

## Risk Management and Internal Audit Activities

In 2020, the risk management and internal audit functions were united into the Risk Management and Internal Audit Department in order to improve the effectiveness of these two functions.

The pandemic which made a mark on our lives in 2020 also exposed many risks, including economic ones, and changed the way we prioritize risks.

As it operates in an intense domestic and international competitive landscape, Şişecam implements effective risk management and internal audit processes to provide adequate risk assurance to its stakeholders, and constantly reviews and improves its process to respond to the needs.

The pandemic started towards the end of 2019 and began to show its heavy impact on Turkey from March 2020 onwards. With the pandemic, many risks which had been on the front burner for a long time had to be put on the back burner. It brought many risks including economic ones in particular to the surface again and changed the way we prioritized risks. Uncertainties in the global economy, intensive interstate conflicts, protectionism on the rise, global inequalities which became even more obvious during the pandemic and the security issues triggered by such inequalities, technological developments gaining even more speed due to the pandemic, and the climate change altered the expectations regarding the future of the world and led people to question the sustainability of the established system.

The fact that most of the above-mentioned risks are uninsurable changed the perspective on risks across the world. It has also greatly increased the importance and added value of risk management (i.e. assurance functions) as a corporate discipline.

To adapt to the changing circumstances summarized above, Şişecam took initiative to improve the effectiveness of the risk management and internal audit functions, which are key elements of corporate governance, and united these two functions into the Risk Management and Internal Audit Department in 2020. What the Company wanted to achieve with this initiative was to benefit from the synergy to be created by coordinated management of these two key corporate governance functions.

Risk management and internal audit functions report to the Board of Directors and carry out their activities in coordination with operational units. The results of regular meetings with the Early Risk Detection Committee, Audit Committee and Corporate Governance Committee are reported to the Board of Directors in accordance with the legislation. These activities are intended to reassure stakeholders, safeguard the tangible and intangible assets of Şişecam, conserve its resources, protect the environment, minimize losses originating from uncertainties and maximize potential benefits gained from opportunities.



### Risk Management at Şişecam

At Şişecam, risk management activities are carried out with a holistic and proactive approach based on enterprise risk management principles. Şişecam focused strongly on improving the effectiveness of risk management processes to sustain the risk assurance provided to the stakeholders in the intense internal and external competitive environment and to effectively manage the ever-increasing uncertainties caused by global developments.

Accordingly, communication and coordination activities throughout Şişecam are being emphasized, as in previous years, for the management of risks which are identified, prioritized and linked to action plans according to the risk appetite, within the framework of corporate risk management, and technological means are being utilized, and reporting to track the process robustly is being conducted according to the legislation.

### Internal Audit at Şişecam

The objective of internal audit activities at Şişecam is to help achieve uniformity and standardization of practices, ensure that all activities are performed in compliance with internal and external regulations as well as the execution of corrective actions on time. In line with the stated objectives, audit activities are being carried out on an ongoing basis within the bodies of the companies of Şişecam operating domestically and abroad.

Internal audit is carried out under the periodic auditing programs approved by the Board of Directors. During the preparation of the audit programs, the results of the risk management activities are also used, meaning that "risk-based audit" practices are implemented.

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