



Sustainability Report 2020

 **KLIMASAN**

 **Metalfrio** | **Solutions**

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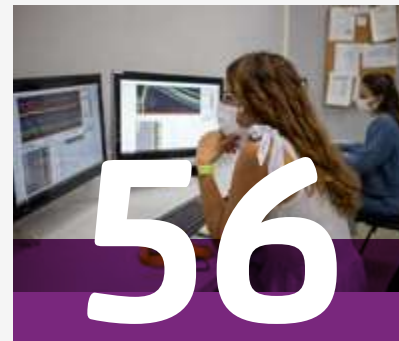
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AN INNOVATIVE COMPANY

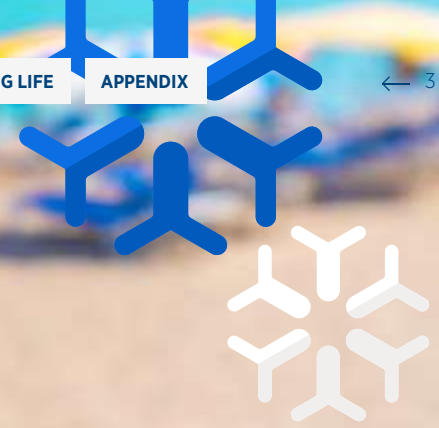


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ABOUT THE REPORT

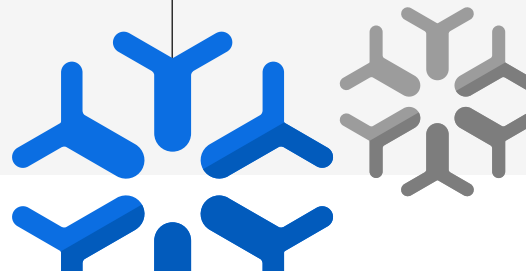
With this first sustainability report of Klimasan, we aimed to present a summary of our sustainability understanding and performance in the economic, social and environmental areas to all our stakeholders.

The information included in the report covers the period between 1 January - 31 December 2020 and aims to present the overall activities of Klimasan Industry and Trade Inc..

Klimasan Inc. has 5 subsidiaries, namely Metalfrio Solutions Poland SP Z.o.o., Metalfrio West Africa Ltd., Sabcool Ltd., LLC Metalfrio Solutions and LLC Estate. These partnerships are not included in the reporting scope.

This report has been prepared in accordance with the GRI Standards: Core option. Our contribution to the United Nations Sustainable Development Goals and performance under the UN Global Compact are also included in the report.

You can send any questions, comments and suggestions about the Sustainability Report or our sustainability performance to our QMS Manager Ayşegül Güneş EYLEMER aysegul.eylemer@klimasan.com.tr and sustainability@klimasan.com.tr



ABOUT KLİMASAN

“Klimasan, a leading brand in Turkey and in the world, produces commercial type coolers and freezers for the main beverage producers in Europe, Asia, Africa and the Middle East with its wide customer portfolio.”



Operating in the industrial cooler and freezer sector, the founding story of Klimasan dates back to 1915. The business life which started with the small shop of the Şenocak Family in İzmir, quickly expanded into the commercial field with the first refrigerator import in 1931, laying the foundations of today's Klimasan. The specialization in the sector, which started with the assembly of commercial refrigerators in 1955, was followed by the start of the production process in 1969.

After a reorganization in 1969, the company became Klimasan Air Conditioner Industry and Trade Inc. and serves its customers with the brand name “Şenocak” in the domestic market, while serving in the international market with the brand names of “Klimasan” and “Metalfrio”.

Having succeeded in being the supplier of the world's giant beverage companies with its 65,765 m2 closed area, 140,840 m2 total area and constantly renewed technology, Klimasan also provides refrigerators and freezers to large corporate companies in the domestic market. As a leading brand in Turkey in the field of commercial refrigerators and freezers, Klimasan is one of the most important commercial refrigerator manufacturers in Turkey.

Klimasan, which has been traded on Borsa Istanbul since 1997 with the code KLMSN, works to create value for all its stakeholders with the importance it attaches to corporate governance principles.

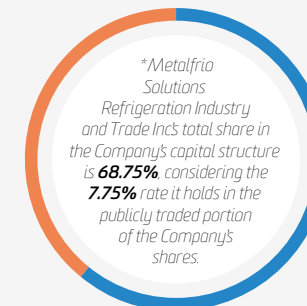
A member of the Metalfrio Group, Klimasan offers a comprehensive range of solutions in the commercial refrigeration market around the world. Providing service to leading global and regional brands in the beverage, ice cream, food and retail sectors, Klimasan offers various products and optional or tailor-made production features to its customers under the Metalfrio, Klimasan, Şenocak brands designed to meet diverse customer needs and market requirements globally.

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.

Klimasan production facility has a capacity of 812,520 units/year and provides 165 types of products to more than 700 customers in 78 countries. The company is among the 500 largest companies in Turkey. Klimasan and its brands have built a strong reputation as a reliable and innovative supplier of refrigerators and freezers for over 50 years.

PARTNERSHIP STRUCTURE(%)

Public
38.99%



Metalfrio Solutions
Refrigeration Industry
and Trade Inc
61.01%



ABOUT METALFRIO SOLUTIONS

Established in 1960 Metalfrio Solutions, is a global solutions provider for its customers' regional needs.



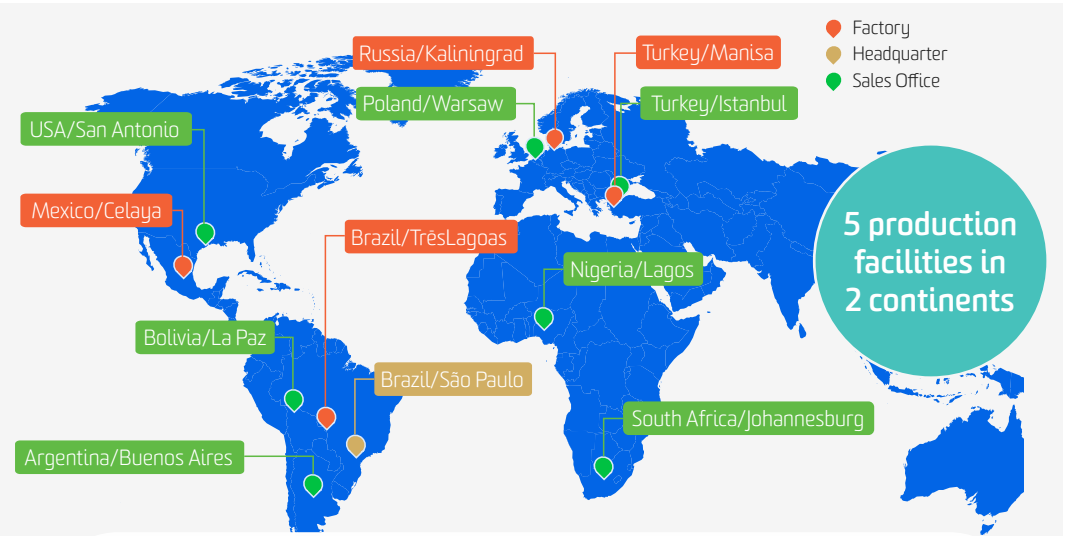
The company is based on an infrastructure that provides fully customized solutions to understand the needs of each market and supports the growth efforts of its customers with its global expertise

As the strategic partner of largest food and beverage companies, Metalfrio Solutions offers customized solutions for ideas, design, production, distribution and aftersales services.

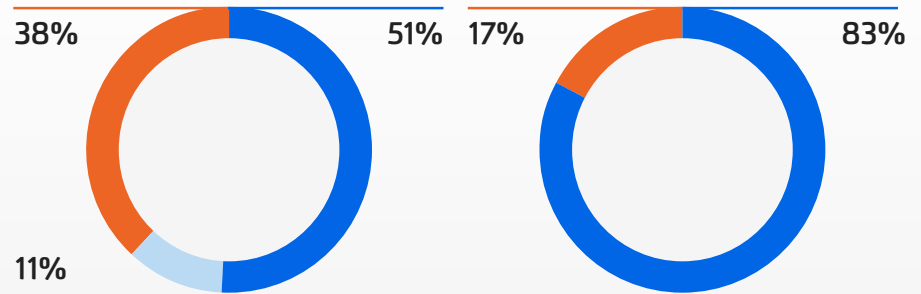
Expertise acquired over 60 years is available in every detail of its product range, and is available to the beverage and food market for maximum efficiency, low maintenance, operation cost reduction and lower energy consumption.

Life Cycle is part of Metalfrio Solutions and offers innovative solution for coolers and freezers for maintenance, logistics, spare parts and refurbishment services. It is Metalfrio Solutions' 360° service to keep beverage and food consumption of businesses at right temperature.

With Metalfrio Life Cycle, company offers preventive and corrective maintenance and spare parts through instant availability in an agile way to identify and resolve problems for over 5 million coolers and freezers.



NET SALES IN 2020



● EMEA ● South America ● North and Central America ● Products ● Services and Rental

BUSINESS LINES



60 years expertise in commercial freezers.



Leader company in commercial freezers in Turkey, standing out with its approach to quality and innovation.



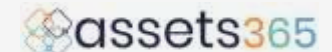
An innovative company that offers technical support, logistics, renewal and recycling services for commercial coolers.



A brand that offers logistics and storage services in Brazil with an extensive network.



Offers alternative rental solutions for professional equipment.



Advanced customer data analysis solutions



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, with the most appropriate quality and price balance.



OUR VISION

To be a company that constantly grows along with new breakthroughs; that keeps the satisfaction of its customers, employees, and shareholders at the highest level, is a leader in target markets in Turkey and in the world, has achieved business excellence, and creates value for society and the environment.

OUR VALUES

Quality: Our most basic quality principle is to constantly strive to achieve better since the day we were founded.

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

People-Centered Focus: We see our employees as the most important factor in ensuring the continuity of our organization's existence and vision, protecting our values and transferring them to future generations, and sharing a common corporate culture. Our human resources is prominent to us.

Team Spirit: We share a participatory, system-bound, corporate management approach that values teamwork.

Cooperation: We value maintaining long-term relationships with our customers.

Globalization: We believe in the importance of rapidly adapting to constantly developing technologies and commercial demands of the world.

Environmental Awareness: We share the importance of constantly creating value for the "environment" with an understanding that encompasses whole society in all processes that are carried out in our activities.

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

OUR ETHICAL VALUES

RELIABILITY



Establishing an open and transparent communication
Realization of our vision by conveying it consistently
Good business management and effective use of resources

PRIDE



Being proud of our own work
Team work and pride in business achievements

FAIRNESS



Non-discrimination and equal treatment
Being objective in rewarding, promotion and recruitment
Diversity and openness to different ideas

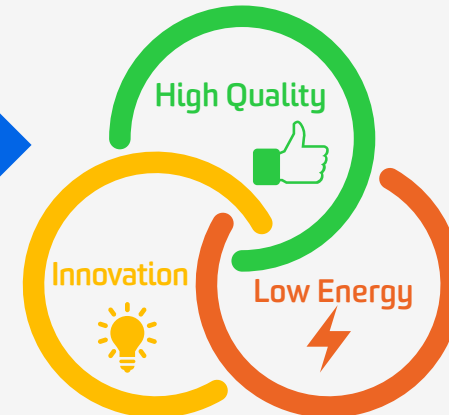
RESPECT TO EMPLOYEES



Supporting employee development by appreciating success
Ensuring the participation of employees in decision making
Considering individual wishes and expectations

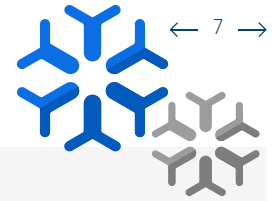
STRATEGIC GOALS

To be a business partner of the sector that can provide holistic service

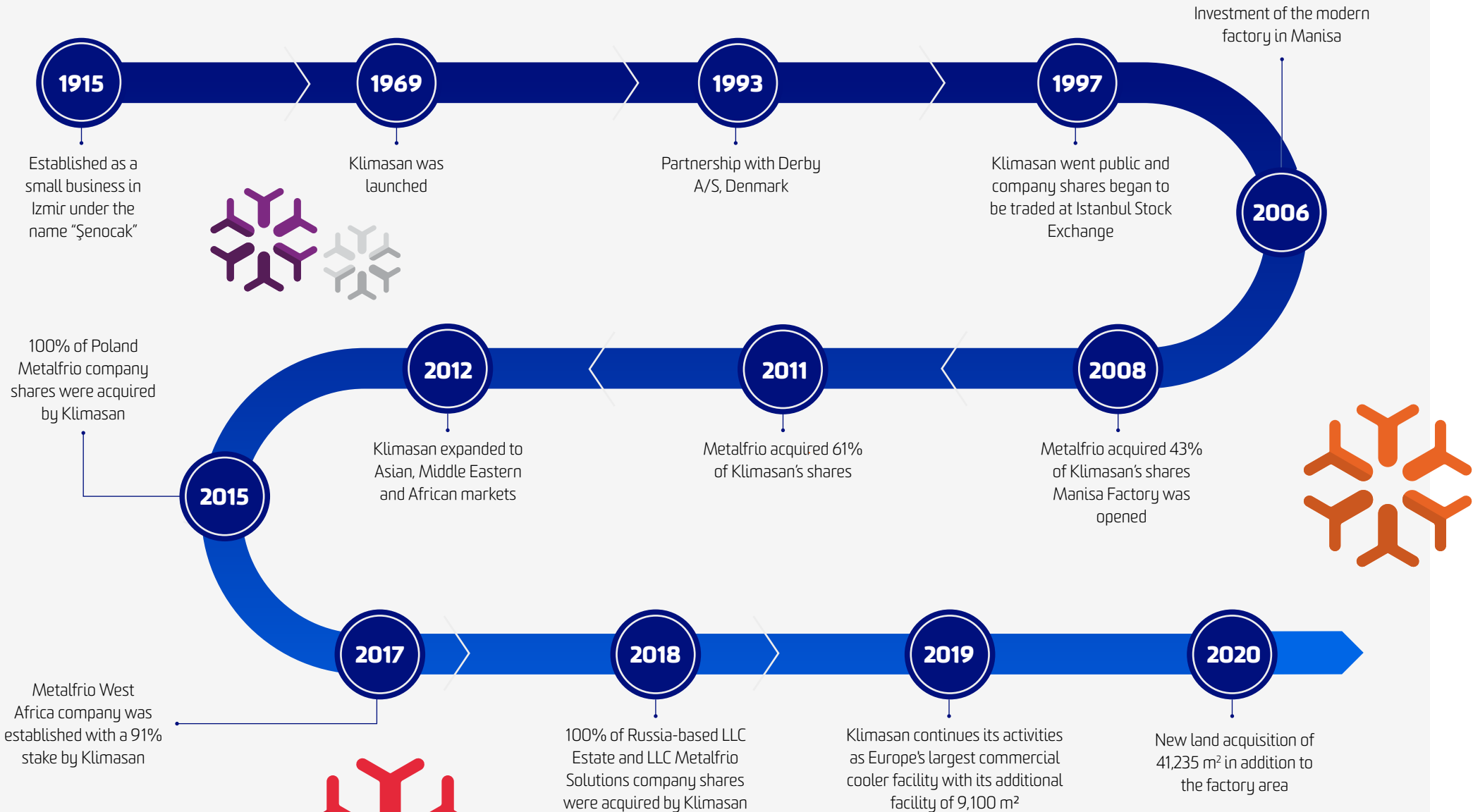


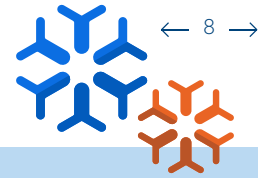
Green Production





KLİMASAN'S HISTORY





Our Awards

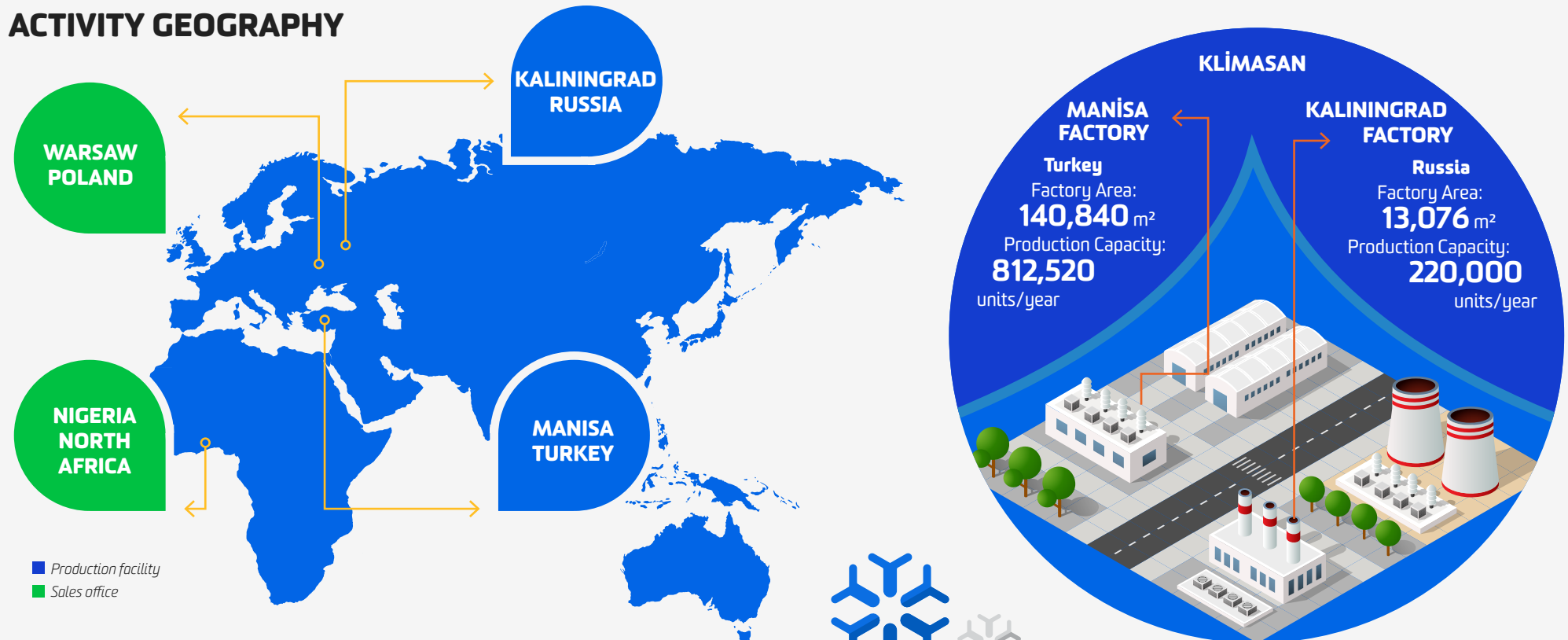
- » Top exporter company given by the Aegean Exporters' Association- HVAC -2020 (3rd place)
- » The honor award by MOSB Made in Manisa -2020
- » The silver award by 32nd Kristal Elma Advertisement Awards -2020
- » TürkPatent 2014-2018 Manisa Utility Model Applications 2nd Place -2019
- » TürkPatent 2014-2018 Manisa Industrial Design Applications 3rd Place -2019
- » Klımasan was awarded by the Aegean Exporters' Association for being the second largest exporter. -2019
- » Klımasan was awarded the "Made in Manisa" award for its contributions to our country in the fields of production, export and employment. -2019
- » Klımasan was deemed worthy of an award within the scope of the Protected Workplace Project for People with Mentally Disabilities (Z.E.K.I) for its contributions to the integration of people with mental disabilities into business life. -2018
- » The highest export rate award in the climatization and refrigeration sector given by the Aegean Exporters' Association-2018 (2nd place)
- » According to the Istanbul Chamber of Industry, Klımasan is in the 324th place in the list of Turkey's Top 500 Industrial Enterprises (2019).
- » Special Award of the Board of Directors Empowered by Women, Sabancı University (Istanbul/2018)
- » Aegean Region Chamber of Industry "First Prize in Production" and "First Prize in Investment" in the Refrigeration Sector-2017
- » Award for the highest export rate in US dollars in the climatization sector, given by the Aegean Exporters' Association -2017
- » The highest export rate award in US dollars in the air conditioning sector, given by the Aegean Exporters' Association -2016 (3rd place)
- » ÇEVKO Green Dot Industry Awards with leading companies such as PEPSICO and EFES. Waste Management System Applications Industry Incentive Award-2016.
- » Klımasan competed with the best businesses of our nation to win the representation of our country in the "Customer Focus Award" and was selected as the "National Champion" representing Turkey in the 2016/2017 European Business Award.
- » 3rd place in the "Energy Efficiency Competition" among 180 companies in Manisa Industrial Park with the Paint Shop Energy Efficiency Project-2014
- » Ranked 1st among 180 companies in Manisa Industrial Park as the best company in the "Environmentally Friendly Facility Competition"-2014
- » Export Achievement Awards given by the HVAC-R Industry Exporters' Association (ISIB)



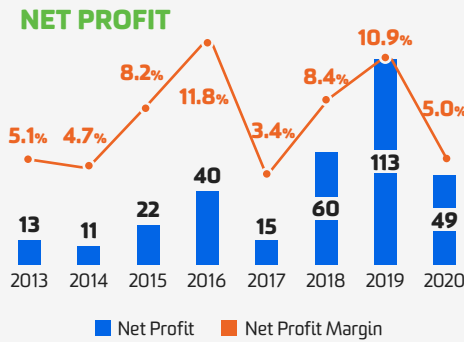
KLİMASAN AT A GLANCE



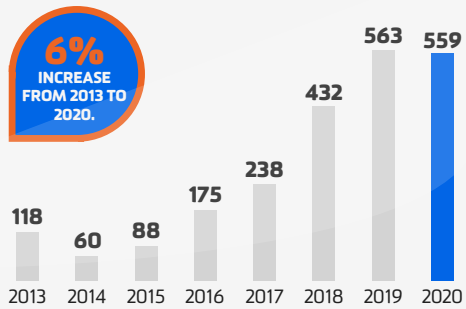
ACTIVITY GEOGRAPHY



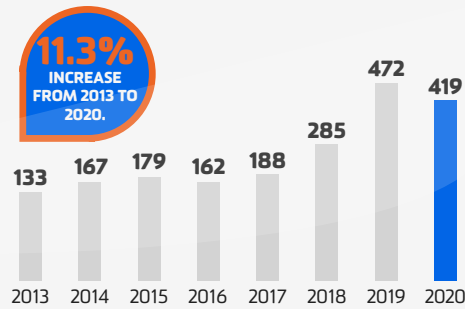
Financial Summary	2019	2020
Net Sales (TRY)	1,035,061,928	978,280,732
Net Profit for the Period (TRY)	112,932,138	48,572,778
Total Assets (TRY)	1,196,028,860	1,479,691,169
Current Rate	1,9476	2,1741
Liquidity Ratio	1.72	1.86
Current Liabilities/Total Assets	0.43	0.40
Long Term Liabilities/Total Assets	0.30	0.37
Total Equity/Asset	0.27	0.23
Net Profit/Net Sales	0.11	0.05



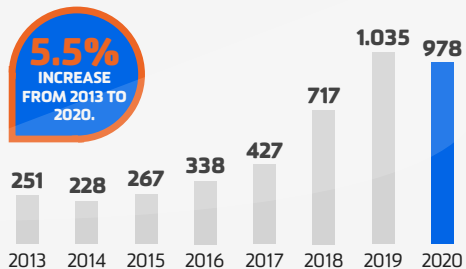
DOMESTIC SALES



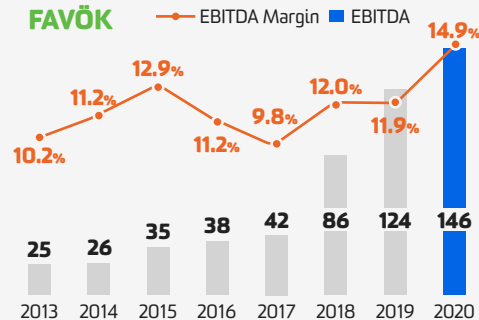
OVERSEAS SALES



NET SALES



FAVÖK





Household Coolers

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

Commercial Type Chillers

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



MESSAGE FROM THE CEO



We strive to meet the needs and expectations of customers, society, and other stakeholders by developing high quality products and services.

Dear Stakeholders,

I am very pleased to share Klimasan's 2020 Sustainability Report with you. With this report, we provide a summary of how we create value for all our stakeholders and reflect our environmental responsibility to our work as we grow our business.

The year 2020 was left behind as a unique year that was affected by the COVID-19 pandemic all over the world. What started as a health problem, quickly brought economic and social life to a standstill in many parts of the world. There were significant cessations in global supply chains. This period also served as an important warning for all institutions to review their way of doing business. Sustainability continued to be discussed at the top of the business world's agenda.

In this process, we have displayed an approach that prioritizes the health of our employees and the business continuity of our customers across the entire Metalfrío Group. We have ensured the health and safety of our employees by taking all necessary measures for the COVID-19 pandemic. We have fulfilled the promises we made to our customers and business partners by continuing our

production activities within the framework of these measures. We believe that the importance we attach to sustainability, which has an important place in our corporate culture, has an important role in our successful management of this process.

With the good news of the vaccine in the last weeks of the year, we were able to enter 2021 in a relatively optimistic outlook. This process proved that a globalization that focuses on people and nature can create a happier future.

At Klimasan, we were able to continue to create value with our commercial activities thanks to the strict measures we took by saying "human first" during this difficult period. Our cautious management approach and balance sheet discipline enabled us to demonstrate a solid financial performance in an environment of intense uncertainty. Thus, despite all the difficulties, we successfully left the year 2020 behind.

As with the entire Metalfrío Group, sustainability is a business priority at Klimasan, managed among its main business strategies, followed by management systems, and included in corporate scorecards. In every activity we undertake

at Metalfrío, our ultimate goal is to ensure the satisfaction of our customers and to minimize the environmental impact of our business. We use sustainable technologies to reduce the environmental impact of our products. We strive to meet the needs and expectations of customers, society, and other stakeholders by developing high quality products and services. We ensure unconditional compliance with laws, regulations, and voluntary standards in all our processes.

I am very pleased to share our sustainability performance in Turkey, which is a very important market for the Metalfrío Group, through this report. I would like to express my gratitude to all my colleagues who worked devotedly during this difficult process. I would like to thank our customers, suppliers and business partners who have not spared their trust in us for years.

Kind regards,

Petros Diamantides

CEO

MESSAGE FROM THE GENERAL MANAGER



Since its foundation, Klimasan has been operating as a company that is managed with international management systems, adopting the most intelligent processes and technologies.

Dear stakeholders,

Usually seen as a low probability in all global risk assessments, the COVID-19 pandemic impacted the whole world in 2020. During this unprecedented period, there were difficulties in making important personal and professional decisions.

The most prominent issue that the pandemic reminds us of is that human health is the only value that cannot be replaced. With this approach in mind, we have taken all necessary precautions by implementing our emergency action plan since the first case of COVID-19 in our country. We aimed to protect the health of our employees and their families by employing hygiene, social distance, and informative measures simultaneously. In this process, we also experienced significant improvements in our OHS performance, which we manage with comprehensive risk models. We observed significant improvements in all key OHS indicators.

Since its foundation, Klimasan has been operating as a company that is managed with international management systems, adopting the most intelligent processes and technologies. We strive to create value for all our stakeholders with the importance we attach to management with objectives, our transparent organizational structure and our clearly defined responsibilities. Throughout the year, we are subject to independent external audits, customer assessments and rigorous internal audit activities for various aspects of our performance. We see the results of all these evaluations as an opportunity to improve our operations.

We set an example in our industry with our environmental performance, which we have meticulously managed for many years. Through the emission management system, we established in 2011, we measure our impact on climate change and implement projects that reduce our negative impact. We manage energy management with a multi-participant team spread throughout the company. As the first company in our sector to receive the ISO 50001 certificate, we once again demonstrated our conscious conduct in the field of energy management. We benefit from technology and our long years of engineering knowledge to use all resources efficiently. We have management and communication systems to internalize our "zero waste" target throughout the company. We aim to reduce our waste and reuse it with a circular economy approach.

Every year, we improve the environmental performance of our products, which constitute one of the important pillars of our environmental impact. We devote a significant part of our innovation activities to developing more environmentally friendly products. Our aim is to ensure that our customers' products meet with consumers at the right temperature and with the lowest environmental impact, without sacrificing product quality.

An important reason why Klimasan has a wide national and international customer portfolio who prefers our company lies in its innovative quality. Our business strategy is planned to constantly provide our customers with the latest technology products. The share of the products we have launched in the last 2 years in all sales revenues is 28%, and the turnover we have obtained from the products we have developed in the last 3 years is approximately

190 million TRY. Increasing the share of our innovative products in our revenues is among our important business priorities. In this way, we aim to develop fast, intelligent and special solutions for the needs of our customers.

The competence of our employees also plays a major role in the corporate success of Klimasan. We implement various projects and systems in order to be a communication-based employer that is fair, respectful of gender equality, and prioritizes the professional and individual development of its employees. We are among the leading companies of our sector with our women employee and manager ratios. Via our Z.E.K.I project, which supports the employment of the disabled, we aim to provide a work environment where everyone can work comfortably. We allocate significant resources to employee development and aim to equip our workforce with the competencies of the future.

At Klimasan, sustainability has been among our business values since our establishment. With a series of endeavors pursued in 2020, we reviewed our focus areas in this area, analyzed the expectations of our stakeholders from us, updated our sustainability management structure, and published our first sustainability report at the end of this process. On the occasion of our first report, I would like to express my gratitude to all our shareholders, customers, dealers, business partners, managers and employees, who have supported us on the path we have walked with determination and have carried our company forward for years.

Kind regards,

Alper Erol

General Manager

GLOBAL TRENDS THAT IMPACT OUR ACTIVITIES



Economic instability and International Disputes:

With the impact of the pandemic, the slowdown in the global economy in the last 10 years, caused the biggest global recession after the 1929 Great Depression. The International Monetary Fund (IMF) stated its global growth expectation in 2021 as minus 4.4 percent in its "World Economic Outlook" report. It is predicted that developed economies will shrink by 5.8 percent and developing economies by 3.3 percent in 2020.

In 2020, the global debt is estimated to be at the level of 277 trillion USD. The wave of unemployment created by the pandemic, increasing political tensions, decreasing investments, and decreasing confidence in economic systems all over the world are among the indicators that the picture will continue in the short-medium term. Financial crises and unemployment also cause for an increasing social unrest.

Klimasan has managed this turbulent economic period without interrupting its operations, with its sound financial structure, effective corporate governance approach and proactive risk management. In 2020, sales decreased by 5.5% compared to the previous year and net sales revenue amounted to 978,280,732 TRY. Operating profit decreased by 23% compared to the same period of the previous year and 75,801,297 TRY was reached. Net Profit, which was 112,932,138 TRY in 2019, was 48,572,778 TRY in 2020. The effects of the global economic recovery, which started to be seen in 2021, are expected to be seen in our country in a short time.

Klimasan adopts a diversification strategy in both its customer and supplier portfolio. In this way, the company aims to minimize the risks that can be created by international disputes.

The COVID-19 Pandemic and Epidemics:

The COVID-19 pandemic has pushed the whole world into an unprecedented economic and social uncertainty in recent history. The pandemic, which revealed the vulnerabilities of the global economy, also led to the understanding of the limits of global supply chains. Production, which has come to a standstill in some sectors, has once again demonstrated the necessity of an effective risk management approach in terms of business continuity.

Klimasan has adopted an approach that prioritizes employee health during the pandemic. Production processes were carried out with the highest security measures in order to prevent breakages in the supply chains of our customers. Klimasan has become the first company in its sector to receive the "TSE COVID-19 Safe Production Certificate" in this process.

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. According to the Allianz Risk Barometer report, financial losses due to natural disasters have increased 15 times in the last 10 years, reaching 175 billion USD in 2020.

In Turkey, 2020 was recorded as the year in which the highest number of extreme weather events were seen in history. Heavy rain, flood, storm, and hail have adversely affected life in many regions.

As part of our approach to combating climate change at Klimasan, efforts are carried out to minimize the environmental impacts of both our operations and our products. Through innovation work, more environmentally friendly products are produced, and efforts are made to save energy in production and logistics processes with an integrated quality management approach. Climate Action which is the number 13 on the United Nations Sustainable Development Goals, is one of the SDGs we prioritize in our sustainability strategy.

Industry 4.0 & Internet of Things (IoT):

Digital transformation is happening rapidly across all sectors. The COVID-19 pandemic was also among the factors that accelerated

this transformation. The internet of things, smart devices and fast access to big data deeply affect the way of doing business.

Adaptation to Changing Legislation: 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: All over the world, the race to attract new talents continues independently from the sector. It is important to find talented, promising, and competent employees in order to realize the defined strategic goals of Klimasan. For this reason, the company implements projects and practices that will increase employee competencies and loyalty.



13 on the United Nations Sustainable Development Goals, is one of the SDGs we prioritize in our sustainability strategy.



MANAGEMENT

Approach

Klimasan adopts a fair, transparent, and engaging management approach. We aim to be a dynamic company that adheres to ethical values to respond to the changing global dynamics, turning risks into opportunities with a proactive risk management, and to be an employer and business partner of choice.



CORPORATE MANAGEMENT

As a company whose shares are traded on Borsa Istanbul, Klimasan has adopted the universal principles of Corporate Management Principles such as equality, transparency, accountability and responsibility; and aims to comply with the Corporate Management Principles of the Capital Markets Law to the maximum extent in its activities. In 2020, all necessary steps were taken within the scope of full compliance with the Corporate Management Principles. The Corporate Management Committee periodically audits Klimasan's compliance performance.

With strategic decisions, the Klimasan Board of Directors manages and represents the Company, and defines the strategic goals of the company, by keeping the risk, growth and return balance of the Company at the most appropriate level, considering 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.

Three committees operate under the Klimasan Board of Directors, composed of 6 members, one of which is executive: The Audit Committee, which is responsible for the supervision of Klimasan's accounting and reporting system, the audit and public disclosure of financial information, and the effectiveness of the internal control system; the Corporate Management Committee, which carries out audit and improvement efforts in compliance with corporate management principles; and the Early Detection of Risk Committee, which is responsible for the detection and elimination of risks.

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

Corporate Management Compliance Report ("URF")
<https://www.kap.org.tr/tr/Bildirim/916210>

Corporate Management Information Form ("KYBF")
<https://www.kap.org.tr/tr/Bildirim/916212>

INTERNAL AUDIT AND CONTROL

Internal Audit department audits all companies and units at periodic intervals every year. 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 auditing at Klimasan is carried out according to 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, effectiveness and efficiency of operations, protection of company assets, and compliance with legislation, regulations, and contracts.

FAIR COMPETITION

Competition law encourages competition in the market and ensures the continuity of competition by prohibiting the anti-competitive behaviors of undertakings in the market. Competition law aims to create a free competition environment. Thus, more, and different goods and services emerge, and high-quality products and services are provided at low prices.

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.

Maintaining an ethical, transparent and fair approach in its relations with its competitors, Klimasan refrains from any anti-competitive behavior, observes the specified confidentiality rules, and displays a determined stance against any action that may fall within the scope of monopoly and trust. 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.



RISK MANAGEMENT

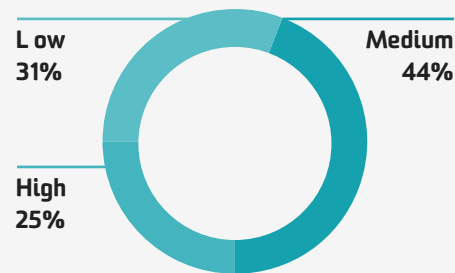
Klimasan adopts a proactive risk management. The Early Detection of Risk Committee is responsible for identifying and monitoring all risks that the company is or may be exposed to.

The Committee is responsible for the early detection and evaluation of all kinds of strategic, operational, financial and other risks that may endanger the existence, development and continuation of the Group, the calculation of their impact and probability, the management of these risks in accordance with Klimasan's corporate risk-taking profile, their reporting, and the reporting of the identified risks. It was established to make recommendations and suggestions to the Board of Directors on the implementation of the necessary measures, their consideration in decision mechanisms, and the establishment and integration of effective internal control systems in this direction.

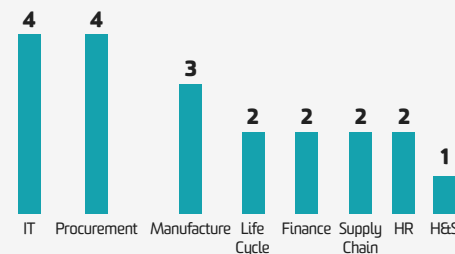
The Early Detection of Risk Committee meets six times a year.

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.

DISTRIBUTION OF A TOTAL OF 170 CORPORATE RISKS BY DEPARTMENTS AND RISK CATEGORIES AS OF THE END OF DECEMBER 2020



DISTRIBUTION OF THE TOP 20 RISKS BY DEPARTMENTS



Corporate Risk Management: Corporate Risk Management is carried out under the organization of Internal Audit, Sustainability 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.

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, COVID-19 risks were added to the Corporate Risk Register of the Departments.



BUSINESS ETHICS

Klimasan aims to offer a working life that prioritizes human dignity for all its stakeholders, especially its employees. Klimasan Business Ethics and Code of Conduct Manual is Klimasan's main guide in the field of business ethics. Ethical rules and principles that Klimasan employees are obliged to comply with are described in the Job Descriptions Folder "Klimasan Human Resources Handbook," where Blue-Collar and White-Collar Job Descriptions are shared with our employees via QDMS.

Klimasan Audit Committee reviews the company's compliance with business conduct and ethical rules, fraud risk assessments, fraud and business conduct rules, and ethics training.

In order to support the practical operation of the Code of Business Ethics implemented in our company, an "Ethics Hotline" has been established, which is open to the access of Company employees and works with the principle of confidentiality.

The Ethics Hotline allows employees to present their concerns and complaints about ethical issues concerning the company to Klimasan through the Internal Audit Department, which operates independently and acts on behalf of the Board of Directors

and reports directly to the Audit Committee. Employees who want to draft a report through the Ethics Hotline can send their notices to the Company via etik@klimasan.com.tr e-mail address, the phone of the Internal Audit Department, and the mail that can be sent to the company on behalf of the Internal Audit Department; all of which are accessible only to the Internal Audit Department.

In 2020, 3 notifications were made on the Ethics Hotline and resolved. During the reporting period, 90% of Klimasan employees participated in informative activities on ethics and compliance.

During the reporting period,
90%
of Klimasan employees participated
in informative activities on ethics
and compliance.



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 labour, forced and compulsory labor.

For suppliers and business partners to meet similar working norms, suppliers' practices are followed, and contributions are made to improve conditions. (For details: Sustainability in the Supply Chain, page 70).



EMERGENCY PREPAREDNESS

Events that require emergency response, first aid or evacuation such as fire, explosion, spread of dangerous chemicals, natural disasters that may occur in the whole or a part of the facility at Klimasan are classified as emergencies.

Emergency Crisis Team, Fire Technical Team, Fire Extinguishing Team, Search, Rescue and Evacuation Team, First Aid Team, Social Affairs Team were formed in order to eliminate the current risk in emergency situations, to protect employees and to prevent material damage to the company. 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.



Evacuation Plan has been created to ensure the evacuation process is carried out safely in case of emergency. This plan is displayed in various areas of the factory where employees can easily see it. Evacuation plans are explained in basic OHS trainings and on-the-job training. Employees are constantly informed. The evacuation plan is revised when plant 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 assembly areas are hung in the entire plant area as specified in the Fire Fighting Instruction. All employees are trained and documented about the assembly areas. There are emergency direction signs in the entire operation area.

At Klimasan, the drills are planned and announced annually. Four types of exercises are carried out as announced, semi-announced, unannounced and actual.



SUPPLY CHAIN MANAGEMENT

Klimasan supply chain management is a structure that prioritizes supply security and ethical trade. In order to ensure supply security, alternative suppliers are determined for the suppliers in the high-risk group through the joint work of the relevant purchasing and input quality department officer and the supplier development unit.

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 in November 2020. Various training programs are implemented to increase the capacity of unit suppliers.

Through the annual supplier audits, it is guaranteed that the suppliers work in the same norms as Klimasan. The scope of

the audit is determined according to the Supplier Audit Evaluation Question List. Field inspections are carried out at least once a year. 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. In addition, suppliers are evaluated with self-evaluation surveys every year.

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.



Due to the pandemic, supplier visits could not be made in 2020. In the previous years, approximately 25% of the suppliers were evaluated and visits were planned to 90% of the suppliers with low scores.

Klimasan develops joint projects with its suppliers based on trust and long-term relationships. These projects, which are called "win-win" projects, are developed together with suppliers, and beneficial products and processes are designed for both parties in terms of cost advantage and innovation.

Organized with a different theme every year; "Klimasan Auxiliary Industry Day", which contributes to both strengthening communication with suppliers and increasing their knowledge on subjects such as Sustainability, Environment, Energy and Carbon Management, OHS, could not be held in 2020 due to the Pandemic, and is aimed to be held in the second half of 2021.

Klimasan adopts a local supply policy. In this way, the company increases the added value it provides to the country's economy. In 2020, 84% of the total number of suppliers and 68% of the purchasing budget consisted of local companies. The budget allocated to local procurement is over 450 million TRY.

Klimasan Supplier Evaluation Methodology

Points	Class	Process
86-100	A	A thank you letter is written to the company
71-85	B	Suggestions for improvement are attached to the thank you letter.
61-70	C	A letter is written to the company about the problems encountered and a corrective + preventive action letter is sent to correct the situation. The company is asked to correct their status by the end of the next 5 shipments and increase their score above 70.
51-60	D	The company is audited, and an action plan is requested regarding the problems experienced. They are asked to correct their status at the end of the next 5 shipments and increase their score above 70.
<50	E	The company is removed from the Approved Auxiliary Industry list.



In 2020,

84%

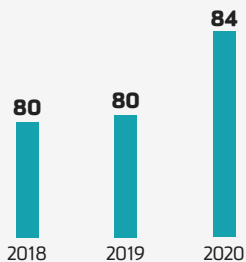
of the total number of suppliers and

68%

of the purchasing budget consisted of local companies. The budget allocated to local procurement is over

450 million TRY.

LOCAL SUPPLIER RATE BY YEAR



LOGISTIC IMPACTS

Logistics is among the subjects that have a significant impact on climate change due to the greenhouse gases produced by vehicles. Therefore, reducing the environmental impact in activities concerning logistics has an important value for the entire supply chain. At this point, in order to prevent transportation from harming natural life, green supply chain and logistics that will minimize the damage of greenhouse gases, lower emission values in terms of climate change and sustainability and less gas emissions are at the center of our work.

As Klimasan, our sustainability policy is based on a proactive approach to prevent problems before they happen. With this understanding, we know it is a journey that is open to continuous improvement and that the bar must always be raised higher. We see our stakeholders as solution partners in these works, and we include them in our work by increasing their awareness on this issue.

For this reason, the following criteria are taken into consideration for the companies from which we purchase services in terms of logistics.

1. Use of vehicle with low carbon emissions,
2. Optimization of shipping routes,
3. Training of employees on safe and economical driving,
4. Evaluation of transport methods with lower emission values,
5. Monitoring of performance parameters such as Optimum Fuel Performance, Target Liters and Speed Determination for economical driving,
6. Accident-free work





Our Sustainability *Approach*

The increasing negative effects of climate change, the decrease in biodiversity, and the global demographic changes caused by migration have carried the criteria of being a globally successful company far beyond short-term profit growth.



The COVID-19 pandemic, which brought economic and social life to a standstill all over the world in 2020, also served as a magnifying glass for the issues of the global economic system.

The mediums that provide instant access to information, the changing demands of young employees and customers, compliance with increasing and changing regulations, the spread of green economy and responsible financing practices have encouraged institutions to create sustainability strategies integrated with their business processes.

Klimasan closely monitors the changing sustainability trends in the world. Having adopted a sustainability-oriented management approach since the day it was founded, Klimasan adopts a stable economic growth model that considers social and environmental factors. Efforts are made to integrate economic, social and environmental factors into decision-making mechanisms in all strategic and operational processes.

SUSTAINABILITY PRIORITIES

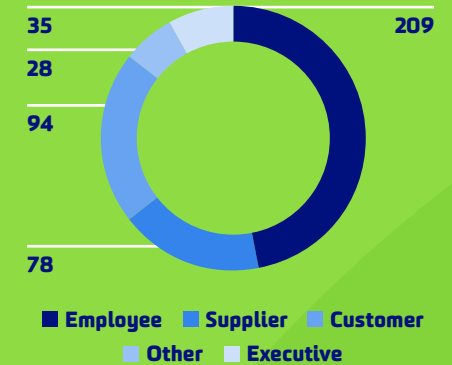
Areas of focus in the field of sustainability have been determined through a series of efforts carried out at Klimasan in 2020. In the prioritization study, a subject universe consisting of subjects that may be important for Klimasan's activities was created. The wide subject universe has been narrowed down by evaluating with the members of the Sustainability Committee. The issues that were identified were submitted to the evaluation of their employees and external stakeholders. 444 responses were provided to the questionnaire. Participants evaluated these issues in the context of impact, risk and opportunity for Klimasan. Participants also evaluated the global trends that may affect Klimasan's business model and the UN Sustainable Development Goals that the company is asked to contribute.

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.

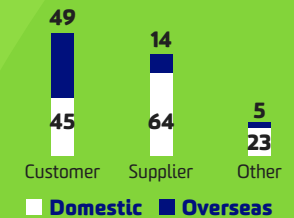
Resources referenced when determining sustainability priorities

- » 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

OUR STAKEHOLDERS CONTRIBUTING TO THE PRIORITIZATION STUDY



DISTRIBUTION OF EXTERNAL STAKEHOLDERS PARTICIPATING IN THE SURVEY



KLIMASAN PRIORITIES



Material Sustainability Issues by our Stakeholders

	Employees	Executives	Customers	Suppliers
R&D and Innovation	✓	✓	✓	✓
Employee Development	✓			
Energy and Emission Management			✓	✓
Occupational Health and Safety		✓		✓
Corporate Governance and Risk Management	✓			
After-Sales Services		✓	✓	
Supply Chain Management / Responsible Procurement	✓			
Technology and Digitalization			✓	✓
Product Responsibility and Customer Satisfaction	✓	✓	✓	✓
Legal Compliance		✓		



UN SUSTAINABLE DEVELOPMENT GOALS THAT WE CONTRIBUTE:



SDG 3 Good Health and Well-being

As a manufacturing company, we aim to provide the best possible health conditions for our employees with occupational health and safety practices. Through our products, we contribute to the healthy consumption of customers' products at the right temperature.



SDG 8 Decent Work and Economic Growth:

In order to provide our employees with the working conditions they deserve, international standards are taken as a guide, and the principles of not employing child labor and forced labor by ensuring fair working conditions are taken as basis in purchasing procedures. Production and economic growth are increased with investments in R&D and innovation.



SDG 12 Responsible Consumption and Production:

Efficient use of natural resources, increasing reuse with effective waste management and preferring environmentally friendly disposal methods are the principles followed in all processes at Klimasan.



SDG 4 Quality Education:

Our employees are provided with access to vocational training and lifelong learning opportunities through career development activities.



SDG 9 Industry, Innovation and Infrastructure:

Innovation and innovative products are supported for sustainable development. The resources allocated for R&D are increased every year.



SDG 13 Climate Action:

Klimasan aims to minimize the negative effects of its activities on the environment and to increase 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.



SUSTAINABILITY MANAGEMENT

Sustainability Committee has been established to ensure that sustainability issues create long-term value for our stakeholders and are integrated in decision-making mechanisms and business processes. The chair of this committee is Sustainability and Quality Management Systems Manager.

The committee is specifically structured to integrate sustainability issues and opportunities into all activities, products and services. It ensures that all work done is consistent with internal policies and relevant legislation. The Sustainability Committee decides on Klimasan's strategic direction and action plans. The Committee meets to review and decide on the recommendations made by the Sustainability Team and employees working on sustainability-related issues. The Sustainability Committee convened once in 2020.

Decisions taken by the committee are shared with other units. The Committee also ensures the integration of all material issues into environment, energy, carbon management system parameters, products, services and decision-making mechanisms.

The team, which regularly reports to the Sustainability Committee, works in cooperation with Klimasan units in the process of transforming the decisions taken by the Committee into practice. It monitors progress at regular intervals, ensures the consolidation of sustainability data and its evaluation within the scope of Klimasan's performance indicators, and coordinates the collection of information and data from other units.



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 Committee, Board and Teams

- » Sustainability Committee
- » Suggestion Evaluation Board
- » Kaizen Team
- » TPM Team
- » Process Safety Board
- » QMS Documentation Team

Integrated Management System Boards

- » Environmental Board
- » Carbon and Energy Board
- » 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 Communication Team

OUR SUSTAINABILITY COMMITTEE IS RESPONSIBLE FOR

- » Expanding our sustainability approach into corporate culture,
- » 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 field 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".

At Klimasan, all basic sustainability performance indicators are monitored through the "Sustainability Scorecard". 28 key performance indicators under the headings of fair trade, employee and human rights, environment and ethical procurement are reported in comparison with past performance, and improvement suggestions are prepared by evaluating the results.



STAKEHOLDER RELATIONS AND CORPORATE MEMBERSHIPS



Klimasan, one of the leading companies in its sector, manages a wide stakeholder network. Klimasan considers it among its corporate responsibilities to provide accurate, timely and necessary information to all its stakeholders and to regularly analyze the views and expectations of its stakeholders. A transparent stakeholder communication is aimed with appropriate communication platforms prepared for all our stakeholders.



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, In-Company Portal, Corporate Reports, Printed and Digital Documentation, Presentations, Employee Satisfaction Surveys, Notice Boards, Integrated Management System Announcements, Posters and Brochures, Suggestion Forms, Near Miss Notification Forms
Customers	Face to Face Meetings, Online Meetings, Audits, e-mail, Telephone, Website, Social Media Accounts, Advertisements, Campaigns, Social Responsibility Campaigns, Customer Satisfaction Surveys, Written and Visual Press Ads, Sales Reports, Call Center, Sponsorships, Customer Perception Research, Written and Visual Media, Presentations, Satisfaction Studies
Suppliers and Subcontractors	Face-to-face Meetings, e-mail, Telephone, Online Meetings, Field Audit, Quality Meetings and Evaluations, Supplier Audits, Supplier Trainings, Website, Printed Documentation, Performance Evaluations, Tenders, Feedbacks, Supplier Days Meetings, Corporate Reporting, Social Responsibility Project Meetings, Presentations, Supplier Development Research, Supplier Portal
Competitors	Sector Information, Product Information, Campaign Information, Website, Social Media Accounts, Printed Documentation, Surveys, Corporate Reporting, Written and Visual Media
Authorized Services	Face-to-face Meetings, Online Meetings, e-mail, Telephone, Audits, Website, Social Media Accounts, Satisfaction Surveys, Suggestion Form, Presentations, Organizations, Trainings, MKS (Metalfrio Easy Service)
Society	Regional/National/Local Campaigns, Website, Social Media Accounts, Trainings, NGO Projects, Written and Visual Media, Local Meetings, Dealers and Authorized Services, Brochures, Advertisements
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
Official and Public Institutions	Face-to-face Meetings, Online Meetings, Audits, Website, Corporate Reporting, e-mail, Telephone, Printed Documentation, Written and Visual Media
Media	Press Releases, Press Conferences, Organizations, Advertisements, Web Page, Launches, Corporate Reports, Face-to-face Meetings, Local and National Printed and Visual Press, Interviews, Social Media Accounts
Investors	Annual Reports, Legal platforms such as Public Disclosure Platform (KAP), Central Securities Depository of Turkey (MKK), Investor presentations, Corporate website, Material Disclosures



Primary Communication Platforms with Stakeholders:

For Dealers

Domestic retail dealer meetings

Objective: Evaluating the performances of dealers during the year and learning their expectations, collecting their feedback on the sector, market, competitors, products, and trade.

For Authorized Services

Domestic authorized service meetings

Objective: To review the activities of authorized services during the year, which manage the after-sales service processes of the customers. Improving technical training and service processes with applications, processes, and projects to be commissioned in the future.

For Customers

“Ortak Alan” vertical communication platform

Objective: 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. Via this platform, information can be exchanged with our customers and sectoral partners.

International fairs

Objective: Klimasan participates in prestigious and specialized fairs abroad.

2017 – Dubai / UAE Gulfood Manufacturing
 2017 – Munich / Germany - Drinktec
 2018 – Dubai / UAE Gulfood Manufacturing
 2019 – Dubai / UAE Gulfood Manufacturing
 2019 – Nuremberg / Germany – Brau Beviiale



For Group Companies

Global strategy meetings

Objective: Klimasan is a critical investment of Metalfrío | Solutions, one of the world's largest commercial refrigeration brands. Thanks to its physical proximity to target markets and its agile organization, Klimasan is the flagship of the group in the European, Middle Eastern, African and Russian markets, including the CIS countries. For sustainable success, senior decision makers in this organization meet on the basis of country/group directors every year to make a strategic assessment of the network established in Brazil, Turkey, Mexico and Russia and to share recent developments in the markets. Team spirit, motivation and leadership seminars are also held in the sessions where the opportunities in the markets, best practices and especially long-term investments are evaluated.

For Investors

October 25, 2019: 50th Anniversary and New Investment Event of Klimasan

Objective: Klimasan makes continuous investments both for improvements in market needs and to grow in new markets. In recent years, investments made for agility in infrastructure, workforce, digitalization, and processes are shared with the Public Disclosure Platform (KAP) and the press. The new facility was opened along with the guests at the event on October 25, 2019. Corporate customers, suppliers, government protocols and members of the press from Turkey and abroad attended this event.

For Suppliers

Supplier Portal

Objective: Klimasan aims to establish long-term and trust-based relationships with its suppliers. All suppliers working with Klimasan can access up-to-date technical drawings of the parts they manufacture via the Klimasan Supplier Portal with the username and password defined for them. Each supplier can only access the technical drawings and details of their respective product.



You can find the 50th anniversary video of Klimasan [here](#): 





At Klimasan, producing quality and reliable products and ensuring customer satisfaction are business priorities managed at the highest standards. For this purpose, integrated quality management is implemented in our company, trainings and projects are carried out to improve after-sales services.

TOTAL QUALITY MANAGEMENT

Total Quality Management is implemented 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. This philosophy is supported by compliance with many international standards at Klimasan. As a requirement of all these standards, preventive approaches are developed by identifying the factors that

pose a threat to strategic targets through risk management practices carried out at the level of senior management, departments and integrated management systems at Klimasan. Within the scope of the Integrated Management System, bimonthly review meetings are held in order to identify potential risks, take precautions and evaluate opportunities.

Klimasan's Management System and Quality Certificates



CE Certificate (For all products)

Our Products

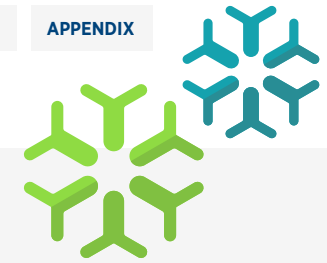
Horizontal freezers, Vertical coolers, Sub-zero coolers, Open front coolers

COVID-19 Safe Production Certificate

Klimasan is the first company to receive the internationally valid "COVID-19 Safe Production Certificate" issued by the Turkish Standards Institute (TSE) in both the commercial refrigerant and deep freezer sector, by carrying out safe production practices, infection prevention and control efforts from the very beginning of the COVID-19 pandemic.

You can find the Integrated Management System Policy [here](#):





PROCESS MANAGEMENT

Klimasan's approach to permanent success lies in ensuring the continuity of efficient production activities through the implementation of management systems designed to continuously improve performance by considering the needs of relevant stakeholders. For this purpose, many standards are followed within the scope of Total Quality Management at Klimasan.

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

By integrating the Klimasan documentation system into the QDMS Document System Module, regular review, revision, and follow-up processes have been enabled, providing easy access to all relevant employees and a transparent management approach.

Findings obtained as a result of the audits, detected non-conformities or possible improvement works are followed separately for all management systems with the QDMS Action Module.

54 existing processes at Klimasan are managed with Process Management Cards. In each process card, there are 9 sections: Internal Matter, External Consideration, Interest Groups, Related Parties, Related Party Needs and Expectations, Process Card, Workflow Chart, Process Swot Analysis and Risk-Opportunity Evaluation of the process.

Number of documents in QDMS
4.112

Total number of newly prepared documents in 2020
180

The total number of documents revised in 2020
251

Number of devices followed by calibration
158

Number of devices/equipment followed by verification
157

DIF opened in 2020 and Number of Actions
1,616

Number of DIFs and Actions Closed in 2020
1,411

Total Number of DIFs and Actions opened via QDMS
8,114

Total number of DIFs and Actions closed via QDMS
7,947



A realistic and measurable KPI-Key Performance Indicator has been created in order to keep processes under control and to ensure continuous improvement, with the philosophy that nothing that cannot be measured can be improved. Our processes are managed with 120 KPIs.

The values of the KPIs, which are tracked at the senior management level, called Management KPI, are monitored instantly thanks to Power BI.

Actions for KPIs realized below the target are followed by PDCA Forms based on root cause of nonconformity, actions to be taken, and deadline. Process improvements are made accordingly.

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

Internal auditor trainings are given to department managers and employees determined by department managers in order to audit the existing management systems more effectively and to raise awareness of the Integrated Management System understanding.



Continuous Improvement at Klimasan

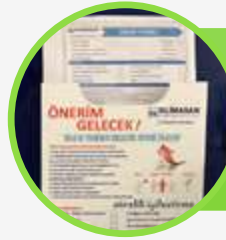
Suggestion Evaluation System

In 2019, the Klimasan Suggestion Evaluation System was established to listen to our employees and collect their suggestions that will strengthen their loyalty.

With the Suggestion Evaluation System, we aim to:

- Spread the culture of «continuous improvement» by eliminating the losses,
- Provide the employees with the opportunity to present their original, innovative, and creative suggestions for company activities to the senior management,
- Increase employee motivation and loyalty to the company,
- Ensure effective participation in achieving the company's sustainable, corporate development and strategic goals,
- Ensure that the employees examine the area they are responsible for as an outside eye,
- Create a platform where ideas are evaluated with the participation of all stakeholders.

Incoming suggestions are evaluated twice a month by the Suggestion Evaluation Board and scored according to the determined criteria. Accepted suggestions are used as a resource within the scope of continuous improvement studies and are followed



Since February 2019, when the Suggestion System was implemented, 396 suggestions have been received, of which 244 have been accepted as "recommendations" and 203 of the accepted suggestions have been followed up with the QDMS Action Module.

through the QDMS Action Module. After the monthly evaluations, the employees with the highest 8 suggestions are rewarded with a gift certificate and Certificate of Achievement at Suggestion Award Ceremony.

Since February 2019, when the Suggestion System was implemented, 396 suggestions have been received, of which 244 have been accepted as "recommendations" and 203 of the accepted suggestions have been followed

up with the QDMS Action Module. 190 of the opened actions were implemented and closed. With the suggestions, approximately 850 thousand TRY was saved from only 5 suggestions made in 2019.



Kaizen Studies

Kaizen is realized by continuous improvement of technical tools, time spent in production, cost and process. In this way, amelioration in results is achieved in the short term and improvement in the long term. The Kaizen technique is a strong contributor and a fundamental part of the lean manufacturing process model in lean manufacturing.

In Kaizen, the human element has a different importance compared to other production processes. For this reason, priority is the functioning of teamwork.

At Klimasan, it is ensured that all employees in production and management participate in the process. The primary goal is to involve people in production who are in direct contact with problems and who can notice them, with the continuous improvement projects carried out by the Kaizen team and the process improvement studies followed by the QMS. For this reason, every individual working in the process is responsible for and a part of Kaizen. The ideas of employees at all levels are collected and these ideas are used as data that guides the process.

Within the scope of Kaizen efforts in 2020, approximately 390 equipments, gauges, workstations and transfer equipments were designed and manufactured for the purpose of improvement and support.

Line Balancing and Improvement Project

Line balancing work was carried out with the "Lean Line Balancing Program" in SC, DD,

Metal Works and Secondary Door Lines, and an improvement of 12% was achieved. Within the scope of this project, the operators are video recorded throughout their work, covering all their movements and durations in a cycle time, such as their work completion times, transitions between jobs, movements, reaching products and vehicles. The video recording is divided into the operation steps in the related line balancing program, and the data is poured into the data and optimized line balance is created. The balancing process is completed by assigning an optimized number of operators and optimized time to the relevant jobs for the line under investigation.

Total Productive Maintenance (TPM)

TPM approach has an important place across all operations at Klimasan. By engaging all employees in TPM applications, we aim to reduce and eliminate machine downtimes, to carry out planned and predictive maintenance regularly, and to ensure continuous improvement.

While 33 Kaizen applications were implemented in 2019, 263 planned and predictive maintenance activities were carried out in 2020. Despite the production and maintenance activities carried out with limited working conditions and pandemic restrictions, 15 Kaizen applications were implemented and supported by regular 5S activities and 5S Trainings. With the autonomous maintenance form and weekly reports, TPM activities are easily monitored and audited.

HIGHLIGHTS OF 2020

Energy Saving Kaizen Efforts on Lines

With the improvement efforts, the vacuum pump and conveyors stop working automatically when perceived that the system does not work at the end of the shift. With this effort; Energy savings and occupational safety are ensured, standardization was achieved by applying the application on all lines, annual energy savings of approximately 532,000 kWh were achieved.

Investment on Natural Gas Saving Device Installation and Implementation

With the energy-saving devices installed in various areas at Klimasan production site, 5% natural gas savings were achieved. With the project started in 2019, an annual natural gas saving of 492,947 KW was achieved.

Making the Software in the Test Room No. 9 within Klimasan

The revision, automation and software works of the Room 9 climatization system, which has completed its life span and cannot operate under the desired conditions, were carried out within Klimasan. With the project, significant know-how was gained, a user-friendly and service-free system was installed, and approximately 335,000 kWh of electricity was saved.

Works on 134-404 Gas Line

r134 and r404 gases, which expand in line during hot weather, cause leaks, explode the filters of gas chargers and cause downtime and gas consumption. 2 expansion accumulators are placed at the end of the line, preventing gas consumption and providing energy efficiency.



CHILLER INVESTMENT

The COP values of the chillers were determined as a result of the energy study conducted in 2020, and it was observed that the current values were greater than the ideal. It is foreseen that a saving of 66,885.00 kWh/year can be achieved with the new chiller investment that will aims to save energy.

3. Transformer Investment and Ensuring Internal Load Balance

With the 3rd transformer investment made in Klimasan, the energy capacity has increased and the risk of thermal tripping due to overload has been eliminated. OHS risks that may arise have been prevented, a successful TPM application has been put forward together with energy balancing, and it has provided an environment for predictive maintenance.

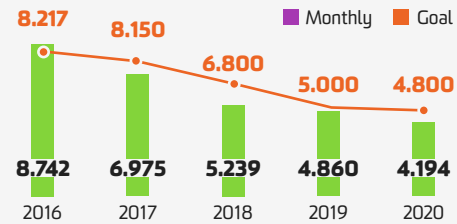
Reducing Production Loss Time

As a result of the contribution of regular 5S, kaizen, autonomous maintenance, planned and predictive maintenance activities and the competencies of the employees in Klimasan in the last 5 years there has been a 47% improvement in production lost time rates (person.hour.ppm) resulting from breakdowns and downtimes by the end of 2020.

As a result of the Detailed Energy Study, general energy consumption analyzes were made and the measurement results were evaluated. Studies have been carried out on the points that have been identified, points causing loss, and how much loss has occurred from these points, and the necessary investment to compensate for this loss.

The energy efficiency projects that can be implemented as a result of the studies, the amount of savings (in kWh / year and TRY / year), investment amount and payback periods are as follows.

LOST TIME (PPM)



2021 target: Using Compressor Waste Heat in Hot Water Power Generation

By converting the waste heat obtained from the 250 kW compressor in Klimasan into heat energy, we aim to increase energy efficiency. This application, which was planned in 2020 and is at the project stage, is aimed to be implemented in 2021. By recovering the waste heat, 392,450.80 kWh/year energy savings will be achieved.



Project Implementation Order	Preventions	Type of Energy	Amount (kWh)	TEP/Year	TRY/Year	CO ₂ Reduction Amount (Ton/Year)	Investment Amount (TRY)	Payback Period (Year)	Implementation Time (Term*)
1	Elimination of compressed air leaks	Electricity	382,625.88	32.91	196,554.91	223.07	-	-	Short Term
2	Recovery of waste heat of Compressor 1	Natural Gas	392,450.80	33.75	62,399.68	91.83	152,379.00	2.44	Long Term
3	Valve jacket insulation application	Natural Gas	9,071.44	0.78	1,442.36	2.12	4,480.00	3.11	Long Term
4	Replacing the LENNOX brand air-cooled chiller with an air-cooled chiller with higher COP	Electricity	66,885.00	5.75	34,358.82	38.99	284,440.80	8.28	Long Term
TOTAL**			784,148.12	67.44	260,396.95	317.02	156,859.00	0.60	Short Term

HIGHLIGHTS



Improvement of Waste Collection System (Milk Run Vehicle) Project

The collection of recyclable waste formed in the production processes used to be carried out with boxes and parcels. After transferring into the new practice, 16 crates were built for the collection of recyclable wastes, and the crates were transported during the day with the Milk Run vehicle.

With another improvement made in 2018, glass waste began to be collected separately and sent for recycling. With 130 tons of glass sent for recycling in 2020, 13,000 liters of gasoline were saved.

Project for Reducing Polyurethane Waste PPM Value in 500-600 DF Cabinets:

The purpose of increasing the flap size of 500-600 DF cabinets is to reduce the amount of PU by increasing the flap weight and accelerating the closing speed. Thus, it is aimed to close the damper quickly and to reduce the amount of PU waste.

Non-Hazardous Waste (Plastic) Reduction Project

Work order pallets given to production are stretched so that they do not fall apart during transportation by forklift. By using smart box instead of stretch, work order pallets have become more protected. Since smart boxes are reusable, the use of stretch spent for work order pallets will be reset, and the formation of plastic waste will be prevented, thereby reducing waste at its source, contributing to recycling and circular economy. All areas where stretch is used will be investigated and standardization will be ensured by applying this project in all areas where it can be eliminated.

Waste Battery-Waste Domestic Oil Collection Campaign within the Scope of June 5th Environment Day

Klimasan organizes "Waste Battery Collection" and "Waste Vegetable Oil Collection" campaigns every year as part of the "June 5th World Environment Day" to raise awareness on nature and waste separation.

At the end of the campaign, the collected wastes are weighed separately, the people who bring the most waste from the Waste Battery Collection and Waste Vegetable Oil Collection categories are determined and rewarded. Individual

saplings are donated to Klimasan Grove as a gift to all participants, and they are given the right to participate in the planting event in October every year.

As part of the June 5th Environment Day, the waste collected during the "Waste Battery & Waste Oil Collection Campaign", which we carried out to raise awareness on nature and waste separation, prevented the pollution of 17,836.6 m² of soil and 20,460,000 liters of drinking water.

23 April Award-Winning Recycling Project:

Contributing to the environmental awareness of children, the Recycling Contest covers the children of all employees between the ages of 4 and 12. In the recycling competition with the theme "A Clean Future is Possible with Recycling", all of our children who made 3D designs from recyclable waste were awarded and the designs were exhibited within the company, as every year.

Donation to Manisa Association for the Disabled

Dryer covers, which are used in production and are household waste, were evaluated as plastic waste, and with the income obtained, battery powered wheelchairs were donated to Manisa Association for the Disabled.



Ecovadis Gold Rating!

Ecovadis is a sustainability data platform used by large multinational companies to increase sustainability in their supply chain. Klimasan has been participating in Ecovadis since 2013. In this process, the Environmental Score increased from 40 to 70, and the total score increased from 35 to 61. With this performance, Klimasan was announced as a "Success Story" in the Heineken Sustainability Report.

In 2019, Klimasan received the "Gold CSR Rating" rating by being in the 5% company group with the highest score in the EcoVadis evaluation.

KLIMASAN SUPPORTS THE UN GLOBAL COMPACT

By signing the Global Compact in 2019, Klimasan shared its commitment to the environment, human rights and ethical trade and its commitments in all its processes with all its stakeholders.



Stakeholder Opinion: METİN GÜNERCAN REKA Chairman of the Board

Klimasan is among the leading companies in Turkey, belonging to one of the leading business communities of the world in its sector. It contributes to the development of the region and our country with its flexible structure that has fully established its corporate organization, is open to development, and can keep up with the changing dynamics of the era and the sector.

With its agile structure, experienced staff, and management organization, Klimasan is able to keep up with the times. In today's world where change is very fast, it is always one step ahead of this change with its entire team under the leadership of its experienced executive staff.

Klimasan does not ignore neither its internal and external dynamics nor employee satisfaction. As an outsider, we can clearly see that the safety of its employees comes first, and their happiness is very important for Klimasan.

Klimasan is a company that prioritizes the environment in all its complex production and organizational structure. It also demonstrates its sensitivity to the environment in the civil society projects it participates in and with the significant amount of resources it allocates every year.



Awareness towards humanity and the environment, which they value above everything else, takes Klimasan one step ahead of its competitors and other industrial establishments, by adding value.

Klimasan also plays a very important role for the region and Turkey with its export success and contribution to employment. The contribution of our country to the priority of industry and employment cannot be ignored.

As Reka, we consider Klimasan as a solution partner, a commercial partner, rather than a customer. We are working with all our strength to respond to the variable production structure by customizing our Klimasan teams in order to keep up with the highly variable production structure and create solutions that are customer and order oriented. We have revised these departments to send the fastest and highest quality products by keeping them separate from our standard production structure.

Finally, working with Klimasan and being a part of this structure has been a source of pride for us from the very beginning. Klimasan has been a very valuable reference for Reka and this is proudly indicated in every field.

We would like to thank all Klimasan departments, especially the executives and professionals, who bestowed such a company to the region and our country and contributed to its continuity.

Stakeholder Opinion: Niklas Lundkvist Nordic Cooling Solutions – Sales Manager

We have been working with Klimasan for many years. It is a company that is always at the forefront with its excellent customer relations and product quality. They expand their growing success each coming year. We are proud to work with a leading company in its sector and it is a pleasure for us to grow and progress with them every year.





CLIMATE *and Environment*

As predicted in the World Economic Forum's 2020 Global Risk Report, environmental risks associated with climate change are at the top of the ten most important risks in terms of impact and probability.



8 DECENT WORK AND ECONOMIC GROWTH 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	13 CLIMATE ACTION 
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Natural disasters which caused many deaths and property loss all over the world in 2020, were the main subject of the news. In 2020, the number of weather and climate events with material damage exceeding USD 1 billion has reached a record level.¹

In order to reach the 1.5 °C target stipulated by the Paris Agreement, global emissions must be reduced by 7.6% each year until 2030. Many countries and trade regions have begun to announce their zero-carbon targets. The European Green Deal aims to adopt its own environmental standards to its commercial partners through mechanisms such as "Carbon Regulation at the Border".

The negative effects of climate change also cause the loss of biodiversity and the rapid decline of natural resources. Finding rational alternatives to the use of natural resources in production processes provides companies with a significant competitive advantage.

Klimasan considers the protection of environmental resources by carrying its activities with the lowest environmental impact as one of its main responsibilities. In addition to the direct environmental impact we create, efforts are made to control and improve the indirect environmental impacts that occur throughout our 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.

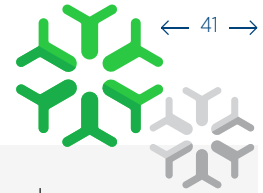
Klimasan fully complies with environmental laws and regulations. With the practices implemented within the scope of energy management, the carbon footprint has been measured since 2011 and projects are developed to reduce it continuously. With waste management practices, efficient use of natural resources and materials is ensured, and practices are developed to prevent the formation of waste and wastewater at its source.

Our Environmental and Energy Management System is based on Klimasan Inc's Integrated Management Systems Policy titled "Environment - Dimension - Impact Assessment" and in line with the IMS Integrated Management System, which also includes ISO 14001/ISO50001 standards. In this direction we are committed to:

- Taking into account the life-threatening environmental effects of our products from the design stage, we aim to benefit from raw material sources that do not carry pollution and health risks,
- Managing our waste and ensuring their recovery in a way that will not harm the environment,

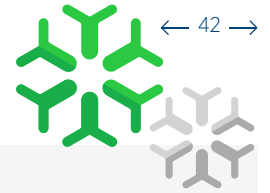


¹ <https://www.ncdc.noaa.gov/billions/>



- Attaching importance to recycling, striving to minimize the pollution that may arise from our activities and preventing it at its source, to leave a clean and livable environment for future generations,
 - Reducing the need for treatment or disposal by keeping natural resource consumption, climate change and emissions under control; ensuring the reduction of waste at the source and the efficient use of natural resources by using clean technologies in production,
 - Making investments that are sensitive to the environment, and ensuring the protection of the environment by predetermining and evaluating the environmental impacts of new investments,
- Integrating sustainability and environmental requirements into our business processes and improving the ecological footprint of our products throughout their entire life cycle.
 - Minimum negative impact on the environment is aimed with the Internal Audits carried out periodically within the scope of ISO 14001 EMS Standard. In this context, as a result of the internal audit conducted in 2020, non-conformities and improvement efforts were determined, 55 actions were opened over the QDMS Action Module, and 42 of them were improved by taking quick action and the action was closed. The work of the remaining 13 is still in progress.
- Comprehensive environmental goals have been set at Klimasan in accordance with its Environmental and Energy Policy:
 - Reducing the amount of waste per unit product by 3% compared to the previous year;
 - Reducing the amount of hazardous waste per unit product by 3% compared to the previous year;
 - Reducing electricity consumption per unit product by 2%, natural gas consumption by 3% and water consumption by 3% compared to the previous year, regarding environmental sensitivity and natural resource consumption,
- To organize training and awareness-raising activities for employees, subcontractors and suppliers for at least 3 hours in order to improve environmental awareness,
 - To stay below the limit values in the "Water Pollution Control Regulation" in waste-water values,
 - No environmental accident/incident and no penalty related to the environment during the year by fully complying with the environmental legislation,
 - Reducing the corporate carbon footprint per unit product by a minimum of 3% compared to the previous year are the targets set.





ENERGY MANAGEMENT

Effective use of energy is possible with investments, updating technology, optimizing processes and saving efforts. Klimasan carries out studies to detect possible losses in the operation area and to increase energy efficiency.

Klimasan is the first company to receive the TS EN ISO 50001 Energy Management System Certificate, which is based on the efficient use of energy in the commercial refrigeration sector. Every year since 2011, Scope 1 and Scope 2 Carbon Footprints have been calculated and activities to reduce carbon footprints have been carried out.

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. In order to raise awareness in the efforts to establish an Energy Management System, the slogan "ENERGY IS THE FUTURE" and the COOL MAN energy mascot were determined with the participation of all departments. The Carbon and Energy Team Manifesto was prepared and posted in various parts of the facility. Klimasan Metalrio Energy Efficiency Booklet was prepared and distributed to all employees.

Energy performance indicators are determined and monitored monthly with PDCA's. All employees are trained in order to raise awareness about ISO 50001 Energy Management System and Carbon Footprint. 15 energy analyzers are installed in the sections that consume the most energy. The electricity used is tracked in every department.

As of 2021, conversion to LED shipowners will be achieved within the scope of energy efficiency efforts across all departments. Necessary infrastructure will be established to use solar energy in appropriate places and the heating of hot water will be done with the energy obtained from solar energy. Efforts to reduce fuel consumption in vehicles will carry on by continuing economic driving trainings.

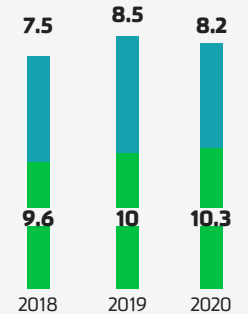


In the last 3 years, more than **€142,500** has been invested in energy efficiency projects."

ENERGY CONSUMPTION (kWh)



■ **Electric (mio-kWh)**
■ **Natural Gas (mio-kWh)**



Longstanding Know How in Energy Management

Efforts on the Carbon and Energy Management System were presented as "Exemplary Case" in the "Istanbul International Carbon Summit Conference" in 2015, in the presentation made by Carbon Clear company and on the company's website. These activities carried out by Klimasan were selected as "Exemplary Case" in the Coca Cola Enterprises Supplier Sustainability Webinar and a presentation was made to 350 suppliers of Coca Cola around the world.



EMISSION MANAGEMENT

Global climate change is one of the timeliest and pressing environmental problems encountered today. The size of the carbon economy is increasing day by day, the steps to be taken by institutions on climate change and carbon management improve their competitiveness and increase their brand equity. 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.

MILESTONES IN KLIMASAN EMISSION MANAGEMENT



2011

Carbon Footprint Management System was established

2011

ISO 140001 Environmental Management Certificate received

2012

An emission reduction roadmap was created in cooperation with Carbon Clear

2012

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

2014

Won the 3rd Prize in the "Projects Providing Energy Efficiency" competition organized by the Manisa Industrial Park.

2014

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

2013

ISO 50001 Energy Management Certificate was obtained. We became the first company in our industry to receive this certificate.

2013

A target of 25% reduction in emissions within 5 years was set. 23% reduction was achieved within 3 years. This performance was cited as an example of best practice in the Heineken Sustainability Report.

2015
2020

In 10 years, Scope 1 and Scope 2 emissions were reduced by 61% compared to a unit of product.

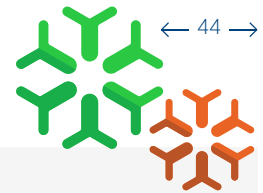
2015
2020

Monthly energy and emission performance were monitored.

2015
2020

Numerous improvement projects have been implemented.





At Klimasan, the corporate carbon footprint has been calculated and monitored since 2011. Thus, the impact of our activities on global climate change is analyzed and the possibilities of managing and reducing 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 that result from our production activities (green production)
- Monitoring greenhouse gas emissions by increasing the awareness of our supply chain about climate change
- Carrying out research on energy efficiency and green design in our products

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. In this context, stakeholders are also seen as solution partners, and studies are carried out by increasing their awareness on this issue.

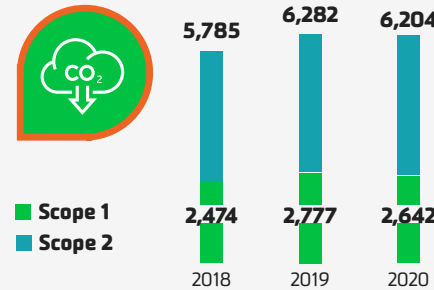
The International Renewable Energy Certificate (I-REC) was obtained by procuring 10,300 MWh - the entire electricity consumption of 2020 - from renewable energy sources.

With the step we have taken to obtain the electricity we use from completely renewable sources, 5.1 thousand tons of carbon dioxide emissions per year and the cutting of nearly 12,500 trees have been prevented.

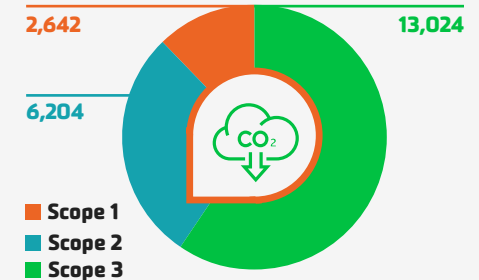
Scope 1 emissions decreased by **4.8%** and Scope 2 emissions by **1.2%** compared to 2019.

We use from completely renewable sources, 5.1 thousand tons of carbon dioxide emissions per year and the cutting of nearly **12,500** trees have been prevented.

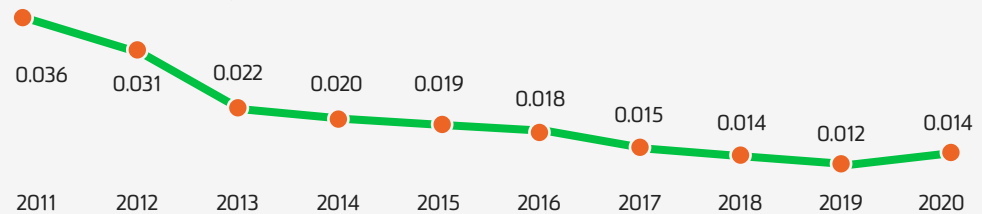
CARBON EMISSIONS (CO₂e)



2020 EMISSIONS (CO₂e)



Scope 1 + Scope 2 emissions (tonCO₂e)/production amount (standard unit of product)



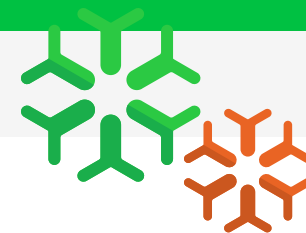
Reduction in the number of standard unit products, enlarging the facility area by 16%, the dining hall area by 100%, the administrative office area by 70%, and increasing the number of lighting all due to the Pandemic in 2020; Scope 1 and Scope 2 emissions per standard unit product increased compared to 2019 due to the 70% increase in the number of engines due to the automation of the SC Line,

Scopes of Emission

Scope 1: Natural gas, fuel, process emissions and refrigerants

Scope 2: Electricity

Scope 3: Employee transportation (services), business travel, transportation (Material, product and waste)



The International Renewable Energy Certificate (I-REC) was obtained by procuring

10,300 MWh

the entire electricity consumption of 2020 - from renewable energy sources.

THE INTERNATIONAL
REC STANDARD

This Redemption Statement has been produced for
KLIMASAN KLİMA SANAYİ VE TİCARET A.Ş.,

by
AKSA ELEKTRİK SATIŞ A.Ş.

confirming the Redemption of
10 300

I-REC Certificates, representing 10 300 MWh of
electricity generated from renewable sources.

This Statement relates to electricity consumption located at or in

Manisa/Turkey

in respect of the reporting period

2020-01-01 to 2020-12-31

aksa



GREEN CHEMISTRY

Klimasan green chemistry practices include avoiding the use of auxiliary substances (such as solvents, separation agents) during production if they are not mandatory, choosing the least dangerous ones if they are to be used, choosing materials that will minimize the negative effects of chemicals that harm the environment and human health, and preventing the formation of hazardous waste. Klimasan supplies chemical raw materials from companies that are committed to comply with REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) and ROHS (Restriction of Hazardous Substances Directive).

PAPER-FREE OFFICE

Klimasan works with the aim of becoming a paper-free company. QDMS Modules used for Document Management, Corrective Action, Action Management-Calibration Management; e-invoice, e-waybill developed within the scope of e-government projects; The Maintenance and Repair Management system (BOYS), EBA (Electronic Document Flow) used to monitor many processes, and the document flows such as Indirect Purchasing, Investment Demand, Production Loss Time, DCL (Delivery Check List) etc., and the use of paper in internal correspondence is minimized. The documents kept in the system are backed up and protected against deletion and corruption.

ECO-FRIENDLY PRODUCTS

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.

R134a and R404a, which are in the class of "F gases", are used in Klimasan products. Our products comply with the energy consumption limitations that change over the years, according to the re-rated energy labeling and the commercial refrigerants energy labeling regulations that came into effect in 2021.

Our energy efficient products

D152 A+ • D200 A+ • D300 A+ • D400 A+ • D500 A+ • D200 A++ • D300 A++ • D400 A++



HIGHLIGHTS



Household products:

- In accordance with the new household energy labeling regulation, which is planned to be 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.



Commercial products:

- According to the energy labeling regulation of commercial type products, which are planned to be commissioned in 2021, designs that meet the legal limits and reach even lower levels have been made.
- In order to monitor the energy consumption values of the products exported to the European market, the values were recorded according to the new regulation alongside the portal accessible to legal authorities and end users was launched.
- 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.



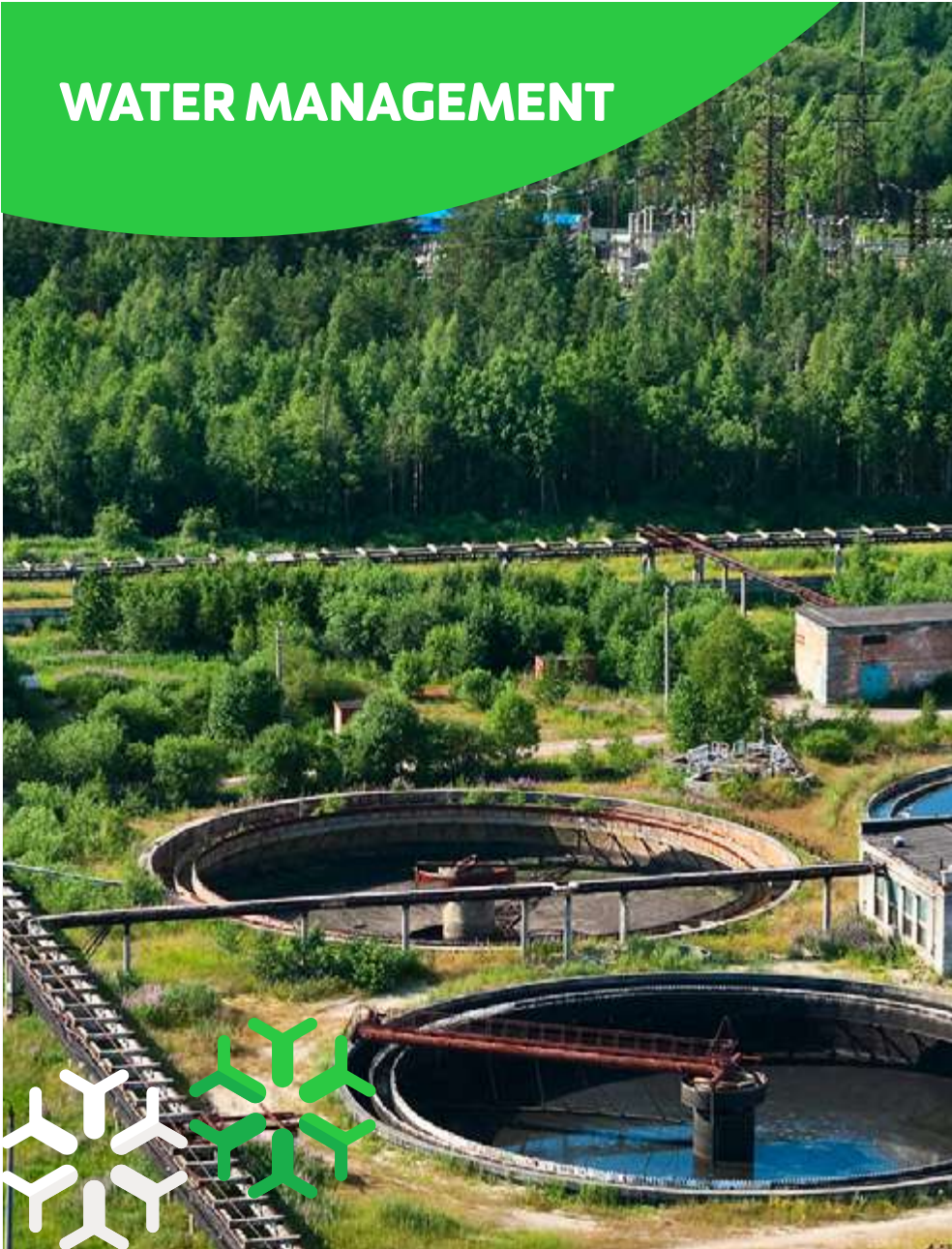
Customer-Specific Products

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 Recycle-Recovery Rate (85%-99%)
- Efficient Natural Resource Consumption, Minimum Waste
- Efficient adjustable LED technology (Adjustable efficient led technology-AELT)
- Optical safety LED (Photobiological safety led-FSL)
- Approved Electrical Safety System (AESS) from independent electrical safety laboratory
- Extra cold (Extra cold system, the coldest and only subzero cooler in the market)
- Ozone layer and environmentally friendly gases (Environment protection system-EPS)
- Energy efficient thermostat (energy management device -EMD)
- Automatic temperature control (ATC)



WATER MANAGEMENT



With the consciousness that the climate crisis will put great pressure on water resources due to global warming and increasing frequency of extreme weather events, efforts are carried out on the efficient use of water. Although not a water-intensive company, water and wastewater processes are managed 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 as a paint shop and cooling water in the

surface treatment unit. The wastewater from the surface treatment plant is sent to the MOSB sewer system. Cooling towers are used throughout the factory to cool the post-process water 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.

HIGHLIGHTS

Reducing Domestic Wastewater Pollution – The Establishment of BioAmp Unit

BioAmp unit was installed in the cafeteria with the biological water treatment project started in 2016 at Klimasan to treat domestic wastewater. With this practice;

- Wastewater pollution parameters have been reduced by an average of 95% in the first 3 months,
- Fat solidification and accumulation have been eliminated,
- Sewage truck cleaning has been reduced to 1 in 3 months (90% success),
- 90% savings in sewage truck and disposal costs,
- Spent labor and time loss has been reduced,
- Bad odor is eliminated.



WASTE MANAGEMENT

Regularly measuring and recording, recycling, reusing, disposal and reducing the generation of all wastes in the facilities of Klimasan, in accordance with legislation and international standards, are among the regular activities.

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.



ZERO WASTE AT KLIMASAN

Klimasan aims to reach zero waste by reducing the amount of waste through ensuring the efficient use of natural resources.

Through Hazardous and Non-Hazardous Waste Management Instructions, Environmental Trainings, Announcement Boards, regular QMS Announcements, awareness presentations broadcast on TVs available in common areas, and training films sent to employees' phones, we aim to disseminate waste management awareness in all employees and create environmental consciousness within the scope of our target for the separation and classification of wastes as soon as they occur.

Wastes is collected in waste collection boxes and crates defined with zero waste labels at the production site, offices, rest areas, cafeteria, and canteen, thus making all employees a part of the Waste Management process.

Spanning from strategic to individual goals, targets related to waste management ultimately aim for "zero waste". For this purpose, our current practices and permanent goals are:

- Proactively prevent waste at source before it occurs,
- 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 of the recycled and/or disposed wastes and to carry out afforestation efforts for Klimasan Grove on behalf of all our employees,
- To act with the awareness of our responsibilities towards the environment as a manufacturer and to acquire environmentally sensitive stakeholders, together with supplier trainings and supplier development projects.

With the "zero waste" approach of Klimasan waste management we aim to:

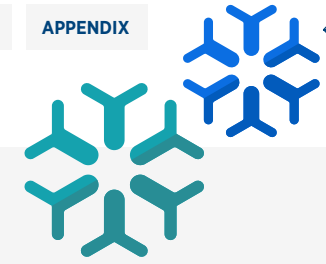
- Prevent waste,
- Reduce raw material consumption,

- 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,

Our Efforts in the Scope of Zero Waste Management

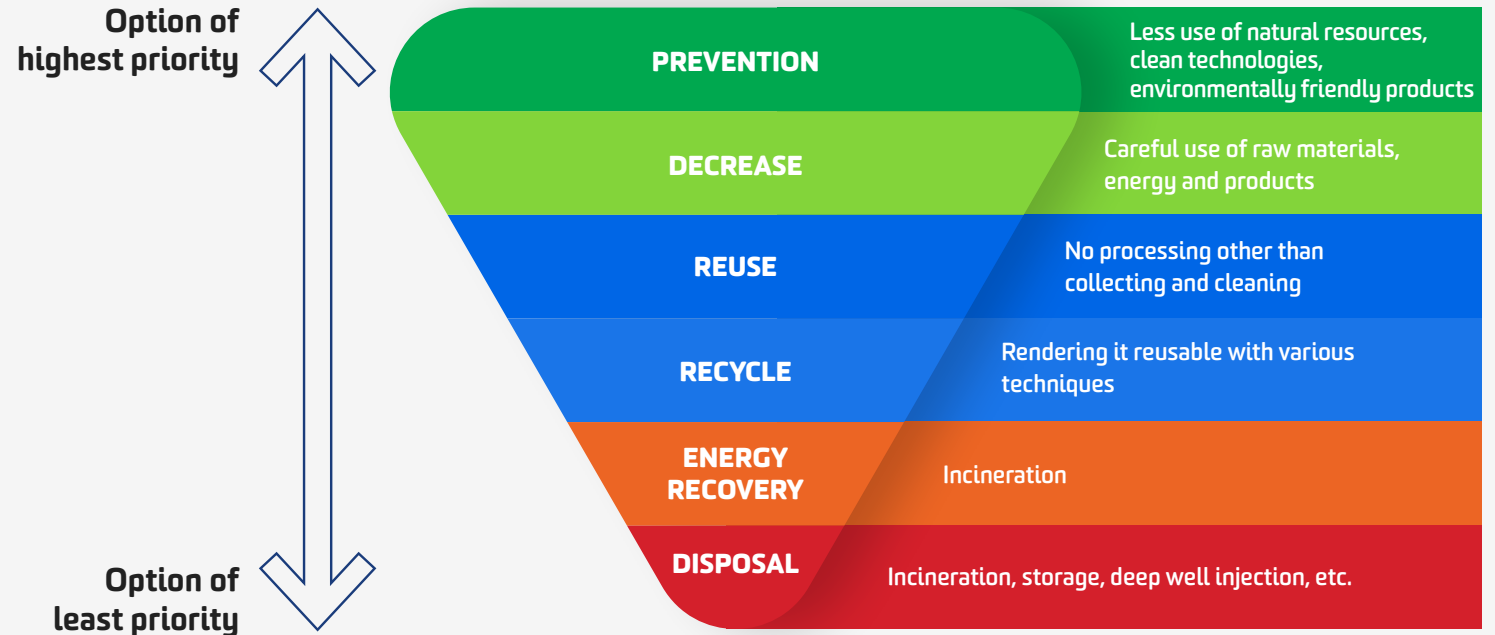
- Zero Waste Management Team was formed to plan zero waste management and ensure coordination between departments.
- Manisa Industrial Park was contacted for the creation of a waste collection set colored according to the waste types, and the relevant waste collection sets were provided.
- Zero Waste Project introductory training was given to the Klimasan Zero Waste Management Team.





- On April 23, an award-winning project competition on Recycling was held for the children of Klımasan employees.
- Zero Waste Labels in accordance with the color scale of Klımasan Zero Waste Regulation were designed and printed as labels.
- In order to collect all the waste generated separately at the source, recycling set boxes, identified with labels, were placed in all our offices, at common areas such as cafes and cafeterias.
- QMS informative briefs were given to encourage the use of Zero Waste Management and Zero Waste sets placed in Klımasan hallways and common areas.
- An Award-Winning Competition was held for the separate collection of waste batteries and waste oils from household waste.
- Necessary trainings were provided for the personnel in charge to distinguish wastes.
- By making adjustments to our computers and copiers for double-sided printing, we managed to save paper and toner.
- The Klımasan Zero Waste panel was created by the Zero Waste Project Team.
- KYS announcements were made to the employees for the dissemination of paper-free office applications.
- Efforts were made to ensure the recycling of organic waste in the cafeteria.
- Evaluation of waste collection performance is made by the Project Execution team as monthly regular checks.

KLİMASAN WASTE MANAGEMENT SYSTEM



Green Dot

Klımasan has proven that it carries out recycling activities beyond its legal responsibilities by using the "Green Dot" brand on its packaging. Klımasan won the Çevko Green Dot Incentive Award in the category of "Waste Management System and Applications" at the 2016 Green Dot Industry Awards.



Hazardous waste generated as a result of activities at Klimasan is comprised of waste oils, waste paints, contaminated packaging, waste batteries, batteries, toner and cartridges, waste fluorescents, electrical and electronic wastes, waste resins, expired chemical products, contaminated wastes, unplanned wastes and polyurethane wastes from machinery and benches. Non-hazardous waste includes paper, cardboard and nylon packaging waste, wooden scrap pallet waste and scrap metals.

As soon as it occurs, hazardous waste is separated under the control of the waste responsible of the department and stored based on the type of separated waste. Temporarily stored hazardous waste is sent to licensed hazardous waste disposal companies by licensed vehicles at regular intervals to be recycled or disposed of after being packaged in accordance with the waste acceptance criteria.

Non-hazardous waste is temporarily stored in areas where fire precautions are taken, where there are descriptive and warning signs before it is transported out of the facility. Scrap metal and plastic materials are given to the licensed facility and other non-hazardous waste is sent to the landfill for disposal.

A directive that Klimasan complies with, Waste of Electrical and Electronic Equipment Directive (WEEE) sets targets for the collection, recycling, and recovery of electrical products. In 2020, 110 tons of end-of-life products were collected.



In 2020, energy recovery in hazardous waste increased by

47%, recovery by

27.5%, and non-hazardous waste recycling by

72% compared to 2019.

The amount of non-hazardous waste sent to the landfill is reduced by

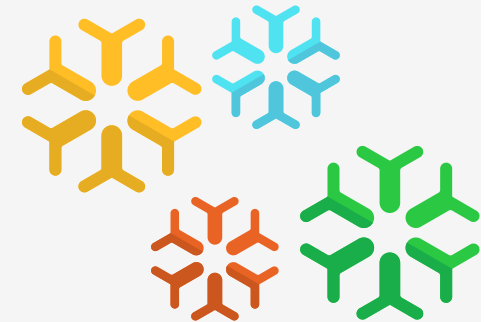
37%.

We act in accordance with WEEE in order to ensure that the electrical and electronic equipment we produce at Klimasan is managed in an environmentally friendly way during their life cycle, regarding their recycling and recovery.







Through the activities carried out in Klimasan Renewal Center, maximum utilization of reuse, recycling and other recycling applied in order to reduce the generation of electrical and electronic equipment waste and the amount of waste to be disposed of is achieved and Klimasan Inc. environmental efficiency is increased.



You can access the Klimasan Sustainability and Zero Waste management video [here](#).



Non-hazardous waste recycled in the reporting period

		Paper (Cardboard)		Plastic		Glass		Metal	
		2019	2020	2019	2020	2019	2020	2019	2020
	NUMBER OF TREES PREVENTED FROM BEING CUT DOWN	6,256	5,034	160,832	1,099,402	1,076.68	5,497.80	255,516	842,047.20
	KWH ENERGY SAVING	1,508,800	1,214,010	1,148	7,847.40	769.2	3,927	37,810	124,602
	REDUCED GREENHOUSE GAS (KG)	65,136	52,409.70	644	4,402.20	38.46	196.35	1,194	3,934.80
	STORAGE SPACE SAVING (M ³)	920	740,25						
	WATER SAVING (M ³)	10,304	8,290.80	456	3,119.80	3.08	15.7	7,164	23,608.80
	TOTAL RECYCLED AMOUNT (TON)	368	296.1	28	191.4	25.64	130.94	398	1,311.60

Key Performance Indicators During the Reporting Period

Non-Renewable Material Density: Non-renewable materials such as iron, copper, mines such as coal, metals, materials that are easily available and limited, such as petroleum and substances. In the production of Klimasan, most of the non-renewable materials are used in the production processes and some of them emerge as waste and become hazardous waste.

For these reasons, non-renewable materials are evaluated and recorded as inputs in the production processes. This indicator is used to express the non-renewable material density of the Klimasan Production Facility per kilogram of product specified. While making the calculation, all raw materials used during the production of the product were evaluated.

Restricted Substance Concentration:

Restricted substance density was calculated per kg of product produced in the reporting year, using chemicals such as paints and insulation materials used in the production processes in the reporting year, and the amount of refrigerant gas used (kg). Materials and substances for which excessive use is limited and dangerous are taken into account.

Water Density: Water density is calculated by dividing the amount of water (m³) used for industrial and domestic purposes at the Klimasan Production Facility and offices in the reporting year, to the amount of kg product in the reporting year. Although water is a renewable natural resource; Due to the global water scarcity and difficulty in accessing clean water, as Klimasan, we measure our water density and work to reduce our water use.

Energy Density: Energy intensity is calculated by the ratio of the amount of natural gas and electricity (MJ) used in its facility and offices to the amount of kg product in the reporting year at Klimasan Production Facility. Since the energy intensity used increases the greenhouse gas emission and thus the environmental global warming and threats, investments are made in renewable energy sources.

Renewables Energy Ratio in Consumed Energy:

While natural gas and electrical energy constitute the total energy consumed at the Klimasan Production Facility; 100% of the electrical energy used in the reporting period was provided from renewable energy sources. For this reason, the ratio of the total amount of electricity consumed in the reporting period to the

total amount of consumed energy was taken into account while making the calculation.

Greenhouse Gas Density: In the reporting period, the amount of CO₂ released as a result of total energy consumption (kg), reporting Scope1, Scope2 and Scope3 emissions are included.










Waste Density: Waste Density is calculated by the ratio of the amount of waste (kg) generated during the production processes and in the office environment during the reporting period to the amount of kg product produced in the reporting period at Klimasan Production Facility.

Product Recyclability:

It is indicated by the rate of recyclable materials used in the products produced in the reporting period. The recyclability of each product is different; expressed as an average value.

Renewable Material Content of the Product:

This indicator expresses the bio-contents (vegetable/animal) of the materials used in the products produced at the Klimasan Production Facility, and bio-containing products cannot be used in our production processes.

	Non-Renewable Material Density (kg/ kg.product)	1
	Restricted Substance Concentration (kg/ kg.product)	0.053
	Water Density (m ³ / kg.product)	0.0040
	Energy Density (Mj/ kg.product)	2.01
	Renewables Energy Ratio in Consumed Energy (kg CO ₂ /kg.product)	55.7%
	Greenhouse Gas Density (kg/kg.product)	0.654
	Waste Density (kg/kg.product)	0.104
	Product Recyclability (%)	96.40
	Renewable Material Content of the Product (%)	0



RESPONSIBLE *Products*

With over 50 years of experience, Klimasan is one of the largest refrigerant producer companies in the world and continues to grow with a strong, sustainable, and profitable growth strategy.



- 3** GOOD HEALTH AND WELL-BEING
- 8** DECENT WORK AND ECONOMIC GROWTH
- 9** INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 12** RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13** CLIMATE ACTION

PRODUCT SAFETY

Providing quality and safe products at Klimasan is an issue that is managed beyond all commercial concerns. Klimasan undertakes to produce products that ensure the health and safety of users and that have a minimum negative impact on the environment, and in this context, it complies with all applicable legal regulations and numerous voluntary standards in its operating regions.

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

Klimasan products are also compliant with the ROHS Directive. ROHS (Restriction of Hazardous Substances Directive) is a safety document, restricting the use of lead and other potentially hazardous substances for the environment and human health in electrical and electronic products.

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

CUSTOMER SATISFACTION AND AFTER-SALES SERVICES

Klimasan works with the aim of providing the highest customer satisfaction. For this purpose, environmentally friendly and innovative products are developed specially tailored for our customers, along with following customer expectations and suggestions meticulously.

In 2020, 14,713 customers participated in the customer survey conducted annually by an independent institution and conveyed 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. With our competent technical services, it is aimed to extend the life span of the products. In 2020, the technical service satisfaction rate increased by 15 points to 89.1.

To provide correct information about our products, there are many safety-themed warning labels, as well as a user manual specific to each product. The manuals are prepared by expert documentation and product managers. The repair and maintenance services we provide to our customers after sales are divided into two as "Commercial refrigerant" and "Household refrigerant". While the warranty period given

to commercial refrigerants can be extended up to 36 months beyond the legal period of 24 months, the warranty period for household coolers is determined as 5 years or 7 years with periodic campaigns. The spare parts supply period of the products is 10 years.

In 2020, **14,713** customers participated in the customer survey conducted annually by an independent institution and conveyed their opinions and expectations.

Services offered within the scope of after-sales services:

1. Warranty Coverage 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



Klimasan Domestic Service Network



Overseas service organization:
40 authorized services in 3 continents

More than
200,000
service interventions per year

93% of calls are resolved within 24 hours

Stock management in services

Integrated management approach with
KSO Connect

Satisfaction survey
for all end users

Regular trainings for authorized service personnel

Through the Klimasan Suggestion Evaluation system, suggestions are received from authorized services that will contribute to the development of our processes, and projects are implemented to provide our 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.

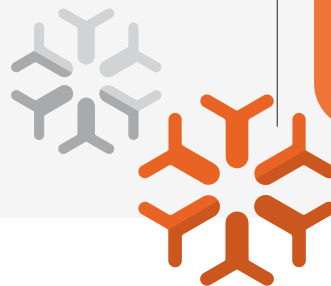
To take into account the changing and developing customer expectations with a customer-oriented management approach,

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, all efforts to eliminate customer complaints and prevent recurrence, as well as root cause analyzes and actions to be taken in this direction, are managed by the QDMS Customer Complaints Module since 2015. The process initiated to resolve a customer complaint is regularly followed up and the customer complaint is not finalized without ensuring improvement.

Technical service trainings

Foundational Trainings and "New Product Trainings" are given at least twice a year for our technical services coming from all over Turkey. With these trainings, our technical services:

- Increase the level of technical knowledge and awareness,
- Have technical knowledge about new products,
- Know about our expectations,
- Are informed about in-warranty and out-of-warranty issues,
- Are informed to manage end-user and customer resistance due to out-of-warranty status.





AN INNOVATIVE *Company*

While meeting the current needs of its customers, Klimasan develops products and services by considering future needs. The company designs products and processes for the future beyond the production and product requirements of the times.

- 3** GOOD HEALTH AND WELL-BEING 
- 8** DECENT WORK AND ECONOMIC GROWTH 
- 9** INDUSTRY, INNOVATION AND INFRASTRUCTURE 
- 12** RESPONSIBLE CONSUMPTION AND PRODUCTION 
- 13** CLIMATE ACTION 

R&D, INNOVATION AND INNOVATIVE PRODUCTS

Klimasan is committed to designing and presenting its products with the highest level of safety, performance and energy. Klimasan R&D team develops by using the latest technologies in product targeting and effectively expands into the market by offering innovative solutions to our customers.

In recent years, several new product categories have been added to our portfolio, such as Tropical Climate Chillers, Supermarket Island Freezers and Chillers, High Efficiency Freezers, to enter new markets and industry segments around the world. Investing in technologies and intellectual capital has helped Klimasan broadly expand its product portfolio and create a strong brand presence globally.

Aesthetics has been put in the focus with innovative and customer-specific designs such as innovative special designs, digital doors, screens, LED systems, coatings. Energy efficiency is the most basic parameter optimized by the effective selection of all electrical and cooling parts.

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.

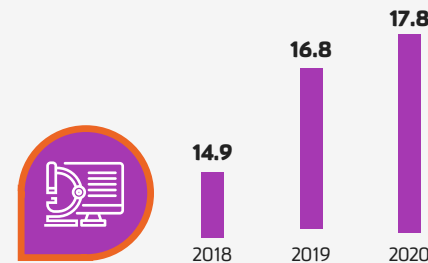
Klimasan has taken its place among the leading companies of the sector in the national and international markets with its development investments that it has continued for many years. The R&D Center, where 58 engineers and technicians work, is committed to designing our products with the highest level of safety, performance and energy efficiency while presenting them to our customers. It offers customer-specific solutions with its R&D Center, 9 Climatization Test Rooms, 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's business strategy is planned to constantly offer the latest technology products to its customers. The share of products launched in the last 2 years in all sales revenues is 28%. The turnover obtained from the products developed in the last 3 years is approximately 190 million TRY.

In 2020, the R&D budget was 17,792,179 TRY. In 2020, 1 patent and 8 utility model applications were made. 50+ Patents and 35+ Industrial Design Registrations have been made in the last 5 years.

Klimasan has a very wide product range. The priority in every commissioned project is energy efficiency. Commercial type cabinets with the highest energy efficiency are offered to final consumers. Consumers can access the location of the cabinet, the number of door openings and closings, and the indoor and outdoor temperatures of the cabinet via a portal offered by the remote monitoring devices placed in the cabinets.

R&D BUDGET BY YEAR (TRY)



The share of products launched in the last 2 years in all sales revenues is **28%**.

In 2020, the R&D budget was **17,792,179 TRY**.

50+ Patents and **35+** Industrial Design Registrations have been made in the last 5 years.

Klimasan ranked **98th** in the 2020 R&D 250 list.

HIGHLIGHTS



Energy Efficiency Projects

Energy efficient designs will be put forward by using the variable capacity compressor, vacuum insulation panel and micro-channel heat exchanger, whose positive effects on refrigerators have been proven with the latest energy efficiency studies. With the project, with the European new energy labeling communiqué that came into effect in March 2021, it is aimed to produce a freezer with an energy class equivalent to C class and to be included in the product range. While there is no product with C energy class, cabinet volume of 250 l. and above in the market, by producing a freezer with a volume of 250 l. and above as an output of this project, competitor companies that make similar productions will also lead to more technological designs with higher energy performance. In this way, it will be possible to expand the product range with high added value in our country.

Through the inclusion of the natural convection cycle in the cooling system as part of a project, an increase in the amount of heat discharged from the condenser will be achieved. The discarded heat will be reintroduced to the system, and it will be returned to the compressor return zone with the effect of natural convection. In this way, it is aimed to increase the system performance.

New Vending Machine

A product development effort is underway that allows consumers to easily purchase more than one drink with a contactless credit card and leads to fast shopping without waiting in line for payment. The fact that the system can be easily adapted to any size of commercial vending machine will create a significant added value. Obtaining the sales rate statistics of beverages instantly will provide convenience to customers.

Retro Design Project

Retro designs in refrigerator cabinets and vending machine designs for use especially in luxury outdoor areas have been prepared. The project was commissioned in line with the demands of customers who have a high business volume and dominate the European market. It is a project with high commercialization potential.

Technology and Digitalization

Klimasan is committed to using the latest technologies and to design and present products that provide the highest level of safety, performance, and energy efficiency. We offer innovative solutions to our customers with our deep expertise in commercial refrigeration and its team of high-potential professionals.

Klimasan implements projects to digitize its production processes, products and customer experience. Information security risks brought about by digitalization are also meticulously managed. Our research, technological development and digitalization efforts, which are among the important competitive elements in the global arena, continue without a pause. Digitalization is pursued throughout the value chain, from the supply chain to the customer experience.

Klimasan meticulously protects the information confidentiality of all its stakeholders. Information security processes are managed within the scope of ISO27001 Information Security certificate obtained in 2018. One of the important topics of ISO27001 is risk management. In this context, the Risk Management Procedure and Risk Analysis document were created. During the reporting period, there was no case of violation of information privacy.



HIGHLIGHTS OF 2020

OEE Tracking System Application

In August 2020, OEE tracking of 54 machines has become possible. In this way, stand tracking and analysis, efficient working rates can be monitored and recorded instantly. As of 2020, 65% weekly OEE follow-up is carried out. The target for 2021 has been determined as 75%.

Capacity Increase Project with SC New Line Investment

With the new line investment made in the SC line, which produces the single-door vertical refrigerators that have the largest share in sales, the production capacity of the SC line has been increased by 26% by reducing the product transport distance and time within the facility..

AGV Projects

Within the scope of this project, after the work order kits are prepared on standard pallets, a barcode matching the work order number will be pasted on the pallet. 2 AGV robots will carry the pallets to the designated area by reading the barcode from the loading station via the barcode reader. With this project, we aim to carry the material pallets that do not comply with 5S and have a high risk of occupational accidents via AGV, to make the facility suitable for 5S and to eliminate OHS 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.



New Punch Machines Investments

Capacity Increase
100%



Aluminum CNC Center Investment

Capacity Increase
15%



New Digital Printing Center

Capacity Increase
130%



New Punch Machines Investments

Capacity Increase
26%



2 pieces of 5-Axis CNC Trim Machine Investment

Capacity Increase
15%



Laser Cut Machine Investment

Capacity Increase
35%



WORKING *Life*

Believing that customer satisfaction and product quality generate from the satisfaction of its employees, Klimasan offers its employees the opportunity to improve themselves in every field with its learning and developing organizational philosophy.



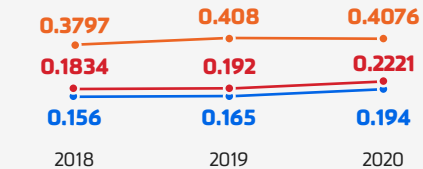
Believing that team spirit brings success, Klimasan cares closely about and values its employees. As a member of Metalfrío Group, Klimasan offers its employees an international career opportunity.

SOCIAL DIVERSITY AND EQUALITY

Klimasan is an employer that offers equal opportunities to all its employees. Ensuring gender equality is an important factor in recruitment decisions. 22% of all employees and 41% of white-collar employees are women. As a result of the support programs, Klimasan's female employee rate has increased in all categories in the last 3 years. Klimasan also pays attention to the employment of disabled employees. In 2020, 41 disabled employees were employed at Klimasan.

We also contribute to social diversity through social responsibility projects. The Z.E.K.i project is one of the most important examples of this effort. Klimasan aims to strengthen the place of disabled employees in working life by raising awareness about them.

FEMALE EMPLOYEE RATE(%)



- Rate of white-collar female employees
- Rate of blue-collar female employees
- Female employee rate

Z.E.K.i.

Implemented in cooperation with Manisa Industrial Park, Z.E.K.i. project aims to provide individuals with mental disabilities with a protected working environment so that they can take part in business life.

March 8, International Women's Day

With the video published on March 8, International Women's Day, attention was drawn to both violence against women and our disabled employees.



You can reach the March 8 International Women's Day message [here](#).



EMPLOYEE DEVELOPMENT

Klimasan attaches great importance to employee development activities in order to increase employee satisfaction, to equip our employees with the competencies of the future, and to become an innovative company. Training needs are determined and planned at the end of each year.

Many training programs are implemented in the field of personal and professional development. In 2020, 14,539 hours of training was organized for Klimasan employees. The number of training hours held for contractor company employees was 2,581.

With the increasing use of technology during the pandemic process, training and development processes, especially orientation trainings, were moved to digital platforms, ensuring the continuity of employee development. It is aimed that some trainings that can be held online will continue to be presented on digital platforms during the normalization process.



In 2020, 14,539 hours of training was organized for Klimasan employees. The number of training hours held for contractor company employees was 2,581.

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. During the seniority year celebrations, employees are thanked for their contributions to Klimasan and various gifts are presented. Social lives of employees are supported by arts and sports activities, and many employees attend seminars in the field of personal development. Our employees and families come together and spend a pleasant time at the annual family picnic.

Contact lists have been created in order to communicate with our employees and ensure their safety in emergencies.



EMPLOYEE VOLUNTEERISM AND CORPORATE SOCIAL RESPONSIBILITY

Klimasan supports social responsibility and social development activities that is open for participation by its employees.

With the projects implemented in 2020;

- The importance of blood donation was emphasized with the blood donation project carried out regularly in cooperation with Kızılay.
- The school conditions were improved with

the donations made to Bağıyolu Primary School.

- We aim to raise environmental awareness with the 'Recycling Project Competition' and Vegetable Waste Oil and Battery Collection Campaigns, in which the children of Klimasan employees participate.
- Klimasan Grove was created by carrying out afforestation works on behalf of all our employees.



OCCUPATIONAL HEALTH AND SAFETY

Klimasan ensures the health and safety of its employees in all its activities. Occupational safety is among the uncompromising corporate priorities. Occupational Health and Safety activities are managed within the scope of TS 45001 standard.

Regular risk analyzes are carried out by the occupational health and safety teams. The results of the risk analyzes are shared with the relevant departments, and QDMS actions are opened against nonconformities, while their follow-up is ensured. Employee representatives take part in the risk assessment team and are informed about all risks. Ambient measurements are carried out regularly at Klimasan production facilities. Actions are taken based on the measurement report result. In basic occupational health and safety trainings, information about office ergonomics is provided. Working environments are

evaluated in terms of ergonomics in risk analysis.

In 2020, OHS risks and opportunities were determined for 15 different business divisions, 117 risks and 109 opportunities were identified and projected. Operational risk analysis was conducted for 51 departments. Action plans were created in the risk analyzes made, and QDMS actions were opened for the identified actions.

Klimasan OHS Committee has 17 members. The Committee, which has 6 members as employee representatives, regularly meets every month. There are 2 full-time workplace doctors and health personnel in the workplace health unit.

OHS at Klimasan is a subject managed with detailed targets. Klimasan OHS targets are updated every month and reported to the QMS unit. Targets are reported to senior



Klimasan OHS Strategy

- To prevent deterioration of health,
- Increasing OHS process integration,
- Increasing preventive approaches in processes

As a result of all the measures taken, the overall accident rate decreased by

58%,
the accident severity rate by

46%,
the lost day rate by

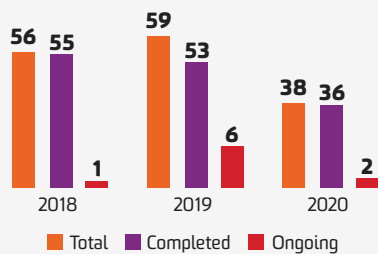
52%,
and the accident frequency rate by

22%,
in 2020, compared to the previous year.

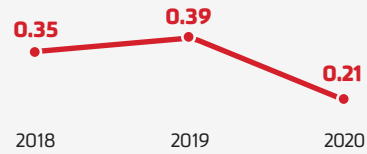
At Klimasan, we are aware that near miss incidents and near miss notifications made by employees are notifications of possible occupational accident risks. Since the increase in the number of near miss notifications directly impacts the protection of employee health and the decrease in the number of work accidents, the notifications of the near misses are carefully monitored.

Near misses are also managed as part of the risk assessment work. Near-miss records are taken into account when identifying and evaluating OHS risks.

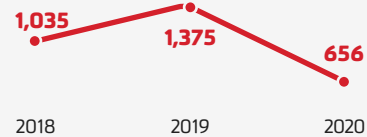
NEAR MISS NUMBERS



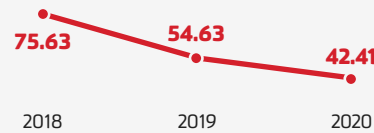
ACCIDENT SEVERITY RATE



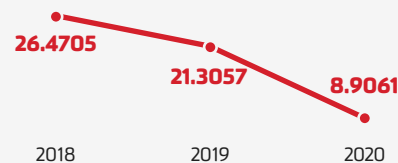
LOST DAY RATE (LDR)



ACCIDENT FREQUENCY RATE



GENERAL ACCIDENT RATE



COVID-19 PRECAUTIONS

In the course of the COVID-19 pandemic, Klimasan continues to operate with determination to reduce, protect, train, and manage business continuity on behalf of all our stakeholders. In addition to the recommendations put forward by the World Health Organization (WHO), notices and decisions advised from local authorities are strictly followed. The first information about the pandemic was made by the workplace doctor to all employees on 28/1/2020.

An Emergency Crisis Team was formed in order to proactively manage the process by taking quick actions. The crisis team started to work to plan all preventive actions before the first case was detected in Turkey, and quickly implemented suspicious case action plans, hygiene and sanitation efforts, personnel isolation and regional segregation. All employees associated with COVID-19 were registered and their contact status was meticulously monitored.

The COVID-19 Aid Line has been implemented to provide the most accurate and up-to-date information about the Pandemic.

Decisions Regarding Visitor Admission and Meetings:

Visitors are prohibited from entering the company without the special permission of the director.

It is forbidden to attend meetings, conferences and seminars outside the factory.

All meetings held inside and outside the factory are held online.

Decisions Regarding Travels:

All travels using air transport have been cancelled. A special travel kit has been provided to our personnel who can travel with special permission. Employees who have to travel abroad are allowed to work from home for 14 days after their return.

Practices that Boost the Immune System:

Seasonal vegetables and fruit are given weight in the lunch menus, and a vitamin bar is applied in the afternoons.

Precautions Taken at Factory Entrances:

Continuous monitoring is carried out with a thermal camera in the main entrance.

For all visitors such as employees, suppliers and guests at the factory entrances, fever measurement and triage form are taken where these records are followed and archived daily.

Hygiene points have been established throughout the facility.

Warnings and Notices

"14 Rules Against the New Coronavirus Risk of COVID-19" was made on the computer splash screen of all Klimasan employees.

Warning signs were hung in all areas of the factory to raise awareness.



Instructions and awareness work prepared within the scope of Covid 19 are constantly published on screens and boards in all areas of the factory.

Separation Efforts

All seating arrangements in assembly areas with a high risk of contamination such as reception, café and resting areas have been removed.

The factory has been separated according to color areas and categorized on a departmental basis. It is aimed to limit the risk of contamination by ensuring that our employees do not go out of the designated areas, thanks to their badges in the color of their own regions.

New areas have been opened in the factory garden in order to avoid densities during rest and break times and have been arranged to comply with the social distance rule.

Staff break times have been increased by adding 5-minute gaps in order to prevent encounters at entrances and exits.

Trainings and Informative Efforts

Awareness was created for company employees through regular e-mails and SMS messages.

With the distance learning model, trainings were given to the whole company about COVID-19. In the trainings where this method cannot be applied, face-to-face trainings were realized with as few people as possible, keeping in mind physical distance, mask and hygiene rules.

Disinfection Efforts

The production area, common areas and all offices are regularly disinfected.

By sharing our sensitivity to comply with the hygiene rules in the office environment with all our employees, the doors were fixed to ventilate all closed areas frequently and information was given on the use of UV (daylight) application.

Filter change periods of central ventilation systems for common areas have been tightened.

The number of shuttles was increased due to the 50% use of passenger capacity.

Shuttles and company vehicles are regularly disinfected before each use.

Informative banners were hung in all shuttles related to COVID-19 preventive measures:

- Complying with the physical distance rule while boarding and exiting,
- Preferring the same seat as much as possible in the shuttle,
- Avoiding sitting side by side on the seats,
- Paying attention to the correct use of masks throughout the journey,
- Avoiding the use of air conditioners in the service as much as possible, opening the windows every 15 minutes for ventilation.

Personal hygiene material wastes such as masks and gloves used for protection against COVID-19 are collected in separately in gray waste containers and are sent to disposal within the scope of domestic waste after being kept for a minimum of 72 hours in an area that is not exposed to the sun.



APPENDIX: 1

KLIMASAN CORPORATE SOCIAL COMPLIANCE POLICY

Our company, which acts with the principle of adding value to the future and the responsibility we feel for our stakeholders, and has signed the Global Compact; Our Corporate Social Compliance Policy has been prepared in order to share with all our stakeholders a clear commitment that we will fulfill all kinds of responsibilities that fall on them by working as a team with all our business partners.

Our goal is to ensure that the Social Compliance Policy becomes the corporate culture within the organization. For this reason, social compliance standards have been established and started to be implemented. The social compliance policy is announced to all our employees and other stakeholders via communication channels (intranet, e-mail group, bulletin boards, KYS Announcements, etc.), our stakeholders are informed via our official website and our suppliers are evaluated according to these criteria.

Within the scope of this policy, employees can openly declare all kinds of opinions, requests, concerns, complaints and suggestions, and these are evaluated by the Senior Management and necessary improvement activities are carried out for areas open to improvement..

Klimasan Corporate Social Compliance covers the following topics:

1. Ethical Business Conduct
2. Discrimination (Egalitarian Approach)
3. Forced Labor (Voluntary Labor)
4. Child Labor (Underage Employees)
5. Working Hours and Wages (Wage)
6. Occupational Health and Safety
7. Respect for Freedom of Association and Representation
8. Submission of Suggestions, Wishes and Complaints
9. Rest Days and Holidays
- 10.10. Recruitment and Employment
11. Employment Contract (Employer Contract)
12. Employing Foreign Workers (Foreign Employment of Workers)
- 13.13. Discipline, Harassment and Abuse Prevention
14. Environmental Protection
15. Stakeholder Communication and Transparency

All the principles in this policy are implemented with the necessary regulations.

1. Ethical Business Conduct

Business ethics are standards of behavior that show how an individual should behave in the workplace based on moral values and rules. It includes the ability to distinguish between right and wrong and a commitment to doing what is right. Our institution does not tolerate any form of corruption, fraud, bribery or embezzlement. KEYS-KP-009 Notification Procedure was prepared for illegal, immoral or unethical issues within the company, and the employees were given the opportunity to make notifications by e-mail and telephone, and also shared the relevant procedure with its stakeholders on its official website.

2. Discrimination (Egalitarian Approach)

Klimasan AS. has a deep-rooted commitment to stand against discrimination and ensure equality of opportunity. Race, gender, color, nationality, social origin, religion, age, disability, sexual orientation, marital, social or economic status, pregnancy or military service status, participation in and membership in trade union activities, political opinion, or any value protected by applicable law maintains its processes as an institution without discrimination on the basis of status or physical or verbal abuse. It has also integrated mechanisms that prevent discrimination into its processes. Employee

selection for our company is made on the basis of minimum qualifications such as education, talent, work experience, vacant positions, interests, and personality inventory results.

With the awareness that equality of opportunity is one of the foundations of social sustainability, we accept as a basic principle to offer all our employees equal rights in matters such as free expression environment, remuneration, performance evaluation and employment, by not allowing discrimination between our employees and stakeholders under any circumstances. In this direction; We are committed to providing women with equal opportunities in the business environment and increasing our women's employment, to see, accept and value the religious, structural or cultural differences of all our stakeholders, to comply with anti-bribery and corruption laws and regulations, ethical and professional principles and universal rules.

3. Forced Labor (Voluntary Work)

Our company does not allow compulsory labor for any employee. The working principles in our company are based on the principle that no work can be done in return for a contractual obligation or debt and the work will be voluntarily. If the employee quits the job, the company does not prevent or delay it, except for any security reason. All kinds of information of our employees are protected and kept confidential to the extent specified by law.

APPENDIX: 1 KLIMASAN CORPORATE SOCIAL COMPLIANCE POLICY

4. Child Labor (Underage employees)

No one under the legal minimum age limit is hired by acting in accordance with the principles and procedures of employing children and young workers within the framework of institutional respect for the protection of children from all kinds of abuse, their healthy development and the right to education. No form of child labor is acceptable. The minimum age determined by national and international laws is taken into account, except for mandatory situations such as interns.

5. Working Hours and Wages (Wage / Salary)

Working hours are determined in accordance with applicable laws and obligations, and comply with the weekly and annual overtime limits set by law and customer standards. Overtime wages are paid by calculating the increased wage specified by law; In our practices, wages, working hours, overtime and side payments are carried out in full compliance with applicable laws and employment contracts.

6. Occupational Health and Safety

Our company ensures the creation and maintenance of a safe and healthy workplace environment. By minimizing the risk of our employees being exposed to accidents, injuries and all kinds of health-threatening factors, the company is safe, healthy and efficient. It aims to ensure its continuity by creating a business environment where they can work. In our institution, care is taken to provide a workplace environment free of violence, threats, abuse and disturbing conditions. All occupational health and safety rules regulated by the legal legislation are applied.

7. Respect for Freedom of Association and Representation

We recognize all the fundamental rights of our employees, such as association, unionization and collective bargaining stemming from all constitutional and international agreements, and we respect the right to free and democratic representation through employee representatives.

8. Submission of Suggestions, Wishes and Complaints

Methods have been created for each employee to convey their suggestions, wishes and complaints, timely and effective evaluation and feedback are made, and no retaliation is made against the employee's request and complaint notification.

9. Rest Days and Holidays

Our employees use rest and holidays within the framework of their legal rights. Working days vary depending on the nature of the job.

10. Recruitment and Employment

Recruitment and placement activities in our company are carried out by the Human Resources department. Open positions determined within the scope of the budget created in line with annual business plans and targets are employed in accordance with the law and within the framework of certain rules (egalitarian approach, leave, wage, vacation, employment contract, etc.).

11. Employment Contract (Employer Contract)

Between our institution and the person to be employed, an "Indefinite Term Employment Contract", which is in accordance with the

workplace and the law and includes the conditions offered to the candidate employee, or according to the condition, "Fixed Term Employment Contract" is prepared. The contract and the documents required by the job/institution are signed by the employee who accepts to start the job. A copy of the employment contract is given to the employee in return for signature, and all the rules and practices required by our institution and the job are transferred to the relevant employee through orientation training.

12. Employing Foreign Workers (Foreign Employment of Workers)

In our company, the legal rights of foreign employees to work are protected. For foreign national employees who are/will be employed in accordance with the law, all personnel procedures from employment to leaving process are carried out in accordance with the current legislation and regulations.

13. Discipline, Harassment and Abuse Prevention

Based on the peace of the working environment and the happiness of the employees; to respect the dignity and personality of the employees, not to use corporate punishment; not to allow verbal, physical, psychological abuse, pressure, threat or coercion; In order to ensure disciplined work by our institution, the disciplinary rules determined in the "TAL IKY-004 - Disciplinary Board Instruction" are applied. All of our employees carry out their work by acting in accordance with the instructions of the working rules.

14. Environmental Protection

We manage the environmental impacts that may arise from all of our activities responsibly. We aim to comply with the current

environmental legislation and customer standards, to prevent environmental pollution based on environmental dimensions and impact assessment, to reduce pollution with an effective zero waste management, and to protect natural resources and reduce its impact on the environment with an effective energy method.

15. Stakeholder Communication and Transparency

Klimasan AS. makes a commitment to establish bonds with its stakeholders on the basis of goodwill. It treats all its stakeholders fairly and at an equal distance. As Klimasan A.Ş, we aim to provide accurate, timely and necessary information to all our stakeholders and regularly analyze our stakeholders' views and expectations; In this direction, we consider it among our corporate responsibilities to determine our plans, risks, opportunities and targets, to include them in our work and to implement the requirements of being a public company.

A transparent stakeholder communication is committed with appropriate communication platforms and communication methods prepared for all our stakeholders.

The social compliance commitments of the suppliers from which we purchase products/services are taken, their capacities are measured with the Corporate Social Compliance and Sustainability Survey, the results are monitored with action plans, and it is aimed to increase the social compliance levels gradually.

In addition, our stakeholders are allowed to participate in our Sustainability Management; All our activities related to the Sustainability Report, which we plan to publish every year as of 2020, are shared with our stakeholders.

APPENDIX: 2

KLIMASAN SUSTAINABILITY POLICY

As Klimasan AŞ;

- We are committed to make the corporate sustainability perspective a corporate culture, to ensure that our employees and all our key stakeholders are educated, competent, and aware of all areas required by sustainability awareness, and that our business targets in all our activities are determined by taking into account the three aspects of sustainability in economic, environmental and social dimensions. We are committed to considering, measuring, evaluating and always improving all of our operational and strategic goals, activities and investments, by adhering to our ethical rules, and their impact on environmental, social, natural and cultural heritage.
- Within the scope of our priority focus areas; We plan and implement practices that will ensure improvement in the areas of "Integrated Management Systems" and "Sustainability", especially in quality, environment, energy, occupational health and safety, which adopt the UN Sustainable Development Goals. We aim to publish it in our sustainability report.

ENVIRONMENT, ENERGY, WATER & CLIMATE APPROACH

As Klimasan, we focus on the objectives of adapting to climate change, causing zero harm to the environment, zero waste, energy conservation, renewable energy and supporting sustainability while working with the awareness of protecting natural resources and being conscious to the environment.

- We plan our operational activities by taking into account adequate reductions. We shape our goals and implement them in line with the determined standards and environmental legislation.
- As a result of the increasing global population, we invest in renewable energy resources with the awareness of the current situation of our planet and climate change. We make sure that our employees are trained and competent in the efficient use of energy and environmental protection, and we organize trainings and projects to increase sustainability motivation for this purpose.
- We are committed to the continuity and development of environmentally friendly activities through awareness meetings we organize with our key stakeholders, especially our suppliers. Being in constant communication with our stakeholders on environmental issues is one of the main principles of our management system.
- We are committed to the continuity and development of environmentally friendly works through awareness meetings we organize with our key stakeholders, especially our suppliers. Being in constant communication with and consulting with our stakeholders on environmental issues is one of the main principles of our management system.
- In order to support the continuity, development and continuous improvement of our commitment to our Environment, Energy and Climate approach, we are committed to conducting annual management reviews of our environmental management system. While our environmental management system is regularly audited by third parties, we care about contributing to the development of our stakeholders through regular internal audits conducted within the company, internal audits of subcontractors, suppliers and technical services.
- We regularly measure our greenhouse gas emissions, and with the results we calculate our Corporate Carbon Footprint for our annual greenhouse gas (GHG) emissions as Scope 1, 2 and 3 in accordance with international standards. On the other hand, we are committed to continuing our investments and continuous improvement

activities to reduce our carbon footprint as much as possible with the use of appropriate sectoral practices and technologies to reduce our impact on climate change.

- In accordance with our Environmental and Energy Management Systems, green supply chain and logistics activities that minimize the damage of our logistics activities to the environment, have lower emission values and provide less gas emissions are at the center of our work. For this purpose, we aim to use vehicles with low carbon emissions, provide economic and safe driving, work with companies that use them, adopt an accident-free approach, and carry out optimization studies of transportation routes and options.
- We monitor our water consumption, report our water use and our efforts to prevent water pollution in our sustainability report, ensure and encourage the efficient use of water within our business and in the area where we are effective, and aim to raise awareness in this regard both among our employees and our stakeholders.
- In addition to the requirements of Environment and Water Management, we contribute to the protection of biodiversity and land as we prevent the wastewater from mixing with the soil and nature by giving the wastewater from our facility as a result of our production and operation activities to the MOSB sewer system.

APPENDIX: 2 KLIMASAN SUSTAINABILITY POLICY

RECYCLING AND "ZERO WASTE" APPROACH

As Klimasan Inc., we are committed to emphasizing recycling, minimizing the pollution that may arise from our activities, preventing waste generation at the source, separating the wastes at the source and contributing to their recycling.

- It is among our regular activities and permanent goals to prevent waste generation at the source as proactively as possible, to measure and record the wastes that cannot be prevented, to recover, reuse and dispose of all wastes generated in our facilities in a legally abiding manner and in accordance with international standards.
- We maintain all our waste management processes in accordance with the requirements of the ISO 14001 Environmental Management System. We ensure that the implementation and coordination in these processes are carried out with the participation of all our internal and external stakeholders, by following the policy of reducing waste at its source, and the awareness of recycling, while creating a corporate culture that spans from individual to collective awareness. At the beginning of our Waste Management and Recycling targets, we always include the concept of "Zero Waste" and we are committed to approaching this target as much as possible in all our activities.

- We care about raising awareness of our employees with Hazardous and Non-Hazardous Waste Management Instructions, Environmental Trainings, Announcement Boards, Motivation Posters and regular QMS Announcements, as well as Waste Management and Recycling awareness trainings, which are included in Environmental Management System trainings.

BIODIVERSITY APPROACH

"Conservation of biodiversity and natural habitats" is one of the United Nations Sustainable Development Goals goals under the title "Life on Land". This goal highlights the need for action to protect natural habitats that are part of our common heritage and to reduce biodiversity loss.

- As Klimasan Inc., we act in accordance with the requirements of the United Nations Convention on Biological Diversity in efforts on biodiversity. In the field of biodiversity, which has an important place in our sustainability vision in line with our Sustainability Policy and Environmental Management System, we also pay attention to the protection of natural habitats and biodiversity with the activities we carry out.
- While determining our environmental approach and designing our operational activities, we take biodiversity and ecosystem issues into account, act with the awareness of our responsibilities towards the environment in which we operate and commit to stick to this policy in all our future activities.

- We make sure that our employees are aware of the importance of biodiversity and take the necessary steps to protect it, and we include our efforts to protect biodiversity in our Social Responsibility Projects and forestation activities of Klimasan Grove.

OCCUPATIONAL HEALTH AND SAFETY APPROACH

We consider the Occupational Health and Safety Culture as a value from the highest level to the lowest, we care that our employees are competent individuals with high OHS awareness in all business processes we conduct embracing the view of "Occupational Safety and Quality Starts with Me".

- We are committed to developing and implementing practices that will ensure improvement in the field of Occupational Health and Safety, which is one of our primary focus points, to carry out studies to achieve the "Zero Accident" target while carrying out our operations, and to publish our OHS Management System and our work in this field in our sustainability report.
- We apply the same OHS standards to our stakeholders, especially Suppliers, Technical Services and Subcontractors, while informing them about our OHS Management System and expecting them to comply with these standards. We carry out our OHS Management System, taking into account the needs and expectations of all our stakeholders.

- We deem it very important that the OHS System is transmitted to the employees. For this purpose, we plan necessary and detailed OHS Awareness and Competency Trainings for our employees throughout the year, starting with the post-employment orientation trainings. In addition, we offer all documents required by the 45001 OHS Management System to all employees in the QDMS Module.
- With Near Miss Notifications, Kaizen Forms, Fishbone Diagram, Root Cause Analysis and Suggestion System, which are an important part of continuous improvement, development and prevention efforts, our employees and relevant stakeholders can ensure that accidents that may occur are not repeated; We attach importance and allow them to observe, voice their OHS risks and be a part of the solution.
- We care about and protect the health of our employees, and we are committed to the existence of our Health Team, where they can reach medical support whenever they need, without any restrictions.

APPENDIX: 2 KLIMASAN SUSTAINABILITY POLICY

EMERGENCY AND ACCIDENT MANAGEMENT

- We prepare, plan and test our response strategy for environmental emergencies and accidents. We publish the Emergency Action Plan via QDMS, with the access authorization of all employees, and we undertake to carry out regular informative activities.
- With the awareness that all kinds of emergencies and accidents that may occur should be considered as an opportunity to prevent the next one, we make sure that detailed investigations are made and precautions are taken for every emergency and accident.
- We evaluate the identification, management and reduction of possible emergencies and crises within the scope of our Integrated Management System, ISO 45001 Occupational Health and Safety Management System in particular.

SUSTAINABLE PROCUREMENT APPROACH

We are committed to informing our suppliers about our sustainability strategy and expectations by giving importance to the sustainability criteria in our supply chain, and to contribute to reducing the sustainability risks in our sphere of influence by adding these criteria to the supplier audit processes.

As of 2020, we have included a new evaluation within the scope of sustainability in our processes and the performance of suppliers within the scope of sustainability through the Corporate Social Compliance and Sustainability Survey directly integrated into the existing evaluation system.

With this survey, the performance of our suppliers was evaluated under the titles of Environmental and Energy Management, Ethical Policy and Practices, Occupational Health and Safety, Labor Force and Human Rights.

Starting with our global suppliers, we are committed to increasing the number of suppliers we reach within the scope of the survey in the upcoming period, and working one-on-one for improvements.

APPENDIX: 3

KEY PERFORMANCE INDICATORS

Financial Summary	2019	2020	
Net Sales Revenue (TRY)	1,035,061,928	978,280,732	
Net Profit for the Period (TRY)	112,932,138	48,572,778	
Total Assets (TRY)	1,196,028,860	1,479,691,169	
Current Ratio	1.9476	2.1741	
Liquidity Ratio	1.72	1.86	
Current Liabilities/Total Assets	0.43	0.40	
Long-Term Liabilities/Total Assets	0.30	0.37	
Total Equity/Asset	0.27	0.23	
Net Profit/Net Sales	0.11	0.05	
	2018	2019	2020
Total number of local suppliers in the purchasing budget	347	341	424
Total number of active suppliers	433	424	503
Local supply ratio by number of suppliers (%)	80	80	84
Total local purchase amount in the purchasing budget (MioTRY)	336.5	451.3	450.6
Total purchasing budget (TRY)	467.8	663.5	660.3
Local purchasing rate by purchasing budget (%)	72	68	68
R&D Budget (TRY)	14,882,872	16,765,772	17,792,179

Human Resources Data

Employee Demographics	2018	2019	2020
Senior executive demographics			
<i>Total number of senior executives</i>	10	12	8
<i>Total number of female senior executives</i>	1	2	1
<i>Total number of Turkish senior executives</i>	7	7	6
Senior executives by nationality			
<i>Native</i>	7	7	6
<i>Foreigner</i>	3	3	2

Employee Demographics	2018	2019	2020
Total number of employees	1,314	1,542	1,441
<i>Total number of female employees</i>	241	296	320
<i>Total number of male employees</i>	1,073	1,246	1,121
<i>Female employee rate</i>	0.18	0.19	0.22
Number of white collar employees	158	174	184
<i>White collar female employees</i>	60	71	75
<i>White collar male employees</i>	98	103	109
<i>White collar female employee rate</i>	0.38	0.41	0.41
Number of blue collar employees	1,156	1,368	1,257
<i>Blue collar female employees</i>	181	225	245
<i>Blue collar male employees</i>	975	1,143	1,012
<i>Blue collar female employee rate</i>	0.16	0.16	0.19
Disabled Employees	41	38	44
Interns			
<i>Number of intern high school students</i>	3	1	1
<i>Number of intern university students</i>	27	26	14
Employees by age groups			
<i>Below 30</i>	245	270	693
<i>30-50</i>	1,034	1,222	708
<i>Above 50</i>	35	50	40
Employees by nationality			
<i>Native</i>	1,309	1,537	1,436
<i>Foreigner</i>	5	5	5
Average years of seniority by employee categories			
<i>Senior Executives</i>	9	9	10
<i>Mid-Level managers</i>	7	6	7
<i>Experts & Clerks</i>	5	5	6
Employees by type of contract			
<i>Permanent</i>	916	1,077	1,037
<i>Temporary</i>	398	465	404

Environment Data

Use of Material	2018	2019	2020
Total amount of production (ton/pcs)	607,587	719,591	622,512
Total amount of raw materials used (ton)*	30,494	17,713	15,921
<i>Plastic Raw Material</i>	1,292	377	1,173
<i>Metal Raw Material</i>	29,202	17,336	14,749
Amount of recycled/recovered raw material used as input (ton)	5,387.9	3,979.3	3,705.8
Energy and Emissions	2018	2019	2020
Total energy consumption			
<i>Natural Gas (m³)</i>	706,623	804,768	772,862
<i>Electricity (kWh)</i>	9,688,055	10,520,479	10,389,766
Energy intensity (kwh/unit)	0.102	0.095	0.108
Scope 1 emissions (tonCO ₂ e)	2,474	2,777	2,643
Scope 2 emissions (tonCO ₂ e)	5,785	6,282	6,204
Scope 3 emissions (tonCO ₂ e)	NA	NA	13,024
Greenhouse Gas (GHG) emission intensity (Scope 1 + Scope 2) (CO ₂ /unit)	0.014	0.012	0.014
Water Consumption	2018	2019	2020
Total amount of water withdrawal (m³)	92,401	123,126	132,874
<i>Well water consumption</i>	59,784	40,099	146
<i>Mains water used</i>	32,617	83,027	132,728
Water intensity (m³/ciro (mio€))	0.73	0.76	1.09
Total water discharge by destination (m³)	83,161	110,813	119,587
<i>Natural receiving environment</i>	0	0	0
<i>Water canal</i>	83,161	110,813	119,587
The amount of water withdrawn per product (m³/ unit of product)	0.10	0.17	0.21

Waste	2018	2019	2020
Hazardous waste (ton)	34.2	33	47,927
<i>Energy recovery</i>	16,2	29	38,98
<i>Recovery</i>	0	3,941	8,947
<i>Landfill</i>	0	0	0
<i>Incineration</i>	0	0	0
Non-hazardous waste (ton)	2395.35	2547	3433.93
<i>Energy recovery</i>			0
<i>Recovery</i>	1676.35	1611	2848.93
<i>Landfill</i>	719	936	585
<i>Incineration</i>	0	0	0
Significant spills	0	0	0
Environmental Trainings	2018	2019	2020
Total environmental training hour for company employees	2,060	2,355	810
Total environmental training hour for contractor employees	136	163	27
Number of company employees participated to environmental trainings	824	942	324
Number of contractor employees participated to environmental trainings	542	650	108
Environmental Management	2018	2019	2020
Environmental management expenditures (TRY)	307,645	388,754	359,867

APPENDIX: 4

GRI CONTENT INDEX

DISCLOSURE	REFERENCES
GRI 101: Foundation 2016	
GRI 102: General Disclosures 2016	
Corporate Profile	
102-1	About the Report, page:3
102-2	About Klimasan, page:4
102-3	Contact, page: 77
102-4	About Klimasan, page: 9-10
102-5	About Klimasan, page: 4
102-6	About Klimasan, page: 4
102-7	About Klimasan page: 9 ;Performance Indicators, page: 72
102-8	Performance Indicators, page: 72
102-9	Supply Chain Management, page: 20-21
102-10	GRI Content Index: Klimasan 2020 Sustainability Report is Klimasan's first report.
102-11	Risk Management, page: 18
102-12	Stakeholder Relations and Corporate Memberships, page: 28-29
102-13	Stakeholder Relations and Corporate Memberships, page: 28-29
Strategy	
102-14	Message from the CEO; Message from the General Manager, page: 12-13
102-15	Global Trends that Impact our Activities, page:14-15 ; Risk Management, page: 18
Ethics and Integrity	
102-16	About Klimasan, page: 5-6; Business Ethics, page: 19
102-17	Risk Management, page: 5-6; Business Ethics, page: 19
Governance	
102-18	Corporate Management, page: 17
102-19	Sustainability Management, page:26-27
102-20	Sustainability Management, page:26-27
102-21	Sustainability Priorities page: 23
102-29	Sustainability Priorities page: 23
102-30	Risk Management, page: 18
102-31	Sustainability Priorities page: 23; Sustainability Management, page: 26-27
102-32	Sustainability Management, page:26
Stakeholder Engagement	
102-40	Stakeholder Relations and Corporate Memberships, page: 28-29
102-41	GRI Content Index: There is no collective bargaining agreement in Klimasan.

DISCLOSURE	REFERENCES
102-42	Stakeholder Relations and Corporate Memberships, page: 28
102-43	Stakeholder Relations and Corporate Memberships, page: 29-30
102-44	Stakeholder Relations and Corporate Memberships, page: 29-30; Sustainability Priorities page: 24
Reporting Practices	
102-45	About the Report, page: 3
102-46	About the Report, page: 3
102-47	Sustainability Priorities, page: 24
102-48	GRI Content Index: Klimasan 2020 Sustainability Report is Klimasan's first report.
102-49	GRI Content Index: Klimasan 2020 Sustainability Report is Klimasan's first report.
102-50	About the Report, page: 3
102-51	GRI Content Index: Klimasan 2020 Sustainability Report is Klimasan's first report.
102-52	GRI Content Index: Reporting is annual.
102-53	About the Report, page: 3
102-54	About the Report, page: 3
102-55	GRI Content Index, page: 74
102-56	GRI Content Index: There is no external assurance.

MATERIAL ISSUES

STANDARD	DISCLOSURE	REFERENCES
Product Responsibility and Customer Satisfaction		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	Responsible Products, page: 54
	103-2 The Management Approach and its Components	Responsible Products, page: 54-55
	103-3 Evaluation of the Management Approach	Responsible Products, page: 54-55
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Responsible Products, page: 54
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	GRI Content Index: There are no cases of non-compliance in the reporting period.
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Product Safety, page: 54; Customer Satisfaction and After-Sales Services, page: 54-55
	417-2 Incidents of non-compliance concerning product and service information and labeling	GRI Content Index: There are no cases of non-compliance in the reporting period.
	417-3 Incidents of non-compliance concerning marketing communications	GRI Content Index: There are no cases of non-compliance in the reporting period.

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

MATERIAL ISSUES		
STANDARD	DISCLOSURE	REFERENCES
R&D and Innovation		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	R&D, Innovation and Innovative Products, page: 57
	103-2 The Management Approach and its Components	R&D, Innovation and Innovative Products, page: 57-58
	103-3 Evaluation of the Management Approach	R&D, Innovation and Innovative Products, page: 57-58
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	About Klimasan, page: 9-10
	201-2 Financial implications and other risks and opportunities due to climate change	Global Trends that Impact our Activities, page:14-15
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Employee Volunteerism and Corporate Social Responsibility ,page:63
Occupational Health and Safety		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	Occupational Health and Safety, page: 63
	103-2 The Management Approach and its Components	Occupational Health and Safety, page: 63-64
	103-3 Evaluation of the Management Approach	Occupational Health and Safety, page: 63-64
GRI 403: Occupational Health and Safety Management Approach 2018	403-1 Occupational Health and Safety Management System	Occupational Health and Safety, page: 63-64
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety, page: 63-64
	403-3 Occupational Health Services	Occupational Health and Safety, page: 63-64
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety, page: 63
	403-6 Promotion of worker health	Occupational Health and Safety, page: 63
	403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety, page: 63
	403-9 Work-related injuries	Occupational Health and Safety, page: 64
403-10 Work-related ill health	Occupational Health and Safety, page: 64	
Employee Development		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	Employee Development, page: 62
	103-2 The Management Approach and its Components	Employee Development, page: 62
	103-3 Evaluation of the Management Approach	Employee Development, page: 62
GRI 404: Employee Development 2016	404-1 Average hours of training per year per employee	Employee Development, page: 31 ; Performance Indicators, page: 40
	404-2 Talent management and life-long learning programs	Employee Development, page: 31-32

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Human Rights		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	Human Rights Approach, page: 19
	103-2 The Management Approach and its Components	Human Rights Approach, page: 19
	103-3 Evaluation of the Management Approach	Human Rights Approach, page: 19
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	GRI Content Index: All security personnel have completed the necessary legal training.
Social Diversity & Equality		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	Social Diversity & Equality, page: 61
	103-2 The Management Approach and its Components	Social Diversity & Equality, page: 61
	103-3 Evaluation of the Management Approach	Social Diversity & Equality, page: 61
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	GRI Content Index: There is no distinction in our wage based on gender. We act on the principle of equal pay to equal work for all our employees.
	202-2 Proportion of senior management hired from the local community	Performance Indicators, page: 72
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	GRI Content Index: Legal notice periods are taken into account for significant changes.
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Performance Indicators, page: 72
	405-2 Ratio of basic salary and remuneration of women to men	GRI Content Index: There are no gender-based salary differentiation. Klimasan employs "equal work-equal pay" understanding.
GRI 406: Non-discrimination 2016	406-1: Incidents of discrimination and corrective actions taken	GRI Content Index: No discrimination incident occurred during the reporting period.
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Klimasan Corporate Social Compliance Policy , page: 67
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Klimasan Corporate Social Compliance Policy , page: 67
Supply Chain Management		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	Supply Chain Management, page:20
	103-2 The Management Approach and its Components	Supply Chain Management, page: 20-21
	103-3 Evaluation of the Management Approach	Supply Chain Management, page: 20-21

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GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Supply Chain Management, page: 20 ; Performance Indicators, page: 72
Corporate Management and Risk Management		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	Corporate Management, page: 17; Risk Management, page: 18
	103-2 The Management Approach and its Components	Corporate Management, page: 17; Risk Management, page: 18
	103-3 Evaluation of the Management Approach	Corporate Management, page: 17; Risk Management, page: 18
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	Klimasan Corporate Social Compliance Policy , page: 67
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust and monopoly practices	Fair Competition, page: 17
Resource Management		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	Climate and Environment, page: 40-41
	103-2 The Management Approach and its Components	Climate and Environment, page: 40-41
	103-3 Evaluation of the Management Approach	Climate and Environment, page: 40-41
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Performance Indicators, page: 73
	301-2 Recycled input materials used	Performance Indicators, page: 73
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water Management, page: 47
	303-2 Management of water discharge-related impacts	Water Management, page: 47
	303-3 Water withdrawal	Performance Indicators, page: 73
	303-4 Water discharge	Performance Indicators, page: 73
	303-5 Water consumption	Performance Indicators, page: 73
Energy and Emission Management		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	Energy and Emission Management, page: 42-44
	103-2 The Management Approach and its Components	Energy and Emission Management, page: 42-44
	103-3 Evaluation of the Management Approach	Energy and Emission Management, page: 42-44
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Energy Management, page :42 Performance Indicators, page: 73
	302-3 Energy intensity	Performance Indicators, page: 73
	302-4 Reduction of energy consumption	Energy Management, page: 42-46
	302-5 Reduction in energy requirements of products and services	Energy Management, page: 42-46

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GRI 305: Emisyonlar 2016	305-1 Direct (Scope 1) GHG emissions	Emission Management, page: 44; Performance Indicators, page: 73
	305-2 Indirect (Scope 2) GHG emissions	Emission Management, page: 44; Performance Indicators, page: 73
	305-3 Other indirect (Scope 3) GHG emissions	Emission Management, page: 44; Performance Indicators, page: 73
	305-4 GHG emissions intensity	Emission Management, page: 44; Performance Indicators, page: 73
	305-5 Reduction of GHG emissions	Emission Management, page: 44
Waste Management		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	Waste Management, page: 48-50
	103-2 The Management Approach and its Components	Waste Management, page: 48-50
	103-3 Evaluation of the Management Approach	Waste Management, page: 48-50
GRI 306: Effluents and Waste 2016	306-2 Waste by type and disposal method	Waste Management, page: 48-51; Performance Indicators, page: 73
	306-3 Significant spills	Performance Indicators, page: 73
	306-5 Water bodies affected by water discharges and/or runoff	GRI Content Index: There are no water sources significantly affected by Klimasan's operations.
Technology and Digitalization		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	Tehnology and Digitalization, page: 58
	103-2 The Management Approach and its Components	Tehnology and Digitalization, page: 58-59
	103-3 Evaluation of the Management Approach	Tehnology and Digitalization, page: 58-59
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Tehnology and Digitalization, page: 58
Legal Compliance		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	Corporate Management, page: 17
	103-2 The Management Approach and its Components	Corporate Management, page: 17; Climate and Environment, page: 40-42
	103-3 Evaluation of the Management Approach	Corporate Management, page: 17; Climate and Environment, page: 40-42
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	GRI Content Index: There are no cases of non-compliance in the reporting period.
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	GRI Content Index: There are no cases of non-compliance in the reporting period.

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Other Material Issues		
After-Sales Services		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	Customer Satisfaction and After-Sales Services, page: 54
	103-2 The Management Approach and its Components	Customer Satisfaction and After-Sales Services, page: 54-55
	103-3 Evaluation of the Management Approach	Customer Satisfaction and After-Sales Services, page: 54-55
Emergency Preparedness		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	Emergency Preparedness, page: 19-20
	103-2 The Management Approach and its Components	Emergency Preparedness, page: 19-20
	103-3 Evaluation of the Management Approach	Emergency Preparedness, page: 19-20
Business Ethics		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	Business Ethics, page: 19
	103-2 The Management Approach and its Components	Business Ethics, page: 19
	103-3 Evaluation of the Management Approach	Business Ethics, page: 19
Logistic Impacts		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	Logistic Impacts, page: 21
	103-2 The Management Approach and its Components	Logistic Impacts, page: 21
	103-3 Evaluation of the Management Approach	Logistic Impacts, page: 21
Innovative Products		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	R&D, Innovation and Innovative Products, page: 57
	103-2 The Management Approach and its Components	R&D, Innovation and Innovative Products, page: 57-59
	103-3 Evaluation of the Management Approach	R&D, Innovation and Innovative Products, page: 57-59
Social Development		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	Klımasan Corporate Social Compliance Policy, page: 67-68; Employee Volunteerism and Corporate Social Responsibility, page: 63
	103-2 The Management Approach and its Components	Klımasan Corporate Social Compliance Policy, page: ; Employee Volunteerism and Corporate Social Responsibility, page:
	103-3 Evaluation of the Management Approach	Employee Volunteerism and Corporate Social Responsibility, page: 63

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Life Cycle Analysis		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	Climate and Environment, page: 40-41
	103-2 The Management Approach and its Components	Climate and Environment, page: 40-41
	103-3 Evaluation of the Management Approach	Climate and Environment, page: 40-41
Use of Chemicals		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	Green Chemistry, page: 45
	103-2 The Management Approach and its Components	Green Chemistry, page: 45
	103-3 Evaluation of the Management Approach	Green Chemistry, page: 45

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