

Our Management System Certifications

- Headquarters ISO 9001:2015, ISO 27001:2013, IATF 16949:2016
- Izmit tyre experiment laboratory ISO/IEC 17025:2017
- Izmit and Aksaray production facilities holds the ISO 9001:2015, ISO 27001:2013, IATF 16949:2016

ISO 14001:2015, ISO 50001:2018 and ISO 45001:2018. In addition, water and greenhouse gas inventories at our production facilities, head office and sales points are prepared and verified in accordance with ISO 14064-1:2006 Carbon Footprint and ISO 14046:2014 Water Footprint standards.

We are steadily increasing the share of our products with label values of "C and above" and "A" for this parameter in our sales portfolio. In the reporting period, we realized the share of our "C and above" consumer products in our sales portfolio as 93%. We realized the share of our consumer products with a label value of "A" as 30% and the share of our commercial products as 4.4%. In 2023, we aim to realize these shares as 32% and 4.5%, respectively.

RESPONSIBLE SUPPLY CHAIN PRACTICES —

As Brisa, aiming to spread the sustainability understanding across the entire value chain, we care about the social, environmental and economic performances of our suppliers. We implement a series of communication, training and audit activities in the areas of human rights, employee rights, occupational health and safety, business ethics and environmental impacts.

Procurement

At Brisa, we collaborate with suppliers who respect the society and environment, we prefer institutions that are sensitive towards climate change, conduct energy efficiency works, provide their employees with healthy and safe workplaces and respect basic human rights when selecting our suppliers. We promote the social, environmental and economic performances of our suppliers who adopt our sustainability understanding, thereby ensuring improvement in our operational processes and achieving mutual benefit.

In 2015, we have composed the “Brisa Responsible Purchasing Policy” in order to cooperate with our stakeholders in our value chain with regard to sustainability management and to enhance sustainability awareness among our suppliers. In accordance with our policy, we expect our suppliers to adopt our approaches in the issues of human rights, employee rights, occupational health and safety, business ethics and environmental impacts. Accordingly, there are 1,098 suppliers approved in our system. We demand suppliers whom we determine to be noncompliant to present a remediation plan in order to ensure compliance with the policy. We end our commercial relationship with suppliers that do not conform to the compliance process or fail to realize the remediation within

the allotted time, thereby ensuring the compliance of our suppliers with our policies. In addition, we are working on updating our policy, and after the revision, confirmation will be requested by sharing with our suppliers again.

[Click](#) for Brisa Responsible Purchasing Policy.

Sustainable Procurement Program

We have created our sustainable purchasing roadmap with the vision of being a role model for all our suppliers in the transition to a low carbon economy. In this context, we aim to review our Brisa Responsible Purchasing Policy with a focus on sustainability in 2023, to improve the sustainability performance of our suppliers in cooperation with Ecovadis, and to provide our employees and suppliers with the necessary training. We aim to obtain 40% of the raw materials we use in 2030 and 100% in 2050 from sustainable sources.

In accordance with our local procurement policy, we carry out various localization studies for import-dependent raw materials. While we contribute to the national economy with these works, we also improve the quality systems of our local suppliers. As a result of our localization efforts in all our purchasing activities, the ratio of our domestic suppliers reached 93% in the reporting period. In the same period, our local supply rate was 55%.

Supplier Audits

Periodic supplier audits have an important place among our responsible supply chain practices. We continuously improve the performance of our supply chain in social, environmental and economic areas with the audit practices we carry out in line with ISO 9001 and IATF 16949 quality standards, and we accompany the sustainable development of our suppliers.

Sustainability assessments of our global suppliers, which are common with Bridgestone, are carried out annually by Bridgestone. [Click](#) for relevant details.

All companies, from whom we purchase more than six raw material shipments during a half year, are evaluated by our Purchasing, Technology, Quality Assurance, Occupational Safety and Environment departments at the end of the half year, within the context our Supplier Management System and Supplier Quality Scoring Standards. The results of these evaluations as well as opportunities for improvement are shared with our suppliers and the remedial actions planned by our suppliers are monitored. At the end of every year, we review the total performance of our suppliers throughout the year on the basis of half year evaluation results and the raw material related quality problem records of our suppliers and we identify the best performing, most in need of improvement, and audit candidates among suppliers. In result of this annual evaluation, we share their areas of potential improvement with our suppliers and we form our annual supplier audit plan. Besides, we reward our best performing suppliers with a “Thank You Letter”.

The surveys filled out by relevant Brisa employees regarding suppliers, from whom we procure machine, equipment and services, are evaluated by our Internal Purchasing Department. The scope of the assessment covers 0.1% of the total amount of purchases made in the calendar year and suppliers with a minimum order item quantity of 5 or an order item number of 50 or more. Our suppliers who exceed the number of item orders are evaluated within the scope of the annual evaluation system and the top 10 successful suppliers are awarded with a letter of appreciation according to the evaluation result. In 2022, the evaluation of 1,198 companies is still ongoing.

In the audits carried out during the reporting period, no existing or potential negative environmental impacts in our supply chain and non-compliance with basic human rights and business ethics principles were detected.

In the Supplier Relations Rating category of CDP reporting, the performance evaluation programs implemented by our company, the contributions we provide, short, medium and long-term evaluations regarding environmental impacts are reported in accordance with the format. We continued to be in the "Global Leaders" list from Turkey with our performance in 2022 as well.

Supplier Portal

Our Supplier Portals are the primary communication mechanism we have formed for our stakeholders in our supply chain. At the portals, that were established for the purpose of achieving effective and transparent communication, SA-Etik Principles, Brisa OHS Policy and Responsible Purchasing Policy, Business Excellence Policy, Information Security Policy and Antibribery and Anti-Corruption Policy documents are available for suppliers' access.

Subcontractor Approach

In the selection of subcontractor companies we will work with, we rely on the criteria of respect for basic human rights, legal compliance and compliance with our business ethics principles. In line with this approach, we carry out various communication, training and audit activities for our subcontractors, and monitor the accident-free performance of the companies. We also inform subcontractor employees about our organizations and processes in accordance with their position, task and responsibilities.

Environmentally Friendly Logistics Operations

In line with our sustainability approach, which covers all life cycles of our products and services; In our logistics operations, we give priority to maritime and rail transport, which have a lower environmental impact, and we consistently reduce the weight of road transport in all our operations. By determining optimal locations for our warehouses, we take care to provide more transfers with less fuel consumption, and we reduce our emission amount by expanding the use of electric forklifts in our warehouse operations. In the reporting period, 78.7% of our logistics operations were carried out by maritime lines and 3.9% by railways, while road transport increased by 5.3% compared to 2021. The reasons for the increase:

- The increased shipments to the Balkan countries were carried out by road transport due to the fact that it is not suitable for maritime transport.
- All of the shipments to Ukraine were realized by road transport as a result of the Russia-Ukraine war.
- The demand for land-based regions in Egypt shipments increased.

In 2023, we will continue our efforts to reduce the rate of road transport.

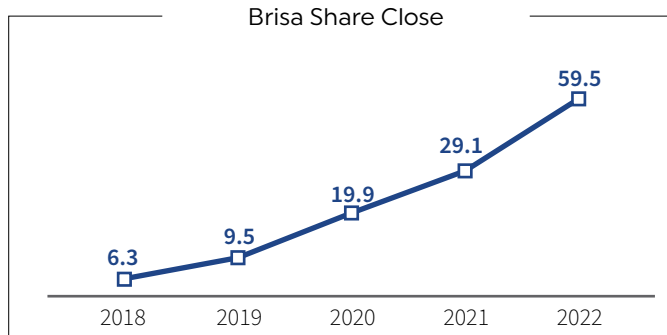
GENERATING AND DISTRIBUTING MORE ECONOMIC VALUE

As a result of our responsible manufacturer understanding we create value for our shareholders in different areas and share this created value with them. One of those value creation areas is the economic value that we create. In addition to the financial value we create as a result of our operations, we further create value with our investments, projects and products.

The closing value of BRISA stock traded in Borsa Istanbul in 2022 was 59.5 and the combined annual growth rate in the last 3 years was 58.2%. In the same period, Industry Index was 59% and BIST Index showed a combined annual growth of 48%.

In 2022, within the framework of the renovation and modernization works for our facility in Izmit, a total of 32.95 million USD was spent on investment, of which USD 16.49 million was covered by the Incentive Certificate. We also invested 15.7 million US Dollars for our second manufacturing plant, which is being constructed at the Aksaray Organized Industrial Zone. The total investment made for our Aksaray manufacturing plant until today totals up to 315.76 million US Dollars.

We support the Tyre Manufacturers Association's process of collecting end-of-life tyres in accordance with the legislation and recycling them to the environment and economy. We act with the awareness of our responsibility in collecting the end-of-life tyres that are converted into pyrolytic oil through the pyrolysis process to generate electricity, flooring in playgrounds and artificial turf in football fields, and scrap tyres used as additional fuel in the cement sector. With 1,796,685 tons of end-of-life tyres collected from the market in 14 years, we contributed 2.9 billion TL to the national economy.



ENVIRONMENTAL APPROACH

We design all our business processes on the axis of sustainability, and we constantly measure and control our environmental impact in order to keep the impact of our production processes on natural resources and climate change at minimum levels. In order to continuously improve our performance in this area, we periodically monitor our target realizations, set new targets and implement improvement studies in line with our management systems. By closely following both national and international standards, we fulfill the requirements with a performance above expectations, and we strive to increase this positive impact we have created, including our value chain.

As a result of our proactive approach, we became the first institution in Turkey, and the second in Europe, to be entitled for ISO 14001 Environmental Management Systems Certification. Thanks to our pioneering works in water savings and reporting, we became the first company in Europe to be entitled to receive ISO 14046 Water Footprint Standard certification.

We also reinforce the importance we attach to the issue with our participation in initiatives and the roles we assume. We take an active role in the studies of Climate Change and Paris Agreement Sub-Working Group, Circular Economy and Waste Management Sub-Working Group, Renewable Energy Task Force, Energy Markets Task Force and Energy Efficiency Task Force under the TÜSIAD Environment and Climate Change Roundtable.

You can find our Environmental Sustainability Goals and Performance Results in our [Sustainability Report](#).

OCCUPATIONAL HEALTH AND SAFETY —

Implementing our Occupational Health and Safety approach in all our processes and providing a safe working environment for our employees through our practices aimed at realizing our “Zero Working Accident”, “Zero Occupational Disease” and “Zero Fire” targets are among our primary priorities. For this reason, we are constantly monitoring and evaluating the performance of our processes in this regard and performing periodical reporting. In the reporting period, our transition to ISO 45001, the new occupational health and safety management system standard, was completed at our Izmit and Aksaray production facilities.

In 2022, 2,000 days in the Tyre Manufacturing 1 department and 500 days in the Raw Material Warehouse, were completed without any work accidents.

We closely follow national and international Occupational Health and Safety standards and fulfill our legal liabilities in full. Our occupational safety performance is monitored by our Occupational Health and Safety committee, where all of our workforce is represented, on a monthly basis. Analyses of work accidents and plans for preventing recurrences are prepared by the committee together with the Occupational Safety and Environment Committee.

Our 3S works, which constitute the basis for accident free and efficient production works, aim for the constitution of an accident-free workplace with no fire starters, reduction of wastes and performance of error-free production. In addition to our 3S program, we are identifying and evaluating hazards that might be caused by our operations within the scope of our risk analysis practices and developing preventions accordingly.

Studies on Ergonomic Risks

We are taking important steps to improve ergonomic risks. In addition to the 1,025 ergonomic risk analyzes conducted in the last 4 years, we touched 750 operators and realized 450 improvements in operation processes. We continue to hold “ergonomic brainstorming” meetings with our 13 teams every week.

[Click](#) for the detailed information.

Bridgestone Safety Mission Statement

In the context of Bridgestone Safety Mission Statement, we implement practices under the main headings of enhancing sensitivity, engineering precautions and systemic works.

BRISA-MEC (Manufacturing Education Center)

At our Brisa-MEC Manufacturing Education Center, which we created to develop and implement training programs to increase the basic skill levels and awareness of our Technical Group employees, we provide our employees with training in 6 basic areas. In addition to these basic trainings, Team Leader Development trainings with the coordination of Brisa-MEC and Human Resources, as well as extra trainings arising from needs are also provided to our employees at our center.

Within the scope of our standard training program, which we organize to increase awareness and consciousness among our blue-collar employees, we provide our employees with training on topics such as occupational safety, fire and disaster prevention. In addition, we provide “Occupational Safety Simulation” trainings in order to raise awareness of our blue-collar employees on occupational safety and risks in the field of production and we require that every employee who starts working in production sites complete these trainings. In this context, we provided “Occupational Safety Simulation” training to 549 blue-collar employees in 2022. In addition, we provided training called “Monozukuri” to our 460 blue-collar employees on the topics of occupational safety, disaster prevention, environment, quality and energy in order to enable them to do their jobs consciously and lovingly.

We do not limit our Occupational Health & Safety practices with Brisa employees. We assume a similar responsible approach against subcontractors / suppliers, visitors and interns operating in our field. As of the year 2015, a majority of subcontractor employees have become Brisa employees. These works, which were previously being conducted by subcontractor companies, are being performed under the roof of Brisa following the given date.

EMPLOYEE RIGHTS —

Providing a working environment that will meet our employees' expectations, where they will be productive in prosperity and they will enjoy working is among our primary responsibilities. In accordance with this understanding, we regularly make evaluations in consideration of the views and feedbacks of our employees in relevant issues.

Work Relations and Union Rights

We respect our employees' basic rights emanating from constitutional and international agreements, and we make a maximum effort to completely fulfill the responsibilities we bear. In accordance with the importance we attach to our employees' freedom of association and labor peace, we maintain a transparent and continuous communication with the Turkish Union of Petrol, Chemistry and Tyre Industry Workers (Lastikiş), of which all our blue-collar employees are members.

Collective Labor Agreement Implementation

The negotiations of the 22nd Term of the Collective Labor Agreement negotiations between the Company and the Turkish Petroleum, Chemicals, and Tyre Industry Laborers Syndicate (Lastikiş) covering the term between January 1st 2022 – December 31st 2023 completed in April 2022.

In addition to the wages of employees included in the Collective Labor Agreement and those excluded, we provide them with benefits such as a premium worth their 4-month gross wage, Personal Retirement Insurance (BES), health insurance, and life insurance for those not covered. We provide benefits such as annual leave allowance, maternity benefit, death benefit, matrimony benefit, education support, family-food aid, and child allowance only for employees included in the Collective Labor Agreement. We also provide food and transportation services for all our employees.

Business Ethics Approach

Our business ethics rules are a significant advisor in our decisions and activities. We conduct our operations respecting human rights and workforce principles in accordance with the guidance of SA-Etik Principles.

In line with our principle of "Providing Equal Opportunities to Persons with Equal Conditions", we provide equal opportunities to our employees in all processes throughout their working lives. While continuing the Employment and Awareness Projects as well as the Support Projects that we initiated by signing the United Nations Declaration of Equality at Work in 2013, we are

expanding our solution seeking to also include our value chain in accordance with this understanding.

We completely satisfy the requirements of laws, regulations, labor legislation, and initiatives of which we are member. We expect the full compliance we ensure in the issue of preventing child labor and forced/compulsory labor from our stakeholders in our value chain. In the reporting period, there was no complaint conveyed to us in related issues.

We inform our employees regarding our Business Ethics Rules by publishing them on the internal communication portal, distributing printed booklets to all employees and realizing information trainings. Every year, we update the information of our employees regarding business ethic rules through the e-learning program and we renew their commitment to business ethics rules with the "Business Ethics Compliance Declaration" they fill out.

During the reporting period, we provided a total of 1,931 hours of training to our employees, including 1,126 hours of business ethics and 156 hours of personal data protection law, 262 hours of competition law and 387 hours of information security.



OUR CORPORATE MEMBERSHIPS

European Tyre and Rim Technical Organization	Association of Advertisers
European Tyre and Rubber Manufacturers Association / European Tyre Industry Coordination Activity	Sales Network
UN Global Compact Turkey	Sustainable Brands, Brands for Good
Turkish Association for Seismic Isolation	Turkey Internal Auditing Institute
World Wildlife Fund Turkey	Turkish Exporters Assembly (Istanbul Mineral Metal Exporters Association Electrical and Electronics Service Exporter)
Ethics & Reputation Society	Turkey Personnel Management Association
Istanbul Chamber of Industry	Construction Equipment Distributors & Manufacturers Association of Turkey
Istanbul Chamber of Commerce	Turkey Quality Association
Materials Handling, Storage & Industrial Equipments Association of Turkey	Corporate Governance Association of Turkey
Business World and Sustainable Development Foundation	The Union of Chambers & Commodity Exchanges of Turkey
Rubber Association	Technology Development Foundation of Turkey
Kocaeli Chamber of Commerce	Turkey Artificial Intelligence Initiative
Kocaeli Chamber of Industry	Uludağ Exporters' Association
Tyre Subcommittee	International Investors Association
Tyre Industrials' Association	Authorized Economic Operator Association
Tyre Industrials' and Importers' Association	World Business Council for Sustainable Development
Corporate Volunteer Association	