

VitrA


Villeroy & Boch
1748

engers

Eczacıbaşı Building Products - Tiles
Integrated Sustainability Report
2023

Hear nature & heal nature

Facts about Our Actions

ECZACIBAŞI
BUILDING PRODUCTS

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About the Report

Purpose of our Integrated Sustainability Report

At VitrA Karo San. ve Tic. A.Ş. (Eczacıbaşı Building Products - Tiles), we remain unwavering in our commitment to transforming our business to contribute to the shaping of a better future for all. Our steadfast commitment to responsible corporate citizenship, guides our decision-making process, ensuring that every action we take considers the best interests of our planet, the living beings we share it with, and humanity. We are delighted to announce that our endeavors in this regard have continued throughout the year of 2023. In our ongoing efforts to achieve greater sustainability in all areas of our operations, we are delighted to publish our second Integrated Sustainability Report, and our third stand-alone sustainability report.

The sustainability strategy, performance, and targets, along with the progress made towards their achievement, have prepared in two comprehensive reports during this year.

- The **Eczacıbaşı Building Products - Tiles Integrated Sustainability Report 2023: 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 **Eczacıbaşı Building Products - Tiles Integrated Sustainability Report 2023: 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 data for **VitrA Tiles Co.** and non-financial* data for **VitrA Tiles, Türkiye, VitrA Tiles LLC, Russia** for the full calendar year 2023 or reflects status on December 31, 2023. The demographic data of

employees presented in the report pertains specifically to the operations conducted in Türkiye unless otherwise stated.

Principles and Standards

This report has been compiled in accordance with the GRI (Global Reporting Initiative) Standards. It also considers the “Stakeholder Capitalism Sustainable Value Creation Reporting Criteria” established by the World Economic Forum (WEF). This demonstrates our contribution to the UN Sustainable Development Goals (SDGs). Furthermore, we endeavor to align our reporting with the International Integrated Reporting Report Framework, as published by the International Integrated Reporting Council (IIRC).

Principles and Standards

We have obtained independent assurance for the data covering energy, carbon emissions, water, waste, employee demographics and gender equality, occupational health, and safety, as well as production key performance indicators (KPIs) presented in this report. The assurance, conducted in accordance with ISAE 3000 (Revised) by DRT Bağımsız Denetim ve SMMM A.Ş. (“Deloitte”), provides limited assurance on the accuracy and reliability of the information.

Our Reporting Guidance for non-financial KPIs document provides details and definitions of these selected KPIs and the Independent Assurance Report can be reached at [Annexes](#).

Navigation Icons



Financial



Natural



Social



Human



Intellectual



Manufacturer



Spotlight
Projects



A PDF version of the Eczacıbaşı Building Products - Tiles Story of Our Ambition, Facts about Our Actions and all reports from previous periods can be accessed on the [corporate website](#).

* Includes all production facilities.

Message from the CEO

Dear Stakeholders,

The year 2023 is a particularly significant year for the entire country as we celebrated the centennial of the Republic of Turkey. In this special year, we were delighted to have our Bozüyük Production Facility selected as one of the World Economic Forum's (WEF) Global Lighthouse Network in recognition of our leadership in implementing Fourth Industrial Revolution technologies.

On the other hand, On February 6, Türkiye faced one of the biggest disasters in our country's history: two huge earthquakes that affected millions of our citizens. From the first day on, VitrA Tiles took part in nationwide recovery efforts. We joined search and rescue operations. We provided assistance for health, hygiene, sanitation, and shelter needs. We participated in efforts to improve health and education infrastructure. We provided scholarships to earthquake-affected university students. Throughout the year and into the next we stood by our citizens and worked with all our strength to reduce the remaining effects of the earthquake in a spirit of solidarity and cooperation.

In 2023, while contributing to relief efforts, our company also sought to overcome a deceleration of growth in its main geographies caused by an inflationary environment, and rising raw material and supply chain costs. Throughout the year, we focused on managing our resources in the best possible way and growing further in our main international markets. Capitalizing on the advantages of being a global company, we sought to compensate the loss of demand in western european markets by expanding into new regions. As a result, we succeeded in generating total sales of 350 million euros, 75% of which came from international sales.

During the year, we also updated our strategies to provide solutions to the needs and opportunities created by population growth, the global renovation market, and urban transformation. We continued to invest strategically in strengthening our production capacity, launching a new production line at our Bozüyük facility, as well as in improving our operations through digitalization.

Despite the challenges posed by local and global developments, we made significant progress in the field of sustainability, particularly in the areas of carbon footprint reduction and digital transformation. We updated our Environmental Product Declarations (EPD). We continued to reduce our carbon footprint, which has declined by as much as 60%* since 2018, an achievement that independent institutions have confirmed is one of the best in our industry, especially among European manufacturers. As part of our digital infrastructure effort, we aligned our production, supply chain, finance and sales processes with digital environments to increase our competitiveness. Thanks to these efforts, we became the first and only ceramic tile manufacturer to join the World Economic Forum's Global Lighthouse Network, an exclusive network of 153 production facilities pioneering the transformation of value chains and business models. All of these milestones were made possible by the strength, teamwork and dedication of our people, as well as the contributions of our stakeholders.

We continued our efforts to create sustainable value in our value chain and contribute to the Eczacıbaşı Group's vision of building a healthier future by monitoring global trends, legislation, and regulations. We are preparing nonstop for the many changes the EU Green Deal will bring to our industry, through key legislation like the Carbon Border Adjustment Mechanism, the Circular Economy Action Plan, and the German Supply Chain Due Diligence Act. As in the previous year, we attended the 2023 UN Climate Change Conference of the Parties (COP28) in Dubai to keep abreast of the global climate agenda and share our own experiences.

* cradle to gate

We operate in an energy-intensive sector and are aware of our responsibility to combat climate change. In this regard, we have reduced our energy consumption per ton of product by 12% compared to 2020, thanks to the combined impact of our energy efficiency efforts, namely process optimization and investments in efficient equipment and digitalization. Additionally, we continue to invest significantly in renewable energy and green energy supply.

In 2023, we began operating our 3.76 MWp rooftop solar power plant at our Bozüyük facility and completed the official permit processes for our 36 MWp Aksaray Solar Power Plant. When completed in 2024, this plant will enable us to produce ourselves up to 50 percent of the electricity consumed by our production facilities in Türkiye. Already, we have begun sourcing all electricity demand in Türkiye from green energy sources, an amount representing 89 percent of our global electricity consumption. In addition to switching to green electricity, we are conducting feasibility studies on new technologies that reduce natural gas consumption in our operations. We are actively involved in the establishment and development of a hydrogen ecosystem in Türkiye.

The objective of our Low Carbon Roadmap Project is to develop and implement a climate strategy aligned with European Union regulations and developments. We will present our updated sustainability strategy in our 2024 report upon completion of the Low Carbon project initiated in 2023 and the Double Materiality project we commenced in 2024.

Our capacity to address sustainability in a comprehensive manner is contingent on our ability to recruit individuals who are passionate and forward thinking. We are firmly committed to promoting equal opportunities for all individuals, regardless of their gender, religion, language, race, ethnicity, physical characteristics, or political affiliation. We are aware of the importance of strengthening women's place in society and are implementing various practices to increase our employment of women, including an incentive system that encourages female recruitment.

Additionally, we have initiated comprehensive studies to identify potential opportunities for further increasing the presence of women in our operations, so as to improve our performance in this area even more.

Our 2023 Integrated Sustainability Report, which we are pleased to present to our stakeholders for their consideration, aligns with the GRI Sustainability Reporting Standards (GRI), Stakeholder Capitalism Sustainable Value Creation Reporting Criteria of the World Economic Forum, and the International Integrated Reporting Council (IIRC) International Integrated Reporting Framework.

The **"Story of Our Ambition"** report provides a comprehensive overview of our key sustainability initiatives and activities, showcasing best practice projects that illustrate our achievements and impact. The **"Facts about Our Actions"** report offers a data-driven analysis of our sustainability performance. We hope you find our 2023 Integrated Sustainability Report, which combines the two, both informative and engaging, and look forward to receiving your thoughts and feedback.

I would like to extend my heartfelt gratitude to all our stakeholders, particularly our colleagues, dealers, business partners, suppliers, and customers, whose collective efforts have made it possible for us to continue creating sustainable value.

Hasan Pehlivan CEO VitrA Tiles



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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 Türkiye’s ceramic production heritage into an ever-expanding product offering, admired by customers in nearly 90 countries around the world, with well-established brands, including Vitra, Villeroy & Boch, and engers.

Corporate Introduction

Name	Eczacıbaşı Building Products - Tiles
Location of Headquarters	4 Eylül Mah. Osman Rusçuk Cad. No:13 Bozüyük/Bilecik
Date established	1991
Industries	Building Products
Number of Employees	Almost 2,000
Consolidated Net Sales	€350 Million

For additional details regarding the history of our organization, please refer to [our website](#).

Eczacıbaşı Group

Eczacıbaşı Group, the leader of a modern, quality, and healthy lifestyle for more than eighty years, was founded in 1942 and has been one of Türkiye’s leading companies since then, with a total of 47 companies, 17 of which are building product plants, more than 13,250 employees, and a consolidated net revenue of €2 billion* in 2023. Eczacıbaşı core sectors are centered around building products, consumer products and healthcare, further complemented by additional ventures in information technology, natural resources, and property development.

* It has been rearranged according to inflation accounting.

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

As members of the Eczacıbaşı Group:

- 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.



Our Organization, Brands and Products

Eczacıbaşı Building Products - Tiles ("VitrA Tiles") specializes in the manufacturing of ceramic and porcelain tiles for various living spaces, including bathrooms, indoor and outdoor pools, gardens, and building exteriors. These products have been offered under the VitrA brand in Türkiye since 1991. Eczacıbaşı Holding is the ultimate beneficial owner of Eczacıbaşı Building Products - Tiles. The company holds the majority of shares in the Tile Division of Villeroy & Boch (Villeroy & Boch Fliesen GmbH), one of the world oldest and most renowned ceramics brands.

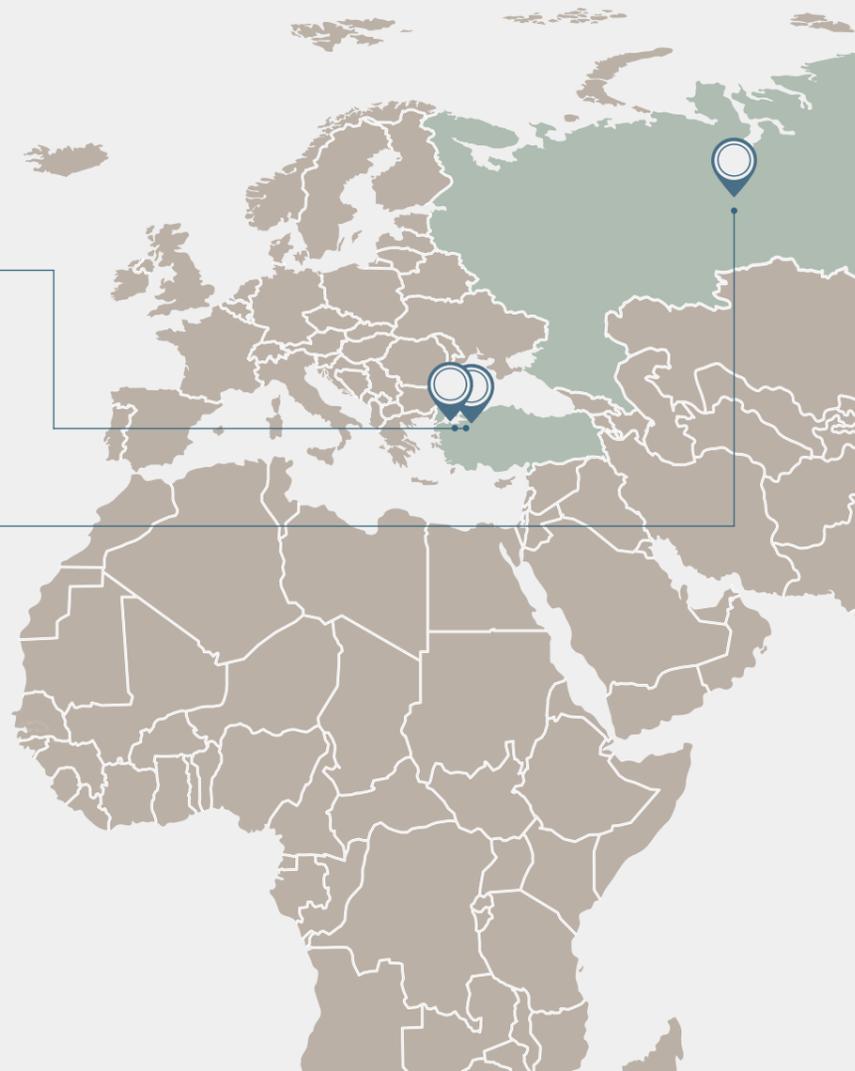
Eczacıbaşı Building Products - Tiles manufactures in Türkiye with two facilities and Russia with one facility in each location.

Türkiye

VitrA Tiles Co.
2 facilities

Russia

VitrA Tiles LLC
1 facility



V&B Fliesen runs our sales operations, located in Germany, for high-quality porcelain tiles of 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. **Currently, VitrA Fliesen, a subsidiary of VitrA Tiles, oversees the marketing, sales, and distribution of engers branded tile products.** Adhering to its global brand strategy, 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 - Bathroom (EBPB).

3

Brands



3

Production Plants



90

International Markets



+2,000

Overall Employment



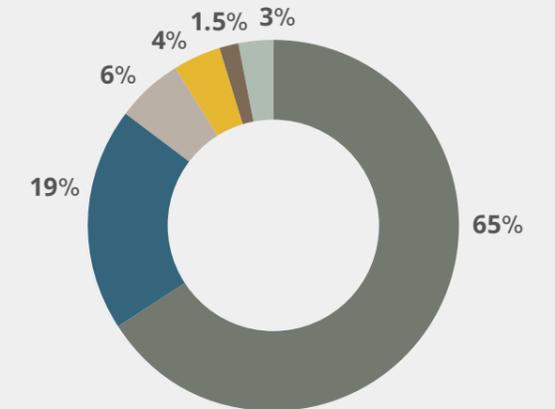
€350 Million

Net Sales



Our Product Portfolio

Revenue Share (%)



- Porcelain Tiles
- Wall
- Technical Porcelain
- Floor
- Mosaics
- Others

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.

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, VitrA tiles today extend well beyond the boundaries of the bathroom.

Villeroy & Boch
1748

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

With over 260 years of experience, the brand draws inspiration from the latest interior design trends, offering collections that range from classic to contemporary styles.

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.

The brand's extensive collection of tiles includes a variety of colors, formats, and decorative designs, allowing customers to showcase their unique style and personalize their living spaces.

Year in Review

Here are the key performances achieved by Eczacıbaşı Building Products - Tiles in 2023.

Financial and Economic Performance

€350 Million

Total net sales*



75%

Share of International sales



Investing in our Planet

3.76 MWp

Renewable energy installed capacity



94.03 GWh

Green electricity procurement



89%

Electricity use from renewable sources ✓

12%

Decrease in energy intensity compared to 2020

38%

Decrease in water intensity compared to 2020



Investing in People

38.2%

Total share of women professionals¹ ✓



38.8%

Women among new recruits¹ ✓

20%

Women in management positions¹ ✓

16.3

Training hours per talent² ✓



51.43

Training hours per employee³ ✓

1.82

Lost Time Incident Rate (LTIR) ✓

2.2

Total Recordable Incident Rate (TRIR) ✓

Investing in Future

€1.35 million

R&D budget*



4

Registered industrial property applications



* It has been rearranged according to inflation accounting.

¹ White-collar employees in Türkiye with a full-time, indefinite term contract

² Employees in leadership programs in Türkiye

³ Employees in Türkiye

2

Our Approach to Sustainability

The integration of sustainability principle into all our business operations is crucial to build a better and healthier future for all. As a dynamic and evolving concept, sustainability represents an essential consideration in all areas of business. This fundamental belief underpins our business approach, and it drives us to pursue sustainable growth through strategic investments, create designs that inspire and underpin our strong brands, and prioritise sustainability in all our decisions to ensure the well-being of the planet, its inhabitants, and humanity at large.

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Our Value-Creating Business Model

Building a Healthier Future, Together

Our value creation approach offers an insight into our business model and approach to business activities, outlining how we allocate our financial, human, natural, intellectual, and social capital resources to create long-term value for all our stakeholders.

Our six capitals

- 

Our **financial capital** promotes our sustainable growth and profitability aligned with our long-term targets and strategies.
- 

Our **human capital** of our organization is comprised of a workforce with a diverse range of talents that are fundamental component of our success. In our dedication to fostering our workforce, we've cultivated a corporate culture that esteems, appreciates, and empowers everyone to flourish.
- 

Our **natural capital** stands as the cornerstone of our endeavors, comprising the invaluable resources that fuel our progress and prosperity. In our pursuit, we endeavor to responsibly obtain and effectively utilize natural resources, aiming to secure a habitable and healthy planet for present and future generations.
- 

Our **intellectual capital**, that encompasses technical expertise and institutional knowledge, empowers us to innovate and enhance both our products and business processes. With a vision to create value, we leverage this wealth to drive transformation and remain at the forefront of industry advancement.
- 

Our **social capital** stem from our relationships with communities and stakeholders, characterized mutual respect, understanding and trust. We enable these connections through our stakeholder engagement approach, which encourages collaborations and partnerships to generate value that is aligned with our common goals.
- 

Our **manufacturer capital** is based on the resources and assets that our company maintains to produce products. By effectively managing and utilizing these physical resources, we strive to optimize our production processes and deliver high-quality goods.

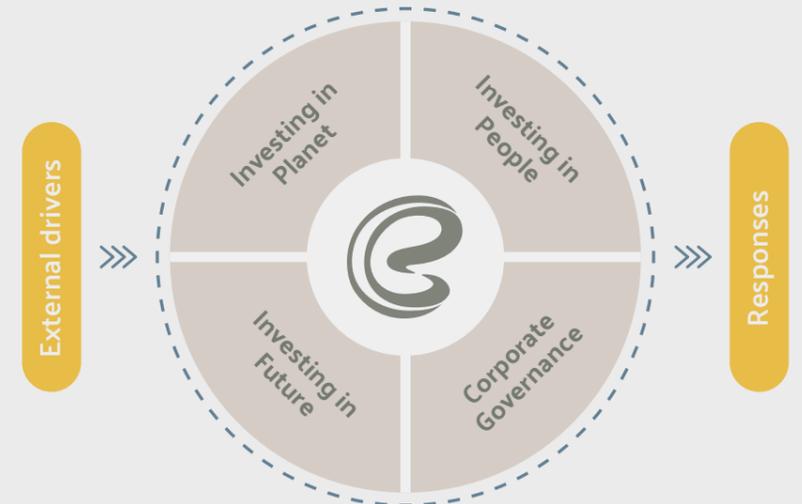
What we do

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 not only based on our economic performance, but also by the value that we create in a sustainable manner. The concept of sustainability is a part of our purpose, culture, and strategy, and serves as the catalyst driving our operational activities. Our sustainable value creation approach is based on an integrated perspective that considers external drivers, the most material aspects for 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 seven of the world's most prestigious design awards in 2023 alone.

► Procurement



In line with our unwavering commitment to ethical and sustainable standards, we engage with a diverse network of suppliers to manufacture our tiles, with over 90% being local suppliers.

► Manufacturing



Leveraging the expertise and dedication of our almost 2,000 valued professionals, we operate three facilities located in two different countries, boasting a total capacity of 30 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 nearly 90 international markets, representing about 75% of our total sales. We hold a prominent position as the market leader in the luxury tile segment in Türkiye, with our Vitra brand, and in Germany with our V&B brand.

► Customer Service

Through our extensive network of 53 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 six capitals

€350 million total net sales*
€48 million EBITDA*
3 brands
Management approach compatible with corporate management principles
Integrated risk management approach

1,585 overall employment
More than 2,000 employees worldwide
€150 million OHS investments
28,296 hours OHS training

811,588 MWh energy consumption ✓
390,846 m³ water withdrawal ✓
542,031 tons raw material sourced
€2 million environmental Investments
16% use of recycled raw material
€1.64 million emission (energy) reduction-related investment
8 major energy efficiency projects



Key outputs

€52.9 million combined income growth
13% consolidated net profit growth
€8.68 million total tax paid
€33.62 million paid to capital providers



38.2% share of women in professionals ✓
38.8% share of women among new recruits ✓
20% share of women in management positions ✓
24.13% share of women in STEM position
18.42% share of women in value generated roles
€53.29 million paid to employees in wages and benefits
51.43 training hours employee ✓
16.3 training hours per talent ✓



3.76 MWp renewable energy installed capacity
94.03 MWh renewable electricity procurement
12% renewable energy consumption ✓
89% renewable electricity consumption ✓
12% energy intensity reduction compared to 2020
45% reduction through energy efficiency projects compared to 2022
11% decrease in total water withdrawal compared to 2022
48% share of recycled waste ✓
16% plastic consumption reduction rate**
29.66% CO₂e emissions reduction compared to 2021 (Scope 1+2)

Our inputs in six capitals

29 R&D and Innovation employees
Management System Certification
VitrA Innovation Center

1,458 suppliers
30 dealers and distributors
7 universities and high schools collaborated with

3 production plants
30 million m² production capacity
6 regions and 18 cities customer service



Key outputs

4 registered industrial property applications
192 new products



84 students participating in internship programs
64% customer satisfaction score



90 international markets
Export to 88 countries
75% exported product



* It has been rearranged according to inflation accounting.

** Plastic consumption rate only refer Türkiye operations.



Sustainability at Eczacıbaşı Building Products - Tiles

At Eczacıbaşı Building Products – Tiles, the concept of sustainability is at the core of our purpose, culture, and strategy. It is the driving force behind our operations. The success in our process is not solely measured by economic performance, but also by the sustainable value we create for our stakeholders.

We closely monitored our performance in our key focus areas in 2023 to ensure that we achieved our sustainability targets while adhering to our sustainability approach. To keep our sustainability strategy relevant, effective, and aligned with Eczacıbaşı Group’s objectives while addressing new challenges and opportunities, we will continue regular reviews and evaluations. We communicate our performance, aligned with our strategy and commitment to **building a healthier future**, to our stakeholders.

Furthermore, with the **low-carbon transition project** initiated by Holding, a long-term climate strategy plan will be presented, and we will announce this to our stakeholders in our 2024 Sustainability Report.

For more information on our project, please refer to our [Integrated Sustainability Report 2023: Story of Our Ambition](#).



Investing in Planet	Investing in People	Investing in Future	Corporate Governance
<p>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.</p> <p>To ensure that planet remains a habitable and healthy 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 in more efficient manner.</p>	<p>Our people are a key factor in the success of our business. 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.</p> <p>Beyond the scope of our operations, we are committed to improving the lives of people we interact with and contributing to the development of resilient communities.</p>	<p>We are dedicated to continuous improvement of our products, production processes and operations to enhance the quality of life for people’s lives and reduce our environmental impact.</p> <p>In every aspect of our operations, from production to customer services, we employ the power of digitalization and technological integration to enhance and future-proof our business, this ensures we remain at the forefront and retain a competitive advantage in an ever-changing digital landscape.</p>	<p>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.</p>

Eczacıbaşı Building Products - Tiles' Materiality

GRI 3-1, GRI 3-2, GRI 3-3

It is our fundamental responsibility to our stakeholders to ensure the success of our business, to improve social welfare and to safeguard a habitable planet for all. We are dedicated 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.

Last year, a comprehensive examination of our material issues was carried out in line with the revised sustainability strategy set out by Eczacıbaşı Group. In 2023, our material issues have remained unchanged compared to the previous year, reaffirming our commitment to addressing the sustainability challenges that matter most to our stakeholders.

Additionally, we greatly announce that Eczacıbaşı Group initiated Group's first double materiality assessment involving over 1500 stakeholders. By leveraging the forthcoming insights from the Group's double materiality assessment, we will disclose our actions and performance in our upcoming report.



Sustainability Pillars	Strategic Focus Areas	Material Topics	SDGs	Capitals
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 Well-being		
	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



At Eczacıbaşı Building Products – Tiles, we are committed to embedding these objectives into our daily operations, contributing to 10 key SDGs that align with our company’s values and stakeholder expectations. By aligning our actions with these SDGs, we strive to create a positive impact on society and build the way for a more sustainable future.

For more information on our contribution to each SDG, please refer to our [Integrated Sustainability Report 2023: Story on our Ambition](#).



Stakeholder Relations

At Eczacıbaşı Building Products – Tiles, we are dedicated to continuously developing our sustainability strategy and maximizing our impact in a manner that serves the needs and expectations of all our stakeholders.

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](#).

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Corporate Governance



At Eczacıbaşı Building Products - Tiles, our most important focus is to integrate a fair, transparent, responsible, and accountable corporate governance approach into its way of doing business by prioritizing ethical business 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. We are working with all our strength to disseminate these values throughout our entire value chain, especially our supply processes.

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Governance Approach

As an affiliate of the Eczacıbaşı Group, an industrial conglomerate consisting of Eczacıbaşı Holding and its subsidiaries, we operate within the framework of the Group's overarching business strategy, which identifies short, medium, and long-term targets. At Eczacıbaşı Building Products - Tiles, we are dedicated to carrying out our activities in a way that ensures a seamless integration with the overarching vision and direction of the Eczacıbaşı Group.

Board of Directors

- The Eczacıbaşı Building Products - Tiles Board of Directors, comprised of eight members, and one of whom is woman.

Responsibilities of the Board of Directors

- The Eczacıbaşı Building Products - Tiles Board of Directors, which plays a pivotal role in implementing our organization's strategic decisions, is committed to complying with internal regulations and policies within the framework of decision-making.
- The Board of Directors fulfils its responsibility of managing and representing the company in line with the principles of corporate governance. It considers key factors such as risk management, growth potential, financial performance, and long-term interests.

Board of Directors

Name	Gender	Position
Nejat Emre Eczacıbaşı	Man	Chairperson of the Board
Atalay M. Gümrah	Man	Vice Chairperson
Eylem Özgür	Woman	Board Member
Ferit Erin	Man	Board Member
Mahmut Güneş Soytürk	Man	Board Member
Hasan Pehlivan	Man	Board Member
Kaare Ivar Olsen Malo	Man	Board Member
Rafael Jose Benavant Estrems	Man	Board Member

BOD gender ratio: Seven men (87%), one woman (13%)

Committees under the Board of Directors

Board Committees	Responsibility
Investment Committee	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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. <p>For more information, please refer to the Risk Management section.</p>
Talent And Remuneration Committee	<ul style="list-style-type: none"> Including 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	<ul style="list-style-type: none"> Setting overall marketing strategy and direction and top-down marketing targets for the Business Unit.

Executive Management

- Eczacıbaşı Building Products - Tiles' Executive Management is dedicated to achieving sustainable excellence and leadership in harmony with the Company's strategies and mission.
- They uphold the highest standards of corporate governance and are relentless in their pursuit of sustainable excellence in all facets of their work.

Responsibilities of the Executive Management

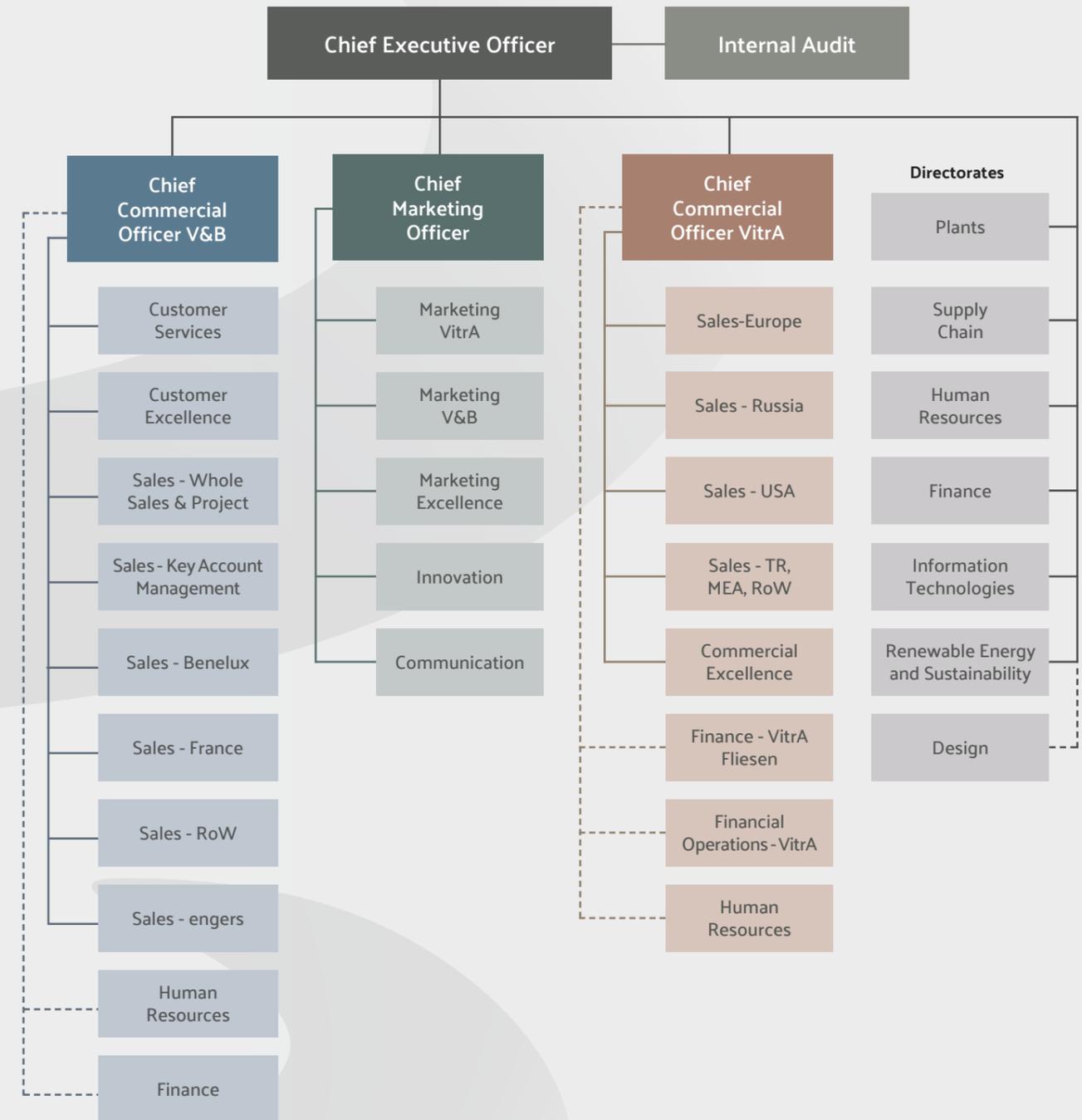
- The Executive Management team plays a critical role in managing the performance of the business, shaping strategic priorities, and ensuring that the organization remains adaptable and responsive to the ever-changing needs of its stakeholders, through their insightful leadership and expertise.
- They encourage a culture of innovation, collaboration, and accountability, using their collective expertise to drive long-term growth and success.

Eczacıbaşı Building Products - Tiles Executive Management

Name	Gender	Position
Hasan Pehlivan	Man	Chief Executive Officer, Vitra Tiles
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
Tolga Güneri	Man	Renewable Energy and Sustainability Director

Executive Management gender ratio: Seven men (87%), one woman (13%)

Our Organizational Structure



Sustainability Governance

Group-wide Sustainability Organization

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. In 2023, 4 meeting held.

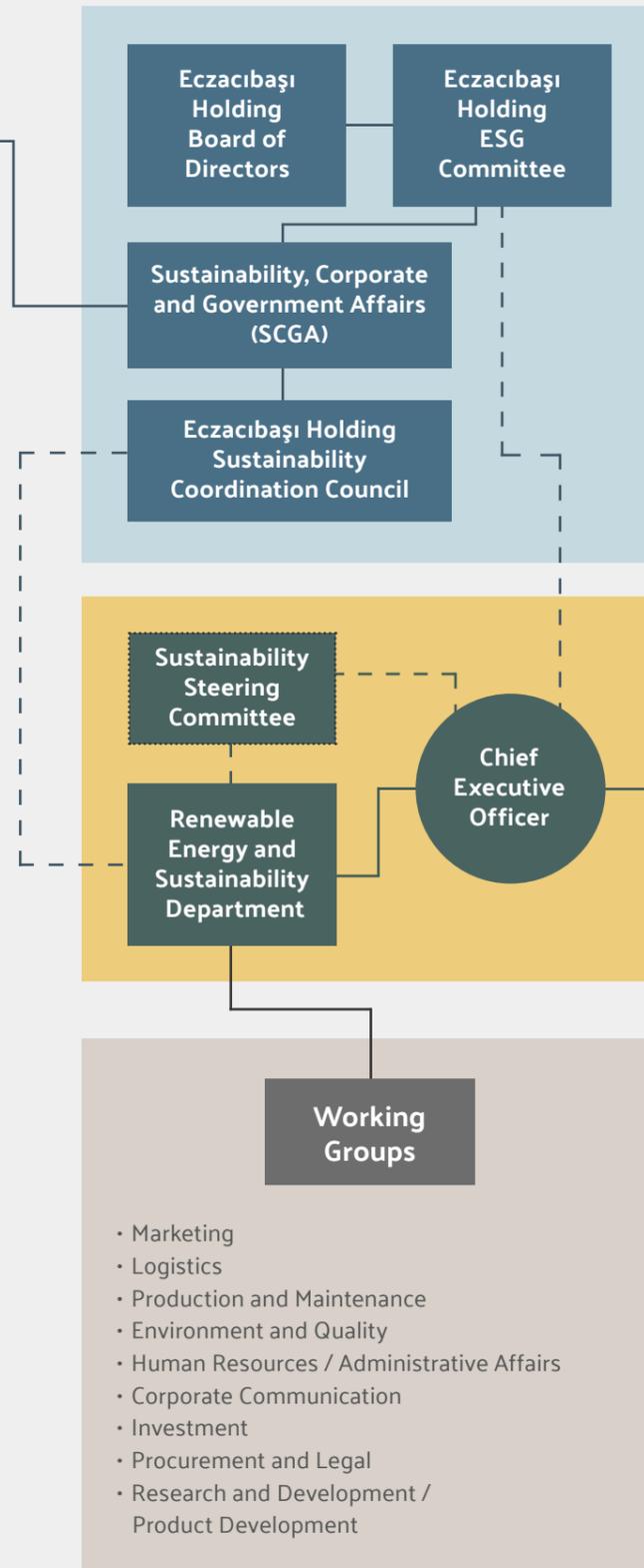
Sustainability, Corporate and Government Affairs (SCGA)

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 (SSC)

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](#).



ESG Governance at Eczacıbaşı Building Products - Tiles

Responsibility: Sustainability Oversight, Monitoring and Execution of the Sustainability Strategy on 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 SCGA.

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 located under the Renewable Energy and Sustainability Department, which is subordinated to the Sustainability Steering Committee. The objective of the Working Groups is to transform the company's ESG strategies and policies into targets and action plans. In addition, working groups monitor global and local developments, provide recommendations to the Renewable Energy and Sustainability Department, and oversee the implementation of ESG projects. Furthermore, the working groups provide reporting to the CEO through the Renewable Energy and Sustainability Department. Within this context, the role of working groups in shaping sustainability strategies is significant due to the strategic position they occupy within the organizational structure.



Risk Management

At Eczacıbaşı Building Products – Tiles, the field of risk management is approached in a multifaceted manner, with a view to integrating it into all business operations to cultivate a risk-centric approach throughout the entire organization. The primary objective is to proactively anticipate any incidents that could significantly hinder the achievement of immediate and long-term goals, jeopardize growth opportunities, and disrupt sustainability efforts.

Our risk management approach commences with the identification of potential risks, with input from all relevant business units. This is followed by an assessment to evaluate the potential impact and likelihood of occurrence, enabling us to categorize risks according to their severity. Risk responses are determined based on the risk appetite set by the Board of Directors, with the goal of mitigating identified risks.

Eczacıbaşı Groups Risk Management Structure and Approach

At Eczacıbaşı Building Products - Tiles, risk management activities are carried out by the Enterprise Risk Management Department under the leadership of the CEO of Eczacıbaşı Building Products - Tiles, within the coordination with the Enterprise Risk Management Department of the Eczacıbaşı Holding. The Enterprise Risk Manager working at Eczacıbaşı Building Products - Tiles reports directly to the senior management of the company and also to the Corporate Risk Management Department of the Eczacıbaşı Holding.



Our corporate risk management activities are subject to regular monitoring and reporting to both the Eczacıbaşı Building Products – Tiles Audit, Risk and Governance Committee and the Group Audit, Risk and Governance Committee. The latter comprises the Chief Internal Auditor and independent board members with the necessary background and expertise. The committees are responsible for overseeing risk management activities across the company and receive regular updates on these activities.

From a holistic perspective, all types of risks related to strategic, operational, financial, compliance and sustainability that may prevent the realization of the strategic plan and business objectives, adversely affect the Company’s values, threaten the existence and development of the Company are assessed at all levels of the Company, starting from the Board of Directors.

Risk Categories

Strategic Risks	Operational Risks
Financial Risks	Compliance Risks
Sustainability Risks	

Management of Sustainability Risks

- At Eczacıbaşı Building Products – Tiles, we recognize the risks associated with sustainability and meticulously evaluate all risk categories, considering their potential economic, social, environmental, and governance impacts.
- We address environment-related risks such as natural disasters, extreme weather events, biodiversity, the optimization of natural resources, and climate change.
- We focus on promoting equal opportunities, workplace health and safety, strengthening employee rights, and supporting a stakeholder-driven economy to manage social risks.
- Our sustainability risk management methodology also includes a careful evaluation of governance-related risks, including product and service responsibility, changing competitive environment and stakeholder preferences innovation, corporate ethics, legal compliance, and anti-bribery and corruption efforts.
- In addition, we are seeking to integrate green finance risks into our sustainability risk management approach to better manage the potential risks.

For more information on our risk management approach, please refer to our [Integrated Sustainability Report 2023: Story of our Ambition](#).

Ethics and Compliance

A vibrant corporate culture that is centered around strong business ethics supported by the values of respect for individuals and the environment, striving for continuous development and progress, and actively contributing to the general welfare of society has been developed by the Eczacıbaşı Group. In line with our corporate values, unwavering compliance with the principles of business ethics and legal regulations is a fundamental requirement for all our activities.

Business Ethics and Legal Compliance

Commitment

- We adhere to the principles of integrity, honesty, and transparency in all aspects of its business activities and strictly complies with relevant laws and regulations.
- Our commitment to impartiality and ethical conduct extends to its 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 are firmly committed to safeguarding the rights of our employees to form and join unions. Our objective is to foster constructive and productive relationships with trade unions.

Code of Conduct

The Eczacıbaşı Group's Code of Conduct ensure ethical business conduct, provides an outline of our expectations for both employees and third-party partners.

Our Code of Conduct Incorporates:

- To comply with laws and preserve the organizations reputation,
- To create a work environment where violence, discrimination, and harassment are not tolerated, and where diversity is embraced,
- To protect the organization's values, assets, and confidential information,
- To exercise care in relationships with third parties,
- To protect personal data,
- To report those who act contrary to business ethics principles.

If any employee has reason to suspect a violation of our Code of Conduct, regarding bribery, corruption, infringement of rights, or conflicts of interest, they are required to report this information to our Compliance Committee via our designated confidential channels. All reports will be thoroughly reviewed and assessed by our **Compliance Committee**, ensuring that the principle of confidentiality is always adhered to.

The Code is easily accessible on the Group's [website](#) and promotes transparency and accountability for all stakeholders, including our employees.

Complaint Mechanism Procedure

A Complaint Mechanism Procedure is established to resolve the complaints raised by all employees and our internal and external stakeholders in all projects we are involved in and to take the necessary solution steps.

All applications, denunciations, notifications, and all kinds of complaints regarding suspected unethical behavior can be reported anonymously through our **online report service (online reporting form)**, which is available 24/7, our e-mail address uyum@eczacibasi.com.tr and our telephone line **+90 (212) 371 72 72**.

Employee Communication and Training

- Our commitment is to ensure that that all employees understand the standards and regulations relevant for their roles. We provide comprehensive training and open lines of communication to clarify how these rules apply in day-to-day work. Whilst we expect our current employees to have already completed this training, we ensure that all new hires receive the training within their first month of employment.

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](#)

In addition to adhering to the Group's policies, Eczacıbaşı Building Products has developed supplementary policies to further reinforce our commitment to various aspects of our operations. These policies serve as additional guidelines and standards within our organization to ensure compliance, efficiency, and responsible practices.

[Environmental Policy](#)

[Energy Policy](#)

[Quality Policy](#)

[OHS \(Occupational, Health and Safety\) Policy](#)

[Supply Chain Compliance Policy](#)

Average Hours of Training by Program 2023

Program	Average Hours
Anti-Corruption and Anti-Bribery	0.24
Ethics	0.24

Supply Chain Management

- At Eczacıbaşı Building Products – Tiles, we ensure that all aspects of our supply chain adhere to global norms and complies with all relevant laws and regulations reflects our unwavering commitment to ethical and sustainable standards.
- With our responsible production and consumption approach, we carried out the necessary work in 2023 and revised the policies, procedures, and specifications to strengthen the supply chain, and as a result, we conducted a road map study to create a Sustainable Supply Chain, which we plan to implement in 2024.
- We consider fair pricing, contractual terms, and supplier adherence to ethical standards in our selection processes.
- We comprehensively evaluate our suppliers and examine their sustainability practices and procurement standards.
- Our approach to sustainable purchasing integrates economic, social, and environmental factors to prioritize nurturing mutually beneficial partnerships and strengthening supplier relationships.

Suppliers (#)	2021	2022	2023
Local Suppliers	419	462	1,312
Foreign Suppliers	88	96	146
Total Suppliers	507	558	1,458

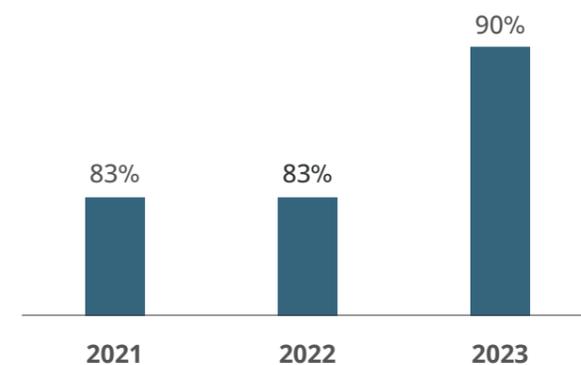
* Indirect suppliers are not included for 2021 and 2022.

As an Eczacıbaşı Group company, we adopt the Group’s supply chain management policies covering various issues such as child labor, forced and compulsory labor, human rights and ethical issues and ensure that they are implemented at all stages of our supply chain operations.

Also, as Eczacıbaşı Building Products – Tiles,

- We implement [Supply Chain Compliance Policy](#) that states the environmental, social, ethical, and commercial responsibilities we require from our local and foreign suppliers.
- We implement **Service Supply Agreement** that outlines the general terms and conditions regarding the procurement of services from our suppliers. The Service Supply Agreement guarantees that our suppliers share our concerns regarding environmental safety, human health, occupational safety, and universal human rights. Through the implementation of the Service Supply Agreement, Eczacıbaşı Building Products- Tiles aims to ensure that all its business partners, conduct their business activities in accordance with Turkish legislation as well as relevant international legislation such as the **“Act on Corporate Due Diligence Obligations in Supply Chains”**.

Local Supplier Ratio



Economic Sustainability

At Eczacıbaşı Building Products - Tiles, we operate on the belief that ethical business practices are the foundation of long-term, sustainable development. This belief drives all our operations, including investment strategies and product offerings.

Economic and Financial Performance

Commitment

- We are unwavering in our commitment to promoting a holistic sustainability framework that encompasses economic, environmental, and social aspects.
- We pursue growth through exports and incorporate sustainable practices into our operations because we know that this is the only way to achieve lasting success and make significant contributions towards a better future for everyone involved.

Performance

- We are delighted to share that Vitra Karo has once again earned the esteemed title of Export Champion, marking the fifth consecutive year of this remarkable achievement.
- We have successfully penetrated nearly 90 countries, with a primary focus on the Turkish and German markets. We have a strong presence thanks to our exports, which account for approximately 75% of our sales.
- We are responsible for 43% of the total ceramic tile exports from our country to Europe and 21% of global exports.
- Vitra Karo is the top ceramic tile exporter to EU countries in per-square-meter terms.

2023	
Total Net sales (€ million)	350
Ratio of foreign sales (%)	75
Economic Value Generated, Distributed and Retained (€ million)	
2023	
Total Net Sales	350
Economic Value Generated	350
Operating Costs	88.2
Employee wages and benefits	53.29
Payments to capital providers	33.62
Total Social Investments (TSI)	0.14
Economic Value Distributed	175.25
Economic Value Retained	174.75



4 Investing in Planet

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, water 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.

Goals	Key Performance Indicator	Achievement (2023)
By the end of 2025, we will reduce our energy consumption per ton of product by 14% from 2020 levels	Energy intensity (MWh/ton)	1.67 ✓ 12% 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 (MWp)	3.76
At the end of 2025, we will reduce our water consumption per ton of product by 39% from 2020 levels	Water intensity (m ³ /ton)	0.8 ✓ 38% decrease compared to base year

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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. Furthermore, we prioritized efforts on renewable energy investments and decarbonization projects.

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 are committed to supporting the transition to a low-carbon economy and are dedicated to accelerating this transition with the utmost sensitivity and diligence.
- At Eczacıbaşı Building Product - Tiles, we recognize that effective energy management and the reduction of carbon emissions are essential to our commitment to sustainability and operational excellence.
- We place a strong emphasis on renewable energy investments and decarbonization projects.

Performance

- At the end of 2023, we have initiated our endeavors on formulating the **Low Carbon Transition Roadmap** according to European Commission Low Economy By 2050 Road Map⁴.
- By integrating cutting-edge technologies, and implementing strategic energy management practices, we have successfully enhanced our operational efficiency.
- A series of initiatives led to the successful conservation of **22,538 MWh** of energy in 2023, equivalent to approximately **5,284 tons of CO₂** emissions. In 2023, our energy intensity decreased by **12%** from 1.71 MWh/ton to **1.67 MWh/ton ✓** in comparison to 2020.
- By replacing two inefficient spray dryers with new, we have achieved notable savings of **2,171 tons of CO₂**. This installation also helped us save on natural gas consumption. Our target is to save **10,853 MWh** of energy with the project implemented in Bozüyük Plant.

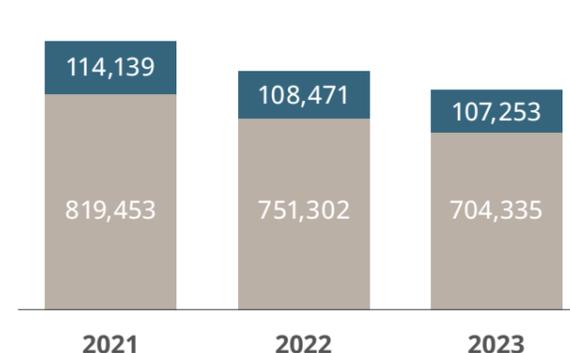
For additional details regarding our initiatives, please refer to our [Integrated Sustainability Report 2023: Story of Our Ambition](#).

⁴ https://climate.ec.europa.eu/system/files/2016-12/2050_roadmap_en.pdf

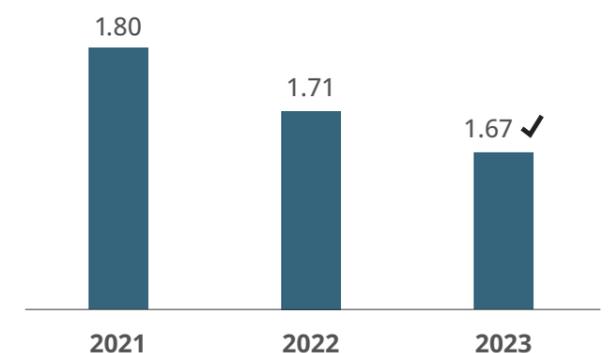
Energy Consumption (MWh)	2023
Non-renewables	716,602
Electricity	12,267
Natural Gas	700,182
Diesel	3,532
LPG/LNG	621.23
Renewables	94,986
Purchased renewable electricity	94,030
Self-generated renewable electricity	956.3
Total Energy Consumption	811,588 ✓

Energy Consumption (MWh)	2021	2022	2023
Direct energy consumption	819,453	751,302	704,335
Indirect energy consumption	114,139	108,471	107,253
Total energy consumption	933,592	859,773	811,588 ✓

Total Energy Consumption (Mwh)



Energy Intensity (MWh/per ton product)



■ Indirect Energy Consumption
■ Direct Energy Consumption

Carbon Emissions

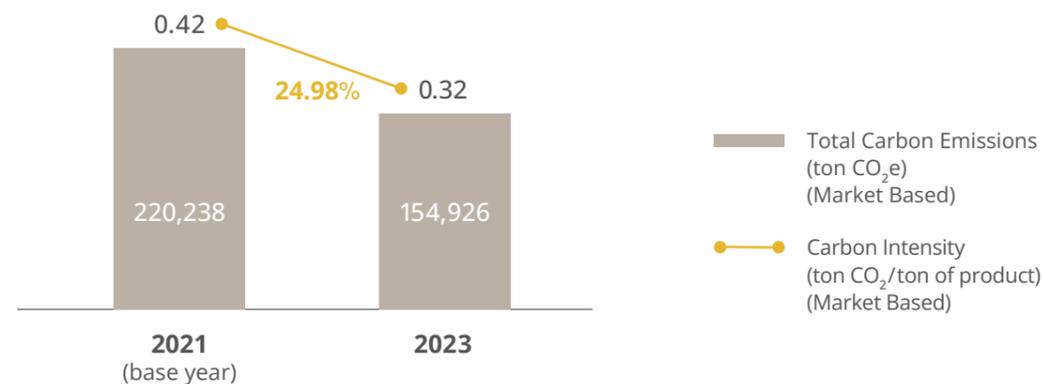
- Our Scope 1 and Scope 2 emissions have been reduced by a total of **65,312 tons of CO₂eq**, compared to base year (2021). This reduction contributed to a **24.98%** decrease in our carbon intensity, from **0.42 tons CO₂/ton** to **0.32 CO₂/ton**, compared to base year (2021)
- Our Scope 2 emissions decreased significantly by **90.92%** compared to based year (2021), through our renewable electricity procurement efforts, resulting in emissions of **4,664 tons of CO₂**.
- We have achieved to reduce our Scope 1 emissions by **11.01%**, from **168,845 tons of CO₂** to **150,262 tons of CO₂**, compared to base year (2021).

Carbon Emissions (ton CO ₂)	2021	2023
Direct GHG emissions (Scope 1)	168,845	150,262
Indirect GHG emissions (Scope 2) (Market Based)*	51,393	4,664
Indirect GHG emissions (Scope 2) (Location Based)**	45,761	43,908

* A market-based method reflects emissions from electricity that companies have purposefully chosen (or their lack of choice)
 ** A location-based method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data)

Total Carbon Emissions (ton CO ₂)	2021	2023
Total Carbon Emissions (Scope 1 + Scope 2) (Market Based)	220,238	154,926
Total Carbon Emissions (Scope 1 + Scope 2) (Location Based)	214,606	194,170

Total Carbon Emissions and Carbon Intensity



Renewable Energy

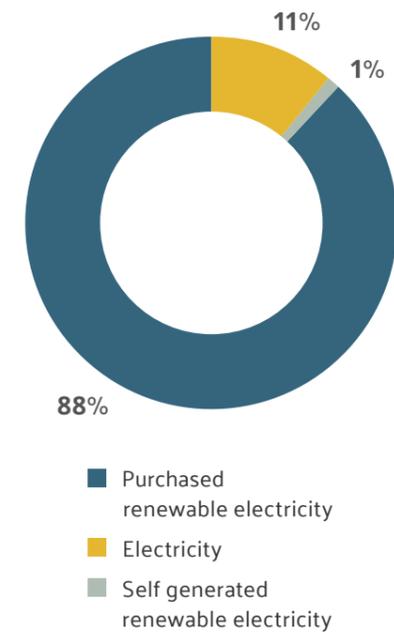
Commitment

- We engage in strategic energy purchases that align with our commitment to expanding and advancing our business while minimizing our environmental impact.
- We allocate investments strategically to support the production of low-carbon energy and leverage proven renewable energy technologies.
- We are actively pursuing the implementation of renewable energy technologies to enhance our self-generated renewable energy capacity.
- To reduce our dependence on fossil fuels, we investigate the production, storage, and use of green hydrogen as an alternative fuel in manufacturing processes.
- By 2025, our aim is to generate over half of our electricity consumption from our own renewable energy plants.

Performance

- In 2022, we took the initial steps in our transition to renewable energy with our pilot solar power plant, which generated **64 kWp of renewable electricity** over the year. In 2023, we commissioned a **3.7 MWp rooftop solar plant** at our Bozüyük facility. Moreover, our investment plan, approved in 2023, initiated construction in 2024, and we aim to complete the **36 MWp** project within this year.
- Aligned with the strategic direction of the Eczacıbaşı Group, we purchased I-REC certificates for all the electricity used in our Türkiye operations. As a direct outcome of this effort, an impressive **89%** ✓ of our global electricity consumption in 2023 was derived from renewable sources.

Electricity Usage



Water Management

Commitment

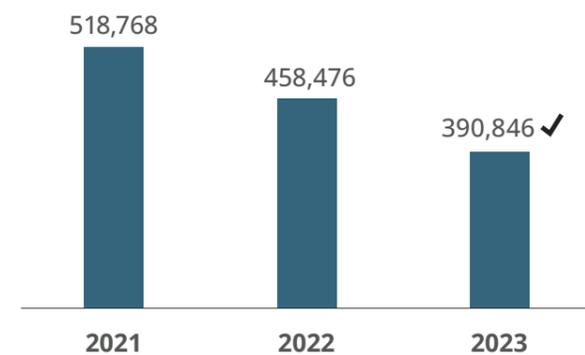
- We prioritize water conservation and the avoidance of water withdrawals from areas with high levels of water stress to achieve our sustainability objectives.
- Recognizing the importance of water conservation, our water efficiency projects aim to optimize water usage and significantly reduce our environmental footprint.
- We are committed to meticulously realizing more careful and diligent use of water in water-stressed regions.
- 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 water consumption per ton of product.

Performance

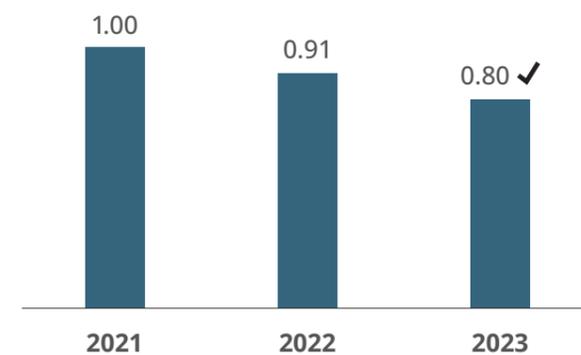
- In light of our comprehensive analysis assessment to measure the level of water stress in the regions where we have extracted water, a total of **390,846 m³ ✓** of water were extracted, with 100% derived from low-water stress locations according to World Resource Institute.⁵
- Thanks to the water efficiency in the Glazing Process, we achieved both energy and water efficiency in the project. With the projects are expected to save **3,170 m³** of water by ensuring water efficiency in the glazing process.
- As a result of our efforts throughout the year, we have achieved a notable reduction the total volume of water withdrawal has reduced by 20% in comparison with the figures recorded in 2022, amounting to a total volume of **390,846 m³ ✓**.
- This reduction in water consumption has also resulted in a significant reduction in our water intensity, which has decreased by **11% from 0.91 m³/ton to 0.80 m³/ton ✓** compared to 2022.⁶

Water Withdrawal (m ³)	2021	2022	2023
Municipal water	355,160	229,140	148,584
Ground water	147,123	229,336	242,262
Other	16,485	-	-
Total	518,768	458,476	390,846 ✓

Water Withdrawal by Source (m³)



Water Intensity (m³/ton of product)



⁵ [Aqueduct Water Risk Atlas](#)

⁶ Only for Türkiye Operations

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 and hazardous and medical 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

- We prioritize resource efficiency, effective waste management, and embracing the principles of the circular economy.

Material Use (ton)	2021	2022	2023
Raw materials	604,418	706,999	542,031
Packaging Materials	15,608	16,039	4,554
Auxiliary Materials	10,331	10,713	11,368
Total Material Use	630,357	733,751	557,953

- As part of our efforts, we ensure that pre-firing (raw waste) and post-firing (baked waste) waste is re-evaluated in our ceramic tile production process.

- As part of our commitment to the Business Plastics Enterprise (IPG), we are dedicated to reducing plastic usage in both our workplaces and production processes. To achieve this, we have focused on improving the performance of the Stretch Hood film used for pallets.

Performance

- In accordance with our ongoing initiatives to the incorporation of alternative raw materials into our production process, we achieved a significant milestone by reducing our total material usage by **29%** compared to 2022. Furthermore, we increased our use of recycled raw materials by **6%**, resulting in a total material savings of **1,569 tons**.
- To ensure the safe and efficient logistics of our products, we utilize two different types of plastic strapping materials: green and white. Through collaboration and negotiations with our green circle supplier, we have achieved the desired quality with green circles, and we have increased the usage rate of green circles to 65%. This shift has allowed us to avoid **10 tons** of polypropylene usage.
- Recognizing the substantial impact of optimizations, we have implemented various initiatives. With prevention of technical scrap, we have enabled us to save to save **1,180,136 kg** raw materials a year.
- In 2023, we achieved a substantial reduction in our plastic consumption by **16%** compared to the base year of 2020.⁷

⁷ Plastic consumption rate only refer Türkiye operations.

Product Responsibility

Commitment

- We aim to inspire and enable people to make more sustainable choices, while designing our products with sustainability in mind and focusing on reducing environmental impacts through all stages of the product life cycle.
- To ensure advanced hygiene and the creation of healthy living spaces, we incorporate innovative surface technologies into our tiles. Our products have anti-slip properties, easy-to-clean surfaces, and hygienic qualities. We also demonstrate our commitment to sustainability by providing easy-to-clean and self-cleaning tile solutions.
- We strive to provide environmentally sustainable tile solutions through our practices and technologies.
- To create sustainable value, we evaluate the entire life cycle of our products, from raw material sourcing to waste generation.

Performance

- With our approved Environmental Product Declaration (EPD) certifications, we are among the top tile manufacturers in Europe in terms of greenhouse gas emissions compared to 2018, **reducing our CO₂ footprint by up to 60% according to A1-A3 data in EPD certificates.**
- 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 certificates

- 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.
- Additionally, some of the tiles in our portfolio have **QB (Quality in Building)** certificates issued by the **CSTB (Centre Scientifique et Technique du Bâtiment)** in Paris. Our porcelain stoneware and floor tiles have the **QB32 UPEC** certificate and our wall tiles have the **QB50 WallIPEC** certificate.
- Our products also have an **Environmental Product Declaration (EPD)**, providing comprehensive information about their environmental performance throughout their life cycle.

For additional details regarding the our certifications, please refer to [our website](#).

Management Systems

ISO 9001: Quality management systems

ISO 14001: Environmental management system

ISO 50001: Energy management system

ISO 27001: Information security management systems

ISO 45001: Occupational health and safety (OH&S) management system

Product Certificates

TS EN 14411
Certificate of Turkish
Standards Compliance



TS EN 14411
Double Star Certificate



CSTB - WALLIPEC



CSTB - UPEC



EPD (Environmental
Product Declaration)



Greenguard Gold



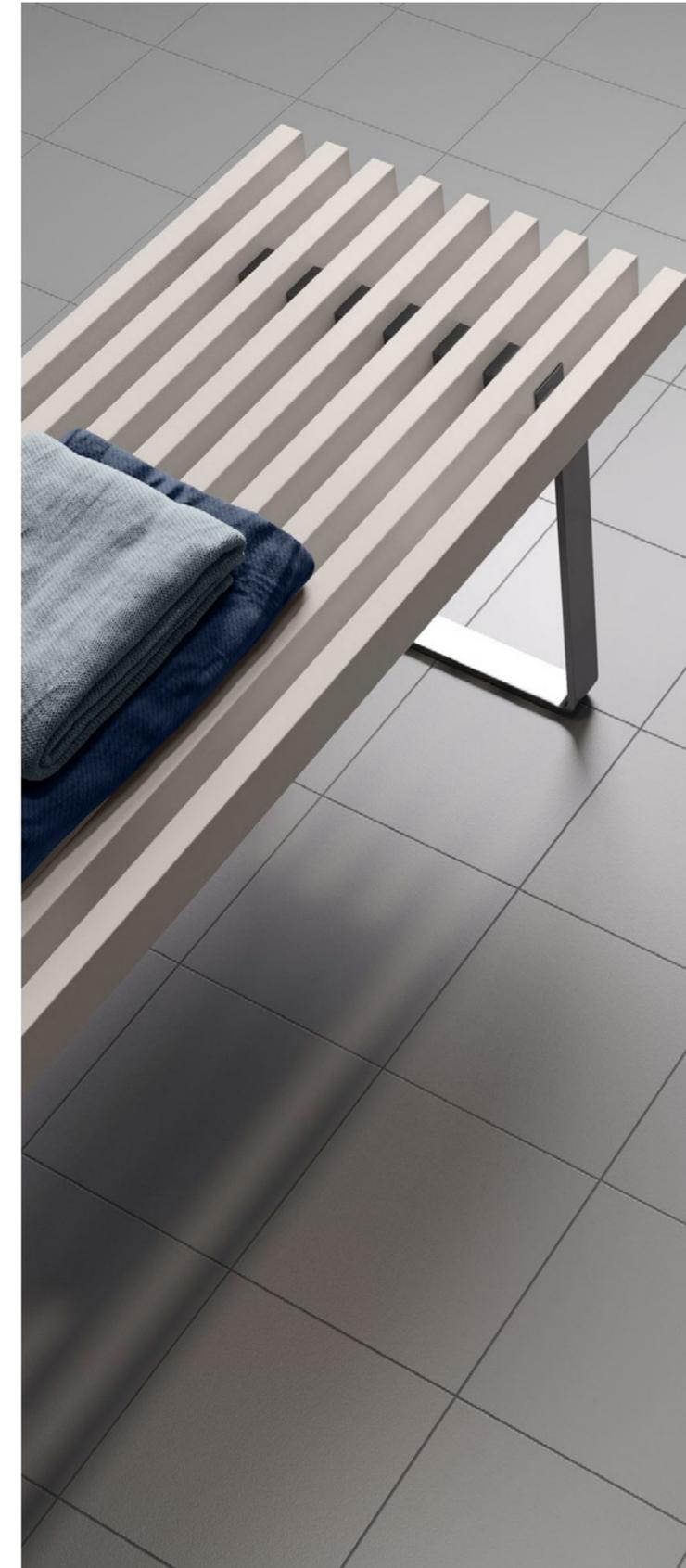
Saudi Arabia
Export Certificate



GOST Certificate



Fire Safety Certificate



Waste Management

Commitment

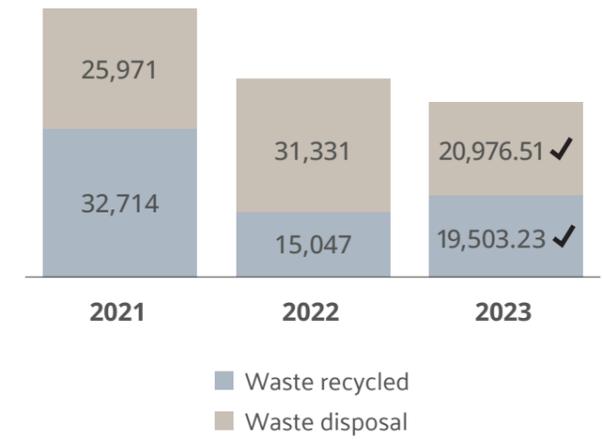
- As part of our commitment to reducing our environmental impact, we strive to minimize waste generated directly by our operations.
- We manage raw materials used in our production process with great care, with the aim of reducing their usage.
- Aligned with the principles of the Eczacıbaşı Group, we are steadfast in our commitment to embracing a “zero waste” approach throughout our operations.
- We prioritize resource efficiency, effective waste management, and embracing the principles of the circular economy and we continually evaluate our processes to minimize our environmental footprint at every stage.

Performance

- A total of **40,479 tons** of waste were generated this year, with **48% ✓** recovered and recycled. We are pleased to report that our recycled waste ratio has increased by **64%** compared to the previous year. Moreover, we were able to reduce our total waste by **21%** in 2023 compared to the previous year.
- To reduce the amount of raw materials used, we have changed a recipe formulation in glazed porcelain production within our facility. By doing so, we reduced annual raw material usage by **26,000 tons**. This process will also enable us to save **254 tons of CO₂ a year**.
- We place a significant focus on activities that will contribute to the circular economy, resource efficiency, and waste management throughout the operations. Thanks to our circular economy practices, the end products contain up to **37%** recycled materials.

Waste by Type and Disposal Method (ton)	2023
Hazardous Waste	3,224
recycled/reused	3,088
disposed	137
Non-Hazardous Waste	37,255
recycled/reused	16,416
disposed	20,840
Total Waste Amount	40,480

Waste Results (ton)



Waste Results (ton)	2021	2022	2023
Waste recycled	32,714	15,047	19,503 ✓
Waste disposal	25,971	31,331	20,977 ✓
Total Waste Amount	58,685	46,378	40,480





5

Investing in People

At Eczacıbaşı Building Products - Tiles, we are acutely aware of the pivotal role our employees play in our broader business accomplishments and our commitment to sustainability. Our top priority is the health and well-being of our workforce, which numbers over 2,000 employees. At the same time, we are dedicated to creating an inclusive and diverse workplace that enables all employees to reach their full potential. Our goal is to attract and retain talent within the scope of a strong talent management system. In addition, we focus on discovering and developing talent through our comprehensive upskilling and reskilling programs. This is further highlighted by our contribution to each of our employees' own career journeys. Beyond our internal operational scope, we are committed to enhancing the welfare of the individuals we interact with and contributing to the progress and resilience of the communities in which we interact.

Goals	Key Performance Indicator	Achievement (2023)
By the end of 2025, we will increase the share of women in employment 45%	Share of women in employment (%)	38.20% ✓
By the end of 2025, we will increase the share of women among new recruits to 58%	Share of women among new recruits (%)	38.80% ✓
By the end of 2025, we will increase the share of women in management positions to 35%	Share of women in management positions (%)	20.00% ✓

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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 commitment to providing equal opportunities is reinforced by the Group's [Gender Equality and Equal Opportunities Policy](#), approved by our Board of Directors. This policy guides our approach and strengthens our dedication to equality. The Group's success relies on channeling innovative thinking and creativity toward the right objectives. We believe this can only be achieved in an environment where diverse ideas are encouraged, openly discussed, and implemented.

In 2023, our policy was reviewed and evaluated by the Equal Opportunity Committee, reaffirming our commitment to our pledges. With unwavering determination, we align our efforts with the strategic framework established by the Group, ensuring that our suppliers and business partners also adhere to the comprehensive guidelines outlined in the policy.

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.

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 a 58% share of women in new recruitment, 45% in employment, and 38% in the executive team by 2025.

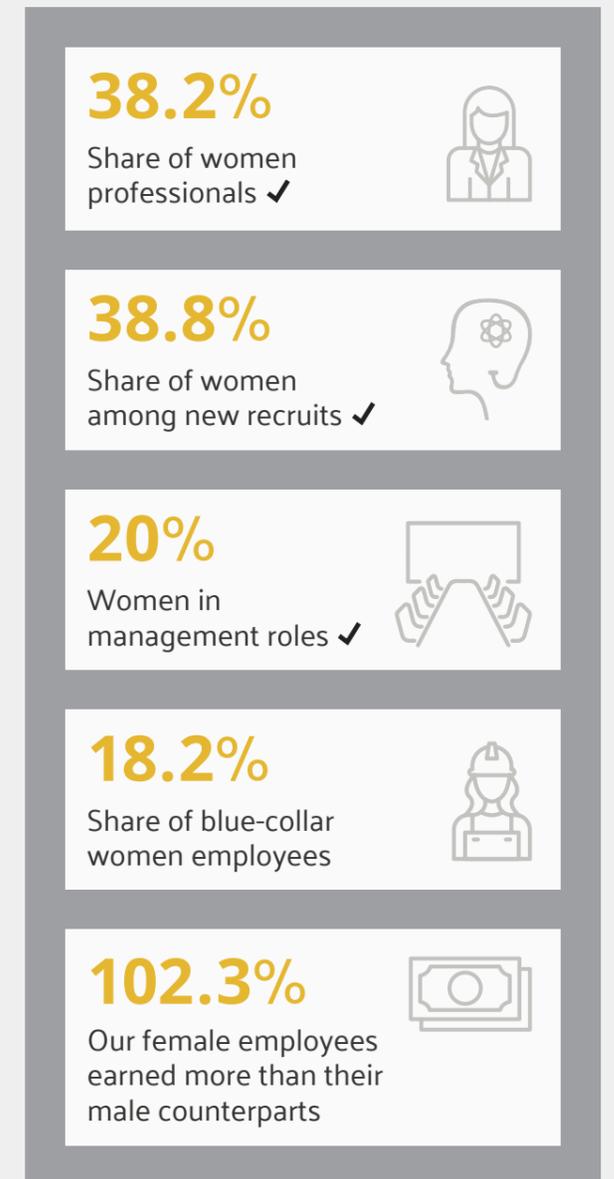
- We are dedicated to providing equal opportunities for professional development and ensuring fair compensation practices.
- We share Eczacıbaşı Group's dedication to promoting the fundamental principle of "equal pay for equal work" and we rigorously adhere to the Group's remuneration policies, which 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

- The total share of women professionals is stated as 38.2%⁸ ✓ in 2023.
- The number of female blue-collar workers has increased by 15% compared to last year.
- We firmly believe that having women in STEM and revenue-generating positions is a significant step towards gender equality. In this regard, we employed %24,13 women in STEM positions and %18,42 women in revenue-generating positions in 2023.
- In collaboration with the Istanbul Technical University, Yıldız Technical University and Eskişehir Technical University, we have launched **VitrA Women Engineers Scholarship Program** in order to support our female engineers. Through the program, we offered scholarships to 5 engineering students from 3 different universities in the spring semester of 2022-2023, 10 engineering students together with our scholars from 3 different universities in the autumn semester of 2023-2024.

⁸ White-collar employees in Türkiye with a full-time, indefinite term contract.

- We conduct comprehensive job analyses from the perspective of our female employees to create a comfortable and inclusive work environment for all employees.



Workforce by Gender ⁹	2022	2023
Total Workforce	1,537	1,585
Women	354	395
Men	1,183	1,190
White-collar employees	464	487
Women	184	196
Men	280	291
Blue-collar employees	1,073	1,098
Women	170	199
Men	903	899

Total Workforce by Contract Type ⁹	2022	2023
Employees with indefinite term contract	1,493	1,517
Women	335	367
Men	1,158	1,150
Employees with fixed term contract	44	68
Women	19	28
Men	25	40

Equal Opportunities	2021	2022	2023
Share of women in STEM positions	25.30%	22.84%	24.13%
Share of women in management positions in revenue-generating functions	14.30%	20.93%	18.42%

Employee Demographics ¹⁰	2021	2022	2023
Total Workforce	1,438	1,537	1,585
White-collar employees	388	464	487
Blue-collar employees	1,050	1,073	1,098
Employees with indefinite term contract	1,377	1,493	1,517
Employees with fixed term contract	61	44	30
Number of employees in the management work family	23	26	30
Number of non-management employees	365	438	411
Number of subcontracted employees	-	78	86

⁹ Includes employees in Türkiye operations.

¹⁰ Includes white and blue collar employees in Türkiye 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 proportion of our budget allocated to training initiatives.
- In 2023, we made a significant stride forward by increasing the average training hours per employee to 51.4 ✓ hours and the average 16.3 ✓ training hours per talent.



In 2022-2023 period,

- We introduced the **Coach Leadership Training program**, a unique training opportunity focused on enhancing the leadership and coaching skills of our employees.
- We have conducted the **Strategic Leadership Program**, a comprehensive training program to enhance the leadership skills of our directors.
- We have implemented the **LeadXperience Manager Orientation program** and the **“Re-Inventing Us” workshop** to enhance the professional development of our managers and directors.

Employee Training	2021	2022	2023
Average hours of training per employee	7.42	24.00	51.43 ✓
Women	7.61	27.40	65.64
Men	7.97	22.40	41.80

Attracting the Best Talents

- In today's fiercely competitive business landscape, the ability to attract best talent stands as a cornerstone of our organization's vitality.
- We firmly believe that cultivating a harmonious and high-performing workforce hinge upon the recruitment of individuals who resonate with our core principles. To this end, we prioritize individuals who have internalized the values of our Group, boast a robust educational background, exude innovation, entrepreneurship, dynamism, self-motivation, and possess a proclivity for teamwork.

New Recruits	2022	2023
Total number of new employee hires during the year	87	77
Women	49	28
Men	38	49
Under 30 years old	55	27
Women	35	10
Men	20	17
30-50 (including) years old	31	45
Women	14	16
Men	17	29
Over 50 years old	1	5
Women	-	2
Men	1	3

Turnover	2021	2022	2023
Employee turnover rate	11%	12%	14%
Voluntary employee turnover rate	8%	9%	10%
Female employee turnover rate	12%	14%	8%

- In our recruitment endeavors, we steadfastly ensure that all candidates are afforded equal opportunities devoid of any discrimination or bias, with our focus squarely set on evaluating their competencies and alignment with our values.
- We passionately believe in nurturing the growing talents of young professionals and providing them with the requisite platform and resources to spearhead our company's growth and success.

Employees Who Left Work	2022	2023
Total	44	63
Women	20	34
Men	24	29
Under 30 years old	18	14
Women	6	11
Men	12	3
30-50 (including) years old	24	48
Women	14	23
Men	10	25
Over 50 years old	2	1
Women	-	-
Men	2	1
Number of employees who voluntarily left work	36	42
Women	18	22
Men	18	20

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.
- In 2023, the Eczacıbaşı Group adopted **Leadership Behaviors** that align with Group strategies, core and transformative values, strengths contributing to its success, future-required competencies, and universal leadership principles.
- We have launched the Eczacıbaşı Talent Hub digital platform, which provides employees with a centralized platform to access their career and development paths.

Employees receiving Regular Performance and Career Development Reviews	2021	2022	2023
Total	363	421	440
Women	133	165	165
Men	230	256	275

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.
- 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.
- We facilitated interaction between our company and employees through various incentive programs during the reporting period. Consequently, in 2023, our employee engagement score increased by 8% compared to 2022, reaching 73%.

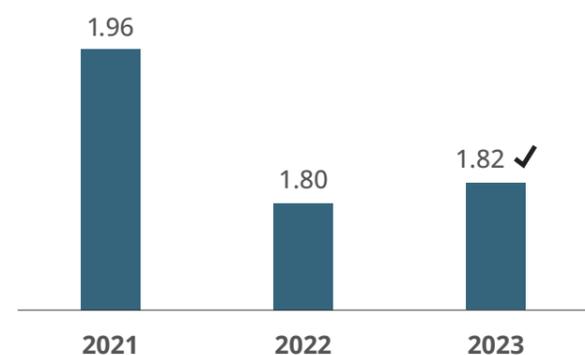
Health and Well-being

Investing in the creation of a healthy and secure work environment is paramount to achieving organizational success. Such an investment yields significant advantages, including increased levels of employee engagement, productivity, motivation, and job satisfaction.

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](#) offers 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.

Lost Time Incident Rate (LTIR)



Health, Safety and Well-being

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 constantly strive to exceed industry standards by continuously improving our occupational health and safety practices.
- Our ultimate objective is the achievement of a net zero accident level. The reduction of the Lost Time Incident Rate (LTIR) to below 1 for every 200,000 working hours is the target that we have set for ourselves by the end of 2025.

Performance

- With the ultimate aim of achieving a net-zero accident level, we have set specific, measurable targets to drive continuous improvement in our performance.
- We invested over € 150.000 in occupational health and safety initiatives.
- In 2023, we have continued to implement a diverse array of initiatives aimed at further enhancing our performance in this area. During the reporting period, we achieved an overall Lost Time Incident Rate (LTIR) of 1.82 ✓ and a total recordable incident rate of 2.2 ✓.
- We have obtained the **ISO 45001 Occupational Health and Safety Certification** and **Fire Safety Certification**.
- We implemented the **AI-based OHS video analysis program** to reduced unsafe behaviors in Bozüyük Production Facility.

- This year, all managers and engineers at our Bozüyük Production Facility received **Accident Root Cause Analysis Training**. The aim of this training was to equip them with the necessary knowledge to analyze, correctly identify and prevent the root causes of accidents.

- We have implemented **forklift-pedestrian interaction signaling** in areas prone to blind spots at our Bozüyük Production Facility to mitigate or prevent interactions between forklifts and pedestrians.

Occupational Health and Safety Training	2021	2022	2023
Total training hours given to employees on OHS (employee*hours)	37,434	47,452	28,302
Number of employees who received training on OHS	3,216	3,861	1,780
Average training hours on OHS	11.64	12.29	15.9

Occupational Health and Safety Training	2021	2022	2023
Incidents Resulting in Lost Time	41	37	32
Employees	41	36	31
Contractors	-	1	1
Incidents Not Resulting in Lost Time	4	8	7
Employees	4	8	7
Contractors	-	-	-
Total Number of Incidents	45	45	39



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.

Reflecting this commitment, as Eczacıbaşı Building Products – Tiles:

- We are honored to participate in COP28, contributing to global discussions and initiatives aimed at addressing climate change and promoting sustainability, with a particular focus on enhancing community and social vitality.
- We successfully held our online CEO Communication Meeting with all our employees. During this event, together with our Renewable Energy and Sustainability Director and their team, we shared the progress we have made in sustainability and renewable energy, as well as our future goals.
- We are proud to support the esteemed Architecture Faculty students of Kadir Has University, driven by our belief in the power of education.

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

The 2023 earthquake in our country has deeply saddened us, just as it has everyone else. In these difficult times, when the importance of unity and solidarity has become even more apparent, we have joined forces with our employees to provide aid to the affected regions.

Assistance for the Earthquake Region



- In our office in Tuzla, we worked together with our colleagues and the Onaranlar Club to set up 6 Portable Street Libraries for individuals relocating to new residences in the earthquake-affected region. The completed street libraries were transferred to Samandağ, Pazarcık and Elbistan with the support of the Community Volunteers Foundation and the Association for Supporting Contemporary Life. With the Portable Street Library, we aim to both contribute to social development and create a public space where children and adults can socialize. Our intention in establishing these libraries is to offer books and a sense of optimism to those going through this difficult period. Eczacıbaşı Building Products - Tiles employees established 6 Portable Street Libraries in the Earthquake Region.
- A group of our employees, driven by compassion and a strong sense of duty, was in the earthquake region to support people in need. They worked tirelessly alongside local aid organizations, providing much-needed relief and comfort to those affected by the disaster. Their presence not only helped to distribute essential supplies but also brought hope and solidarity to the stricken community.
- In the aftermath of the earthquake, our search and rescue team quickly traveled to the affected region. They took an active part in search and rescue activities, working tirelessly to locate survivors and provide aid.
- In collaboration with KAHEV, we donated toys to children affected by the earthquake on 8 March, International Women's Day. Thanks to that we have also contributed to the educational lives of girls in need.

For more information on our social initiatives, please refer to our [Integrated Sustainability Report 2023: Story on our Ambition](#).



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Investing in Future



At Eczacıbaşı Building Products – Tiles, we are acutely aware of the necessity to remain at the vanguard of innovation. We have a strong commitment to the promotion and endorsement of innovative solutions and applications that facilitate the seamless integration of digital technology into our manufacturing processes. By implementing these measures, we aim to enhance our operational efficiency and ensure the highest level of productivity across our entire operations.

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Innovation

Commitment

- Innovation lies at the core of our priorities, and we support any idea or application that enable us to manufacture innovative, durable, and high-quality products. We believe in integrating these innovative initiatives with our business strategies to ensure steady growth and profitability.
- By merging our innovation vision with our people-centric business approach, we create a synergistic environment that encourages creativity and propels progress.
- We understand that AI-enabled processes stimulate creativity, foster collaboration, accelerate progress,

and support the achievement of profitability and sustainable growth.

- We place AI at the core of our innovation strategy, promoting a fusion of AI with a people-oriented business culture.

Innovation

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.



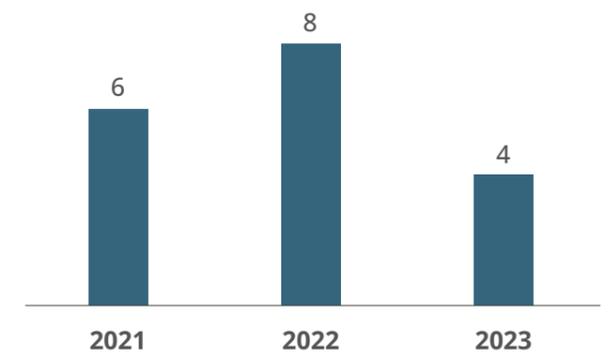
Aligned with Eczacıbaşı Group, we firmly believe that our efforts not only strengthen the growth strategy and long-term competitiveness, but also make significant contributions to the sustainability of our societies by advocating for solutions that are:

- **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

- At Eczacıbaşı Building Products - Tiles, 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.
- We recognize that artificial intelligence (AI) technologies and their potential have become central to contemporary business. By integrating AI into our business strategies, we ensure our alignment with these technological advancements and gain a competitive edge.
- We are implementing innovative projects in occupational health and safety, aiming to create safer working environments by incorporating AI technologies into our business strategies.

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.

Performance

- To expedite the digitalization of our business processes, training sessions was organized at the Bozüyük Factory and Levet Office with 359 employees participation and underwent a total of **1,772** hours of training (both online and in-person) covering a wide range of topics related to digital transformation.
- A total of **3,118** digital transformation training sessions were conducted throughout the reporting year.
- We have developed “**DigiTile**” project, which optimizes tile production processes using machine learning and AI. Through the utilization of Digi-Tile’s monitoring systems, we achieved significant cost reduction.
- We have developed “**TileS4**” project that spans across all company departments, including production, supply chain, finance, and sales, aligning them with the ever-changing digital landscape.
- Through the “**Tile S Force**” project, we are ensuring a reduction in server maintenance costs and in savings for technical support. We also increase sales efficiency by using the Sales Cloud, the B2B Commerce Cloud and the Service Cloud.
- Through the “**Digimill**” project, we are ensuring that the energy consumed to achieve the targeted grain size distribution and production standards in the raw material grinding process is minimized in the sludge preparation processes at the Bozüyük plant.
- We have developed our “**Spray Dryer**” project, which is an effective means of carrying out the sludge drying process with the lowest possible energy consumption.

For more information regarding our digital practices, please refer to our [Integrated Sustainability Report 2023: Story of Our Ambition](#).

Digital Transformation Awards

- The Eczacıbaşı Building Products – Tiles Bozüyük plant is the **first and only** in the ceramic tile sector to be named a Global Lighthouse by the World

Economic Forum. Among our many achievements, it is a source of pride in our success story to be recognized by the World Economic Forum’s **Global Lighthouse Network**.

Awards	Recipient
Global Lighthouse Award by the World Economic Forum	VitrA Tiles-DigiTile
Dijitaliz 2023 The Best Change Management	VitrA Tiles-Global Lighthouse Network
Dijitaliz 2023 The Best Digital Operation-Manufacturing	VitrA Tiles-DigiTile
Future of Cloud & AI Awards 2023 Best Machine Learning Project of the Year	VitrA Tiles-DigiTile
Dijitaliz 2023 The Best Digital Customer Experience	VitrA Tiles-VitrA Voyage



7

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Stakeholder Relations

Stakeholder Groups	Stakeholders	Importance for Eczacıbaşı Building Product - Tiles	Value Created for Stakeholders	Communication Methods and Frequency
Finance Community	Shareholders and Investors	Shareholders and investors support our financial health and profitable growth by securing access to capital and strengthening its capital structure.	We adhere to the highest standards of corporate governance, ensuring that management acts in the best interests of shareholders, safeguards their rights, and upholds accountability and transparency. These principles are crucial for creating long-term shareholder value.	<ul style="list-style-type: none"> • Sustainability Reports (Annual) • Annual Reports (Annual/Quarterly) • Financial Reports (Quarterly) • Corporate Website (Continuous) • General Assembly Meetings (Annual)
	Financial Institutions	Financial institutions contribute to expanding our operations by providing access to financing instruments and access opportunities to trade in investment and capital markets.	We create trust among financial actors with our financial health combined with our understanding of sustainability. It contributes to the sustainable transformation of the business world by focusing the financial resources we access on sustainable and innovative investments.	<ul style="list-style-type: none"> • Sustainability Reports (Annual) • Annual Reports (Annual) • Social media (Continuous) • Corporate Website (Continuous)
Employees	Company Managers	Our managers are at the center of our business and operations. They direct and contribute to our success by making timely, key, and correct decisions.	We provide our employees with opportunities for professional and personal development, and competitive compensation, and benefits. We foster an inclusive, healthy, and prosperous work environment. We are ready to implement opportunities to keep employee satisfaction and loyalty at the highest level. The key responsibilities and roles we assign to our managers turn into successful projects and we contribute to their recognition in the business world.	<ul style="list-style-type: none"> • 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	Our employees are the key actors in our operations and development of high-quality products. We believe that investing in our employees is critical to the success of our economic and sustainability goals and the growth of our business.		<ul style="list-style-type: none"> • 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)

Stakeholder Groups	Stakeholders	Importance for Eczacıbaşı Building Product - Tiles	Value Created for Stakeholders	Communication Methods and Frequency
Customers	Clients	Our clients, customers and end-users play a vital role in shaping our business. Their preferences directly affect our sales and sustainable success. Maintaining their strong satisfaction, gaining their loyalty, and listening to their feedback are essential to our success and competitiveness in the industry.	We deliver high-quality products, innovative solutions, design inspiration and a sustainability commitment. Our new designs, features, and technologies deliver innovative solutions that add value to customers' lives and enhance their experiences.	<ul style="list-style-type: none"> • 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			<ul style="list-style-type: none"> • Sustainability Reports (Annual) • Social media (Continuous) • Corporate Website (Continuous) • On-line Surveys (Instant / Annual)
Supply Chain	Business Partners	Our business partners, suppliers and contractors play a vital role in the continuity of our operations and the products we offer, the continuity of the materials and services required for our production processes, and the quality and adequacy of raw materials and necessary supply services.	We strengthen our supply chain relationships, drives mutual growth and success, and contributes to a sustainable and resilient supply ecosystem by fostering strategic partnerships, upholding fair, and ethical practices, maintaining quality standards, encouraging innovation and collaboration, and optimizing supply management.	<ul style="list-style-type: none"> • Sustainability Reports (Annual) • Annual Reports (Annual) • Social media (Continuous) • Corporate Website (Continuous)
	Suppliers			<ul style="list-style-type: none"> • Sustainability Reports (Annual) • Social media (Continuous) • Corporate Website (Continuous) • Audits (Instant / Periodic)
	Contractors			<ul style="list-style-type: none"> • Sustainability Reports (Annual) • Social media (Continuous) • Corporate Website (Continuous)

Stakeholder Groups	Stakeholders	Importance for Eczacıbaşı Building Product - Tiles	Value Created for Stakeholders	Communication Methods and Frequency
Government and Regulators	Public Organizations	Public Institutions are a key component of our company's ability to navigate regulatory complexities, access resources, and contribute to sustainable economic development	We have strict adherence to regulations and standards set by public institutions. Providing active support to the relevant regulations as an industry actor, thus we promote regulatory compliance in the industry	<ul style="list-style-type: none"> • Sustainability Reports (Annual) • Social media (Continuous) • Corporate Website (Continuous) • Projects (Project-Based) • Audits (Instant/Periodic) • IRL Visits (Instant)
	Local Authorities	Local governments play a vital role in our operations by providing essential services and infrastructure, regulating land use and zoning, issuing permits and licenses, and supporting economic development initiatives.	We contribute to local governments by providing employment opportunities, contributing to the economy through our investment, and supporting community development projects where we operate.	<ul style="list-style-type: none"> • Sustainability Reports (Annual) • Annual Reports (Annual) • Social media (Continuous) • Corporate Website (Continuous) • IRL Visits (Instant)
Civil Society	International Organizations	International organizations expect our tile manufacturing company to adhere to high quality and safety standards, implement environmentally sustainable practices, uphold ethical and social responsibility norms, invest in innovation and technology, maintain transparency and accountability, and engage in international collaboration and networking.	By meeting these expectations, our tile manufacturing company creates value through producing high-quality and safe products, promoting environmental sustainability, upholding ethical standards and social responsibility, driving innovation and technological advancement, ensuring transparency and accountability, and fostering international collaborations and networks.	<ul style="list-style-type: none"> • Sustainability Reports (Annual) • Annual Reports (Annual) • Social media (Continuous) • Corporate Website (Continuous)
	Sectoral Organizations	Sectoral organizations support us in closely following the dynamics of the sector and the business world and being prepared for new developments regarding sector standards.	Our company creates value for sectoral organizations by offering high-quality and innovative products, thereby raising industry standards and enhancing sustainability and efficiency in the sector.	<ul style="list-style-type: none"> • Sustainability Reports (Annual) • Social media (Continuous) • Corporate Website (Continuous) • Projects (Project-Based) • Trade Shows (Instant/Periodic) • Sectoral Conferences (Instant/Periodic)
	Trade Unions	Trade unions expect fair wages and benefits for employees, safe and healthy working conditions, respect for workers' rights, access to education and development opportunities, job security and employment continuity, and the implementation of environmental sustainability and social responsibility policies.	Our company creates value for stakeholders by ensuring fair wages and benefits, maintaining safe and healthy working conditions, respecting workers' rights, providing education and development opportunities, ensuring job security and employment continuity, and implementing environmental sustainability and social responsibility policies.	<ul style="list-style-type: none"> • Meetings (Instant / Periodic) • Sustainability Reports (Annual) • Annual Reports (Annual) • Social media (Continuous) • Corporate Website (Continuous)

Stakeholder Groups	Stakeholders	Importance for Eczacıbaşı Building Product - Tiles	Value Created for Stakeholders	Communication Methods and Frequency
Civil Society	Non-Governmental Organizations (NGOs)	NGOs provide us with guidance and take on a cooperation role on issues such as strengthening social responsibility, producing solutions to environmental problems, and communities' access to social opportunities and opportunities.	As a result of our joint projects the social value and environmental benefit produced, we strengthen our collaborations.	<ul style="list-style-type: none"> • Sustainability Reports (Annual) • Social media (Continuous) • Corporate Website (Continuous) • Customer Research (Continuous) • Projects (Project-Based) • Memberships (Continuous)
	Universities and Research Institutions	Educational institutions, universities and research organizations direct our work by bringing new perspectives to our work.	While we provide opportunities for universities and research organizations to work in new areas, we support their development in our sector related areas.	<ul style="list-style-type: none"> • 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	Engaging with society and local communities allows us to gain a deeper understanding of the diverse needs, concerns, and expectations of our stakeholders.	We are fully committed to social responsibility, sustainability, and community engagement, and we are confident that this will have a positive impact on society and the local community. We are enhancing the quality of life for individuals and communities alike. We achieve this both with our products and our responsibility activities. By actively listening and collaborating with these groups, we believe that we can build trust, foster dialogue, and address relevant social, environmental, and economic issues.	<ul style="list-style-type: none"> • Sustainability Reports (Annual) • Annual Reports (Annual) • Social media (Continuous) • Corporate Website (Continuous)
	Local Community			<ul style="list-style-type: none"> • Sustainability Reports (Annual) • Projects (Project-Based) • Social media (Continuous) • Corporate Website (Continuous) • Social Responsibility Projects (Project-Based)
	Media	We maintain professional relationships with media actors in order to inform the society and target audiences transparently, to create trust to meet the public's expectations, to convey its reputation and brand value, and to ensure that current developments are followed by its stakeholders.	We build public trust through transparent and honest information sharing and media channels.	<ul style="list-style-type: none"> • Sustainability Reports (Annual) • Social media (Continuous) • Corporate Website (Continuous) • Press Releases (Instant)

List of Associations, Initiatives and Memberships

Institution
BKF (Bundesverband Keramische Fliesen) Germany
Bozuyuk Chamber of Commerce and Industry
Central Anatolian Exporters' Union
Cerame-Unie (The European Ceramic Industry Association)
Ceramic Research Center
DEİK Türkiye - Foreign Economic Relations Board of Türkiye
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	Awards by
Global Lighthouse VitrA Tiles - Bozüyük Plant	World Economic Forum
The Best Change Management VitrA Tiles - Global Lighthouse Network	Eczacıbaşı Group - Dijitaliz 2023
The Best Digital Operation-Manufacturing VitrA Tiles - DigiTile	Eczacıbaşı Group - Dijitaliz 2023
The Best Digital Customer Experience VitrA Tiles - VitrA Voyage	Eczacıbaşı Group - Dijitaliz 2023
Best Machine Learning Project of the Year VitrA Tiles - DigiTile	CXO Medya-Future of Cloud & AI Awards 2023
Best Waste Management Company of the Year	Boğaziçi University - Boğaziçi Environment Awards

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 30-33
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 24-25
Ethical behavior	Anti-Corruption	1. Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures	Business Ethics and Legal Compliance, page 67-69
		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		
Protected ethics advice and reporting mechanisms	A description of internal and external mechanisms for:	Business Ethics and Legal Compliance, page 38-39	
	1. Seeking advice about ethical and lawful behavior and organizational integrity; and		
	2. Reporting concerns about unethical or unlawful behavior and lack of organizational integrity.		

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 36-37
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 (tCO ₂ e) GHG Protocol Scope 1 and Scope 2 emissions.	Energy Management and Carbon Emissions, page 44-47
		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: megaliters of water withdrawn, megaliters 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.	Water Management, page 48
		Estimate and report the same information for the full value chain (upstream and downstream) where appropriate.	

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 56-58
	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 56-58
	Wage level (%)	Ratios of standard entry level wage by gender compared to local minimum wage.	Story of Our Ambition Report , Equal, Diverse and Inclusive Workplace, page 56-58
		Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO	
Risk for incidents of child, forced or compulsory labor	An explanation of the operations and suppliers considered to have significant risk for incidents of child labor, forced or compulsory labor. Such risks could emerge in relation to:	Story of Our Ambition Report , Risk Management, page 36-37; Supply Chain Management, page 40	
Skills for the future	Training provided	Average hours of training per person that the organization'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 59-61
		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 62-64
Health and Well-being	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.	Story of Our Ambition Report , Health, Safety and Wellbeing, page 62-64
		An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers.	https://storage-vitra.mncdn.com/vitra/tr/document/Politikalar/OHSPOL.001_İş%20Sağlığı%20ve%20Güvenliği%20politikası_Rev04.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 59-61
		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 59-61
Economic Contribution	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	Economic and Financial Performance, page 41
		2. Financial assistance received from the government: total monetary value of financial assistance received by the organisation from any government during the reporting period.	In the reporting year, 1,668,327 TL government support was received within the scope of Social Security Institution, incentives to prevent work accidents and Turquality.
Financial investment contribution	Financial investment contribution	1. Total capital expenditures (CapEx) minus depreciation, supported by narrative to describe the company's investment strategy.	Story of Our Ambition Report , Economic and Financial Performance, page 41
		2. Share buybacks plus dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders.	
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

DRT Bağımsız Denetim ve SMMM A.Ş. ("Deloitte") independent auditor's limited assurance report to the Board of Directors of Vitra Karo Sanayi ve Ticaret A.Ş. ("Company/ Vitra Tiles") on the Integrated Sustainability Report 2023: Facts about Our Actions and -Integrated Sustainability Report 2023: Story of Our Ambition (Integrated Sustainability Report) for the year ended 31 December 2023.

Scope of Limited Assurance Engagement

We have been engaged to perform a limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) on whether the Selected Sustainability Information listed below (the "Selected Information") in the Company's Integrated Sustainability Report for the year ended 31 December 2023 (the "2023 Sustainability Report") has been prepared in accordance with the principles set out in the Reporting Guidance section of the the Eczacıbaşı Building Products - Tiles Integrated Sustainability Report 2022 Facts about Our Actions pages 91-93.

Selected non-financial performance data for limited assurance

We have been engaged by the Company to perform limited assurance procedures on the accuracy of the following key performance indicators included in the 2023 Integrated Sustainability Report for the year ended 31 December 2023. The scope of the indicators subject to limited assurance procedures and marked with an ✓ of the 2023 Integrated Sustainability Report for the year ended 31 December 2023 is as follows:

Social Indicators

- Loss time incident rate
- Total recordable incident rate
- Women among new recruits (%)
- Total share of women professionals (%)
- Women in management positions (%)
- Training hours per employee (#)
- Training hours per talent (#)

Environmental Indicators

- Total energy consumption (MWh)
- Share of renewable energy consumed (%)
- Share of renewable electricity consumed (%)
- Share of recycled waste (%)
- Total disposed waste (Ton)
- Total recycled waste (Ton)
- Total freshwater withdrawal (thousand m3)
- Energy intensity (MWh/ton)
- Water intensity (m³/ton)

Structural constraints

All assurance engagements have inherent limitations due to the selective testing of the information under review. Fraud, error or non-compliance may therefore occur and not be detected. In addition, non-financial information, such as non-financial information contained in reporting documents, is subject to more structural limitations than financial information, given the nature and methods used to identify, calculate and sample or estimate such information.

Our audit provides limited assurance as defined in ISAE 3000 (Revised). The procedures performed as part of a limited assurance engagement differ in nature and timing - and to a lesser extent - from a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is therefore significantly narrower than the scope of a reasonable assurance engagement.

Special Purpose

Our work has been undertaken to inform the Company's Board of Directors of the matters we are required to report in this report and for no other purpose. To the extent permitted by law, we accept no responsibility to any person or entity other than the Company's Board of Directors for the assurance audit we have conducted or the conclusion we have reached.

Our Independence and Competence

We comply with the independence and other ethical provisions of the Code of Ethics for Accounting Professionals published by the International Ethics Standards Board for Accounting Professionals, which sets out the basic principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

We apply the International Standard for Quality Management 1 (ISQM 1) and accordingly maintain a robust system of quality control, including policies and procedures that document compliance with relevant ethical and professional standards and requirements in laws or regulations.

Responsibilities of Management

The Company Executives are responsible for the preparation, accuracy and completeness of the sustainability information and statements in the report. The Company Managers are responsible for setting the Company's sustainability goals, establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

Responsibilities of the Auditor

Our responsibility is to reach a conclusion on the Selected Information based on our procedures. We conducted our limited assurance engagement in accordance with International Standards on Assurance Engagements and, in particular, International Standard on Assurance Engagements (ISAE 3000) (Revised) on Assurance Engagements Other than Independent Audits.

The assurance audit performed represents a limited assurance audit. The nature, timing and extent of the procedures performed in a limited assurance audit are limited compared to those required in a reasonable assurance audit. As a result, the level of assurance obtained in a limited assurance audit is lower.

Limited Assurance Report

Our Key Assurance Procedures

We carried out limited assurance on the accuracy of the selected key performance indicators specified below in the section “Selected non-financial performance data for limited assurance” related to 2023 year and included into the Report.

To achieve limited assurance, the ISAE 3000 (Revised) requires that we review the processes, systems and competencies used to compile the areas on which we provide our assurance. Considering the risk of material error, we planned and performed our work to obtain all of the information and explanations we considered necessary to provide sufficient evidence to support our assurance conclusion.

To form our conclusions, we undertook the following procedures:

- Analyzed on a sample basis the key systems, processes, policies and controls relating to the collation, aggregation, validation and reporting processes of the selected sustainability performance indicators;
- Conducted interviews with employees of the Company responsible for sustainability performance, policies and corresponding reporting;
- Conducted selective substantive testing to confirm the accuracy of received data to the selected key performance indicators;
- Made enquiries of management and senior executives to obtain an understanding of the overall governance and internal control environment, risk management, materiality assessment and stakeholder engagement processes relevant to the identification, management and reporting of sustainability issues; and

We believe that our evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Limited assurance conclusion

Based on our work and the assurance procedures performed, nothing has come to our attention that causes us to believe, in our opinion, that the Selected Information referred to above in the Company’s 2023 Integrated Sustainability Report for the year ended 31 December 2023, for which we were engaged to provide limited assurance, has not been prepared, in all material respects, in accordance with the Reporting Manual, as described in the “Auditor’s Responsibilities” section above.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Tolga Sirkecioğlu
Partner

İstanbul, 19 August 2024

Reporting Principles

Eczacıbaşı Building Products - Tiles Integrated Sustainability Report 2023: 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’ (“VitrA” or the “Company”) Eczacıbaşı Building Products - Tiles Integrated Sustainability Report 2023: Story on Our Ambition Report and Facts on Our Action Report (the “Integrated Sustainability Report 2023”). 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 these principles covers the financial year ending December 31, 2023 and the relevant operations in Türkiye and abroad (Russia) for which Company is responsible, as detailed in the “Key Definitions and Scope of Reporting” section.

- Blue collar employees are not included in the social indicators’ calculations.
- Share of women among new recruits, share of women in management positions, share of women in employment, and training hours per talent only include the Türkiye locations of Group.

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	Share of renewable energy consumed (%)	In the reporting period, it refers the ratio of renewable electricity that was produced and procured to the total amount of energy consumption.
Environmental	Share of renewable electricity consumed (%)	In the reporting period, it refers the ratio of produced and procured renewable electricity to the total amount of electricity consumption
Environmental	Share of recycled waste (%)	In the reporting period, it refers the ratio of the waste that is recovered and recycled by the Company, followed up with the waste declarations and declared to the State, to the total amount of waste.
Environmental	Total disposed waste (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 recycled waste (Ton)	In the reporting period, it refers to the amount of waste recycled by the Company, tracked by waste declarations and declared to the Government.
Environmental	Total freshwater withdrawal (thousand m ³)	In the reporting period, it refers to the total amount of municipal water withdrawn, as monitored from the invoices received from service provider institutions, and ground water withdrawn, as monitored by meters.
Environmental	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).
Environmental	Water intensity (m ³ /ton)	In the reporting period, it refers to the ratio of the Company’s total water withdrawal to total production volume (in tons).

Social	Loss time incident rate	In the reporting period, it refers to frequency of work-related injuries that result in the employee being unable to work for a full calendar day or more following the incident.
Social	Total recordable incident rate	In the reporting period, it refers to the total of all incidents resulting in Fatal Incident, Lost Time Injury (LTI), Medical Treatment Injury (MTI), Occupational Illness (Confirmed) (OOI), and Restricted Work Injury (RWI).
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 Holding A.Ş. 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 Holding A.Ş.
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 Holding A.Ş. 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

Share of renewable energy consumed (%)

Formula: Total renewable electricity produced from own resources + purchased renewable electricity / Total energy consumption

Share of renewable electricity consumed (%)

Formula: Total renewable electricity produced from own resources + purchased renewable electricity / Total electricity consumption

Share of recycled waste (%)

Formula: Total recycled waste (ton) / Total amount of waste (ton)

Total disposed waste (Ton)

Formula: Total amount of disposed waste

Total recycled waste (Ton)

Formula: Total amount of recycled waste

Total freshwater withdrawal (thousand m³)

Formula: Total municipal water withdrawal + total ground water withdrawal

Energy intensity (MWh/ton)

Formula: Total energy consumption / Total production amount

Water intensity (m³/ton)

Formula: Total water withdrawal / Total production amount

2. Social Indicators

Loss time incident rate

Formula: (Lost Time Incident Quantity) x 200.000 / Total Manhours

Total recordable incident rate

Formula: (Total Recordable Incident Quantity) x 200.000 / Total Manhours

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 involves a degree of estimation. Restatements are considered where there is a change in the data of greater than 5 percent at the Group level.

Info

TÜRKİYE

VitrA Tiles Industry and Co. Inc.

4 Eylül Mah.

Osman Rusçuk Cad. No:13

Bozüyük/Bilecik

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