

COOLER SOLUTIONS FOR TODAY AND TOMORROW





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Originating in 1915 as the Şenocak company, a small trading house in Izmir, we have continued to rise with the Klimasan brand. Today, we produce for the world's leading beverage brands and export cooling devices to more than 100 countries.

In our technological facility, we develop aesthetic, functional and environmentally friendly solutions in line with the expectations of our business partners, and we bring our success to the world.

Our core responsibility is to leave a livable world for future generations. We continually improve our production standards through R&D studies and take strong and tangible steps towards our carbon neutrality target.



COMMON SATISFACTION ACROSS GEOGRAPHIES

As Klimasan, a company that realizes pioneering steps in its sector in Turkey, we expand our targets every day under the roof of Metalfrio, the world leader in the commercial refrigeration market. Today, we develop refrigeration solutions to deliver prominent global food and beverage brands to people under the most ideal conditions, and we demonstrate our quality worldwide by making a difference in our business.

100+

Number of export
countries



OPERATIONAL EXCELLENCE EVEN UNDER THE MOST CHALLENGING CONDITIONS

During the global pandemic, we surmounted significant challenges. By implementing occupational safety measures, we ensured uninterrupted production and our production facility remained open. We are proud to have fulfilled all our commitments within weeks, in accordance with our principle to deliver all orders in the timeliest fashion.

812
thousand

Annual
production
capacity
(units/year)



INNOVATION-BASED COMPETITIVE STRENGTH

As Klimasan, we consistently stand out among our competitors with our R&D studies. We intensify our efforts towards aesthetics, ergonomics, functionality and energy efficiency, and develop products that fully meet expectations. We consume fewer natural resources during the production phase and ensure that our products reach their targeted results using less energy.

17.4%

Savings in
electricity
consumption per
standard unit
product





VALUE FOR PEOPLE, SOCIETY AND THE FUTURE

As Klimasan, we contribute to the national economy through our exports and establish an exemplary local development model with the employment we create. We support the Z.E.K.i (Mentally Disabled Protection at Workplace) Project, carried out in cooperation with the Manisa Association for the Education and Protection of the Mentally Disabled, and offer employment opportunities to people with disabilities. While our efforts to commission our rooftop SPP project are ongoing, we continue to take steps to reduce emission values.

1,617

Number of employees



ABOUT THE REPORT



In its second sustainability report, Klimasan aims to present the Company's sustainability performance to the attention of stakeholders in its sphere of influence. The areas covered range from the economy and the environment to corporate governance and social investments.

The information contained in the Report covers the period of January 1 to December 31, 2021, within the scope of "Planet, People, Sustainable Business, Sustainable Growth." Under the umbrella of corporate governance, the Sustainability Report encompasses all the activities of Klimasan Sanayi ve Ticaret A.Ş.

Klimasan A.Ş. has five subsidiaries, namely Metalprio Solutions Poland SP. Z.o.o., Metalprio West Africa Ltd., Sabcool Ltd., LLC Metalprio Solutions, and LLC Estate. These partnerships are not included in the reporting scope. The 2021 Klimasan Sustainability Report has been prepared in line with the core option of the Global Reporting Initiative's (GRI) 2016 Standards Reporting Framework.

In the Report, the contribution to the United Nations Sustainable Development Goals and the performance within the scope of the UN Global Compact were also included, and Klimasan's corporate sustainability studies, Management Systems practices, and financial and non-financial efforts for 2021 are noted.

The reporting process was carried out by Senior Production Manager Türker Ünsal Daştı and Quality Management Systems & Sustainability Specialist Selen Özdemir with the support of Klimasan Sustainability Committee.

Any questions, comments and suggestions regarding the Sustainability Report or sustainability performance can be sent to sustainability@klimasan.com.tr.



KLIMASAN AT A GLANCE

WE OFFER A COMPREHENSIVE RANGE OF SOLUTIONS IN THE COMMERCIAL REFRIGERATION MARKET

812,520 units/year

Annual Production Capacity

66,412 m²

Closed Area

141,068 m²

Total Area

1,617

Number of Employees

231st place

Turkey's 231st Largest Industrial Company According to ISO 500 List

EUR 3.6 million

Total Investment Expenditures

22%

2021 Capacity Increase

6%

2021 Productivity Increase



Klimasan Manisa Factory Turkey

Factory Surface Area: 141,068 m²
Production Capacity: 812,000 units/year

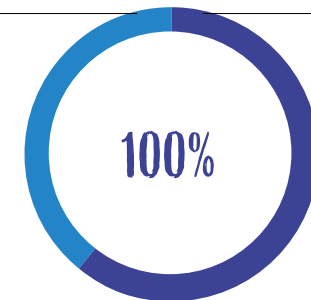


Kaliningrad Factory Russia

Factory Surface Area: 13,076 m²
Production Capacity: 220,000 units/year

OUR SHAREHOLDING STRUCTURE

38.99% Free Float



61.01% Metalrio Solutions Soğutma Sanayi ve Tic. A.Ş.

* Metalrio Solutions Refrigeration Industry and Trade Inc.'s total share in the Company's capital structure is 68.75%, considering the 7.75% rate it holds in the publicly traded portion of the Company's shares.



OUR STRONG SUSTAINABILITY PERFORMANCE

Our Planet



People



Sustainable Business



Sustainable Growth



Reducing Carbon Emissions

Calculation of Carbon Emissions in line with ISO 14064-1:2018 Standard

Commitment to Science Based Target Setting

Investing in Renewable Energy to Reduce Electricity Consumption

Creating Klimasan Love Grove

Record Employment of Disabled Employees

Increasing Employee Training Programs

Transition to ISO 45001 Occupational Health and Safety Management System

Establishing the Sustainability Strategy

First Sustainability Reporting
EcoVadis CSR Rating

Supporting the United Nations Global Compact

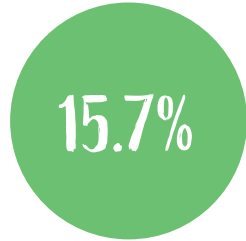
Investing in Renewable Energy

ERP System Investment
Increase in R&D Budget
Production Record

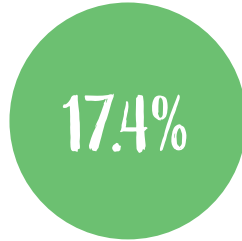


OUR 2021 REALIZATIONS

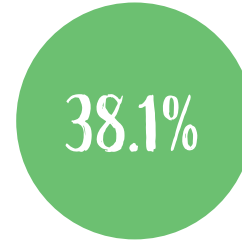
KLIMASAN DEMONSTRATED A **STRONG AND STABLE** SUSTAINABILITY PERFORMANCE IN 2021



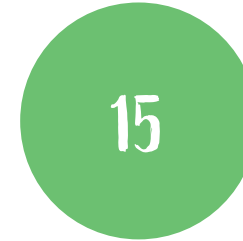
2020-2021 Natural Gas Consumption Savings per Standard Unit Product



2020-2021 Electricity Consumption Savings per Standard Unit Product



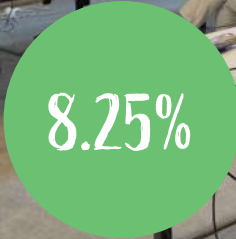
2020-2021 Water Consumption Savings per Standard Unit Product



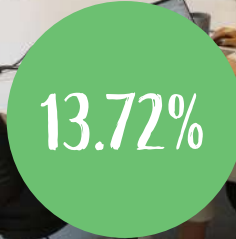
Number of Utility Model Applications



2020-2021 R&D Budget Increase



Blue Collar Employee Training Increase Rate



White Collar Employee Training Increase Rate

With its sustainable corporate governance activities, Klimasan is one of the exemplary companies in the industrial coolers and freezers sector in which it operates. In this context, Klimasan's prominent works are as follows;

EcoVadis CSR Assessment

Klimasan has been receiving EcoVadis CSR Assessment services since 2013. EcoVadis CSR Assessment is one of the most important processes in Klimasan's sustainability activities. EcoVadis assessment rating has a direct impact on Klimasan's business activities, competitive advantage and market share. Every year, Klimasan works intensively on the improvement points and actions identified as a result of EcoVadis assessment.

Supporting the United Nations Global Compact

Since 2019, Klimasan has been a signatory and supporter of the United Nations Global Compact and all employees have access to the "UN Global Compact Academy". Thanks to this, Klimasan employees can benefit from the training and certification programs provided by the United Nations Global Compact. Through the United Nations Global Compact Turkey, it also participates in the work and programs carried out internationally by the United Nations Global Compact from time to time.

Sustainability Reporting

Klimasan's first Sustainability Report, completed in 2020, provided the opportunity to report its corporate sustainability efforts, a series of financial and non-financial projects and activities directly to its corporate stakeholders for the first time.



OUR 2021 REALIZATIONS

KLİMASAN HAS BEEN A SIGNATORY AND SUPPORTER OF THE UNITED NATIONS GLOBAL COMPACT SINCE 2019

Fight Against Climate Crisis

Klimasan has committed to set a carbon footprint reduction target in the last quarter of 2021 in accordance with the SBTI-Science Based Targets Initiative. Klimasan has stated that it will contribute to the fight against the climate crisis with its commitment and the process of setting a reduction target is ongoing.

Stable Production

Klimasan sees production continuity as an important contribution to customer and employee satisfaction, employment opportunities and the national economy. In light of this understanding, the Company continued its production without interruption by taking health precautions and ensuring hygiene conditions, even during the COVID-19 pandemic, which affected Turkey and the whole world and caused many commercial and operational processes to be disrupted.

With its competent human resources, capacity and efficiency enhancing projects and continuous growth target, the Company realized significant operational improvements in 2021. As a result of these high efforts, Klimasan increased its production units by 20.4% in 2021 compared to 2020.

In 2021, Klimasan’s annual production record was also broken. Despite all economic fluctuations, pandemic effects and measures, Klimasan has proven its continuous recovery and growth by breaking monthly and annual production records.



Creating Klimasan Love Grove

In 2021, Klimasan Employees Love Grove was established and 2,270 saplings were planted in the grove. Saplings were donated on behalf of all Klimasan employees with the recycling income obtained by sending scrap electronic waste for recycling. In addition, employees can donate any amount of saplings at any time to the Aegean Forest Foundation through Klimasan and contribute to nature.

Information and Awareness Trainings

Personal development, professional and compulsory trainings designed specifically for Klimasan employees were realized. In addition, Management Systems information and awareness trainings were organized in 2021 as in every year.

Family Support Fund

A “Family Support Fund” was established and the benefits of all personnel were updated and expanded.

Record Employment of Disabled Employees

Klimasan, which employs approximately 2,000 people, won the award for “the enterprise employing the most disabled employees in Manisa province” with the number of disabled employees in 2021.

Important Protocols and Cooperations

Vocational Education Cooperation Protocol was signed with Manisa/ Yunusemre District Directorate of National Education. Within the scope of the protocol established at Yunusemre District Governorate, more than 1,000 employees working at Klimasan in 2022 will be included in the mastership compensation program and will be allowed to obtain a mastership certificate.





Klimasan realizes its Sustainability Strategy under 4 main headings: People, Our Planet, Sustainable Business and Sustainable Growth.



MESSAGE FROM THE CEO

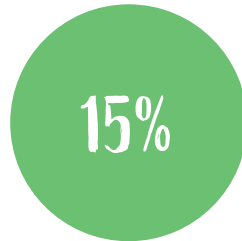
WE BELIEVE THAT A SUSTAINABLE SECTOR AND ORGANIZATION CAN ONLY BE CREATED THROUGH INNOVATION



Dear Stakeholders,

For years, we have been developing and implementing projects designed to reduce our environmental impact, especially our carbon footprint and energy consumption, and to accelerate our recycling efforts and increase our social contribution. Three years ago, we took the first step towards conducting these activities in a more institutionalized and systematic manner. In 2019, we became a signatory of the United Nations Global Compact and in 2021, we published our first Sustainability Report within the scope of the United Nations Sustainable Development Goals (SDGs).

This year, as the Klimasan Family, we are extremely pleased to share with you our Sustainability Report, which includes sustainability efforts realized in 2021 and was prepared according to international standards.



R&D Budget Increase

Like the previous year, 2021 was overshadowed by the COVID-19 pandemic and its response requirements. I believe that the pandemic, which disrupted almost everything – our social lives, global trade, human relations, business life and so much else – has also revealed an essential understanding: The lives of people around the world are far more interconnected than we imagine, and any adverse situation that affects one of us actually affects all of us. For this reason, I think that the pandemic years have been decisive for our sustainability consciousness, our awareness and our determination to take actions that will shape the future of our Earth, our home.

In 2021, while the pandemic was being fought worldwide, more questions started to be asked about critical issues such as climate change, the health of our planet and the deterioration of ecological balance, the negative effects of which we are now beginning to feel in our own lives.

In this context, I believe that the words spoken at the COP 26 Climate Summit in Glasgow, the final declaration and the commitments of the countries are very important. Likewise, I want to emphasize that Turkey's acceptance of the Paris Climate Agreement and the Green Deal Action Plan in 2021 is a crucial step for the future of our country and our business world.

The fight against climate change, which was recognized as a global risk last year, now demands concrete steps from all of us, especially the business world and decision makers. As the Klimasan Family, the core strategy of our sustainability efforts is Climate Action, which the United Nations has also identified as the 13th Sustainable Development Goal. We continuously update all our business processes, operations and supply chain to reduce our environmental impact. We conduct efforts to spread our sustainability approach, which has now

become a corporate culture, to our social impact areas. You can find more information about these efforts, our performance and our future plans in detail in the Report.

I would like to emphasize one issue to which I attach immense importance both personally and as a professional in sustainability efforts, and of which I am constantly proud of the Klimasan Family's efforts and achievements in this field. Energy efficiency is becoming increasingly important in the fight against climate change. Every year, we allocate greater resources and weight to our R&D and innovation efforts to produce more environmentally friendly and energy-efficient products and to conserve energy in production and logistics processes with an integrated quality management approach. In 2021, the resources we allocated to R&D activities increased by 15% compared to the previous year. We act in awareness of the importance of improving the life cycle of the sector and its products, raising energy efficiency, and especially managing the energy and emission of products. We continue our efforts in this direction because we believe that a sustainable organization and sector can only be created through innovation.

Our Sustainability Report, which includes the activities we conducted responsibly for our stakeholders in our environmental, economic and social impact areas throughout the year, also presents our future projections and corporate commitments to you. I would like to congratulate all my colleagues who contributed to the preparation of the Report and the realization of the studies included in the Report and I thank all our stakeholders who walk together with us on the same path and with the same purpose.

Kind regards,

Luiz Eduardo Moreira Caio
CEO



MESSAGE FROM THE GENERAL MANAGER

AS THE KLIMASAN FAMILY, WE ARE PLEASED TO TAKE RESPONSIBILITY FOR A MORE LIVABLE WORLD IN THE FUTURE

Dear Stakeholders,

We are pleased to share with you the second Klimasan Sustainability Report, which we believe is an indicator of our determination to be a sustainable company, a commitment that becomes stronger every day, and to lead our sector in this regard.

In the Report, we share our performance in sustainability as well as our vision and goals for the future. While the performance values we achieved at many points motivated us to do more, we were excited to realize that we have room for improvement at some points. As the Klimasan Family, we are dedicated to taking responsibility and acting for a more livable world in the future.

Humanity understood many years ago that the world's resources are not infinite. Today, we face a more serious risk of ecological catastrophe - of the end of the world as we know it - in the future. The time for action to reverse climate change is running out.

The first and foremost route into action is to integrate sustainability awareness into our lives by changing our behavior... I believe that the most important step towards this is to want to change.

As Klimasan, we have decided to take a more institutionalized approach to activities such as environmentally friendly production, recycling and waste management, and corporate social responsibility awareness - activities that we have been conducting for years. In 2019, we undertook to report these activities at international standards. In the same year, we became a signatory to the United Nations Global Compact, and the Sustainability Team and Sustainability Committee began their work. Representatives from different departments began work to integrate the sustainability approach into all processes of our organization with a common conviction. The foundations of the Klimasan Corporate Sustainability Strategy and Corporate Sustainability Goals, especially carbon footprint reduction, were laid. In 2021, we brought these efforts to the attention of our stakeholders with the 2020 Sustainability Report.

This year, I am proud to say that we have carried forward and improved many of the indicators in our first report, expanding our work even further. We achieved the best performance in water savings. In 2021, we reduced water consumption per standard unit of product by 38.1% compared to the previous year. Similarly, our electricity and natural gas consumption per standard unit of product declined by 17.4% and 15.7%, respectively.

Last year was also one in which we accelerated our R&D and innovation efforts. In addition to the fact that the technologies we develop reinforce Klimasan's standing as an organization that produces innovative technologies, these innovations also contribute to our sustainability journey, providing us with further motivation. In 2020, we filed eight utility model applications, and this number rose to 15 in 2021. There was also a significant performance increase in R&D activities, patents, utility models and university collaborations compared to 2020.

We experienced another breakthrough in our digitalization process. We took a significant step in terms of sustainable growth and a sustainable business model by deciding to invest in the Enterprise Resource Planning (ERP) Digital Transformation Project.

In the past year, we doubled our efforts not only in economic sustainability but also in environmental and social impact areas. We initiated training opportunities for the personal and professional development of our colleagues. As a result of these efforts, there was a 13.72% increase in the duration of trainings provided to our white-collar office colleagues and an 8.25% increase in the duration of trainings provided to our blue-collar colleagues. In 2021, as the Klimasan Family, we received more training and further developed ourselves. In 2022, we signed a Vocational Education Cooperation Protocol with the National Education Directorate of Manisa/Yunusemre District in order to enable more than one thousand colleagues in our production center to be included in the mastership compensation program and receive a mastership certificate.

In 2021, we were most excited to see the creation of the grove named after our organization, and to see the flourishing of saplings that were planted with our best wishes and hopes. The number of saplings planted in the Klimasan Employees' Love Grove, created in cooperation with the Aegean Forest Foundation and with the support and participation of our colleagues, reached 2,270.

We are getting stronger by the day on our way to becoming a sustainable organization that sets an example and leads its sector.

We will continue to realize our efforts to bring us one step closer to leadership, not only in our sector but also in the field of sustainability.

As always, I would like to thank all our stakeholders for their support.

Kind regards,

Alper Erol
General Manager





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KLIMASAN IN BRIEF



141
thousand m²

Total Area

Started in 1915, Klimasan continues its successful activities in the industrial coolers and freezers sector by constantly improving and updating itself. The foundations of Klimasan were established in a small shop in Izmir in 1931, when the Şenocak family imported the first refrigerator. Starting in 1955 with the assembly of commercial refrigerators, the specialization in the sector was followed by the start of the production process in 1969.

Restructured in 1969 and renamed Klimasan Klima Sanayi ve Ticaret A.Ş., the Company serves its customers with

the brands Şenocak in the domestic market and Klimasan and Metalfrío in the international market.

Klimasan continues to work as a supplier of multinational beverage and ice cream companies with its 65,765 m² closed area, its 141,068 m² total area and constantly renewed technology. The Company also supplies coolers and freezers to large corporate companies in the domestic market. Klimasan, a leading global brand, is one of the most important commercial refrigerator manufacturers in Turkey. Klimasan operates in the production of commercial coolers and deep freezers, and also has a range of domestic deep freezers.

Klimasan, which serves leading global and regional brands in the beverage, ice cream and food services as well

as the retail sector, is a member of the Metalfrío Group. Offering a comprehensive range of solutions in the commercial refrigeration market worldwide, Klimasan's Manisa factory is the largest commercial cooler plant in Europe.

Designed to meet a variety of customer needs and market requirements globally, Metalfrío offers a wide range of products under the Klimasan and Şenocak brands, as well as optional or special production features.

With its Manisa manufacturing facility, Klimasan is among the enterprises in the Aegean Region employing the most people, especially in Manisa. The Company stands out in its region in terms of contract, seasonal and permanent employment. Today, Klimasan continues its journey with a total of 1,617 employees, including 202 white-collar and 1,415 blue-collar employees.

In Turkey, Klimasan has one production facility in Manisa and a sales office in Istanbul. In addition, it has one production facility in Kaliningrad, Russia, and sales offices in Warsaw, Poland; Johannesburg, South Africa; Dubai, United Arab Emirates; and Lagos, Nigeria.

Klimasan, the leader in its sector in Turkey and one of the largest commercial cooler companies globally, has been traded on Borsa Istanbul since 1997 under the ticker KLMSN.

The Klimasan production facility, which continues to create value for its stakeholders with the importance it attaches to corporate governance principles, has a capacity of 812,000 units/year, provides 165 types of products to more than 1,600 customers in over 100 countries, and is among the top 500 companies in Turkey. Klimasan and its brands have built a strong reputation as a reliable and innovative supplier of refrigerators and freezers for more than five decades.

Klimasan surpasses its competitors thanks to its energy efficient product groups and high technological R&D studies, as well as its customer-specific design and solution options. The Company consistently maintains its sector leadership via market research, competitor analysis, customer searches, acquisition and promotion activities, and projects to increase customer satisfaction under the leadership of the Marketing Department.

FOR MORE THAN 50 YEARS,

KLIMASAN AND ITS BRANDS HAVE BUILT A STRONG REPUTATION AS ONE OF THE INDUSTRY'S MOST TRUSTED AND INNOVATIVE SUPPLIERS



OUR MAIN PRODUCTS



Household Coolers

- Chest freezers
- Vertical freezers with drawers
- Freezer/coolers

Commercial Type Coolers

- Vertical beverage coolers
- Counter top/backbar coolers
- Horizontal freezers
- Vertical freezers
- Dual freezer/coolers
- Conservators
- Island
- Conservators with display glass





ABOUT METALFRIO SOLUTIONS

METALFRIO SOLUTIONS IS THE STRATEGIC PARTNER OF THE LARGEST FOOD AND BEVERAGE BRANDS



Metalfrío Solutions is a global company founded in 1960 to provide solutions to meet the regional needs of its customers. Metalfrío Solutions has an infrastructure that provides fully customized solutions to understand and meet the needs of each market, as well as guiding the growth journey of its customers with expertise that is referenced all over the world.

As a strategic partner of the largest food and beverage brands, Metalfrío Solutions offers customized solution tools from design and production to distribution and after-sales services.

The expertise acquired since the day it was established is present in every detail of the product range, contributing to maximum efficiency, low maintenance, reduced operating costs and lower energy consumption for the beverage and food market.

Life Cycle, part of Metalfrío Solutions, offers an innovative system and latest generation services for coolers and freezers, as well as maintenance, logistics, spare parts and refurbishment services. Life Cycle is a 360° service from Metalfrío Solutions, which works with businesses to keep their beverage and food consumption at the right temperature.

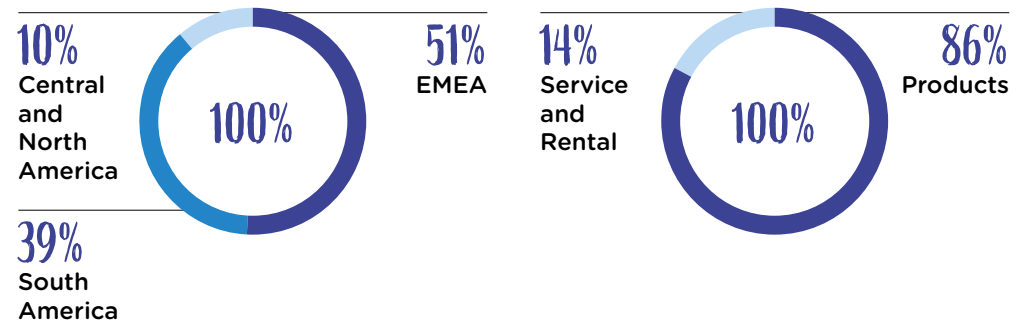
With Life Cycle, Metalfrío acts nimbly to identify and resolve issues through preventive and corrective maintenance and the immediate availability of spare parts for the more than 5 million coolers and freezers under its management.

Factory Sales Office Head Office



5 production facilities on 2 continents

Distribution of Revenues in 2021



Business Lines



60 years of pioneering experience in commercial coolers



The leader in commercial coolers in Turkey, a company that stands out with its quality and innovation approach



An innovative company offering technical support, logistics, refurbishment, recycling services for commercial refrigeration.



A brand with an extensive network offering logistics and warehousing services in Brazil



Alternative rental solutions for professional equipment



Advanced customer data analytics solutions



OUR MISSION, VISION, AND VALUES

Our Mission

To create value for our customers by offering solutions that will protect and/or display food and beverage products in a healthy and delicious way, and at the most appropriate quality and price balance.

Our Vision

To be a company that grows continuously with new breakthroughs; maximizes the satisfaction of its customers, employees and shareholders; is a leader in Turkey and its target markets worldwide; has achieved business excellence; and creates value for society and the environment.

Our Values

Quality: Since the day we were founded, our fundamental quality principle is to continuously strive for the better.

Customer Satisfaction: We work to respond to the needs of our customers and create value for them at every stage of the product design, as well as production, sales, after-sales services, and all other activities within our organization.

People-Centered Focus: We see our employees as the biggest factor in ensuring the continuity of our organization's raison d'être and vision, protecting and transferring our values to future generations, and sharing a common corporate culture, and we attach importance to our human resources.

Team Spirit: We share a participatory, systematic, corporate management approach that values teamwork.

Business Partnership: We attach importance to maintaining long-term relationships with our customers with a business partnership approach.

Globalization: We believe in the importance of rapidly adapting to the constantly evolving technologies and commercial requirements throughout the world.

Environmental Sensitivity: We share the importance of continuously creating value for the environment with an understanding that benefits the entirety of society across all the processes that comprise our activities.

Ethical Values: We strive to be an exemplary company through our business principles, treating our employees equally and fairly in accordance with human rights and freedoms, and always being open to different ideas as part of our ethical values.

OUR ETHICAL VALUES AND STRATEGIC GOALS



Practicing open and transparent communication

Realization of our vision by conveying it consistently

Good business management and efficient use of resources



Non-discrimination and equal treatment

Objectivity in rewarding, promoting and recruiting

Diversity and openness to different ideas



Pride in one's own work

Teamwork and pride in business achievements



Supporting employee development by appreciating success

Ensuring employee participation in decisions

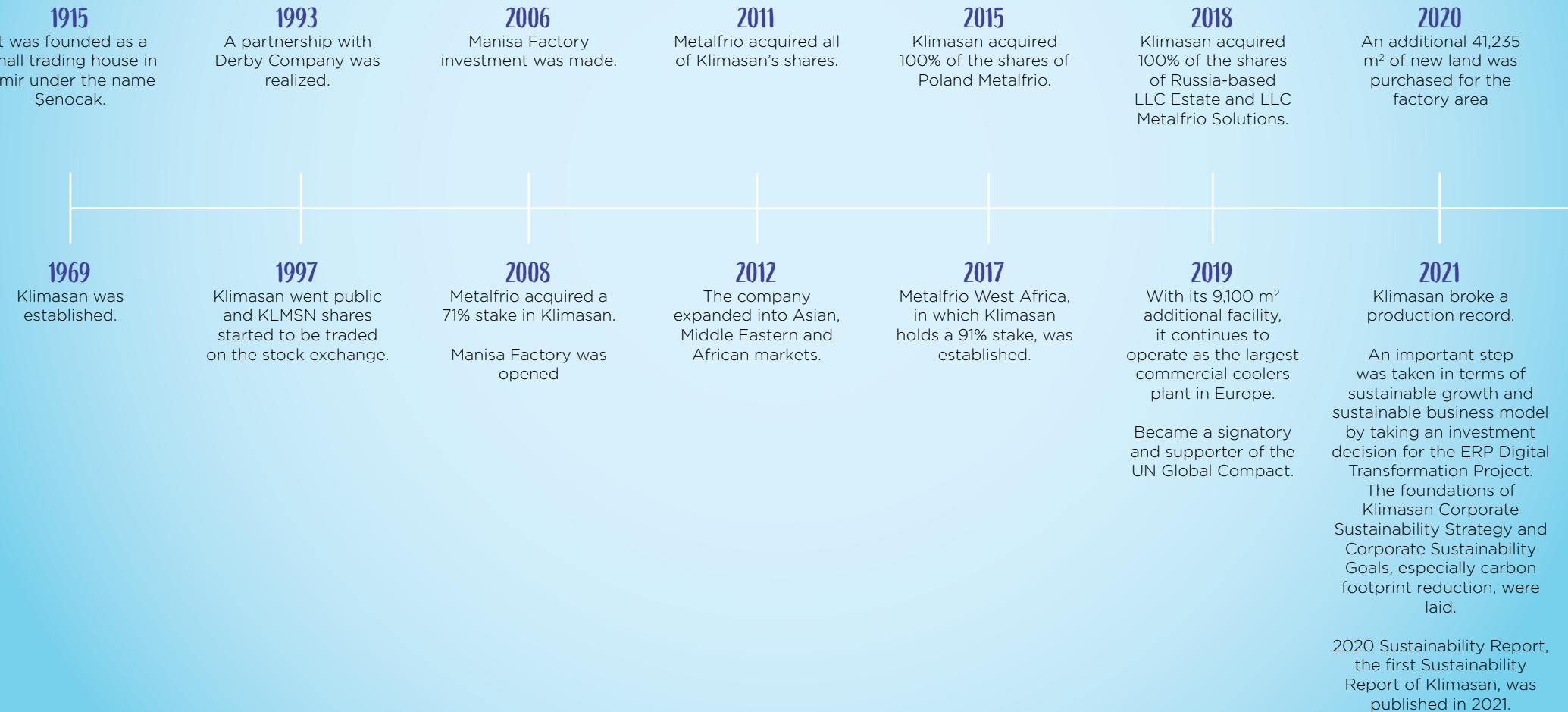
Considering individual wishes and expectations





OUR MILESTONES

In 2021, the foundations of Klimasan Corporate Sustainability Strategy and Corporate Sustainability Goals, especially carbon footprint reduction, were laid.





OUR AWARDS

KLIMASAN CLIMBED 22 PLACES

TO 270TH PLACE IN THE
ISO TOP 500 INDUSTRIAL
ENTERPRISES IN 2021

Klimasan's Achievements and Awards in 2021

- It climbed 22 places to 270th in the ISO Top 500 Industrial Enterprises.
- It ranked 6th among the top 10 companies in the field of design that provides the most R&D benefits in 2021.
- Klimasan Employees' Love Grove, created with donations, received a certificate and plaque from the Aegean Forest Foundation.
- The Social Security Institution (SSI) awarded the company with the highest number of disabled employees in Manisa.
- In 2021, it won the third prize in the "Air Conditioning" category at the Stars of Export Awards organized by the Aegean Exporters' Associations among its members who contributed the most to exports in Turkey in 2020.



GLOBAL TRENDS THAT IMPACT OUR ACTIVITIES



Global Economy

At the end of 2020, a year overshadowed by the pandemic, life began to return to normal in 2021, as the vaccine became widely available. Although the economy started a gradual recovery, economic activity grew at a slower pace than expected in the last quarter of 2021. Even as the pandemic lingered, issues such as the chip crisis, problems in global supply chains, rising inflation on a global scale, and consequent interest rate increases caused vitality in global economic activities in the last quarter of 2021 to remain slightly below expectations. It is estimated that growth was 4.5% compared to the same period of the previous year and 5.8% for the entire year.

In 2021, global debt reached a record high of USD 303 trillion. While the increase in debt was mainly driven by developed countries in 2020, more than 80% of the debt increase in 2021 was from developing countries. The global debt-to-GDP ratio improved in 2021 due to economic recovery and high inflation.

Despite these developments, Klimasan continued its activities at full pace, thanks to the Company's solid financial structure, effective corporate governance approach, and proactive risk management. Klimasan also maintained a firm stance against rising raw material prices caused by the volatility in exchange rates, increasing its sales, purchasing activities and sales figures.

The Diminishing Impacts of the COVID-19 Pandemic

The economic uncertainty brought about by the COVID-19 pandemic, which affected the entire world and is still not fully over, continues. However, problems in global supply chains along with production that reached a standstill in many sectors, were supplanted by a recovery trend in 2021.

With widespread vaccination worldwide, Klimasan produced vaccine coolers for the first time. Prioritizing employee health during the pandemic, Klimasan was the first company in the sector to receive the TSE COVID-19 Safe Production Certificate.

As markets and trade moved away from China during the pandemic period, China's loss of effectiveness in European commercial activities intensified production and commercial activities in Turkey. The shift of the market towards Turkey, and the subsequent upsurge in trade activities affected Turkey, as well as the industrial coolers and freezers sector, in terms of order fulfillment, finding raw material suppliers, and timely delivery.

Like every sector and organization, Klimasan successfully adapted to a different working model as the effects of the pandemic were felt during the first quarter of 2021, and then to the new normalization period as the effects of the pandemic subsided towards the last quarter.

Global Threat Climate Change

The World Economic Forum's 2021 Global Risk Report lists natural disasters caused by climate change as the third most likely risk to occur in the next 2 years. The whole world and Turkey have been feeling the many devastating effects of climate change in recent years by experiencing extraordinary natural events.

Continuing its sustainability practices with the responsibility of leaving a livable world to future generations, Klimasan carries out activities to minimize the environmental impact of its operations and products within the scope of combating climate change. In this context, Klimasan's initiatives include drawing attention to the importance of responsible supply chain practices, increasing the scope of corporate sustainability, social responsibility and human resources activities within the company by spreading social responsibility awareness, and providing resources and employment in these areas.

KLIMASAN
BECAME THE
FIRST COMPANY
IN ITS SECTOR TO RECEIVE
TSE COVID-19 SAFE
PRODUCTION CERTIFICATE

GLOBAL TRENDS THAT IMPACT OUR ACTIVITIES

KLIMASAN MADE NEW LINE, MACHINERY AND AUTOMATION INVESTMENTS FOR CAPACITY INCREASE IN 2021

Klimasan produces more environmentally friendly products with R&D and innovation efforts that it attaches more importance and allocates more resources each passing year, and works to save energy in production and logistics processes with an integrated quality management approach. In today's world where energy efficiency is becoming increasingly important, Klimasan acts with the awareness of the importance of improving the life cycle of the industry and its products, increasing energy efficiency, and especially managing the energy and emission release of products.

The 13th Sustainable Development Goal, Climate Action, is one of the Sustainable Development Goals that Klimasan prioritizes in its sustainability strategy.

Industry 4.0 and Internet of Things

It has become imperative for all sectors to renew their digital infrastructure and accelerate digital transformation in order to survive in changing norms, especially during the pandemic. In this context, the Internet of Things, smart devices and access to big data in the shortest time possible have paved the way for a complete change in the way business is done. Thanks to its reliable and advanced infrastructure, Klimasan has quickly adapted to the ways of doing business during the pandemic period. In 2021, a new ERP System transformation investment decision was taken and work has started in this context. These efforts gained momentum in the last quarter. Klimasan also invested in new lines, machinery and automation to increase capacity. In 2021, Klimasan experienced 2 last quarters in which technological investments gained momentum.

New Rules and Regulations

One of the important issues of the rapidly changing and globalizing business world is compliance with changing regulations. Klimasan monitors and analyzes new regulations to manage compliance risk, and proactively manages processes for timely and accurate integration. As a company with a wide supply chain that exports to many countries, compliance is a meticulously managed issue at Klimasan.



Lack of Competent Human Resources

The pandemic has completely changed the way of doing business and organizations have started to adopt hybrid working methods. These developments lead to difficulties in accessing qualified and skilled human resources. In addition to the difficulty of searching for competent human resources, human resource retention has also become a very difficult matter due to the emergence of different professions and different working patterns, economic fluctuations and uncertain business processes with the

new normalization and acceleration of technological developments. The activities of Human Resources Departments have gained significant importance and accelerated in the processes of finding, acquiring and retaining competent human resources. Klimasan has immediately implemented new governance decisions and practices in this regard.



CORPORATE GOVERNANCE

Adopting the universal principles of Corporate Governance Principles such as equality, transparency, accountability and responsibility, Klimasan's shares are traded on Borsa Istanbul. The Company aims to ensure maximum compliance with the Corporate Governance Principles of the Capital Markets Law in all its activities.

In 2021, all steps were taken for full compliance with Corporate Governance Principles. The Corporate Management Committee periodically audits Klimasan's compliance performance. Klimasan Board of Directors manages and represents the Company and defines the Company's strategic goals by taking strategic decisions, keeping the Company's risk, growth and return balance at the most appropriate level, and observing the long-term interests of the Company.

The Board of Directors monitors the compliance of the company's activities with the legislation, articles of association, internal regulation and established policies. There are 3 committees reporting to the Klimasan Board of Directors, which consists of 6 members, one of whom is an executive member: The Audit Committee responsible for overseeing Klimasan's accounting and reporting system, auditing and public disclosure of financial information and the effectiveness of the internal control system, the Corporate Governance Committee responsible for auditing and improving compliance with corporate governance principles, and the Early Detection of Risk Committee responsible for identifying and eliminating risks.

Klimasan's sustainability activities are managed within the leadership of the Quality Management Systems Department under the General Directorate, and with the support of the Sustainability Committee also under the General Directorate. The Sustainability Committee is composed of representatives

from each department of Klimasan.

Klimasan's sustainability approach is positioned within the framework of serving sustainable development goals, especially quality, environment, OHS and energy-emission management, and efforts are carried out with the same sensitivity at all levels of the organization.

For more information on the structure of Corporate Management, please visit:

Corporate Governance Compliance Report
<https://www.klimasan.com.tr/wp-content/uploads/2021/12/Kurumsal-Yonetim-Uyum-Raporu-2021.pdf>

Corporate Governance Information Form 2021
<https://www.kap.org.tr/tr/Bildirim/1009197>

Our Policies

Klimasan's Integrated Management Policy:
<https://www.klimasan.com.tr/wp-content/uploads/2022/06/integrated-management-system-policy.pdf>

Klimasan's Ethical Code of Conduct and Implementation Principles:
<https://www.klimasan.com.tr/wp-content/uploads/2022/12/klimasan-ethical-code-of-conduct-and-principles-of-ptactice.docx>

Supplier Code of Conduct Principles:
<https://www.klimasan.com.tr/wp-content/uploads/2022/12/klimasan-supplier-code-of-conduct.docx>

Klimasan's Corporate Social Compliance Policy:
<https://www.klimasan.com.tr/wp-content/uploads/2022/12/klimasan-social-compliance-policy.docx>

Klimasan's Sustainability Policy:
<https://www.klimasan.com.tr/wp-content/uploads/2022/12/keys-pol-02-en-klimasan-sustainability-policy.docx>

OUR COMMITTEES

Sustainability Committee

The Sustainability Committee meets weekly and monthly during the preparation periods of annual projects such as Sustainability Reporting, Review of CSR KPIs, Carbon Footprint Calculation and EcoVadis Sustainability Assessment. Current situation analysis, action plans, improvement efforts and new projects are evaluated during the meetings. Project tasks are shared, and department representatives get their tasks as the person responsible for the work of their units.

Corporate Governance Committee

The Corporate Governance Committee, which periodically audits Klimasan's compliance performance, reports to the Klimasan Board of Directors, which consists of 6 members, one of whom is an executive.

Audit Committee

Internal audit at Klimasan is conducted in accordance with the standards published by the International Institute of Internal Auditing. The Audit Committee annually approves the Internal Audit department's company and unit audits at certain intervals each year and revises them depending on developments during the year.

Early Detection of Risk Committee

At Klimasan, which adopts a proactive risk management approach, the Early Detection of Risk Committee, which reports to the Board of Directors and holds assessment and review meetings when necessary, and publishes risk reports 6 times a year in 2-month periods, is responsible for identifying, reporting and monitoring all risks that the company is or may be exposed to.

Members of the Board of Directors

Name Surname	Executive Position	Independency Situation	Date of Appointment	Term of Office	Position
Marcelo Faria de Lima	Not Executive	Not Independent	11.06.2021	1 year	Chairman
İsmail Selim Hamamcıoğlu	Not Executive	Not Independent	11.06.2021	1 year	Vice Chairman Early Detection of Risk Committee
Pedro Manuel Jacinto Casanova Guerra	Not Executive	Not Independent	11.06.2021	1 year	Board Member
Joaquim Pedro Saldanha Do Rosario E Souza	Not Executive	Independent		1 year	Board Member Corporate Governance Committee
Ayşe Güçlü Onur	Not Executive	Independent	11.06.2021	1 year	Board Member Corporate Governance Committee Chairman Audit Committee Chairman
Reha Haznedaroğlu	Not Executive	Independent	11.06.2021	1 year	Board Member Early Detection of Risk Committee Chairman Audit Committee Member

OUR MANAGEMENT SYSTEMS AND CERTIFICATES

Klimasan's Management System and Quality Certificates

In the year 2021;

- Transition to ISO 45001 OHS MS Standard was realized with the OHSAS 18001 OHS MS Standard Certificate Renewal Audit.
- ISO 14001 Environmental Management System Certificate Renewal audit was conducted.
- ISO 9001 QMS, ISO 50001 EMS and ISO 27001 ISMS and other



- ISO 14001 Environmental Management System



- ISO 45001 OHS Management System



- ISO 9001:2015 Quality Management System



- ISO 50001:2018 Energy Management System (first company to receive it in its sector)

management systems certificates were decided to be maintained in 2021 through a surveillance audit.

COVID-19 Safe Production Certificate

Klimasan has fulfilled safe production practices, infection prevention and control activities from the very beginning of the COVID-19 pandemic and became the first company in its sector to receive the internationally recognized "COVID-19 Safe Production Certificate" issued by the Turkish Standards Institute (TSE) in both commercial coolers and freezers.



- ISO 27001 Information Security Management System



- TSE COVID-19 Safe Production Certificate (first company to receive it in its sector)



- ISO 17025 Laboratory Accreditation Certificate



- ISO 13485:2016 Medical Device Management System Certificate





Sustainability Governance

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OUR SUSTAINABILITY STRATEGY

KLIMASAN CONSIDERS THE PHYSICAL AND MENTAL HEALTH OF ITS EMPLOYEES AS ITS TOP PRIORITY

PEOPLE

Believing that customer satisfaction and product quality stem from the job satisfaction and happiness of its employees, Klimasan offers its employees the opportunity to improve themselves in every field with its learning and developing organization philosophy. Klimasan is firmly committed to respecting human rights throughout its value chain. It sees diversity, equality and inclusion as key to long-term success in business. In addition, Klimasan contributes to the common good of communities throughout its region.

Adopting an ethical business culture, acting with the awareness

of fundamental employee rights and needs, following a fair and equal business policy in all its commercial and operational activities, and considering the physical and mental health of its employees as its top priority, Klimasan has secured the “Human” approach in its Corporate Sustainability Strategy. It is important for Klimasan to have competent and development-oriented employees in order to achieve its strategic goals. For this reason, the Company implements projects and practices to increase the competence and loyalty of its employees.

Klimasan is committed to;

- Recognize and protect the rights and freedoms of all its employees, stakeholders and all people with whom it interacts in its activities and to make them feel that they are valuable individuals in all processes in its field of activity,
- Compensate all employees and business partners fairly for their labor within the scope of the “Equal Work Equal Pay” policy, and support the social and economic development of the region in which it is located through its employment activities,
- Adopt an ethical, transparent and fair approach in all Human Resources activities, especially in recruitment, development, career and performance management processes, to continuously improve the competencies of its employees, to increase their knowledge and to guide them in their career journeys,
- Work and communicate with all business partners with whom it conducts commercial activities within the framework of ethical business understanding, to stand against all anti-competitive behaviors and attitudes, and to train all its

employees on ethical business and code of conduct,

- Seek social responsibility projects, first in the city and region where it is located, then in its country and the world; to maintain social responsibility awareness through collaborations with universities, schools, associations, foundations or independent private studies; to take part in voluntary projects that will serve the common goals of humanity,
- Ensure the accessibility, integrity and confidentiality of all kinds of relevant information during its activities, to respect the security of the personal data of all its employees, and to implement the requirements of the ISO 27001 Information Security Management System,
- Provide safe, healthy and sustainable working conditions and working culture for its employees and all stakeholders, and to develop systems to prevent occupational accidents, physical and mental disorders and occupational diseases at the source,
- Identify all existing risks with the active participation of employees and consultation mechanisms in order to achieve the goal of zero occupational accidents and occupational diseases, to ensure compliance with the rules with the participation of employees and stakeholders at all levels, to provide occupational safety protective equipment to all employees and everyone who will be in the production facility,
- Implement the requirements of the ISO 45001 Occupational Health and Safety Management System throughout the entire organization, periodically reviewing and monitoring its performance, and ensuring the continuous development of the system.





OUR SUSTAINABILITY STRATEGY

KLIMASAN CONSIDERS CONDUCTING ITS ACTIVITIES WITH THE LOWEST ENVIRONMENTAL IMPACT AS ONE OF ITS MAIN RESPONSIBILITIES

OUR PLANET

Klimasan considers the protection of environmental resources by conducting its activities with the lowest environmental impact as one of its main responsibilities. In addition to the direct environmental impact it creates, it works to control and improve the indirect environmental impacts that occur throughout our value chain. Continuously reducing the negative impacts of its activities on the environment, reducing the environmental impact of products through R&D studies, waste separation and recycling at source, prioritizing energy efficiency during product

design, and considering positive environmental activities as one of the most important inputs in the project process are the subjects managed within the framework of Klimasan environmental action plan.

Klimasan is committed to minimizing its environmental impact in all its direct and indirect operational activities, and it expects all internal and external stakeholders with whom it is a business partner and with whom it cooperates to show the same care. For this purpose, it develops and executes joint projects with its customers and suppliers and looks for areas for improvement. Aware of the fact that the protection of natural resources is at the center of business continuity and the supply chain, Klimasan's Corporate Sustainability Strategy is centered on the "Environment" approach and it prioritizes the "Planet" as its focus.

Klimasan is committed to;

- Fully implement the requirements and guidelines of ISO 14001 Environmental Management System,
- Manage its wastes in order to leave a clean and livable environment for future generations and to ensure that they are separated, collected and recycled at source in a way that does not harm the environment,
- Reduce the need for treatment or disposal by keeping natural resource consumption, climate change and emissions under control, to use clean technologies in production, to reduce waste at source and ensure efficient use of natural resources,

- Calculate, verify and share the corporate carbon footprint resulting from direct and indirect activities on transparent platforms in accordance with current standards and protocols,
- Participate in national and global calls, campaigns, commitments and projects to reduce its carbon footprint, to take action for the targets it sets, to encourage the participation of its stakeholders in the supply chain while doing its part in the fight against the climate crisis,
- Train and raise awareness of its employees on environmental, energy and emission management issues, thereby increasing employee participation in environmental activities; to engage in environmentally sensitive product development activities, especially with suppliers and customers,
- Improve the ecological footprint of its products throughout their entire life cycle by integrating sustainability approach and environmental requirements into its business processes,
- Consider the life-threatening environmental impacts of its products from the design stage and utilizing raw material sources that do not carry pollution and health risks,
- Follow and implement environmental legal requirements and to make timely and accurate environmental declarations.



OUR SUSTAINABILITY STRATEGY

KLIMASAN ADOPTS RESPONSIBLE BUSINESS PRACTICES IN ALL ITS ACTIVITIES

SUSTAINABLE BUSINESS

Klimasan is aware of the support disciplines it needs to provide while maintaining financial and operational growth. These support disciplines include ensuring that products and services are of high quality, responsible, safe and environmentally sensitive, implementing continuous improvement and development activities in the business and conducting the necessary risk analyses during all these activities. Klimasan's main focus in this process is to create strong stakeholder relations, to keep customer satisfaction at the highest level by meeting customer expectations, to implement responsible

supply chain practices and to secure all these practices with Management Systems certificates. Adopting responsible business practices in all its activities and sharing the same feeling with all its stakeholders, Klimasan has prioritized and positioned this approach as "Sustainable Business" in its Corporate Sustainability Strategy.

Klimasan is committed to;

- Ensure the continuity of transparent sustainability reporting in which it shares its activities within the scope of its sustainability approach and strategy with all its stakeholders,
- Serve the Sustainable Development Goals that it can contribute to with its activities and presence, and to carry out activities with associations, organizations and institutions that have the same goals in this context,
- Adopt the 10 principles of the UN Global Compact, of which it is a signatory, to integrate them into its business culture, and to offer training opportunities to its employees for this purpose,
- Conduct R&D studies to increase product recyclability and recovery rates by researching for alternative suppliers for recyclable raw materials and to develop partnerships with its suppliers and customers in this regard,
- Monitor, evaluate and improve the supply chain's product and service quality, social compliance and social responsibility activities,
- Use energy efficient and environmentally friendly machinery and equipment in production, and to contribute to sustainable production through TPM and predictive maintenance activities,
- Integrate its lean philosophy and continuous improvement approach into all dynamics of operational activities and to implement it not only in production systems but also in all disciplines, to create a culture where every individual within the Company is responsible for continuous improvement activities, to support its employees with trainings for this purpose, to evaluate and implement the improvement suggestions and projects of its employees through the Klimasan Suggestion Evaluation System,
- Internalize the focus on quality at all levels of the organization; to keep not only product quality but also service and communication quality at the highest level,
- Work in harmony with its stakeholders by meeting their needs and expectations, to increase customer satisfaction with technical support before and after sales by taking into account the changing and demands with a customer-oriented approach,
- Identify, evaluate and manage risks and opportunities that may affect the existence and development of the company in all processes with a risk-oriented thinking approach, and to ensure the continuity of the Corporate Risk Analysis culture,
- Ensure the continuity of its Management System standards and practices within the framework of full compliance, and to evaluate and adopt new management system standards when necessary.



OUR SUSTAINABILITY STRATEGY

KLIMASAN DEVELOPS PRODUCTS AND SERVICES TO MEET THE CURRENT NEEDS OF ITS CUSTOMERS WHILE ALSO TAKING INTO ACCOUNT THEIR FUTURE NEEDS.

SUSTAINABLE GROWTH

Klimasan is aware that the unchanging competitive strategies of the old and new worlds are based on operational and financial growth targets. Profitability, sales volume, customer portfolio, production capacity, import and export percentages are very important for Klimasan in terms of stable growth focus, just as they are priorities for all organizations.

Klimasan is committed to utilizing the latest technologies, and designing and delivering products that provide the highest level of safety, performance and energy efficiency to ensure

continuous growth and improvement. With its deep expertise in commercial coolers and a team of high-potential professionals, it offers innovative solutions to its customers. Klimasan implements projects to digitalize its production processes, products and customer experience.

Klimasan develops products and services to meet the current needs of its customers while also taking into account their future needs. The Company designs products and processes for the future beyond the production and product requirements of the era. Klimasan R&D team utilizes the latest technologies in product development and effectively steers the market by offering innovative solutions to its customers.

Klimasan's Corporate Sustainability Strategy prioritizes the continuity of stable growth under the title of "Sustainable Growth", just like its corporate goals and strategies.

Klimasan is committed to;

- Expand its product range to meet the different needs of its customers and different markets, and to carry out innovative and solution-oriented R&D activities,
- Make capacity development investments for continuous and stable growth, and to contribute directly to its growth with the investments it commissions,

- Ensure the protection of the environment by planning environmentally sensitive investments and projects, to determine the environmental impacts of new investments and projects in advance and consider them as a commissioning criterion,
- Make automation investments to use human resources in more efficient jobs by reducing the need for manpower to protect physiological human health in production processes,
- Commission innovative projects such as patents, utility models and university collaborations as one of the most important R&D centers in its region, and to monitor annual patent studies with KPIs to ensure the continuity of growth every year,
- Make system and software process improvements in order not to compromise on customer satisfaction and product quality while increasing profitability and customer portfolio,
- Produce customer-specific innovative solutions by using technological opportunities,
- Evaluate all materials, machinery and equipment used starting from the design phase of the products to eliminate occupational health and safety hazards, and to work with an approach of "safe product" for everyone, taking into account the health and safety of users,
- Continue to be a brand that financial institutions and organizations, credit providers, investors and the government trust and do not hesitate to cooperate and provide financial resources.





SUSTAINABILITY APPROACH AND MANAGEMENT

SUSTAINABILITY COMMITTEE LED KLIMASAN'S ENVIRONMENTAL AND SOCIAL ACTIVITIES IN 2021

Our Sustainability Approach

Climate change, the effects of which we now feel in our daily lives and which causes many extreme natural events around the world, from forest fires to flood disasters, is considered one of the biggest risks facing humanity. Unless active action is taken soon, the chances of leaving a livable world for the future are diminishing.

Until recent years, climate change was treated as an environmental phenomenon by many institutions, and its consequences, ways and means of combating it were narrowly assessed from an environmental perspective. However, this perspective is now a thing of the past. It is now known that climate change causes waves of migration in many parts of the world

and has environmental and social consequences. Experts now recognize that in societies where educational opportunities are diminishing day by day due to economic injustice, climate change-causing activities increase, which in turn feed climate economic and social injustice. Dozens of concepts such as "climate migration", "climate injustice", "history of climate change" have started to be used not only in the academic world but also in everyday language. Human history and social development are now being rewritten and reworked from the perspective of climate change. Since the effects of change are so far-reaching, challenges and solutions need to be sought in a wide range of areas. As the battle gets bigger and more critical, the front must also get wider...

As in the solution of every major problem, what everyone needs in the fight against climate change is a change in behavior... As long as individuals, institutions, decision-makers and practitioners adopt a sustainable approach and take their steps with sustainability awareness, there is still hope for the future. The demand for a sustainable world is increasing day by day not only in Turkey but also around the world, while at the same time the steps taken for such a future are becoming more frequent. While economy and finance institutions are increasingly looking for sustainability in the business models they fund, decision-makers are making greater efforts to establish international standards locally. Organizations are increasingly integrating sustainability strategies into their business processes.



As the technology and production leader in its sector, Klimasan continues to be the pioneer of its sector in the field of sustainability with the management approach it adopted years ago. Believing that the healthiest way for an organization to grow economically is to grow together with the society it emerges from, Klimasan acts with this responsibility in the areas of environmental, social and economic impact.

Positioning the Corporate Sustainability Strategy

In 2021, with the prioritization study carried out with the Sustainability Committee under the leadership of the Quality Management Systems Department, the important steps in Klimasan's sustainability journey were determined and the foundations of the sustainability strategy within these scopes were laid. Klimasan's

efforts in all its commercial and operational activities were evaluated and grouped from sustainability and social compliance perspectives, and the positioning of the Corporate Sustainability Strategy was ensured. This strategic approach is a roadmap for Klimasan's sustainability journey.

In 2021, with the expansion of the Sustainability Committee, the committee continues to work as a unit reporting to the General Directorate, consisting of senior managers and directors in the approval mechanism, and chiefs, experts and supervisors in functional work.

SUSTAINABILITY APPROACH AND MANAGEMENT

IN 2021, KLIMASAN'S IMPORTANT STEPS IN ITS SUSTAINABILITY JOURNEY WERE IDENTIFIED AND THE FOUNDATIONS OF ITS SUSTAINABILITY STRATEGY WERE LAID

Sustainability Committee

Believing that the sustainability approach should be handled professionally with a corporate perspective, Klimasan has established a Sustainability Committee to ensure that sustainability subjects create long-term value for its stakeholders and are embedded in decision-making mechanisms and business processes. The committee, led by the Quality Management Systems Department, operates under the General Directorate.

At its meetings, the Sustainability Committee analyzes the current status of sustainability efforts, as well as evaluating the action plans, improvement efforts and new projects. In addition, it assigns tasks for projects. It comes together on a weekly and monthly basis during the preparation periods of annual projects such as Sustainability Reporting, Carbon Footprint Calculation, EcoVadis Sustainability Assessment.

Sustainability Committee Activities

- During the project periods, workshops of the relevant departments are held together with the QMS Department and the Committee Department Representative, who leads the Committee. In these workshops, specific areas for improvement in the relevant departments and the actions that can be taken for them are discussed. The support to be received from departments, necessary data and information within the scope of the projects are determined.
- The Sustainability Committee also plays a direct role in Management Systems Certification Audits.
- In periods other than Corporate Sustainability Projects, the Board usually convenes for new searches that can be implemented within the scope of "Zero Waste and Energy Saving" activities.
- In 2021, more than 20 meetings were held, with meeting frequencies ranging from weekly to monthly. The Sustainability Committee convened 4 times for general meetings and more than 15 times for departmental workshops in 2021.
- Sustainability Committee Members were updated in 2021. In addition, the number of participants from the existing participating departments was increased, bringing the total number of committee members to 42, including department managers.
- In 2021, the focus was especially on Integrated MS Audits, which could not be carried out in 2020 due to pandemic reasons, and at the same time, efforts on EcoVadis Assessment and Zero Waste Practices were increased.





SUSTAINABILITY APPROACH AND MANAGEMENT

AT KLIMASAN, KEY SUSTAINABILITY KPI'S ARE MONITORED THROUGH KLIMASAN CSR PERFORMANCE INDICATORS

Our Sustainability Committee is responsible for

- Expanding our sustainability approach into corporate culture,
- Planning and execution of Corporate Sustainability projects and activities,
- Sustainability Reporting, completing EcoVadis CSR Self-Assessment Questionnaire and completing the improvement works suggested by EcoVadis, creating SBTi compliant carbon footprint reduction plan and following up on actions,
- Developing sustainability policies and strategies,
- Institutionalizing sustainability studies, extending sustainability to all operations and processes,
- Working with our stakeholders to find solutions to environmental problems

affecting the world such as climate crisis, environmental pollution, and natural resource consumption,

- Encouraging stakeholders in the area of sustainability,
- Managing all necessary efforts for the adoption of the “10 basic principles” of the United Nations Global Compact and “17 Sustainable Development Goals”.

Boards and Committees Reporting to Senior Management

- Board of Discipline
- Audit Committee
- Emergency Crisis Committee
- Corporate Governance Committee
- Early Detection of Risk Committee

Our Sustainability, Continuous Improvement, Process Management Units

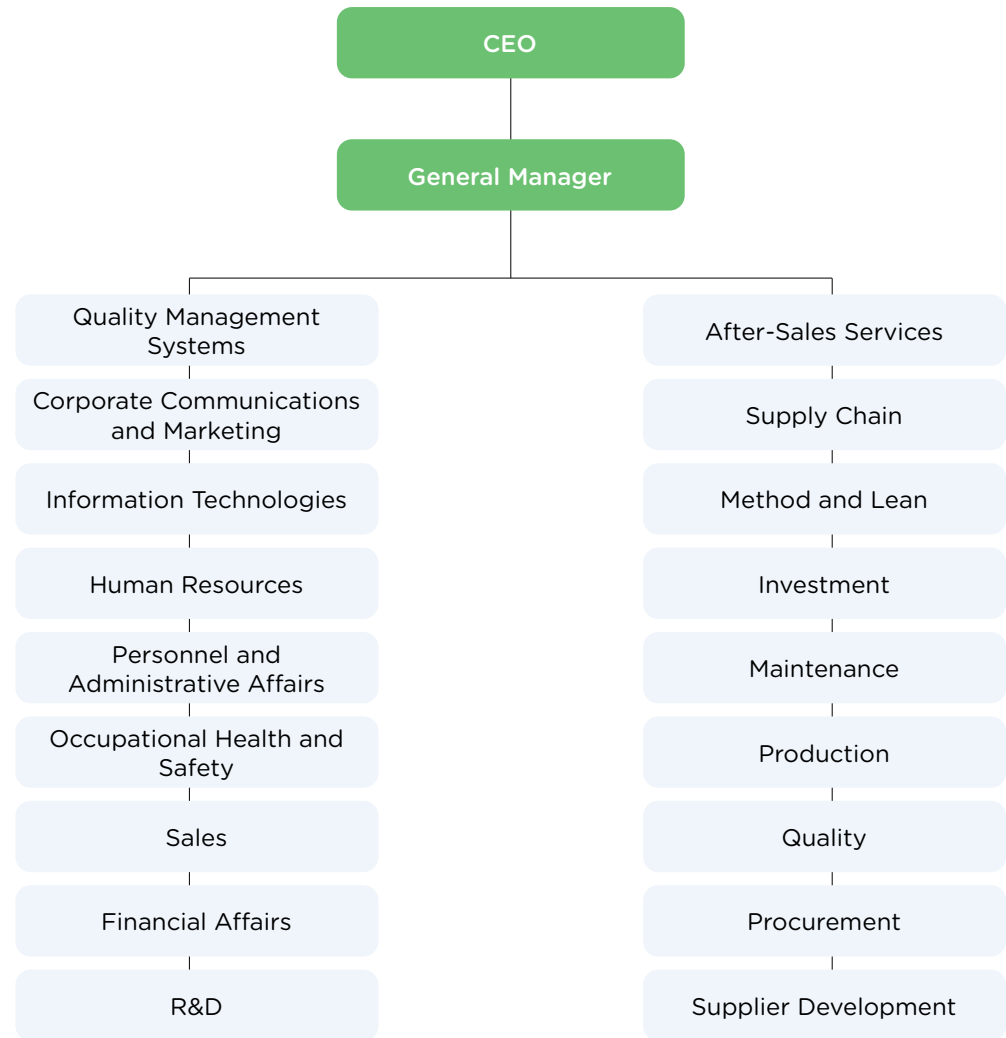
- Sustainability Committee
- Employee Suggestion Evaluation Board
- Kaizen Team
- TPM Team
- Process Safety Board

Integrated Management System Boards

- Environmental Board
- Carbon and Energy Board
- Klimasan Greenhouse Gas Inventory Team
- Occupational Health and Safety Board
- Occupational Health and Safety Risk Assessment Board
- Information Security Board
- Emergency Teams
- Fire Technical Team
- Fire Extinguishing Team
- Search, Rescue and Evacuation Team
- First Aid Team
- Social Affairs Team
- IT Team
- Emergency Communications Team

At Klimasan, all key sustainability performance indicators are monitored through Klimasan CSR Performance Indicators. 45 key performance indicators under the headings of Ethical Business, Sustainable Supply

Chain, Human and Employee Rights and Sustainability are reported in comparison with past performance, results are evaluated and suggestions for improvement are prepared.





OUR PRIORITY ISSUES AND PRIORITIZATION MATRIX

DURING THE PRIORITIZATION ANALYSIS PROCESS, GLOBAL TRENDS AND SUSTAINABLE DEVELOPMENT GOALS THAT MAY IMPACT THE BUSINESS MODEL WERE TAKEN INTO CONSIDERATION

As a result of the studies carried out last year, the focal points in the field of sustainability at Klimasan were determined. The issues that are important for Klimasan's activities were prioritized by creating a universe of issues and placed in a certain order as a result of it. The universe of issues, which was organized in a very wide range, was evaluated together with the members of the Sustainability Committee and narrowed down to a certain extent. The issues identified were presented to the evaluation of employees and external stakeholders through a questionnaire. 444 responses were provided to the questionnaire. Participants evaluated these issues in the context of impact, risk and opportunity for Klimasan.

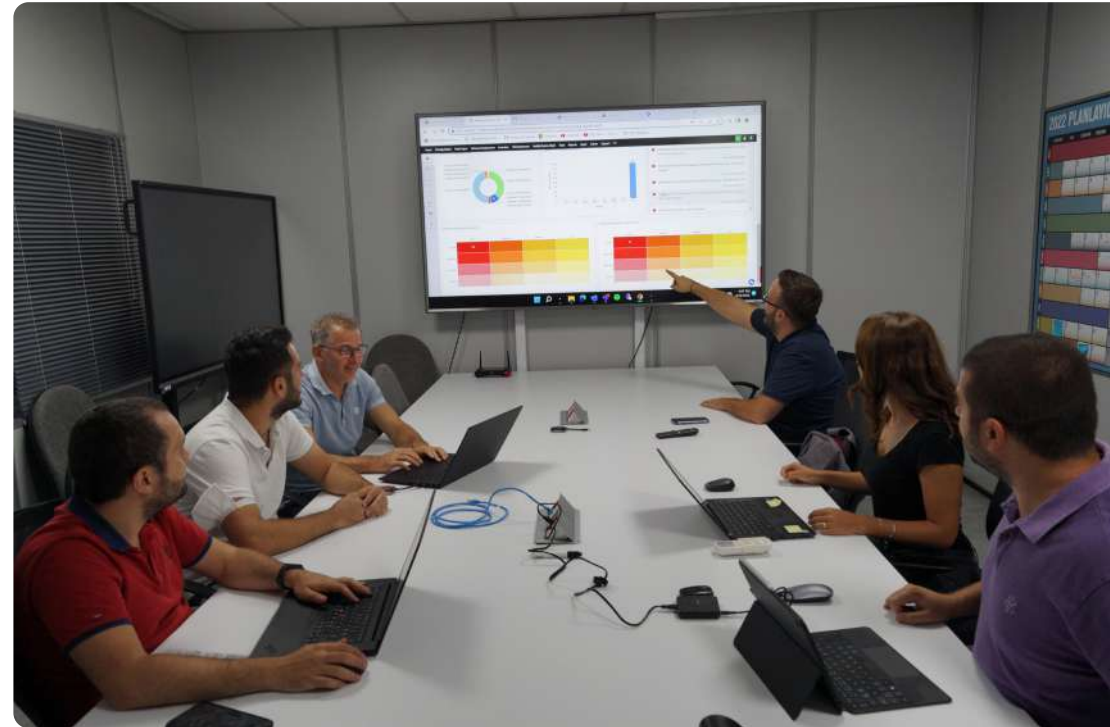
In addition, global trends that may affect Klimasan's business model and the UN Sustainable Development Goals that the company would like to contribute to were also presented to the participants for evaluation.

The survey results were evaluated in a workshop attended by Klimasan management, and sustainability focus areas were determined in the light of business strategies and stakeholder expectations.

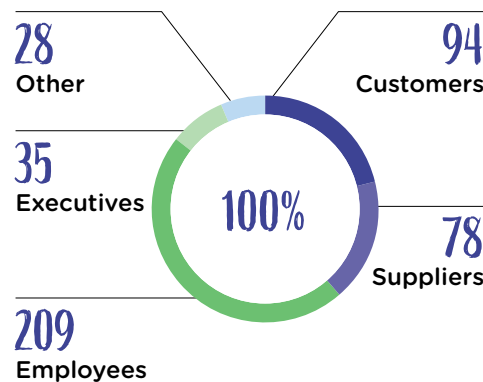
Resources referenced when determining sustainability priorities:

- Corporate strategies
- Corporate values
- Stakeholder expectations
- UNEP Cool Coalition
- UN Sustainable Development Goals
- Sustainability Accounting Standards Board (SASB) Industry Guide
- Dow Jones Sustainability Index (DJSI) Methodology
- BIST Sustainability Index - EIRIS Methodology
- FTSE4Good Emerging Markets Index
- UN Global Compact Principles (UNGC) - UN Global Compact
- CMB Sustainability Principles Compliance Framework
- EcoVadis Rating
- Competitor Sustainability Reports

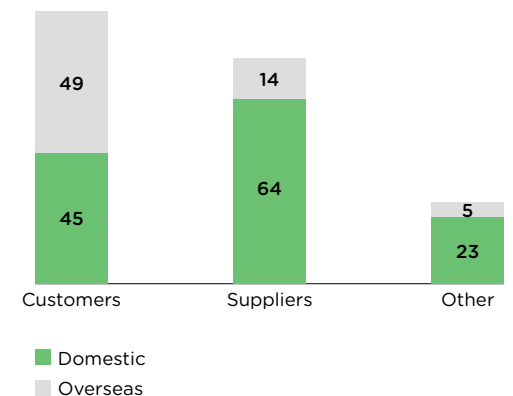
Published in 2020 for the first time, the content of the Klimasan Sustainability Report is based on GRI G4 version reporting principles. The report mainly includes information on policies, implemented practices and performance achieved on issues that are important for both Klimasan A.Ş. and its stakeholders.



Our Stakeholders Contributing to the Prioritization Study



Distribution of External Stakeholders Participating in the Survey

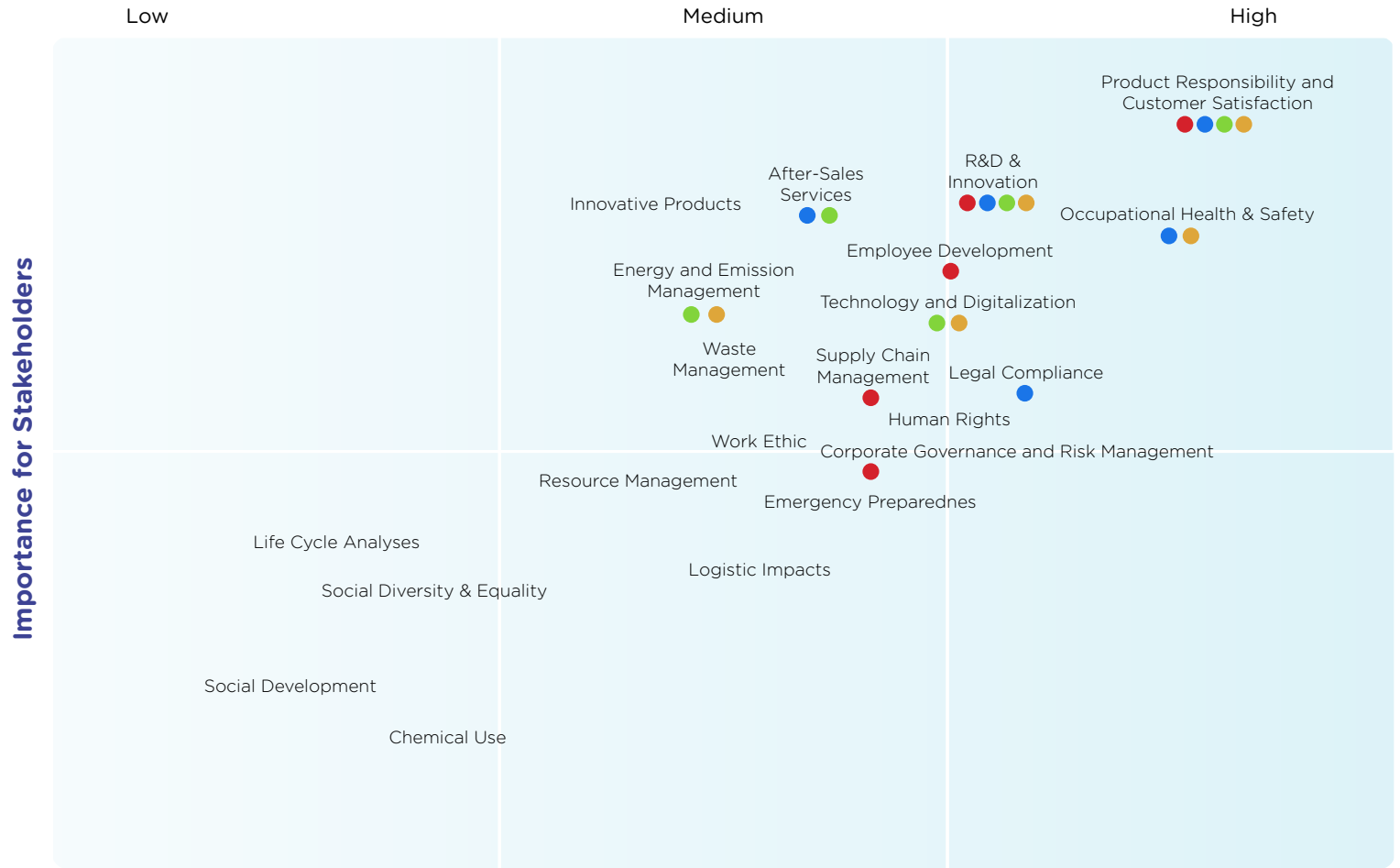




OUR PRIORITY ISSUES AND PRIORITIZATION MATRIX

TAKING INTO ACCOUNT THE OPINIONS AND EXPECTATIONS OF ITS STAKEHOLDERS, KLIMASAN HAS IDENTIFIED ITS **PRIORITY ISSUES** IN THE FIELD OF SUSTAINABILITY

Material Issues



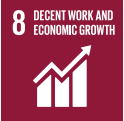





Importance for Klimasan

- **Employees**
- **Executives**
- **Customers**
- **Suppliers**










ADDRESSING PRIORITY ISSUES

OUR WAY OF MANAGEMENT							
OUR SUSTAINABILITY APPROACH	PRIORITY ISSUES	RELEVANT SUSTAINABLE DEVELOPMENT GOAL	STAKEHOLDERS AFFECTED	OUR RESPONSIBLE UNITS, BOARDS AND COMMITTEES	RISK ANALYSIS	APPROACH	
Sustainable Growth	R&D & Innovation*		Customers Suppliers and Subcontractors Authorized Services	*Senior Management *R&D Department *Technical and Lean Department -Investment Department -Method Department and Kaizen Team	*R&D Corporate Risk Analysis *Information Technologies Corporate Risk Analysis *Technical and Lean Corporate Risk Analysis *R&D New Product Design and Project Process Risk Analysis	To expand and improve the product range with the investments and studies of our R&D Center in parallel with market demands while producing flexible and responsible solutions to globalized competition conditions, customer expectations and changing conditions	
	Innovative Products		Competitors Employees Senior Management	-Maintenance Department *Information Technologies Department Employee Suggestion Evaluation Board	*Information Technologies Project Management Process Risk Analysis *Technical and Lean New Product and Machinery Investment Process Risk Analysis	To develop technological and user-friendly innovative products that serve the requirements and expectations of the age, maximize product safety and performance, and minimize energy use and environmental impacts	
	Technology and Digitalization*		Group Companies Shareholders Financial Institutions	Group Companies Shareholders Financial Institutions	Employee Suggestion Evaluation Board Process Safety Board	*R&D New Product Design and Project Process Risk Analysis *Technical and Lean Design FMEA Process Risk Analysis	To support production and service processes with digital solutions to increase customer experience and service quality by closely following rapidly developing technological developments
Our Planet	Energy and Emissions Management*		Senior Management Customers Employees Society	*Senior Management *Quality Management Systems Department	*ISO 14001 Environmental and ISO 50001 Energy Management Systems Risk Analysis *Determination of Environmental and Energy Aspects and Assessment of Impacts	To integrate the requirements of the ISO 50001 Energy Management System into all stages of operations in order to minimize the environmental impact of our activities; to carry out regular annual emission measurements, to carry out continuous improvement works and renewable energy investment works within the scope of emission reduction commitments	
	Waste Management		Suppliers and Subcontractors Authorized Services Financial Institutions	*Technical and Lean Department -Maintenance Department *Production Department * Supply Chain Department -Warehouse Department	*Quality Management Systems Corporate Risk Analysis *Technical and Lean Corporate Risk Analysis *Production Corporate Risk Analysis *Supply Chain Corporate Risk Analysis	To ensure the establishment of the necessary system for the reduction of waste generation, separation at source, recycling or disposal by adopting the zero waste target and increasing awareness-raising activities; to make declarations in accordance with legal obligations and requirements and to appoint responsible teams for the continuity of the system	
	Chemical Use		NGO, Association and Memberships Public Boards and Organizations	NGO, Association and Memberships Public Boards and Organizations	* After Sales Services Department *R&D Department	*Quality Management Sustainability Process Risk Analysis *Production Corporate Risk Analysis	To ensure that auxiliary substances are not used during production if they are not necessary and that the least hazardous ones are selected if they are to be used by adopting the green chemistry approach; to carry out the necessary 5S and user awareness raising activities for correct use
	Life Cycle Analyses				Sustainability Committee Environmental Board Carbon and Energy Board	*Production Realization Risk Analysis *Production and Warehouse Scrap (Waste) Management Risk Analysis	To ensure that necessary R&D studies are carried out to reduce environmental impacts and increase product recyclability in the life cycle of the product from production to disposal; to aim to increase the traceability and manageability of environmental impacts throughout the product life cycle via life cycle analysis



ADDRESSING PRIORITY ISSUES

OUR WAY OF MANAGEMENT						
OUR SUSTAINABILITY APPROACH	PRIORITY ISSUES	RELEVANT SUSTAINABLE DEVELOPMENT GOAL	STAKEHOLDERS AFFECTED	OUR RESPONSIBLE UNITS, BOARDS AND COMMITTEES	RISK ANALYSIS	APPROACH
People	Occupational Health and Safety*					To integrate the ISO 45001 Occupational Health and Safety Management System into all processes of the organization and to consider employee and process safety as the top priority
	Emergency Preparedness			*Senior Management *Human Resources Department -Human Resources Department -Personnel and Administrative Affairs Department		To carry out preliminary preparations, drills and documentation works in accordance with the regulation and the requirements of the management system in order to carry out emergency risk and crisis management in the best way and to assign responsible units
	Employee Development*		Employees Senior Management Group Companies Customers Society	-Occupational Health and Safety Department *Internal Audit Directorate *Quality Management Systems Department	*ISO 45001 OHS Management System Corporate Risk Analysis *Senior Management Corporate Risk Analysis *Human Resources Corporate Risk Analysis	To increase employee satisfaction through performance and career management processes as well as the training and development opportunities we provide to our employees with the awareness that the personal and professional development of our employees, who are the most valuable source of our existence will take our achievements one step further
	Human Rights		NGOs, Associations and Memberships Media	Board of Discipline Audit Committee	*Internal Audit Corporate Risk Analysis *Human Resources Training Process Risk Analysis *Human Resources Recruitment and Termination Processes Risk Analysis	To provide a fair and honest working environment where all employee and human rights are respected, equal occasions and opportunities are offered, employees express themselves freely and have a say in the operation, differences and diversity are valued; to maintain all these values by adhering to the 10 basic principles of the UN Global Compact and the relevant articles of the 17 Sustainable Development Goals
	Work Ethic		Authorized Services Suppliers and Subcontractors	Emergency Crisis Committee OHS Board OHS Risk Assessment Board Sustainability Committee Information Security Board	*Human Resources Performance and Career Management Processes Risk Analysis	To adhere to fair competition and ethical trade practices at all stages of our operations and expecting the same dedication in our relations with all our stakeholders; ensure our sensitivity through documentation and guidelines while training and raising awareness of our employees on this issue
	Social Diversity & Equality			Employee Suggestion Evaluation Board		To create an equal and fair working environment with freedom of religion, language, gender, race, origin, orientation and opinion for all our stakeholders with the idea that diversity and difference will always expand the vision of an organization, and to carry out supportive work with institutions and organizations with the same understanding
	Social Development					To cooperate with local and global associations, organizations, universities and institutions through corporate social responsibility activities while primarily contributing to the employment of the region and the country in which we are located



ADDRESSING PRIORITY ISSUES

OUR WAY OF MANAGEMENT						
OUR SUSTAINABILITY APPROACH	PRIORITY ISSUES	RELEVANT SUSTAINABLE DEVELOPMENT GOAL	STAKEHOLDERS AFFECTED	OUR RESPONSIBLE UNITS, BOARDS AND COMMITTEES	RISK ANALYSIS	APPROACH
Sustainable Business	Supply Chain Management*					To ensure supplier selection, evaluation, management, and development by considering the quality of the products and services purchased while prioritizing supply security and ethical trade; to increase sustainable supply chain practices while our values and priorities are expected to be recognized by all our stakeholders
	Resource Management			*Senior Management *Internal Audit Directorate *Production Department *Sales and Marketing	*Supply Chain Corporate Risk Analysis	To minimize our environmental impact and ensure the efficient use of natural resources while ensuring the continuity of our operational processes; to optimize the use of natural resources and expect the same sensitivity from the companies that make up our supply chain
	Legal Compliance*		Senior Management Suppliers and Subcontractors Authorized Services	Departments * Supply Chain Department -Procurement Department -Logistics Department -Warehouse Department	*R&D Corporate Risk Analysis *Sales Corporate Risk Analysis *SSH (After Sales Services) Corporate Risk Analysis *Material Planning Corporate Risk Analysis	To ensure compliance with laws and regulations in all financial, commercial, operational, environmental and administrative processes
	Corporate Governance and Risk Management*		Employees Group Companies Public Boards and Organizations Governmental Institutions and Organizations	*Quality Management Systems Department * After Sales Services Department *R&D Department	*Indirect Procurement Process Risk Analysis *Direct Procurement Process Risk Analysis *Corporate Risk Management and Reporting Process Risk Analysis	To adopt the universal principles of Corporate Governance Principles such as equality, transparency, accountability and responsibility; to ensure the early detection, evaluation, calculation of the impact and probability of strategic, operational, financial and similar risks that may jeopardize the existence, development and continuity of the corporation, to manage and report these risks in accordance with Klimasan's corporate risk-taking profile, to implement the necessary measures regarding the identified risks, to take them into account in decision-making mechanisms and to ensure the establishment of effective internal control systems in this direction
	Product Responsibility and Customer Satisfaction*		Financial Institutions Customers Society	Corporate Governance Committee Early Detection of Risk Committee Sustainability Committee Process Safety Board	*Import and Export Processes Risk Analysis *Customer Satisfaction Process Risk Analysis *Corporate Risk Assessment Reports submitted to the Early Detection of Risk Committee	To develop solutions specific to customer demands and expectations while ensuring the continuity of our environmentally sensitive activities by developing responsible products with high energy efficiency; to continue to provide quality products and services to keep the customer experience at the highest level
	After Sales Services*					To offer a wide range of solutions to the customer experience with a wide after-sales service network by meticulously following customer expectations and suggestions with the awareness that customer satisfaction is one of the most important values and priorities of Klimasan
	Logistic Impacts					To strive for minimizing our logistics-related environmental impacts by having extensive logistics activities due to commercial activities and sales channels around the world and to maintain the same conscious transportation activities throughout the entire supply chain



SUSTAINABILITY IN THE VALUE CHAIN



Supply Chain Management

Procurement, Logistics, Warehouse and Dispatch
 Raw Material and Materials Management
 Business Ethics and Ethical Trading
 Human Rights and Employee Rights
 Emission Management
 Auxiliary Industry Development
 Supply Chain Risk Management
 Waste Management



Management

Human Rights and Employee Rights
 Sustainable Growth
 Strategic Management
 Social Development
 Stakeholder Communication
 Business Ethics and Fair Employment



After-Sales Services

Customer Satisfaction
 Emission Management
 Waste Management
 Product Life Cycle



Research and Development

Product Design
 Product Life Cycle
 Energy Management
 Patent and Utility Model Studies
 Technology and Innovation
 Raw Material and Materials Management



Sustainability Committee

Corporate Sustainability Strategy
 Corporate Sustainability Goals
 Risk Management
 Corporate Sustainability Reporting
 Continuous Improvement



Sales Marketing and Corporate Communications

Customer Satisfaction
 Business Ethics and Ethical Trading
 Strategic Growth and Brand Perception
 Stakeholder Communication



Technical and Lean

Maintenance, Investment, Method and Kaizen
 Technology and Innovation
 TPM
 Continuous Improvement, Efficiency and Investment
 Optimization
 Energy Management
 Emission Management
 Water Management
 Waste Management



Human Resources

Human Resources and Occupational Health and Safety
 Human Rights and Employee Rights
 Occupational Health and Safety
 Training and Development
 Fair Employment and Diversity
 Performance and Career Management
 Social Responsibility



Production

Production and Quality Control
 Emission Management
 Raw Material and Materials Management
 Waste Management
 Energy Management
 Water Management
 Human Rights and Employee Rights
 Occupational Health and Safety
 Continuous Improvement and Efficiency

SUSTAINABLE DEVELOPMENT GOALS WE CONTRIBUTE TO



Good Health and Well-Being:

Klimasan prioritizes the safety and health of its employees primarily during the production process and the users it serves afterwards with its occupational health and safety practices in general, risk assessment in every process, safe production certificate, especially those required by ISO 45001 Occupational Health and Safety Management System. It fulfills its responsibilities for the health of its users, stakeholders and all individuals in its value chain.



Quality Education:

Committed to providing all kinds of opportunities for the personal and professional development of its employees, Klimasan also takes initiative to ensure that individuals in its social impact area have access to educational opportunities. In this context, in addition to annual professional and personal training planning, employees are provided with foreign language support, and internal and external vocational trainings are organized. Internship and development programs are designed for university students, and mentoring and career counseling programs are organized for students.



Gender Equality:

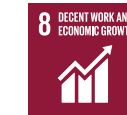
Taking active steps to establish gender equality in all areas of working life, Klimasan has set a key performance indicator (KPI) for the ratio of senior female managers and total female employees and monitors its performance in this area. In 2022, the decision was made to participate in the Target Gender Equality Program implemented by the United Nations Global Compact in order to further systematize efforts in this area and to evaluate development opportunities.

Energy savings are measured at every step in production and operational processes, and it is positioned as the first and leading company in its sector with ISO 50001 Energy Management System Certificate. Since 2020, Klimasan, which has assured with the I-REC Certificate that it meets all the electrical energy it consumes with renewable energy investments, has evaluated renewable energy resources investments this year and aims to produce its own energy from renewable sources after the project is approved in 2022. The organization shares its work on renewable and sustainable energy with all its stakeholders and considers all stakeholders as solution partners.



Affordable and Clean Energy:

Since 2011, Klimasan has been measuring its carbon footprint with the goal of reducing its carbon footprint by at least 3% every year, and has been taking steps to reduce emissions in order to transition to a low carbon economy and combat climate change in 3 main areas. These main areas are reducing emissions from production activities, raising awareness in the impact area by monitoring emissions from the supply chain, and energy efficiency, alternative fuels and creating efficient routes in transportation.



Decent Work and Economic Growth:

Believing that the economic development of an organization can only be possible with the human development of its employees, Klimasan applies international standards for the creation of working conditions, pays attention to ensure that there is no child labor or forced labor, and establishes fair working conditions at every point in its value chain and spheres of influence, and applies international standards.

SUSTAINABLE DEVELOPMENT GOALS WE CONTRIBUTE TO

KLIMASAN CREATES LASTING VALUE FOR ITS STAKEHOLDER UNIVERSE BY INTEGRATING SUSTAINABILITY INTO ALL BUSINESS PROCESSES



Industry, Innovation and Infrastructure:

It is believed that sustainable development can only be realized through innovative approaches, exploration of the scientific and technological possibilities of the age, and the production of services or products from sustainable sources. For this reason, the resources allocated to R&D activities are increased every year, and this goal is accepted as the primary goal by Klimasan. While 8 utility model applications were made in 2020, 15 utility model applications were made in 2021. R&D activities, patents, utility models and university collaborations increased significantly compared to the previous year.



Reduced Inequalities:

Recognizing its multicultural structure as the greatest strength of its human resources, Klimasan has positioned its wage, rights and social protection policy as fair, regardless of gender, without basing any differences. Likewise, the recruitment policy is shaped within the scope of experience and suitability for the position, without any inequality or discrimination. The organization's approach to this issue is explained and secured in detail in the "Discrimination (Equalitarian Approach)" section of Klimasan Social Compliance Policy.



Responsible Production and Consumption:

Efficient use of natural resources, increasing reuse through effective waste management and preferring environmentally friendly disposal methods are the principles followed in all processes. In addition to these, product development activities are carried out to increase the recyclability of the product, reduce the amount of energy consumption and make it usable for a long life through responsible product practices.



Climate Action:

Klimasan aims to minimize the negative impact of its activities on the environment and increase its energy efficiency. The products do not contain gases harmful to the environment. Innovation efforts are carried out to produce products that work with the highest energy efficiency.



Life on Land:

Waste management and recycling activities are carried out and protected through ISO 14001 Environmental Management System practices. All business processes are created to protect life on land and ecological balance in the environmental impact area. In cooperation with the Aegean Forest Foundation, a "Klimasan Grove" was established in Manisa on behalf of all Klimasan employees and saplings are donated to the Klimasan Grove on behalf of new employees, during seniority award periods and on important days.



Peace, Justice and Strong Institutions:

Employees are provided with anti-corruption, anti-bribery awareness, business ethics and code of conduct trainings every year. In order to ensure this sensitivity in the Supply Chain, suppliers are audited on the issues of forced labor, child labor and illegal employment, and these details are included in supplier selection criteria. "Klimasan Ethics Hotline" practice is implemented by the Internal Audit Department and all employees who encounter an unethical practice are encouraged to use this hotline. The "equal work, equal pay" policy and the provision of all fair rights and working conditions are implemented through the activities of the Human Resources and Personnel Departments. The principle of fair working is explained and secured with Klimasan Social Compliance Policy. In addition, Klimasan is subjected to Social Compliance Audits by Intertek every year. The rights and remuneration policy, transparent management approach and the practical reflection of all these are monitored through annual SMETA-4 PILLAR audits.

OUR STAKEHOLDER MAP, STAKEHOLDER RELATIONS AND CORPORATE MEMBERSHIPS



- Internal Related Parties
- External Related Parties

Stakeholder Communication During the Pandemic Period

Believing in the importance of co-development, the value of common sense and the approach that ideas feed ideas, Klimasan has endeavored to be in contact with its stakeholders at all times in 2021. As it was a year in the shadow of the COVID-19 pandemic, stakeholder communication was mostly digital. However, thanks to its digital infrastructure and agility in adapting to new norms, online conversations have not been less effective than face-to-face communication. The negative impacts of the pandemic have not prevented the realization of transparent, open, continuous and accountable stakeholder communication.

In the first half of 2021, the 50% remote working system that was initiated in the previous year was continued, prioritizing employee health. During this period, employee trainings, supplier meetings and audits were conducted online as much as possible. Organizational social activities could not be realized. Meetings were not conducted face-to-face unless necessary.

However, as vaccination rates accelerated in the second half of the year and the new normal became the standard in our social lives, maximum precautions were taken and transition to the office environment was completed to a great extent, and external communication and crowded meetings continued to be carried out online. During this period, especially with the warming of the weather, employee social activities, face-to-face meetings and outdoor activities were organized with limited number of participants and maximum precautions.

In addition to all these, despite all the constraints of 2021, Klimasan has actively carried out stakeholder communication as in the past, and has been able to keep in touch with its stakeholders on every platform and at regular intervals. In this context, tenders, catalogs, social media posts, customer and supplier trainings, reports, customer presentations, satisfaction surveys, announcement mails and SMSs continued at full speed.

KLIMASAN BELIEVES IN THE IMPORTANCE OF CO-DEVELOPMENT, THE VALUE OF COLLECTIVE MIND AND THE APPROACH OF IDEAS FEED IDEAS

OUR STAKEHOLDER MAP, STAKEHOLDER RELATIONS AND CORPORATE MEMBERSHIPS

KLİMASAN COOPERATES WITH MANY ORGANIZATIONS TO EXPAND ITS SOCIAL IMPACT

Corporate Memberships

Klimasan cooperates with non-governmental organizations, public institutions, charity associations, universities, professional associations and public institutions working for social development in order to contribute to its social impact area and achieve public development as a result of this. It also supports initiatives for social and community development.

- EcoVadis
- UN Global Compact
- Science Based Target (SBTi)
- Manisa Celal Bayar University USITEM University Industry Cooperation Agreement and Vocational Training Project in Business
- MOSB Z.E.K.İ Life Center
- Aegean Exporters' Association
- Manisa Chamber of Commerce and Industry
- KalDer
- Elday
- Koteder
- Pağçev
- Aegean Region Refrigeration Industry and Business Association
- Turkish Patent Office (TPK)
- Aegean Forest Foundation
- Koruncuk Foundation
- Kızılay
- Mor Çatı Women's Shelter Association
- Peryön
- Manisa R&D and Design Centers Cooperation Platform - Üsimp
- Izmir Association for the Protection and Development of the Deaf
- MOSTEM Employment Project
- Ministry of National Education Mastery Compensation Program Project



OUR STAKEHOLDER MAP, STAKEHOLDER RELATIONS AND CORPORATE MEMBERSHIPS

Key Internal and External Stakeholders	Communication Method
Employees	Face-to-Face Meetings, Online Meetings, E-mail, Telephone, SMS, Annual Evaluation Meetings, Orientation Trainings, Social Media Accounts, Advertisements, Activities and Organizations, Trainings, Web Page, Internal Portal, Corporate Reporting, Printed and Digital Documentation, Presentations, Employee Satisfaction Surveys, Notice Boards, Integrated Management System Announcements, Posters and Brochures, Suggestion Forms, Suggestion Award Ceremonies, Near Miss Notification Forms, Gemba Meetings, Ethics Line, QDMS, Eba Document and Workflow Management System, ManageEngine Portal
Customers	Face-to-Face Meetings, Online Meetings, Audits, E-mail, Telephone, Website, Social Media Accounts, EcoVadis, Advertisements, Campaigns, Social Responsibility Projects, Customer Satisfaction Surveys, Written and Visual Press Ads, Catalogs, Sales Reports, Sustainability Report, Call Center, Sponsorships, Customer Perception Surveys, Written and Visual Press, Presentations, Satisfaction Surveys, Fairs, Tenders, SEDEX Customer Portal
Suppliers and Subcontractors	Face-to-Face Meetings, E-mail, Telephone, Online Meetings, Field Audits, Quality Meetings and Assessments, Supplier Audits, Supplier Trainings, Website, Printed Documentation, Performance Assessments, Tenders, Feedbacks, Supplier Days Meetings, Corporate Reports, Social Responsibility Projects Meetings, Presentations, Supplier Development Research, Supplier Portal, Sustainability Report, Klimasan Sustainability and Social Compliance Survey
Competitors	Sector Information, Product Information, Campaign Information, Website, Social Media Accounts, Printed Documentation, Survey Studies, Corporate Reports, Written and Visual Media, Fairs
Authorized Services	Face-to-Face Meetings, Online Meetings, E-mail, Telephone, Audits, Website, Social Media Accounts, Satisfaction Surveys, Suggestion Form, Presentations, Organizations, Trainings, MKS (Metalfrío Convenient Service), Dealer Meetings
Society	Regional/National/Local Campaigns, Website, Social Media Accounts, Trainings, NGO Projects, Print and Visual Media, Local Meetings, Dealers and Authorized Services, Brochures, Advertisements, Sustainability Report
NGOs, Associations and Memberships	Face-to-Face Meetings, Online Meetings, Social Media Accounts, E-mail, Telephone, Internet, Written and Visual Media, Joint Projects, Project Meetings, Sponsorships, Website, Printed Documentation, Corporate Reporting, Periodic Meetings, Media, Career Days
Official and Public Institutions	Face-to-Face Interviews, Online Meetings, Audits, Website, Corporate Reports, e-mail, Telephone, Printed Documentation, Written and Visual Media
Media	Press Releases, Press Conferences, Organizations, Advertisements, Web Page, Launches, Corporate Reports, Face-to-Face Interviews, Local and National Print and Visual Media, Interviews, Social Media Accounts, Sustainability Report
Investors	Annual Reports, Legal platforms such as PDP, CRA, Investor presentations, Corporate website, Material Disclosures, Sustainability Report



2021 Prominent Communication Platforms with Stakeholders:

For employees;

Always supporting the development of its employees, Klimasan implements different training organizations and practices throughout the year with many different types of training. Practices implemented for employees include the following;

- Online and Face-to-Face Trainings
- Performance Evaluation Meetings
- Employee Satisfaction Survey
- Social Activities
- Suggestion Award Ceremonies
- Promotion and Seniority Award Ceremonies

For dealers;

• Domestic Retail Dealer Meetings

Klimasan strives to be in contact with its business partners at all times and to create effective and fast dialog channels, and aims to organize face-to-face meetings as much as possible. Even under the pandemic constraint, highly productive discussions on common goals and future strategies were held at the Klimasan Dealer Meeting held in Antalya in 2021.



OUR STAKEHOLDER MAP, STAKEHOLDER RELATIONS AND CORPORATE MEMBERSHIPS

THROUGHOUT 2021, KLIMASAN MET ITS STAKEHOLDERS THROUGH MANY DIFFERENT COMMUNICATION PLATFORMS

For Authorized Services;

• Authorized Service Center Trainings

Technical and professional trainings are provided to authorized services by the Technical Service and Training Team under the After-Sales Services Department. Following the trainings, qualification exams and certification processes are implemented.

• Monthly Domestic Authorized Service Center Meetings

These monthly online meetings are held between Quality, After Sales Services and Authorized After Sales Services to exchange information on field notifications, improvements in production processes and future trainings.

• Authorized Service Center Visits

Authorized service center visit plans are drawn up throughout the year by After Sales Services Department officials, and the needs of authorized service centers are discussed through on-site visits, as well as on-site inspections and controls.

For customers;

• Common Area Vertical Communication Platform

Since 2019, Klimasan has been a member of the Ortakalan.org platform, which brings together the leading brands of distribution channels and product and service providers Turkey's retail sector. The platform enables information exchange with customers and sectoral partners.

- Customer visits
- Customer satisfaction surveys
- Tenders
- Supply chain trainings and organizations organized by customers

International Fairs

• Gulfood Manufacturing 2021

Due to the pandemic, the number of fairs held globally has decreased significantly, and many fairs that have been traditional for years have not been held. In 2021, Klimasan participated in the Gulfood Manufacturing 2021 Exhibition, the world's largest annual event in the field of food and beverage processing, preservation, storage and packaging, held at Dubai World Trade Centre between 7-9 November.

For Group Companies;

• Global Strategy Meetings

An investment of Metalfrio Solutions, one of the world's largest commercial refrigeration brands, Klimasan is the flagship of the group in Europe, Middle East, Africa and Russia, including CIS countries, thanks to its physical proximity to target markets and agile organization. For this reason, the Company not only actively participates in the Global Strategy Meetings organized at the country/group director level in the Metalfrio network established in Brazil, Turkey, Mexico and Russia, but also benefits from the global knowledge and experience that emerges from these meetings.

For investors;

• Factory Visits

In 2021, factory and R&D center visits were organized for brokerage house executives within the scope of investor meetings, where every question about Klimasan was answered by the experts within the company, and future projections and strategies were shared.

For suppliers;

• Supplier Portal

All suppliers can access the current technical drawings of the parts they produce through the Klimasan Supplier Portal with the usernames and passwords defined to them.

• Supplier Workshops

Through joint projects and improvement workshops conducted with suppliers, both production and quality processes are improved and the sustainability vision is conveyed to suppliers. Trainings can be provided according to the supplier's competence on the subject during the workshops carried out within the scope of the projects of the Quality or Production Departments on topics such as cost reduction, productivity increase, process improvement, and on-site trials and examinations can be carried out during the implementation phase.

• Supplier Audits

In 2021, a limited number of on-site inspections were conducted due to pandemic conditions. These on-site audits gained momentum in the last quarter of the year and the continuity of the controls of operational and managerial processes was ensured. In addition, the Company continued to conduct audits and monitoring practices in the supply chain through online interviews with suppliers, self-assessment surveys, online audits and action plan meetings.








Sustainable Business & Sustainable Growth

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SUSTAINABLE BUSINESS & SUSTAINABLE GROWTH OUR SUSTAINABILITY COMMITMENTS AND TARGETS



	2019	2020	2021
 Our Commitments:	1-) To keep the annual number of intellectual rights and university-industry cooperation projects above 10		
	7	9	16
	2-) To keep the ratio of recyclable materials used in final product production above 96%		
	95.9%	96.4%	96.5%
 Our Targets:	1-) To be evaluated in “Gold” Status by scoring 67 points and above from EcoVadis CSR Assessment in 2022		
	63	58	63 (Silver)
	2-) To conduct on-site audits of domestic suppliers, which account for 80% of procurement volume*		
			74%
	3-) To improve the energy consumption of products by 5% compared to the previous year by increasing sales of products with high energy efficiency* (kwh/st.unit product*day)		
			2.74
4-) To implement the Supply Chain CSR Risk Assessment in 2023*			
			
5-) To increase the rate of technical services receiving environmental, energy and product recyclability trainings to 100% in 2023*			
			
6-) To commission the SPP (Solar Power Plant) Project in 2023*			
			

*Each of the relevant targets was set in 2021.



SUMMARY FINANCIAL INFORMATION

KLIMASAN DELIVERED A STRONG FINANCIAL PERFORMANCE

IN 2021, INCREASING ITS NET SALES
BY 77% TO TL 1.7 BILLION

Summary Financial Information	2019	2020	2021
Net Sales (TL)	1,035,061,928	978,280,732	1,735,021,684
Net Term Profit (TL)	112,932,138	48,572,778	21,538,620
Total Assets (TL)	1,196,028,860	1,479,691,169	3,220,291,538
Current ratio	1.9476	2.1741	1.31
Liquidity Ratio	1.72	1.86	1.08
Current Liabilities/Total Assets	0.43	0.40	0.54
Long Term Liabilities/Total Assets	0.30	0.37	0.27
Total Equity/Asset	0.27	0.23	0.19
Net Profit/Net Sales	0.11	0.05	0.01

CAGR	2021>>2013
Net Sales	27.4%
International Sales	28.9%
Domestic Sales	25.4%



QUALITY MANAGEMENT



Total Quality Management is applied at Klimasan. Total Quality Management is a management philosophy that aims to exceed customer expectations, supports teamwork and ensures that all processes are reviewed and improved. At Klimasan, this philosophy is supported by compliance with numerous international standards. As a requirement of all these standards, Klimasan develops preventive approaches by identifying factors that pose a threat to strategic goals through risk management practices carried out at the level of senior management, departments and integrated management systems. Within the

scope of the Integrated Management System, review meetings are organized every 2 months in order to identify potential risks, take measures and evaluate opportunities.

Klimasan's understanding of quality is included in Klimasan Integrated Management System Policy. Total quality management approach prevails in Klimasan and is secured by ISO 9001:2015 Quality Management System. The continuity of the system is assessed by a third-party provider organization through periodic management system control or renewal audits provided by TSE (Turkish

Standards Institution) every year. Klimasan's focus is on embedding quality at all levels of the organization and value chain. The most important output of Klimasan's quality approach is customer satisfaction.

All practices required by the ISO 9001 QMS Standard are carried out within the organization. One of Klimasan's biggest goals is to provide quality communication and partnership with quality products and services for all stakeholders as well as customer orientation. For this reason, quality-oriented work and continuous improvement awareness have been imposed at all levels of the organization and in the entire value chain. Supply chain management is also very important in terms of Klimasan's understanding of quality. One of the important conditions for providing quality products and services is operational excellence as well as the quality of the semifinished products and services supplied. Therefore, Supplier Development and Incoming Quality Control Departments have supplier improvement practices and projects.

Klimasan is committed to;

- Embed a quality-oriented perspective at all levels of the organization,
- Adopt a customer-oriented management approach, while taking into account changing and evolving customer expectations, to ensure

product quality by considering competition, efficiency and profitability,

- Produce quality products that will meet the demands and expectations of its customers; to increase and maintain customer satisfaction by providing technical support before and after sales,
- Meet the needs and expectations of its stakeholders and to work together in harmony,
- Create a culture of Corporate Risk Analysis by identifying, defining, evaluating and managing risks and opportunities that may affect the existence and development of the company in all processes with a risk-based thinking approach.

**PROVIDING QUALITY
PRODUCTS AND SERVICES AS
WELL AS**

**QUALITY
COMMUNICATION**

**AND PARTNERSHIP IS ONE
OF THE BIGGEST GOALS OF
KLIMASAN.**

QUALITY MANAGEMENT



2021 External Audits:

- * Ministry of Environment and Urbanization - Unified Environmental Audit
- * TÜRKAK - 17025 Accredited Laboratory Management Audit
- * Customer - Quality Management System Audit
- * Ministry of Labor and Social Security - Major Accident Prevention Management Audit
- * Turkish Standards Institute - Integrated Management Systems Audit (ISO 9001 QMS, ISO 14001 EMS, ISO 45001 OHS, ISO 50001 EnMS)
- * TÜV Austria - ISO 27001 ISMS Audit
- * Customer - License Renewal Audit
- * Intertek - SMETA 4 Pillar and Coca Cola Social Compliance Audit

In 2021, Klimasan successfully carried out its corporate, risk, environmental and social performance with ISO 9001 Quality, ISO 14001 Environment, ISO 45001 Occupational Health and Safety, and 50001 Energy Management Systems.

One of Klimasan's most important goals is to ensure quality at the source and to make the right production the first time. The best way to work in a customer-oriented way, to ensure customer loyalty, customer retention and gain market share is to meet customers' expectations. In this sense, customer-oriented work is among the basic principles of Klimasan.

Klimasan's 2021 Quality Activities

- Monthly FCR (Field Call Rate) Meetings are held with After Sales Services, Quality, Production, R&D and Purchasing Departments and

Authorized Service Centers. Monthly feedback analyses, root cause investigations and solutions are discussed. Actions are projected and progress and realization rates are monitored through the Gantt Chart. Through these meetings, which are organized to increase customer satisfaction, continuous improvement projects are born and operational excellence is continuously approached.

- Quality Meetings are held every week with the participation of R&D, Purchasing, Production, Method, Investment Departments. In these meetings, customer notifications and quality improvement items are discussed.
- Quality improvements include collaborations, projects and improvement activities of Supplier

Development and Incoming Quality Control Departments with suppliers. This way, efforts are made to continuously improve the quality of raw materials, semifinished products, molds, machinery or services that are not produced in the Klimasan Production Area but supplied.

ONE OF THE MOST IMPORTANT GOALS OF KLIMASAN IS TO ENSURE QUALITY AT THE SOURCE AND MAKE THE

RIGHT PRODUCTION

THE FIRST TIME

PROCESS MANAGEMENT

KLIMASAN'S CONTINUOUS SUCCESS APPROACH IS BASED ON THE IMPLEMENTATION OF MANAGEMENT SYSTEMS DESIGNED TO CONTINUOUSLY IMPROVE PERFORMANCE

Klimasan's continuous success approach is based on the implementation of management systems designed to continuously improve performance while ensuring the continuity of efficient production activities and taking into account the needs of relevant stakeholders. For this purpose, Klimasan follows many standards within the scope of Total Quality Management.

QDMS Integrated Management System tool is used to better manage all necessary processes of Integrated Management Systems, increase their efficiency and ensure regular follow-up. QDMS Document Management, Customer Complaints, Corrective and Remedial Actions, Action Management, Device Management System Modules have been actively used since 2015.

The Klimasan documentation system was integrated into the QDMS Document System Module, enabling regular review, revision and follow-up processes and providing all relevant employees with easy access and a transparent management approach.

The findings of internal/external audits conducted at Klimasan, nonconformities detected or improvement works are monitored separately for all management systems through QDMS Action Module.

As a result of the Process Review and Renewal work carried out by Klimasan in 2021, process mapping work was completed for 210 processes throughout the organization, and SWOT Analyses and Risk Analyses of the processes were completed.

Existing processes are managed with Process Management Cards. Each process card has 9 sections including "Internal Issues, External Issues, Interest Groups, Related Parties, Related Party Needs and Expectations, Process Card, Workflow Diagram, Process SWOT Analysis and Risk-Opportunity Assessment of the process.

With the philosophy that nothing that cannot be measured can be improved, realistic and measurable KPIs (Key Performance Indicators) have been created in order to keep processes under control and ensure continuous improvement. All operational, commercial and managerial processes



of the organization are managed with a total of 120 KPIs.

Apart from the Process Management Plan, where all operational processes and the performance indicators of the departments that own these processes are monitored on a monthly, quarterly, semi-annual and annual basis in an integrated manner, there are 45 CSR KPIs that monitor Klimasan's Sustainability and Social Responsibility Performance in similar periods. These performance indicators, which are monitored and tracked under four headings, "Ethical Business, Sustainable Supply Chain, Human and Employee Rights and Sustainability",

are also addressed by the Sustainable Development Goals.

The tracked CSR KPIs are presented to EcoVadis for review in the EcoVadis Assessment each year and are reviewed in the Management Review Meetings. Improvement targets are set each year, taking into account the previous year's performance.

Actions for KPIs realized below the target are tracked on the basis of nonconformity, root cause, actions to be taken, responsible and deadline through PDCA Forms and process improvements are made.

PROCESS MANAGEMENT

KLIMASAN REGULARLY AUDITS

ALL PROCESSES WITH
ITS CERTIFIED INTERNAL
AUDITORS IN LINE WITH
THE STANDARDS THEY ARE
SUBJECT TO

In order to evaluate the compliance with the requirements determined in order to ensure the continuity of all management systems documents and integrated management system understanding; all units within Klimasan are periodically subjected to internal audits within the framework of International Internal Audit Standards and ethical rules of honesty, objectivity, confidentiality and competence, as well as external audits through independent audit organizations and customers. Having an effective internal control and internal audit mechanism is important for Klimasan's responsible and sustainable management approach.

Internal auditor trainings are provided to department managers and employees designated by department managers in order to audit existing management systems more effectively and to instill an understanding of the Integrated Management System. Employees trained as internal auditors take part in the annual Internal Audit process.

QDMS Management System

At Klimasan, all action and corrective action notifications, document management and access, device management and calibration tracking, customer complaints monitoring and elimination processes are monitored through the QDMS Integrated Management System Portal. A QDMS User account is defined for all new employees who start working at Klimasan and have computer access, and authorization and accessibility points are determined. Process-based authorization and access permission is available to integrate Information Security into every system of the organization.

Number of documents included in QDMS	4,250
Number of new documents prepared in 2021	146
Number of documents revised in 2021	607
Number of devices with calibration follow-up in 2021	110

Number of devices/equipment with verification follow-up in 2021	110
Number of CAPAs and Actions opened in 2021	1,276
Number of CAPAs and Actions closed in 2021	1,216
Total number of CAPAs and Actions opened through QDMS	9,739
Total number of CAPAs and Actions closed through QDMS	8,913

Process Review and Mapping Study at Klimasan

There is an ERP Transformation Project for which the investment decision was taken in 2021 and work will start in 2022. With this transformation, all processes in Klimasan will be managed with a different ERP Software. During the project preparation phase, a process review was conducted across the entire organization in the last quarter of 2021. Key Users were identified and a 2-day "Process Management" Training was organized for all key users, supervisors and managers. With this training, departments were informed about the perspective from which they will review, improve and map their processes.

Process Management Workshops were organized for all departments under the leadership of the QMS Department. With these workshops;

- Main and sub-processes of the departments were identified.
- A process flow chart (process mapping) was created for all main and sub-processes.
- Process cards were created for the identified processes, process performance indicators, process inputs and outputs were determined.
- SWOT Analysis of processes and Risk-Opportunity Assessment and Risk Action Plans with the help of SWOT Analysis were made.

Thus, all processes of Klimasan's operational activities were reviewed, updated and new processes were mapped and documented. This work, which was carried out in great detail and comprehensively for the ERP Transformation Project, will be revised and simplified according to the functioning of the system after the ERP transition process and the integration of similar processes will be ensured.

Integrated Management Systems Policy

Klimasan's Integrated Management Systems Policy can be accessed from the link below:

<https://www.klimasan.com.tr/wp-content/uploads/2022/06/integrated-management-system-policy.pdf>



CONTINUOUS IMPROVEMENT AND INVESTMENTS

Suggestion Evaluation System

In 2019, the Klimasan Employee Suggestion Evaluation System was established to listen to the voices of employees and collect their suggestions to strengthen their loyalty.

The aim of the Suggestion Evaluation System is to;

- Promote a culture of “continuous improvement” by eliminating losses,
- Provide employees with the opportunity to present their original, innovative and creative suggestions for Company activities to senior management,
- Increase employee motivation and loyalty to the Company,
- Ensure effective participation in the Company’s sustainable corporate development and achievement of its strategic goals,
- Enable employees to examine the area they are responsible for as an external eye,
- Create a platform where ideas are evaluated with the participation of all stakeholders.

The suggestions received are evaluated by the Employee Suggestion Evaluation Board in meetings held twice a week and scored according to the criteria determined. Accepted suggestions are used as a resource for continuous improvement efforts and are tracked through the QDMS Action Module with the “Suggestion Evaluation System Actions” resource. Following the monthly evaluations, the 15 employees with the highest rated suggestions are rewarded at the

Suggestion Award Ceremony. With the participation of all managers and operational units, explanations and presentations of the suggestions are made at the Production Site and an award ceremony is held.

At the end of every 3 months, Suggestion Evaluation System Quarterly Awards are given. 3 suggestion owners with the highest score among the suggestions submitted during the 3-month period and the department with the highest score are awarded.

Since the implementation of the Suggestion System in February 2019, 706 suggestions have been received, 424 of which were accepted as “suggestions” and 394 of the accepted suggestions were followed up through the QDMS Action Module. Of the actions opened, 356 were implemented and closed.

In 2021, 171 suggestions were followed up by opening actions on QDMS, 162 of which were completed and closed. In 2021, the success rate of closing the Suggestion Evaluation System Actions was 94.73%. Work on incomplete projects is ongoing.

Improvements Made on the Suggestion Evaluation System in 2021

- In order to increase employee motivation and consequently the number of improvement projects, the number of people rewarded monthly was increased from 8 to 15 and the amount of rewards was expanded.

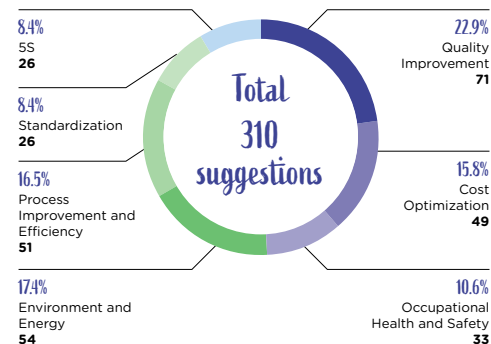
- The awarding ceremonies held in the Dining Hall Area were moved to the Production Area. Each month, an award ceremony is held in the site of a different unit.
- “Suggestion Evaluation System Quarterly Awarding” practice was initiated. This way, every 3 months, the 3 employees and the department that score the highest points with their suggestions and project ideas submitted to the Suggestion Evaluation System are rewarded and a department celebration organization is organized.
- A “Suggestion Evaluation Result Board” has been created in the production area and is updated every month according to the current number of suggestions and employee scores.

The environmental impact of all project ideas that are accepted and approved for implementation is measured. In this context, energy, chemical and water use savings and carbon footprint reduction rate provided by the project are calculated. In addition to environmental impacts, cost reduction or profit and time savings are also calculated and included in improvement project presentations.

- Of the suggestions submitted to the Suggestion Evaluation System, all suggestions with a financial return above a certain amount are rewarded with a first prize when the project is realized.

In 2021, a total of 310 suggestions were submitted.

Distribution of 310 Suggestions by Category



10 Departments with the Most Suggestions in 2021



CONTINUOUS IMPROVEMENT AND INVESTMENTS



Process Improvement Activities

- **QDMS:** Document Management, Action Management, Corrective and Remedial Action Management, Device Management and Customer Complaints Modules and these processes are managed through the QDMS Portal.
- **EBA (Document and Workflow Management Platform):** EBA Portal can be used in Klimasan for a wide range of purposes such as Indirect Purchasing, Investment Request, Service Request, Current Request, Lost Time Tracking, Contract Management, e-invoice Management, Delivery Control, Production Tape Viewing. In addition, all other portals such as QDMS, Boys, ManageEngine can also be accessed through EBA. EBA is Klimasan's most intensively

used process management platform that can respond to the most comprehensive needs.

- **ManageEngine (IT Service Desk):** Service, malfunction or access requests in all processes of Klimasan that require computer or internet connection are carried out through this portal. Computer users submit their requests and complaints to the IT Team by opening a "ticket" through the portal. The service provided by the IT Team is notified to the user by e-mail and the "ticket" is closed.

**In 2021, 4,930 tickets were opened via Manage Engine and 4,690 of them were resolved and put into service without delay. In 2021, the IT Team's Manage Engine solution success rate was 95%.*

- **MKS:** Within the scope of Klimasan's customer service and satisfaction, MKS Portal is used for communication, notification and approval processes with authorized service centers located all over Turkey. With this portal, customers can report their breakdown or after-sales service requests through the portal and the nearest authorized service center is assigned to follow up and resolve the process. Breakdown intervention time, equipment used, way and labor information are also monitored through the system. This portal, which is managed by the After Sales Services Team, also monitors product warranty management and after-sales service invoicing.

- **ERP Software:** Klimasan has ERP Software used for the integration of all operational processes. Thus, approval and follow-up mechanisms of integrated processes can be managed.

- **BOYS (Maintenance and Repair Management System):** The BOYS Portal is a portal where the Maintenance Department, which reports to the Technical and Lean Department, manages and monitors the maintenance processes of machinery, equipment and gear. Operations such as planned maintenance works and TPM activities can be monitored here.

Investments in 2021

At Klimasan, investment processes are managed by the Investment Team reporting to the Technical and Lean Department. In technical and operational investment processes such as machine, device, line or equipment investments, the process is carried forward with the support of the Maintenance and Method Teams. In 2021, an investment expenditure of EUR 3,572,000 was made to minimize occupational safety risks, to ensure quality stability in line with the Company's targets by implementing investment and production standardization studies.

In order to meet sales demands, a 25% capacity increase was achieved with the new investments made in the SC line where Single Door Vertical Cabins are produced.

Vertical Freezer Production with Single Door Vertical Cabin (SC) Line 10th Fixture Investment

In order to keep up with the changing market conditions, Vertical Freezer production was started in order to produce new products and respond to different demands. With the 10th Polyurethane Fixture made in the single door vertical cabinet (SC) line, capacity increase was achieved by 15% and Vertical Freezer production started in the same line.

CONTINUOUS IMPROVEMENT AND INVESTMENTS



Ongoing Projects

Klimasan Solar Power Plant Investment (SPP)

Klimasan Phase 1 Rooftop Solar Power Plant investment will be realized in 2022 to save energy. Manisa Facility currently has 50,800 m² of covered roof area, while the project will add a total of 21,900 m². With this project, 45% of the electricity used will be provided by solar energy. The project is expected to be commissioned in 2023.

Automatic Rotating 8-Door Polyurethane Fixture

A 30% increase in capacity will be achieved with the Automatic 8-Door Polyurethane Fixture to be commissioned in 2022. The use of polyurethane will be reduced while adopting a leaner production style.

New Paintshop Investment

With the paintshop investment to be commissioned in 2022 and the 2nd acclimatized room, the paintshop capacity will be increased from 7.2 mt/s to 9 mt/s. Capacity will be increased by 28%, while powder coating usage will be reduced by 32% and the amount of steel scrap by 21%.

Kaizen Activities

Kaizen is realized through continuous improvement of technical tools, time spent in production, cost and process. This leads to improved results in the short term and developments in the long term. Kaizen technique is a strong contribution and a fundamental part of the lean production process model in lean manufacturing.

In Kaizen, human factor has a special importance compared to other production processes. Therefore, the priority is the functioning of teamwork.

At Klimasan, all employees working in production and management are involved in the process. The primary goal is to involve employees who are in direct contact with problems and who can recognize them through continuous improvement projects carried out by the Kaizen team and process improvement studies followed by the QMS. For this reason, every individual working in the process is responsible for Kaizen and is a part of it. The opinions of employees at all levels are sought and used as data to guide the process.

In 2021, 671 pieces of apparatus, gauges, workstations and transfer equipment were designed and manufactured for improvement and support within the scope of kaizen activities while the number of kaizen activities was 390 in 2020.

12% equipment improvement was achieved in 2020, while in 2021, an average of 16% improvement was achieved in assembly lines with lean line balancing and improvement projects for the equipment used in the lines.

Total Productive Maintenance

TPM approach has an important place in all operations of Klimasan. By including all employees in TPM practices, it is aimed to reduce and eliminate machine downtime, to perform planned and predictive maintenance regularly and to ensure continuous improvement.

In 2021, a total of 484 planned maintenance activities and 624 predictive maintenance activities were carried out at 156 locations. It is supported by weekly 5S activities, projects and improvement activities carried out by the Kaizen team. With the autonomous maintenance form and weekly reports, TPM activities are easily monitored and audited.

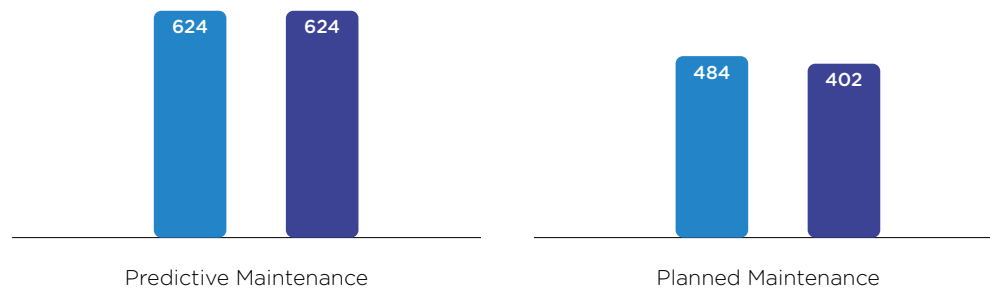
In line with the efforts of the Maintenance Team, it is aimed to increase the total number of predictive maintenance points by 15% each year by converting planned maintenance activities into predictive maintenance activities.

CONTINUOUS IMPROVEMENT AND INVESTMENTS

The process cooling water chiller was taken out of use and investment was made for a new type inverter chiller. The new chiller investment, which will save energy, was completed and a saving of 66,885.00 kWh/year was achieved.

2021 Planned/Predictive Maintenance Analysis

- Total Number of Planned Maintenance
- Total Number of Realized Maintenance



POKE YOKE Systems Installed by the Maintenance Team

In the DF Line, where Klimasan horizontal product groups are produced, product length-barcode matching has been digitized in order to make label identification error-free. In this way, the check process is performed automatically on the line so that the appropriate barcode can be applied to the product.

Automation of the system for attaching the correct hinge to products on the horizontal product line (DF), thus reducing rework rates.

After the Electrical Safety Test in the production area, the operator is prevented from manually directing the product according to the test result, and the system detects the test

result and automatically directs the product. Thus, the risks of confusion that may arise from human resources are prevented and the system is fully automated.

By placing pressure sensors on the raw material tanks, the system is automated, stopping the process in case of any negative situation and warning the operator.

Automation Activities Carried Out by the Maintenance Team

- In the Klimasan Door Production Department, door production has been moved to a fully automated door production line designed and manufactured with internal resources.
- Software and hardware improvements were made in areas of constraint across the assembly lines of all product groups. Thus, production capacity increased.
- With the addition of buffer sensors and software improvements, the problems of collision and falling of cabinets on the line have been prevented.
- The Horizontal Cabinet Production Line was installed and automated, and a new conveyor line was commissioned to increase the line capacity.

Planned Maintenance Activities and TPM

- Chiller Investment

The process cooling water chiller was taken out of use and a new type inverter chiller was invested. As a result, COP (Cooling Performance) increased from 2.35 to 4.6 kW. The COP values of the chillers were determined as a result of the energy audit conducted in 2020, and it was observed that the current values were greater than ideal. New chiller investment to save energy was completed. Thus, a saving of 66,885.00 kWh/year was achieved.

- Transformer Investment

Total installed capacity was increased from 2600KVA to 4200KVA with the new transformer investment. Transformer load amounts are balanced, eliminating heat losses and overloads that would cause tripping in summer. The amount of installed capacity reserved for capacity increase and new machinery investments was increased.

- Energy Audit

In 2021, an energy audit was conducted and actions were taken for energy loss points as a result of the audit.

- Trim Machine Breakdown Remediation

Proportional Valve Failures of the Trim Machine in the Trim Line were completely eliminated by switching to a servo motorized system.

CONTINUOUS IMPROVEMENT AND INVESTMENTS

Heat exchanger investment was made for the recovery of compressor waste heat. Commissioning will be completed in 2022. The 85-degree compressor waste heat will be used in the operation of the hot water boiler, resulting in an annual energy saving of 392,450 kwh/year.

- Thermal Measurements

Thermal measurements were made throughout the facility and interventions were made at the points where nonconformities were detected. Vibration measurements were made for all critical fan and pump groups throughout the facility. Bearing replacements and balance adjustments were made for the equipment where nonconformities were detected.

- Establishment of a Building Maintenance Team

Steel construction manufacturing, renovation, painting, concrete, infrastructure and building renovation works of the facility were carried out by the established maintenance team and improvements and requests were completed quickly.

- Air Conditioning System Automation in Offices

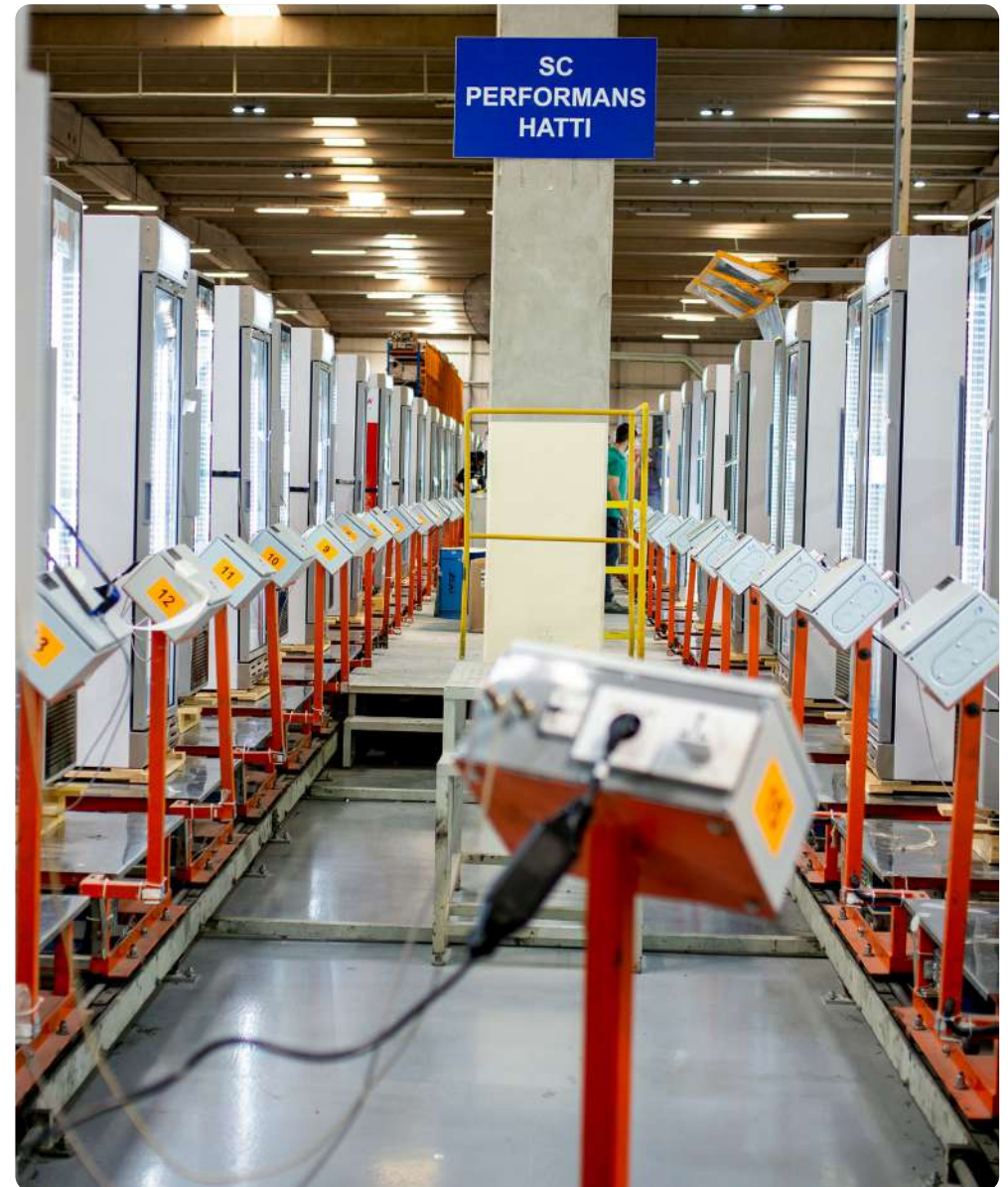
Office Area Air Conditioning System Automation has been realized. Air conditioners in Klimasan Offices were controlled through the central system to save energy.

- Space Energy Saving in Shipping and Warehouse Areas

Space heating energy savings were achieved by using bellows curtains in loading and unloading areas in the Shipping and Warehouse sections.

Ongoing Projects

- 1- Revision of the control system with new generation servo drive and PLC. Elimination of the risk of long downtime due to cards with unavailable spare parts, and capacity increase, making it open to revision with open code writing.
- 2- Optimizing the operation of air diaphragm pumps and electric motors that perform automatic lubrication and circulation within the plant with automation control. Stopping unnecessary operations.
- 3- Replacement of high power motors throughout the enterprise with IE+ efficient motors.
- 4- Better analysis of energy use areas by increasing energy measurement points.
- 5- Inclusion of the radiant system used for heating in the Production Area into the automation system.





CONTINUOUS IMPROVEMENT AND INVESTMENTS

Klimasan's Corporate Resource Planning-ERP Transition Project stands out as a project that the Company decided to invest in 2021 in its digital transformation journey.

HIGHLIGHTS OF 2021



Klimasan's Digital Transformation Project KWAY

Klimasan's Corporate Resource Planning-ERP Transition Project stands out as a project that the Company decided to invest in 2021 in its digital transformation journey. The ERP Project, one of the most important investment decisions taken for process improvement, will ensure the integration and simplification of all operational and financial processes of Klimasan. With the new ERP system, it is aimed to ensure and improve the cooperation and interaction between functions such as accounting, finance, shipment-distribution, production planning, inventory management, purchasing, production, quality control, sales-marketing, human resources, maintenance-repair management and to carry out processes in an integrated manner. Approved in 2021, work on the project will start in 2022 and will be realized in a period of 1 year.

Capacity Increase Project with Fixture Investment in Single Door Vertical Line (SC)

The production capacity of the SC line was increased by 9% by increasing the line loading capacity with the new fixture investment in the SC line, where single-door vertical cabinets which have the largest share in sales, are produced.

Door Line Moving Line Investment

In addition to the moving line in the door line, a new moving line investment was made and door production was doubled.

Milk Run Project

Within the scope of this project, door groups that were manually transported to the lines started to be transported with Milk Run. With the project, heavy door cars are transported by Milk Run without any occupational health risks.

Technological Machinery Investments

With the machinery investments made to ensure efficiency in production at Klimasan, benefits such as optimum chemical use and energy efficiency are also provided.



Capacity Increase 100%
New Digital Printing Center



Capacity Increase 7%
Chiller Investment

Material Warehouse AGV Project

In work order transfers with automatic guided vehicles, the shelf where the pallet requested from production will be taken and the shelf where the pallet prepared for the work order will be placed will be determined and transported to the production site. Therefore, errors caused by personnel will be prevented. More efficient use of existing staff will be ensured. There



Capacity Increase 3%
Acclimatized Room Improvement



Occupational Health Improvement
Production Area Heat Optimization

will be continuous flow to production and standardization will be achieved. It is aimed to make the material transportation process to production continuous and standardized, and to switch to dark, unmanned storage processes in accordance with Industry 4.0 with the AGV fleet. Work on the project started in 2021 and will be commissioned in 2022.

R&D AND INNOVATION



The success of Klimasan's activities in the industrial cooler and freezer sector is further reinforced by the importance it attaches to innovation and its R&D activities, which are exemplary in the sector. Always prioritizing quality and trust in its products, Klimasan is committed to producing environmentally friendly products that ensure user health and safety, while complying with all legal regulations and numerous voluntary standards in force in its regions of operation.

Aware of the needs of its customers, Klimasan R&D team continues to seek sustainable solutions and practices at every stage of design and production, while using recyclable materials to minimize the carbon footprint of the products. Klimasan Research Center is recognized by the Turkish Ministry of Science, Industry and Technology (MoSIT).

Klimasan's R&D mission is to offer its customers competitive, efficient, environmentally friendly and high-quality innovative products, which are the fruits of investigative spirit of the R&D Team.

Klimasan considers the protection of natural resources and the realization of its activities with the lowest environmental impact as one of its fundamental responsibilities. In addition to the direct environmental impact created, efforts are also made to control and improve the indirect environmental impacts that occur throughout the value chain. Continuously reducing the negative effects on the environment, reducing the environmental impact of products with R&D studies, paperless office applications, keeping energy efficiency at the forefront during product design, evaluating environmental impact as one of the most important inputs of the project during the project process,

Klimasan are the issues managed within the framework of the environmental action plan.

All Klimasan products bear CE, RoHS and WEEE marks, which indicate that the products have passed all conformity assessment activities required for use in the European Union and comply with health, safety and consumer and environmental protection requirements.

Klimasan products are also compliant with ROHS and REACH Directives. The RoHS (Restriction of Hazardous Substances) Directive is a safety document that restricts the use of lead and other substances potentially hazardous to the environment and human health in electrical and electronic products.

REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) aims to limit the usage amount of carcinogenic, mutagenic and toxic substances and to keep registration records of them.

Packaging materials used in Klimasan are tested to ensure that they do not contain four heavy metals (Pb, Cd, Hg, Cr) within the scope of Directive 94/62/EC.

In household products, material selections and productions are made by considering the food contact requirements within the scope of the "Food Contact directive (1935/2004/EC)" in accordance with European harmonization.

Another directive that Klimasan complies with is WEEE (Waste of Electrical and Electronic Equipment), which sets targets for the collection, recycling and recovery of electrical products.

Innovation at Klimasan

Klimasan offers innovative solutions to its customers with its deep expertise in the commercial refrigeration market and a team of high-potential professionals.

Implementing projects to digitalize its production processes, products and customer experience, Klimasan meticulously manages the information security risks brought about by digitalization. Klimasan continues its research, technological development and digitalization efforts, which are important competitive factors in the global arena, without slowing down, and digitalization is carried out in the entire value chain, from the supply chain to the customer experience.

**KLIMASAN OFFERS
INNOVATIVE SOLUTIONS
TO ITS CUSTOMERS WITH
ITS DEEP EXPERTISE
IN THE COMMERCIAL
REFRIGERATION MARKET
AND A TEAM OF
HIGH-POTENTIAL
PROFESSIONALS**

R&D AND INNOVATION

KLIMASAN'S R&D TEAM OF 65 PEOPLE DEVELOPS BY USING THE LATEST TECHNOLOGIES IN PRODUCT TARGETING AND SPREADS EFFECTIVELY TO THE MARKET BY OFFERING INNOVATIVE SOLUTIONS TO CUSTOMERS

In a globalized competitive environment, innovation strategy has become important to provide flexible and accurate solutions to changing situations and to take measures against extraordinary events such as economic crisis and climate change. Therefore, developing an innovative organizational culture is one of the most important steps taken by Klimasan. Innovative and competitive technological investments in the services offered by Klimasan are among the process disciplines.

Klimasan's R&D team of 65 people develops by using the latest technologies in product targeting and spreads effectively to the market

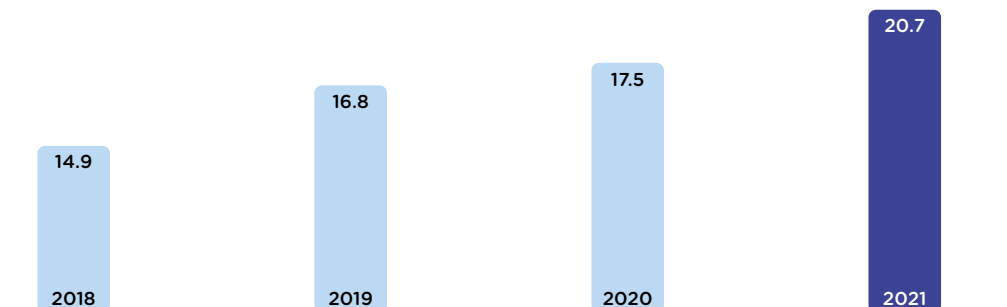
by offering innovative solutions to customers. In this context, Klimasan further strengthens its leading position in the sector through intensive cooperation with national and international institutions and organizations. Klimasan is a role model in university-industry cooperation mechanisms and manages to spread the culture of cooperation to all employees with the different and pioneering cooperation strategies it has developed over the years. In the field of commercial coolers, Klimasan has always been at the forefront of intellectual property management and has made a name for itself with many patents and designs both nationally and internationally. Klimasan produces not only excellent products for its customers, but also digital, smart and life-enhancing solutions.

Klimasan R&D Center, has become an exemplary brand in the sector with its 9 Air Conditioning Test Chambers, years of experience and expertise in cooling systems design, global experience and know-how sharing, laboratory and university collaborations, 3D/2D modeling and design competencies.

Klimasan made an R&D investment of TL 20,715,810.35 in 2021. In 2021, 1 patent, 15 utility model and 26 design applications were made. More than 50 Patents and more than 35 Industrial Design Registrations were made in the last 2 years. Klimasan ranked 127th in the 2021 R&D 250 list among all sectors based on its R&D expenditures.



R&D Budget by Year (TL million)



R&D AND INNOVATION

WITH R&D
INVESTMENT

OF TL 20.7 MILLION IN 2021,
KLIMASAN APPLIED FOR
1 PATENT, 15 UTILITY
MODELS AND 26 DESIGNS

R&D and Innovation Activities
Realized

- **Household Coolers**
 - Chest freezers
 - Vertical freezers with drawers
 - Freezer/coolers
- **Commercial coolers**
 - Vertical beverage coolers
 - Counter top/backbar coolers
 - Horizontal freezers
 - Vertical freezers
 - Dual freezer/coolers
 - Conservators
 - Island
 - Conservators with display glass

R&D Projects and Cooperations

At Klimasan, which has a wide product range, the priority in every project commissioned is energy efficiency. Continuing its journey by adding a new design to its product range every

day, Klimasan cooperates with many universities and invests in new projects.

In 2021, 17 innovative projects, including cooling and mechanical design studies and energy efficiency studies, were commissioned and successfully completed.

- **Yaşar University Cooperation Project:**

Within the scope of the year-end graduation project, 15 different design studies were carried out with 15 senior students from Yaşar University Industrial Design Department. The students made presentations to the jury with different cooler cabinet designs, and in this context, a cooperation protocol was signed between the university technopark and Klimasan, and the university was given a payment for each design. For each of the designs, applications were made to Turkish Patent and Trademark Office on behalf of Klimasan and the project was completed.

- **ATS Vaccine Cabinet:**

In the process that started with the pandemic, the ATS Vaccine Cabinet project was implemented in order to feed the domestic market by reducing Turkey's dependence on foreign sources for storage in the medical field to zero, and to enter the medical market in Europe, the Middle East and Africa. With this project, Klimasan gained a new investment instrument, while at the same time increasing the awareness of economic development and environmental responsibility.

Product Security

The standards and regulations adhered to by Klimasan, which gives

utmost importance to the safety of its customers during use as well as being compatible with quality and the environment in each of its designs, are as follows;

- LVD Directive 2014/35/EU
- IEC 60335-1
- IEC 60335-2-89 (Commercial)
- IEC 60335-2-24 (Household)
- EMC Directive 2014/30/EU
- EN 55014-1
- EN 55014-2
- EN 61000-3-2
- EN 61000-3-3
- EN 61000-4-2
- EN 61000-4-3
- EN 61000-4-4
- EN 61000-4-5
- EN 61000-4-6
- EN 61000-4-11
- RoHS Directive 2011/65/EU and 2015/863/EU
- REACH Regulation EC 1907/2006
- WEEE Directive 2012/19/EU

Certificates

LVD, EMC, RoHS, REACH

ENERGY
EFFICIENCY

IS AMONG THE PRIORITY
ISSUES IN EVERY
PROJECT COMMISSIONED
AT KLIMASAN, WHICH
HAS A WIDE RANGE OF
PRODUCTS



SUPPLY CHAIN MANAGEMENT



Sustainable Procurement Approach

Klimasan supply chain management is a structure that prioritizes supply security and ethical trade. In order to ensure supply security, alternative suppliers are identified for suppliers in the high risk group with the joint work of the relevant Purchasing and Incoming Quality Control Department Authorities and the Supplier Development Team.

Klimasan supports the continuous development of its suppliers. In this way, a win-win relationship is established. For this purpose, the "Supplier Development" unit within the Quality Department was transferred to the Purchasing Department. Various training programs are implemented to increase the capacity of unit suppliers.

Through annual supplier audits, Klimasan guarantees that suppliers operate at equivalent norms with itself. Audit scope is determined according to the Supplier Company Audit Evaluation Question List. Field audits are conducted at least once a year under the leadership of Klimasan's Supplier Development and Incoming Quality Control Departments. As a result of the audit, the supplier class is re-evaluated according to the score obtained by the firm. Ancillary industry evaluations are made by determining the first 120 to 140 companies according to the current ranking, and points are given by evaluating the social and environmental performance of the supplier.

With the online supplier quality performance monitoring program, calculable and transparent performance criteria are followed, and monthly supplier notifications are made about the evaluation results. Suppliers with less than 50 points in the evaluations are removed from the approved supplier list.

In accordance with the Supplier Selection and Evaluation Procedure, Klimasan subjects suppliers to a preliminary evaluation in order to decide on the most suitable candidate before starting to work with any supplier. In this evaluation, criteria such as compliance with Klimasan A.S. specifications and delivery time, price and payment method as well as the existence of studies related to Quality, Environment and OHS Management Systems are questioned. At this stage, Klimasan expects its suppliers to share its vision of a responsible approach to occupational health and safety and environmental issues. Therefore, among suppliers that equally meet the selection criteria, those with ISO 9001, ISO 14001 and ISO 45001 certifications are preferred.

In 2021, local companies accounted for 79% of Klimasan's total number of suppliers and 74% of its procurement budget. The budget for local procurement is over EUR 92 million. The supplier selection process at Klimasan is very meticulous.

In 2021, 32 different improvement/development projects were carried out by the Klimasan Purchasing Department and a gain of more than EUR 2 million was achieved, and 19 new suppliers were commissioned within the scope of all studies.

Klimasan Supplier Evaluation Methodology

Points	Class	Process
86-100	A	A letter of thanks is written to the company
71-85	B	Suggestions for improvement are presented to the company along with a letter of thanks.
61-70	C	A letter is written to the company about the problems experienced and a corrective preventive action letter is written to correct the situation. They are asked to rectify the situation at the end of the next 5 shipments and raise their score above 70.
51-60	D	An audit is done to the company and their action plan is requested regarding the problems experienced. They are asked to rectify the situation at the end of the next 5 shipments and raise their score above 70.
<50	E	Gets removed from the list of Approved Auxiliary Industries.

SUPPLY CHAIN MANAGEMENT

**KLIMASAN SUPPORTS
THE CONTINUOUS
DEVELOPMENT OF ITS
SUPPLIERS. A
WIN-WIN
RELATIONSHIP
IS THUS ESTABLISHED**

Supply Chain Management in 2021

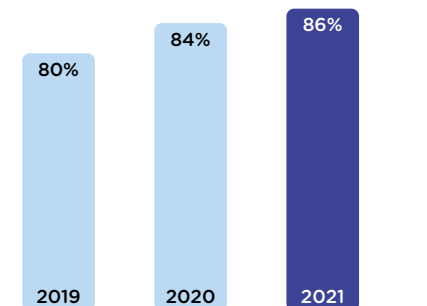
- Due to the constantly fluctuating exchange rate during the year, price revisions had to be done 3-4 times during the year with the suppliers, with whom we normally work with fixed prices. This process was managed by closely monitoring market conditions and supplier dynamics.
- Many suppliers have significantly increased their current lead times as they have experienced difficulties in the supply of raw materials and sub-components due to pandemic effects. In addition, the personnel working on the supplier side have experienced serious labor loss due to COVID-19 and their production has been directly affected. For all of these risks, predictive orders were opened in the relevant sectors and alternative suppliers with shorter lead times were engaged.

- Klimasan has also made agreements and purchases for needs that are not included in the current process (masks, hand sanitizers, extra equipment, transition to packaged meals, etc.) based on the obligations imposed by the pandemic. Extra efforts were made to reduce/recycle the environmental impact, especially through the disposal of used masks and special waste bins for disposable products in packaged meals.
- Alternative suppliers were created in single source sectors and the number of suppliers was increased in sectors with raw material shortages.
- During the pandemic-induced curfew period, some local and small-scale suppliers were unable to obtain legal permission. During this period, Klimasan submitted documents to the relevant official institutions showing that a safe working environment was provided in the supplier company and work could be done, and enabled suppliers to restart their own production activities.
- There have been periods when the production capacities of suppliers were reduced due to increasing number of COVID-19 cases. This situation led to the possibility of delays and disruptions in shipments. During this period, all local suppliers were regularly called by the Purchasing Team on a weekly basis, and regular reports were received from the suppliers regarding the current order shipment performance. In the light of the feedback received, Klimasan Production Planning and Material Planning Teams were informed.



In 2021, local companies
accounted

for **86%**
of the total number of suppliers
and **73%**
of the procurement budget.
The budget allocated to local
procurement is over
TL 1 billion.

Percentage of local suppliers by year



SUPPLY CHAIN MANAGEMENT

THE SIZE OF THE IMPACT AREA OF KLIMASAN'S SUSTAINABILITY APPROACH DEPENDS ON ITS EXTENSIVE SUPPLIER NETWORK

Sustainable Supply

The size of the impact area of Klimasan's sustainability approach depends on its extensive supplier network. Leading the transformation of the related sectors by spreading its sustainability approach and strategies to its suppliers, Klimasan encourages its suppliers to do business in line with the core values it adopts.

Klimasan's priority is to establish and maintain relationships with suppliers in accordance with the law and the provisions of the contract. When procuring products and services from suppliers, international and sectoral standards are taken into account, related information about them is regarded as a trade secret and attention is paid to confidentiality. For this purpose, the ethical working

principles that Klimasan expects from its business partners are summarized in the [Supplier Code of Conduct Document](#) developed by the Quality Management Systems and Purchasing Departments in 2021.

Sustainable Procurement Practices

Sustainable Procurement Practices at Klimasan are managed by the Purchasing, Supplier Development and Quality Management Systems Departments. In addition to the technical improvement projects of the Purchasing and Supplier Development Departments, as Sustainable Procurement practices in 2021;

- The foundations of the Supply Chain Sustainability and Social Compliance Risk Analysis Methodology were laid,
- In the second half of 2021, on-site supplier audits were resumed, and face-to-face audits, which had been suspended during the pandemic, gained momentum again.
- Supplier Analyses were conducted and the audit, visit plan and expected actions for 2022 were defined.
- Planned to be commissioned in 2022, "Klimasan A.Ş. Supply Chain Sustainability Practices Assessment Survey" was prepared. With this survey, auxiliary industries' carbon footprint calculation, publishing sustainability reports, having Management Systems Certifications, receiving EcoVadis CSR Assessment Service, committing to carbon footprint reduction in accordance with SBTi, being a supporter of UN Global Compact, being subject to Social Compliance Audit, and

securing these activities with documentation such as codes of conduct, policies, procedures, handbooks will be analyzed and the foundations of the Supply Chain Sustainability and Social Compliance Risk Analysis Methodology, which is planned to be commissioned within 2 years, will be laid.

- Launched in 2020, the Supply Chain Mutual Social Responsibility Commitment was communicated

to all suppliers in 2020 and to the supplier companies to be worked with for the first time in 2021 to ensure that the commitment was recognized. Likewise, the Supply Chain Sustainability and Social Compliance Self-Assessment Form, which was launched in 2020, was sent to suppliers and requested to be filled in with evidence documents and explanations.





LOGISTIC IMPACTS

KLIMASAN CONTINUES ITS GREEN SUPPLY CHAIN

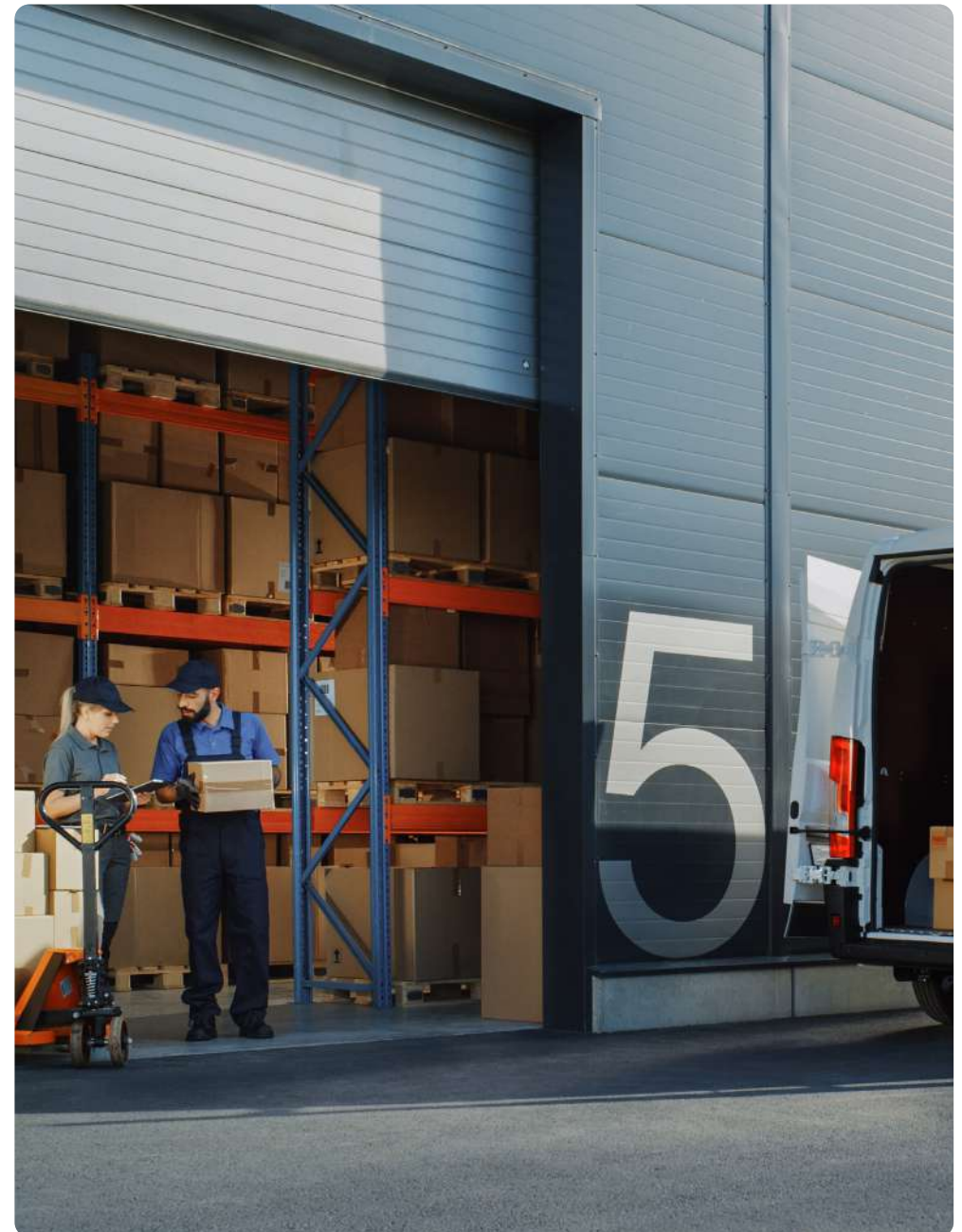
AND LOGISTICS ACTIVITIES WITHOUT SLOWING DOWN

Minimizing the environmental impact of logistics activities, which have a significant impact on climate change, is vital for the entire supply chain. In this context, Klimasan continues its green supply chain and logistics activities without slowing down. Klimasan green supply chain and logistics activities aim to minimize greenhouse gases, establish a transportation network with lower emission values for climate change and sustainability, and reduce carbon emissions in order to prevent logistics from harming the environment. At the same time, in order to calculate the carbon footprint in 2021 in accordance with the 14064-1:2018 Standard and to avoid any negligence, all transportation records such as all shipments, guest visits, use of company vehicles were organized

and written down and the records were used in the carbon footprint calculation.

Klimasan's sustainability policy is based on a proactive approach which aims to prevent problems before they happen. Continuing to work with this approach, Klimasan pays attention to the following criteria for the companies that it purchases services from in its logistics activities.

1. Use of vehicles with low carbon emissions
2. Optimization of shipment routes
3. Training of employees on safe and economical driving
4. Considering transportation methods with lower emission values
5. Monitoring of performance parameters such as Optimum Fuel Performance, Target Liter and Speed Determination for economical driving
6. Operating with an accident-free approach





CUSTOMER SATISFACTION AND AFTER-SALES SERVICES

KLIMASAN DEVELOPS NEW ENVIRONMENTALLY FRIENDLY PRODUCTS SPECIFIC TO THE NEEDS OF ITS CUSTOMERS AND CAREFULLY MONITORS CUSTOMER EXPECTATIONS AND SUGGESTIONS

Klimasan continues to work with the goal of achieving the highest customer satisfaction, and for this purpose, Klimasan develops new environmentally friendly products specific to the needs of its customers and carefully monitors customer expectations and suggestions.

Klimasan's Manisa facility, where high quality products are produced, has a capacity of 812,000 units/year and supplies 165 types of products to more than 1,600 customers in more than 100 countries. Ranked among the top 500 companies in Turkey, Klimasan and its brands have built a strong reputation as a reliable and innovative supplier of cooler and freezer cabinets for over 50 years.

In 2021, 8,917 customers participated in the customer survey conducted annually by an independent organization and submitted their opinions and expectations.

Klimasan continues to support its customers throughout the life span of the product. Klimasan has more than 190 After Sales Service Centers throughout Turkey. Extending the service life of the products is targeted with competent technical services. In 2021, technical service satisfaction rate increased by 3 points to 92%.

Services offered within the scope of after-sales services:

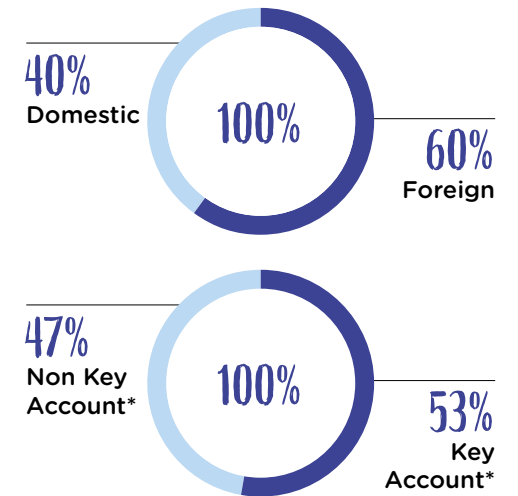
- 1-Warranty Covered Services
- 2- Out-of-Warranty Service and Maintenance
- 3- Product Insurance
- 4- Dispenser Sanitation
- 5- Warehouse & Customer & Warehouse Transportation Service
- 6- Light Maintenance Service in the Warehouse
- 7- Product Locating (GPS coordinates)
- 8- Spare Parts Management
- 9- Renewal



In order to provide accurate information about the products, there are many safety-themed warning labels on products, as well as special user manuals for each product. The manuals are prepared by expert documentation and product managers. After-sales repair and maintenance services are divided into "Commercial coolers" and "Household coolers". The warranty period for commercial coolers can be extended beyond the legal period of 24 months to 36 months, and the warranty period for household coolers is determined as 5 years, 7 years or 10 years with periodic campaigns. The warranty period for spare parts of the products is 10 years.

In addition to its wide product range of refrigeration products, Klimasan offers integrated and customized sales tools for the points of sale to support the business strategies of its customers.

Customer Profile



* 53% Key Account - 47% Non-Key Account (Key Account customers are global beverage and ice cream companies operating all over the world. Non Key Account customers are beverage companies and distributors operating in local markets).

CUSTOMER SATISFACTION AND AFTER-SALES SERVICES

**SERVES
MORE
THAN 1,600
CUSTOMERS
IN MORE THAN 100
COUNTRIES WITH 165
DIFFERENT MODELS**

Customer Satisfaction

92%

After-Sales Services

- Monthly meetings were organized with the participation of authorized services and factory quality and production teams, and more field visits started to be held. The feedback received from the field and the examination of the sample materials collected during these activities helped to increase product quality and consequently customer satisfaction.

- In order to increase customer satisfaction and provide better service, the orientation and training processes of the Sales Team for 2021 were expanded. The duration and scope of orientation for new recruits on product and customer introductions, technical information and details were increased.
- Spare parts stocks were increased, the delivery rate of authorized service centers' orders in the first 24 hours was increased to over 90%, spare parts kits were sent to service centers for frequently moving spare parts, and thanks to these improvements, the problem-solving rate within 48 hours was increased by 4 points.
- Regular technical trainings are organized for the technical teams of customers in nearly 10 countries in Africa to familiarize them with Klimasan products and to make the necessary interventions correctly.
- Meetings and service trainings are organized to inform Şenocak dealers about the products and to introduce newly developed products.
- Workshops are organized in many countries with the participation of R&D teams in order to understand the needs of customers and direct product development efforts to meet their expectations.

All customer notifications are completed by taking action. After Sales Services Team's "Response rate completed within a maximum of 48 hours" performance was realized as 80% in 2021.



Foreign service organization:

40 authorized services in 3 continents

More than **200,000** service interventions per year

Stock management in services

Integrated management approach with CDS Software
Satisfaction survey research to all end users and corporate customers

Regular trainings for authorized service personnel

CUSTOMER SATISFACTION AND AFTER-SALES SERVICES

WITH ITS CUSTOMER-ORIENTED MANAGEMENT APPROACH, KLIMASAN MANAGES THE PROCESS FROM PRODUCTION TO THE END OF PRODUCT LIFE IN THE BEST WAY WITH PRE/AFTER-SALES SERVICE AND TECHNICAL SUPPORT ACTIVITIES

Technical service trainings

Basic and “New Product Trainings” are provided at least twice a year for technical services coming from all over Turkey. These trainings aim to increase the technical knowledge and awareness level of technical services, to ensure that they have technical knowledge about new products, to have information about Klimasan’s expectations, to be informed about warranty and non-warranty issues, and to be informed to manage end-user and customer resistance due to non-warranty situations.

Through the Klimasan Suggestion Evaluation system, suggestions of authorized services that will contribute to the development of processes are received, and projects are implemented to provide customers with a better experience.

We aim to monitor monthly performance through performance indicators defined by the e-performance evaluation system for authorized services and to switch to a performance reward system accordingly.

To take into account the changing and developing customer expectations with a customer-oriented management approach, to manage the product quality and life cycle - the process of the product from its production area to the customer - and pre-sales and after-sales service and technical support activities in the best way are some of Klimasan’s primary goals. For this purpose, since 2015, all efforts to eliminate customer complaints and prevent recurrence, as well as root cause analyses and actions to be taken in this direction have been managed through the QDMS Customer Complaints Module. The process initiated to resolve a customer complaint is regularly monitored and the customer complaint is not closed without performing improvement activities.

In 2021, signboards were made for authorized service centers in many different parts of Turkey and service vehicles were dressed.



RISK MANAGEMENT

KLIMASAN MINIMIZES RISK FACTORS BY ADOPTING A PROACTIVE RISK MANAGEMENT APPROACH

At Klimasan, where a proactive risk management approach is adopted, the Early Detection of Risk Committee is responsible for identifying and monitoring all risks that the company is or may be exposed to.

Klimasan's social, environmental, economic and governance risks are managed through Corporate Risk Analysis, Management Systems Risk Analysis and Process Risk Analysis.

The Early Detection of Risk Committee was established to make recommendations and suggestions to the Board of Directors on the early detection, evaluation, calculation of the impact and probability of strategic, operational, financial and any other risks that may jeopardize the existence,

development and continuity of the Group, managing and reporting these risks in accordance with Klimasan's corporate risk-taking profile, implementing the necessary measures regarding the identified risks, taking them into consideration in decision-making mechanisms, and establishing and integrating effective internal control systems in this direction.

Klimasan Risk Coordinator proactively and more frequently in 2-month cycles, obtains the final version of the pre-created functional risk logs in detail from the departments, creates the consolidated risk report in a way that includes the updates and shares it with the Company's Senior Management and Committee Members.

The Risk Coordinator is responsible for ensuring effective communication with the departments, periodically creating a risk report / sharing it with the Senior Management and, if needed, supporting trainings and workshops aimed at raising awareness of corporate risk management.

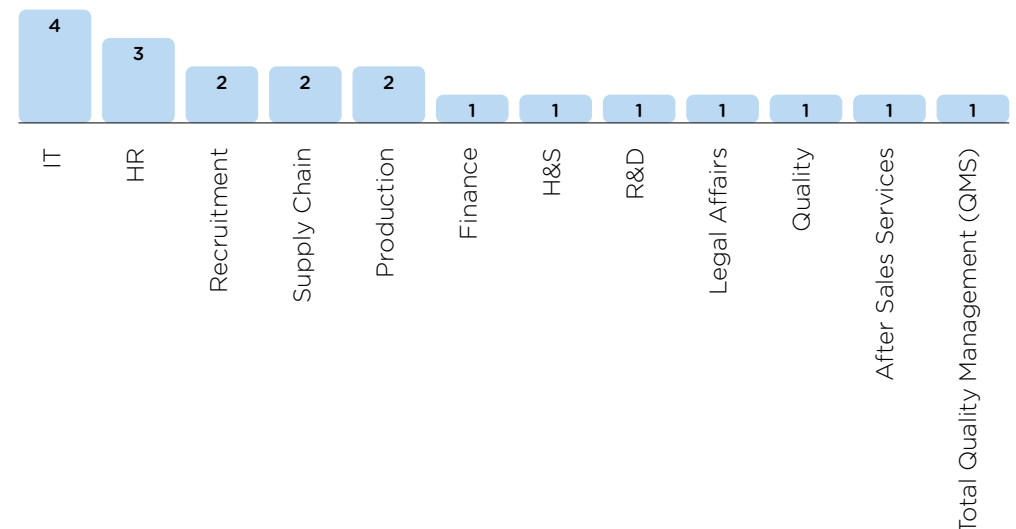
Risk reports and corporate risk management practices are also evaluated by the chairman and members of the Risk Committee at board meetings. In this context, 6 risk reports were prepared in 2021, including the risks of the departments in 5 main categories (financial, operational, strategic, image and legal compliance), action owners and deadlines, and comparisons with previous periods.

At Klimasan, risk management systems are reviewed at least once a year. Opinions are submitted to the Board of Directors for the improvement of internal control systems, including risk management and information systems and processes that can minimize the effects of risks that may affect the Group's stakeholders.

Corporate Risk Management is carried out under the organization of Internal Audit and Quality Management Systems departments. Through workshops, the financial, operational, strategic, image and legal compliance risks of the departments are evaluated, scored, and their actions are determined and followed up with the Term Risk Report containing 2-month periods.

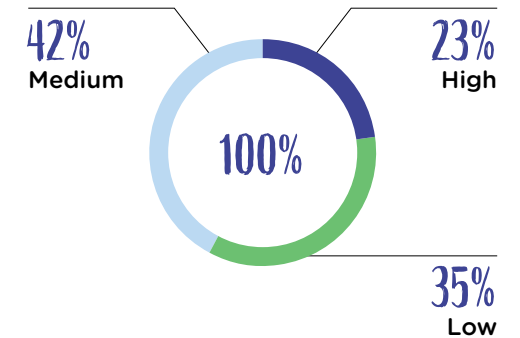
Breakdown by department of the Top 20 risks that are reported to senior management and monitored in detail

Top 20 Risks' Breakdown by Segments



Breakdown of 77 corporate risks by risk categories as of the end of December in the 6th Period of 2021:

Categorical Breakdown of Risks





RISK MANAGEMENT

KLIMASAN KEEPS THE RISK ASSESSMENT OF ALL MANAGEMENT SYSTEMS IT OWNS CONSTANTLY UPDATED

Within the scope of Corporate Risk Management efforts, reputation risks are also reviewed on a 2-monthly basis. There is an Ethics Line mechanism managed by the Internal Audit Department so that all notifications involving the risk of material and/or moral loss for the Company, including the reputational risk, can be made by the employees.

In 2020, the relevant COVID-19 risks added to the Corporate Risk Register of the departments were followed up in 2021 and monitored with actions. As the effects of the COVID-19 pandemic have diminished, the impact severity of the risks has also been reduced.

Detailed and comprehensive risk analyses are conducted within the scope of ISO 45001 OHS Management System, ISO 27001 ISMS and ISO 9001 QMS. For these Management

Systems, process risks and operational risks of all departments are assessed and reported. Within the scope of ISO 14001 EMS and ISO 50001 EnMS, risks related to Environmental and Energy Management are monitored and monthly reviews are conducted in the Identification of Environmental and Energy Aspects and Assessment of Impacts List with the Quality Management Systems Department, Energy Representative and Environmental Consultants. Environmental Risk Analysis studies are examined in the Integrated Management Systems External Audit conducted every year.

Klimasan keeps the risk assessment of all its management systems (Quality, Environment, Energy, OHS and Information Security) constantly updated and the risks are examined in detail by the document provider organization during the annual periodic management systems audits.

Human Resources, OHS, Legal and QMS Risks included in the corporate risk analysis and Klimasan's social risks are monitored. Risks related to Career Management, Performance Management, Employment, Turnover Rate, Employee Loyalty are managed under the responsibility of Human Resources; risks related to Pandemic, Occupational Health and Safety, Disaster, Emergency Preparedness are managed under the responsibility of the OHS Team; issues that involve or may involve risks in legal transactions are managed under the supervision and responsibility of the Company Lawyer; risks related to Process

Management and Flow, Documented Information, Sustainability Management and external social issues are managed under the responsibility of the QMS Department. Similarly, financial risks are monitored and reported in the Corporate Risk Analysis. Apart from these, a "process risk analysis" was conducted for each process defined by the Process Mapping study conducted in 2021 and whose workflow was renewed/created. A comprehensive action plan has also been created with this study, which includes risk analysis of all processes of all departments.

Klimasan's governance risks are reviewed and updated every 2 months in the Corporate Risk Analysis. Items to be acted upon, monitored and risk mitigation activities to be planned by the management are discussed separately in each reporting period.

Klimasan's prominent risk management activities in 2021 are as follows;

- In 2021, COVID-19 pandemic Risk Management became prominent. Especially after the 2nd quarter of the year, as of July, on-site working in the office environment resumed. In this process, Human Resources, OHS and Administrative Affairs Departments worked intensively to ensure a safe and healthy working environment and important risk prevention actions were taken with the support of the Management.
- In 2021, the focus was also on the management of purchasing and sales risks arising from economic volatility and inflation.
- In 2021, 6 risk reports were prepared in 2-month periods to be submitted to the Early Detection of Risk Committee.
- A comprehensive documentation, announcement and poster work was carried out to prevent pandemic risks.





INTERNAL AUDIT AND CONTROL

INTERNAL AUDIT DEPARTMENT AUDITS ALL THE COMPANY AND ITS DEPARTMENTS REGULARLY EVERY YEAR

Internal Audit department audits all companies and units at periodic intervals every year. Monitoring and management of actions are carried out in QDMS Action Module and "Internal Audits" action source. The completion status of these action plans is periodically reported to the Audit Committee. The business plan of the department is approved annually by the Audit Committee and is revised depending on the developments experienced during the year.

Internal audit at Klimasan is carried out by the Internal Audit Department in accordance with the standards published by the International Institute of Internal Auditing. Internal audit activities aim to ensure the accuracy and reliability of financial

and operational information, the effectiveness and efficiency of operations, the protection of company assets and compliance with laws, regulations and contracts.

In 2021, audit/consultancy activities were carried out throughout the organization, including but not limited to Human Resources, Technical Operations, Quality, Incentive Processes.

Apart from the functional internal audits conducted by the Internal Audit Department, Management Systems Internal Audits are organized every year at Klimasan. Internal audits are carried out every year for all management system implementations by employees who have received Internal Auditor Training for the relevant management system and hold an Internal Auditor Certificate.

The results and findings of the internal audit are delivered by the employees who conducted the internal audit to the Quality Management Systems Department, which leads the process and carries out the necessary planning. The detected findings are carried out through the QDMS Action Module with the "Internal Audits" Action Source and actions are planned for the relevant parties to eliminate them.

In addition, necessary Management Systems Internal Auditor Trainings are planned by the Human Resources Team at certain intervals. Thus, the continuity of the system is ensured with a certain number of internal auditors for each management system.

INFORMATION SECURITY

KLIMASAN RECOGNIZES THE IMPORTANCE OF RAISING AWARENESS OF ITS USERS TO ENSURE SUSTAINABILITY IN INFORMATION SECURITY

As an ISO27001 Information Security Management System implementer, Klimasan carries out the management process with the participation of all stakeholders under the leadership of the Information Technologies Department and ensures that stakeholders fulfill the requirements of the system to protect information assets. Klimasan also supports its Information Security activities with sustainable policies.

Klimasan regularly updates its Information Security Management System policies. It tries to maximize the visibility of the system by using security practices at various levels against vulnerabilities that may occur in the system, and takes actions against the warnings received.

Despite all its investments in security practices, Klimasan acts with the awareness that people are at the center of this business. In this context, it knows how important it is to raise awareness of its users to ensure sustainability in information security. Therefore, Klimasan raises the awareness of all employees with periodic trainings, regularly informs the entire organization about current attack scenarios, and ensures that they are alert against future attacks. The company takes high priority actions against notifications received from its users.

As in every year, Information Security Information and Awareness Training was provided to all employees in 2021. The evaluation of the training was measured with the Training Sufficiency Assessment Form prepared by the ISMS Management Representative.

Since 2018, there have been no incidents of information confidentiality breaches during the reporting period in processes managed within the scope of ISO27001 Information Security certification.



Our Planet

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OUR PLANET

OUR SUSTAINABILITY COMMITMENTS AND TARGETS



	2019	2020	2021	2020 > 2021
1-) Reducing corporate carbon footprint per standard unit product by 3% compared to the previous year (tonCO ₂ e/st.unit product)	0,012	0,014	0,009	35% improvement
2-) Ensuring full compliance with national environmental legislation	%100	%100	%100	
3-) Continuous reduction of electricity consumption per standard unit product 17% improvement (kwh/st.unit product)	14,6	16,7	13,8	17% improvement
4-) Continuous reduction of natural gas consumption per standard unit product 16% improvement (kwh/st.unit product)	11,9	13,3	11,2	16% improvement
5-) Continuous reduction of water consumption per standard unit product 28% improvement (m ³ /st.unit product)	0,17	0,18	0,13	28% improvement
6-) Reducing the amount of hazardous waste per standard unit product by 3% each year 30% improvement (tons/st.unit product)	0,05	0,20	0,14	30% improvement
7-) Reducing the total amount of waste per standard unit product by 3% each year 7% improvement (tons/st.unit product)	4,10	4,26	3,95	7% improvement
8-) Meeting 100% of electricity consumption each year from renewable energy procurement investments*	-	%100	%100	
1-) Ensuring that there will be 10,000 saplings in Klimasan Grove in 2025			2.270	



Our Commitments:



Our Targets:

*Renewable energy investments started to be realized as of 2020.



OUR ENVIRONMENTAL APPROACH AND MANAGEMENT

KLIMASAN ADOPTS RESPONSIBLE PRODUCTION AND CONSUMPTION THAT USES RESOURCES EFFICIENTLY IN ORDER TO MINIMIZE ITS ENVIRONMENTAL IMPACT

Within the framework of its [Sustainability Policy](#), Klimasan works to minimize its environmental footprint with an inclusive development approach. Adopting responsible production and consumption that minimizes environmental impacts and uses resources efficiently, Klimasan uses technology in the most efficient way and continues to empower people and the environment with smart products.

In 2021, Klimasan realized investments and projects to combat climate change. Within this scope;

- In 2021, Klimasan measured its carbon footprint in accordance with the 14064-1:2018 Standard by including all exempted scopes in the carbon footprint measurement. In addition, the measurement results were verified by an accredited third institution, and the accuracy of the carbon footprint measurement was confirmed through a 2-day on-site audit and remote inspections.
- Klimasan made a decision to invest in the SPP Project in the last quarter of 2021 to invest in renewable energy sources. The preliminary preparation process of the project, which is expected to start in 2022 and be completed in 2023, has started. With the project, the decision was taken to cover the roof of the Klimasan Facility with solar panels in order to meet 45% of the total electricity consumption from renewable energy.

Klimasan decided to publish a Sustainability Report for the first time in 2020 and with the preparations made in the first two quarters of 2021, Klimasan published its first non-financial report, the 2020 Sustainability Report, in the third quarter of 2021, in which it reported its sustainability and corporate social responsibility activities. During this period, the Sustainability Committee had its most active meetings and worked the hardest. The work for the EcoVadis CSR Self-Assessment Survey, which continued in parallel with the Sustainability Report and was completed after the report was published, was also finalized in the last quarter of 2021.



ENERGY MANAGEMENT

ENERGY MANAGEMENT AT KLIMASAN IS MANAGED WITH A PARTICIPATORY STRUCTURE. A

“CARBON AND ENERGY BOARD”

WAS ESTABLISHED IN THIS CONTEXT

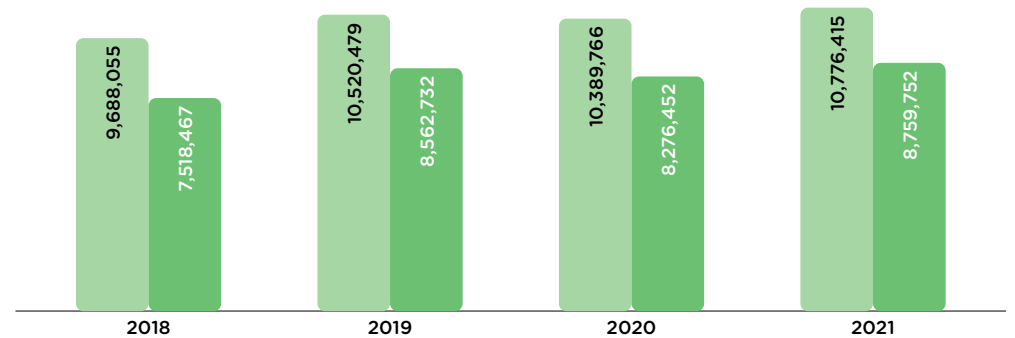
Klimasan adopts proper energy management activities at every stage of production, and carries out studies in order to identify possible losses and increase energy efficiency in the field of operation. Adding new energy saving practices every day, Klimasan is the first company in the commercial refrigeration sector to obtain TS EN ISO 50001 Energy Management System Certification, which is based on the efficient use of energy. Since 2011, Scope 1 and Scope 2 Carbon Footprints have been calculated every year and activities to reduce the carbon footprint have been carried out. Since 2020, carbon footprint from Scope 3 has also been calculated. In 2021, carbon footprint calculation and verification work was carried out for the first time in accordance with the 14064-1:2018 standard.

Energy management at Klimasan is managed in an engaging manner. “Carbon and Energy Board” was formed by selecting one department representative from the departments that are critical energy users. The slogan “Energy is the Future” and the Cool Man energy mascot were determined with the participation of all departments in order to raise awareness in the efforts to establish an Energy Management System. The Carbon and Energy Team Manifesto was prepared and posted in various parts of the facility. Klimasan Metalfrio Energy Efficiency Booklet was prepared and distributed to all employees.



Energy Consumption

- Electricity (kwh)
- Natural Gas (kwh)



Energy performance indicators are determined and monitored monthly by applying the PUKO Cycle. Trainings are provided to all employees to raise awareness about ISO 50001 Energy Management System and Carbon Footprint. 36 energy analyzers were installed in the departments that consume the most energy. The electricity used is monitored in each department.

ENERGY MANAGEMENT

KLIMASAN IS THE FIRST COMPANY TO RECEIVE TS EN ISO 50001 ENERGY MANAGEMENT SYSTEM CERTIFICATION IN THE COMMERCIAL REFRIGERATION SECTOR

ISO 5001 Energy Management System Practices

- At Klimasan A.Ş., it is the duty of the Energy Management Representative to ensure the establishment, implementation, maintenance and continuous improvement of the Energy Management System in accordance with TS ISO 50001 standard, to ensure the update and continuity of the integration of the Energy Management System program with other management systems, and to report to the senior management on the performance of the Energy Management System.

- The Energy Manager coordinates the source reduction and recovery activities carried out in all energy sources used in the Klimasan Factory, renewable energy practices, monitoring and recording energy consumption, setting targets and monitoring performance indicators.

- Investments realized within the factory are made by the Technical Directorate. At the Management Review meeting held at least once a year with the participation of the Country Director, Production Director, Technical Manager, Energy Management Representative, Energy Manager and/or Environmental Management Representative, the factory energy management system goals and objectives for the new year are determined in order to minimize and/or completely control the environmental impact of energy use in accordance with the energy policy as well as legal regulations and company requirements. When setting the targets for the new year, factors such as the previous year's results, company targets, legal requirements, and the measurability, traceability and applicability of the targets are taken into consideration in line with the principle of continuous development. Environmental and energy targets are shared with all personnel.

- Energy sources used in Klimasan are electricity, natural gas, diesel fuel, drinking water, fire water, compressed air.



Measures Taken for Energy Saving

- In 2021, as a result of the Detailed Energy Audit, general energy consumption analyzes were made and measurement results were evaluated. Studies have been carried out on the identified points that cause loss, how much loss is realized from these points and the investment needs required to compensate for this loss.

- After the end of working hours, all offices are checked by the Security Unit to ensure that any devices such as lighting, printers, projectors, air conditioners left on are turned off. The notification of the offices controlled by check-list is made to the relevant Sustainability Committee Member.

- Under the leadership of the Maintenance Team, an "Air Leakage Prevention Team" was established within the activity area covering the entire production area. Thanks to this team, possible air leaks during production processes are immediately reported to the Maintenance Unit and prevented with rapid actions. With this

practice, which enhances internal communication, energy saving awareness is included in the areas of responsibility of individuals.

- Klimasan Sustainability Measure Poster has been placed on all computer opening screens.

- Energy saving and information announcements are made within the scope of QMS Announcements.

- Environmental impacts of all Suggestion Evaluation Projects are measured. Energy saving projects are exhibited with narratives next to the Klimasan Sustainability Board.

- LED improvements were made in Klimasan offices and energy efficient LEDs started to be used. As of 2021, all departments have transition to LED armatures as part of energy efficiency efforts.

- R&D and marketing activities were carried out to increase the production and sales of energy efficient products. For the same purpose, the Company aims to increase sales of energy efficient products.

ENERGY MANAGEMENT

KLİMASAN ACHIEVED A 17.37% IMPROVEMENT IN ELECTRICITY USE PER STANDARD UNIT PRODUCT IN 2021

Prominent Energy Saving Projects

- Automated runtime control of lines, machines, large power pumps and other loads.
- Optimization of time and lighting distribution in environmental lighting systems.
- Investing in new type inverter chillers (Cooling Performance>4.6) by taking process cooling water chillers (Cooling Performance=2.35) out of use.
- The total installed capacity was increased from 2,600 KVA to 4,200 KVA with the new transformer investment, and the transformer load amounts were balanced to eliminate heat losses and overloads that would cause tripping in the summer months.
- Increasing the amount of installed capacity reserved for capacity increase and new machinery investments.

Natural Gas Energy Savings

Natural Gas	2021	2020	2019
kwh/stdu	11.21	13.61	11.90

Electricity Energy Savings

Klimasan has been meeting all of its electricity consumption from renewable energy investments with I-REC Certificate since 2020. There is an investment plan for a Solar Power Plant whose investment decision is expected to be finalized in 2022 and will be commissioned in 2023. Thus, Klimasan will generate some of the electricity it will use through renewable energy investments.

- Compared to 2020, electricity use per standard product was reduced from 16.69 kwh to 13.79 kwh, achieving a reduction of 17.37%.

Electricity	2021	2020	2019
kwh/stdu	13.79	17.09	14.62

Investment in Renewable Energy

Klimasan has been awarded the International Renewable Energy Certificate (I-REC) by Manisa Organized Industrial Zone (MOSB) by procuring all of its 2021 electricity consumption of 10,777 MWh from renewable energy sources.

KLİMASAN MEETS ALL OF ITS ELECTRICITY CONSUMPTION FROM RENEWABLE ENERGY INVESTMENTS WITH I-REC CERTIFICATE



This Redemption Statement has been produced for

KLİMASAN KLİMA SANAYİ VE TİCARET A.Ş.

by

MANİSA ORGANİZE SANAYİ BÖLGESİ

confirming the Redemption of

10 777

I-REC Certificates, representing 10 777 MWh of electricity generated from renewable sources

This Statement relates to electricity consumption located at or in

KeçiliköyOSB Mah. Cumhuriyet Caddesi No:1 Yunusemre/MANİSA Turkey

in respect of the reporting period

2021-01-01 to 2021-12-31



Evident

QR Code Verification

Verify the status of this Redemption Statement by scanning the QR code on the left and entering in the Verification Key below

Verification Key

8 9 5 1 2 3 9 5

<https://evident.app/public/certificates/en/IQmnebd/IkGsXTUX63GdOj056HGpYkrXRSIK16A10=>

EMISSION MANAGEMENT

KLIMASAN CREATES ALL BUSINESS PLANS IN LINE WITH THE TRANSITION TO A LOW-CARBON FUTURE

At Klimasan, the corporate carbon footprint has been calculated and monitored since 2011. Thus, the impact of Klimasan's activities on global climate change is analyzed and the possibilities of managing and mitigating greenhouse gas risks are determined. Klimasan carries out studies to implement the best practices in order to prevent climate change and shapes its plans for the transition to a low-carbon future.

The steps taken to combat climate change focus on 3 main issues:

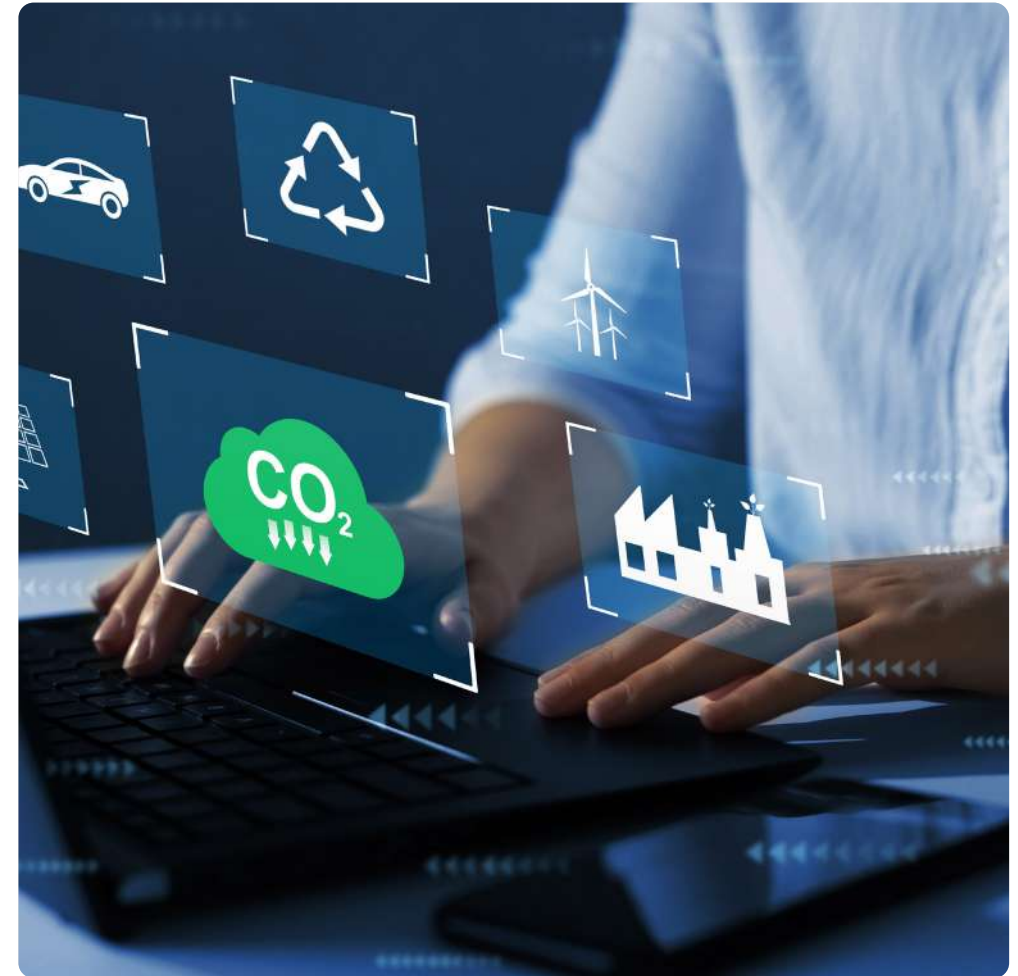
- Reducing greenhouse gas emissions from production activities
- Increasing the awareness of the supply chain on climate change and monitoring greenhouse gas emissions
- Increasing studies on energy efficiency and green design in products

Based on the Integrated Management System Policy, Klimasan is committed to;

- Continuously improve energy efficiency performance by procuring energy efficient products and services that affect energy performance,
- Support design activities that take into account the improvement of energy performance,
- Further reduce the level of corporate carbon dioxide emissions.

Klimasan is aware that the fight against climate change is a journey that is open to continuous improvement and that the bar must always be raised higher. Stakeholders are also seen as solution partners in the efforts in this field and work is carried out by raising their awareness on this issue.

From a product-life cycle perspective, the greatest impact on climate change comes from product use activities. Continuing many projects in this context, Klimasan carries out activities on the development of refrigeration technologies using alternative refrigerant gases that are more energy efficient and environmentally friendly. Recognizing that the transition to a low carbon economy is a journey that is open to continuous improvement and that the bar must always be raised, Klimasan has calculated and verified its greenhouse gas (GHG) emissions, which are a cause of climate change, in accordance with ISO 14064-1:2018 Standard and the rules of the Greenhouse Gas Protocol. In addition to Scope 1 and 2 emissions in the corporate carbon footprint calculations,



it has calculated other emissions in detail, including the raw materials it uses, and included them in its studies.

The aim of Klimasan, which will implement renewable energy investments, one of the most important contribution areas in reducing

greenhouse gas emissions, as of 2022, is to realize investments for a clean and sustainable energy, to minimize potential risks by considering the environmental impacts of its activities, and to use natural resources in the most efficient way thanks to highly efficient technological applications.

EMISSION MANAGEMENT

KLİMASAN CALCULATED ITS CARBON FOOTPRINT FOR 2021 IN ACCORDANCE WITH ISO 14064-1:2018 STANDARD AND HAD THEM VERIFIED BY AN ACCREDITED ORGANIZATION

Global climate change is one of the timeliest and pressing environmental problems encountered today. The scale of the carbon economy is increasing every day, and the steps that organizations take on climate change and carbon management improve their competitiveness and increase their brand value. The demand for climate and environmentally friendly products is increasing rapidly, and companies leading these issues are becoming the preferred choice for investors. For this reason, climate change has become a fundamental reality that determines the future visions, risk and opportunity perceptions of both governments and companies.



In SBTi's "Companies Taking Action" List

Klimasan has made a commitment to set science-based targets in accordance with the guidance and expectations of the Science Based Targets Initiative (SBTi) in order to demonstrate its awareness of climate change by the end of 2021, to be part of the solution to this vital problem facing the whole world, and to reduce our carbon emissions from our operations. With the letter of commitment submitted at the end of December, the company was included in SBTi's "Companies Taking Action" list. Klimasan aims to reduce greenhouse gas emissions, especially Scope 3, by setting and implementing science-based targets. As of the end of 2021, the project is in the start-up phase and the project team has been determined. Meetings are organized with the project team, which includes representatives from departments such as Quality Management Systems, Maintenance, Production, Logistics, Administrative Affairs, Warehouse, Marketing, etc., throughout the organization and improvement points are sought. In this process, it is ensured that the project team's competencies on the subject are increased by participating in training and information meetings provided by Key-Account Customers, and carbon emissions and energy management trainings organized within the company.

Klimasan Carbon Footprint Calculation Studies

From 2011 until 2020, Klimasan calculated its carbon emissions in scope 1 and 2 categories in accordance with the GHG Protocol and included scope 3 category in 2020.

In 2021, in line with its vision of being a pioneer in its sector, it calculated its emission values in accordance with the ISO 14064-1:2018 Standard and included all the factors that were excluded until this year, and handled its indirect emissions in 5 different categories in addition to direct emissions.

In addition to direct emissions from electricity and natural gas consumption, many other categories are included in this calculation, such as the emissions generated during the life cycle of the products produced and distributed to the field, the raw materials used for the production of these products, the emissions generated during production at suppliers, and the emissions generated during the disposal of products whose life cycle is completed.

According to the calculations, 93.8% of the total emissions were found to be "Category 5 - Indirect Emissions from the Use of the Organization's Products/Services". This category is mainly composed of emissions generated during the use of the products sold; the calculation is based on the assumption that the products operate continuously for eight years.



EMISSION MANAGEMENT

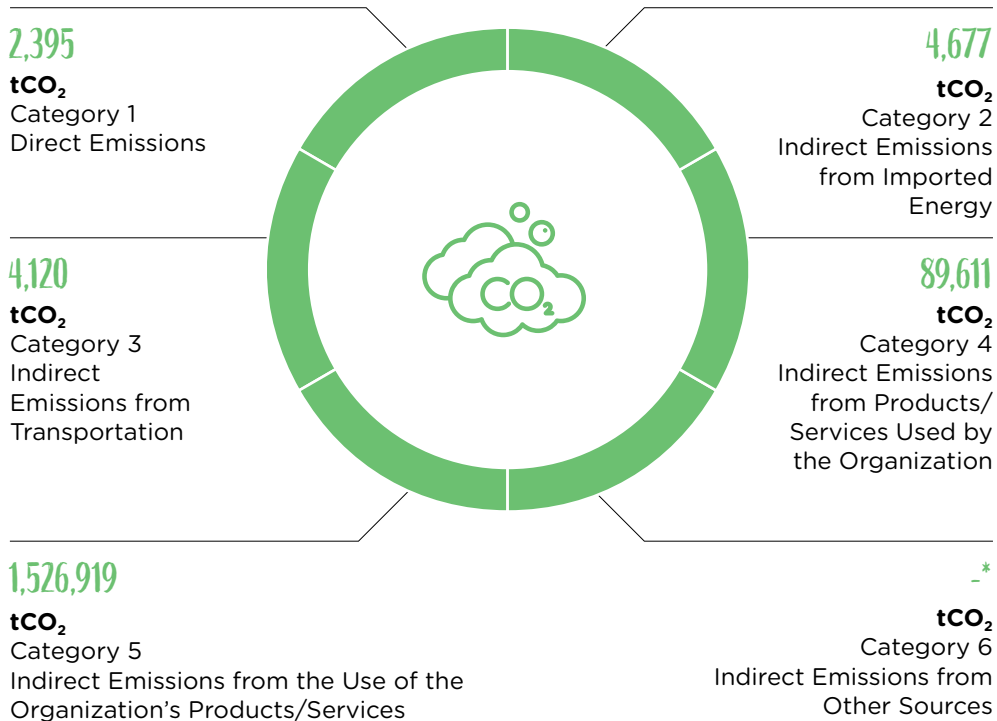


Klimasan is not only the first company in its sector to calculate its carbon footprint in 6 scopes in accordance with ISO 14064-1:2018 Standard and to have it verified by a 3rd party independent accredited organization, but also among the leading companies in Turkey and globally. With the scenario determined together with expert consultants, Klimasan included the emissions caused by the product during its lifetime in the calculation for the first time.

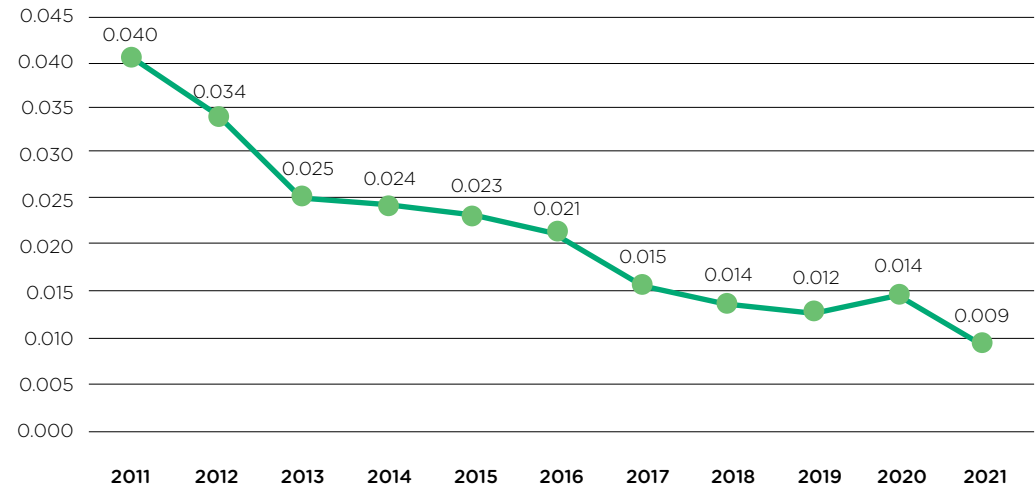
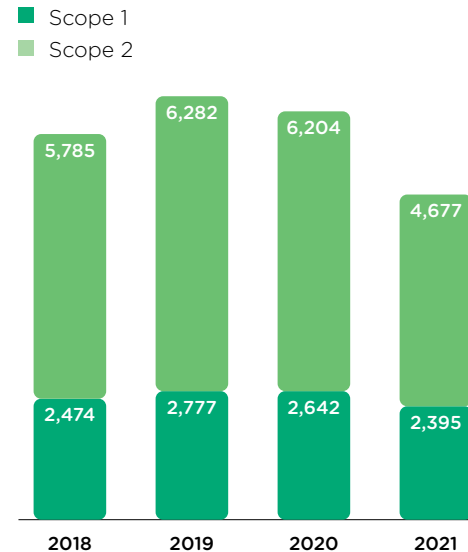
Klimasan's carbon emission values for 2021 have been verified by EUROCERT (European Inspection and Certification Company S.A.), an accredited independent company, through a 2-day on-site audit and comprehensive data reviews conducted beforehand.



Carbon Emissions Calculated in accordance with ISO 14064-1:2018 Standard



* Category 6 emissions are excluded from the calculation as they are negligibly low.

Scope 1+2 Emissions (tonCO₂e)/Production quantity (std. un. product)Carbon Emissions (tonCO₂e)

IN 2021, 9.4% REDUCTION IN SCOPE 1 EMISSIONS AND 24.6% REDUCTION IN SCOPE 2 EMISSIONS WERE REALIZED. A 35.7% REDUCTION IN SCOPE 1+2 EMISSIONS WAS REALIZED PER STANDARD UNIT PRODUCT.

EMISSION MANAGEMENT

KLIMASAN PUBLISHED A
COMMITMENT TO SET A
SBTI-COMPLIANT, LONG-TERM
CARBON FOOTPRINT
REDUCTION TARGET IN 2021



Milestones in Klimasan's Emission Management

2011

Carbon Footprint Management System was established.
ISO 14001 Environmental Management Certificate was obtained.

2013

As the first company in its sector to receive the ISO 50001 Energy Management System Certificate, Energy Management System practices started to be implemented.

A target of 25% reduction in emissions within 5 years was set, 23% reduction was achieved within 2 years. This performance was cited as an example of best practice in the Heineken Sustainability Report.

2015-2020

Scope 1 and Scope 2 emissions were reduced by 69% in 9 years.
Monthly energy and emission performance were monitored.

Numerous improvement projects were implemented
In 2020, I-REC Certificate was obtained for the first time by investing in renewable energy sources for electricity consumption.

2012

An emission reduction roadmap was created in collaboration with Carbon Clear.

In the first year, emissions were reduced by 14%.

2014

Won the 3rd prize in the "Projects Providing Energy Efficiency" competition organized by Manisa Organized Industrial Zone.

Won the first prize in the "Environmentally Friendly Facility" competition.

2021

Within the scope of 14064-1:2018, the carbon footprint was calculated including all scopes and verified by an accredited third party company.

Klimasan published a commitment to set a long-term carbon footprint reduction target in line with SBTi.

All of the electricity consumption during the year was met by investments in renewable energy sources and I-REC Certificate* was obtained.

*The entire electricity consumption for 2021, 10,777 MWh, was obtained from renewable energy sources and the International Renewable Energy Certificate (I-REC) was granted by Manisa Organized Industrial Zone (MOSB). With the step taken to obtain electricity from fully renewable sources, 5302,284 tons of carbon dioxide emissions and the cutting down of 12,901 trees were prevented annually. (Source: Aegean Forest Foundation)

WATER MANAGEMENT

KLIMASAN MANAGES WATER AND WASTEWATER PROCESSES IN THE

MOST ENVIRONMENTALLY FRIENDLY WAY TO MINIMIZE WATER CONSUMPTION

Water Management

Klimasan acts with the awareness of the pressure on water resources caused by the climate crisis that the whole world is going through and carries out studies on the efficient use of water in this context. Klimasan is not a water-intensive company, but it acts with the awareness of its responsibility in this regard and manages water and waste water processes in the most environmentally friendly way to minimize water consumption.

Water is used for domestic use, production processes, cooling water and garden irrigation in Klimasan activities. The quality and availability of water, the protection of usable water resources, and the correct recycling and/or disposal of wastewater are critical to the environment, business continuity and costs.

During production, water is used in the paint shop as cooling water in the surface treatment unit. Wastewater from the surface treatment plant is sent to the Manisa Organized Industrial Zone sewage system. Cooling towers are used throughout the factory to cool the water after processing or to cool the machines. Cooling towers are fully closed systems. While a large part of the water evaporates, a small part is discharged directly to the sewer.

The water softening unit, which is used as a source in production and other purposes, takes the water from the mains water, and blowdown water comes out as wastewater. The blowdown water is given to the sewer.

Wastewater samples taken monthly by Manisa Industrial Park are analyzed in accredited laboratories and the results are reported monthly. Analysis values are well below the limit value.



	Limit	Realized (average)
Wastewater COD (Chemical Oxygen Demand) Amount mg/l	4,000	694.7
Wastewater SS (Suspended Solids) Amount mg/l	500	243.4
Wastewater Oil & Grease Amount mg/l	250	11.7

Water Saving Efforts at Klimasan:

- Since the hardness of the well water was above 200mg/lit, the amount of wastewater used in the treatment process was found to be excessive and the use of well water was terminated and the use of running water was started. In this way, the amount of wastewater from the treatment device and our total water use per unit product has been reduced.
- In line with the developing technologies, the chemicals used in the surface treatment processes of the powder coating plant were changed, the bath water temperature was decreased and the number of

baths was also reduced. Thus, both direct water use and losses due to evaporation have been reduced and water savings have been achieved.

- In deionized rinsing, running water was used instead of well water to reduce the amount of waste water in the filter section. In this way, conductivity values in deionized baths are kept at low values, reducing both the quality and the amount of water that needs to be added to the bath. With this project; **2,058,020 kwh/year** of energy savings, **23,412 m³/year** of water savings and **21,000 m³/year** of wastewater generation reduction were achieved.

WASTE MANAGEMENT

ALL PROCESSES IN WASTE MANAGEMENT ARE CARRIED OUT ACCORDING TO THE REQUIREMENTS OF ISO 14001 ENVIRONMENTAL MANAGEMENT SYSTEM

Klimasan attaches importance to the issue of sustainable environment by being aware of its role in the process of protecting and developing all environmental values that constitute the living space of both today and tomorrow in every field without jeopardizing the existence and quality of the resources that future generations will need. Acting in accordance with the Environmental Law and receiving this service from a professional environmental consultancy firm, the Company has established a temporary waste storage area for waste management.

Packaging waste (plastic, wood, cardboard, etc.) is utilized in the Company's internal processes when technically feasible; in other cases,

it is sorted in a controlled manner for recycling without harming the environment. These wastes are collected and recycled by licensed companies authorized by the Ministry of Environment and Urbanization.

Hazardous wastes such as waste machine oil, machine filters, contaminated wastes generated during maintenance activities are disposed of by licensed companies approved by the Ministry of Environment and Urbanization.

All processes in waste management are carried out in accordance with the conditions required by the ISO 14001 Environmental Management System. The implementation and coordination in these processes is managed by the relevant department waste officers, Environmental Management Representative and the Environmental Board, with the participation of all internal and external stakeholders.

Klimasan acts in accordance with the Waste Electrical and Electronic Equipment Directive (WEEE) in order to ensure that the electrical and electronic equipment produced in Klimasan is managed in an environmentally friendly manner during its life cycle for collection, recycling and recovery.

Zero Waste Goal

Always aiming for a "zero waste" strategy at every stage of its production processes, Klimasan's current practices and permanent targets for this purpose are as follows;

- Proactively prevent waste at source before it occurs,

Top Priority Option



Last Option

PREVENT

Ensuring the continuity of clean technologies and environmentally friendly products with less use of natural resources

REDUCE

Careful use of raw materials, energy and products

REUSE

No processing other than collection and cleaning

RECYCLE

Making it reusable through various techniques

ENERGY RECOVERY

Obtaining energy by incineration of waste

DISPOSAL

Disposal of waste through processes such as incineration, storage, deep injection

- Making use of waste as a material or energy source,
- To continuously increase the recycling rate of hazardous and non-hazardous waste generated as a result of operations,
- To donate saplings with the income from recycled and/or disposed wastes and to carry out afforestation works in the Klimasan Grove on behalf of all employees,
- To have environmentally conscious employees with high waste separation awareness through Environmental and Waste Management Information Trainings and QMS Awareness Announcements given to employees every year,
- To act with the awareness of its responsibilities towards the environment as a manufacturer and to acquire environmentally sensitive stakeholders through supplier trainings and supplier development projects.

In 2021, Klimasan donated 2270 saplings to the Klimasan Love Grove on behalf of all employees with the income generated from the recycling and recovery of electronic waste.

The activities carried out at the Klimasan Renewal Center ensure maximum utilization of reuse, recycling and other recovery practices implemented to reduce the generation of electrical and electronic equipment waste and the amount of waste to be disposed of, and increase Klimasan's environmental efficiency.

WASTE MANAGEMENT

KLIMASAN WASTE MANAGEMENT AIMS TO PREVENT POLLUTION WITH “ZERO WASTE” APPROACH

With “Zero Waste” Approach, Klimasan Waste Management aims to;

- Prevent pollution,
- Reduce raw material consumption,
- Prevent unnecessary energy use,
- Present unusable waste materials to consumers as a new product,
- Reduce the amount of raw materials that need to be imported,
- Increase employment by creating a new line of business.

Klimasan’s Waste Amounts for 2022 were:

- 4,427.33 tons of non-hazardous (domestic) waste,
- 89.28 tons of hazardous waste,
- 3,883,010 kg of recyclable waste, all of which was sent for recycling to an accredited company.

Hazardous wastes generated as a result of Klimasan’s operations include waste oils from machinery and workbenches, waste paints (powder and wet), packaging contaminated with hazardous waste, waste batteries, power supplies, toner and cartridges, waste fluorescents, electrical and electronic wastes, waste resins, expired chemical products, contaminated wastes, unplanned wastes and polyurethane wastes. Non-hazardous wastes generated as a result of the activities of the departments in Klimasan A.S. include paper, cardboard and nylon packaging wastes, wooden scrap pallet wastes and scrap metals.

How is Waste Collected?

- Recyclable wastes generated in production processes or as a result of their use at the production site are collected in 16 crates and the crates are transported during the day with the Milk Run transportation robot vehicle. Each unit generating waste delivers its own colored waste collection crate to the waste collection crates at the Scrap Site. The locations where the recycling crates will be placed are defined and painted in blue. Since the crates are durable and standardized, waste can be collected without harming the environment.
- In production, waste is separated and collected on-site with 21 defined labels.
- In administrative offices, gardens, canteens and social areas, waste is separated and collected on-site with defined labels.

In the year 2021;



Through recycling of paper waste;

- 9,805,590 liters of water savings were achieved.
- 6,173 trees were prevented from being cut down.
- 1,488,997 kwh energy savings were achieved.
- 64281 kg of greenhouse gases were prevented from being released into the atmosphere.



Through recycling of plastic waste;

- 2,031,582 kwh energy savings were achieved.
- 14,425 kg of greenhouse gases were prevented from being released into the atmosphere.



Through recycling of glass waste;

- 3,767 kwh energy savings were achieved.
- 2,691,000 kg of greenhouse gases were prevented from being released into the atmosphere.



Through recycling of metal waste;

- 1,376,255 kwh energy savings were achieved.
- 203.651 kg of greenhouse gases were prevented from being released into the atmosphere.

Zero Waste Efforts

There is a Zero Waste Management Team that carries out the zero waste management within the company. While working to reduce the amount of waste, the Zero Waste Team works on-site waste sorting, proper storage of waste and plays a role in sending waste for recycling/disposal.

In 2021, the environmental impacts of production improvement projects started to be measured. Along with the energy savings achieved through the projects, the amount of waste reduced is also calculated and the projects are presented.

“Leftover Food” and “Leftover Bread” boxes placed in the dining hall are used to collect the leftovers and send them to animal shelters.

In 2021, an award-winning project competition on Recycling Awareness was held on April 23rd for the children of Klimasan employees. The Recycling Competition, which contributes to children’s environmental awareness, is open to all employees’ children between the ages of 4 and 12. In the recycling competition themed “A Clean Future is Possible with Recycling”, all children who created 3D designs from recyclable waste were awarded and the designs were exhibited within the company.

WASTE MANAGEMENT

KLIMASAN'S ZERO WASTE APPROACH AIMS TO ENSURE THAT ALL EMPLOYEES PLAY AN ACTIVE ROLE IN WASTE SEPARATION, AND PROPER STORAGE AND RECYCLING/DISPOSAL OF WASTE



As a result of the "Waste Battery & Waste Oil Collection Campaign", **31,205 kg** of vegetable waste oil and **13.73 kg** of waste batteries (approximately 1,194 pieces) were collected. The waste collected during the campaign prevented the contamination of **4,777 m²** of soil and **31,205,000 liters** of drinking water.

The design of Zero Waste Labels in accordance with the color scale of the Klimasan Zero Waste Regulation was updated and they were printed out as labels, and waste bins in offices, gardens, dining halls, canteens and social areas were replaced.

In order to encourage the use of Zero Waste Management, Paperless Office and Zero Waste kits, QMS information and announcements were made.

As in every year, an award-winning competition was held on June 5, Environment Day in 2021, following the "Waste Battery & Waste Oil Collection Campaign" to collect waste batteries and waste oils separately from household waste. The wastes collected before the competition were weighed separately, the people who brought the most waste from the Battery Collection and Waste Vegetable Oil Collection categories were determined and rewarded, and personalized saplings were donated to the Klimasan Grove as a gift on behalf of all participants. They



are also entitled to participate in the sapling planting event in October each year.

Necessary periodic trainings were provided for the personnel who are responsible for sorting waste.

Evaluation of waste collection performance is carried out by the Project Execution team through regular monthly checks.

With Klimasan Zero Waste and Sustainability Boards, employees were encouraged for waste management and environmental awareness.

Saplings were donated to the Klimasan Love Grove with the income obtained by sending electronic waste for recycling.

Zero Waste Trainings

- On-site visits, field and warehouse inspections are carried out every month by Klimasan's Environmental Consultant. Likewise, Environmental Consultants provide Environmental Training, which is legally required to be provided to at least 60% of the total number of employees each year. This percentage is increased as much as possible and it is aimed that all employees participate in environmental training and awareness-raising activities every year. Waste Management and Zero Waste themes cover 50% of the Environmental Information Trainings. In addition, Sustainability Management and Energy-Emission Management are also addressed in Environmental Information Trainings.



WASTE MANAGEMENT

KLIMASAN INCREASES
EMPLOYEE AWARENESS
AND CONSCIOUSNESS BYPROVIDING
REGULAR
TRAININGSON WASTE MANAGEMENT
TO ALL ITS EMPLOYEES

- Face-to-face waste management information trainings are provided primarily to all critical process employees, waste collectors, foremen, team leaders, shipment, warehouse and storage employees.
- Klimasan Sustainability and Zero Waste Management Video is sent as SMS to all employees several times a year and broadcast on the screens in the dining hall. On-site waste sorting guidance is provided through QMS Announcements.

Cross Sustainability Audits

In 2021, "Cross Sustainability Audits" were conducted with the participation of all departments of Klimasan. In this internal audit organized by the Sustainability Committee, departments evaluate each other within the scope of a list of questions on waste management, energy saving and improvement project proposals. By creating motivation and a sweet competitive environment, it is aimed to provide an individual, team and business sense respectively, and as a result, to reduce negative environmental impacts by saving energy. Waste bins, waste labels, under-desk waste bins, waste separation instructions in offices were inspected and scored.

- The Training Quality Team of the Production Department makes audible information announcements every morning during production start-up, and the waste separation performance of the Production Departments is included in the audit check-list and regularly checked.

Green Chemistry

Klimasan green chemistry practices include not using auxiliary substances (such as solvents, separation agents) during production if they are not necessary, selecting the least hazardous ones if they have to be used, selecting materials that will minimize the negative effects of chemicals that harm the environment and human health, and preventing the formation of hazardous waste. Klimasan procures chemical raw materials from companies that comply with REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) and ROHS compliance commitments.

Klimasan has its wastes containing chemical components and released as a result of its use in production processes analyzed for hazardousness in accredited laboratories and ensures that all chemical wastes are correctly classified as hazardous/non-hazardous and taken out of the company.

Paper-Free Office

Klimasan, which continues to work with the goal of becoming a paperless company, has minimized the use of paper in document flows and internal correspondence with QDMS Modules used for Document Management, Corrective and Remedial Action Management, Action Management-Calibration Management; E-Invoice, E-Waybill Portals developed within the scope of e-government projects; Maintenance and Repair Management System (BOYS), Indirect Purchasing, Investment Request, Production Lost Time, DCL (Delivery Check List) Portals available in EBA, which is used to follow many processes. The documents kept in the system are backed up and protected against deletion and corruption. The ERP Transformation Project, for which an investment decision has been made, will strengthen system integration and digitize physical processes.



OUR ECO-FRIENDLY PRODUCTS

KLIMASAN APPLIES THE “6 RE PHILOSOPHY”

IN DESIGN, PRODUCTION AND ALL ITS ACTIVITIES IN ORDER TO REDUCE ITS ENVIRONMENTAL IMPACT THROUGHOUT THE LIFE CYCLE

Klimasan applies the “6 RE philosophy” in design, production and all its activities in order to reduce its environmental impact throughout the life cycle.

- 1. RE-THINK:** Rethinking, analyzing the product and its function in detail
- 2. RE-DUCE:** Reducing, trying to reduce raw material and energy consumption throughout the life cycle
- 3. RE-PLACE:** Replacing harmful substances with less harmful ones
- 4. RE-CYCLE:** Recycling, selecting materials that can be recovered
- 5. RE-USE:** Reusing, ensuring that the product is produced in such a way that it can be used again
- 6. RE-PAIR:** Repairing, producing in a way suitable for repairing

Environmentally Friendly Refrigerant Technology

Klimasan R&D center works to produce refrigerants with the lowest possible environmental impact and the highest performance. The use of hydrocarbon gases R600a and R290, which do not have ODS feature constitutes approximately 80% of the total production capacity within the coolers and freezers produced by Klimasan.

Household Products;

- In accordance with the new household energy labeling regulation, which was put into operation in 2021, all chest freezers are designed according to E and F energy classes by drawing them to a lower carbon emission level.
- In accordance with the new household energy labeling regulation, which was put into operation in 2021, the new design of six- and seven-drawer vertical freezers are designed according to energy class D, E and F in accordance with the level of carbon emissions.

Commercial Products;

- In accordance with the commercial products energy labeling regulation, which was put into operation in 2021, designs that meet the legal limits and reach even lower levels have been developed.
- In order to monitor the energy consumption values of the products exported to the European market, they were recorded according to the new regulation and the portal accessible by legal authorities and end users was made available.

- In order to reduce the energy classes of commercial products supplied to the market with their current designs, a plan has been prepared and the effect on the cost and energy consumption has been calculated.

Some Added Values We Provide with Our Eco-Friendly Products

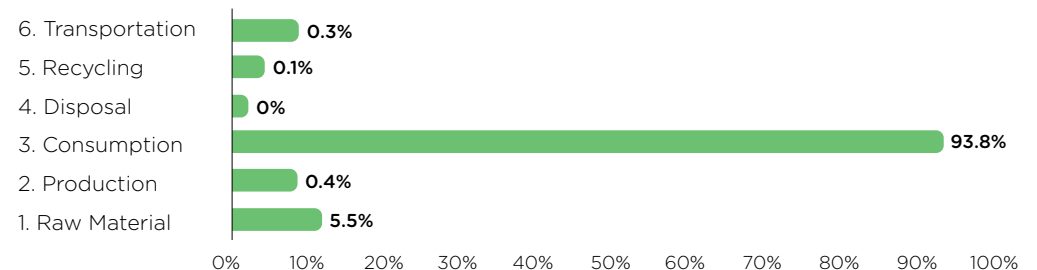
With the products specially developed for its customers, Klimasan ensures that the products are offered at the optimum temperature, keeping the carbon footprint at the lowest possible level.

- Low Carbon Footprint
- High Recycling-Recovery Rate

- Efficient Natural Resource Consumption, Minimum Waste
- Adjustable Efficient LED Technology (AELT)
- Optical Safety LED (Photobiological Safety LED-PSL)
- Approved Electrical Safety System (AESS) from an Independent Electrical Safety Laboratory
- Ozone Layer and Environmentally Friendly Gases (Environmental Protection System-EPS)
- Thermostats with High Energy Efficiency (Energy Management Device-EMD)
- Automatic Temperature Control (ATC)

Life Cycle Analysis

Life Cycle Scope	%	Description	tCO ₂
1- Raw Material	5.5%	Obtaining the raw materials needed to create the product	89,611
2- Production	0.4%	Production of products	7,072
3- Consumption	93.8%	Usage of products after they are served to the customer	1,526,089.2
4- Disposal	-	Disposal of products in cases where they are not recycled	-
5- Recycling	0.1%	Recycling the product as raw material	829.8
6- Transportation	0.3%	Logistics processes of products, including all intermediate steps	4,120





People

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PEOPLE

OUR SUSTAINABILITY COMMITMENTS AND TARGETS



	2019	2020	2021
1-) Ensuring that the number of calls to Klimasan Ethics Hotline is "0"	1	1	0
2-) Providing information training to all employees on Human Rights, Business Ethics and Code of Conduct (Percentage of employee participation)	91%	91%	100%
3-) Providing information training on Business Ethics and Fair Trade to employees who carry out commercial operations such as Sales, Marketing, Financial Affairs* (Percentage of employee participation)	-	100%	100%
4-) Ensuring that all employees receive Occupational Health and Safety Training (Percentage of employee participation)	100%	100%	100%
5-) Ensuring that all employees receive awareness-raising training on Environmental Information and Waste Management** (Percentage of employee participation)	61%	23%	100%
6-) Ensuring that all employees receive awareness-raising training on energy management, emissions and carbon footprint (Percentage of employee participation)	100%	100%	96%
7-) Ensuring that all employees receive information security awareness training (Percentage of employee participation)	100%	100%	96%
8-) Providing at least 10 man-hours of professional and personal development training for Blue Collar employees during the year (Average training hours/Average number of employees)	10.15	6.40	11.65
9-) Providing at least 10 man-hours of professional and personal development training for White Collar employees during the year (Average training hours/Average number of employees)	7.90	6.41	12.98



Our Commitments:

*Trainings on the relevant subject have started to be provided as of 2020.

**Trainings in 2020 were held online due to the COVID-19 pandemic.



PEOPLE OUR SUSTAINABILITY COMMITMENTS AND TARGETS



	2019	2020	2021	
 Our Commitments:	10-) Continuously reducing the accident frequency rate ((Number of work accidents/total working hours)*1,000,000)	54.65	42.41	52.87
	11-) Continuously reducing the accident severity rate ((Number of lost working days/total working hours)*1,000)	0.39	0.21	0.20
	12-) Carrying out at least 12 social activities to increase employee loyalty during the year*	-	-	5
	13-) Realizing at least 12 social responsibility projects or collaborations within the year**	-	-	9
 Our Targets:	1-) Bringing the ratio of female employees in senior management positions to 50% by 2025	31%	31%	35%
	2-) Increasing the total number of female employees to 27% in 2025	18%	22%	24%
	3-) Increasing the results of the employee satisfaction survey in the categories of “satisfaction, loyalty, passion” compared to the previous year as of 2022***			

*Although social activities that increase employee loyalty were also carried out in 2019 and 2020, since the commitment made in this regard is valid as of 2021, the relevant monitoring and measurement was provided only for 2021.
 **Although various social responsibility projects were also implemented in 2019 and 2020, since the commitment made in this regard is valid as of 2021, the relevant monitoring and measurement was provided only for 2021.
 ***The related target has been set as of 2021 and the first measurement will be made in 2022.

HUMAN RESOURCES

IN 2021, A TOTAL OF
**15,233 HOURS OF
TRAINING**

WAS ORGANIZED, AND BLUE-COLLAR EMPLOYEE TRAINING HOURS WERE INCREASED BY 8.25% WHILE WHITE-COLLAR EMPLOYEE TRAINING HOURS WERE INCREASED BY 13.72% COMPARED TO THE PREVIOUS YEAR

Understanding of Human Rights

Human rights at Klimasan is guaranteed in accordance with the Universal Declaration of Human Rights and the provisions declared by national and international legislation. Systems and processes have been defined to prevent all kinds of discrimination, child labor, forced and compulsory labor. In order to ensure that suppliers and business partners meet similar working norms, the practices of suppliers are monitored and contributions are made to improve conditions.

The Human Resources processes implemented by Klimasan in 2021, which continues its Human Resources studies and practices with the awareness that its most important resource and value is human, are as follows;

Employee Development

- Training

Klimasan offers its employees the opportunity to improve themselves in every field with its learning and developing organization philosophy. Believing that team spirit brings success, Klimasan takes a close interest in its employees, values them and offers them an international career opportunity as a member of the Metalfrio Group.

Klimasan, which determines the training needs of its employees at the end of each year and carries out their planning, implements many training programs in the field of personal and professional development. In 2021, Klimasan employees received 15,233 hours of training. In 2021, compared to the previous year, blue-collar training hours increased by 8.25%, while white-collar training hours increased by 13.72%. Feedback-evaluation analyses are conducted at the end of each training to ensure that employees are satisfied with the trainings and that it was effective.

For employees who wish to pursue a master's or doctorate degree in a field that is compatible with their job description within Klimasan; company employees are given permission for 9 hours of the 45-hour weekly work program for 4 semesters for Master's Degree and 8 semesters for Doctorate Degree upon the approval of the department manager, and employees are encouraged for Higher Education Programs and supported throughout their education processes.



All employees working at Klimasan who have completed 9 months of employment and who are studying for a bachelor's, master's or doctorate degree at an educational institution are provided with Education Assistance every year.

Klimasan provides Foreign Language Learning Support for professional and personal development. For employees who wish to receive Foreign Language Training, Klimasan can cover 70% of the training fee requested by any institution with which they have reached an agreement. In addition, if requested by the staff, Klimasan can guide its employees in language learning and contact the most appropriate organization.

- Orientation

Newly recruited employees are given a presentation by Human Resources in which the workplace, affiliated organizations, the company's purpose, policies, management style, corporate culture, fields of activity and working conditions are explained. Accompanied by the Human Resources Officer, employees are taken around the company and its affiliated organizations and introduced to their managers, colleagues and relevant units. Work-related issues related to the employee's duties are also explained by their immediate supervisor. During orientation trainings, all new employees are informed about Klimasan Code of Ethical Conduct.



HUMAN RESOURCES

THE PERFORMANCE EVALUATION SYSTEM PUT INTO EFFECT BY KLIMASAN IS ONE OF THE MOST IMPORTANT PRACTICES THAT CAN EVALUATE THE PERFORMANCE OF EMPLOYEES AND PROVIDE GUIDANCE.

- Training Requests

Human Resources ensures that the Company's internal or external training needs (excluding orientations) for the following year are determined annually at the end of each year. For this purpose, it calls on all unit managers in advance. Human Resources also informs the relevant units within the company about training announcements or information sources obtained through the press or the internet for trainings to be received from outside the company. Similarly, units share training information or announcements that may be of interest to other units by transferring them to the relevant unit/units.

- Career Management

Career planning is made together with department managers and the Human Resources Team for employees who have completed the experience period and competencies specified for each position and title, and career changes such as promotions, department/position changes are managed. In addition, career changes which may be requested by employees are evaluated by the Human Resources Team and may be directed to a different position within the Company, taking into account the skills and competencies of the requesting employee. As a result of certain promotion criteria, promotion ceremonies are organized every year in the first half and year-end periods in social areas to celebrate achievements and share togetherness. The principle is to support their development through professional and personal development trainings that are updated every year for their current positions and business areas.

- Talent Management

The Performance Evaluation System put into effect by Klimasan is one of the most important practices that can measure the talents of employees and provide guidance. Employees are prepared for feedback meetings with their managers by presenting concrete data on their performance within the scope of equal, fair and measurable standards. Employees are supported with various trainings, activities and feedbacks in the career map drawn as a result of meetings and manager evaluations following performance scores.

Employee Engagement

Various activities are organized by Human Resources to increase employee loyalty and to ensure that employees can get away from work intensity and stress. These activities are sometimes planned as an organization that employees can attend with their families. The aim is to enable employees to get away from work stress and have a pleasant time.

Equal Opportunity

The Company treats all kinds of differences with respect regardless of religion, language, race, gender, sexual orientation, age, political orientation, marital status and operates with this understanding in the entire value chain/business discipline. The principle of equality in working conditions is adopted throughout the Company, and all practices are designed to offer equal rights to all employees by considering equal opportunities. Klimasan's understanding of equal opportunity is directly defined in the Human Resources Handbook, [Code of Ethical Conduct Principles Document](#) and [Social Compliance Policy](#).





HUMAN RESOURCES

WITH THE Z.E.K.İ PROJECT, AWARENESS TOWARDS

DISABLED EMPLOYEES

IS RAISED AND THEIR PLACE IN WORKING LIFE IS FURTHER EXPANDED

The total number of female employees at Klimasan and the total number of female employees in senior management are monitored through KPIs, as well as the number of female employees based on age, seniority and department. While the ratio of female employees in senior management is currently 35%, the target is 50%. The total female employee ratio is 24%, which is quite a good ratio for the sector, but the target is to reach 27% in the next 3 years.

With the social responsibility projects, recruitment policy, career and talent management, performance evaluation system, fringe benefits and authorizations, Klimasan ensures that all employees and all related stakeholders have equal rights.

At Klimasan, which offers equal working conditions and opportunities to all employees, ensuring gender equality is a subject that is given great importance in recruitment decisions. 21% of all employees and 40% of white-collar employees are female. Klimasan also pays attention to the employment of disabled employees. In 2021, 36 disabled employees were employed at Klimasan.

Z.E.K.İ Project

The project, implemented in cooperation with Manisa Organized Industrial Zone, provides a protected working environment for individuals with intellectual disabilities to take their place in business life. With this project, Klimasan aims to increase the awareness towards disabled employees and strengthen their place in working life.

Remuneration

Klimasan pays the minimum wage in accordance with the law. Blue and Gray Collar employees are paid wages within the base and ceiling wage ranges determined for the job groups in the job evaluation table. White-collar employees are remunerated on scales determined by taking into account the market conditions of similar work, internal departmental balances, wages of employees working in similar positions in the company, work experience, training and competencies.



As addressed in Klimasan's Code of Ethical Conduct Principles Document; with the "equal work, equal pay" policy, a recruitment and remuneration system is implemented by respecting all kinds of differences regardless of religion, language, race, gender, sexual orientation, age, political orientation, marital status.

Klimasan Green Human Resources Projects

Green Human Resources projects realized in 2021 include;

- Creation of the Klimasan Grove in cooperation with the Aegean Forest Foundation
- Donating saplings on behalf of all employees with the proceeds from the recycling of electronic waste
- Implementation of Waste Oil and Waste Battery Collection Project
- April 23rd National Sovereignty and Children's Day, Award-winning Creativity Contest with Recyclable Materials

Employment

Ranked among Turkey's top 500 companies, Klimasan plays an important role in reducing unemployment in the region with its high local employment rate. Increasing the number of employees day by day in accordance with the principles of employment, Klimasan implements long-term internship programs for disabled employment and university students who will enter the profession. Open and suitable interns or part-time students from different faculties and departments such as Engineering, Business Administration, Economics are recruited.

HUMAN RESOURCES

KLIMASAN WON THE AWARD OF “THE CORPORATION EMPLOYING THE MOST DISABLED EMPLOYEES IN MANISA PROVINCE” WITH ITS **NUMBER OF DISABLED EMPLOYEES IN 2021**

Total Number of Employees
1,617

Number of R&D Employees
65

Age Range	White Collar	Blue Collar
18-20	-	48
21-30	72	526
31-40	80	517
41-50	41	297
51-60	9	27
Total	202	1,415

Gender	White Collar	Blue Collar
Women	80	307
Men	122	1,108
Total	202	1,415

Years of Seniority	White Collar	Blue Collar
0 to 5	135	1,083
6 to 10	39	151
11 to 15	14	105
16 to 20	11	67
21 to 25	2	7
26 to 35	1	2
Total	202	1,415

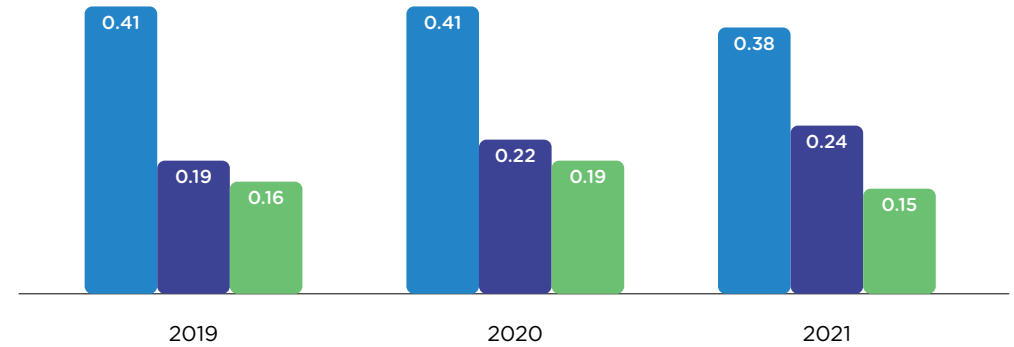
	White Collar	Blue Collar
Total	202	1,415

	White Collar	Blue Collar
Permanent Employee	202	1,011
Temporary Employee	-	404
Total	202	1,415

Disabled Employees	
Number of Disabled Employees	50
Ratio of Disabled Employees	3.09%

Ratio of Female Employees (%)

- Ratio of female white collar employees
- Ratio of female employees
- Ratio of female blue collar employees



Internal Communication Activities

- An Internal Communication Stand is set up to listen to employees' requests and complaints and to answer their questions, allowing regular face-to-face meetings.
- A “Family Support Fund” was established for all employees to benefit from in case of need.

- Supports such as education, fuel, clothing, marriage, birth, death, holiday aid, severance pay, and food packages were made available to all employees. In addition to Blue Collar employees, excellent attendance bonus and reward, annual leave allowance and “happy birthday cake” practices were introduced.

Commissioning of the Performance Evaluation System

The Performance Evaluation System was implemented to evaluate the performance and competencies of employees in an equal and fair manner.

A fair and equal performance evaluation system has been established in line with the company culture and strategies in order to understand the level of Klimasan employees within the scope of the “competency” criteria, to provide and improve an open communication environment by enabling systematic feedback, and to provide employees with the opportunity to review development opportunities and training needs.

HUMAN RESOURCES

KLIMASAN CARES ABOUT THE OPINIONS

AND WISHES OF ITS EMPLOYEES AND FREQUENTLY RECEIVES FEEDBACK FROM THEM

Employee Communication

Klimasan carries out communication activities that will increase the motivation of its employees and ensure that they are informed about the developments about the company. Many activities are organized for employees on special days such as New Year's Day, Women's Day, national and religious holidays. In addition, coffee and treat days, spring festivals, departmental picnics, food organizations, motivational games and events were organized to further increase communication between employees. During the seniority year celebrations, employees are thanked for their contributions to Klimasan and various gifts are presented. The social lives of employees are supported through arts and sports activities,

and many employees participate in seminars and trainings on personal development. Personal development trainings are usually organized outside the Company in a hotel or training hall for a full day, thus enabling employees to socialize and have a pleasant day. At the annual family picnic, employees and their families come together and have a good time.

Employee Satisfaction

Recognizing that employees' work within the framework of high satisfaction contributes greatly to their productivity and development, Klimasan attaches importance to the wishes and opinions of its employees and frequently receives feedback from them. In the Employee Satisfaction Survey System, which was established to measure the satisfaction status of employees, to ensure that their wishes and suggestions are periodically and objectively received and evaluated and action plans are created, the evaluation of 2021 suggests that: Klimasan's corporate strengths within the scope of employee satisfaction and loyalty can be stated as Teamwork, Communication, Corporate Reputation, and Sustainable Future.



Events Organized

- Happy Hour Event: Employees were offered hot coffee and muffins on many occasions, allowing them to spend pleasant time in social areas between working hours.
- April 23rd Event: Cotton candy and ice cream were served in the front garden area, and the works made by the children of employees from recyclable waste were awarded with tablets and bicycles.
- Welcoming the Summer: A dinner organization was held in the front garden area with the participation of all employees.
- Garden Event: A concept event (Five O'clock Tea and Treats) was organized in September with the participation of all employees.
- 50.001. Refrigerator Celebration Event: In 2021, the celebration of the 50,001st Refrigerator, which was the record monthly production, was celebrated with all employees with a dinner organization and music in the garden.

BUSINESS ETHICS

AN “ETHICS HOTLINE”

**HAS BEEN ESTABLISHED TO
SUPPORT THE PRACTICAL
IMPLEMENTATION OF
THE CODE OF BUSINESS
ETHICS IMPLEMENTED AT
KLIMASAN**

Ethical Code of Conduct and Implementation Principles Document of Klimasan, which aims to offer a working life that respects human dignity for all its stakeholders, especially its employees, is the Company’s main guide in the field of business ethics.

In order to support the practical operation of the Code of Business Ethics implemented at Klimasan, an “Ethics Hotline” has been established, which is accessible to Company employees and operates on the principle of confidentiality.

The Ethics Hotline allows employees to communicate their concerns and complaints about ethical issues concerning the company to the company through the Internal Audit Department, which operates independently on behalf of the Board of Directors and reports directly to the Audit Committee. Employees who wish to make a notification via the Ethics Hotline can send their notifications via the e-mail address etik@klimasan.com.tr, which is only accessible by the Internal Audit Department, the Internal Audit Department phone number, and mail that can be sent to the company on behalf of the Internal Audit Department. In 2021, no reports were made on the Ethics Hotline.

As in the Klimasan Code of Ethical Conduct and Implementation Principles Document, the ethical rules and principles that employees are obliged to comply with are defined in the Human Resources Handbook.

Klimasan conducts SMETA 4-PILLAR Social Compliance Audits with Intertek every year, and its performance as a result of these audits is shared with its customers, as well. In December 2021, the Company underwent a Social Compliance Audit and proved that its business processes are transparent, fair, ethical and responsible, without any non-compliance findings.



Ethics and Compliance Trainings

In 2021, all Klimasan employees received training on ethics and compliance. This training is provided to all users online every year. All employees who are not computer users are also notified of the ethical business rules via SMS, and the Klimasan Code of Conduct Principles Document is posted on the bulletin boards.

Ethical Business and Ethical Trade Training was provided to departments such as Sales Marketing Financial Affairs Purchasing and Human Resources. In this training, the issues that sellers and buyers should pay attention to in commercial processes are reported. In addition, Purchasing Ethics Training was provided to the entire Supply Chain Department. With this training, ethical violations that may arise from the supply chain, issues to be considered and actions that can be taken to prevent them were reported.

BUSINESS ETHICS

KLIMASAN CODE OF ETHICAL CONDUCT CODE OF PRACTICE PRINCIPLES DOCUMENT HAS BEEN CREATED FOR EMPLOYEES TO ADOPT THE CODE OF

**ETHICAL
CONDUCT**

AS A GUIDE

Corporate Social Compliance Policy

Klimasan, which acts with the principle of adding value to the future and the responsibility it feels for its stakeholders and has signed the Global Compact, has prepared a Corporate Social Compliance Policy to share with all its stakeholders a clear commitment that it will fulfill all its responsibilities by working as a team with all business partners. Klimasan's goal is to ensure that the Social Compliance Policy becomes a corporate culture within the organization. Within the scope of this policy, employees can openly express all kinds of opinions, requests, concerns, considerations, complaints and suggestions. These are evaluated by the Senior Management and

necessary improvement activities are carried out for areas open to improvement.

Klimasan Corporate Social Compliance Policy covers the following issues:

1. Ethical Business Behavior
2. Egalitarian Approach
3. Voluntary Work
4. Prevention of Child Labor
5. Working Hours and Remuneration
6. Occupational Health and Safety
7. Respect for Freedom of Association and Representation
8. Submitting Suggestions, Wishes and Complaints
9. Rest Days and Holidays
10. Recruitment and Employment
11. Employment/Employer Agreement
12. Employment of Foreign National

Employees

13. Prevention of Discipline, Harassment and Mistreatment
14. Protection of the Environment
15. Stakeholder Communication and Transparency

Klimasan Code of Ethical Conduct and Implementation Principles Document

Klimasan Code of Ethical Code of Conduct Implementation Principles Document is a "Code of Conduct" and has been created in order for Klimasan employees to be able to adopt the code of ethical behavior as a guide. The document, which is distributed in printed and electronic form in an environment accessible to employees, explains the ethical rules of conduct that employees and the relevant stakeholders referred to must follow in every environment where Klimasan is represented, inside and outside the company. It addresses who and how to contact, how and when to report in any case where employees witness and/or are exposed to ethical violations. Thus, Klimasan aims to ensure a transparent and reliable working environment for its employees.

Klimasan Code of Ethical Conduct Implementation Principles Document guides employees under the following 7 main headings;

1. Message from the Chairman of the Board of Directors
2. General Principles
3. Our Values
4. About Our Rules
5. Doing What is Right
6. Ethical Code of Conduct
7. Recognition Form



FAIR COMPETITION

KLIMASAN PUTS FORTH MANY EFFORTS TO ENSURE A FAIR COMPETITIVE ENVIRONMENT AND TO MAINTAIN ITS COMPETITIVE ADVANTAGE IN ITS SECTOR

Klimasan puts forth many efforts to ensure a fair competition environment and to maintain its competitive advantage in its sector. In this context, fair competition is mentioned in Klimasan's [Social Compliance Policy](#), [Code of Ethics Principles Document](#) and [Supplier Code of Conduct](#). Klimasan supports competition on the basis of quality, service and price. Klimasan has the principle of not giving direct or indirect support to political institutions and individuals, and not adopting any political thought as an institution. It conducts its activities honestly, directly and fairly. In order to comply with anti-trust laws and the principle of fair competition, the attitudes and behaviors of

employees within the scope of the Fair Competition Principle are summarized as follows in the Code of Conduct Directive jointly recognized by group companies Metalfrío Solutions and Klimasan;

- Klimasan never discusses with competitors a matter directly related to the competition between Klimasan and its competitor.
- It never colludes with a competitor to limit competition by fixing prices, sharing markets or by other means.
- They do not refuse to deal with others on their own or to purchase goods or services because they are competitors in other ways.
- They do not ask others to buy from Klimasan before Klimasan buys from them.
- They do not ask customers to buy a service from Klimasan that they do not want.
- They do not engage in industrial espionage or commercial espionage.
- They act honestly and truthfully in all dealings with customers and are careful to accurately represent the quality, features and availability of company products and services.

At Klimasan, Business Ethics Training is planned every year with the participation of all employees. Business Ethics Training content covers code of conduct, fair competition and ethical business practices.

In addition to the Business Ethics Training provided to all employees, a more comprehensive annual training program including case studies on fair competition, customer relations, ethics and transparent trade is organized



for Sales, Marketing, Financial Affairs, Supply Chain and Human Resources departments which are directly involved in commercial activities. These trainings are included in the Training Plan every year as part of mandatory training.

During the reporting period, no cases of anti-competitive behavior, monopoly or trust have been encountered, and no lawsuits have been filed against the institution.

LOCAL COMMUNITY RELATIONS AND EMPLOYMENT

WITH ITS FACILITY IN MANİSA, KLİMASAN PROVIDES A **HIGH LEVEL OF EMPLOYMENT** AND ECONOMIC CONTRIBUTION TO THE AEGEAN REGION AND TURKEY

With its facility in Manisa, Klimasan provides a high level of employment and economic return to Manisa and Izmir, the Aegean Region and Turkey. The company plays a major role in reducing unemployment with its high local employment rate. Ranked among Turkey's top 500 companies, Klimasan also makes a great contribution to the development of the industry.

In addition to its facilities, Klimasan also conducts business meetings in provincial and district centers where local people can easily access, and receives support from İŞKUR (Turkish Employment Agency) and Municipalities for organization and announcements. While increasing the number of employees day by day, Klimasan supports its employment policy with disabled employment and long-term internship programs for university students who will enter the profession.

Vocational Training in Business Project

Klimasan is one of the partner companies of Manisa Celal Bayar University within the scope of "Vocational Training in Business" Project. As required by the Vocational Training in Business Project, Klimasan creates employment especially for the 15-week compulsory internship programs of the final year students of the Faculty of Engineering, and offers many students who have completed their internship the opportunity to be employed after graduation. During the internship, students are supported to carry out their graduation theses with applied projects within Klimasan and many experts in their fields mentor the engineer candidates.

In November 2021, Klimasan hosted the Dean and faculty members of MCBU Faculty of Engineering, and at the meeting attended by Board Member Mr. Reha Haznedaroğlu, General Manager Alper Erol, Human Resources Manager Demet Balkanlı and Senior Production Manager Türker Ünsal Daştı, Klimasan production field trip was made and Celal Bayar University graduate employees working in different departments came together and new employment and university-industry collaborations were discussed.



Continuing its social responsibility projects without slowing down in the Aegean Region where it operates, Klimasan cooperates with universities, schools, associations and organizations within the scope of these projects. The Company hosts university student clubs at its production facility as part of technical visits, organizes OHS Information Trainings, company and professional promotions, and participates in career days, interviews and fairs. Through its authorized service centers, dealers, and sales team, the Company hosts customers at fairs, customer visits, and dealer production facilities, conducts OHS Information Trainings, company and occupational promotions, and has the opportunity to meet face-to-face and online with its customers and end-user stakeholders at meetings or in the field. As a publicly traded company, Klimasan announces all of its social and environmental activities such as the accessibility of all its economic activities on its social media accounts.

MOSTEM High School Collaboration

Klimasan has an industrial collaboration project with MOSTEM (Manisa Organized Industrial Zone Vocational and Technical Anatolian High School), one of the first Organized Industrial Zone High Schools in Turkey. Within the scope of the project, high school students with high technical skills and competencies are included in the high school internship program at Klimasan, and they can take part in many studies where they can improve their skills throughout the process. Students are followed and monitored by their teachers during the internship period and their progress is reported. In order for these students, who have high employment opportunities after graduation, to gain experience and develop in business life, Klimasan provides mentoring support and enables them to take an active role in projects.

OCCUPATIONAL HEALTH AND SAFETY

KLIMASAN CONSIDERS THE OCCUPATIONAL HEALTH AND SAFETY OF ITS EMPLOYEES AS ITS FIRST PRIORITY IN ALL ITS ACTIVITIES.

Klimasan's Occupational Health and Safety Strategy consists of preventing deterioration of health, increasing OHS process integration and increasing preventive approaches in processes.

Considering the occupational health and safety of its employees as its first priority in all its activities and realizing important practices in this regard, Klimasan's Occupational Health and Safety Policy commits to;

- Provide employees and stakeholders with a culture of safe, healthy and sustainable working conditions, and to develop systems to prevent occupational accidents and occupational diseases at the source in order to protect the health of employees,

- Identify all risks with the active participation and consultation mechanisms of employees and employee representatives in order to achieve the goal of zero occupational accidents and occupational diseases, to ensure that employees, visitors and subcontractors at all levels comply with the rules and to ensure their health and safety,
- Ensure that department managers lead the preventive work after occupational accidents and that the actions taken as a result are disseminated to all departments,
- Ensure the continuous improvement of the system by implementing the OHS Management System, monitoring process performance indicators and sharing them effectively throughout the organization,
- Evaluate all materials, machines, equipment used starting from the design phase of the products to eliminate all OHS hazards,
- Examine all incidents and accidents that occur during the activities or that may result in injury and to make necessary improvements to prevent recurrence, to encourage the implementation of occupational health and safety rules outside the workplace,
- Prevent occupational diseases through workplace controls and occupational hygiene inspections.



Implementing the ISO 45001 OHS Management System in the field of Occupational Health and Safety, Klimasan provided Basic OHS Trainings, vocational trainings, fire extinguishing trainings, working at height trainings and occupational hygiene trainings to its employees and managers in 2021.

Klimasan OHS Committee has 14 members. The Committee, which has 5 members as employee representatives, regularly meets every month. The workplace health unit has 2 workplace physicians and health personnel.

Klimasan's OHS targets are updated and reported every month. In addition, OHS is reported to senior management and all board members at monthly OHS board meetings. OHS Goals are also posted as documents on the OHS communication boards in the departments and all employees are informed.

Occupational Health and Safety practices implemented by Klimasan in 2021 are as follows;

- As in every year, risk assessment studies were carried out in 2021. Risk analyses are renewed after the changes made.
- An automatic smoke detection system has been installed throughout the factory site. New siren systems, fire buttons, emergency lighting fixtures were installed at the factory site. The detection system is being revised and improvements are being made in accordance with the articles of the law.
- Transition from OHSAS 18001 Management System to ISO 45001 Management System was completed.
- Warning signs at the factory site are constantly renewed based on working areas and machine risk factors.

OCCUPATIONAL HEALTH AND SAFETY

TRANSITION FROM OHSAS 18001 OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM TO ISO 45001

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM HAS BEEN COMPLETED

- Occupational Health and Safety Communication Boards were established to monitor the Occupational Health and Safety Management System more effectively and to inform all employees on OHS-related issues.
- In the electrical panels in the factory, automatic detection and extinguishing systems have been installed primarily for the riskier ones.
- The operating and working instructions of all machinery and equipment in the factory site have been revised.
- Field audits are continuously carried out and reported.

The safety audits and trainings carried out and reported by Klimasan in 2021 are as follows;

- Factory technical safety inspections
- Personal protective equipment to be used according to the work to be done and their inspections
- COVID-19 controls
- Occupational Health and Safety shift reports
- Outfield technical safety report
- Klimasan dining hall and kitchen inspections
- Klimasan personnel transportation service inspections
- Identifying the machines and installations with fire risk in the factory, showing them on the layout and the efforts carried out to reduce fire risks
- Employee trainings in areas with risk of fire
- Trainings provided by Manisa Fire Brigade Training Department

YEAR	ACCIDENT FREQUENCY RATE	ACCIDENT SEVERITY RATE
2019	54.65	0.39
2020	42.41	0.21
2021	52.87	0.20

Occupational Health and Safety Corporate Risk Analysis

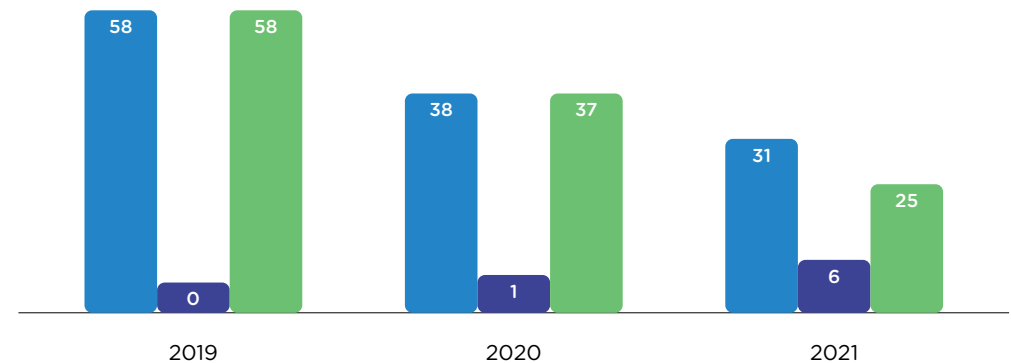
In addition to operational risk analyses, the OHS Corporate Risk Analysis is updated every year. Within the scope of the 45001 Management System, instructions-procedures were created and added to the QDMS system, and communicated to all employees. In 2021, the success rate of completing OHS actions via QDMS was 93.9%. 226 risk and opportunity items in the OHS Corporate Risk Analysis were effectively evaluated. Risk ratings of 226 items have been updated according to the year-end current situation. 15 different departments have identified Risks and Opportunities separately and all information has been combined in a common document.

OHS Trainings

“Production On-the-Job Trainings” are organized to prevent possible operator-related occupational accidents, to prevent the occurrence of quality problems, to increase productivity, to

2021 Near Miss Notification Analysis

- Total Number of Near Misses
- Ongoing
- Completed



shorten the adaptation process, to work with more conscious operators with high awareness, and to provide new gains to operators with practical trainings before the transition of new operators to production.

Occupational Accident Near Miss Notifications

One of the most important activities carried out within the scope of OHS at Klimasan is to follow up near-miss notifications and ensure that preventive measures are taken by taking action. Near miss notifications are the occurrence of an event that may cause an occupational accident and survived without an accident or with the detection of a situation that may cause an occupational accident. Employees report such situations to the OHS Team and ensure that preventive actions are taken. In 2021, 31 near-miss notifications were made from 12 different departments, 25 of which were completed by taking action and the risk was prevented. Investment works are ongoing for 6 of them and the OHS Team has taken preventive measures in the region during this period. A total of 501 near miss notifications have been received to date.

COVID-19 MEASURES

IN 2021, KLIMASAN CONTINUED COVID-19 PRACTICES TO PROTECT THE HEALTH OF ALL EMPLOYEES AND STAKEHOLDERS

In 2021, Klimasan added new practices to the measures taken during the pandemic process and continued COVID-19 practices to protect the health of all stakeholders and employees. The main practices include the following;

- Instructions and forms have been created to ensure business continuity in the COVID-19 process. These instructions are posted in the relevant areas of the factory.
- All instructions and forms have been added to the QDMS system for easy access by employees.
- Weekly mask distribution to all employees continued.
- Floor definitions and inspections were made for social distancing rules in indoor and outdoor areas.

- Disinfection processes continued in risky areas (such as dining halls, infirmaries).
- Disinfectant points were determined in the production area, dining hall, toilets and common areas, and their fullness was constantly checked.
- Work from home practices continued.
- Employees with chronic diseases were continuously checked by the workplace physician.
- HES Code controls were carried out in the security area, and visitors and subcontractors who did not receive 2 vaccines were not allowed inside the factory.
- People infected with COVID were placed in isolation for at least 14 days in line with the Ministry of Health's notifications. People who contacted them were also subjected to isolation processes in the same direction. The occupational physician continuously communicated COVID-19 rules and information determined by the OHS and HR departments to employees via e-mail and text messages.
- The OHS unit periodically makes COVID-19 announcements to all employees within the scope of the One Page OHS project. These announcements are posted on the OHS Communication boards at the factory site.

EMERGENCY PREPAREDNESS

DRILLS AGAINST EMERGENCIES AT KLIMASAN ARE PLANNED AND ANNOUNCED ANNUALLY

Events that may occur in all or part of the Klimasan facility and are classified as emergencies include situations that require emergency response, struggle, first aid or evacuation such as fire, explosion, spread of hazardous chemicals, natural disasters.

Emergency Crisis Team, Fire Technical Team, Extinguishing Team, Rescue Team, Protection Team, First Aid Team, Social Affairs Team were established in order to eliminate the current risk, protect employees and prevent material damage to the company in emergency situations. Relevant persons are trained and documented on job descriptions for which they are responsible. The Klimasan Emergency Action Plan includes the details of the people in all groups.

The Evacuation Plan, which is created for emergencies and posted in various

easily visible areas of the factory, is explained in basic OHS trainings and on-the-job trainings. The plan is revised when factory layout changes are made.

In case of emergency and in case of accident, the necessary contact list was created and presented to the relevant personnel.

Klimasan emergency gathering areas are specified in the Fire Fighting Instruction and posted throughout the factory site. All employees were trained on gathering areas. There are emergency direction signs in the entire operation area.

The Regulation on Emergency Situations at Workplaces was amended on October 1, 2021. In light of this amendment, Klimasan has also revised its Emergency Plan.

Within the scope of the amended regulation; emergency teams have been reconstituted. These are extinguishing, rescue, protection and first aid teams. In addition to this, the action styles and emergency call list in case of accidents have been published in the form of instructions and posted in the relevant areas. The medicine cabinets in the operation area were shown on the factory layout plan. Electricity-gas cut points and valves were shown on the factory layout plan.

At Klimasan, drills are planned and announced annually. There are two types of drill practices: announced and unannounced. Emergency drills are planned separately for day and night shifts.

CORPORATE SOCIAL RESPONSIBILITY

KLIMASAN REALIZES MANY IMPORTANT AND SOCIALY BENEFICIAL PRACTICES, PROJECTS AND ACTIVITIES IN THE FIELD OF CORPORATE SOCIAL RESPONSIBILITY

Since the day it was founded, Klimasan has realized many important and socially beneficial practices, projects and activities in the field of Corporate Social Responsibility and has been expanding its fields of activity day by day with environmentally sensitive and sustainable policies. Klimasan attaches importance to making its support felt at all times by becoming a member of non-governmental organizations and associations in its province and region, as well as throughout Turkey. Klimasan supports social responsibility and social development activities that is open for participation by its employees.

Social Responsibility Projects

The Corporate Social Responsibility Projects realized by Klimasan in 2021 are as follows;

- The importance of blood donation was emphasized through a regular blood donation project carried out in cooperation with Kızılay.
- The school conditions were improved with the donations made to Bağyolu Primary School. The school was painted with the participation of the students, who both had a pleasant time and contributed to the renovation of the school.
- The 'Recycling Project Competition' and Vegetable Waste Oil and Battery Collection Campaigns, in which the children of employees participated, aimed to raise environmental awareness.
- Pictures and stickers for children were posted on the walls of the Oncology Service of Behçet Uz Children's Hospital.
- A "Klimasan Employees Love Grove" was established in Manisa Yunt Mountain for Klimasan employees and saplings were donated for each employee.
- On March 8, International Women's Day, donations were made to Mor Çatı and female employees were presented with small notebooks from Mor Çatı.
- Donations were made to the Koruncuk Foundation in the New Year.



Z.E.K.İ Project

Since the day it was founded, Klimasan has been realizing social responsibility projects that will benefit the society. We also contribute to social diversity through social responsibility projects. The Z.E.K.İ project is one of the most important examples of this effort. With this project, Klimasan aims to increase the awareness towards disabled employees and strengthen their place in working life. Implemented in cooperation with Manisa Organized Industrial Zone, the project provides employment opportunities for individuals with intellectual disabilities to take part in business life by providing a protected working environment.

Blood Donations to Kızılay

Blood donation organizations are organized several times during the year and employees who volunteer can donate blood for 2 days with the help of Manisa Kızılay Branch officers assigned for blood donation at Klimasan.

Stance Against Violence against Women on International Women's Day

Every year on International Women's Day, Klimasan demonstrates its stance against femicides with striking and awareness-raising visual and audio announcements, posters and social media posts, and presents gifts to its female employees. In 2021, Klimasan donated saplings to the Klimasan Love Grove on behalf of all women who were murdered and showed its support by donating to Mor Çatı.



CORPORATE SOCIAL RESPONSIBILITY

KLIMASAN DONATES SAPLINGS ON BEHALF OF ALL ITS EMPLOYEES ON IMPORTANT DAYS TO THE KLIMASAN LOVE GROVE, WHICH WAS ESTABLISHED WITH THE AWARENESS OF ENVIRONMENTAL SOCIAL RESPONSIBILITY

March 8, International Women’s Day

On March 8, International Women’s Day, a video was released to draw attention to both violence against women and disabled workers. Within the scope of the project, donations were made to Mor Çatı and gifts were given to female employees.

Klimasan Love Grove

Klimasan donates saplings to the Klimasan Love Grove, which it established with the awareness of environmental social responsibility, on behalf of all its employees on important days, at appointments and promotions, and at the beginning of employment.

Village School Aid

In 2021, a social responsibility project was realized under the leadership of Klimasan Human Resources Team to paint Manisa Bağ Yolu Village School and meet the physical needs of the school. In this project, volunteers and employees painted the school and had a pleasant time with the children.

University Collaborations

Within the scope of public social responsibility, the Company cooperates with high schools and universities in the region and provides in-company technical visits, OHS Trainings, product and process presentations for the professional development of students. In addition, coaching is offered to university students on their career journeys, and the Company contributes to their development in business life by participating in interviews and seminars.



Socially beneficial employment policy

Increasing the number of its employees day by day in line with its employment principles, Klimasan supports employment policies with disabled employment and long-term internship programs for university students who are about to enter the profession. Klimasan has employment programs for university and high school students to provide internship and business vocational training. In this context, Klimasan works in cooperation especially with Manisa Celal Bayar University, the R&D department carries out patent and utility model studies, and the Human Resources department employs interns, participates in career days, interviews and panel discussions. Hosting student clubs at its Manisa factory, Klimasan informs students about production processes, occupational health and safety and management structure within the scope of technical visits.



Appendices

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108 GRI Content Index



OUR PERFORMANCE INDICATORS

Summary Financial Information	2021
Net sales (TL)	1,735,021,684
Net term profit (TL)	21,538,620
Total assets (TL)	3,220,291,538
Current ratio	1.31
Liquidity ratio	1.08
Short-term liabilities / Total assets	0.54
Long-term liabilities / Total assets	0.27
Shareholders' equity / Total assets	0.19
Net profit (Net sales)	0.01

Supply Chain	2019	2020	2021
Total number of local suppliers in the procurement budget	341	392	460
Total number of active suppliers	424	470	535
Local procurement ratio by number of suppliers (%)	80	84	86
Total amount of local procurement in the procurement budget (TL Million)	451.3	450.6	1,002
Total procurement budget (TL Million)	663.5	660.3	1,378
Local procurement rate according to procurement budget (%)	68	68	73
R&D Budget (TL)	16,765,772	17,792,179	20,715,810.35

Use of Materials	2019	2020	2021
Total amount of raw materials consumed (tons)*	21,424	20,098	30,048
<i>Plastic Raw Materials</i>	377	1,173	3,100
<i>Metal Raw Materials</i>	17,336	14,749	23,744
<i>Glass Raw Materials</i>	3,711	4,176	8,166

Energy and Emissions	2019	2020	2021
Energy consumption			
<i>Natural Gas (m³)</i>	804,768	772,862	830,305
<i>Electricity (kwh)</i>	10,520,479	10,389,766	10,776,415
Electricity Consumption Intensity (kwh/std. un. product)	14.62	17.09	13.79
Natural Gas Consumption Intensity (kwh/std. un. product)	11.90	13.61	11.21
Scope 1 emissions (tonCo ₂ e)	2,777	2,643	2,395
Scope 2 emissions (tonCo ₂ e)	6,282	6,204	4,677
Greenhouse gas (GHG) emission intensity (Scope 1+Scope 2) (tonCo ₂ e/std. un. product)	0.012	0.014	0.009

Water Consumption	2019	2020	2021
Total amount of water consumed (m ³)	123,126	132,874	102,638
<i>Amount of well water consumed</i>	40,099	146	44,396
<i>Amount of municipal water used</i>	83,027	132,728	58,242
Water Density (m ³ /std. un. product)	0.21	0.17	0.13
Total water discharge by destination (m ³)	110,813	119,587	92,374
<i>Natural receiving environment</i>	0	0	0
<i>Water channel</i>	110,813	119,587	92,374
Amount of water withdrawn per product (m ³ /std. un. product)	0.17	0.21	0.13

Waste	2019	2020	2021
Amount of hazardous waste (tons)	33	47.927	89.28
<i>Energy Recovery</i>	29	38.98	75.48
<i>Recovery</i>	3.941	8.947	13.8
<i>Waste Site</i>	0	0	0
<i>Waste Incineration</i>	0	0	0
Amount of non-hazardous waste (tons)	2547	3433.93	4,427.33
<i>Energy Recovery</i>	0	0	0
<i>Recovery</i>	1611	2848.93	3,934.16
<i>Waste Site</i>	936	585	544
<i>Waste Incineration</i>	0	0	0
Leakage and rashes	0	0	0



OUR PERFORMANCE INDICATORS

Environmental Trainings	2019	2020	2021
Hours of environmental training provided to company personnel	2,355	810	2,425
Hours of environmental training given to contractor personnel	163	27	147
Total number of employees receiving environmental training	942	324	1617
Total contractor employees receiving environmental training	650	108	590

Environmental Expenditures	2019	2020	2021
Environmental management expenditures (TL)	388,754	359,867	576,737

Employee Demographics	2019	2020	2021
Demographic distribution of senior management			
<i>Total number of senior managers</i>	12	8	14
<i>Total number of senior female executives</i>	2	1	4
<i>Total number of senior Turkish executives</i>	7	6	12
Senior executives by nationality			
<i>Domestic</i>	7	6	12
<i>Foreign</i>	3	2	2

Employee Demographics	2019	2020	2021
Total number of employees	1,542	1,441	1,617
<i>Total number of female employees</i>	296	320	290
<i>Total number of male employees</i>	1,246	1,121	1,327
<i>Ratio of female employees</i>	0.19	0.22	0.24
Number of white-collar employees	174	184	202
<i>Total number of female white-collar employees</i>	71	75	75
<i>Total number of male white-collar employees</i>	103	109	127
<i>Ratio of female white collar employees</i>	0.41	0.41	0.38
Number of blue-collar employees	1,368	1,257	1,415
<i>Number of female blue-collar employees</i>	225	245	215
<i>Number of blue-collar male employees</i>	1,143	1,012	1,200
<i>Ratio of female blue collar employees</i>	0.16	0.19	0.15
Disabled employees	38	44	36
Interns			
<i>Number of intern high school students</i>	1	1	12
<i>Number of intern university students</i>	26	14	10
Employees by age groups			
<i>Number of employees under 30</i>	270	693	727
<i>Number of employees aged 30-50</i>	1,222	708	855
<i>Number of employees aged 50 and over</i>	50	40	35
Employees by nationality			
<i>Domestic</i>	1,537	1,436	1,612
<i>Foreign</i>	5	5	5
Average years of seniority			
<i>Senior Executives</i>	9	10	10
<i>Mid-Level Executives</i>	6	7	7
<i>Experts & Officers</i>	5	6	5
Employees by contract type			
<i>Permanent</i>	1,077	1,037	1,114
<i>Temporary</i>	465	404	503



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GRI 101: Foundation 2016			
GRI 102: General Explanations 2016			
Corporate Profile			
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	102-2	Klimasan at a Glance, p. 8 Klimasan in Brief, p. 16 Our Main Products, p. 17	
	102-3	Klimasan in Brief, p. 16	
	102-4	Klimasan at a Glance, p. 8 Klimasan in Brief, p. 16	
	102-5	Our Shareholding Structure, p. 8	
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GRI 102: GENERAL EXPLANATIONS 2016	102-7	Klimasan at a Glance, p. 8 Klimasan in Brief, p. 16 Our Performance Indicators, p. 106-107	
	102-8	Human Resources, p. 91-95 Our Performance Indicators, p. 106-107	
	102-9	Supply Chain Management, p. 62-64	
	102-10	There were no significant changes related to the organization's supply chain in the reporting year.	
	102-11	Sustainability Approach and Management, p. 31-33 Risk Management, p. 69-70	
	102-12	Our Stakeholder Map, Relations with our Stakeholders and Corporate Memberships, p. 42-45	
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	102-20	Sustainability Approach and Management, p. 31-33	
	102-21	Our Priority Issues and Prioritization Matrix, p. 34-35 Addressing Priority Issues, p. 36-38 Our Stakeholder Map, Relations with our Stakeholders and Corporate Memberships, p. 42-45	
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	102-24	Corporate Governance, p. 24 Our Committees, p. 24	
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	102-25	Data related to the related section can be accessed from Klimasan Ethical Code of Conduct and Application Principles, Corporate Social Compliance Policy and Supplier Code of Conduct Principles.	https://www.klimasan.com.tr/wp-content/uploads/2022/12/klimasan-social-compliance-policy.docx https://www.klimasan.com.tr/wp-content/uploads/2022/12/klimasan-supplier-code-of-conduct.docx



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	102-31	Sustainability Approach and Management, p. 31-33 Our Priority Issues and Prioritization Matrix, p. 34-35 Addressing Priority Issues, p. 36-38	
GRI 102: GENERAL EXPLANATIONS 2016	102-32	About the Report, p. 7 Sustainability Approach and Management, p. 31-33	
	102-35	Remuneration, p. 93	https://www.klimasan.com.tr/wp-content/uploads/2022/12/klimasan-social-compliance-policy.docx
	102-36	Remuneration, p. 93	https://www.klimasan.com.tr/wp-content/uploads/2022/12/klimasan-social-compliance-policy.docx
Stakeholder Analysis			
GRI 102: GENERAL EXPLANATIONS 2016	102-40	Our Stakeholder Map, Relations with our Stakeholders and Corporate Memberships, p. 42-45	
	102-41	There is no collective bargaining agreement application.	
	102-42	Our Stakeholder Map, Relations with our Stakeholders and Corporate Memberships, p. 42-45	
	102-43	Our Stakeholder Map, Relations with our Stakeholders and Corporate Memberships, p. 42-45	
	102-44	Our Priority Issues and Prioritization Matrix, p. 34-35 Addressing Priority Issues, p. 36-38	

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GRI 101: Foundation 2016			
GRI 102: General Explanations 2016			
Reporting			
	102-45	The consolidated financial statements can be accessed from the Klimasan website.	https://www.klimasan.com.tr/wp-content/uploads/2022/07/klimasan-report-31-december-2021-eng.pdf
	102-46	About the Report, p. 7	
	102-47	Our Priority Issues and Prioritization Matrix, p. 34-35 Addressing Priority Issues, p. 36-38	
GRI 102: GENERAL EXPLANATIONS 2016	102-48	There are no changes.	
	102-49	There are no changes.	
	102-50	About the Report, p. 7	
	102-51	It is the second sustainability report of Klimasan.	
	102-52	Reporting is carried out annually.	
	102-53	About the Report, p. 7	
	102-54	About the Report, p. 7 GRI Content Index, p. 108	
	102-55	GRI Content Index, p. 108-114	
	102-56	No independent assurance statement has been received for this report.	
	GRI 200: ECONOMIC STANDARD SERIES		
Economic Performance			
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	103-2	Data related to the related section can be accessed from Klimasan Ethical Code of Conduct and Application Principles, Corporate Social Compliance Policy and Supplier Code of Conduct Principles.	https://www.klimasan.com.tr/wp-content/uploads/2022/12/klimasan-social-compliance-policy.docx https://www.klimasan.com.tr/wp-content/uploads/2022/12/klimasan-supplier-code-of-conduct.docx

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GRI 103: GOVERNANCE APPROACH 2016	103-3	Data related to the related section can be accessed from Klimasan Ethical Code of Conduct and Application Principles, Corporate Social Compliance Policy and Supplier Code of Conduct Principles.	https://www.klimasan.com.tr/wp-content/uploads/2022/12/klimasan-ethical-code-of-conduct-and-principles-of-ptactice.docx
			https://www.klimasan.com.tr/wp-content/uploads/2022/12/klimasan-social-compliance-policy.docx https://www.klimasan.com.tr/wp-content/uploads/2022/12/klimasan-supplier-code-of-conduct.docx
GRI 205: ANTI-CORRUPTION 2016	205-1	Data related to the related section can be accessed from Klimasan Ethical Code of Conduct and Application Principles, Corporate Social Compliance Policy and Supplier Code of Conduct Principles.	https://www.klimasan.com.tr/wp-content/uploads/2022/12/klimasan-ethical-code-of-conduct-and-principles-of-ptactice.docx
			https://www.klimasan.com.tr/wp-content/uploads/2022/12/klimasan-social-compliance-policy.docx https://www.klimasan.com.tr/wp-content/uploads/2022/12/klimasan-supplier-code-of-conduct.docx



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	103-2	Fair Competition, p. 98	https://www.klimasan.com.tr/wp-content/uploads/2022/12/klimasan-ethical-code-of-conduct-and-principles-of-ptactice.docx
GRI 103: GOVERNANCE APPROACH 2016			https://www.klimasan.com.tr/wp-content/uploads/2022/12/klimasan-supplier-code-of-conduct.docx
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GRI 301: MATERIALS 2016	301-1	Our Performance Indicators, p. 106-17	
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GRI 103: GOVERNANCE APPROACH 2016	103-1	Sustainability Approach and Management, p. 31-33 Our Priority Issues and Prioritization Matrix, p. 34-35 Addressing Priority Issues, p. 36-38	
	103-2	Energy Management, p. 75-77	
	103-3	Energy Management, p. 75-77	
	302-1	Energy Management, p. 75-77 Our Performance Indicators, p. 106-107	
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GRI 102: General Explanations 2016			
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GRI 103: GOVERNANCE APPROACH 2016	103-1	Sustainability Approach and Management, p. 31-33 Our Priority Issues and Prioritization Matrix, p. 34-35 Addressing Priority Issues, p. 36-38	
	103-2	Water Management, p. 82	
	103-3	Water Management, p. 82	
GRI 303: WATER AND WASTEWATER 2018	303-1	Water Management, p. 82	
	303-3	Water Management, p. 82 Our Performance Indicators, p. 106-107	
	303-4	Water Management, p. 82 Our Performance Indicators, p. 106-107	
	303-5	Water Management, p. 82 Our Performance Indicators, p. 106-107	
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GRI 103: GOVERNANCE APPROACH 2016	103-1	Sustainability Approach and Management, p. 31-33 Our Priority Issues and Prioritization Matrix, p. 34-35 Addressing Priority Issues, p. 36-38	
	103-2	Emission Management, p. 78-81	
	103-3	Emission Management, p. 78-81	
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	305-2	Emission Management, p. 78-81 Our Performance Indicators, p. 106-107	
	305-3	Emission Management, p. 78-81 Our Performance Indicators, p. 106-107	
	305-4	Emission Management, p. 78-81 Our Performance Indicators, p. 106-107	
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GRI 102: General Explanations 2016			
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GRI 103: GOVERNANCE APPROACH 2016	103-1	Sustainability Approach and Management, p. 31-33 Our Priority Issues and Prioritization Matrix, p. 34-35 Addressing Priority Issues, p. 36-38	
	103-2	Waste Management, p. 83-86	
	103-3	Waste Management, p. 83-86	
GRI 306: WASTE 2020	306-1	Waste Management, p. 83-86	
	306-2	Waste Management, p. 83-86	
	306-3	Waste Management, p. 83-86 Our Performance Indicators, p. 106-107	
	306-4	Waste Management, p. 83-86 Our Performance Indicators, p. 106-107	
	306-5	Waste Management, p. 83-86 Our Performance Indicators, p. 106-107	
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	103-1	Sustainability Approach and Management, p. 31-33 Our Priority Issues and Prioritization Matrix, p. 34-35 Addressing Priority Issues, p. 36-38	https://www.klimasan.com.tr/wp-content/uploads/2022/06/integrated-management-system-policy.pdf
GRI 103: GOVERNANCE APPROACH 2016	103-2	Data related to the related section can be accessed from Klimasan Integrated Management System Policy and Sustainability Policy.	https://www.klimasan.com.tr/wp-content/uploads/2022/12/keys-pol-02-en-klimasan-sustainability-policy.docx



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GRI 101: Foundation 2016			
GRI 102: General Explanations 2016			
GRI 103: GOVERNANCE APPROACH 2016	103-3	Data related to the related section can be accessed from Klimasan Integrated Management System Policy and Sustainability Policy.	https://www.klimasan.com.tr/wp-content/uploads/2022/06/integrated-management-system-policy.pdf
GRI 307: ENVIRONMENTAL COMPLIANCE 206	307-1	There are no fines and non-monetary sanctions imposed for non-compliance with environmental laws and regulations.	

GRI Standard	Description	Page Number/Direct Source	Reason of Omission
GRI 101: Foundation 2016			
GRI 102: General Explanations 2016			
GRI 400: SOCIAL STANDARDS SERIES			
Occupational Health and Safety			
	103-1	Sustainability Approach and Management, p. 31-33 Our Priority Issues and Prioritization Matrix, p. 34-35 Addressing Priority Issues, p. 36-38	
GRI 103: GOVERNANCE APPROACH 2016	103-2	Occupational Health and Safety, p. 100-101	https://www.klimasan.com.tr/wp-content/uploads/2022/06/integrated-management-system-policy.pdf
	103-3	Occupational Health and Safety, p. 100-101	https://www.klimasan.com.tr/wp-content/uploads/2022/06/integrated-management-system-policy.pdf
	403-1	Occupational Health and Safety, p. 100-101	
	403-2	Occupational Health and Safety, p. 100-101	
	403-3	Occupational Health and Safety, p. 100-101	
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	403-4	Occupational Health and Safety, p. 100-101	
	403-5	Occupational Health and Safety, p. 100-101	
	403-6	Occupational Health and Safety, p. 100-101	
	403-8	Occupational Health and Safety, p. 100-101	
	403-9	Occupational Health and Safety, p. 100-101	
	403-10	Occupational Health and Safety, p. 100-101	
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GRI 103: GOVERNANCE APPROACH 2016	103-1	Sustainability Approach and Management, p. 31-33 Our Priority Issues and Prioritization Matrix, p. 34-35 Addressing Priority Issues, p. 36-38	
	103-2	Employee Development, p. 91-92	
	103-3	Employee Development, p. 91-92	
GRI 404: TRAINING AND EDUCATION 2016	404-1	Employee Development, p. 91-92 Our Performance Indicators, p. 106-107	
	404-2	Employee Development, p. 91-92	



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GRI Standard	Description	Page Number/Direct Source	Reason of Omission
GRI 101: Foundation 2016			
GRI 102: General Explanations 2016			
Diversity and Equal Opportunity			
GRI 103: GOVERNANCE APPROACH 2016	103-1	Sustainability Approach and Management, p. 31-33 Our Priority Issues and Prioritization Matrix, p. 34-35 Addressing Priority Issues, p. 36-38	
	103-2	Our Sustainability Strategy (People), p. 27 Human Resources, p. 91-95	
	103-3	Our Sustainability Strategy (People), p. 27 Human Resources, p. 91-95	
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016	405-1	Our Performance Indicators, p. 106-107	
	405-2	There is no gender-based salary difference at Klimasan. The principle of equal pay is applied to equal work.	
Anti-Discrimination			
GRI 103: GOVERNANCE APPROACH 2016	103-1	Sustainability Approach and Management, p. 31-33 Our Priority Issues and Prioritization Matrix, p. 34-35 Addressing Priority Issues, p. 36-38	https://www.klimasan.com.tr/wp-content/uploads/2022/12/klimasan-social-compliance-policy.docx
	103-2	You can access the data related to the related section from the Klimasan Social Compliance Policy.	https://www.klimasan.com.tr/wp-content/uploads/2022/12/klimasan-social-compliance-policy.docx
	103-3	You can access the data related to the related section from the Klimasan Social Compliance Policy.	https://www.klimasan.com.tr/wp-content/uploads/2022/12/klimasan-social-compliance-policy.docx
GRI 406: ANTI-DISCRIMINATION 2016	406-1	There were no cases of discrimination during the reporting period.	

GRI Standard	Description	Page Number/Direct Source	Reason of Omission
GRI 101: Foundation 2016			
GRI 102: General Explanations 2016			
The Right to a Collective Bargaining Agreement			
GRI 103: GOVERNANCE APPROACH 2016	103-1	Sustainability Approach and Management, p. 31-33 Our Priority Issues and Prioritization Matrix, p. 34-35 Addressing Priority Issues, p. 36-38	
	103-2	Human Resources, p. 91-95	
	103-3	Human Resources, p. 91-95	
GRI 407: RIGHT TO COLLECTIVE BARGAINING AGREEMENT 2016	407-1	Klimasan respects the rights of organization and collective bargaining. During the reporting period, there was no violation of trade union rights in any supplier within the knowledge of Klimasan.	
Child Labor			
GRI 103: GOVERNANCE APPROACH 2016	103-1	Sustainability Approach and Management, p. 31-33 Our Priority Issues and Prioritization Matrix, p. 34-35 Addressing Priority Issues, p. 36-38	https://www.klimasan.com.tr/wp-content/uploads/2022/12/klimasan-social-compliance-policy.docx
	103-2	Data related to the related section can be accessed from Klimasan Corporate Social Compliance Policy and Supplier Code of Conduct Principles.	https://www.klimasan.com.tr/wp-content/uploads/2022/12/klimasan-supplier-code-of-conduct.docx
	103-3	Data related to the related section can be accessed from Klimasan Corporate Social Compliance Policy and Supplier Code of Conduct Principles.	https://www.klimasan.com.tr/wp-content/uploads/2022/12/klimasan-social-compliance-policy.docx



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GRI 101: Foundation 2016			
GRI 102: General Explanations 2016			
GRI 408: CHILD LABOR 2016	408-1	Klimasan does not employ any child workers and expects its suppliers to comply with the age provisions specified in the relevant laws and regulations.	https://www.klimasan.com.tr/wp-content/uploads/2022/12/klimasan-social-compliance-policy.docx https://www.klimasan.com.tr/wp-content/uploads/2022/12/klimasan-supplier-code-of-conduct.docx
Forced/Compulsory Labour			
	103-1	Sustainability Approach and Management, p. 31-33 Our Priority Issues and Prioritization Matrix, p. 34-35 Addressing Priority Issues, p. 36-38	
GRI 103: GOVERNANCE APPROACH 2016	103-2	The data related to the related section can be accessed from the Klimasan Supplier Code of Conduct Principles.	https://www.klimasan.com.tr/wp-content/uploads/2022/12/klimasan-supplier-code-of-conduct.docx
	103-3	The data related to the related section can be accessed from the Klimasan Supplier Code of Conduct Principles.	https://www.klimasan.com.tr/wp-content/uploads/2022/12/klimasan-supplier-code-of-conduct.docx
GRI 409: FORCED/COMPULSORY LABOUR 2016	409-1	Klimasan and its suppliers do not accommodate forced employees under any circumstances.	https://www.klimasan.com.tr/wp-content/uploads/2022/12/klimasan-supplier-code-of-conduct.docx

GRI Standard	Description	Page Number/Direct Source	Reason of Omission
GRI 101: Foundation 2016			
GRI 102: General Explanations 2016			
Local Communities			
GRI 103: GOVERNANCE APPROACH 2016	103-1	Sustainability Approach and Management, p. 31-33 Our Priority Issues and Prioritization Matrix, p. 34-35 Addressing Priority Issues, p. 36-38	
	103-2	Local Community Relations and Employment	
	103-3	Local Community Relations and Employment	
GRI 413: LOCAL COMMUNITIES 2016	413-1	Local Community Relations and Employment	
	413-2	Local Community Relations and Employment	
Customer Health and Safety			
	103-1	Sustainability Approach and Management, p. 31-33 Our Priority Issues and Prioritization Matrix, p. 34-35 Addressing Priority Issues, p. 36-38	
GRI 103: GOVERNANCE APPROACH 2016	103-2	Product Safety, p. 61 Customer Satisfaction and After-Sales Services, p. 66-68	
	103-3	Product Safety, p. 61 Customer Satisfaction and After-Sales Services, p. 66-68	
GRI 416: CUSTOMER HEALTH AND SAFETY 2016	416-1	Product Safety, p. 61 Customer Satisfaction and After-Sales Services, p. 66-68	
	416-2	As of the reporting period, there has been no violation of the legal regulations and voluntary principles and codes regarding the health and safety conditions of products and services.	



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GRI Standard	Description	Page Number/Direct Source	Reason of Omission
GRI 101: Foundation 2016			
GRI 102: General Explanations 2016			
Marketing and Labeling			
GRI 103: GOVERNANCE APPROACH 2016	103-1	Sustainability Approach and Management, p. 31-33 Our Priority Issues and Prioritization Matrix, p. 34-35 Addressing Priority Issues, p. 36-38	
	103-2	Product Safety, p. 61 Customer Satisfaction and After-Sales Services, p. 66-68	
	103-3	Product Safety, p. 61 Customer Satisfaction and After-Sales Services, p. 66-68	
GRI 417: MARKETING AND LABELING 2016	417-1	Product Safety, p. 61 Customer Satisfaction and After-Sales Services, p. 66-68	
	417-2	During the reporting period, there were no violations of the law or voluntary code in product information and labeling.	
	417-3	During the reporting period, there was no non-compliance with the regulations and voluntary rules related to marketing communications.	
Customer Privacy			
GRI 103: GOVERNANCE APPROACH 2016	103-1	Sustainability Approach and Management, p. 31-33 Our Priority Issues and Prioritization Matrix, p. 34-35 Addressing Priority Issues, p. 36-38	
	103-2	Information Security, p. 71	
	103-3	Information Security, p. 71	
GRI 418: CUSTOMER PRIVACY 2016	418-1	Information Security, p. 71	

