

## W0. Introduction

## W0.1

(W0.1) Give a general description of and introduction to your organization.

Established in 1973 as a subsidiary of Sabancı Holding, **Kordsa** is a global player in the tire and construction reinforcement as well as composite technologies markets and the leading manufacturer of industrial nylon and polyester yarn, tire cord fabric and single end cord. The success story started in İzmit-Turkey in 1973 with Sabancı Holding's tire cord manufacturing plant investment. Through the years, **Kordsa** became the market leader in Turkey and accumulated great know-how on reinforcement materials. Kordsa now operates in 5 countries, namely, Turkey, Brazil, Indonesia, Thailand and the US with 4,351 reinforcers at its 12 production facilities. 2 of these production facilities have also R&D activities. **Kordsa** started 28 new R&D projects in the reporting year. These projects focus on issues like: reducing rolling resistance, ecodesign, chemical recycling, reducing the weight of products, reducing water pollution and GHG emissions.

**Kordsa** provides high quality service and end to end solutions with a high level of technical competency. The main objective of the company is to "progress with innovative value-added technologies" by continuously investing in its employees and customers. Worldwide the company is the acclaimed holder of "**The Reinforcer**" title, thanks to its market leader position, its strong global footprint, its technological leadership and its experience on reinforcement.

"Today, **Kordsa**, whose story started in Turkey, spread on the whole world with its products. Every one in three automobile tires and every two in three aircraft tires are globally reinforced by **Kordsa**."

**Kordsa** aims to create sustainable value for all its key stakeholders and the society by offering high value-added innovative reinforcement solutions to its customers, with a mission to "**Reinforce Life**."

## W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	January 1 2021	December 31 2021

## W0.3

(W0.3) Select the countries/areas in which you operate.

☒ Brazil  
☒ Indonesia  
☒ Thailand  
☒ Turkey  
☒ United States of America

## W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

☒ USD

## W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

☒ Companies, entities or groups over which operational control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

No

W0.7

(W0.7) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization.	Provide your unique identifier
Yes, an ISIN code	TR-AKORDS9182

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Vital	Important	CURRENT Direct: In our production process we primarily use water for cooling, demineralization (process), water treatment and domestic purposes. Water is also a vital source for our business as the dipping we use to give adhesive properties to our products is water-based. Therefore, sufficient amounts of good quality freshwater resources are rated as "vital" for continuation of our business. If the water quality declines, our operation costs would increase to make sure the water quality is improved. Indirect: Good quality fresh water is used primarily for production of our main purchased raw materials yarn chip and flake, however the unavailability of sufficient amounts of water can be overcome by supplier diversification. Therefore, the importance rating is selected as "important" for our supply chain. FUTURE Direct: We believe the direct use importance rating will remain vital because the possible water stress in the area will be a significant risk for our operations. Besides, the available water could be more polluted and/or salinated and its adverse effects on water quality may bring us additional costs due to water treatment costs to reduce variations in product quality and to prevent hygiene and health risks. Indirect: We presume the indirect use importance rating will be "VITAL" as the same risks mentioned above in our future direct risks will also be relevant for our value chain; especially for our supply chain. These risks could cause an increase our operational costs; as the global water crisis gets more serious diversification of suppliers may not be an option anymore.
Sufficient amounts of recycled, brackish and/or produced water available for use	Important	Important	CURRENT Direct: We use recycled water for soft water and cooling water preparation at our Izmit and Indonesia plants. We have chosen the importance rating as "Important" because using recycled water is beneficial on our environmental performance as it reduces our withdrawal volumes. However, this water source is not vital for us as it is only used in our two major plants. The remaining 9 plants don't use this type of water. We have installed a reverse osmosis system which we use to treat the water to be suitable for use in processes. Indirect: As we have suppliers all around the world, recycling water has become more important in some regions recently, however, overall, the use is still limited. At the moment the importance of sufficient amounts of recycled water is evaluated to be important for both direct and indirect operations. FUTURE Direct: As the quantity of freshwater is projected to become scarce in the future, this is likely to increase the need for recycled water. Besides, if the quality of water is adversely affected due to pollution and/or salination, the need for recycling will also increase. Consequently, these may cause additional investment and operational cost. Therefore, we estimate the importance of recycled water to become vital in the future. Indirect: The same risks mentioned for future direct operations are also relevant for our value chain; especially for supply chain. As a result, we foresee the importance of brackish/recycled/produced water to gain more importance and become vital for our indirect operations.

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	As water is a vital source for our operations, we monitor water withdrawal data covering all our locations. The withdrawal amounts are measured continuously via water meters at each facility and the volumes are recorded daily. The amount of water withdrawn from third parties is taken from monthly water invoices. This amount is cross-checked by daily water meter readings at our facilities. The groundwater/surface water withdrawal is measured daily via meter readings. Therefore, the data coverage is 100%.
Water withdrawals – volumes by source	100%	We monitor all (100%) water withdrawal volumes by source including groundwater, third party (city) water and fresh surface water (river and river dam) covering all our facilities and operations. The amount of water withdrawn from third parties is taken from monthly water invoices. This amount is cross-checked by daily water meter readings at our facilities. The groundwater/surface water withdrawal is measured daily via meter readings. Therefore, the data coverage is 100%.
Entrained water associated with your metals & mining sector activities - total volumes [only metals and mining sector]	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector]	<Not Applicable>	<Not Applicable>
Water withdrawals quality	100%	Various parameters (effluents) are monitored on withdrawn water covering process and potable water withdrawn at our facilities. The period and type of parameters analyzed varies, depending on the usage area and the quality required for that purpose. i.e., If the drinking water comes from a water purifier, the analyses are made more frequently, for bottled water we require analysis results periodically from the suppliers, for water used in processes we send samples to accredited laboratories whenever there is a new equipment installed or there is a system breakdown.
Water discharges – total volumes	100%	We have flow meters installed at most of our facilities to measure the total water discharge continuously. In our facilities where the water is only discharged to third party sources, the discharge volumes are either monitored via monthly water invoices issued by the municipality and/or third parties or via daily recording of the discharge flow meters.
Water discharges – volumes by destination	100%	We have flow meters installed at most of our facilities to measure the total water discharge continuously. In our facilities where the water is only discharged to third party sources, volumes are monitored either via monthly water invoices issued by the municipality and/or third parties or via daily recording of the discharge flow meters. In our facilities where we discharge to fresh surface water, we have flow meters that measure the discharge volume continuously, and the discharge volumes are recorded daily.
Water discharges – volumes by treatment method	100%	We have flow meters installed at most of our facilities to measure the total water discharge continuously. When the water is discharged to third party sources it is treated by the water treatment plants of the third parties, which are usually the municipalities. In Indonesia and Izmit, Turkey we have a wastewater treatment plant on site. In US-Chattanooga, for freshwater discharges, the water is treated at a 3rd party water treatment plant before being discharged to fresh surface water. Therefore, discharge volumes by treatment method is monitored on 100% of our operations.
Water discharge quality – by standard effluent parameters	100%	When discharging water, we pay attention to the local regulations and treat the water and discharge it with standard effluent parameters, complying with the local standards. Various parameters (effluents) are monitored in wastewater and 100 % of our water discharge complies with local regulations. Some of the analysis performed are listed below: • Suspended solids • Zinc • Chemical Oxygen Demand • pH • Total Chromium • Oil and grease The water that is discharged to a 3rd party destination is analyzed by the owners of the 3rd party water treatment plant (i.e. municipality).
Water discharge quality – temperature	Not relevant	Not relevant, there is no considerable difference in the temperature of the water withdrawn and discharged. Additionally, we are not bound by the regulations to do so. As we do not foresee any changes in our operations or regulations, we do not expect this water aspect to be relevant in the future.
Water consumption – total volume	100%	100% of the water consumption volume is regularly calculated using the CDP mass balance, the formula being; Water Consumption (C) = Water Withdrawal (W) – Water Discharge (D). We monthly calculate and record the site-based consumption figures. The monthly consumption figures per site are also cross-checked with the figures from the previous year.
Water recycled/reused	100%	We have reverse osmosis systems both in our Izmit, Turkey and Indonesia facilities. We are monitoring 100% of the water recycled and reused in these facilities with water flow meters. The recycling volumes are recorded daily.
The provision of fully-functioning, safely managed WASH services to all workers	100%	We provide fully-functioning, safely managed WASH services for all our employees covering 100% of our operations. In all of our facilities, when we use purified water for drinking purposes, the water is regularly tested for suitability. In locations where natural spring water is used, we always ask for analysis results from the suppliers. The sanitation facilities are also monitored and cleaned several times each day.

W1.2b

**(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?**

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	3655.9	Much higher	Our total water withdrawal has increased by 26.05%. The main reason behind this increase is the increase in withdrawal volume in our Chattanooga-US, Indonesia, Izmit-Turkey & Thailand facilities. These 4 facilities are responsible for 96.09% of our total withdrawals for the reporting year. Withdrawals increased in these plants between 10.17-47% which was an expected increase due to Covid-19 related shutdowns in 2020. Our facility in Chattanooga is responsible for 62.45% of our withdrawals & also responsible for 68.81% of the increase in our total withdrawal volumes. The withdrawal in this facility increased by 29.48%, because in 2020 we had many disruptions in our operations due to Covid-19. The increase in withdrawal volumes are in line with the production increase in this facility which is an 53%. Our facility in Indonesia is responsible for 14.14 % of total withdrawals and 21.88% of the increase in total withdrawal volumes. In this facility the withdrawal volumes increased by 47%, which is in line with the production increase of 37.2% in the same plant. The rest of the increase comes from Thailand and Turkey plants, withdrawal amounts of which have increased by 18.08% and 10.17% respectively again due to Covid-19 related business disruptions in 2020 & increasing production volumes in 2021. In our Brazil plant the withdrawal has also increased, but the change is very minimal 3.68%. Those 5 plants are responsible for 99.43% of our withdrawals. In most of our other facilities the withdrawals decreased & although the changes are significant for each facility, the total share of these facilities in our withdrawal are 0.57% so the impact of the reduction in withdrawal in these facilities are extremely minimal to our total volumes. In the future we expect the volumes to be about the same as we have returned to normal levels of operation in 2021. Defined thresholds for chosen limits are: 0% - 5% about the same 5%- 25% higher or lower over %25: much higher or lower.
Total discharges	2316.97	Higher	Our total water discharge has increased by 15.33% from 2,009.02 megaliters in 2020 to 2,316.97 megaliters in 2021. The major reason behind this increase is our facility in Chattanooga-US which is responsible for 80.93% of our total discharges for the reporting year. The water discharge at this facility has gone up from 1,551 ML in 2020 to 1,875 ML in 2021 showing an increase of about 20.88%, which is a direct result of 53% increase in production volumes. 2020 was a crisis year and we never operated at our usual capacity due to Covid-19 related shutdowns. Discharge volume has also increased in our Thailand plant by 18.08%, which is also a direct result of the 15.12% increase in production volumes. In most of our other facilities the discharge amounts decreased, however the changes in discharge volumes are minimal within the range of 0-5%. The total impact of these plants on total discharges are 15.64%, therefore the decrease in discharge volumes are not reflected on the totals as an absolute decrease. For example in our Indonesia facility discharge volume has decreased by 30.58% due to the AAT optimization project which reduces the discharge, however the share of this facility in total discharges is 1.37%, so this decrease did not reflect to the total discharges as an absolute decrease. We anticipate this value to remain about the same as we have returned to normal operating conditions in 2021. Defined thresholds for chosen limits are: 0% - 5% about the same 5%- 25% higher or lower over %25: much higher or lower. Therefore, an increase of 15.33% is classified as "Higher"
Total consumption	1338.94	Much higher	Our consumption volume has increased by 50.21% from 891.36 in 2020 to 1,338.94 in 2021. Our Indonesia plant is responsible for 36.25% of our consumption, in this facility the consumption volume has increased by 58.56% due to two major reasons: 1- WWTP Optimization project which reduces the discharge 2- Increase in production volumes Our facility in Chattanooga-US is responsible for 30.48% of our total consumption for the reporting year. The water consumption at this facility has gone up from 212.01 ML in 2020 to 408.16 ML in 2021 showing an increase of 92.45%, which is a direct result of 53% increase in production volumes. 2020 was a crisis year and we never operated at our usual capacity due to Covid-19 related shutdowns. We anticipate this amount to remain about the same in the near future as we have returned to normal operating conditions in 2021. Defined thresholds for chosen limits are: 0% - 5% about the same, 5%- 25% higher or lower over %25 much higher or lower.

W1.2d

**(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.**

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	Yes	26-50	Higher	WRI Aqueduct	According to the analysis we have made using WRI Aqueduct, 5 out of 12 sites are located in areas with High (40-80%) or extremely high (>80%) water stress levels. When we look at baseline-overall water risk 5 of our locations are rated with High (3-4) Overall Water Risk, where only one location is rated as Extremely High (4-5). For future water stress (2030), the number of facilities rise up to 8 over 12 where 7 of these facilities are rated as Extremely High (>80%) and just 1 rated as High (40%-80%) Therefore, to be on the conservative side, we include these 8 facilities to calculate the amount of water withdrawn from water-stressed areas. The total amount withdrawn from these 8 facilities in the reporting year is: 1,147.51 ML and this volume is equal to 31.39% of our total withdrawals. When compared to the previous year, our withdrawal from water-stressed areas have increased by 23.50 % which can be classified as "Higher". We have chosen to use WRI Aqueduct's global water risk mapping tool, because it helps companies, investors, governments, and other users understand where and how water risks and opportunities are emerging worldwide. The Atlas uses a robust, peer reviewed methodology and the best-available data to create high-resolution, customizable global maps of water risk. It is also practical because when analyzing you can enter the exact geographical locations of the plants and either make an overall risk assessment or you can make specific risk assessments according to the business type like riverine flood risk, drought risk, physical risks. We set the threshold as locations having above medium to high level baseline water stress. (Medium-High not included) When comparing with the previous reporting year, the defined thresholds for chosen limits are: 0% -5% about the same 5%- 25% higher or lower over %25: much higher or lower.

W1.2h

**(W1.2h) Provide total water withdrawal data by source.**

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant	2735.5	Much higher	Our US, Chattanooga (CH) & Indonesia facilities use fresh surface water (fsw). The amount of water withdrawal from fsw increased by 34.40% compared to the withdrawal figure reported for 2020. The main reason behind this increase is our facility in CH-US which is responsible for 62.45% of our total withdrawals and 81.10% of our fsw withdrawals for 2021. Withdrawal from fsw in this facility increased by 31.77% due to the 53% increase in production. The use of fresh surface water has increased 47% in our Indonesia facilities, which is an expected result of 37% increase in production volumes. We expect this amount to be about the same in the near future. Defined Thresholds for chosen limits are: 0%- 5% about the same 5%- 25% higher or lower over %25: much higher or lower.
Brackish surface water/Seawater	Not relevant	<Not Applicable>	<Not Applicable>	We do not have any operations where we have withdrawal from brackish surface water; therefore, this water source is not relevant.
Groundwater – renewable	Relevant	657.43	About the same	We have 2 facilities (Izmit, Turkey and Brazil) where we have withdrawal water from renewable groundwater. The amount of water withdrawal from renewable ground water sources has decreased by 0.06% compared to the previous reporting period, which can be classified as “about the same”. In our Izmit facility the withdrawal from groundwater has decreased by 0.66% due to minor operational changes leading to using water from 3rd parties instead of renewable groundwater. Izmit facility is responsible for 82.61% of our withdrawals from renewable groundwater in 2021. In our Brazil facility however, this figure increased by 2.78% because of the changes in the weather temperature, when the temperature is higher more water is needed for use in the cooling towers. We expect this amount to remain the same in the near future. Defined Thresholds for chosen limits are: 0%- 5% about the same 5%- 25% higher or lower over %25: much higher or lower.
Groundwater – non-renewable	Not relevant	<Not Applicable>	<Not Applicable>	We do not have any operations where we have withdrawal from non-renewable groundwater; therefore, this water source is not relevant.
Produced/Entrained water	Not relevant	<Not Applicable>	<Not Applicable>	We do not have any processes where there is produced or entrained water, therefore this water source is not relevant.
Third party sources	Relevant	262.98	Higher	We withdraw water from 3rd parties in all of our facilities except our 2 facilities in Indonesia. Our withdrawals from 3rd parties increased by 13.64% which is classified as “Higher”. The reason behind this increase is the increase in production volumes. We’ve had Covid-19 related shutdowns in 2020 & in 2021 we returned to our normal levels of operations. Also, in our Izmit plant, there was an operational change where one of the production lines which can only work using water from 3rd parties has worked more than usual. There is also 18.08% increase in our Thailand plant, which is responsible for 37.79% of our withdrawal from 3rd parties, due to the increase in our production volumes. There is mainly a minimal decrease in most of our US facilities because these plants use water mainly for WASH services. In the future we expect these volumes to remain about the same. Defined thresholds for chosen limits are: 0- 5% about the same 5- 25% higher or lower over 25%: much higher or lower.

**W1.2i**

**(W1.2i) Provide total water discharge data by destination.**

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Relevant	803.95	About the same	We discharge to fresh surface water in our Chattanooga and Indonesia facilities. Discharge to fresh surface water has increased by 3.12 % in comparison with 2020. The major reason behind this increase is our facility in Chattanooga-US, which is responsible for 96.06 % of our total discharges to fresh surface water for 2021. The freshwater discharge at this facility has increased by 5.21%, which is a direct result of the increase in production volumes. In our Indonesia facility, the freshwater discharge volume decreased by 30% because we have consumed more water for production. Defined thresholds for chosen limits are: 0%- 5% about the same 5%- 25% higher or lower over %25: much higher or lower.
Brackish surface water/seawater	Not relevant	<Not Applicable>	<Not Applicable>	We do not discharge to brackish surface water and seawater; therefore, this discharge destination is not relevant.
Groundwater	Not relevant	<Not Applicable>	<Not Applicable>	We do not discharge to groundwater; therefore, this discharge destination is not relevant.
Third-party destinations	Relevant	1513.02	Higher	We discharge to third party destinations in all plants except Indonesia. Discharge to 3rd party destinations have increased by 23.07% which is classified as “Higher”. The reason behind this increase is our Chattanooga-US plant which is responsible for 72.89% of discharges to 3rd Party destinations for 2021. The 3rd party discharge at this facility has increased by 35% which is a direct result of the 53% increase in production. In our Izmit plant, which is responsible for 19% of 3rd party discharges, there was a slight decrease in discharges because we consumed more water during production. In our Thailand plant there is an increase of 18% again due to increase in production. These 3 plants are responsible for 97% of our discharges to 3rd parties. In other facilities there are slight changes in discharge, however their total impact is very low. Thresholds for chosen limits are: 0- 5% about the same 5- 25% higher/lower, >25%: much higher/lower.

**W1.2j**

(W1.2j) Within your direct operations, indicate the highest level(s) to which you treat your discharge.

	Relevance of treatment level to discharge	Volume (megaliters/year)	Comparison of treated volume with previous reporting year	% of your sites/facilities/operations this volume applies to	Please explain
Tertiary treatment	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	We don't have tertiary treatment in any of our facilities because there is no such need in our processes for tertiary treatment. According to relevant national laws and regulations, we are not required to have tertiary treatment in our facilities.
Secondary treatment	Relevant	314.97	Lower	21-30	We have secondary treatment in our Izmit, Turkey plant and in our Indonesia plants (2 plants at one site, sharing the waste water treatment plant). These 3 plants represent 25% of our facilities by number. All of the water discharged is treated in the WWTP before being discharged to 3rd party destinations (Turkey) and fresh surface water (Indonesia). When compared to the previous reporting year this volume is lower with 7.62% decrease. The wastewater is treated according to local regulations for discharge. In our other plants where the waste water is discharged to 3rd parties, the treatment is performed by the 3rd parties. Thresholds for chosen limits are: 0%- 5% about the same 5%- 25% higher or lower over %25: much higher or lower, hence 7.62% decrease is classified as "Lower".
Primary treatment only	Relevant	79.5	Higher	1-10	We have primary treatment in our Thailand plant. In Thailand plant the waste water is discharged to a 3rd Party and before discharge the suspended solids and floating material are removed via a sedimentation pool. The discharged water is then further treated in the 3rd party waste water treatment plant. This plant makes up 8.3% of our plants by number (1/12) In our other plants where the waste water is discharged directly to 3rd parties, the treatment is performed by the 3rd parties. In the previous year we mistakenly reported this value under discharge to the natural environment without treatment. When we compare to the figures of the last year there is an increase of 18.08% which is due to 15.12% increase in production volumes. Thresholds for chosen limits are: 0%- 5% about the same 5%- 25% higher or lower over %25: much higher or lower, hence 18.08% increase is classified as "Higher".
Discharge to the natural environment without treatment	Relevant	772.28	Higher	1-10	We discharge to Tennessee river in our plant in Chattanooga without any treatment. Only cooling water is discharged to the river, which is not contaminated because it is not used in the process. This plant makes up 8.3% of our plants by number (1/12) The discharge of cooling water to the Tennessee river is in line with the local discharge regulations. When compared to the previous year the volume has increased by 5.21%.
Discharge to a third party without treatment	Relevant	1150.22	Much higher	61-70	In all our plants except our four plants in Indonesia (2 plants at one site), Turkey, Izmit plant and Thailand plant we discharge to third parties without treatment. In our Turkish plant, the water is treated in our WWTP (secondary treatment) before being discharged to 3rd party destinations, and in Indonesia no discharge is made to 3rd parties. In our Thailand plant water is discharged to 3rd parties after being treated in our primary treatment unit. All these plants make up 66.67% of our facilities by number (8/12).When compared to the previous year the volume has increased by 32.71%. These facilities discharge to 3rd parties without treatment because there is no legal requirement to treat the water further before discharging to 3rd parties. Thresholds for chosen limits are: 0%- 5% about the same 5%- 25% higher or lower over %25: much higher or lower, hence 32.71% decrease is classified as "Much Higher".
Other	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	We don't have any other discharge that cannot be classified under previous treatment options.

## W1.3

(W1.3) Provide a figure for your organization's total water withdrawal efficiency.

	Revenue	Total water withdrawal volume (megaliters)	Total water withdrawal efficiency	Anticipated forward trend
Row 1	888632270.61	3655.9	243067.991632703	In the mid-term we expect the water intensity value to be higher as a result of the water efficiency programs we are working on. As the intensity figure is calculated dividing the revenue by withdrawal volume, and increase in revenues will also reflect as an increase in the efficiency figure.

## W1.4

(W1.4) Do you engage with your value chain on water-related issues?

Yes, our suppliers

Yes, our customers or other value chain partners

## W1.4a

**(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?**

**Row 1**

**% of suppliers by number**

51-75

**% of total procurement spend**

76-100

**Rationale for this coverage**

Kordsa has a supplier code of conduct, we request each of our suppliers to sign this document. Sustainability and Supply Chain (SC) Departments conducted a CSR risk mapping of Kordsa's suppliers based on procurement category and total spend. The results of the Kraljic Matrix analysis conducted by the SC department were also used in risk mapping study. As a result of the CSR risk assessment study, the scope of this procedure was established as follows; Suppliers in the • Raw Material • Energy • Service • Transport • Packaging Material • Spare Parts categories within Kordsa's SC with an annual spent volume of \$500,000 or more are within the scope of the sustainability assessment. Kordsa evaluates its suppliers in line with the following sustainability criterias; • Governance • Social Issues (Ethics - Employee and Human Rights - Occupational Health and Safety - Conflict Minerals) • Environmental Issues (Environmental Management – Energy & Carbon Management – Waste Management – Material Management- Water Management) • Sustainable SC Raw material suppliers with an annual spend of \$500,000 or more are expected to conduct "Ecovadis Sustainability Assessment". Energy, Service, Transport, Packaging Materials, Spare Parts suppliers with an annual spend of \$500,000 or more are required to participate in the "Kordsa Supplier Annual Sustainability Survey". Sustainability audit of raw material suppliers are carried out by Kordsa's authorized personnel within the scope of the "Annual Supplier Audit Plan" created by the Quality Department. Sustainability results have a weight of 15% in the total audit scoring. The performance criteria determined for the SC sustainability assessment system are stated below and are followed up by the Global SC Directorate on a 6-month basis. Sustainable SC program key performance indicators are; - % of targeted raw material suppliers audited on sustainability issues - % of targeted suppliers assessed In 2021 we reached 72.5% of our suppliers which make 86% of our total procurement spent. In 2021, we performed 27 raw material supplier assessments through Ecovadis and 42 other category suppliers replied to our annual supplier sustainability assessment survey.

**Impact of the engagement and measures of success**

In terms of water related information, we require data on how they monitor and manage their water use, whether they have water management approach and targets to reduce their water withdrawals/consumption, and how they treat/manage their waste water. The supplier gets points in the assessment if they monitor their usage, have targets to reduce their withdrawal/consumption amounts and properly treat their waste water (or have it treated by a 3rd party). We use the results of this survey to classify the suppliers according to the points they get, as follows: 85-100: A Grade Supplier – Performance to be maintained. The letter of thanks will be sent end of the year. 70-84: B Grade Supplier - New product and project work can be done. Improvement is expected within six months. 60-69: C Grade Supplier - Immediate improvement is expected from the C group supplier during the yearly evaluation period. It is taken as a priority in the audit plan. A development plan is requested. <60: D grade Supplier: If the supplier is rated D during the quarterly evaluation period, the business relations are halted for 1 year. Vendor Quality Rating is sent to the supplier for status notification. The supplier is requested to improve in 1 year. After the improvement is complete, an on-site audit is performed. If the audit result is confirmed business relationship starts again. Also a yearly supplier audit plan is being implemented. Supplier audit process consists of both quality and sustainability pillars. We have a target to reach 100% of our critical suppliers which make 86% of our total procurement spent by 2024. In 2021, 42 of our global suppliers replied to our annual supplier sustainability assessment survey. We reached 72.5% of our suppliers which make 86% of our total procurement spent, which means we have reached 72.5% of our 2024 target which is a great success.

**Comment**

**W1.4b**

**(W1.4b) Provide details of any other water-related supplier engagement activity.**

**Type of engagement**

Onboarding & compliance

**Details of engagement**

Requirement for water-related targets is included in your supplier selection mechanism

**% of suppliers by number**

51-75

**% of total procurement spend**

76-100

**Rationale for the coverage of your engagement**

In order for a supplier to be a part of our 'Approved Supplier List' one of the requirements is having a high score in our sustainability assessment survey. Having water related targets, will help the companies get a higher score in this survey. In 2021, sustainability assessment and audits related to sustainability are also included in the Vendor Quality Ratings. For our supplier sustainability assessment program, we classified our suppliers in line with spent analysis and Kraljic Matrix. Suppliers with an annual spent volume of 500,000 USD or more and pointed as strategic supplier according to Kraljic Matrix are included in our supplier sustainability assessment process. Raw material suppliers with an annual spent volume of \$500,000 are expected to conduct "Ecovadis Sustainability Assessment" which also request water management related data from the suppliers. The rest of our suppliers within this scope will be requested to reply to our supplier sustainability questionnaire. In 2021, 42 of our global suppliers replied to our annual supplier sustainability assessment survey which also requests data on the water-related targets of the supplier. We reached 72.5% of our suppliers which make 86% of our total procurement spent.

**Impact of the engagement and measures of success**

In 2021, 42 of our global suppliers replied to our annual supplier sustainability assessment survey. The share of the suppliers we could reach in our global raw materials procurement is 72.5%, which excludes the suppliers we get packing, transportation and similar services from. Our global procurement team carries out the purchasing of 90% of the raw materials that all of our plants require. We have a target to reach 100% of our suppliers which make 86% of our total procurement spent by 2024 This survey also provided enormous insight on the environmental and water related performance of our suppliers. Another measure of success for us is our ability to perform the supplier audits as planned and also assess the supplier questionnaires as planned. In 2021 %87.5 of targeted raw material suppliers audited in line with annual scheduled audit plan.

**Comment**

**W1.4c**

#### (W1.4c) What is your organization's rationale and strategy for prioritizing engagements with customers or other partners in its value chain?

Kordsa is the leading supplier of many global reputable brands, therefore there is a demand from our strategic customers for Kordsa to conduct sustainable operations. Moreover, some of these customers request Kordsa to transparently disclose its ESG (Environmental Social and Governance) performance on well-known platforms such as Ecovadis & CDP Supply Chain Program.

The main group of customers that we engage with are our tire reinforcement customers. We select this group of customers because tire reinforcement products make up about 86% of our business, therefore we are aiming to stay as a preferred supplier by our customers by supporting their sustainability targets.

The engagement activities during 2021 is listed below.

- Kordsa Executive Lead Team / Sustainable Development Goals and Focused Targets Determination Meetings
- Employees / Sustainability Performance Evaluation and Materiality Survey and Sustainable Supply Chain Training
- Customers / Online Sustainability Materiality Survey & Sustainability Focused Meetings
- Suppliers/ Sustainability Assessment Survey & Sustainability Focused Meetings
- Employees / Sustainable Supply Chain Training

Also, to maintain active communication with our value chain, we actively participate in Business Council on Sustainable Development. Measure of success for value chain engagement covers the continuation of our communication efforts. As a result of our performance disclosure and direct & indirect engagements, we continued our success to be in the BIST Sustainability Index (BIST SI). We measure our success on value chain engagements regarding sustainability (including climate-related) performance via maintaining our position in the BIST SI.

Kordsa has been awarded the Gold Ecovadis Medal, & in the environment topic Kordsa scored 80 point over 100, which is also a measure of success for us.

We closely monitor the feedback from our customers & we also track the achievement of short, medium and long-term targets as a success measure.

## W2. Business impacts

---

### W2.1

---

#### (W2.1) Has your organization experienced any detrimental water-related impacts?

No

### W2.2

---

#### (W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

No

## W3. Procedures

---

### W3.3

---

#### (W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

### W3.3a

---



(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

**Value chain stage**

Direct operations  
Supply chain  
Other stages of the value chain

**Coverage**

Full

**Risk assessment procedure**

Water risks are assessed as part of an established enterprise risk management framework

**Frequency of assessment**

More than once a year

**How far into the future are risks considered?**

More than 6 years

**Type of tools and methods used**

Tools on the market  
Enterprise risk management  
International methodologies and standards  
Other

**Tools and methods used**

WRI Aqueduct  
Enterprise Risk Management  
ISO 14001 Environmental Management Standard  
Internal company methods  
Scenario analysis  
Other, please specify (Monte Carlo Simulations)

**Contextual issues considered**

Water availability at a basin/catchment level  
Water quality at a basin/catchment level  
Stakeholder conflicts concerning water resources at a basin/catchment level  
Implications of water on your key commodities/raw materials  
Water regulatory frameworks  
Status of ecosystems and habitats  
Access to fully-functioning, safely managed WASH services for all employees

**Stakeholders considered**

Customers  
Employees  
Investors  
Local communities  
NGOs  
Regulators  
Suppliers  
Water utilities at a local level  
Other water users at the basin/catchment level

**Comment**

---

W3.3b

---

**(W3.3b) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.**

Kordsa has a Standard Operating Procedure (SOP) for Enterprise Risk Management. This SOP is based on globally recognized international standards. The Global Risk Management department located under CFO is responsible for overall coordination risk management processes. There are also local risk responsables from each facility.

SOP is applied for both direct operations, supply chain and other stages of value chain. Kordsa has adopted an All-Risk methodology meaning that it focuses all possible risk factors that may have impact on any stakeholder in Communities. From single entity or single supplier to whole company or whole country that Kordsa operates risk management focuses on all items that fit its qualitative or quantitative categories. Therefore all of the items listed under "contextual issues considered" are always included in Kordsa's risk assessments.

Kordsa also considers itself as a socially responsible company meaning that we act in a manner to maximize society benefits. So each category defined under "stakeholders considered" section is also under Kordsa's radar when performing risk assessments.

The Global department also applies scenario modelling and other quantitative analysis such as Monte Carlo analysis and calculates value at risk (VaR) for risks at high and critical category. There is also a GRC application in place to register all risk items in a digital platform.

Water related risks are evaluated for each facility and also for critical supply chain/value chain partners, using WRI Aqueduct Water Risk Atlas.

**Risk identification** is performed during interviews or periodic workshops held with each Business Unit leaders. Risks are identified by a combination of a bottom-up approach and a top-down approach. Risks can also be identified through key risk indicators and audit findings. All identified risks are recorded to the GRC (Enterprise Risk Management) Application. Kordsa also utilizes tools such as "WRI Aqueduct Water Risk Atlas" to identify water related risks covering all Kordsa Entities, supply chain and for other value chain partners.

**Risk assessment** is done by performing scenario modelling and simulation studies. Kordsa mostly derives the scenarios based on professional judgement of Global Risk Management Department and Business Unit Leaders. 3 alternative scenarios are usually studied with probabilities of P5, P50 and P95 each having different financial impact. Later, monte carlo analysis is applied to generate a single simulated impact result. The result of the monte carlo analysis along with impact levels are registered in GRC Application. Each register is assigned with probability and impact numbers as defined in scales in SOP. For impact level calculation, quantitative and/or qualitative categories are considered. Impacts with a degree of "High" or "Very High" are classified as substantive financial/strategic impact. Probability is calculated based on the likelihood of occurrence within one year. At this GRC application a risk score is calculated through multiplication of the probability and impact scales.

Since Kordsa is able to review the risks under different impact categories, all the items under contextual issues are considered relevant to Kordsa's risk management methodology. Water Risk as being a headline may have various impact effecting HSE, Business Continuity, Legal Compliance or Reputation.

The outcomes of the assessment are shared within the related Business Units for all the risk registers with substantive financial/strategic impact. Risk owners are responsible for informing internal decision makers and taking appropriate **risk control** measures for these risks. Risk control measures can include Avoiding, Mitigating, Transferring, Accepting. As per Company policy, risks which have criticality levels higher than Kordsa's risk threshold (High and Very High), are expected to be reduced (mitigated/avoided/transferred) by risk owner. Risk owner is responsible for determining the control actions, calculating the required resources to implement that action and for assigning them to the action owners. The outcomes of both assessment and action planning are aligned with related functions of the Company. For instance, if a long-term action is required, finance department is informed to allocate sufficient resources for upcoming years. Or if a substantial risk is identified, division leaders are informed to review or update (if necessary) their strategy.

**Regular monitoring** ensures that risk levels are within Kordsa's already defined risk threshold and the risk controls are run in the desired manner. Risk monitoring activities mainly consist of following up risk mitigation actions and key risk indicators. KRI reports are documented in GRC tool and EDRC reports. In the facilities where ISO 14001 EMS is implemented, water risks are also assessed and monitored as part of an Environmental Impact assessment.

## W4. Risks and opportunities

---

### W4.1

---

**(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?**

Yes, both in direct operations and the rest of our value chain

#### W4.1a

---

#### (W4.1a) How does your organization define substantive financial or strategic impact on your business?

The expectations and needs of the external and internal stakeholders are taken into consideration when forming the risk assessment framework. The impact level of any risk and opportunity on our business, is determined by the qualitative and quantitative evaluation criteria. The latter generally consists of quantifiable indicators such as financial, reputation, people, business continuity, legal and environment. The description for each quantifiable indicator including their quantitative thresholds is as below. Kordsa defines substantive financial or strategic impact if that corresponding impact falls within high or very high categories in Kordsa's internal risk impact scale as defined in Kordsa's internal standard operating procedure. The impact level of the risk or opportunity is identified to be substantive (high or very high impact) if:

1. **Finance:** Within one-year period more than 1% deviation from the budgeted EBITDA (For 2021 this ratio corresponds to 1,500,000 USD), or

2. **Company Reputation:** Long-term campaign against the company in the national media, Damage to relationships to an extent that could lead to termination of strategic alliances with some stakeholders,

Damage to relations with local political authority and local people, Long-term loss of more than one customer with an effect between 1 million USDs and 5 million USDs or at least one customer with an effect between 5 million USDs and 10 million USDs on the profitability of the company; or

3. **People:** Accident resulting in loss of life or serious injury with permanent damage

Manykey personnel and / or many personnel from more than one unit collectively leave the work in a short period of time,

15-20% negative change in employee satisfaction survey in comparison with the previous period,

Staff turnover rate is between 9% and 12%, or

4. **Business Continuity:** Between 1 and 2 weeks business interruption at a production line, or

5. **Legal:** Facing a legal sanction that may cause the company to suspend at least one activity for an indefinite period,

Facing a very high penal sanction (e.g. a fine of between 2 and 5 million USDs); or,

6. **Environment:** Long-term environmental damage (for example, the occurrence of water, air, or soil pollution, in 25 km2 area including the plant area which can be cleaned only with emergency response and continuous control works) spread over a large geographical area around the plant

To identify how water related risks are assessed and incidents with substantive impact are prioritized as per Kordsa's impact categories as follows;

- Facilities with high water volumes would be prioritized.
- Disrupted production/temporary closure of a facility due to water unavailability would be prioritized.
- Any harm to employees' and other stakeholders' wellbeing due to no access to fully-functioning, safely managed WASH services would be characterized as substantive water related people or environmental impact.
- Any harm to ecosystem to mistreatment of waste water would be characterized as substantive water related reputational and environmental impact.
- Any sanction or fine that company faces due to unable to comply with water related framework would be characterized as legal impact.
- Any conflict with stakeholder concern would be characterized as substantive water related reputational impact.
- Any water quality problem and implications to key commodities and raw materials would be characterized as substantive water related business continuity impact.

To identify which sites may cause these substantive impacts we use a screening process, which is reviewed annually, as follows.

- Identification of baseline and future (2030-2040) overall water stress for each facility via WRI's Aqueduct Water Risk Atlas Tool
- Identification of other strategically important risks for each facility using WRI's Aqueduct Water Risk Atlas Tool
- Classification of the identified sites according to their water withdrawal, discharge and consumption figures.
- Classification of the identified facilities according to their sales volumes and their impact on our gross global revenue.

#### W4.1b

#### (W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	2	1-25	We define facilities as our production and/or R&D sites. In Indonesia we have 2 production facilities in one site, however, the water data for these two facilities are collected as 1 facility. According to the risk assessment we have performed using WRI Aqueduct Water Risk Atlas Tool, 8 out of our 12 facilities are located in locations with High or Extremely High baseline and/or future (2030) water stress. However, in only three of these facilities (2 in Indonesia and 1 in Izmit Turkey) we have production levels and water withdrawal and consumption figures that may have substantive financial or strategic impact on our business. Although there are 2 facilities at Indonesia site, as their water data is collected as 1 facility, the total number of facilities exposed to water risk is given as 2 (Indonesia and Turkey) Total percentage of water withdrawn from water stressed areas is 31.39% and the percentage of water withdrawn from these 3 facilities is 30.91%. The withdrawal figure of the remaining 5 sites, namely our CTCE plant in Turkey, and four US facilities (Advanced Honeycomb Technologies, Fabric Development Inc., Axiom and Textile Products Inc.) makes up 0.47% of our total water withdrawal. Their production levels are also minimal; therefore these 5 facilities are not assessed to have a substantive water-related impact on our business. When calculating the % company-wide facilities they represent, we used the number of facilities (3/12 = 25 %).

## W4.1c

(W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive financial or strategic impact on your business, and what is the potential business impact associated with those facilities?

### Country/Area & River basin

Turkey	Other, please specify (Black Sea South Coast Major, Kocaeli Minor Basin)
--------	--

### Number of facilities exposed to water risk

1

### % company-wide facilities this represents

1-25

### Production value for the metals & mining activities associated with these facilities

<Not Applicable>

### % company's annual electricity generation that could be affected by these facilities

<Not Applicable>

### % company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

### % company's total global revenue that could be affected

31-40

### Comment

1/12 of our facilities are located in Black Sea South Coast Major, Kocaeli Minor Basin, with high level baseline water stress (40-80%) and a potential to pose substantive financial/strategic impact for Kordsa as 31-40% of our global revenue comes from operations held at this facility. This facility is also responsible for 16.77% of our total withdrawals, 12.23% of our discharges and 24.63% of our total consumption figures.

### Country/Area & River basin

Indonesia	Other, please specify (Java-Timor Major, Cisdane Minor Basin)
-----------	---

### Number of facilities exposed to water risk

1

### % company-wide facilities this represents

1-25

### Production value for the metals & mining activities associated with these facilities

<Not Applicable>

### % company's annual electricity generation that could be affected by these facilities

<Not Applicable>

### % company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

### % company's total global revenue that could be affected

21-30

### Comment

In our Indonesia site, there are 2 facilities in one site and their water data is collected together. Therefore, in order to be in line with the water data these 2 facilities are reported as 1. However, when we calculate the % company wide facilities this represents column, we use 2/12. These facilities are located in Java-Timor Major, Cisdane Minor Basin with low level baseline water stress., however their overall water risk score is High (3-4) and their future (2030) water stress is Extremely High(>80%). The riverine flood risk is also an important indicator which is scored as "Extremely High" for our facilities in Indonesia. These facilities have a potential to pose substantive financial/strategic impact for Kordsa as 21-30% of our global revenue comes from operations held at these two facilities. These facilities are also responsible for 14.14% of our total withdrawals, 1.37% of our discharges and 36.25% of our total consumption figures.

## W4.2

(W4.2) Provide details of identified risks in your direct operations with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

### Country/Area & River basin

Turkey	Other, please specify (Black Sea South Coast Major, Kocaeli Minor Basin)
--------	--

### Type of risk & Primary risk driver

Acute physical	Flood (coastal, fluvial, pluvial, groundwater)
----------------	--

**Primary potential impact**

Impact on company assets

**Company-specific description**

Kordsa's production facility in Izmit (KTR), Turkey is located next to a river and is therefore in the boundary of a river flood basin. Although not directly due to a precipitation related flood, the facility was exposed to flood related disruption in production in 2018. This incident was caused by the opening of nearby dam flood gates to release the excess water to maintain the dam operations at optimum level. However, in line with climate projections, it is expected that severe weather events will become more frequent (including extreme precipitation). If flooding occurs in that production facility, some of the assets may be impaired due to slime covering them, Kordsa may need to reduce or stop production for a certain period of time until operation and maintenance teams complete all the recovery and cleaning activities within the facility. Kordsa may also need to wait for a new set of machines, equipment or raw materials (if any damage occurs to them) to arrive before to start production again. Kordsa may face an increase in insurance premiums if the relevant insurance policies triggered due to the high magnitude of loss claim. Therefore, this facility is under the risk of several impact areas due to flooding.

**Timeframe**

4-6 years

**Magnitude of potential impact**

High

**Likelihood**

More likely than not

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

5000000

**Potential financial impact figure - minimum (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure - maximum (currency)**

&lt;Not Applicable&gt;

**Explanation of financial impact**

The financial impact figure was determined by the expert opinion of risk engineer who visited site within last year and based on his scenario analysis. It has been assumed that about 15% of the total value would be damaged and business interruption is expected for 4 months to recover fully from the flooding. Considering the total value of the Entity for 2021 was 667M USD including the building, machinery, equipment, stocks and revenue. We took 15% of that value which is equal to 119M USD. Kordsa has an insurance policy covering the facility up to full value. Increased cost of working and debris removal is also covered under the policy. So, Kordsa is able to recover from that loss in financial perspective except the deductible portion. Considering the deductibles (150k USD) and time excess (7 days) portion of the policy, Kordsa will face 5M USD of financial impact due to flood.

**Primary response to risk**

Other, please specify (Insurance coverage, Consultancy (Risk reviews), Developing flood emergency action plans, Flood Monitoring and prevention activities)

**Description of response**

Kordsa's response strategy can be identified under four items which are all reviewed as equally important in managing flood risk. 1st item is the insurance coverage that Kordsa purchases insurance providing flood coverage for its assets (building, machinery, equipment, stocks) including business interruption each year up to their full value. 2nd item is the consultancy received each year from experts of insurance companies to identify any improvement areas regarding flood risk. These improvement recommendations are always analysed by Kordsa engineers and for approved items, improvement projects are performed. 3rd Kordsa has emergency action plans and business continuity plans studies for each of its facility by Global Risk Management Department. These plans are also reviewed and updated each year. As indicated in plans task forces are built, necessary personnel are assigned with certain roles and backup plans are determined in case such flood event occurs. Lastly Kordsa performs various small – medium size improvement projects and conducts regular visits outside of the Entity premises. (potential bottleneck areas under municipality responsibility) Regular monitoring and maintenance of flood detection and prevention systems, cooperation activities with local municipality are mostly continuous activities that budgeted each year. However, the most effective method used as a response to this risk is to insure the facility against flooding.

**Cost of response**

1073000

**Explanation of cost of response**

The cost of response reported includes the total cost of all 4 items described above. The cost of first item (insurance policy) for 2021 is approximately 990 k USD, there is no additional cost for the 2nd item (Risk engineer review) since its already included in first item. Insurance companies do not charge separately for this service but include it in the premiums. Latest engineering visit was done in October 2021 and the visit report was received within November. The 3rd item of emergency and BCM plans are totally handled internally and there is no cost of applying these as well. These plans are also audited internally every year by audit department so reviewing was completed within June 2021 before the scheduled audit. For the last item there are ongoing and continuous activities that held within 2021. Entity spent \$83k for overall maintenance of flood monitoring and prevention systems (\$33k). This expenditure also includes the collaboration efforts with local municipality, local environment related taxes (\$50k) in which municipality collects it to maintain the nearby premises. (Maintenance of closed aqueducts, sewer systems) In total all these response strategies will add up to 1,1M USD cost for Kordsa.

**Country/Area & River basin**

Indonesia	Other, please specify (Java Timor Major, Cisadane Minor Basin)
-----------	--

**Type of risk & Primary risk driver**

Acute physical	Flood (coastal, fluvial, pluvial, groundwater)
----------------	--

**Primary potential impact**

Impact on company assets

**Company-specific description**

Kordsa's production facility in Indonesia, is prone to flood risk as the geography of the country triggers flash floods and the climate is tropical with significant rainfall in most months of the year. The probability that precipitation will be observed at this location varies throughout the year. The climate is tropical with significant rainfall in most months of the year. The probability that precipitation will be observed at this location varies throughout the year, the driest month is July, with 216 mm of rainfall. Most

precipitation falls in January, with an average of 442 mm. The warmest month of the year is September, with an average temperature of 25.6 °C. The premises are located inland, far away from the coast, flood exposure from the rising tide is non-existence. The premises are surrounded on the left by bodies of water Cikeas river. The premises are situated five to seven meters above the water level so exposure from flash flood is considered to be expected. If flooding occurs in that production facility, some of the assets may be impaired due to slime covering them, Kordsa may need to reduce or stop production for a certain period of time until operation and maintenance teams complete all the recovery and cleaning activities within the facility. Kordsa may also needs to wait for a new set of machines, equipment or raw materials (if any damage occurs to them) to arrive before to start production again. Additionally, Kordsa may face an increase in insurance premiums, if the relevant insurance policies are triggered due to the high magnitude of loss claim.

#### Timeframe

4-6 years

#### Magnitude of potential impact

High

#### Likelihood

Likely

#### Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

#### Potential financial impact figure (currency)

15000000

#### Potential financial impact figure - minimum (currency)

<Not Applicable>

#### Potential financial impact figure - maximum (currency)

<Not Applicable>

#### Explanation of financial impact

The financial impact figure was determined from the scenario analysis. It has been assumed that about 13% of the building, 30% of the equipment and 23% of the stocks would be damaged and business interruption is expected for 12 weeks to recover fully from the flooding. The total value for 2021 was 472M USD including the building, machinery, equipment, stocks and revenue. Total damaged value is equal to 61M USD. Kordsa has an insurance policy covering the facility up to full value. However, considering the deductibles (10% of the total claim) and time excess (30 days) portion of the policy, there is 15.5M USD of financial impact remains due to flood.

#### Primary response to risk

Other, please specify (Insurance coverage, Consultancy (Risk reviews), Developing flood emergency action plans, Flood Monitoring and prevention activities)

#### Description of response

Kordsa's response strategy can be identified under four items which are all reviewed as equally important in managing flood risk. 1st item is the insurance coverage that Kordsa purchases insurance providing flood coverage for its assets (building, machinery, equipment, stocks) including business interruption each year up to their full value. 2nd item is the consultancy received each year from experts of insurance companies to identify any improvement areas regarding flood risk. These improvement recommendations are always analysed by Kordsa engineers and for approved items, improvement projects are performed. 3rd Kordsa has emergency action plans and business continuity plans studies for each of its facility by Global Risk Management Department. These plans are also reviewed and updated each year. As indicated in plans task forces are built, necessary personnel are assigned with certain roles and backup plans are determined in case such flood event occurs. Lastly Kordsa performs various small – medium size improvement projects and conducts regular visits outside of the Entity premises. (potential bottleneck areas under municipality responsibility) Regular monitoring and maintenance of flood detection and prevention systems, cooperation activities with local municipality are mostly continuous activities that budgeted each year.

#### Cost of response

2250000

#### Explanation of cost of response

The cost of response reported includes the total cost of all 4 items described above. The cost of first item (insurance policy) for 2021 is approximately 2.2M USD, there is no additional cost for the 2nd item (Risk engineer review) since its already included in first item. Insurance companies do not charge separately for this service but include it in the premiums. Latest engineering visit was done in December 2021 and the visit report was received within the same month. The 3rd item of emergency and BCM plans are handled internally and there is no cost of applying these as well. These plans are also audited internally every year by audit department so reviewing was completed within June 2021 before the schedule audit. Lastly, Kordsa performs various water efficiency and recycling projects each year to improve its water usage and discharge conditions. These projects are varying in size and duration but mostly they will be completed within one year. For the last item, there are many improvements completed in the premises at past. Since those are in place for certain period of time, they are not included in this section. 50k USD expenditure was done this year to improve monitoring and mitigating measures. There are 5 sump pits built in the lowest areas of the premises equipped with at least two units automatic pump. At certain level, water is automatically discharged to outside premises. Manually operated gate valves are provided to prevent back flow from Cikeas river. Water level detection system is provided in the Cikeas river and accessible from the main guard post. All these projects are implemented in less than 3 months and completed within 2021. In total, all these response strategies will add up to 2.25M USD cost for Kordsa

---

W4.2a

---

(W4.2a) Provide details of risks identified within your value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Area & River basin

Turkey	Other, please specify (Various river basins in the country)
--------	---

Stage of value chain

Use phase

Type of risk & Primary risk driver

Reputation & markets	Changes in consumer behavior
----------------------	------------------------------

Primary potential impact

Reduced demand for products and services

Company-specific description

Environmental concerns are increasing among the community. All stakeholders such as investors, NGOs and especially customers demand increasing disclosure of environment related performance including water management as well as water stewardship ownership from companies. Moreover, our leading customers, global tire manufacturers are setting ambitious climate and water related targets and expect Kordsa to support them in achieving these targets. Although, Kordsa is actively managing and disclosing its ESG performance and conducting R&D activities to improve the water performance of its products, in the future, this demand will increase and become stricter. In a case of Kordsa being unable to meet the stakeholders' demands to maintain water stewardship practices, this may result in a reduced demand for our products. The reduction of global customers' orders may affect Kordsa's operational efficiency. The decrease in efficiency may increase Kordsa's unit costs and this may deteriorate our competitive position and deteriorate our advantages against our competitors. In addition, the decrease in revenues may increase the need to reach out to external parties to find additional resources or funding for Kordsa's ESG and other significant investments to be made in the following years.

Timeframe

More than 6 years

Magnitude of potential impact

High

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

2780000

Potential financial impact figure - maximum (currency)

6950000

Explanation of financial impact

The potential financial impact of this risk is determined with the assumption that one of our global customers may change its purchasing behavior and may forward some of its international demand to another supplier, a competitive to Kordsa, in which 2-5% of Kordsa's global revenue can be affected from Kordsa's inability to meet stakeholders' (especially customers') demands to reach their expectation of achieving sustainability. Kordsa's global revenue in the reporting period was 888M USD and approximately 15% of the global revenue comes from the sales to a single major global customer which is calculated around 140 Million USD. Minimum financial impact is 2% of this figure: 2.78 Million USD and Maximum financial impact is 5% which equal to 6.95 Million USD.

Primary response to risk

Direct operations	Other, please specify (Increase capital expenditure, Public disclosure of performance against set targets, participation in online customer surveys)
-------------------	--

Description of response

Kordsa's response strategy can be identified under different items which are all reviewed as equally important in managing customer expectation. In order to maintain its position as a reputable brand and commitment to continually increase water efficiency in operations, Kordsa dedicates budget to invest in water-related capital. On a secondary response, Kordsa makes sure to transparently and publicly disclose its performance against set targets on various platforms such as CDP Water Security Programme, EcoVadis, sustainability reporting, ISO 14001 system certification, BIST Sustainability Index, membership fees are also paid to sustainability related NGOs. Additionally, from time to time critical customers ask Kordsa to participate their online surveys and request disclosure regarding actions taken against water related risks. Kordsa as always voluntarily participates those surveys to continue enhance customer engagement. Via these responses, Kordsa makes sure to meet stakeholder expectations at all times.

Cost of response

636434

Explanation of cost of response

The cost of response reported includes the total cost of all items described above. Total budget dedicated to water related improvement investments - Reuse water for gardening: 10,000 USD - Rejuvenation of pipeline: 10,000 USD - Reverse Osmosis, Chiller, Boiler Reuse program: 30,000 USD - Pump seal water valve/solenoid valve project: 13,927 USD - CP (South) Cooling Tower Replacement: 59,688 USD - CP Lines Scrubber/Cyclone water to Separator Project: 99,480 USD - Dipping Unit wastewater reuse:237,690 USD - Rain Force – Rain water reuse: 104,600 USD - Utilities Improvement: 40,000 USD The consultancy cost of disclosure activities (CDP, Ecovadis): 11,544 USD Verification fees: 14,415 USD Total membership fees for, NGOs and other sustainability related organizations: 5,090 USD

W4.3

**(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

Yes, we have identified opportunities, and some/all are being realized

**W4.3a**

**(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.**

**Type of opportunity**

Products and services

**Primary water-related opportunity**

Increased sales of existing products/services

**Company-specific description & strategy to realize opportunity**

As people become more and more aware about water related issues, stakeholders will become more and more concerned about the production processes of the products they buy and their environmental impacts. Products that need less water during production and products that cause less water pollution will be preferred by companies who are paying attention to their water footprint. As an example, COKOON is the new environmentally friendly adhesive technology named after the cooperation of Continental; one of the world's top six tire producers and Kordsa; producer of tire reinforcement technologies, with the aim of developing an intermediary product, a dip solution to replace the standard dipping system used since 1930's. Kordsa had been working on this new technology since 2008 at its R&D Centre located in Izmit, Turkey. Continental also had been working on the development of a new eco-friendly dip technology. Both companies have already been collaborating for many years on various topics regarding tire technologies. Consequently, at a certain stage of development to apply and test the formula on tires; with their open-innovation approach and vision, Kordsa and Continental decided to join forces, share knowledge and make use of the diverse expertise of both parties in replacing the standard and traditional dip system, which contains resorcinol and formaldehyde; chemicals which might create health and environmental risks in case of misuse. According to the results of the current development status of COKOON, it is now possible to replace both resorcinol and formaldehyde by an environmentally friendly solution without sacrificing any safety or performance criteria of tires. COKOON can be used for all standard textile materials used in tires (PET, PA66, PA6, Rayon, Aramid, Hybrid). As a result of this technology, without these chemicals, the production process also reduces the water pollution.

**Estimated timeframe for realization**

More than 6 years

**Magnitude of potential financial impact**

High

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

<Not Applicable>

**Potential financial impact figure – minimum (currency)**

44400000

**Potential financial impact figure – maximum (currency)**

62160000

**Explanation of financial impact**

The disclosed financial impact has been calculated based on an analysis that innovative products that need less water or that pollute less water, will increase our sales volume by 5% to 7%. The given min. financial impact figure represents 5% of our global revenue (888 million USD) in the reporting year (44.4 million USD). The max. financial impact figure represents 7% of our global revenue which equals to 62.16 Million USD.

**W5. Facility-level water accounting**

**W5.1**

**(W5.1) For each facility referenced in W4.1c, provide coordinates, water accounting data, and a comparison with the previous reporting year.**

**Facility reference number**

Facility 1

**Facility name (optional)**

Indo Kordsa Production Facilities

**Country/Area & River basin**

Indonesia	Other, please specify (Java-Timor Major, Cisadane Minor Basin)
-----------	--

**Latitude**

-6.502395

**Longitude**

106.876765

**Located in area with water stress**

Yes

**Primary power generation source for your electricity generation at this facility**

<Not Applicable>



**Oil & gas sector business division**

&lt;Not Applicable&gt;

**Total water withdrawals at this facility (megaliters/year)**

517.05

**Comparison of total withdrawals with previous reporting year**

Much higher

**Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes**

517.05

**Withdrawals from brackish surface water/seawater**

0

**Withdrawals from groundwater - renewable**

0

**Withdrawals from groundwater - non-renewable**

0

**Withdrawals from produced/entrained water**

0

**Withdrawals from third party sources**

0

**Total water discharges at this facility (megaliters/year)**

31.67

**Comparison of total discharges with previous reporting year**

Much lower

**Discharges to fresh surface water**

31.67

**Discharges to brackish surface water/seawater**

0

**Discharges to groundwater**

0

**Discharges to third party destinations**

0

**Total water consumption at this facility (megaliters/year)**

485.38

**Comparison of total consumption with previous reporting year**

Much higher

**Please explain**

Water withdrawal data from each source is obtained via direct meter readings. Discharge data is obtained via meter readings. Indo Kordsa Facility is the only location in Indonesia where Kordsa operates. There are 2 facilities in the same site and their water data is collected together. Our withdrawal and consumption has increased by 47% & 58.56% respectively which are both classified as "Much Higher". Our discharge has decreased by 30.58%, which is classified as "Much lower". The changes are all due to increased production. 2020 was a crisis year in which triggered major shut-downs in operations & in 2021 this facility returned to its normal levels of operations with a production increase of 36.67%. Water withdrawal and discharge levels data are obtained via direct meter readings whereas, water consumption is calculated based on Consumption = Withdrawal - Discharge formula. We expect these amounts to remain about the same as this plant will be working at the same capacity unless a major crisis like covid occurs in the upcoming years. Water is a vital source for our operations as the dipping we use to give adhesive properties to our products is water-based, therefore it is not easy for us to reduce our water consumption. Defined thresholds for chosen limits are: 0% - 5% about the same 5%-25% higher or lower over %25: much higher or lower.

**Facility reference number**

Facility 2

**Facility name (optional)**

KTR-Turkey Production Facility

**Country/Area & River basin**

Turkey	Other, please specify (Black Sea South Coast Major, Kocaeli Minor Basin)
--------	--

**Latitude**

40.763538

**Longitude**

30.000097

**Located in area with water stress**

Yes

**Primary power generation source for your electricity generation at this facility**

&lt;Not Applicable&gt;

**Oil & gas sector business division**

&lt;Not Applicable&gt;

**Total water withdrawals at this facility (megaliters/year)**

613.14

**Comparison of total withdrawals with previous reporting year**

Higher

**Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes**

0

**Withdrawals from brackish surface water/seawater**

0

**Withdrawals from groundwater - renewable**

543.09

**Withdrawals from groundwater - non-renewable**

0

**Withdrawals from produced/entrained water**

0

**Withdrawals from third party sources**

70.05

**Total water discharges at this facility (megaliters/year)**

283.3

**Comparison of total discharges with previous reporting year**

About the same

**Discharges to fresh surface water**

0

**Discharges to brackish surface water/seawater**

0

**Discharges to groundwater**

0

**Discharges to third party destinations**

283.3

**Total water consumption at this facility (megaliters/year)**

329.84

**Comparison of total consumption with previous reporting year**

Much higher

**Please explain**

Water withdrawal data for each source is obtained via direct meter readings and for 3rd party sources the data is being crosschecked via monthly water invoices. 3rd party sources represent the water withdrawn from municipal utilities. The discharge data is also obtained via meter readings. KTR Production Facility represents the only production facility (1 plant) Kordsa operates in Turkey. In the reporting period, our total water withdrawal has increased by 10.17% with respect to the previous year. The reason for increase is the 16.47% increase in production volumes. Our discharge volume has decreased by 4.07% and our total consumption volume has increased by 26.26% again due to increase in production volumes. Water withdrawal and discharge levels data are obtained via direct meter readings whereas, water consumption is calculated based on C=W-D formula. We expect all 3 figures, especially withdrawal amounts to be lower in the future because we have ongoing water saving projects that are expected to be finalized in 2022 and 2023. Defined thresholds for chosen limits are: 0% - 5% about the same 5%-25% higher or lower over %25: much higher or lower.

**W5.1a**

(W5.1a) For the facilities referenced in W5.1, what proportion of water accounting data has been third party verified?

**Water withdrawals – total volumes**

**% verified**

76-100

**Verification standard used**

ISAE3000, 100% of our water withdrawal volumes from these facilities were verified. Verification report is attached in section W-FI of this report.

**Please explain**

<Not Applicable>

**Water withdrawals – volume by source**

**% verified**

76-100

**Verification standard used**

For the facilities reported in W5.1a, 100% of our water withdrawal volumes by source were verified according to ISAE 3000 Standard. Verification report is attached in section W-FI of this report.

**Please explain**

<Not Applicable>

**Water withdrawals – quality by standard water quality parameters**

**% verified**

Not verified

**Verification standard used**

<Not Applicable>

**Please explain**

**Water discharges – total volumes**

**% verified**

Not verified

**Verification standard used**

<Not Applicable>

**Please explain**

**Water discharges – volume by destination**

**% verified**

Not verified

**Verification standard used**

<Not Applicable>

**Please explain**

**Water discharges – volume by final treatment level**

**% verified**

Not verified

**Verification standard used**

<Not Applicable>

**Please explain**

**Water discharges – quality by standard water quality parameters**

**% verified**

Not verified

**Verification standard used**

<Not Applicable>

**Please explain**

**Water consumption – total volume**

**% verified**

Not verified

**Verification standard used**

<Not Applicable>

**Please explain**

---

**W6. Governance**

---

**W6.1**

---

(W6.1) Does your organization have a water policy?

Yes, we have a documented water policy that is publicly available

W6.1a

(W6.1a) Select the options that best describe the scope and content of your water policy.

	Scope	Content	Please explain
Row 1	Company-wide	Description of business dependency on water Description of business impact on water Reference to international standards and widely-recognized water initiatives Company water targets and goals Commitment to align with public policy initiatives, such as the SDGs Commitments beyond regulatory compliance Commitment to water-related innovation Commitment to water stewardship and/or collective action Commitment to safely managed Water, Sanitation and Hygiene (WASH) in the workplace Acknowledgement of the human right to water and sanitation Recognition of environmental linkages, for example, due to climate change	Kordsa has a company-wide Water Policy which is publicly available, which describes our dependency and impact on water. We recognize water-related issues are also a result of climate change. Kordsa's water policy outlines our overall strategy to protect water as a resource in objectives, scope and target. Kordsa commits to align with global public policy initiatives and supports the United Nation's Sustainable Development Goals (SDG). For this policy, particularly relevant goal is SDG 12: Responsible Consumption and Production. Kordsa refers to World Resources Institute (WRI) Aqueduct Water Risk Atlas in determining the water related risk in the regions of operation. Some of the objectives that are outlined in our water policy are as follows: • Committing to water related innovations by installing innovative technologies • Committing to act beyond regulatory compliance • Committing to cooperate with NGO's and public authorities to take collective action for water stewardship • Aiming to reduce waste including carbon footprint that is linked with water scarcity or water pollution. • Considering water-related requirements in product and supplier selection • Offering our customers products and solutions with less impact on water The policy also discloses our water related targets and details on how the progress against these targets will be reported.

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

Position of individual	Please explain
Chief Executive Officer (CEO)	CEO has the ultimate overall responsibility at all terms including water-related issues, some of these responsibilities include: - Reviewing and guiding corporate responsibility strategy including water-security related strategies - Identification of targets and approval and financing of projects that will lead the way to achieving the water management targets - Setting performance objectives and ensuring the company performs within the limits of the pre-determined energy and water management goals - Management of water-related risks and opportunities - Reviewing innovation/R&D priorities During the reporting year, our CEO has led many water-related decisions, one of these decisions include regular monitoring of water-related KPI's and targets on monthly BPR meetings by the Executive Leadership Team. Another decision led by our CEO was appointment of EMEA Region COO as our Sustainability Sponsor, which was decided on 2020 and became effective in 2021.
Board-level committee	In our organization chart, our Executive Board, which is named as Executive Leadership Team, is responsible for making decisions on how to take action on water-related issues. The Kordsa Executive Leadership Team (ELT) is chaired by the CEO and consists of Regional COO's who are in charge of plant operations, Chief Finance and Supply Chain Officer, Composites COO, Chief Human Resources, Legal and Corporate Communications Officer, Chief Global Sales and Market Development Officer and Chief Technology Officer. Some of the water-related responsibilities of ELT are: - Application of water-related strategies - Monitoring targets and performance - Assessing and managing water-related risks and opportunities. Kordsa ELT's appointment of EMEA COO as Kordsa's Global Sustainability Sponsor became effective in 2021.

W6.2b

**(W6.2b) Provide further details on the board's oversight of water-related issues.**

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - all meetings	Monitoring implementation and performance Overseeing acquisitions and divestiture Overseeing major capital expenditures Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing and guiding corporate responsibility strategy Reviewing innovation/R&D priorities Setting performance objectives	The Board of Directors, our supreme governing body, supervises performance on the sustainability priorities at Kordsa. The Kordsa Executive Leadership Team (ELT) is chaired by the CEO and consists of Regional COO's who are in charge of plant operations, Chief Finance and Supply Chain Officer, Composites COO, Chief Human Resources, Legal and Corporate Communications Officer, Chief Global Sales and Market Development Officer and Chief Technology Officer. ELT is responsible for plant operations and sets targets for sustainability focus areas determined biennially within the company and revises them when necessary. ELT quarterly discusses and approves action plans based on reported monthly Business Process Review outcomes. These quarterly ELT reviews not only include Kordsa's progress against set targets (including water related targets) but also the risk assessment process outcomes (water-related issues being covered under various risk types such as production, legal and reputational risks).

**W6.2d**

**(W6.2d) Does your organization have at least one board member with competence on water-related issues?**

	Board member(s) have competence on water-related issues	Criteria used to assess competence of board member(s) on water-related issues	Primary reason for no board-level competence on water-related issues	Explain why your organization does not have at least one board member with competence on water-related issues and any plans to address board-level competence in the future
Row 1	Yes	We assess the competence of our Board Members using their CV's and previous experiences. According to this assessment, our HR department prepares a Board Competence Matrix, in which the the competence of the whole board is assessed on pre-identified topics. One of these topics is ESG, which includes competence on all environmental issues including climate change and water security. Our board has the highest competence score on ESG related issues with 86% of the board members scoring as competent on ESG matters.	<Not Applicable>	<Not Applicable>

**W6.3**

**(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).**

**Name of the position(s) and/or committee(s)**

Chief Operating Officer (COO)

**Responsibility**

Assessing future trends in water demand

Assessing water-related risks and opportunities

Managing water-related risks and opportunities

**Frequency of reporting to the board on water-related issues**

More frequently than quarterly

**Please explain**

At Kordsa we have 4 COO's who are responsible for the regions. All COO's are also members of our Executive Leadership Team (ELT) which is chaired by our CEO & is the equivalent of Executive Board in our organization chart. Being a part of the ELT, our COO's are naturally a part of the team with the highest responsibility on water-related issues. Their water-related responsibilities include: - Implementing water-related strategies that are decided by the ELT - Monitoring targets & performance -

Implementing the risk management framework in their regions to be able to assess and manage their water related risks properly - Assessing future trends in water demands in their region Our COO's report the water-related developments in their regions (if there are any) in monthly ELT meetings & in the quarterly meetings that they organize with the Board of Directors. Some of the issues that are reported are, status of water targets, water-related KPIs & actions of KPIs.

---

**Name of the position(s) and/or committee(s)**

Risk committee

**Responsibility**

Assessing future trends in water demand  
Assessing water-related risks and opportunities  
Managing water-related risks and opportunities

**Frequency of reporting to the board on water-related issues**

More frequently than quarterly

**Please explain**

Committee's Structure There are 4 members of the committee who are appointed by the Company's Board of Directors (BoD) in which two of them (including chairman) are independent members of the BoD. The Company's Assistant General Manager of Finance acts as the Reporter of the Committee. DUTIES, AUTHORITIES AND RESPONSIBILITIES OF THE COMMITTEE Water related topics that may have a substantial impact (as defined in section 4.1) are evaluated by the Committee and reported to the BoD. Any incident such as flood, drought or other water related risks with those criteria are reviewed by Committee. The committee is responsible to identify water related risks that may endanger the existence and continuation of the Company, to establish detection models, to organize relevant water management systems, to implement necessary precautions and to manage the overall water related risks.

---

**Name of the position(s) and/or committee(s)**

Environmental health and safety manager

**Responsibility**

Assessing water-related risks and opportunities  
Managing water-related risks and opportunities

**Frequency of reporting to the board on water-related issues**

More frequently than quarterly

**Please explain**

At Kordsa this position is named as "Safety, Health and Environment (SHE) Manager" SHE Managers of each Kordsa facility/site hold weekly Site Safety Managers' Meetings to which the Global SHE Manager attends monthly. The outcomes are then reported to the Site Directors through monthly BPR Meetings, who then inform the Board.

---

**Name of the position(s) and/or committee(s)**

Environment/Sustainability manager

**Responsibility**

Assessing future trends in water demand  
Assessing water-related risks and opportunities  
Managing water-related risks and opportunities

**Frequency of reporting to the board on water-related issues**

More frequently than quarterly

**Please explain**

In 2021, the Corporate Communication and Sustainability Department (SD) was split with a new organizational structure, Sustainability Department started to function as a single department. Head of Sustainability who reports to the BoD & CEO, leads the SD & Regional Sustainability Team (RST). She ensures the coordination between departments & senior management to achieve the relevant goals while coordinating the preparation of the annual sustainability performance report. SD located at our HQ works in harmony with the RST who are located at the different plants in five countries. In 2020 also Sustainability Working Groups structured. Sustainability Working Groups support the implementation of employment, production, products, procurement, and social responsibility projects in line with the company's sustainability strategy. The head of sustainability reports to the board monthly on water related issues like future water trends and risks and opportunities.

---

**Name of the position(s) and/or committee(s)**

Other, please specify (Regional Sustainability Team)

**Responsibility**

Assessing water-related risks and opportunities  
Managing water-related risks and opportunities

**Frequency of reporting to the board on water-related issues**

More frequently than quarterly

**Please explain**

Tire and composite business units' sustainability game plans are monitored and executed by Regional Sustainability Team (RST) which is responsible for both assessing and managing water-related risks & opportunities as well as following up the metrics & projects with the related regional and global functions. To achieve the Kordsa's targets, performance indicators were defined & one of the responsibilities of RST is to monitor them. Another responsibility is to ensure the implementation of the planned projects that will help reach the targets by following them with the relevant regional departments. Regional Sustainability Team track and report sustainability performance indicators for their regions. These reports include Kordsa's sustainability performance indicators. RST also create Quarterly Sustainability Performance Tracking Reports, which include tracking & evaluations towards achieving the targets, & are submitted to senior management every three months.

**(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?**

	Provide incentives for management of water-related issues	Comment
Row 1	Yes	In 2019 our CEO has approved a target to reduce water intensity. This target is now included in the KPI's of the COO's of each Kordsa Region.

**W6.4a**

**(W6.4a) What incentives are provided to C-suite employees or board members for the management of water-related issues (do not include the names of individuals)?**

	Role(s) entitled to incentive	Performance indicator	Please explain
Monetary reward	Chief Operating Officer (COO)	Reduction of water withdrawals Improvements in efficiency - direct operations	In 2021 our CEO approved the following target: Reduce water withdrawn / ton of product by 50%. Base year for this target is 2019 and the target year is set as 2030. This target is split between our facilities and is now included in the KPI's of each Kordsa region's COO's. As this target is included in the KPI's of our regional COO's, they are entitled to a monetary reward in the form of a bonus or increase in salary, if they show progress to achieve this target. By inclusion of this indicator in the KPI's of our regional COO's, we are including the top management of each region in this ambitious water reduction target.
Non-monetary reward	Please select	Please select	

**W6.5**

**(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?**

Yes, direct engagement with policy makers

**W6.5a**

**(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?**

Kordsa's water policy & commitments are published publicly & are very well known by our employees, especially the Management Level employees as they are the first to be briefed about any changes/development in the company policies.

All communication activities to be carried out with individuals, organizations & state institutions outside the company are determined by Kordsa's company rules. According to these rules, all the information that will be presented outside of the company is subject to approval of Corporate Communication Department (CCD).

From Management levels to our Board Members, whenever someone is going to represent Kordsa in any kind of event related to sustainability, their presentations are either prepared or approved by the Sustainability Department (SD). The SD & CCD work in harmony for such events or meetings.

Our communications related to sustainability are led by our SD which is responsible for all our sustainability, climate change and water related studies, from developing strategies to preparation of our CDP report and water policy. As all of these communication activities go through both CCD & SD hence, there is no risk that there will be any kind of activity that conflicts with our water policy/water commitments.

However, if such a conflict occurs, the event is taken to our ethics board & the employee receives a warning from our CEO. Also, a suitable corrective action is implemented immediately upon recognition of such a conflict.

**W6.6**

**(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?**

Yes (you may attach the report - this is optional)

Kordsa\_Annual\_Report\_EN\_2021.pdf

**W7. Business strategy**

**W7.1**

**(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?**

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	16-20	The water issues that are integrated into our long-term business objectives are as follows: Baseline water stress, flood occurrence, drought severity, groundwater stress, regulatory and reputational risks, future water stress. We implemented WRI Aqueduct Risk Atlas Tool to set our 2030 target of 50% reduction of water withdrawal per ton of product. This target is also implemented in our long-term business objectives. Our Sustainability Road Map defines a 5-year focused plan which feeds into long-term business objective under "we reinforce life" vision. Our Sustainability Road Map includes our commitment to reduce our water withdrawal intensity. We are also currently working on longer term targets and goals to be prepared for WRI's 2040 projections.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	16-20	In order to achieve long-term business objectives and related water targets, our strategy is to install water meter to detail monitor our water consumption to identify the full potential to maximize water efficiency of our operations. Moreover, we aim to increase the number of production facilities implementing water recycling and/or reusing measures. We also include our employees in our efforts to achieve water stewardship and encourage behavioural change to improve our water management practices. As an example, our Izmit facility is located in a water stressed area, therefore for water related impacts it is one of the focus plants. We have installed a reverse osmosis system in this facility to increase our water recycling rate, and reduce our long-term risks. We are currently working on our low-carbon transition plan and we are also working on 2040 projections of WRI to understand and assess our water-related risks in the long-term.
Financial planning	Yes, water-related issues are integrated	11-15	We make sure our financial planning process is consistent with our business objectives. With regards to water-related commitments, we allocate an annual CAPEX budget to implement water efficiency projects to achieve our water consumption reduction target. With a recent decision of our CEO, all of our Kordsa facilities are required to present their CAPEX and OPEX requiring water withdrawal reduction projects to the Executive Leadership Team which is led by the CEO. After the long-term strategies are approved by the CEO, detailed planning is required for the successful implementation of those strategies. Especially for the implementation of water related targets we are working hand in hand with our finance department. CAPEX investment plans for our 2030 target which has a base year of 2019 has already been integrated in our long-term financial planning. Financial planning for our longer term (2040) targets and goals will be studied after the targets are identified.

**W7.2**

**(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?**

**Row 1**

**Water-related CAPEX (+/- % change)**

1481

**Anticipated forward trend for CAPEX (+/- % change)**

40

**Water-related OPEX (+/- % change)**

7.25

**Anticipated forward trend for OPEX (+/- % change)**

9

**Please explain**

Given figures are based on realized financial data. The given data covers the facilities that are responsible for 97.22% of our total withdrawals, 96.51% of our total discharges & 98.49% of our total consumption figures. Our water related CAPEX has increased by 1,481% in 2021 with respect to 2020. As 2020 was Covid year Capital expenses related to water was significantly lower. As a forward trend, taking into consideration that there are some planned projects, we expect the water related CAPEX to increase by 40%. Our water related OPEX has also increased 7.25% in the reporting year with respect to 2020, because we have used more water as we have returned to normal operating conditions. As a forward trend, we expect an increase of about 9%. In 2021 water related CAPEX was for 10 different water projects focused on efficiency in operations, recovery of used water and cost saving in general for Plants in Turkey, Indonesia, Thailand and US The OPEX values are related to water bills.

**W7.3**

**(W7.3) Does your organization use scenario analysis to inform its business strategy?**

	Use of scenario analysis	Comment
Row 1	Yes	

**W7.3a**

**(W7.3a) Provide details of the scenario analysis, what water-related outcomes were identified, and how they have influenced your organization's business strategy.**

	Type of scenario analysis used	Parameters, assumptions, analytical choices	Description of possible water-related outcomes	Influence on business strategy
Row 1	Climate-related Socioeconomic	We use WRI Water Risk Atlas Tool as a tool for water related scenario analysis. The tool estimates indicators of water demand (withdrawal and consumptive use), water supply, water stress (the ratio of water withdrawal to supply), and intra-annual (seasonal) variability for the periods centered on 2020, 2030, and 2040 for each of two climate scenarios, RCP4.5 and RCP8.5, and two shared socioeconomic pathways, SSP2 and SSP3. When using the tool we include baseline (2020), 2030 and 2040 projections for both optimistic and pessimistic scenarios to get a broader understanding of our water-related risks.	According to the analysis we made using WRI Water Risk Atlas tool, 8 of our facilities are facing serious water-stress in the not-so distant future (2030 and 2040 projections). According to RCP 4.5 Scenario, Turkey will face 2-3 degrees increase in mean temperatures between 2013-2040. Precipitation volumes are also expected to reduce, and with increasing population, this may lead to a groundwater table decline, which is our main source of water for our Turkish operations.	With this data at hand in 2019 we have set a target to reduce our water withdrawals per unit production tonnage by 50% until 2030. We are motivating each Kordsa facility to come up with projects to reduce water withdrawals, and we have also integrated this outcome to our financial strategy by reserving CAPEX to water related investments.



W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

Yes

Please explain

As water cost is a part of our OPEX and we also use this cost while deciding on the feasibility of our water-related CAPEX, we always include water price in our budget planning. As Kordsa operates in very different geographies including Turkey, Indonesia, the United States, Thailand and Brazil, we take into account local water price while planning our budget. Therefore, we don't have a single figure. As the water scarcity is expected to increase in the future, we make sure we plan and initiate efficiency projects to ensure water security and prevent the OPEX increase likely to be caused by increasing water prices.

W7.5

(W7.5) Do you classify any of your current products and/or services as low water impact?

	Products and/or services classified as low water impact	Definition used to classify low water impact	Primary reason for not classifying any of your current products and/or services as low water impact	Please explain
Row 1	Yes	CoKoon Dipping Technology High quality tires must meet many requirements: performance, endurance, safety and sustainability. Therefore, textile plies require an excellent and eco-friendly bonding to the rubber. Kordsa developed CoKoon by joining R&D forces with Continental. CoKoon is an eco-friendly dip technology which replaces both resorcinol and formaldehyde by an environmental friendly solution without sacrificing any safety or performance criteria according to the results of the current development status. CoKoon changed the 100-year rubber-based formula with an eco-friendlier one, after a 10-year R&D work. Kordsa provides the CoKoon technology which does not require additional costs and can be applied without changing process equipment to everyone who wants to take part in a free of charge licensing pool established together with Continental. CoKoon is positioned to be the new industry standard which offers innovation in both product and business model. Environmental Gains: In the new technology, more environmentally friendly chemicals that are compatible with REACH regulations are used.	<Not Applicable>	

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals Site/facility specific targets and/or goals Country level targets and/or goals	Targets are monitored at the corporate level Goals are monitored at the corporate level	Conscious of the fact that access to sufficient amounts of good quality freshwater is vital to our business continuity, our Executive Leadership Team sets water-related goals and targets based on the outcomes of thorough updates of the Sustainability Task Force. Our targets and goals are set with a global coverage, including 100% of our operations. We also commit to UN Global Compact and support Sustainable Development Goals to make sure our targets are in line with the global trends and motivations. We also assess water-related long-term physical risks using tools on the market such as WRI Aqueduct Water Risk Atlas to make sure our water related targets and goals are set to ensure water security in our value chain.

W8.1a

**(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.**

**Target reference number**

Target 1

**Category of target**

Product water intensity

**Level**

Company-wide

**Primary motivation**

Water stewardship

**Description of target**

This target covers all Kordsa global tire-reinforcement production activities. Our target is to reduce our water withdrawal per ton of product by 50% by the year 2030. This target has been set in 2019 and our base year is also 2019.

**Quantitative metric**

% reduction per unit of production

**Baseline year**

2019

**Start year**

2019

**Target year**

2030

**% of target achieved**

26.38

**Please explain**

In 2019 the intensity figure (m3 withdrawal / ton of product) was 13.49 m3/ton. In 2021, this figure went down to 11.71 m3/ton showing a 13.19% decrease. As our target is to reduce our water withdrawal / ton by 50% until 2030, % of target achieved is calculated as  $13.19 / 50 = 26.38\%$

---

**W8.1b**

**(W8.1b) Provide details of your water goal(s) that are monitored at the corporate level and the progress made.**

**Goal**

Providing access to safely managed Water, Sanitation and Hygiene (WASH) in workplace

**Level**

Company-wide

**Motivation**

Commitment to the UN Sustainable Development Goals

**Description of goal**

Kordsa's goal is to provide fully-functioning and safely managed WASH services to all of its employees covering each facility. This goal is adopted company-wide, because health and safety of our employees is a priority for us. This is a rolling annual goal. In order to maintain the quality of WASH services at the desired level, Kordsa takes all necessary actions, such as conducting periodic analysis on water used for WASH purposes. The hygiene related equipment is always kept in full functioning order and if deemed necessary they are renewed promptly. This goal has become more and more important with the Covid-19 pandemic.

**Baseline year**

2020

**Start year**

2020

**End year**

2021

**Progress**

The main indicator for measuring the success of this goal is to receive zero number of complaints from employees regarding the quality of WASH services. In the reporting period, we received no complaints regarding WASH services. Therefore, we consider the progress on this goal as a success.

---

**Goal**

Other, please specify (Increase the number of facilities implementing water recycling)

**Level**

Company-wide

**Motivation**

Water stewardship

**Description of goal**

In line with our commitment to Sustainable Development Goal, we aim to contribute to Target 6.4: By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity. In order to do so, we set a goal to continually increase the number of facilities implementing water recycling measures to reduce withdrawal and prevent water scarcity by allocating budget to realize related measures. We are implementing this goal company-wide by researching ways to recycle water and asking all Kordsa facilities to include water-recycling projects into their investment plans.

**Baseline year**

2018

Start year

2018

End year

2030

Progress

Until the end of the reporting period, we have implemented recycling units in two of our facilities Kordsa Turkey production facility and Kordsa Indonesia production facility. In the reporting period these two facilities recycled a total of 219.3 ML of water. The indicator that is used to assess progress is the percentage of number of facilities that have an active water recycling unit. The threshold of success for this goal is having recycling units at more than 40% of our facilities, until 2030. In 2021 we have installed a new Reverse Osmosis (R/O) Filtration System in order to reuse the wastewater generated at the outlet of the main R/O. This project led to 70,000 m3/year water-savings. In the reporting period we have 12 facilities, therefore to be deemed successful at least 5 of our facilities shall have an active recycling unit. Currently we have 2 facilities, therefore we can say we have achieved 40% of our goal already which is a success.

Goal

Engagement with suppliers to help them improve water stewardship

Level

Company-wide

Motivation

Water stewardship

Description of goal

Raw material suppliers with an annual spend of \$500,000 or more are expected to conduct "Ecovadis Sustainability Assessment". Energy, Service, Transport, Packaging Materials, Spare Parts suppliers with an annual spend of \$500,000 or more are required to participate in the "Kordsa Supplier Annual Sustainability Survey". The performance criteria determined for the SC sustainability assessment system are stated below and are followed up by the Global SC Directorate on a 6-month basis. Sustainable SC program key performance indicators are; - % of targeted raw material suppliers audited on sustainability issues - % of targeted suppliers assessed We have a goal to reach 100% of our critical suppliers which make 86% of our total procurement spent by 2024.

Baseline year

2021

Start year

2021

End year

2024

Progress

We have a target to reach 100% of our critical suppliers which make 86% of our total procurement spent by 2024. In 2021, 42 of our global suppliers replied to our annual supplier sustainability assessment survey. We reached 72.5% of our suppliers which make 86% of our total procurement spent, which means we have reached 72.5% of our 2024 goal which is a great success.

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?

Yes

W9.1a

(W9.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module	Data verified	Verification standard	Please explain
W1 Current state	93.37% of Total withdrawals 100% of Fresh surface water withdrawals 83% of Renewable groundwater withdrawals 51.26 % of withdrawals from 3rd parties	ISAE 3000	2021 water data of Chattanooga-US, Indonesia and Izmit, Turkey plants are verified by PwC. The given verification % values are the volumes of these 3 facilities compared to total withdrawals.

W10. Sign off

W-FI

(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

Verification assurance report is attached.  
Kordsa 2022 CDP WS Assurance Report.pdf

W10.1

(W10.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	CEO	Chief Executive Officer (CEO)

W10.2

(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

Yes

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

Please confirm below

I have read and accept the applicable Terms