

Integrated Sustainability Report 2020





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About the Report



Through the reports we have published since 2008, we present the sustainable development activities of the Eczacıbaşı Group to our stakeholders. We continually strive to improve our non-financial reporting practices, which are an extension of our sustainability management activities.

In this year's reporting, we improved our reporting standards and the methods we use. During this term, we evaluated the reporting and declaration methodologies developed on an international scale and included those elements that we thought would strengthen our reporting. In this context, we have taken into account the reporting standards developed by the "Global Reporting Initiative", the Stakeholder Capitalism Sustainable Value Creation Reporting Criteria developed by the World Economic Forum and the Integrated Reporting Framework principles in this study.

This report has been prepared in accordance with GRI Standards: "Core" option. The material issues that make up the content of the report have been determined using methods in accordance with the content and quality principles indicated in the GRI Standards.

The information disclosed in the report covers activities carried out in Turkey by Eczacıbaşı Holding, Eczacıbaşı Building Products, VitrA Tiles, Eczacıbaşı-Monrol Nuclear Products, Eczacıbaşı Consumer Products, Esan, E-Kart Electronic Card Systems and Kanyon between January 1, 2020, and December 31, 2020. Data on energy, carbon emissions, water, waste, equal opportunities, occupational health and safety and production as stated in key performance indicators have been independently audited.

GRI-102-1, GRI-102-4, GRI-102-45, GRI-102-46, GRI-102-50, GRI-102-52, GRI-102-54

PDF versions of the 2020 Eczacıbaşı Group Integrated Sustainability Report and all reports from previous periods can be accessed on the corporate website www.eczacibasi.com.tr





Joint Statement from the Chairman and Ceo



GRI-102-12, GRI-102-14, GRI-102-15



Atalay M. Gümrah
CEO

Dear Stakeholders,

The Eczacıbaşı Group has sought to respect the environment, society, and the individual in its management approach and in every stage of its business processes since its

foundation. All Group companies aim to decrease their environmental impact, improve the quality of life of their consumers and customers, increase the prosperity of society and secure our Group against future risks through their business practices, products and services. Sustainability is at the center of this goal. We shape our products, services, and activities with this understanding, mindful of our responsibility of being an international company whose products touch the daily lives of millions of people in more than 120 countries. In this context, the main agenda of our Group companies is to be prepared for stakeholder expectations, sustainability issues and climate change-related crises that may arise today and in the future, and to generate creative solutions by diversifying their value chains.

By signing the United Nations Global Compact (UNGC) in 2006 and the Women's Empowerment Principles (WEPS) in 2013, we strengthened our commitment to the

management of our social, economic and environmental impact, and to business ethics, transparency and accountability. With the launch of the UN Sustainable Development Goals, we also developed our commitments in this direction. In short, we closely monitor developments on the international sustainability agenda and strive to adapt our corporate practices accordingly. Preparing this report in accordance with GRI Standards and <IR> Framework and integrating the World Economic Forum (WEF) Stakeholder Capitalism Framework reporting criteria into our practice underlines our dedication to continual improvement.

During the reporting period, the most important part of our agenda, as in the rest of the world, was the pandemic. The COVID-19 pandemic has deeply affected human health, as well as economic and social life.

Despite the detrimental conditions caused by the pandemic, the Eczacıbaşı Group managed to keep



Bülent Eczacıbaşı
Chairman

its production facilities operational, continue providing essential products and services needed for public health, maintain employment, and increase net sales, profitability and market share in key business areas. The basis of this success was the solidarity and



determination of Group employees to protect business continuity by rapidly adopting occupational health and safety measures and to implement the strategic plans we put forward.

We also made significant progress in sustainability management in early 2021, while preparing this report. First of all, we made critical improvements in our sustainability management organization centered at Eczacıbaşı Holding and including Group companies. Most notably, we formed an ESG (Environmental, Social, Governance Issues) Committee to strengthen the strategic management of sustainability issues at the Board of Directors level. We also decided to establish a “Stakeholder Council” with the participation of our various external stakeholders so as to include the opinions and

suggestions of our stakeholders in our decision-making processes, this way institutionalizing our Group’s participatory management approach. We aim to start the work of our Stakeholder Council, for which we have determined the working criteria and member composition, in the upcoming term.

2020 has been a year in which we improved our performance with respect to our sustainability priorities. We achieved a significant improvement in energy consumption, which is one of the leading indicators of climate impact. In 2019, we reduced our energy consumption per output, which was 2.40 MWh/Ton, to 2.26 MWh/ton, and our carbon emissions from 0.61 Ton CO₂/Ton to 0.58 Ton CO₂/Ton. Similarly, we reduced our water withdrawal per

output from 3.94 m³/Ton to 3.70 m³/Ton, and we increased our recycled or reused waste rate from 64 percent to 72 percent.

During the year, we also made progress in equal opportunity and women’s employment, which are among our social priorities. We increased the rate of women employees in employment to 35% and the rate of women employees in recruitment to 49.2%.

Innovative products and services are another important component of sustainable development and value creation. During the reporting period, we implemented 126 new projects and made 63 patent applications based on our R&D activities. In addition to reducing the environmental impact of our production processes, we also

helped our customers reduce the environmental impact of their own lives with water and energy-saving products. Through the “Business World Plastic Initiative”, which we signed in 2019, we pledged to reduce the use of plastic in our products and production processes.

The growing number of product and service solutions in the Eczacıbaşı Group that are environmentally and socially sustainable and economically successful and the development of new business models instill hope in the future of responsible business models. With this motivation, which we share with all our employees, we will continue to increase the happiness, wellbeing and quality of life of our stakeholders and create value by contributing to the sustainable future of our planet.

Sustainability Management



The Eczacıbaşı Group's tradition of service is shaped by "respect for the individual, society and the environment", a key component of our core values. In line with the approach of our Group's founder, Dr. Nejat F. Eczacıbaşı, we strive to apply "new and improved methods" to everything we do rather than choose the easy path and to uphold the conviction that the main measure of our success is "raising the prosperity of society as a whole".

The Eczacıbaşı Group considers this philosophy to be the guide for all its activities and decisions and embraces sustainability as its form of action. We signed the UN Global Compact in 2006 in order to make business ethics, transparency and accountability an important part of our company culture, as well as the management of the social, economic and environmental impacts resulting from our activities. We are also working to integrate the UN Sustainable Development Goals, which came into force in 2016, into our company policies.

Organizational Structure

GRI-102-18, GRI-102-19, GRI-102-20, GRI-102-29, GRI-102-30

The Eczacıbaşı Group is a group of companies consisting of Eczacıbaşı Holding and subsidiaries under Eczacıbaşı Holding's management. The main task of Eczacıbaşı Holding is to determine the business strategy and long-term goals of our Group, to support Group companies' activities in line with these goals, and to direct Group resources toward the correct investment fields.

Eczacıbaşı Holding's Board of Directors consists of the Chairman, the Vice Chairman and nine full members, among them one women member. The Board of Directors has sub-committees for Investment, Risk, Audit and Governance, Talent and Remuneration, and ESG (environmental, social, governance).

Established at the level of the Board of Directors, the ESG Committee ensures the effectiveness of the sustainability policies, strategies, governance bodies and management tools throughout the Group and carries out tasks such as assessing the validity of strategic priorities and

making recommendations on social, economic and environmental issues.

The Chairman and Group CEO functions are carried out by separate individuals. In addition to the Group CEO, the Chairman of the Audit Board also reports directly to the Board of Directors. Group senior management consists of senior executives and function managers of companies reporting directly to the Group CEO.

Sustainability management takes place at various levels within the Group's management organization. The Board of Directors is responsible for making strategic decisions on

sustainability management, just as it does for all other strategic decisions. At the senior management level, sustainability management is represented by the Group CEO and by the Sustainability, Corporate and Government Affairs Coordinator who reports directly to the Group CEO.

The Eczacıbaşı Group Sustainability Board is the strategic decision-making body formed with the participation of Eczacıbaşı Holding executives working in related fields and the top executives of the Group's organizations, and is accountable to the Group CEO, ESG Committee and the Board of Directors. The main purpose of the Board is to strategically manage sustainability issues covering social, economic, environmental and governance areas across the Group.

The organs of the Group's sustainability management organization for field studies are the Sustainability Committees established under the Eczacıbaşı Group Sustainability Board. Eczacıbaşı Sustainability Committees, which

were established to create a common approach and synergy across the Group's organizations, are the bodies established to transform the Group's sustainability strategies into targets and action plans, and also to monitor actual performance. Sustainability Committees are formed on the basis of priority issues determined by the Group Sustainability Board, with the participation of the managers of Group Companies responsible for these issues. Working Groups are formed on the basis of sub-topics and projects so that committees work efficiently.

At quarterly CEO Meetings, the board shares progress with all employees and answers all their questions. In addition, the sustainability performance of every Group company is reviewed and evaluated with relevant senior managers every quarter and presented to the Board of Directors. At the end of each year, the Group's sustainability performance is shared with all employees during a Group-wide, end-year performance review.

Looking Ahead: Risks & Opportunities

Business environment during and after pandemic

The most fundamental issue on the global agenda in 2020 was the pandemic. By end-2020, there were more than 85 million cases of infection and nearly 2 million people had lost their lives. The pandemic has also had impacts on society and the economy. Global GDP contracted by 5.2% and employment dropped. Fluctuations in logistics and food costs negatively affected the quality of life worldwide.

On the other hand, the pandemic environment also led to the development of positive new behaviors. For example, people's awareness of responsible consumption and healthy lifestyles increased significantly. A better hygiene culture developed throughout the world. Humanity's need for product and service choices produced with sustainable business models that have low environmental and social impact became more apparent. A rapid increase was observed in remote working practices and the digitalization rate of companies. These new practices are expected to become permanent.

Aiming to increase the quality of life of society through its products and services, the Eczacıbaşı Group rapidly focused on two main issues during the pandemic period: Protecting the health and wellbeing of all employees and business partners from the effects of the pandemic and providing consumers with responsible product and service choices by maintaining operational continuity across the value chain. During this period, we promptly adapted to the new conditions thanks to the digitalization advances we made throughout the Group. We also responded to the increase in personal and public hygiene, healthy living practices, and changing consumer behavior in our innovation activities. In line with emerging demands, our innovation teams, especially those in the field of Consumer Products, Healthcare and Building Products, continually worked on developing new products and services with reduced environmental impact that responded to consumer expectations of a healthy and high-quality life and a sustainable future. Through the allocation of resources to these activities, we developed our R&D capacity and planned investments to increase our production capacity.¹

Climate Crisis: Humanity's Shared Problem

The climate crisis is one of humanity's biggest problems and requires a common solution. Research shows that, despite the efforts of stakeholders seeking solutions, the fight against the climate crisis is not sufficient. The Green Deal regulations published by the European Union in 2020 include measures and incentives aimed at increasing the commitments and actions of EU countries and their partner markets. The Green Deal poses various risks and opportunities for the EU's close business partners, such as Turkey.

Eczacıbaşı Group companies have significant experience in efforts to combat climate change; they monitor the agenda in Turkey, the EU and neighboring geographies, where we operate, and support solution platforms. Combating climate change is not only a key element shaping our product and service innovation processes, it is also one of the core sustainability issues we consider in our operational decisions. As a Group, we are working to quickly adapt ourselves to new developments. In this context, in the upcoming period, we will start to study the climate risks and opportunities that our businesses are exposed to.

Equal Opportunities

We need the support of all our stakeholders and to mobilize all our resources in order to achieve Sustainable Development Goals without "leaving anyone behind". However, barriers for women, who make up half of society, and for vulnerable groups, to education and business life have not yet been fully removed. Considering that the disadvantages of the pandemic environment are mostly experienced by women, as various research indicates, we should continue to keep equal opportunity issues among our top priorities.

Creating an inclusive workplace and providing equal opportunities to employees is an area that Eczacıbaşı Group has prioritized for a long time. We have achieved significant success in this field, especially in terms of women employment, and we will continue these practices in the future.

¹Information on Eczacıbaşı Group's investment activities can be found in the Annual Report 2020 (p.54).

GRI-102-29, GRI-102-44, GRI-102-46, GRI-102-47

Eczacıbaşı Group Sustainability Priorities

Our most fundamental commitment to stakeholders is executing our activities through a sustainable value generation model based on resource efficiency that improves social welfare. To do this, we must first determine our road map by evaluating the risks and opportunities faced by companies across the Group, their positive and negative impacts on sustainable development, and the expectations of our stakeholders.

The characteristics of the industry in which the companies operate and the expectations of stakeholders play an important role in which sustainability area the companies prioritize. Different companies may prioritize different sustainability issues. Identifying and managing these priority issues, strengthening their positive externalities and

reducing the negative ones are the main responsibilities of companies pursuing sustainability.

Considering all this information, we evaluated our sustainability priorities in 2019 with the participation of nearly 200 executives from Eczacıbaşı Holding and other Group companies and nearly 50 external stakeholders. In the aforementioned study, we evaluated the mega-risk trends affecting social, economic, and environmental impact and sustainable development, and examined the 17 UN Sustainable Development Goals. After preparing our conclusions with the contributions of nearly 100 Group employees and Group Senior Management, we determined the Group's Sustainability Priorities and the Sustainable Development Goals on which we are basing our work.

Sustainability in the Value Generation Cycle

CAPITAL

FINANCIAL CAPITAL

We direct the resources of our Group to investment areas that will create value for society in line with long-term goals and strategies.

HUMAN CAPITAL

Our management approach is based on “respect for people”. For us, improving our talents to the greatest extent is a right and our duty.

NATURAL CAPITAL

In line with our respect for society and the environment, we see natural capital as a value and use it efficiently and responsibly to create value.

INTELLECTUAL CAPITAL

We carry the pioneering entrepreneurial spirit within us; we are open to the world and change. It is our tradition to introduce innovations in all our fields of activity.

SOCIAL / EXTERNAL RELATIONSHIP CAPITAL

As a core value, participatory management requires that we regard stakeholder expectations and opinions as valuable resources in creating value.

BUSINESS MODEL

MEGA RISK TRENDS SOCIAL, ENVIRONMENTAL, ECONOMIC IMPACTS

Sustainability Priorities

Equal Opportunities, Occupational Health and Safety,

Climate and Environment, Recycling and Circular Economy,

Business Ethics and Legal Compliance, Product Responsibility, Innovation

CORPORATE VALUES



OUTPUTS



PRIORITY SUSTAINABLE DEVELOPMENT GOALS

VALUE CREATED

FINANCIAL VALUE¹

| | | | | | |
|-------------------------------|--------------------------------|---|--|---|--|
| 44 Organizations | 39 Production Facilities | 810 Million Euro International Sales | 17% Growth with 11.08 Billion TL Net Sales | 21% Growth with 12.67 Billion TL Total Assets | 52% Growth with 2.28 Billion TL EBITDA |
| +120 International Markets | | | | | |

HUMAN VALUE

| | | | | |
|----------------------------------|--|---|--|------------------------------------|
| More than 11,400 Employees | 35% Share of Women in Employment | 49.2% Share of Women in New Recruitment | 7.8 Hours of Training per Talent | 1.28 Accident Frequency Rate |
|----------------------------------|--|---|--|------------------------------------|

NATURAL VALUE

| | | | |
|---|---|---|---|
| 2.26 MWh Energy Consumption ⁴ (Per Ton Production) | 3.70 m³ Water Consumption ⁴ (Per Ton Production) | 0.58 Ton Carbon Emission ⁴ (Per Product) | 72.6% Recycled Waste Rate ⁴ |
| 1,694 Thousand MWh Total Energy Consumption | 5,042 m³ Total Water Consumption | 470 Thousand Tons Total Carbon Emission | 35 Thousand Tons Disposed Waste ⁴ |

INTELLECTUAL VALUE

| | | |
|------------------------------------|---------------------------------|---------------------|
| 35.3 Million TL R&D Expenditure | 63 Total Patent Applications | 126 R&D Projects |
|------------------------------------|---------------------------------|---------------------|

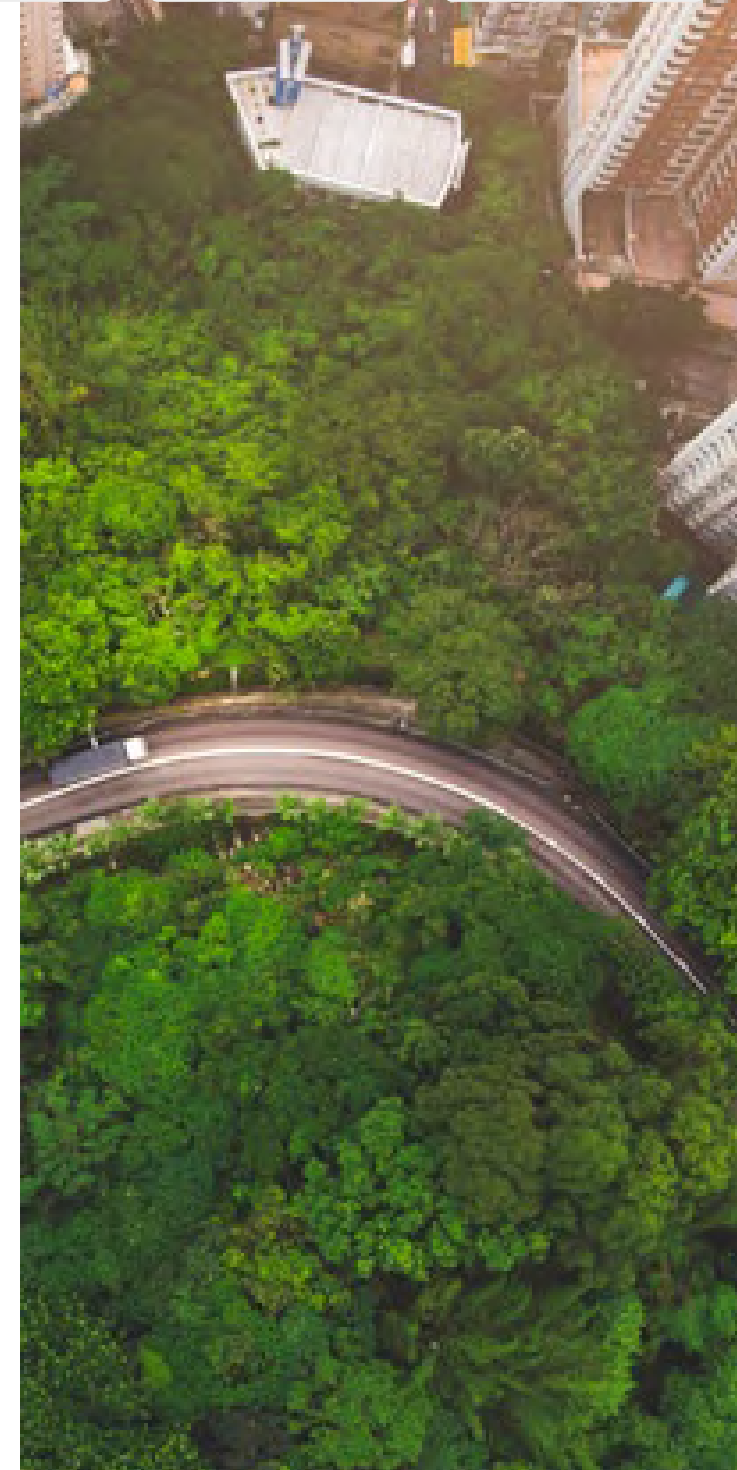
EXTERNAL RELATIONS SOCIAL VALUE

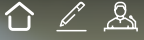
| | |
|--|---|
| 90,500 Beneficiaries of Eczacıbaşı Volunteers | 6 Million Number of Students Receiving Personal Hygiene Training to Date |
|--|---|

¹ Consolidated results of Group companies. ² Full-time, indefinite term contract white-collar employees
³ Employees participating in the leadership program ⁴ Natural resources and real estate sector are not included. ⁵ Consolidated results of R&D and innovation centers

| GOAL | PERIOD | STATUS | DESCRIPTION |
|---|--------------|--------|---|
| Reduce energy consumption by 4% per ton of output | 2016-2020 | ● | Per-ton energy consumption declined by 9.3% at the end of 2020 compared to the base year of 2016. |
| Reduce water consumption by 4% per ton of output | 2016-2020 | ● | Per-ton water consumption per ton declined by 6.5% at the end of 2020 compared to the base year of 2016. |
| Raise awareness of all stakeholders about green brands and sustainable consumption behavior | 2012-Sürekli | ● | In a survey published by Capital Magazine in 2020, Eczacıbaşı Group maintained its place among the top 5 companies in the categories of "Most Admired Company", "Social Responsibility" and "Sensitivity to the ecological environment" |
| Increase the share of women in recruitment to 50% | 2016-2020 | ● | The share of women employees in recruitment was 49% in 2020. |
| Increase the share of women in white-collar employment to 40% | 2016-2020 | ● | The share of women employees in white-collar employment was 35% in 2020. |
| Increase the share of women in management positions to 35% | 2016-2020 | ● | The share of women employees in executive positions was 30% in 2020. |
| Gradually reduce the accident rate below 1 for every 200 thousand working hours | 2016-2020 | ● | The accident rate in 2020 was 1.28. |
| Renovate the wet areas of 60 boarding schools in Turkey | 2007-2021 | ● | As of the end of 2020, healthy, high-quality and hygienic educational environments were provided to over 19,000 students at 55 schools. We aim to reach 60 schools by the end of 2021. |

● Continues as planned ● Open to improvement





Risk Management

Risk management activities in the Eczacıbaşı Group are carried out centrally by the Corporate Risk Management Department under the leadership of Eczacıbaşı Holding's Chief Financial Officer. The Corporate Risk Management Department coordinates with Early Risk Detection Committees in publicly-traded Group companies and regularly reports to the Audit, Risk and Governance Committee, which consists of the Chairman of the Holding Audit Board and Independent Board Members.

Corporate risk management is a management process that includes analyzing, reviewing and reporting on the risks facing short and long-term strategic plans and the business objectives of Group companies, and taking the necessary measures to reduce their potential impact. A risk-oriented operational system adopted at all levels of the Group supports sustainable growth by reducing financial losses and preventing resource waste. Proactive risk management also optimizes the time and resources spent on these activities. The corporate risk management process in the Eczacıbaşı Group is designed in accordance with international standards.

Starting from the level of the Board of Directors, the main purpose of corporate risk management activities is to evaluate the

strategic, operational, financial, compliance, sustainability-related and all kinds of other risks at all levels of the organization that may affect the achievement of the Group's short-term and long-term goals, endanger its development and continuity. Accordingly, corporate risk management ensures that best practices are adapted, meaningful indicators are created for decision makers, and outputs are submitted to the Board of Directors, Committee, and senior management for monitoring and evaluation.

A comprehensive sustainable development approach aims to plan for all dimensions of the future – economic, environmental and social. Through its risk management system, the entire Eczacıbaşı Group effectively strives to manage risks associated with natural disasters, extraordinary weather events, biological diversity, efficient use of natural resources, employee rights and equal opportunity, contribution to the stakeholder economy and sustainable economic growth. Occupational health and safety, product and service responsibility, innovation, business ethics, legal compliance, efforts to fight bribery and corruption are also covered by sustainability risk management studies due to their economic, social and environmental dimensions.

Business Ethics and Legal Compliance

GRI-102-16, GRI-102-17

Compliance with business ethics principles and legal regulations is a non-negotiable condition of every activity that we carry out, as clearly stated in our corporate values. Activities and practices related to business ethics, internal audit and legal compliance throughout the Group are carried out by the Audit Board, Group Head of Human Resources, Senior Legal Advisory and Compliance Board.

We consider compliance with business ethics principles and legal regulations to be a working standard. As a signatory to the UN Global Compact, the Eczacıbaşı Group has adopted the principle of zero tolerance for discrimination, bribery and corruption throughout its operations. Our Human Resources Handbook, which we give to every employee, provides information on the Group's human rights, freedom of association and anti-corruption policies. The "Eczacıbaşı Group Code of Conduct" is published on the Eczacıbaşı

Group website as an appendix to the Personnel Regulation to help our employees align their daily business decisions with Group values. We also carry out awareness-raising activities and periodically send information and reminder messages to all employees. The Group Code of Conduct forbids employees from taking part in the governing bodies of political organizations, and from undertaking promotional and donation activities in a manner that supports a political ideology.

Whenever there is a suspicion of violation of the code of conduct, especially of bribery, corruption, violation of rights, or conflict of interest, every Group employee is obliged to convey the information to the Compliance Board through the designated open channels. All notices are examined and evaluated by the Compliance Committee within the framework of the confidentiality principle.



Stakeholder Relations

In the Eczacıbaşı Group, we care about identifying the expectations and needs of our stakeholders and meeting them in order to reach the most accurate methods, products, and services and to produce participatory value. In every activity we carry out accordingly, we take care to inform our stakeholders, include them in the process, and consider their feedback.

The perspectives that emerge from the shared expectations and goals of diverse constituents creates a valuable resource for solving problems. Platforms and non-governmental organizations, especially those focused on sustainable development issues or development needs in the sector, are very effective in defining problems correctly, determining the solution methods, and mobilizing the necessary resources and know-how to achieve a common goal. For this reason, the Eczacıbaşı Group not only uses its initiative to establish diverse platforms in targeted development areas, it also participates in existing platforms.

BUSINESS WORLD PLASTIC INITIATIVE (İPG)

The Eczacıbaşı Group considers plastic pollution to be one of the most important environmental problems and has put it high on its agenda of issues for which it will try to develop solutions. We are carrying out projects aimed at reducing the use of plastic in our products and packaging, including preventing the consumption of single-use plastics in our work environments. In 2019 we became

one of the signatories of the "Business World Plastic Initiative" cofounded by Global Compact Turkey, the Business Council for Sustainable Development-Turkey and TÜSİAD (Turkish Industry and Business Association)- three organizations we are part of - that aims to combat plastic pollution. We shared our corporate commitments to achieve this goal with IPG at the beginning of 2021.





| STAKEHOLDER GROUPS | COMMUNICATION TOOLS |
|--|--|
| Shareholders and Investors | Sustainability Reports (Annual), Annual Reports (Annual), Financial Reports (Quarterly), Corporate Website (Continuous), Material Disclosures (Instant), General Assembly Meetings (Annual) |
| Company Managers | Sustainability Reports (Annual), Annual Reports (Annual), Social Media (Continuous), Corporate Website (Continuous), Group Meetings (Continuous / Periodic), Material Disclosures (Instant), Cash-Flow Reports (Monthly), Group Financial Results Report (Monthly), Group Profit and Loss Forecast Report (Quarterly) |
| Employees | Sustainability Reports (Annual), Annual Reports (Annual), Social Media (Continuous), Corporate Website (Continuous), Group Meetings and Publications (Continuous / Periodic / Instant), Bulletins / Announcements (Continuous / instant), Material Disclosures (Instant), Employee Engagement Surveys (Annual), Trainings (Continuous), Social Responsibility Projects (Continuous), Human Resources Handbook (Continuous) |
| Trade Unions | Sustainability Reports (Annual), Annual Reports (Annual), Social Media (Continuous), Corporate Website (Continuous), Material Disclosures (Instant) |
| Business Partners | Sustainability Reports (Annual), Annual Reports (Annual), Social Media (Continuous), Corporate Website (Continuous), Material Disclosures (Instant) |
| Clients | Sustainability Reports (Annual), Social Media (Continuous), Corporate Website (Continuous), Customer Research (Continuous), Audits (Instant / Periodic), Material Disclosures (Instant), Fair Participation (Instant/Periodic), Client Meetings (Periodic) |
| End Users and Consumers | Sustainability Reports (Annual), Social Media (Continuous), Corporate Website (Continuous) |
| Suppliers | Sustainability Reports (Annual), Social Media (Continuous), Corporate Website (Continuous) |
| Contractor Firms | Sustainability Reports (Annual), Social Media (Continuous), Corporate Website (Continuous) |
| Public Institutions | Sustainability Reports (Annual), Social Media (Continuous), Corporate Website (Continuous), Projects (Project Based), Audits (Instant / Periodic), Material Disclosures (Instant), One-to-one Visits (Instant) |
| Local Governments | Sustainability Reports (Annual), Annual Reports (Annual), Social Media (Continuous), Corporate Website (Continuous), One-to-one Visits (Instant) |
| International Organizations | Sustainability Reports (Annual), Annual Reports (Annual), Social Media (Continuous), Corporate Website (Continuous) |
| Financial Institutions | Sustainability Reports (Annual), Annual Reports (Annual), Social Media (Continuous), Corporate Website (Continuous) |
| Civil Society Organizations | Sustainability Reports (Annual), Social Media (Continuous), Corporate Website (Continuous), Customer Research (Continuous), Projects (Project-based), Memberships (Continuous) |
| Universities and Research Institutions | Sustainability Reports (Annual), Social Media (Continuous), Corporate Website (Continuous), Career Days (Annual/Periodic), Projects (Project-based), Internship Programs (Seasonal/Project-based), University Events (Instant), Student Field Visits (Instant) |
| Society | Sustainability Reports (Annual), Annual Reports (Annual), Social Media (Continuous), Corporate Website (Continuous), Material Disclosures (Instant) |
| Local Community | Projects (Project-based), Social Media (Continuous), Corporate Website (Continuous), Social Responsibility Projects (Project-based) |
| Media | Social Media (Continuous), Corporate Website (Continuous), Press Releases (Instant) |
| Sectoral Organizations | Sustainability Reports (Annual), Social Media (Continuous), Corporate Website (Continuous), Projects (Project-based), Conferences (Instant/Periodic) |



Corporate Memberships

GRI-102-13

| ESTABLISHMENT | STATUS |
|---|---|
| | Membership |
| TÜSİAD – Turkish Industry and Business Association | Honorary Presidency, Health Working Group Presidency |
| DEİK – Foreign Economic Relations Board | Honorary Member, Germany Business Council Executive Board Vice-Chairmanship, US Business Council Executive Board Member, Morocco Business Council Executive Board Member, India Business Council Executive Board Member, Russia Business Council Executive Board Member, UK Business Council Executive Board Member |
| Turkish Enterprise and Business Confederation (TÜRKONFED) | Honorary Membership |
| Istanbul Kartal Urban Development Association | Board Membership |
| Clean Sea Association | Membership |
| Business World and Sustainable Development Association | Board Membership |
| ESİAD - Aegean Industrialists and Businessmen Association | Member of High Advisory Council |
| Private Sector Volunteers | Board Membership |
| Kal-Der – Turkey Quality Association | Membership |

| ESTABLISHMENT | STATUS |
|---|---|
| UN Global Compact | Turkey UNGC Board Member, Gender Equality Working Group Co-Presidency |
| İEİS - Pharmaceutical Industry Employers' Union | Honorary Presidency |
| TESEV – Turkish Economic and Social Studies Foundation | Board Membership |
| KAGİDER – Women Entrepreneurs Foundation | Membership |
| TEGEP – Training and Development Platform Association | Membership |
| Women's Association in Technology | Membership |
| Endeavor Association | Membership |
| GİRVAK – Turkish Entrepreneurship Foundation | Board of Trustees Membership |
| TİDE – Turkish Institute of Internal Auditors Association | Membership |
| IFA - International Fiscal Association | Membership |
| Tax Inspectors Association | Board Membership |
| IMPACT 2030 | Membership |
| GİF - Global Relations Forum | Membership |

Climate and Environment





Respect for the environment is one of our core group values and stands as the most important aspect of sustainability. Management of our impact on the climate and environment is part of our main business strategy.

Although climate change and global warming are generally considered an environmental sustainability issue, they represent a multidimensional global problem with economic and social consequences. That is the understanding with which the Eczacıbaşı Group approaches the issue.

At Eczacıbaşı, our priorities with respect to the climate and environment are ensuring efficiency in energy and water consumption, investing in renewable energy, reducing greenhouse gas emissions, recycling, and adopting circular economy practices. Through measures in these areas, we are working to reduce the impacts of all our business processes.

In the Eczacıbaşı Group, climate and environmental impacts are managed at every level of the organization, from the Board of Directors through to the unit teams of each Group company. Group-wide management is carried out by working groups that focus on impact areas. These groups, which include one representative from each company and production plant, determine targets at the Group-wide level and ensure that they are implemented in the field. All activities that have an impact on these areas are monitored through the performance system and subjected to internal audit and independent audit processes.





Energy Efficiency and Greenhouse Gas (GHG) Management

Reducing the energy consumption and greenhouse gases resulting from our activities is one of the main objectives of our efforts to combat climate change. Our working group in this area has shaped the responses of Group companies to these problems. Accordingly, energy consumption and greenhouse gas emissions are monitored and analyzed in all Group organizations, and the results obtained are reported to both the company's senior level management and all stakeholders through our integrated sustainability report.

Energy efficiency plays an important role in ensuring resource efficiency and reducing greenhouse gas

emissions. In this context, the Energy Efficiency Working Group is responsible for sharing best practices with companies and ensuring that suitable projects are implemented. Through these practices, we aim to reduce energy consumption and greenhouse gas emissions.

While total energy consumption increased by 2.5% compared to the previous year, energy consumption per ton of output decreased from 2.40 kWh/ton to 2.26 kWh/ton. In parallel with these developments, carbon emissions increased from 468 thousand tons to 474 thousand tons in 2020, but per-ton emissions decreased from 0.61 tons to 0.58 tons.

At Vitra Tiles, the temperature of air entering the burners is increased using the waste heat from the kilns. Vitra Tiles has an automatic reporting feature that continuously monitors energy consumption at important energy usage points. Users can monitor their energy consumption daily and instantaneously, and in the case of an abnormal situation, intervene without delay to solve the problem. Continuous monitoring of this data by users encourages them to increase their energy awareness and to adopt continuous improvement practices.

Eczacıbaşı Building Products has established a separate boiler system for the hot water requirement of the coating process, which corresponds to 26.5% of its total natural gas consumption, by separating and

automating the heating system for the coating process in the faucet plant.

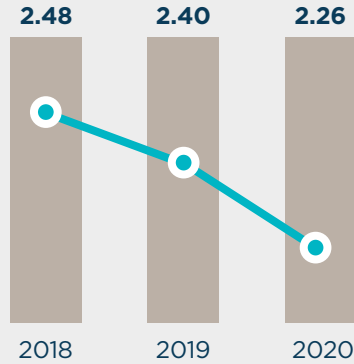
Improvements at the Yalova tissue paper mill in 2020 resulted in a 1.4% reduction in electricity consumption relative to 2019.

Improvements at the Manisa tissue paper mill reduced electricity, natural gas and steam consumption by respectively 6%, 10% and 4% compared to 2019.

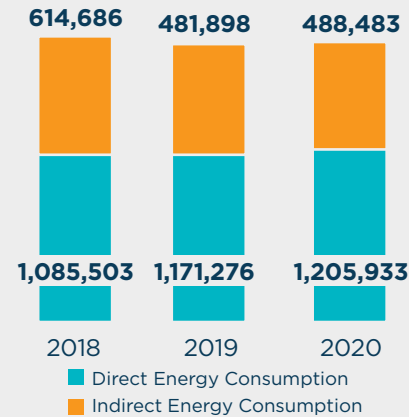
Eczacıbaşı Consumer Products completed a number of projects in 2020 that achieved energy savings of 2% at its chemical products plant. As a result, energy consumption per ton improved by 8% compared to 2019. At the baby and personal care plant, a 13% improvement was achieved in per-ton energy consumption, for energy savings equivalent to 15% of the plant's total energy consumption.

In 2020, 48 energy efficiency projects were implemented across the Group's companies and 23.9 million kWh of energy were saved.

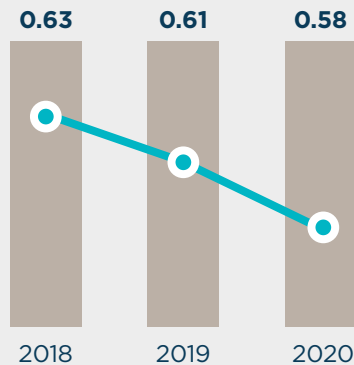
Energy Consumption per Product (kWh/Ton)



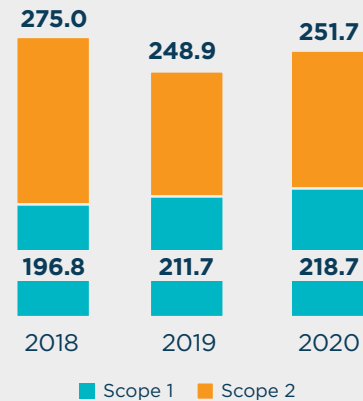
Total Energy Consumption (MWh)



Greenhouse Gas Emissions per Product (Ton CO₂/Ton)



Total Greenhouse Gas Emissions (Thousand Tons CO₂)



Renewable Energy

Renewable energy has become increasingly important in recent years, and we are closely monitoring experiences and best practices in this field around the world and carrying out feasibility studies to increase the use of renewable energy in our activities. Examples of our projects in this area include the installation of solar water heating systems at almost all our production facilities in Turkey, and the renewal or restructuring of roofs at many of our facilities in order to benefit more from sunlight.

The solar power plant established by Esan, our natural resources operation, at the Güllük storage depot in Milas, Muğla, is an example of renewable energy production by a Group company. At the time of its establishment, this solar power plant had the highest installed capacity of all unlicensed rooftop solar power plants in the region. Generating electricity since 2014 and meeting the energy needs of the Güllük depot, the power plant produced 690 MWh of energy in 2020, preventing the equivalent of 390 tons of carbon emissions.



The power plant, which has been generating electricity since 2014 and meeting the energy needs of the Güllük depot, produced **690 MWh** of energy in 2020, preventing the equivalent of **390 tons** of carbon emissions.



Energy Efficiency in Buildings

Energy efficiency in buildings has been an important element of our energy efficiency efforts since 2013. We implement practices aimed at increasing efficiency by improving lighting, air conditioning, machinery, automation systems and insulation systems. While deciding on energy efficiency investments, we consider the effect on our carbon footprint and energysavings as well as the rate of return.

The Building Energy Efficiency Working Group, which is part of the Energy Efficiency Working Group, has guided improvements in building energy consumption. Energy efficiency projects in 20 commercial and administrative buildings collectively covering some 150 thousand square meters have significantly contributed to the reduction of energy consumption at these sites.

VitrA Innovation Center conducted a project that supports changes in lifestyle habits as well as in office processes and obtained a Green Office certificate from WWF Turkey. An environment has been created where each employee questions their lifestyle habits and gains a more environmentally conscious perspective.

Video Conferences

Business travel is another processes that creates greenhouse gas emissions in Group activities. Audio and video conferencing systems have been installed in all our organizations to reduce this environmental impact. All our employees are encouraged to use instant messaging and conferencing systems to reduce business travel. Remote working, which has become widespread with the pandemic, was first implemented in the Eczacıbaşı Group in 2016. During the pandemic, thanks to this working culture and infrastructure preparations, audio and video conferencing increased eightfold and their duration, sevenfold.

During the pandemic, the use of audio and video conferencing was prioritized. Compared to 2019, the number of audio and video conferences increased approximately

eightfold

and the duration of these conferences,

sevenfold.



Water Efficiency

Water, one of the most important natural resources on earth, is in gradual decline for a variety of reasons, most notably population growth and climate change. Efficient use of water resources and the responsible use and protection of existing resources have become critical issues.

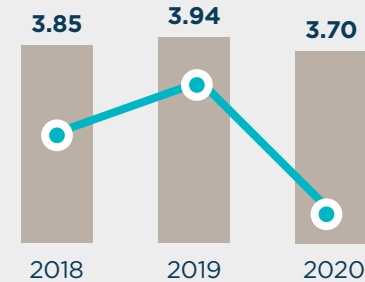
We have created a Water Efficiency Working Group in order not to harm the opportunities for future generations while meeting present needs, a condition of sustainability. The working group is responsible for monitoring and analyzing the water consumption performance of all Group companies and presenting the results to both senior management and all stakeholders through the integrated sustainability report. The working group also carries out necessary preliminary studies in watershed management and identifies examples of best practices that organizations can implement.

Water efficiency projects undertaken by Group companies throughout the year ranged from revisions in product formulations to the collection of rainwater and underground water, reduction in washing frequency through improved rinsing baths, reverse osmosis systems, and increased recovery through improved water treatment.

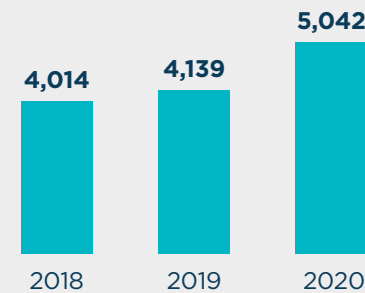
The volume of water withdrawn by our Group companies declined from 3.96 m³/ton in 2016, our base year, to 3.70 m³/ton in 2020.

Eczacıbaşı Building Products uses backwash to clean the well water filtration system at its faucet production facility twice a week. A new system enables it to use the water from backwashes for garden irrigation instead of discharging it, this way, saving 2,080 m³ of water annually.

Water Withdrawal per Product
(m³/ton)



Total Water Withdrawal
(Thousand m³)



3.70 m³



The volume of water withdrawn by our Group companies declined from 3.96 m³/ton in 2016, our base year, to **3.70 m³/ton in 2020**.

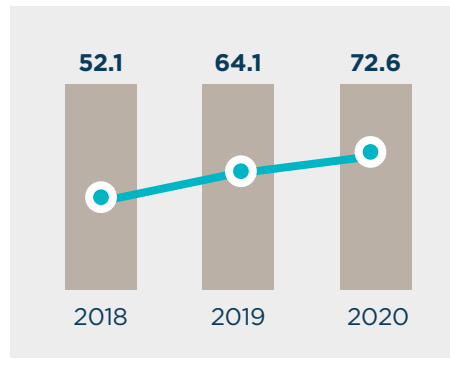


Recycling and Circular Economy

Increased production and consumption in response to growing global needs put pressure on the climate and the environment by increasing the consumption of raw materials and the amount of waste generated. The circular economy, therefore, is an important part of sustainability, and is based on the principles of "reduce, re-use and recycle". Circular economies take into account the impact of the production value chain on the climate and the environment and aim to reduce resource use and waste.

One of our main practices is to ensure that our products are not only long-lasting and environmentally friendly, but also a source of added value for other processes after their economic life is over. That is why we consider the environmental impact of every stage of production right from the design stage. From the resources

Rate of Re-used and Recycled Waste (%)



72.6%



The rate of re-used or recovered waste in Eczacıbaşı Group rose from 64.1% in 2019 to **72.6% in 2020.**

used to manufacture our products to the resources consumed during their use, we consider the impacts of our products until the end of their economic life and the end of their disposal. We prefer environmentally friendlier options as much as possible in the matter of material preferences.

One of the most important projects of our Waste Management Working Group, which we created to guide waste management practices, is the Group waste inventory created in 2014. Thanks to this inventory, we can establish cooperation between Group companies and with other stakeholders on recycling and circular economy practices.

Our main goal in waste management is "zero waste". Thanks to our efforts to this end, the rate of re-used or recovered waste in the Eczacıbaşı Group rose from 64.1% in 2019 to 72.6% in 2020.



Waste Reduction Projects

The raw material used by VitrA Tiles contains approximately 15% recycled material. Industrial treatment sludge from Eczacıbaşı Building Materials' ceramic sanitary ware plant, scrap from its own operations and sludge from the industrial treatment plant are used as recycled materials. The treatment sludge that Eczacıbaşı Building Products supplies to VitrA Tiles corresponds to 27% of its total waste at the Bozüyük production complex. All the FFC (fine fire clay) scraps generated in ceramic sanitary ware plant are re-used in production. All discarded ceramic products and plaster molds formed in the factory are used in the cement and brick sector, and all of the treatment sludge is used as alternative raw material at VitrA Tiles.

At the faucet and fixture plant, core sand, which corresponds to 28% of the plant's total waste, is sent to cement factories as an alternative raw

material. After the brass is poured into the mold and the cutting is finalized, scrap brass is melted again to achieve 100% recycling.

Ninety-five percent of all waste originating from Eczacıbaşı Consumer Products' production plants is sent to licensed recycling companies for recycling, re-use and energy use.

Eczacıbaşı Consumer Products has established a Zero Waste Management System at its Yalova tissue paper plant. It will do the same at its other production facilities and complete the certification process by end-2021.

At the Yalova tissue paper plant, sludge from the milling process is supplied to a company that converts it into shoe insoles. This recycled material constitutes 49% of the total waste generated at the facility and 33% of the total waste generated at Eczacıbaşı Consumer Products' production facilities.

100%



In faucet and fixture production, after the brass is poured into the mold and the cutting is finalized, scrap brass is melted again to achieve 100% recycling.

95%



Ninety-five percent of all waste originating from Eczacıbaşı Consumer Products' production plants are sent to licensed recycling companies for recycling, re-use and energy use.



Equal _ Opportunities





We consider equal opportunity to be a sustainability priority, so our human resources strategies aim to “provide equal opportunities for everyone”. In this context, in addition to increasing the number of women employees in the Group, we are continuing our efforts to include more women employees in management processes.

Implementation of the Group’s equal opportunities approach and goals is coordinated by the Equal Opportunities Committee in the Sustainability Working Group, which comprises human resource representatives from each organization and the CEO when necessary. The Equal Opportunities Committee keeps track of national and international practices and of information and data that will contribute to equal opportunity management in the Group. The committee also evaluates the Group’s equal opportunities approach and practices and offers suggestions for improvement.

Our equal opportunities efforts have moved forward in the last decade. In 2013, we implemented the Gender Equality Training Programs and

joined the signatories of the UN Women’s Empowerment Principles. We participated in the Equality at Work Platform established in cooperation with the World Economic Forum and the Ministry of Family and Social Policies. In the following period, we launched flexible and remote working practices to help parents balance their professional and private lives and carried out projects to improve the working conditions for mothers with newborns.

In 2016, we gathered our efforts in the field of equal opportunities under the umbrella of the AllforAll Equal Opportunities Platform. We determined our goals and carried out a comprehensive survey and performance evaluation with the participation of 1500 people. Following the survey, we conducted interviews with more than 25 senior management employees, then organized a Results Workshop and Action Prioritization Workshop. In 2017, to advance our efforts to increase the share of women throughout the Group and in management, we launched the “From Good to Best” initiative.

HUMAN RIGHTS AND UNION RIGHTS

The Eczacıbaşı Group offers employees a work environment that prioritizes human rights and ensures fair treatment.

We do not tolerate human rights violations in our workplaces, and we avoid being a party to these violations. Child labor, forced and compulsory labor are strictly prohibited throughout the Eczacıbaşı Group. We do not discriminate between people based on age, gender, language, belief, or ethnic origin during recruitment or subsequent human resources processes. We respect the unionization and organizational rights of our employees and support their right to use their union rights freely. We establish constructive relations with unions.

The Human Resources Handbook provides clear and understandable information on the Eczacıbaşı Group’s approach to human rights and freedom of association. In addition, the Eczacıbaşı Group Code of Conduct provides employees with guidelines on how to manage business situations in line with Group values.

82%



As of 2020, 59% of Eczacıbaşı Group employees work in production plants and production related functions. **The unionization rate among these employees is 82%.**



Equal opportunity practices are also supported by activities that Group companies organize on their own. For instance, some companies are increasing both occupational health and safety and their employment of women in production by using "zero weight" equipment. Other Group companies organize in-house events and workshops and convey the Group's equal opportunities activities to university students in panels and lectures.

In 2016, we set ourselves the goal of increasing the share of women in the Eczacıbaşı Group's professional recruitment to 50%, the share of women in professional employment to 40%, and the share of women employees in management to 35%. Between 2016 and 2020, we increased the share of women in professional recruitment from 41% to 49%, the share of women in professional employment from 33% to 35%, and the share of women in management from 27% to over 30%. While we have almost reached our target in recruitment, we must continue to work to advance the targets we set for professional and managerial positions. The rate of women in blue-collar employment was 9.7% as of the end of 2020.

One important indicator of equal opportunities is equality in wages.

In this context, "equal pay for equal work" is a core policy of the Eczacıbaşı Group. Employees are paid the same when they take on the same task. The wage policy is implemented by taking into account objective criteria such as the holistic evaluation of the employee and the characteristics of the position. The average annual wage of an assistant specialist in our operations in Turkey is 2.7 times the annual minimum wage for women employees, and 2.8 for male employees. On the other hand, the average wage of women employees at the managerial level is 1.05 times higher than male employees', while this rate decreases to 0.97 for non-managerial employees.

Between 2016 and 2020, we increased the share of women in professional recruitment from

41% to 49%,

the share of women in professional employment from

33% to 35%,

and the share of women in management from

27% to over 30%.

FarkındayızBiz

Through the FarkındayızBiz development program, we are helping management gain awareness about equal opportunities. To date, 78% of management have completed the FarkındayızBiz program.

LiderizBiz

Launched in 2017, LiderizBiz is a Women Leaders Development Program. We bring together women who are managers and employees with role models. Through mentoring activities, we are helping women employees become more influential leaders. To date, 94 women candidates for executive management positions have completed the program.

Women's work – Men's work

We continue to keep equal opportunities on the Group's agenda with a communication campaign that highlights the fallacy of considering certain jobs "women's work" or "men's work" and raises awareness about sexist language.





ADVANCING EQUAL OPPORTUNITIES, STEP BY STEP

2012

» The Eczacıbaşı Group successfully passes the audit of the EOM (Equal Opportunity Model) Initiative founded by KAGIDER (Women Entrepreneurs Association of Turkey) and the World Bank and receives the Social Gender Equality award from the Ministry of Labor and Social Security for its efforts in this field.

2013

» Flexible working hours are implemented to make it easier for employees to balance professional and private life. In the satisfaction evaluation survey conducted after the first year, employee satisfaction is recorded as 82%.

» "Social gender equality" training is launched. Attended by all employees, this training discusses gender roles in the family, at work and in social life. To further raise awareness, participants are provided a list of films, books, reports and statistics after the training.

» The Eczacıbaşı Group signs the United Nations Women's Empowerment Principles, furthering its active role in the international arena as well as in Turkey in the field of empowerment and equal opportunities.

» The Eczacıbaşı Group joins the Equality at Work Platform. The community contributes to information and good practice sharing on the platform.

2014

» Prioritization of women candidates in recruitment is added to the key performance indicators of Eczacıbaşı Group companies in Turkey. Companies that are successful in this area are named "champions for equal opportunity" in the Eczacıbaşı Group Sustainability Awards each year and receive awards.

» Senior management is introduced to the new equal opportunity performance indicators and given responsibility for monitoring their company's performance in this area throughout the year.

2015

» Existing lactation rooms at production facilities and offices are renovated, and new lactation rooms are established at locations where there were none.



ADVANCING EQUAL OPPORTUNITIES, STEP BY STEP

2016

- » The Group's Vice Chairman of the Board of Directors becomes the first man to join KAGIDER on the belief that raising awareness among men is essential for achieving equal opportunities.
- » Remote working practices are introduced.
- » The Eczacıbaşı Group launches the "AllforAll" equal opportunities project to advance its efforts to empower women. After a comprehensive analysis of the Group's performance with McKinsey Consulting, action plans are created with the slogan "From Good to Best".
- » Employment targets for women are determined.

2017

- » Employment shares for women are analyzed in all functions across the Group.
- » The Groups starts to monitor the recruitment of women for sales and technical functions, where their presence is lower. Special committees are established to increase the number of women employees in this field.
- » The Equal Opportunities Committee publishes the AllforAll manifesto and AllforAll bulletin.
- » "LiderizBiz" and "FarkındayızBiz" development programs are launched.
- » Gender-blind CVs are introduced.

2018

- » Efforts to increase women's employment in production are furthered by investments in "zero weight" equipment. At Eczacıbaşı Building Products' ceramic sanitary ware plant, the presence of women on a production line previously operated solely by men increases to 50 percent.

2019

- » The Vice Chairman of the Eczacıbaşı Group becomes the co-chair of the UNGC Women's Empowerment Working Group.
- » Day-care assistance for children of women employees at Bozüyük, Yalova, Gebze and Tuzla production sites is launched. 71 children benefit from the new measure in the 2019-2020 academic year.



Talent Management

We believe that the success of our Group depends on the success and happiness of our employees. At Eczacıbaşı, we help our employees discover their potential throughout their careers and support their personal and professional development.

In this regard, we offer our employees opportunities to develop talent, increase motivation, strengthen team spirit and develop careers. In addition, we use an effective succession planning system to ensure that open positions are filled primarily by Group employees.

EMPLOYEE DEVELOPMENT

We define our human resources as employees who are well-educated, well-prepared for life, open to innovation and change, entrepreneurial, energetic, actively pursuing their own personal and professional development, open to educating others, and aligned with the Group's core values. We consider our employees to be "talents" and our talent management approach consists of recruiting, retaining and developing the best talents. We offer training and development programs to strengthen employees' professional and technical knowledge and skills, as well as their leadership and management skills. We provide the necessary opportunities and environment for our managers to recognize and develop the talents needed by the organization and create

a working culture that encourages our employees to learn and develop continuously. Through our programs, we aim to create a group of qualified, successful, and motivated managers aligned with the Eczacıbaşı Group's vision.

EMPLOYEE ENGAGEMENT

Employee satisfaction plays a key role in establishing and strengthening employee loyalty. Accordingly, we try to increase the motivation and satisfaction of our employees with such practices as flexible working hours and remote working. We believe that participation in decision-making processes has an impact on employee engagement as well as on employee satisfaction. We support the participation of employees in management processes through performance evaluation, open access to management, strategy meetings, innovation teams and the suggestion system we use throughout the Group. These practices not only strengthen employee loyalty, they also introduce the creative energies of employees into business processes.

| Year | Average Training Duration (hour) |
|------|----------------------------------|
| 2018 | 22.7 |
| 2019 | 22.4 |
| 2020 | 12.0 |





Career Test Drive for Young Talents

Since 2009, we have used the Career Test Drive (KTS) Program to attract young talents to Group companies.

Through this program, university students are given full-time or part-time internships for at least two months in different positions. They receive mentoring support, personal development training and coaching during their internship. Interns experience real business life by working on real business projects and are given the opportunity to present projects to relevant managers in their companies. Students

who successfully complete the internship process are included in the affirmative candidate pool of the Group's recruitment process. The Career Test Drive Program is advertised on campuses, at job fairs and conferences, during visits to companies, on social media accounts, and in advertisements.

In 2020, 82 students selected from more than 30,000 applications benefited from the KTS Program, while 12 interns who participated in the program were offered full-time positions in Group companies.

The program has received three prestigious awards to date:

Brandon Hall Excellence Awards: **Silver Award in "Best Unique or Innovative Talent Acquisition Program"**

Brandon Hall Excellence Awards: **Silver Award in the category of "Best Sourcing and Evaluation Strategy"**

Stevie Awards: **Bronze Award in the category of "Success in Recruitment"**

EnGenius

The EnGenius Program, where newly graduated engineers and engineer candidates can get to know different business processes in Eczacıbaşı Group organizations, is a recruitment-oriented competition where candidates can demonstrate their innovative approach, creative thinking and analytical aspects, and create value as part of a team.

In 2020, the discipline we chose was Information Technology and we carried out this program on the digital platform. We invited 3rd and 4th year students as well as graduate students and recent graduates to participate. On the final day seven teams competed, and the winning teams received cash prizes, academy program or certificate program awards.

University - Industry Collaborations

We participate in university events where we come together with young talents every year. In 2020, we took part in over 35 events organized by the career planning centers and student clubs of more

than 15 universities. These events included career fairs, participation in classes, interview simulations, webinars, and talks. After the outbreak of the pandemic, we quickly moved all events online.



Eczacıbaşı: Come Alive

"Eczacıbaşı: Come Alive" is the motto of our pledge to employees and recruitment candidates. We show targeted potential talents what it is like to be an Eczacıbaşı Group employee on Instagram, Facebook and YouTube and involve them in our recruitment processes. We convey all the subjects and practices that Eczacıbaşı Group employees experience in an inclusive, professional, innovative and participatory manner under the main headings of Career, Development, Future, and Life.

In addition to social media, we provide internal human resources communication for our employees under the umbrella of Come Alive at Eczacıbaşı, through e-mails, posts on our internal portal Port-e, and surveys. On our career website www.eczacibasikariyer.com.tr, we both communicate Come Alive at Eczacıbaşı and carry out our recruitment processes.

Future of Business and Human Resources

At Eczacıbaşı, our human resources approach is based on "excellent employee experience through business strategies that reflect our vision and values, agile organizations, human resources practices that support the competence development of individuals and teams, and respect for people". We consider having a strong human resource with world-wide competencies, capable of producing knowledge, creative and passionate about success as one of the prerequisites for success on a global scale, and we closely monitor the latest approaches and changing global trends in this field.

As a Group, we implement practices that establish a work environment which is transparent, focuses on cooperation, makes room for inspiring leadership, encourages a strong sense of responsibility and mutual trust, motivates people, promotes effective communication and an uncompromising work discipline, and ensures a supportive and sustainable performance system. Digitalization has led to the emergence of different ways of doing business and workplaces that blend physical and virtual environments. For this reason, we are establishing organizational

structures that are agile, use digital technologies well, and can act fast.

We are updating our existing human resources practices to ensure that they are compatible with current requirements and our goals. We develop talents within the Group by keeping our performance system, competency sets, training and development programs up-to-date with new technological infrastructures and new content.

Our one-day-a-week remote working policy, which we launched in 2016, was named "Different Addresses, Same Company" to reflect the requirements of the new period. As of January 1, 2021, field sales staff in Turkey switched to a remote working system and provided shared offices in their regions for use as needed. In 2021, we aim to make all functions space-independent or hybrid except for those functions that need to be carried entirely from a specific facility for technical reasons. Thanks to this approach, we aim to create career opportunities at Eczacıbaşı for talents from all over Turkey and the world, and to create opportunities for our employees to apply for location-independent roles in our global operations.

Occupational Health and Safety





As one of the most established and trusted business groups in Turkey, we strive to adopt strategies and business practices aligned with the requirements of the time. In this way, we ensure business continuity while maintaining the trust we have built with our stakeholders. Achieving operational efficiency and the highest quality standards, and providing safe, healthy and sustainable work environments are among our core sustainability priorities. We rapidly adapt to the innovations brought by the digitalizing world and strengthen our efforts in the field of digital transformation.

We consider the field of occupational health and safety, which constitutes an important pillar of sustainability, as one of the main responsibilities of the Group. In this context, we offer a safe and healthy working environment to our employees and aim to achieve the best standards

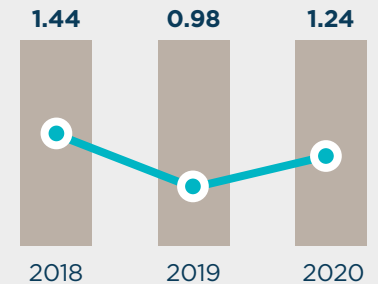
in the field of occupational health and safety. In addition, we determine our goals and programs in this area in a way that encompasses all the stakeholders with whom we interact in business processes.

Occupational health and safety in the Eczacıbaşı Group is the responsibility of the Occupational Health and Safety Working Group, which reports to the Sustainability Working Team. The OHS Working Group, which consists of OHS representatives and OHS leaders from each Group company, is responsible for monitoring and reporting the occupational disease performance of Group companies and determining steps for improvement. It also proposes actions with respect to existing or potential OHS crises, monitors international developments and good practices, and is responsible for coordinating the sharing of information regarding these practices across the Group.

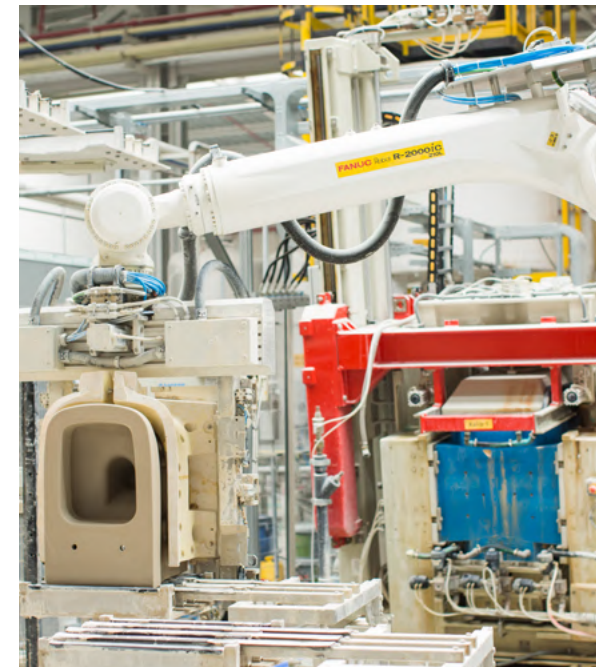
The Eczacıbaşı Group is committed to achieving zero accidents and minimizing occupational disease in all its business processes. In line with this commitment, we aim to significantly reduce the accident frequency rate. To this end, we have set each Group company the target of reducing its accident frequency rate by 10-30% until it falls below 1.0. In 2020, the Group-wide accident frequency rate increased from 0.98 the previous year to 1.24. Still, the accident frequency rate continued to remain below 1 in 11 of 21 sites, while 6 sites also achieved "zero" lost time accidents.

To help prevent occupational accidents, we implement "Near Miss" and "Danger Notification" programs across the Group. Group companies also organize regular on-the-job training and one-stop training to highlight and reduce risks in specific processes. Many of our organizations invest in robotic and pneumatic lifting equipment to minimize or eliminate the need for employees to lift heavy objects.

Accident Frequency Rate



*Accident Frequency Rate=(Number of Lost Time Accidents*200.000)/(Working hours)*





OHS Practices in Group Companies

Eczacıbaşı Group companies also carry out corrective and preventive practices in the field of occupational health and safety and implement projects that create awareness specific to the sector in which they operate. The main objective of all these measures is to increase the awareness of employees about occupational health and safety and to identify and prevent OHS risks.

BUILDING PRODUCTS

- » Miniature prototypes of typical OHS risks, exhibited in the training hall at Eczacıbaşı Building Products' Bozüyük production facility, are used by occupational safety experts to explain to new employees the importance of personal protective equipment and how to use it. Safe working, lifting and carrying techniques are also demonstrated in production machines and benches.
- » An "Occupational Health and Safety Awareness Tunnel" in the entrance corridor of the Bozüyük production site strengthens the OHS culture and reminds employees of the importance of using personal protective equipment and complying with safety rules at all times.

- » Eczacıbaşı Building Products continued to organize Kiken Yoichi (Hazard Prediction) training in 2020 as part of its Total Productive Maintenance (TPM) and OHS activities. Personnel involved in accidents are included in mandatory OHS training, and there is a "Safety Warning System" in the production area.
- » VitrA Tiles holds monthly OHS meetings to evaluate the root causes of accidents and discuss ideas for lowering the likelihood of future accidents.
- » Eczacıbaşı Building Products continued to expand the use of pneumatic systems in 2020 in order to quickly eliminate all tasks requiring workers to lift heavy objects.

CONSUMER PRODUCTS

At Eczacıbaşı Consumer Products production facilities, the company's Forklift Committees put into use the Color Card application to prevent occupational accidents that result in material damage. At the Yalova tissue paper plant, the number of accidents caused by 2 forklifts decreased by 26.92% in 2020.

At the Consumer Products production facilities, measures have been taken to increase the safe use of production machinery and the safe driving of forklifts.

NATURAL RESOURCES

Esan, which operates in the field of natural resources, extended the development and use of applications to increase field safety through speed tracking, personnel transport service monitoring and UAV field inspections.

Preparation And Support For Disasters

By strengthening our capacity to combat and respond to disasters, epidemic diseases and emergencies, we aim to minimize potential risks and ensure business continuity. To this end, we have disaster preparedness and support activities.

Since the very beginning of the COVID-19 pandemic, we have taken all kinds of precautions recommended by local, national and international health institutions in order to protect the health of our employees, their families and stakeholders. In addition to protecting employee health, we believe that ensuring operational continuity, especially in the production of critical goods and services, is an important part of our social responsibility.

Our COVID-19 measures to protect employees include:

- » Encouraging remote access for internal and external communication and maintaining safe social distances in work areas.
- » Prohibiting gatherings of more than eight people and holding meetings and training remotely.
- » Postponing all non-essential travel and taking the highest level of safety precautions before and after essential travel.
- » Continually informing our employees about how to protect themselves based on the most reliable sources.
- » Making it easier for individuals to protect themselves in our offices and production facilities. We do everything possible to protect the health and safety of our employees while ensuring business continuity.





Efforts to Fight COVID-19



- » Aware of their responsibility to the national campaign to combat the pandemic, employees in our health and consumer product facilities are working to ensure the continuity of supplies to health workers and the public. With great effort and dedication, employees at these production sites are contributing to the health of both society and all other employees.
- » Eczacıbaşı Building Products published a COVID-19 Handbook explaining the importance of social distancing and hygiene rules and the use of masks. It also organized COVID-19 awareness training with workplace doctors.
- » Eczacıbaşı Consumer Products provides training to employees on COVID-19 developments and measures at its Manisa and Gebze sites.
- » We have supported hotels that open their doors to healthcare professionals fighting the pandemic by donating hygiene products produced by our Selpak Professional and Maratem brands. We also support health institutions in the regions where our production facilities are located with donations of materials and hygiene products.
- » We are offering the rapid production capacity of VitrA Innovation Center to the 3D Support Collective Production Movement, of which we are a member, to create medical parts, tools and equipment needed by hospitals in the region. We also provide support in cash and kind to various workshops and organizations playing an active role in the production of face shields.
- » Since the first days of the fight against the coronavirus, we have done everything we can to meet the needs of national and local authorities for our products. In this context, we contributed 327 thousand bottles of cologne to the campaign initiated by the Presidency of The Republic of Turkey to distribute cologne to people over the age of 65.
- » We sponsored the online hackathon called Coronathon Turkey, which aims to produce social, psychological, economic, logistical and physical solutions to problems caused by the Covid-19 pandemic. At the Coronathon Turkey event, held on 21-22 March 2020, more than 1,500 participants had the opportunity to meet one-on-one with one or more of the 120 mentors there. At the end of the competition, 12 projects received awards and qualified for online acceleration and mentoring support. In addition to supporting the event with funding and mentoring, the Eczacıbaşı Group is providing business development support to two projects.
- » “Play&Learn”, the educational game competition we started with the Turkish Informatics Foundation and Netmarble, which aims to recreate hygiene education with digital game technologies so that children can have fun while learning basic hygiene rules. To this end, we invited gaming agencies to a new competition focused on this field and pledged 40 thousand TL and mentoring support for the best ideas as determined by jury members from the Eczacıbaşı Group and Turkish Informatics Foundation.



Health and Safety Precautions at Work

» During our remote working period, we started to use all digital platforms at our head offices in order to pursue our business processes without interruption from the safety of our home. We moved all our internal meetings and communication with external stakeholders to online platforms. During the pandemic, we carried out all our recruitment and orientation processes online. Our offices and production plants took high-level precautions, including continuous disinfection of all surfaces in production facilities, services, work areas, common areas and service

rooms. Information was conveyed on new seating arrangements and mandatory use of masks and other protective equipment in services, cafeterias and other common areas.

» We completed preparations to switch our field sales staff in Turkey to a remote working system with the motto "Different Address, Same Company", which we began to implement on January 1, 2021. We are planning to open the common offices in our regions for the use of our employees according to their needs. In 2021, we aim to make all our works carried out in space-independent or hybrid working models, except for the activities that have to be done solely from the facility due to technical reasons.

Continuous Communication

Using only the most reliable sources, we have provided our employees with continuous updates on the following topics. We carried out all awareness and precautionary communication under the roof of #Togetherwewillprevail.

- » Measures for self-protection at work, after travel or contact with a person or object that may be contagious,
- » Awareness-raising posts regarding social distance, hygiene and mask rules and information in line with current precautions,

- » New measures and developments (e-mail, SMS),
- » We shared ideas for activities and events that employees and their families can do at home in their spare time.

We created online services for Eczacıbaşı employees and their families that provide the following:

- » Access to accurate, up-to-date, fast information and our workplace health units via the Eczacıbaşı Online Health Line.
- » 24/7 free consultancy to our employees on many issues such as healthy nutrition, psychological and legal support.



#birlikteaşarız

Business Continuity and Digitalization

New business models that have emerged as a result of technological developments and the changes they have made to the way business is conducted are increasingly shaping business continuity. Similarly, digitalization, which is an outcome of new business models, has gained importance in ensuring business continuity. Organizations that have prioritized digitalization are increasing their competitiveness by using digital tools in their business processes. The Eczacıbaşı Group is closely following these developments with a widespread understanding of responsibility extending from the top management to the lower units, and we focus on digital transformation activities to enhance our competitive power and prepare the Group for the future.

We launched our digital transformation in 2018 with the vision of "providing faster, innovative and advantageous solutions to our customers and business partners, responding to rapidly changing demands and adding value to their lives".

Our digitalization process is managed at the highest level by the Digital Transformation Office, which determines the priority strategies for each business unit and draws a roadmap of projects.

We focus on four areas in digital transformation projects. Firstly, we aim to create value for consumers and to offer the right products and services that respond to for consumer needs. For instance, with the Vitra V-Design application, consumers can select the bathroom type suitable for them on the website, design end-to-end bathrooms, and compare alternatives. In addition, they can fill online shopping baskets with the designs they choose and apply to stores and contracted sales points with ready-made designs. Eczacıbaşı Consumer Products also manages all interactions with business partners on a single platform.

Secondly, we create value from data. We try to collect data from every link in the value chain and make sense of it. We established Data Analytics Committee, Industry 4.0





and Digital Marketing Committees to use data more effectively in decision-making processes. We carry out projects in the fields of predictive maintenance, forecasting and optimization with data modeling technologies that use data throughout all stages of the value chain. We are creating predictive maintenance infrastructures and preventing unplanned shutdowns with the Internet of Things ("IoT") project and the "ConnecTissue" project implemented in the converting departments of Eczacıbaşı Consumer Products' Yalova and Manisa paper production facilities. The Project has increased machine productivity and decreased production and maintenance-repair costs. "ConnecTissue" won first prize in the "IoT in Production" category at the IDC Smart Production Technology Awards.

Thirdly, we care about business development, so we invest in new enterprises with strong potential through our investment fund Eczacıbaşı Momentum and develop new business models for our current business fields. As of the end of 2020, we had made four investments in funds and four direct investments. One of our direct investments is Figopara, a fintech initiative. Figopara is a platform that digitizes the supply chain finance system, where suppliers

access finance, provide finance at competitive prices, and control cash flows. During this period, we partnered with a strong team and invested with highly respected local and international investors. In 2021, we allocated funds to Eczacıbaşı Momentum for investments in initiatives that meet the digitalization needs of our companies.

By reconsidering existing ways of doing business, digital transformation actually brings cultural change with it. We are aiming to create a corporate culture that is not afraid of taking risks and making mistakes by focusing on cultural transformation. We reward employees who participate in high-yielding digital projects. In large projects, we share 5% of the annual revenue from these projects with the employees working in the project teams.

30 M\$



In 2021, we allocated USD 30 million to Eczacıbaşı Momentum for investments in initiatives that meet the digitalization needs of our organizations.

Impact of 2020 Pandemic on Digital Transformation

The pandemic and resulting curfew required us to quickly digitize traditional business interactions and experiment with new ways of working. The digital transformation process we accelerated in 2018 helped us to adapt quickly to new conditions, not only to protect the health of our employees, but also to ensure uninterrupted operation of our businesses with increased flexibility in production processes.

With the determined efforts of our colleagues, we quickly developed many digital applications aimed at protecting employee health, such as the Eczacıbaşı Online Health Line and the Online Patient Tracking application. We also strengthened our home office system with critical applications that enable every office employee to work remotely for extended periods of time. We have initiated or completed numerous projects in the fields of digital marketing, warehouse and logistics processes, business partnerships that increase our e-commerce competence, production automation, data architecture and infrastructure. These projects were crucial in enabling our organizations to continue interacting with suppliers, business partners and consumers, revising their logistics processes as needed, and increasing

the productivity and production output of critical goods.

Digitalization and Future Goals in Numbers

Last year, digital tools and e-commerce entered our lives much faster and more intensely than we expected. The Eczacıbaşı Group's e-commerce grew 2.5 times and we expect it to double again in 2021. Likewise, the share of digital marketing in our total marketing budget increased significantly, and we expect it to exceed 25% of our total marketing budget in 2021. We aim to double this rate in the fast moving consumer goods sector, where e-commerce accounts for 4 percent of total sales. In 2021, we will invest TL 100 million in IT and infrastructure, and TL 50 million in digitalization projects determined by our organizations according to their digitalization roadmaps.

100 M TL



In 2021, we will invest TL 100 million in informatics and infrastructure, **and TL 50 million** in digitalization projects determined by our organizations according to their digitalization roadmaps.



Türkiye’de Dijital Dönüşüm

Digital Transformation in Turkey
Turkey’s digital transformation rating
rose

from **3.06** to **5.0** in 2020.

***Turkish Informatics Industry
Association (TÜBİSAD)**

Digital advertising expenditures
increased

by **39%** to **TL 7.5 billion**,
bringing its total share in media

advertising expenditures to **52%**.
***Webrazzi, 2020 Estimated Media
and Advertising Investments Report**

E-commerce increased

by **66%** to reach **TL 226 billion**
in 2020, with retail sales accounting
for

66% of this amount. As a result,
the share of e-commerce in total
business transactions increased from
9.8% to

15.7% in 2020.

***Ministry of Commerce**

Digital Transformation in the Eczacıbaşı Group

Annual investments:

TL 100 million

in IT and infrastructure,

TL 50 million

in digital transformation
roadmap projects.

E-commerce sales

increased **2.5** times in
2020; VitrA’s e-commerce
sales in Germany tripled.

In 2020, the digital maturity
level of the Eczacıbaşı
Group increased from

3.7/5 to 3.9/5.

2021 Goals: To increase
the share of digital

marketing to over **25%** to
double e-commerce sales.

2021 Budget: TL 150
million for technology and
digitalization investments
in 2021, and

USD 30 million
for Eczacıbaşı Momentum
for venture and fund
investments.





COMMON ACTIVITIES

Subjects that require digital competencies, such as digital marketing, Industry 4.0, and data analytics, are tracked by committees of people employed in these functions in different business units. The committees monitor digital developments and find examples of best practices within the Group that can be scaled up as well as best practices outside of the Group that are relevant and applicable to our businesses.

SYNERGY AND COORDINATION

We create synergy between organizations and departments with sharing days where they can share their projects. Along with our “Digitaliz” event, which looks at all topics related to digital transformation, we organize events on digital marketing, Industry 4.0, digital finance, and digital HR. Employees from different companies that work in these areas come together to share and discuss internal and external examples of best practices.

COMPETENCY DEVELOPMENT

We have a digital curriculum to increase the digital competencies of employees. “Agile” training is provided to employees from different business units, and different ways and methods of doing business are encouraged.

TRANSITION TO AN AGILE CULTURE

We use the agile approach developed around the world in many projects carried out within the Group in order to use software systems effectively.



Innovation





Almost a century ago, our Group's founder, Nejat F. Eczacıbaşı, said, " Success comes not to those who choose the easy path, but to those who dare to embrace innovations and advances." From the start, our Group has focused on innovation.

We invest in new technologies and adopt new practices in order to produce sustainable value for future generations, meet the needs and expectations of our customers, and enhance our competitive power in the fields in which we operate.

Eczacıbaşı Group Innovation Strategy

As a key sustainability element, innovation at Eczacıbaşı Group is one of our primary goals. We implement innovation-related activities in all our processes in an effective and systematic way. We believe that successful innovation should create human-oriented, sustainable solutions that "transform lifestyle habits for the good of all." Accordingly, we improve our processes to minimize our environmental impact and strive to offer products and services that create the greatest value for end-users by including our stakeholders in the innovation process.

OUR GOAL IS SUSTAINABLE SUCCESS THROUGH CORE-DRIVEN INNOVATION!

Innovation activities are coordinated by the Innovation and Entrepreneurship Office, which reports directly to the Group CEO. We are developing our innovation activities, which we consider to be our strategy for the future, with a participatory and inclusive approach in ecosystems that share our goals.

With our core innovation statement in mind, we are working on applying this statement to our fields of activity, strengthening our innovation culture and leadership, revising our management habits, and developing our ecosystems.

Through our innovation activities, organizations strive to create products and services with reduced environmental impact and improved

social benefit, and to offer them with responsible marketing principles and, where suitable, with eco-labels.

We support internal and external entrepreneurship, which is an indispensable part of innovation in our Group, with in-kind and cash resources, and foster it with programs and work environments aimed at bringing to the fore essential attributes like entrepreneurial confidence, openness to collaboration and the courage to make mistakes.

FIGOPARA

Figopara is a financial technologies company that has digitalized supplier financing in order to increase suppliers' access to finance and make this process easier and faster. We are an investor in this company through Eczacıbaşı Momentum and have made Figopara's solutions available to our own suppliers, enabling them to better manage their cash flows.

Innovation and Entrepreneurship

Creating a Corporate Culture that Supports Innovation

Innovation requires that organizations have the courage to make mistakes, an entrepreneurial spirit, strong internal and external teamwork, agility, and customer focus. Developing these attributes is one of our priorities. Innovation activities of this kind are coordinated by the Innovation and Entrepreneurship Office at Eczacıbaşı Holding.

In 2020, we carried out activities and projects focused on the practical effects of innovation so that innovation, which we defined in 2019 as “new solutions that transform lifestyle habits for the good of all”, becomes part of our corporate culture.

One of our main efforts in this regard during the reporting period was helping our companies adapt our Group-wide innovation statement to their specific needs and missions. In a series of brainstorming sessions, we asked companies to reflect on

the meaning of innovation in their business, examine whether their current operations and decisions are aligned with the Group's core purpose, and think about their future role. We are also working to create a corporate culture that values questions and encourages employees to ask more and better questions. To this end, we launched question storming workshops to create spaces for questions that encourage innovation.

Another effort in this area has been to identify key performance indicators (KPIs) for innovation

that can help strengthen the innovation performance of each company. We established Innovation Advisory Boards where our Group representatives, innovation teams and senior managers meet regularly to monitor innovation activities. We initiated Innovation and R&D Leader Meetings to share ideas and experiences and think about joint projects.

We set ourselves the goal of increasing the number of projects that strengthen our innovation culture and environment.





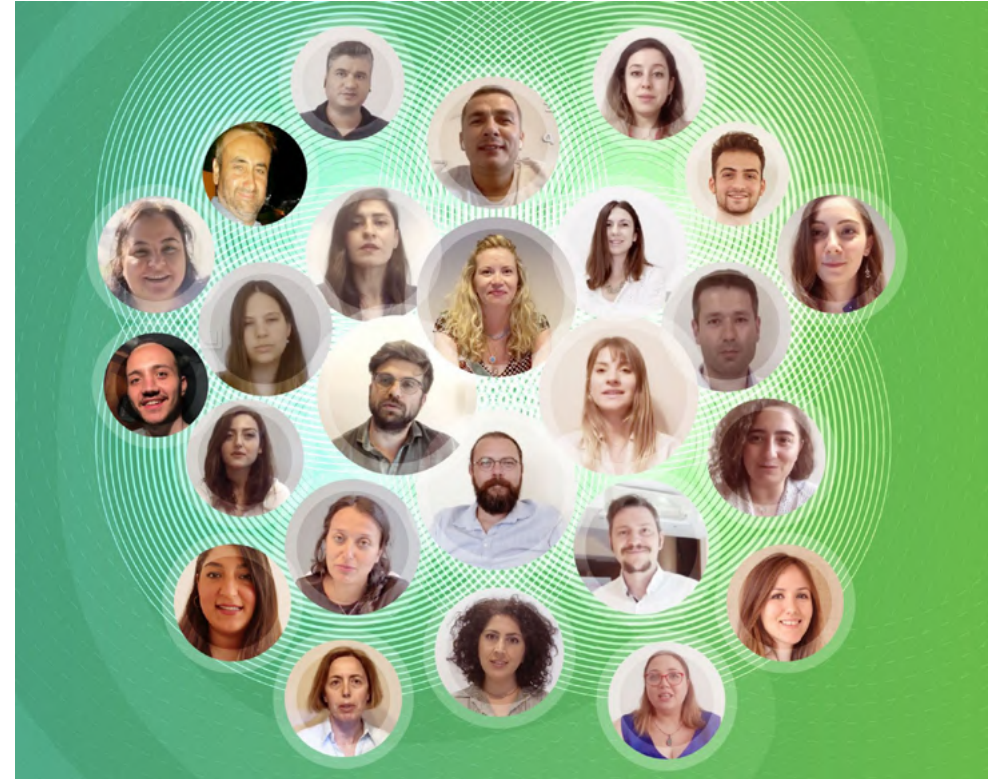
Eczacıbaşı Innovation Awards

One of our most important innovation processes is the Eczacıbaşı Innovation Awards, which we launched in 1999 to encourage Group-wide innovation. As our new innovation statement created an opportunity to review and update all our innovation processes, we redesigned our award system to reflect our new innovation approach and transform our core innovation statement into actions. We revised our categories, criteria and scoring system with the participation of group employees and the support of academics. We also brought the entire award process online to both increase employee access and shift the focus from awards to the shared success of participating in the innovation process.

Intrapreneurship

We believe that we can unleash the full potential of our Group by combining a multidisciplinary and synergetic working environment with opportunities for cooperation. Intrapreneurship is a priority for strengthening our current businesses and encouraging the development of new ones. To this end, we create spaces that are independent of hierarchy and allocate funds to foster them. We expect these spaces to increase the agility of our work culture, accelerate its transformation to greater flexibility, and contribute to the development of our leadership skills.

Using design-thinking methodologies, we are creating opportunities for employees to strengthen their project development



skills while developing new business fields. In 2020, we launched the "Rule 15" Project, which offered every Group employee the opportunity to think about a need or problem outside of their current functions or duties, develop a solution, and create value using Group resources. The pandemic reminded us that

innovation is not an "item on the agenda" but an indispensable part of life, and the Innovation and Entrepreneurship Office responded by creating a suitable environment for discovering innovative solutions and business models for society's new needs.



15 KURAL

The “14 Rules” to combat the spread of COVID-19, which many people rapidly adopted during the pandemic, underlined the impact of individual habits and choices on society. With this in mind, we asked the following question to kick off our project: If we were to add one more rule to make this pandemic easier for everyone, what would it be? We called the project “Rule 15” and encouraged every employee to think about solutions that could transform lifestyle habits during this period and make everyone’s life better in the future by gradually establishing new lifestyle norms.

Accordingly, we invited all Eczacıbaşı Group employees to think together and develop ideas for “Rule 15”. We received over 180 contributions in four days, which we then categorized into four main themes: self-awareness, empathy and sharing, conscious consumption, and adaptation to change”. The second step was to ask four questions that unite the ideas in these four focus areas:

#selfawareness

“How can we increase people’s self-awareness about their personal development in their daily habits?”

#empathyandsharing

“How can we increase the number of choices based on empathy and sharing in people’s daily habits?”

#consciousconsumption

“How can we make people realize the surplus in their daily lives and turn conscious consumption into a permanent habit?”

#adaptationtochange

“How can we accelerate the adaptation of people’s daily habits to the changing world with our products, services and business models?”

In the second stage of the project, we applied entrepreneurial methodologies to the process of developing innovative solutions that make these lifestyle changes permanent. Four working groups were given eight-week, in-house entrepreneurship training (Discovery Process - Market & Customer Feasibility, Idea Generation, Idea Development-Solution & Organization Feasibility and Senior Management Presentation). Problem interviews were conducted with target audiences and weekly mentoring sessions held to share experiences and information on needs gained.

In the following stage, we organized an idea generation workshop. With the help of “Design Thinking” and “Systematic Thinking Techniques”, participants came up with 85 ideas, nine of which participants chose to pursue as business ideas. The main themes of these ideas were: solutions that offer a holistic perspective to healthy life and hygiene, innovative systems that meet the new normal

and customer expectations, and project ideas that increase individual self-development and awareness and promote a balance between work and private life.

“Rule 15” project teams, working with the motivation of offering society “new solutions that transform lifestyle habits for the good of all”, were given the opportunity to present the social benefit and financial contribution of their business models to senior management. At the end of the process, it was decided that those innovation projects created by the teams that create value for the Eczacıbaşı Group and are aligned with strategic goals should continue to evolve into business initiatives.

Following an evaluation by a jury of senior management, three projects moved to the “business model and pilot development” phase. One of these projects is developing solutions for hygiene and is moving forward as a component of the Group’s “No-Touch Bathroom Experience Business



Model". The other two continued their entrepreneurial journey focused on conscious consumption and the goal of creating a platform to transform lifestyle habits.

One of our in-house entrepreneurial teams concluded their journey with a "smart fail" in the market compliance phase of the project.

Another moved to the scaling phase, and is continuing its journey with an external startup and in-kind and cash support from Eczacıbaşı. This team continues to work under the name "Ecomercek", a platform that focuses on conscious consumption and aims to transform consumption habits.

The "Rule 15" project was a major step towards starting intrapreneurship in the Group and strengthening our innovation culture and an important tool for developing individual and corporate talents..

Collaborations with Entrepreneurs

The Eczacıbaşı Group is working to establish links between Group companies and the entrepreneur ecosystem in order to find common ground for win-win solutions. We encourage collaborations that both support promising initiatives and help us achieve our business goals more effectively. In order to find startups working on issues that our companies are focused on, we examined the world of entrepreneurs and organized demo days for startups to meet with our companies and offer them custom solutions.

In addition to demo days, we continued to develop joint programs and partnerships with different institutions that have entrepreneurship support programs, such as the Turkish Industry and Business Association (TÜSİAD), Technology Development Foundation of Turkey (TTGV), Startups Watch, Endeavor Turkey and Keiretsu Forum. We also attended demo days organized by these organizations and provided them financial support.





VitrA Innovation Center

We benefit from the power of design and technology

EVitrA Innovation Center is at the forefront of Eczacıbaşı Building Product's investments in R&D. Here, we try to find innovative solutions to human-oriented problems, to change lifestyle habits in the bathroom, and to transform life by creating entirely new bathroom experiences. Our products touch the lives of millions of people around the world every day. This is not only a great privilege but also a great responsibility! For this reason, by blending design and technology, we aim not only to increase the comfort of users, but also to respond to the hygiene and health needs of the communities we serve while reducing resource use.

At VitrA Innovation Center, we do research on health, sustainability and smart technologies in the bathroom. Sustainability is always on our agenda, especially in our work on new materials. If a material is to be radically changed, we make sure to conduct a lifecycle analysis.

After the pandemic is over, many of us will revert to our old routines and drop the hygiene habits we acquired

during this period. That is why it is important to create permanent behavioral changes in people through new and permanent solutions. In our research on hygiene in the bathroom, we see four important risks: the scattering of pathogen-carrying water droplets when the toilet is flushed, direct contact with contaminated objects and surfaces, inadequate personal hygiene habits, and insufficient hygiene in humid and low-light bathrooms. Many years ago we started working on eliminating these risks, and today, we offer a wide range of innovative solutions to increase bathroom hygiene that involve everything from material technologies to water flow, and, more recently, a growing range of no-touch products. We have developed and commercialized smart bathroom technologies that allow us to use the bathroom without touching anything, which is especially important to reduce the risk of contamination in public areas.

We undertake initiatives to expand Turkey's best personal care practices throughout Europe. Currently, we have more than 20 patented technologies that help to protect the hygiene barrier.





VitrA Innovation Center carries out numerous collaborative projects and programs to support sustainable development goals. With the Middle East Technical University (METU), we implemented the "Age Agnostics Research Project" in order to determine the bathroom habits and expectations of people over the age of 65. This project that will serve the UN sustainable development goal of "good health and wellbeing", as we will aim to develop products/ services that help users over the age of 65 to be self-sufficient. In 2020, the TÜBİTAK Industry and Innovation Network Mechanisms Program (SAYEM), which was created to develop a product line or product group, approved our project and included us in the "Hygienic Smart Bathroom" component of the "Smart Home" project being led by Arçelik.

VitrA Innovation Center also has a project pool where we collect innovative project ideas. The ideas included in the project pool are evaluated and scored on 28 different

criteria. One of these criteria is sustainability. The impact of a project on sustainability is scored and monitored at the idea stage.

The UN Global Compact (GC), the world's largest corporate sustainability initiative, has been selecting Sustainable Development Goals (SDG) Pioneers since 2017. For the competition that Eczacıbaşı participated in for the first time this year, UN Global Compact Turkey chose Eczacıbaşı Building Materials Innovation Director Boğaç Şimşir as the "2020 Turkey SDG Pioneer" for his leadership of the no-touch bathroom project developed by the VitrA Innovation Center for public spaces.

In 2018, VitrA Innovation Center started the "Day After Tomorrow" (DAT) project to create a user-oriented, creative innovation culture and make the Center a hub for innovators. In 2020, we established a new team and started the second phase of project.

During the first phase of our project, DAT 1.0, we organized:

- » ViTalks to disseminate ideas, make ideas accessible, and encourage conversation with short and powerful conversations between VitrA Innovation Center employees;
- » ViChallenge to promote the development of ideas based on a human-oriented problem. Sustainability was selected as the main theme of Vi Challenge 01. Employees developed 16 ideas around the themes of "Sustainability in the Bathroom" and "Sustainability for the Innovation Center". Support is being provided to the three ideas with the highest scores in the "Best Environmental Impact Idea", "Best Green Product Idea" and "Best Social Impact Idea" categories.
- » ViCampus Ambassadors to increase communication between VitrA Innovation Center and university students for the benefit of both parties. Throughout the year we met with our Campus Ambassadors at ESTU, ESOGÜ, ITU, METU and TOBB Universities.
- » Code of Conduct, our social contract that clarifies the projection of VitrA Innovation Center's culture code on its relations with internal and external stakeholders.

Actions that we implemented in the second phase, DAT 2.0, included:

- » ViSigns to make VitrA Innovation Center values visible and encourage behavior aligned with our values,
- » "How I Failed" Conversations, where we embrace our mistakes on the way to success and see mistakes as an opportunity to learn,
- » Collaboration Network Project to create a network where all people who have worked together in past projects are linked with each other,
- » VitrA Innovation Center Social Media Account to share our unique perception of innovation and engineering with the audience that follows our work,
- » Green Office projects to encourage constant questioning of our lifestyle habits, consume less and become more sensitive to the environment. In 2020, we received a Green Office certificate from WWF Turkey.

When all are projects are finalized, we aim to have a user-oriented and creative innovation culture that makes VitrA Innovation Center a center of gravity for innovative projects.

Sustainable Approaches to Building Products

Eczacıbaşı Building Products and its brands monitor national and international practices in order to develop and certify products with low environmental impact. Through voluntary certification programs like the Environmental Product Declaration (EPD), which defines the environmental performance of products in a transparent and comparable way throughout their lifecycle, and the EU Eco-label, we make it possible for our customers to choose environmentally friendly products.

VitrA and Artema-branded products with low environmental footprints contribute points to buildings aiming to earn LEED, BREEAM and DGNB green-building certification or which already have these certificates.

VitrA Touch-Free Toilet Seat

VitrA's Touch-free Toilet Seat opens and closes the lid automatically to reduce the risk of pathogen cross-contamination. The touch-free feature of the V-Care Smart Panel automatic mode closes the lid once the user has stood up and before flushing in order to prevent the risk of bioaerosol contamination via inhalation or sticking to surfaces. It also guarantees a clean WC pan, ready for the next user.

VitrA Touch-Free Bidet

Another touch-free hygiene product is the VitrA Touch-Free Bidet. Thanks to this product, a more hygienic bathroom environment is provided by preventing the user's contact with potentially contaminated surfaces.

Jet Accelerator Air Barrier Toilet Bowl

The protection of basin water is not only a legal requirement for many European countries but also essential for protecting the health of consumers

and, more generally, of society. Thanks to the Jet Accelerator Air Barrier Toilet Bowl project developed by VitrA Innovation Center, the reverse flow of water in bidet toilet bowls is prevented from contaminating basin water. With this feature, the product has received EN1717, DWGW W540, DIN EN 13079 approval certificates, enabling sales in foreign markets.

Vitrus:

A gamechanger with its innovative design, the new Vitrus glass reservoir provides water savings of up to 70% with its double-stage, 2.5/4L or 3/6L functions. It is easy to install, does not need renovation work, and thanks to the wide cover that opens forward, can easily be fixed in the case of malfunction.

VitrA Pro GR (750-1740-02):

Shaped by VitrA's design and technology approaches, VitrA Pro Photocell Control Panels stand out with their stylish design, longevity and safe use. Thanks to its smart sensor, users can adjust the amount of water consumed in each flush.



V-Care Smart Panel

The V-Care Smart Panel has an easy-to-clean and durable glossy black glass surface. Thanks to its smart sensors, functions and special algorithms, it contributes to the cleanliness of both the toilet and environment. The mobile application saves personal preferences and provides remote control for businesses for more efficient and economical use. V-Care Smart Panel provides regular water usage reports that enhance awareness and support sustainable practices. It also warns users about regional water and power cuts to enable them to take precautions. Diagnostic algorithms predict failures and prevent unexpected situations. An integrated backup electricity unit enables the toilet to be used up to ten times in the case of power cuts.

In 2020, Vitra Tiles became the first in its sector and the second company overall to receive the Environmental Label Certificate of Turkey's Ministry of Environment and Urbanization. It was also the first in the Turkish ceramics industry to receive the European Union Eco-Label (Ecolabel) for Vitra branded tile series in 2011. Vitra Tiles had its first Environmental Product Declaration (EPD) approved in 2013. EPDs demonstrate the

environmental performance of the product through a lifecycle analysis and facilitate their use in green building projects. EPDs are available for all Vitra porcelain and wall tile products.

In 2013, Vitra Tiles also obtained Green Guard and Green Guard Gold certification, which is an impartial and voluntary certification system created by US-based UL (Underwriters Laboratories). Green Guard and Green Guard Gold certification prove that the products have been tested and proven to have low emissions of volatile organic chemicals, thereby ensuring healthy indoor air quality.

In 2020, Vitra Tiles adopted Zero Waste system, which aims for effective resource management, and received a Zero Waste Certificate from Turkey's Ministry of the Environment and Urbanization.

Product examples:

- » Tiles that can be used in public areas with minimum cleaning materials thanks to their easy-to-clean surface.
- » Surfaces with VitraShield technology are self-cleaning and prevent the growth of harmful microorganisms.



Eczacıbaşı Consumer Products R&D Center

In 2019, we collected the R&D activities of different consumer product facilities under one roof and established the Eczacıbaşı Consumer Products R&D Center. At the center, we are working on integrating innovation and sustainability with an approach that creates added value. We focus on optimizing production processes, minimizing energy consumption, using resources effectively, using raw materials obtained from sustainable sources, recycling process waste, reducing packaging and switching to recyclable packaging, all the while ensuring that R&D projects are in line with our sustainability goals.

In addition to undertaking R&D projects that reduce raw material use and waste in the production of tissue paper and increase the use of recycled raw materials, recovery of raw materials from process waste, and use of raw materials from sustainable sources, our packaging development team is working on ecofriendly packaging and the reduction of

plastic packaging. Accordingly, we lowered the volume of aluminum and plastic by respectively 2.5 and 31 tons in 2020. We determined alternative materials in cooperation with our packaging supplier and identified points that needed improvement through trial production. Our goal is to make all kinds of problematic packaging recyclable in 2022.

In 2020, we worked to produce new technical designs for packaging that require solid modeling, especially designs for rigid plastic packaging, at the R&D center without relying on external resources. During the year, we received design registration for seven different designs after undertaking the necessary technical training and setting up a solid modeling program.

Research carried out by the chemical products division aims to design products of plant origin, minimize the amount of energy and water needed during product use, and reduce the ecological impact of waste water.





The division submitted one of the projects that emerged from this research to the TÜBİTAK TEYDEB program.

During the reporting period, we collaborated with five R&D design centers, five private institutions and eight universities, namely Ege University, Hacettepe University, Yeditepe University, Istanbul University, Ankara University, Eskişehir University, Karadeniz Technical University, and Gaziantep University.

RESPONSIBLE CONSUMER PRODUCTS BY ECZACIBAŞI PROFESYONEL

Providing holistic cleaning and hygiene solutions to nearly 11,000 customers in away-from-home sectors, Eczacıbaşı Profesyonel offers responsible consumption options for tissue paper, hygiene products, hospital hygiene and food hygiene.

Eczacıbaşı Profesyonel's environmentally friendly solutions include the Selpak Professional Recycled Product Portfolio of recycled Z-fold towels, towels for sensor dispensers, jumbo towels, napkins and tissue paper products, which use a minimum of 80% recycled paper, thereby consuming less wood.

Eczacıbaşı Profesyonel also contributes to the protection of the environment by reducing paper consumption in communal living spaces with its Selpak Professional Sensor Towel Dispenser, Selpak Professional Center Feed Toilet Paper Dispenser and Pickasso Napkin Dispenser, which dispense one sheet at a time.

Eczacıbaşı Profesyonel offers sustainable cleaning and hygiene products to professional businesses with its Green Care Professional brand of chemical cleaning and hygiene products. These products have Ecolabel, Cradle to Cradle, and Nordic Swan-certified 100% biodegradable surfactants, the performance of which has been tested and approved by independent institutions. Maratem Hero saves water and plastic with its concentrated product line and refillable bottles. The concentrated product also requires less space to store, and occupies less space during transportation, thereby reducing fuel consumption during shipment.

Maratem Duo is a biological product line that prevents the use of wrong chemicals and reduces chemical consumption. Consisting entirely of healthy bacteria and surfactants derived from these bacteria, it

contributes to reducing the waste load of companies by eliminating the build-up of waste material in sewage pipes. The biological product line provides effective cleaning with renewable surfactants 500 times more effective than conventional surfactants by biodegrading organic waste into its natural elements with bacteria that do not harm people and the environment.

Eczacıbaşı Profesyonel Training and Audit Activities

In addition to its wide product portfolio, Eczacıbaşı Profesyonel provides guidance, training, auditing and consultancy services through Eczacıbaşı Profesyonel Academy to help customers solve their problems effectively, quickly and accurately.

With the Excellence in Hygiene Certificate Program, which consists of four steps titled audit, training, follow-up and protection, companies are subjected to comprehensive audits and training that aim to increase the awareness of employees and raise and maintain hygiene standards to ensure sustainable hygiene.

Eczacıbaşı Profesyonel, one of the pioneers of digitalization in its sector, is constantly developing its

business practices and services on online platforms to meet evolving consumer needs. In addition to in-person applied product and hygiene trainings, the unit offers digital training solutions to its customers through the Distance Education Program platform.

In 2020, during and after the first wave of the COVID-19 pandemic, Eczacıbaşı Profesyonel provided interactive online training on precautionary practices to commercial operations in numerous sectors. Over the year, online and in-person training organized by EP Academy reached a total of 66,244 people, 24,333 of whom received training through its digital Distance Education Program. Over the last six years, 107,265 people have received training. Through digital training, Eczacıbaşı Profesyonel also aims to save on the time and energy required for training and reduce the carbon footprint of related travel.

66,244 person 
EP Academy **reached a total of 66,244 people** through online and in-person training in 2020.



AUDIT

- » The current situation is examined.
- » Areas that need improvement are identified.
- » The action list and timetable are shared.



TRAINING

- » Hygiene needs are determined.
- » Training contributes to personnel knowledge about the use of chemical products.
- » Digital solutions such as distance education programs and customer-specific webinars contribute to hygiene standards.



FOLLOW-UP

- » The aim is continuity in hygiene.
- » The target is standardization of practice
- » Results are shared with businesses for follow-up.



PROTECTION

- » With the right implementation, cleaning expenses are reduced.
- » Time is saved.
- » The hygiene awareness of employees increases.
- » Customer satisfaction and loyalty are ensured.





Tissue Paper

Eczacıbaşı Consumer Products' tissue paper plants comply with the standards of the FSC CoC (Forest Stewardship Council Chain of Custody) certificate. The FSC CoC (Forest Stewardship Council Chain of Custody) Certificate indicates that the cellulose, which is our main raw material, is supplied from FSC certified sustainable forests, that FSC certified cellulose is used in the production of tissue paper, and that the products produced with FSC cellulose are in accordance with FSC standards in all processes until the product reaches the consumer. It is a certificate that

shows that production, storage and shipment is made and audited by independent accredited organizations. It ensures that bleaching processes use methods that do not harm human health or the environment.

The Solo giant roll towel is three times the length of a normal roll, so it reduces the use of glue and cardboard to one third the normal amount and the need for polyethylene packaging to three quarters. The Selpak Professional V folded napkin, specifically designed for Selpak dispensers, dispenses one napkin at a time, reducing consumption by at least 10% compared to conventional dispensers.

Uni Baby

Unibaby, our mother and baby care product brand, does not use alcohol, parabens, dyes, Sodium Lauryl Sulfate, Sodium Laureth Sulfate, and other chemicals that may be irritant in its wet wipes, rash creams, shampoos, detergents and softeners.

By listening to parents' demands for baby products with natural ingredients, we transformed the raw materials used in our products to naturally sourced ingredients in 2020. Our shampoos were renewed with naturally sourced ingredients and pure water. Our newborn wipes are produced with 100% plant-based fibers and organic cotton.

Uni Baby has become the first wet wipes brand in Turkey to receive a "100% Natural" certificate from the independent certification association COSMOS, which sets worldwide standards for the naturalness of

cosmetic products. In order to obtain this certificate, which certifies that the product is produced from natural raw materials, it must be produced with ingredients determined by COSMOS. In addition to the raw material, the factory, quality systems and production line are also inspected to ensure compliance with COSMOS standards.

In addition to product research, Eczacıbaşı Consumer Products carried out two social responsibility projects. "Every newborn is a new sapling" was a campaign for newborn wipe products that donated 1,000 saplings to the Foundation for the Protection and Promotion of the Environment and Cultural Heritage (ÇEKÜL). In another project, we worked with the Bir Dilek Tut Association, which makes the dreams of children struggling with health problems come true, and supported the realization of five children's dreams.

10%



The Selpak Professional V folded napkin dispenses one napkin at a time, reducing consumption **by at least 10% compared to conventional dispensers.**

1,000 sapling



Our "Every newborn is a new sapling" campaign for newborn wipe products donated 1,000 saplings to the Foundation for the Protection and Promotion of the Environment and Cultural Heritage.





ESAN R&D Center

ESAN R&D Center, which gained official status in 2019, carries out research on sustainable mining. The center is studying how global changes in population, temperature and other areas will impact the demand for materials in diverse sectors and is shaping its mining approach accordingly. In line with its sustainable mining approach, Esan's R&D center analyzes all processes from extraction to ore purification as well as their benefits and environmental and social impact.

Projects carried out in 2020 also reflected this perspective. Studies were carried out on functional surfaces for rising temperatures and climate change, low-water or waterless technologies that take into account the reduced availability of fresh water, and improvements in logistics costs and process conditions.

Development through Collaborations Strategy

Esan R&D Center had 29 ongoing collaborative projects in 2020, four with universities and 25 with industrial companies. Additionally, the Center, provided free samples to 26 university projects. During the year, it made one application each to Eureka and Horizon 2020.

Participatory and Teamwork-Focused Innovation

Esan R&D and Innovation Ambassadors, whose mission is to promote an R&D and innovation culture based on participation and teamwork and implement it efficiently throughout the company, evaluate all innovation projects to ensure that best practices are used. The team also shares their failure stories through the "Fail & Learn" program to strengthen motivation and learn from experiences.

In line with its Zero Waste Goal, Esan is working with universities to find ways to reuse "waste" materials using existing technologies in order to obtain high value-added products from existing or alternative ores. By collaborating with sales teams, production teams are trying to discover new areas of use for industrial raw materials and to create more value-added products with new applications in existing areas.

More Sustainable R&D with Digitalization

Along with research on innovation, Esan also carries out sustainability studies that involve digitalization. In the design of its R&D Center, for example, Esan used technologies that enabled it to make the most effective use of natural resources. The center manages all processes, devices, analyses, measurements, projects and performances holistically and uses digital systems for monitoring and reporting. In line with its goal of sustainable R&D, the center employs data analytics, artificial intelligence, machine learning, optimization and automation technologies in

its material and process R&D to determine the most efficient use of resources.

Esan Innovation Forest

The number of trees in Esan's "Innovation Forest", which has the motto "1 Sapling, 1 Idea", rose to 8,250 trees in 2020. By planting a sapling for each innovation idea suggested by employees, Esan aims to raise awareness about sustainability.

8,250 trees



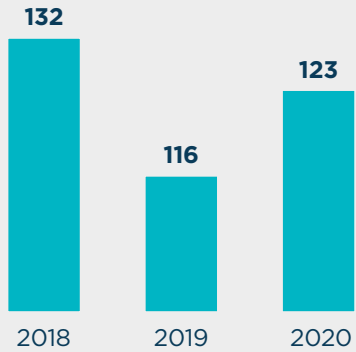
The number of trees in Esan's "Innovation Forest", which has the motto "1 Sapling, 1 Idea", **rose to 8,250 in 2020.**



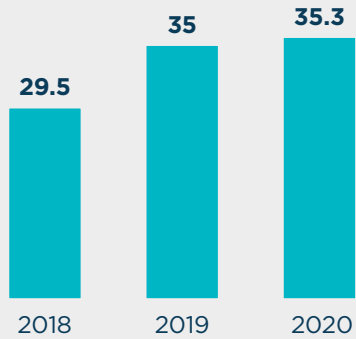


R&D Center Activities in Numbers

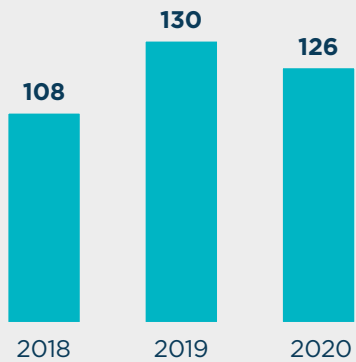
Eczacıbaşı Group R&D Employees



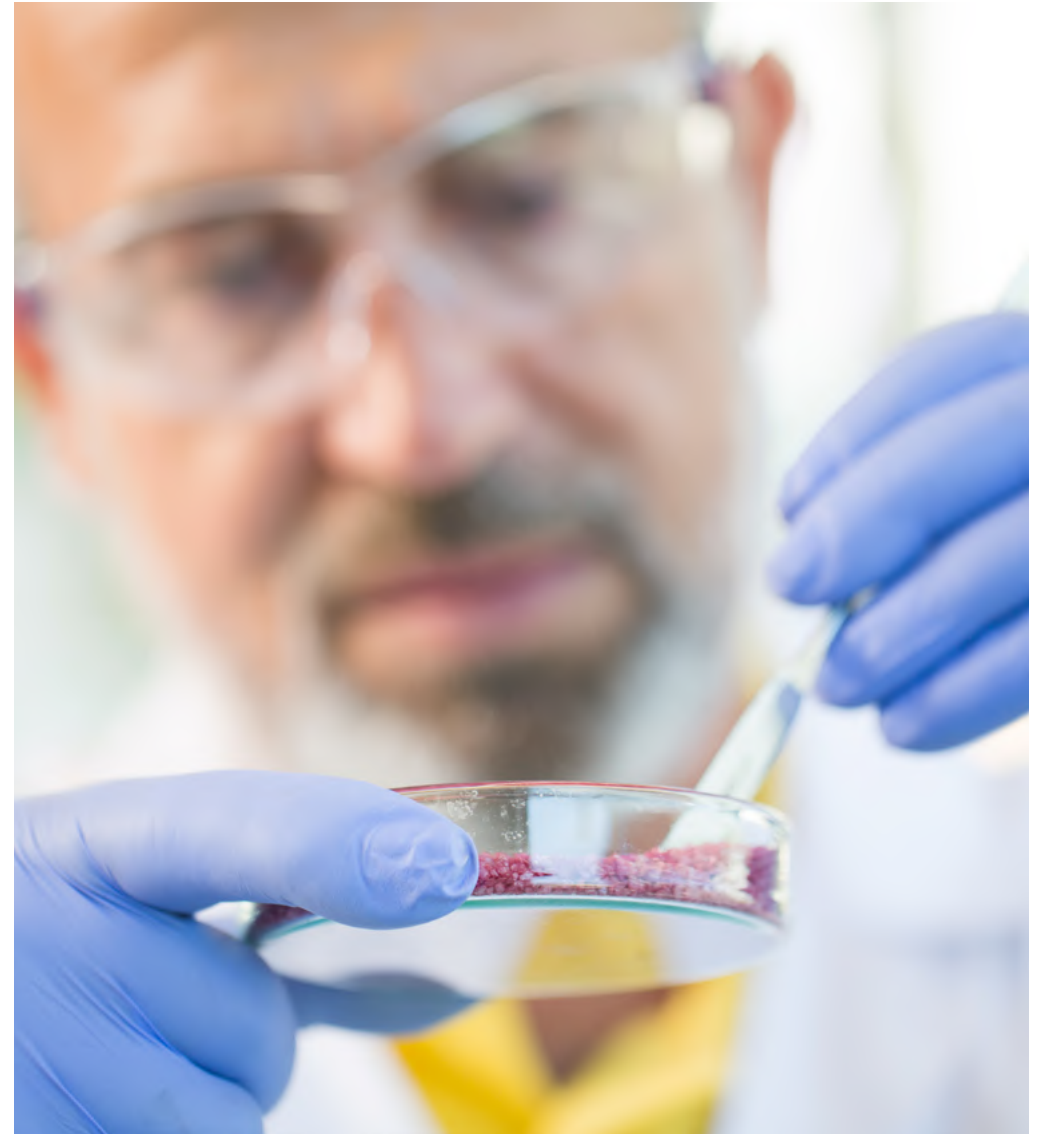
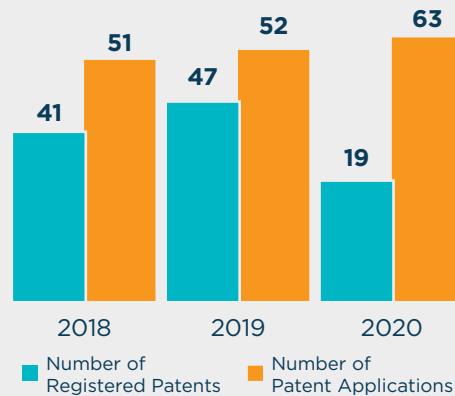
Eczacıbaşı Group R&D
Expenditures (million TL)



Eczacıbaşı Group R&D Projects



Patent Activities



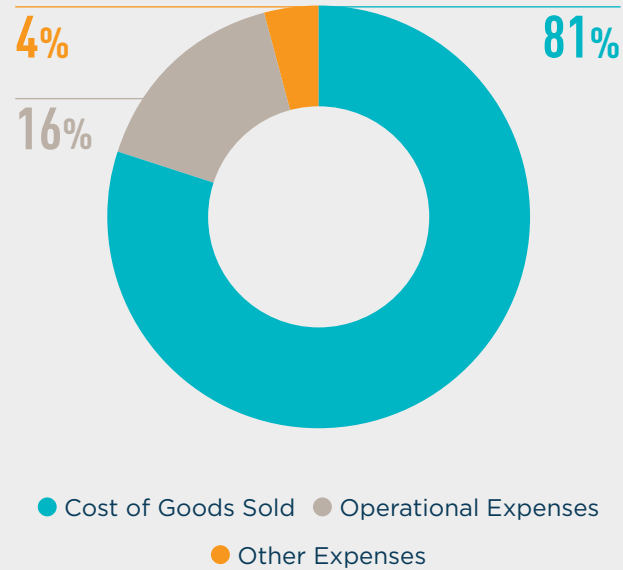
Value Improvement Program

Eczacıbaşı's Value Improvement Program (DIP) aims to increase process efficiency and improve added value without compromising the quality of products and services, thus strengthening our advantage in the increasing competitive environment.

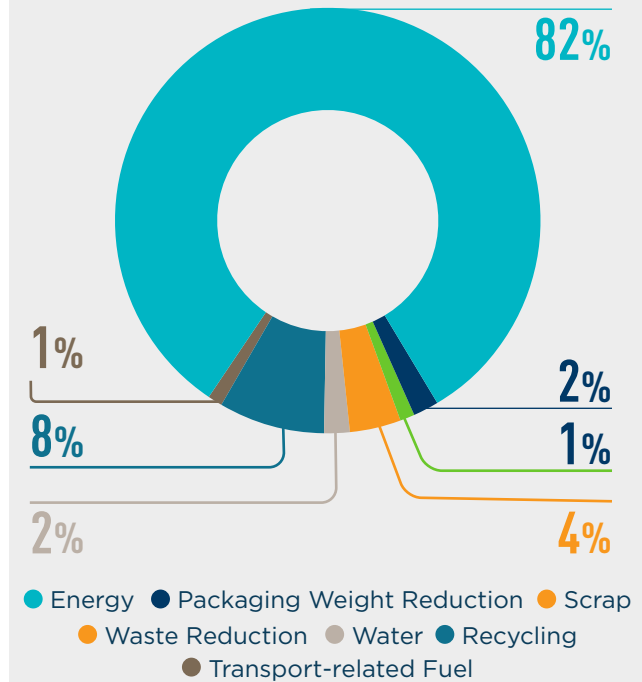
Through the Group-wide program that started in 2014 and continues to be implemented by 14 companies at 34 different sites, we aim to reduce non-value-added processes as much as possible in order to reduce costs and improve the cost of goods sold and operating expenses, thus increasing our profitability and ensuring the production of projects that maintain our competitive advantage.

Projects that contributed to the Eczacıbaşı Group's sustainability performance accounted for 12% of the more than 1000 DIP projects realized in 2020 and 7% of all savings achieved.

Savings Achieved Through Value Improvement Projects



Sustainability Savings Achieved Through Value Improvements Projects



Social Investments





Since its foundation, the Eczacıbaşı Group has sought to add value to the communities in which it operates while providing products and services of the highest quality. To that end, we have founded or co-founded many foundations and non-governmental organizations that contribute to education, culture and art, scientific research and sports.

Every year, whether it be through the volunteer work of our employees, long-term projects, or Group-wide support of organizations and initiatives that enrich society, we support the development of social life.

Through our social initiatives, we sustain the values of the Eczacıbaşı Group. While creating opportunities for our employees to be part of long-term and sustainable solutions, we take the UN Sustainable Development Goals into consideration.

Culture and Art

ISTANBUL FOUNDATION FOR CULTURE AND ARTS (İKSV)

The Eczacıbaşı Group is the founding sponsor of the Istanbul Foundation for Culture and Arts (İKSV), established in 1973 on the initiative of Dr. Nejat F. Eczacıbaşı. İKSV organizes the Istanbul Festivals of Music, Film, Theatre and Jazz, as well as the Istanbul Biennial, the Istanbul Design Biennial, Leyla Gencer Voice Competition, autumn film week Filmekimi, and one-off special events throughout the year.

Aside from cultural and artistic events, including those hosted by the performance venue Salon, İKSV carries out studies and publishes reports on cultural policies in Turkey. İKSV promotes artistic and cultural production through awards and through international and local co-productions in which it participates. Located on the basement floor of the Nejat Eczacıbaşı building, İKSV Alt Kat offers free events and workshops

in diverse disciplines for children and young people aimed at improving access to and participation in cultural and artistic events.

İKSV is also in charge of the Pavilion of Turkey at the International Art and Architecture Exhibitions of Ia





After the Istanbul Festivals moved online, there was a significant increase in the number of people attending festival events.

Biennale di Venezia and coordinates an artist residency program at Cité International des Arts, France.

Like other culture and art institutions, İKSV responded to the challenging conditions with innovative solutions in 2020. When the pandemic affected the whole world, İKSV decided to move all events to its online platform in order to ensure that people had access to cultural and artistic events.

After the Istanbul Festivals moved online, the number of people who attended Istanbul Film Festival screenings increased from 80 thousand to 190 thousand in 2020, while the number of people who attended Istanbul Music Festival concerts rose from 18 thousand to 80 thousand.

ISTANBUL MUSEUM OF MODERN ART

The Eczacıbaşı Group is the founding sponsor of the Istanbul Museum of Modern Art, Turkey's first private museum of modern and contemporary art. Established in 2004, Istanbul Modern is committed to advancing the public's appreciation of modern and contemporary art, contributing to the production of new work, and

1 million visitors



Thanks to its digital exhibitions, virtual exhibition tours, film screenings and interviews with artists, the museum attracted 1 million visitors in 2020.

sharing Turkey's artistic creativity and cultural identity with global audiences.

In order to become a reference point in the global art world, Istanbul Modern collects, preserves, exhibits and documents modern and contemporary works of art, productions in photography, design, architecture, new media and cinema with an international approach and mediates Turkey's cultural identity with the global art scene. It also offers

a versatile service area with its library, cinema, cafe and design store.

Istanbul Modern has adapted to the pandemic with a wide variety of projects on its digital platforms and social media accounts. Thanks to its digital exhibitions, virtual exhibition tours, film screenings and interviews with artists, the museum attracted 1 million visitors in 2020, and reached nearly 15,000 children from all over Turkey through its online education programs.

Şakir Eczacıbaşı: Selected Moments

Between November 2020 and June 2021, Istanbul Modern hosted the exhibition "Şakir Eczacıbaşı: Selected Moments" on the 10th anniversary of the passing of businessperson and photographer Şakir Eczacıbaşı. Featuring a selection of works by Şakir Eczacıbaşı (1929-2010), who became interested in photography in the 1960s, the exhibition comprised more than 300 photographs, including many works from the Istanbul Modern Photography Collection.





Eczacıbaşı Culture & Art Card

“The meaning of life is best understood through art.”

Dr. Nejat F. Eczacıbaşı

The İKSV Culture and Art Card launched by İKSV in 2017 with the sponsorship of the Eczacıbaşı Group was renamed the Eczacıbaşı Culture and Art Card in 2020. The purpose of the card, which can be used for admission to cultural events, is to increase the access of university students to cultural and artistic activities. The card is given to 2000 university students between the ages of 18-25 selected randomly from online applicants.

To date, 6000 lucky students have received this card, which can be used for all events organized by İKSV and for entry to Istanbul Modern.

Eczacıbaşı Culture and Art Card holders also get the opportunity to meet artists and groups, get together with festival directors and learn about prominent films, concerts or theater plays directly from them.

Additionally, the cards provide discounts at Istanbul Modern Cafe and Istanbul Modern store, as well as in the purchase of İKSV publications and products. In 2020, cardholders were invited to participate in online events, seminars and exhibitions organized by İKSV and Istanbul Modern.

In 2020, Eczacıbaşı Culture and Art Card holders were invited to participate in online events, seminars and exhibitions organized by İKSV and Istanbul Modern.

DR. NEJAT F. ECZACIBAŞI FOUNDATION MUSIC SCHOLARSHIPS

The Dr. Nejat F. Eczacıbaşı Foundation provides scholarships to outstanding young musicians who are pursuing graduate musical studies abroad. To date, the Foundation has supported 145 musicians studying a wide range of instruments as well as orchestration, direction and composition.

The foundation has continued to offer scholarships throughout the pandemic and has also produced videos of musicians performing and discussing the emotions that make them hopeful in life. These videos were later shared on Eczacıbaşı Group's social media accounts.





Health and Education

Through renovation works carried out in 55 schools in 41 provinces between 2007 and 2020, the Eczacıbaşı Group has contributed healthy, high quality and hygienic educational environments to more than 19,000 students. In its latest protocol with the Ministry of National Education, the Group aims to complete 60 schools by the end of 2021.

ECZACIBAŞI HYGIENE PROJECT

The Eczacıbaşı Hygiene Project is an international award-winning project launched in 2007 that aims to improve the physical, intellectual and emotional environments of boarding schools serving students from rural and low-income regions of Turkey.

Led by three Group companies – Vitra, Artema, and Selpak – this Group-wide social responsibility project is renovating the bathrooms and showers of Regional Boarding School dormitories and school buildings with Vitra and Artema products, ensuring that students are aware of healthy personal care and hygiene practices through the Selpak Personal Hygiene Training,

and supplying renovated schools with cleaning materials and basic supplies through Eczacıbaşı Profesyonel. Eczacıbaşı Volunteers, on the other hand, carry out many educational and creative initiatives focused on culture and art, science and technology. As of the end of 2020, more than 19,000 students at 55 schools around Turkey have benefited from the Eczacıbaşı Hygiene Project. The goal is to extend the project to 60 schools in all by 2021 according to the latest agreement between the Eczacıbaşı Group and the Ministry of Education.

In 2020, hygiene kits consisting of cologne, antibacterial wipes and disinfectant were delivered to 7,000 students during the pandemic.

Each Eczacıbaşı Group employee can contribute to the project by participating in one of Eczacıbaşı Volunteers' many initiatives focused on culture and art, science, technology and creativity.





Sports

ECZACIBAŞI SPORTS CLUB

The Eczacıbaşı Sports Club was established in 1966 to contribute to social development by introducing young people to sports. In the following years, the club not only trained thousands of athletes in various disciplines, it also played an important role in raising the quality of sports in Turkey to the international level.

Since the early 1990s, when the Eczacıbaşı Sports Club began to focus solely to women's volleyball, it has made the voice of Turkish volleyball heard all over the world with its international achievements. The Eczacıbaşı Sports Club is the home of the Eczacıbaşı Vitra Women's Volleyball Team, the record holder of the Turkish National Championships and a consecutive (2015-2016) FIVB World Champion.

The Eczacıbaşı Vitra Women's Volleyball Team has won 28 National Championships and 9 National Cups, played in 12 European Cup Finals,

and brought Turkey its first European championship cup in volleyball when it won the "European Cup Winners' Cup" in 1999. In 2020, the team broke a record by winning its third National Champions Cup in a row for a total of five cups. The Club also has three youth teams that have won more than 40 national championships over the years, training players for the A team, other first league teams and the Turkish National Volleyball Team.

The Eczacıbaşı Sports Club has trained countless female volleyball players and helped many young players win scholarships at private high schools and universities: The number of licensed athletes trained in the club's development programs exceeds 11 thousand. The club also launched the "Future Spike" project in cooperation with ES Volleyball Sports Club in 2016, which aims to increase young girls' access to sports and encourage them to play volleyball. Since then, nearly three thousand young girls have been introduced to volleyball through volleyball programs organized on 17 campuses in eight cities.

The Eczacıbaşı Vitra Women's Volleyball Team has won 28 National Championships and 9 National Cups, played in 12 European Cup Finals, and brought Turkey its first European championship cup in volleyball when it won the "European Cup Winners' Cup" in 1999.



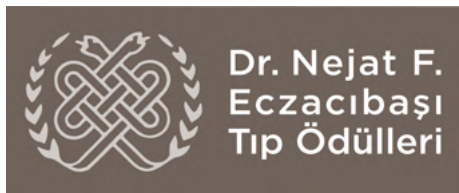


Science and Technology

DR. NEJAT F. ECZACIBAŞI MEDICINE AWARDS

Dr. Nejat F. Eczacıbaşı strongly believed that the business world had a responsibility to support scientific research. To this end, he established an award program in 1959 to recognize, support and reward high quality medical research in Turkey with the aim of developing scientific research in Turkey and increasing the dialogue between the business world and academic institutions.

Awarded every two years, Dr. Nejat F. Eczacıbaşı Medicine Awards have given 34 Medical Science Awards, 43 Medical Encouragement Awards, 17 Medical Students Project Awards and 178 Scientific Research Awards for research projects. The next winners of the Dr. Nejat F. Eczacıbaşı Medicine Awards will be announced in the fall of 2021.



THE TURKISH INFORMATICS FOUNDATION (TBV)

The Eczacıbaşı Group is co-founder and corporate sponsor of the Turkish Informatics Foundation (TBV), established in 1995 to assist in Turkey's transformation into an information-based society. In addition to developing infrastructure, TBV informs the public about local and global developments in these fields in order to increase the share of information and communication technologies in the Turkish economy, organizes activities that increase digital literacy, and prepares the necessary infrastructure to ensure the secure and free movement and sharing of information.

The Eczacıbaşı Group is also the main sponsor of the "KOD Awards Education Game Competition" initiated by TBV in 2017 to encourage the gaming industry to create digital educational games. The competition, which is open to anyone who creates

a digital game or digital game idea that contributes to mathematics and science learning at primary, secondary and high school levels, is the first of its kind in Turkey. The competition also aims to emphasize the importance and contribution of information technologies in education, to support the work of individuals and institutions that produce ideas and develop applications in this field, and to inspire new generations to enter this field. TBV held its KOD Awards online in 2020. Since the start of this project, TBV has received more than 1,000 applications.

In 2020, the Eczacıbaşı Group co-organized a "Play & Learn" competition with Netmarble Turkey and TBV for digital game ideas that draw attention to the hygiene principles that gained importance during the pandemic. The competition resulted in 30 game ideas that help children learn basic hygiene rules while having fun.

"The pandemic has revealed the importance of distance education. I believe that the most effective way to make distance learning more efficient is through educational games."

Faruk Eczacıbaşı





Eczacıbaşı Volunteers

Eczacıbaşı Volunteers is a voluntary organization established by the Group employees in 2007 to carry out projects that serve society, particularly in the fields of culture and arts, science, informatics and education.

Since then, over 250 Eczacıbaşı Volunteers have carried out 70 projects that have touched the lives of more than 15 thousand school-age children. Some of these projects have

supported science and technology learning, others have encouraged students to develop their innovation skills in programs organized jointly with NGOs such as Young Guru Academy and Kodluyoruz.

Volunteers have also established music classrooms in Regional Boarding Secondary Schools renovated by of the Eczacıbaşı Hygiene Project and introduced

children to brand new musical instruments with the support of music teachers and school administrations.

In 2020, Eczacıbaşı Volunteers organized online coding training and experiments that students can do from home. In addition, volunteers launched a computer donation campaign for students who do not have the necessary hardware for distance education.

Eczacıbaşı Volunteers organized online coding training and experiments that students do from home in 2020.





Eczacıbaşı Group Reporting Guide

This Reporting Guide (hereafter “Guide”) supports the preparation and reporting processes of energy consumption, carbon emission, water consumption, rate of women in employment, rate of women in recruitment, accident rate, training hours, total waste disposed, recycled waste rate, energy consumption per ton, carbon emission per ton and water consumption per ton data specified in the Integrated Sustainability Report of the Eczacıbaşı Group (hereafter “Group”). It is the responsibility of the Company management to ensure that appropriate procedures are in place to prepare these abovementioned indicators in line with the Guide in all material respects

All data up to this date, including FY20 (Financial year ending 31 December 2020), includes the relevant operations in Turkey and all abroad operations.

General Reporting Principles

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

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

Key Definitions

For the purpose of this report, the Group makes the following definitions and

- “Energy” means electricity, natural gas, diesel / gasoline, fuel oil, LPG and steam. For the purpose of this report, it does not include alternative fuel types such as energy, bio-waste, biomass and biodiesel.

- “Energy consumption” means the energy purchased and used in the reporting period (from January 1 to December 31). Energy consumption data includes energy data used in industrial plant operations and production processes, including electrical systems, heating, lighting, on-site transportation and air circulation.
- “Energy consumption per ton” means the energy consumed for production per ton in the reporting period (from January 1 to December 31) and is calculated by dividing the total of all energy resources (in MWh units) used for the production process by the production volume (in tons).
- While calculating the amount of energy consumption per ton, the production tonnage produced by Esan, which operates in the field of natural resources, is not included.
- “Carbon emissions” means the carbon emitted as a result of energy consumption during the reporting period (from January 1 to December 31).

- “Carbon emission per ton” means the carbon released as a result of the energy consumed for production per ton in the reporting period (from January 1 to December 31) and is calculated by dividing the total carbon emissions generated in industrial facilities by the production volume (in tons).

While calculating the amount of carbon emission per ton, the production tonnage produced by Esan, which operates in the field of natural resources, is not included.

- “Industrial facilities” includes factory buildings, treatment works, warehouses, laboratories and the administrative buildings of the industrial facility.

If the Group owns the energy produced in the industrial facility, the relevant energy consumption is defined as the energy of the production fuel (for example, for the natural gas-powered electricity generator in the facility, the energy consumption will be natural gas used instead of electricity generation).



- “Rate of women in employment” means the division of white-collar female employees (indefinite full-time) by the total number of white-collar employees (indefinite full-time) during the reporting period (from January 1 to December 31).
- “Percentage of women in recruitment” means the division of female employees (indefinite full-term) recruited in the reporting period (from January 1 to December 31) by the total number of employees (indefinite full-term).
- The “accident rate” is calculated by taking into account the number of accidents and working hours in the reporting period (from January 1 to December 31). Working hours are calculated with the HRIS software that determines the entry and exit times of the employees:

Accident Rate: $\text{Number of Accidents} \times \frac{200,000 \text{ hours}}{\text{Working hour}}$

- “Training hours per talent” is calculated by taking into account the total training hours given to “talents” by the Group or any third-party training institution during the reporting period (from January 1 to December 31). ‘Talent’ refers to employees participating in leadership programs.

Training hours per skill: $\frac{\text{Training hours}}{\text{Number of talents}}$

- “Water” means any water used in facilities, including mains water and groundwater.
- “Water Consumption” means the water used in the reporting period (from January 1 to December 31). Water consumption data includes water used for product ingredients, heating cooling steam, water purification, plumbing materials, floor cleaning and water used for production processes.
- “Water consumption per ton” means the water consumed for production per ton in the reporting period (from January 1 to December 31) and is calculated by dividing the total of all water resources (in m³ units) used for the production process by the production volume (in tons).
- While calculating the amount of water consumption per ton, the production tonnage produced by Esan, which operates in the field of natural resources, is not included.

- “Waste” refers to waste generated in a specific industrial facility, which includes waste from manufacturing, construction, catering or other activities. Examples of waste generated by the company as non-hazardous waste include paper, plastic, cardboard, metal, glass, sludge in water, electronic waste, and damaged contents or products. Examples of waste produced by the company as hazardous waste include absorbent materials, laboratory chemicals or mercury-containing waste.
- “Total amount of waste disposed” means the amount of waste disposed during the reporting period (from January 1 to December 31). To determine the method of disposal, it used the legal categories in the disposal documents provided by Group accredited waste contractors. Based on disposal documentation, disposal processes include storage, processed storage, physico-chemical treatment and incineration on land. All waste disposal operations are carried out outside the Group’s field of activity.

- “Recycled waste rate” is calculated by taking into account the amount of waste recycled or reused in the reporting period (from January 1 to December 31) and the total amount of waste. Reused waste refers to the use of wastes that are reused for the same or different purposes without reprocessing and recycled waste as raw materials or for new products by modification / recycling.

While calculating the amount of waste, the production tonnage produced by Esan, which operates in the field of natural resources, is not included.

Scope of Reporting

For FY20 and comparative periods presented, the energy consumption, the carbon emission and water consumption of the Group resulting from energy consumption in Turkey are related to:

- Industrial facilities in Turkey, including manufacturing plants and mining activities
- Administrative buildings in industrial facilities and
- Transportation of materials and products within industrial facilities.



Energy consumption, carbon emissions and water consumption in industrial facilities belonging to joint ventures have been allocated among the joint venture partners in line with the financial accounting policies of the Group. For FY19 and the comparative periods presented, Group waste generation in Turkey (disposed of or recycled) relates to:

- Industrial facilities in Turkey exclude mining activities while covering production facilities;
- Administrative buildings located in industrial facilities; and
- Transportation of materials and products within industrial facilities

The following are excluded from the reporting scope:

Waste generated by energy and water used outside the factory gates. For example, transportation from suppliers to customers between Group locations or employees' business travel (even if they include vehicles belonging to an industrial facility) and commuting to and from work;

Waste generated by energy and water consumption used in non-industrial activities;

- Waste generated by energy or water used by third parties in the production of purchased raw materials, products and other materials;
- Energy or water used in the use - consumption and disposal of manufactured products;
- Outsourced and contracted operations / energy or water used for manufacturing and generated waste (in other words, contractual activities by third parties)
- Energy and water supplied to third parties; and
- Equivalent carbon emissions from other intangible greenhouse gases

Energy consumption, carbon emissions and water consumption from acquisitions and disposals are included in the calculations, and this inclusion period ends from the contractual completion date of the transfer of asset ownership - lease. This situation is consistent with the financial reporting of the Group.

Data Preparation

Energy consumption

Within the scope of energy consumption data, primary fuel sources such as electricity, steam, natural gas, diesel, LPG and fuel oil are reported. Electricity, natural gas and steam consumption data is obtained from suppliers' meters and matched to internal meters (when available) and/or service provider invoices. Diesel, LPG and fuel consumption data are obtained from supplier invoices.

The Group uses the following conversion factors:

- For electricity, no energy conversion is required as the supply unit is billed in kWh;
- For steam, the conversion factor (from ton to kWh) is calculated by using thermodynamic tables for saturated steam (Ozturk, A. & Kilic, A. (1991). Thermodynamic Tables and Diagrams. Birsen Publications) based on the steam temperature, pressure and condensation factors (ratio of closed to open circuit condensation and the relating temperatures), which are generated internally;

- For natural gas, the energy conversion factor (from cubic meters to kWh) provided by the Turkish Energy Market Regulatory Authority is used; and
- For fuels other than natural gas (diesel, LPG and fuel oil), energy conversion factors (from liters or kilograms to kWh) are obtained using the related ratios of the carbon conversion factors provided by The Greenhouse Gas (GHG) Protocol (July 2009)

Carbon emission

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



The following conversion factors are used by Group:

- For fuels (such as natural gas, diesel, LPG, residual fuel oil), conversion factors are obtained from the calculation tool provided by the GHG Protocol (July 2009), which uses data provided by the IPCC (Intergovernmental Panel on Climate Change). Refer to IPCC 2006 Guidelines for National Greenhouse Gas Inventories (www.ipcc-nggip.iges.or.jp/public/2006gl/vol2);
- For electricity and steam, conversion factors are obtained from the "2010 Defra / DECC's Greenhouse Gas Conversion Factors Guide for Company Reporting" provided by the UK Government. Electricity conversion factors listed within "Annex10 -International Electricity Emission Factors" for year 2006 and Turkey are used. These conversion factors for electricity and steam have been used instead of the factors detailed within the GHG Protocol calculation tool because they include transmission and distribution losses.

Water Consumption

Water consumption data are obtained from supplier invoices and meters for production facilities other than Esan facilities operating in the field of natural resources. The general formula showing the amount of water to be used in a production unit is the ratio of 1/5. This rate is because the flotation process takes place between 15% and 20% according to the applications in the literature. The Group has defined the 1/5 ratio as optimum, considering the operational structure.

Well water consumption is given in m³ (in thousands) within the scope of assurance.

Restatements

The measuring and reporting energy consumption and carbon emission data inevitably involves some degree of estimation. Where there is a change of more than 5% on data at the Group level, a restatement may be considered.

Eczacıbaşı Group's Industrial Sites In Turkey

The following 21 production facilities in the Eczacıbaşı Group are subject to our 2020 evaluation.

Building Products

Eczacıbaşı Building Products (ceramic sanitary ware, bathroom furniture, acrylic bathtubs and shower trays, faucets), 4 sites

VitrA Tiles, 1 sites

Healthcare

Eczacıbaşı-Monrol Nuclear Products (radiopharmaceuticals), 5 sites

Consumer Products

Eczacıbaşı Consumer Products (chemical products, baby and personal care products, tissue paper), 4 sites

Other Products and Services

Esan (industrial raw material for ceramic sanitary ware and tiles), 6 sites

E-Kart Electronic Card Systems (magnetic stripe and smart card), 1 site



Performance Data

GRI-102-8

| | 2018 | 2019 | 2020 |
|---|------------|------------|------------|
| Net Sales (million TL) | 8,300 | 9,495 | 11,060 |
| International Sales (million €) | 838 | 840 | 810 |
| Total Assets (million TL) | 9,200 | 10,430 | 12,670 |
| EBITDA (Million TL) | 1,600 | 1,504 | 2,280 |
| Number of R&D Employees (person) | 132 | 116 | 123 |
| Total R&D Expenses (TL) | 29,491,280 | 35,029,836 | 35,328,037 |
| Total Number of Patent Applications (number) | 51 | 52 | 63 |
| Total Number of Registered Patents (number) | 41 | 47 | 19 |
| Total Number of R&D Projects (number) | 108 | 130 | 126 |
| Total Direct Energy Consumption (Mwh) | 1,085,503 | 1,171,276 | 1,205,933 |
| Total Indirect (purchased) Energy Consumption (Mwh) | 614,686 | 481,898 | 488,483 |
| Energy Consumption per Unit Product (MWh/ton)* | 2.48 | 2.40 | 2.26 |
| Total Energy Savings (MWh) | 17,646 | 10,637 | 23,939 |
| Water Withdrawal by Source (m³) | 4,014 | 4,139 | 5,042 |
| Municipal Water Withdrawal | 1,882 | 2,030 | 2,037 |
| Underground Water Withdrawal | 1,998 | 2,049 | 3,005 |
| Other Water Withdrawal | 134 | 59 | 0,29 |
| Water Withdrawal per Unit Product (m³/ton)* | 3.85 | 3.94 | 3.70 |
| Total Water Recycling (m³) | 15,634 | 14,914 | 13,849 |
| Total Waste Amount (ton) | 110,915 | 150,801 | 128,843 |
| Recycled | 57,793 | 96,638 | 93,491 |
| Disposed | 53,123 | 54,163 | 35,352 |
| Total Direct GHG Emissions (scope 1) (ton CO ₂) | 196,837 | 211,722 | 218,659 |
| Total Indirect GHG Emissions (scope 2) (ton CO ₂) | 274,975 | 248,907 | 251,672 |
| Carbon Emissions per Unit Product (ton CO ₂ /ton)* | 0.63 | 0.61 | 0.58 |


| | 2018 | 2019 | 2020 |
|----------------------------------|-------|-------|-------|
| Average Training Duration (hour) | 22.70 | 22.40 | 12.00 |
| Accident Frequency Rate | 1.44 | 0.98 | 1.24 |

| Employee Demographics | 2020 |
|---|-------|
| Total Workforce (number)** | 7,515 |
| Female | 1,518 |
| Male | 5,997 |
| Total Workforce by Contract Type (number) | 7,515 |
| Indefinite Term Contract | 7,480 |
| Female | 1,504 |
| Male | 5,976 |
| Fixed Term Contract | 35 |
| Female | 14 |
| Male | 21 |
| Total Workforce by Employment Type (number) | 7,515 |
| Full Time | 7,498 |
| Female | 1,509 |
| Male | 5,989 |
| Part Time | 17 |
| Female | 9 |
| Male | 8 |
| Senior Managers (number)*** | 242 |
| Female | 73 |
| Male | 169 |

* All production facilities except for real estate and natural resources sectors are included. ** Board members and interns are excluded. *** Managers and higher management positions are included.

GRI Content Index

| Disclosures | Descriptions and Page Numbers |
|-----------------------------------|--|
| GRI 101: Foundation 2016 | |
| GRI 102: General Disclosures 2016 | |
| Corporate Profile | |
| 102-1 | About the Report (p.2) |
| 102-2 | www.eczacibasi.com.tr/en/brands |
| 102-3 | Contact (p.83) |
| 102-4 | About the Report (p.2); www.eczacibasi.com.tr/en/brands |
| 102-5 | Eczacıbaşı Group 2020 Annual Report (p.76-77) |
| 102-6 | www.eczacibasi.com.tr/en/brands |
| 102-7 | Sustainability in the Value Generation Cycle (p.10) |
| 102-8 | Performance Data (p.73) |
| 102-9 | Group companies have extensive procurement portfolios consisting of a large number of suppliers. In the supplier pools of the organizations, there are companies of different sizes, ranging from small-scale companies to large-scale companies, selected in accordance with criteria that vary according to their sectors. |
| 102-10 | No significant change has occurred during the reporting period. |
| 102-11 | Risk Management (p.12) |
| 102-12 | Joint Statement From the Chairman and CEO (p.3) |
| 102-13 | Corporate Memberships (p.16) |
| Strategy | |
| 102-14 | Joint Statement From the Chairman and CEO (p.3-4) |
| 102-15 | Joint Statement From the Chairman and CEO (p.3-4) |
| Ethics and Integrity | |
| 102-16 | Business Ethics and Legal Compliance (p.13) |
| 102-17 | Business Ethics and Legal Compliance (p.13) |

| <div>  MATERIALITY DISCLOSURES SERVICE </div> <div>2021</div> | | GRI-102-55 |
|---|--|------------|
| Disclosures | Descriptions and Page Numbers | |
| Governance | | |
| 102-18 | Organizational Structure (p.7) | |
| 102-19 | Organizational Structure (p.7) | |
| 102-20 | Organizational Structure (p.7) | |
| 102-21 | Stakeholder Relations (p.14-15) | |
| 102-29 | Sustainability Management (p.7), Eczacıbaşı Group Sustainability Priorities (p.9-10) | |
| 102-30 | Sustainability Management (p.7), Risk Management (p.12) | |
| Stakeholder Engagement | | |
| 102-40 | Stakeholder Relations (p.15) | |
| 102-41 | Equal Opportunities (p.26) | |
| 102-42 | Stakeholder Relations (p.14) | |
| 102-43 | Stakeholder Relations (p.14-15) | |
| 102-44 | Stakeholder Relations (p.14), Eczacıbaşı Group Sustainability Priorities (p.9-10) | |
| Reporting Practices | | |
| 102-45 | About the Report (p.2) | |
| 102-46 | About the Report (p.2), Eczacıbaşı Group Sustainability Priorities (p.9-10) | |
| 102-47 | Eczacıbaşı Group Sustainability Priorities (p.9-10) | |
| 102-48 | There is no restatement made regarding disclosures of previous year. | |
| 102-49 | There is no different practice compared to the previous year. | |
| 102-50 | About the Report (p.2) | |
| 102-51 | Previous report has been published in October 2020. | |
| 102-52 | About the Report (p.2) | |
| 102-53 | Contact (p.83) | |
| 102-54 | About the Report (p.2) | |
| 102-55 | GRI Content Index (74-75) | |
| 102-56 | Independent Assurance Statement (p.81-82) | |

"For the Materiality Disclosures Service, GRI Services reviewed that the GRI Content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report. This services has been performed through English version of this report."



| Material Issues | | |
|--------------------------------------|--|--|
| Standard | Disclosures | Descriptions and Page Numbers |
| Business Ethics and Legal Compliance | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its boundary | Eczacıbaşı Group Sustainability Priorities (p.10), Business Ethics and Legal Compliance (p.13) |
| | 103-2 The management approach and its components | Business Ethics and Legal Compliance (p.13) |
| | 103-3 Evaluation of the management approach | Business Ethics and Legal Compliance (p.13) |
| GRI 205: Anti-corruption 2016 | 205-2 Communication and training about anti-corruption policies and procedures | Business Ethics and Legal Compliance (p.13) |
| Climate and Environment | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its boundary | Eczacıbaşı Group Sustainability Priorities (p.10), Climate and Environment (p.18-21) |
| | 103-2 The management approach and its components | Organizational Structure (p.7), Climate and Environment (p.18-21) |
| | 103-3 Evaluation of the management approach | Organizational Structure (p.7), Sustainability in the Value Generation Cycle (p.10), Climate and Environment (p.18-21) |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organization | Energy Efficiency and Greenhous Gas Management (p.20), Performance Data (p.73) |
| | 302-3 Energy intensity | Energy Efficiency and Greenhous Gas Management (p.20), Performance Data (p.73) |
| | 302-4 Reduction of energy consumption | Energy Efficiency and Greenhous Gas Management (p.20), Performance Data (p.73) |
| GRI 303: Water and Effluents 2018 | 303-1 Interactions with water as a shared resource | Organizational Structure (p.7), Water Efficiency (p.22) |
| | 303-2 Management of water discharge-related impacts | Water Efficiency (p.22) |
| | 303-3 Water withdrawal | Water Efficiency (p.22) |
| GRI 305: Emissions 2016 | 303-5 Water consumption | Water Efficiency (p.22), Performance Data (p.73) |
| | 305-1 Direct (Scope 1) GHG emissions | Energy Efficiency and Greenhous Gas Management (p.20), Performance Data (p.73) |
| | 305-2 Energy indirect (Scope 2) GHG emissions | Energy Efficiency and Greenhous Gas Management (p.20), Performance Data (p.73) |
| | 305-4 GHG emissions intensity | Energy Efficiency and Greenhous Gas Management (p.20), Performance Data (p.73) |
| Recycling and Circular Economy | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its boundary | Eczacıbaşı Group Sustainability Priorities (p.10), Recycling and Circular Economy (p.15-16) |
| | 103-2 The management approach and its components | Organizational Structure (p.7), Recycling and Circular Economy (p.23-24) |
| | 103-3 Evaluation of the management approach | Organizational Structure (p.7), Recycling and Circular Economy (p.23-24) |

| Material Issues | | |
|---|--|---|
| Standard | Disclosures | Descriptions and Page Numbers |
| GRI 306: Wastes 2020 | 306-1 Waste generation and significant waste-related impacts | Recycling and Circular Economy (p.23-24) |
| | 306-2 Management of significant waste-related impacts | Recycling and Circular Economy (p.23-24) |
| | 306-3 Waste generated | Performance Data (p.73) |
| | 306-4 Waste diverted from disposal | Performance Data (p.73) |
| | 306-5 Waste directed to disposal | Performance Data (p.73) |
| Equal Opportunities | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its boundary | Eczacıbaşı Group Sustainability Priorities (p.10), Equal Opportunities (p.26-27) |
| | 103-2 The management approach and its components | Organizational Structure (p.7), Equal Opportunities (p.26-27) |
| | 103-3 Evaluation of the management approach | Equal Opportunities(p.26-27) |
| GRI 202: Market Presence 2016 | 202-1 Ratios of standard entry level wage by gender compared to local minimum wage | Equal Opportunities(p.27) |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | Performance Data (p.73) |
| | 405-2 Ratio of basic salary and remuneration of women to men | Equal Opportunities (p.27) |
| Occupational Safety and Reliability | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its boundary | Eczacıbaşı Group Sustainability Priorities (p.10), Occupational Safety and Reliability (p.34) |
| | 103-2 The management approach and its components | Organizational Structure (p.7), Occupational Safety and Reliability (p.34) |
| | 103-3 Evaluation of the management approach | Occupational Safety and Reliability (p.34) |
| GRI 403: Occupational Health and Safety 2018 | 403-1 Occupational health and safety management system | Occupational Safety and Reliability (p.34), OHS Practices in Group Companies (p.35) |
| | 403-6 Promotion of worker health | OHS Practices in Group Companies (p.35) |
| | 403-9 Work-related injuries | Performance Data (p.73) |
| Innovation and Product Responsibility | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its boundary | Eczacıbaşı Topluluğu Sürdürülebilirlik Öncelikleri (s.10), İnovasyon (s.44-48) |
| | 103-2 The management approach and its components | Organizasyonel Yapı (s.7), İnovasyon (s.44-48) |
| | 103-3 Evaluation of the management approach | İnovasyon (s.44-48) |
| GRI 203: Indirect Economic Impacts 2016 | 203-2 Significant indirect economic impacts | Innovation (p.44-60), Performance Data (p.73) |
| GRI 302: Energy 2016 | 302-5 Reductions in energy requirements of products and services | Innovation (p.52-56) |



UN Global Compact References

| UN Global Compact Principles | References |
|---|---|
| Human Rights | |
| Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and | Equal Opportunity (p.26) |
| Principle 2: make sure that they are not complicit in human rights abuses. | Equal Opportunity (p.26) |
| Labour | |
| Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; | Equal Opportunity (p.26) |
| Principle 4: the elimination of all forms of forced and compulsory labour; | Equal Opportunity (p.26) |
| Principle 5: the effective abolition of child labour; and | Equal Opportunity (p.26) |
| Principle 6: the elimination of discrimination in respect of employment and occupation. | Equal Opportunity (p.26-29) |
| Environment | |
| Principle 7: Businesses should support a precautionary approach to environmental challenges; | Climate and Environment (p.18-24) |
| Principle 8: undertake initiatives to promote greater environmental responsibility; and | Climate and Environment (p.18-24) |
| Principle 9: encourage the development and diffusion of environmentally friendly technologies. | Climate and Environment (p.18-24) Innovation (p.50-60) |
| Anti-Corruption | |
| Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery. | Sustainability Management (p.13) |



WEF - Stakeholder Capitalism Metrics

| Principles of Governance | | | |
|---|--|--|---|
| Theme | Core Metrics and Disclosure | Description | Reference(s) |
| Governing purpose | Setting purpose | The company’s stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental and social issues. Corporate purpose should create value for all stakeholders, including shareholders. | Joint Statement From the Chairman and CEO (p.3-4) |
| Quality of governing body | Governance body composition | Composition of the highest governance body and its committees by: competencies relating to economic, environmental and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual’s other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation. | Organizational Structure (p.7) |
| Stakeholder engagement | Material issues impacting stakeholders | A list of the topics that are material to key stakeholders and the company, how the topics were identified and how the stakeholders were engaged. | Eczacıbaşı Group Sustainability Priorities (p.9-11) |
| Ethical behaviour | Anti-corruption | 1.Total percentage of governance body members, employees and business partners who have received training on the organization’s anti-corruption policies and procedures, broken down by region. | Business Ethics and Legal Compliance (p.13) |
| | | a) Total number and nature of incidents of corruption confirmed during the current year, but related to previous years; and | |
| | | b) Total number and nature of incidents of corruption confirmed during the current year, related to this year. | |
| | | 2. Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption. | |
| | Protected ethics advice and reporting mechanisms | A description of internal and external mechanisms for: | Business Ethics and Legal Compliance (p.13) |
| | | 1. Seeking advice about ethical and lawful behaviour and organizational integrity; and | |
| 2. Reporting concerns about unethical or unlawful behaviour and lack of organizational integrity. | | | |
| Risk and opportunity oversight | Integrating risk and opportunity into business process | Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes. These opportunities and risks should integrate material economic, environmental and social issues, including climate change and data stewardship. | Business Ethics and Legal Compliance (p.13) |



| Planet | | | |
|-------------------------|--|--|--|
| Theme | Core Metrics and Disclosure | Description | Reference(s) |
| Climate change | Greenhouse gas (GHS) emissions | For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO2e) GHG Protocol Scope 1 and Scope 2 emissions. | Energy Efficiency and GHG Management (p.19-21) Performance Data (p.73) |
| | | Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate. | Scope 1 and Scope 2 emissions are calculated and reported annually. We aim to calculate Scope 3 emissions across the Group. |
| | TCFD implementation | Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation. Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above preindustrial levels and pursue efforts to limit warming to 1.5°C – and to achieve net-zero emissions before 2050. | We initiated detailed studies for climate risk assessment across the Group. In this context, efforts to comply with TCFD are also planned. |
| Nature loss | Land use and ecological sensitivity | Report the number and area (in hectares) of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas (KBA). | Group companies do not have an operational center located in protected areas, especially RAMSAR areas. |
| Freshwater availability | Water consumption and withdrawal in water-stressed areas | Report for operations where material: megalitres of water withdrawn, megalitres of water consumed and the percentage of each in regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool. | Energy Efficiency and GHG Management (p.22) Performance Data (p.73) |
| | | Estimate and report the same information for the full value chain (upstream and downstream) where appropriate. | |



| People | | | |
|-----------------------|--|--|--|
| Theme | Core Metrics and Disclosure | Description | Reference(s) |
| Dignity and equality | Diversity and inclusion | Percentage of employees per employee category, by age group, gender and other indicators of diversity (e.g. ethnicity). | Equal Opportunity (p.26-32) Performance Data (p.73) |
| | Pay equality | Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas. | Equal Opportunity (p.27) |
| | Wage level (%) | Ratios of standard entry level wage by gender compared to local minimum wage. | Equal Opportunity (p.27) |
| | Risk for incidents of child, forced or compulsory labour | An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to: a) type of operation (such as manufacturing plant) and type of supplier; and b) countries or geographic areas with operations and suppliers considered at risk. | Equal Opportunity (p.26) |
| Health and well-being | Health and safety | The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury; and the number of hours worked. An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers. | Occupational Safety and Reliability (p.34) |
| Skills for the future | Training provided | Average hours of training per person that the organization's employees have undertaken during the reporting period, by gender and employee category (total number of hours of training provided to employees divided by the number of employees). | Equal Opportunity (p.30) Performance Data (p.73) |
| | | Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees). | |



Prosperity

| Theme | Core Metrics and Disclosure | Description | Reference(s) |
|--|--|---|--|
| Employment and wealth generation | Absolute number and rate of employment | 1. Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region. | We aim to include these statistics, which were not published this year, in our reporting practice for the next year |
| | | 2. Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region. | |
| | Economic contribution | 1. Direct economic value generated and distributed (EVG&D), on an accruals basis, covering the basic components for the organization's global operations, ideally split out by: | While a total revenue of 10,495 million TL was generated in the reporting period, 8,546 million TL operating costs, 1,130 million TL employee wages and benefits, 108 million TL dividends, 274 million TL tax and 90 million TL community investment expenditures were made. |
| | | - Revenues | |
| | | - Operating costs | |
| | | - Employee wages and benefits | |
| | | - Payments to providers of capital | |
| | | - Payments to government | |
| | | - Community investment | |
| | | 2. Financial assistance received from the government: total monetary value of financial assistance received by the organization from any government during the reporting period. | Some of the Group companies received short-time working allowance support from the state during the Covid-19 closure period. |
| | Financial investment contribution | 1. Total capital expenditures (CapEx) minus depreciation, supported by narrative to describe the company's investment strategy. | In the reporting period, the total amount of capital expenditures excluding depreciation is 354 million TL. We continue to increase our investments focused on capacity increase and international growth. We, all, need to leave the resource-intensive lifestyle and production strategies we are accustomed to. Our main goal is to grow and expand more strongly with international investment and trade. In order to be a part of the emerging, green and digital common international market, we are steering our attention towards production models and products based on the circular economy. |
| | | 2. Share buybacks plus dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders. | During the reporting period, 108 million TL of payment has been made within this context. |
| Innovation of better products and services | Total R&D expenses | Total costs related to research and development. | Innovation (p.59) Performance Data (p.73) |
| Community and social vitality | Total tax paid | The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company, by category of taxes. | During the reporting period, 274 million TL of corporate tax, 177 million TL of payroll tax and 23 million TL of various other categories of tax has been paid. |



Limited Assurance Report to the Directors of Eczacıbaşı Holding A.Ş.

We have been engaged by the Board of Directors of Eczacıbaşı Holding A.Ş. (the “Group”) to perform an independent limited assurance engagement in respect of the Selected Sustainability Information (“Selected Information”) stated, and listed below, in the Eczacıbaşı Group Sustainability Report (“the 2020 Sustainability Report”) for the year ended 31 December 2020.

Selected Information

The scope of the Selected Information for the year ended 31 December 2020, which is subject to our independent limited assurance work, set out in page 2, About the Report section, of the 2020 Sustainability Report is summarised below:

- Energy Consumption,
- Carbon Emissions,
- Water Consumption,
- Total Share of Women Professionals,
- Women among New Recruits,
- Injury Rate,
- Training hours per Talent,
- Total Waste Amount,
- Share of Recycled Waste and
- Energy Consumption per ton Output
- Water Consumption per ton Output
- Carbon Emission per ton Output

Our assurance was with respect to the year ended 31 December 2020 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the 2020 Sustainability Report and, therefore, do not express any conclusion thereon.

Criteria

The criteria used by the Group to prepare the Selected Information is set out in section ‘Eczacıbaşı Group’s Reporting Guidance’ (the ‘Reporting Guidance’) on pages 69-72 of the 2020 Sustainability Report.

The Group’s Responsibility

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

Inherent Limitations

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

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

Our Independence and Quality Control

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

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



Our Responsibility

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

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

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

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

- making inquiries of the persons responsible for the Selected Information;
- understanding the process for collecting and reporting the Selected Information.

This included analysing 3 sites, selected on the basis of their inherent risk and materiality to the Group, to understand the key processes and controls for managing and reporting the Selected Information;

- performing limited substantive testing on a selective basis of the preparation and collation of the

Selected Information prepared by the Group; and

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Group's Selected Information for the year ended 31 December 2020, is not properly prepared, in all material respects, in accordance with the Reporting Guidance.

This report, including the conclusion, has been prepared for the Directors of the Group as a body, to assist the Directors in reporting Group's performance and activities related to the Selected Information. We permit the disclosure of this report within the Sustainability Report for the year ended 31 December 2020, to enable the Directors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors as a body and the Group for our work or this report save where terms are expressly agreed and with our prior consent in writing.

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

Ediz Günsel, SMMM
Partner

Istanbul, 11 November 2021



CONTACT

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