VitrA | Villeroy & Boch 1748 | engers

Eczacıbaşı Building Products - Tiles
Integrated Sustainability Report
2022

Hear nature & heal nature

Facts about Our Actions

ECZACIBAŞI
BUILDING PRODUCTS

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About the Report

Purpose of our Integrated Sustainability Report

Here at VitrA Karo San. ve Tic. A.Ş. (Eczacıbaşı Building Products-Tiles), it has been our steadfast commitment to transforming our business help shape a better future for all. Our unwavering dedication to responsible corporate citizenship drives us to ensure that every decision we make considers the best interests of our planet, the living beings we share it with, and humanity. We are pleased to announce that our efforts in this regard have continued unabated in 2022. As we continue to work towards achieving greater sustainability in every aspect of our operations, we are delighted to publish our first Integrated Sustainability Report, and our second stand-alone sustainability report.

This year, we have prepared two comprehensive reports revealing our sustainability strategy, performance, goals, and progress toward achieving them.

- The **Eczacıbaşı Building Products – Tiles Integrated Sustainability Report 2022: Story of Our Ambition Report** provides a detailed overview of our key sustainability initiatives and activities accompanied by case studies highlighting our achievements and impact.

- The **Facts about Our Actions Report** presents a data-driven approach to analyze our sustainability performance and provides detailed insights into our sustainability practices.

Scope of our Report

This report covers our operations and contains financial and non-financial data **for VitrA Tiles, Turkey, VitrA Tiles LLC, Russia, and V&B Fliesen GmbH, Germany**[1] for the full calendar year 2022 or reflects status on December 31, 2022. The demographic data of employees presented in the report pertains specifically to the operations conducted in Turkey unless otherwise stated.

[1] V&B Fliesen GmbH, Germany production facility stopped production at the end of July 2022. Thus, financial and non-financial data regarding Germany operations only includes January 1, 2022 and July 31, 2022.

Principles and Standards

This report has been prepared in accordance with the GRI (Global Reporting Initiative) Standards. The report also takes into account the 'Stakeholder Capitalism Sustainable Value Creation Reporting Criteria' set forth by the World Economic Forum (WEF) and indicates our contribution to the UN Sustainable Development Goals (SDGs). In addition, we sought to align our reporting with the International Integrated Reporting Report Framework published by the International Integrated Reporting Council (IIRC).

Assurance

We have received independent assurance for the selected key performance indicators (KPIs), including data on energy, carbon emissions, water, waste, employee demographics and gender equality, occupational health and safety, and production to support our transparency. This assurance engagement was performed in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) to provide limited assurance. The selected KPIs that have been subject to limited assurance by PricewaterhouseCoopers (PwC) are denoted by the check symbol as displayed here: ✅

Our Reporting Guidance for non-financial KPIs document provides details and definitions of these selected KPIs and the Independent Assurance Report can be found at **Annexes.**

A PDF version of the Eczacıbaşı Building Products – Tiles Facts about Our Actions and all reports from previous periods can be accessed on the **corporate website**

Navigation Icons Financial | Human | Natural | Intellectual | Social

Message from our CEO

Dear Stakeholders,

I extend my gratitude, on behalf of Eczacıbaşı Building Products-Tiles, to our stakeholders, particularly our employees, whose dedication has played an instrumental role in driving progress towards our sustainability vision.

As the devastating earthquake that struck our nation and neighboring countries on February 6th remains fresh in our minds, I extend my deepest condolences to those who have lost their loved ones. We are committed to providing support to those who need the most during these challenging times, as we work together towards healing and emerging even stronger.

As the world attempted to emerge from the grasp of the COVID-19 pandemic, the hope for a "new normal" for the year 2022 was soon undermined by the outbreak of war in Ukraine, aggravating the existing effects of the pandemic while inflicting a new set of challenges. Consequently, the global agenda of 2022 was characterized by a new era of low economic growth and high inflation, coupled with ongoing disruptions in supply chains, energy shortages and difficulties in accessing raw materials.

Yet, as current economic uncertainties divert our attention and resources, the growing pressure of climate change remains one of the top existential global crises that requires urgent action. With 1.2°C of warming already in the system, floods, heatwaves, droughts, and other extreme weather events have become more severe and frequent. As the window for transitioning to a 1.5°C world rapidly narrows, sustainability continues to stand out as a critical notion that must remain at the forefront of global efforts.

Despite the uncertainty in the global landscape, our Company has demonstrated resilience in 2022, achieving significant growth both in terms of revenue and market position. With our total sales exceeding € 350 million, we continue to be ranked among the top 10 tile manufacturers in Europe, solidifying our leadership position in the mid to luxury segments within our main markets.

Aligned with our focus on advancing our strong position in the international arena, we have continued our strategic investments to bolster our production capabilities and inaugurated a new production line at our Bozüyük facility. By incorporating cutting-edge artificial intelligence algorithms, real-time data and Industry 4.0 applications, the newly launched production line not only enabled us to increase our production capacity, but also innovate and optimize our business processes, leading to greater sustainability in production.

At Eczacıbaşı Building Products-Tiles, we measure our success as much by the sustainable value we create as by our economic performance. This mindset is ingrained across our business, and we keep our relentless focus on how we design our products, how we manufacture them and the portfolio of solutions we offer. In this direction, we have taken significant strides in 2022 by assessing and enhancing our ESG governance mechanisms. We have also revised and refined our sustainability objectives and roadmap, further incorporating sustainability into our corporate culture and business strategies.

Hasan Pehlivan
CEO, VitrA Tiles

Looking ahead, we remain committed to advancing our strong position in global markets and fostering sustainable growth through innovation and customer-centricity. Our focus on delivering exceptional value and experiences to our customers will continue to drive our success in the coming years.

As a company that derives over three-quarters of its value globally, we maintain a close watch on the regulatory landscape in Europe, including key initiatives such as the EU Green Deal and the forthcoming Carbon Border Adjustment Mechanism (CBAM). Acknowledging our responsibility to act swiftly and effectively in the face of climate change, we have long been committed to climate action, energy efficiency and renewable energy investments and other issues. Throughout the year, we continued decarbonizing our direct operations, achieving a 9% reduction in energy intensity and a 33% reduction in carbon emission intensity compared to our 2020 baseline. To meet our pledge of sourcing more than half of our electricity consumption from our own renewable energy plants by 2025, and entire electricity by 2030, we have successfully installed a 3.5 MW rooftop solar power plant at our Bozüyük facility, and we have further planned the installation of a new land-mounted solar power plant of 30 MW capacity, scheduled to be operational by 2024. In line with our Group-wide commitment, all the electrical energy used in our Turkey operations is also procured from renewable sources. To reduce our dependence on fossil fuels, we investigate the production, storage and use of green hydrogen as an alternative fuel in manufacturing processes.

Acknowledging that sustainable production begins with design, we are committed to leveraging innovative thinking, digital technologies, and our technical expertise to create modern, durable, and high-quality products. Mindful of the environmental impact across the product life cycle, we have also made progress in advancing circular economy practices. By recycling both green and fired scrap and with alternative raw material usage, we have achieved products that incorporate up to 30% recycled materials. Through industrial symbiosis, we dispatch remaining fired scrap to cement factories, reuse industrial waste treatment sludge at the adjoining VitrA ceramic sanitary ware production facility and we have incorporated scraps from two ceramic tile manufacturers as alternative raw materials in our production procedures. Furthermore, we are undertaking product initiatives such as thin tiles in order to reduce raw material consumption, contribute to the conservation of natural resources and reduce our carbon footprint.

Recognizing the crucial role of innovation and digital technologies in achieving greater sustainability, our focus is on future-proofing our manufacturing processes and improving supply-chain resilience. This year, we continued to leverage the full potential of digitalization to transform our business. Our Tiles4Cast solution, which facilitates forecasting across the entire tile production value chain, received the second prize in the 'Digital Infrastructure of the Future' category at this year's Digital Transformation Awards by International Data Corporation (IDC) Turkey. Designed to reduce the use of energy and water during manufacturing by removing human factor, our DigiOK project earned a second IDC Award in the 'Best Digital Data Interpretation' category.

Beyond our products and production processes, we acknowledge the pivotal role of the human factor in the pursuit of sustainability. At Eczacıbaşı Building Products-Tiles, we value the opinions of our colleagues in every decision taken, recognizing that sustainable institutions can only be achieved in an environment where every employee feels valued, respected, and heard. We place a strong emphasis on creating meaningful and fair employment opportunities for all while fostering a diverse and inclusive culture.

We are pleased to present our Integrated Sustainability Report, consisting of two comprehensive reports that are prepared in accordance with the Global Reporting Initiative (GRI) Standards, Stakeholder Capitalism Sustainable Value Creation Reporting Criteria of the World Economic Forum and aligned with the International Integrated Reporting Framework issued by the International Integrated Reporting Council. The first report, "**Story of Our Ambition**," details our key sustainability initiatives and activities, while the second report, "**Facts about Our Actions**", discloses our sustainability performance.

As we embark on our global mission to disseminate the invaluable heritage of ceramic culture across international borders, we steadfastly uphold our commitment to prioritize the well-being of our planet and its inhabitants. Our unwavering dedication to sustainability permeates every aspect of our decision-making, and we take great pleasure in showcasing our endeavors in the **Integrated Sustainability Report 2022**, illustrating our collective efforts on an international scale.

1 Eczacıbaşı Building Products - Tiles at a Glance

Spanning a vast range of products encompassing various residential living spaces, Eczacıbaşı Building Products - Tiles continually enhances its proficiency in ceramic tiles by leveraging the strength of its renowned and top-tier brands, including VitrA, Villeroy & Boch, and Engers.

Eczacıbaşı Building Products - Tiles is dedicated to responding the evolving demands of customers and business partners by providing sustainable and systematic solutions, achieved through a diverse range of products that are modern, durable, high-quality, and embody cutting-edge innovation and design.

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Overview of Eczacıbaşı Building Products - Tiles

Eczacıbaşı Building Products – Tiles is a leading manufacturer of ceramic and porcelain tiles that offers sustainable and systematic solutions, responding to the ever-changing needs of customers and business partners. Spanning a vast range of styles developed for all types of indoor and outdoor areas from the kitchen and living room through to terraces and swimming pools, Eczacıbaşı Building Products – Tiles is transforming Turkey's ceramic production heritage into an ever-expanding product offering, admired by customers in over 75 countries around the world, with well-established brands including VitrA, Villeroy & Boch, and Engers.

Corporate Introduction	
Name	VitrA Tiles Co. (VitrA Karo San. ve Tic. A.Ş.)
Location of Headquarters	Şifa Mah.Hükümet Cad.No: 5 Tuzla 34941 İstanbul Türkiye
Date established	1991
Industries	Building Products
Number of Employees	More than 2,000
Total Net Sales	€ 364.6 Million

Eczacıbaşı Group

Eczacıbaşı Group has been a pioneer of modern, high-quality, and healthy lifestyles for more than eight decades.

Established in 1942, Eczacıbaşı is a prominent industrial conglomerate in Turkey, comprising of a total of 50 companies, a workforce of more than 13,500 employees, and a cumulative net revenue of EUR 1.9 billion in 2022. Eczacıbaşı's core sectors are centered around building products, consumer products and healthcare, further complemented by additional ventures in information technology, natural resources, and property development.

Group Mission

The Eczacıbaşı Group's mission is to be a pioneer of modern, high quality and healthy lifestyles. Accordingly, the Group encourages each of its companies to surpass established standards and raise consumer benchmarks of product and service quality. Through sponsorship and responsible corporate practices, it also promotes social and economic development that nurtures cultural and scientific activity, protects the environment, and preserves scarce natural resources.

Group Values

- We hold our dignity and self-respect above all else. Ethical business principles underpin our business activities.
- Our management style respects the individual. We believe that each of us has the right to learn about issues that affect us and to voice our opinions on these. We regard it our duty, as well as our right, to challenge our personal limits and develop our abilities.
- We believe that quality is a way of life. In all that we do, in every product and service we provide, we aim for the highest level of quality. Our customer is the focal point of this pursuit of quality.
- We are open to the world and to change; by nature, we are pioneering and entrepreneurial. The search to innovate in every area of activity is a fundamental aspect of our corporate tradition.
- We uphold the tradition of serving our community because we esteem our society and respect our environment.
- We recognize that participatory management gives each of us the responsibility of working forcefully towards the objectives and goals of our institution. We are careful to observe the rules of our work environment as we understand that this reflects our respect for our colleagues.

Eczacıbaşı Building Products – Tiles ("VitrA Tiles") specializes in the manufacturing of ceramic and porcelain tiles for various living spaces, and these products have been offered under the VitrA brand in Turkey since 1991. The holds the majority of shares in the Tile Division of Villeroy & Boch (Villeroy & Boch Fliesen GmbH), V&B Fliesen operates one production plants, located in Germany[1], where high-quality porcelain tiles are manufactured for the Villeroy & Boch brand. In 2006, Eczacıbaşı Building Products – Tiles acquired Engers Keramik (both the brand and its production facilities), a well-established German tile brand with a history dating back to 1911. The company has expanded its operations to Russia through its subsidiary, Vitra Tiles LLC. Eczacıbaşı Building Products – Tiles also conducts sales and marketing activities through its joint sales company, "Eczacıbaşı Building Products LLC," and holds shares in VitrA USA, together with Eczacıbaşı Building Products - Bathrooms (EBPB).

Germany[1]
V&B Fliesen GmbH (1)

Turkey
VitrA Tiles Co. (1)

Russia
VitrA Tiles LLC (1)

Eczacıbaşı Building Products – Tiles manufactures in Turkey, Russia, and Germany, with one facilities in each location.

[1] V&B Fliesen GmbH, Germany production facility stopped production at the end of July 2022.

About Eczacıbaşı Building Products - Tiles

3
Brands

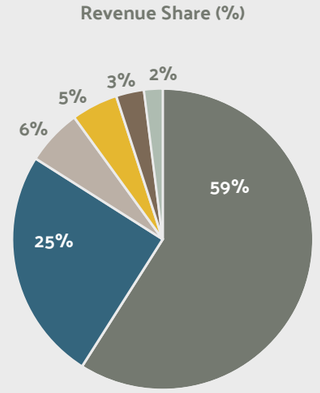
3
Production Plants

+75
International Markets

+2,000
People worldwide

For more information on our organizational structure, please refer to our **Integrated Sustainability Report 2022: Story on Our Ambition**.

Our Product Portfolio



Our Brands

VitrA

As the flagship brand of Eczacıbaşı, VitrA develops extensive range of tiles for a world where needs and tastes are growing ever closer, and ever more singular at the same time, and an unshakable commitment to sustainability.

Villeroy & Boch 1748

As one of the world's oldest and most renowned ceramics brand, Villeroy & Boch is a renowned brand in the ceramic tile industry that produces high-quality tiles with unique designs and advanced technology.

engers

Engers high-quality, reliable, and award-winning tile series that go beyond traditional applications, catering to all types of indoor and outdoor areas, from kitchens and living rooms to terraces and swimming pools.

Year in Review

Here are the key performances achieved by Eczacıbaşı Building Products - Tiles in 2022

Financial Highlights

€ 364.6 million	Total net sales
Around 80%	Share of international sales

Sustainability Highlights

3.55 MW	Renewable energy installed capacity
88.8 GWh	Green electricity procurement
81.9%	Electricity use from renewable sources
9%	Decrease in energy intensity compared to base year (2020)
33%	Decrease in carbon emission intensity in our production plants (Scope 1+2) Compared to 2020
29%	Decrease in water intensity Compared to 2020
39%	Share of women professionals (Turkey)
56.3%	Women among new recruits (Turkey)
19.2%	Women in management positions (Turkey)
30	Training hours per talent (Employees in leadership programs)
24	Training hours per employee (Turkey)
1.80	Accident frequency rate -18% compared to previous year

2

Our Approach to Sustainability

Sustainability is a dynamic, evolving principle that needs to be integrated into every aspect of business to build a better and healthier future for all. This conviction lies at the core of our business approach, driving us to foster sustainable growth through strategic investments, to create inspiring designs that underpin our strong brands and to prioritize sustainability in every decision we make for the well-being of our planet, its inhabitants, and humanity at large.

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Our Value-Creating Business Model

Building a Healthier Future, Together

Our value creation describes what we do, how we conduct our business to deliver on our purpose and how we allocate our resources –financial, human, natural, intellectual and social capitals- to create long-term value for all our stakeholders.

Our five capitals

Our **financial capital** is allocated to contribute to our sustainable growth and profitability in line with our long-term goals and strategies.

Our **human capital** consists of a uniquely talented workforce, which is an essential element of our success, and we reinforce our support for our employees by cultivating a corporate culture that respects, values, and encourages each individual to thrive.

Our **natural capital** comprises of valuable resources that fuels our operations. We seek to source these resources responsibly and sustainably and use them efficiently to ensure a habitable and healthy planet for both present and future generations.

Our **intellectual capital**, which includes our technical expertise, institutional knowledge, drives us to transform our products and business processes with a vision to innovate and create value.

Our **social capital** is established through our relationships with societies and stakeholders, characterized by mutual respect, understanding, and trust, and we foster these connections through our stakeholder engagement approach, which promotes collaborations and partnerships to generate shared value aligned with our common goals.

What we do

Our Group mission

"To be a pioneer of modern lifestyles that are healthy, high quality and sustainable."

How we do it

Aligned with our commitment to being responsible corporate citizens, we measure our success as much by the sustainable value we create as by our economic performance. Sustainability is embedded in our purpose, culture, and strategy, serving as the catalyst driving our operations. With our sustainable value creation approach, we adopt an integrated perspective in conducting business, taking into account external drivers, what is most material to our stakeholders and our ability to generate value.

Our Value Chain

Design

Reinterpreting ceramics culture with an eco-innovative approach, our timeless and sustainable tile designs has been recognized by eight of the world's most prestigious design awards in 2022 alone.

Procurement

With our unwavering commitment to ethical and sustainable standards, we engage with a diverse network of suppliers to manufacture our tiles, with over 80% being local suppliers.

Manufacturing

Leveraging the expertise and dedication of our 2,000 valued professionals, we operate three facilities located in three different countries, boasting a total capacity of 27.2 million square meters of tiles.

Logistics

By sourcing locally, choosing greener logistics options, and optimizing routes and container occupancies, we strive for the optimal distribution of our products to sales points worldwide.

Sales and Marketing

Our products are sold in more than 75 international markets, representing around 80% of our total sales. We hold a prominent position as the market leader in the luxury tile segment in Turkey, with our VitrA brand, and in Germany with our V&B brand.

Customer Service

Through our extensive network of 51 service points and a dedicated team of 165 skilled technicians, we provide comprehensive support to customers throughout their purchasing journey across six regions and 18 cities.

Our inputs in five capitals

€ 364.6 million Total net sales

3 Brands

3 Production Facilities

+2,000 Employees

39% Total share of women in professionals[1]

56.3% Women among new recruits[1]

19.2% Women in management[2]

€ 237,204 OHS investments

859,772 MWh Total energy consumption

458,476 m³ Total water withdrawal

€ 2.1 million Environmental investments and expenditures

8 Design applications/ registration

+75 International Markets

Key outputs

Around 80% Share of International Sales

€ 17.9 million Paid to capital providers

€ 48.5 million paid to employees in wages and benefits

24 Training hours per employee

30 Training hours per talent[3]

1.80 Accident Frequency Rate

3.55 MW Renewable energy installed capacity

88.8 GWh Renewable energy procurement

9% Energy intensity reduction[4]

33% CO_2 emissions intensity reduction in our production plants (scope 1+2)[4]

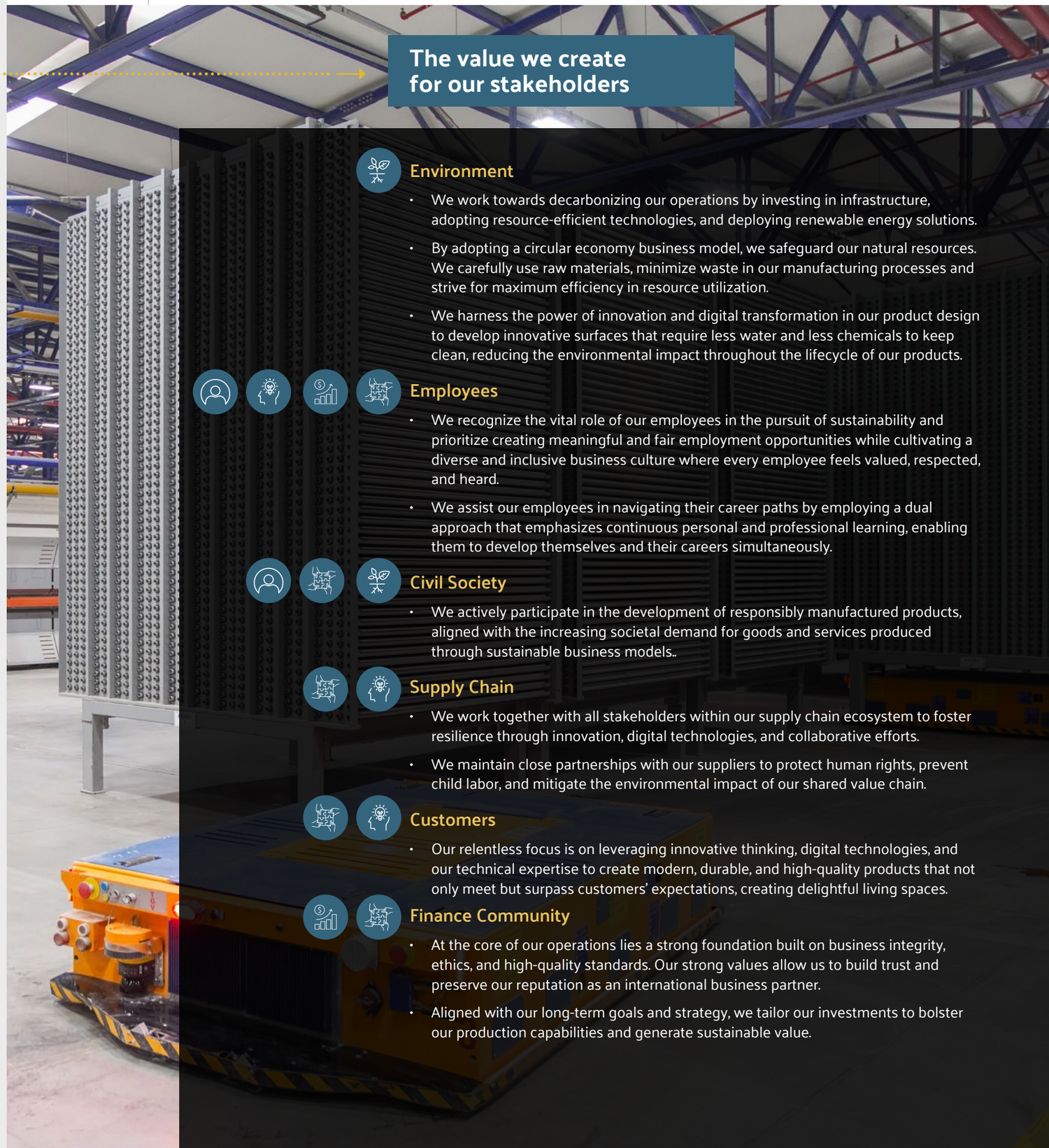
29% Water intensity reduction[4]

21% Waste reduction amount[5]

8 Design awards under VitrA and V&B brands

€ 97,921 Total social contribution

[1] White-collar employees in Turkey with a full-time, indefinite term contract
[2] Includes managers and higher management positions in Turkey, Board members are excluded
[3] Employees in leadership programs in Turkey
[4] Compared to base year (2020).
[5] Compared to previous year



The value we create for our stakeholders

Environment

- We work towards decarbonizing our operations by investing in infrastructure, adopting resource-efficient technologies, and deploying renewable energy solutions.
- By adopting a circular economy business model, we safeguard our natural resources. We carefully use raw materials, minimize waste in our manufacturing processes and strive for maximum efficiency in resource utilization.
- We harness the power of innovation and digital transformation in our product design to develop innovative surfaces that require less water and less chemicals to keep clean, reducing the environmental impact throughout the lifecycle of our products.

Employees

- We recognize the vital role of our employees in the pursuit of sustainability and prioritize creating meaningful and fair employment opportunities while cultivating a diverse and inclusive business culture where every employee feels valued, respected, and heard.
- We assist our employees in navigating their career paths by employing a dual approach that emphasizes continuous personal and professional learning, enabling them to develop themselves and their careers simultaneously.

Civil Society

- We actively participate in the development of responsibly manufactured products, aligned with the increasing societal demand for goods and services produced through sustainable business models..

Supply Chain

- We work together with all stakeholders within our supply chain ecosystem to foster resilience through innovation, digital technologies, and collaborative efforts.
- We maintain close partnerships with our suppliers to protect human rights, prevent child labor, and mitigate the environmental impact of our shared value chain.

Customers

- Our relentless focus is on leveraging innovative thinking, digital technologies, and our technical expertise to create modern, durable, and high-quality products that not only meet but surpass customers' expectations, creating delightful living spaces.

Finance Community

- At the core of our operations lies a strong foundation built on business integrity, ethics, and high-quality standards. Our strong values allow us to build trust and preserve our reputation as an international business partner.
- Aligned with our long-term goals and strategy, we tailor our investments to bolster our production capabilities and generate sustainable value.

Sustainability at Eczacıbaşı Building Products - Tiles

At Eczacıbaşı Building Products – Tiles, sustainability is deeply ingrained in the core of our purpose, culture, and strategy. It serves as the driving force behind our operations, and we measure our success not only by our economic performance but also by the sustainable value we create for our stakeholders.

This year, we have revised and refined our sustainability approach in line with Eczacıbaşı Group's refreshed sustainability strategy. Drawing on our commitment to **building a healthier future**, our sustainability approach extends to how we govern our operations, and invest our resources in the planet, people, and future, fulfilling our role as a responsible corporate citizen.

Investing in Planet	Investing in People	Investing in Future	Corporate Governance
The need to take swift, meaningful action to combat the climate change drives us to devise holistic and sustainable approaches in designing our products, manufacturing processes, and solution portfolio to lessen our impact on the environment and safeguard our planet's resources. To ensure a habitable and healthy planet for both present and future generations, we seek to reduce our carbon emissions, increase the use of renewable energy resources, source our materials responsibly and sustainably, and use them efficiently.	Our people are central to our business success. For us, doing the right thing for our people means ensuring their safety, promoting their health, and fostering an inclusive and diverse workplace that provides everyone with equal opportunities to reach their full potential. Extending beyond our operations, we are committed to improving the lives of people we interact with and contributing to the development of resilient communities.	We are committed to continuously innovating our products, production processes and operations to improve people's lives and reduce our environmental impact. From production to customer services, we harness the power of digitalization and technological integration to enhance and future-proof our business, ensuring we remain at the forefront and retain a competitive advantage in an ever-changing digital landscape.	We are dedicated to upholding rigorous corporate governance and ethical standards that are in line with the principles of sustainable development, ensuring long-term viability and sustainable growth of our company. We are vigilant in monitoring, anticipating, and addressing risks and opportunities to maintain our company's resilience and deliver value for our stakeholders.

Materiality

Ensuring business success along with improving social welfare and safeguarding a habitable planet for all is our fundamental responsibility to our stakeholders. We are committed to fulfilling this responsibility through materiality assessments, which enable us to understand the dynamics of a changing world, assess their impact on operations and enhance our ability to create value for our stakeholders.

This year, we conducted a thorough review of our material issues in line with the Eczacıbaşı Group's revised sustainability strategy. We aimed to gain a better understanding of the changes in our risk and opportunity landscape and the sustainability trends that are shaping our industry, enabling us to respond effectively to the rapid transformations taking place in our business environment.

Step 1

We started with assessing the impact of our sustainability initiatives, objectives, and progress from a business standpoint.

Step 2

We evaluated material issues advised by GRI Standards, SASB and S&P specific to our industry and compared the results with those of our national and international industry peers. These efforts provided us with a comprehensive insight into industry-specific areas to focus our efforts and steer our future strategic direction.

Step 3

We have carried out an extensive analysis of the external environment by examining reports on global risk and sustainability trends published by renowned international institutions, including the World Economic Forum's Global Risks Report, the OECD's Economic Outlook, and the World Business Council for Sustainable Development's Macrotrends and Disruptions Shaping 2020-2030 Report.

Step 4

By combining the results of this year's and last year's study, we have identified 14 material topics across nine focus areas.

Sustainability Pillars	Strategic Focus Areas	Material Topics
Investing in Planet	Climate and Environment	Energy Management and Carbon Emissions
		Water Management
	Circular Economy	Resource Management and Responsible Procurement
		Product Responsibility
		Waste Management
Investing in People	Equal Opportunity	Equal, Diverse and Inclusive Workplace
		Attracting, Developing and Retaining Talent
	Health and Safety	Health, Safety and Wellbeing
	Community and Social Vitality	Social Investment
Investing in Future	Innovation	Innovation
	Digital Transformation	Digital Transformation
Corporate Governance	Ethics and Compliance	Business Ethics and Legal Compliance
		Supply Chain Management
	Economic Sustainability	Financial and Economic Performance

Contributing to the UN 2030 Agenda

We believe that the United Nation's (UN) 2030 Agenda for Sustainable Development and the 17 UN Sustainable Development Goals (SDGs) form the basis for a sustainable future. Therefore, we consider it a crucial responsibility of businesses to help deliver these 17 SDGs. To this end, we have identified ten SDGs that align with our business and stakeholders.

For more information on our contribution to each SDG, please refer to our **Integrated Sustainability Report 2022: Story on our Ambition**.

Stakeholder Relations

Our stakeholder ecosystem encompasses a diverse range of individuals and groups, including employees, customers, supply chain partners, research and development ecosystem, the finance community and civil society. We place a strong emphasis on proactively communicating and collaborating with our stakeholders and prioritize transparent and timely communication to involve them in our sustainability initiatives and keep them informed of our progress. By deepening our insights into their needs and expectations and integrating them into our processes, we effectively manage risks and opportunities and improve our product offering to maximize the value we create.

For more information, please refer to Annexes.

3

Corporate Governance

At Eczacıbaşı Building Products - Tiles, we view acting morally and ethically in the business sphere as an essential and fundamental aspect of our commitment to all our stakeholders. We are dedicated to adhering to legal and regulatory requirements, as well as maintaining stringent corporate governance and ethical principles. Our vigilance in monitoring, foreseeing, and addressing risks and opportunities allows us to sustain our company's resilience and consistently deliver value to our stakeholders.

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Governance Approach

As a subsidiary of the Eczacıbaşı Group, an industrial conglomerate consisting of Eczacıbaşı Holding and its subsidiaries, our organization operates in harmony with the Group's comprehensive business strategy, encompassing short, medium, and long-term objectives. It is paramount for us to meticulously execute our operations to ensure seamless integration with the overarching vision and direction of the Eczacıbaşı Group.

Board of Directors

- Eczacıbaşı Building Products – Tiles Board of Directors consists of seven members, one of whom is independent, and one of whom is women.
- The BOD is led by the Group CEO of Eczacıbaşı Holding as the Chairperson of the Board.

Responsibilities of the Board of Directors

- The Eczacıbaşı Building Products – Tiles Board of Directors holds a critical position in executing strategic decisions of our company, with a focus on adhering to internal regulations and policies.
- Aligned with corporate governance principles, the Board assumes responsibility for managing and representing the company, considering key factors such as risk management, growth prospects, financial returns, and long-term interests.

Board of Directors

Name	Gender	Position
Atalay Muharrem Gümrah	Man	• Chairperson of the Board • Group Chief Executive Officer
Bülent Kozlu	Man	• Vice Chairperson of the Board
Hasan Pehlivan	Man	• Board Member • Chief Executive Officer, VitrA Tiles
Esra Eczacıbaşı Coşkun	Woman	• Board Member
Seyfettin Sarıçam	Man	• Board Member
Mustafa Özgen Özkan	Man	• Board Member
Rafael Jose Benavent	Man	• Independent Board Member

BOD gender ratio: Six man (85.7%), one women (14.3%)

Committees under the Board of Directors

Board Committees	Responsibility
Investment Committee	• Ensuring the investment policies and practices align with the long-term financial and strategic objectives of the company in line with the Group's strategy.
Audit, Risk and Governance Committee	• Implementing all essential actions to guarantee that all internal or external audits are conducted accurately and transparently. • Undertaking oversight responsibility behalf of Board of Directors to ensure reasonable assurance is provided for the interests of all stakeholders. For more information, please refer to the **Risk Management** section.
Talent And Remuneration Committee	• Providing guidance and making decisions regarding human resources management, reviewing the performance of executive managers, monitoring the development of executives in the most critical top positions, and creating a succession plan in line with the Group's human resources strategy.
Marketing Committee	• Setting overall marketing strategy and direction and top-down marketing targets for the Business Unit.

Executive Management[1]

- Eczacıbaşı Building Products - Tiles' Executive Management is dedicated to attaining sustainable excellence and leadership in alignment with the company's strategies and mission.
- Upholding the highest standards of corporate governance, they are steadfast in their pursuit of sustainable excellence across all facets of their work.

Responsibilities of the Executive Management

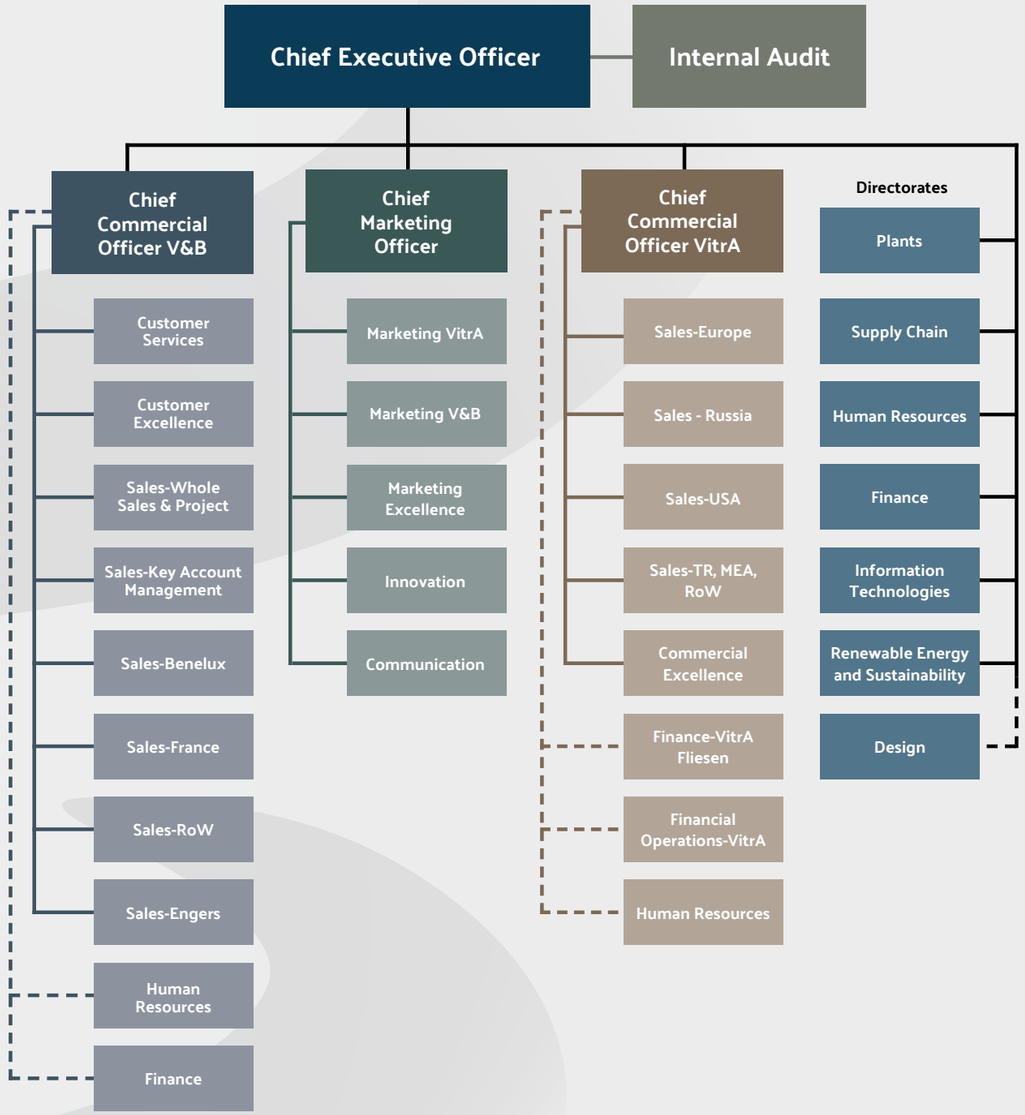
- With their astute leadership and domain knowledge, the Executive Management team plays a critical role in steering company performance and shaping strategic priorities, ensuring the organization remains adaptable and responsive to the evolving needs of stakeholders.
- They foster a culture of innovation, collaboration, and accountability, leveraging their collective expertise to drive long-term growth and succes.

Name	Gender	Position
Hasan Pehlivan	Man	Chief Executive Officer, VitrA Tiles
Joerg Schwall	Man	Chief Commercial Officer, V&B
Işıl Nergiz	Woman	Chief Marketing Officer
Mert Karasu	Man	Chief Commercial Officer, VitrA
Musa Yılmaz	Man	Plants Director
Ali Yoncacılar	Man	Supply Chain Director
İrfan Topal	Man	Finance Director
Murat Gölcü	Man	IT Director
Serdar Şahan	Man	Human Resources Director
Tolga Güneri	Man	Renewable Energy and Sustainability Director
Erdem Akan	Man	Design Director

Executive Management gender ratio: Ten men (91%), one women (9%)

[1] The list illustrates our Executive Management Team as of 2023.

Our Organizational Structure[2]



[2] The chart illustrates our organizational structure as of 2023.

Sustainability Governance

Group-wide Sustainability Oversight

Eczacıbaşı Holding Board of Directors

The Eczacıbaşı assumes responsibility for coordinating the primary business strategy and setting long-term goals for all Group companies. The Group's sustainability mechanism is overseen by the Holding Board of Directors, which plays a vital role in making strategic decisions related to sustainability management.

Eczacıbaşı Holding ESG Committee

The Holding ESG Committee, which reports to the Holding Board of Directors, is responsible for ensuring the effectiveness of policies, strategies, governance bodies, and tools related to sustainability management across the Group. The committee evaluates strategic priorities, provides advice to the Board of Directors on ESG issues, and reviews the sustainability performance of the Group companies.

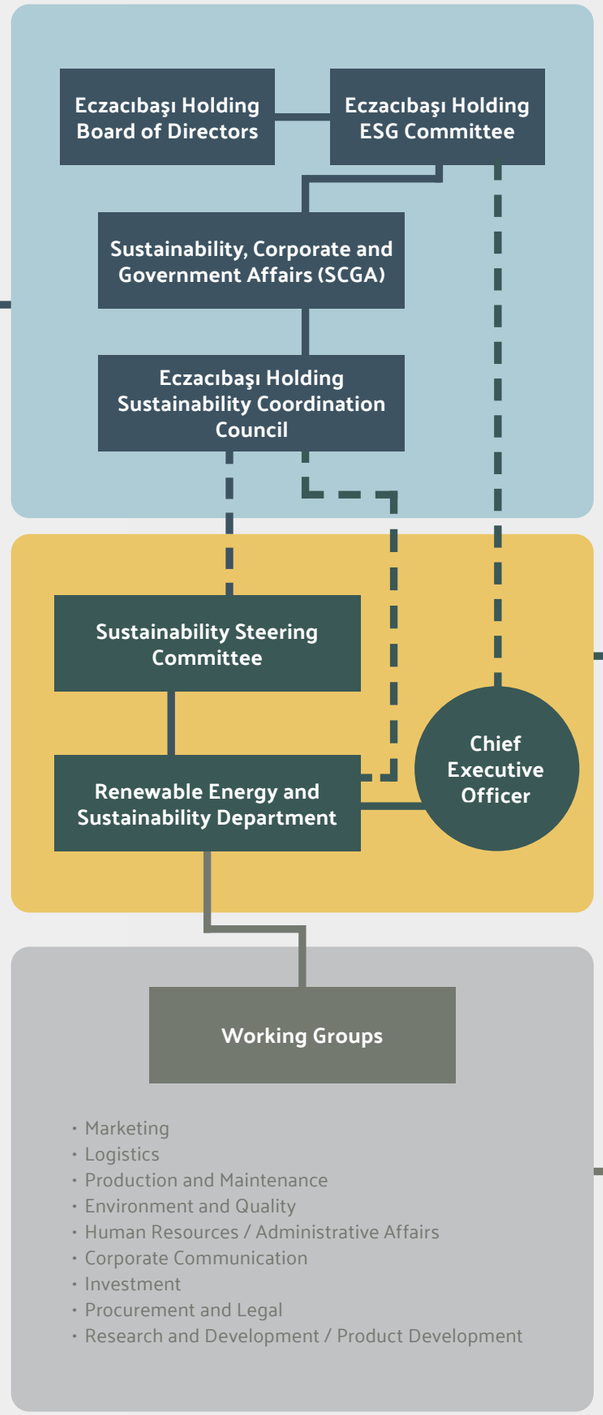
Sustainability, Corporate and Government Affairs (SCGA)

Sustainability management across the Group is overseen by the CEO and performed by the Sustainability Directorate, which operates under the coordination of the Sustainability, Corporate, and Government Affairs Coordinator. The SCGA provides quarterly reports on the progress to the Holding ESG Committee.

Eczacıbaşı Holding Sustainability Coordination Council (SCC)

Sustainability management activities are led by the Group's Sustainability Coordination Council and implemented through sustainability working groups within the Group companies.

For more information, please refer to **Eczacıbaşı Group Integrated Sustainability Report 2022**



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ESG Governance at Eczacıbaşı Building Products - Tiles

Sustainability Steering Committee

The primary objective of our Committee is to assess the environmental, social, and governance (ESG) risks and opportunities within our organization. This involves closely monitoring and analyzing sustainability issues specific to our industry, as well as periodically reviewing and enhancing our ESG strategy to align with evolving circumstances. The Committee actively leads projects aimed at achieving predetermined ESG targets and promotes effective inter-departmental communication on all ESG-related matters. Participating members include the CEO, Renewable Energy and Sustainability Director, Factory Director, Supply Chain Director, Marketing Director, Finance Director, Maintenance Manager, Technical Manager, Occupational Health and Safety Manager, and Sustainability Manager. Meetings are held every two months. Furthermore, the Committee ensures that the outcomes and findings of these initiatives are promptly communicated to senior management. The CEO of VitrA Tiles oversees the Committee. Both the CEO and Renewable Energy and Sustainability Director participate in selected meetings of the Eczacıbaşı Holding ESG committee to share their aspirations and outlining strategic plans for the company. The Sustainability Manager provides regular updates and information on ESG-related topics to the SGCA.

Renewable Energy and Sustainability Department

Renewable Energy and Sustainability Department informs Holding SCC regarding ESG progress of the company. This department assumes responsibility for coordinating and managing the working groups, thereby providing efficient coordination for the company's sustainability initiatives.

Working Groups

Responsibility: Implementation of Sustainability Action Plans

The Working Groups are responsible for transforming the company's ESG strategies and policies into targets and action plans. The working groups also track global and local developments, submit suggestions to the Sustainability Department and implement ESG projects.

Risk Management Approach

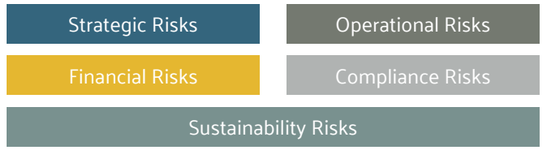
At Eczacıbaşı Building Products – Tiles, risk management is considered as a multifaceted discipline, and we work towards integrating it into our business operations to cultivate a risk-centric approach throughout the entire organization. Our primary objective is to proactively anticipate any incidents that could significantly hinder the achievement of our immediate and long-term goals, jeopardize our growth opportunities, and disrupt our sustainability efforts.

Our risk management methodology begins with the identification of risks, actively seeking contributions from all business units responsible for risk management. Subsequently, an assessment is conducted to evaluate the potential impact and likelihood of occurrence, allowing for the differentiation of risk levels. Risk responses are determined based on the risk appetite set by the Board of Directors, with the goal of mitigating identified risks. At the Board of Directors level, Audit, Risk and Governance Committee diligently oversees and reports on all significant risks.

Eczacıbaşı Building Products – Tiles' Risk Management Approach

- Risk management activities within Eczacıbaşı Building Products - Tiles are overseen by the Enterprise Risk Management Department, led by the CEO of Eczacıbaşı Building Products - Tiles, in coordination with the Enterprise Risk Management Department of the Eczacıbaşı Holding, and this department reports directly to the Eczacıbaşı Holding Chief Financial Officer.
- Our enterprise risk management activities are regularly reported to both Eczacıbaşı Building Products – Tiles Audit, Risk and Governance Committee and the Group Audit, Risk and Governance Committee, which includes the Chief Internal Auditor and independent board members with necessary background and expertise. These committees undertake the oversight function of risk management activities across the company and receive periodic reports on these activities.

Risk Categories



Management of Sustainability Risks

- At Eczacıbaşı Building Products – Tiles, we are implementing effective management efforts to address sustainability risks on environmental and social dimensions. These encompass considerations such as natural disasters, extreme weather events, climate change, biodiversity preservation, efficient utilization of natural resources, recycling and circular economy practices, employee rights and equal opportunities, stakeholder engagement, and sustainable economic growth.
- Additionally, governance risks, including occupational health and safety, product and service liability, societal innovation, business ethics, legal compliance, anti-bribery, and corruption, are addressed within the context of sustainability risk management, given their impact on strategic, operational, and compliance risks.
- We evaluate all categories of risks to ensure business continuity and enhance operational resilience, considering their potential economic, social, and environmental impacts.

For more information on our risk management approach, please refer to our **Integrated Sustainability Report 2022: Story on our Ambition**.

Ethics and Compliance

The Eczacıbaşı Group has cultivated a vibrant corporate culture that revolves around strong business ethics, underpinned by the values of respecting individuals and the environment, striving for continuous improvement and progress, and actively contributing to the overall well-being of society. In alignment with our corporate values, unwavering compliance with business ethics principles and legal regulations is an essential requirement for all our operations.

Business Ethics and Legal Compliance

Commitment

- We steadfastly uphold the principles of integrity, honesty, and transparency throughout all facets of our business activities, while diligently adhering to relevant laws and regulations.
- Our dedication to impartiality and ethical behavior extends to our interactions with colleagues, customers, and suppliers, fostering a professional environment.
- We wholeheartedly adhere to the principle of zero tolerance towards discrimination, bribery, and corruption, aligned with the Group's commitment.
- Our utmost priority is to foster a workplace that is equitable and fair for all employees, where their human rights are respected, and where business practices remain free from any form of violation.
- We have a strict policy in place that prohibits activities such as child labor and forced labor, ensuring that every aspect of the recruitment process and subsequent procedures are conducted without any discriminatory practices based on gender, language, belief, or ethnic origin.
- We demonstrate unwavering commitment to protecting the rights of our employees to form and join unions, aiming to cultivate positive and productive relationships with trade unions

In alignment with the corporate sustainability management system of the Eczacıbaşı Group, which adheres to global business standards, we exhibit an unwavering dedication to fostering stakeholder confidence and maintaining the quality of all our initiatives.

- ESG (Environmental, Social, Governance) Policy
- Human Rights Policy
- Gender Equality Policy
- Environment and Climate Change Policy
- OHS (Occupational, Health and Safety) Policy

Code of Conduct

- The Eczacıbaşı Group's Code of Conduct clearly outlines our ethical and compliance expectations, not only for our employees but also for third parties with whom we work.
- Our Code is easily accessible to all stakeholders, including employees, on our **website**.
- The Code addresses critical risk areas, such as compliance with laws, discrimination, information protection security and data privacy, conflicts of interest, anti-competitive behavior, anti-corruption and bribery, and relations with third parties, among others.

Employee Communication and Training

- We are dedicated to ensuring that all employees understand the standards and regulations that are relevant for their roles. We provide comprehensive training and open lines of communication to clarify how these rules apply in day-to-day work. While we expect our current employees to have already completed this training, we ensure that all newly hired employees receive the training within their first month of employment..

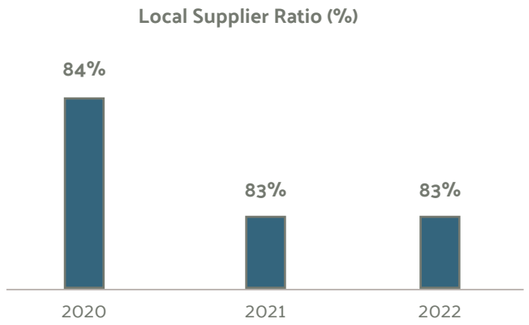
Average Hours of Training by Program	2022
Anti-Corruption and Anti-Bribery	2
Ethics	0.5

Supply Chain Management

- At Eczacıbaşı Building Products – Tiles, we ensure that every facet of our supply chain adheres to global norms and complies with all relevant laws and regulations.
- We undertake comprehensive evaluations of our suppliers, scrutinizing their sustainability practices and purchasing standards.
- We consider fair pricing, contractual terms, and supplier adherence to ethical standards in our selection processes.
- By integrating economic, social, and environmental factors into our sustainable purchasing practices, we prioritize nurturing mutually beneficial partnerships and strengthening our relationships with suppliers

	2020	2021	2022
Suppliers *			
Local Suppliers	458	419	462
Foreign Suppliers	87	88	96
Total Suppliers	**545**	**507**	**558**

* Indirect suppliers are not included



Economic Sustainability

At Eczacıbaşı Building Products - Tiles, we conduct all our operations, from investment strategies to product offerings, with the belief that there is a fundamental connection between ethical business practices and long-term, sustainable development. By actively pursuing growth through exports and seamlessly incorporating sustainable practices into our operations, we firmly believe that we can achieve lasting success while also making significant contributions towards a better future for everyone involved.

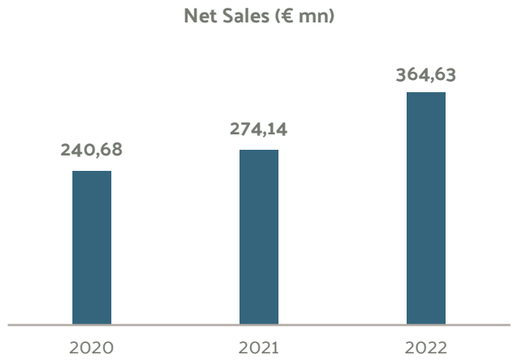
Financial and Economic Performance

Commitment

- Our absolute dedication lies in promoting a holistic sustainability framework that includes economic, environmental, and social aspects.
- By actively pursuing growth through exports and seamlessly incorporating sustainable practices into our operations, we firmly believe that we can achieve lasting success while also making significant contributions towards a better future for everyone involved.

Performance

- In line with our commitment to achieving robust growth through strategic investments, we have inaugurated a new production line at our Bozüyük facility. This expansion has allowed us to augment our tile production capacity by an additional 3.5 million square meters, reaching a total capacity of approximately 27.2 million square meters.
- Our products have successfully penetrated more than 75 countries, with a primary focus on the Turkish and German markets.
- Notably, around 80 percent of our revenue stems from international sales, and VitrA Tiles achieved the prestigious distinction of being named an Export Champion for the fourth consecutive year.



	2022
Total Net sales (€ million)	**364.63**
Ratio of foreign sales (%)	Around 80%

Economic Value Generated, Distributed and Retained (€ million)

	2022
Total Net Sales	364.63
Economic Value Generated	**364.63**
Operating Costs	95.97
Employee wages and benefits	48.46
Payments to capital providers	17.97
Total Social Investments (TSI)	0.98
Economic Value Distributed	**162.50**
Economic Value Retained	**202.13**

4

Investing in Planet

Goals	Key Performance Indicator	Achievement (2022)
By the end of 2025, we will reduce our energy consumption per ton of product by 14% from 2020 levels	Energy intensity (MWh/ton)	1.71 ✓ 9% decrease compared to base year
By the end of 2030, we will provide our entire electricity consumption from self-produced renewable energy	Renewable energy installed capacity (MW)	3.55
By the end of 2025, we will reduce Scope 1 and Scope 2 emissions intensity by 40% from 2020 levels	Carbon intensity (CO_2/ton)	0.29 ✓ 33% decrease compared to base year
By the end of 2025, we will reduce our water consumption per ton of product by 39% from 2020 levels	Water intensity (m^3/ton)	0.91 ✓ 29% decrease compared to base year

The simultaneous transition towards a low-carbon economy and circular economy is crucial for achieving global sustainability and promoting long-term sustainable economic growth. Shifting away from reliance on high-carbon fossil fuels and embracing renewable energy sources is of paramount importance in addressing climate change and transitioning to a low-carbon economy. Similarly, embracing a circular economy approach is vital for minimizing resource extraction, enhancing resource efficiency, and reducing adverse environmental impacts.

At Eczacıbaşı Building Products - Tiles, we are unwavering in our commitment to addressing climate change and unsustainable use of natural resources. We prioritize energy efficiency, investments in renewable energy, and implementing circular economy initiatives throughout our entire value chain, from the manufacturing process to the end-of-life management of our products.

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Climate and Environment

At Eczacıbaşı Building Products – Tiles, we recognize that the construction and building materials sector within which we operate is one of the energy and emission-intensive sectors. Therefore, it is imperative that we transform how we do our business across the entire value chain, from material sourcing to manufacturing and beyond, to have a positive impact on the environment and effectively address climate change.

Our commitment to creating value for all stakeholders extends to our environmental efforts, with a strong emphasis on minimizing our ecological footprint. We strive to align our actions with the broader framework for transitioning to a low-carbon economy by not only complying with increasingly stringent regulations and standards but also surpassing them. Through continuous improvement of our processes, we aim to ensure responsible consumption of energy, water, and materials.

Energy Management and Carbon Emissions

Commitment

- At Eczacıbaşı Building Products – Tiles, we recognize our part to play to reduce our environmental impact as a key international player in an energy-intensive industry.
- We place a strong emphasis on reducing our environmental impact and we consistently seek out opportunities to enhance efficiency and innovate with pioneering initiatives that reduce our energy consumption and carbon emission.

Performance

- Throughout the year, we focus on process optimization, implementation of heat recovery systems, digitalization, and energy efficient equipment investments, resulting in a significant reduction in our energy consumption. Through a series of initiatives, we successfully conserved 12,403 MWh of energy in 2022, which is equivalent to approximately 2,434 tons of CO_2 emissions.

For additional details regarding our initiatives, please refer to our **Story of Our Ambition report**.

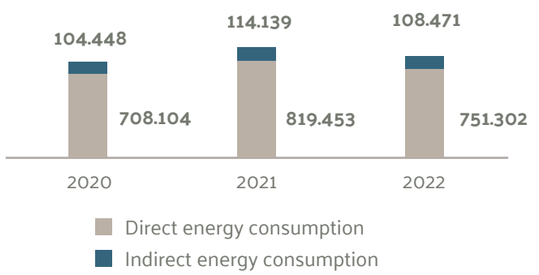
Energy

- Our energy consumption per product decreased 9% from 1.89 MWh/ton to 1.71 MWh/ton ✓ compared to 2020.

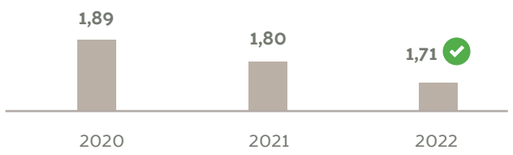
Energy Consumption (MWh)	2022
Non-renewables	**770,897**
Electricity	19,595
Natural Gas	740,798
Diesel	3,705
LPG/LNG	6,799
Renewables	**88,875**
Purchased renewable electricity	88,815
Self-generated renewable electricity	59.98
Total energy consumption	**859,772**

Energy Consumption (MWh)	2020	2021	2022
Direct energy consumption	708,104	819,453	751,302
Indirect energy consumption	104,448	114,139	108,471
Total energy consumption	**812,552**	**933,592**	**859,772** ✓

Total Energy Consumption (MWh)



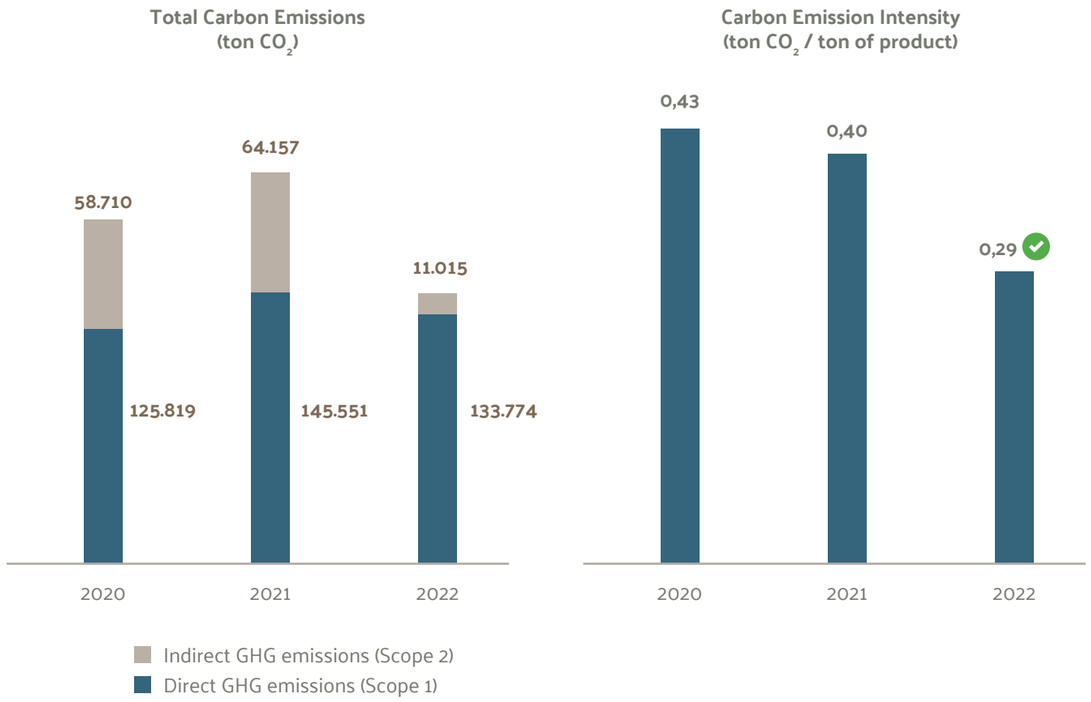
Energy Intensity (MWh/per ton production)



Carbon Emissions

- While our production volume has increased by 17% in 2022 compared to 2020, we observed only a 6% increase in our total Scope 1 emissions, amounting to 133,774 tons of CO_2 .
- On the other hand, our Scope 2 emissions decreased significantly by 81% compared to 2020, through our renewable electricity procurement efforts, resulting in emissions of 11,015 tons of CO_2.
- Overall, we accomplished a remarkable reduction in total Scope 1 and Scope 2 emissions, totaling 144,788 tons of CO_2 ✓. This reduction contributed to a 33% decrease in our carbon intensity, from 0.43 tons CO_2 /ton to 0.29 CO_2 /ton ✓.

Carbon Emissions (ton CO_2)	2020	2021	2022
Direct GHG emissions (Scope 1)	125,819	145,551	133,774
Indirect GHG emissions (Scope 2)	58,710	64,157	11,015
Total Carbon Emissions (Scope 1 + Scope 2)	**184,529**	**209,708**	**144,788** ✓
Carbon Intensity (ton CO2 / ton of product)	**0.43**	**0.40**	**0.29** ✓



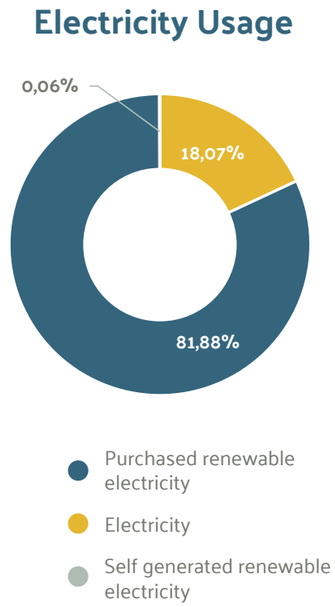
Renewable Energy

Commitment

- Embracing renewable energy offers many advantages, foremost among them being reducing our ecological footprint, thereby contributing significantly to global efforts to mitigate climate change.
- Our steadfast commitment to renewable energy not only demonstrates our unwavering dedication to sustainable value creation but also highlights the importance we place on generating our own electricity from renewable sources.
- We actively monitor the implementation of renewable energy technologies and planning strategic investments to enhance our self-generated renewable energy capacity. For our operations in Turkey, our goal is to procure 50% of our electricity consumption from our own renewable energy sources by 2025, and to achieve 100% by 2030.

Performance

- Throughout the year, we produced 59,98 MWh of renewable electricity with our pilot solar power plant.
- At our Bozüyük facility, we have completed the installation of a rooftop solar plant with a capacity of 3.5 MW, which is set to commence operation in 2023.
- We have planned the installation of a new land-mounted solar power plant with a total capacity of 30 MW, scheduled to be operational by 2024. By decreasing our reliance on fossil fuels and minimizing our carbon footprint, our aim is to generate over half of our electricity consumption from our own renewable energy plants by 2025.
- To reduce our dependence on fossil fuels, we investigate the production, storage and use of green hydrogen as an alternative fuel in manufacturing processes. Furthermore, we conduct techno-economic analysis studies with international financial institutions and consultants.
- Aligned with the strategic direction of the Eczacıbaşı Group, we purchased I-REC certificates for all the electricity used in our Turkey operations. As a direct outcome of this effort, an impressive 81.9% of our global electricity consumption in 2022 was derived from renewable sources.



Water Management

Commitment

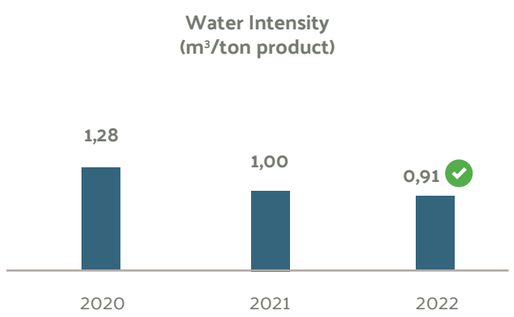
- In our production facilities, we prioritize efforts to minimize water consumption, promote efficient water usage, and maximize wastewater recovery.
- Recognizing that water is a vital component in our tile production process, we closely monitor water consumption from the grid and groundwater sources and the freshwater consumption per ton of product.

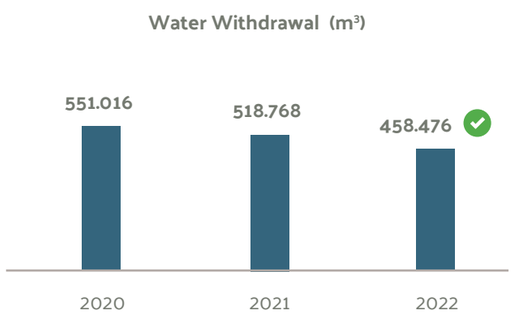
Performance

- As a result of our efforts throughout the year, we have achieved a notable reduction total water consumption.
- We are proud to announce that we recycle 100% of our industrial wastewater, recovering and reusing it in production across all our facilities.

In 2022, our water usage has decreased by 17% compared to 2020, resulting in a total water withdrawal of 458,476 m^3 ✓.

This reduction has led to a substantial decrease in our water intensity, declining by 29% from the base year of 1.28 m^3/ton to 0.91 m^3/ton ✓.





Water Withdrawal by Source (m^3)	2020	2021	2022
Municipal water	357,079	355,160	229,140
Ground water	187,807	147,123	229,336
Other	6,130	16,485	-
Total	**551,016**	**518,768**	**458,476** ✓

Circular Economy

At Eczacıbaşı Building Products - Tiles, we fully acknowledge the significance of embracing circular economy principles in our operations. Our core principles revolve around resource efficiency, resilient and contemporary design, and effective waste management. Our commitment to sustainability and preserving natural resources for future generations is guided by our environmental policy, resource management procedure, and waste management procedure. These guiding principles serve as a roadmap for us to achieve our sustainability objectives and minimize our ecological footprint.

In our product designs, we use strategies that minimize waste and maximize resource utilization, aligning with the core tenets of a circular economy. We are committed to reducing resource consumption and waste generation by opting for recycled or environmentally friendly materials whenever possible, and we actively seek opportunities for recycling and reusing materials throughout our value chain. These efforts are reinforced by our commitment to responsible and sustainable business practices, as well as robust collaboration with partners throughout our value chain.

Resource Management and Responsible Procurement

Commitment

- Our processes begin with the careful selection and acquisition of resources that have minimal environmental impact, forming the initial phase of our resource management process. We ensure that the materials we use in manufacturing our products are utilized efficiently, minimizing waste, and maximizing resource utilization.
- We have taken significant steps to explore recycling alternatives, which form an integral part of our resource management strategy. By promoting the circular economy principles, we actively seek out projects and initiatives that support the recycling and reuse of materials, reducing our reliance on virgin resources and minimizing the environmental impact of our operations.

Performance

- As part of our ongoing initiatives, we incorporated industrial wastewater treatment plant sludge and green and fired tile scraps as raw materials.
- By leveraging our proximity to VitrA Ceramic Sanity ware, we have established a collaboration where we integrate their industrial treatment sludge as a raw material at our Bozüyük factory, incorporating a total of 10,369 tons industrial treated sludge into our production process in 2022.
- We have recently entered into an agreement with two ceramic tile manufacturers, wherein we incorporate their waste materials into our production process, effectively utilizing 2,000 tons of green and fired tile scraps tiles as an alternative raw material in our operations.
- We utilize all of our green tile scraps and a majority of our fired tile scraps, and we send the remaining fired scraps to cement factories to be used as alternative raw materials. We have redirected about 9,000 tons of fired scraps to cement factories for complete recycling.
- Our packaging processes optimizations have also resulted in the prevention of 58 tons of plastic.

For additional details regarding our initiatives, please refer to our **Story of Our Ambition report**.

Production	2020	2021	2022
Amount of product produced (ton)	430,412	518,677	502,317
Material Use (ton)	**2020**	**2021**	**2022**
Raw materials	518,340	604,418	706,999
Packaging Materials	12,877	15,608	16,039
Auxiliary Materials	8,136	10,331	10,713
Total Material Use	**522,239**	**608,190**	**709,607**

Product Responsibility

Commitment

- At Eczacıbaşı Building Products – Tiles, we are deeply committed to producing sustainable and environmentally responsible products. We believe in harnessing innovative thinking, digital technologies, and our technical expertise to create modern, durable, and high-quality tiles that consider the entire lifecycle, from production to consumer use.
- As a tile manufacturer, we prioritize the hygiene and safety of surfaces in all our products. To minimize the environmental footprint throughout the lifespan of our products, we integrate innovative surface technologies into our tiles, ensuring advanced hygiene and the creation of healthy living spaces.

Performance

- One of our key focuses in sustainability is product thickness reduction. By implementing product thinning techniques, we achieve the same surface area while reducing the use of raw materials, energy, and water. This not only helps us maintain product quality but also contributes to minimizing our environmental impact. Furthermore, thickness reduction also plays a significant role in mitigating emissions during the logistical operations of the products.
- We integrate innovative surface technologies into our tiles, ensuring advanced hygiene and the creation of healthy living spaces. Our products feature anti-slip properties, easy-to-clean surfaces, and hygienic qualities.

For additional details regarding our products, please refer to our **Story of Our Ambition report**.

Product Certifications

- As a responsible manufacturer, we prioritize transparent communication about the environmental impact of our products and strive to enhance their sustainability credentials. Our products make a valuable contribution to sustainable building solutions and possess a wide range of environmental labels and certifications.
- Our entire product range holds the esteemed Green Guard and Green Guard Gold certifications by Underwriters Laboratories (UL). These certifications confirm that our products do not contain volatile chemicals that pose health risks or compromise indoor air quality when used under typical room temperatures.
- Our wall tiles have the QB (Quality in Building) Wall PEC certificate whereas our porcelain and floor tiles have QB UPEC certificate, performed by the CSTB (Centre Scientifique et Technique du Bâtiment, Scientific and Technical Building Centre).
- Our products also have an Environmental Product Declaration (EPD), providing comprehensive information to our stakeholders about their carbon footprint throughout their life cycle.

Management Systems
ISO 9001: Quality management systems
ISO 14001 Environmental management system
ISO 50001 Energy management systems
ISO 27001 Information security management systems
ISO 45001 Occupational health and safety (OH&S) management system

Product Certificates
TS EN 14411 Certificate of Turkish Standarts Compliance
TS EN 14411 Double Star Certificate
CSTB - WALLPEC
CSTB - UPEC
EPD (Environmental Product Declaration)
Greenguard Gold
Saudi Arabia Export Certificate
GOST certificate
Fire Safety Certificate

Waste Management

Commitment

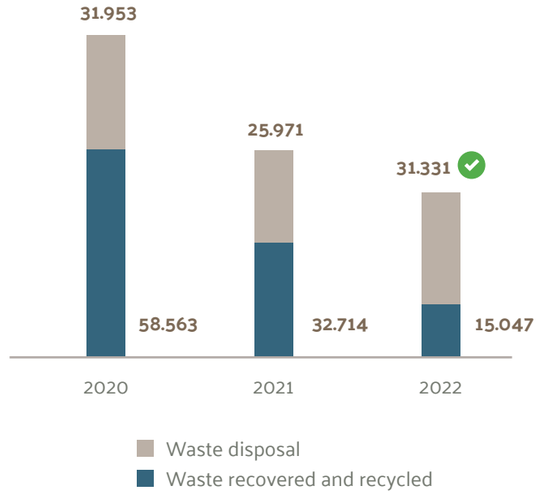
- At Eczacıbaşı Building Products – Tiles, we have implemented a comprehensive waste management approach that encompasses various strategies to minimize waste generation and promote sustainable practices.
- Aligned with the principles of the Eczacıbaşı Group, we are steadfast in our commitment to embracing a “zero waste” approach throughout our operations.

Performance

- In 2022, our concerted efforts yielded remarkable results, as we achieved an impressive 21% reduction in our overall waste generation compared to the previous year.

Waste by Type and Disposal Method (ton)	2022
Hazardous Waste	**420**
recovered and recycled	194.68
disposed	225.50
Non-Hazardous Waste	**45,958**
recovered and recycled	5,377.38
reused	9,475.15
disposed	31,105.57
Total Waste Amount	**46,378**

Waste Results (ton)	2020	2021	2022
Waste recovered and recycled	58,563	32,714	15,047
Waste disposal	31,953	25,971	31,331 ✓
Total Waste Amount	**90,516**	**58,685**	**46,378**



5 Investing in People

Goals	Key Performance Indicator	Achievement (2022)
By the end of 2025, we will increase the share of women in employment 45%*	Total share of women professionals (%)	39.19%
By the end of 2025, we will increase the share of women among new recruits to 58%*	Women among new recruits (%)	56.32%
By the end of 2025, we will increase the share of women in management positions to 35%*	Women in management positions (%)	19.23%
By the end of 2025, we will gradually reduce the accident frequency rate below 1 for every 200 thousand working hours	Accident frequency rate	1.80

* The scope of the goals above are limited to Turkey operations

At Eczacıbaşı Building Products - Tiles, we recognize the crucial significance of our employees in not only our dedication to sustainability but also in our broader business accomplishments. We place great importance on ensuring the health and well-being of our workforce with more than 2,000 employees, while also fostering an inclusive and diverse workplace that empowers everyone to excel and utilize their full potential. Our dedication goes beyond the confines of our operational scope, as we actively endeavor to improve the welfare of the individuals we interact with and actively contribute to the advancement and resilience of the communities we engage with.

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Equal Opportunity

At Eczacıbaşı Building Products - Tiles, we understand the vital importance of cultivating a sustainable organization that thrives in an inclusive work environment where every employee is valued, respected, and empowered. Our primary objective is to create meaningful and fair employment opportunities for individuals from diverse backgrounds, fostering a culture that embraces inclusivity at its core. We strongly emphasize the creation of an empowering atmosphere where all employees, regardless of their identity, feel a sense of belonging.

Recognizing that achieving a sustainable future requires the equal participation of women in all aspects of life, we dedicate significant efforts to enhancing women's representation within our workforce. We implement various initiatives aimed at promoting women's involvement at all levels, elevating their overall presence within our company, and facilitating uninterrupted career progression.

The "ALLforALL" Equal Opportunities Committee, operating under the umbrella of the Eczacıbaşı Group, is responsible for our endeavors in execution of initiatives. This committee comprises representatives from all companies within the Group and is responsible for monitoring and evaluating our current processes for equal opportunities. It provides valuable insights on best practices observed both domestically and internationally.

Our Group's **Gender Equality and Equal Opportunities Policy** solidifies our unwavering commitment to fostering gender equality and ensuring equal opportunities for all. We align our efforts with the strategic framework set by the Group, while also ensuring that our suppliers and business partners adhere to the guidelines outlined in the Group's policies.

Equal, Diverse and Inclusive Workplace

Our Management Philosophy

- We hold a strong belief that fostering an equal, diverse, and inclusive workplace is essential for successfully navigating complex challenges and seizing new opportunities.
- By creating a working environment that upholds principles of fairness and equality, we not only enhance the adaptability and resilience of our company, but also cultivate a diverse workforce that fuels innovation and creativity.

Our Commitment

- We are deeply committed to promoting gender equality and empowering women to establish a diverse and inclusive workplace.
- We recognize the strategic importance of increasing the representation of women at all levels, particularly in industries that have been traditionally male dominated.
- Our objective is to achieve 58% share of women in new recruitment, 45% in employment, 38% in management positions, by 2025.
- We are dedicated to providing equal opportunities for professional development and ensuring fair compensation practices.
- We share Eczacıbaşı Group's commitment to promoting the fundamental principle of "equal pay for equal work" and we rigorously adhere to the Group's remuneration policies, which guarantees that all our employees are compensated fairly and impartially for their work, regardless of their gender, race, or any other personal characteristics
- We place great importance on safeguarding the rights of our employees to unionize and organize. We actively foster positive relationships with trade unions and collaborate with the Turkish Soil, Ceramics, Cement, and Glass Industry Employers' Union. Through this partnership, we engage in productive dialogue and negotiations to establish blue-collar collective bargaining agreements that protect the interests and well-being of our employees.

Performance

39.2%	Total share of women professionals
56.32%	Women among new recruits
19.23%	Women in management positions
15.86%	Share of blue-collar women employees

Workforce by Gender****	2022
Total Workforce[4]	**1,537**
Women	354
Men	1,183
White-collar employees	**464**
Women	184
Men	280
Blue-collar employees	**1,073**
Women	170
Men	903

**** The scope of the datas below is limited to Turkey operations.

Total Workforce by Contract Type*****	2022
Employees with indefinite term contract	**1,493**
Women	335
Men	1,158
Employees with fixed term contract	**44**
Women	19
Men	25

***** The scope of the datas below is limited to Turkey operations.

Equal Opportunities	2020	2021	2022
Share of women in STEM positions	23.70%	25.30%	22.84%
Share of women in management positions in revenue-generating functions	12.80%	14.30%	20.93%

Employee Demographics[5]	2020	2021	2022
Total Workforce	**1,342**	**1,438**	**1,537**
White-collar employees	349	388	464
Blue-collar employees	993	1050	1073
Employees with indefinite term contract	1330	1377	1493
Employees with fixed term contract	12	61	44
Number of employees in the management work family	21	23	26
Number of non-management employees	328	365	438

[5] Includes white and blue collar employees in Turkey Operations, subcontracted employees are excluded

Attracting, Developing and Retaining Talent

Commitment

- We firmly believe the success of our company hinges on the cultivation and retention of a highly motivated workforce equipped with the necessary skills to propel our business forward.
- Central to our approach is a deep commitment to fostering continuous learning and self-development, as we believe that a well-educated, adaptable, and growth-oriented workforce is instrumental in aligning with our corporate culture and driving our progress.

Performance

- We recognize the unique talents and potential that each employee brings to the table, and we invest in their growth through ongoing and informative training programs.
- Our overarching goal of expanding our team of talented and accomplished individuals is intricately linked to a corporate culture that actively promotes ongoing learning and self-development.
- In line with our strategic approach to talent management, we have increased the allocation of our budget towards training initiatives.
- In 2022, we achieved a significant milestone by increasing the average training hours per employee to 24 hours ✓, with an average of 30 hours per talent ✓[6].

Employee Training	2020	2021	2022
Average hours of training per employee	**4.79**	**7.42**	**24**
Women	4.55	7.61	27.4
Men	5.03	7.97	22.4

[6] Includes white-collar employees in Turkey operations. Average training hours per talent includes employees in leadership programs in Turkey.

Attracting the Best Talents

- In the highly competitive business landscape of today, the ability to attract top talent is crucial for our organization.
- We prioritize the recruitment of highly educated innovative, entrepreneurial, dynamic, self-motivated, and team-oriented individuals who embody the values of our Group.
- In our selection process, we ensure that all candidates are provided with equal opportunities, without any form of discrimination or bias. We focus solely on evaluating their competencies and assessing their alignment with our values.

New Recruits	2022
Total number of new employee hires during the year	**87**
Women	49
Men	38
Under 30 years old	**55**
Women	35
Men	20
30-50 (including) years old	**31**
Women	14
Men	17
Over 50 years old	**1**
Women	0
Men	1

Employees Who Left Work	2022
Total	**44**
Women	20
Men	24
Under 30 years old	**18**
Women	6
Men	12
30-50 (including) years old	**24**
Women	14
Men	10
Over 50 years old	**2**
Women	0
Men	2
Number of employees who voluntarily left work	**36**
Women	18
Men	18

Turnover	2020	2021	2022
Employee turnover rate	8%	11%	12%
Voluntary employee turnover rate	5%	8%	9%
Female employee turnover rate	12%	12%	14%

Performance and Career Development

- Aligned with the Eczacıbaşı Group, we implement a comprehensive three-phased Performance Management System, consisting of planning, interim evaluation, and year-end evaluation.
- In our performance-driven corporate culture, we actively recognize and reward employees who consistently make valuable contributions, achieve outstanding results, and consistently perform at their highest potential.
- We firmly believe that effective performance management is crucial for ensuring the long-lasting and sustainable achievements of our employees. Therefore, we prioritize the personal and professional growth of our employees through thorough evaluations of their performance and career development.

Employees receiving Regular Performance and Career Development Reviews	2020	2021	2022
Total	**338**	**363**	**421**
Women	115	133	165
Men	223	230	256

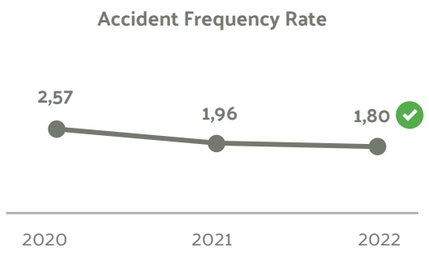
Employee Engagement

We view employee loyalty and satisfaction as interconnected elements that contribute to overall employee engagement. When employees are satisfied, their motivation, enthusiasm, and dedication towards their responsibilities are heightened, enabling them to surpass expectations and unleash their full potential. This, in turn, leads to tangible benefits such as increased productivity, enhanced work quality, driving the sustainable growth of our company. Thus, we place great importance on fostering a work environment that is fair, supportive, and conducive to employee growth and development, where every employee feels valued, respected, and heard.

Health & Wellbeing

At Eczacıbaşı Building Products - Tiles, we fully recognize the importance of ensuring a healthy and safe work environment as one of our primary responsibilities. By demonstrating unwavering dedication to the health and well-being of our employees, we lay a solid foundation for their long-term prosperity.

Our **Occupational Health and Safety Policy** provides valuable support and guidance in mitigating emergency risks, enhancing preparedness, integrating OHS requirements into new investments and projects, and nurturing a culture of OHS awareness among our employees. We ensure that our suppliers and contractors adhere to the principles outlined in both policies, emphasizing the importance of OHS throughout our supply chain.



Health, Safety and Wellbeing

Commitment

- Our primary objective is to foster a healthy and safe work environment that promotes employee well-being, enabling personal and professional fulfillment, sustainable high performance, and positive business outcomes.
- We continuously strive to surpass industry standards by consistently improving our occupational health and safety practices.
- We consider our occupational health and safety (OHS) performance to be a critical factor that significantly influences our overall success.
- By the end of 2025, our target is to gradually reduce the accident frequency rate below 1 for every 200 thousand working hours.

Performance

- With the ultimate aim of achieving a net-zero accident level, we have established specific objectives to continuously improve our performance.
- We invested over € 237,000 in occupational health and safety initiatives.
- As of 2022, we successfully reduced our overall accident frequency rate from 1.96 to 1.80 ✅. Our commitment to prioritizing occupational health and safety remains unwavering, and we continue to invest in measures that ensure the well-being and safety of our workforce.

Occupational Health and Safety Training	2020	2021	2022
Total training hours given to employees on OHS (employee* hours)	**35,353**	**37,425**	**47,464**
Number of employees who received training on OHS	2,807	3,216	3,861
Average training hours on OHS	12.59	11.64	12.29

Incidents	2020	2021	2022
Incidents Resulting in Lost Time	**50**	**41**	**37**
Employees	49	41	36
Contractors	1	0	1

Community and Social Vitality

"Adding value to the communities" stands as one of the fundamental principles at the core of the Eczacıbaşı Group. As a company within the Group, we firmly believe in the importance of contributing to and making a positive impact on the communities in which we operate.

Through our active engagement with the community, strategic investments, and purposeful initiatives, we are committed to finding sustainable solutions that enhance the well-being, growth, and prosperity of the communities within our reach. By building strong relationships and fostering sustainable development, we aim to create enduring value that goes beyond our business operations.

Social Investment

Commitment

- At Eczacıbaşı Building Products - Tiles, we recognize the significance of generating sustainable value for society at large and promoting the progress of communities to foster inclusive and sustainable development.

Social Initiatives

Eczacıbaşı Volunteers

Established in 2007 by employees of the Group, Eczacıbaşı Volunteers is an initiative dedicated to implementing projects that primarily benefit children and extend the knowledge, skills, and experiences of volunteers to a broader audience of stakeholders. Eczacıbaşı Volunteers focuses on diverse areas such as education, science and IT, culture, and arts, contributing to social responsibility initiatives while enhancing the mental, physical, and emotional well-being of children. With the enthusiastic participation of over 250 employees, Eczacıbaşı Volunteers has successfully executed 70 projects, positively impacting the lives of more than 15,000 schoolchildren thus far.

Operating under the Eczacıbaşı Volunteers, 8. Renk consists of 14 dedicated volunteers as of 2022 and conducts projects as a whole with Bozüyük campus. In the year 2022, the 8. Renk accomplished several projects.

For more information on our social initiatives, please refer to our **Integrated Sustainability Report 2022: Story on our Ambition**.

6 Investing in Future

In today's rapidly changing business landscape, the integration of digital technology has become a crucial factor in ensuring the competitiveness and sustainability of businesses. To remain relevant in this dynamic technological environment, organizations are actively embracing digital advancements and innovative solutions.

At Eczacıbaşı Building Products - Tiles, we recognize the importance of staying at the forefront of innovation. We are dedicated to promoting and endorsing groundbreaking ideas and applications that enable the seamless integration of digital technologies into our manufacturing processes. By doing so, we strive to optimize our operational efficiency and ensure the highest level of productivity throughout our operations.

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Innovation

At Eczacıbaşı Building Products - Tiles, we have a vision to innovate. We actively support and embrace innovative ideas and applications that enable us to manufacture innovative, durable, and high-quality products. Embracing innovation goes beyond simply introducing new ideas; it entails a holistic approach that drives the restructuring and development of our business processes. We understand that by embracing innovation, we can continually enhance our manufacturing capabilities, streamline our operations, and meet the ever-evolving demands of our customers.

Innovation

Commitment

- Innovation lies at the core of our priorities, and we support any idea or application that adds value to life. We believe in aligning these innovative initiatives with our business strategies to ensure stable growth and profitability.
- By combining our vision for innovation with our people-focused approach to business, we create a synergistic environment that fosters creativity and drives progress.

Our approach to innovation is driven by a comprehensive framework to drive, and we focus on four key elements to foster innovation within our organization. By prioritizing innovation and investing in these key elements, we strive to stay at the forefront of our industry, continuously improving our products, services, and processes to meet the evolving needs of our customers and drive sustainable growth.

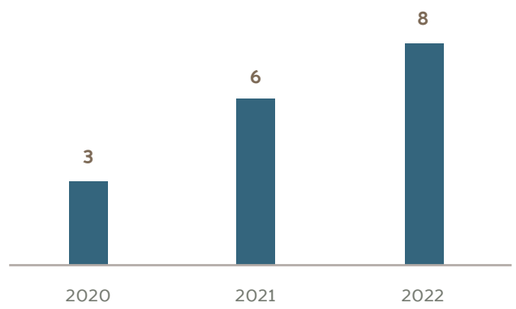
Aligned with Eczacıbaşı Group, we firmly believe that our efforts not only strengthen the growth strategy and long-term competitiveness, but also make significant contributions to the sustainability of our societies by advocating for solutions that are:

- **Life oriented**, promoting efficient resource utilization, recycling, and reusing resources. Our focus is on providing essential and comprehensive advantages that contribute to maintain a balance with nature.
- **Health oriented**, enabling all stakeholders to lead healthy, high quality and modern lives.
- **Accessible**, prioritize the user experience and designed to ensure equal access and usability for all.
- **Economy-friendly**, minimize resource consumption and contribute to sustainable economic practices throughout entire economic lifespan.
- **Time saving**, effectively meet the needs of stakeholders without interrupting the natural flow of their daily routines or causing unnecessary time wastage.
- **Smart**, proactively anticipate and mitigate issues, leveraging the full potential of technology to prevent problems before they arise.

Performance

- We are dedicated to elevating and broadening our dedication to innovation.
- Our foremost goal is to develop innovative solutions that bring exceptional value across every stage of our value chain.
- We aim to strengthen and amplify our overall innovation capabilities, ensuring that we remain at the forefront of our industry.

Number of design applications/registration



Digital Transformation

Digital transformation is revolutionizing how businesses operate and create value for their stakeholders. At Eczacıbaşı Building Products - Tiles, we actively seek insights into the potential changes our business will undergo, and the adjustments required to effectively embrace digital transformation. We recognize that implementing new technologies brings fresh approaches and innovative solutions.

Digital Transformation

Commitment

- At Eczacıbaşı Building Products - Tiles, we are dedicated to anticipating the potential changes in our business environment and actively determining the necessary actions to align with this transformative journey.
- As we aspire to become one of the top 5 ceramic producers in Europe, we place great emphasis on designing products that align with market dynamics and effectively promoting them.
- Our vision for digitalization revolves around integrating digital technologies and data management into every aspect of our operations.

For more information regarding our digital practices, please refer to our **Story of Our Ambition report**.

Digital Transformation Awards

- Tiles4Cast project received second prize in the 'Digital Infrastructure of the Future' category at this year's Digital Transformation Awards organized by International Data Corporation (IDC) Turkey at which 108 Companies of the Future took part with nearly 500 projects.
- Designed to reduce the use of energy and water during manufacturing, our second award winning project DigiOK took a second IDC award in the 'Best Digital Data Interpretation' category.

Awards	Recipient
IDC DX Awards 2022 2nd Place for the Future of Digital Infrastructure	VitrA Tiles - Tiles4Cast
IDC DX Awards 2022 2nd Place for the Future of Intelligence	VitrA Tiles - DigiOK

7 Annexes

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Stakeholder Relations

The table below summarizes who our key stakeholders are, how we engage and communicate through various platforms.

Stakeholder Groups	Stakeholders	Communication Methods	Period
Finance Community	Shareholders and Investors	Sustainability Reports (Annual), Annual Reports (Annual/ Quarterly), Financial Reports (Quarterly), Corporate Website (Continuous), General Assembly Meetings (Annual)	
	Financial Institutions	Sustainability Reports (Annual), Annual Reports (Annual), social media (Continuous), Corporate Website (Continuous)	
Employees	Company Managers	Sustainability Reports (Annual), Annual Reports (Annual), social media (Continuous), Corporate Website (Continuous), Intra-Group Meetings (Continuous/ Periodic), Disclosures (Instant), Cash Flow Reports (Monthly), Group Financial Results (Monthly), Group Year-End Profit-And-Loss Forecast Reports (Quarterly)	
	Employees	Sustainability Reports (Annual), Annual Reports (Annual), social media (Continuous), Corporate Website (Continuous), Intra-Group Meetings, and Publications (Continuous/Periodic/Instant), Newsletters/ Announcements (Continuous/Instant), Employee Engagement Surveys (annual), Training (Continuous), Social Responsibility Projects (Continuous), Employee Handbook (Continuous)	
Customers	Clients	Sustainability Reports (Annual), social media (Continuous), Corporate Website (Continuous), Controls (Instant/ Periodic), Disclosures (Instant), Trade Shows (Instant/ Periodic), Customer Meetings (Instant/ Periodic), Customer Satisfaction Surveys (Annual)	
	Consumers and end-users	Sustainability Reports (Annual), social media (Continuous), Corporate Website (Continuous), On-line Surveys (Instant/Annual)	
Supply Chain	Business Partners	Sustainability Reports (Annual), Annual Reports (Annual), social media (Continuous), Corporate Website (Continuous)	
	Suppliers	Sustainability Reports (Annual), social media (Continuous), Corporate Website (Continuous), Audits (Instant/Periodic)	
	Contractors	Sustainability Reports (Annual), social media (Continuous), Corporate Website (Continuous)	
Government and Regulators	Public Organizations	Sustainability Reports (Annual), social media (Continuous), Corporate Website (Continuous), Projects (Project-Based), Audits (Instant/Periodic), IRL Visits (Instant)	
	Local Authorities	Sustainability Reports (Annual), Annual Reports (Annual), social media (Continuous), Corporate Website (Continuous), IRL Visits (Instant)	
Civil Society	International Organizations	Sustainability Reports (Annual), Annual Reports (Annual), social media (Continuous), Corporate Website (Continuous)	
	Sectoral Organizations	Sustainability Reports (Annual), social media (Continuous), Corporate Website (Continuous), Projects (Project-Based), Trade Shows (Instant/Periodic), Sectoral Conferences (Instant/Periodic)	
	Trade unions	Sustainability Reports (Annual), Annual Reports (Annual), social media (Continuous), Corporate Website (Continuous)	
	Non-Governmental Organizations (NGOs)	Sustainability Reports (Annual), social media (Continuous), Corporate Website (Continuous), Customer Research (Continuous), Projects (Project-Based), Memberships (Continuous)	
	Universities and Research Institutions	Sustainability Reports (Annual), social media (Continuous), Corporate Website (Continuous), Career Days (Annual/ Periodic), Projects (Project-Based), Internship Programs (Periodic/Project-Based), University Events (Instant), Student Field Visits (Instant)	
	Society	Sustainability Reports (Annual), Annual Reports (Annual), social media (Continuous), Corporate Website (Continuous)	
	Local Community	Sustainability Reports (Annual), Projects (Project-Based), social media (Continuous), Corporate Website (Continuous), Social Responsibility Projects (Project-Based)	
	Media	Sustainability Reports (Annual), social media (Continuous), Corporate Website (Continuous), Press Releases (Instant)	

List of Associations

Institution
B4G (Business for Goals) Board Membership
BKF (Bundesverband Keramische Fliessen) Germany
Bozüyük Chamber of Commerce and Industry
Central Anatolian Exporters' Union
Cerame-Unie (The European Ceramic Industry Association)
Ceramic Research Center
DEIK Turkey- Foreign Economic Relations Board of Turkey
Eskişehir Bilecik Kütahya Ceramics Cluster Association
Istanbul Chamber of Commerce
Istanbul Chamber of Industry
SERKAP (Ceramic Tile Manufacturers Association)
Turkish Ceramics Federation
Turkish Çimse-İş Union
Türkiye Toprak, Seramik, Çimento ve Cam Sanayii İşverenleri Sendikası
TUSİAD – Turkish Industry and Business Association

Awards

Awards	Awarded By
"Liquid Collection" made with design icon Tom Dixon	Reddot Product Design Award IF product Design Award Good Design Wallpaper* Magazine
LUCCA by V&B and SPA 2.0 by Engers	Reddot Product Design Award
Architects' Darling Award for V&B	Heinze
German design Award for PRO ARCHITECTURA 3.0 by V&B	Federal Republic of Germany
Atelier01 tile series was awarded	Good Design
Tiles4Cast project received second prize in the 'Digital Infrastructure of the Future' category at this year's Digital Transformation Awards	International Data Corporation (IDC)
VitrA Tiles was awarded with DigiOK project. "Best in Future of Intelligence (2nd Place)" in IDC awards and Best Digital Data Signification in Digitaliz.	IDC 2022 DX Awards
VitrA was awarded as export champion	Türkiye Exporters Assembly
According to the results of Turkey's Top 500 Industrial Enterprises 2021 Survey, VitrA Karo is 369th.	Istanbul Chamber of Industry (İSO)

WEF Stakeholder Capitalism Metrics

Principles of Governance			
Pillar	**Core Metrics and Disclosures**	**Description**	**References**
Governing purpose	Setting purpose	The company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental and social issues. Corporate purpose should create value for all stakeholders, including shareholders.	Message from Our CEO, page 6-7
Quality of governing body	Governance body composition	Composition of the highest governance body and its committees by: competencies relating to economic, environmental, and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation	Governance Approach, page 28-31
Stakeholder engagement	Material issues impacting stakeholders	A list of the topics that are material to key stakeholders and the company, how the topics were identified and how the stakeholders were engaged.	Eczacıbaşı Building Products - Tiles' Materiality, page 23-24
Ethical behavior	Anti-Corruption	1. 1. Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures a) Total number and nature of incidents of corruption confirmed during the current year, but related to previous years; and b) Total number and nature of incidents of corruption confirmed during the current year, related to this year. 2. Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption	Business Ethics and Legal Compliance, page 36-37
	Protected ethics advice and reporting mechanisms	A description of internal and external mechanisms for: 1. Seeking advice about ethical and lawful behaviour and organizational integrity; and 2. Reporting concerns about unethical or unlawful behaviour and lack of organizational integrity.	Business Ethics and Legal Compliance, page 36-37
Risk and opportunity oversight	Integrating Risk and Opportunity into Business Process	Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes. These opportunities and risks should integrate material economic, environmental and social issues, including climate change and data stewardship.	**Story of Our Ambition Report**; Risk Management, page 50-53
Planet			
Climate Change	Greenhouse Gas (GHG) emissions	For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO2e) GHG Protocol Scope 1 and Scope 2 emissions.	Energy Management and Carbon Emissions, page 42-45
		Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.	Scope 1 and Scope 2 emissions are calculated and reported annually. We aim to calculate Scope 3 emissions
	TCFD implementation	Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation. Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C – and to achieve net-zero emissions before 2050	We initiated detailed studies for climate risk assessment. In this context, efforts to comply with TCFD are planned.
Nature Loss	Land use and ecological sensitivity	Report the number and area (in hectares) of sites owned, leased or managed in/or adjacent to protected areas and/or key biodiversity areas (KBA).	We do not have an operational center located in protected areas, especially RAMSAR areas.
Freshwater Availability	Water consumption and withdrawal in water-stressed areas	Report for operations where material: megalitres of water withdrawn, megalitres of water consumed and the percentage of each in regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool. Estimate and report the same information for the full value chain (upstream and downstream) where appropriate.	Water Management, page 46

People			
Dignity and Equality	Diversity and inclusion (%)	Percentage of employees per employee category, by age group, gender and other indicators of diversity	Equal, Diverse and Inclusive Workplace, page 53-54
	Pay equality (%)	Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas.	Equal, Diverse and Inclusive Workplace, page 53-54
	Wage level (%)	Ratios of standard entry level wage by gender compared to local minimum wage. Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO	**Story of Our Ambition Report**; Equal, Diverse and Inclusive Workplace, page 80-83
	Risk for incidents of child, forced or compulsory labour	An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to: a) type of operation (such as manufacturing plant) and type of supplier; and b) countries or geographic areas with operations and suppliers considered at risk.	**Story of Our Ambition Report**; Risk Management, page 50-53; Supply Chain Management, page 57
Skills for the future	Training provided	Average hours of training per person that the organisation's employees have undertaken during the reporting period, by gender and employee category (total number of hours of training provided to employees divided by the number of employees).	Attracting, Developing and Retaining Talent, page 55-57
		Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees).	Health, Safety and Wellbeing, page 58
Health and Wellbeing	Health and safety (%)	The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury; and the number of hours worked. An explanation of how the organisation facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers.	**Story of Our Ambition Report**; Health, Safety and Wellbeing, page 91-93 https://storage-vitra.mncdn.com/vitra/tr/document/Politikalar/2022/VitrA_Karo_Is_Sagligi_ve_Guvenligi_politikasi.pdf

Prosperity			
Employment and wealth generation	Absolute number and rate of employment	1. Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region.	Attracting, Developing and Retaining Talent, page 55-57
		2. Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region.	Attracting, Developing and Retaining Talent, page 55-57
	Economic Contribution	1. Direct economic value generated and distributed (EVG&D), on an accruals basis, covering the basic components for the organisation's global operations, ideally split out by: – Revenues – Operating costs – Employee wages and benefits – Payments to providers of capital – Payments to government – Community investment	Financial and Economic Performance, page 39
		2. Financial assistance received from the government: total monetary value of financial assistance received by the organisation from any government during the reporting period.	Financial and Economic Performance, page 39
	Financial investment contribution	1. Total capital expenditures (CapEx) minus depreciation, supported by narrative to describe the company's investment strategy. 2. Share buybacks plus dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders.	**Story of Our Ambition Report**; Financial and Economic Performance, page 59
Innovation of better products and services	Total R&D expenses (₺)	Total costs related to research and development.	
Community and social vitality	Total tax paid	The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company, by category of taxes.	No corporate tax was paid in the reporting year.

Limited Assurance Report

Limited Assurance Report
to the Board of Directors of Vitra Karo Sanayi ve Ticaret A.Ş.

We have been engaged by the Board of Directors of Vitra Karo Sanayi ve Ticaret A.Ş. ("the "Company") to perform a limited assurance engagement in respect of the Selected Sustainability Information (the "Selected Information") stated in the Integrated Sustainability Report 2022: Story on our Ambition Report and Fact on our Action Report (the "Integrated Sustainability Report 2022") for the year ended 31 December 2022 and listed below.

Selected Information

The scope of the Selected Information for the year ended 31 December 2022, which is subject to our limited assurance work, set out in the pages 22, 28, 35, 63, 68, 80, 85 and 91 of the Integrated Sustainability Report 2022: Story on our Ambition Report and in the pages 15, 20, 40, 42, 43, 44, 46, 49, 50, 53, 55 and 58 of the Integrated Sustainability Report 2022: Fact on our Action Report with the sign "✅" is summarised below:

Environmental Performance Indicators

- Total energy consumption (MWh)
- Total carbon emissions (tCO_2)
- Total waste disposed (Ton)
- Total water withdrawal (thousand m^3)
- Energy intensity (MWh/ton)
- Carbon intensity (tCO_2 / ton product)
- Water intensity (m^3/ton)

Social Performance Indicators

- Accident frequency rate (%)
- Women among new recruits (%)
- Total share of women professionals (%)
- Women in management positions (%)
- Training hours per employee (#)
- Training hours per talent (#)

Our assurance was with respect to the year ended 31 December 2022 information only and we have not performed any procedures with respect to earlier periods or any information other than Selected Information marked with "✅" in the Integrated Sustainability Report 2022 and, any other elements included in the Integrated Sustainability Report 2022 and, therefore, do not express any conclusion thereon.

Criteria

The criteria used by the Company to prepare the Selected Information is set out in section

"Integrated Sustainability Report 2022: Story on our Ambition Report and Fact on our Action Report– Reporting Principles" (the "Reporting Principles") on pages 120, 121, 122, 123, 124, 125, 126, 127 and 128 of the Integrated Sustainability Report 2022: Story on our Ambition Report and on pages 80, 81, 82, 83 and 84 of the Integrated Sustainability Report 2022: Fact on our Action Report.

The Company's Responsibility

The Company is responsible for the content of the Integrated Sustainability Report 2022 and the preparation of the Selected Information in accordance with the Reporting Principles. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of Selected Information that is free from material misstatement, whether due to fraud or error.

Inherent Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the Selected Information in the context of the Reporting Principles.

In particular, the conversion of different energy measures to megawatt-hour (MWh) and energy used to carbon emissions is based upon, inter alia, information and factors generated internally and/or derived by independent third parties as explained in the Reporting Principles. Our assurance work has not included examination of the derivation of those factors and other third-party information.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Management 1 and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Limited Assurance Report

GRI 2-5

Our Responsibility

Our responsibility is to form a limited assurance, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that the Selected Information has not been properly prepared in all material respects in accordance with the Reporting Principles. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information', and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000 and ISAE 3410. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- made inquiries of the persons responsible for the Selected Information;
- understood the process for collecting and reporting the Selected Information. This included analysing the key processes and controls for managing and reporting the Selected Information;
- evaluated the source data used to prepare the Selected Information and re-performed selected examples of calculation;
- performed limited substantive testing on a selective basis of the preparation and collation of the Selected Information prepared by the Company and
- undertook analytical procedures over the reported data.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Company's Selected Information for the year ended 31 December 2022, is not properly prepared, in all material respects, in accordance with the Reporting Principles.

Restriction of use

This report, including the conclusion, has been prepared for the Board of Directors of the Company as a body, to assist the Board of Directors in reporting Company's performance and activities related to the Selected Information. We permit the disclosure of this report within the Integrated Sustainability Report 2022 for the year ended 31 December 2022, to enable the Board of Directors to demonstrate they have discharged their governance responsibilities by commissioning a limited assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors of Vitra Karo Sanayi ve Ticaret A.Ş. as a body and Vitra Karo Sanayi ve Ticaret A.Ş. for our work or this report save where terms are expressly agreed and with our prior consent in writing.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Mehmet Cenk Uslu, SMMM
Partner

Istanbul, 4 August 2023

Reporting Principles

Appendix-1: Integrated Sustainability Report 2022: Story on our Ambition Report and Fact on our Action Report– Reporting Principles

This reporting principles (the "Reporting Principles") provides information on the data preparation and reporting methodologies of indicators within the scope of the limited assurance in the Eczacıbaşı Building Products - Tiles's ("VitrA" or the "Company") Eczacıbaşı Building Products - Tiles Integrated Sustainability Report 2022: Story on our Ambition Report and Fact on our Action Report (the "Integrated Sustainability Report 2022"). The indicators include social indicators and environmental indicators. It is the responsibility of the Company's management to ensure that appropriate procedures are in place to prepare the indicators mentioned above in line with, in all material respects, the principles.

The information contained in this guide covers the FY 22 fiscal year ending December 31, 2022 (January 1 – December 31) and only covers the operations that are under the responsibility of VitrA and excludes information about subcontractors.

The information contained in these principles covers the financial year ending December 31, 2022, and the relevant operations in Turkey and abroad (Germany, Russia) for which Company is responsible, as detailed in the "Key Definitions and Scope of Reporting" section.

Data used for Women among new recruits (%), Total share of women professionals (%), Women in management positions (%), Training hours per employee (#), Training hours per talent (#) indicators are obtained from Eczacıbaşı Holding A.Ş. Blue collar employees are not included in the social indicators' calculations.

General Reporting Principles

The following principles have been considered in the preparation of this principles document:

- In the preparation of information - to emphasize to users of information the basic principles of relevance and reliability of information,
- In reporting information - emphasizing the principles of comparability/consistency of information with other data, including previous year, and the principles of understandability/ transparency providing clarity to users.

Key Definitions and Scope of Reporting

For the purpose of this report, the Company makes the following definitions:

Type	Indicator	Scope
Environmental	Total energy consumption (MWh)	In the reporting period, it refers to the total amount of energy consumption by the Company which is monitored monthly and invoiced by the service provider institutions. Energy consumption data includes electricity, natural gas, diesel, and LPG consumption.
Environmental	Total carbon emissions (tCO_2)	In the reporting period, it refers to the sum of the Company's Scope 1 GHG Emissions and Scope 2 GHG Emissions.
Environmental	Total waste disposed (Ton)	In the reporting period, it refers to the amount of waste disposed by the Company, tracked by waste declarations, and declared to the Government.
Environmental	Total water withdrawal (thousand m^3)	In the reporting period, it refers to the total amount of municipal water, consumed, which is monitored from the invoices received by service provider institutions and ground water, consumed, which is monitored by meters.
Enviromental	Energy intensity (MWh/ton)	In the reporting period, it refers to the ratio of the Company's total energy consumption to total production volume (in tons).
Enviromental	Carbon intensity (tCO_2 / ton product)	In the reporting period, it refers to the ratio of the Company's total carbon emissions to total production volume (in tons).
Enviromental	Water intensity (m^3/ton)	In the reporting period, it refers to the ratio of the Company's total water consumption to total production volume (in tons).
Social	Accident frequency rate (%)	In the reporting period, it refers to the ratio of the number of injury incidents that occurred to the Company's payroll and contract employees during a work-related activity and prevented him/her from coming to the workplace on the next shift or the next working day, and which were followed up through notifications made to the Social Security Institution, to the total working hours.
Social	Women among new recruits (%)	In the reporting period, it refers to ratio of women to total employee number hired by the Company and declared to the Social Security Institution with the Employment Declaration.

Social	Total share of women professionals (%)	In the reporting period, it refers to the ratio of women to total employee number, who were monitored through Eczacıbaşı Human Resources data platform and who were reported to the Social Security Institution.
Social	Women in management positions (%)	In the reporting period, the ratio of the number of women employees at the managerial levels of the Company, including Manager, Director, Senior Management managers to the Total Number of Employees.
Social	Training hours per employee (#)	In the reporting period, it refers to the ratio of total training hours attended by Company employees to the average number of employees annually, which is monitored through the training tracking platform of Human Resources belonging to Eczacıbaşı.
Social	Training hours per talent (#)	In the reporting period, it refers the ratio of the leadership trainings attended by the employees and followed through the Eczacıbaşı training platform, to the number of people who received the training.

Preparation of the Data

1. Environmental Indicators

Total energy consumption (MWh)
Formula: Total electricity+natural gas+diesel+LPG/LNG consumption.

Total Carbon emissions (tCO_2)

Carbon emissions are calculated by the Company using published conversion factors. Conversion factors enable the determination of the amount of carbon released into the atmosphere per unit of energy consumption. Different types of energy sources have different conversion factors reflecting their carbon intensity. In future periods, conversion factors can be updated to reflect changes/improvements in published data.

Scope 1 emissions consist of natural gas, diesel, LPG emissions. Conversion factors are obtained from the calculation tool provided by the GHG Protocol (July 2009), which uses data provided by the IPCC (Intergovernmental Panel on Climate Change).

Scope 2 emissions consist of electricity emissions. Conversion factors are obtained from "2010 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting" provided by UK Government. Electricity conversion factors listed within "Annex-10 International Electricity Emission Factors" for year 2006 and Turkey are used. These conversion factors for electricity and steam have been used instead of the factors detailed within the GHG Protocol calculation tool because they include transmission and distribution losses.

Emission Factors	Emission Factors (kg CO_2)
1 m^3 Natural Gas	0.56
1 m^3 Natural Gas	1.89
1 lt Diesel	2.68
1 kg LPG	2.98

Total waste disposed (Ton)
Formula: Total Amount of Disposal Waste

Total water withdrawal (thousand m3)
Formula: Total municipal water consumption + total ground water consumption

Energy intensity (MWh/ton)
Formula: Total Energy Consumption / Total Production Amount

Carbon intensity (tCO_2 / ton product)
Formula: Total Carbon Emissions / Total Production Amount

Water intensity (m^3/ton)
Formula: Total Water Consumption / Total Production Amount

2. Social Indicators

Accident frequency rate (%)
Formula: Number of accidents*200,000 / Total Working Hours

Women among new recruits (%)
Formula: Number of Women Hires / Total Number of Hires

Total share of women professionals (%)
Formula: Number of Women Employees / Total number of employees

Women in management positions (%)
Formula: Number of women in managerial position / Total number of employees in managerial position

Training hours per Employee (#)
Formula: Total training hours / Average number of employees per year

Training hours per Talent (#)
Formula: Total hours of leadership trainings (hours) /Total number of people who completed leadership trainings (number)

Restatements

The measuring and reporting of data inevitably involve a degree of estimation. Restatements are considered where there is a change in the data of greater than 5 percent at the Company level.

Info

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For Your Questions on Sustainability
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In this report, “Eczacıbaşı Building Products”, “Eczacıbaşı Tiles”, “the Company”, “we”, “us” and “our” refers to Eczacıbaşı Building Products - Tiles unless otherwise stated.

Disclaimer

Eczacıbaşı Building Products - Tiles has acted in good faith and has made every reasonable effort to ensure the accuracy and completeness of the information contained in this document. This Report is prepared only for information purposes and should not be taken as a basis for any investment decision. Eczacıbaşı Building Products - Tiles and its BoD and employees contributing to the preparation of the Report shall not be liable for any direct or indirect damage resulting from the use of the information contained in this report. All information in this document is provided by Building Products - Tiles reserves all rights to the report.

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