

# **Brisa Sustainability Report 2017**

## ABOUT THE REPORT

As Brisa, we have been transparently offering the social, economic and environmental impacts of our corporate activities as well as relevant management practices, performance results and targets to our stakeholders' view, since the year 2012. The 2017 Sustainability Report you are reading constitute of our sustainability performance between the dates 01.01.2017 – 31.12.2017.

Our report was prepared prepared in accordance with the GRI Standards: Core option. As in the previous reporting period, we have received independent external audits for our 2016 report in the issues of energy consumption, carbon dioxide emission, water consumption, training hours, employee breakdown, recruited employees, quitting employees, senior management, occupational health and safety, and total amount of waste by type. During this reporting period, we additionally took external auditing services for our water consumption and carbon emission values at our Altunizade and Aksaray locations as well as at our Otopratik shop at Istanbul Maslak and at İzmir Bornova and at our Bridgestone Service Center at Istanbul Esenler and at Izmir Karşıyaka.

Our priority issues, which were obtained in result of the Sustainability Survey Study realized during our first reporting process and are reviewed annually, constitute the mainframe of our report. Meetings with department representatives, data obtained from standards and systems implemented at Brisa and feedbacks conveyed to us by our stakeholders are methods that are actively used to review and reevaluate our sustainability priorities.

We consider enhancing our sustainability performance and accordingly becoming a more accountable and transparent organization to be among our indispensable objectives. We believe in the significance of stakeholder feedbacks to achieve these objectives. You may communicate your feedbacks regarding our report to [b.kurumsaliletisim@brisa.com.tr](mailto:b.kurumsaliletisim@brisa.com.tr) in order to help consistently improve our reporting performance.

## MESSAGE FROM THE CEO

Esteemed Stakeholders,

In 2017, we continued to undertake the leadership of sustainable development and growth with our efforts and attained success stories as part of our visionary, innovative and decisive strategy with the Sabancı Holding and Bridgestone Corporation of Japan partnership, which has been ongoing for 29 years. As Brisa, while we focused on development-oriented projects, we are proud to share with you our sustainability journey with you with our sixth report.

In 2017, the global tyre market reached 1,86 billion units with a 3,1% increase and the total Turkish tyre market reached 24,6 million units with double-digit growth in certain segments. Brisa continued its leadership of the industry achieving 2,3 billion TL net sales and a 6% growth with its sales performance in all sales channels in terms of units sold compared to the previous year. Our company is valued at 103 million USD by the international brand valuation organization Brand Finance and became the 43<sup>rd</sup> most valuable Turkish brand while it was also named as the brand value leader of the Turkish tyre industry. We continued our efforts to become one of the global brands of Turkey decisively with our Lassa brand. The number of our Lassa branded shops reached close to 600 in nearly 70 countries. Taking advantage of the “Official Global Tyre Partner” agreement with FC Barcelona, our Lassa brand continued to successfully represent our country and company in the international arena. Our international sales increased 8% in terms of units sold and 33% in terms of net sales.

In the meantime, our company continued to make important investments in terms of production development. While we kept continuing our investments at our Izmit manufacturing plant, we also increased the pace of our investments for the set-up of our second manufacturing plant located in the Aksaray Organized Industrial Zone with a focus on technology, innovation and sustainability. The set-up preparations of our second manufacturing plant are completed and it is being structured as a reference center for innovation and R&D, where inventiveness and novelty is the primary focus.

Our company is concentrating on innovation, technology, digitalization and investment into human areas with its corporate strength and investments to add value to its industry. Brisa has been investing into research and development since 1985 and it is amongst the first 10 Turkish companies to invest into R&D. During the reporting period, Brisa R&D Center was certified with the initiatives of the Ministry of Science, Industry and Technology, allowing our company to continue to offer high value-added products in the international arena with 100% Turkish engineering as a center where new generation transportation and production technologies are developed.

Through innovative business models, our company continues to offer advanced services to its customers and add value to its industry. During the reporting period our efforts continued to extend the Otopratik network, which offers new generation opportunities in the fast-fit services field. We are targeting to increase the number of our Otopratik service points from 45 in 2017 to 200 in the following 5 years to offer the most recent and innovative services both to our customers and to our business partners.

We are integrating sustainability as a main principle into our business process and we are bringing all our shareholders together around this concept. We completed many successful projects in 2017. We featured amongst the CDP Turkey Climate Leaders as well as taking our place in the leadership category of the CDP Water Program, where there were only 5 companies from Turkey. We were also able to take our standing in the Borsa Istanbul Sustainability Index for the third time. We were further placed within the Golden Status of the French based Ecovadis Sustainability Platform and featured among the top 10% of global companies. We were also considered within the “Extraordinary” category for the environment category.

During this period, we also achieved great success with regards to use of energy and resources. We are targeting to decrease greenhouse gas emissions per produced good by 25% in 2020 compared to 2005 levels. We have reached this target to a great extent with 24% decrease in 2017. Similarly, in terms of water consumption, we are targeting to decrease our consumption by 61% in 2020 compared to our water consumption in 2008. With great attention to decreasing domestic water use and increasing our efforts for recovering industrial wastewater, we have reached 46% of our target already. We decreased our energy consumption by 10.46% compared to 2008. In the meantime, we are carrying out important projects to reduce waste, and as a result we improved our waste ratio by 37% compared to our 2010 performance.

Innovation and digitalization play an important role in the success of Brisa’s sustainability journey. In addition to the innovative and environmentally friendly products and services we have been developing, we have started to focus our attention to digital transformation in the last few years. As a result of our digital transformation efforts we were once again deemed worthy of Turkey’s “Digitalization Pioneers” award with our standing in the Accenture Digitalization Index and we became the Industry Leader in our own line of business.

In 2017, we worked very hard to offer a healthy, safe, fair, transparent, and satisfactory working habitat in line with our “Being a preferred work place” business target. We put into force the employment, awareness and support projects in accordance with the United Nation’s “Equality at Work Charter” we have signed in 2013 and we strengthened our efforts. Concurrently, in order to share our knowledge and accumulated experience with our shareholders, we offered training sessions to a total of 11,649 people from various backgrounds such as national and international business partners, sales point employees, Brisa employees, automotive industry employees and civil organizations under the Brisa Academy roof.

We are contributing to social, cultural, and environmental development through our social sustainability projects. We continued these efforts in 2017. Our business partner Bridgestone, who is the naming rights sponsor of the World Solar Challenge where for the last 30 years engineering students challenge each other with the solar powered vehicles they have developed, inspires us. We sponsored the ITU (Istanbul Technical University) GAE team who represented Turkey this year in the World Solar Challenge that took place in Australia where the Bridgestone ECOPIA Ologic tyres were used. Through our Lassa Tyres brand’s “Soil is our Passion, Joint is our Future” project, we have been continuing for the last 4 years, we reached 3,250 farmers in 23 different cities in 2017 to inform them about sustainable farming concept. With Bridgestone’s “2 Minutes for your Safety” project, we measured the tread depth and air pressure of nearly 15,000 vehicles and created awareness with

regards to safety driving for the vehicle owners. We joined the “Road Safety Festival” held by Castrol, our business partner, for their employees and their families with our Otopratik brand and explained the importance of choosing tyres correctly for road safety. In the meantime, our Brisaspor cycling team achieved many successful results both in the national and international challenges.

We believe that sustainable development is only possible with the contributions of all our shareholders. In the upcoming period, our company will carry forward the leadership of its industry that it has been continuing domestically for many years with the strength it will be taking from our R&D Center, which is certified with the incentives it has received, and from our new manufacturing plant based in Aksaray. We will continue our leadership with our innovative business models, service innovations and our human resources, which are positioned to be close to the field and to our customers, therefore continuing to add value to our shareholders.

In line with these policies, we will further our efforts with which we have achieved such successful results until now to serve our nation and to the whole world.

Respectfully,

CEVDET ALEMDAR

General Manager

## ABOUT BRISA

A corporation of Bridgestone Corporation, the world's largest tyre manufacturer, and Sabancı Holding, Brisa is the leader of the Turkish tyre industry.

The first product of Brisa, which was established with the initiative of Sabancı Holding and its partners in 1974, was the Lassa brand tyres we started manufacturing as of 1978. In 1988, when the company was named "Brisa" with an equal partnership realized between Sabancı Holding and the worldwide tyre industry leader Bridgestone Corporation, our leadership journey full of successful initiatives was also started.

We have achieved a significant acceleration in growth in the 1990's, becoming one of the pioneering institutions of Turkish industry. Following our first National Quality Award in 1993, we also became the first Turkish company to win the "European Quality Grand Prize" in 1996 thanks to our exceptional performance in business excellence. In 2010, we bought the American based rubber coating company Bandag's Turkey operations from Bridgestone's European subsidiary Bandag AG, thus extending our family and contributing to both extending the lifetime of tyres and protecting the environment, by providing cost benefits for the transportation with our diversified service portfolio. Since the beginning of 2013, we have signed a distributorship agreement with the worldwide leading battery brand Energizer, thereby extending our product range. Also, we have been offering seismic isolators, developed by Bridgestone with its 35 years of experience and provide high earthquake resistance in buildings, to the Turkish market since 2015.

With our Bridgestone and Lassa brands, we are manufacturing over 1,800 tyres for automobiles, light commercial vehicles, buses, trucks, agricultural and construction equipment at international standards. We are also importing Firestone brand agricultural tyres, Kinesis brand forklift tyres, and Bridgestone brand motorcycle tyres to offer on the domestic market. While we are delivering this product portfolio to the domestic market through nearly 1,400 authorized sales points spread around Turkey, we are bringing our Lassa Tyres products produced with the hand labor of Brisa employees together with vehicle owners in the international markets through 600 branded sales points in nearly 70 countries.

The Kocaeli production facility of Brisa, who is working to leave its mark on the future with its total of 2,600 employees, is both one of the largest tyre factories under a single roof worldwide, with an indoor area of 361,000 m<sup>2</sup>, and one of the most important production facilities of Bridgestone. Brisa, having already invested 1.3 billion USD since its founding and consistently growing, is planning to actively operate its second manufacturing plant based on a 950,000 m<sup>2</sup> area with a production capacity of 4.5 million units in Aksaray during 2018.

Services	Non-Tyre Products	Sales Channels	Tyre Brands
Profleet	Partvendo	Bridgestone	Bridgestone
Mobilfix	Castrol	Lassa	Lassa
Filofix	Bridgestone Seismic Isolator	Bandag	Bandag (Retreading)
Tyre Hotel		Lastiğim	Firestone
Brisa Academy		Lastik'üs	Dayton
Brisa Museum		Speedy	Kinesis
B-Tag		Lastik.com.tr	Protread
Aspects		Bridgestone Box	Ötçüçü
OtoPratik			Continuum
ProPratik			
Probox			
Aspects+ / Truckcam / AMF / TMP+ / MFS			

We continue our journey, which we started as an industrial company in 1974, as an innovation company pioneering in its industry and “Designing the Future of Your Journey”. We add value to our national economy with our new investments and limit our environmental impact in order to leave future generations with a more habitable world, we actualize sustainable practices in our value chain, we implement practices to enhance our employees’ satisfaction and we maintain our social investments.

**Our Mission**

To provide superior values to society through sustainable growth

**Our Values**

Safety, Innovation, Customer Orientation, Team Work, Business Excellence, Sustainability

**Our Motto**

Change to Change

**Our Vision**

We innovate your journey

**Supply Chain**

We offer our stakeholders the best value with the lowest cost through fast and innovative supply processes.

**Finance**

We lighten the road for the best journey ahead.

**Marketing & Sales**

We make our leadership sustainable through value creation.

**HR**

We, as Brisa Family, create the roadmap to the best journey together.

**Technical Groups**

We create the best journey ahead with a sense of ownership.

**2017 IN FIGURES**

Number of countries where Lassa brand is exported: almost 70 countries

Number of sales points formed with our concepts: Almost 600 Lassa Brand Store and 6,000 sales points

Our net sales revenue for the year 2017: 2.3 billion TL

Number of tyres sold by Brisa in Turkey during 2017: 6,613,053

Number of tyres sold by Brisa abroad during 2017: 4,731,656

Total amount of investment by Brisa in Turkey: 1.338 billion USD

Our energy consumption savings rate for production per ton since 2008: 10.46%

Our well water consumption savings rate since 2008: 46%

Our direct and indirect CO<sub>2</sub> reduction rate for production per ton since 2005: 24%

Number of ideas collected through Brisa innovation team studies: 28

Number of employees: 2,726

Number of questionnaires for our customer satisfaction survey: 15,268

Average hours of annual training for our employees: 35.5

Number of local suppliers: 1,664

Number of fatal accidents: 0

## OUR AWARDS IN 2016

### Innovation, R&D and Digitalization Awards:

- **We are Amongst the Digitalization Pioneers of Turkey**

We once again took our place in the Accenture Digitalization Index as a Digitalization Pioneer and as the Industry Leader in our own business field. We achieved a total of 83% in the index and we are owning up to an important role in the digitalization journey of Turkey with our strategic approach, innovative services, and operational capabilities in the field.

- **An R&D Award to Brisa**

The Kocaeli Provincial Directorate of Science, Industry and Technology honored our company with an R&D Success Award.

### The Leadership of Our Sustainability Efforts was Crowned with Awards

- **Brisa deemed worthy of two awards in the CDP Program**

We won the “Leadership” award for the third time with an “A” grade in the CDP Climate Change program due to our pioneering efforts in the field of sustainability. Moreover, with the “A-” grade we received in the CDP Water Program, we have been placed in the “Leadership” category in Turkey.

- **We Won the Golden Status in the Ecovadis Sustainability Platform**

We were placed within the Golden Status of the French based Ecovadis Sustainability Platform, which evaluates the sustainability performance of the automotive industry, as part of our projects in sustainability. Our company took its place amongst the top 10% of companies globally, and was graded “Extraordinary” with an 80/100 grade in the environment category.

- **We Took Our Place in the BIST Sustainability Index for the Third Time**

The BIST Sustainability Index is made up of the companies who are included in the Borsa Istanbul and whose sustainability performances are at the top level. We have once again been represented in the November 2017 – October 2018 period amongst the companies in the index and took our place in the index for the third time.

- **We Came Back from Bridgestone Regional Awards with Two Awards**

Bridgestone awarded the projects realized within the EMEA region during 2016. There were a total of 83 applicants within the region and Brisa Academy was awarded with the Golden Award in the Education Category for the educational programs it offered to its business partners. Our “2 Minutes for Your Safety” project, which we realized with our Bridgestone brand in order to gather attention to safety driving in traffic, was awarded with the Silver Award in the Contribution to Society category.

- **A Waste Management Award for Brisa**

Our successful adaptation of projects for our waste management targets were awarded at the “2017 Waste Management Symposium”, which was held by the Ministry of Environment and Urban Planning in Antalya with the attendances of private sector representatives, non-governmental organizations, various chambers, universities and municipality representatives.

- **Brisa is awarded with a “Work Health and Safety” plaque by Aksaray İşkur organization**

As we swiftly continue for the development of our second manufacturing plant in Aksaray, we have been awarded with a plaque by Aksaray İşkur organization due to our performances in work health and safety.



## **Awards for Our Publicity and Marketing Projects**

- **Awards for Lassa Tyres and Bridgestone at the Social Media Awards**

The results of the first and only challenge that rates brands' and agencies' social media performances based on objective data with the cooperation of Marketing Turkey and Boomsonar was announced. Lassa Tyres was awarded the Golden Prize and Bridgestone Turkey was awarded the Silver Prize in the tyre category at the Social Media Awards.

- **Lassa Tyres' advertisement spot is among the best of 2016**

Marketing Turkey has chosen "Sen Bizim Ardamızsın" advertisement spot by Lassa Tyres, which was aired before the first game that Arda Turan wore the FC Barcelona jersey, among the best campaigns of 2016.

- **Lassa Tyres' advertisement spot was chosen the 7<sup>th</sup> most liked spot**

According to the advertisement ratings conducted with the Mediacat and IPSOS partnership, Lassa Tyres' "Arda Turan is the secret of Barcelona" advertisement spot was chosen the 7th most liked advertisement of the year.

## SUSTAINABILITY JOURNEY

We continuously improve our performance in social, environmental and economic areas, and we actualize practices that will create value added for all our stakeholders in our operational geography, with our Sustainability Approach that is based on the corporate values and governance experience of Bridgestone Corporation and Sabancı Holding, with which we are affiliated.

We identify our sustainability strategies and design practices to integrate these in strategies with our operations and all stages of our value chain, as part of our sustainability journey which we undertake with the mission of “providing the society with superior values through sustainable growth”. We ensure the improvement of our performance through concrete performance targets and effective auditing practices, and the popularization of our sustainability approach among our stakeholders by way of the communication works we conduct.

- We completed the auditing of 8 processes, equivalent to 12% of our 67 business processes
- We continued to be listed on the Istanbul Stock Exchange (BIST) Sustainability Index.

## 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 43-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 4 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, Executive Coordinator, Chief Technical Officer, Assistant General Manager-Consumer Products Marketing and Sales, and Assistant General Manager-Commercial Products Marketing and Sales. 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 level managers under the “Corporate” tab at [www.brisa.com.tr](http://www.brisa.com.tr).

## 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. 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. Communication works are not limited to within the corporation; the knowledge and experience of Brisa in corporate risk management is shared with the business world, universities, and other nongovernmental organizations.

You can find the risk management processes and business continuity plans of Brisa, as well as the details of anticipated risks in the 2017 Annual 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 2017.

### **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, evaluates 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.

The processes to be audited throughout the year are identified in accordance with the results acquired through risk management studies. Sabancı Group SA-ETİK 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, anti-corruption, and human rights.

In 2017, the auditing of 8 business processes was completed and the results were presented to the Audit Committee as a report.

You can access Brisa Anti-Bribery and Anti-Corruption Policy at <http://www.brisa.com.tr/c/2/?f=%2fUPLOAD%2fBrisa+Rusvet+ve+Yolsuzlukla+Mucadele.pdf&w=&h=&c=True> and SA-ETİK Business Ethics Guidelines at [https://www.sabanci.com/tr/sabanci-toplulugu/is-etigi-kurallari/is-etigi-kurallari/i-16 - .](https://www.sabanci.com/tr/sabanci-toplulugu/is-etigi-kurallari/is-etigi-kurallari/i-16-.)

### **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.

The Brisa 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. During 2017, the audits of 21 sub-processes belonging to 4 business units are completed.

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.

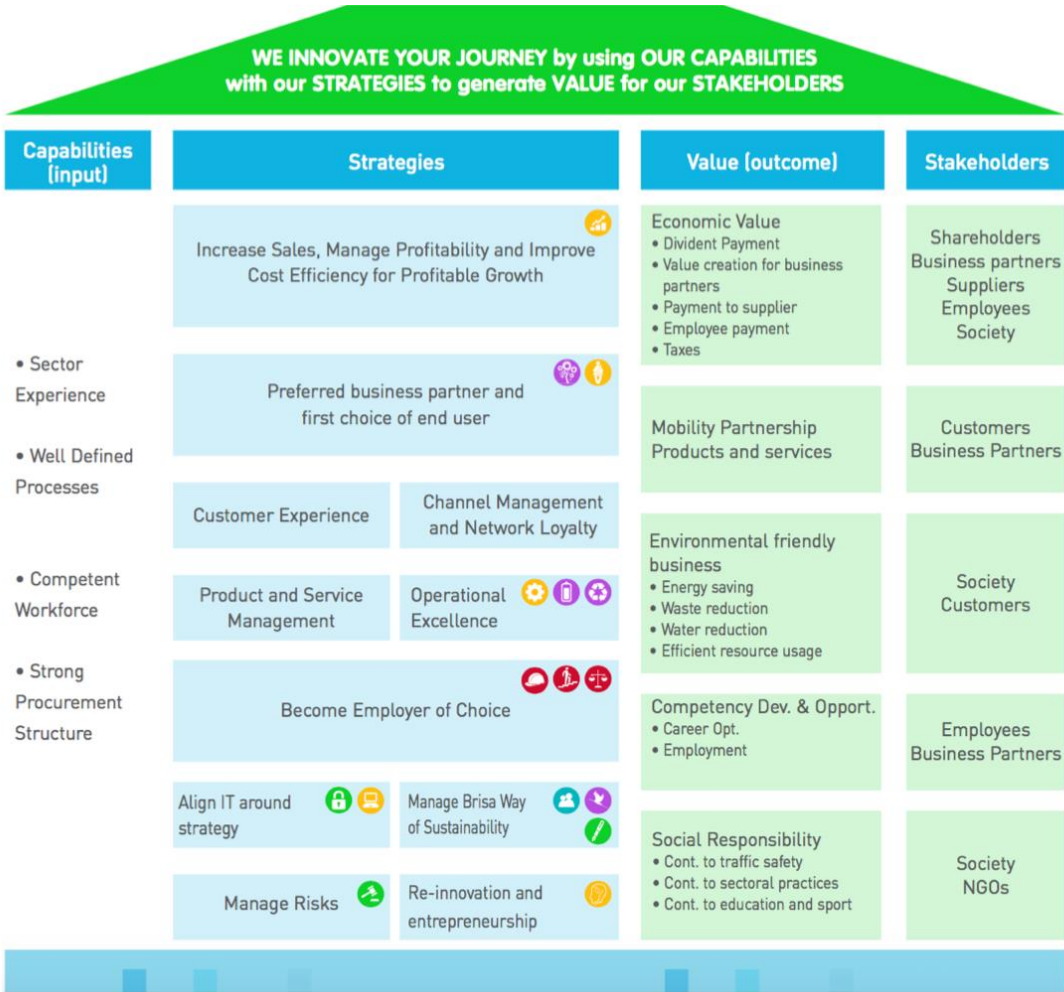
You can reach the Brisa Policies for Fighting Against Bribery and Corruption from the following address;

<http://www.brisa.com.tr/investor-relations/corporategovernance/policies/brisa-anti-bribery-and-anti-corruption-policy>

This document is also available for reach from our Purchasing Portal by our suppliers.

**SUSTAINABILITY MANAGEMENT**

We bring together our sustainability strategies with our essential operations and competences through our sustainability management understanding, formed in light of the deeply--rooted global experiences of Bridgestone Corporation and Sabancı Holding; we continue to create value added for our stakeholders. We carry out communication works in order to popularize our sustainability management understanding, which we regard as an integral part of our corporate culture and thereby all our operations, among our stakeholders; we conduct audit activities in order to identify points of development in sustainability areas; we ensure the enhancement of our sustainability performance through action plans based on concrete objectives.



Our 44-year sectoral experience, our processes defined around our social and environmental responsibilities, our intellectual capital, skilled workers, strong supply chain are among our primary competences in terms of sustainability management. We create direct and indirect positive economic influence, carry out environmentally friendly activities, and actualize projects and practices that will contribute to the social development of our stakeholders through sustainability strategies we form in accordance with these competences and the expectations of our stakeholders.

**We continued to be listed in the Istanbul Stock Exchange Sustainability Index**

In the reporting period, we continued to be listed in the Istanbul Stock Exchange Sustainability Index, where we were included in 2015, which is comprised of companies traded at Istanbul Stock Exchange with high level corporate sustainability performance.

We follow the guidance of nationally and internationally accepted standards and methodologies and we conduct benchmarking studies in order to ensure the continuous development of our social, environmental, and economic performance. We act within the framework of an effective sustainability management structure extending from the senior management to all the levels of our organization; we ensure the efficiency of this structure through bidirectional communication mechanisms and effective audit processes.

**Sustainability Management Structure**



We have identified our prioritized responsibilities in social, environmental and economic areas with the sustainability policy we formed in 2015. We are organizing trainings and carrying out communication works in order to raise awareness about our policy among our employees and other stakeholders within our value chain. You can access Brisa Sustainability Policy at <http://www.brisa.com.tr/surdurulebilir-yaklasimimiz-1/brisa-surdurulebilirlik-politikasi>.

**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.

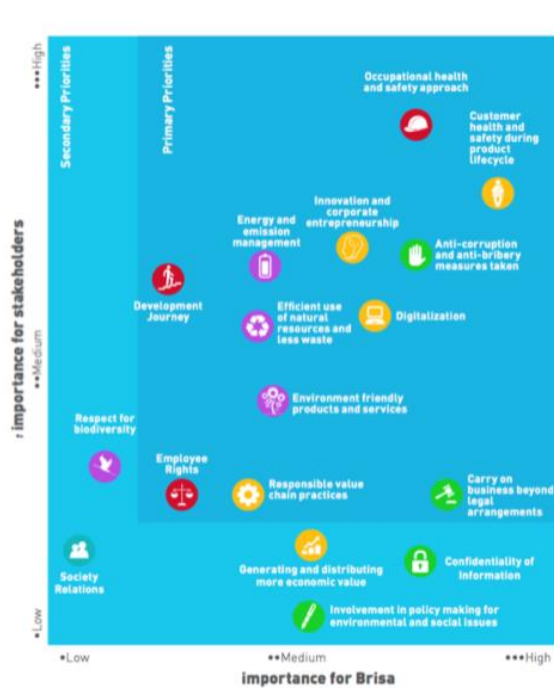
## Communication with our stakeholders

	<b>Sabancı Employees</b> Sabancı Extranet, Media, Brisa Blog
	<b>Employees</b> Corporate Website, Social Media, Brisa Academy, Mailing List, Sabancı Extranet, Media, Brisa Blog, Corporate Social Responsibility (CSR) Activities, Corporate and Financial Communication, E-Newsletter
	<b>Media</b> Corporate Website, Corporate Social Responsibility (CSR) Activities, Advertising and Marketing Studies, Interviews and Talks
	<b>Investors</b> Corporate Website, Corporate and Financial Communication, Financial Reports, Investor Presentations, Financial Performance Reports
	<b>Local Community</b> Corporate Social Responsibility (CSR) Activities, Donations and Sponsorships, Annual Reports
	<b>NGOs</b> Corporate Website, Various Memberships, Joint Projects
	<b>Universities</b> Corporate Website, Scholarships and Training Opportunities, Sponsorships and Supports
	<b>Business Partners</b> Corporate Website, Social Media, E-Academy, Media, Brisa Blog, Corporate and Marketing Communication, Performance Magazine, Brisa Academy, Dealer Meetings
	<b>End Users</b> Corporate Website, Social Media, Sabancı Extranet, Media, Brisa Blog, Corporate Social Responsibility (CSR) Activities, Advertisement and Marketing Studies
	<b>Customers</b> Meetings and Conferences, Annual Reports
	<b>State Institutions</b> Government Audits, Annual Reports, Meetings and Conferences
	<b>Suppliers</b> Face to Face Meetings, Annual Reports, Suppliers Audits
	<b>Potential Members of Brisa</b> Corporate Website, Social Media

## OUR PRIORITY ISSUES

We have been reviewing our sustainability priorities, which we first identified within the scope of the study we conducted in 2012, through workshops and communication works we regularly conduct every year. In the reporting period, we evaluated the internal and external stakeholder feedbacks we acquired through diverse communication mechanisms at workshops participated by representatives from different functions across our organizations and we revised our priority issues accordingly. Our priority issue matrix shaped as a result of these studies and the breakdown of the issues by internal and external stakeholder groups are as follows:





Sustainability Priorities According to Stakeholder Groups

Issues	Executive Board	Customers	Business Partners	Employees	Suppliers	Local Managers
Occupational health and safety	●	●	●	●	●	●
Customer health and safety during product lifecycle	●		●	●	●	●
Innovation and entrepreneurship	●		●	●	●	●
Energy and emission management	●	●	●	●	●	●
Anti-corruption and anti-bribery measures taken	●	●	●	●	●	●
Development Journey	●		●	●	●	●
Efficient use of natural resources and less waste	●		●	●	●	●
Digitalization	●		●	●	●	●
Respect for biodiversity	●		●	●	●	●
Environment friendly products and services	●		●	●	●	●
Employee Rights	●		●	●	●	●
Responsible value chain practices	●		●	●	●	●
Carry on business beyond legal arrangements	●		●	●	●	●
Society Relations	●		●	●	●	●
Generating and distributing more economic value	●	●	●	●	●	●
Confidentiality of information	●		●	●	●	●
Involvement in policy making for environmental and social issues	●	●	●	●	●	●

WHAT DID WE AIM FOR THE YEAR 2017?	STATUS	2017 PERFORMANCE DISCLOSURE	OUR 2018 TARGETS
For our top and mid-level managers to identify performance targets in line with our strategic KPIs		Company priorities and infrastructure studies were realized	To establish KPI sets for each function and department, to determine individual performance system management model, to disseminate new KPI system to management and teams
To become totally compatible with the Privacy Act		Privacy Act Compatibility Council was set-up to enable the compatibility of every business unit	To regulate all our company processes in accordance with the Privacy Act
To increase the number of our processes in our auditing universe		We increased the number of processes from 61 to 67 in our auditing universe	To successfully complete the "QAR" Quality Assurance Review that affirms the compliance of internal auditing activities with the International Internal Auditing Standards
To continue our efforts to enable the expansion of our sustainability policy into our value chain		We realized our projects geared towards our business partners and their employees in order to enable the expansion of our sustainability policy into our value chain	To continue further with our projects to enable the expansion of our sustainability policy into our value chain

**STATUS**

Completed
In Progress
Incomplete

## 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.

- The share of our Consumer Tyres products with a Wet Grip label value of “C and over” in our sales portfolio: 84%
- Our customer satisfaction rate: 94.60%
- Almost 1,400 Sales Points with a signboard in Turkey
- 43,727 man\*hour of training for 11,649 participants as part of Brisa Academy training programs
- We reduced the weight of land transportation in our logistics operations by 56% as against the year 2008.
- Our Rate of Local Supply: 49.84%

## 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.

### **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 production facilities holds the OHSAS 18001:2007, ISO14001:2015 management system certifications.

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

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 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 84% share we identified for the consumer products in the previous period and we are targeting to reach 86% level for this share in 2018.

	Label Value	2012	2013	2014	2015	2016	2017	2018 Target
Wet Grip Class (WET)	C and over	70%	69%	73%	81%	83%	84%	86%
	E-F-G	30%	31%	27%	19%	17%	16%	14%

The share of our “C and over” products for commercial tyres is 75%.

Products whose label values were improved in the reporting period are as follows:

	215/60R16 T001	215/60R16 T001 EVO
	OLD Label	NEW Label
Rolling Resistance	E	C
Wet Surface Grade	C	A
Noise Level	69 - ))	71 - ))

#### **Bridgestone Driveguard RFT tyres are available in Turkey for all vehicles with TPMS technology**

Bridgestone developed the Run Flat Tyre (RFT) technology to overcome the flat tyre problems in order to increase the safety of drivers and therefore removes all worries caused by flat tyres. Starting from 2016 Brisa started to produce RFT tyres in its Izmit manufacturing plant. Starting from 2017, this technology was made available to all vehicles with TPMS technology with the Driveguard tyres. While in the past the RFT technology was only available for select vehicles, with the Driveguard technology this option was made available to all vehicles with TPMS systems. Bridgestone developed a first in the industry and created a new category with the introduction of Driveguard technology, and Brisa will start the production of this tyre in its Izmit manufacturing plant during 2018. In addition to being a technologically advanced tyre, Driveguard also performs at the highest level with its new compounds.

	215/55R17 DRIVEGUARD	225/45R17 DRIVEGUARD
Rolling Resistance	C	C
Wet Surface Grade	A	A
Noise Level	70 - ))	70 - ))

#### DAYTON

In 2017, Brisa started the domestic production of its powerful Dayton brand that it had previously offered to the market as an import product since 2014. Dayton is a brand that stands out in the world markets and especially in the European markets, having proven its quality in terms of braking performance, road grip and wear life. The performance tests prove that Dayton branded tyres are able to offer a balanced performance both on wet and dry surfaces. In 2018, Brisa is planning to add 10 new sizes of the Dayton brand to its domestic production line in addition to 17 summer sizes and 14 winter sizes in the light commercial vehicles segment.

	205/55R16 DAYTON TOURING(Imported)	205/55R16 DAYTON TOURING2(Domestic Production)
Rolling Resistance	F	C
Wet Surface Grade	C	B
Noise Level	71 - ))	71 - ))

#### Lassa Greenways

According to the field tests carried on, Lassa Greenways can achieve three times more kilometers and provide 45% savings compared to its most reasonably prices competitor. Lassa Tyres, the durable and strong tyre brand of Turkey, proved with its performance tests that Greenways can achieve three times more kilometers and in the long-term is the most economic and sustainable tyre choice compared to its most reasonably prices competitor.

### RESPONSIBLE VALUE CHAIN PRACTICES

We do not limit the strategies and practices we develop in order to enhance our social, environmental and economic performance with our own operations; we regard our sustainability approach as our main point of reference in the management of our value chain. We disseminate our sustainability understanding throughout all the components of our value chain; we support the sustainable development of our customers, business partners, and suppliers. We rely on communication mechanisms that all our stakeholders within our value chain can use to communicate their expectations and participate in decision making processes; we ensure the enhancement of our performance in this regard through effective audit activities.

#### Customers

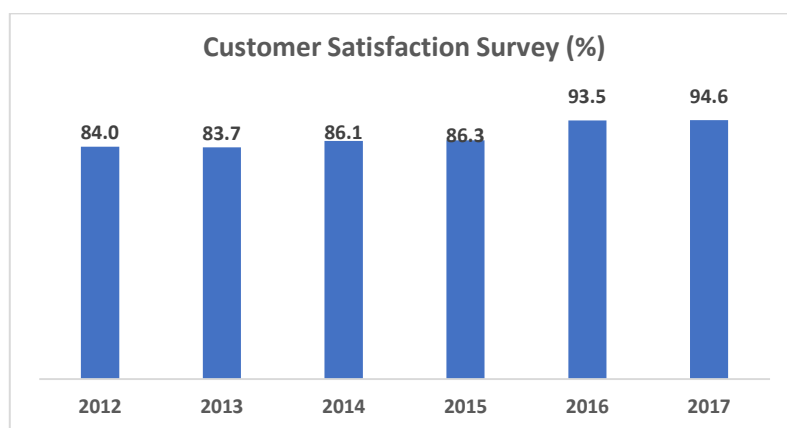
We execute efficient customer management practices in order accurately identify the needs and expectations of our customers and to provide solutions that create a difference; we look for ways to enrich customer experience. We both fulfill the requirements of our customer oriented business manner and create a difference in our sector through practices aiming for customer experience to end the same way, that is in satisfaction, always and everywhere and to ensure its continuity.



We manage the practices we implement in accordance with our customer management model under the titles of Store, Call Center, Online, and Communicational; we ensure the standardization of customer experience through quality service. With our Customer Contact Points application, through which we regularly communicate with our customers, we support and inform them throughout the product lifecycle. We record, analyze and prioritize the suggestions and opinions of our customers through our Customer Application Management System, thereby producing solutions.

During the reporting period, we completed the investigation and response period of our customers' appeals for product guarantees on a 6,8-day average.

Since 2009, we have been regularly conducting a consumer satisfaction survey aiming at measuring the service and quality performance of Brisa dealers and determining the customer satisfaction level for our products and services. During the reporting period, according to the public surveys carried on with 15,268 questionnaires, our customer satisfaction level increased to 94.60%.



Brisa Call Center constitutes one of the primary communication mechanisms through which we acquire customer feedbacks. We identify points of improvements regarding our products and services based on online surveys, focus group studies and the experience maps of our websites; we consistently improve our performance in this regards by making action plans.

We design our customer management practices in accordance with our approach of innovation and we actualize exemplary processes that will improve customer experience. We carry out exemplary works and applications aimed at enhancing customer experience at our Model Store, which was designed as a training hub for employees of Brisa and of its business partners to improve retail experience; we provide solution suggestions for our business partners.

**Otopratik**

We have designed the Otopratik concept in order to enhance our customers' tyre purchasing experience by enabling advanced technological infrastructure, effective sales and service processes and providing a diversified product range. We are continuing to increase the number of our Otopratik service points. We have opened our 45<sup>th</sup> Otopratik service point, which we materialized with the "Perfect Customer Experience" concept.

**Profleet**

We designed the Profleet fleet management model to bring all fleet management solution operations under the same roof and with this new model we are providing our customers with sustainable solutions and enabling them to manage their business operations with the minimum costs. In addition to the product and service support we provide to our customers, we are also offering them trainings, consultancy services, road assistance, inventory management, digital programs, central invoicing, regular tracking and reporting so that they will be able to decrease their management costs. According to our latest evaluation, we enabled our customers to save a total of 400 million TL with the Profleet Value Package, which increases the average life of a tyre by 15% and decreases fuel consumption to allow 5% increase in savings. During the reporting period, we opened 2 new Propratik service points, which are positioned as our sales and service chain for the heavy commercial vehicles, in Istanbul. With Propratik, we are answering the tyre, battery, spare part, accessories, and light maintenance needs of heavy commercial vehicles with innovative solutions, while we offer drivers our support for an optimum and safe driving experience.

**We Singed Profleet Contracts with Important Fleets in 2017**

We enhanced the extent of our business cooperation with Kâmil Koç, with whom we have commercial relations since 2008, through a new contract formulated around Profleet fleet management solutions. Murat Lojistik, one of the biggest cold chain logistics companies of Turkey, started to use the Profleet consultancy and services package by signing a fleet solutions partnership contract with Brisa, which we designed especially for the fleet owners.

**Stakeholder Opinion**

“Being the first bus company of Turkey, until today we materialized countless projects and innovations that shaped the future of our industry. We are continuously developing ourselves for the better in terms of travel safety, which is a must have for us, by investing into technology and human resources. I would like to express that the biggest investment for materializing such projects is to move along together with the most appropriate business partner. Brisa, the pioneers of the Turkish tyre industry, always supported us in that manner and withheld its support. Our partnership with Brisa is not only limited to buying and maintenance of tyres. We are continuing to raise together academic bus captains at the Kâmil Koç Captain Academy. We raised totally 805 captains since 2016 with the support of Brisa and other supporters of the company who believe in us and do not hold back their support from day one. The Kâmil Koç Captain Academy is the first and only project in the industry to offer academic education to bus captains. I would like to offer my gratitude and thanks first to Brisa General Manager Cevdet Alemdar and then to the whole Brisa family for the contribution they made to Kâmil Koç in terms of the support they provided for our economic management as well as for the partnership they provided for safety driving and for their contributions to the Kâmil Koç Captain Academy.”

**Kâmil Koç General Manager Cengiz Doğan**

**Stakeholder Opinion**

“The meaning of this partnership is very valuable for us. Murat Lojistik, with a 58-year history behind, is one of the important brands in the transportation industry. Productivity and cost saving are two of the most important subjects for the strong fleet that we own. In this manner, we need powerful business partners in order to manage our operations the best way we can. We believe that the Profleet services altogether offered by Brisa will create an important value for us. We hope to continue this partnership for many more years into the future.

**Murat Lojistik General Manager Selçuk Yüksel**



### **Brisa and Karsan Minibus Signed a New Partnership Agreement for Their Clients**

We carried our OEM partnership with Karsan, one of the important actors in the minibus category, one step forward with Lassa Tyres in lead. According to the agreement and new partnership that took place between Karsan and Brisa, customers who purchase a new Karsan Jest+ will be reached from the time they first purchase their vehicles and offered various advantages for their choice.

We reclaim 20% of our customers' scrap tires and add value to both our customers and our customers.

With our new technology equipment (Shearography) investments on coating, we are developing our product performance and service quality.

### **Business Partners**

The sustainable development of our dealer network, which constitutes our most important connection with our consumers and plays a vital role in our business success, is among both our business and sustainability priorities. In this direction, we realize various training practices in order to increase our dealers' competences, we monitor their business and sustainability performances through effective audit mechanisms, and we lend an ear to their expectations through the bidirectional communication mechanisms we put in place.

**We own the largest dealer network across Turkey with nearly 1,400 branded sales points.**

We carry out periodical trainings under several headings in order to support the sustainable development of our dealers. In this scope, we design and conduct trainings aimed at both our dealers and their employees under the roof of Brisa Academy. As Brisa Academy, our fundamental purpose is to ensure the creation of difference in customer experience by sharing our accumulation and experience with all our shareholders.

In this manner, during 2017 we offered 43.727 men-hour educations to 11.649 attendants and increased our performance by 20% compared to 2016. Again, during the reporting period, we provided 4 education sessions (this number was 3 for the business partners who succeeded earlier) to 40 business partners, who were below the Turkey customer satisfaction evaluation result average, at their own locations with Brisa Academy trainers. As a result of these education sessions, we increased related business partners' customer satisfaction grades by an average of 10%.

### **"Service Technician Education Program" by Brisa Academy**

We started an education program for the employees of our business partners in order to raise service technician specialists and to increase the quality of services offered by these technicians. The education program, designed by Brisa Academy, consisted of 3 modules with the slogan "You Provide the Technician, We Provide the Specialization". During the education program, the technicians had the chance to make practical applications in tyre mounting, dismounting, balancing, repairs, RFT Technology, mechanics, axle shaft and further received information about communication and 5S.

### **What did the technicians attending the education sessions say? VIDEO**

"Dealer Development Projects" constitute another part of the series of practices we put forth in order to support the sustainable development of our dealers. In addition to the projects we developed in this scope, we also share the results of our customer satisfaction surveys with our dealers and we support them in identifying points of improvement. We listen to our dealers' expectations at meetings we hold with them; we acquire significant feedbacks for both our business and sustainability strategies through working groups we organize.

During the reporting period, we continued the “Dealership Council” platform we materialized in 2016 in order to listen to our business partners more closely and exchange opinions with one another. We hosted the council meeting with our retail and commercial channel business partners in our Aksaray manufacturing plant, and we further came together with the Pratik Family Council, formed by our Otopratik and Propratik business partners. We are planning to host these meetings, which we formulated for our wholesaler, retailer and commercial dealerships, regularly. We also hosted the new business partners who recently joined Brisa at the “Welcome Meeting” we held at our Izmit manufacturing plant.

#### **#Sahadabiriz (#Weareoneinthefield)**

In 2017, we started our “Weareoneinthefield” activities. As part of these activities, groups consisting of our top-level managers, employees and sales teams made sales point visits together to listen to our business partners and to witness a one on one sales experience with the customers coming to the sales points.

**In 2017 Brisa employees we are in the field together as ONE with the business partners: VIDEO**

#### **Stakeholder Opinion / Visited business partners within the scope of Sahadabiriz**

Dear Brisa Family,

In addition to the professional structure of the Özkan Otomotiv – Brisa partnership, we are very happy to coexist spiritually in harmony as a single body. We feel great joy to be able to speak the same language with everyone under the Brisa umbrella, and to be able to share our problems and most importantly our happiness.

I can never forget the effort production director put during the winter season to visit us to offer the panorama education. His behavior, approach and kindness were admirable. We opened our suggestion box consisting of suggestions, complaints and compliments together and we discussed together what our customers needed, what they liked and what are our areas that we could improve.

Thank you, Brisa. I praise your presence. I am glad you are our business partner. We love all the Brisa Family.

**Canan Özkan-Özkan Otomotiv**

#### **Stakeholder Opinion**

The fact that managers visited the field, completed a sales action with us, and observed the problems in the field within the framework of the activities we realized together with Brisa managers, will be very valuable for us as well as for our managers in order to understand and provide solutions for our problems. This will also be very beneficial in terms of the bilateral communication between the business partners and their related managers. We hope that such projects will continue. We would be very happy to welcome them for the necessary projects.

**Betül DEMİREL, Customer Experience Manager, Dalita Lastik**

In the reporting period, we continued to promote the agriculture fair attendance of our business partners in the agricultural products segment.



### **“Growing Together” with our business partners**

We brought together nearly 500 business partners and Brisa employees at the “Growing Together” themed meeting with Sabancı Holding, Bridgestone Corporation and Brisa managers during the reporting period. Brisa managers shared their experiences in the sales, marketing, entrepreneurship, and service areas and we further interchanged the success stories of 2016-2017 period, the factors that will affect our industry in the future, and the priorities of Brisa. During the second part of the meeting, we listened to the viewpoints of every one of our business partners on a one on one basis with the “We are Listening to You” activity. During the second day of the meeting, all the collected viewpoints and corresponding action plans were shared with the business partners.

### **We Came Together with Our Business Partners During New Product Launch Activities**

We launched two new patterns parallel to market needs and our product strategies during 2017. Bridgestone launched the run flat tyre pattern Driveguard and Lassa Tyres launched the Driveways pattern geared towards comfort and sport use. We held activities for our business partners, the owners of those patterns in the field, and explained our products to them. We carried on these activities in 4 different regions of Turkey with the attendance of nearly 300 business partners from all around Turkey.

### **Together with Our Business Partners “Weareoneinthefield”**

As Brisa, during 2017, we held various field activities together with our business partners. We visited vehicle stops of minibuses and school services and associations. We achieved many successful results as a result of these yearlong activities in terms of understanding the needs of consumers as well as for creating new opportunities for our business partners. We offered special campaigns to taxi stops in order to increase the customer traffic for our business partners. During 2017, we reached a total of 4.121 minibuses operating on specific travel lines, 2.013 taxi cabs, 834 shared taxi cabs and 16 tourism transportation users.

## **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.

### **Purchasing**

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.

"Brisa Responsible Procurement Policy", which can be continuously accessed from our website and our Purchase Portals, was re-shared with our suppliers in December 2017 with the purpose of inspection and confirmation of compliance with this document was requested in all of our activities.

You can access detailed information regarding Brisa Responsible Purchasing Policy at <http://www.brisa.com.tr/kurumsal/sorumlu-satinalma>.

### **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 Anti-Bribery 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 88% and we raised our domestic supply ratio to 50% during the time of the reporting period.

### **Supplier Audits**

Periodical supplier audits have an important place among our responsible supply chain practices. We continuously improve the social, environmental and economic performance of our supply chain and we accompany their sustainable growth through audit practices designed separately for our raw material suppliers and suppliers from whom we purchase machine, equipment and service, which we carry out in accordance with ISO 9001 and IATF 16949 quality standards.

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

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 102 of our raw material suppliers and we awarded 11 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, 179 suppliers delivering the required results for the identified criteria among 1.009 companies were evaluated by the 581 questionnaires filled out by 275 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.

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

#### **Stakeholder Opinion**

The business partnership of Brisa and Metal Oksit goes back to nearly 40 years. In addition to our sustainable quality, Brisa's Responsible Purchasing Policy played a very effective role for this partnership. For many year Brisa, as an international company, preferred as much as possible to obtain its raw material needs from domestic suppliers and became a pioneer in terms of raw material nationalization.

The annually repeated regular training and auditing sessions allows for the detection of issues open for improvement in Metal Oksit's processes and contributes to their development. Brisa, as one of the pioneers in the adaptation of related regulations in terms of work health and safety, proves to be one of the most sensitive companies in terms of environmental issues too as a result of the limitations they apply for the transportation and storage amount of hazardous materials.

Brisa always acted transparently and openheartedly communicative with regards to issues concerning quality improvements and also both for sustainable production and continuity of our cost structure, and never held back its help and supportive approach from Metal Oksit.

**Kaan Özden, Metal Oksit Kimya Sanayi A.Ş. Chairman**

#### **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 make an effort for employees of subcontractor companies 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.

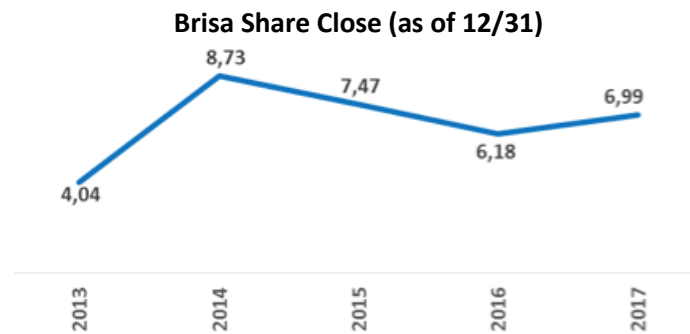
#### **Environmentally Friendly Logistics Operations**

In accordance with our sustainability approach, which considers the whole lifecycle of our products and services, we engage practices that will minimize the environmental impacts of our storage and distribution operations. We prioritize seaway and railway transportation, which have less environmental impact, in our logistics operations; we consistently decrease the weight of land transportation in all our operations. We choose optimal locations for our warehouses to ensure more transfers with less fuel consumption; we also extend the use of electric forklifts in our warehouse operations to reduce our emission amount.

During the reporting period, we carried on 68% of our logistics activities by maritime lines, 6% by railways and decreased the ratio of road haulage transport by 56% compared to that of 2008 levels. As a result of our route optimization efforts, we decreased the per transport carbon emission ratio of our domestic transportation and delivery operations by 0,9% compared to that of 2015 levels.

## 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 combined annual growth rate of the BRISA stock traded on the Stock Exchange Istanbul over the last 5 years was 12%. Industrial Index grew by 8.7% in the same period; while the BIST Index contracted by 1.32 percent year on year.

We started the construction of our new manufacturing plant located in Aksaray in 2014 and we are planning for the initial start of it during 2018. During the reporting period, we continued our efforts for the completion of the new plant. We will provide direct employment opportunities with our investment and also with the additional capacity created we will be positively contributing to the current account deficit of Turkey.

During 2017, we invested 112.7 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 296.2 million US Dollars.

### Stakeholder Opinion

It is both a source of pride and happiness to be working with a company like Brisa, which has correctly organized all of its business units from supply to production and from logistics to finance, and who has correctly communicated its sales and marketing plans with us, the dealer and business partner network, taking justice as its basic principle and adapts it accordingly.

We are entirely sure that the success of Brisa, which has never held back its support in terms of improving sales points, will be persistent as a result of its investments and vision prioritizing environment and human resources.

**Özkan Mustafa ÖZCAN – Ankara Business Partner, Özcanlar Lastik – General Coordinator**

**Stakeholder Opinion**

Brisa, as the leader of tyre industry and innovation, is relentlessly leaving its footprint with its ever-strengthening existence amongst the pioneering giants of the Turkish industry as a result of its business modeling, financial structure and product range.

Brisa, founded by the Sabancı family, one of the most respected families of our country, and their partners in 1974, targets to grow with strong and innovative steps by continuously including many brands into its portfolio and by increasing its investments every year. Brisa never holds back to exhibit the great value it puts into the development of our country and to its people.

Brisa is expected to add great value to the national and regional economy with its second manufacturing plant investment, planned to be operational in Aksaray, by doubling its production and commercial volume. I feel the rightful pride of serving our country as a member of the Brisa and Sabancı family, who have started to walk on this road with the "Change for change" slogan, without ever giving up on customer satisfaction.

**Alper ÇAVUŞOĞLU, İzmir Business Partner, Ömer Çavuşoğlu Lastik Sanayi ve Ticaret Ltd. Şti.**

**Stakeholder Opinion**

Brisa rose up the quality of its industry to international standards, carried its R&D projects to the highest possible levels, and accomplished many important projects in terms of sustainability. Brisa, not satisfied with the above-mentioned attainments, first raised its existing manufacturing plant up to international competition level, and then accomplished a first by investing into a city like Aksaray located in the middle of Anatolia. The fact that production will start at the beginning of the year helps constitute an exemplary investment making a national difference.

Brisa carried the business understanding of its business partners and its suppliers in different regions to international standards with its school-like educational projects and raised the quality standards for people working in different regions, suppliers and local public.

The contributions of this investment to the region and to our country in general will be much more effectively understood in the following period.

I would like to congratulate those who played a role in this investment and wish them many more success stories.

**Hasan AYDIN, İstanbul Business Partner, Ayko Otomotiv İnşaat Sanayi ve Ticaret Ltd.Şti.**

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.

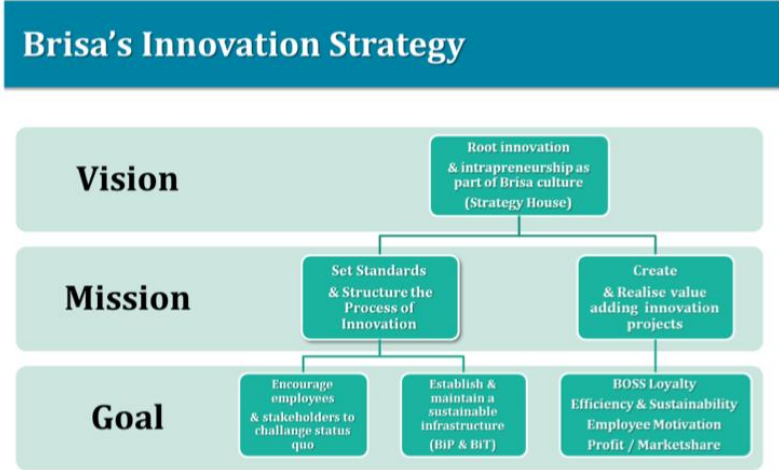
In ten years, 750 million TL was contributed to the national economy by means of end-of-life tyres collected from the market. With regard to the collection of worn out tyres that are turned into floor covering for children's parks and artificial turf for football fields, as well as being used as fuel 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).

In 2017, we started the local production of Dayton branded tyres, which are distributed Worldwide by Bridgestone Corporation, in our Izmit manufacturing plant. Previously, we were distributing these tyres since 2014 through import operations. These products are positioned in the most competitive segment of the market, and we are proud to be producing them within our own operations thus being able to increase our contribution to our national economy.

# INNOVATION AND CORPORATE ENTREPRENEURSHIP

We act with the purpose of transforming from an industrial company into an innovation company; we aim to make the spirit of innovation into an integral part of our corporate culture and business processes. We aim to create a difference in our sector and acquire competitive advantage through innovative solutions answering the expectations of our customers and business partners; we believe this purpose can only be achieved as a result of the adoption of the culture of innovation by employees at all levels.

We execute our innovation processes with the support of the senior management and through organizational tools bringing together employees from different functions and areas of expertise. We conduct our Innovation and Corporate Entrepreneurship works, which have a significant place among our sustainability strategies, through the agency of our Strategic Planning department directly affiliated with our General Manager. We conduct idea studies, design processes, business models and services under the leadership of Brisa Innovation Team consisting of experts in different departments. We provide trainings for our employees and external stakeholders aiming to enhance their level of knowledge and awareness regarding innovation.



## Brisa Innovation Team (BIT)

The main purpose of BIT is to expand innovation culture and support the management of innovation processes and it is a team formed by volunteering professionals coming from different departments and different disciplines. BIT is continuing its efforts with a team of 9. The team is operating with the main motivation of adding value to all our shareholders with corporate entrepreneurship models, and their efforts add value both to corporate culture and to the team members going through this experience within the BIT life cycle.

### Stakeholder Opinion

Change is an inevitable phenomenon that we need to adapt to swiftly in order to continue our leadership in the industry. I am playing my role in the BIT as a team member for 4 years. I am trying to guide Brisa's adaptation and establish and expand innovation and corporate entrepreneurship culturally in a market that is ever quickly digitalizing where the needs of the customers are rapidly changing and their expectations are increasing.

I have contributed to gathering, developing and realizing ideas by participating to idea themed competitions and projects through taking advantage of educational and applicable opportunities provided by Brisa and by following macro trends. In the future, I would like to continue to focus on creative and customer-centric approaches in a multidisciplinary team to contribute to successful business results in every field.

**Gürçan Didinedin – Product Control Manager – Brisa Innovation Team Member since 2014**

### Stakeholder Opinion

I take great pleasure to be a part of the Brisa Innovation Team and to have embraced this to the whole of the corporate culture. Offering a social business life and freedom to employees is the basic part of a reformist understanding as well as being an inseparable part of our corporate culture. Our first priority as the Brisa Innovation Team is to provide these dynamics and to produce ideas as a team and to take the initiative to get support for these ideas. We are both able to sustain these dynamics and to gather the ideas of all our colleagues in a portal to be the voice of their ideas with the support our company gives us.

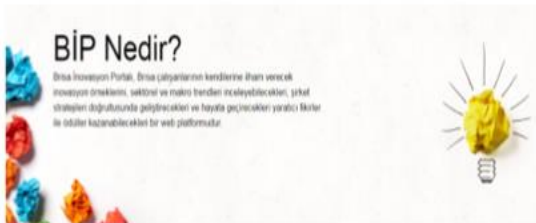
Therefore, we are contributing to a better understanding of life, a better economy and a better environment by sustainably disclosing all extraordinary and innovative ideas meeting needs of being listened to, understood, noticed, considered important and need for belonging to and leaving a footprint.

**Sinem Seçgin – Software Development Specialist - Brisa Innovation Team Member since 2016**

## Brisa Innovation Portal

### What is BIP?

Brisa Innovation Portal is a web-based platform that allows Brisa employees to study examples of innovation, sectoral and macro trends, to develop and actualize creative ideas in line with corporate strategies and to win awards.



Brisa Innovation Portal, which we developed as an idea-collecting instrument and was offered to our employees' use in 2014, is a web-based platform that allows Brisa employees to reach the information they need regarding innovation and to develop creative ideas in line with Brisa Innovation Portal is a web-based platform that allows Brisa employees to study examples the needs of the company. Thanks to the mobile interface engaged in 2016, the access of field teams to the portal was also ensured. Employees can investigate sectoral and macro trends, inspiring examples of innovation at the portal; they can access related presentations and books at the BIP library, spontaneously share ideas through the portal and participate in themed idea competitions aimed at the concrete needs of Brisa.

In 2017, 28 ideas and projects were followed, some of which were realized, that were entered to Brisa Innovation Portal and approved by Brisa Innovation Team.



**Brisa “Fikirbaz” (“Idea Creator”) awards**

11 out of 50 ideas shared from the Brisa Innovation Portal were chosen by the Brisa Innovation Team and presented to the Innovation Execution Committee following the completion of their business models and prototypes. Following the evaluation of the ideas presented to the committee, 5 of the ideas were awarded with the “Fikirbaz” awards.

**“Pioneers of the Journey” Business Partners at Brisa**

Brisa announced the start of the “Pioneers of the Journey” awards in order to award the successful projects of business partners and their sales managers. Projects that have been realized between 2015-2017 period, which have reported results and/or are still ongoing concentrating on customer satisfaction and customer loyalty, profitability and contributing to sales quantity were considered for the awards. The winners of the award were decided with the contribution of the Brisa top-level management. The winner of the contest was Rota Lastik Sales Manager Can Atamözer with his “Tyre Holiday Home” project, and the runner up was Sales Manager Vedi Çekiç from İspirler Otolastik with his “Winter Tyre Rental” project. Sales Manager Can Bozok from Mert Lastikçilik became third with his “Dattiri Customer Loyalty Program” project.

**DIGITALIZATION**

As Brisa, we are in the course of a transformation from an industrial company into an innovation company. As a natural result of our innovation culture and sustainability approach, we are integrating our systems and processes with digital platforms to ensure the accurate, efficient and reliable use of information through our digitalization works. With these works, which allow us to make more efficient use of company resources, to develop new business models, to design innovative products and services, to form unique customer experiences, we lead our sector and we create value added for our stakeholder through analytical and mobile solutions.

**PROFLEET 2**

Profleet 2 system is an online dealer and fleet management program. The system gathers critical information such as the potential yearly tyre demand of customers, measurement information and so on and brings them together under an easier to reach and more understandable format. With the Profleet2 software and the incentive program that supports the software with the aim of being more on the field, we targeted 924 fleet customers and their 300.000 tyres potential for 2018. We reserved the ability to track nearly more than half of our yearly Truck and Bus tyre target with this system and we have proved that we can achieve winnings by adding value to our customers.

**Fleet Information Center**

The Fleet Information Center is a mobile application, which allows fleet owners and/or their authorized personnel to instantly follow the results of the measurements made for their fleet vehicles. The application allows the gathered data to be instantly seen by the customers. The projects carried on at the customers’ field area can be instantly viewed, tyres requiring emergency intervention can be inspected. The program enables the customers to see which they need to replace based on the license plate of the vehicle, and gives them a projection of how many tyres based on which sizes they will need to replace during which month. The application also allows customers to see the appropriate tyre pressure for specific vehicles according to their loads.

With our digitalization efforts, we establish innovative and effective channels for the participation of our shareholders while we also ensure operational excellence. We encourage the mobile use of our Brisa Integrated Human Resources portal in order to enable fast and secure reach to human resources data for our employees. Our mobile systems, which enable our employees to reach, update and approve information from a distance allows flexibility for our business processes.



**Brisa; Digitalization Pioneer**

With our digitalization efforts during the reporting period, we were awarded with the Accenture Digitalization Pioneer Award and we took our place as the Industry Leader in our own industry. Our company scored 83% in the index and is playing an important role in the digitalization journey of Turkey with its strategic approach, innovative services and operational capabilities in the field.

Our digital conversion process has diversified through our online sales channels. In order to provide 360 degree value to our customers, we took the lead of lastik.com.tr and made applications for multiple sales channels. For our customers to experience this digital experience we've reached them with different opportunities such as MTV payment, Lover's day campaigns, campaign for Sabanci employees and opportunities for Renault factory employees. We also came together with our customers at Ford Otosan Technology Days, Customer Experiences and Services Summit, and Big Byz Festival with attractive opportunities.

**My Business Partner is Digitalizing**

Within the scope of the Brisa My Business Partner is Digitalizing Project, we brought our dealers together with Google Turkey and informed them about Innovations in the Digital World, Customer Habits, Google Adwords, Google Shopping Advertisements, etc. We established the first Brisa business partner specific project using the Google platform to make Google Adwords and location based investment.

Within the context of ISO 27001 Information Security System Standard, we are providing online trainings for all our employees. In the reporting period, we provided in-class Information Security Training to 100 employees.

Also within the context of our human resources processes, we are gathering the data in Brisa-MEC (Manufacturing Education Center) training system and Brisa Academy training system at a single center in SAP Human Resources system, improving our operational performance in the area of human resources by ensuring the timely, efficient and accurate transfer of information. With Brisa Academy Training Portal, we offer online and mobile training opportunities for both our employees and our external stakeholders. In the reporting period, 4,063 stakeholders benefited from 40 different e-learning programs and a total of 2,495 man\*hour of training was provided.

With the software called Kokpit, which was introduced as an idea by an employee, implemented and awarded at Brisa Innovation Portal, and engaged in the reporting period, we have implemented a digital tool that enables the communication of company headquarters and field teams and contributes to the business manner of field staff. Through the software that can be accessed from all mobile and online platforms, our field staff can track all their tasks and responsibilities on the basis of customers, they can access all information about their location including the field experiences of other employees, and they can instantly communicate with the headquarters.

### Genba Area

During the reporting period, as a new application, we decided to set up a Genba Area to enable all our business partners and all our customers to witness the highest level of customer experience during their engagement with Brisa and to allow them take results in all related processes with highest possible speed and effectiveness.

The Genba Area aims to improve all processes within the market dynamics and expected time frame to enable unmatched customer experience for the final consumer. With this aim in mind, the Genba Area is a mission room concept where 7 different departments physically work together using different digital technologies in accordance with their requirements to bring together the solutions of related departments concerning the needs of our business partners, customers and our colleagues working in the field to turn the data derived from all these processes into information using business intelligence software and provides new business model suggestions in return for the information it has produced along with input for field sales strategies.

WHAT DID WE AIM FOR THE YEAR 2017?	STATUS	2017 PERFORMANCE DISCLOSURE	OUR 2018 TARGETS
To set up a system to receive the confirmation of our suppliers that they have read and understood our Responsible Purchasing Policy on a periodical basis.		We set-up the system and received confirmation from 1.647 suppliers	To provide the continuity of the system on an annual basis.
To continue our efforts for the expansion of the use of electric forklifts.		We made 7 electric forklifts operational	Planning to include 6 more electric forklifts in our operations.
To make improvements on the Kokpit software.		(New)	To start using mobile CRM module
To increase the number of people in our Customer Satisfaction Survey sample to 15.000 participants.		We increased the number of customers participating to our Customer Satisfaction Survey to 15,268 participants.	To increase the number of people in our Customer Satisfaction Survey sample to 16,000 participants.
To achieve a 94% customer satisfaction level.		We achieved a customer satisfaction of 94.60%	To achieve a 95% customer satisfaction level.

### STATUS

Completed
In Progress
Incomplete

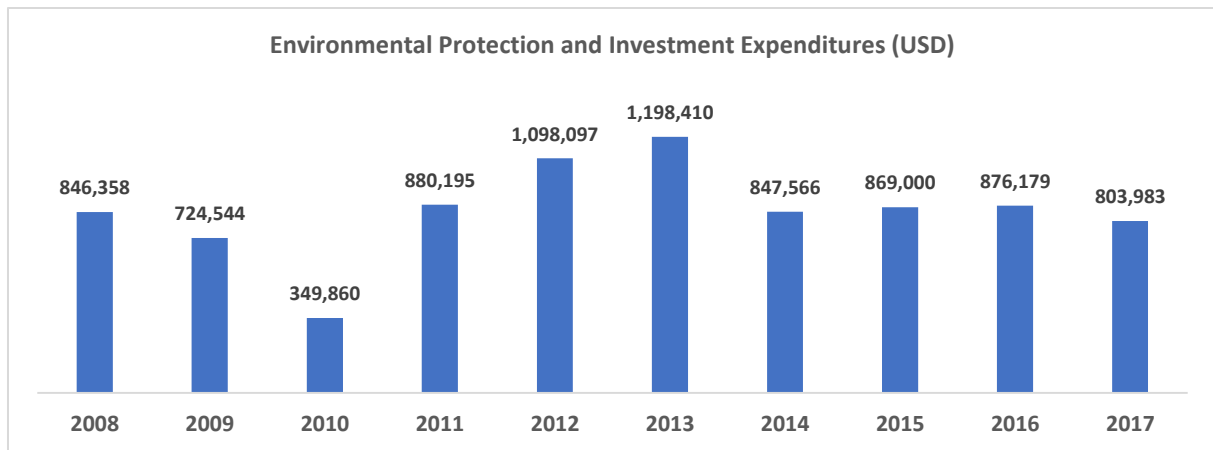
## ENVIRONMENTAL APPROACH

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.

- 803.983 USD; Environmental Protection and Investment Expenditures
- 7% increase in savings compared to 2008 as a result of energy productivity projects
- We decreased our per ton emission ratio by 24% compared to that of 2005
- We decreased our bore water usage by 46% compared to that of 2008
- We retreaded 129,000 commercial vehicle tyres with our Bandag services
- We decreased our energy consumption (GJ/ton) by 10,46% compared to that of 2008
- We prevented release of greenhouse gases to the atmosphere equal to 924 tons of CO<sub>2</sub> as a result of our energy productivity projects
- We received the “Leadership Award” for the third time in “Carbon Transparency Project (CDP)” report of Climate Change, and we received the “Leadership Award” for the first time in the Water Program report
- In 2017, we prepared the Life Long Tyre Valorization Report in line with the new approach of the ISO 14001:2015 Environment Management System
- In accordance with related standards, we prepared annual “Direct Water Footprint Inventory Report” and “Greenhouse Gas Inventory Report”
- Our environmental performance was awarded with the “Golden Status” by the EcoVadis sustainability platform.



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.



### **Brisa Aksaray Investment**

In order to minimize the environmental impacts that will arise in the operation stages of our second production facility within Aksaray Organized Industrial Zone, establishing an operation that consumes less natural resources, causes less greenhouse gas emission, consumes less energy, produces less waste, contains a green habitat, coexists with stakeholders without discomforting them, compliant with legal regulations and international standards in terms of occupational safety, includes best practice examples, conforms with national and international standards of fire safety were our prioritized concerns during the design stage.

Following underground water pollution analysis and soil analyses, we prepared a current situation assessment and design criteria for the protection of the land. An Environmental Impact Report was prepared in order to be able to control the probable environmental impacts of our operation in the construction stage and production phase; impacts were analyzed and measures to be taken were identified. Our facility is not located on natural protected areas identified by national or international agreements, special environmental protection areas or RAMSAR (Convention on Wetlands of International Importance) areas. We started works for protecting biodiversity and species with the plot allotment. In this regard, we planted 3,000 saplings and planted 2,000 saplings in our İzmit manufacturing plant. During the reporting period, we raised 16,000 saplings from seed at our greenhouse located in our İzmit manufacturing plant.

### **ENERGY AND EMISSION MANAGEMENT**

The effects of climate are becoming increasingly apparent in different ways with each passing day. The business world also bears great responsibilities in combating climate change. With the awareness of this responsibility, we consider the efficient use of energy to be one of the cornerstones of our business manner.

Mitigating the greenhouse gas emissions and climate change impacts caused by our production activities is among our strategic targets. In this regard, we conduct systematic activities monitored by our senior management. Practices regarding climate change are reflected on the business strategies of Brisa takes place in two stages.

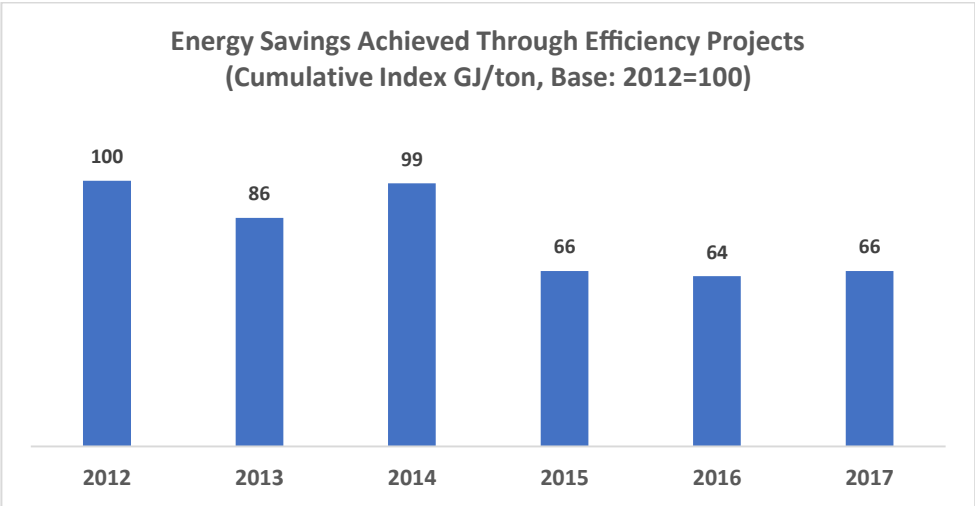
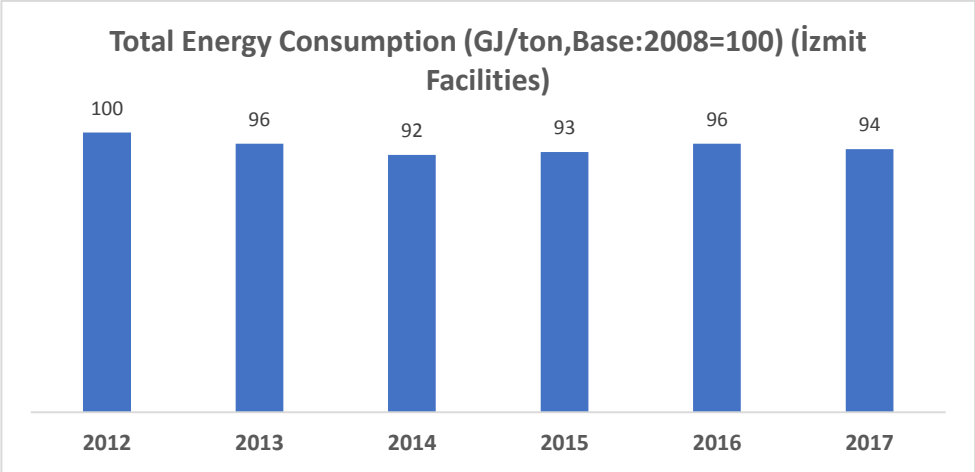
In the first stage, Bridgestone Group Environmental Committee identifies global policies regarding climate change with the coordination of the Global Management Platform; these policies are then shared with strategic business units and it is ensured that they are internalized and implemented by companies.

Whereas in the second stage, detailed implementation plans are prepared on the national scale with regard to the policies identified by Bridgestone Group Environmental Committee and realizations are periodically monitored and reported.

Besides these practices, we also closely follow national and international studies about climate change and their results to actively evaluate their impacts on our business processes. We also contribute to the development of national policies in this regard.

We have completed certification works for the verification of our activities aimed at reducing climate change impacts and greenhouse gas emissions as well as our performance by an accredited institution, in 2016. In this regard, we were entitled to receive ISO 14064 Verification of Greenhouse Gas Emissions certification including the year 2015.

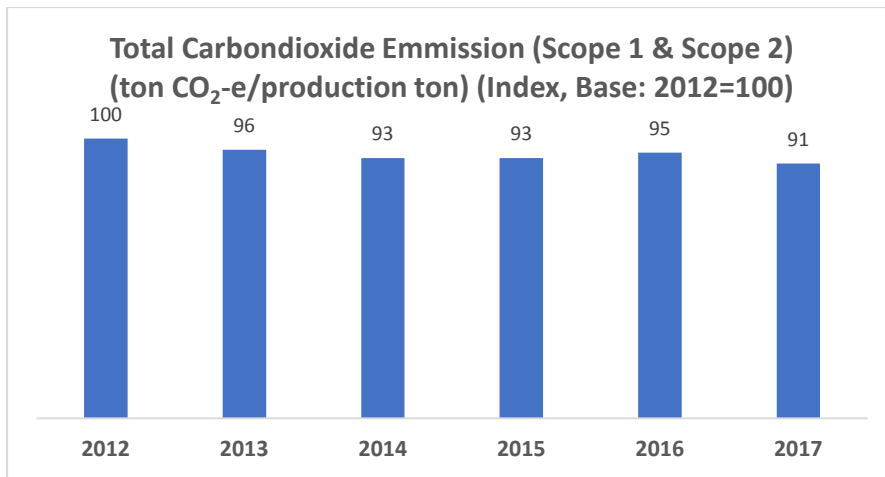
The efficient use of energy is part of our sustainability understanding, as well as our operational strategy. In this context, we attach great importance to ensuring energy efficiency through regular review and evaluation works.



In the past years, the need for steam, which is provided by the supplier company, has started to be more effective with the efficient boiler investment made in 2016 and 2017. After the investments, an important step was taken to reduce greenhouse gas emissions by preventing loss - leaks. Our total energy consumption in 2017 increased by 2.08% in İzmit facilities as against the previous reporting

period. In comparison with the base year of 2008, our energy use during the reporting period has decreased by 6%. We have also reduced our indirect energy consumption at our İzmit facilities by 3.11% as against the previous reporting period. We increased our savings by 7% compared to that of 2008 levels.

As Brisa, at our İzmit facilities, we aim to reduce our greenhouse gas emission per production unit by 25% in comparison with the year 2005, by 2020. As of 2017 yearend, we have realized this target by 24%. During the reporting period, our emission levels decreased by 4,2% compared to the previous reporting period.



Carbon dioxide emissions from activities carried out in our İzmit plant between 2012 and 2016 are covered by the Assurance Auditing Standard (GDS 3000) under the Sustainability Report; Between 2014 and 2017, carbon dioxide emissions from all Brisa locations were verified by independent auditors in accordance with ISO 14064 Greenhouse Gas Accounting Standard. The "Greenhouse Gas Inventory Report" in accordance with ISO 14064 Standard is being prepared annually since 2013.

*We prevented release of greenhouse gases to the atmosphere equal to 1,897 tons of CO<sub>2</sub> as a result of our energy productivity projects.*

**“Turkey Climate Disclosure Award”**

By reporting regularly since 2011 and publicly in 2015, we became one of the five companies in the Carbon Disclosure Project (CDP) in Turkey. In 2017, we were deemed worthy of the “Turkey Climate Disclosure Leadership Award” for the third time. In 2017, we were entitled to receive a leadership award with our “A-” score on the Water platform. These results indicated that Brisa is executing a successful operation to manage climate change and that it fulfills its responsibilities in terms of sustainability through emission mitigation works.

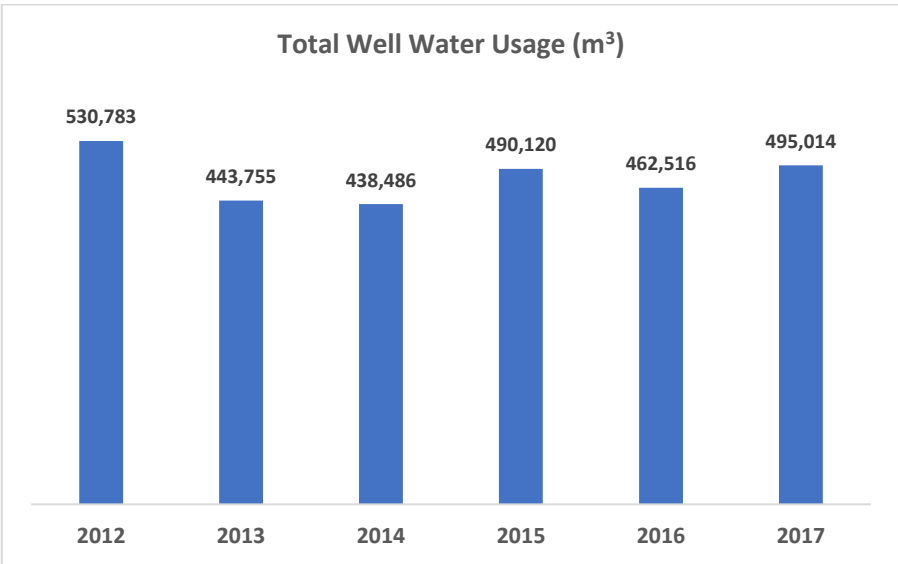
During the reporting period, we carried on 68% of our logistics activities by maritime lines, 6% by railways and decreased the ratio of road haulage transport by 56% compared to that of 2008 levels. In result of the route optimization works we conducted also during the reporting period, we have reduced our carbon emission rate in our domestic transportation and distribution operations.

**EFFICIENT USE OF NATURAL RESOURCES AND LESS WASTE**

The sustainability of our business is directly related with the responsible and efficient management of natural resource use. This understanding is also significant with regard to the mitigation of the environmental impact of our operations. For this reason, we evaluate the environmental impacts that will arise during and after the use and consumption of our products in the design stage with a proactive approach, taking care to use raw materials with no pollution or health risks. We make effective and efficient use of natural resources thanks to our improvement and awareness raising works.

36 Within the framework of our sustainability approach, production in harmony with nature, effective resource management, and works for reducing our corporate water footprint constitute the main approaches that are emphasized. In this direction, targets were set for water withdrawal in 2020. By 2020, we aim to have reduced our water consumption by 61% as against the year 2008. In this direction, we are carrying out efficiency projects within the scope of our environmental management practices. Since 2008, the integration of water management in our business strategies was ensured and the amount of withdrawn underground water at this concentration was reduced by 46% in volume. In this way, a total of 2.6 million USD worth of savings was achieved between the years 2008 and 2017.

In order to have an entirely consistent, accurate and transparent verification process harmonized with operations when achieving targets, the amounts of underground water withdrawn between the years 2012 and 2016 were verified according to the Assurance Audit Standard (GDS 3000) within the scope of the Sustainability Report, and the amounts of underground water withdrawn between the years 2014 and 2017 were verified according to ISO 14064 Water Footprint Standard by independent audit institutions. Risks and opportunities were analyzed within the framework of the sustainability approach with the “Water Scarcity Footprint Report” prepared as required by ISO 14064 Standard, thereby forming the long-term water management policy of the company.



During the reporting period, our bore water use for domestic and industrial purposes increased by 7% compared to the previous reporting period. The main reason for this increase is the 8% increase in our production levels. Again, at the end of the reporting period, we decreased our water use by 46% compared to 2008 results and scored beyond the global target.

### Our Water Footprint Performance

During the previous reporting period, we received an “A-” grade in the “CDP Water Report’ to become one of the 5 companies achieving this grade and reported in the Leadership status level.

We treat the wastewaters generated in consequence of our processes at a biological treatment facility and we discharge them to the Izmit Water and Sewer Administration collector. As part of this process, we observe and track the compliance of our facilities through periodical measurements we conduct.

As part of our works aimed at minimizing the environmental impact of our operations, the issue of waste management has a special significance. In this regard, we actualize integrated waste management practices; we take into consideration environmental risks that will occur during the use and consumption of our products in the designing stage and we take care to use raw materials free of contamination and health risks.

In terms of Waste Management, starting from the end of 2015 we switched to “Zero Landfill” implementation at our Izmit manufacturing plant. As part of this practice;

- We are not sending any solid waste from our plant to waste fields,
- We are reusing the solid wastes generated at our facilities,
- Recycling them,
- Recovering them.

As of the beginning of 2016, we have achieved our zero-waste field target and we maintain works at preserving this target. At Aksaray Facility, we aim to expand this application to 100% by the end of 2018.



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). In this context, during the reporting period, we provided the collection and recycling of 163 thousand tons of tyres.

In accordance with Packaging Waste Control Regulations, we ensure that a certain ratio of the packaging materials of marketed products are collected and recycled through the agency of



Environment al Protection and Packaging Waste Recovery and Recycling Foundation (ÇEVKO). In this regard, we contributed to the recycling of 2.42 tons of packaging waste in the year 2017.

Green Office Practices are carried on by the WWF (World Wide Fund for Nature) in order to provide savings and make improvements at the Office place. Organizations participating to the program systematically evaluate their Office resources, identify savings criteria and design an environmental management system for their offices within this framework. We carried on with our projects during the reporting period under the Green Office Program, which we started in 2014, and earned the right to be rewarded with a WWF Green Office Certificate to carry our efforts a step forward.

## RESPECT FOR BIODIVERSITY

While conducting our operations, we avoid processes that might have a negative impact on biodiversity. In this regard, we act in accordance with the Environmental Impact Assessment Regulations in the implementation of our new investments. We ensure that risks that might arise are audited and evaluated by accredited institutions. Relevant studies show that no protected areas where biodiversity might be harmed are located on or near the operation field of Brisa.

The “Let the Cranes Fly” Project we activated together with the WWF-Turkey (World Wide Fund for Nature) completed its 4th year during the reporting period. The Çukurova delta region is one of the main migration paths of the 500.000 cranes remaining worldwide and 80.000 cranes use this path to migrate.



- We traveled 21.000 kilometers since 2013 in order to count the number of cranes sleeping and nourishing in the Çukurova Delta region.
- 30 villages were visited in the region and 2,000 crane education booklets were shared with primary school students.
- Awareness works were carried out at various places in the region, such as schools, hunters' associations, village coffeehouses.
- ‘Ancient Friends of Çukurova: Cranes’ signboards provide information about cranes to visitors at three different points.

- The project team regularly comes together with public servants, hunters, farmers and children to conduct meetings for the protection of cranes and supports them to protect cranes.

In the reporting period, significant findings were acquired regarding the current status of cranes through observation studies, various public awareness raising works were carried out aimed at the local community, and crane observation activities were organized with students at Yumurtalık Lagoon in the Çukurova Delta, as part of the project.



The Crane Observation Activity Video with the participation of Brisa and WWF-Turkey employees along with participation of Brisa Adana Business Partners' employees and their families.

In 2018, Brisa started to work for the “Allı Turnam” Project it will activate together with the Play for Nature (Doğa İçin Çal) platform.

## ENVIRONMENT FRIENDLY PRODUCTS AND SERVICES

We make an effort for our products and services to be “environment friendly” by taking into consideration the environmental impacts of products during and after use. We work on new concept products with lower rolling resistance, lower emission and noise levels and less weight. We monitor environmentalist product portfolio rate indicators. We have a rich product portfolio composed of environment friendly Ecopia and Greenways series tyres which we introduced to the market in accordance with our understanding of producing more environment friendly products.

**Bridgestone fuel test:** <https://www.youtube.com/watch?v=chLAe9WOntc&feature=youtu.be>



**Bandag---General Overview:** [https://www.youtube.com/watch?v=VEBy\\_4\\_Nolk](https://www.youtube.com/watch?v=VEBy_4_Nolk)



**Filofix Intro:** <https://www.youtube.com/watch?v=JDtLA-6etLY>



We save the fuel and time that would be spent taking vehicles to the service by providing on---site service for fleets with our Mobilfix service. We provide their service needs and constitute service awareness in our customers. We started our Mobilfix tour around Turkey focusing on savings in total costs, and by offering fuel savings services to 42 fleets consisting of 1,013 vehicles at their own garages we enabled a total savings amount of 7 million TL in terms of fuel and tyre life savings during 2017.

We ensure that products are used with maximum efficiency by monitoring the tyres of our fleet customers through Aspects+. We calculate the replacement time for tyres by measuring pressure values and tread depth information. In this way, we intervene timely in tyres creating a positive impact for recoatability and correct usage of tyres. Until today we measured a total of 2.3 million tyres and every year we carry on measurement and field activities for more than 4,000 customers.

### **Ecopia EP150, nature's safety tyre**

With Ecopia EP150, we provide high efficiency in fuel consumption by reducing the rolling resistance of the tyre without compromising on safety. We have completed the localization process for our EP150 product in 2014.

9% lighter construction (\*)

14% lower rolling resistance (\*)

1.7% fuel efficiency (\*)

5% shorter wet ground stopping distance (\*)

15% more durable (\*)

Under normal conditions:

(\*) According to TUV test results, compared to the previous generation Bridgestone.

(\*\*) According to Brisa field test results; compared to competing tyre

### **Greenways Environment Friendly Tyre**

The nano-pro technology used in Greenways tyres reduces rolling resistance and accordingly fuel consumption. Thanks to its special environment--friendly pattern, Greenways facilitates gripping on dry and wet ground and ensures a quiet and comfortable ride with its light construction and innovative design.

7% lighter construction (\*)

37% lower rolling resistance (\*)

5.5% fuel efficiency (\*)

8% shorter wet ground stopping distance (\*)

30% more durable (\*\*)

Under normal conditions:

(\*) According to TUV test results, compared to the previous generation Lassa.

(\*\*) According to Brisa field test results; compared to competing tyres

### **DRIVEGUARD**

Parallel to the increase in environmental consciousness and search for security, the solution suggestions of tyre manufacturers also increased. Driveguard is a product that can exactly answer the needs of consumers in that context. As you will not carry a spare tyre, you will have more space in your trunk and the weight of your vehicle will decrease. As a result of this decline in vehicle weight, fuel consumption will also decrease significantly.

### **DRIVEWAYS**

Driveways, launched in 2017, shows an extraordinary performance with its new pattern structure and advanced tread compound. With more effective contact with the road on wet surfaces, it provides shorter braking distance. Driveways has an 8% shorter breaking distance than its competitors as identified by TUV, it reduces fuel consumption as a result of its 9% lower rolling resistance. It is offered to the market as a more economic and environmentalist tyre pattern.

**We reduce natural resource use with Bandag retreading service**

With our Bandag retreading service, which falls within the scope of tyre management, we save up to 40% in the tyre costs of fleets while substantially contributing to the protection of natural resources and the national economy through quality materials and the right production conditions. By retreading and reusing tyres, we triple their lifecycle and we contribute to environmental protection through less tyre waste. Through the retreading of a truck or bus tyre, 55 kg can be saved on raw material use, 60 kg of waste can be prevented and CO<sub>2</sub> emissions can be reduced by 30%. In addition, the retreading process consumes about 70% less diesel than the production process. During the reporting period, 129,000 commercial vehicle tyres were retreaded within the scope of the Bandag service. We aim to retread 140,000 tyres in the year 2017.

**We offer fleet management solutions with Profleet**

We ensure the economical use of natural resources with Profleet fleet management solutions, our consultancy service intended for heavy commercial vehicle fleets. Through our solutions within the scope of Profleet, we ensure fuel saving and minimize environmental impact with less waste.

WHAT DID WE AIM FOR THE YEAR 2017?	STATUS	2017 PERFORMANCE DISCLOSURE	OUR 2018 TARGETS
To decrease our bore water consumption by 61% in 2020 to that of 2008 levels.	In Progress	We completed the related target by 46% as of the end of 2017.	To decrease our bore water consumption by 61% in 2020 to that of 2008 levels.
To continue participating in the CDP Water Program.	Completed	We received an "A-" performance grade and earned a Leadership Award.	To continue participating in the CDP Water Program.
Provide verification in line with the ISO 14046 Water Footprint standards.	Completed	We verified our water footprint in line with the ISO 14046 standard.	Provide verification in line with the ISO 14046 Water Footprint standards.
To decrease per ton carbon dioxide emissions in 2020 lower than to that of 2005 levels.	In Progress	Realization is at 24% as of the end of 2017.	To decrease per ton carbon dioxide emissions in 2020 lower than to that of 2005 levels.
To continue working on Green Office Projects	Completed	New Green Office volunteers are identified.	Volunteers will identify their new term targets and carry on their projects.
To continue CDP Climate Change reports.	Completed	We received an "A-" performance score and received a Leadership Award.	To continue CDP Climate Change reports.
Provide verification in line with the SO 14064 Greenhouse gas calculation standards	Completed	We verified our greenhouse gas emissions in line with ISO 14064 Standards.	Provide verification in line with the SO 14064 Greenhouse gas calculation standards
To complete ISO 50001 Energy Management System Certification by 2019	In Progress	Certification has been delayed to 2019	To complete ISO 50001 Energy Management System Certification by 2019
To retread 130,000 tyres with our Bandag Service	Incomplete	We retreaded 129,000	To retread 140,000 tyres with our Bandag Service

**STATUS**

Completed
In Progress
Incomplete

## WORK LIFE

- We provide 43,727-man hour worth training to 11,649 participants with Brisa Academy.
- At Brisa MEC we offered the standard education program to 573 employees, and the Quality Awareness and Control education to 292 employees with a total of 3,460 hours worth educations.
- During the reporting period, we offered a total of 1.510 hours of education programs of which 655 hours were business ethics education, 225 hours were competition legal education and 420 hours were sustainability education.

## BEING A PREFERRED WORKPLACE

As Brisa, our main strategy is “to become a preferred workplace”. Incorporating talented employees, contributing to their journey of development and continuing our sustainability journey together are among our important objectives. As in the previous reporting periods, we actualized projects and practices regarding the priority issues we identified in accordance with our main strategy, in 2017 as well.

During the reporting period, employee recruitments at our new Aksaray Manufacturing plant reached to 61 white collars and 176 blue collars.

### Stakeholder Opinion

I am a part of the Brisa family since August 2014. I am working as an R&D engineer at Brisa: I am responsible from the design, prototype production, and performance target achievement of truck and bus tyres. I also focus on finding out the main reasons of customer complaints and improving product performance with field visits. For me Brisa is a pioneer in its industry. I am proud of my company leadership position in the market. It is especially exciting for me to be working in a product segment like truck and bus tyres. I think that Brisa provides all its employees an opportunity to continuously improve themselves as the learning marathon never ends at Brisa and it is a company that closely follows innovations and developments in the industry.

**Ezgi Yılmaz Göç- Engineer, Commercial Radial Tyre Development**

We brought our organizational structure in line with our business processes in order to use our resources more productively and efficiently. We set-up the Sales Operations business unit to effectively manage changes in the sales and marketing areas, and the Entrepreneurship Directorate to support corporate entrepreneurship and innovation fields. We started to work for the Genba Area, which will become operational in 2018.

In relation to our 2017 Human Resources priorities, we have focused on practices reaching out to employees in order to strengthen our communication with our employees. In this regard;

- **Human Resources Communication Meetings:** We continued our “Human Resources Processes” informative meetings.
- **Human Resources Journey Bulletin:** We continued to publish the human resources bulletin we share with employees every 4 months.
- **Warm-up:** We continued to support the development period of our employees during their first year in the company with warm-up program.

- **First Footprint in My Career:** We set-up the structure of our “First Footprint in My Career” long-term internship program with which we will meet with students from engineering departments of universities.
- **We are One in the Field:** We started to follow our employees’ potential and performances within the Organizational Success Plan with the related functional managers supporting the new “transparency” dimension. We provided the opportunity to listen to every one of our managers with regards to the employee loyalty issue.
- **Optional E-learning Educations:** We started an optional e-learning education program with the partnership of Brisa Academy. We enriched our education program portfolio with innovation and creative thinking, family, children and hobby categories and opened them up to our employees.
- **Our Life Journey:** We continued to activate our Life Related Programs in order to help make the daily lives of our employees simpler, and help them to easily overcome the problems they face during their professional and personal lives with a voluntary attendance principle. The purpose of the program is to help our employees overcome the problems they face during their daily and Professional lives and to offer them a platform so that they can develop solutions for their problems with the help of specialists during this process.

## **WORKING AT BRISA**

We provide our employees with an equal and fair working environment throughout their work life, starting with the recruitment process. Providing our employees with a working environment, where they can develop themselves, improve their competences and be more productive, is among our important priorities.

### **Investing in Employees**

In line with our Brisa Talent Management Approach, every Brisa employee has the potential to add value to the company, stakeholders, processes, teams, and themselves as of their recruitment. In this regard, every employee is considered a talent, while every Brisa leader is expected to create value by improving themselves, their business, team and climate. In relation to leadership roles, relevant Sabancı Business Family models and competences are taken as basis.

### **We plan the development of Brisa employees who are designing the best journey ahead**

We aim to strengthen our communication with our employees, constitute a participatory and dynamic working environment, promote innovation, and set good practice examples through the practices we actualize in our employees’ journey of development. In this way, we harmonize our corporate strategies with the targets of our employees, thereby achieving sustainability together with our employees, who are the cornerstone of our operations.

We support the personal development of our employees throughout their Brisa Journey; we design and implement development programs aimed at the future leaders of Brisa within the context of their competences. In this regard, we help our employees gain competences, offer them motivating environments, carry out projects and activities to allow them to share their accumulation with the society.

### **How did our employees define “Working at Brisa”:**

<https://www.youtube.com/watch?v=MVblnzp0h-M>

### **Sustainability Education at Brisa:**

<https://www.youtube.com/watch?v=gCaHUbz8VXI>

### 360° Competence Evaluation Implementation

The 360° Competence Evaluation Survey is repeatedly implemented every year since 2012. It was again implemented for the participants of the 2016 and 2017 Competence Improvement and Communication Workshop. We use the 360° Competence Evaluation results to set-up Improvement Plans using the Brinsan platform. All the participants of the Competence Improvement and Communication Workshop set-up their Improvement Plans. We implemented the 360° Competence Evaluation Process to support the improvement journey of 40 Brisa employees in 2017.

### MY BRISA JOURNEY



### Leadership Journey

#### SALT - Sabancı Leader Team

We evaluate our senior management every year based on the climate they create, their management style and 360° competences annually and we support them through development programs such as personal coaching.

- 7 of our managers attended our SALT Basic Education Program, and 2 of our managers attended our SA-LAB 2 Module Education Program
- 3 of our managers attended our INDUSTRY LEADERS program designed for our managers and engineers with the Sabancı University EDU partnership.

#### Leadership Workshop

We include our mid-level managers in programs that will develop their leadership competences.

- \* Mentoring \* 360 Evaluation and Leadership WS \* Manager as Coach / Coaching Supervision \* Performance Management / Recruitment Techniques \* Development Planning / One-to-one Coaching \* Management Simulation \* Future Forums (Sabancı Market Orientation Program)

- We activated our Improvement of Coaching Capabilities, Recruitment Capability and Performance Management Improvement Workshops with the attendance of 56 participants.

#### **LGP - Leader Development Program**

We support the leadership competences of our supervisors and foremen through our development program consisting of personal development and follow-up programs.

#### **ELYP -Team Leader Development Program**

We support our blue-collar employees preparing for team leadership through an extensive program supporting their personal, technical and leadership competences for their journey.

- 23 of our employees attended the program, which we also started to offer at our Aksaray manufacturing plant.

### **TECHNICAL PROFESSIONAL DEVELOPMENT & MANAGEMENT SYSTEMS**

#### **BRISA MEC - Brisa Manufacturing Education Center**

We support the technical information and capabilities of our employees working in our Technical Group functions with a systematical program through the MEC set-up. We offered a total of 3,460 hours worth trainings. We offered our standard education programs to 573 of our employees (including contents such as work safety, prevention of fire and hazards, Suru-Raku, quality and environment), and we offered Quality Awareness and Control educations to 292 of our employees.

We are aiming to complete the educations under our standard education program by the end of 2018 for all our blue-collar employees.

During the reporting period, we provided educations for all of our 945 blue-collar employees within the context of "Work Safety Simulation" education programs we specifically designed in order to increase their awareness levels concerning the risks involved in work safety and production fields. During the next reporting period, we are planning to start over the work safety simulation education with its revised contents and complete the educations for all our blue-collar employees within 2019.

#### **Brisa Academy**

We convey our visions and processes regarding the market and our business models to our business partners, sales and marketing teams through Brisa Academy.

During 2017, we offered a total of 43,727 man-hour training to 11,649 attendants and increased our performance by 20% compared to that of 2015 level.

#### **Bridgestone Global Training Program**

Together with our partner, we provide an opportunity for our employees to learn and gain global business experience by working at Bridgestone establishments around the world.

#### **Conferences and University Studies**

Our managers attend to conferences and activities held at universities in order to share their experiences and accumulated knowledge. In 2017, our top-level managers shared their own career journeys at the educational fairs with engineering students who want to shape their career paths from Koç University, Engineering Case Camp, Yıldız Technical University, Sabancı University, MEF University and Samandıra Vocational and Technical Anatolian High School. We also came together



with engineering students coming from all around Turkey at the Turkey Engineering Career Fair as part of the University Career Day Activities. We also met with Engineering and Management departments' students from Sabancı University to help them experience a recruitment process.

We brought together our Aksaray manufacturing plant team with the Aksaray University students.

We set-up a program in order to help interns make the best out of their times and acquire technical information during the time they spend at our company and complete their internship periods at the Brisa Technology Directorate. Within the context of this program, students were assigned with an additional task besides their internship task and made a presentation about their assignment at the end of their internships.

### **Mentorship & Coaching**

We carry out our Mentorship and Coaching programs in accordance with our objective of having our managers makes more efficient use of "visionary" and "coaching" management styles. 76 of our managers benefited from coaching programs, and 72 managers and employees from mentoring programs. Brisa Coaching and Mentorship Processes were included in the literature as an exemplary practice in the book "Building and Sustaining a Coaching Culture". To ensure the effective and efficient management of sales processes, in the reporting period, Sales Operations department operates the process. A sales coaching training program was engaged for sales coaches and regional directors who will work on the field.

### **Bridgestone Quality Trainings**

We strive to achieve our Dan-Totsu vision through constant Innovation and Kaizen, with the objective of inspiring trust and creating value for the customer, which was extended to the whole EMEA region by Bridgestone EU. We have shared the e-learning training, prepared to raise awareness across our organization regarding the Quality Mission Statement (QMS) and to enhance our capacity to actively implement QMS principles, with our employees through the Brisa Academy platform.

### **Our Suru-Raku Philosophy**

Suru-Raku is a philosophy that emphasizes the uninterrupted need to abide by the standards of quality product and service production processes and makes improvement activities a component of this process. During the reporting period, 30 of our employees received a total of 460 man-hour worth Suru-Raku training. As a result, our total employees who received this training reached to 283 with a total man-hour of 4,440. In 2017, 24 of our employees from different business units shared their projects as 6 teams during the 13<sup>th</sup> Suru-Raku Conference we held.

In 2017, we held "We are Listening to You" chat sessions with our General Manager in order to establish an open and transparent communication channel with our employees. During these sessions held separately at our İzmit, Altunizade and Aksaray locations, our General Manager answered the questions of our employees, shared ideas interactively and shared his priorities for the future.

### **Brisa awards "Tracers" every month**

We started a new activity within the company moving from the idea that it is important to learn and to be inspired in order to put forth new success stories. With this activity, our employees share the best Brisa implementations and success stories every month after applying to the "Tracers" activity with their projects and share these projects with their colleagues. During 2017, 16 projects were presented as part of the "Tracers" activity, and our employees had the chance to share their projects

both with the Brisa CEO Mr. Cevdet Alemdar and with the Brisa Executive Committee along with the chance to win various prizes.

Opinions of "Tracers" participants: VIDEO

### **Brisa Internal Communication Network "BİRİZ" ("We are One") is Online**

We brought our internal social communication network "BİRİZ" online to enable a dynamic communication platform and increase communication between Brisa employees.

## **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. Our active facilities hold 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.



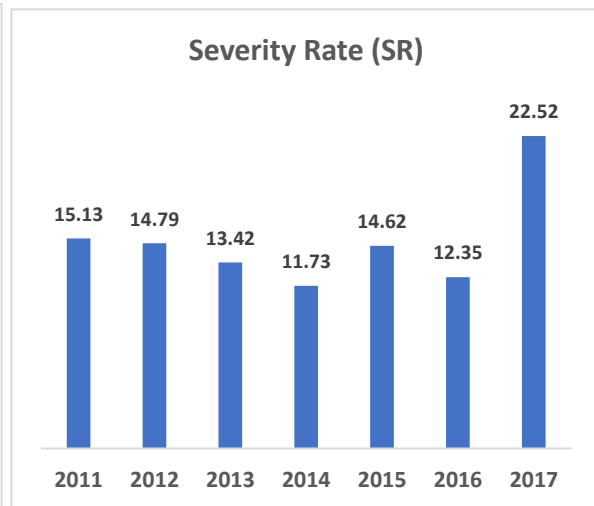
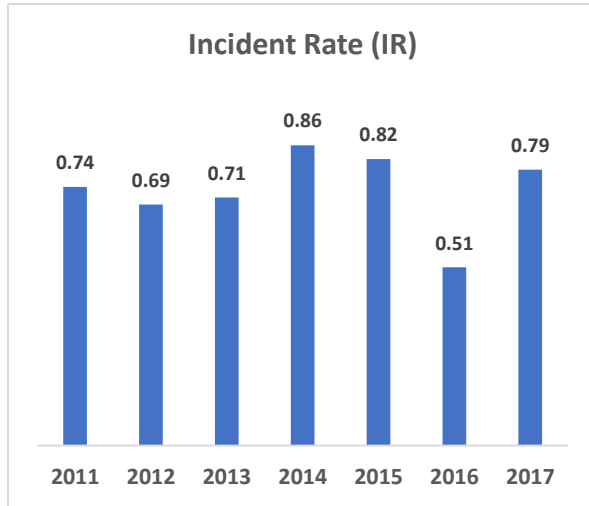
### **Bridgestone Safety Mission Statement**

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 active role in the Occupational Health and Safety Work Group of Turkish Business World and Sustainable Development Association. The Occupational Health and Safety Committee constituted by Sabancı Holding Tyre and Tyre Reinforcement Group companies is maintained under the leadership of Brisa.

### **Our target is "0 Accidents!"**

We left behind 1,203 days at the Brisa Experiment Center, 3,716 days at the Auxiliary Operations Department, 3,407 days at the Product Control-1 department, 578 days at the Mixer Department, and 764 days at the Technology Group without experiencing any accidents.

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.



Incidence Rate (IR) = Lost work day incident \* 200,000 / Annual working hours

Severity Rate (SR) = Lost work days \* 200,000 / Annual working hours

### Stakeholder Opinion

I have been working at the Brisa Extruder Department for 15 years. Work safety is the first priority of every department at Brisa, and it is supported by all our active participation. I feel that I am working in a safer environment with the trainings provided by Brisa-MEC program, which increase work safety awareness and information. We understand why work safety rules are required and what risks can cause at the work safety simulation room. I have had many chances to make work safety improvements by developing my analysis and problem-solving capabilities with the knowledge I took from Suru-Raku and problem-solving trainings. In addition to these, we are working in a safer work environment with the 3S operations, recognizing danger trainings, and suggestion systems, which we have been implementing for a long time. I even eliminated many of the risk factors in my family's and my personal living space with the increase in my awareness provided by these trainings. I would like to thank Brisa-MEC for the awareness and personal development it created in my life for my work safety, and for allowing me the opportunity to share my own thoughts and opinions with these trainings.

**Behçet Şener ŞENTÜRKÜ- Extruder Operator**

### BRİSA-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 the Department of Human Resources, as well as extra trainings arising from needs are also provided to our employees at our center.

We provide our employees with a 26-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. We aim for all our blue-collar employees to have received the trainings within the scope of the Standard training program by 2018 yearend. During the reporting period, we have provided 573 employees with a total of 1,268 man\*hours of Suru-Raku and 3S trainings as well as standard training programs (including work safety, fire and disaster prevention, surveillance, quality and environmental issues), and we have provided Quality Awareness and Control trainings to 292 employees which in total equals to 3,460 hours of training. In total, 100% of our employees have completed these trainings. By the end of 2018, we aim to have all our blue-collar workers receive training under the standard training program.

Within the scope of "Job Security Simulation" trainings we have developed in order to raise awareness about the risks of work safety and production in our blue-collar employees, we provided training to 945 of our employees during the reporting period so that all of our employees were trained in this scope in total. In the upcoming reporting period, we plan to complete the training of all blue-collar job security simulations with renewed content from the beginning to the end of 2019.

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.

#### Supplier and Subcontractor OHS Indicators by year

	İzmit		Aksaray	
	Incident Rate (IR)	Severity Rate (SR)	Incident Rate (IR)	Severity Rate (SR)
2012	1.6	36.16	NA	NA
2013	0.62	10.43	NA	NA
2014	0.99	26.88	NA	NA
2015*	0.86	11.73	NA	NA
2016	0.51	12.35	NA	NA
2017	0.79	22.52	0.69	5.22

\*As of the year 2015 the IR and SR values of subcontractor employees are monitored together with our existing employees.

#### Dealer Occupational Safety Audit Works

As part of the dealer integrated auditing program for the prevention of working accidents at dealers, who are our business partners, our business partners are audited by a third party independent institution within the framework of the annual plan. As Brisa, we expect our business partners to take actions resulting from auditing programs and finalize them.

During the reporting period, we also held "Customer Experience and Work Safety" training sessions for our business partners and their employees working together with our Izmir Regional Management business unit.

#### 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.

## **Business 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 (Lastik-İş), 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.

Collective Labor Contract Practice The 19<sup>th</sup> Period Collective Labor Agreement between Turkish Union of Petrol, Chemistry and Tyre Industry Workers and our Company, covering the 24-month period between 01.01.2016 and 12.31.2017, was completed in the first quarter of the year 2016.

## **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-ETİK "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.

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 continued our works such as Safe Drive Techniques and various other trainings we provide for our women employees. 40 of our female employees attended the "Safe Driving Techniques" training in 2017 and received their certificates approved by the Ministry of Education. We recruited our first female blue-collar employee at our Aksaray manufacturing plant. As part of our March 8th International Women's Day activities, we gave a healthy break at our Altunizade Office and İzmit Manufacturing Plant and held Office yoga sessions.

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 1,510 hours of training programs of which 655 hours were business ethics education, 225 hours were competition legal education and 420 hours were sustainability education

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.

**Our Ethics Understanding**

**Honesty:** We conduct our relations with our employees and all our stakeholders on the basis of transparency and honesty.

**Confidentiality:** We care for the confidentiality of the private information of our customers, employees and other relevant individuals and institutions we work with.

**Conflict of Interest:** We make use of our Sabancı identity, not for our personal benefit, but to exalt the corporate spirit.

**Our Responsibilities:** Our responsibility is not only to the benefit of our business and partners, but also to the whole society and humanity.

WHAT DID WE AIM FOR THE YEAR 2017?	STATUS	2017 PERFORMANCE DISCLOSURE	OUR 2018 TARGETS
To continue our activities in “Employer Branding”		We took active role in University activities and we also continued our posts on social media platforms with human resources applications.	To actively take part in University Career Days and to continue Employer Branding activities on new Digital Platforms.
To hold process information presentations and pilot function visits in order to increase employee awareness in education and development processes.		We set-up an education catalog to increase awareness of our education programs and we came together with our employees through communication meetings to increase awareness.	To monthly follow and improve action plans set-up for increasing employee loyalty.
To continue to publish Human Resources bulletin.		We published 3 human resources journey bulletins within 2017.	To continue to publish Human Resources bulletin.
To be integrated into the R&D implementations with human resources processes.		We are continuing to emphasize our R&D projects through “We are raising Technology in Turkey” at all human resources activities.	To emphasize our R&D message in our human resources communication In line with our “Being a preferred Employer” strategy.
To continue human resources processes in accordance with our policies at our Aksaray manufacturing plant.		We continue to apply all human resources processes at our Aksaray manufacturing plant.	To continue the human resources processes at our Aksaray manufacturing plant by developing them further within the enlarging organizational structure of the Aksaray plant
To continue employee development programs by enriching them.		We carried on with optional e-learning trainings as part of our Life Journey program. We set-up a Strategic Thinking Workshop for our employees who have been with us for more than 5 years.	To continue our Brisa Journey by adding new education modules to enrich our module
To continue our sustainability journey program by expanding it towards our leader participants.		We brought together our managers with our employees at our Aksaray manufacturing plant and activated our Sustainability Journey.	To expand the Sustainability Journey training towards our managers based in our İzmit manufacturing plant, İstanbul and regional offices.
To continue employee communication meetings with virtual classroom applications on digital platforms.		We activated our Review training via a virtual classroom as part of our Warm-up set-up.	To improve the Onboarding process

#### STATUS

Completed
In Progress
Incompleted

## **SOCIETY RELATIONS**

As Brisa, we support the positive socio-economic impact we create in our operational geography with the social responsibility projects we undertake. We create shareable values through activities we carry out in accordance with our understanding of “social responsibility conscious management”; we contribute to social, cultural and economic development with projects we design and implement in light of our sustainability understanding.

We act in light of principle of maintaining good relations with the local community in all our projects, we take the expectations of all our stakeholders, primarily local communities, as basis. As a prominent player in the tyre industry, we actualize pioneering practices in the issue of traffic safety, which closely concerns our sector; we take part in projects that will contribute to sectoral practices. We produce long termed projects that generate value in the fields of education and sports. We also provide support for projects carried out by H. Ömer Sabancı Foundation, besides these projects we conduct with our own resources.

- We measured the tread depth and air pressure of 40,000 vehicles and adjusted them with the Bridgestone “#Emniyetimiziçin2dk” (#2mn4oursafety) project.
- We traveled to 158 villages in 23 provinces, and gave productive sustainable agriculture practices training to around 3,250 farmers with “Tarım Sağlamsa Gelecek Sağlam” (Strong Agriculture for a Strong Future) Project.
- 40 women employees who participated the Safe Drive Techniques Training received their Ministry of National Education approved certificates.
- We continued to support public enterprises and NGOs.
- We hosted 1,801 people at Brisa Museum, in 2016 alone.
- We won 172 medals at national and international competitions with Brisaspor.
- We completed the second term of the “New Generation at Work” program with high attendance and success.

### **CONTRIBUTION TO TRAFFIC SAFETY**

As a responsible producer, we consider the issues of tyre safety and traffic safety to be our primary responsibilities, we support our product safety works with social projects enhancing traffic safety awareness.

As one of the pioneering institutions of the industry that became signatories of the “Responsibility in Traffic Movement Declaration”, we carry out practices such as awareness activities aimed at different stakeholder groups and tyre safety inspections we conduct for traffic safety, thereby fulfilling our responsibilities in this field.

### **Bridgestone “#Emniyetimiziçin2dk” (#2mn4oursafety)**

With the Bridgestone “#Emniyetimiziçin2dk” (#2mn4oursafety) campaign we launched in 2013, we carry out inspection and awareness raising activities regarding tyre the issues of tread depth and tyre pressure, which are critical for safe driving. The expert teams of Bridgestone get together with drivers in areas, such as gas stations and ferryboat piers, where the density of vehicles is high to measure their tyre tread depth and tyre pressure. We advised vehicle owners whose tyre tread depth was below the safe limit to renew their tyres as soon as possible and we appropriately pumped air into tyres with low air pressure, thereby raising awareness of road safety. In 2017, we reached nearly 15.000 people on a one on one basis with the activities we carried on in BP Stations. Since 2013, when we first started this activity, we have checked nearly a total of 440.000 tyres and informed drivers about safety driving. The “#2minutesforyoursafety” project we activated with our brand to gather attention to safety driving, was awarded the Silver Award by Bridgestone in the Contribution to Society category amongst other projects from the EMEA region.



### **Safe Drive Training for Women Drivers**

We aim for our employees to keep their vehicle safe in case of danger and to adjust ideally to road and traffic conditions with the Safe Drive Techniques Training, which we developed for our women employees and realized in cooperation with Intercity. Within the scope of the project we engaged in 2015, 40 women employees benefited from the training and received their Ministry of National Education approved certificate, during the reporting period.

### **“Tarım Sağlamsa Gelecek Sağlam” (Strong Agriculture for a Strong Future) with Lassa**

With the “Tarım Sağlamsa Gelecek Sağlam” (Strong Agriculture for a Strong Future) project, which we launched with our Lassa brand with the mission of offering value to farmers, we provide our farmers with free consultancy services regarding agricultural good practices, efficient vehicle use, and safe driving. We have included consultancy services in the field of sustainable agriculture practices, in accordance with the needs of farmers, in the project, which we started in 2013 with the practice of free reflector mounting aiming to prevent accidents that occur because trailers are not distinguished in the dark.

We come together with farmers through collaborations with agricultural cooperatives and activities such as “Lassa Köy Yollarında” (Lassa on Village Roads); we conduct awareness raising activities through the agency of agricultural engineers. We continued this project on a larger scale with our vision to “implement sustainability to all aspects of our lives”. During the reporting period, we reached 3,250 farmers in 158 villages and in 23 cities, and at every stop of our activity, we offered information and consultancy services to the farmers about productivity implementations for the different types of crops that can be appropriately raised in their regions. We continued our efforts to offer agricultural tyres and services that are durable, strong, and protective of our soil, while we also provided them information about safety driving and precautions about how to prevent traffic accidents. With the project, we reached 23,000 farmers in more than 600 villages and we informed them about sustainable agricultural implementations as well as mounting reflectors to more than 17,000 agricultural vehicles. We traveled 11,000 kilometers and mounted 4,649 reflectors only during the reporting period.

### **CONTRIBUTION TO SECTORAL PRACTICES**

As one of the leading player of the tyre industry, we design projects that will contribute to the sustainable development of our sector; we actualize effective practices in various areas ranging from women’s empowerment to the development of the value chain. Not only do we actively participate in national and international initiatives formed by public institutions and nongovernmental organizations, we also strive for the generalization of our sustainability understanding across our sector through activities based on information, accumulation and experience sharing.

### **New Generation at Work at Brisa**

We maintained the “New Generation at Work” program, which we actualized for the purpose of promoting the institutionalization of family companies among our business partners and their introduction to the sustainable management understanding, in the reporting period. With the certification program, we designed for the second and third generation family members of our business partners, in cooperation with Akbank and Sabancı University Executive Development Unit (EDU), we introduced the future generations of our business partners to Brisa and provided them with the opportunity to have new experiences. The third term of the certificate program implemented under the roof of Akbank Family Companies Academy was completed with a high level of participation and success.

### **Heroes of the Customer**

We are producing projects that will promote the strong presence of women professionals in the tyre industry and add value to their lives under the roof the Women Designing the Future platform with

our vision of “designing the future of travel”. With the “Heroes of the Customer” practice we engaged in the reporting period, we started a Customer Experience Expert certificate program aimed at women employees working at the stores of our business partners. With this program, which aims to contribute to the personal and professional development of women professionals in our sector, we have both added a new one to our works for women’s empowerment and actualized a practice that will contribute to the development of our sector.

#### Heroes of the Customer Program: VIDEO

Within the context of the program offered in three modules at Brisa Academy, content and information in a wide range of subjects including basic tyre training, retail training, store management, innovation, sustainability, team work, and customer satisfaction, aimed at ensuring the best customer experience and sectoral development are offered.

#### **Brisa Museum**

With Brisa Museum, which was established to tell the story of Brisa, past, present, and future, we have the opportunity to directly share the history of tyre and information regarding our sector, in addition to our knowledge, accumulation and experiences, with our stakeholders. The building where our museum, which is a first in Turkey with its innovative and interactive design, is located generates renewable energy, enables the reuse of wastewaters and the filtering and use of rainwaters. During the reporting period, 1,801 stakeholders visited Brisa Museum.

#### **CONTRIBUTION TO EDUCATION AND SPORTS**

At Brisa, we believe conscious practices carried out in the area of education and sports make significant contributions to social development, and we design long term and sustainable projects in these fields. We base our practices in the field of education on stakeholder volunteerism; we increase the awareness of our stakeholders in this regard, while contributing to future generations. With our sponsorship practices in various branches of sports, not only do we promote sports, but we also acquire competitive power by enhancing the global recognition of our brands.

#### **Brisa Members Educational Support Association**

We support the students who are in need to continue their education through Brisa Members’ Support for Education Association (BMÖDD), which is continuing its operations based on voluntary participation of Brisa employees. Our association is carrying on its activities with the knowledge that education is the main factor for achieving social development, and with this in mind we have provided funds for more than 430 students until today and we supported 82 students in 2017. We are proud to see that more than 320 students’ we have helped in the previous years are contributing to society today as professionals.

#### **Our Snowball Volunteers**

In accordance with our belief in the significance of equality of opportunity in education, we develop projects that will contribute to the education and training of girl students. Our Brisa Snowball Volunteers, which was established in this context in 2010, serves as a platform, which our employees participate on the basis of volunteerism and use to convey their competence, knowledge, accumulation and skills to the society. Our Brisa Snowball Volunteers, which carry out its activities with the support of Private Sector Volunteers Association, take part in the Volunteerism Training Program and Workshop and support girl students receiving vocational education with the Vocational High School Coaches program.

#### **Vocational High Schools Project**

The Vocational High Schools Project, which was designed for students studying in laboratories built by Brisa at Vocational High Schools, was launched for the first time in the year 2008. Program aims to

provide students with the opportunity of continuous practice during their technical trainings and ensure they graduate from their school ready to work in the tyre industry. We have tripled the number of laboratories established within the scope of the program with the ones established in 2015. In the reporting period, 14 students continued their training at laboratories interned at Brisa's business partners sales and service points.

#### **Vocational Schools Cooperation**

We maintained the Vocational Schools Cooperation aimed at improving the knowledge level of Vocational School students receiving training in the tyre and plastic department, in the reporting period. Teachers were provided "Basic Tyre Knowledge Training" by academy trainers under the roof of Brisa Academy, and students were provided "Tyre Training" prior to the exam period.

#### **Brisaspor**

Brisaspor, which was established under the name Lassaspor in 1978, and renamed in 1988 in parallel with the merger of Bridgestone and Lassa, is a federated club active in Turkey and the continents of Europe, Asia and Africa. The club, which has been competing in the Star, Youth and Adult Men categories since its establishment, has also been participating in competitions with Women's Cycling Team since 2001 and Mountain Bike Team since 2005. Brisaspor, which has achieved many successes at the national and international levels, both contributes to the popularization of the cycling sport and to increasing interest in bicycle, an environmentalist transport, in line with the sustainability approach of Brisa. Brisaspor athletes participated in 19 national and 25 international competitions during the reporting period and won 172 medals (75 gold, 52 silver and 45 bronze) and wore the national uniform 102 times.

We have continued with the naming sponsorship of the Bridgestone İpek Şenoğlu Cup, which was held in 2017 for the 5th time at the Fenerbahçe Antuka Tennis Club. The activity went on for 1 week and gave us the chance to meet with tennis enthusiasts as Bridgestone. We further made donations with İpek Şenoğlu to the Hope Foundation for Children with Cancer as our social responsibility duty.

WHAT DID WE AIM FOR THE YEAR 2017?	STATUS	2017 PERFORMANCE DISCLOSURE	OUR 2018 TARGETS
To reach truck drivers during July-August period about health nutrition at 20 points with our nutrition truck.	In Progress	Project is delayed.	To reach truck drivers during summer period with our nutrition truck.
To continue our support to public enterprises and to civil initiatives.	Completed	We shared our industrial knowledge and expertise with various public enterprises and civil initiatives. We continued supporting civil initiatives.	To continue our support to public enterprises and to civil initiatives.
To continue our efforts to support education through BMÖDD.	Completed	We supported 82 students during 2016-2017 education year.	To continue our efforts to support education through BMÖDD.
To continue our support to sports with Brisaspor.	Completed	We won 172 medals in 19 national and 25 international competitions.	To continue our support to sports with Brisaspor.
To keep prioritizing traffic safety.	Completed	We continued our contribution to traffic safety with “Lassa Take off strongly”, “Bridgestone #2minutesforyoursafety”, and “Safe Driving Techniques for Female Drivers”, and by distributing reflectors to farmers.	To continue our implementations.
To build more systematic relations with public by improving shareholder communication and feedback mechanisms between the public and our company.	Completed	We took external shareholder reviews about our 2017 Sustainability Report and identified our improvement areas.	To build more systematic relations with public by improving shareholder communication and feedback mechanisms between the public and our company.

#### STATUS

Completed
In Progress
Incompleted

### OUR CORPORATE MEMBERSHIPS

Business World and Sustainable Development Foundation	Chamber of Metallurgical Engineers
Tyre Industrialists Association	Chamber of Mechanical Engineers
Economic Research Foundation	Turkish Quality Association
Corporate Volunteer Association	EFQM
Foreign Economic Relations Board - Africa and Asia Pacific Business Councils	Corporate Governance Association of Turkey
Association of Advertisers	Risk and Insurance Management Society
Istanbul Chamber of Industry	Tyre Industrialists and Importers Association
International Investors Association	Rubber Association
Turkish Economics and Commercial Sciences Students Internship Committee Association Kocaeli	Kocaeli Chamber of Industry
Uludağ Exporters' Association	World Wildlife Foundation (WWF)
Turkish Industrialists' and Businessmen's Association	UN Global Compact Turkey
Turkey Researchers' Association	Information Systems Audit and Control Association
Corporate Risk Management Institute	Ethics and Reputation Society
Turkey Internal Auditing Institute	Turkish Union of Chambers and Exchange Commodities
Turkey Personnel Management Association	Turkish Investor Relations Association
Kocaeli Chamber of Medicine	Turkish Exporters' Assembly
Tyre Subcommittee	Turkish Seismic Isolation Association
European Tyre and Rim Technical Organization	Turkish Construction Equipment Distributors and Manufacturers Union
Rubber Liners' Association	Forklift Trucks Distributors and Manufacturers Association
Kocaeli Volunteer Firefighters' Association	Turkish Agricultural Equipment and Machinery Manufacturers Union
European Tyre and Rubber Manufacturers Association (ETRMA) / European Tyre Industry Coordination Activity (ETICA)	

## UN Global Compact Progress Statement Indicators Table

### Human Rights

**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and pp.25-27; 53

**Principle 2:** make sure that they are not complicit in human rights abuses. pp.25-27; 53

### Labour

**Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; p.53

**Principle 4:** the elimination of all forms of forced and compulsory labour; p.54

**Principle 5:** the effective abolition of child labour; and p.54

**Principle 6:** the elimination of discrimination in respect of employment and occupation. p.54

### Environment

**Principle 7:** Businesses should support precautionary approach and environmental challenges; pp.35-44

**Principle 8:** undertake initiatives to promote greater environmental responsibility; and pp.35-44

**Principle 9:** encourage the development and diffusion of environmentally friendly technologies. pp.35.44

### Anti-Corruption

**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery. pp.12-13

# PERFORMANCE TABLE

ECONOMIC AND ADMINISTRATIVE PERFORMANCE INDICATORS							
	2012	2013	2014	2015	2016	2017	
Income (TL)	1.451.919.360	1.552.032.545	1.723.135.014	1.850.704.094	1.818.879.472	2.333.574.486	
Operating Costs (TL)	1.027.613.373	1.027.744.379	1.137.324.014	1.173.732.849	1.193.816.021	1.644.975.933	
Employee Wages and Other Provided Benefits (TL)	188.512.109	201.899.957	236.497.535	292.383.705	298.071.149	335.798.450	
Payments to Pecuniary Resource Providers (TL)	122.703.715	131.564.956	179.103.952	230.189.633	345.019.569	209.544.341	
Payments to the State (TL)	23.470.772	24.311.206	24.449.790	16.548.865	7.348.063	203.656	
Social Investments (TL)	33.441	1.269.906	453.874	277.000	5.379.811	379.461	
Protected Economic Value (TL)	89.288.950	155.887.307	163.302.630	137.537.042	79.515.726	142.672.645	
ENVIRONMENTAL PERFORMANCE INDICATORS							
Raw Material Group Supply Values (%)							
Energy Consumption (GJ/ton) (Index, Base:2008=100)							
TOTAL (Izmit Facility)	100	96	92	93	96	94	
Direct (Izmit Facility)	100	78	74	71	106	208	
Indirect (Izmit Facility)	100	99	97	97	95	75	
Energy Savings Realized with Efficiency Projects (GJ/ton) (Index, Base:2012=100)	100	86	99	66	64	66	
Total Water Consumption by Source (m³)							
Well Water	530738*	443755*	438486*	490120*	462.516	495014	
Municipal Water (Izmit-Aksaray)	13.126	19132*	17132*	21397*	17896*	16198	
Municipal Water (Other)	/	/	/	/	4.213	3.745	
Recycled and Reused Water (m³-%)	/	/	/	/	/	/	
Total Water Discharge by Destination (m³)	268.854	319.662	309.724	680.566	557.449	9.156.556	
Direct Carbon dioxide Emissions (Scope 1)(ton CO2 -e/Production ton) (Index, Base: 2012=100)	100	74	66	62	91	173	
Direct Carbon dioxide Emissions (Scope 2) (ton CO2 -e/Production ton) (Index, Base: 2012=100)	100	99	96	97	95	81	
Indirect Carbon dioxide Emissions (Scope 2) (Izmit Facility)	100	96	93	93	95	91	
Direct and Indirect Carbon dioxide Emissions (Scope 1&Scope2) (ton CO2 -e/Production ton) (Index, Base: 2012=100)	100	96	93	93	95	91	
Direct Carbon dioxide Emissions (Scope 1)(ton CO2 -e/Production ton) (Index, Base: 2012=100)	/	/	293	193	440	220	
Direct Carbon dioxide Emissions (Scope 2) (ton CO2 -e/Production ton) (Index, Base: 2012=100)	/	/	71	68	262	39	
Indirect Carbon dioxide Emissions (Scope 1&Scope2) (ton CO2 -e/Production ton) (Index, Base: 2012=100)	/	/	222	125	177	181	
Scope 3 Emissions (ton CO2 -e)					3.065.859,46*	17.955.114,44	
Purchased goods and services	/	/	/	/	/	3.04	
Fuel-and energy- related activities	/	/	/	/	/	15153,36*	16624,49
Upstream transportation and distribution	/	/	/	/	/	1377566,88*	12960886,24
Waste generated in operations	/	/	/	/	/	148,2*	166,23
Business travel	/	/	/	/	/	768,57*	488,62
Employee commuting	/	/	/	/	/	2814,71*	3650,18
Downstream transportation and distribution	/	/	/	/	/	1667945,92*	4971737,97
End-of-life treatment of solid products	/	/	/	/	/	1463,60*	1557,68
Nox, Sox and Other Significant Air Emissions by Type and Weight (ton CO2 -e/Production ton) (Index, Base: 2008=100)							
CH4 (Izmit)	100	82	85	99	141	164	
N2O (Izmit)	100	90	108	99	100	101	
CH4+N2O(Izmit)	100	90	107	99	102	104	
Total Waste Amount by Type (Ton)							
Hazardous Wastes	640*	761*	661*	672*	660	607	
Non-hazardous Wastes	6.293	6.274	6.618	7.723	6.368	6497	
Total Waste (Ton/ton production)	0,0512	0,0518	0,0537	0,0619	0,0493	0,046	
Hazardous Waste (Ton/ton production)	0,0047	0,0056	0,0049	0,0050	0,0046	0,0039	
Non-Hazardous Waste (Ton/ton production)	0,0464	0,0463	0,0488	0,0570	0,0447	0,0421	
Total Waste Amount by Process Type (Ton)							
Reuse	183	161	171	4	198	150	
Recycle	3.240	3.442	3.806	4.901	3.462	2705	
Recovery	2.676	2.626	2.932	3.182	3.239	3908	
Incineration	234	298	15	4	128	330	
Storage	602	509	354	303	3	11	
Environmental Protection and Investment Expenditures (US dollars)	1.098.092	1.198.410	847.566	869.000	876.179	803.983	
SOCIAL PERFORMANCE INDICATORS							
Total Number of Employees	1.745	1.818	2.431	2.591	2.568	2.713	
Employee Breakdown by Gender and Status (Numerical, %)							
Blue Collar Female	0 (0)	0 (0)*	0 (0)*	0 (0)*	1 (0,04)*	5 (0,2)	
Blue Collar Male	1.305 (100)	1.361 (100)*	1.893 (77,9)*	1.989 (76,8)*	1956 (76,2)*	2133 (78,6)*	
White Collar Female	67 (15,5)	79 (18)*	108 (4,4)*	126 (4,8)*	129 (5,0)*	132 (4,9)	
White Collar Male	366 (84,5)	372 (82)*	430 (17,7)*	476 (18,4)*	482 (18,8)*	443 (16,3)	
Employee Breakdown by Contract Type							
Permanent Female	67	79*	108*	126*	130*	137	
Temporary Female	0	1*	0*	0*	2*	0*	
Permanent Male	1.671	1733*	2323*	2465*	2438*	2576	
Temporary Male	1	1*	0*	1*	38*	52	
Employee Breakdown by Age Groups							
<30 (%)							
White Collar	23,9	18,6*	20,3*	24,3*	24,4*	21,9	
Blue Collar	27,6	27,3*	30,3*	28,9*	25*	27,2	
<30-50* (%)							
White Collar	68,8	76,1*	72,7*	68,4*	69,2*	73,0	
Blue Collar	71,9	72,5*	69,4*	70,7*	74,3*	72,1	
50* (%)							
White Collar	7,4	5,3*	7*	7,3*	6,4*	5,0	
Blue Collar	0,5	0,1*	0,3*	0,5*	0,7*	0,7	
Employees Covered by Collective Bargaining Agreement (%)	75	75	78	77	76	79	
Employee Trainings (person/hour)							
Blue Collar (person/hour)	24,85*	17,7*	31,51*	28,28*	43,95*	36,27	
White Collar (person/hour)	5,11*	7,6*	70,69*	65,74*	37,81*	25,32	
Female	0,69*	0,71*	0,86*	0,82*	0,51*	0,79	
Male	/	/	/	/	/	0,69	
Incidence Rate (IR)	0,69*	0,71*	0,86*	0,82*	0,51*	0,79	
Severity Rate (SR)	14,79*	13,42*	12,27*	14,62*	13,5*	0,69	
Incidence Rate (IR)	/	/	/	/	/	5,22	
Absentee Rate (%)	5,68	5,09	5,34	5,61	6,49		
Senior Management by Gender (%)							
Board of Directors Female (%)	11,1	9,1*	11,1*	9,1*	0*	0*	
Board of Directors Male (%)	89,9	90,9*	89,9*	90,9*	100*	100*	
Executive Committee Female (%)	0	0*	0*	0*	0*	0	
Executive Committee Male (%)	100	100*	100*	100*	100*	100*	
Senior Management by Age Groups							
<30 (%)							
Board of Directors	0 0*	0*	0*	0*	0*	0*	
Executive Committee	0 0*	0*	0*	0*	0*	0*	
<30-50* (%)							
Board of Directors	44,4	44,4*	44,4*	45,5*	45,5*	63,6*	
Executive Committee	66,7	66,7*	66,7*	40*	50*	50*	
50* (%)							
Board of Directors	55,6	55,6*	55,6*	54,5*	54,5*	36,4*	
Executive Committee	33,3	33,3*	33,3*	60*	50*	50*	
Senior Management by Nationality (%)							
Board of Directors (Turkish)	63,6*	63,6*	72,7*	73*	73*	73*	
Board of Directors (Foreign)	36,4*	36,4*	27,3*	27*	27*	27*	
Executive Committee (Turkish)	50*	50*	40*	67*	67*	67*	
Executive Committee (Foreign)	50*	50*	60*	33*	33*	33*	
Hired Employees by Gender (Numerical, %)							
Blue Collar Female	0 (0)	0 (0)*	0 (0)*	0 (0)*	1 (1,7)*	4 (11)*	
Blue Collar Male	42 (100)	96 (100)*	586 (100)*	183 (100)*	57 (98,3)*	277 (99)*	
White Collar Female	10 (18,2)	18 (30)*	35 (28,9)*	31 (20,9)*	23 (24,7)*	17 (27)*	
White Collar Male	45 (81,8)	42 (70)*	86 (71,1)*	117 (79,1)*	70 (75,3)*	46 (73)*	
Leaving Employees by Gender (Numerical, %)							
Blue Collar Female	0 (0)	0 (0)*	0 (0)*	0 (0)*	0 (0)*	0 (0)*	
Blue Collar Male	39 (100)	38 (100)*	50 (100)*	87 (100)*	86 (100)*	118 (100)	
White Collar Female	6 (9,8)	6 (13)*	7 (14,9)*	13 (17,1)*	67 (77)*	14 (14)*	
White Collar Male	55 (90,2)	40 (87)*	40 (85,1)*	63 (82,9)*	20 (23)*	87 (86)*	
Hired Employees by Age Groups (Numerical, %)							
Blue Collar <30	39 (92,9)	91 (94,8)*	283 (48,3)*	135 (73,8)*	37 (63,8)*	219 (77,9)*	
Blue Collar <30-50*	3 (7,1)	5 (5,2)*	299 (51)*	48 (26,2)*	21 (36,2)*	62 (12,1)*	
Blue Collar 50*	0 (0)	0 (0)*	7 (1,2)*	0 (0)*	0 (0)*	0 (0)*	
White Collar <30	28 (62,7)	37 (61,2)*	49 (48,1)*	76 (51,4)*	42 (45,2)*	33 (42,4)*	
White Collar <30-50*	25 (45,5)	22 (36,7)*	50 (49)*	69 (46,6)*	51 (54,8)*	30 (40,6)*	
White Collar 50*	1 (1,8)	1 (1,7)*	3 (2,9)*	3 (2,0)*	0 (0)*	0 (0)*	
Leaving Employees by Age Groups (Numerical, %)							
Blue Collar <30	1 (2,6)	0 (0)*	3 (6)*	27 (31,0)*	4 (4,6)*	40 (33,9)*	
Blue Collar <30-50*	33 (84,6)	35 (92,1)*	45 (90)*	57 (65,5)*	55 (64,0)*	73 (61,9)*	
Blue Collar 50*	5 (12,8)	3 (7,9)*	2 (4)*	3 (3,4)*	27 (31,4)*	5 (4,2)*	
White Collar <30	14 (23)	18 (39,1)*	12 (25,5)*	18 (23,7)*	12 (13,8)*	26 (25)*	
White Collar <30-50*	39 (63,9)	25 (54,3)*	34 (72,3)*	52 (68,4)*	63 (72,4)*	61 (60)*	
White Collar 50*	8 (13,1)	3 (6,5)*	1 (2,1)*	6 (7,9)*	12 (13,8)*	15 (15)*	
Entry Level Wage by Minimum Wage							
Blue Collar	3,8	3,79	3,72	3,55	2,95	3,05	
White Collar	3,51	3,52	3,26	3,39	2,71	2,68	



## DOĞRULAMA BEYANI VERIFICATION STATEMENT

RINA Services S.p.A beigelendirme kuruluđu teknik personeli tarafından yapılan dođrulamalar temelinde, ilgili tarafların talebi üzerine, dođrulama hizmetinin kapsamının anlaşılmasına yardımcı olmak için Türkçe ve İngilizce olarak işbu belge hazırlanmıştır.

*Based on the confirmations made by the RINA Services S.p.A certification body technical staff, this document has been prepared as Turkish and English to assist the understanding of the scope of the verification service on the request of interested parties*

Report: "Brisa A.S. Sera Gazı Envanter Raporu" 20/06/2018 tarihli 4.0 sürümü  
"Brisa A.S. Greenhouse Gas Inventory Report" 20/06/2018 dated, version 4.0  
Report: "Brisa A.S. Doğrudan Su Ayak İzi Envanter Raporu" 20/06/2018 tarihli 3.0 sürümü  
"Brisa A.S. Direct Water Footprint Inventory Report" 20/06/2018 dated, version 3.0

Referans yılı / Reference Period:  
01/01/2017 - 31/12/2017

kuruluş tarafından hazırlanan / prepared by the organization

**Brisa Bridgestone Sabancı Lastik San. ve Tic. A.S.**

Üretim Sektörü / Manufacturing Sector  
Alikahya Fatih Mah.Sanayi Cad.No:96  
41310 İzmit / Kocaeli – Turkey

aşağıdaki referans dokümanların şartlarına uygundur / complies with the requirements of the following reference document

ISO 14064-1:2012 "Part 1: Specification with guidance, at the organization level, for quantification and reporting of greenhouse gas emissions and removals"

ISO 14046:2014 "Water footprint – Principles, requirements and guidelines"

Dođrulanmış verilerin neler olduğu ekte görülebilir / The verified items can be found in the annex

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Laura SEVERINO

Sustainability & Food Certification Compliance Head

