



# SUSTAINABILITY POLICY

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## THE PURPOSE OF OUR POLICY

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

### Inspired to Reinforce Life!

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

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

This Policy primarily take into consideration international standards and principles and has been prepared accordingly: Universal Declaration of Human Rights, UN Global Compact, Fundamental ILO Conventions, Paris Climate Agreement.

This policy aligns with and supports the achievement of the United Nations Sustainable Development Goals (SDGs), a global framework aimed at addressing the most pressing challenges facing our world, including poverty, inequality, climate change, environmental degradation, and social justice. Specifically, this policy addresses the following goals: SDG 4: Quality Education, SDG 5: Gender Equality, SDG 6: Clean Water and Sanitation, SDG 8: Decent Work and Economic Growth, SDG 9: Industry, Innovation and Infrastructure, SDG 12: Responsible Consumption and Production, SDG 13: Climate Action, SDG 17: Partnership for the Goals.

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

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

## RESPONSIBILITY

Function	Responsibility
The Board of Directors	<p>The Board holds the highest level of responsibility for climate, water, and biodiversity issues, including the establishment and periodic revision of the sustainability policy. It is also tasked with assessing and reviewing sustainability decisions made by the Executive Board, as well as allocating resources to strategic or operational improvement initiatives. Beyond these duties, the Board is responsible for:</p> <ul style="list-style-type: none"> <li>• Leading and overseeing scenario analysis</li> <li>• Reviewing and providing guidance on the evaluation of dependencies, impacts, risks, and opportunities</li> <li>• Overseeing the processes of reporting, auditing, and verification</li> <li>• Approving and Monitoring adherence to corporate policies and commitments</li> <li>• Supervising the establishment of corporate targets and Monitoring progress towards achieving corporate targets</li> <li>• Tracking supplier compliance with organizational standards</li> <li>• Leading and overseeing engagement in public policy</li> <li>• Guiding and monitoring the development and execution of a climate transition plan</li> <li>• Supervising, guiding and tracking the formulation and implementation of business strategy</li> <li>• Overseeing and guiding acquisitions, mergers, and divestitures</li> <li>• Supervising major capital investment decisions</li> <li>• Reviewing and guiding the creation of annual budgets</li> <li>• Leading innovation and setting priorities for R&amp;D</li> <li>• Approving and overseeing employee incentive programs</li> </ul>

Corporate Governance Committee	Reviewing sustainability goals periodically
Early Risk Identification Committee	Reviewing and monitoring the environmental, social, and governance related risks within the company's risk portfolio in set periods.
Executive Leadership Team	Establishment of sustainability material issues, and risks and opportunities in sustainability Collection and analysis of stakeholders' feedback. Setting sustainability targets and monitoring the performance
Director of Sustainability and Communication	Developing and implementing sustainability strategies Setting the sustainability management targets and monitoring the performance
Sustainability Department	Providing data governance required for monitoring performance in achieving sustainability targets Establishing coordination with regional sustainability teams Executing sustainability reporting works Executing sustainability training works
Regional Sustainability Teams	Consist of sustainability specialists appointed for each plant. Monitoring and reporting on company's sustainability targets by each plant in coordination with the Central Sustainability Department
Sustainability Working Groups	Planning and supporting the implementation of employment, production, products, procurement, and social responsibility projects in line with the company's sustainability strategy. Those groups quarterly review group-level goals and create an action plan on the subject they are responsible for. (Sustainable Procurement Working Group, Production Working Group, etc.)
Sustainability Committee	It is a meeting where the top management takes part, the most current issues focused on sustainability are discussed, customer expectations and the state of the market are explained. Risks and opportunities are discussed.

## OUR STRATEGY

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

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

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

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

### 1. BUSINESS ETHICS

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

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

## 2. EMPLOYMENT AND HUMAN RIGHTS

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

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

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

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

### 3. ENVIRONMENT

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

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

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

- **Energy:** Develop projects to reduce energy consumption through data analytics.
- **Greenhouse Gas Emissions:** Kordsa commits to conduct all engagement activities in line with Paris Agreement. Kordsa commits to reach net-zero emissions by 2050. Also, Kordsa commits to not-funding climate denial or lobbying against climate regulations.
- **Air Quality:** Prevent air pollution by applying all necessary technical solutions and develop projects on process level.
- **Waste:** Work on developing methods to prevent waste at the source and use the inevitable waste as alternative fuel or raw material in other processes and/or other companies.
- **Water and Wastewater:** Develop alternative operation and production methods to reduce water consumption and reuse the used waters, regain rainwater, and reduce wastewater. Kordsa commits to contribute UN's SDG 6: Clean Water and Sanitation target.
- **Materials:** Reuse the bobbin reels, carton separators, metal hubs, and timber pallets until the end of their use lives. Develop projects to minimize chemical usage.
- **Biodiversity:** Protect biodiversity through initiatives towards our commitments.



#### 4. PRODUCTS

As Kordsa, while we reinforce one in every three automobile tires, and two in every three aircraft tires with our tire reinforcement technologies, we also reinforce wings, fuselages, inner cabins, and engines of the same aircraft with our composite technologies, reinforce runways with our building construction reinforcement technologies and also, we take each step with passion towards a safe, easy, efficient, and sustainable world through Compounding technologies we develop.

We give flexibility to tires and reduce friction resistance with our tire cord fabric and single-end cord technologies as our **tire reinforcement** products and help vehicle manufacturers to produce lighter vehicles with our **composite** technologies, hence contributing to the reduction of fossil fuel consumption. We offer **construction reinforcement** technologies that stand out for their low carbon emissions and durability, supporting sustainable construction projects. With its new business unit, **Compounding**, Kordsa provides a wide range of flexible, fast, and tailor-made solutions by specializing in the compounding of engineering thermoplastics, while actively prioritizing carbon emission reduction and the development of lightweight, environmentally friendly products.

Within **sustainable products scope**, we promise to:

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

## 5. SUPPLY CHAIN

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

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

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

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

## 6. COMMUNITY DEVELOPMENT

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

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

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

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

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

## GOVERNANCE AND MONITORING STRUCTURE

### APPROVAL AND RESPONSIBILITY

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

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

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

### MONITORING AND CONTROL

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

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

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

## POLICY AND WORKING GROUPS

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

## COMMUNICATION OF THE POLICY

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

## APPENDIX

### SCOPE OF OUR POLICY

The **Policy** covers all operational plants and two R&D Centers, three Technical Centers and our employees who work in all our offices.

- **Headquarters and R&D Centers:**

Turkey

- **Tire Reinforcement Production Plants:**

Turkey, Indonesia, Brazil, Thailand, USA- Chattanooga, USA- Laurel Hill,

- **Composite Production Plants:**

Turkey, USA- Santa Ana, USA- Anaheim, USA- Quakertown, USA – Laurel Hill, Italy- Microtex














- **Construction Reinforcement Production Plant:**

Turkey

- **Technical Center:**

Germany – Freisinger Landstr., Indonesia, Santa Ana California

## UN SUSTAINABLE DEVELOPMENT GOALS THAT WE SUPPORT WITH THIS POLICY

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

## KORDSA SUSTAINABILITY TARGETS

Related SDG	Explanation of Target	Indicator	2030 / 2050 Target	Target Owner
<b>SDG 13</b>	Reducing GHG emissions (Base year: 2019)	Percentage of scope 1&2 GHG emissions reduction compared to the base year (%)	46.2% / 100%	Chief Operation Officers (COOs)
<b>SDG 13</b>	Reducing GHG emissions (Base year: 2021)	Percentage of scope 3 GHG emissions reduction compared to the base year (%)	25% / 90 %	Chief Operation Officers (COOs)
Related SDG	Explanation of Target	Indicator	2030 Target	Target Owner
<b>SDG 6</b>	Reducing water withdrawal (Base year: 2019)	Percentage of water withdrawal reduction per production tonnage (%)	30% (compared to the base year)	COOs and Sustainability Leaders
<b>SDG 17 SDG 12</b>	Sustainable Supply Chain Program	Percentage of targeted suppliers that have undergone sustainability assessment (%)	100%	Supply Chain and Sustainability
Related SDG	Explanation of Target	Indicator	2025 Target	Target Owner
<b>SDG 8</b>	Improving accident ratio in operations	Number of fatal injuries High-consequence injuries Recordable injuries	Zero accident	COOs and Sustainability Leaders
<b>SDG 8</b>	Reducing complaints on human rights violations	Number of complaints on human rights violations	Zero complaint	Human Resources



<b>SDG 8</b>	Increasing employee satisfaction	Rate of employee satisfaction (%)	70%	Human Resources
<b>SDG 8</b>	Continuing employee development trainings	Sabancı of New Generation competencies	Completion of 90% of the planned trainings	Human Resources
<b>Related SDG</b>	<b>Explanation of Target</b>	<b>Indicator</b>	<b>2025 Target</b>	<b>Target Owner</b>
<b>SDG 5</b>	Increasing women employment (Office staff)	Ratio of women employees (%)	45%	Human Resources
<b>Related SDG</b>	<b>Explanation of Target</b>	<b>Indicator</b>	<b>2025 Target</b>	<b>Target Owner</b>
<b>SDG 4</b>	Kordsa Kocaeli University Technology and Impact Center Studies	Participation rate	Participation of 1,000 students in the program	Sustainability and Communications Directorate
	Izmit Sabancı Vocational and Technical Anatolian High School technical textile education	Competencies of Sabancı of New Generation	Continuous development	

## HARMONIZATION WITH OTHER POLICIES AND GUIDANCE MATRIX

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

## **KORDSA CONFLICT MINERALS POLICY**

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

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

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

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

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