



Corporate Governance Rating Report



15 December 2023

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## Rating and Executive Summary

### Türkiye Şişe ve Cam Fabrikaları A.Ş.

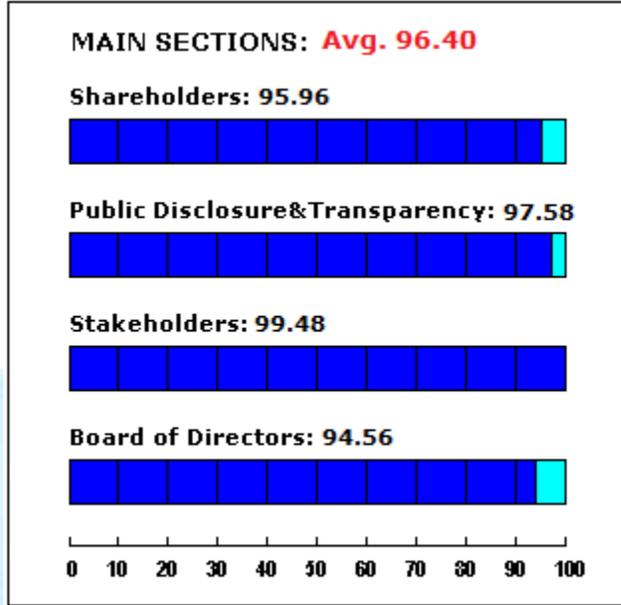


Corporate Governance Rating:

**9.64**



#### EXECUTIVE SUMMARY



The Corporate Governance Rating of 9.60 that has been assigned to Türkiye Şişe ve Cam Fabrikaları A.Ş. (Şişecam) on December 16, 2022 is hereby revised up to **9.64**. Our rating methodology (page 5) is based on the Capital Markets Board's (CMB) "Corporate Governance Principles".

The Company's corporate governance rating is revised as above in consideration with the importance given by Şişecam to corporate governance principles, its willingness to carry out the compliance process continuously and dynamically and studies which had been initiated in this direction since the previous rating.

SAHA publishes (annually) the World Corporate Governance Index (WCGI) which ranks countries in terms of their level of compliance with corporate governance principles as well as their germane institutions, rules, codes, and regulations together with international standards and indices which evaluate countries in a vast array of areas such as transparency, corruption, ease of doing business, etc.. Türkiye Şişe ve Cam Fabrikaları A.Ş. is analyzed as a Turkish company and Turkey takes place at the top classification of the WCGI which is Group 1. Details of the World Corporate Governance Index (WCGI) published by SAHA on July 12, 2023 can be accessed at <http://www.saharating.com>.

Şişecam is rated with **9.60** under the **Shareholders** heading. Exercise of shareholders' rights complies with the legislation, Articles of Association and other internal rules and regulations, and measures have been taken to ensure the exercise of these rights. All procedures prior to the general shareholders' meeting as well as the conduct of the meeting comply with the legislation, rules and regulations. There are no voting privileges at Şişecam. There is a publicly disclosed dividend policy of the Company. The Articles of Association were amended to provide that the general shareholders' meetings are open to the public, including stakeholders and the media, without the right to vote. On the other hand, adoption as it is, the rate of minority rights as prescribed for public joint stock companies (%5) is an area open for improvement.

Şişecam attained **9.76** under the **Public Disclosure and Transparency** chapter. There is a comprehensive web site of the Company. Public announcements are made via all communications channels and are in accordance with the CMB and Borsa Istanbul (BIST) rules and regulations. The Annual Report complies with the legislation, comprehensive and informative. The Corporate Governance Compliance Report (CRF) and the Corporate Governance Information Form (CGIF) have been both disclosed to the public through Public Disclosure Platform (PDP) in accordance with the legislation, and included in the Annual Report. The agreement and work conducted with the external auditor also complies with the legislation. Nevertheless, non-disclosure of the benefits provided to Board members and senior executives on individual basis is an area in need of further refinement.

On the topic of **Stakeholders**, Şişecam scored **9.95**. Şişecam guarantees the rights of stakeholders in line with the legislation and mutual agreements, and in case of violation, enables an effective and speedy compensation. A written compensation policy for the employees is also established and disclosed to the public on the corporate web site. The Company has an effective and comprehensive human resources policy. Models have been developed to support the participation of employees in the management of the Company. Code of ethics is publicly available through the corporate web site.

From the perspective of the principles regarding the **Board of Directors**, Şişecam's tally is **9.46**. There is a well communicated Company mission and vision, and the Board fulfills all duties regarding Company needs. Chairman of the Board of Directors and the general manager is not the same person. There are no executive members on the nine-member Board of Directors and three members are independent. Each Board member is entitled to a single vote. CMB criteria are complied with for the appointment of independent members who have each signed a declaration of independence. There are three female Board members. Corporate Governance, Audit, and Early Detection of Risk Committees are established within the Board of Directors. The working principles of the Committees are disclosed to the public. Principles of remuneration of Board members and senior executives are available on the corporate web site. Losses that may be incurred by the Company as a result of not performing the Board members' duties duly are insured. Remuneration of Board members and managers with administrative responsibility as well as all other benefits provided is mentioned collectively in the Annual Report, but best application of Corporate Governance Communiqué dictate that this information is given on an individual basis.

## Rating Methodology

SAHA's methodology for rating the degree of compliance with the Principles of Corporate Governance is based upon the CMB's "Corporate Governance Principles" released on January 2014.

The CMB based these principles on the leading work of The World Bank, The Organization of Economic Cooperation and Development (OECD), and the Global Corporate Governance Forum (GCGF) which has been established in cooperation with the representatives of the preceding two organizations and private sector. Experts and representatives from the CMB, Borsa Istanbul and the Turkish Corporate Governance Forum have participated in the committee that was established by the CMB for this purpose. Additionally; many qualified academicians, private sector representatives as well as various professional organizations and NGOs have stated their views and opinions, which were added to the Principles after taking into account country specific issues. Accordingly, these Principles have been established as a product of contributions from all high-level bodies.

Certain applications of the Principles are based on "comply or explain" approach and others are mandatory. However, the explanation concerning the implementation status of the Principles, if not detailed reasoning thereof, conflicts arising from inadequate implementation of these Principles, and explanation on whether there is a plan for change in the Company's governance practices in future should be mentioned in the Annual Report and disclosed to public.

The Principles consist of four main sections: shareholders, public disclosure and transparency, stakeholders, and the Board of Directors.

Based on these Principles, the SAHA Corporate Governance Rating methodology features around 330 sub-criteria. During the rating process, each criterion is evaluated on the basis of information provided by the Company officials and disclosed publicly. Some of these criteria can be evaluated by a simple YES/NO answer; others require more detailed analysis and examination.

SAHA assigns ratings between 1 (weakest) and 10 (strongest). In order to obtain a rating of 10, a company should be in full and perfect compliance with the Principles (see Rating Definitions, p.24).

To determine the total rating score for each main section parallel to the CMB's Corporate Governance Principles, SAHA allocates the following weights:

Shareholders: **25%**

Public Disclosure and Transparency: **25%**

Stakeholders: **15%**

Board of Directors: **35%**

To determine the final overall rating, SAHA utilizes its proprietary methodology which consists of sub-section weightings and weightings for the criteria there under. A separate rating is assigned to each one of the main sections as well.

## Company Overview

<b>Türkiye Şişe ve Cam Fabrikaları A.Ş.</b>	
	<p><b>Chairman of the Board</b> Prof. Dr. Ahmet Kirman</p> <p><b>General Manager</b> Mustafa Görkem Elverici</p>
<p>İçmeler Mahallesi, D-100 Karayolu Caddesi, No: 44A 34947 Tuzla, İstanbul <a href="http://www.sisecam.com.tr">www.sisecam.com.tr</a></p>	<p><b>Investor Relations Department Manager</b> Hande Özbörçek Tel: 0850 206 33 74 <a href="mailto:hozborcek@sisecam.com">hozborcek@sisecam.com</a></p>

Şişecam Group is an industrial enterprise conducting operations on an international scale in the fields of flat glass, glassware, glass packaging, and chemicals. Şişecam Group has production facilities in 14 countries with 24,000 employees. More than half of its sales are realized abroad, and its products are exported to over 150 countries worldwide. The Group is the leader in its line of business, encompassing all key areas of glass production, such as flat glass, glassware, glass packaging and glass fiber, as well as in the manufacture of soda and chromium chemicals.

Founded in 1935 by Türkiye İş Bankası A.Ş. upon the directives of Atatürk, Şişecam celebrates its 89<sup>th</sup> anniversary as of November 2023. Placing priority on meeting the glass product requirement of the country in its initial steps, Şişecam entered the global markets with a strong and challenging manner beginning from the 1960s in line with the "our market is the world" principle, and entered into a rapid growth phase by diversifying its activities after 1970.

Ranging from first to tenth place in global ranking according to different criteria, Şişecam is among the world's most distinguished glass manufacturers with its scale, degree of specialization, and highly competitive activities.

The capital structure of Şişecam is as follows:

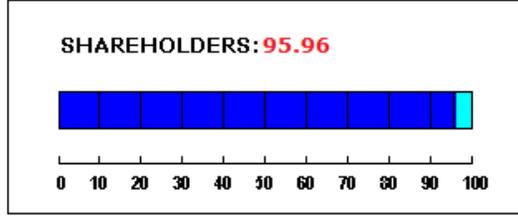
<b>Capital Structure</b>		
<b>Shareholders</b>	<b>Share Value (TL)</b>	<b>Share %</b>
T. İş Bankası A.Ş.	1,563,980,410.98	51.06
Efes Holding A.Ş.	205,343,915.32	6.70
Other	1,293,889,729.87	42.24
<b>Total</b>	<b>3,063,214,056.17</b>	<b>100.00</b>

Public shares of the Company are traded under "SISE" code at BIST Stars Market and Şişecam is a constituent of BIST SUSTAINABILITY 25 / BIST LIQUID 10 EX Banks / BIST ISTANBUL / BIST 30 / BIST DIVIDEND / BIST 50 / BIST SUSTAINABILITY / BIST CORPORATE GOVERNANCE / BIST HOLDING AND INVESTMENT / BIST BUYBACK / BIST STARS / BIST ALL SHARES / BIST FINANCIALS / BIST DIVIDEND 25 and BIST 100 indices.

The Board of Directors is composed as follows:

<b>Şişecam Board of Directors</b>	
<b>Name</b>	<b>Title</b>
Ahmet Kirman	Chairman
Hasan Cahit Çınar	Vice-chairman
Şener Oktik	Board Member Early Detection of Risk Committee Member
Ahu Serter	Board Member
Can Yücel	Board Member
Dilek Duman	Independent Board Member
Diğ Kızıldemir	Independent Board Member Corporate Governance Committee Chairman Early Detection of Risk Committee Chairman Audit Committee Chairman
Gül Ayşem Sargın	Independent Board Member Audit Committee Member Early Detection of Risk Committee Member
Sezgin Lüle	Board Member Early Detection of Risk Committee Member Corporate Governance Committee Member

## SECTION 1: SHAREHOLDERS



### SYNOPSIS

+	Equal treatment of shareholders.
+	Unrestricted shareholder rights to review and receive information.
+	Voting rights are facilitated.
+	General shareholders' meetings are conducted in compliance with the legislation.
+	No voting privileges.
+	No restrictions on transfer of shares.
+	Policy on donations and grants approved at the general shareholders' meeting and disclosed to the public.
+	Specific and consistent dividend distribution policy.
+	A provision has been included in the Articles of Association to hold the general shareholders' meetings open to the public, including stakeholders and the media.
=	Minority rights are not recognized for shareholders who possess an amount less than one-twentieth of the share capital.

#### 1.1. Facilitating the Exercise of Shareholders' Statutory Rights:

Şişecam's Investor Relations Department operates under the Financial Affairs Group. The department manager is Ms. Hande Özbörçek, holding Capital Markets Activities Level

3 and the Corporate Governance Rating Specialist Licenses.

Investor Relations Department plays an active role in protecting and facilitating shareholders' rights and in particular the right to obtain and review information. The Department fulfills the following duties:

- Ensure that the records relating to the written correspondence with the investors and other information are kept in a healthy, safe and updated manner.
- Respond to the queries of the shareholders requesting written information on the Company.
- Ensure that the general shareholders' meeting is held in compliance with the applicable legislation, Articles of Association and other Company by-laws.
- Prepare the documents that might be used by shareholders in the general shareholders' meeting.
- Supervise the fulfillment of the obligations arising from capital markets legislation including all corporate governance and public disclosure matters.

The Department reports to the Corporate Governance Committee on the activities conducted. The report includes important opinions and suggestions from investors, as well as comments and evaluations from intermediary institutions about the Company. In addition, it prepares the Corporate Governance Compliance Report to be discussed in the Board of Directors and provides detailed information deemed necessary by actively participating in the Board of Directors meetings.

Meetings and conference calls are held with domestic and foreign brokerage and asset management companies. One-on-one interviews are held with analysts. Investors can request information by contacting the Investor Relations Department directly by sending an e-mail or filling out the information request form available on the Company's web site. The Investor Relations Department regularly keeps the necessary records regarding written and verbal requests for information and the responses given.

Information and explanations that may affect use of shareholders' rights is available up to date on the corporate web site.

### **1.2. Shareholders' Right to Obtain and Evaluate Information:**

There is no evidence of any hindering process or application regarding the appointment of a special auditor. No such request has been received from shareholders during the reporting period.

All shareholders are given the opportunity to attend informative meetings other than the general shareholders' meetings. All kinds of information about the Company required by the legislation are provided in a complete, timely, honest, and diligent manner and there is no fine/warning received in this regard.

The Company has established a disclosure policy, submitted to the general shareholders' meeting, and disclosed it to the public on its corporate web site.

### **1.3. General Shareholders' Meeting:**

In addition to the methods of invitation in the legislation and in order to ensure attendance of maximum number of shareholders, the invitation to the general shareholders' meeting held on March 29, 2023 is performed through all means of communication available

to the Company on March the 6<sup>th</sup>, 2023 in accordance with the Corporate Governance Principles.

All announcements prior to the general shareholders' meeting included information such as the date and time of the meeting; without any ambiguity exact location of the meeting; agenda items of the meeting; the body inviting to the general shareholders' meeting; and the exact location where Annual Report, financial statements and other meeting documents can be examined.

In addition, a descriptive disclosure document on agenda items has been prepared.

Commencing from the date of announcement of invitation for the general shareholders' meeting, following documents are made available to all shareholders for examination purposes in convenient locations including the headquarters or branches of the Company, and the electronic media;

- The Annual Report,
- CRF and CGIF templates,
- Financial Statements and Reports,
- All Other Related Documents Pertaining to the Agenda Items,
- Dividend Distribution Proposal.

Shareholders are informed of the following issues prior to the general shareholders' meeting via the corporate web site:

- a. Total number of shares and voting rights reflecting the Company's shareholding structure as of date of disclosure, number of shares and voting rights reflecting the privileged share group within the Company capital, and the nature of the privileges.
- b. Information on that there are no changes in management and activities of the Company and its

subsidiaries in the previous fiscal year, or planned for the upcoming fiscal period which can significantly affect the Company operations.

- c. Backgrounds of nominees for independent Board members with tasks carried out in the last decade, the nature and significance level of their relationship with the Company and related parties, whether they are independent or not, and information on similar issues.

Agenda items were put under a separate heading and expressed clearly in a manner not to result in any misinterpretations. Expressions like "other" and "various" were not used. Information submitted to the shareholders prior to the general shareholders' meeting was related to the agenda items.

Items on the agenda were conveyed in detail and in a clear and understandable way by the chairman of the meeting and shareholders were given equal opportunity to voice their opinions and ask questions. The questions asked at the meeting were answered by the meeting chair and are included in the meeting minutes.

Any authorization for the Board of Directors to engage in activity within the scope of Articles 395 and 396 of the Turkish Commercial Code is included on the agenda of the general shareholders' meeting.

The members of the Board of Directors related with the issues of a special nature on the agenda, other related personality, authorized persons who are responsible for preparing the financial statements, representative of the external audit company were present to give necessary information and to answer questions at the general shareholders' meeting.

Şişecam has established a policy on donations and grants and submitted to the general shareholders' meeting for approval. Shareholders were informed

of donations made within the reporting period and the cap for the upcoming period was approved.

Stakeholders and media are allowed to attend the general shareholders' meetings with no voting rights, but no such clause is included in the Articles of Association.

#### **1.4. Voting Rights:**

At Şişecam, all shareholders, including those who reside abroad, are given the opportunity to exercise their voting rights conveniently and appropriately.

There are no voting privileges at Şişecam.

#### **1.5. Minority Rights:**

Maximum care is given to the exercise of minority rights. However, minority rights are not recognized for shareholders who hold an amount less than one-twentieth of the share capital and the Company has adopted exactly the rate foreseen in the legislation for listed companies.

There is no evidence of any conflict of interest between the majority shareholders and that of the Company.

#### **1.6. Dividend Rights:**

The dividend policy of Şişecam is clearly defined and disclosed to public on the corporate web site. It is submitted to the approval of the shareholders at the general shareholders' meeting and is incorporated in the Annual Report.

The Company's dividend distribution policy contains minimum information clear enough for investors to predict any future dividend distribution procedures and principles. A balanced policy is followed between the interests of the shareholders and those of the Company. The dividend distribution proposal contained all necessary information.

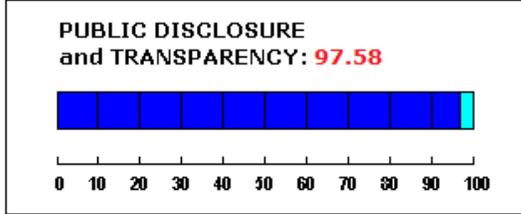
The Articles of Association of the Company contain a provision on advance dividend payments.

**1.7. Transfer of Shares:**

Neither the Articles of Association of the Company nor any decisions adopted at the general shareholders' meeting contain any provisions that impede the transfer of shares.

However, in accordance with the Electricity Market Law No. 6446 and the Electricity Market Licensing Regulation; 'Direct or indirect acquisitions by a natural or legal person of the shares representing 5% or more of the company's capital and share acquisitions that result in the shares belonging to a partner exceeding 5% of the legal entity capital and/or share transfers that result in the shares belonging to a partner falling below the above rates are subject to the approval of the Energy Market Regulatory Board any time.

## SECTION 2: PUBLIC DISCLOSURE AND TRANSPARENCY



### SYNOPSIS

+	Disclosure policy established and disclosed to public on the corporate web site.
+	Comprehensive web site, actively used for public disclosure.
+	Annual Report complies with the legislation, comprehensive and informative.
+	Important events and developments disclosed in accordance with the legislation.
+	No individual shareholder with a share higher than 5% within the capital structure.
+	English version of the web site for international investors.
+	Remuneration policy established and disclosed to public on the corporate web site.
+	A written donation policy established and disclosed to public on the corporate web site.
+	Dividend distribution policy disclosed to public via corporate web site.
=	Benefits provided to Board members and senior executives are mentioned collectively in the Annual Report, a disclosure on individual basis is essential.

#### 2.1. Corporate Web Site:

Company's web site is actively used for disclosure purposes and the

information contained therein is timely updated.

Along with the information required to be disclosed pursuant to the legislation, the corporate web site includes; trade register information, information about latest shareholder and management structure, the date and the number of the trade registry gazette on which the changes are published along with the final version of the Company's Articles of Association, publicly disclosed material information, periodical financial statements, Annual Reports, prospectuses, circulars and other public disclosure documents, agendas of the general shareholders' meetings and list of participants, minutes of the general shareholders' meeting, form for proxy voting at the general shareholders' meeting, disclosure policy, dividend distribution policy, ethical rules of the Company, frequently asked questions and responses thereof.

In this context, information on at least the last 5 years can be reached on the web site.

Turkey İş Bankası A.Ş. holds 51.06% of the issued capital of the Company, corresponding to TL 3,063,214,056.17. The Bank is the controlling shareholder, and as of the date of this report there are no individual shareholders who hold more than 5% of the Company's shares within its capital structure.

The information contained on the web site exists also in English for the benefit of international investors and is identical to the Turkish content.

The corporate web site also includes; investor presentations, the donation policy, working principles of the Committees, important Board decisions under the heading of material disclosures, the vision/mission of the

Company established by the Board, news, general shareholders' meeting internal guidelines, social responsibility activities, information on senior management, financial data, main ratio analyses, web site privacy policy, timetable on events and developments which may interest investors, and the human resources policy.

Information on dividend payments and capital increases for the last 5 years is included on the web site.

## **2.2. Annual Report:**

Annual Report is prepared in detail by the Board of Directors to provide public access to complete and accurate information on the Company and it covers information such as;

- a. Period covered by the report, the title of the Company, trade register number, contact information.
- b. The names of the chairmen and members serving on the Committees and the Board within the reporting period.
- c. The sectors in which the Company's subsidiaries operates and information on its position in these sectors.
- d. Qualifications of the Company's units, general explanations related to their activities and performances, and yearly developments.
- e. Progress on investments, the eligibility status on incentives.
- f. Information on the amendments to be made to the Articles of Association during the period to be submitted to the attention of the general shareholders' meeting.
- g. Corporate Governance Compliance Report and Corporate Governance Information Form.
- h. Information on related party transactions.

- i. Information on the absence of voting privileges.
- j. R&D activities conducted.
- k. Other issues not included in the financial statements, but are beneficial for users.
- l. Company's organization, capital and ownership structure and changes in the related accounting period.
- m. Benefits provided to staff and workers, information on number of personnel.
- n. Information on external duties of the Board members, with intra/out Group distinction and within the scope of permission granted at the general shareholders' meeting.
- o. The dividend distribution policy.
- p. Basic ratios on the financial position, profitability and solvency.
- q. Company's financing resources and risk management policies.

In addition to the matters specified in the legislation, following information was also given in the Annual Report:

- a. Information on external duties of Board members and executives.
- b. Declaration of independence of the related Board members.
- c. Information on the members, meeting frequency, working principles and effectiveness of the Board Committees
- d. Number of Board meetings held during the year and status of participation of the members.
- e. Changes in legislation which could significantly affect the Company's operations.
- f. Major court cases against the Company and possible consequences.

- g. Information on the fact that there is no cross shareholding in excess of 5% of the capital.
- h. Benefits and vocational training of employees, and other Company activities that give rise to social and environmental results.
- i. Rating results of the Company.
- j. Application status of the corporate governance principles as required by the CMB communiqué.

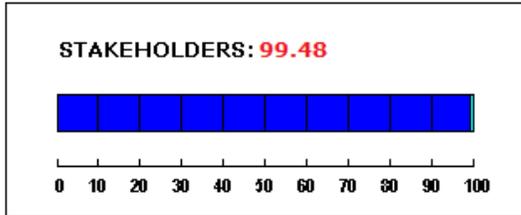
On the other hand, all benefits provided to Board members and senior executives are mentioned collectively, but best application of Corporate Governance Principles dictate that this information is given on an individual basis.

### **2.3. External Audit:**

The external audit of the Company is conducted by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., a member of Ernst&Young group with a worldwide experience.

There has not been a situation during the reporting period where the external auditor avoided to express its opinion and not signed the audit report, nor has reported a qualified opinion. It has been declared that there has been no legal conflict between the Company and the external audit firm. External audit firm and their audit staff did not provide consulting services for a price or free of charge during the audit period. No consulting company in which the external audit firm is in a dominant position either directly or indirectly in management or capital provided any consulting services during the same period.

## SECTION 3: STAKEHOLDERS



### SYNOPSIS

+	Measures to safeguard stakeholders' rights are facilitated.
+	Efficient Human Resources policy.
+	Stakeholders' views are taken on important decisions.
+	Publicly disclosed Code of ethics.
+	Company is socially and environmentally sensitive and respectful.
+	Social responsibility projects implemented.
+	Models are developed for participation of stakeholders in Company management.

### 3.1. Company Policy Regarding Stakeholders:

Şişecam recognizes the rights of stakeholders established by law or through any other mutual agreement. In case the rights of the stakeholders are not regulated by the relevant legislation and protected by contracts, the Company protects the interest of stakeholders under good faith principles and within the capabilities of the Company. Effective and expeditious compensation is provided in case of violation of the rights.

The corporate web site of the Company is also actively used to provide adequate information on policies and

procedures towards the protection of stakeholders' rights.

The corporate governance implementation of Şişecam ensures that its stakeholders, including its employees and representatives, report their concerns regarding any illegal or unethical transactions to the management.

Company employees can convey any transaction that contradicts with the legislation and is ethically inappropriate to Audit Committee and to the Internal Audit Unit. An ethics hotline is set up for stakeholders to convey any transactions deemed to contradict with the laws or the Company's ethical values to the Audit Committee composed of independent Board members. Complaints can also be transmitted via an e-mail account, [etik@sisecam.com](mailto:etik@sisecam.com). Such notifications can be made verbally or in writing to the relevant managers, via the <https://ethicshotline.sisecam.com> web address, and via hotlines available in 17 languages. In addition, Şişecam became a member of the Ethics and Reputation Society (TEID) in January 2023.

Şişecam has constituted the framework for a compensation policy and disclosed it to the public on the corporate web site.

In January 2023, Şişecam Group Policy for Prevention of Psychological Harassment (Mobbing) At Work was prepared, entered into force and announced to the public via the corporate web site.

Şişecam has established a Competition Policy and announced it to the public on its web site in order to demonstrate its commitment to the relevant legislation and obligations regarding the

protection of competition, to encourage and ensure compliance by raising the awareness of Group employees regarding competition rules, and to contribute to the creation of an effective and fair competition environment in the countries and sectors in which it operates.

### **3.2. Stakeholders' Participation in the Company Management:**

The fundamental principles, which are embraced to allow for the participation of Company employees in management, keep all lines of communication open and eliminate all possible encumbrances. Applications such as "Message to the General Manager", "Ethics Hotline" and "Nar" are used to this end.

The Company maintains constant communication with its employees and pays attention to their needs, and creates various platforms and mechanisms through which employees can convey their opinions and comments.

These meetings play a significant role in the decision-making process of senior management. Expectations and demands from all of the stakeholders involved with the Company are addressed based on the code of ethics and are resolved through mutual communication.

Even though these models and their applications are not incorporated in the Articles of Association, they are included in the Şişecam Constitution.

### **3.3. Company Policy on Human Resources:**

The Company has a written human resources policy and the regulations prepared within this scope are made available to employees via the portal open to employee access.

It is ensured that recruitment and career planning are conducted on the basis of equality and transparency. These activities are carried out in line with the relevant provisions of the

Human Resources Systems Regulations, the Recognition Appreciation System and the Incentive System.

The Recruitment Department works to attract new graduates and other professionals by actively using all existing recruiting methods and techniques by organizing various communication activities at universities and similar institutions.

Company's "Performance Management System" works in connection with the Group's vision, mission and strategies. The basis of the Performance Management System is to create value for the employee and to ensure that the value created by the employee serves the development and sustainability targets of the Company.

With the Career Development Module, a part of the Performance Management System, the expectations of the individuals and needs of the organization are discussed in the regularly conducted career committees and strategic career maps, and group based career and backup plans are prepared in the light of the data coming from the Performance Management System. In addition, with the Evaluation and Development Center applications in which hourly and monthly paid employees can participate, competency charts are identified, and employees are presented with progress plans.

Şişecam aims to add the necessary human resources to its organization while preserving a high level of loyalty among current employees, as well as creating a positive and competitive working environment.

The compensation management system of the Group takes into account variables such as the wages in the market, the existing compensation structure and payment capacity, individual performance and job levels.

Employees of Şişecam are offered:

- An up-to-date competitive salary package that rewards success.
- A flexible and sustainable vested benefits package based on the employee's needs and expectations.
- A social structure that provides a work-life balance.
- A productive and fostering working environment which leads to open communication.
- Well-established and innovative development and career opportunities aiming towards global leadership.

Training and development activities are carried out to prepare employees in Şişecam Group for new positions, to support the skills necessary for their positions, and to support professional competence and self-development needs.

Şişecam conducts Industrial Relations with a total of 15 labor unions, 4 in Turkey and 11 abroad. Negotiations for the expired Collective Bargaining Agreements started as of the end of 2021 and were finalized in 2022 within the framework of discussions with the unions.

With the understanding of continuously improving the occupational safety conditions of employees, internal development and improvement areas are identified and implemented as quickly as possible. In line with the 2030 Sustainability Strategy CareforNext, the Company has declared that OHS trainings and the adoption of the OHS policy by all employees are provided to create the corporate culture required to achieve the goal of "Zero Accidents" and a fit life.

### **3.4. Relations with Customers and Suppliers:**

Şişecam Group companies have taken all necessary precautions to attain customer satisfaction in the sales and market of its products and services.

Correct and complete information is provided to customers in marketing and sale of Şişecam Group services. Care is taken for all related documents, printed and visual materials to reflect all features of the product to achieve customer satisfaction. Appointment of competent and relevant staff is secured to provide contact with customers for all matters pre-sales, during sales and after sales.

Within the framework of protection of trade secrets, care is taken on the confidentiality of information about customers and suppliers.

### **3.5. Ethical Rules & Social Responsibility:**

The Company has prepared a set of ethical rules under "Şişecam Group Business Ethics Guide" and disclosed these principles to the public on the corporate web site.

The Company keeps good relations with non-governmental organizations and public social institutions.

In addition to the projects been carried out for a long time, the Company fulfills its responsibility by cooperating with many non-governmental organizations through membership within the scope of its Social Responsibility activities.

In line with the sustainable growth strategies adopted, the Şişecam Group aims to add value to all of its employees and stakeholders on a national and global scale with an approach that respects people, nature and laws.

The basic principles of Şişecam Group "Code of Business Ethics" are honesty, transparency, impartiality, confidentiality, respect for employees, protection of the environment and compliance with laws.

Şişecam Group's collection consisting of 520 antique glassworks which it brought together to preserve cultural values is registered with the Istanbul Archaeology Museum. The collection is also preserved and exhibited at Şişecam's headquarters.

In line with Şişecam Group's mission of preserving cultural heritage and transferring it to future generations, the first of the History-Culture-Glass collections, in which the history and cultural accumulation in Anatolia is reflected on glass, was presented to history and art lovers in 1999.

To date, Şişecam has launched a total of 16 History-Culture-Glass collections: Ottoman, Blue and White on Glass, Artistic Writing on Glass, Enameled Glass, Mosaics, Anatolian Civilizations, Seven, Ashura, Istanbul, Crystalline Chinas, Talking Moneys/ Coins, Zevk-i Selim, World Heritage in Glass, Lost Treasures, and Antique Glass Works. Each collection consists of limited-edition products.

Şişecam Group provides Education Incentive Scholarships to its employees and their children who attend school. Under this initiative, some TL 16.1 million in scholarships were awarded in 2022.

Şişecam completed construction of Bursa Yenişehir Şişecam Vocational and Technical Anatolian High School under a protocol signed with the Governorship of Bursa, Provincial Directorate of National Education, and the Yenişehir Municipality. In 2019, the school was transferred to the Ministry of National Education and started education and training in 2019 with 16 classrooms, three laboratories, and 13 workshops on an area of 20 thousand square meters. Some 240 students were enrolled at the school in the 2021-2022 academic year. As part of a collaboration protocol executed with the Ministry of National Education, a Mechatronics Unit was opened under the Industrial Automation Department at the school in 2020.

An average of five to ten donums of land within the boundaries of all Şişecam facilities were allocated for afforestation, and Şişecam Forests were created in the regions where the Company operates.

During the 1984-2022 period, 2,018 athletes, including 80 national team athletes, have started their sports career at Şişecam Sports Club. To date, some 197 athletes from this club went on to have professional careers in sports. The Club has contributed to the country's sports by training athletes in sailing, rowing and canoeing branches with 131 athletes between the ages of 7-18 and 5 coaches.

### **3.6. Sustainability:**

The Company has a policy, internal regulations, goals, initiatives and campaigns on environment, nature, energy conservation, recycling and education issues. There is a comprehensive "Sustainability Report" covering the Company's sustainability activities in 2022.

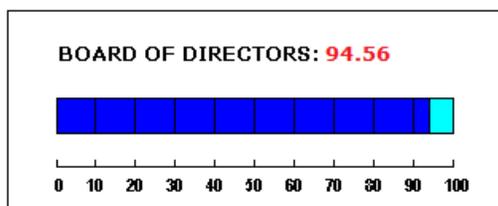
Şişecam became a signatory to the United Nations Global Compact in January 2023.

There is also a "Sustainability Committee" established within the Board of Directors consisting of Mr. Ahmet Kirman, Ms. Ayşem Sargın, Ms. Ahu Serter and Mr. Can Yücel.

The Sustainability Executive Committee is chaired by the CEO and consists of members of the Executive Board. The Committee carries out the vision, priority and strategy development efforts in this area, internal and external stakeholder communications, and the sustainability targets and performance monitoring of the working groups. The Committee evaluates developments related to the studies and objectives of its working groups.

Since 2011, Şişecam has been providing information to the CDP (Carbon Disclosure Project), one of the world's most respected initiatives for combating climate change.

## SECTION 4: BOARD OF DIRECTORS



### SYNOPSIS

+	Company's vision, mission and strategic goals are defined.
+	The Board works efficiently and staffed with qualified members.
+	Three independent members on the Board.
+	Corporate Governance, Audit, and Early Detection of Risk Committees are established and functional.
+	Each Board member has a right to a single vote.
+	The conduct of the Board of Directors meetings is defined in internal regulations and meeting and decision quorums have been included in the Articles of Association.
+	Three female Board members.
+	A target rate and time period for the ratio of female members on the Board of Directors has been set as not less than 25%, and a diversity policy has been established.
=	Defects and damages caused by Board members and executives during the execution of their duties are insured, but not with a coverage amount exceeding 25% of the Company's capital.

#### 4.1. Functions of the Board of Directors:

Strategic decisions of the Board of Directors aim to manage the Company's risk, growth, and return balance at an appropriate level and conduct a rational and cautious risk management approach with a view to the long-term interests of the Company. The Board administers and represents the Company within these parameters.

The Board of Directors has defined the Company's strategic goals and identified the needs in human and financial resources, and controls management's performance. The Board also oversees that Company activities are managed in compliance with the legislation, Articles of Association, internal procedures and established policies.

#### 4.2. Principles of Activity of the Board of Directors:

Board of Directors performs its activities in a transparent, accountable, fair and responsible manner.

Distribution of tasks between the members of the Board of Directors is explained in the Annual Report. The Board of Directors established various internal control systems which are inclusive of risk management, information systems, and processes by also taking into consideration the views of the Committees. In this context, the Board reviews the effectiveness of risk management and internal control systems at least once a year.

The presence, functioning, and effectiveness of internal controls and internal audit are explained in the Annual Report. Chairman of the Board and general manager's executive powers are separated. There is no individual in the Company who has

unlimited authority to take decisions on his/her own.

The Board of Directors plays a leading role in maintaining effective communication between the Company and the shareholders and settling any disputes which may arise and works in close coordination with the Corporate Governance Committee and "Investor Relations Department".

Any damage that may be caused by Board members and executives due to their negligence during the execution of their duties is insured and disclosed to the public through PDP. However, the policy amount does not exceed 25% of the Company's capital.

#### **4.3. Structure of the Board of Directors:**

The Company's Board of Directors is composed of nine members with none holding executive duties. There are three independent members who have the ability to execute their duties without being influenced under any circumstances.

No upper limit for the number of independent Board members is set in the Articles of Association. Tenure of office for independent members which are elected at the general shareholders' meeting held on March 29, 2023 is designated as 1 year.

The Corporate Governance Committee prepared a report on the candidates nominated by the Board and shareholders, by taking into consideration whether or not the candidate meets the independency criteria and submitted this assessment as a report to the Board for its approval. CMB criteria are complied with in determining independent candidates. Independent candidates for the Board of Directors have each signed a declaration of independence within the framework of the legislation,

Articles of Association, and the CMB criteria.

There are three female members on the Board. The Company has prepared a policy and set a timetable to reach the Corporate Governance Principles' advisory target of minimum 25% female Board membership rate, and established a diversity policy. Currently, the ratio of female members on the Board of Directors is 33%.

#### **4.4. Conduct of the Meetings of the Board of Directors:**

The Company's Board of Directors convenes every month. Since the date of our last report, the Board has adopted 119 resolutions. The signature rate of the resolutions is 100%.

Chairman of the Board of Directors sets the agenda for Board meetings in consultation with other members and the general manager. Information on the agenda items is made available to the members in sufficient time prior to the meeting date.

Each member is entitled to a single vote. The Board of Directors meetings and decision quorums are included in the Articles of Association of the Company. Conduct of the meetings is documented in the Articles of Association and in internal regulations.

#### **4.5. Committees Established Within the Board of Directors:**

Corporate Governance, Audit, and Early Detection of Risk Committees are established from within the Board of Directors in order to fulfill its duties and responsibilities. Functions of the Committees, their working principles and members are designated by the Board of Directors and disclosed to public on the corporate web site.

In addition to the committees required by CMB legislation, a "Group Performance Management Committee", a "Sustainability Committee" and a "Social Responsibility Committee" were

established within the Board of Directors.

All members of the Audit Committee are elected among the independent Board members. Also, the chairmen of the Corporate Governance Committee and the Early Detection of Risk Committee are elected among the independent Board members. The Corporate Governance Committee comprises three members, while the Early Detection of Risk Committee and the Audit Committee comprise four and two members, respectively. The chairman of the Board and the general manager are not on the Committees. With the exception of "Investor Relations Department" manager who serve on the Corporate Governance Committee as per corporate governance principles, there are no other executive members on the Committees. A non-independent member of the Board is a member of two Committees simultaneously.

All necessary resources and support needed to fulfill the tasks of the Committees are provided by the Board of Directors. Committees can invite any manager as they deem necessary to their meetings and obtain their views.

The frequency of Committee meetings is sufficient, all activities are documented and records are kept. Reports containing information about the activities and the results of the meetings are submitted to the Board of Directors.

Audit Committee supervises the operation and efficiency of the Company's accounting system, public disclosure, external audit and internal audit systems, reviews complaints that are received by the Company regarding Company accounting, internal and external independent audit systems, within the framework of the principle of confidentiality and finalizes them, notifies the Board in writing on findings

related to their duties and responsibilities and the related assessment and recommendations, following taking the opinion of responsible managers of the Company and the external auditor, notifies the Board in writing on whether the annual and interim statements disclosed to the public is in accordance with the Company's accounting principles, true and accurate. The Committee has met twenty-nine times since the previous rating period.

Members of the Audit Committee possess the qualifications mentioned in the Corporate Governance Principles communiqué. The Annual Report contains information on the activities of the Audit Committee, meeting results and the number of written notices given to the Board of Directors during the reporting period.

The external audit of the Company is conducted by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., a member of Ernst & Young group with a worldwide experience. The nomination and election process of the external audit firm, taking into account its competence and independence, starts with a proposal from the Audit Committee to the Board and ends with the Board's choice being presented and approved at the general shareholders' meeting.

The Corporate Governance Committee is established in order to determine whether or not the corporate governance principles are being fully implemented by the Company, if implementation of some of the principles are not possible, the reason thereof, and assess any conflict of interests arising as a result of lack of implementation of these principles, and present remedial advices to the Board of Directors. In addition, it oversees the work of the Investor Relations Department".

The Corporate Governance Committee carries out the duties of the Nomination

Committee and the Remuneration Committee, since they are not established. The proposals for independent Board membership candidacy are evaluated by taking into consideration whether the candidates possess the criteria for independence under the applicable legislation and these assessments are documented.

Creation of a transparent system for identification, evaluation and training of suitable candidates for the Board of Directors and determination of policies and strategies in this respect as well as regular evaluation of the structure and productivity of the Board of Directors and submission of its recommendations to the Board members on changes that can be implemented on these matters have all been designated as the responsibilities of the Committee in its charter.

A remuneration policy determining the basis and fundamentals on wages of Board members and senior executives is established and disclosed to public on the corporate web site.

The Early Detection of Risk Committee carries out its tasks towards early detection of risks which may jeopardize the Company's assets, its development and progress, and measures taken to mitigate and manage those risks. It reviews risk management systems of the Group companies and finalizes relevant reports.

#### **4.6. Remuneration of the Board of Directors and Managers with Administrative Responsibility:**

The principles of remuneration of Board members and senior executives have been documented in writing and submitted to the shareholders' attention as a separate item at the general shareholders' meeting. A remuneration policy prepared for this purpose can be found on the corporate web site.

Stock options or performance-based payments are not included in the

remuneration package of the independent Board members. Their remuneration is designated at a level to maintain their independence

Şişecam does not lend any funds or extend any credits to a member of the Board or to senior executives, or grant any personal loans through a third party, or extend any guarantees.

The executives have the required professional qualifications in order to perform the assigned duties. The executives comply with the legislation, Articles of Association, and in-house regulations and policies in fulfilling their duties.

There have been no cases where the executives used confidential and non-public Company information in favor of themselves or others. There are no executives who accepted a gift or favor directly or indirectly related to the Company's affairs, and provided unfair advantage.

Losses incurred by the Company as a result of not performing the Board members' duties duly are insured.

## Rating Definitions

Rating	Definition
9 - 10	The company performs <b>very good</b> in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified and actively managed all significant corporate governance risks through comprehensive internal controls and management systems. The company's performance is considered to represent best practice, and it had almost no deficiencies in any of the areas rated. Deserved to be included in the BIST Corporate Governance Index on the highest level.
7 - 8	The company performs <b>good</b> in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified all its material corporate governance risks and is actively managing the majority of them through internal controls and management systems. During the rating process, minor deficiencies were found in one or two of the areas rated. Deserved to be included in the BIST Corporate Governance Index.
6	The company performs <b>fair</b> in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified the majority of its material corporate governance risks and is beginning to actively manage them. Deserved to be included in the BIST Corporate Governance Index and management accountability is considered in accordance with national standards but may be lagging behind international best practice. During the ratings process, minor deficiencies were identified in more than two of the areas rated.
4 - 5	The company performs <b>weakly</b> as a result of poor corporate governance policies and practices. The company has, to varying degrees, identified its minimum obligations but does not demonstrate an effective, integrated system of controls for managing related risks. Assurance mechanisms are weak. The rating has identified significant deficiencies in a number (but not the majority) of areas rated.
<4	The company performs <b>very weakly</b> and its corporate governance policies and practices are overall very poor. The company shows limited awareness of corporate governance risks, and internal controls are almost non-existent. Significant deficiencies are apparent in the majority of areas rated and have led to significant material loss and investor concern.

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