



Management Fundamentals 2020



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 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.

You can reach detailed information regarding the corporate governance structure of Brisa, members of the board of directors and senior level managers under the “corporate” tab at <https://www.brisa.com.tr>

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, Executive Partner, Technical Groups Director, Deputy CTO, Assistant General Manager of Finance, Assistant general Manager of Marketing and International Markets General, Assistant General Manager of Sales, Human Resources Assistant General Manager, Assistant General Manager of Supply Chain & OE and Information Technologies Director. The Committee bears the responsibility for the performance of the Company in economic, social and environmental fields.

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, compliance 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 access Brisa’s risk management processes and business continuity plans, as well as the details of the prospective risks identified, in the **2020 Annual Report**.

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 Management Expert, working under the Directorate of Budget and Reporting, 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 Directorate, which organizes risk evaluation workshops with all its functions managers and employees every year, defines the strategic, financial, operational, and responsibility 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 ISO31000, 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, its 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. 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 on the next page.

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. In that manner, Brisa Risk Management Rating was evaluated as "Excellent" during the audits carried out in 2020. Evaluation is valid for both İzmit and Aksaray facilities.

Detailed information on Bridgestone Group's climate change risks and practices can be found at: <https://www.bridgestone.com/responsibilities/guideline/tcfd/>

Sabancı Holding detailed information can be found at 2020 Sustainability Report.

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 tires. After these new regulations, operating costs such as the development of tires 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 tires 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 tires, 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 tire 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 tires, 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 tire raw material, will increase. If the price of natural rubber rises and it becomes more difficult to procure, the cost of tire 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>

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 and to contribute to the achievement of the Company's corporate and economic targets. 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 and internal control activities is the Audit Committee, established within the body of the Board of Directors. The Committee, which works in coordination with the Internal Audit Directorate, audits and reviews the internal audit system through periodical meetings held with the unit, and presents the acquired findings and suggestions to the Board of Directors through regular reports.

Ethical rules are oriented towards compliance with corporate policies, working principles and legal obligations, in particular the fight against bribery and corruption, human resources and environmental policies. In order to ensure compliance with legal regulations, contracts, company policies and procedures and ethical rules, to prevent errors and irregularities, to protect assets, to ensure the effectiveness of risk management and internal control environment, to ensure the accuracy and integrity of operational and financial information, and to identify improvement opportunities periodic or on-demand special audits are carried out by the Audit Department under the supervision of the Audit Committee, in accordance with the International Internal Audit Standards and Code of Ethics. Under the supervision of Brisa Internal Audit Department Audit Committee, regular audits are carried out for the

same purpose, not less than once every three years. Coming from channels such as notification, complaint, ethical whistleblowing line; audit activity also covers special reviews that violate legal regulations, ethical rules and other company regulations.

In 2020, the audit of 5 business processes consisting of 32 sub-processes was completed and the results were presented to the Audit Committee in a report.

Establishment of Continuous Audit and Follow-up Mechanism in Internal Audit

Within the scope of the project, an ERP-based control module was developed, which processes the data in the databases of the ERP system according to various scenarios and certain parameters and controls whether any unusual transactions occur in daily operations. With the project, the internal audit team can analyze larger data sets in a shorter time. It is aimed to provide a higher level of assurance to the Company management, to improve the Company's internal control ecosystem and to make it more efficient. With this project, the working time for data analytics needed to be used in audit and internal control activities at the Company was reduced by approximately 80%.

Click to access SA-ETİK Business Ethics Guidelines:

<https://www.sabanci.com/en/management-approach/sabanci-group-code-of-business-ethics>

FIGHTING AGAINST BRIBERY AND CORRUPTION —

Brisa is against any sort of bribery and corruption. The Policies for Fighting Against Bribery and Corruption of the company are a result of the decisive actions of the company in terms of adapting related laws, regulations, and principles. Brisa's Policies for Fighting Against Bribery and Corruption are prepared as a result of comprehensive risk evaluations and the opinions of key shareholders were taken during the preparation phase. Brisa's Policies for Fighting Against Bribery and Corruption are regularly reviewed for the possibility of new risks.

The principles of SA-ETİK are integrated into all activities and operations with the decisiveness to act with the highest standards about trustworthiness and consistency. Brisa puts forward the importance it places into this subject matter also on the international level with the United Nations Global Compact Agreement it has signed in 2013.

Policies for Fighting Against Bribery and Corruption and SA-ETİK principles are announced to all Brisa employees and managers. 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 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-ETİK principles and Brisa Policies for Fighting Against Bribery and Corruption.

In addition to the above consent letter, the Brisa Policies for Fighting Against Bribery and Corruption are included to the documents that are shared with new employees during their recruitment processes so that they are made aware of the issues and challenges against bribery and corruption.

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-ETİK principles. The internal management of the Brisa Policies for Fighting Against Bribery and Corruption and SA-ETİK principles are conducted together by the Internal Auditing Management, Legal Management, Human Resources and Corporate Development Directorate, 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-ETİK 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. As a result of the decisive approach, the multiangled precautions and effective audits carried on against corruption by Brisa, corruption cases are mostly prevented. During the reporting period, no signs of bribery and corruption were detected.

Accordance to the legal regulations for bribery and corruption by the parties acting in Brisa's stance and all business partners who are servicing Brisa is targeted with the Brisa Policies for Fighting Against Bribery and Corruption. All supplier selection actions include the regulatory fundamentals of the Brisa Policies for Fighting Against Bribery and Corruption. 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 black list for any possible reasons. In cases where current suppliers and/or customers are included in the black list, the annulment process of their continuing business agreements is started.

In line with its Fight Against Corruption Program, Brisa requires the appropriate adaptation of its policies from its supplier companies that it is working together with, and further requires its suppliers' employees to internalize the principles based on these policies and carry on their activities in accordance with these policies. Parallel to these requirements, related provisions are adapted to the contracts, which are already signed or will be signed with the supplier companies.

Click to reach the Brisa Policies for Fighting Against Bribery and Corruption. This document is also available for reach from our Purchasing Portal by our suppliers.

<https://www.brisa.com.tr/corporate/anti-bribery-and-anti-corruption-policy>

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 Bırakanlar, Almanacs, Financial and Sustainability Reports, Ortaya Çıkanlar, Function Bulletins, Social Media, Vision Meeting, R&D Day, Sales&Marketing Meeting
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, e-bulletin, 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
Business Partners	Corporate Website, Social Media, Dealer Information System, Media, Corporate and Marketing Communication, Brisa Academy, Dealer Meetings, Digital Meetings, Brisalyız.biz
End Users	Corporate ve Brands Web sites, Social Media, CSR Activities, Advertisement and Marketing Studies, Field Activities, Campaigns
Customers	Meetings, Aspects+ Reports, Profleet Consultant Field Studies, Annual and Sustainability Reports, E-Newsletter, 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

Sustainability Material Issues According to Stakeholder Groups.

	Top Management	Customers	Business Partners	Employees	Suppliers	Local management/ people	Investors and Public Institutions
Smart Mobility		■	■	■	■	■	■
Digitalization	■	■	■	■	■	■	■
Innovation 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						■	■

To access Brisa Sustainability Policy click:

<https://www.brisa.com.tr/brisa-way-of-sustainability/brisa-sustainability-policy>

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 noncompliance 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

Our Management System Certifications

Brisa production facilities and headquarters ISO 9001:2015, ISO/IEC 27001:2013 Brisa İzmit production facility and headquarter IATF16949:2016 Brisa İzmit tire experiment laboratory ISO/IEC 17025:2017 Brisa İzmit and Aksaray production facilities holds the ISO14001:2015 and ISO50001-2018 management system certifications, İzmit production facility holds OHSAS 18001:2007 certificate.

Moreover, our production facilities, headquarter and the water and carbon emission inventories located at the sales points at our own possession are prepared and verified according to the ISO14064-1:2006 and ISO14046:2014 standards.

regarding this parameter, which is significant for reducing traffic accidents during winter months, on all our product labels.

We consistently increase the share of our products with a label value of “C and over” for this parameter in our sales portfolio. During the reporting period, we reached the 91% share we identified for the consumer products in the previous period and we achieved 91.8% level. We determined are targeting to 91% target level for this share in 2020. In 2021, we targeted the share of consumer products with an “A” label value in our sales portfolio as 11.7% and the share of commercial products as 5.8%.

Selected Tire of the Year, “Bridgestone Turanza T005” is on the Road with Domestic Production

Brisa, the leader of the Turkish tire industry, offers the best tire in its class to consumers with the new Bridgestone summer tire Turanza T005. The Bridgestone Turanza T005 summer tire was awarded the title of Selected Tire of the Year as a result of face-to-face surveys conducted with 4,099 consumers in the ‘Selected ‘Product of the Year’ program, which has reached 4.5 billion consumers in 45 countries since 1987 and was held for the 5th time in Turkey.

T005 was developed with more than 25 thousand consumers from 7 countries, including Turkey, at the R&D stage, by examining the various situations and difficulties faced by the users during their journeys and to make their travel experiences safer and more enjoyable. It has the best results in wet floor labeling A, ie wet grip and braking performance, across the entire size range. It also has a superior label value with its B label value in rolling resistance. TÜV test results prove the superiority of the new Bridgestone TuranzaT005 in wet conditions. New Bridgestone Turanza T005 to rival products against 2.3 meters (*) shorter braking distance.

Bridgestone Listened to the Needs of Fleets and Developed the Ecopia H002 Series Offering Fuel Economy, Low Emissions and Safe Driving

Fleets need to keep their carbon emissions to a minimum within the scope of new regulations, as well as maintaining efficient operational performance. According to Bridgestone’s research, the wet performance of tires, especially in bad weather conditions, is the continuity of operation and critical to safety. Evaluating these results, Bridgestone developed the Ecopia H002 series so that fleets can perform efficiently, profitably, environmentally and safely.

Bridgestone Ecopia H002 series tires, produced with the latest mixing and mixing technologies, provide the right balance between rolling resistance, wet grip and longevity. With the high silica content tread compound and new mixing technologies, superior grip performance on wet surfaces is maintained throughout the life of the tire. At the same time, these tires are offered with a smart and innovative pattern that improves rolling resistance and wet grip.

Thanks to these features, the Bridgestone Ecopia H002 series has proven in independent TÜV SÜD tests that it is best-in-class in fuel efficiency, wet traction and wet grip. The H002 series, which has 3PMSF and M+S markings on the front, drive and trailer, demonstrated that it maintains its performance even in harsh winter conditions.

This series proves its success with an annual efficiency of 800,000 TL and 500 tons less carbon emissions in a trailer fleet of 150 vehicles.

Lassa Greenways

Lassa Driveways series, produced with Turkish engineering and craftsmanship in our Izmit and Aksaray factories, meets the needs of vehicle owners for durability, comfort and high performance in the 16” and above tire segment. Lassa Driveways, compared to its competitors determined by TÜV SÜD; more economical with 8% shorter wet braking distance and 9% lower rolling resistance.

Bridgestone all season tire A005 Evo

Bridgestone A005 Evo, which was developed by understanding the needs and expectations of the users and increasing the performance of the Bridgestone all-season tire accordingly, provides a comfortable, enjoyable and safe driving experience with the A label value, especially in wet ground handling. Addressing all the needs of a consumer who needs all-season tires, this superior tire offers high maneuverability and control capability on all kinds of surfaces, including snow. A005 Evo, which also has 3PMSF certificate, has the same service life as Bridgestone summer tires.

RESPONSIBLE SUPPLY CHAIN PRACTICES —

As a company that aims at disseminating its sustainability understanding throughout its value chain, we attach importance to the social, environmental and economic performances of our suppliers, we actualize a series of communication, training and audit activities characterized as responsible supply chain practices. With our ever-expanding supply chain, we constantly contribute more to the economic development of our operational geography; we set an example for our business partners in our supply chain through works we carry out under the headings 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. 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.

The Brisa Responsible Purchasing Policy, which can be accessed from our website and our Purchasing Portals, was re-shared with our suppliers in 2019 for the purpose of reviewing their compliance with this document in all of their activities and approval was obtained from 4,347 suppliers.

Supplier Audits

Periodic supplier audits occupy an important place among our responsible supply chain practices. We continuously improve the performance of our supply chain in social, environmental and economic areas, and accompany the sustainable development of our suppliers with the audit practices we have designed in different ways for our raw material suppliers and suppliers, where we supply machinery, equipment and services, and in line with ISO 9001 and IATF 16949 quality standards.

Within the scope of our Supplier Management System Standard, the companies from which we supply raw materials are evaluated by our Procurement, Technology and Quality Assurance departments.

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”.

During the reporting period, we evaluated 186 of our raw material suppliers and we awarded 7 of our suppliers with a “Congratulations Note” due to their performances.

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. We consider suppliers, who exceed 0.1% of non-raw material purchases or 50 item orders annually, within the scope of the annual evaluation system. During the reporting period, 181 suppliers delivering the required results for the identified criteria among 1,221 companies were evaluated by the 1,492 questionnaires filled out by 266 of our employees in addition to the grading scheme automatically calculated by our system. We have rewarded our ten best performing suppliers with thank you letters, and our best supplier with a thank you plaque.

During the audits in the reporting period, no current or probable negative environmental impact was identified in our supply chain.

In the reporting period, there was no supplier whose contract was terminated due to noncompliance with basic human rights or business ethics principles.

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 have been among the global leaders with our performance for the last 2 years.

Sustainability assessments of our global suppliers, which are common with Bridgestone, are carried out annually by Bridgestone. Relevant details can be found in the following area:

<https://www.bridgestone.com/responsibilities/procurement/index.html>

Click to reach Brisa Responsible Purchasing Policy.

<https://www.brisa.com.tr/corporate/responsible-purchasing>

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-ETİK Business Ethics 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.

A significant portion of the raw materials we consume in our production processes only exist at certain parts of the world. Pursuant to our local supply policy, we conduct localization works for import-dependent raw materials, we look for ways to increase our contribution to the national economy. As a result of our nationalization efforts in all sales operations, we raised our domestic supplier ratio to 92.9% and we raised our domestic supply ratio to 48% during the time of the reporting period.

Subcontractor Approach

The criteria of respect for basic human rights, legal compliance, and conformance to our business ethics principles constitute the basis for our subcontractor approach. In line with this approach, which we take as basis for selecting the subcontractor companies we will cooperate with, we carry out communication, training, and audit activities aimed at our subcontractors.

We put an effort for our subcontractor employees to achieve healthy, safe and dignified working conditions; we 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; we provide them with trainings in the areas of occupational health and safety, professional-technical equipment, and environment.

During the reporting period, we carried on 81% of our logistics activities by maritime lines, 4% by railways and decreased the ratio of road haulage transport by 12% compared to that of 2009 levels.

“COVID-19 Precautions” Training for Our Subcontractors & Suppliers

A meeting was held with the officials of the Subcontractor & Supplier companies providing services to Brisa regarding the “COVID-19 Precautions”. At the meeting, posts were made to eliminate the risks of COVID-19 contagious diseases, to raise awareness about business continuity and our responsibilities.

GENERATING AND DISTRIBUTING MORE ECONOMIC VALUE —

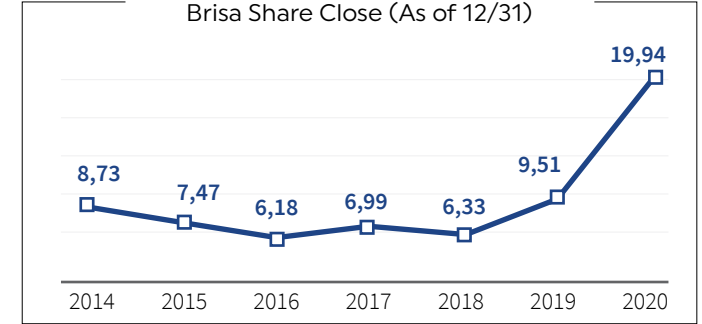
As a result of our responsible manufacturer understanding we create value for our shareholders in different areas and share this created value with them. One of those value creation areas is the economic value that we create. In addition to the financial value we create as a result of our operations,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

The closing value of BRISA stock traded in Borsa Istanbul in 2020 was 19.94, and the combined annual growth rate in the last 3 years was 42%. In the same period, Industry Index was showed grew 22% and BIST Index grew 9%.

During 2020, we invested 2.6 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 291 million US Dollars.

The seismic isolators, which we have introduced to the market as of 2015, prevent loss of life and property by providing high earthquake resistance and vibration damping in buildings where they are applied. Bridgestone seismic isolators, which are manufactured from rubber and metal raw materials with superior technology, are used in many areas including hospitals, road structures, research and information centers, as well as residential buildings of differing elevation.

In thirteen years, 1,270 million TL was contributed to the national economy by means of end-of-life tyres collected from the market. With regard to the collection of worn out tyres that are turned into floor covering for children’s parks and artificial turf for football fields, as well as being used as fuel in the cement sector, we act with the awareness of our responsibility as Brisa. In this regard, we support the process of collecting, in compliance with regulations, and recycling of worn out tyres for the benefit of the environment and economy carried out by Tyre Industrialists Association (LASDER).



ENVIRONMENTAL APPROACH — OCCUPATIONAL HEALTH AND SAFETY —

Sustainability constitutes the basis of our business manner. In addition to the benefit we create by designing our processes with a focus on sustainability, we also constantly keep our environmental impact under control. Carrying out production in harmony with nature, by minimizing the impacts of production processes on natural resources and climate change, is the primary objective of our environmental management systems. We set targets in order to improve these objectives and related realizations, periodically monitor our performance, and actualize improvement works in line with our management systems.

Our commitment to “a business manner beyond legal requirements”, which is one of our sustainability priorities aimed at furthering our environmental performance, is our most important guide in this field. With this understanding, we closely follow both national and international standards and meet their requirements with a performance beyond expectation; we strive to enhance this positive impact we create to include our value chain. We reinforce our ISO 14001 Environmental Management Systems practices with ISO 14064 Verification of Greenhouse Gases, ISO 14046 Water Footprint Verification, ISO 50001 Energy Management Systems practices. 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.

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. Our İzmit facility holds OHSAS 18001 certification.

The knowledge and accumulations of Sabancı Holding and Bridgestone Corporation in the area of Occupational Health and Safety are significant guidelines for Brisa. 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.

Bridgestone Safety Mission Statement

In the context of Bridgestone Safety Mission Statement, we implement practices under the main headings of enhancing sensitivity (human behavior-oriented improvements), engineering precautions (machine and infrastructure-oriented improvements) and systemic works. We 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.

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. As of the previous reporting period, we are applying our 3S program in all our production fields. 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 we developing preventions accordingly. In all fields, expansion studies have been applied 100% within the scope of 3S studies.

Target “0 Accident”!

In 2020, 1,085 days in Tire Manufacturing 1 section and 1,625 days in Mold Equipment area were completed without any occupational accident.

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.

BRISA-MEC (Manufacturing Education Center)

Brisa-MEC is an organization that was established to develop and implement training programs aimed at enhancing the basic skill levels and awareness of our Technical Group employees. We provide our employees with trainings in 6 essential areas at our Manufacturing Education Center. 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.

In 2020, within the scope of the Team Leadership Development Program, we provided our participants with a total of 56 hours of training under the umbrella of professional knowledge and skills and individual competence.

We provide our employees with a 16-hour training in 8 headings, such as occupational safety, fire and disaster prevention, as part of our standard training program aimed at raising awareness among our blue-collar employees. All our blue-collar employees to have received the trainings within the scope of the Standard training program by 2020 yearend.

Within the scope of the "Occupational Safety Simulation" trainings we have developed in order to raise awareness of the risks in the field of occupational safety and production in our blue-collar employees, we have trained 376 blue-collar employees in the reporting period, ensuring that 1.229 people have received training in this context. By completing the training of the remaining 168 people in the upcoming period, we will ensure that all our blue-collar personnel have completed this training.

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. With the awareness that our employees are the most important component of the successes we achieve, we take the rights of our employees into consideration to the utmost degree.

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 (Lastikçiler), of which all our blue-collar employees are members.

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 SAETİK "Business Ethics Rules". In line with our principle of "Providing Equal Opportunities for People under Equal Conditions", we provide equal opportunities for our employees in all processes throughout their working life. We do not tolerate any form of discrimination; we take careful precautions in our processes.

Collective Labor Agreement Implementation

Türkiye Petrol, Kimya ve Lastik sanayi İşçileri Sendikası (Lastik-İş) ile şirketimiz arasında 01.01.2020-31.12.2021 tarihleri arasındaki 24 aylık dönemi kapsayan 21. Dönem Toplu İş Sözleşmesi, 2020 yılı Nisan ayında tamamlandı.

We continued the Employment and Awareness Projects as well as the Support Projects, which we started in 2013 by becoming a signatory of the United Nations Equality at Work Declaration, this year and we expanded our solution seeking to also include our value chain in accordance with this understanding.

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 offered a total of 1,573 hours of training programs of which 739 hours were business ethics, 219 hours were competition law, 220 hours were information security and 174 hours were business continuity trainings.

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.

You can reach Our Business Ethics Rules from:

<https://www.brisa.com.tr/corporate/our-culture>

OUR CORPORATE MEMBERSHIPS

European Foundation for Quality Management	Turkish Automotive Aftermarket Association
The European Tyre and Rim Technical Organization	Corporate Volunteer Association
European Tyre and Rubber Manufacturers Association / European Tyre Industry Coordination Activity	Association of Advertisers
Global Compact Turkey	Construction Equipment Distributors & Manufacturers Association of Turkey
World Wildlife Fund Turkey	Turkey Internal Auditing Institute
Ethics & Reputation Society	Turkish Exporters Assembly
Istanbul Chamber of Industry	Turkey Personnel Management Association
Materials Handling, Storage & Industrial Equipments Association of Turkey	Turkey Quality Association
Business World and Sustainable Development Foundation	Corporate Governance Association of Turkey
Rubber Association	The Union of Chambers & Commodity Exchanges of Turkey
Kocaeli Chamber of Commerce	Turkish Industrialists' and Businessmen's Association
Kocaeli Chamber of Industry	Turkish Association for Seismic Isolation
Tyre Subcommittee	Technology Development Foundation of Turkey
Tyre Industrials' Association	Uludağ Exporters' Association
Tyre Industrials' and Importers' Association	International Investors Association