

VitrA

Villeroy & Boch
1748

engers

Eczacıbaşı Building Products - Tiles
Integrated Sustainability Report
2023

Building a Healthier Future, Together

Story of Our Ambition

ECZACIBAŞI
BUILDING PRODUCTS

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About the Report

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GRI 2-2, GRI 2-3, GRI 2-4

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).

Assurance

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](#).



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](#).

Navigation Icons



Financial



Natural



Social



Human



Intellectual



Manufacturer



Spotlight Projects



Stakeholder Perspective

* 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

1

Eczacıbaşı Building Products - Tiles at a Glance

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

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

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Overview of Eczacıbaşı Building Products - Tiles

GRI 2-1

Established in 1991, 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’ products today extend well beyond the boundaries of the bathroom.

With a blend of cutting-edge innovation and well-established brands, including VitrA, Villeroy & Boch, and Engers, 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. The company operates three production facilities, two in Türkiye, and one in Russia, with an annual production capacity of **30 million m²**.

As of 2023, Eczacıbaşı Building Products – Tiles is Türkiye’s number one exporter to the European Union, with over 30 years of experience, total net sales of **€350 million** and almost **2000** employees.

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

Overview of The Eczacıbaşı Group We Part of

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’s core sectors are centered around building products, consumer products and healthcare, further complemented by additional ventures in information technology, natural resources, and property development. In Türkiye, the Group occupies a preeminent position in the majority of its sectors, leveraging its highly efficient distribution networks for building products, pharmaceuticals, and fast-moving consumer goods. On a global scale, Eczacıbaşı has positioned itself as a premier supplier of bathroom and tiling solutions, catering to the needs of both residential and commercial spaces. The Group is also a major exporter of a diverse range of products, including tissue paper, electronic smart cards, and industrial raw materials such as clay and feldspar.

GRI 2-1

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.



* It has been rearranged according to inflation accounting.

Our Organization, Brands and Products

GRI 2-1

3

Brands



3

Production Plants



90

International Markets



+2,000

Overall Employment



€350 Million

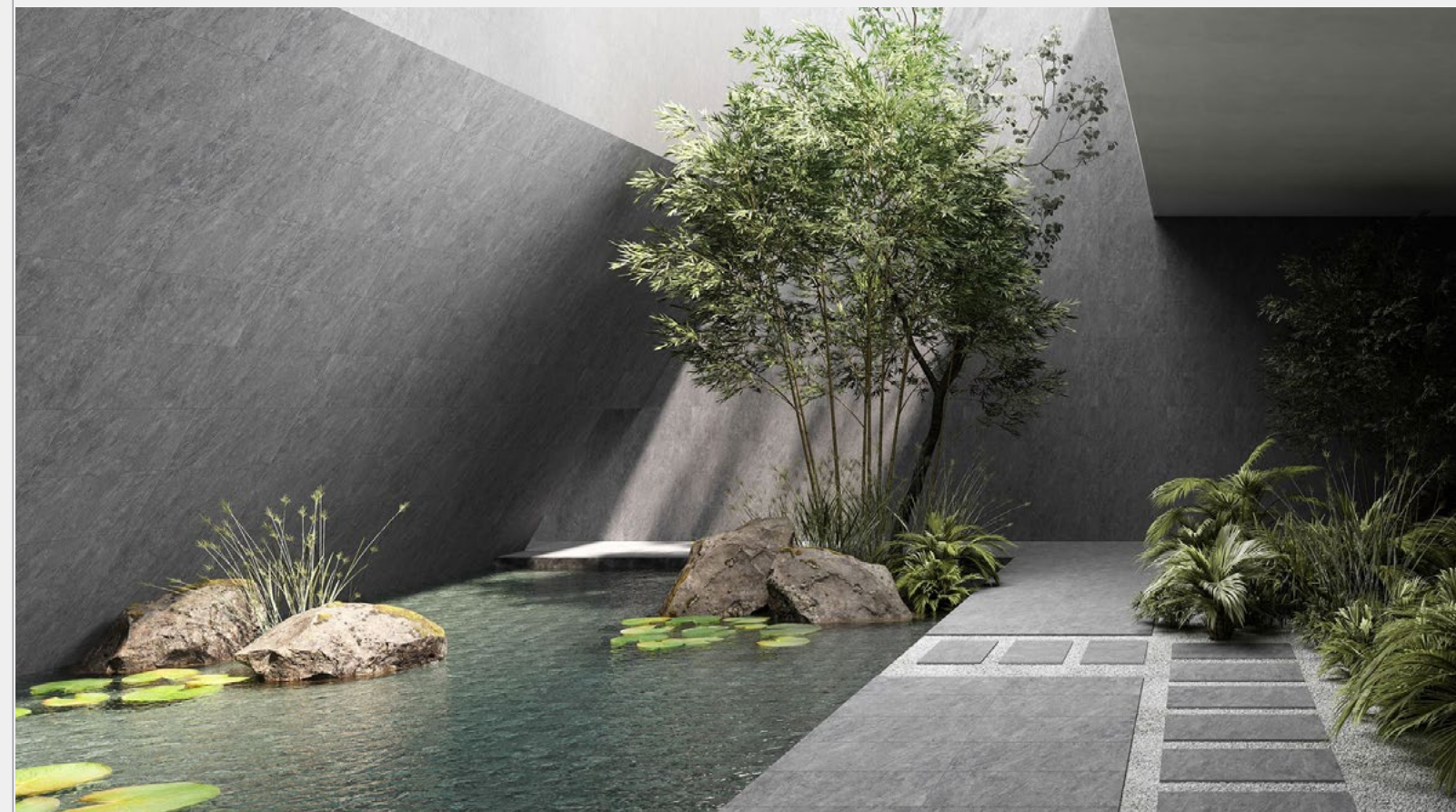
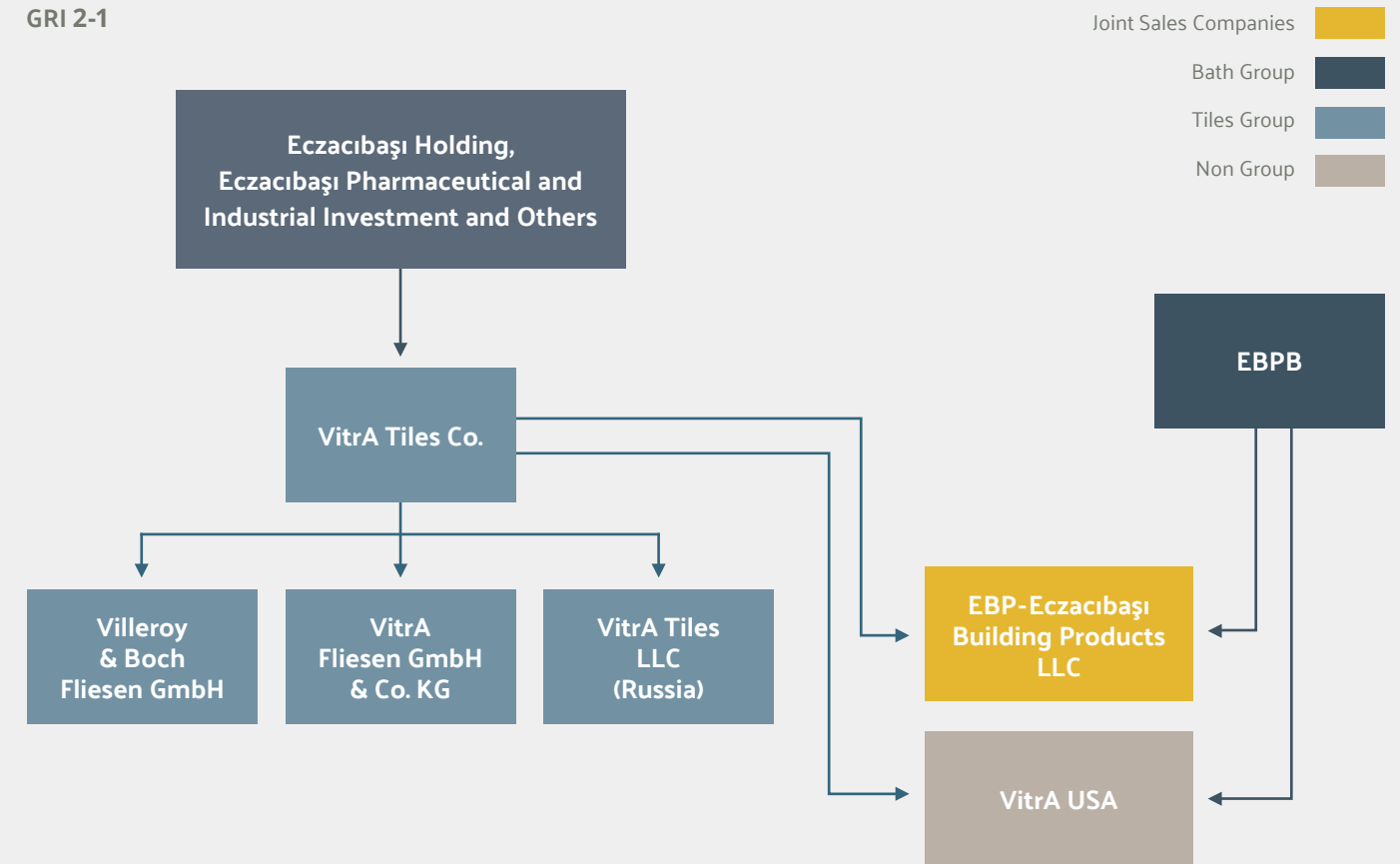
Net Sales



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’s oldest and most renowned ceramics brands. 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).

GRI 2-1



Brands

GRI 2-1

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.

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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.

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



Product Portfolio and Revenue Share

GRI 2-1



Porcelain
Tiles

65%



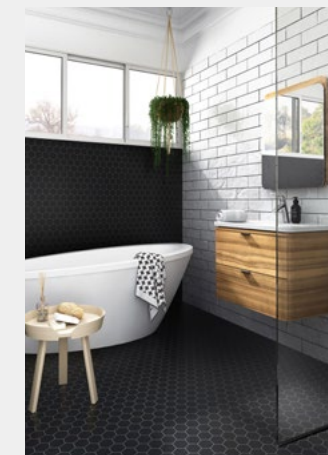
Wall

19%



Technical
Porcelain

6%



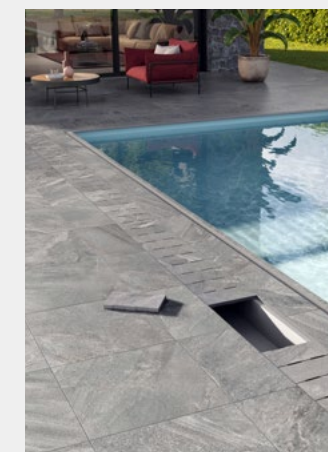
Floor

4%



Mosaics

1.5%







Others

3%




Our Operating Environment

As an international manufacturer operating within the building products industry, we need to remain vigilant in monitoring, anticipating, and responding to the challenges and opportunities that shape both the world and our industry. We acknowledge the significance of tracking global trends and their intersections with our strategic initiatives. This enables us to effectively engage with our external environment and strike a harmonious balance between short-term stability and long-term sustainability.

Global Trends	<p>Climate and Nature Crisis</p> <p>As the planet undergoes a steady increase in temperature, the effects of the climate crisis are becoming more evident through prolonged periods of extreme heat and cold, which have far-reaching consequences for people, economies, and nature. Economic and population growth are leaving indelible marks on the environment, including deforestation, loss of biodiversity, water insecurity, and pollution, among other ecological degradation. This situation places mounting pressure on businesses, as investors, markets, and civil society demand a faster transition towards a sustainable economic model. Despite the urgency, reports and statements from various organizations focusing on the climate crisis, notably the IPCC, suggest that current efforts fall short of the required level to limit the rise in the global temperature to the 1.5°C threshold, thereby increasing the risk of climate action failure.</p>
Impact on the Industry	<ul style="list-style-type: none">• Significant acceleration in legislative agendas pertaining to Environmental, Social, and Governance (ESG) matters, with the European Union (EU) leading the way.• Impact on supply chain:• Increasing severity of the climate change have a huge impact on the transportation logistics, affecting the delivery of the raw materials and finished products.• Emerging new climate regulations can cause new supply chain adjustments.• Increasing demand for sustainable tiles products which are made from recycled materials or produced with lower environmental impact.• Tiles products are needed to meet certain “green” certifications requirements to prove their recyclability or lower environmental impact.• Emerging regulations:• Accelerating crises in climate and nature have enabled the emergence of regulations. These regulations focus on mitigating carbon emissions and minimizing their environmental impact.• The European Green Deal includes various actions for companies, such as the Circular Economy Action Plan, Packaging Waste Directive, and the world’s first Carbon Border Adjustment Mechanism (CBAM) with a provisional agreement.- Implications for industrial companies in Türkiye as a major trading partner with Europe:- Carbon tax and stringent regulations on environmental impact throughout the product life cycle, including packaging and material use.


Impact on the Industry	<ul style="list-style-type: none">• Potential challenges in maintaining export levels and competitiveness due to increasing financial burden• Legal regulations concerning nature conservation and restoration are increasing to promote investment in habitat conservation and establish stricter protected areas, as addressed in COP28.• The Renovation Wave strategy is a significant part of this effort, targeting the improvement of energy performance in buildings.• Reversing nature-loss can provide upwards of 30 percent of the mitigation action needed to keep 1.5°C within reach by 2030.• In the EU, sustainability reporting framework came into force under the name of Corporate Sustainability Reporting Directive (CSRD). Apart from EU, in Türkiye Public Oversight, Accounting and Auditing Standards Authority has published Turkish Sustainability Reporting standards which are composed of the SABs and IISB standards.
Our Response	<p>We acknowledge the multifaceted impact of the climate crisis on the economy, environment, and society. To tackle these challenges, we consistently work to reduce the carbon emissions generated by our manufacturing processes through investments in energy-efficient production technologies and processes, renewable energy generation and green electricity procurement.</p> <p>We place great emphasis on minimizing our material consumption and actively contributing to the circular economy. This commitment is reflected in our investments in innovative product design, waste recycling initiatives, and the utilization of environmentally friendly packaging materials. We incorporate waste from various sectors as alternative raw materials in our production, while also redirecting our process waste to other industries. Additionally, we actively explore potential waste materials that can serve as substitutes for traditional raw materials. In addition, we continue our efforts to be among the leaders of green and digital transformation by prioritizing digitalization efforts in our processes and increasing the efficiency of our processes with data-based decision-making mechanisms. Moreover, as of the end of 2023 Low Carbon Roadmap Project has been commenced within the Eczacıbaşı Group.</p>
Capitals Impacted	<div></div>


Global Trends	<p>Technological Progress and Digital Age</p> <p>The rapid technological advancements witnessed in recent years have led to a transformative and revolutionary change in industries. Emerging technologies such as artificial intelligence (AI), machine learning, robotics, and 3D printing are expected to be at the forefront of driving increased automation across different sectors. This will enable companies to improve their research and development (R&D) activities, foster product innovation and ultimately boost efficiency and productivity.</p> <p>Artificial intelligence (AI) and machine learning are key components in the industry for predicting equipment failures before they occur, thereby reducing downtime and maintenance costs, optimizing supply chains, and enhancing quality control. These technologies continue to reshape the industry by driving innovation, enhancing efficiency, and transforming business models.</p> <p>Furthermore, as these technologies continue to gain prominence, data analysis will become an essential aspect of business operations for firms, financial institutions, and governments alike. In light of these advancements, it is crucial for organizations to maintain adaptability and stay abreast of technological progress to remain competitive in the digital age. Essentially, it signifies the industry's evolution towards leveraging technology to enhance efficiency, quality, sustainability, and customer satisfaction in response to the demands of the digital age.</p>
Impact on the Industry	<ul style="list-style-type: none">• Keeping up with the pace of technological transformation to enable prompt decision-making in company strategies• Driven by rising energy and raw material costs, the impact of automation against the need for increased production efficiency.• Cybersecurity risks in the supply chain and data privacy concerns• Compliance to increasingly stringent data security and privacy regulations such as Personal Data Protection Law (KVKK) in Türkiye and General Data Protection Regulation (GDPR) in the EU.• Leveraging emerging technologies including the Internet of Things (IoT), Artificial Intelligence (AI), machine learning, and Industry 4.0 to maintain competitiveness• Enhancing Digital tools will support supply chain management, improve logistics, inventory control, and overall efficiency, ensure timely delivery, and reduce costs.• Supporting to analyze market trends, customer preferences and emerging demands enable to make right decision on spot.• Prediction on related equipment failures before it occurs by AI and IoT technologies.• Optimizing supply chain by predicting demand, managing inventory levels, and identifying most efficient logistics routes
Our Response	<p>We recognize that staying ahead of the curve in the rapidly evolving digital landscape is critical to achieving our long-term goals and maintaining a competitive edge in the marketplace. By fostering innovation and embracing digital technologies, we aim to improve our operations and create sustainable value for all stakeholders.</p> <p>To this end, we have successfully implemented the S4Hana and Salesforce transformations, enabling a transition to a more adaptable enterprise resource system. Automation in our production processes has also been enhanced through projects like DigiTile, DigiOK, LCV, and TCV, optimizing raw material utilization.</p> <p>Remaining vigilant to emerging technological trends and seeking growth opportunities, our DigiTile project leverages data from over 1400 sources to provide analytical insights that impact our business processes. As part of our Industry 4.0 applications, we have conducted optimization projects in four different processes and plan to focus on optimizing drying and subsequent processes. Additionally, we have improved cyber security by establishing a protected Operational Technology (OT) network.</p>
Capitals Impacted	<div></div>

Global Trends	<p>Global Inflation</p> <p>Global inflation, as highlighted by the World Economic Forum (WEF) 2024 reports, continues to pose significant challenges and opportunities for industries worldwide.</p> <p>The global inflationary environment is characterized by a continuous increase in the prices of raw materials and services worldwide. This situation is accompanied by various factors such as supply chain disruptions, rising energy and raw material costs, monetary policies, and increasing labor costs. These developments significantly impact companies' cost management, pricing strategies, profitability, supply chain management, investment and growth strategies, and customer relationships.</p> <p>Companies must adopt flexible and proactive approaches, such as reviewing their cost structures to enhance efficiency and strengthening their supply chains by seeking alternative supply sources.</p>
Impact on the Industry	<ul style="list-style-type: none">• The cost of essential raw materials, such as clay, pigments, and glazes, rises with inflation. This increase in material costs directly affects the overall production expenses for tile manufacturers.• Inflation-driven spikes in energy prices increase operational costs, further straining profit margins.• Higher fuel prices elevate transportation costs for raw materials and finished products. This leads to increased shipping expenses, which can disrupt supply chains and delay deliveries.• Potential pressure on product prices resulting from consumer behavior against inflation and rising costs.• Additional tax burden to ceramic manufacturers in Türkiye on their exports to the EU arising from the Anti-Dumping investigation under the scope of WTO General Agreement on Tariffs and Trade• Risk of not achieving the desired sales results stemming from the economic slowdown in the European Union• Inflation encourages investments in energy-efficient technologies and sustainable practices to reduce long-term operational costs. This includes optimizing kiln operations and recycling heat within the production process
Our Response	<p>We have established alternative suppliers for critical production materials, and this initiative is ongoing.</p> <p>We are developing alternative formulations to reduce raw material costs as part of the Zero-Based Budgeting (ZBB) project.</p> <p>In anticipation of price increases in the last quarter, we are increasing the stock days of raw materials.</p> <p>After each monthly closure, we update production activity expenses in collaboration with the production teams.</p>
Capitals Impacted	<div></div>

Global Trends	Social Cohesion and Inequalities Globalization, rapid economic growth, and widespread improvements in livelihood have failed to bridge the deep divides within and across countries. In fact, these factors have exacerbated pre-existing inequalities and contributed to the erosion of social cohesion. Furthermore, the emergence of polarization trends in recent years has further intensified this phenomenon. According to the WEF Global Risks Report 2024, growing income inequalities and social divides can lead to workforce challenges, including increased demands for fair wages and better working conditions. The growing inequalities in society have prompted civil society to become more attuned to and vocal about social injustices. Attention is now focused on the role that businesses can play in addressing social inequality and promoting human rights. To achieve these goals, businesses must intensify their efforts in diversity, equity, equality, and inclusion. These actions not only benefit society as a whole but also enhance the private sector's ability to attract and retain talent.
Impact on the Industry	<ul style="list-style-type: none">• Compliance to due diligence and other supply chain regulatory developments, particularly in the EU• Growth in pressure to ensure transparency and accountability throughout the supply chain• Fostering innovation and collaboration to address social challenges and promote inclusivity, in particular the development of new products and services that contribute to social cohesion and inequalities• Consumer focus in transparent businesses and demand for accountability, with a specific emphasis on human rights and environmental footprint• Loss of interest and talent within the industry, leading to potential challenges in attracting and retaining skilled individuals• Employee expectations in fair employment practices (wages, fringe benefits etc.), competitive compensation, and considerations for diversity and inclusion
Our Response	<p>Numerous actions have been undertaken to strengthen the Value Chain. These include the development of a Supply Chain Compliance Policy and the establishment of Internal and External Complaint Mechanism Procedures. Additionally, audits focusing on sustainability within the supply chain have commenced. We have initiated sustainability training for our Supply Chain department employees and stakeholders. Surveys concerning sustainability are now being conducted within the Supply Chain. Risk assessments related to sustainability have begun, and compliance with international regulations within the value chain has been evaluated.</p> <p>We are fully committed to providing meaningful and equitable employment opportunities for all individuals. We cultivate a welcoming and inclusive environment where diverse viewpoints are equally valued. In line with the principles of the Eczacıbaşı Group, we strictly prohibit child labor, forced labor, and any practices that violate human rights within our company. We uphold the right of our employees to unionize, resulting in all of our blue-collar employees being union members. Recognizing that diversity is an inherent source of strength and prosperity, we continuously strive to promote and celebrate it in all its forms. As part of our commitment to sustainability and transparency, we diligently complete EcoVadis ESG questionnaires for our international clients and openly share the results with them.</p>
Capitals Impacted	<div></div>

Global Trends	Geopolitical Developments The surge in polarization, populism, and nationalism continues to shape geopolitics. This trend has weakened multilateralism and international institutions, with populist leaders ignoring the complexity of the modern world and prioritizing their own agendas. The disruptions brought about by social, environmental, and economic changes are leading to a more polarized world, with politics becoming more radical. While the ongoing conflict between Russia and Ukraine remains the focus of discussions on geopolitical tensions with far-reaching implications for the global economy, other sources of instability are anticipated to emerge in the global arena. Rising geopolitical tensions risk further weakening the economic landscape, potentially leading to persistent inflation or stagnant growth even if current pressures abate. Moreover, security of transport in Red Sea is affecting transportation cost and container availability. As the costs of adapting to different political and economic systems rise, multinationals may pragmatically choose sides, accelerating the divergence between different market models. Shortened supply chains, designed to reduce risks associated with geopolitical and economic disruptions, may inadvertently increase exposure to geographically concentrated risks such as labor shortages, civil unrest, pandemics, and natural disasters.
Impact on the Industry	<ul style="list-style-type: none">• Further supply chain disruptions due to the ongoing conflict between Russia and Ukraine, coupled with potential sanctions on natural gas imported from Russia, stemming from the EU's roadmap to decrease its dependence• Adverse impact of the ongoing conflict and the international sanctions on the export activities of companies with production facilities located in Russia• Geopolitical conflicts exacerbate labor shortages and create challenges in attracting and retaining talent• To respond to geopolitical risks, companies may need to diversify their operations and supply chains geographically
Our Response	<p>We actively adopt a proactive approach to mitigate risks associated with geopolitical developments, particularly by closely monitoring such developments and related sanctions. Our focus is on strengthening the resilience of our supply chain and minimizing operational disruptions. To address risks associated with raw material supply, we have conducted R&D studies to develop new formulations and diversified our clay suppliers to reduce dependency on Ukrainian clay. We are committed to accelerating investments in research and development, as well as optimizing products and processes, to minimize the risks of material and energy shortages and to address regulatory developments in the EU. To reduce energy-related risks and lower greenhouse gas emissions, we invest in renewable energy sources, adopt energy-efficient equipment, and implement energy efficiency projects, thereby decreasing our natural gas and non-renewable energy consumption. Additionally, we are exploring the potential use of green hydrogen as an alternative fuel in our production processes. In response to the Suez Canal crisis, we now contract with container suppliers on a quarterly basis rather than annually to closely monitor spot prices and adapt to market fluctuations.</p>
Capitals Impacted	<div></div>

Global Trends	Lifestyle and Behavioral Changes In developed economies, especially among younger age groups, there is a noticeable inclination towards prioritizing experiences and accessibility over material possessions. This phenomenon signifies a more intentional and mindful approach to living, resulting in a surge in the need for comprehensive well-being beyond the confines of physical health. The quest for personal growth has also emerged as a prominent objective for many individuals, with a particular emphasis on learning and self-development. The pursuit of an elevated standard of living has also heightened global consciousness regarding the finite resources of the planet, compelling individuals to assume responsibility for their environmental impact. Millennials and Gen Z are at the forefront of a sustainable and mindful lifestyle movement, driving a growing demand for ethical and sustainable products. Consumers are willing to pay a premium for goods that reflect them environmental values, resulting in a significant shift in purchasing behavior.
Impact on the Industry	<ul style="list-style-type: none">• Evolving expectations of young people, particularly Generation Z, regarding employment and purchasing decisions• Shift in consumer behavior, resulting in an increased demand for information content related to product carbon footprint, recycled material content, and the use of locally and ethically sourced materials• Increasing importance of diverse environmental and social product certifications, necessitating effective communication with consumers to maintain competitiveness
Our Response	We work to maintain a prominent level of sensitivity towards the evolution of contemporary lifestyles, recognizing that the needs and expectations of our employees are constantly evolving. As such, we are committed to crafting hybrid working conditions that are tailored to meet the diverse demands of our workforce. Our emphasis on health, safety and well-being is a principal component of our strategy. We are dedicated to fostering a work environment that provides many opportunities for development, while simultaneously safeguarding the physical, emotional, and mental health of our employees. Furthermore, we are focused on driving portfolio shifts that are informed by consumer-centric insights. Our products contribute to green building solutions and boast an array of diverse environmental labels and certifications, including Environmental Label issued by Turkish Ministry of Environment, Urbanization, and Climate Change, Underwriters Laboratories' Green Guard and Green Guard Gold certificates, Environmental Product Declaration (EPD). By remaining attuned to the changing needs and preferences of our customers, we position ourselves better to maintain competitiveness and responsiveness to their demands.
Capitals Impacted	

Global Trends	Global Regulations and Local Legislations The evolving global and local regulations for sustainability landscape is shaping a new era of sustainability and environmental accountability. These key initiatives are the European Union's Green Deal which encompasses with Carbon Border Adjustment Mechanism (CBAM) and Circular Economy policies; the United Kingdom's implementation of CBAM; and Türkiye's ongoing efforts to establish an Emissions Trading System (ETS). These developments highlight a global shift towards stricter environmental standards and a commitment to reducing carbon footprints across industries.
Impact on the Industry	Under the framework of the European Union's Green Deal, which aims for a carbon-neutral continent by 2050, exports to Europe—one of the primary markets—will be included in the EU's Carbon Border Adjustment Mechanism (CBAM) by 2030 at the latest. There is even a possibility of earlier inclusion based on the EU's evaluations. Similarly, within the Circular Economy Action Plan, the status as a construction and building materials producer, aligned with responsible production and consumption principles, will influence the future production of recycled material series. The Renovation Wave in the EU also presents potential opportunities, as buildings undergoing renovation will require materials. Additionally, the CBAM announced by the United Kingdom at the end of 2023, which will be implemented in 2027, includes the ceramics sector, marking another important market. Furthermore, Türkiye has announced plans to establish its own Emissions Trading System (ETS) and is currently working on its implementation.
Our Response	We have made further investments in efficient equipment, implemented cutting edge digitalization practices, commitments to renewable energy, processes optimizations, Life Cycle Assessment (LCA) studies related to carbon footprint. We have initiated exploration of alternative raw materials, and efforts to increase raw material usage ratio. Additionally, Low Carbon Roadmap has been commenced within the Eczacıbaşı Group.
Capitals Impacted	   

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

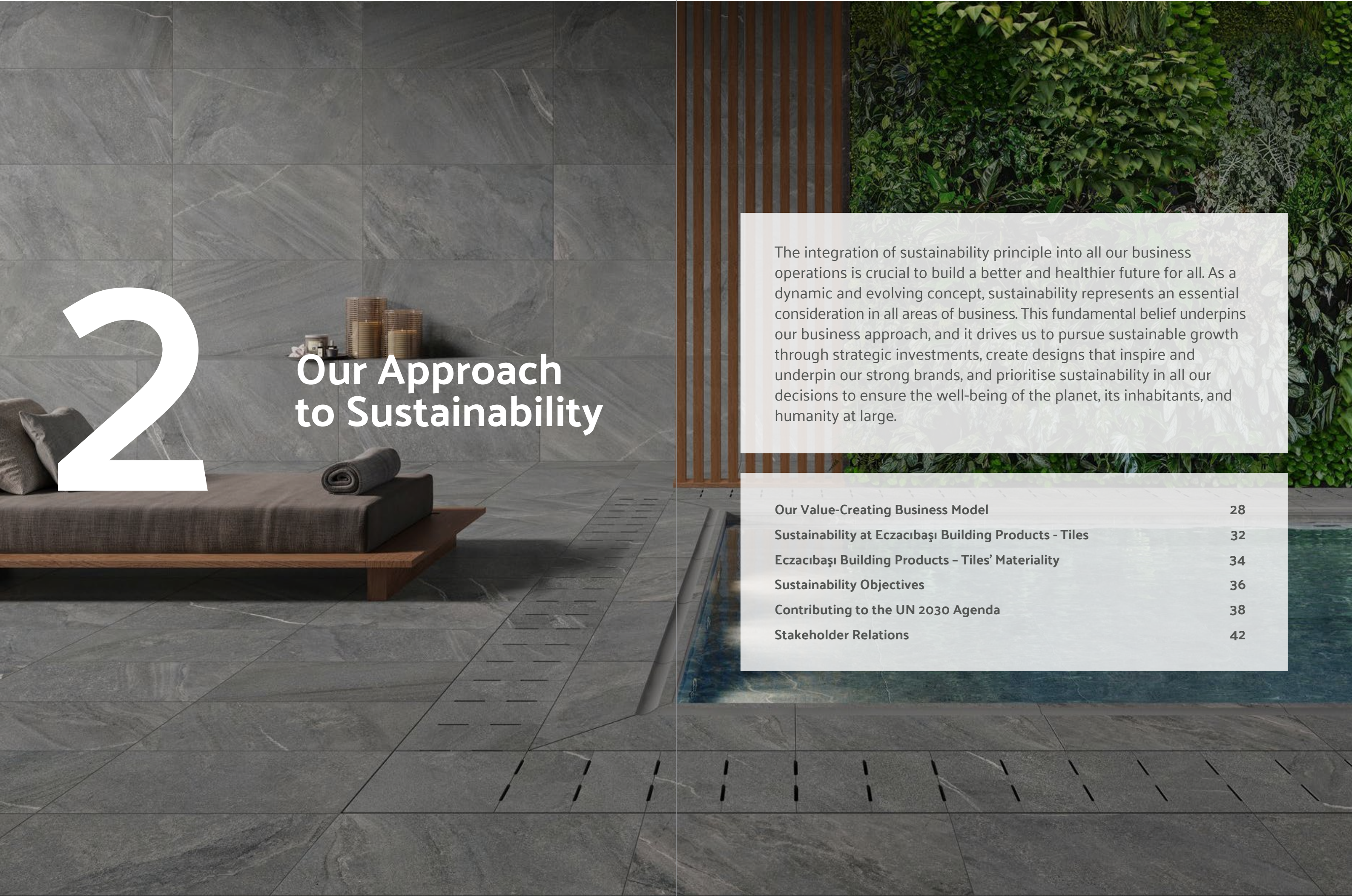


* It has been rearranged according to inflation accounting.

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."

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.

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.

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.

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.

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.



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.

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



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 ✓



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

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



Key outputs

4 registered industrial property applications

192 new products

1,458 suppliers

30 dealers and distributors

7 universities and high schools collaborated with



84 students participating in internship programs

64% customer satisfaction score

3 production plants

30 million m² production capacity

6 regions and 18 cities customer service



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.

As we advance on our sustainability journey, we remain our unceasingly focus on sustainability across our entire business, including design, manufacturing, and our product portfolio. Each of our endeavors reflects our profound environmental consciousness and care for future generations.

Last year, we integrated the sustainability strategy of Eczacıbaşı Group and revised our approach to sustainability, which encompasses four key pillars and nine focus areas. We continuously evaluate our sustainability strategy to ensure it aligns with our business strategy, the external environment, and Eczacıbaşı Group’s sustainability objectives. Our Executive Management team is instrumental in embedding this sustainability approach throughout all company operations.

In 2023, we closely monitored our performance in our key focus areas to ensure we met our sustainability targets, 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.

The Group’s Future Strategy Outlook

Beginning at the end of the 2023 financial year, as part of the low-carbon transition project initiated by Holding, a qualitative assessment study is being conducted for the Group and its subsidiaries. The project’s goal is to develop and implement a Group-wide climate strategy aligned with European Union regulations. This project comprises three main stages. The first stage involves establishing a Scope 1, 2, and 3 GHG emission inventory covering the Group’s entire value chain, in accordance with the GHG Protocol, a prerequisite for setting long term targets. In the second phase, we aim to align the Group’s climate strategy with our business model, values, and goals, ensuring consistency across main subsidiaries and developing strategic recommendations. These include setting long-term greenhouse gas emissions targets for main affiliates and developing scenario modeling for our carbon reduction initiatives. At the project’s conclusion, a long-term climate strategy plan will be presented, and we will announce this to our stakeholders in our 2024 Sustainability Report.



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.

In 2022, a comprehensive examination of our material issues was carried out in line with the revised sustainability strategy set out by Eczacıbaşı Group. Our analysis revealed a more detailed understanding of the changes in our risk and opportunity landscape as well as the sustainability trends that are shaping our industry. The impact of our sustainability initiatives, objectives, and progress was assessed from a business standpoint. We evaluated material issues advised by GRI Standards, SASB and S&P specific to our industry and compared the results with those of our national and international industry peers. We carried out an extensive analysis of the external environment by examining reports on global risk and sustainability trends published by renowned international institutions, including the World Economic Forum’s Global Risks Report, the OECD’s Economic Outlook, and the World Business Council for Sustainable Development’s Macrotrends and Disruptions Shaping 2020-2030 Report. The combined results from both studies identified 14 material topics across nine focus areas.

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. In addition to our analysis, Eczacıbaşı Group initiated Group’s first double materiality assessment involving over 1500 stakeholders, a crucial step towards enhancing transparency and accountability in our reporting practices and aims to evaluate both financial and non-financial factors to provide a holistic view of sustainability impacts. The double materiality project also means contributing to CSRD legal compliance for us. Although the results of this assessment are not yet available, they are expected to contribute significantly to our next sustainability report, offering valuable insights and guidance. By leveraging the forthcoming insights from the Group’s double materiality assessment, we will disclose our actions and performance in our upcoming report.

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

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		
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	Economic and Financial Performance		

Sustainability Objectives

At Eczacıbaşı Building Products – Tiles, we set clear, specific, and time-bound objectives that are aligned with our sustainability commitments to measure our success. We utilize a series of key performance indicators (KPIs) for each objective, allowing us to monitor our own progress in achieving them and concentrate our efforts to ensure that all our teams are actively working towards realizing our sustainability vision. Our sustainability reports provide an overview of our historical performance against these KPIs, enabling our stakeholders to gain insight into our progress in a transparent manner.

The following table outlines our sustainability objectives as to our selected material topics, provides an overview of our performance in 2023, and outlines our future objectives.



Material Topics	Goals ¹	Key Performance Indicator	Performance				Status
			2020	2021	2022	2023	
Energy Management and Carbon Emissions	By the end of 2025, we will reduce our energy consumption per ton of product by 14% from 2020 levels	Energy intensity (MWh/ton)	1.89	1.80	1.71	1.67 ✓ 12% decrease compared to based year	In progress
	By the end of 2030, we will provide our entire electricity consumption from self-produced renewable energy	Renewable energy installed capacity (MWp)	0	0.06	3.76	3.76	In progress
Water Management	At the end of 2025, we will reduce our water consumption per ton of product by 39% from 2020 levels	Water intensity (m3/ton)	1.28	1.00	0.91	0.8 ✓ 38% decrease compared to based year	In progress
Equal, Diverse and Inclusive Workplace	By the end of 2025, we will increase the share of women in employment 45% ⁴	Total share of women professionals (%)	34%	38%	39.19%	38.20% ✓	In progress
	By the end of 2025, we will increase the share of women among new recruits to 58% ⁴	Share of women among new recruits (%)	42%	55.20%	56.32%	38.80% ✓	In progress
	By the end of 2025, we will increase the share of women in management positions to 35% ⁴	Women in management positions (%)	24%	21.70%	19.23%	20% ✓	Room for improvement

⁴ The scope of the goals above are limited to Türkiye operations.

Contributing to the UN 2030 Agenda



The United Nations' 2030 Agenda outlines 17 Sustainable Development Goals (SDGs) that serve as vital benchmarks for fostering sustainable development across environmental, ethical, societal, and economic domains. Achieving these goals requires collaborative efforts from governments, corporations, and civil society. 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. Through our strategic initiatives, we aim to make significant strides towards addressing poverty, hunger, health, education, gender equality, clean water, affordable energy, decent work, innovation, and sustainable communities. 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.

Good Health and Well-Being



- Ensuring that all employees work in a healthy and safe environment is of importance to us. To achieve this, we place a priority on planning, implementing, developing, and improving measures throughout our entire value chain to create this environment.
- We offer a wide range of comprehensive training programs that equip employees with the necessary knowledge and skills to protect themselves against accidents, injuries, and illnesses. Furthermore, we ensure that our personnel are proficient in the use of personal protective equipment.
- Our products, designed with innovative surface technologies, offer advanced hygiene, and contribute to the creation of healthy living spaces with their anti-slip properties, easy-to-clean features, and hygienic qualities.

Quality Education



- In line with our commitment to our employees, we offer unwavering support in helping them navigate their careers and foster their individual growth and develop their skills throughout their entire career journey and beyond.
- We strive to enhance the professional expertise of our employees and provide training to contribute to their skills. In parallel, we offer our executive staff leadership and management trainings and workshops specifically designed for our executive staff.

Gender Equality



- We are committed to ensuring equal opportunities in both recruitment and the work environment.
- We are actively working to enhance the participation of women in management position, expand the overall representation of women within our company, and cultivate an environment where women can pursue their careers without encountering barriers.
- A variety of initiatives are implemented which prioritize the viewpoints of female employees. It is our objective to proactively identify and address any potential discriminatory concerns in order to foster an inclusive work environment that embraces the unique challenges and perspectives of all employees.

Clean Water and Sanitation



- We are dedicated to implementing a plan to reduce our reliance on water, avoiding unnecessary water within our facilities.
- The initiatives of projects related to sludge liter weight contribute to the enhancement of water efficiency within the facility.
- We recycle 100% of our industrial wastewater and reuse it in our production processes in our Bozüyük and Russia facilities.
- Using easy-to-clean and self-cleaning tile solutions, we decrease water consumption in the product lifecycle and eliminate the need for chemical cleaning agents that pollute water resources.

Affordable and Clean Energy



- We are increasing the availability of green energy resources in our operations through increased investments in renewable energy, procurement of green electricity, and exploration of green hydrogen as an alternative fuel for combustion.
- To enhance energy efficiency in our production processes, we are renewing or modifying equipment, implementing automation systems, and optimizing processes using digital technologies.

Decent Work and Economic Growth



- We generate economic value through our total net sales of over **€350 million**, while exporting our products to **nearly 90 countries**, thereby contributing to Türkiye's economic growth.
- We provide a fair, safe, diverse, and inclusive workplace for around **2,000 employees** who benefit from good working conditions, the opportunity to develop their skills development, a focus on physical and mental well-being, and meaningful employment.
- As we maintain 90% of our suppliers from the local community, we plan an active role driving local economic growth and development. In collaboration with our stakeholder ecosystem, we are building resilient communities.

Industry, Innovation and Infrastructure



- We utilize innovation and digital technologies to drive the development of innovative solutions in both product design and production processes.
- We continuously invest in our digital infrastructure to optimize resource efficiency, minimize energy consumption, enhance product quality
- As part of our commitment to data-driven decision-making and end-to-end visibility, we focus on high-quality projects centered on digitalization, sustainability, and innovation in production processes. Our Bozüyük Plant have become the world's first ceramic production facility to be included in the World Economic Forum's "Global Lighthouse Network", which consists of manufacturers that are pioneers of 4.0 Industry practices and digital transformation in their sectors.



Reduced Inequalities



- We are committed to combatting gender inequalities by supporting advancement of income equity. To reduce pay inequalities, we took several actions and in 2023.
- We continuously provide training to ensure equality and inclusivity.

Responsible Consumption and Production



- We invest in innovative product design to minimize the environmental footprint throughout the lifecycle of our products. Our products contribute to green building solutions and carry a range of diverse environmental labels and certifications.
- Our optimization processes play a significant role in the reduction of raw material consumption, while simultaneously aiming to save energy.
- We strive to increase the content of recycled materials in our products and reduce waste generation in our manufacturing process through prevention, reduction, recycling, and reuse.
- Through industrial symbiosis practices, we incorporate waste materials from various sectors as alternative raw materials in our production, while also redirecting our process waste to other industries.



Climate Action



- We are improving the resilience of our operations to adapt to a changing climate by setting targets and taking prompt action across our value chain to facilitate the transition towards a low-carbon economy.
- We are actively working towards reducing our carbon emissions through various measures, including enhancing energy efficiency, procuring, and generating renewable electricity, working on decarbonization projects, improving logistic operations, and minimizing environmental impact throughout the lifecycle of our products.

Partnership for the Goals



- We actively engage with our stakeholders and implement initiatives addressing our material issues to contribute to a healthier future for all and support the achievement of the United Nations' Sustainable Development Goals (SDGs).
- Aligned with the vision and objectives of Eczacıbaşı Group, we participate in various multi-stakeholder partnerships, including the Business Plastics Initiative, UN Global Compact, WEF Stakeholder Capitalism, and Women Empowerment Principles (WEPIs).

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. We acknowledge that regular and two-way communication with our stakeholders plays a pivotal role in our sustainability journey, enabling us to drive progress on shared purposes and generate solutions to the urgent challenges of our era.

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.

The following table summarizes who our key stakeholders are, how we engage and hold regular dialogue with diverse groups through various platforms.



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)



3

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 corporate governance approach is strictly based on these values, which guide our activities and permeate our entire organizational structure. Our aim is to achieve a durable corporate structure that can effectively respond to potential risks and opportunities by disseminating these values, which are the building blocks of our corporate culture, throughout the value chain. 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

We firmly believe that to succeed in developing effective governance mechanisms, it is vital that we promote a culture of accountability and transparency, safeguard long-term success, and generate sustainable value for all stakeholders.

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.

Our Board of Directors and Executive Management collaborate closely to implement strategic planning, risk management, and decision-making processes. These processes facilitate the alignment of the company's objectives with the evolving dynamics of the market and the expectations of stakeholders.

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. The Board's overriding objective is to guarantee the long-term success of the organization. Through effective governance practices, the Board of Directors ensures the organization's resilience and long-term viability.

The Eczacıbaşı Building Products – Tiles Board of Directors comprised of eight members. Following the changes in our Board of Directors this year, the percentage of women on the Board is 13%.



Nejat Emre Eczacıbaşı
Chairperson of the Board
Talent & Remuneration Committee
Marketing Committee



Atalay M. Gümrah
Vice Chairperson
Talent and Remuneration Committee



Eylem Özgür
Board Member
Talent and Remuneration Committee
Audit & Risk and Governance Committee



Hasan Pehlivan
Board Member, CEO of Vitra Tiles
Talent and Remuneration Committee
Investment Committee
Marketing Committee



Ferit Erin
Board Member
Investment Committee
Audit & Risk and Governance Committee



Mahmut Güneş Soytürk
Board Member
Investment Committee
Audit & Risk and Governance Committee



Kaare Ivar Olsen Malo
Board Member
Audit, Risk and Governance Committee
Marketing Committee



Rafael Jose Benavant Estrems
Board Member
Talent and Remuneration Committee
Investment Committee

Board Committees

The Board of Directors carries out its duties through sub-committees formed in the fields of Investment, Audit, Risk and Governance, Talent and Remuneration, and Marketing.

Board Committees	Investment Committee	Audit, Risk and Governance Committee
Responsibility	<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. 	<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>
Board Committees	Talent And Remuneration Committee	Marketing Committee
Responsibility	<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. 	<ul style="list-style-type: none"> Setting overall marketing strategy and direction and top-down marketing targets for the Business Unit.



Executive Management

With a steadfast dedication to ensuring reliable, transparent, and high-quality services to all stakeholders, our Executive Management team plays a paramount role in strategic guidance and direction to the organization.

Our Executive Management team, dedicated to achieving sustainable excellence and leadership in harmony with the Company’s strategies and mission, encourages a culture of innovation, collaboration, and accountability, using their collective expertise to drive long-term growth and success.

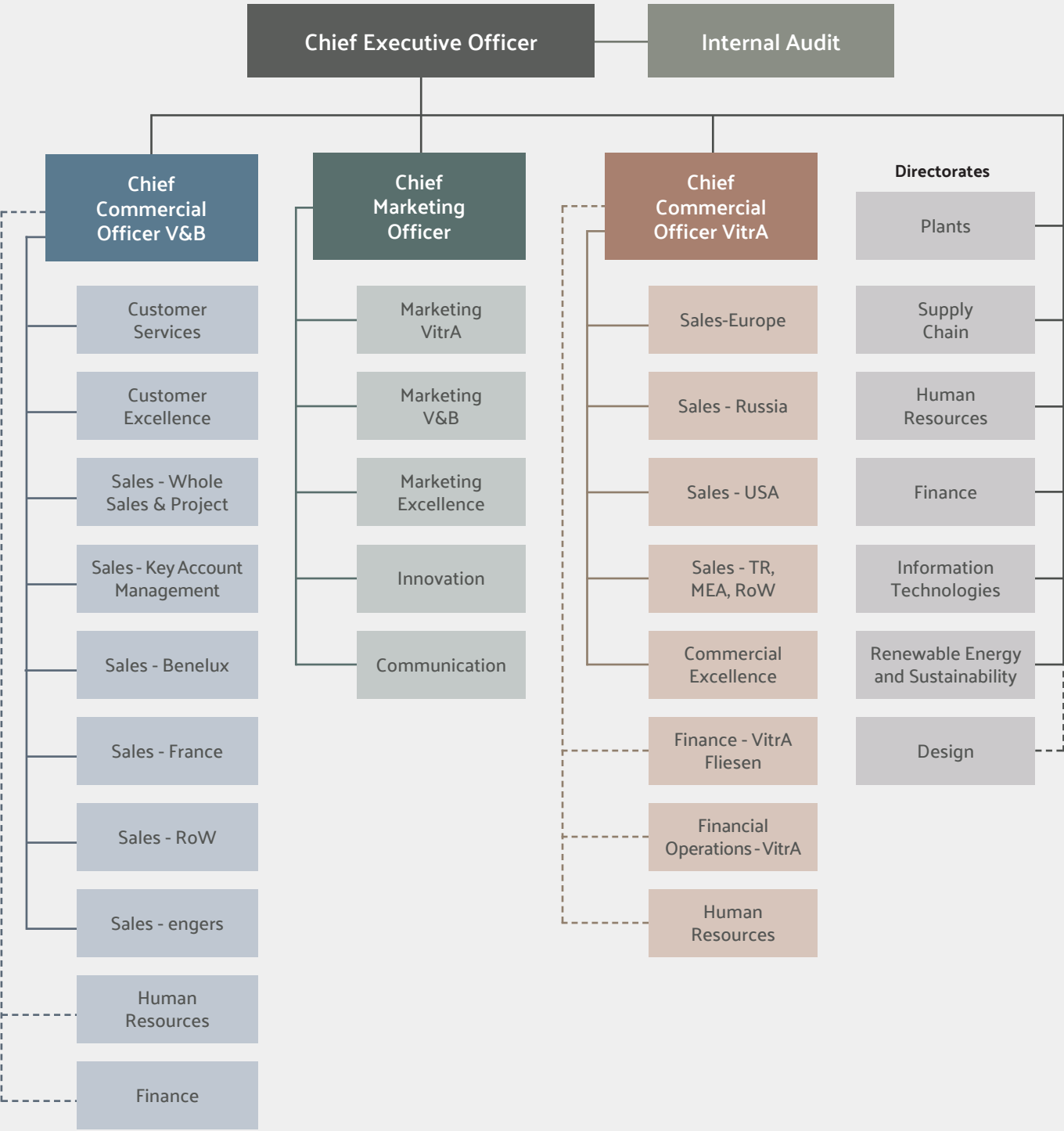
The Executive Management team plays a critical role in managing the performance of the business, shaping strategic priorities, and ensuring that the organization remains adaptable and responsive to the ever-changing needs of its stakeholders, through their insightful leadership and expertise. They uphold the highest standards of corporate governance and are relentless in their pursuit of sustainable excellence in all facets of their work.

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

Our Organizational Structure

Our organizational structure is finely tuned to promote smooth co-operation and harmonious co-ordination between the units, which are overseen by senior executives and directorates under the leadership of our CEO. Each unit is critical to driving our strategic objectives, ensuring sustainable excellence, and maintaining our industry leadership as defined by our mission. This cohesive structure enables us to effectively implement short, medium, and long-term strategic objectives, thus promoting enduring quality and fulfilling our organizational vision.



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.

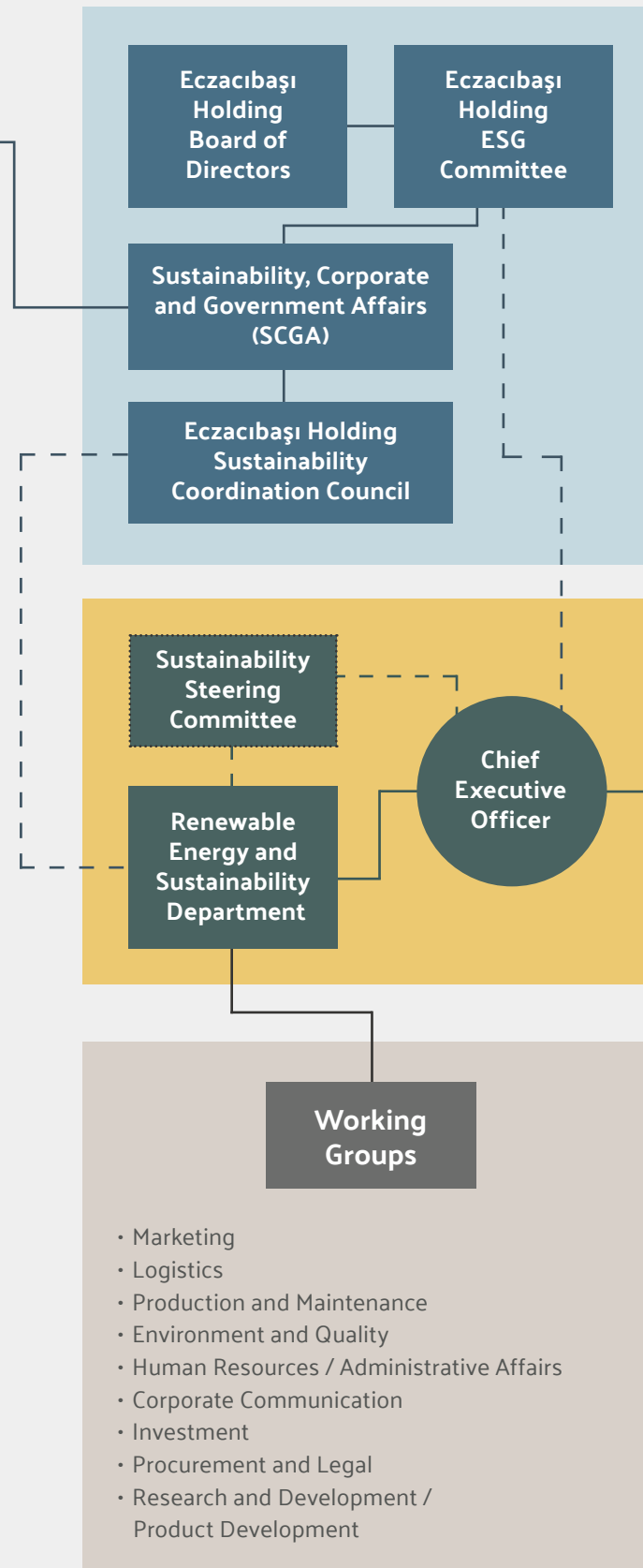
Sustainability, Corporate and Government Affairs (SCGA)

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.

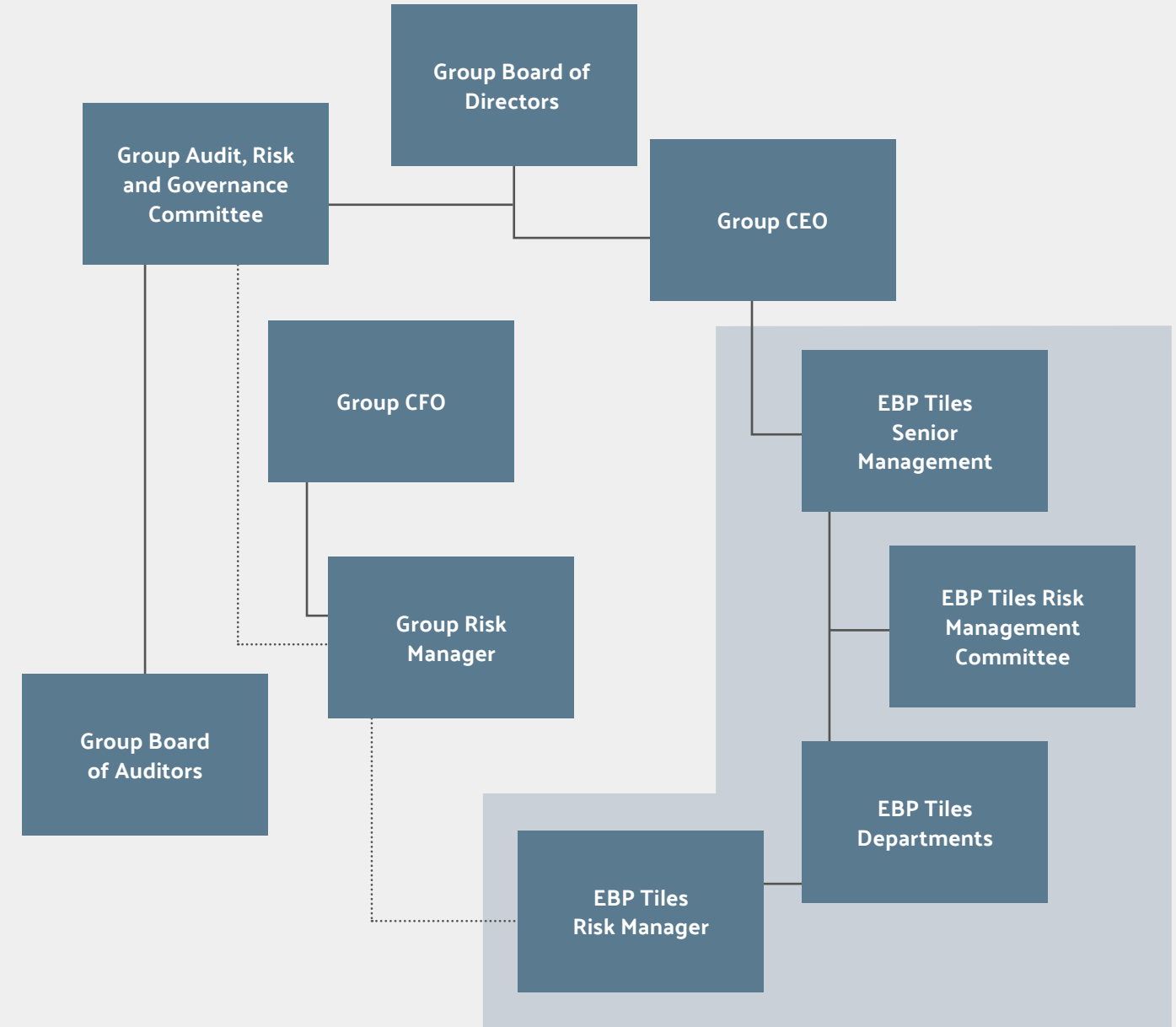
To achieve our objective of implementing effective risk management procedures in line with international standards, we are committed to raising risk awareness across the organization and driving data-driven decision-making. Our risk management approach commences with the identification of potential risks, 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. The Audit, Risk and Governance Committee, which reports to the Board of Directors, oversees, and reports on all significant risks.

A system of operational risk management has been established, with the objective of prioritizing risk awareness. This system is designed to protect and continuously improve risk management activities throughout the value chain and the organization. By adopting this approach, risks can be proactively handled and mitigated, the allocation of time and resources to relevant activities can be optimized, and ultimately, sustainable growth can be fostered by reducing financial losses and minimizing resource waste.



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. The Board of Directors of our Company has established an Audit, Risk and Governance Committee at the level of the Board of Directors, which oversees the company's risk management, governance, and audit activities. 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.

The Eczacıbaşı Group employs a common risk universe, comprising five main categories: strategic, operational, financial, compliance, and sustainability. The following table illustrates the way Eczacıbaşı Building Products – Tiles categorizes risk, accompanied by examples of risk titles within related categories.

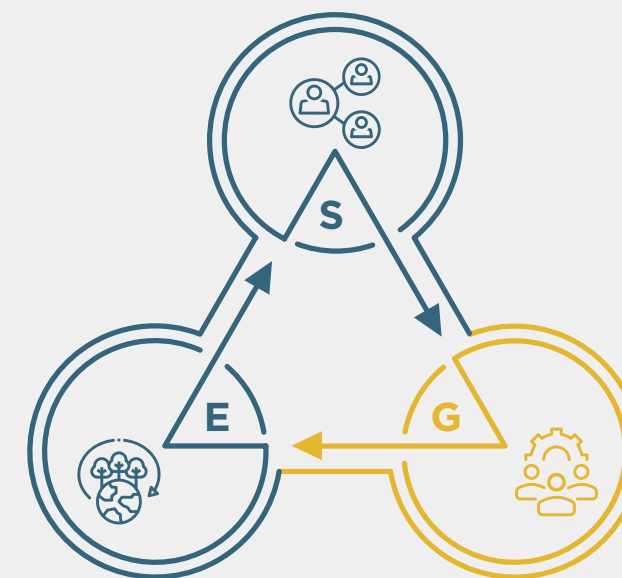
Strategic	Operational	Financial	Compliance	Sustainability
Economic / Macroeconomic	Disaster / Hazard / Security (Earthquake, fire, accident, theft, etc.)	Foreign Exchange / Parity	Legislation / Regulation	Natural Disasters / Extreme Weather
Political / Geopolitical / Country	Health and Safety & Environmental	Liquidity / Cash Flow / Debt Ratio	Ethics / Code of Conducts	Climate Change
Market / Competition	Supply Chain / Procurement (Quality, logistics, subcontractor, etc.)	Interest Rate	Fraud / Errors and Omissions	Resource Management (Energy, water, etc.)
Business Model / Value Chain	Productivity / Resource Usage	Counterparty / Credit	Contract Management	Biodiversity Ecosystem
Portfolio Management (Customer, channel, region, etc.)	Project Management	Collection / Collateral	Compliance with Standards (ISO, etc.)	Occupational Health and Safety
Investments (Expanding, mergers and acquisitions, etc.)	Asset Management	Capital / Fund Management	Corporate Governance Principles	Employee Rights & Equal Opportunity
Governance (Organizational structure, sources- capacity usage, strategic planning, etc.)	Infrastructure / System (Energy, water, natural gas, communication, etc.)	Financial Instruments	License / Permission / Intensives	Sustainability Communication (Industrial negative perception, response/ reactions to projects, product quality, etc.)
Reputation / Image / Brand Value (Communication, social impact, etc.)	Human Resources / Employee	Commodity / Price	Legal Risks (taxation, customs, etc.)	Responsible Purchasing & Cooperations (Environmentally friendly, ethical and sustainability oriented)
Stakeholder Relations (Shareholders, business partners, customers, suppliers, etc.)	Information Technologies / Information Securities	Financial & Official Reporting	Legal Compliance with Foreign	Sustainable Economic Growth (Failure of economic productivity, value- based innovation activities)
Innovation / Digitalization (Technological improvement, R&D, business, and product development, etc.)	Process Management	Managerial Reporting	Industrial Relations	Lack of contribution to the Stakeholder Economy

Deeper Look at Management of Sustainability Risks

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 manage our waste management risks in accordance with legal regulations and apply the best examples to our processes. To manage social risks, we focus on promoting equal opportunities, workplace health and safety, strengthening employee rights, and supporting a stakeholder-driven economy. 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. We recognize that green finance will be one of the biggest regulatory revolutions in the coming years. Accordingly, we are seeking to integrate green finance risks into our sustainability risk management approach to better manage the potential risks we will face in the future. We meticulously analyze their potential impact on strategic, operational, and compliance risks.

In line with this determination, we have taken steps to mitigate environmental risks by using green energy, researching new and developing technologies, and contributing to the creation of Türkiye's hydrogen ecosystem. Our objective is to implement tangible risk-mitigating measures, capitalize on pertinent opportunities, and collectively build a healthier future.



To this end, within the scope of the low-carbon transition project initiated by the Eczacıbaşı Holding, a qualitative assessment study will be conducted using different climate scenarios for the short, medium, and long term to determine the climate risks faced by the Group and its subsidiaries at the end of 2023 financial period. As part of this study, we are fully committed to integrating our climate risks into our risk management approach in alignment with national and international frameworks and standards such as the Task Force on Climate-related Financial Disclosures (TCFD), IFRS S2⁵, and TSRS S2⁶. This initiative will subsequently be followed by the preparation of a comprehensive climate risk report to enable us to better understand and effectively address climate risks with significant strategic impact, and to inform our stakeholders in line with the importance we attach to transparency.

⁵ [International Financial Reporting Standards S2 Climate-related Disclosures](#)

⁶ [Turkish Sustainability Reporting Standards S2](#)

Ethics and Compliance

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. Furthermore, 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. These guiding principles are deeply ingrained in the Group's founder, Dr. Nejat F. Eczacıbaşı, and his unwavering commitment to community service, which profoundly influenced both his personal life and business ventures. The Group attaches significant importance to ensuring that all employees and subsidiaries thoroughly comprehend and embrace these values, integrating them into their daily pursuits.

Business Ethics and Legal Compliance

As a signatory to the United Nations Global Compact, the Eczacıbaşı Group adheres to the principles of integrity, honesty, and transparency in all aspects of its business activities and strictly complies with relevant laws and regulations. As a constituent of the Eczacıbaşı Group, we adhere to the same principles and accord the same degree of attention to the implementation of the relevant laws and regulations. Furthermore, the company's commitment to impartiality and ethical conduct extends to its interactions with colleagues, customers, and suppliers, fostering a professional environment.

As part of the Eczacıbaşı Group, we adhere to the highest standards of business ethics and legal compliance, which serve as the foundation for our activities. The responsibility for monitoring ethical conduct, conducting internal audits, and ensuring legal compliance is delegated to the Audit Group, the CHRO (Chief Human Resources Officer), the Legal Department, and the Compliance Committee across the Group.

[Our Code of Conduct](#), which is a guide to ensure ethical business conduct, provides an outline of our expectations for both employees and third-party partners. The Code is easily accessible on the Group's website and promotes transparency and accountability for all stakeholders, including our employees.



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.

In line with the Eczacıbaşı Group's corporate sustainability management system that complies with global business standards, we demonstrate an unwavering commitment to increasing stakeholder confidence and maintaining the quality of all our initiatives. Please find below a list of our Group's sustainability-related policies, which encompass all companies within the Group.

ESG (Environmental, Social, Governance) Policy

Gender Equality Policy

Human Rights 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



Employee Communication and Training

Our commitment is to ensure 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. As of 2023, **0.24 hours Code of Conduct training** per employee and **0.24 hours of Anti-Corruption and Bribery training** have been received by our employees.

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.

Furthermore, 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. The Group Human Resources Handbook provides comprehensive guidance for employees on human rights, freedom of association, and our values and codes of conduct.

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.

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. This procedure serves the purpose of summarizing the standards and methods of the mechanism established to resolve complaints.

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**.

In the case of a violation of the Code of Conduct or any irregularity is suspected or detected, this situation is reported directly to the Compliance Committee. Before being shared with the members of the Compliance Board, the notifications are first transmitted directly to the Audit Board Presidency and evaluated within the framework of confidentiality and materiality. As a result of the examinations and audits carried out by the relevant units, reports showing the opinions formed because of the examinations and audits and the recommendations formed by referring to the relevant provisions of the Code of Conduct and disciplinary regulations are submitted to the Compliance Board Secretariat. If required by the findings and recommendations in the prepared reports, the Compliance Committee Secretariat calls the members of the Compliance Committee to a meeting or ensures that a decision is taken on the matter with the written approval of the members of the Compliance Committee (including methods such as e-mail, etc.).

In the event of a possible violation, the Eczacıbaşı Group Compliance Board is immediately informed, and it is ensured that the necessary measures are taken immediately to ensure compliance with the Procedure and/or to prevent the violation.

Supply Chain Management

By actively utilizing its vast resources and expertise, our company promotes positive change and advocates sustainable and responsible manufacturing practices that extend beyond the boundaries of our own facilities. Our commitment to ensuring 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. Underpinned by our commitment and determination in this regard, our efforts to create a Sustainable Supply Chain continue to be accelerated.

We endeavor to leave a healthy and prosperous world to future generations by adopting the principle of sustainability. With this approach, which includes our own business processes as well as our supply chain, we put a production approach that respects the environment, employees, and society at the center. We expect our suppliers to adopt a similar attitude to ensure exceptional standards in our supply chain operations. We comprehensively evaluate our suppliers and examine their sustainability practices and procurement standards. As part of this examination, our suppliers are audited periodically. 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.

In the reporting period, we have a total of 1,458 suppliers, %90 of which are local suppliers. Our [Supply Chain Compliance Policy](#), which states the environmental, social, ethical, and commercial

responsibilities we require from our local and foreign suppliers, is based on the United Nations Global Compact, International Labor Organization (ILO) Conventions, the relevant provisions of the German 'Law on the Duty of Care of Companies in Supply Chains', the provisions of national legislation and the Eczacıbaşı Group Code of Conduct. Furthermore, we have a **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 suppliers or contractors, and in particular 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**”. We are taking the necessary steps to reconsider/evaluate our business relationship with suppliers who fail to fulfill their contractual obligations under the Service Supply Agreement.

In line with our goal of strengthening our ties with suppliers and working together to establish a system that considers sustainability throughout the value chain, we aim to further expand our policies and procedures for selecting our suppliers based on sustainability criteria and closely monitoring the entire supply chain in terms of ethical, social, and environmental aspects. We consider fair pricing, contractual terms, and supplier adherence to ethical standards in our selection processes. The Supplier General Agreements serve as channels to inform suppliers about the requirements for Health, Safety, and Environmental (HSE) expectations as well as the procedures for monitoring suppliers. Our approach to sustainable purchasing integrates economic, social, and environmental factors to prioritize nurturing mutually beneficial partnerships and strengthening supplier relationships.



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. 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.

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.

Economic and Financial Performance

The Eczacıbaşı Group has shown remarkable resilience in the face of significant challenges this year. Despite concerns about energy and food security, post-Covid inflationary pressures and the Ukraine conflict, the Group has managed to grow and expand steadily. The Tiles segment played a pivotal role in driving growth across both the upper and lower segments, securing a significant market share in European exports and outperforming its competitors with increasing export values.

This segment generates approximately 80% of its revenues from international sales. Vitra Karo is the top ceramic tile exporter to EU countries in per-square-meter terms.

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 75% of our sales. Furthermore, we are responsible for 43% of the total ceramic tile exports from our country to Europe and 21% of global exports. Our strong and distinguished brand portfolio, comprising Vitra, Villeroy & Boch and engers, is the key to this achievement.



Zero-Based Budgeting

Zero-based budgeting (ZBB) is a budgeting approach that requires a justification for all expenses in each new period. It involves analyzing the needs and costs of every function within an organization, starting from a “zero base.”

Since 2020, Eczacıbaşı Building Products - Tiles has been implementing ZBB, and using its outputs to guide our projects. In 2023, we allocated €4.9 million from our budget to sustainability-oriented projects within the framework of ZBB. Furthermore, we have initiated plenty of sustainability-oriented projects, representing an increase of 73% in the number of projects within the ZB framework compared to the previous year. In the coming period, our objective is to increase this ratio every year, diversify our project processes and contribute to our overall sustainability at a higher rate.



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.

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Climate and Environment

The effects of the climate crisis are becoming more evident, with impacts on ecosystems and human well-being becoming increasingly apparent. The WEF 2024 report notes that the Earth's average surface temperature has risen by approximately 1.2 degrees Celsius since the late 19th century, with the last decade being the warmest on record⁷. As a response to this urgent challenge, there is a widespread commitment to limit the increase in global temperature to 1.5°C, in alignment with the goals outlined in the Paris Agreement.

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.

By embracing sustainable practices and incorporating innovative technologies, we aim to reduce emissions, optimize resource use, and enhance overall efficiency. In pursuit of our environmental goals, we maintain regular monitoring of our overall environmental performance and conduct thorough assessments of the risks and opportunities associated with climate change. Our goal is to contribute to the creation of a more sustainable future by actively participating in global efforts to combat climate change and promoting responsible environmental stewardship.

Most of our factories operate in accordance with the [ISO 14001 Environmental Management System](#) and the [ISO 50001 Energy Management System](#). These frameworks provide us with a systematic approach to effectively manage our operations, enhance environmental performance, and drive continuous improvement. Furthermore, our [Environment Policy](#) serves as a guiding document to optimize the performance of our operations.

Our commitment to environmental responsibility is deeply embedded in our organizational culture, driving us to constantly strive for excellence in environmental management and resource efficiency. Our dedicated Working Groups play a crucial role in conducting studies and implementing initiatives aimed at reducing our environmental impact and carbon emissions. These Groups work closely with the Eczacıbaşı Group Energy Management Working Group to ensure effective coordination and maximize the impact of our efforts. To enhance energy management at the factory level, we have established specific targets and action plans. Working Groups are diligently appointed to monitor the progress towards these objectives. Additionally, we conduct comprehensive reviews of our target plans at least twice a year to ensure they remain aligned with current circumstances.



Energy Management and Carbon Emissions

At Eczacıbaşı Building Products – Tiles, we recognize our part to play to reduce our environmental impact as a key international player in an energy-intensive industry. We place a strong emphasis on reducing our environmental impact and we consistently seek out opportunities to enhance efficiency and innovate with pioneering initiatives that reduce our energy consumption and carbon emissions. Throughout the year, our primary focus was on process optimization and the implementation of heat recovery systems, resulting in a significant reduction in our energy consumption. Additionally, we prioritized efforts on renewable energy investments and decarbonization projects.

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 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 Map⁸, which include development of a detailed GHG emissions inventory, development of the long-term climate strategy toward long-term targets along with appropriate interim goals, and adoption of

climate-risk assessment as part of our governance. Through this project, we shape our efforts are directed towards the objective of reducing carbon emissions, with a view to creating a low carbon economy.

According to our environmental figures for 2023, our total energy consumption was **811,588 MWh** ✓. 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, demonstrating the effectiveness of our energy conservation efforts. Consequently, **our energy intensity decreased by 12% from 1.71 MWh/ton to 1.67 MWh/ton** ✓ in comparison to 2020.

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 CO₂/ton** to **0.32 CO₂/ton**, compared to base year (2021). Our Scope 2 emissions decreased significantly by 90.92% compared to base year (2021), through our renewable electricity procurement efforts, resulting in emissions of **4,664 tons of CO₂**. Also, 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).

⁷ WEF 2024, <https://www.weforum.org/events/world-economic-forum-annual-meeting-2024/>

⁸ https://climate.ec.europa.eu/system/files/2016-12/2050_roadmap_en.pdf

Spray Dryers



We have taken steps designed to increase our energy efficiency in our operational processes. In 2023, we replaced two inefficient spray dryers with new, energy-efficient ones at the Bozüyük Plant to improve energy efficiency. This installation also helped us save on natural gas consumption.



This installation also helped us **save on natural gas consumption.**

As a result of our efforts throughout the year, we have achieved notable savings of **2,171 tons of CO₂**. Our target is to save **10,853 MWh** of energy with the project implemented in Bozüyük Plant.

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. Our energy efficiency projects are designed to optimize energy consumption and significantly reduce our carbon footprint. By integrating cutting-edge technologies, and implementing strategic energy management practices, we have successfully enhanced our operational efficiency. These initiatives not only generate substantial cost savings but also reinforce our dedication to achieving our environmental sustainability goals and reducing our impact on the planet. Towards this end, we have successfully implemented our spotlight projects ranging from:

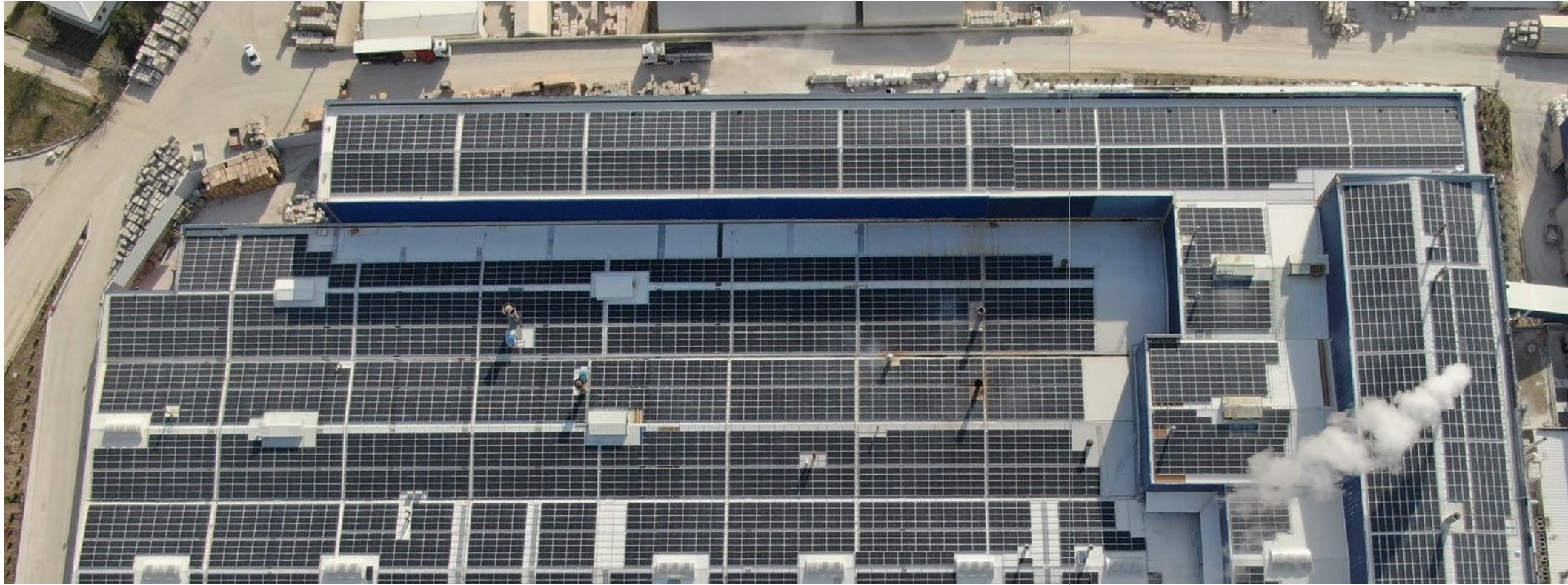
- Sludge Density Increase
- Separation of Kaolin Stocks by Color Values
- Waste Heat Recovery
- Recuperator Project
- The Spray Drier Interior Sheet Metal Plates and Insulations Renewal
- Sieve Balance Upgrading
- Optimization Study in Heat Recovery

We implemented several initiatives to reduce fuel consumption through the development of a low-density sludge recipe. In 2023, the sludge density increased, and the water evaporated in the spray dryer was reduced thanks to rheology studies carried out on certain sludge. This enabled savings on natural gas, our primary fuel source for production processes. As Vitra Tiles, our ongoing initiatives and projects in this area demonstrate our unwavering commitment to enhancing the efficiency of energy utilization. In accordance with this framework, we initiated the Separation of Kaolin Stocks by Color Values project. Under this initiative, the need for zirconia to whiten the color of the sludge was reduced by separating the kaolin stocks according to their color values. Consequently, the amount of water mixed with zircon in the sludge was decreased, preventing a decrease in sludge density, and reducing the natural gas needed to evaporate that water.



Furthermore, at our Bozüyük Plant, we added waste heat from the new kiln to the spray dryer, reducing the amount of natural gas required. This lowers both energy consumption and the carbon footprint. Also, the waste heat potential was evaluated by placing a recuperator on the inlet stack of one of the kilns, increasing the temperature of the air entering the dryer by +40°C and achieving significant natural gas savings. Another project at our Bozüyük plant involved replacing the spray dryer's internal sheeting and insulation. Corroded or cracked stainless steel sheets were replaced, and the insulation between the inner and outer walls was renewed. Additionally, with sieve balance upgrading, sieving balances were increased in one base production, and mill times were reduced.

As a result of our collective energy utilization efforts throughout the year, we achieved significant milestones, including an annual total energy saving of **22,538 MWh** and a total emission reduction of **5,284 tons of CO₂**.



Renewable Energy

Recognizing the urgency of addressing climate change and the environmental consequences associated with traditional energy sources, the adoption of renewable energy has become imperative for a sustainable future. Embracing renewable energy offers many advantages, foremost among them being reducing our ecological footprint, thereby contributing significantly to global efforts to mitigate climate change.

At Eczacıbaşı Building Products - Tiles, we are fully committed to promoting and increasing the utilization of renewable energy sources. As part of our ongoing initiatives, we conduct regular feasibility assessments to explore the feasibility of meeting our energy needs through renewable sources. We allocate investments strategically to support the production of low-carbon energy and leverage proven renewable energy technologies. Additionally, we engage in strategic energy purchases that align with our commitment to expanding and advancing our business while minimizing our environmental impact.

Perspective of Our Stakeholders

Biröl Mançuhan
SolarWall

Chairman of the
Board of Directors



In the project we carried out with the Renewable Energy and Sustainability Directorate department of Vitra Tiles Bozüyük factory, the company's determined approach to transition to a low carbon economy, its efforts to use alternative energy sources and its sustainability goals and attentive approach in this direction are remarkable. We believe that our project for the reduction of carbon emissions in the building materials production facilities of Vitra Tiles, a pioneer in its sector and bringing championships in exports to Türkiye, will create a significant value for the sector and our industry.

Generating Our Own Electricity from Renewables

Our steadfast commitment to renewable energy not only demonstrates our unwavering dedication to sustainable value creation but also highlights the importance we place on generating our own electricity from renewable sources. With this in mind, we are actively pursuing the implementation of renewable energy technologies to enhance our self-generated renewable energy capacity.

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.

Looking ahead, we remain committed to exploring further opportunities to expand our renewable energy usage in the years to come. 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 decreasing our reliance on fossil fuels and minimizing our carbon footprint, our aim is to generate over half of our electricity consumption from our own renewable energy plants by 2025, all while maintaining the high quality and efficiency of our operations.

Green Electricity Procurement

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 **88.6% ✓** of our global electricity consumption in 2023 was derived from renewable sources.

Water Management

As the global population continues to grow and the impact of climate change becomes more apparent, effective water management has become increasingly crucial. At COP28, water management was highlighted as crucial for climate resilience. A key achievement was setting a water target within the Global Goal on Adaptation, emphasizing the need to address water scarcity and enhance resilience to water-related hazards. This integration underscores water's vital role in climate policy and the necessity for its inclusion in national climate plans like NDCs and NAPs.⁹ Accurate monitoring and efficient utilization of water resources are paramount in safeguarding and restoring our natural environment.

At Eczacıbaşı Building Products – Tiles, we collaborate closely with the Eczacıbaşı Group to implement comprehensive water management initiatives. The Group's "Water Management Working Group" establishes specific targets and action plans for all companies within the Group. We provide monthly reports on our water consumption and the volume of water used per product to ensure transparency and accountability.

Recognizing that water is a vital component in our tile production process, The Eczacıbaşı Group sets targets for reducing water usage in its subsidiaries and develops actionable plans to achieve them. We closely monitor water consumption from the grid and groundwater sources and the water consumption per ton of product. These data points are regularly reported to senior management and Eczacıbaşı Holding monthly.

We prioritise water conservation and the avoidance of water withdrawals from areas with high levels of water stress to achieve our sustainability objectives. In locations where the scarcity of water is an ongoing concern, we conduct comprehensive monitoring of our water withdrawal. A comprehensive analysis has been conducted to measure the level of water stress in the regions where we have extracted water. According to our assessment, a total of **390,846 m³ ✓** of water were extracted, with **100% derived from low-water stress locations** according to World Resource Institute¹⁰. "Despite the fact that in 2023, a significant 76% of companies in Türkiye withdrew more than half of their water from water-stressed areas, marking an increase from the previous year's 71%¹¹." In light of these considerations, we are committed to meticulously realizing more careful and diligent use of water in water-stressed regions. Our endeavors throughout the year have resulted in a considerable reduction in the total amount of water used. The total volume of 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 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.



⁹ <https://www.gwp.org/en/About/more/news/2023/amplifying-the-voice-of-water-at-cop28-uae-gwps-four-key-highlights/>

¹⁰ [Aqueduct Water Risk Atlas](#)

¹¹ [CDP Climate Change and Water Report 2023, Türkiye Edition](#)



Water efficiency in the Glazing Process



The project ensures that the photocell water spraying process in the humidification cabinets is utilized to reduce the surface temperature and surface tension in the glazing line. This process only operates when tiles are passing through, ensuring efficiency, and avoiding unnecessary water spraying on idle surfaces. In addition, when water is used to clean the carpet ribbons of the digital printing machine where the relevant prints are made on the products, a timer is set to cut off the water flow at the relevant point 24 hours a day and to supply water only at certain times.

Both **energy and water efficiency** have been achieved in the project.

The projects are expected to save **3,170 m³ of water** by ensuring water efficiency in the glazing process.

We understand that effective water management is crucial to our commitment to sustainability and operational excellence. Recognizing the importance of water conservation, our water efficiency projects aim to optimize water usage and significantly reduce our environmental footprint. To achieve this goal, we have successfully implemented a variety of projects, including:

- The Separation of Kaolin Stocks By Color Values
- Sludge Density Increase

As Eczacıbaşı Building Products – Tiles, we believe that within effective water management, we have the opportunity to be part of the solution by producing and implementing projects that will reduce the need for water used on a process basis to achieve water savings. In accordance with the framework, we have initiated the Separation of Kaolin Stocks by Color Values project. Under this initiative, the need for zirconia to whiten the color of the sludge, and therefore the use of zirconia, was reduced by separating the kaolin stocks according to their color values. As a result, the amount of water mixed with zircon in the sludge has been decreased, preventing a decrease in sludge density, and also reducing the amount of natural gas needed to evaporate that water. In this project, both energy and water efficiency were achieved at the same time.

To improve water efficiency, we are taking further steps to continue implementing the necessary operational improvement measures. Through rheological/rheology studies of the certain sludge have led to an increase in sludge density and a reduction in the amount of water evaporated in the spray dryer. Consequently, the project yielded significant reductions in natural gas consumption, thereby attaining enhanced levels of energy conservation. In essence, the endeavor realized a dual benefit, manifesting in heightened energy and water efficiency.

Ultimately, our aim to **save 6,342 m³ of water through water efficiency** projects which symbolizes our unwavering commitment to responsible stewardship of our planet's most precious resource.

Circular Economy

The continuous escalation in material extraction and utilization has resulted in irreversible harm to the environment, surpassing five out of the nine vital planetary boundaries essential for the well-being of our planet. A sustainable economic model in which products and materials are designed in such a way that they can be reused, remanufactured, recycled or recovered and thus remain in the economy as long as possible together with the resources from which they are made generation of waste, especially hazardous waste, is avoided or minimized while greenhouse gas emissions are prevented or reduced, contributing significantly to sustainable consumption and production¹². Therefore, it is imperative that we undergo a profound transformation in our approach to materials to restore balance and sustainability to our relationship with our planet.

The Circular Economy embodies a holistic framework aimed at designing and operating businesses in a manner that minimizes waste and maximizes the utilization of resources, presenting a viable alternative to the traditional “take-make-waste” approach to production and consumption. The Circular Economy emphasizes the efficient and sustainable use of resources throughout a product’s life cycle.

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.

To ensure the effective implementation of circular economy practices, we collaborate closely with the Eczacıbaşı Group’s **“Circular Economy Working Group”**. This working group comprises representatives from various companies within the group and is responsible for setting goals, developing action plans, and monitoring progress towards achieving circular economy objectives for all companies under the Eczacıbaşı Group.

Resource Management and Responsible Procurement

GRI 301-1

At Eczacıbaşı Building Products - Tiles, responsible resource management is at the forefront of our priorities. Our processes begin with the careful selection and acquisition of resources that have minimal environmental impact, forming the initial phase of our resource management process. We ensure that the materials we use in manufacturing our products are utilized efficiently, minimizing waste, and maximizing resource utilization.

In addition to efficient resource utilization, we have taken significant steps to explore recycling alternatives, which form an integral part of our resource management strategy. By promoting the circular economy principles, we actively seek out projects and initiatives that support the recycling and reuse of materials, reducing our reliance on virgin resources and minimizing the environmental impact of our operations.

At Eczacıbaşı Building Products – Tiles, we prioritize resource efficiency, effective waste management, and embracing the principles of the circular economy. Recognizing the finite nature of natural resources, we continually evaluate our processes to minimize our environmental footprint at every stage.

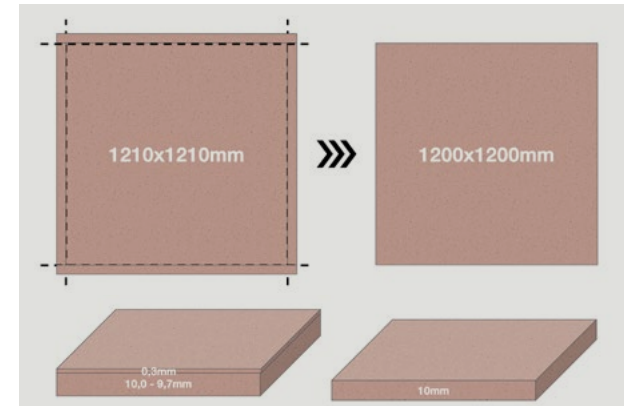
As part of our efforts, we ensure that pre-firing (raw waste) and post-firing (baked waste) waste is re-evaluated in our ceramic tile production process. We return all our raw waste and a large proportion of our cooked waste to our own production process as raw materials. The waste that remains unused in our production processes (known as cooked waste) is utilized as an alternative raw material in cement factories. Our dedication to the circular economy is evidenced by our reutilization of our production waste as a valuable resource, thereby ensuring our ongoing contribution to this significant area.

In accordance with our ongoing initiatives to the incorporation of alternative raw materials into our production process, we remain steadfast in our efforts. In 2023, we achieved a significant milestone by reducing our total material usage by **29%** compared to 2022. Concurrently, we increased our use of recycled raw materials by **6%**, resulting in a total material savings of **1,569 tons**. These efforts underscore our commitment to advanced resource management, emphasizing both the reduction of raw material consumption and the enhancement of sustainability through increased recycling initiatives. We also ensure that tiles are produced in optimal sizes to minimize energy consumption and reduce the use of raw materials. By integrating these practices, the tile industry can contribute to broader sustainability goals, aligning with international standards and regulations aimed at reducing environmental impact and promoting a circular economy.¹³

¹² https://wedocs.unep.org/bitstream/handle/20.500.11822/44939/global_waste_management_outlook_2024.pdf?sequence=3

¹³ <https://www.mdpi.com/1996-1073/16/1/182>

GRI 301-1



Prevention of Technical Scrap

Recognizing the substantial impact of optimizations, we have implemented various initiatives in our production processes. At our Vitra tile production facility, we provide optimization the tile thickness using the engineering scrap approach applied to all tile manufacturing operations. By doing so, we aim to ensure that tile is produced within the correct tolerances and minimum thickness without any investment in the process. In addition to our ongoing initiatives, at our Vitra rectified tile production facility we also provide optimization the tile rectifying pass using the engineering scrap approach applied to all manufacturing operations. By adhering to this process, it is our goal to ensure that the tile is produced within the correct tolerances and in the minimum dimensions required for rectifying without any investment in the process.

As a consequence of our endeavors in optimizations throughout the year, enabled us to **save 1,180,136 kg raw materials** a year. Thanks to these optimizations, we will also contribute to a reduction in the consumption of raw materials and energy.

Packaging

At Eczacıbaşı Building Products - Tiles, we understand the significance of embracing circular economy practices in our packaging processes, and we place a strong emphasis on using environmentally friendly materials. Through our pallet optimization studies, we actively work to minimize the amount of packaging materials utilized in our products. Additionally, we utilize corrugated cardboard that is made entirely from recycled materials and is fully recyclable, further reducing our environmental impact.

To ensure the safe and efficient logistics of our products, we utilize two different types of plastic strapping materials: green and white. While the white strapping is composed of polypropylene, the green strapping is made from PET and contains 98% recyclable plastic. We have successfully maintained an equal proportion (50-50) usage of these two materials. 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.

It is of paramount importance to us, as a company, to pursue a reduction in our reliance on plastics and to transition towards a circular economy in plastics as well as our ecosystem.

GRI 301-1

Business Plastics Enterprise (IPG)

In 2019, the IPG initiative was jointly launched by the UN Global Compact, SKD Türkiye, and TUSIAD with the aim of encouraging businesses to voluntarily commit to reducing plastic usage and taking tangible actions towards this goal. As part of our commitment to the 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. Additionally, we have implemented measures such as optimizing pallet alignment and shortening the length of coverage material, while still ensuring the necessary level of product protection. These initiatives have contributed to a substantial reduction in our overall plastic consumption. In 2023, we achieved a substantial reduction in our plastic consumption by **16%** compared to 2020¹⁴.



¹⁴ Plastic consumption rate only refer Türkiye operations.

Product Responsibility

As we strive to use reduced resources, we are also making progress towards developing a more sustainable product portfolio. Central to our mission is the manufacturing and producing of high-quality, essential tiles products that are modern, durable, and environmentally friendly. While designing our products with sustainability in mind and focusing on reducing environmental impacts through all stages of the product life cycle, we aim to inspire and enable people to make more sustainable choices.

With this commitment, product thinning becomes our key sustainability focus. Shrinking the surface area of products reduces the use of raw materials, energy, and water. This not only helps us to minimize our environmental impact, but also ensures product quality. In addition, product thinning allows us to transport more tiles within the same loading area, further reducing our environmental footprint in logistics. At the consumer stage, the thinned product generates less waste at the end of its lifecycle, making it more environmentally friendly than our conventional products.

The hygiene and safety of surfaces in all our products is a priority for us as a tile manufacturer. We are aware that traditional surface cleaning products can have a negative impact on the environment. 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. These solutions eliminate the need for chemical cleaners, which can pollute water resources, and reduce water consumption throughout the product lifecycle.

Through these practices and technologies, we strive to provide environmentally sustainable tile solutions. It is our belief that through innovation and responsible manufacturing we can ensure the highest standards of quality and hygiene for our customers, while contributing to a greener future.

Perspective of Our Stakeholders

Simon Heppt
STARK Group
Chief Digital Officer
& Head of Sustainability



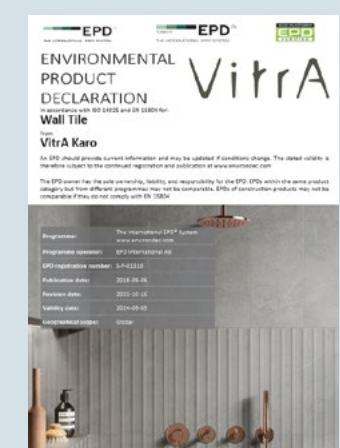
Over the past 15 years, our successful collaboration with Vitra Tiles has enabled us to grow together in the German market by reaching new customer groups and generating growth. We particularly value their transparent and partnership-based cooperation, especially their provision of high-quality products and maintenance of high product availability even under difficult market conditions.

Vitra Tiles' holistic sustainability approach considers ecological, social, and economic aspects and focuses on designing and manufacturing products in a circular manner and providing environmental information in the form of Environmental Product Declarations (EPDs). This approach and collaboration with Vitra Tiles have supported our own sustainability strategy.

EPD Certificates

To create sustainable value, we evaluate the entire life cycle of our products, from raw material sourcing to waste generation. In this context, we take the importance we place on producing environmentally friendly products a step further by publishing our updated Environmental Product Declarations (EPD) certificates, which are verified by independent verifiers. These EPD certificates provide a transparent and comparable picture of the environmental performance of our products. As Eczacıbaşı Building Products - Tiles, we lead our industry in building the future with updated EPD certificates for our floor, wall, and porcelain tile products.

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**. With the aim of creating sustainable value, we evaluate the entire life cycle process of our products, from raw material procurement to waste generation. Moreover, in 2023, V&B received its first product-specific, factory-based EPD certification. We are proud to lead our industry by publishing our up-to-date EPD reports, which show the environmental performance values of our products in a transparent and comparable way, approved by independent verifiers.





VitrA V-Shape

The pioneering V-Shape technology is capable of creating more natural digital reliefs. It enables precision and realism in each tile design, creating a three-dimensional effect with a sense of volume, depth, and realism on tiles.

V-Shape ensures easy cleaning and slip resistance while guaranteeing full performance in both aspects. Additionally, it offers a surface softness and a natural feel.



VitrA V-Coat

V-Coat is an innovative surface protection technology applied in VitrA Karo's porcelain collections. By offering optical and technical advantages, it improves its aesthetic appearance and increases its durability. This innovative technology Ideal for both residential and commercial areas. With this solution, the tiles will be given a long-lasting vitality and provide protection.

V-Coat technology used in tiles with Full Lappato glossy surface features, provides maximum shine after grinding. This feature gives the tiles an appearance enriched with prestige and elegance and highlights the natural beauty of the surface. Surface protection technology makes spaces eye-catching with bright and smooth surfaces.



VitrA V-Safe

It is an advanced surface technology specifically designed to offer a range of beneficial features. This innovative solution provides slip-resistant surfaces, ensuring enhanced safety in both indoor and outdoor areas. Additionally, VitrA V-Safe surfaces are highly hygienic and easy to clean, making them ideal for spaces that require optimal cleanliness, such as nursery rooms, bathrooms, kitchens, swimming pools, SPAs, and industrial areas.



VitrA Shield

Our tile products possess self-cleaning properties, which are activated by light and humidity in the air. This innovative feature, known as photocatalysis, allows the tiles to effectively remove dust and other dirt particles from their surfaces. Indoors, the tiles can be cleaned simply by spraying water, while outdoors, they benefit from the natural cleansing action of rainwater. As a result, the use of VitrA Shield tiles minimizes the need for excessive water consumption, reduces energy consumption, and eliminates the requirement for chemical cleaning agents when maintaining both indoor and outdoor surfaces.

Product Certificates

With the evolving expectations of the younger generation and the changing behaviors of consumers, there is a growing demand for transparency regarding product carbon footprint, recycled material content, and the sourcing of locally and ethically produced materials. These factors now play a significant role in consumers’ purchase decisions.

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.

Furthermore, 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. These classifications prove that the tiles meet the technical requirements set by the QB. Additionally, specific categories of our products have obtained the **Environmental Label** granted by the Turkish Ministry of Environment, Urbanization, and Climate Change. These labels further demonstrate our commitment to environmental responsibility.

In addition to these certifications, our products also have an **Environmental Product Declaration (EPD)**, providing comprehensive information about their environmental performance throughout their life cycle. This declaration serves as further affirmation of the environmentally friendly attributes of our products.

By holding these certifications and labels, we ensure that our customers have access to accurate and trustworthy information about the environmental aspects of our products. We believe in the importance of transparency and sustainability, and through these certifications, we aim to meet the growing demand for eco-friendly and socially responsible products.

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



Waste Management

Proper waste management plays a crucial role in promoting environmental sustainability and safeguarding public health. Sound waste management practices are essential to keep our communities clean, free from pollution, and safe for current and future generations. Every year across the globe more than two billion tons of municipal solid waste is generated¹⁵ and projections indicate that waste generation is expected to increase at a rate more than twice that of population growth, underscoring the urgent need for action.

At Eczacıbaşı Building Products – Tiles, we have implemented a comprehensive waste management approach that encompasses various strategies to minimize waste generation and promote sustainable practices. Our primary focus is on waste prevention, where we strive to reduce the amount of waste produced during the manufacturing process of our products. Our efficient resource management practices play a significant role in our waste management strategy.

In instances where waste generation is unavoidable, we prioritize the reuse or recycling of materials. We have established robust systems to identify and segregate waste materials, ensuring that they are effectively managed according to relevant regulations and industry best practices. Our waste management practices comply with the appropriate regulations to ensure environmental protection and safety.

Aligned with the principles of the Eczacıbaşı Group, we are steadfast in our commitment to embracing a “zero waste” approach throughout our operations. As a testament to our commitment, our Bozüyük facility has been awarded the prestigious Zero Waste certificate issued by the Ministry of Environment, Urbanization and Climate Change. This certificate signifies our dedication to achieving zero waste to landfill, as we strive to divert waste materials from traditional disposal methods and instead focus on recycling, reusing, or repurposing them.

As part of our commitment to reducing our environmental impact, we strive to minimize waste generated directly by our operations. A total of 40,479 tons of waste were generated this year, with 48% ✓ recovered and recycled. In accordance with this information, we are pleased to report that our recycled waste ratio has increased by 64% compared to the previous year. Furthermore, we were able to reduce our total waste by 21% in 2023 compared to the previous year.



At Vitra Tiles, we prioritize resource efficiency, effective waste management, and embracing the principles of the circular economy. Recognizing the finite nature of natural resources, we continually evaluate our processes to minimize our environmental footprint at every stage.

As part of the scope;

- We ensure that green scrap and fired scrap (waste) is re-evaluated and returned to the economy in our ceramic tile production process.
- We have returned all of our raw waste and a large proportion of our fired scrap to our own production process as raw materials.
- The waste that remains unused in our production processes (known as fired scrap (is forwarded to cement factories as an alternative raw material. This practice facilitates its reintegration into the economy.

Usage of Waste



Minimize the impact on the environment and climate as well as enhancing our positive impact on production processes, we manage raw materials used in our production process with great care, with the aim of reducing their usage. 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 ensured that a recipe containing 19% raw and fired waste was put into production instead of a recipe without waste.

As a result of the changing with the recipe formulation, reduced annual raw material usage by **26,000 tons**. This process will enable us to save **254 tons of CO₂** a year.

- By using industrial wastewater treatment sludge from factory Eczacıbaşı Ceramic Sanitary Ware and by incorporating fired and green scrap from two different ceramic tile manufacturers in the region into our production process, we ensure the use of this waste as an alternative raw material.



Thanks to our circular economy practices, the end products contain up to 37% recycled materials. Effective management of waste is of great importance in reducing the pressure placed on the world’s resources and in combating pollution on a global scale. We place a significant focus on activities that will contribute to the circular economy, resource efficiency, and waste management throughout the operations. We are delighted to announce that within the framework of the Boğaziçi Environment Awards, we were awarded the **“Best Waste Management Company of the Year”** for our project we have implemented to recycle waste and reduce our environmental footprint.

¹⁵ https://wedocs.unep.org/bitstream/handle/20.500.11822/44939/global_waste_management_outlook_2024.pdf?sequence=3



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 almost 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. We also contribute to the growth and development of communities in all geographies in which we operate.

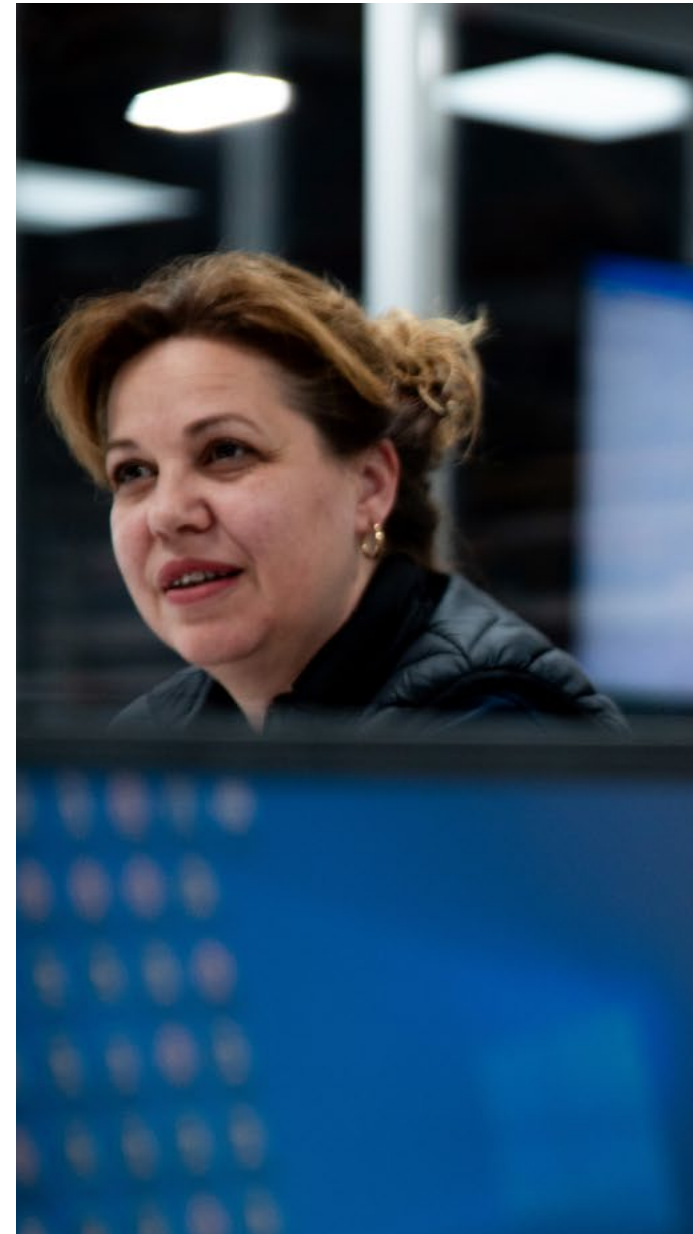
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Equal Opportunity

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.

By prioritizing diversity, we tap into the collective power of unique perspectives and talents, driving organizational excellence and ensuring that everyone could flourish and contribute their full potential. As responsible employers, we are committed to providing equal opportunities and fair treatment to all individuals, both in the recruitment process and within the work environment.

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. Recognizing that treating our employees with utmost respect and dignity is essential as responsible employers, we wholeheartedly commit ourselves to aligning our human resources strategies and practices with globally accepted standards. We have launched a



range of educational programs focused on promoting gender equality, demonstrating our support for the United Nations Women's Empowerment Principles (WEPs). Additionally, we actively participate in the Equality at Work Platform, a collaborative effort between the World Economic Forum and the Turkish Ministry of Family and Social Policies.

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

At Eczacıbaşı Building Products - Tiles, 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. This approach is not only aligned with our objectives, but also drives the growth of our company and drives sustainable value creation.

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. As a result, we have set ambitious goals to promote equal opportunities and ensure gender equality in both our recruitment processes and the work environment. These commitments are reflected in our Human Resources strategies and implemented through various initiatives.

Our objective is to achieve a 58% share of women in new recruitment, 45% in employment, and 38% in the executive team by 2025. The total share of women professionals is stated as 38.2%¹⁶ ✓ in 2023. The number of female blue-collar workers has increased by 15% compared to last year. To achieve these targets, a comprehensive and proactive approach is required. This should encompass recruitment practices, talent development program and the creation of a supportive workplace culture that values and empowers women.



Moreover, having women in STEM and revenue-generating positions is a significant step towards gender equality. Providing equal opportunities reduces gender-based discrimination and creates a fairer work environment. Successful women in STEM and revenue-generating roles act as role models for young women, inspire more women to pursue careers in these fields and set their career goals accordingly. In line with this commitment, we employed %24,13 women in STEM positions and %18,42 women in revenue-generating positions in 2023.

allforall

Launched on March 8, 2017, the Eczacıbaşı Group's "ALLforALL"

platform promotes inclusivity through initiatives like "liderizbiz," which offers leadership training for women, and "farkındayızbiz," which raises awareness about gender equality. In collaboration with Eczacıbaşı, we have implemented a gender-neutral CV procedure since 2017, removing personal identifiers to ensure candidates are evaluated solely on their qualifications and merits. Eczacıbaşı is the first company in Türkiye to adopt this approach, ensuring fairness and equal opportunities. The LiderizBiz program includes two full-day training sessions, a one-day interactive workshop, and three months of monthly team coaching, culminating in participants presenting a project plan based on their learnings and strategies.

Perspective of Our Employee



Selda Çil
Eczacıbaşı Building
Products - Tiles
Employee

Within the scope of sustainability studies, many different studies such as energy efficiency, effective use of limited resources, alternative raw material studies are carried out in our technical services department. In the project on the reuse of idle glazes, in which I am involved, we reuse the glazes that remain idle due to reasons such as production plan, production quantity, application change, etc. through recipe studies. In this way, we prevented the use of raw materials, energy, and labour, and brought 96 tonnes of glaze back into production on average annually.

The biggest feature that makes Eczacıbaşı different is the value given to the environment and people. I am happy that the number of female employees is increasing day by day without making any distinction between women's work and men's work, and that female employees are given privileges before and after childbirth. In a sector such as ceramic tiles, even in our Technical Services department, we have 70% female employees. The importance given to equality and diversity makes us stronger every day.

¹⁶ White-collar employees in Türkiye with a full-time, indefinite term contract.

Our Initiatives

At Eczacıbaşı Building Products – Tiles, we actively engage in internal analyses to identify areas where we can enhance the representation of women, particularly within our sphere of influence. As part of our unwavering commitment to promoting equal opportunities and ensuring gender equality, we implement a range of initiatives aimed at achieving our objectives and creating a more inclusive and diverse workplace. We are dedicated to continuing our work for a more inclusive, innovative, and fair world in the future. In line with our mission to support our female engineers, we have launched **VitrA Women Engineers Scholarship Program**. This program not only funds their education and growth, but also provides a platform for their encouragement, support, and inspiration.

By reaching out the students in collaboration with the Istanbul Technical University, Yıldız Technical University and Eskişehir Technical University, we ensure that our program offers women the opportunity to discover and develop their potential in the field of engineering. 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.

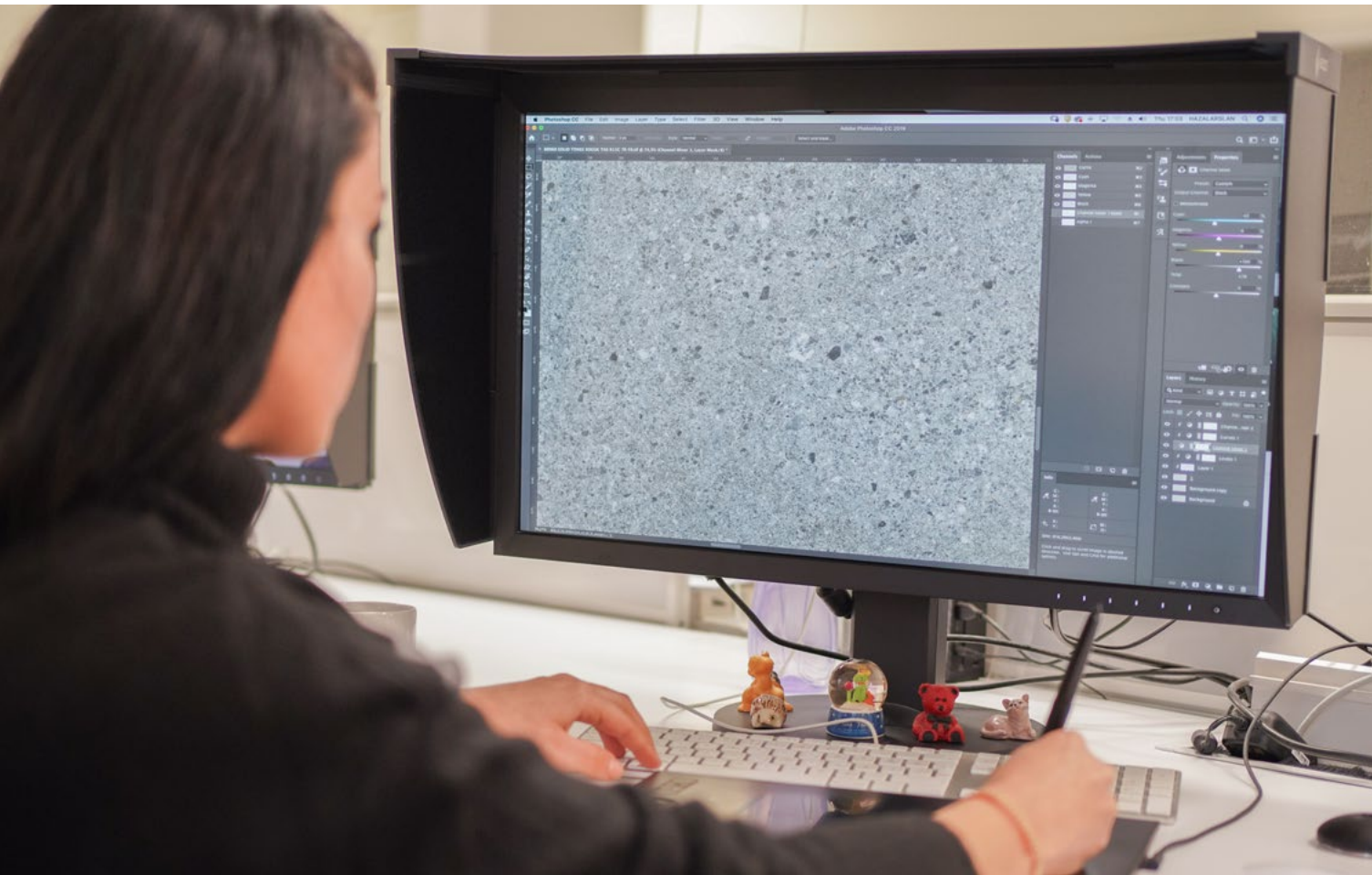
Creating a comfortable and inclusive work environment for all employees is a top priority for us. To ensure this, we conduct **comprehensive job analyses from the perspective of our female employees**. By proactively identifying any potential challenges or barriers that may affect our female employees, we can take appropriate measures to address them before they arise. This proactive approach enables us to create a supportive work environment that fosters the success and well-being of all our employees, regardless of their gender.

In addition to our ongoing initiatives, we have implemented further measures within the Eczacıbaşı Group to prioritize the well-being and work-life balance of our employees, particularly those who have recently become parents. One significant step we have taken is the expansion of paternity leave duration to three weeks, recognizing the importance of fathers' involvement in the early stages of their child's life. This extended leave period allows fathers to actively participate in childcare responsibilities and bond with their newborns.

Moreover, we have broadened the coverage of daycare assistance across all our sites and locations. By offering this support, we aim to alleviate the challenges faced by working parents in securing reliable and high-quality childcare services. We understand that providing accessible daycare options not only eases the burden on parents but also contributes to their peace of mind, allowing them to focus on their professional responsibilities with greater confidence.

Recognizing the importance of breastfeeding for the health and well-being of both infants and mothers, we have also incorporated breastfeeding rooms within our facilities. These dedicated spaces provide a comfortable and private environment for new mothers to nurse or express milk during their work hours. By offering this support, we aim to facilitate a smooth transition for mothers returning to work after maternity leave, while also promoting their overall well-being.





Our Remuneration Approach

As part of the Eczacıbaşı Group is strongly dedicated to promoting the fundamental principle of “equal pay for equal work.” This principle considers several factors, including an employee’s career progression, level of responsibility, performance, and comparisons with market-based salary standards. At Eczacıbaşı Building Products - Tiles, we share this commitment and 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.

Our remuneration policy is designed to attract and retain talent with the desired qualifications by promoting intra-company and inter-company wage balance and maintaining market competitiveness. By motivating employees and enhancing their loyalty, our remuneration policy directly supports the achievement of our company’s objectives. This approach not only ensures fairness and equality in the workplace but also appeals to talented individuals who prioritize these principles. We actively monitor the gender pay gap ratio as a vital indicator of gender equality.

Human Rights and Union Rights

The Eczacıbaşı Group is deeply committed to creating a work environment that is peaceful, safe, transparent, equitable, honest, fair, and dignified for all of its employees. To uphold these values, the Group has established a comprehensive [Human Rights Policy](#) that aligns with both international and national human rights standards. As an Eczacıbaşı Group company, we consistently adhere to this policy in all of our operations and diligently ensure its compliance by working closely with our business partners.

At Eczacıbaşı Building Products - Tiles, 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.

The core principles of the Eczacıbaşı Group revolve around ethical standards and human rights, encompassing every stage of the employment journey, from recruitment to promotion. We provide equal opportunities for professional development and ensuring fair compensation practices. In line with the Group’s values, we go beyond basic remuneration and offer additional fringe benefits to our employees. These include assistance for marriage, birth and death support, meal provisions, transportation support, technological support, and maternity/paternity leave.

In addition, we recognize the importance of creating an engaging and supportive work environment for our employees. Our goal is to provide a positive and motivating atmosphere that enhances employee satisfaction and engagement. We place particular emphasis on the well-being and work-life balance of our female employees who are recent parents. By offering nursery support to all female employees with children in the preschool age range (0-69 months) who utilize preschool education services, we enable our female employees to work more happily and efficiently. This initiative not only supports our employees but also aligns with our broader commitment to fostering a sustainable and inclusive workplace.

Moreover, recognizing and rewarding our employees’ performance is crucial for increasing motivation, which we consider of utmost importance. By enhancing their working and living standards, as well as job satisfaction, we aim to retain our employees and attract new talent. To achieve these goals, we provide annual bonuses and rewards based on performance evaluations, in accordance with the Eczacıbaşı Group’s Total Rewarding Regulation. Our objective in offering these bonuses is to acknowledge and encourage success among our workforce, thereby boosting overall productivity and fostering a culture of excellence.



Attracting, Developing and Retaining Talent

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.

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. These initiatives ensure that our employees stay updated on the latest industry processes, trends, and technologies, enabling them to contribute to our organization's continuous improvement. By providing access to these valuable learning opportunities, we empower our workforce to stay at the forefront of their fields and drive innovation within our company.

Furthermore, we emphasize the optimal utilization of our diverse talent pool by actively promoting career development across different positions within the wider Eczacıbaşı Group. Through regular career development interviews, we engage in meaningful conversations with our employees, acknowledging their aspirations and expectations.

This approach not only supports their professional growth but also fosters job satisfaction by aligning their individual goals with organizational objectives. By providing guidance and support, we aim to unlock the full potential of our employees and enable them to thrive in their careers.

Continuous Learning and Development

At Eczacıbaşı Building Products – Tiles, we recognize that our employees are at the core of our sustainable value creation. As such, we are fully committed to providing them with a workplace that fosters continuous growth and empowers them to enhance their skills and capabilities. 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.

We provide a comprehensive range of learning opportunities to support our employees' individual learning journeys. We ensure that our learning opportunities are continuously updated to align with evolving business needs, employee feedback, industry best practices, emerging trends, and technological advancements, thus ensuring that our employees have access to the most relevant and effective learning experiences. 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.

To promote educational equality not only within our company but also to help young generations step into a brighter future and contribute to the advancement of education in our country, we donated to Darüşşafaka on April 23, Children's Day.

As Eczacıbaşı Building Products – Tiles, we have started to implement a meaningful training initiative this year. With the aim of breaking down communication barriers and creating a world accessible to all, we organized online sign language training in collaboration with DEM Society. By learning the basics of sign language with our colleagues, we took a step closer to our goal of creating a more inclusive environment.

As part of our annual routine program, we have held training sessions on important topics such as occupational health and safety, environmental management, and energy management. Additionally, we have facilitated comprehensive training programs in key areas such as marketing, sales, and finance. These programs specifically designed and named as “Master of Marketing,” “Sales+” and “Paraakademi,” offer in-depth knowledge and skills development in their respective domains. We conducted a comprehensive training needs analysis specific to the departments in our Bozüyük operation. Building upon the outcomes of this analysis, we identified and developed specialized training programs.

During the 2022-2023 period, we have implemented various initiatives to enhance the professional development of our managers and directors. Our objective is to facilitate their success by providing opportunities to strengthen their leadership skills and capabilities. Furthermore, to provide optimal support to our managers, we developed two key programs: the LeadXperience Manager Orientation program and the “Re-Inventing Us” workshop. The LeadXperience Manager Orientation program, in which 18 managers actively participated this year, offered an in-depth understanding of Eczacıbaşı Building Products - Tiles and our business processes. In October, we organized the “Reinventing Us” workshop to delve into our vision, values, working principles, and leadership strategies. This workshop, conducted in collaboration with MCT Company, marked the fourth installment and was held in Sapanca.



Coach Leadership Training



This year, we introduced a unique training opportunity focused on enhancing the leadership and coaching skills of our employees. As part of this initiative, **35 employees** actively participated in the **Coach Leadership Training** program.

In October 2023, we organized a total of **560 hours training courses** as part of the coach leadership training.

Strategic Leadership Program

In the period from January to December 2023, we have conducted a **comprehensive training program to enhance the leadership skills of our directors.**



Accordingly, we have initiated the implementation of the **Strategic Leadership Program**, which includes various training courses:

- What We Are Not Aware of While We Live
- Leadership Stance
- Presentation Skills for Managers
- CEO Chat & Prof. Dr. Establishing Strategic Communication on Leadership Psychology with Acar Baltaş – Networking
- Business Management Simulation
- Inspiring Speeches - First Forget What You Know to Learn New Things! (Unlearning)
- Strategic Leadership Program Launch Day
- Big Data and Digitalization

As part of the Strategic Leadership Program participated by **4 directors**, a total of **105 hours of training** was provided.

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 acknowledge that the caliber of our personnel directly shapes our business's triumph, our trajectory of growth, and our capacity to innovate. Moreover, we understand that the presence of exceptional individuals within our team not only cultivates a culture of excellence but also ignites inspiration among fellow employees to strive for greatness.

At Eczacıbaşı Building Products - Tiles, 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. 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.

Aiming to provide our new colleagues with the opportunity to experience the production processes in the factory, we organized technical tours to our factory in Bozüyük with the participation of 42 colleagues who were newly recruited. Within the technical tour, we offered to our new colleagues the opportunity to experience in different fields such as Health and Safety trainings, the process of quality control, laboratory studies, logistic process. Also, we also made comprehensive presentations and information on operational processes. We firmly believe that our technical tours, which we have built on cooperation and learning, will contribute to both the performance of our new colleagues and our success.

Furthermore, recognizing the immense potential harbored by young individuals, we are dedicated to furnishing them with meaningful opportunities

to showcase their talents and make a positive impact through engaging projects. 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.

Performance and Career Development

Performance management serves as the harmonizing force that aligns organizational objectives with individual goals, enabling the collective value generated by individuals to be channeled towards shared goals and aspirations in line with the guiding principles of the Eczacıbaşı Group. We firmly believe that effective performance management is crucial for ensuring the long-lasting and sustainable achievements of our employees. Therefore, we prioritize the personal and professional growth of our employees through thorough evaluations of their performance and career development.

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. At the same time, we provide support and guidance to employees who may be underperforming, nurturing their growth and development to help them improve their performance.

Aligned with the Eczacıbaşı Group, we implement a comprehensive three-phased Performance Management System, consisting of planning, interim evaluation, and year-end evaluation. This holistic approach ensures that our employees receive consistent feedback, empowering them to reach their objectives and allowing us to make necessary adjustments when required. By fostering a culture of continuous improvement and accountability, we strive to maximize the potential of our employees and drive the overall success of our organization.

We understand that fostering an engaged work environment is crucial to enhancing our success. In line with this, 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%.



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. These behaviors, developed with input from Eczacıbaşı leaders, will influence every employee's approach to themselves, their team, and their work. The implementation of Leadership Behaviors, rooted in a feedback culture, included extensive training on effective feedback for all management teams. These behaviors are integrated into the 360-degree and competency evaluation processes. The launch for employees in Türkiye occurred in November 2023, and for international employees in January 2024, both moderated by MCT Consultant Gözde Berber Özbabalaban.

Eczacıbaşı is currently revamping its human resources systems to address individual requirements, foster integration, and enrich the employee journey. To ensure smooth integration, the company has linked career development, performance, and feedback processes using advanced technologies. In line with this initiative, the Eczacıbaşı Talent Hub digital platform has been launched, providing employees with a centralized platform to access their career and development paths. This platform includes multilingual support and is accessible across all geographical regions where Eczacıbaşı operates.

Employee Engagement

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

To cater to the demands and expectations of our employees, we tailor our Human Resources strategies to create the best possible working environment.

As part of our efforts, we have implemented various initiatives, including offering three different working methods to accommodate individual needs and preferences. These options include flexible working hours, remote work opportunities, and hybrid working models. By striving to establish a work environment characterized by peace, safety, transparency, equity, honesty, fairness, and dignity, we actively seek and

value the opinions of our colleagues, allowing them to actively participate in decision-making processes. In doing so, we create an environment that fosters creativity and empowers our employees to contribute their innovative ideas.

Additionally, we have developed a succession system to anticipate potential promotion opportunities. This system maintains records of employees who consistently demonstrate competence and excellence in their roles. In the event of a vacancy, we prioritize these employees, providing them with opportunities to fill the position. This approach ensures a smooth transition and continuity of expertise within our company and the broader Eczacıbaşı Group.



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

Our 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. To achieve this, we place emphasis on enhancing our audit processes and implementing best practices. While conducting risk assessments every two years is a legal requirement, we go above and beyond by conducting annual assessments to proactively identify any unfavorable conditions or potential risks.

The Eczacıbaşı OHS Working Group, which consists of top management members from the occupational health and safety teams of all Eczacıbaşı Group companies, plays a crucial role in identifying best practices, monitoring, and reporting on OHS performance, and tracking occupational diseases within our company. We adopt a proactive approach by implementing preventive measures and fostering a culture of continuous improvement. Our focus extends beyond mere compliance with legal obligations as we embrace technological advancements and sectoral innovations to meet the evolving expectations of our workforce and stakeholders.

As Eczacıbaşı Building Products - Tiles, we have developed our [Occupational Health and Safety Policy](#), taking into account the Sustainable Development Goals and Principles of the Eczacıbaşı Group. This initiative aims to provide healthy and safe working environments for our employees, society, and stakeholders. It is our responsibility to comply with all legal and other requirements related to occupational health and safety.

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.

In accordance with our policy, we accept responsibility for ensuring continuous development to meet the expectations of our employees and customers. This is to be achieved by considering technological and sectoral innovations beyond the requirements of legislation. To ensure the ongoing effectiveness of the occupational health and safety management system, we will plan, implement, develop, and continuously improve it. In doing so, we will also evaluate all risks and opportunities to provide our employees with healthy and safe environments.

Health, Safety and Well-being

At Eczacıbaşı Building Products - Tiles, we are committed to creating a healthy and secure working environment for our employees while also ensuring the safety and well-being of our stakeholders. To realize this commitment, we do not limit ourselves to complying with legal requirements; we go beyond them. In this direction, we constantly strive to exceed industry standards by continuously improving our occupational health and safety practices. These practices include implementing the most effective accident prevention measures, proactively identifying, and mitigating potential risks, and promoting a culture of occupational health and safety awareness among employees to deter unsafe behavior.

We recognize the critical role our occupational health and safety performance plays in achieving overall success. To this end, we have set specific,

measurable targets to drive continuous improvement in our performance. **Our objective is to reduce Lost Time Incident Rate (LTIR) to below 1 for every 200,000 working hours by the end of 2025.** Our goal is to reach a net zero accident level. Over the past few years, we have implemented several initiatives with the aim of improving occupational health and safety across our operations. In 2023, we have continued to implement a wide range of initiatives with a view to further enhancing our performance in this area. In the reporting period, our overall Lost Time Incident Rate (LTIR) was set at 1.82 ✓.

Despite this, we remain steadfast in our commitment to prioritizing occupational health and safety and continue to invest in measures to ensure the well-being and safety of our workforce. We take great pride in the fact that we have obtained both the **ISO 45001 Occupational Health and Safety Certification and Fire Safety Certification**. These certifications not only validate our dedication to maintaining high standards of safety but also demonstrate our proactive approach to ensuring a secure work environment for our employees.

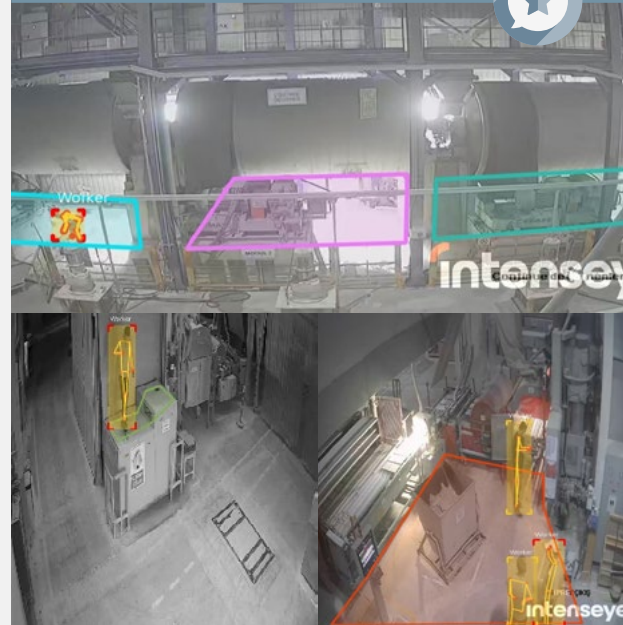


OHS Initiatives

We are aware that the most important step in improving the current situation in the field of Occupational Health and Safety (OHS) is to identify current developments and any situations that require additional action. For this reason, we have been conducting regular risk assessments for years, meticulously analyzing accidents to understand their underlying causes and implementing proactive measures to prevent recurrence. As part of our ongoing efforts, this year our Bozüyük Production Facility underwent an **Occupational Health and Safety Audit** by an independent third-party company at our request. The objective of the audit is to identify areas of OHS that require improvement and to implement corrective measures. Furthermore, on 11 September 2023, all managers and engineers at our Bozüyük Production Facility received **Accident Root Cause Analysis Training** from the expert trainers of a third-party firm. The aim of this training was to ensure that all managers and engineers at our Bozüyük Production Facility have the necessary knowledge to analyze, correctly identify and prevent the root causes of accidents. The identification of the root causes of accidents is a crucial element in determining the most effective course of action. For this reason, we place great importance on raising awareness of our employees and promoting a culture of Occupational Health and Safety within our company.

In addition to conducting awareness-raising activities, we have taken proactive steps to identify and mitigate potential risks by implementing precautionary measures within our facilities.

Implementation of the Artificial Intelligence-based OHS Video Analysis



The AI-based video analysis program, integrated with the process and security camera systems in the Production 2 and 3 departments of our Bozüyük Production Facility, monitors unsafe behavior 24 hours a day, fostering improvements in occupational health and safety. We have collaborated with Intenseye through the TISK-MicroSurgery Foundation to implement this artificial intelligence video analysis program. Intenseye oversees the licensing and technical aspects of the system.

The implementation of the AI-based OHS video analysis program **reduced unsafe behaviors** in Bozüyük Production Facility.

It is of the utmost importance to identify any unsafe or inappropriate conditions and to implement deterrent measures to ensure the health and safety of our employees. Our initial steps in this direction were taken in 2022 with the establishment of the OHS Field Observation Team. In 2023, the **OHS Field Observation Team**, comprising a director, manager, specialist, OHS specialist and occupational physician, continued its activities. The special team carries out regular OHS field tours, the dates, and times of which are kept confidential. During these visits, the observation team conducts a comprehensive inspection of the work areas, identifying any unsafe or inappropriate conditions that may exist. The OHS Field Observation Team plays a pivotal role in maintaining a safe and healthy working environment for our employees by proactively monitoring and addressing potential hazards. Furthermore, our commitment to improving occupational health and safety at our production facilities extends beyond our employees to include those of our contractors. To deter unsafe and inappropriate behavior among contractor employees at our Bozüyük and BORSAB Production Facilities, we started to implement a **penalty procedure in contractor companies** as of 1 January 2023. We will continue to refine and enhance this procedure.

In addition, to mitigate or prevent interactions between forklifts and pedestrians at our Bozüyük Production Facility, we have implemented forklift-pedestrian interaction signaling in areas prone to blind spots. We have made significant progress in reducing such interactions. As a result of the implementation of the forklift signaling system at the Bozüyük Production Facility, ongoing efforts are in place to further enhance equipment communication, alongside the completion of area limitations and signaling measures. To mitigate or prevent interactions between forklifts and pedestrians at our Bozüyük Production Facility, we have implemented forklift-pedestrian interaction signaling in areas prone to blind spots.

Emergency and Disaster Preparedness

We actively engage in preparatory measures for natural disasters, epidemics, and various other emergencies. Considering the crucial importance and gravity of natural disasters, we have organized a **Disaster Awareness Training** program at our Levent Office, with 102 employees participating personally. The training included instruction for employees on how to respond to potential disasters. Furthermore, to ensure the safety of our employees, we provided **First Aid Training** courses at our Bozüyük facility and Levent offices, as well as nearby locations, to those employees who volunteered to learn first aid procedures for emergencies. A total of 94 employees volunteered for the training and successfully completed it, entitling them to receive their certificates.

Additionally, we implement proactive measures to mitigate the risk of fire-related incidents. Fire safety training is delivered to both department leaders and employees, ensuring that they are fully prepared and informed about how to handle potential fire-related scenarios. Furthermore, our shift workers are provided with in-depth education on the effective use of fire extinguishers and participate in first-aid simulations. This enables them to respond promptly in emergency scenarios, equipping them with the necessary skills to handle any potential fire-related incident. We recognize the importance of maintaining constant preparedness for emergencies.

We conduct regular inspections and maintenance of our firefighting equipment, including fire extinguishers, fire hoses, hydrants, and fire boxes. Furthermore, we have devised a plan to guarantee the uninterrupted operation of our medical cabinet, available 24 hours a day.

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. Through social investments and collaborative partnerships, we strive to deliver meaningful benefits and generate positive impacts for these communities.

Reflecting this commitment, as Eczacıbaşı Building Products – Tiles:

- We celebrated National Sovereignty and Children’s Day on April 23rd by hosting a tile-painting workshop at our Istanbul Levent office. This event allowed us to share the joy of the holiday with the children of our colleagues.
- We enthusiastically commemorated the 100th anniversary of the Republic of Türkiye. Our celebration, held at both our Istanbul Office and Bozüyük Factory, was accompanied by our marching band, evoking a sense of pride and commitment to our nation’s values and heritage.
- On December 5th, we celebrated Turkish Coffee Day, an emblem of Turkish culture and traditions, with our colleagues from the Levent office and the Bozüyük factory. Together, we savored Turkish coffee, further strengthening our bonds and shared cultural appreciation.

Furthermore, 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. Our involvement in COP28 reflects our commitment to not only reducing our environmental footprint but also fostering resilient and thriving communities. At the COP28 summit, which plays a crucial role in shaping global climate actions and guiding our corporate strategy, Vitra Tiles participated in two sessions and our Renewable Energy and Sustainability Director spoke about the programs and practices of sectors transitioning to low carbon emissions.

On the path to nurturing the architects of the future, Vitra Tiles is proud to support the esteemed Architecture Faculty students of Kadir Has University, driven by our belief in the power of education. As we look forward with hope to the buildings we design together for tomorrow, we have provided product support for the Architecture Department Summer Workshop to empower our students’ talents and visions. In addition to various training sessions and seminars, our sustainability manager, delivered an inspiring seminar, and our senior product training specialist, shared fundamental ceramic knowledge, creating an enjoyable learning experience. We also demonstrated ceramic applications to students with the help of craftsmen. Moreover, by sending tiles to the students involved in this collaboration, we enabled them to engage in modular design projects. We are delighted to have spent a fun and educational day with the Architecture Department students of Kadir Has University and continue to contribute to the dreams of young talents.

Additionally, as Eczacıbaşı Tiles Group, 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. With the understanding that our employees are our greatest strength, we will continue to achieve great successes by working together for a more sustainable world and making a positive impact as Vitra Tiles. This collective effort gives us hope for both today and the future.



Social Investment

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. As a result, we have made a firm commitment to contribute to the sustainable growth and well-being of society through our various social initiatives, in alignment with our core founding principle.

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. As Eczacıbaşı Building Products – Tiles, we consider it our duty to support the citizens impacted by the earthquake and address their needs. We take great pride in contributing to the healing process during this challenging period through the solidarity and efforts of our employees and our community.

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.



6

Investing in Future



In the current fast-paced business environment, integrating digital technology is a critical factor in maintaining a competitive and sustainable business position. To remain competitive in this fast-paced technological environment, organizations are actively embracing digital advancements and innovative solutions.

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

Innovation and an innovative mindset are crucial for driving progress and achieving success in our fast-paced and ever-evolving world. By nurturing creativity, promoting problem-solving, and advancing developments across various fields, innovation has become essential for organizations aiming to stay ahead of the competition.

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

Innovation

Innovation lies at the core of our priorities, and we support any idea or application that adds value to life. 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.

Our approach to innovation is driven by a comprehensive framework to drive. We focus on four key elements to foster innovation within our organization. Firstly, we strive to create an environment that nurtures and encourages creativity and out-of-the-box thinking. Secondly, we actively seek strategic partnerships with external organizations and experts in various fields to leverage their knowledge and insights. By collaborating with like-minded innovators, we can tap into a diverse range of perspectives and access cutting-edge technologies, enabling us to push the boundaries of what is possible.

Furthermore, we recognize the importance of revolutionizing our business processes to keep up with the rapidly changing landscape. We continuously explore ways to streamline and optimize our operations, harnessing the power of digitalization and automation to enhance efficiency and effectiveness.

Lastly, we are dedicated to delivering unique value propositions to our customers. We conduct thorough evaluations of our capabilities, ensuring that we have the necessary resources, expertise, and infrastructure to meet customer expectations. We also place great emphasis on reducing time-to-market, enhancing production efficiency, and improving communication channels to provide exceptional products and services.

Moreover, our approach to innovation aligns closely with the Eczacıbaşı Group's innovation approach, which is founded on a sensitivity to social issues, a commitment to human rights and a confidence in entrepreneurial endeavor. In line with its stated objective, the Group aims to create accessible and transformative solutions that benefit all relevant stakeholders. To achieve this, it recognizes that new ideas often arise from new questions and the act of actively listening to all parties involved, with an open

mind, and exploring different perspectives by moving away from any preconceived assumptions. The approach does not merely seek to identify creative solutions; it also places significant value on the creative process of identifying the root causes of problems. By fostering collaboration, it brings together a diverse range of stakeholders, expertise, and approaches. It also prioritizes the evaluation of processes and outcomes and encourages a willingness to embrace uncertainty and risk in the innovation journey. This approach serves as the foundation for the Eczacıbaşı Group's ongoing commitment to innovation and sustainable growth.

To foster the development of our own ecosystem of expertise in materials utilization, we have implemented a governance policy that supports the cultivation of specialized knowledge within our organization.

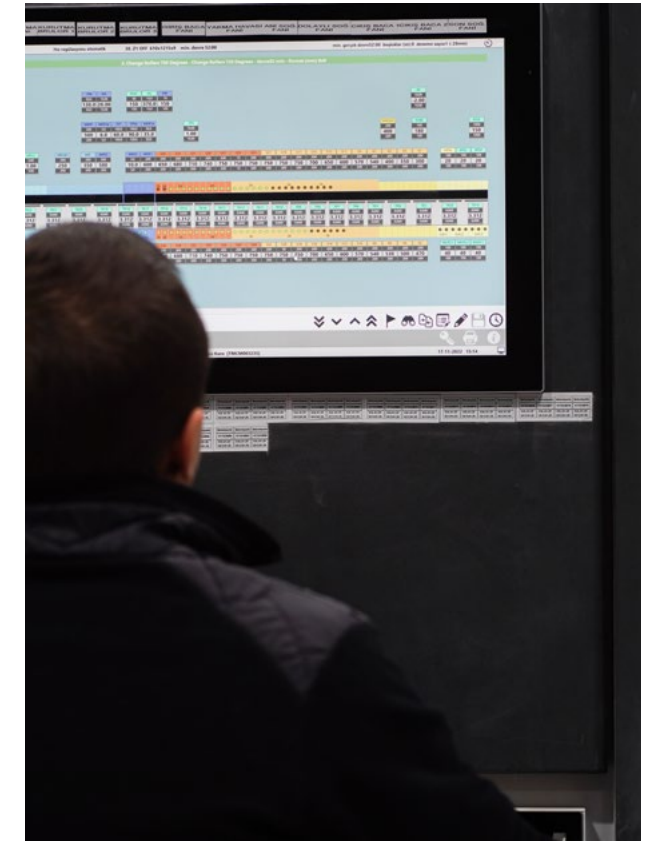
By prioritizing innovation and investing in these key elements, we strive to stay at the forefront of our industry, continuously improving our products, services, and processes to meet the evolving needs of our customers and drive sustainable growth.

Perspective of Our Stakeholders

Harald Oevermann
Topgres
Managing Director



VitrA's commitment to sustainability is evident through their solar-equipped buildings, recycling of excess materials, and quality control to minimize waste. Over the past 12 years of working together, VitrA can be contacted at any time in the event of problems or questions, and you always receive an answer at short notice. Two years ago, there was less dialogue with the administrators. Now Regular meetings are held to discuss current issues and concerns, allowing many empirical values from the tile sector to be adopted. We value our continued good cooperation.



At Eczacıbaşı Building Products - Tiles, 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 understand that AI-enabled processes stimulate creativity, foster collaboration, accelerate progress, and support the achievement of profitability and sustainable growth.

In this context, we place AI at the core of our innovation strategy, promoting a fusion of AI with a people-oriented business culture. This approach not only enhances our operational efficiency but also nurtures an environment where human ingenuity and AI-driven insights coexist harmoniously, driving our company toward a future of continuous improvement and success. [Additionally, by incorporating AI technologies into our business strategies, we are implementing innovative projects in occupational health and safety, aiming to create safer working environments.](#)



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.

Looking ahead, 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. By doing so, we aim to strengthen and amplify our overall innovation capabilities, ensuring that we remain at the forefront of our industry.

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, and we are dedicated to maximizing the benefits of digitalization to drive transformative changes throughout our organization. Our vision for digitalization revolves around integrating digital technologies and data management into every aspect of our operations.

In line with the Eczacıbaşı Group's approach, we prioritize the development of digital solutions that address current challenges, adopting a "today-forward" mindset focused on immediate impact. We actively seek out opportunities to leverage digital technology to improve our performance, reduce costs, and increase efficiency across the value chain. Simultaneously, we adopt a "future-back" perspective, identifying and implementing the necessary adaptations to ensure our long-term success.

By aligning our strategies with the Eczacıbaşı Group's approach, we not only accelerate our performance leveraging digital technologies but also position ourselves to capitalize on emerging opportunities. We recognize that digital transformation is an ongoing journey, and we are determined to strengthen our efforts in this regard to thrive in the rapidly evolving digital landscape. Guided by a determination to drive digital transformation, we have taken firm steps in this direction. Our digital transformation success has been highlighted by Hasan Pehlivan, CEO of Vitra Tiles, stating, "To increase the quality, level of service and competitive advantage of our production facility in Bozüyük, where we develop, manufacture, and manage thousands of products, we designed and successfully implemented a digital transformation roadmap. Through this strategic initiative, which focuses on improving process and production control through smart digital solutions, we have improved our overall equipment effectiveness by as much as 20%, cut our scrap by more than half, and reduced our energy consumption by nearly 15%."

Perspective of Our Executive

Musa Yılmaz
Eczacıbaşı Building Products - Tiles
Plants Director



The Global Lighthouse Network, a respected platform for top manufacturing sites using Industry 4.0 technologies to improve their value chains and business models, includes only 153 selected facilities worldwide as of December 2023.

Vitra Tiles made a significant achievement for our company and Türkiye by becoming the first ceramic tile manufacturer in the world to join this network. Our Bozüyük, Bilecik facility, which produces 30 million square meters of tiles annually, has achieved the capability to operate all production processes at optimal conditions by utilizing data. Decision-making in these processes is carried out using artificial intelligence models, resulting in sustainable quality with minimal resource usage. We mainly focus on energy efficiency and waste reduction through Industry 4.0 approaches, achieving up to a 20% improvement in overall equipment effectiveness, a substantial reduction in scrap, and a 15% decrease in energy consumption.

Highlights of 2023 Awards

Dijitaliz 2023

In 2023, event was hosted by the Eczacıbaşı Group, and our company participated in the sixth "Dijitaliz 2023" event, themed "RISE". We are proud to announce that we have been awarded in several different areas with our efforts to strengthen digital transformation efforts with projects developed in different business lines.

- The project to join the **Global Lighthouse Network**, a global manufacturing facilities initiative led by the World Economic Forum, received an award in the "The Best Change Management" category. Within the framework, Our Bozüyük Plant have become the world's first and only ceramic production facility to be included in the World Economic Forum's "Global Lighthouse Network", which consists of manufacturers that are pioneers of 4.0 Industry practices and digital transformation in their sectors.
- Our **DigiTile** project, which encompasses the digital transformation of all stages in the ceramic tile industry, from the preparation of raw materials to the delivery of products to the warehouse, has been awarded the "The Best Digital Operation - Manufacturing" category.
- Our the **Vitra Voyage** project has been recognized with an award in the "The Best Digital Customer Experience" category, in recognition of its innovative approach to providing an end-to-end online tile experience for the first time in Türkiye. The project offers customers the unique opportunity to explore tile products in the comfort of their own homes through the convenience of the website.



Sen'le
DiJ
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LiZ.

Global Lighthouse Award

As Eczacıbaşı Building Products – Tiles, we are very proud to be the first company in the ceramics sector to be selected by the World Economic Forum at the 2024 Davos meeting as part of a network of 153 companies from around the world. [YouTube](#)

As part of our commitment to data-driven decision-making and end-to-end visibility, Eczacıbaşı Building Products – Tiles focuses on high-quality projects centered on digitalization, sustainability, and innovation in production processes.

At our Bozüyük Plant, we've implemented advanced technology applications such as Artificial Intelligence, Data Analytics, Internet of Things, and Industry 4.0 to transform our value chain and business models. Recognized by the World Economic Forum (WEF), our plant has been selected as **the first in the ceramic tile industry** to join the Global Lighthouse Network for its Industry 4.0 and digital transformation efforts. We are dedicated to producing top-quality products while prioritizing environmental stewardship and efficient resource utilization.



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**. We'll continue to be at the forefront of our industry, delivering smart applications that add value to our world, our economy, and our societies.

Did you know?

Global Lighthouse Award

The Eczacıbaşı Building Products – Tiles Bozüyük plant is the first in the ceramic tile sector to be named a Global Lighthouse by the World Economic Forum.

Digital Transformation

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. Additionally, we continuously strive to enhance operational efficiency to effectively manage costs and adapt to evolving market conditions through strategic pricing policies.

Our dedication to digital transformation has led to notable advances in 2023, reinforcing our position in the industry and paving our way for sustained growth. By embracing digital practices, we have been able to achieve significant advancements, in terms of operational efficiency and market positioning. These endeavors have reinforced our standing in the market and equipped us to effectively navigate the challenges and opportunities that lie ahead.

Perspective of
Our Stakeholders

Murat Güventürk
SELCO Consulting
Co-Founder



Over the past ten years, our collaboration with the Eczacıbaşı Group has been particularly focused on digitalization projects since 2020, showcasing our capabilities in advancing Eczacıbaşı’s operational efficiency and sustainability initiatives through advanced analytics.

Eczacıbaşı’s focus on energy management, carbon emissions, and water management, as well as the conservation of materials, has been evident in all of our collaborative projects, fulfilling key sustainability objectives and demonstrating Eczacıbaşı’s leadership in these critical areas.

The freedom and trust Eczacıbaşı have provided to us, along with honoring our opinions and encouraging innovation, have enabled us to create innovative approaches to traditional manufacturing challenges and push the boundaries of what is possible in digital transformation. This collaboration with Eczacıbaşı has enhanced our capabilities, reinforced our position as innovators in digitalization and supply chain optimization, and significantly contributed to the development of SELCO Consulting.

This year, we made significant strides towards expediting the digitalization of our business processes by raising employee awareness of digital transformation. As part of this initiative, 359 employees at both the Bozüyük Factory and Levent Office, as well as those participating in training sessions in nearby areas, underwent a total of 1,772 hours of training (both online and in-person) covering a wide range of topics related to digital transformation. Including these efforts, a total of **3,118** hours of digital transformation training sessions were conducted throughout the reporting year.

These comprehensive training sessions have been instrumental in equipping our workforce with the necessary skills and knowledge to navigate and leverage digital technologies, ensuring we stay at the forefront of industry advancements.



3,118 hours of digital transformation training sessions were conducted throughout the reporting year.

Topics of the Digital Transformation Trainings
Agile (Agile Method)
Agile Project Management
Big Data and Digitalization
Business Simulation
Business Sustainability Strategy: Technology and Management
Business Technologist Program I Discovery Package
Big Data And Business Analytics Expertise Certificate Program
CHAT GPT-4
Digital Transformation & Trends
Digital Transformation Trainings: Metaverse
Digital Transformation and Trends
Digital Transformation Leadership Modular Development Programme - 1st Module Training (Understand Digital Transformation)
Digital Transformation Leadership Modular Development Programme - 2nd Module Training (Implement Digital Transformation)
Digital Transformation Leadership Modular Development Programme - 3rd Module Training (Lead Digital Transformation)
Fundamentals of Digital Transformation
Effective Communication in Digital Environment
Digital Terminology: The World of the Future
Digital Terminology: In the Footsteps of the Future
GL’23 - Digital Transformation and Agile Training
GL’23 - Launch
GL’23 Innovation Training
Advanced Analytics
Data Analysis
Data Literacy
Data Literacy Training
Data Based Decision Making



DigiTile

The Digi-Tile project is a clear example of how the Eczacıbaşı Building Products – Tiles is transforming the value chain and business models with the help of cutting-edge technology, including AI, data analytics, IoT and Industry 4.0. These innovations are making a real difference in terms of energy efficiency, optimizing processes and resources, and developing talent effectively. The contributions from Boğaziçi University, in terms of their expertise in machine learning and AI, have also been invaluable in the project's development. We believe that you cannot manage what you cannot measure, which is why we have developed a pioneering project that ensures real-time data flow from equipment with a long history. Typically, ensuring this requires substantial investments in equipment revisions or expensive software development. However, we have successfully addressed these needs. By utilizing remote PLCs and user-friendly kiosk screens, we have created a solution that delivers the right data at the right time. While similar software solutions exist in our industry, Digi-Tile stands out as the best in-house developed system, utilizing our internal resources.

Digi-Tile consists of three phases aimed at optimizing our production processes. In the initial phase, we establish data monitoring systems to collect comprehensive data on production and scrap. This data is then stored in AWS for easy retrieval and analysis. The final phase focuses on continuously utilizing the accumulated data by our production teams. This data is used to identify key areas of improvement and to undertake in-depth analytical studies. The daily data gathered from our production processes ensures that we adopt a dynamic and data-driven approach to enhancing efficiency and driving continuous improvement throughout our operations. In preparation for the analytical phase of the project, we have provided data analytics training to project teams, equipping them with the necessary skills to leverage the added value that data analytics brings. Furthermore, we approached the Industrial 4.0 and Analytics Workshop with a problem-focused mindset. We presented all the problems from a process perspective across business units and derived potential digital solutions for these problems. This workshop led to the identification of all “closed loop” solutions that will arise in the project's analytical phase. The Digi-Tile project delivers tangible benefits through monitoring, alarming, forecasting, and effective optimization.

The Digi-Tile project has delivered tangible benefits to the Eczacıbaşı Building Products - Tiles Bozüyük plant. **These include a 24% reduction in raw material usage, a 17% reduction in energy consumption, a 32% reduction in scrap ratio, a 13% reduction in natural gas consumption, a 30% reduction in GHG emissions, and a 20% reduction in water consumption.** Our ability to track and monitor these metrics in real time enables us to promptly intervene and make necessary adjustments based on daily data analysis. In 2023, we achieved significant cost reduction solely through the utilization of Digi-Tile's monitoring systems. We intend to extend the application of this process as soon as possible to our overseas factories.

Did you know?

DigiTile

Our “Digi-Tile” project, which optimizes tile production processes using machine learning, won the “Best Machine Learning Project of the Year” award. Competing against around 140 companies and over 200 applications, our Vitra Tiles Information Technologies team proudly earned this prestigious accolade.



TileS4

The transition to S4 Hana is a bold move, replacing an outdated ERP system that has been in use for 20 years within the Eczacıbaşı Building Products – Tiles. It is a project that spans across all company departments, including production, supply chain, finance, and sales, aligning them with the ever-changing digital landscape. The objective is streamlining operations by introducing integrated, standardized, and efficient processes, ultimately enhancing competitiveness. We are delighted to report that the project has successfully executed steps for VitrA Karo (TR) and VitrA Fliesen (DE). In addition, we have initiated expansion initiatives for V&B (DE) and VitrA Plitka (RU). We are pleased to confirm that we have achieved the implementation of 23 modules within a remarkably short period of just 11 months. This was made possible by our close collaboration with approximately 200 Eczacıbaşı VitrA Karo & VitrA Fliesen employees and around 150 consultants.

Eczacıbaşı Building Products – Tiles group has a roadmap targeting significant growth in sales until 2028. This growth will occur both organically and inorganically. To align with this plan, we require a scalable, fast, and efficient infrastructure. Transparent and rapid access to big data at every stage of the organization enables all departments to work faster, from procurement to sales, and facilitates faster decision-making. The significant effort and long durations required for improvements and/or support processes for the ERP system used before S4 Hana mean that a transition from the

cumbersome and complex ERP structure to the fast and streamlined S4 Hana is being implemented.

The focus of the project in the short term is on achieving rapid process improvements guided by the outputs of the process improvement initiative. In the medium term, we will implement other digital projects in the digital roadmap, promote their adoption across the Karo group, and establish our technological ownership for potential company acquisitions. The long-term goal is to improve the customer experience and make a difference in the industry using technology, aiming to gain a competitive advantage.

- Speed of campaign launches has led to increase in sales revenue.
- Digitalization of warehouse and customs documentation has led to acceleration in both domestic and international shipping performance. The digitized warehouse has reduced paper usage through terminal utilization.
- The implementation of AATP (Advanced Available-to-Promise) has yielded to automatization of confirmation processes and increased customer satisfaction.
- The On Time in Full (OTIF) service level performance has increased thanks to container optimization and domestic routing optimization. This has reduced dependence on individual information, resulting in accurate routes and cost savings and increased customer satisfaction.

TileSForce

The TileSForce project is focused on B2B transactions, with most of our customers being non-exclusive dealers. We will leverage both user experience and company revenue by increasing our place-convenience among competitor brands and being easily accessible via user-friendly digital platforms. We also increase our interaction with product decision makers (designers, architects, contractors, etc.) who guide consumers by tracking all the sales activities through Salesforce. The focus area of the Eczacıbaşı Building Products – Tiles is to increase consumer access by understanding their experience journey and offering the right products, services, and communications at the right time to meet their needs. We are singularizing our customers and managing their 360-degree view throughout the system, which is helping us prepare for omnichannel scenarios. By integrating external systems with new technologies, we have enhanced speed and simplicity in our processes. We are now tracking the customer journey. We have assigned KPIs to customers to involve them more effectively in B2B business. These KPIs are now trackable on the live portal, which indicates where they are and how they can proceed further in terms of Financial Performance, Customer Expansion, Retail Sales Performance, and Optimum Stock Level Tracking.

- A reduction in server maintenance costs
- (FTE) savings for infrastructure and security monitoring
- Reduction in technical support costs
- An increase in sales efficiency using the Sales Cloud: Operational efficiency has been achieved by implementing dynamic approval scenarios in offers. The reduction in price calculation errors and consistent offers have increased the success rate. The implementation of the wholesale opportunities sales strategy has decreased the stock level and increased wholesale business profit. The introduction of customer 360° view advantages and singularized master data management have led to an increase in employee and customer satisfaction. The effectiveness of display management was increased by monitoring the sales impact of the exhibited products.
- An increase in sales efficiency using the B2B Commerce Cloud: The digital product catalogue, which includes product images and technical drawings and specifications, has had a significant impact on the sales process. The flexible and productive campaign structure and e-auction capability have decreased in cost of holding stock. The availability of stock reports, delivery and order status reports, digital product catalog infrastructure, and financial reports (balance and risk) on the live portal has reduced the need for direct communication between employees and customers.
- An increase in operational efficiency using Service Cloud: The introduction of specific assignment rules for each case in customer services has led to improvements in operational efficiency and complaint response rate.



Digimill

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.

As part of the Digimill Project:

- We use a model that predicts the mill rotation time for the raw material grinding process by analyzing historical data together with current data.
- We optimize the process by using alumina ball wear and mill fullness data to determine when and how much ball to add to the mill.
- We instantly control the total amount of raw and auxiliary materials entering the mill to achieve a high density of sludge and monitor this together with sieve balance and habit values.
- We alert and warn when an out-of-standard value is detected to ensure the desired optimum sludge continuity in production and to accurately create the identity of the milled semi-finished product.

As part of the Digimil project, we are minimizing energy consumption by using data analysis and predictive models to manage our raw material grinding process in the sludge preparation process. With immediate data analysis, we are optimizing raw material quantities and turnaround times, and ensuring the continuity of semi-finished products with the desired quality in production.

DigiSpray

We are proud to contribute to a cleaner and sustainable future with our environmentally friendly and energy-efficient production. With the spray dryer, the sludge drying process is carried out with the lowest energy consumption. We save energy by reaching optimum moisture levels with automatic measurements and data analysis. We instantly measure the parameters that affect product quality with fully automatic sensors and monitor the process with artificial intelligence supported digital environment.

- **Simultaneous Moisture and Size Distribution Values:** We optimize the process by monitoring the mass moisture and granule size distribution simultaneously.
- **Data Analysis:** We analyze the data processed into the program and provide suggestions for the most appropriate energy consumption for standard product production.
- **Alarm System:** We provide rapid intervention by enabling the system to alarm when the humidity and grain size values determined by instant data monitoring are exceeded.

We minimize energy consumption by performing the sludge drying process in the spray dryer with artificial intelligence and machine learning.

7 Annexes

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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
DEIK Türkiye - Foreign Economic Relations Board of Türkiye
Eskişehir Bilecik Kütahya Ceramics Cluster Association

Institution
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

GRI Content Index



For the Content Index – Essentials Service, GRI Services reviewed that the GRI content index has been presented in a way consistent with the requirements for reporting in accordance with the GRI Standards, and that the information in the index is clearly presented and accessible to the stakeholders.

The service was performed on the English version of the report.

Statement of Use:	Eczacıbaşı Building Products - Tiles has reported in accordance with the GRI Standards for the period between 1 January 2023 and 31 December 2023.	
GRI 1 Use:	GRI 1: Foundation 2021	
Applicable GRI Sector Standard(s):	-	
GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	Overview of Eczacıbaşı Building Products - Tiles, page 10-11; Our Organizational Structure, Brands and Products, page 12-15
	2-2 Entities included in the organization's sustainability reporting	About the Report, page 4-5
	2-3 Reporting period, frequency and contact point	About the Report, page 4-5; Info, page 165
	2-4 Restatements of information	About the Report, page 4-5; Info, page 165
	2-5 External assurance	Limited Assurance Report, page 156-159
	2-6 Activities, value chain and other business relationships	Our Organizational Structure, Brands and Products, page 12-15; Our Value-Creating Business Model, page 28-31
	2-7 Employees	Equal, Diverse and Inclusive Workplace, page 102-107
	2-8 Workers who are not employees	Equal, Diverse and Inclusive Workplace, page 102-107
	2-9 Governance structure and composition	Governance Approach, page 54-59
	2-10 Nomination and selection of the highest governance body	Governance Approach, page 54-59
	2-11 Chair of the highest governance body	Governance Approach, page 54-59
	2-12 Role of the highest governance body in overseeing the management of impacts	Governance Approach, page 54-59

GRI 2:
General Disclosures
2021

	2-13 Delegation of responsibility for managing impacts	Governance Approach, page 54-59
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Governance, page 60-61
	2-15 Conflicts of interest	Governance Approach, page 54-59
	2-16 Communication of critical concerns	Governance Approach, page 54-59
	2-17 Collective knowledge of the highest governance body	Governance Approach, page 54-59
	2-18 Evaluation of the performance of the highest governance body	Governance Approach, page 54-59
	2-19 Remuneration policies	Governance Approach, page 54-59
	2-20 Process to determine remuneration	Equal, Diverse and Inclusive Workplace, page 102-107
	2-21 Annual total compensation ratio	Governance Approach, page 54-59
	2-22 Statement on sustainable development strategy	Sustainability Governance, page 60-61
	2-23 Policy commitments	Message from the CEO, page 6-7; Sustainability at Eczacıbaşı Building Products - Tiles, page 32-33
	2-24 Embedding policy commitments	Message from the CEO, page 6-7; Sustainability at Eczacıbaşı Building Products - Tiles, page 32-33
	2-25 Processes to remediate negative impacts	Ethics and Compliance, page 66-69
	2-26 Mechanisms for seeking advice and raising concerns	Ethics and Compliance, page 66-69
	2-27 Compliance with laws and regulations	Ethics and Compliance, page 66-69
	2-28 Membership associations	Ethics and Compliance, page 66-69
	2-29 Approach to stakeholder engagement	Ethics and Compliance, page 66-69
	2-30 Collective bargaining agreements	List of Associations, Initiatives and Memberships, page 142
Material Topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Eczacıbaşı Building Products - Tiles' Materiality, page 34-35
	3-2 List of material topics	Eczacıbaşı Building Products - Tiles' Materiality, page 34-35

Economic and Financial Performance		
GRI 3: Material Topics 2021	3-3 Management of material topics	Eczacıbaşı Building Products - Tiles' Materiality, page 34-35; Economic and Financial Performance, page 72-73
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Overview of Eczacıbaşı Building Products - Tiles, page 10-11; Year in Review, page 24-25; Economic and Financial Performance, page 72-73; Our Value-Creating Business Model, page 28-31
	201-2 Financial implications and other risks and opportunities due to climate change	Our Operating Environment, page 16-23; Risk Management, page 62-65
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Community and Social Vitality, page 118; Social Investment, page 119-121
	203-2 Significant indirect economic impacts	Community and Social Vitality, page 118; Social Investment, page 119-121
Business Ethics and Legal Compliance		
GRI 3: Material Topics 2021	3-3 Management of material topics	Eczacıbaşı Building Products - Tiles' Materiality, page 34-35; Business Ethics and Legal Compliance, page 67-69
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Eczacıbaşı Code of Conduct: https://storage-vitr global.mncdn.com/vitra/global/Sustainability/ documents/Eczacibasi-Group-Code-Of-Conduct.pdf Equal, Diverse and Inclusive Workplace, page 102-107
	205-2 Communication and training about anti-corruption policies and procedures	Business Ethics and Legal Compliance, page 67-69
Supply Chain Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	Eczacıbaşı Building Products - Tiles' Materiality, page 34-35; Supply Chain Management, page 70-71
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Supply Chain Management, page 70-71
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Supply Chain Management, page 70-71
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Supply Chain Management, page 70-71

Energy Management and Carbon Emission		
GRI 3: Material Topics 2021	3-3 Management of material topics	Eczacıbaşı Building Products - Tiles' Materiality, page 34-35; Energy Management and Carbon Emissions, page 77-81
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Energy Management and Carbon Emissions, page 77-81
	302-2 Energy consumption outside of the organization	Energy Management and Carbon Emissions, page 77-81
	302-3 Energy intensity	Energy Management and Carbon Emissions, page 77-81
	302-4 Reduction of energy consumption	Energy Management and Carbon Emissions, page 77-81
	302-5 Reductions in energy requirements of products and services	Energy Management and Carbon Emissions, page 77-81
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Energy Management and Carbon Emissions, page 77-81
	305-2 Energy indirect (Scope 2) GHG emissions	Energy Management and Carbon Emissions, page 77-81
	305-4 GHG emissions intensity	Energy Management and Carbon Emissions, page 77-81
	305-5 Reduction of GHG emissions	Energy Management and Carbon Emissions, page 77-81
Water Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	Eczacıbaşı Building Products - Tiles' Materiality, page 34-35; Water Management, page 82-85
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water Management, page 82-85
	303-2 Management of water discharge-related impacts	Water Management, page 82-85
	303-3 Water withdrawal	Water Management, page 82-85
	3303-5 Water consumption	Water Management, page 82-85

Resource Management and Responsible Procurement		
GRI 3: Material Topics 2021	3-3 Management of material topics	Eczacıbaşı Building Products - Tiles' Materiality, page 34-35; Resource Management and Responsible Procurement, page 87-89
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Resource Management and Responsible Procurement, page 87-89
Product Responsibility		
GRI 3: Material Topics 2021	3-3 Management of material topics	Eczacıbaşı Building Products - Tiles' Materiality, page 34-35; Product Responsibility, page 90-95
Waste Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	Eczacıbaşı Building Products - Tiles' Materiality, page 34-35; Waste Management, page 96-97
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste Management, page 96-97
	306-2 Management of significant waste-related impacts	Waste Management, page 96-97
	306-3 Waste generated	Waste Management, page 96-97
	306-4 Waste diverted from disposal	Waste Management, page 96-97
	306-5 Waste directed to disposal	Waste Management, page 96-97

Equal, Diverse and Inclusive Workplace		
GRI 3: Material Topics 2021	3-3 Management of material topics	Eczacıbaşı Building Products - Tiles' Materiality, page 34-35; Equal, Diverse and Inclusive Workplace, page 102-107
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Business Ethics and Legal Compliance, page 67-69; Equal, Diverse and Inclusive Workplace, page 102-107
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Governance Approach, page 54-59
	405-2 Ratio of basic salary and remuneration of women to men	Equal, Diverse and Inclusive Workplace, page 102-107
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Business Ethics and Legal Compliance, page 67-69; Equal, Diverse and Inclusive Workplace, page 102-107
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Business Ethics and Legal Compliance, page 67-69; Equal, Diverse and Inclusive Workplace, page 102-107
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Business Ethics and Legal Compliance, page 67-69; Equal, Diverse and Inclusive Workplace, page 102-107
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Business Ethics and Legal Compliance, page 67-69; Equal, Diverse and Inclusive Workplace, page 102-107
Attracting, Developing and Retaining Talent		
GRI 3: Material Topics 2021	3-3 Management of material topics	Eczacıbaşı Building Products - Tiles' Materiality, page 34-35; Attracting, Developing and Retaining Talent, page 108-113
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Attracting, Developing and Retaining Talent, page 108-113
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Attracting, Developing and Retaining Talent, page 108-113
	404-2 Programs for upgrading employee skills and transition assistance programs	Attracting, Developing and Retaining Talent, page 108-113
	404-3 Percentage of employees receiving regular performance and career development reviews	Attracting, Developing and Retaining Talent, page 108-113

Health, Safety and Well-being		
GRI 3: Material Topics 2021	3-3 Management of material topics	Eczacıbaşı Building Products - Tiles' Materiality, page 34-35; Health, Safety and Well-being, page 115-117
	403-1 Occupational health and safety management system	Health, Safety and Well-being, page 115-117 https://storage-vitra.mncdn.com/vitra/tr/document/Politikalar/OHSPOL.001_.%C4%BO%C5%9F%20Sa%C4%9FI%C4%B1%C4%9F%C4%B1%20ve%20G%C3%BCvenli%C4%9Fi%20politikas%C4%B1_Rev04.pdf
	403-2 Hazard identification, risk assessment, and incident investigation	Health, Safety and Well-being, page 115-117 https://storage-vitra.mncdn.com/vitra/tr/document/Politikalar/OHSPOL.001_.%C4%BO%C5%9F%20Sa%C4%9FI%C4%B1%C4%9F%C4%B1%20ve%20G%C3%BCvenli%C4%9Fi%20politikas%C4%B1_Rev04.pdf
	403-4 Worker participation, consultation, and communication on occupational health and safety	Health, Safety and Well-being, page 115-117 https://storage-vitra.mncdn.com/vitra/tr/document/Politikalar/OHSPOL.001_.%C4%BO%C5%9F%20Sa%C4%9FI%C4%B1%C4%9F%C4%B1%20ve%20G%C3%BCvenli%C4%9Fi%20politikas%C4%B1_Rev04.pdf
	403-5 Worker training on occupational health and safety	Health, Safety and Well-being, page 115-117 https://storage-vitra.mncdn.com/vitra/tr/document/Politikalar/OHSPOL.001_.%C4%BO%C5%9F%20Sa%C4%9FI%C4%B1%C4%9F%C4%B1%20ve%20G%C3%BCvenli%C4%9Fi%20politikas%C4%B1_Rev04.pdf
	403-6 Promotion of worker health	Health, Safety and Well-being, page 115-117 https://storage-vitra.mncdn.com/vitra/tr/document/Politikalar/OHSPOL.001_.%C4%BO%C5%9F%20Sa%C4%9FI%C4%B1%C4%9F%C4%B1%20ve%20G%C3%BCvenli%C4%9Fi%20politikas%C4%B1_Rev04.pdf
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health, Safety and Well-being, page 115-117 https://storage-vitra.mncdn.com/vitra/tr/document/Politikalar/OHSPOL.001_.%C4%BO%C5%9F%20Sa%C4%9FI%C4%B1%C4%9F%C4%B1%20ve%20G%C3%BCvenli%C4%9Fi%20politikas%C4%B1_Rev04.pdf
	403-8 Workers covered by an occupational health and safety management system	Health, Safety and Well-being, page 115-117 https://storage-vitra.mncdn.com/vitra/tr/document/Politikalar/OHSPOL.001_.%C4%BO%C5%9F%20Sa%C4%9FI%C4%B1%C4%9F%C4%B1%20ve%20G%C3%BCvenli%C4%9Fi%20politikas%C4%B1_Rev04.pdf
	403-9 Work-related injuries	Health, Safety and Well-being, page 115-117
GRI 403: Occupational Health and Safety 2018		

Social Investment		
GRI 3: Material Topics 2021	3-3 Management of material topics	Eczacıbaşı Building Products - Tiles' Materiality, page 34-35; Community and Social Vitality, page 118; Social Investment, page 119-121
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Community and Social Vitality, page 118; Social Investment, page 119-121
	413-2 Operations with significant actual and potential negative impacts on local communities	Community and Social Vitality, page 118; Social Investment, page 119-121
Innovation		
GRI 3: Material Topics 2021	3-3 Management of material topics	Eczacıbaşı Building Products - Tiles' Materiality, page 34-35; Innovation, page 124-127
Digital Transformation		
GRI 3: Material Topics 2021	3-3 Management of material topics	Eczacıbaşı Building Products - Tiles' Materiality, page 34-35; Digital Transformation, page 128-139

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 54-59
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 34-35
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 67-69
		1. Seeking advice about ethical and lawful behaviour and organizational integrity; and	
		2. Reporting concerns about unethical or unlawful behaviour and lack of organizational integrity.	

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.	Risk Management, page 62-65
Planet			
Climate Change	Greenhouse Gas (GHG) emissions	For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO2e) GHG Protocol Scope 1 and Scope 2 emissions.	Facts about Our Actions report, Energy Management and Carbon Emissions, page 77-81
		Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.	Scope 1 and Scope 2 emissions are calculated and reported annually. We aim to calculate Scope 3 emissions.
	TCFD implementation	Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation. Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C – and to achieve net-zero emissions before 2050	We initiated detailed studies for climate risk assessment. In this context, efforts to comply with TCFD are planned.
Nature Loss	Land use and ecological sensitivity	Report the number and area (in hectares) of sites owned, leased or managed in/or adjacent to protected areas and/or key biodiversity areas (KBA).	We do not have an operational center located in protected areas, especially RAMSAR areas.
Freshwater Availability	Water consumption and withdrawal in water-stressed areas	Report for operations where material: megalitres of water withdrawn, megalitres of water consumed and the percentage of each in regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool.	Water Management, page 82-85
		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	Facts about Our Actions report, Equal, Diverse and Inclusive Workplace, page 102-107
	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 102-107
	Wage level (%)	Ratios of standard entry level wage by gender compared to local minimum wage.	Equal, Diverse and Inclusive Workplace, page 102-107
		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:	Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees.
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).	Facts about Our Actions report, Attracting, Developing and Retaining Talent, page 108-113
		Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees).	Facts about Our Actions report, Health, Safety and Well-being, page 115-117
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.	Health, Safety and Well-being, page 115-117 https://storage-vitra.mncdn.com/vitra/tr/document/Politikalar/OHSPOL.001_-%C4%B0%C5%9F%20Sa%C4%9Fli%C4%B1%C4%9F%C4%B1%20ve%20G%C3%BCvenli%C4%9Fi%20politikas%C4%B1_Rev04.pdf
		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.	

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.	Facts about Our Actions report, Attracting, Developing and Retaining Talent, page 108-113
		2. Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region.	Facts about Our Actions report, Attracting, Developing and Retaining Talent, page 108-113
	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	Facts about Our Actions report, Economic and Financial Performance, page 72-73
		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	1. Total capital expenditures (CapEx) minus depreciation, supported by narrative to describe the company's investment strategy.	Economic and Financial Performance, page 72-73
		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

GRI 2-5

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)

GRI 2-5

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

GRI 2-5

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.

GRI 2-5

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 m³)	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 (m³/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

GRI 2-3, GRI 2-4

TÜRKİYE

VitrA Tiles Industry and Co. Inc.

4 Eylül Mah.
Osman Rusçuk Cad. No:13
Bozüyük/Bilecik

www.vitra.com.tr

RUSSIA

VitrA Tiles LLC

142253, bld.1,
Bolshevik settlement,
Serpukhov district,
Moscow region

www.vitra-russia.ru

For Your Questions on Sustainability
vitrakarosurdurulebilirlik@vitra.com.tr

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

Disclaimer

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



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