



KORDSA

SUSTAINABILITY POLICY

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THE PURPOSE OF OUR POLICY

The purpose of the **Kordsa Sustainability Policy ('The Policy')** is to convey Kordsa's sustainability philosophy in an open, clear, and holistic fashion, offer an insight to how we incorporate sustainability into our business model, and define **The Policy's** efficiency along with the governance and supervision framework which guarantees the company's promises and its compliance to our other corporate principles and policies.

Inspired to Reinforce Life!

With the excitement of discovering and with the inspiration we get from the courage instilled by the constant progress, we develop value adding reinforcement technologies for a safer, more efficient, and sustainable world.

Innovation, technology, and R&D are placed in the heart of our business model as the facilitators of sustainability. We care for maintaining our **employees', customers', shareholders', and investors'** engagements as our key stakeholders, and understanding their priorities while we define the roadmap we will follow as the prerequisite to implement our passion to reinforce life across all our value chain.

In our journey to reinforce life, we promise to create sustainable value for today and tomorrow for:

- All our stakeholders, with our strong and governance model loyal to our ethical principles...
- Our employees, with our constant development opportunities and fair and safe working environment...
- Our environment, with our responsible consumption and production activities...
- Our customers, with our innovative reinforcement products...
- Our suppliers, with our responsible supply chain works...
- Our community, with our development projects and support to education...
- And our shareholders and investors, with all our endeavors...

RESPONSIBILITY

Function	Responsibility
The Board of Directors	Establishing sustainability policy, and revising it as and when required Assessing and reviewing the sustainability decisions taken in the Executive Board, allocating resources to the strategic or operational improvement actions
Corporate Governance Committee	Reviewing sustainability goals periodically
Early Risk Identification Committee	Reviewing and monitoring the environmental, social and governance related risks within the company's risk portfolio in set periods.
Executive Board	Establishment of sustainability material issues, and risks and opportunities in sustainability Collection and analysis of stakeholders' feedbacks Setting sustainability targets and monitoring the performance
Head of Sustainability	Developing and implementing sustainability strategies Setting the sustainability management targets and monitoring the performance
Sustainability Department (Head Office)	Providing data governance required for monitoring performance in achieving sustainability targets Establishing coordination with regional sustainability teams Executing sustainability reporting works Executing sustainability training works
Regional Sustainability Teams	Consist of sustainability specialists appointed for each plant Monitoring and reporting on company's sustainability targets by each plant in coordination with the Central Sustainability Department
Sustainability Workgroups	Planning and supporting the implementation of employment, production, products, procurement, and social responsibility projects in line with the company's sustainability strategy

OUR STRATEGY

Kordsa's sustainability strategy is directly connected to its three-pillar business strategy.

- Passion for Business Excellence
- Responsibility for The Community
- Innovation for Sustainable Materials

We are implementing our strategy with **risk management**, **stakeholder participation** and **circular economy** practices which form the basis of these fundamental pillars. We designed Kordsa's sustainability strategy to focus on six areas, following the key stakeholder participation works which we have been regularly carrying out since 2015 involving our employees, customers, shareholders, and investors.

We defined both qualitative and quantitative short, medium, and long-term goals aimed at these focus areas. We set our goals to fully comply with the social, environmental, and legal requirements of the countries we operate in. We act together with our suppliers and customers as the most important rings in our value chain to achieve these goals with the strength and determination we receive from our talented employees.

1. BUSINESS ETHICS

As one of the seven corporate values in Kordsa, business ethics reflects our strong culture of ethics which we identify with integrity and transparency. Our **Code of Ethics** is not only a guidance to our employees and managers in ensuring their practices to be of the highest ethical standards today and in the future, but also is a basis for our customers, suppliers, business partners and all other stakeholders for the trust they will invest in our company.

As Kordsa, we promise to do all necessary trainings and debriefing on a regular basis to make sure that our code of ethics is internalized by all our employees and continue to always conduct our business in compliance to our code of ethics.

2. EMPLOYMENT AND HUMAN RIGHTS

At Kordsa we believe that a sustainable employment can only be provided in a fair, egalitarian, and safe work environment where internationally recognized worker and human rights are protected, and freedom of expression and opportunities of development are provided. Thanks to our multi-national structure, we possess the necessary competencies to enable different cultures work together in harmony.

Our **Sustainable Employment Policy** contains our promises for providing a healthy and safe work environment, development opportunities for our employees to support them in building new skills and know-how, diversity and inclusion, gender pay equality, establishing a work-family balance that includes work and life conditions, prevention of child and forced labor, and freedom of collective bargaining agreement.

Within the **Sustainable Employment scope**, we promise to:

- Inform our employees in full compliance to the Sustainable Employment Policy in all our operations,
- Take measures to prevent human rights violations to take place in our operations and supply chain,
- Keep the complaint/grievance mechanisms ready for our employees and our stakeholders,
- Respect the local culture and values in all the countries we operate,
- Protect the economic, social, and environmental ecosystem of the communities where our facilities are based and protect their human rights through improvement works.

3. ENVIRONMENT

Environment is one of the seven values we have in Kordsa along with occupational health and safety. Our primary goal as Kordsa in all our activities is to take all necessary precautions to prevent any environmental accident from happening that has a potential risk to impact the local communities where our employees and facilities are based and ensure the continuity of Occupational Health and Safety Culture.

As Kordsa, we are working on keeping the environmental impact of our activities at minimum by using natural resources efficiently, reducing our waste and production-based pollution and protecting the ecosystem and biodiversity around our facilities. We manage the issues we prioritize according to the feedback from internal and external stakeholders with short, medium, and long-term goals.

Within the **Sustainable Environment** scope, we promise to:

- **Energy:** Develop projects to reduce energy consumption through data analytics,
- **Greenhouse Gas Emissions:** Invest in renewable energy and replace the emitting resources with alternative cleaner ones,
- **Waste:** Work on developing methods to prevent waste at the source, and use the inevitable waste as alternative fuel or raw material in other processes and/or other companies,
- **Water and Wastewater:** Develop alternative operation and production methods to reduce water consumption and reuse the used waters, regain rainwater, and reduce wastewater,
- **Materials:** Reuse the bobbin reels, carton separators, metal hubs and timber pallets until the end of their use lives.

4. PRODUCTS

As Kordsa, while we reinforce one in every three automobile tires, and two in every three aircraft tires with our tire reinforcement technologies, we also reinforce wings, fuselages, inner cabins, and engines of the same aircrafts with our composite technologies and reinforce runways with our building construction reinforcement technologies.

We give flexibility to tires and reduce friction resistance with our tire cord fabric and single end cord technologies as our **tire reinforcement** products and help vehicle manufacturers to produce lighter vehicles with our **composite** technologies, hence contributing to the reduction of fossil fuel consumption. We offer **construction reinforcement** technologies that stand out with their low carbon emission and durability for sustainable construction projects.

Within **Sustainable Products scope**, we promise to:

- Perform life cycle assessments (LCA) to understand the environmental impact our products create throughout their life cycles,
- Continue to develop projects for input material efficiency in manufacturing (reduction, reuse, recycle),
- Do research and experiments in recycled material use,
- Develop technologies that will facilitate recyclability in end products where our products are input materials, thereby contributing to the circular economy,
- Continue R&D works to support our customers in their goals to offer eco-friendly products where our products are input materials, to help them improve their end products, by providing properties that reduce their environmental impacts while in use,
- Continue R&D investments in the development of REACH compatible resin systems and bio-based composite products.

5. SUPPLY CHAIN

At Kordsa, our supply chain has a direct impact on not only our economic performance, but also on our social and environmental performances. We believe that we can reduce our products' environmental impacts on the value chain and increase the social benefit and improve the economic sustainability by integrating the sustainability criteria in Kordsa's procurement processes, and hence we take the responsibility.

Within **The Sustainable Supply Chain scope**, we promise to:

- Train and inform all our purchasing teams and other managers who are authorized for purchasing on the sustainable supply chain policy and processes regularly,
- Demand from all suppliers, consultants, subcontractors, and business partners to sign **Kordsa Supplier Business Ethics Declaration** which contains the principal rules to workforce and human rights, health and safety, protection of personal data, ethics, and governance practices in all our operations,
- Apply the **Sustainable Supply Chain Assessment Program** in all our operations to our main raw material suppliers, which covers ethics, workforce and human rights, health and safety, environmental management system, emissions, energy, water, waste, materials, and sustainable supply chain management topics; and perform on-site audits on suppliers in risk group and offer them feedback for improvements,
- Continue to incorporate basic human-worker rights and environmental protection clauses in all suppliers' contracts.

We promise to create value for our customers, suppliers, shareholders, and investors with our exemplary practices in sustainable supply chain management and take our place among the leaders in the business world.

6. COMMUNITY DEVELOPMENT

At Kordsa, we run social responsibility projects in all geographies we operate to make our passion to reinforce life live beyond our operations and materialize it with the voluntary contributions from our employees.

The “Reinforce the Future Project” is the umbrella project of our educational support practices which we initiated in İzmit, Turkey where our main plant is based and we endeavor to deploy it in our plants in Indonesia, Thailand, Brazil, and the USA.

With this project, while we reinforce our corporate vision on one side, we also reinforce our children that form the basis of this community we live in and the teachers who educate them, and eventually reinforce our connection with our employees.

Within The **Community Development scope**, we promise to:

- Offer students learning and education opportunities in better physical conditions through school renovation projects every year, hence support the education of children and adolescents regardless of their social, gender and income level status,
- Provide free training programs for the development of teachers in the primary schools we had renovated the buildings of,
- Support the development of the teachers and managerial staff who shoulder the responsibility in bringing up the individuals equipped with the intellectual, social, emotional, and digital skills the 21st Century demands,
- Improve our cooperation with the NGOs who develop training programs to support teachers’ personal and professional development.

GOVERNANCE AND MONITORING STRUCTURE

APPROVAL AND RESPONSIBILITY

The **Policy**, requested by Kordsa Board of Directors, is developed under the leadership of the **Global Sustainability Sponsor** and facilitation of the **Head of Sustainability** with the support of **Sustainability Workgroups** among which regional sustainability teams take part, and is effective since 21 March 2022 by Kordsa Board of Directors' approval.

Approval of the **Policy**, ensuring that it is communicated and recognized among all subsidiaries of Kordsa, and providing the necessary tools, systems, and organization to comply with the **Policy** are the responsibilities within the **Policy** scope.

The **Policy** will be reviewed and updated at least once a year and whenever necessary according to the changes in global and legal regulations, national and international frameworks we use for guidance, and alterations in stakeholder expectations, and revised upon the Board's approval.

MONITORING AND CONTROL

The Board of Directors, as the ultimate monitoring body in Kordsa, audits the execution of the **Policy** via regular reports prepared by the Head of Sustainability and approved and presented by the CEO to the Board.

The Head of Sustainability, who reports directly to our CEO, coordinates the work between the departments and the C-level to reach the KPI based targets aligned with the strategic plans of the company that are set to accomplish the principles and commitments dictated in the **Policy**. On the other hand, the Sustainability Department centered in the Kordsa Headquarters continues its work in line with the works of Sustainability Workgroups and Regional Sustainability Teams located in Kordsa plants in various countries.

Sustainability Workgroups and Regional Sustainability Team are responsible for monitoring the performance indicators developed to reach sustainability targets and executing the planned projects with the regional departments through supervision.

POLICY AND WORK GROUPS

Strategic Priorities	Name of Working Group
EMPLOYMENT and HUMAN RIGHTS and ETHICS	Sustainable Employment
ENVIRONMENT	Sustainable Production
PRODUCTS	Sustainable Products
SUPPLY CHAIN	Sustainable Supply Chain
COMMUNITY DEVELOPMENT	Community Development

COMMUNICATION OF THE POLICY

Our annual sustainability reports in line with GRI (Global Reporting Initiative) Standards and CDP Climate Change and Water Program reports are the embodiment of Kordsa Sustainability Policy materialization. We share these reports and the **Policy** on our website for all our stakeholders to review.

APPENDIX

SCOPE OF OUR POLICY

The Policy covers the operations of 13 plants and two R&D Centers and our employees who work in all our offices.

- **Headquarters and R&D Centers:**
Turkey
- **Tire Reinforcement Production Plants:**
Turkey, Indonesia, Brazil, Thailand, USA- Chattanooga, USA- Laurel Hill, Italy- Microtex
- **Composite Production Plants:**
Turkey, USA- Santa Ana, USA- Anaheim, USA- San Marcos, USA- Quakertown
- **Construction Reinforcement Production Plant:**
Turkey

UN SUSTAINABLE DEVELOPMENT GOALS THAT WE SUPPORT WITH THIS POLICY

Strategic Priorities	
BUSINESS ETHICS	
EMPLOYMENT and HUMAN RIGHTS	 
ENVIRONMENT	  
PRODUCTS	  
SUPPLY CHAIN	 
COMMUNITY DEVELOPMENT	 

KORDSA SUSTAINABILITY TARGETS

Related SDG	Explanation of Target	Indicator	2021 Performance	2022 Target	2025 Target	Target Owner
SDG 13	Renewable energy usage	Ratio of renewable energy used in total consumption (%)	12% (IREC)*	13%	14%	Chief Operation Officers (COOs)
Related SDG	Explanation of Target	Indicator	2021 Performance	2022 Target	2030 / 2050 Target	Target Owner
SDG 13	Reducing emissions (Base year: 2019)**	Scope 1&2 emissions (CO ₂ e)	5% reduction	4.2%	46.2% / 100%	COOs
Related SDG	Explanation of Target	Indicator	2021 Performance	2022 Target	2030 Target	Target Owner
SDG 6	Reducing water withdrawal (Base year: 2019)**	Withdrawal per sales tonnage (m ³ /ton)	20% reduction	6.5%	50%	COOs and Sustainability Leaders
Related SDG	Explanation of Target	Indicator	2021 Performance	2022 Target	2030 Target	Target Owner
SDG 12	Reducing waste (Base year: 2018)**	Amount of total waste per sales tonnage (ton/ton)	12.2% increase	10%	50%	COOs and Sustainability Leaders
Related SDG	Explanation of Target	Indicator	2021 Performance	2022 Target	2025 Target	Target Owner
SDG 17/ SDG 12	Sustainable Supply Chain Programme	Ratio of targeted suppliers on sustainability assessment (%)	73%	100%	Maintain 100%	Supply Chain
Related SDG	Explanation of Target	Indicator	2021 Performance	2022 Target	2025 Target	Target Owner
SDG 8	Improving accident ratio in operations	Number of fatal injuries High-consequence injuries Recordable injuries	Fatal injuries: 0 High-consequence injuries: 0 Recordable injuries: 6	Zero accident	Zero accident	COOs and Sustainability Leaders
SDG 8	Reducing complaints on human rights violations	Number of complaints on human rights violations	Zero complaint	Zero complaint	Zero complaint	Human Resources
SDG 8	Increasing employee satisfaction	Rate of employee satisfaction (%)	62%	65% and over	65% and over	Human Resources
SDG 8	Continuing employee development trainings	Sabancı of New Generation competencies	Ratio of occupational and personal development trainings reached 70%.	Continue trainings to complete the competencies	Continuous development	Human Resources
Related SDG	Explanation of Target	Indicator	2021 Performance	2022 Target	2025 Target	Target Owner
SDG 5	Increasing women employment (Office staff)	Ratio of women employees (%)	34.8%	38.3%	45%	Human Resources
Related SDG	Explanation of Target	Indicator	2021 Performance	2022 Target	2025 Target	Target Owner
SDG 4	Increasing number of teachers attending ÖRAV training	Number of teachers trained annually	226 teachers "Interactive Course Design in Online Education Training"	250 Teachers (Duration: 10 week ends)	In progress	Corporate Communications and Sustainability

* IREC: International Renewable Energy Certificate ** The data given in the "2021 Performance" column is the realization according to the base year.

HARMONIZATION WITH OTHER POLICIES AND GUIDANCE MATRIX

Strategic Priorities		
BUSINESS ETHICS		
Associated Policies	Regulatory Frameworks	International Initiatives / Regulations
<ul style="list-style-type: none"> Code of Business Ethics Anti-bribery and anti-corruption policy Gift Policy Competition Law Compliance Program and Policy Export Control Policy Privacy Policies Personal Data Protection Compliance Program and Policy 	<ul style="list-style-type: none"> Capital Markets Law and communiqués Criminal Law and auxiliary regulations Law on Intellectual and Artistic Rights Industrial Property Law The Act on the Protection of Competition ve auxiliary regulations Law on the Protection of Personal Data and auxiliary regulations 	<ul style="list-style-type: none"> United Nations Global Compact OECD General Principles FCPA Regulation Export Control Policies (OFAC/ITAR, etc.) General Competition / Antitrust regulations Regulations on Protection of Personal Data and Privacy (GDPR, CCPA and other privacy and data regulations)
EMPLOYMENT and HUMAN RIGHTS		
<ul style="list-style-type: none"> Sustainable Employment Policy Human Rights Policy Occupational Health and Safety Policy 	<ul style="list-style-type: none"> Labor Act No:4857 Occupational Health and Safety Act No:6331 5510 Social Insurance and Universal Health Insurance Law TSE COVID-19 	<ul style="list-style-type: none"> United Nations Global Compact ILO International Labor Organization Declaration on Fundamental Principles and Rights at Work United Nations Universal Declaration of Human Rights and Guiding Principles on Business and Human Rights
ENVIRONMENT		
<ul style="list-style-type: none"> Environmental Policy Occupational Health and Safety Policy 	<ul style="list-style-type: none"> Environment Act No:2872 Energy Efficiency Law No:5627 7335 Code on the Approval of the Ratification of the Paris Agreement (Any ruling, Decree Law, Charter, Regulation, Memorandum, Communique, Declaration, Ministry Announcement, Directive published regarding this and other relevant laws) 	<ul style="list-style-type: none"> United Nations Global Compact ISO 50001 ISO 45001 ISO 14001 International Agreements and Contracts
PRODUCTS		
<ul style="list-style-type: none"> Environment Policy Occupational Health and Safety Policy 	<ul style="list-style-type: none"> REACH (EC 1907/2006) 	<ul style="list-style-type: none"> REACH (EC 1907/2006)
SUPPLY CHAIN		
<ul style="list-style-type: none"> Procurement Policy Sustainable Supply Chain Policy Human Rights Policy 		<ul style="list-style-type: none"> CDP Carbon Disclosure Project EcoVadis Sustainability Ratings UN Global Compact German Due Diligence

KORDSA CONFLICT MINERALS POLICY

As Kordsa, we are inspired to reinforce life by delivering high value-added reinforcement solutions globally. Our sustainability approach is based on the targets of creating sustainable value for all our key stakeholders and society by growing with R&D and technology investments in our three main business areas, by supporting the continuous development of our skilled human resources, through our social improvement projects, and by using natural resources responsibly.

Conflict Minerals are tantalum, tin, tungsten, and gold also known as 3TG. As Kordsa, we commit to refraining from any action that contributes to the financing of conflict, and to complying with relevant United Nations sanctions resolutions, and to supporting our suppliers and business partners to adhere to the same.

We exercise due diligence to declare that we do not use any conflict materials in our products, and we do not finance the use of these minerals directly or indirectly.

We require our suppliers and business partners to manage risks related to the use of conflict minerals by adhering to the criteria below:

- Eliminate all kinds of risks by working with their own upstream suppliers that may carry potential risks,
- Perform risk assessment on suppliers who carry potential risks,
- Discontinue engagement with those upstream suppliers who fail to comply,
- Have the upstream suppliers to commit to cooperating with government organizations and officials, NGOs and third parties as necessary to mitigate risks regarding conflict minerals.