

Sustainability

Şişecam continues to PRESERVE natural resources and its corporate heritage for future generations and to EMPOWER its stakeholders through its diversity and inclusion principles, and achieves PROGRESS in its fight against climate change.

1. Sustainability Strategy

a. Governance

Şişecam's sustainability vision involves actively advocating sustainability at a global level, integrating sustainability into all aspects of its production value chain and empowering its stakeholders to create solutions that make a difference. To this end, global trends, investor expectations, product and customer expectations and legal obligations are closely monitored to ensure alignment with them.

For sustainable future generations, Şişecam incorporates the Care for Next strategy - which is built on the concepts of Preserve-Empower-Progress in line with the United Nations Sustainable Development Goals (UN-SDGs) - into its business operations. Şişecam continues to preserve natural resources and its corporate heritage for future generations, and to empower its stakeholders through its diversity and inclusion principles, and achieves progress in combatting climate change. Şişecam aims to generalize this sustainability vision to include all stakeholders in the value chain - from raw material procurement to production, production to sales, sales to customer and post-consumption. For this purpose, Şişecam announces its Care for Next approach to internal and external stakeholders via promotional videos and reports shared on social media platforms, its corporate website and various events throughout

the year. Environment (page 69), Energy Management and Production Technologies (page 76), Diversity and Inclusion (page 80), Digitalization and Innovation (page 78), Occupational Health and Safety (page 88) and Corporate Social Responsibility (page 90) activities addressed as part of Şişecam's sustainability strategy are described in detail on the respective pages specified.

With its numerous local and global sustainability-related initiatives, Şişecam is committed to developing its corporate experience in this key area and expanding its sphere of influence. (See the Sustainability Report for the current list of associations that Şişecam has joined as a member.) The Sustainability Committee, which directly reports to the CEO, sets out Şişecam's vision, priorities and strategies related to sustainability. The Committee also conducts internal and external stakeholder communications and monitors the performance of workgroups regarding corporate sustainability objectives. The Sustainability Committee is chaired by the Chief Strategy Officer and consists of senior executives from the ArTeGe, Human Resources and Corporate Communications, Risk Management and Internal Audit, Information Technologies, Procurement and Production departments. The Committee convenes at least four times a year to evaluate workgroup activities and their progress towards meeting objectives.

The Sustainability Directorate is responsible for reporting on corporate sustainability, ensuring supply chain sustainability, providing sustainability training programs, measuring internal sustainability activities, and managing energy and natural resources. Six workgroups operate under the Sustainability Committee: Environment, Corporate Social Responsibility, Energy and Production Technologies, Diversity and Inclusion, Digitalization and Innovation, Occupational Health and Safety.

Since its founding, Şişecam has remained committed to ethical values, transparency, accountability and taking a responsible approach to its stakeholders. Şişecam also maintained its position among the 58 companies included in the latest BIST Sustainability Index. The index was compiled after an evaluation of the sustainability performance of companies trading on Borsa İstanbul (BIST), during the period of December 2020-October 2021. As a result of the merger that took place in October 2020, Anadolu Cam Sanayii A.Ş. (ANACM), Denizli Cam Sanayii ve Ticaret A.Ş. (DENCM), Paşabahçe Cam Sanayii ve Ticaret A.Ş., Soda Sanayii A.Ş. (SODA) and Trakya Cam Sanayii A.Ş. (TRKCM), Şişecam affiliates publicly traded on the BIST, were merged with the Türkiye Şişe ve Cam Fabrikaları A.Ş. (SİSE) account during the sustainability performance evaluation.



For more information on Şişecam's corporate policies related to its environmental, social and governance approach, which is updated from time to time with internal-external stakeholder comments, refer to the Şişecam Sustainability Report and Şişecam's corporate website.

<https://www.sisecam.com.tr/en/sustainability/sisecam-sustainability>

b. Sustainability Objectives

As part of its Care for Next strategy, Şişecam's sustainability objectives for the next five years were set by taking into account the opinions of internal and external stakeholders in a way that will contribute to UN SDGs. "Preserve" focal points include Use of Natural Resources, Corporate Heritage and Product Stewardship. "Empower" focal points include Diversity and Inclusion, Talent Management, Occupational Health and Safety, and Contribution to Social Development. "Progress" focal points include R&D and Digitalization, Innovative Products, and the Fight Against Climate Change. Numerical targets are set to monitor progress on a yearly basis and to give guidance on taking necessary actions in these areas.

The current status of these targets are shared via the Şişecam Sustainability Report and the corporate website.

2. Corporate Environmental Management

a. Compliance with Environmental Legislation

As described in the Corporate Environment and Energy Policy⁽¹⁾, Şişecam's strategic priorities in terms of environmental management include using production techniques designed to minimize the environmental impact of Şişecam's business operations, implementing active energy and resource management, developing practices to reduce the effects of climate change, and ensuring widespread adoption of waste recovery and recycling practices. Following Şişecam's merger in October 2020, the Şişecam Environmental Management Unit was established. This unit operates in accordance with the Regulation on Environmental Management Services.

All Şişecam business operations are built on environmental management systems. This approach enables Şişecam to achieve its objectives and fulfill its commitments in environmental management.

Şişecam also monitors the direct and indirect effects of its operations on the environment in a holistic manner in order to minimize these impacts in accordance with the environment and energy policy. Under the Supplier Code of Conduct, environmental sustainability management is actively encouraged throughout the entire value chain and periodically checked via evaluation and auditing of legal compliance.

Şişecam has established digital monitoring and tracking systems to ensure fast and active compliance with applicable environmental laws, rules and regulations.

b. Environmental Incentives-Investments

Environmental audits are performed in the production value chain, encompassing legal and regulatory compliance as well as natural resource and waste management. Based on these findings, Şişecam determines relevant actions by identifying areas of development and associating them with investment plans where required. In 2020, Şişecam recorded environmental investment spending of TRY 40 million.

⁽¹⁾ <https://www.sisecam.com.tr/en/sustainability/policies/environment-energy-policy>

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Şişecam integrated “zero waste” and “circular economy” approaches into its management processes across all of its operations.

c. Environmental Friendly Innovative Products

Şişecam offers lightweight glass packaging solutions as part of its commitment to design glass packaging products that can be produced with less raw materials and less energy. By implementing a design change, a 14% of reduction in greenhouse gas emissions has been achieved only via single bottle type.

With its 100% Recycled Glassware initiative, a product development innovation, Şişecam aims to raise awareness on sustainability and the environment. This effort also incorporates the concept of 100% recycled glass into Şişecam Glassware products. This innovative collection significantly reduces energy consumption and raw material use during the melting process. Greenhouse gas emissions were reduced by more than 38% with this collection.

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d. Environmental Indicators and Trends

With its sustainability approach, Şişecam ensures full compliance with applicable environmental legal and regulatory requirements by managing, preventing and/or minimizing the environmental impact of its business operations. To establish the corporate principles and actions related to management of the environmental impact and ensure coordination of relevant responsibilities, Şişecam always takes local legal and regulatory requirements into consideration in areas where it operates. The “Corporate Environmental Management Procedure,” “Implementing Directive for Principles of Waste Management,” and “Guide for Evaluation of Environmental Aspects” are implemented at all Şişecam facilities, in Turkey and abroad.

At Şişecam, environmental management is carried out by environmental engineers at the operational level; Quality and Environment Directorates at the field of activity level; and the Environmental Management Department under the Sustainability Directorate at the General Directorate level. Şişecam’s environmental management approach is supported by the ISO 14001 Environmental Management

System at its production facilities. Effective communication, audit and reporting practices are conducted with a multi-layered system extending from Şişecam’s top management to the factory and subcontractor level. Primary environmental indicators – use of raw materials, water consumption, waste generated, energy consumption, greenhouse gas emissions and amounts of recycled – are shared in the Sustainability Report on a yearly basis. Details of certifications held by each facility are also disclosed in the Sustainability Report.

e. Reducing Environmental Impacts

Under its Corporate Environmental Management approach, Şişecam conducts holistic monitoring and continuous development of its business activities. The following efforts are carried out at periodic intervals to maintain a common baseline across the organization:

- Reporting compliance of Şişecam’s activities with the Corporate Environment and Energy Policy and related commitments;
- Annual monitoring and evaluation of environmental parameters;
- Identifying environmental goals and targets;
- Protecting and managing natural resources and developing environmental improvements;
- Monitoring and analysis of environmental data, and reporting to relevant stakeholders;
- Adhering to legal and regulatory requirements and controlling compliance;
- Monitoring performance with internal audit and cross controls;
- Providing environmental trainings and conducting internal/external communication with relevant units.

As part of the Environmental Data Management System, Şişecam periodically monitors and reports the environmental performance indicators including natural resource consumption, waste generation and legal compliance, via the QDMS (Quality Document Integrated Management System).

Şişecam closely monitors its compliance with applicable environmental legislation and regulations of the geographies where it operates via the Environmental Data Management system and Environmental Cross Controls based on declarations of its production facilities. Since 2015, Şişecam has evaluated compliance with the Environmental Management System (ISO 14001) principles, environmental legal requirements and other relevant international legislation and regulations via the declarations of its production facilities, environmental risks and cross controls on an annual basis. Environmental management practices are monitored at all Şişecam facilities, both in Turkey or abroad, via Environmental Cross Controls. Any actions deemed necessary are taken.

f. Management of Environmental Impacts

Waste and Water Management

Şişecam has adopted an integrated waste management approach based on central coordination of waste arising from its business activities. The main goal is to manage waste in an integrated manner according to “zero waste” and “circular economy” approaches in preventable wastes generated by its production facilities. Şişecam also aims to evaluate industrial symbiosis opportunities more effectively.

Under the scope of the Integrated Waste Management project, Şişecam conducted improvement activities to prevent, reduce and re-use the waste which is produced due to its

operations. Şişecam also undertook capital investment projects and engaged in training, capacity improvement and collaboration activities. The Şişecam Waste Management Roadmap was created based on the outcomes of these activities. Şişecam performed extensive analyses of its current waste management approach and the standardized implementation of such approach across all its geographies. The related waste costs were calculated by preparing a waste inventory of the entire organization. As per the Zero Waste Regulation, Şişecam’s facilities in Turkey obtained Zero Waste Certification.

In 2020, Şişecam collected 55% of all packaging materials that it had offered to the market during the previous year and delivered them for recycling. This corresponded to about 16,500 tons of recycled paper, cardboard, plastic and wood. In addition to its extensive recycling efforts, Şişecam also contributes to training, support and awareness raising activities for students. Operational data on effective water management and wastewater recovery – the focus areas of Şişecam’s sustainability approach under the Corporate Sustainability Strategy – is monitored on a monthly basis. Relevant investment and improvement efforts are followed up to ensure their effectiveness.

Management of Emissions

In accordance with the provisions of the Continuous Emission Measurement Systems Communiqué published on October 12, 2011, and the Notice on Online Monitoring of Continuous Emission Monitoring Systems dated April 24, 2014, Şişecam monitors its levels of NOx emissions via continuous emission measurement systems. These results are duly transferred to the Ministry’s system. Şişecam set a target under its sustainability strategy to reduce NOx emissions of its glass furnaces; efforts to reduce emissions of nine additional glass furnaces were completed in 2020.

3. Reporting

Şişecam publishes annual Sustainability Reports describing the sustainability approach of the parent company and its subsidiaries (Trakya Cam Sanayii A.Ş., Anadolu Cam Sanayii A.Ş., Paşabahçe Cam Sanayii ve Ticaret A.Ş., Soda Sanayii A.Ş. and Şişecam Otomotiv A.Ş.). These reports include economic, environmental and social indicators and assess the performance of production activities within this context. Şişecam’s sustainability reports are drawn up according to GRI (Global Reporting Initiative) standards and are accessible to all stakeholders. Şişecam’s sustainability reports cover all company business activities in Turkey and abroad. The reports are also available in audio book versions in English and Turkish on the relevant web pages. The CEO message, distributed via a communication package, was also written in the Braille alphabet to raise awareness of and provide access to the visually impaired. Recycled and FSC (Forest Stewardship Council) certified papers are used in the printed materials of Şişecam’s sustainability reports. The Şişecam Sustainability Report is accessible by clicking the link below:

<https://www.sisecam.com.tr/en/sustainability/reporting/sustainability-report>

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Environmental, Social and Governance (ESG) priorities are addressed in all phases of supplier management, including evaluation, application, monitoring and improvement.

4. Combatting Climate Change

The Şişecam Corporate Climate Change Coordination Board (IDKK) strives to manage greenhouse gas emissions more effectively and adapt to the physical effects of climate change. Şişecam aims to become a more effective stakeholder in combating climate change and further improve communications on this topic. Priorities were identified in this area and work commenced on formulating appropriate strategies and developing action plans. IDKK consists of relevant representatives of the Production Departments, Sustainability Department, Risk Management and Internal Audit Department, Construction Directorate, Finance Department and Procurement Department. The IDKK aims to:

- (adaptation) evaluate vulnerabilities related to the physical impacts of climate change and determine the priorities at the relevant physical, financial and operational levels in order to adapt

to these impacts;

- (mitigation) determine the green house gas emissions reduction potentials and evaluate low-carbon production techniques and technologies; and
- monitor international, regional and national developments and liabilities regarding climate change processes and ensure integrated and effective management of the related processes across Şişecam.

The Şişecam Climate Change Integrated Strategy is formulated with a comprehensive and inclusive approach, ranging from reducing greenhouse gas emissions to adapting to extreme weather events caused by climate change.

To meet the requirements of the Regulation on Monitoring of Greenhouse Gas Emissions within the scope of Turkish legislation, Şişecam calculates and reports annual greenhouse gas emissions of its plants in Turkey. The relevant reports are verified and documented by independent accredited organizations.

Since 2011, Şişecam has regularly monitored carbon emissions from its business operations. Data obtained from its monitoring efforts are disclosed via the Carbon Disclosure Project (CDP). In 2020, Şişecam publicly disclosed its report on the previous year's carbon emissions performance of the Group's operations in Turkey, Italy and Bulgaria. The report included details of its risk and opportunities analyses to comply with the principle of transparency.

Emissions Trading System

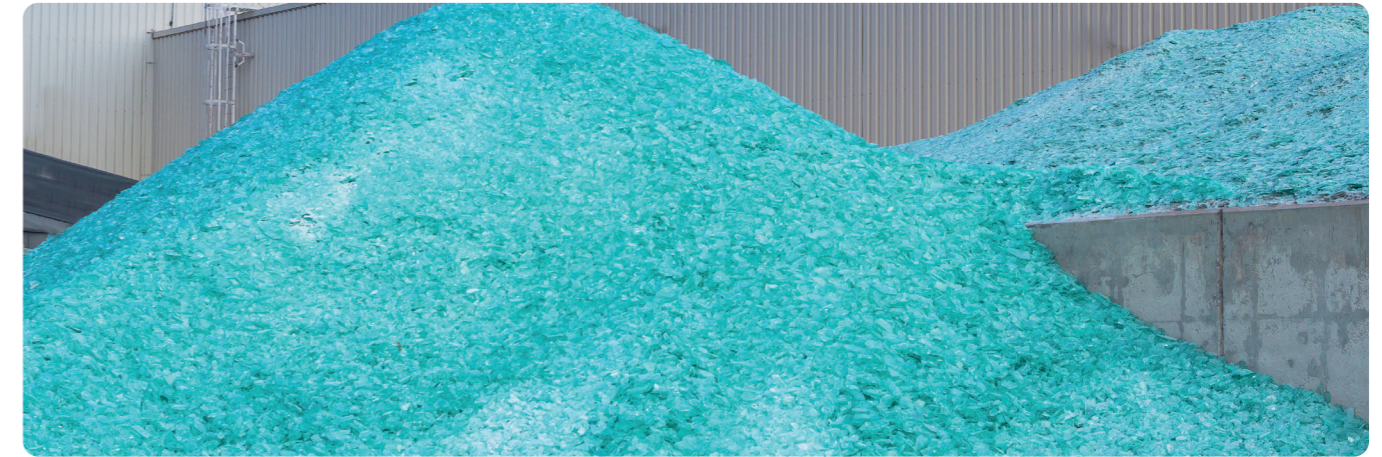
Şişecam conducts annual monitoring, reporting and verification of greenhouse gases and follow-up of proposed improvement actions in four of its production plants within the European Union Emission Trading System. For the purposes of the 2021 EUA settlement, 2020 emissions of the facilities were calculated and necessary actions were taken to ensure compliance with applicable legislation.

5. Environmental Sustainability Management in the Value Chain

Sustainable supply chain management is a strategic priority at Şişecam. Environmental, Social and Governance (ESG) priorities are addressed in all phases of supplier management, including evaluation, application, monitoring and improvement. Relevant processes are reviewed accordingly. The following were prepared, implemented and integrated with ESG priorities:

- Supplier Commissioning and Decommissioning Systems,
- Supplier Risk Evaluation and Monitoring Application,
- General Terms and Conditions of Procurement,
- Şişecam Supplier Code of Conduct,
- Supplier Competency Audit Questions List,
- Supplier Performance Evaluation System

The supplier performance system evaluates suppliers on delivery performance, quality, finance,



production technologies, risk and sustainability. The Supplier Risk Evaluation and Monitoring Application evaluates the activities of suppliers on financial, ethical, geopolitical, and strategic criteria. The risk score of suppliers is calculated via this application. The order confirmation portal is used to expand and bolster supplier collaboration. Supplier commissioning, selection, audit and performance evaluation processes are reviewed regularly to boost product and service quality based on category. Action plans for development areas are prepared and monitored based on the findings of audits conducted by third party independent audit firms. With these various applications, Şişecam raises the awareness of its suppliers on sustainability and ensures continuous improvement of this key concept.

6. Collaboration with Stakeholders

Şişecam undertakes capital investments to improve the collection infrastructure of glass packaging wastes, upgrade the facilities where glass packaging wastes are collected and processed, and separate glass packaging waste found in household waste before landfill. With a business model that incorporates post-consumption recycling, Şişecam turns opportunities into investment and accelerates transition to a circular economy.

Şişecam Çevre Sistemleri A.Ş., a subsidiary of Şişecam, engages in efforts to promote recycling of glass and improve the systems in place to boost glass waste collection in Turkey. Glass waste recycling operations are carried out at branch locations in close proximity to Şişecam's glass packaging plants in Yenisehir and Eskişehir. Şişecam Çevre also procures and recycles furnace-ready cullet from other suppliers to ensure that it is re-used in production. In 2020, Şişecam addressed recycling of 256 thousand tons of glass cullet. For detailed information on Şişecam's communications with stakeholders, refer to the Sustainability Report.

7. Quality Management Systems

Following the Şişecam merger, requirements of the ISO 9001 Quality Management System were met across all units at Şişecam headquarters, laying the foundations of Integrated Quality Management. Upon completion of the Quality Document Integrated Management System (QDMS) deployment, the system was commissioned to integrate the ISO 9001 Quality Management System, which successfully passed the certification audit, with other management systems on the digital platform. With the Şişecam merger, certificate transformation of relevant companies has been completed. The integration process of Quality Management Systems is currently underway.

Activities related to the 11 ISO 27001 Information Security Management System certificates owned by Şişecam's production units and affiliates are monitored and coordinated. Various activities - including audit, training, risk assessment, follow-up of indications, identification of targets and opportunities, documentation updates - are centrally executed. This approach ensures that Information Security Management System activities are conducted effectively across Şişecam.

More detailed information about the Şişecam Information Security Management Policy, which was issued in 2020, and relevant employee training is available in the Sustainability Report.

Details of the Sustainability Strategy and the related high-priority issues are covered in the following sections.

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