

A YEAR FOR THE FUTURE

 **KLIMASAN**

Sustainability Report
2022



04:17

06.02.2023

On February 6, 2023, our country endured the largest earthquake in the history of our Republic. Across ten provinces, tens of thousands of our citizens lost their lives in the Kahramanmaraş-centered earthquake and hundreds of thousands more were injured.

Once again, we wish God's mercy on our lost citizens and we offer our condolences to their loved ones.

As the Klimasan Family, we mobilized all our resources to meet the needs of our earthquake-affected citizens and we continue to do so, striving to heal the wounds and restore life in the region to normal as soon as possible.

Standing in solidarity from the very first day, our nation's drive and determination to participate in the relief efforts lead us to look to the future with hope.

We wish a quick recovery to everyone.





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A BRIGHT

YEAR

We increased our CSR score in the EcoVadis program, rising from Silver to Gold status. The EcoVadis program measures the sustainability performance of companies through evaluations under the main themes of Environment, Employees and Human Rights, and Ethics and Sustainable Supply. Companies are scored on a scale to 100 within the framework of Corporate Social Responsibility (CSR) criteria and in relation to their policies, actions and reports.

76
ECOVADIS CSR
SCORE





A FRUITFUL YEAR

As Klimasan, we focus on energy efficiency in both our products and production processes. As part of our environmental sustainability measures, we significantly reduce natural resource consumption (natural gas, electricity and water). Through our ongoing efforts to meticulously handle emission calculation and verification processes, our emission reduction efforts achieved positive results and we set new emission reduction targets.

14.2%
REDUCTION RATE OF
TOTAL SCOPE 1 AND
2 EMISSIONS

13.6%
REDUCTION RATE
OF TOTAL SCOPE
3 EMISSIONS





AN ENERGETIC

YEAR

We continued nature-friendly, environmentally friendly production without slowing down. Our energy-efficient products attract even greater attention in the refrigerator and freezer market, thus contributing to the sustainable future of our planet. Through our R&D studies, we achieve the minimum energy-maximum efficiency targets in our value-added products, and each year we raise our performance in this regard.

29
**ANNUAL NUMBER OF
INTELLECTUAL PROPERTY
APPLICATIONS AND UNIVERSITY-
INDUSTRY COOPERATION PROJECTS**





AN INCLUSIVE YEAR

As Klimasan, deriving its power from human energy and stakeholders, we prioritize equal, fair and inclusive values in our ecosystem. We implement a range of practices to ensure that our personnel enjoy a happy and peaceful working environment with high levels of belonging, and we occupy an exemplary position in the employment of women and people with disabilities.



35%
RATE OF WOMEN EMPLOYEES
IN SENIOR POSITIONS



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About the Report

Klimasan's third sustainability report was prepared within the framework of the corporate sustainability strategy of the Company. With its 2022 sustainability report, Klimasan aims to present its performance in the matters of society, economy, environment, Corporate Governance, and more to its stakeholders in any field and geography in which it operates.

The report covering the period January 1-December 31, 2022 provides information on all activities related to the fields of "Our Planet, People, Sustainable Business, and Sustainable Growth."

Klimasan A.Ş. has 5 subsidiaries, namely Metalfrío Solutions Poland SP. Z.o.o., Metalfrío West Africa Ltd., Sabcool Ltd., LLC Metalfrío Solutions, LLC Estate. These partnerships are not included in the reporting scope. The 2022 Klimasan Sustainability Report has been prepared in light of the core option of the

Global Reporting Initiative's (GRI) 2016 Standards Reporting Framework.

In the sustainability report, Klimasan's corporate responsibility efforts, Management System practices, financial and non-financial efforts for 2022 are mentioned. The report also includes our contribution to the United Nations Sustainable Development Goals and performance under the UN Global Compact.

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

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





Klimasan at a Glance

Wide range of products in the commercial refrigeration market

Started in 1915, Klimasan continues its successful activities in the industrial coolers and freezers sector by constantly improving and updating itself.

812,520
units/year

Annual Production Capacity

66,412 m²

Closed Area

141,068 m²

Total Area

1,580

Number of Employees

370th place

Türkiye's 370th Largest Industrial Company According to ISO 500 List

EUR 3.3 million

Total Investment Expenditures

5%

2022 Productivity Increase



Klimasan Manisa Factory Türkiye

Factory Surface Area: 141,068 m²
Production Capacity: 812,520 units/year

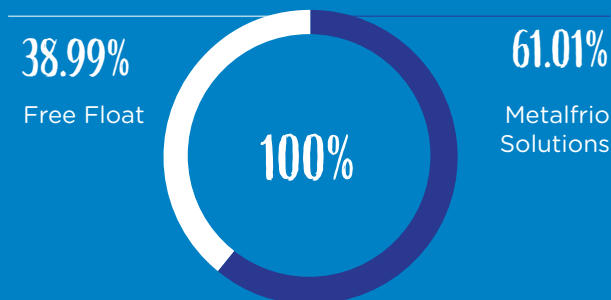


Kaliningrad Factory Russia

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



Our Shareholding Structure



* Metalfrío Solutions' total share in the Company's capital structure is 68.75%, considering the 7.75% rate it holds in the publicly traded portion of the Company's shares.



Our Strong Sustainability Performance

Sustainability approach integrated into the business model

Klimasan successfully manages all economic, environmental, and social risks and opportunities arising from its operations by integrating its sustainability strategy into all its activities.



Our Planet

- Calculation and Verification of Carbon Emissions within the Framework of ISO 12064-1:2018 Standard and GHG Protocol
- Reducing Carbon Emissions
- Determining the Emission Reduction Targets
- Investing in Renewable Energy to Reduce Electricity Consumption
- Reducing the Consumption of Natural Resource and Energy



People

- Increasing Employee Training Programs
- R&D Specialization Program
- Coollest Start Program
- Coollest Talks
- Participation in the UN Global Compact Target Gender Equity Program



Sustainable Business

- Establishing the Sustainability Strategy
- EcoVadis CSR Gold Rating
- Supporting the United Nations Global Compact
- Product Recyclability Analysis
- Supply Chain Corporate Social Responsibility Risk Analysis



Sustainable Growth

- Investing in Renewable Energy
- ERP Digital Transformation Project
- Increase in R&D Budget

Our 2022 Realizations

Gold medal from EcoVadis in 2022

Klimasan integrates the 10 basic principles of the United Nations Global Compact and the Sustainable Development Goals into its business strategies.

67%

2021-2022 Increase in Blue Collar Employee Training Hours

114%

2021-2022 Increase in White Collar Employee Training Hours

15

2022 Social Responsibility Projects

24

2022 Motivational Activities for Employees

4.8%

2021-2022 Savings in Total Electricity Consumption

As a leader in the industrial refrigerator and freezer sector, Klimasan is also at the forefront of the industry thanks to its sustainable corporate management activities. In this context, Klimasan carried out the following works in 2022:

Gold Medal in the EcoVadis Sustainability Evaluation

Klimasan has received EcoVadis supplier sustainability and corporate social responsibility evaluation services since 2013. This evaluation constitutes the most important processes of the Company's sustainability activities.

The Company carries out intensive work on the improvement points and actions determined via the EcoVadis evaluation score, which has a direct impact on Klimasan's commercial activities, competitive advantages and market share.

In its most recent EcoVadis Sustainability Evaluation, Klimasan raised its score to 76, garnering an EcoVadis gold medal. As a result of this score, achieved within the scope of the Company's practices under the headings of Environment, Ethics, Sustainable Procurement, and Labor and Human Rights, Klimasan ranked in the top 2% of companies evaluated worldwide and in the top 1% in its sector.

Klimasan, UN Global Compact Signatory and Supporter

Klimasan has been a signatory and supporter of the United Nations Global Compact since 2019. The Company integrates the 10 basic principles of the United Nations Global Compact and the Sustainable Development Goals into its business strategies. Klimasan announces its efforts towards SDGs through Sustainability Reports. All employees have access to the "UN Global Compact Academy," through which they can benefit from training and certification programs provided by the United Nations Global Compact. In addition, Klimasan participates in global programs conducted by the UN Global Compact in environmental and social sustainability activities.





Our 2022 Realizations

Strategic initiatives in contributing to gender equality

In 2022, we became one of 25 Turkish participating companies in the Target Gender Equality (TGE) Program conducted internationally by the United Nations Global Compact.

31.3%

2021-2022 Savings in Total Natural Gas Consumption

35.4%

2021-2022 Savings in Total Water Consumption

40%

2021-2022 Reduction in OHS Accident Severity Rate

34%

2021-2022 Reduction in OHS Accident Frequency Rate

21.4%

2021-2022 Reduction in Hazardous Waste Amount Per Standard Unit Product

The Aim Is Participation in Target Gender Equality (TGE)

This year, we became one of the 25 Turkish participating companies in the Target Gender Equality (TGE) Program conducted internationally by the United Nations Global Compact. The program aims to ensure gender equality in the business world and to increase the ratio of female employees in senior management positions. Within the TGE program, the Company conducted experience-sharing workshops, trainings and seminars, with short- and long-term action plans determined at the conclusion of the program.

Third Year of Sustainability Reporting

With its first sustainability report issued in 2020, Klimasan had the opportunity this year, for the first time, to present a report to stakeholders on its corporate sustainability and financial and non-financial projects and activities – all of which are important. The Company shared its corporate sustainability strategy, as well as the targets and commitments determined in accordance with the strategy defined in the 2021 Sustainability Report. Now in its third year of sustainability reporting, Klimasan publishes its environmental, social and economic indicators, as well as accounts of its responsible

activities throughout the year, in sustainability reports created within the framework of GRI.

Pioneering in Emission Calculation Monitoring and Verification

Klimasan has calculated and reported its carbon footprint in accordance with the GHG Protocol since 2011. In 2021, for the first time, the Company calculated and verified its emissions in six categories according to the GHG Protocol, as well as the ISO 14064-1:2018 Standard, breaking new ground in its sector. In 2022, the Company also calculated and verified its emissions based on the GHG Protocol and the ISO 14064-1:2018 Standard.



Our 2022 Realizations

Savings of more than 30% in energy consumption in 2022

Through intensive R&D activities, Klimasan expanded the range of its energy-efficient products and increased the number and variety of highly energy-efficient products.

12

Number of Utility Models

21.5%

2021-2022 R&D Budget
Increase

13.9%

Total Emission Reduction

Efforts in the Fight Against the Climate Crisis

Klimasan conducts all its operations in awareness of problems that may arise from the consequences of the climate crisis. In this regard, the Company carries out intensive studies in areas such as energy saving, product energy efficiency and emission reduction. Through investments and projects conducted by Klimasan in 2022, more than 30% savings were achieved in energy consumption, especially in natural gas usage. For a similar purpose, the Company expanded its energy-efficient product range through intensive R&D activities and increased the variety and number of high energy-saving products. In the last quarter of

2021, Klimasan committed to determining its carbon footprint reduction target in line with the Science-Based Targets Initiative (SBTi), thus making inroads into reducing emissions. This year, the Company expended further efforts to determine emission reduction targets and implement training and information programs, and the determined targets were submitted for the approval of SBTi.



Successful Results in Emission Reduction Targets with S-LoCT Program

Klimasan participated in the Supplier Leadership on Climate Transition (S-LoCT) Program,

organized by Guidehouse this year and sponsored by Coca-Cola and Heineken. The third level of S-LoCT, a five-stage training program, started with the "Target Setting" section and worked on setting science-based emission reduction targets. The S-LoCT Program helps Klimasan to take important steps in the emission management journey. Klimasan has successfully completed the "Target Determination" step of the program. Now in the fourth level, "Reduction," the Company continues training and studies as part of reaching the emission reduction targets.



Our 2022 Realizations

Exemplary use of renewable energy

Klimasan procured the 10,257 MWh of electrical energy it consumed in 2022 from renewable energy sources and was entitled to receive the International Renewable Energy Certificate issued by the Manisa Organized Industrial Zone.



International Renewable Energy Certificate

Since 2020, Klimasan has provided the electrical energy consumed every year with its investment in renewable energy sources, and has received the International Renewable Energy Certificate (I-REC) in this context. The Company procured the 10,257 MWh of electrical energy it consumed in 2022 from renewable energy sources and was entitled to receive the International Renewable Energy Certificate (I-REC) issued by the Manisa Organized Industrial Zone (MOSB).

Publication of the Sustainability Principles Compliance Report

As part of its transparent stakeholder information and reporting activities, Klimasan submitted its 2022 Sustainability Principles Compliance Report, summarizing the EMS Performance of 2022, to all its stakeholders via the Public Disclosure Platform (PDP).

The Klimasan Love Grove Continues to Grow

A total of 2,270 saplings have been planted to date in the Klimasan Employees Love Grove, the foundations of which were laid last year. Saplings were donated on behalf of all Klimasan employees through income obtained by sending scrap electronic waste for recycling. Employees can donate as many saplings as they want, whenever they want, to the Aegean Forest Foundation via Klimasan.

Personal Development, Awareness and Information Trainings

In 2022, Klimasan provided personal development, awareness and information trainings, along with vocational and technical training specifically for its employees. This year was a standout in terms of employee development activities, thanks to management systems, the expansion of personal development and professional

training hours, and technical trainings provided to all employees as part of the ERP Project.

Professional Cooperation Training Protocol

With the Vocational Training Cooperation Protocol signed with the Manisa/Yunusemre District National Education Directorate, more than 1,000 employees working at Klimasan have been included in the Mastery Compensation Program. In this regard, employees who completed their technical training processes were entitled to receive Mastery Compensation Certificates.

Cooler Recycling Analysis

Klimasan strives to keep the environmental impacts of its products at a minimum level throughout their life cycle. The Company ensures that its products consist of recyclable, recoverable and reusable materials, and aims to constantly improve the recyclability rate of its

Our 2022 Realizations

Products with greater recyclability

Klimasan analyzes the recyclability of its products and shares this information with customers. In addition, the Company works with supplier companies on the environmental impacts of their products.

products. Klimasan analyzes product recyclability and shares this information with customers. In 2022, the Company worked with the local and foreign recycling facilities considered authorities in the field of white goods and cooler recycling and recovery. These facilities provided detailed analyses and reports for these products and their materials and, additionally, supplier companies were asked to submit information on the recyclability of materials and products provided to Klimasan. The Company works with its supplier companies to address and mitigate the environmental impacts of their products.

KWAY Digital Transformation Project

In 2022, Klimasan undertook a number of important projects in its digital transformation journey. As part of the KWAY Project, new enterprise resource planning (ERP) software has been put into

operation, increasing the efficiency and integration of the organization's processes. With this technological investment, Klimasan deployed more than 25 modules and secured its operational, financial, and administrative processes. The KWAY Project team and end users were provided with competency trainings, and the system's effectiveness and employees' satisfaction are measured with performance indicators.

R&D Specialization Training Program

An aim of the R&D Specialization Training Program implemented by the Klimasan R&D Team is for all employees to have easy access to technical information and gain professional mastery. Within the framework of the program, a minimum of two technical trainings were held each month featuring presentations from the R&D specialists.



Our Sustainability Approach

Strong sustainability strategy

Klimasan implements its Sustainability Strategy under four fundamental headings: People, Our Planet, Sustainable Business, and Sustainable Growth. It adopts an approach centered on sustainability by taking various steps under these four headings.





Message from the CEO

Leader in sustainability performance

As a company that stands out with its sustainability activities, we serve as an exemplar in our industry in ensuring sustainability in the value chain.

Dear Stakeholders,

While preparing this report, in which we share our sustainability efforts in 2022, Türkiye endured the largest earthquake in its history. Before proceeding, I would like to express my sorrow for those who lost their lives, and my sincerest condolences to their families and loved ones on behalf of myself, my family and my institution.

As the Klimasan Family, from the first hours of the disaster, we mobilized all our resources to support rescue efforts and we continue to support efforts to shelter those affected by the earthquake victims and to return life in the region to normal. On many occasions since, the world has seen that Türkiye moves forward by uniting as a nation. We are certain that the wounds will be healed as soon as possible and, As Klimasan and Metalfrio, we will continue our ongoing activities in this process.

In 2022, a year in which we expected a return to normal following the pandemic, a military operation started in the middle

of Europe. The conflict between Russia and Ukraine led to a humanitarian crisis not seen on the continent for decades. This situation – and the subsequent geopolitical, diplomatic and political tension among global powers – caused dramatic increases in energy and food prices. Also driving pressure on the global economy were issues such as high inflation, a severe decline in purchasing power, increased migration due to the climate crisis, and the risk of famine or hunger due to climate change. Not only can 2022 be described as a negative year in general, but it also heralded the beginning of global uncertainty.

These issues not only demonstrate the interconnectedness of everything on our planet, but also reveal a much more important and critical concern – our vulnerability, as humanity, to crises.

The problems we experienced this year remind us yet again that we must gain a new understanding in every aspect of our lives, especially in social, environmental, economic and technological matters.

We cannot continue to live like this anymore. We must find a way to create and adhere to a circular economy, to create a sustainable world and utilize renewable resources. We must reshape our daily personal and professional lives, and the way we produce and consume, on a foundation of sustainability, and we must do this quickly. We must develop methods that will reverse the damage we have caused to our planet.

As Klimasan, our mission is to develop products that ensure the protection of foods and beverages in a healthy way. Accordingly, as we develop products that bring together the two sectors where sustainability is most critical, namely food safety and energy, and experience them every day, our understanding of the importance of these concepts grows. In this regard, in addition to our sustainability efforts in the production of our own products, our logistics and supply chain, and our raw material selection, we also foresee the environmental footprint and recyclability of our products during their lifetime. Today, it is not enough to manufacture our products

through sustainable methods or resources. Their lives, too, should be sustainable. As the Klimasan Family, I am extremely proud to say that every product that reaches our customers is designed, produced and delivered in accordance with this responsibility.

We group our sustainability strategy and activities under four main headings: People, Our Planet, Sustainable Business, and Sustainable Growth. Every day we learn more, and we develop and discover together.

I appreciate the words of Mahatma Gandhi, a person who has inspired many generations: "If you want to change the world, start with yourself first." As Klimasan, I must note that we have truly internalized the meaning of these profound words.

As humanity, we face a long and very tough road of urgent and difficult change and transformation. We undertake this journey with ourselves, first. I am quite happy to see that this sustainability awareness and consciousness, which we institutionalized and systematized four years ago, are now embedded in our corporate DNA.

We ourselves have become the change that we desire to see across the world. In a short time, we have become not only the leader of our industry in sustainability works, but also one of the institutions with the best practices in the Turkish business world.



60%
Net Sales Growth

The report you are about to read is the result of this consciousness, effort and vision. It shows both what we are doing now and where we endeavor to be.

We would like to again thank all our colleagues and stakeholders who have participated in our sustainability studies and provided direction and effort.

Kind regards,

Luiz Eduardo Moreira Caio
CEO



Message from the General Manager

For the future of our planet

We carry out energy efficiency projects and develop products with low energy consumption in order to ensure environmental sustainability and reduce our footprint.

Dear Stakeholders,

This report, for 2022, describes the sustainability initiatives and practices that we aimed for years ago and have been realizing since. The report also reveals the vision of the Klimasan Family for the future of our planet.

Through our activities, we have perfected the practices in our industry and built upon them. Our aim is to build a sustainable future, not only in our environmental impact area but also in social and economic areas – in short, in all Klimasan’s areas of impact.

Sustainability, the circular economy, areas of impact, the ESG approach and many other techniques, strategies, road maps and academic research...All are undoubtedly studies that have a scientific basis behind them, that open a new horizon, and that are extremely important for our future, our planet, our children and their children.

However, people must first be willing to take on this responsibility and commit to taking the necessary steps to transform

the aforementioned studies into actual practices, to implement the strategies and roadmaps that will benefit humanity.

As Klimasan, I believe that our greatest strength is that my colleagues acknowledge their responsibility to improve the future and possess the determination to take such steps. Change and transformation can be realized only by those who are eager and willing to take these steps.

I would like to say the last word first: Many of the practices I share with you below were achieved thanks to the efforts and talents of my colleagues and the business partners and suppliers across every aspect of the Company, especially the Sustainability Committee. I congratulate them again and I am proud to be their colleague.

In 2022, we steered our sustainability journey according to our R&D and digitalization studies. We had the pleasure of realizing two projects that we had worked on for years and that we considered quite important, for our country as well as our company.

Our R&D teams completed the product recyclability analyses and we finalized the ERP Digital Transformation Project. As you know, sustainability necessitates a 360-degree approach that encompasses not merely the environmental impacts of manufacturing but also the lifespan of the product on the planet and beyond. For many years now, and in accordance with our sustainable product understanding, we have conducted R&D studies to increase the rate of reusable materials in our products. In 2022, following a comprehensive analysis, the recycling properties of all materials we use in our products were reported together with the supplier companies and international recycling companies that are experts in their fields. Thus, we now have the opportunity to collaborate with our suppliers in developing products with a high recycling rate in the very near future.

The fundamentals of our sustainability works include the efficient use of raw materials, by-products, packaging and many other resources, especially energy,

in the Company’s manufacturing processes. In addition, we strive for continuous improvement in our operational processes. Digitalization is of vital importance in this regard.

We deployed ERP software in 2022, in order to enhance the integration of various processes and the efficiency of the reporting system. The process flow was adapted to the new ERP system as a result of reviewing, simplifying and rearranging existing processes throughout the year. Thus, we expanded the digital integration of all the Company’s functions, including accounting, shipping, production planning, stock management and purchasing. In short, our new ERP software has been a significant step in Klimasan’s progress towards becoming a “Smart Business.”

Whether or not we realize it, we are witnessing unprecedented days. Extreme weather events are now commonplace. Each day, we see on our screens the drama of people who are forced to leave their ancestral lands for a better life due to drought, famine or a decline in agricultural lands. News on the food crisis becomes more dire every day. We are heading for the last roundup of fossil energy resources – resources that we once believed were infinite.

Each of us has a responsibility in the fight against climate change. Klimasan, the industry leader touching ten thousand



TL 25 Million+
R&D Budget
for 2022

lives, has taken action to fulfill its responsibilities. I believe that, in addition to the information it contains, this report reflects our strong commitment to this road.

I again express my thanks to you, our stakeholders, for supporting us on our journey.

Kind regards,

Alper Erol
General Manager



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Klimasan in Brief

A leading brand in the world

Strengthening its global position with every passing year, Klimasan operates as one of the most important commercial refrigerator manufacturers in Türkiye.

Starting in 1915, Klimasan's journey continues through its successful activities in the industrial coolers and freezers sector by constantly improving and updating itself. The foundations of Klimasan were laid in a small shop in Izmir in 1931, when the Şenocak family imported the first refrigerator. 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.

Restructured in 1969 and renamed Klimasan Klima Sanayi ve Ticaret A.Ş., the Company serves its customers with the brands Şenocak in the domestic market and Klimasan and Metalfrio in the international market.

Klimasan continues to work as a supplier of world-renowned beverage and ice cream companies with its 65,765 m² closed area, 141,068 m² total area, and constantly renewed technology. It also provides refrigerators and freezers to large corporate companies in

the domestic market. Klimasan, a leading global brand, is one of the most important commercial refrigerator manufacturers in Türkiye. Klimasan operates mainly in the industry of production of commercial-type coolers and freezers. The Company also has a range of domestic deep freezers.

A member of the Metalfrio Group, Klimasan offers service to industry-leading global and regional brands alongside its services of beverage, ice cream, and food. The Company

offers a comprehensive range of solutions in the commercial refrigeration market across the world. Klimasan's manufacturing plant, Manisa Factory, is the largest commercial cooler plant in Europe.

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

With its Manisa Factory, Klimasan is among the most employing enterprises in the Aegean Region, especially in Manisa, and stands out in its region in terms of contract, seasonal, and permanent employment. Today, Klimasan continues its successful journey with a total of 1,580 employees, 236 white-collar and 1,344 blue-collar.

In addition to its production facility in Manisa, Türkiye, Klimasan has 1 production facility in Kaliningrad, Russia, and sales offices in Warsaw, Poland; Johannesburg, South Africa; Dubai, United Arab Emirates and Nigeria, West Africa.

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

Klimasan continues its efforts to create value for all of its stakeholders with the importance it places on corporate governance principles. The production facility of the Company in Manisa has a capacity of 812,000 units/year and offers 165 types of products to more than 1,600 customers in countries over 100, and it ranks among the largest top 500 companies in Türkiye. Klimasan and its brands have built a strong reputation as a reliable and innovative supplier of refrigerators and freezers for more than five decades.

Klimasan is always ahead of its competitors thanks to its energy-efficient product groups, high technological R&D studies, customer-specific design, and solution options. The Company always continues its efforts to maintain its sector leadership with market research, competitor analysis, customer searches, acquisition and promotion activities, and projects to increase customer satisfaction under the leadership of the Marketing Department.



Our Main Products

Household Coolers

- Chest Freezers
- Vertical Freezers with Drawers
- Freezers/Coolers

Commercial Type Coolers

- Vertical Beverage Coolers
- Counter Top/Back Bar Coolers
- Horizontal Freezers
- Vertical Freezers
- Freezers/Coolers
- Conservators
- Islands
- Conservators with Display Glass
- Professional Kitchen Coolers and Freezers



About Metalfrio Solutions

The strategic partner of the largest food and beverage brands

Established in 1960 to offer solutions responding to the regional needs of its customers, Metalfrio Solutions guides the growth journey of its customers with expertise that is referenced all over the world. Besides, it has an infrastructure that provides fully customized solutions to understand and meet the needs of each market.

As a strategic partner of the largest food and beverage brands, Metalfrio Solutions provides its users with quite expansive customized solution tools from design and production to distribution and after-sales services.

The expertise acquired since the day it was established is present in every detail of the product range, contributing to maximum efficiency, low maintenance, reduced

operating costs and lower energy consumption for the beverage and food market.

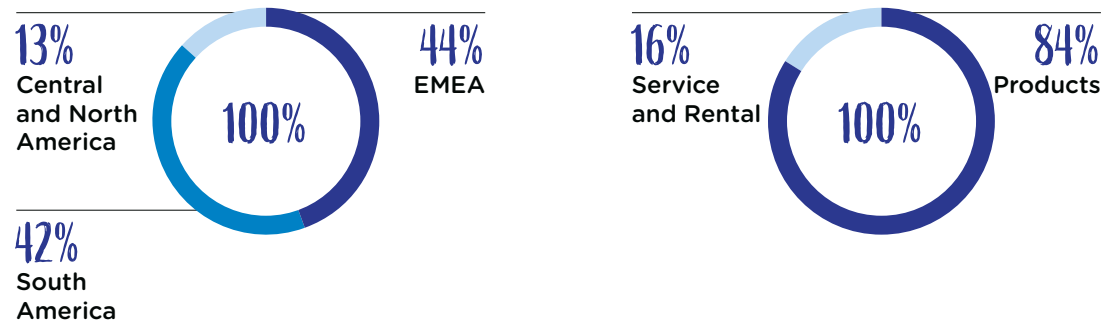
Life Cycle, part of Metalfrio Solutions, offers an innovative system and latest generation services for coolers and freezers, as well as maintenance, logistics, spare parts and refurbishment services. Life Cycle is a 360° service from Metalfrio Solutions, which works with businesses to keep their beverage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

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



5 production facilities on 2 continents

Distribution of Revenues in 2022



Business Lines

Metalfrio Solutions
60 years of pioneering experience in commercial coolers

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

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

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

3L
Alternative rental solutions for professional equipment



Our Mission, Vision and Values

Our Mission

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

Our Vision

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

Our Values

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

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

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

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

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

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

Environmental Sensitivity: We share the importance of continuously creating value for the "environment" with an understanding that will benefit the whole society in all processes that make up 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 part of our ethical values.

Our Ethical Values and Strategic Goals

Reliability

Practicing open and transparent communication
Realization of our vision by conveying it consistently
Good business management and efficient use of resources

Fairness

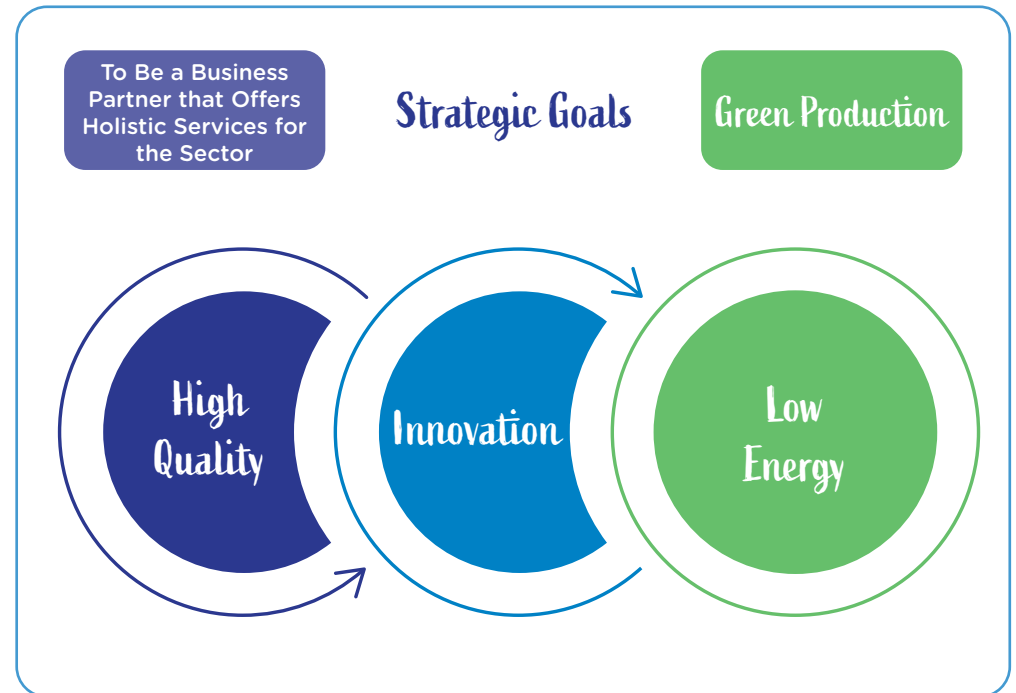
Non-discrimination and equal treatment
Objectivity in rewarding, promoting and recruiting
Diversity and openness to different ideas

Pride

Pride in one's own work
Pride in teamwork and business achievements

Respect for Employees

Supporting employee development by appreciating success
Ensuring employee participation in decisions
Considering individual wishes and expectations





Our Milestones

The success journey of Klimasan

2022 science-based GHG emission reduction targets were determined.



Management of Sustainability Risks

Understanding of proactive risk and crisis management

Category	Sustainability Risk	Definition	Actions Taken by Klimasan
Environmental	Climate Change and Natural Disasters	Climate change is defined as “changes in the average state and/or variability of the climate, regardless of its cause, over decades or longer.” The main driver of climate change has been human activities due to the increase in greenhouse gas (GHG) emissions in the atmosphere since the Industrial Revolution in the early 19 th century. The impacts of climate change include global warming, intense droughts, water scarcity, severe fires, rising sea levels, floods, melting polar ice caps, powerful storms, and declining biodiversity. On the other hand, natural disasters are defined as natural hazards that are severe, sudden, and destructive disasters of atmospheric, geological, and hydrological origin that have a negative impact on society or communities.	<ul style="list-style-type: none"> • Periodic maintenance frequencies are increased in the summer months to prevent the extreme temperatures that come with climate change from affecting operational continuity. In addition, working hours are regulated to prevent machine downtime. • In order to ensure an ergonomic working environment at an appropriate temperature, periodical environmental measurements are performed and the environmental temperature is continuously monitored. • Efforts are made to reduce the environmental impacts of the climate crisis by keeping energy and natural resource consumption at an optimal level, focusing on recycling and low emissions. • Proactive measures are taken for potential emergencies, and emergency action plans and response teams are ensured to be ready. • Periodical announced/unannounced emergency drills are planned and improvement efforts are planned for deficiencies identified during the drills. • Earthquake risk analysis, ground and structure surveys, and parcel seismic resistance analysis are carried out, and reinforcement and precautionary action plans are developed. • Risks within the scope of climate change and potential natural disasters are managed in Corporate Risk Analysis under the supervision of senior management.
Social	Talent Risk	Talent risk has emerged as an important social risk for the business world in today’s circumstances. The world has been forced to adopt new working conditions due to the COVID-19 pandemic. The “new normal” resulting from new working conditions has been challenging for companies. The definition of “workplace” is no longer restricted to physical offices and long working hours. Moreover, there is a problem in finding competent human resources, which is seen in almost every sector. Due to the difficulties in retaining employees who continue their jobs, companies implement different processes to ensure employee loyalty. Additionally, employee welfare and flexible working hours concepts have emerged. The companies that can not adapt to this development face the risk of losing their current employees and being unable to reach potential talents.	<ul style="list-style-type: none"> • Strategies are developed to retain current talents and recruit the new ones while creating employee retention activities focused on performance, talent, and career management. • Annual performance assessment and career planning studies are conducted. • Employee satisfaction is measured, the results are analyzed, and continuous improvement studies are planned. • Training planning is made to support the professional and technical competencies as well as the personal development of the employees. • Remote and flexible working model is implemented. • The opinions and requests of employees are evaluated through many different communication and transparent feedback channels.
	Increasing Cost of Living	Considering the rising global inflation in the last two years and the conjuncture that Türkiye is in, the increasing cost of living emerges as a social risk. In 2022, Türkiye struggled with high inflation due to factors such as the depreciation of the Turkish lira and disruptions in the supply chain -which has also been caused by the military tension between Russia and Ukraine- and the geopolitical developments. According to the data from Turkish Statistical Institute (TurkStat), inflation in Türkiye was 64.27% in December, 2022.	<ul style="list-style-type: none"> • Various side benefit policies are developed and implemented to increase the economic welfare level of employees. In this regard, the fundamental and social expenses of employees are supported. • “16 salary policy” is implemented, which all employees can benefit from. • Remuneration practices are reviewed and improved twice a year in line with the inflation and the increasing living costs.

Management of Sustainability Risks

Category	Sustainability Risk	Definition	Actions Taken by Klimasan
Economic	Problems in the Supply Chain	In the period that started with the COVID-19 pandemic and continued with the military tension between Russia-Ukraine, serious global problems and difficulties have occurred in the supply chain. Such developments in the supply chain caused costs to increase and the companies were negatively affected in financial terms.	<ul style="list-style-type: none"> • Alternative suppliers are continuously sought based on the industry and material group, and the supplier portfolio is expanded. • Local suppliers are preferred through localization works carried out to decrease transportation costs and support the local economic development at the same time. • Long-term agreements are made with an effort to decrease the impacts of changes in raw material and material prices. • Effective supplier communication and information mechanisms are established to manage the changes in demand of raw material and material. • Supplier collaboration projects are developed to decrease the cost of supplied products while improving their performance as well.
	Digitalization and Cyber Security	Digitalization is the process of transforming the format of information from analogue to digital. The intense use of big data and cloud storage as well as the spread of innovative technologies such as artificial intelligence cause significant impacts in all sectors. Technological developments bring along new challenges in addition to their benefits for businesses, and, in total, for societies. The main risks related to digitalization include cyber attacks aimed at espionage or sabotage. Such threats may disrupt the confidentiality, reliability, integrity, and usability of information systems.	<ul style="list-style-type: none"> • ISO 27001 Information Security Management System requirements are implemented effectively and all employees' participation is ensured. • All employees are provided with trainings as part of the information security and PDPL. • Digitalization opportunities are evaluated and business processes are systematized while the effective authorization and approval processes are designed. • Cyber attack drills are planned to increase awareness of employees. • Risk-oriented management system is adopted and efforts are made to determine potential threats and decrease their impacts. • Emergency plans and procedures are in place to be able to manage possible information security interruptions and ensure the continuity of operational processes. • Several preventive and warning systems are used for different security segments, and cyber attack prevention works are carried out by receiving DDOS service from ISP service providers.
	Global Problems in Energy	The energy crisis, which has been scaling up following the military tension between Russia and Ukraine has turned into a global problem as of 2022. However, natural disasters arising from climate change also damage the energy infrastructure and may lead to energy shortages. While these problems in power plants and transmission lines reduce the availability of energy, they also increase costs.	<ul style="list-style-type: none"> • In order to manage the effects of the energy crisis and the increase in energy costs, energy consumption is monitored instantaneously and followed up with monthly performance indicators. • While investing in energy efficiency projects to improve energy consumption, training and awareness activities are carried out to ensure that employees become aware of energy saving. • Energy consumption analysis is made before the deployment of investments, projects, and machines. • Periodical energy survey is conducted throughout the business and potential improvement points are studied. • Specific energy consumption (SEC) points are determined and monitored, and more comprehensive energy-saving studies are developed specifically for these. • Investment is made in renewable energy. • Annual emission is calculated and monitored, and works are carried out with the energy reduction target in the detail of scopes 1 and 2.

Global Trends that Impact Our Activities

A year full of economic challenges

Although 2022 was challenging due to global economic developments, Klimasan managed to end the year as targeted by designing the processes correctly and implementing the correct practices.

Global Economy

As a year in which negativities such as supply chain problems and high inflation inherited from the pandemic combined with Russia-Ukraine military tension, 2022 was composed of uncertainty in the most general sense. While the extraordinary increase in energy costs brought along by military tension caused inflation in various parts of the world, the global decrease in purchasing power made quite a lot of social problems more visible.

Economic uncertainty, inflation, increases in exchange rates, and the resulting climb of costs related to labor, material, and logistic activities have also negatively impacted the world economy.

Global economy, which grew by 6% in 2021, lost its pace in 2022 only reaching 3.2% in 2022, according to the

IMF. This rate, excluding the global financial crisis, was the weakest growth rate since 2001, bringing with it the risk of a global recession in the future. In the same report, the global inflation rose to 8.8% in 2022 from 4.7% in 2021.

Combating climate change has been a priority agenda item for nations and the business world for many years, and this situation has not changed in 2022. Although dangers such as the increase in extreme weather events, the effects of global warming, a series of climatic disasters, the social difficulties caused by these disasters, and even the risk of nuclear war in the middle of Europe are taken into consideration, they are still at the top of the list of the biggest risks threatening our world. Use of the renewable energy resources and sustainable lifestyles have become of unprecedentedly important for all of us.

In this process, enterprises that managed risk correctly, prepared for the future with foresight, and most importantly, planned the operational processes properly came to the forefront. Klimasan designed its processes correctly, despite the toughness of the year, and ended 2022 as it aimed through correct practices.

Global Threat: Climate Change

It is now stated not only in scientific reports but also by international institutions that the main cause of various problems such as the increase in food prices due to the decrease in agricultural activities, drought, and waves of social migration that the world is exposed to is climate change. Combat against climate change become prominent as the greatest danger facing our planet and the necessity of taking a step on this issue becomes more



important each passing day. In order to be a part of the solution to this vital problem of the world and to reduce carbon emissions caused by its activities, Klimasan has promised to set science-based targets in accordance with the guidance and expectations of the Science-Based Targets Initiative (SBTi). The Company aims to reduce especially Scope 3

greenhouse gas emissions in the first stage. In this regard, meetings are organized with the project team, which includes representatives from departments such as Quality Management Systems, Maintenance, Production, Logistics, Administrative Affairs, Warehouse, Marketing, etc., throughout the organization and improvement points are sought.

Global Trends that Impact Our Activities

Specialized R&D Team

Every customer, every continent or every country has different expectations from products, and Klimasan can manage these expectations and demands accurately with its expert R&D team and well-equipped R&D center.



Industry 4.0 and Internet of Things

Digital transformation stands out in terms of carrying out processes quickly and efficiently, as well as the efficient use of resources in the combat against climate change. With this point of view, it not only provides a competitive advantage to institutions or industries but

also plays a vital role in the future of the planet. Klimasan, which uses all elements of Industry 4.0 in its processes, from machine learning to artificial intelligence, from the Internet of Things to smart devices and vehicles, also strives to ensure that its employees adapt to this brave new world and develop professionally and personally.

Digital transformation works are carried out under KWAY Projects and among these, the most important one stands out as a new ERP software which has been implemented in 2022 to increase the integration of processes with each other and the efficiency of the reporting system.

New Rules and Regulations

The increase in energy costs and prices further scaled by the military tension between Russia-Ukraine and trend toward the renewable energy resources with climate change increases the importance of the energy industry even more. Energy regulations change every day and the energy classes of products undergo a rapid transformation. Since every customer, every continent or every country has different expectations from products, this directly affects the design, planning, supply, production, testing and sales processes of manufacturers, especially their R&D activities. Klimasan can manage this expectation and demand correctly with its expert R&D team, well-equipped R&D center and flexible operational management understanding. Regulations and directives are followed meticulously, and the use of different components and materials for products in different energy classes is implemented with optimum efficiency.

In addition to the change in energy class, there are numerous important subjects that are followed by Klimasan and impact its activities. These include regulations in import-export (logistics) processes, occupational health and safety, employee social rights,

environmental and energy regulations and regulations, financial and non-financial legal declarations, trade laws and regulations of countries.

Lack of Competent Human Resources

It is a reality of our world that employees, especially the new generation, do not see their work with a financial focus, but they want to benefit from professional and personal development opportunities and be a part of a success story and require that their expectations not only in business life but also in personal life are in harmony with their responsibilities at work. Institutions meeting these expectations stand out as employer brands and become more preferable in labor and talent markets. Klimasan closely follows such changing demands and expectations and quickly implements practices and decisions accordingly. In this regard, the number of professional and personal development trainings organized during the year has been increased, performance evaluation systems have been created and career management activities have been organized for employees under the leadership and vision of the Human Resources Department. Klimasan aims to be an institution where employees are happy as well as where the best experts in their fields want to work.

Corporate Governance

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

In 2022, all steps were taken for full compliance with Corporate Governance Principles. The Corporate Governance Committee periodically audits Klimasan's compliance performance. Klimasan Board of Directors manages and represents the Company and defines the Company's strategic goals by taking strategic decisions, keeping the Company's risk, growth and return balance at the most appropriate level, and observing the long-term interests of the Company.

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

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

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

JCR-Eurasia Rating assessed Klimasan Klima San. ve Tic. A.Ş. to be in the highly investable category and assessed the Long-Term National Institutional Credit Rating as 'A (tr) / (Stable Outlook)' and the Short-Term National Institutional Credit Rating as 'J1 (tr) / (Stable Outlook)' and its outlook as "Stable."

Klimasan's financial activities and corporate governance practices are inspected by an independent audit company and reported publicly.

For more information on the structure of corporate governance, please visit:

Corporate Governance Compliance Report

Corporate Sustainability Principles Compliance Report

Corporate Governance Information Form 2022

Klimasan Annual Report 2022

Our Policies

Klimasan's Integrated Management Policy:

Klimasan's Ethical Code of Conduct and Implementation Principles:

Supplier Code of Conduct Principles:

Klimasan's Corporate Social Compliance Policy:

Klimasan's Sustainability Policy:

Our Committees

Sustainability Committee

The Sustainability Committee operates under the General Directorate in order to ensure the continuance and efficiency of Klimasan's environmental, social, and governance activities, and it involves representatives from each department of the Company. The Committee carries out the practices as part of the Corporate Sustainability Strategy, monitors its efficiency through performance indicators, and reports the studies within the year through GRI Sustainability Reports.

Corporate Governance Committee

Corporate Governance Committee inspects the compliance performance of Klimasan periodically and conducts improvement studies. The Committee is composed of 3 members, one of whom is executive, and operates under the Klimasan Board of Directors. The Corporate Governance Committee also assumes the duties of the Nomination Committee and Compensation Committee as

these committees have not been established. It evaluates the structure and effectiveness of the Board of Directors regularly and advises the Board on the relevant changes that may be introduced in this regard.

Audit Committee

The Audit Committee, operating under the Board of Directors, ensures that the Company's financial and operational functions are monitored in a reliable manner. The main duty of the Committee is to disclose the Company's accounting and reporting system to the public through the inspection of financial information and the supervision of the internal control system's operation and effectiveness.

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

Early Detection of Risk Committee

Klimasan adopts a proactive risk management. The Early Detection of Risk Committee works under the Board of Directors, holds evaluation and review meetings when necessary and publishes risk reports 6 times in 2-month periods during the year. It is responsible for the early detection, evaluation, calculation of effects and probabilities, reporting and follow-up of all strategic, operational, financial and other risks that the Company is or may be exposed to and that may endanger its existence, development and continuity.

Members of the Board of Directors

Name Surname	Executive Position	Independency Situation	Date of Appointment	Term of Office	Position
Marcelo Faria de Lima	Non-Executive	Not Independent	10.06.2022	1 year	Chairman
İsmail Selim Hamamcıoğlu	Non-Executive	Not Independent	10.06.2022	1 year	Vice-Chair of the Board of Directors and CFO Early Detection of Risk Committee Member
Pedro Manuel Jacinto Casanova Guerra	Non-Executive	Not Independent	10.06.2022	1 year	Board Member
Joaquim Pedro Saldanha Do Rosario E Souza	Non-Executive	Independent		1 year	Board Member Corporate Governance Committee Member
Ayşe Güçlü Onur	Non-Executive	Independent	10.06.2022	1 year	Board Member Corporate Governance Committee Member Audit Committee Chairman
Reha Haznedaroğlu	Non-Executive	Independent	10.06.2022	1 year	Board Member Early Detection of Risk Committee Chairman Audit Committee Member

Our Management Systems, Certificates and Awards



- ISO 14001:2015 Environmental Management System



- ISO 45001:2018 OHS Management System



- ISO 9001:2015 Quality Management System



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



- ISO 27001:2013 Information Security Management System



- ISO 17025 Laboratory Accreditation Certificate

Klimasan's Integrated Management System Approach and Quality Certificates

All management systems are implemented in an integrative way at Klimasan with the awareness that they are the basis of effective process management. The requirements of the Company's management systems are implemented at each step of the operation so that efficient outputs are achieved.

Another goal of integrated management system applications is to provide employees with a management systems perspective and to ensure that they seek continuous improvement and efficiency from a risk perspective in the areas they are responsible for.

In the year 2022;

- As part of ISO 9001 Quality and ISO 50001 Energy Management Systems, a Certificate Renewal Audit

was conducted, the certificates were renewed and their continuance was found appropriate.

- As part of ISO 14001 Environment, ISO 45001 Occupational Health and Safety, and ISO 27001 Information Security Management Systems, a Surveillance Audit was conducted and the continuance of the certificates was found appropriate.

Klimasan's Achievements and Awards in 2022



In 2022, it ranked 421st as the largest company in Türkiye on the Fortune 500 List by Fortune Türkiye.



In 2022, it was awarded Gold Medal in the EcoVadis Sustainability Assessment with its performance in the categories of Environment, Employees, Human Resources, Ethics and Sustainable Supply.



As part of the university-industry collaborations and internship program, certifications of appreciation were received from Yaşar University, Pamukkale University, Manisa Celal Bayar University, and Izmir Economy University.



Klimasan Employees' Love Grove, created with donations, received a certificate and plaque from the Aegean Forest Foundation.



The Social Security Institution (SSI) awarded the Company with the highest number of disabled employees in Manisa.



Our social responsibility project Sheltered Workshops for Intellectually Disabled People (Z.E.K.İ), which is a hope for the future, broke new ground in Türkiye and was awarded the "Bronze Stevie Award" in the category of "Corporate Social Responsibility Program of the Year."



In 2021, it climbed 22 places to 270th in the ISO Top 500 Industrial Enterprises.



It ranked 6th among the top 10 companies in the field of design that provides the most R&D benefits in 2021.



SUSTAINABILITY GOVERNANCE

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Our Sustainability Strategy

High customer and employee satisfaction

Klimasan adopts an ethical business culture, acts with an awareness of basic employee rights and needs, and sees the physical and mental health of its employees as its main priority.

PEOPLE

Klimasan believes that customer satisfaction and product quality depend on the job satisfaction of its employees. Offering its employees the opportunity to improve themselves in any area with its learning and developing organization philosophy, Klimasan has a strict approach for respecting human rights throughout its value chain. The Company sees diversity, equality, and inclusion as the key to long-term success in business world and contributes to the common good of societies with the works it carries out throughout its region.

Klimasan adopts an ethical business culture, acts with an awareness of basic employee rights and needs, follows a fair and equal policy in all of its commercial and operational activities, and sees the physical and mental health of its employees as its main priority. The Company has secured the understanding of “Human” in its Corporate Sustainability Strategy. It is important for Klimasan to have competent and development-oriented employees

in order to achieve its strategic goals. Within this scope, the Company implements projects and practices that will increase its employees’ competency and loyalty.

Klimasan is committed to;

- Recognize and protect the rights and freedoms of all its employees, stakeholders and all people with whom it interacts in its activities and to make them feel that they are valuable individuals in all processes in its field of activity,
- Compensate all of its employees and business partners fairly for their labor within the scope of the “Equal Work Equal Pay” policy, and support the social and economic development of the region in which it is located through its employment activities, to provide the working conditions in accordance with the laws and rules determined by the state institutions,
- Secure all employees’ economic welfare and life quality through the remuneration and side benefits policy it adopts, to recognize

the minimum and subsistence wages determined by the state institutions, and, in parallel with this, to offer appropriate and fair remuneration to its employees,

- Adopt an ethical, transparent and fair approach in all Human Resources activities, especially in recruitment, development, career and performance management processes, to continuously improve the competencies of its employees, to increase their knowledge and to guide them in their career journeys,
- Work and communicate with all business partners with whom it conducts commercial activities within the framework of ethical business understanding, to stand against all anti-competitive behaviors and attitudes, and to train all its employees on ethical business and code of conduct,
- Seek social responsibility projects, first in the city and region where it is located, then in its country and the world; to maintain social responsibility awareness through collaborations with universities, schools,



associations, foundations or independent private studies; to take part in voluntary projects that will serve the common goals of humanity,

- Ensure the accessibility, integrity and confidentiality of all kinds of relevant information during its activities, to respect the security of the personal data of all its employees, and to implement the requirements of the ISO 27001 Information Security Management System,
- Provide safe, healthy and sustainable working conditions and working culture for its employees and all stakeholders, and to develop systems to prevent occupational accidents, physical and mental disorders and occupational diseases at the source,

- Identify all existing risks with the active participation of employees and consultation mechanisms in order to achieve the goal of zero occupational accidents and occupational diseases, to ensure compliance with the rules with the participation of employees and stakeholders at all levels, to provide occupational safety protective equipment to all of its employees and everyone who will be in the production facility,
- Implement the requirements of the ISO 45001 Occupational Health and Safety Management System throughout the entire organization, periodically reviewing and monitoring its performance, and ensuring the continuous development of the system.

Our Sustainability Strategy

Low environmental impact

Klimasan considers the protection of environmental resources by conducting its activities with the lowest environmental impact as one of its main responsibilities.

OUR PLANET

Klimasan sees protecting environmental resources as one of its main responsibilities by carrying out its activities with the lowest environmental impact. In addition to its direct environmental impact, Klimasan works to control and improve indirect environmental impacts throughout the value chain.

The issues carried out within Klimasan's environmental action plan include the following: Reducing the negative impacts of its activities on the environment, energy saving and emission reduction, expanding the environmentally friendly product range through R&D studies and continuously improving its performance, on-site waste separation,

reducing and recycling waste generation, keeping energy efficiency at the forefront during product design and seeing positive environmental activities as one of the most important inputs in the project process.

Klimasan is committed to minimizing its environmental impact in all its direct and indirect operational activities, and it expects all internal and external stakeholders with whom it cooperates to show the same care. Klimasan is aware that protecting natural resources is at the center of business continuity and supply chain. The understanding of "Environment" is at the center of Corporate Sustainability Strategy of the Company and it secures this priority with the concept of "Planet."

Klimasan is committed to;

- Fully implement the requirements and guidelines of ISO 14001 Environmental Management System,
- Ensure the protection of biodiversity through effective waste and wastewater management, and the on-site reduction, separation, collection and recycling of waste in a way that does not harm the environment, in order to leave a clean and livable environment to future generations,
- Reduce water and energy consumption by using clean technologies in production, to ensure resources are used efficiently, and, while doing this, to invest in environmentally-friendly solutions,



- Calculate, verify and share the corporate carbon footprint resulting from direct and indirect activities on transparent platforms in accordance with current standards and protocols,
- Participate in national and global calls, campaigns, commitments and projects to reduce its carbon footprint, to take action for the targets it sets, to encourage the participation of its stakeholders in the supply chain while doing its part in the fight against the climate crisis,
- Train and raise awareness of its employees on environmental, energy, water, and emission management issues, thereby increasing employee participation in environmental activities; to engage in environmentally sensitive product development activities, especially with suppliers and customers,
- Follow and implement environmental legal requirements and to make timely and accurate environmental declarations.

Our Sustainability Strategy

Operational sustainability

Klimasan adopts the 10 principles of UN Global Compact, of which it is a signatory, and commits to integrating these into its business culture.

SUSTAINABLE BUSINESS

At Klimasan, which is aware of the auxiliary disciplines to be provided while continuing financial and operational growth, the products and services are of high quality, responsible, safe and environmentally friendly thanks to the implementation of continuous improvement and development activities in the business and the necessary risk analysis during all these studies. Klimasan's main focuses include creating strong stakeholder relations, keeping customer satisfaction at the highest level by meeting customer expectations, implementing responsible supply chain practices, and securing all these practices with Management Systems certificates. Adopting responsible business practices in all its activities and sharing the same feeling with all its stakeholders, Klimasan has prioritized and positioned this approach as "Sustainable Business" in its Corporate Sustainability Strategy.

Klimasan is committed to;

- Ensure the continuity of transparent sustainability reporting in which it shares its activities within the scope of its sustainability approach and strategy with all its stakeholders,
- Serve the Sustainable Development Goals that it can contribute to with its activities and presence, and to carry out activities with associations, organizations and institutions that have the same goals in this context,
- Adopt the 10 principles of the UN Global Compact, of which it is a signatory, to integrate them into its business culture, and to offer training opportunities to its employees for this purpose,
- Conduct R&D studies to increase product recyclability and recovery by researching solutions for recyclable raw materials and to develop partnerships with its suppliers and customers in this regard,
- Use energy-efficient and environmentally friendly machinery and equipment in production by integrating the concept of sustainability and environmental requirements into business processes, and to contribute to sustainable production through TPM and predictive maintenance activities,
- Considering the life-threatening environmental impacts of its products from the design stage, to utilize raw material sources that do not carry pollution and health risks, to improve the ecological footprint of products throughout their entire life cycle, and to reduce emissions arising from product use,
- Monitor, evaluate and improve the supply chain's product and service quality, social compliance and social responsibility activities,
- Integrate its lean philosophy and continuous improvement approach into all dynamics of operational activities and to implement it not only in production systems but also in all disciplines, to create a culture where every individual



within the Company is responsible for continuous improvement activities, to support its employees with trainings for this purpose, to evaluate and implement the improvement suggestions and projects of its employees through the Klimasan Employee Suggestion Evaluation System,

- Internalize the focus on quality at all levels of the organization; to keep not only product quality but also service and communication quality at the highest level,
- Work in harmony with its stakeholders by meeting their needs and expectations, to increase customer

satisfaction with technical support before and after sales by taking into account the changing and demands with a customer-oriented approach,

- Identify, evaluate and manage risks and opportunities that may affect the existence and development of the Company in all processes with a analysis-oriented thinking approach, and to ensure the continuity of the Corporate Risk Analysis culture,
- Ensure the continuity of its Management System standards and practices within the framework of full compliance, and to adopt new management system standards when necessary.

Our Sustainability Strategy

Consistent growth steps

Klimasan develops products and services to meet the current needs of its customers while also taking into account their future needs.

SUSTAINABLE GROWTH

Klimasan is aware that the unchanging competitive strategies of the old and new worlds are based on operational and financial growth targets, thus, profitability, sales volume, customer portfolio, production capacity, import and export percentages are very important in terms of stable growth focus.

Klimasan continues its efforts to use the latest technologies and to design and deliver products that provide the highest level safety, performance, and energy efficiency in order to ensure continued growth and improvement. With its deep expertise in commercial coolers and a team of high-potential professionals, the Company offers innovative solutions to its customers. Klimasan implements projects to digitalize its production processes, products and customer experience.

The Company develops products and services considering the future needs of its customers while meeting their current needs as well, and it designs products and processes for the future beyond the production and product requirements of the era. Klimasan R&D team utilizes the latest technologies in product development and effectively steers the market by offering innovative solutions to its customers.

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

Klimasan is committed to;

- Expand its product range to meet the different needs of its customers and different markets, and to carry out innovative and solution-oriented R&D activities,

- Make capacity development investments for continuous and stable growth, and to contribute directly to its growth with the investments it commissions,
- Ensure the protection of the environment by planning environmentally sensitive investments and projects, to determine the environmental impacts of new investments and projects in advance and consider them as a commissioning criterion,
- Make automation investments to use human resources in more efficient jobs by reducing the need for manpower to protect physiological human health in production processes,
- Commission innovative projects such as patents, utility models and university collaborations as one of the most important R&D Centers in its region, and to monitor annual patent studies with KPIs to ensure the continuity of growth every year,



- Make system and software process improvements in order not to compromise on customer satisfaction and product quality while increasing profitability and customer portfolio,
- Produce customer-specific innovative solutions by using technological opportunities,
- Evaluate all materials, machinery and equipment used starting from the design phase of the products to eliminate occupational health and safety hazards, and to work with an approach of "safe product" for everyone, taking into account the health and safety of users,
- Continue to be a brand that financial institutions and organizations, credit providers, investors and the government trust and do not hesitate to cooperate and provide financial resources.

Sustainability Approach and Management

Industry leader in sustainability

As the technology and production leader in its industry, Klimasan continues its leadership in sustainability with the management approach it adopted years ago.

Our Sustainability Approach

The climate change, whose impact is felt in daily life, causes several extreme natural events around the world, from forest fires to flood disasters, and is deemed as one of humanity's greatest risks. If effective precautions are not taken rapidly, the chance of leaving a liveable world to the next generations is gradually decreasing.

Climate change has been only addressed as an environmental issue by many institutions, and its results and combating strategies have been assessed from a limited perspective. However, this perspective has been losing its validity now. It is known that climate change leads not only to environmental but also to social problems and that it causes migration waves across the world. It is a fact that the factors leading to climate change become widespread in societies where education

opportunities diminish due to economic injustice, feeding economic and social injustice more and more. The history of humanity is now being rewritten and examined from the perspective of climate change. The impacts of such a comprehensive change require ways of combating and solutions to be sought in an equally expansive area. Change of behavior is inevitable in combating against climate change, as in the fight against major problems. If individuals, institutions, decision-makers and practitioners do not take steps by adopting the understanding of sustainability, the possibility of building a promising future becomes weaker.

The demand for a sustainable future increases day by day all across the world, and the steps taken towards this goal are intensifying. Economic and financial institutions pay more attention to sustainability

elements in their business models while decision-makers strive to establish international standards at the local level. Institutions integrate their sustainability strategies into business processes more and take steps accordingly.

As the technology and production leader in its industry, Klimasan continues its leadership in sustainability with the management approach it adopted years ago. The Company believes that growing together with society and being responsible towards the society in which it originates is the healthiest way for an organization to grow economically. For this reason, it acts decisively to fulfill its responsibilities in environmental, social and economic impact areas.

Klimasan's understanding of sustainability is in general terms to create reliable business strategies for its



stakeholders while minimizing the environmental impacts arising from its activities and products, and to realize these with its employees who are competent in their fields, and with the healthy working environment it offers them. Its focus on sustainability is surrounded by the environment with the impact of its industry and product portfolio. Klimasan's ongoing environmental goals include emission reduction, energy saving and waste reduction as well as publishing the emission reduction action plan in the short term, developing the energy-saving product range in the medium term,

producing renewable energy, increasing the use of recyclable raw materials and achieving emission reduction targets in the long term.

In addition, its continuous social goals include supporting employee development, making effective career planning for them, ensuring the health and safety of its employees, and establishing ethical collaborations with all its stakeholders under fair working conditions. It makes an effort to increase the rate of female employees in the senior positions and within the organization.

Sustainability Approach and Management

Transparent and accurate communication approach

Klimasan works meticulously to reduce the emissions resulting from its direct and indirect activities and to share this process with its stakeholders in a transparent and accurate manner.

While doing all these things, it aims to grow with a focus on quality, increase R&D activities, ensure the continuity of its strong sustainability performance, and offer innovative solutions to its customers.

Klimasan works meticulously to reduce emissions resulting from its direct and indirect activities and to share this process transparently and accurately with its stakeholders and has made a commitment to define science-based targets for emission reduction by the end of 2021. 2022 has been a year in which Klimasan worked on determining emission reduction targets, participated in training, workshops and stakeholder dialogue meetings, and carried out analysis and feasibility studies within the organization.

In 2022, all of the sustainability activities were managed by the Sustainability Committee

under the General Directorate and under the leadership of the Quality Management Systems Department with the support of the Senior Management, as in previous years. The budget was increased for both environmental and social sustainability studies, investments were made for energy saving projects and renewable energy, and activities for the employee improvement were expanded. New projects were developed and current studies were accelerated to achieve the targets and commitments as part of the Corporate Sustainability Strategy.

Corporate Sustainability Strategy

Klimasan has placed the Corporate Sustainability Strategy, which was determined as a result of the prioritization study conducted by the 2021 Sustainability Committee and announced to all stakeholders with the

2021 GRI Sustainability Report, at the center of its business strategies. This strategy addresses the priorities, targets, and commitments in the journey of sustainability. Klimasan evaluated and grouped all of its commercial and operational activities from a sustainability and social compliance perspectives, and ensured the creation of Corporate Sustainability Strategy. This strategic approach is a roadmap guiding Klimasan's sustainability journey.

Klimasan adopts a perspective that guides the targets and commitments of the Corporate Sustainability Strategy not only in the fields of environmental and social but also in all operational, financial, and administrative processes. This strategy ensures the Company continues its operations in accordance with the sustainability and social compliance principle.



Sustainability Committee

Emphasizing the importance of addressing the concept of sustainability professionally from a corporate perspective, Klimasan established the Sustainability Committee to provide long-term value to its stakeholders and integrate sustainability issues into decision-making mechanisms and business processes. This committee is managed by the Quality Management Systems Department and operates under the General Directorate.

At its meetings, the Sustainability Committee analyzes the current status of sustainability efforts and evaluates action plans,

improvement efforts and new projects. It also determines the distribution of roles for projects. Meetings are held weekly and monthly for studies such as Sustainability Reporting, Carbon Footprint Calculation, EcoVadis Sustainability Assessment during the preparation periods of annual projects.

In 2022, the Sustainability Committee held more than 20 meetings throughout the year, and the meeting frequencies were weekly and monthly during the project periods. The majority of these meetings are composed of working group meetings attended by the relevant teams of the projects.

Sustainability Approach and Management

A fruitful year with sustainability works

In 2022, compact studies were carried out in specific projects such as the determination of SBTi emission reduction targets, product recyclability analysis, and the creation of an action plan as part of the UN Global Compact Target Gender Equality program.

In 2022, the teams formed by the relevant representatives of the Sustainability Committee worked intensively on specific projects such as determining the SBTi emission reduction targets, product recyclability analysis, supply chain social responsibility risk assessment, and creating the action plan within the scope of the UN Global Compact Target Gender Equality program.

2022 Sustainability Committee Projects and Studies

- GRI Sustainability Reporting
- EcoVadis Corporate Social Responsibility and Sustainability Assessment
- Supply Chain Social Responsibility Risk Analysis
- Product Recyclability Risk Analysis

- Emission Calculation and Verification
- Determining the SBTi Science-Based Emission Reduction Targets
- PDP Sustainability Principles Compliance Report
- UNGC Target Gender Equality Programme
- S-LoCT Emission Reduction Target Determination Program
- Integrated Management Systems Practices and Audits

Sustainability Committee Activities

- Sustainability Committee leads the environmental and social projects implemented throughout the organization. It seeks new studies to reach targets determined within the framework of the Corporate Sustainability Strategy.

- During the project periods, the relevant departments' consultancy is assumed and working groups and workshops are held together with the QMS Department and the Committee Department Representative, who leads the Committee. In these workshops, specific areas for improvement in the relevant processes and the actions that can be taken for them are discussed. As part of the projects, responsibility areas of departments are determined.
- The Sustainability Committee plays a direct role in the efficiency and continuance of management systems practices as well as in the certification processes.
- Studies of the Sustainability Committee and the projects on the agenda are reported to the General Directorate monthly.



Responsibility Areas of the Sustainability Committee

- Expanding our sustainability approach into corporate culture,
- Planning and execution of Corporate Sustainability projects and activities,
- Developing sustainability policies and strategies,
- Institutionalizing sustainability studies, extending sustainability to all operations and processes
- Working with our stakeholders to find solutions to environmental problems affecting the world such as climate crisis, environmental

- pollution, and natural resource consumption,
- Encouraging stakeholders in the area of sustainability,
- Managing all necessary efforts for the adoption of the "10 basic principles" of the United Nations Global Compact and "17 Sustainable Development Goals,"
- Leading and consulting on the social and environmental projects carried out within the year,
- Tracking the state of access to targets and commitments of the Corporate Sustainability Strategy.

Sustainability Approach and Management

Effective performance tracking

Klimasan monitors 52 fundamental sustainability performance indicators under the name of Klimasan CSR Performance Indicators.

Boards and Committees Reporting to Senior Management

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

- Information Security Board
- Emergency Teams
- Fire Technical Team
- Fire Extinguishing Team
- Search, Rescue and Evacuation Team
- First Aid Team
- Social Affairs Team
- IT Team
- Emergency Communications Team

Our Sustainability, Continuous Improvement, Process Management Units

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

Klimasan monitors the fundamental sustainability performance indicators under the name of Klimasan CSR Performance Indicators. A total of 52 key performance indicators in the areas of Ethical Business, Sustainable Supply Chain, Human and Employee Rights, and Sustainability are reported in a way that is comparable to past performance. These reports are used for the evaluation of results obtained and the creation of improvement suggestions.

Integrated Management System Boards

- Environmental Board
- Carbon and Energy Board
- Klimasan Greenhouse Gas Inventory Team
- Occupational Health and Safety Board
- Occupational Health and Safety Risk Assessment Board



Our Sustainable Success Journey

Reliable partner

Klimasan has become a priority, reliable, and preferred business partner by its stakeholders thanks to its efforts in the field of corporate social responsibility and environmental, social, and economic sustainability performance for many years.



Sustainability assessments have been becoming increasingly important in today's business world. Such assessments help institutions assess their economic, environmental, and social impacts from a more integrative perspective. It is aimed to evaluate the sustainability efforts of companies, reduce environmental impacts, increase social contributions, and secure long-term financial success. These assessments help companies bring their activities and strategies into conformity with the fundamental principles and targets of sustainability.

Sustainability assessments help companies achieve environmental goals such as reducing their carbon footprint and increasing energy and water efficiency while enabling them to raise ethical standards

and evaluate their social impact. These assessments encourage companies to ensure fair working conditions and human resources throughout the supply chain, strengthen supplier relations, and help them create a sustainable business ecosystem.

Sustainability assessments also have a positive impact on the financial performances of the companies. Sustainability-focused businesses have the ability to better manage environmental and social risks and an advantage in attracting the attention of investors and stakeholders. This provides long-term growth and competitive advantage. Klimasan also carries out sustainability assessments in every stage of its operations and determines its roadmap based on the results.



Gold Medal in EcoVadis Evaluation!

Klimasan has become a priority, reliable, and preferred business partner by its stakeholders thanks to its efforts in the field of corporate social responsibility and environmental, social, and economic sustainability performance for many years. Klimasan has been presenting its work in this field to its stakeholders, especially its customers, through EcoVadis supplier sustainability and self-assessment of corporate social responsibility since 2013.

EcoVadis corporate social responsibility (CSR) assessment is one of Klimasan's most critical activities in the field of sustainability. This process first started with the guidance of the Company's leading customers and has turned into an initiative in which Klimasan participated voluntarily. This annual assessment is shared through transparent

Our Sustainable Success Journey

“Gold” performance from Klimasan

With the EcoVadis CSR Evaluation in 2022, Klimasan was awarded a gold medal by increasing its score to 76.

platforms and reflects the social and environmental sustainability performance objectively. The process also helps the Company to clearly see its strengths and areas of improvement in its sustainability practices.

The Company carries out intensive work on the determined improvement points and actions with the EcoVadis evaluation score, which has a direct impact on Klimasan’s commercial activities, competitive advantage, and market share.

EcoVadis evaluation, which examines the management policies, practices, and performance indicators in the categories of Human and Employee Rights, Ethics, Environment and Sustainable Supply, plays a guiding role in the development of Klimasan’s corporate sustainability activities.

With the EcoVadis CSR Evaluation in 2022, Klimasan was awarded a gold medal by increasing its score to 76. Thanks to the score it achieved within the scope of Environment, People, and Employee Rights, Ethical and Sustainable Supply practices, Klimasan ranked in the top 2% of companies evaluated worldwide and in the top 1% in its sector.

Klimasan aims to increase its EcoVadis performance every year in order to improve its sustainability performance continuously and take place in new responsible activities. It develops studies to evaluate and track the performances of suppliers in terms of developing its social responsibility activities in the supply chain.

Target BIST Sustainability Index

Klimasan has started working to be included in the Borsa Istanbul (BIST) Sustainability Index and is preparing for the Refinitiv Sustainability (ESG) Assessment process for this purpose, and the Refinitiv sustainability assessment process is expected to be completed in 2023.



Our Priority Issues and Prioritization Matrix

Sustainable business model

Taking into account the opinions and expectations of its stakeholders, Klimasan has identified its priority issues in the field of sustainability.

As a result of the studies conducted in 2022, Klimasan reviewed and evaluated its priorities in the field of sustainability. The subjects important for the Company's activities were addressed through a prioritization study by creating a universe of subjects and as a result of this process, a ranking was made. The universe of subjects created on a wide range of subjects was evaluated in coordination with the members of the Sustainability Committee so that it was made more focused. These detected subjects were submitted for evaluation through a survey by the Company employees and external stakeholders. A total of 444 responses were received. Survey participants evaluated these subjects in terms of their impact on Klimasan, as well as their risks and opportunities. In addition, global trends that may impact the business model of Klimasan and how the Company can contribute to the UN Sustainable Development Goals are also submitted for the participants' consideration.

Survey results were addressed in detail at a workshop attended by Klimasan management and the sustainability focus areas were determined in the light of business strategies and stakeholder expectations. This process helped Klimasan shape its sustainability targets in a more clear way and create a prioritized strategy.

Resources referenced when determining sustainability priorities:

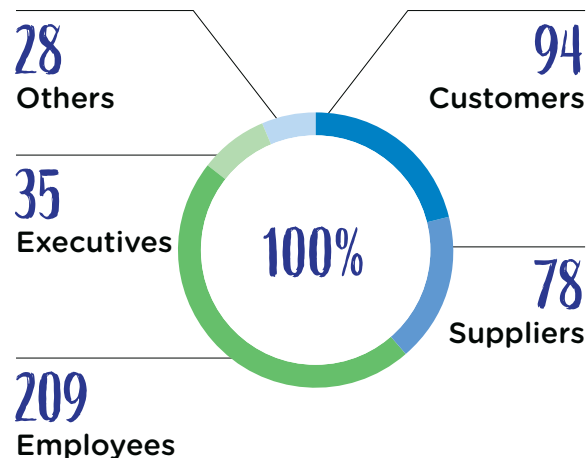
- Corporate strategies
- Corporate values
- Stakeholder expectations
- UNEP Cool Coalition
- UN Sustainable Development Goals
- Sustainability Accounting Standards Board (SASB) Industry Guide
- Dow Jones Sustainability Index (DJSI) Methodology
- BIST Sustainability Index - EIRIS Methodology
- FTSE4Good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

- Competitor Sustainability Reports
- Sustainability Committee activities
- Stakeholder expectations

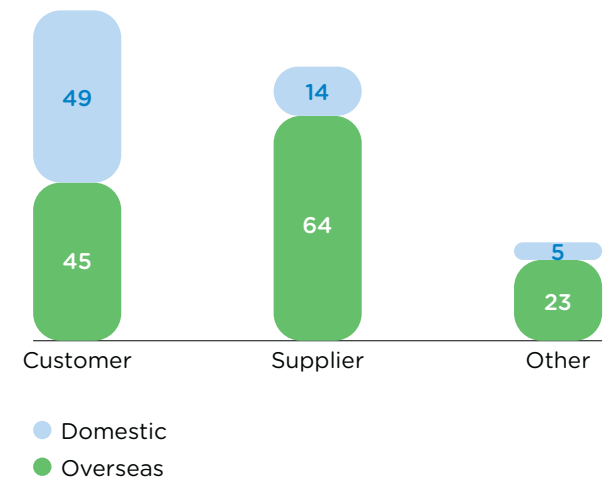
The report mainly includes information on policies, implemented practices and performance achieved on issues that are important for both Klimasan A.Ş. and its stakeholders.



Our Stakeholders Contributing to the Prioritization Study



Distribution of External Stakeholders Participating in the Survey



Our Priority Issues and Prioritization Matrix

Priorities determined through the expectations and opinions of stakeholders








Addressing Priority Issues

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



Addressing Priority Issues

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



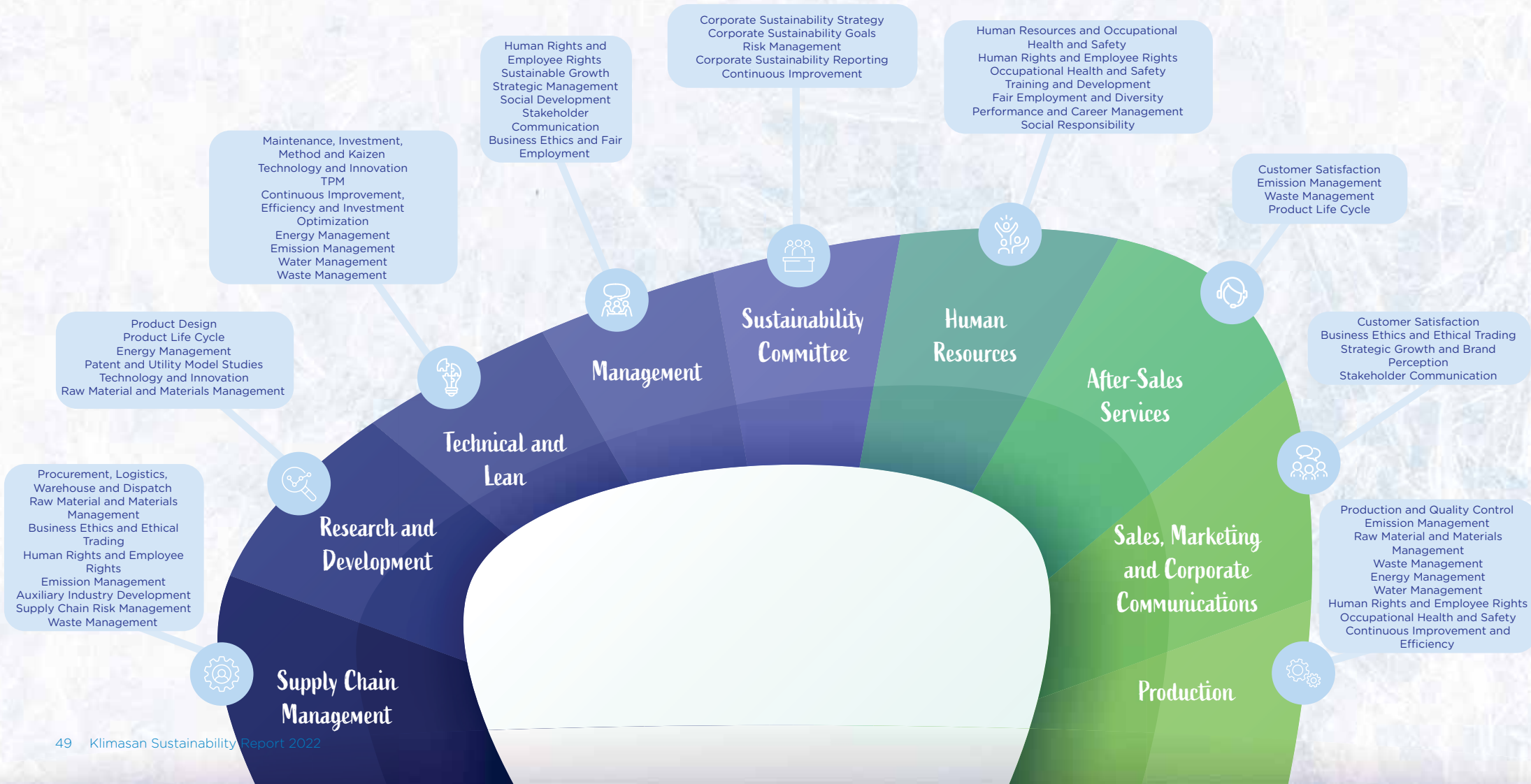
Addressing Priority Issues

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



Sustainability in the Value Chain

End-to-end sustainability management



Sustainable Development Goals We Contribute to

Common target: Sustainability



Good Health and Well-Being:

Klimasan attaches great importance to occupational health and safety practices, especially the requirements of ISO 45001 Occupational Health and Safety Management System. Aiming to obtain a safe production certificate through risk assessment at every stage, Klimasan aspires to protect the safety and health of its employees and then the users it serves during the production process at the highest level. Adopting a comprehensive approach, the Company gives due importance to the health of the users in its impact area, stakeholders, and all individuals in the value chain and fulfills its responsibilities in this regard. Klimasan also secures the health status of its employees at and outside the workplace through the comprehensive health insurance, infirmary service, and doctor access it offers to its employees.



Quality Education:

Klimasan commits to offering all kinds of opportunities for the individual and professional development of its employees, and supports the educational opportunities for a wide segment of the society. In this regard, Klimasan organizes professional and personal internal/external training plans for its employees annually and offers professional certificate programs. University students are provided with internship and development opportunities as well as mentorship and career consulting opportunities while all employees are provided with supports such as foreign language education, master's and doctorate incentive programs. Thanks to the Coolest Start Program initiated in 2022, Klimasan offers support for senior university students when they enter professional life after graduation. The Company has made significant progress in employee development, increasing blue-collar training hours by 67% and white-collar employee training hours by 114%. In addition, more than 1,000 blue-collar employees were included in the mastery compensation program and enabled them to receive professional qualification certificates.



Gender Equality:

Klimasan takes active steps to ensure gender equality in all segments of professional life. The Company determined key performance indicators (KPI) in order to measure the rate of senior female managers and total female employees, and monitors its performance in this area on a regular basis. Regarding the side benefits, Klimasan shapes the advantages it provides to its employees by adopting an egalitarian approach. Klimasan took a leading step in 2022 and took place among 25 companies from Türkiye participating in the "Target Gender Equality" Program carried out by the United Nations Global Compact. Klimasan also supports the "Women's Empowerment Principles" (WEPs) in order to encourage women to take a greater role in economic life in every sector and at every level.



Affordable and Clean Energy:

Klimasan has been measuring and reporting its carbon footprint regularly since 2011 and takes emission reduction steps in three fundamental areas in line with the transition to a low-carbon economy and the fight against climate change. These steps include the goals of reducing the production-related emissions, reducing emissions resulting from the product uses, and monitoring and reducing supply chain-related emissions. In this regard, steps such as raising awareness in the impact area and increasing energy efficiency in transportation, adopting alternative fuels and creating efficient transportation routes are being taken. In line with these objectives, Klimasan has determined science-based emission reduction targets in 2022 and submitted them for SBTi approval.

Klimasan, which uses the ISO 50001 Energy MS Certificate to ensure energy savings gradually in production and operation processes as the pioneer of its sector in this field, has met all of the electrical energy it consumes through renewable energy investments since 2020. In this way, Klimasan, certified with the I-REC Certificate, met the 10,257 MWh of electrical energy it consumed in 2022 through renewable energy investments. The Company shared its studies on renewable and sustainable energy with all of its stakeholders, adopting the vision of seeing them as solution partners.



Sustainable Development Goals We Contribute to

Common target: A liveable world

**Decent Work and Economic Growth:**

Klimasan believes that the economic development of an institution is only possible with the humanitarian development of its employees. In this regard, it applies international standards to establish working conditions and takes care to prevent child labor and forced labor at every stage of the value chain and to ensure fair working conditions. In order to ensure appropriate, legal and ethical working conditions in the supply chain, Klimasan determines the requirements with the Supplier Code of Ethical Conduct Document and takes concrete steps by conducting a Supply Chain Corporate Social Responsibility Risk Analysis.

**Industry, Innovation and Infrastructure:**

It is believed that innovative approaches should be adopted, the scientific and technological possibilities of the age should be investigated, and products should be produced from sustainable resources in order to achieve sustainable development. For this reason, the resources allocated to R&D studies are increased every year and are accepted as a priority target by Klimasan. In 2022, applications for 4 patents, 12 utility models, and 11 design were submitted and 2 university-industry collaboration projects were carried out. Klimasan supports regional, national, and global economic development by taking steps such as creating high employment and increasing import and export rates.

**Reduced Inequalities:**

Recognizing its multicultural structure as the greatest strength of its human resources, Klimasan has positioned its wage, rights and social protection policy as fair, regardless of gender, without basing any differences. The approach of employment does not also include any differences or discrimination based on experience and compliance with position requirements. Such an egalitarian approach of the institution is explained in detail and committed in the "Discrimination (Egalitarian Approach)" section of Klimasan Social Compliance Policy.

With Z.E.K.İ, Project carried out under the leadership of Manisa Organized Industry Zone, Klimasan supports overcoming obstacles in the business world by providing a protected working environment and offering employment opportunities within Klimasan for individuals with mental disabilities.

**Sustainable Cities and Communities:**

Klimasan conducts earthquake risk analyses and takes measurements based on earthquake resistance simulations of buildings and parcels. The Company has accelerated its operations, especially after the 2022 earthquakes.

Klimasan conducts fire drills at regular intervals, thus putting into practice how its employees should act in case of fire. Likewise, environmental drills and training are carried out by planning in advance how to act in cases of possible hazardous material spillage. By this way, it is aimed to be prepared for possible dangerous situations.

**Responsible Production and Consumption:**

Efficient use of natural resources, increasing reuse through effective waste management and preferring environmentally friendly disposal methods are the principles followed in all processes. Additionally, it focuses on product development studies necessary to make products more recyclable, reduce energy consumption, and extend the product life along with responsible product development work.

In 2022, especially the responsible production activities and intensive energy-water saving efforts stood out. Within this scope, an improvement of 31.3% in total natural gas consumption and 35.4% in water consumption was achieved. In order to increase the recyclability potential of the products, R&D analyses and studies were accelerated.



Sustainable Development Goals We Contribute to

Common target: Achieving together

Klimasan serves 12 of the 17 Sustainable Development Goals directly with the sustainability activities it carries out.

**Climate Action:**

Klimasan aims to minimize the environmental impacts of its operations and increase energy efficiency. While its products do not contain any environmentally harmful gases, innovation efforts are constantly made to produce products that provide the highest level of energy efficiency.

2022 was a year in which important steps were taken for Klimasan, especially in the areas of process and product energy efficiency. It was recorded as a period in which the energy-saving product portfolio expanded, product energy classes were improved in accordance with new regulations, energy savings were achieved in production processes, and emission reduction targets were determined to reduce emissions arising from company activities. Klimasan takes steps to prevent the climate crisis by assuming a leading role in energy efficiency and emission management.

**Life on Land:**

Studies in the fields of waste management and recycling are carried out and protected with ISO 14001 Environmental MS practices. All business processes are designed to protect the life on land and ecological balance, paying regard to their environmental impacts. In cooperation with the Aegean Forest Foundation, the "Klimasan Grove" was established in Manisa, and sapling donations are made to the grove on behalf of all Klimasan employees. Saplings are donated to Klimasan Grove for new employees, during seniority awards, and on important days.

**Peace, Justice and Strong Institutions:**

Klimasan provides awareness-raising training every year to its employees on anti-corruption and anti-bribery issues, business ethics, and codes of conduct. In order to ensure the same sensitivity throughout the supply chain, inspections are carried out on suppliers, forced labor, child

labor, and illegal employment issues are taken into consideration, and the Supplier Codes of Conduct are determined and evaluated within the supplier selection criteria. Social compliance of the supply chain is tracked through the Supply Chain Social Responsibility Risk Assessment which was carried out in 2022.

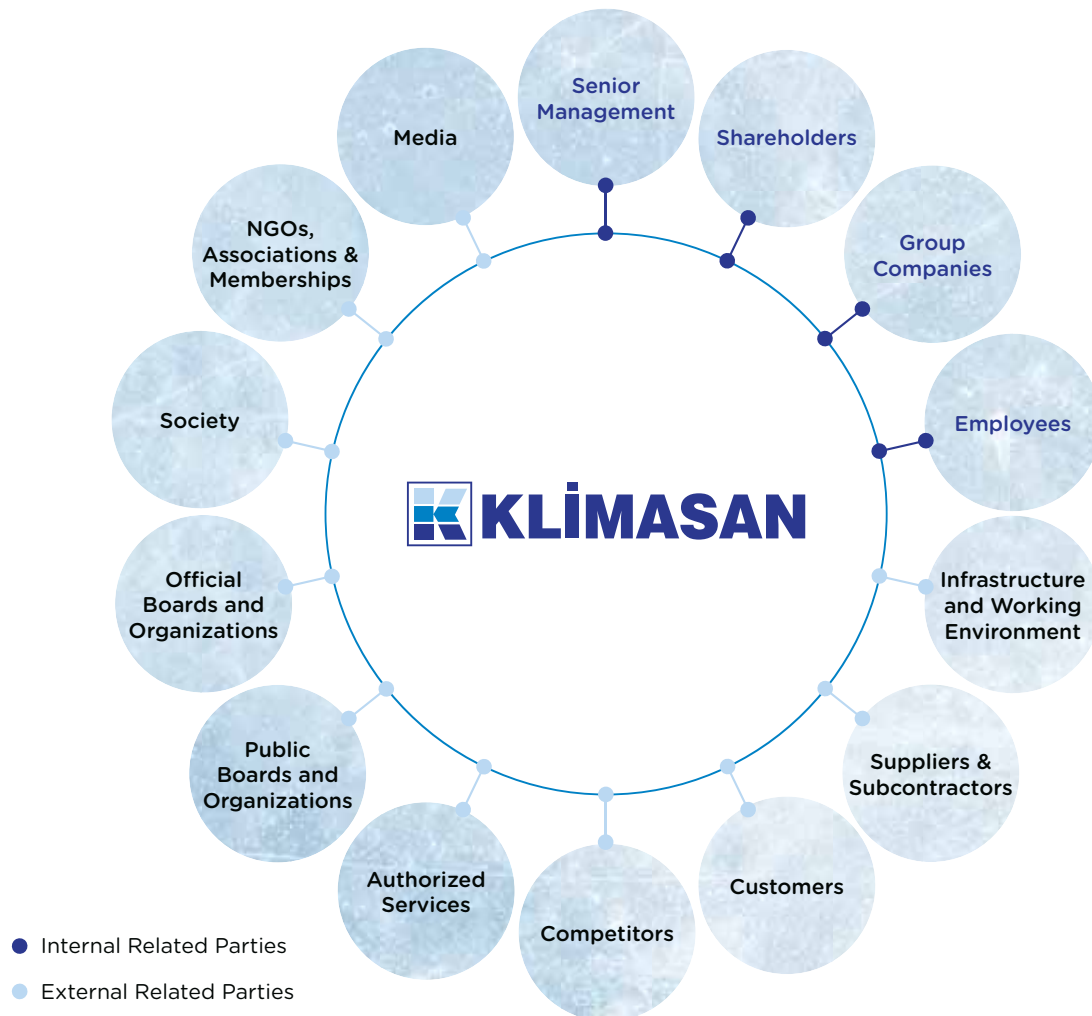
All employees who encounter unethical practices are encouraged to report through the "Klimasan Ethics Line" application run by the Internal Audit Department. The policy of "equal pay for equal work" and ensuring all fair rights and working conditions are meticulously implemented by the Human Resources and Personnel Departments. Klimasan's Social Compliance Policy clearly sets forth the fair working conditions and secures their implementation. The company is inspected at regular intervals through Social Compliance Audits, and the reflections of rights and wage policy as well as transparent management approach in practice are monitored through annual SMETA-4 PILLAR audits and by independent financial auditing institutions.

Klimasan's Priorities for 2022	Related SDG
ENVIRONMENTAL	
Energy and Emission Management	
Waste Management	
Life Cycle Analyses	
Chemical Use	
SOCIAL	
Occupational Health & Safety	
Employee Development	
Human Rights	
Emergency Preparedness	
Social Diversity & Equality	
Social Development	
GOVERNANCE	
Legal Compliance	
Work Ethic	
Corporate Governance and Risk Management	
ECONOMIC	
Product Responsibility and Customer Satisfaction	
R&D & Innovation	
Technology and Digitalization	
After-Sales Services	
Supply Chain Management	
Innovative Products	
Resource Management	
Logistic Impacts	

Our Stakeholder Map, Stakeholder Relations and Corporate Memberships

Active stakeholder communication

Klimasan believes in the importance of co-development, the value of the collective mind and the approach of ideas feed ideas.



With the pandemic effects completely over, 2022 was a year in which many people came together physically while stakeholder communication continued in the digital environment. Meetings with stakeholders were made through different means of communication, such as fair participation, customer visits and hosting, supplier visits and inspections, interviews and seminars, university student club visits, motivational employee events and trainings.

Thanks to the “Coolest Talks” seminars organized by the Klimasan Human Resources Team in 2022, all employees came together digitally with speakers who are experts in their fields.

Klimasan “Town Hall” Meetings

Aware of the contributions of its employees to its mission of creating value in the sector, Klimasan attaches importance and supports transparent communication aiming to keep employee satisfaction at the highest level under all circumstances. For this purpose, Town Hall Meetings started to be organized

quarterly in 2022, and bull sessions were held where participation was open to all employees, including the Senior Management. In these meetings, Klimasan’s quarterly financial and operational performance was evaluated, various questions from employees were answered by the Senior Management, and action plans were started to be made based on the opinions and suggestions of employees.

Town Hall is a transparent assessment meeting held digitally at the end of every quarter with the attendance of senior management and all employees. It is a practice aiming to increase employee satisfaction and belonging as well as continuously improve it, in which the Senior Management makes a detailed presentation of the quarterly performance, and transparent communication and information are provided by the employees by asking questions or making requests to the Human Resources Team and the Senior Management. In the next Town Hall meeting, the Human Resources Team will share the progress of the action plan it has created and the actions taken.

Our Stakeholder Map, Stakeholder Relations and Corporate Memberships

Collaborations for social development

Klimasan collaborates with the public institutions and associations that strive for social development as a result of public policies in order to contribute to the social impact area.

Corporate Memberships

Klimasan collaborates with non-governmental organizations, mutual aid associations, universities, professional associations and public institutions striving for social development as a result of public policies, in order to contribute to the social impact area. The Company also supports initiatives for social and community development in this regard.

- EcoVadis
- UN Global Compact
- Science Based Target (SBTi)
- Manisa Celal Bayar University USITEM University Industry Cooperation Agreement and Vocational Training Project in Business
- MOSB Z.E.K.İ Life Center
- Aegean Exporters' Association
- Manisa Chamber of Commerce and Industry

- KalDer
- Elday
- Koteder
- Pağçev
- Aegean Region Refrigeration Industry and Business Association
- Turkish Patent Office (TPK)
- Aegean Forest Foundation
- Koruncuk Foundation
- Kızılay
- Mor Çatı Women's Shelter Association
- Peryön
- Manisa R&D and Design Centers Cooperation Platform - Üsimp
- Izmir Association for the Protection and Development of the Deaf
- MOSTEM Employment Project
- Ministry of National Education Mastery Compensation Program Project



Our Stakeholder Map, Stakeholder Relations and Corporate Memberships

Effective communication methods

Key Internal and External Stakeholders	Communication Method
Employees	Face-to-Face Meetings, Online Meetings, E-Mail, Telephone, SMS, Annual Assessment Meetings, Town Hall Meetings, Coolest Talks Seminars, Orientation Trainings, Social Media Accounts, Advertisements, Activities and Organizations, Training, Web Page, Internal Portals, Corporate Reporting, Printed and Digital Documentation, Presentations, Employee Satisfaction Surveys, Performance Feedback Meetings, Notice Boards, Integrated Management System Announcements, Banners and Brochures, Suggestion Forms, Suggestion Award Ceremonies, Promotion and Seniority Award Ceremonies, Near Miss Notification Forms, Gemba Meetings, Ethics Line
Customers	Face-to-Face Meetings, Online Meetings, Audits, E-mail, Telephone, Website, Social Media Accounts, EcoVadis, Advertisements, Campaigns, Social Responsibility Projects, Customer Satisfaction Surveys, Written and Visual Press Ads, Catalogs, Sales Reports, Corporate Reporting, Call Center, Sponsorships, Written and Visual Press, Presentations, Satisfaction Surveys, Fairs, Tenders, SEDEX Customer Portal
Suppliers and Subcontractors	Face-to-Face Meetings, E-mail, Telephone, Online Meetings, Quality Meetings and Assessments, Supplier Audits, Supplier Trainings and Workshops, Website, Printed Documentation, Performance Assessments, Tenders, Feedbacks, Supplier Days Meetings, Corporate Reports, Social Responsibility Project Meetings, Presentations, Supplier Development Research, Supplier Portal, Klimasan Sustainability and Social Compliance Survey, Supply Chain Social Responsibility Assessment Results
Competitors	Sector Information, Product Information, Campaign Information, Website, Social Media Accounts, Printed Documentation, Survey Studies, Corporate Reports, Written and Visual Media, Fairs
Authorized Services	Face-to-Face Meetings, Online Meetings, E-mail, Telephone, Audits, Website, Social Media Accounts, Satisfaction Surveys, Suggestion Form, Presentations, Organizations, Trainings, MKS Service Portal, Dealer Meetings
Society	Regional/National/Local Campaigns, Website, Social Media Accounts, Trainings, NGO Projects, Written and Visual Media, Local Meetings, Dealers and Authorized Services, Brochures, Advertisements, Corporate Reportings, Coolest Talks Seminars, University Collaborations, and Student Clubs Visits
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, Media, Career Days
Official and Public Institutions	Face-to-Face Interviews, Online Meetings, Audits, Website, Corporate Reports, e-mail, Telephone, Printed Documentation, Written and Visual Media
Media	Press Releases, Press Conferences, Organizations, Advertisements, Web Page, Launches, Corporate Reports, Face-to-face Meetings, Local and National Printed and Visual Press, Interviews, Social Media Accounts
Investors	Annual Reports, Legal platforms such as PDP, CRA, Investor presentations, Corporate website, Material Disclosures, Corporate Reporting



Outstanding Stakeholder Communication Methods of 2022:

For employees;

Supporting the development and satisfaction of its employees throughout the year at various trainings, interviews, seminars and organization types in 2022. The practices carried out for employees in 2022 are as follows:

- Online and Face-to-Face Trainings
- Performance Assessment Feedback Meetings
- Employee Satisfaction Survey
- Town Hall Meetings
- Coolest Talks Seminars
- Social Activities and Organizations
- Suggestion Award Ceremonies
- Promotion and Seniority Award Ceremonies

For dealers;

• Domestic Retail Dealer Meetings

Klimasan strives to be in contact with its business partners at any time and to create effective and prompt dialogue channels. In this regard, the Company held quite productive discussions with its domestic business partners about common goals and future strategies at the Klimasan Dealer Meeting held in Antalya, with the company's "2022 Forward Together" concept.



Our Stakeholder Map, Stakeholder Relations and Corporate Memberships

Strong stakeholder relations

For Authorized Services;

• Authorized Service Center Trainings

Technical and professional trainings were provided to authorized services by the Technical Service and Training Team under the SSH Department. Proficiency exams and certification processes were implemented after the mentioned trainings. In 2022, Klimasan Authorized Services were provided with the fundamental cooling training, new product training, and MKS (Klimasan After-Sales Services software) training.

• Monthly Domestic Authorized Service Center Meetings

At the Monthly Domestic Authorized Service Meetings, information is exchanged regarding notifications in the field, improvements in production processes, and future trainings. These meetings are organized monthly and online among the Quality, After-Sales Services, and Authorized Services.

• Authorized Service Center Visits

In 2022, the authorized services in various regions of Türkiye were visited after the pandemic; their deficiencies and needs were identified and resolved. At Klimasan, visit plans are drawn up throughout the year by After-Sales Services Department officials, and the needs of authorized service centers are discussed through on-site visits, as well as on-site inspections and controls.

For customers;

• Common Area Vertical Communication Platform

Klimasan, which has been a member of the Ortakalan.org platform since 2019, has the opportunity to easily access the leading brands that provide products and services and are distribution channels in the retail sector in Türkiye. The platform enables information exchange with customers and sectoral partners.

• Trade Fairs

Klimasan participated in the Drinktec Fair, the world's leading trade fair for the beverage and liquid food industries, held in Germany in 2022, and met with its stakeholders.

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

For Group Companies;

• Global Strategy Meetings

Klimasan has an investment in Metalfrío Solutions, one of the world's largest commercial cooler brands. Thanks to its physical proximity to target markets and its agile organization, the Company is the flagship of the group in the European, Middle Eastern, African and Russian markets, including the CIS countries. For this reason, the Company not only actively participates in the Global Strategy Meetings organized at the country/group director level in the Metalfrío network established in Brazil, Türkiye, Mexico and Russia, but also benefits from the global knowledge and experience that emerges from these meetings.

For investors;

• Factory Visits

In 2022, factory and R&D center visits were organized for brokerage house executives within the scope of investor meetings, where every question about Klimasan was answered by the experts within the Company, and future projections and strategies were shared.

For suppliers;

• Supplier Portal

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

• Supplier Workshops

In 2022, a workshop was held by 3M company in Klimasan in partnership with 3M and Egebant companies, and unifying solutions, applications and technological innovations in the white goods industry were discussed.

• Supplier Audits

In 2022, comprehensive on-site supplier audits were conducted in various cities of Türkiye. In addition to the operational and administrative audits of the Purchasing, Supplier Development and Incoming Quality Control Departments, online audits and interviews with suppliers, self-assessment surveys as well as audit and observation practices in the supply chain continued.











SUSTAINABLE BUSINESS & SUSTAINABLE GROWTH

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Our Sustainability Commitments and Targets



	2019	2020	2021	2022	
 Our Commitments:	1-) To keep the annual number of intellectual rights and university-industry cooperation projects above 10	7	9	16	29
	2-) To keep the ratio of recyclable materials used in final product production above 96%	95.9%	96.4%	96.5%	96.5%
 Our Targets:	1-) To be assessed in “Gold” Status in EcoVadis CSR Assessment in 2022, to reach Platinum Status in 2023 assessment	63	58	63	76 (Gold)
	2-) To conduct on-site audits of domestic suppliers, which account for 80% of procurement volume*			74%	76%
	3-) To improve the energy consumption of products by 5% compared to the previous year by increasing sales of products with high energy efficiency* (kwh/st.unit product*day)			2.74	1.71
	4-) To implement the Supply Chain CSR Risk Assessment in 2023*				
	5-) To increase the rate of technical services receiving environmental, energy and product recyclability trainings to 100% in 2023*				
	6-) To take place in BIST Sustainability Index in 2023				

* Each of the relevant targets was set in 2021.

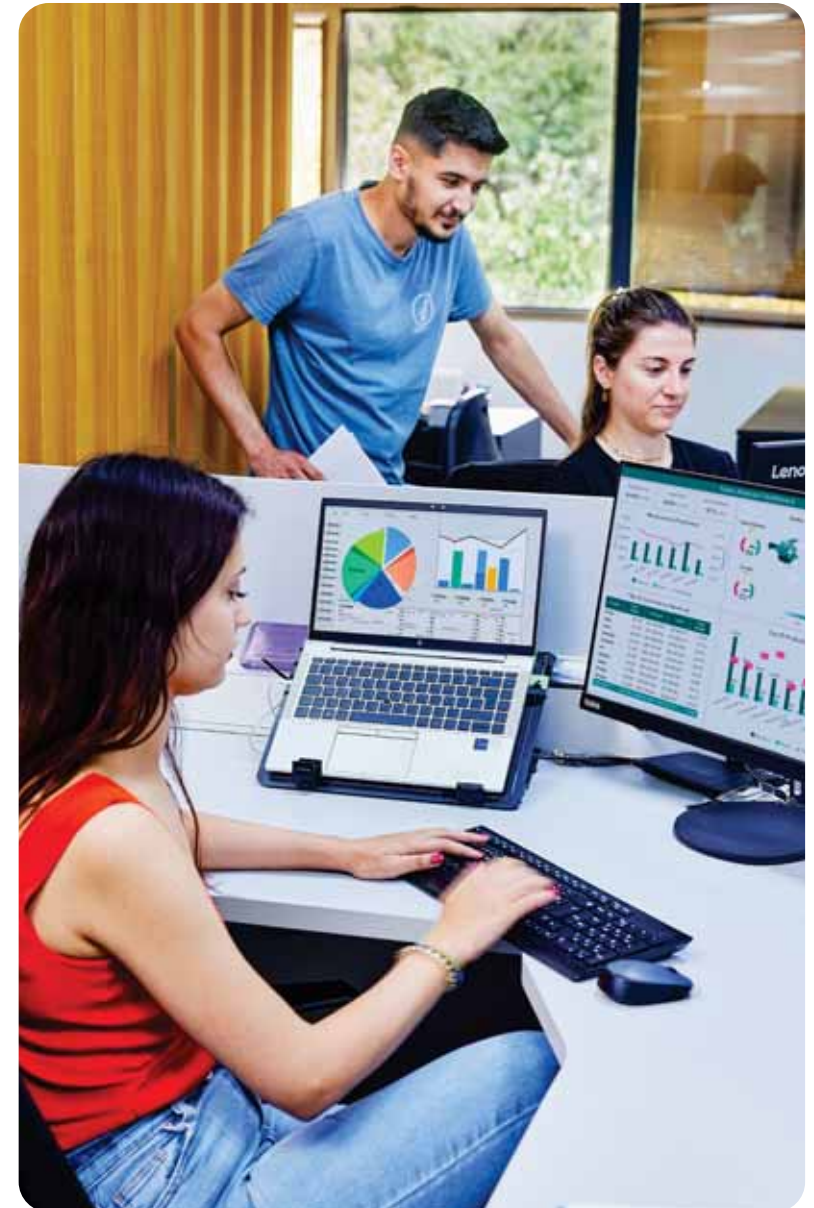
Summary Financial Information

Successful financial results

Klimasan left 2022 behind in an operationally efficient way and managed to increase its net sales to over TL 2.7 billion.

Summary Financial Information	2019	2020	2021	2022
Net Sales (TL)	1,035,061,928	978,280,732	1,735,021,684	2,772,970,991
Net Term Profit (TL)	112,932,138	48,572,778	21,538,620	137,023,688
Total Assets (TL)	1,196,028,860	1,479,691,169	3,220,291,538	4,250,386,853
Current Rate	1.9476	2.1741	1.31	1.21
Liquidity Ratio	1.72	1.86	1.08	0.83
Current Liabilities/Total Assets	0.43	0.40	0.54	0.49
Long Term Liabilities/Total Assets	0.30	0.37	0.27	0.13
Total Equity/Asset	0.27	0.23	0.19	0.38
Net Profit/Net Sales	0.11	0.05	0.01	0.05

CAGR	2022>>2013
Net Sales	30.61%
International Sales	25.11%
Domestic Sales	32.57%



Quality Management

Quality management at world-class standards

Klimasan fundamentally aims for customer focus as well as high-quality products, services, communication, and business partnerships for all its stakeholders.



Total quality management practices supported and implemented in international standards constitute the basis of Klimasan's corporate identity and processes. This approach encourages teamwork while aiming to review and develop all the processes.

Accordingly, the senior management of the Company carries out risk management practices at the level of departments and integrated management systems. These practices aim to identify factors that pose a threat to strategic objectives and focus on developing preventive approaches. In bimonthly

review meetings, potential risks are identified as part of the Integrated Management System, steps are taken to take precautions, and opportunities are also evaluated.

More detailed information on the quality approach and understanding of the institution can be found in the Klimasan Integrated Management System Policy file;

Klimasan is evaluated annually by an independent third-party provider organization, and as part of this evaluation process, periodic management system audits organized by the Turkish Standards Institute are also conducted. Klimasan embraces the Total Quality Management approach supported by the ISO 9001:2015 Quality Management System standard. The Company's focus is to integrate its understanding of quality into all levels and value chain of the organization. The ultimate success of the quality approach, which is one of the most important goals of Klimasan, is to maximize customer satisfaction.

All practices within the Company are carried out as per the requirements of ISO 9001 QMS Standard, and the most important goal is to obtain the quality on-site and ensure the most accurate production on the first try.

Klimasan fundamentally aims for customer focus as well as high-quality products, services, communication, and business partnerships for all its stakeholders. For this purpose, quality-oriented and continuous improvement approaches are adopted at every level of the organization and throughout the value chain. Supply chain has an important place in the quality understanding of the Company. In addition to the quality of products and services, it is aimed to ensure that the quality of raw materials, semi-finished products, and external services is at the highest level.

In this approach, Supplier Development and Introduction Quality Control Departments play a critical role. Continuous communication is established with suppliers, and sustainable quality standards are achieved through collaboration, collective thinking, and joint development.

Quality Management

High-quality development studies

Klimasan believes in the power of communication and feedback in order to first improve the quality and then make it sustainable.

Klimasan is committed to;

- Embed a quality-oriented perspective at all levels of the organization,
- Adopt a customer-oriented management approach, while taking into account changing and evolving customer expectations, to ensure product quality by considering competition, efficiency and profitability,
- Produce quality products that will meet the demands and expectations of its customers; to increase and maintain customer satisfaction by providing technical support before and after sales,
- Meet the needs and expectations of its stakeholders and to work together in harmony,

- Create a culture of Corporate Risk Analysis by identifying, defining, evaluating and managing risks and opportunities that may affect the existence and development of the Company in all processes with a risk-based thinking approach.

In 2022, Klimasan successfully carried out its corporate, risk, environmental and social performance with

ISO 9001 Quality, ISO 14001 Environment, ISO 45001 Occupational Health and Safety, and 50001 Energy Management Systems.

Klimasan's Periodical Quality Improvement Studies

Believing in the power of communication and feedback to first improve quality and then make it sustainable, Klimasan organizes monthly FCR (Field Call Rate)

Meetings attended by several operational departments and authorized services. In these meetings, feedback analysis from the field is evaluated, root cause investigations are conducted and solutions are discussed. Similar meetings at the level of operating units, which are called Quality Meetings, are held weekly.

Believing in the importance of giving feedback as well as receiving it, the Company cooperates with suppliers and carries out projects and improvement studies through its Supplier Development and Entry Quality Control Departments. In this way, the quality of raw materials, semi-finished products, patterns, machines, or services that are not produced at

Klimasan's production site but are supplied is constantly improved. Suppliers are visited periodically, quality management systems, processes, and product quality processes are inspected, and necessary improvement steps are monitored.

Management Systems and Certificates

ISO 9001 Quality Management System
 ISO 50001 Energy Management System
 ISO 14001 Environmental Management System
 ISO 45001 Occupational Health and Safety Management System
 ISO 27001 Information Security Management System
 ISO 17025 Laboratory Accreditation Certificate



Process Management

Process monitoring through KPIs

At Klimasan, all operational, commercial, and administrative processes of the organization are managed through 125 KPIs which are followed quarterly, semi-annually, or annually.

At Klimasan, processes are managed with Process Management Cards, where processes are mapped using workflow diagrams, responsibilities are determined, and SWOT Analyzes and risk opportunity evaluations are made. Process operations during production and management stages are carried out between departments in coordination and on digitalized portals.

Realistic and measurable performance indicators (KPI) were created to keep processes under control, evaluate their efficiency, and ensure their continuous improvement. All operational, commercial, and administrative processes of the organization are managed through 125 KPI which are followed quarterly, semi-annually, or annually. KPI Review Meetings are held monthly, with the participation of the Senior Management, where the achieved targets as part of performance

indicators and realization data are evaluated. In cases where targets are not achieved, root causes analysis is made, improvement actions are planned and realized, and the efficiency of actions is monitored.

Klimasan's 2022 sustainability and social responsibility performance was tracked through 52 performance indicators determined for this purpose. These performance indicators, which are monitored under four headings, "Ethical Business, Sustainable Supply Chain, Human and Employee Rights and Sustainability," are also addressed by the Sustainable Development Goals.

Targeted values and realizations as part of performance indicators are submitted to EcoVadis for review annually in the EcoVadis Corporate Social Responsibility Assessment, as well as being evaluated at Management

Review Meetings. Improvement targets are set each year, taking into account the previous year's performance.

Klimasan's progress in its responsible activities as part of its Corporate Sustainability Strategy is also monitored with short- and long-term targets and commitments and is announced through GRI sustainability reporting.

Process Improvement Tools

Klimasan implements various projects in areas such as in-house personal development programs, awareness studies, and vocational training to improve processes with its total quality philosophy, and also benefits from methodological and technological tools.

With these tools, employees contribute instantly to the institution in its process improvement journey and they also give and receive feedback quickly.



Digital transformation projects play the leading role in process management and have a critical responsibility in all improvement studies in the future. In this regard, the renewal and updating of ERP software is one of the most important projects of 2022. Detailed information on this study can be found in the digitalization section of the report.

- **QDMS:** Integrated management systems applications including Document Management, Action Management, Corrective and Remedial Action Management, Device Management and Customer Complaints Management Modules are managed through the QDMS Portal.

- **ManageEngine (IT Service Desk):** All service and help requests of Klimasan in its every digital and systematical process are directly transferred to the Information Processing Team through this portal. Computer users open a "ticket" on this portal and create a request, the support provided by the Information Processing Team is notified to the user via mail, and the "ticket" is closed.

* In 2022, 5,175 tickets were opened on Manage Engine and 4,939 of these were solved and serviced without any delay. In 2022, the Manage Engine solution success rate of the Information Processing Team was 95%.

Process Management

Integrated management model

Klimasan's documentation system was integrated into QDMS Document Management Module, enabling regular review, revision and follow-up processes.

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

• **ERP Software:** ERP Software is used to integrate and monitor all operational processes carried out at Klimasan. With the new ERP project carried out in 2022, processes that were performed manually or through different portals were managed through a single system.

QDMS Integrated Management System

QDMS Integrated Management System tool is used in all processes of the Integrated Management System with the aim of managing and following up on such processes more effectively. QDMS Document Management, Customer Complaints, Corrective and Remedial Actions, Action Management, and Device Management System Modules have been actively used since 2015.

Klimasan's documentation system was integrated into the QDMS Document Management Module, enabling regular review, revision and follow-up processes and providing all relevant employees with easy access and a transparent management approach. Besides, action and corrective action studies in all operational or administrative processes, findings, or improvement points obtained as a result of internal/external audits are managed by the QDMS Action Module and Corrective Remedial Action Module. Calibration procedures of the test devices and equipment used are followed up by the relevant laboratory's responsible staff through QDMS System. Customer notifications and remedial works are also carried out under the leadership of After-Sales Services and Quality Teams through QDMS.

A QDMS User account is defined for all new employees who start working at Klimasan and have computer access, and authorization and accessibility points are determined. Process-based authorization and access permission are available to integrate information security into every stage of the organization.

Number of documents included in QDMS:	4,296
Number of new documents prepared in 2022:	162
Number of documents revised in 2022:	430
Number of devices with calibration follow-up in 2022:	164
Number of devices/equipment with verification follow-up in 2022:	89
Number of CAPAs and Actions opened in 2022:	2,176
Number of CAPAs and Actions closed in 2022:	1,763
Total number of CAPAs and Actions opened through QDMS:	11,817
Total number of CAPAs and Actions closed through QDMS:	11,113

Integrated Management Systems Policy

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

<https://www.klimasan.com.tr/wp-content/uploads/2022/06/entegre-yonetim-sistemi-politikasi.pdf>

Continuous Improvement and Investments

Firm steps towards the future

Investments at Klimasan are always carried out in line with the future goals in order to grow and develop steadily.

Continuous improvement at Klimasan involves constantly reviewing, analyzing, and making more efficient an organization or business processes that will be carried out. The main purpose of this process is to increase the efficiency and effectiveness of each stage of the business.

Investments at Klimasan are always carried out in line with the future goals in order to grow and develop steadily. Acting with a developed planning structure in investments, as in all matters, Klimasan adopts new technologies, improves talented human resources, and strengthens its operational processes accordingly. This approach ensures the sustainability at Klimasan regarding the Continuous Improvement and Investments. Continuous improvement and investments help organizations adapt to changing market conditions, meet customer demands, and gain competitive advantage.

Employee Suggestion Evaluation System

Klimasan believes in the importance of employee participation not only in the process but also in all improvement projects and embraces the approach that the best way to

improve a job is to ask the person performing it. More than a thousand suggestions were received with the Klimasan Employee Suggestion Evaluation System initiated in 2019.

The aim of the Employee Suggestion Evaluation System is to:

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

The suggestions from employees received are evaluated by the Suggestion Evaluation Board in meetings held twice a week and scored according to the criteria determined. Actions or project studies planned for realizing the accepted suggestions are followed

up through QDMS. Following the monthly evaluations, the 15 employees with the highest rated suggestions are rewarded at the Suggestion Award Ceremony.

At the end of each quarter, Employee Suggestion Evaluation System Quarterly Reward is performed. Owners of 3 suggestions with the highest scores among those given during a quarter and the department with the highest score are rewarded.

Besides, among the suggestions submitted to the Employee Suggestion Evaluation System, all suggestions that meet a few specific criteria are rewarded with a winner prize when the project is implemented.

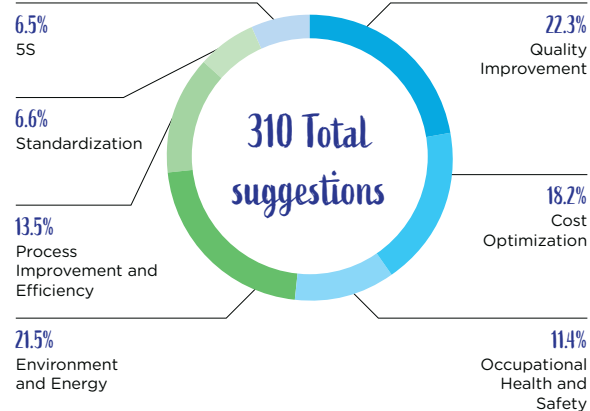
In 2022, celebration organizations such as breakfast, dinner, and bowling tournaments were organized with the department employees and their families, who earned the highest score within the quarter as a result of the 3-month evaluations.

More than 1,100 employee suggestions have been received since February 2019, when the Suggestion System was implemented, and action planning and investment studies have been carried out to implement the suggestions deemed appropriate by the Suggestion Evaluation Board.

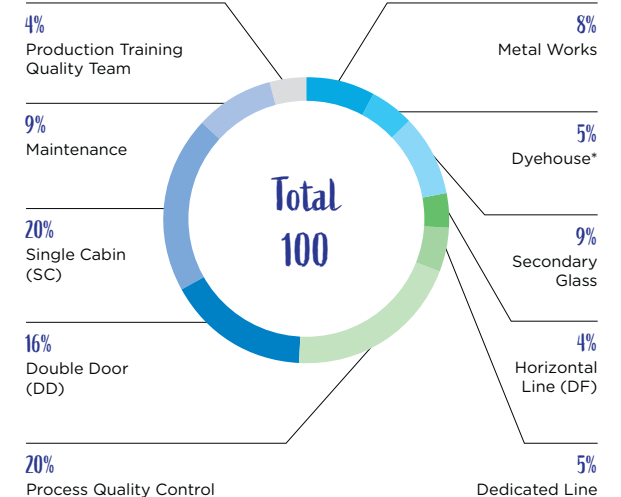
The environmental impact of all project ideas that are accepted and approved for implementation is measured. In this context, energy, chemical, and water consumption savings and carbon footprint reduction rates provided by the project are calculated. In addition to environmental impacts, cost reduction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

In 2022, a total of 455 suggestions were given.

Distribution of 455 Suggestions by Category



10 Departments with the Most Suggestions in 2022



Continuous Improvement and Investments

Projects increasing productivity

With the Dyehouse Improvement Project, which was one of the important productivity investments of 2022, natural cooling of products was ensured thus, saving electricity and natural gas.



Investment Studies

At the institutions, investment studies are managed by the Investment Team reporting to the Technical and Lean Department. In technical and operational investment processes such as team, machine, device, line or equipment investments, the support of the Maintenance and Method Teams is received.

In 2022, an investment of EUR 3.3 million was made to minimize occupational safety risks, to ensure quality stability in line with the Company's targets by implementing investment and production standardization studies. Besides, while the new service vehicle area and hazardous waste area investments are among the important investments made outside the Klimasan factory, the new fire detection system revision is also one of the important investment decisions taken for emergency management.



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

Some of the prominent machine and automation investments of 2022 are as follows:

Dyehouse Improvement Project

Thanks to the Dyehouse Improvement Project, which was one of the important efficiency investments of 2022, the existing Dyehouse conveyor was extended and the cooling conveyor was added, allowing the products to cool naturally, and by this way, electricity and natural gas savings were achieved. The capacity of the dyehouse was increased from 7.2 mt/speed to 9 mt/speed, resulting in a 28% capacity increase. As part of the project, dye usage was decreased by 32% and steel scrap rate was decreased by 21%. On the other hand, dyehouse hanging region was converted to a double-sided hanging design to improve ergonomics.

Automatic 8-Door Polyurethane Fixture Drum Project

With the Drum Project, which is one of the important investment and machinery park installation works of 2022, an automatic 8-door polyurethane fixture



investment was commissioned, resulting in a 47% capacity increase and a 34% gain in cycling time. Adopting a simpler production type, polyurethane use was decreased by 8-16% per product. Thus, chemical use was increased while the use of hazardous waste was decreased.

Assembly Line Automation Investment in Single-Door Vertical Cabins Line (SC)

The assembly line in SC line, in which the single-door vertical cabins (having the greatest share in sales) are produced, was converted into automation with the new conveyor investment, and its production ergonomics was improved. Quality improvement was made to increase customer satisfaction, and the process was digitalized.

Group Line Automation Project in Double-Door Vertical Cabin Line (DD)

As part of the project, products manufactured on the manual line were transferred to the automatic production system after the line was converted to automation, thus increasing productivity by 27%.

Project of Ergonomics Improvement with Vacuum Manipulator Investments

By prioritizing employee health and with the aim of growth, in order to improve the ergonomic structure of the process and prevent the risks of occupational accidents in the carrying and lifting of doors on the line in the door production process, 7 vacuum manipulators were invested, and the process was automated, resulting in a 6% increase in productivity.

Continuous Improvement and Investments

Process improvement activities

The primary goal is to involve employees who are in direct contact with problems through continuous improvement projects and equipment improvement works carried out by the Kaizen team.



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



Pipe Wrapping Efficiency Project

With the project, 5th pipe wrapping investment was made and pipe wrapping capacity was increased by 23%.

Kaizen Activities

Kaizen studies are important for Klimasan who believes that teamwork is the most important factor in first determining a goal, then creating the necessary strategies to achieve the goal, and ultimately achieving it.

In 2022, several production support and improvement studies were carried out by Kaizen Team. Time survey and line balancing study were carried out on a total of 67 products, and 44 line improvement studies were carried out. In order to improve the performance and ergonomics of production processes, 36 new templates and apparatus were prepared and put into use.

Total Productive Maintenance (TPM)

Having an effective contribution in the sustainability and efficiency studies of Klimasan, the TPM approach is also continued with the involvement and contribution of all employees in the practices. The main goals determined include reducing and removing machine downtimes, carrying out planned and predictive maintenance regularly, and ensuring continuous improvement.

Klimasan's maintenance works and goals include the following activities: better analysis of energy usage areas by increasing the number of energy measurement points, implementation of necessary equipment investment and improvement projects to prevent energy consumption, periodic thermal measurements throughout the enterprise, increasing predictive maintenance

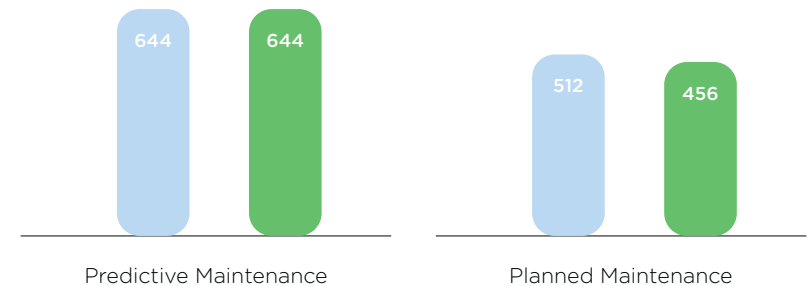
activities to prevent machine downtime and malfunctions, and ensuring the continuity of planned maintenance work.

In 2022, 456 planned maintenance and 644 predictive maintenance were carried out. It is supported by weekly 5S activities, projects and improvement activities carried out by the Kaizen team. With the autonomous maintenance form and weekly reports, TPM activities are easily monitored and audited.

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

2022 Planned/Predictive Maintenance Analysis

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



R&D and Innovation

An innovative approach

Klimasan invested more than TL 25 million in R&D in 2022 and applied for 4 patents, 12 utility models, and 11 designs.

Innovation at Klimasan

Particularly in 2022, the break in supply chains, global tension caused by the Russia-Ukraine military tension, the continuous rise in energy prices, and the difficulty in accessing raw materials have once again demonstrated how vital it is for almost every sector to develop its own technology. Innovation efforts, which play a critical role in the financial and economic sustainability of companies and institutions as well as the sustainability of our planet, are considered the most important area for combating climate change.

At Klimasan, manufacturing products that consume less energy and have less environmental impact forms the basis of innovation work. R&D team of the institution develops by using the latest technologies in product targeting and effectively expands into the market by offering innovative solutions to customers.

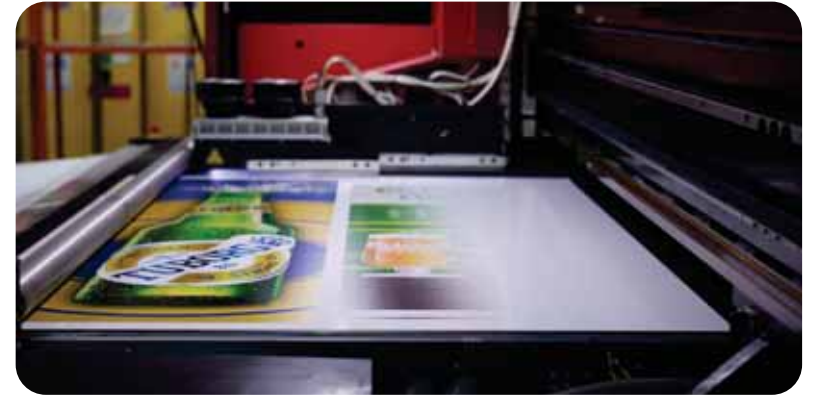
In this context, Klimasan further strengthens its leading position in the sector through intensive cooperation with national and international institutions and organizations. Klimasan is a role model in university-industry cooperation mechanisms and manages to spread the culture of cooperation to all employees with the different and pioneering cooperation strategies it has developed over the years.

In the field of commercial coolers, Klimasan has always been at the forefront of intellectual property management and has made a name for itself with many patents and designs both nationally and internationally. Klimasan produces not only excellent products for its customers, but also digital, smart and life-enhancing solutions.

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

In 2022, Klimasan made an R&D investment worth TL 25,175,025.54 and applied for 4 patents, 12 utility models, and 11 designs. More than 50 Patents and more than 35 Industrial Design Registrations were made in the last 5 years.

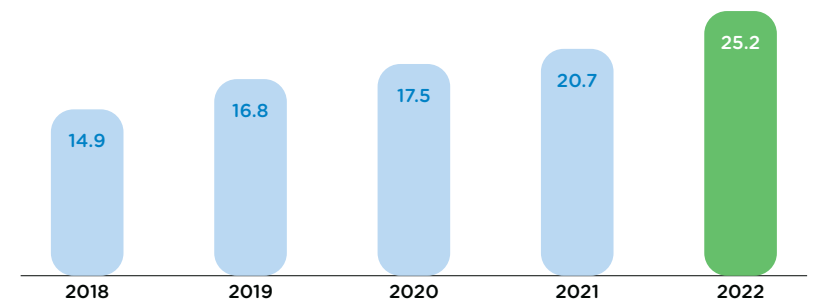
Klimasan ranked 127th in the 2021 R&D 250 list among all sectors based on its R&D expenditures.



By increasing its R&D works in the future, Klimasan aims to;

- Increase the recyclability of its products and the use of recycled materials in its products,
- Support both its own and its customers' responsible environmental activities by reducing emissions resulting from the use of its products,
- Ensure the continuance of its R&D activities which offer flexible solutions to the customers' demands,
- Support the R&D activities of its suppliers by continuing its leading role in the supply chain with its rapid adaptation to innovations and changes and its sustainable product approach.

R&D Budget by Year (TL million)



R&D and Innovation

Innovative cooler solutions

While reliable, innovative and environmentally friendly solutions are produced to meet customer demands by the R&D team of 59 people, new cooler solutions are also offered to potential customers.



R&D Team of 59 People

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

While reliable, innovative and environmentally friendly solutions are produced to meet customer demands by the R&D team of 59 people, new cooler solutions are also offered to potential customers. Besides, projects are carried out to improve the energy consumption and energy classes of the products through decreasing the usage of materials/raw materials and increasing the use of recyclable materials.

This way, it is aimed to reduce the use of non-recyclable or chemical materials used in production processes, to support environmentally friendly production and the circular economy. The team includes a total of 52 research personnel, 5 of whom have postgraduate degrees. In 2022, the Klimasan R&D team participated in 15 fairs and 20 trainings.



Important Design and Innovations Works Performed

Autocascade System Cooling Cabin Design

The product designed as part of the Ege University Türkiye TEYDEB Project is an autocascade ultra-low temperature deep freezer system with a good automation system, in which refrigerants that comply with European standards and environmental regulations and special materials are selected for the ultra-cooling system, which features energy efficiency by eliminating freeze-thaw cycles and limiting moisture entry into the system. The product will be used for storing vaccines and medications which require ultra-low temperatures, and is the first deep freezer that Klimasan will produce in the medical area.

Styrofoam Cancellation Project

Within the framework of Klimasan's responsible material management approach, the project for the transition to the use of thick cardboard instead of styrofoam used for protection in product packaging was put into practice in 2022 and is planned to be put into operation in

2023. As part of the project, R&D team designed and developed a thick cardboard with the same strength as styrofoam. Thus, it will be possible to use 100% recyclable cardboard in the product instead of styrofoam used on shelves, doors, and cabins. The compatibility of the study was subjected to durability and shipping simulation tests, the tests and laboratory analyses were completed successfully, and the project approval was received. The dissemination works of the study, which will be put into operation for certain products at the first stage, are continuing.

A Class Vertical Freezer Project

In 2022, A-class energy works were initiated for the vertical freezer product family. New generation thermal insulation materials and a glass that provides high energy savings and insulation performance were used in the study. This project is one of the important supplier collaboration activities that Klimasan conveys its responsible activities to the supply chain.

Impulse and Prime Project

Klimasan's commercial-type freezer, which was subject to its industrial design application and registered, was offered to its customers and commercialized in 2022. Within the framework of the project, a new cooling design was commissioned without changing the mechanical design



R&D and Innovation

Strategic collaborations

Continuing its journey by adding a new design to its product range every day, Klimasan cooperates with many universities and invests in new projects.

features of the product family. In the study, new cooling components were determined in line with energy class C energy performance, and their design was completed by conducting performance tests as part of the standards and regulations. Energy level improvement R&D activities for the new cooling design are continuing.

Gastro Project

With the Gastro Product Project developed in 2022, the introduction to the industrial kitchen equipment market was strategically made for the first time and the product family was commercialized by designing a cooler/freezer cabinet for the commercial professional kitchen sector. As part of the mentioned project, gastronomy cabinet family which was designed by the Klimasan R&D Team and made of inox sheet metals was put into operation.

R&D Projects and Cooperations

At Klimasan, which has a wide product range, the priority in every project commissioned is energy efficiency. Continuing its journey by adding a new design to its product range every day, Klimasan cooperates with many universities and invests in new projects.

In this regard, collaborations made in 2022 are as follows:

- Yaşar University, Department of Design, Türkiye, University-Industry Collaboration Project
- Yaşar University Türkiye, Department of Architecture and Design, Student Graduation Project Mentorship
- Ege University, Solar Energy Institute, Türkiye, University-Industry Collaboration Protocol

- Ege University Türkiye Teydeb 1505 Project, Project No 5230008, Design, Testing, and Prototype Production of an Autocascade System Cooling Cabinet Including Super Cooling
- Celal Bayar University, Thermodynamics Department, Türkiye, University-Industry Collaboration Project
- Yorglass Cam San. ve Tic. A.Ş. Türkiye, Intercompany R&D Collaboration Project: Vertical Cooler A-Class Product Family

In 2022, 28 innovative projects, including cooling and mechanical design studies and energy efficiency studies, were commissioned and successfully completed. All of the projects were carried out with Klimasan's own capital. All products resulting from the projects are innovative and suitable for commercialization.





R&D and Innovation

Important contributions to circular economy

Klimasan has been measuring the recyclability features of its products and has shared these with its customers for many years. It conducted a comprehensive recyclability analysis study in 2022.

Product Recyclability Analysis

With its sustainable product approach, Klimasan aims to keep the environmental impacts of its products at a minimum after their use. For this purpose, it carries out R&D activities to constantly increase the reusable material rate of its products.

Klimasan has been measuring the recycling features of its products and has shared the results with its customers for many years. Besides, it conducted a comprehensive recyclability analysis study which was carried out in two stages in 2022. In the first stage of the study, the material breakdowns of the products were determined and the properties of each material were examined through the efforts of Klimasan R&D Team, Sustainability Officer and Environmental Consultant

In this stage, supplier companies were asked to provide information on the recyclability of materials and products they provided to Klimasan. By this way, the environmental features of the semi-products used in the production stage and the R&D and improvement studies that could be carried out with the supplier companies were determined.

In the second phase of the study, coordination was made with the local and foreign recycling companies that are experts in the field of recycling and recovery of white goods and coolers. The products put on the market were disassembled, their contents and structures were analyzed, the features of the products and their components were analyzed in detail, and reporting was received.

The most important outcome of the project is the determination of recyclability properties through detailed analysis of the materials and semi-finished products used in the contents of coolers and freezers, and the possibility of development projects with supplier companies on this subject.

Klimasan will be able to submit a systematic report for the recyclability of each product it manufactures by interpreting the data obtained from analysis results and with the ERP software.



R&D and Innovation

Digitalized processes

Klimasan approaches its digitalization journey under two main categories: Operational digitalization and administrative digitalization.

Product Security

The standards and regulations adhered to by Klimasan, which gives utmost importance to the safety of its customers during use as well as being compatible with quality and the environment in each of its designs, are as follows;

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

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

Klimasan products comply with the ROHS Directive, which restricts the use of lead and other potentially hazardous substances for the environment and human health in electrical and electronic products, and the REACH Directive, which aims to limit and record the use of carcinogenic, mutagenic, and toxic substances.

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

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

Klimasan complies with WEEE (Waste of Electrical and Electronic Equipment), which sets targets for the collection, recycling and recovery of electrical products. Klimasan increases the recyclability of its products by using components comply with WEEE Directive.

With the energy regulation in effect in EU countries in 2021, all commercial and household cabinets sold to these countries are subject to this regulation. All products have energy labels and these are recorded in the EPREL system.

Certificates

LVD, EMC, RoHS, REACH



Digitalization

Operational and administrative digitalization

Digitalization is not just about the automation of processes or the reduction of environmental impacts, but also a factor that has an effect on economic, financial and social sustainability.



Today, the rapidly advancing technological developments require institutions to manage their operations more effectively and productively. Digitalization ensures that traditional business processes are transformed through digital technologies so that decisions are made faster, collaboration is increased, and competitive advantage is gained.

Digitalization does not only mean automating operational processes, it also refers to an approach directed at strategic goals such as improving the customer experience, taking better decisions through the use of data analytics, and creating new sources of revenue. Digitalization allows organizations to be more flexible and scalable, which in turn helps them adapt more quickly to changing market conditions. To this

end, technologies such as cloud computing, big data analytics, artificial intelligence and the Internet of Things (IoT) empower companies to operate in a smarter and more connected way.

Digital transformation or digitalization has far outpaced other factors that enable organizations to stand out from the competition. What matters now is not whether organizations are digitalized or not, but rather how much they are digitalized and how much this transformation contributes to the sustainability of the organization. Digitalization is not just about the automation of processes or the reduction of environmental impacts, but also a factor that has an effect on economic, financial and social sustainability. Klimasan approaches its digitalization journey under two main categories: Operational digitalization and administrative digitalization.

Production processes are designed with a focus on automation, utilizing technologies such as inter-communicating machines (IoT), robots and automated guided vehicles (AGVs). This way, it has now become possible to monitor and report on the production processes and make instant interventions when necessary.

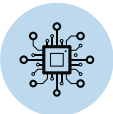
In administrative processes, all operations from R&D to production, from planning to accounting, from human resources to sales are integrated with the Enterprise Resource Planning (ERP) software. This approach enabled coordination and complementary workflow across departments. All operational and administrative processes are effectively monitored through the ERP software.



Digitalization

Increased digital integration

The K*WAY ERP Transformation Project, which was the most significant operational process improvement project carried out in 2022, illustrates the level of importance Klimasan attaches to digitalization.



Digitalization Project of the Year "K*WAY": New ERP Software

The K*WAY ERP Transformation Project, which was the most significant operational process improvement project carried out by the Company in 2022, illustrates the level of importance Klimasan attaches to digitalization. Within the scope of the Project boosting the efficiency and integration of all processes within the organization, the Company aimed to update the business processes that have been filtered through the long-standing corporate culture built on a reliable and stable infrastructure, taking into account industry standards, and thereby creating a structure that is more agile, more profitable, more productive and more

responsive to the needs of its customers. The process flow was adjusted to the new ERP system by reviewing, simplifying and reorganizing the existing processes throughout the year. Manual processes in the processes were minimized and digitalized. Through the new ERP software, the digital integration of all functions of the organization, most notably accounting, finance, shipping, production planning, inventory management, procurement, production, quality control, sales-marketing, human resources, maintenance and repair management, has been enhanced. As Klimasan's largest investment project in recent years, this project is also one of the most important activities carried out for process optimization and effective process management. It has been the biggest step on the organization's road to becoming a Smart Enterprise.



Technical trainings were provided to all users and numerous workshops were held with software consultants under the moderation of the project team throughout the project.

Communications with authorized service centers and suppliers are carried out via digital platforms, and information and communications such as technical drawing revisions, new product notifications, and service demands are tracked through these platforms. The communication of employees with the IT Team, as well as problem and support notifications are carried out through Klimasan's customized digital platform.

All documentation, corrective and remedial action, calibration and customer notification management processes of Klimasan are handled through the QDMS Portal. The employees have a high level of adaptation to digital processes thanks to the practice of hybrid working arrangements.



25+ modules



20+ module owners



116+ team members



500+ meetings



3,400+ hours of meetings



43,000+ man/hour activity



5,500+ man/day activity



Supply Chain Management

“Win-win” approach

Klimasan concentrates on creating a mutually beneficial relationship by encouraging the continuous development of its suppliers.

At Klimasan, all processes from procurement to production, distribution and transportation of products and services to end-consumers are effectively planned, coordinated and managed. The supply chain management is aimed at optimizing the flow of goods and services, balancing inventory levels, streamlining logistics operations and responding to customer demands in a timely and accurate manner. The key objectives of this approach include reducing the costs, increasing efficiency, managing supply risks and achieving an overall competitive advantage.

Sustainable Supply Chain Approach

Klimasan prioritizes supply security and ethical trade in its supply chain management. The Company acknowledges that product quality and effective process management can only be achieved with the contributions of its business partners. Hence, establishing and maintaining an effective supply chain management

approach is a key priority for Klimasan.

Klimasan concentrates on creating a mutually beneficial relationship by encouraging the continuous development of its suppliers. A Supplier Development Department was established to support this objective and various operations were implemented. These operations include capacity building for suppliers, improving and auditing quality and management processes, conducting cooperation projects, organizing training and workshop programs, and increasing the diversity of alternative suppliers.

In 2022, Klimasan reserved 86% of its total number of suppliers and 78% of its procurement budget for domestic companies. The budget allocated for local suppliers is over EUR 84 million. Klimasan carries out its supplier selection processes meticulously.

In the year 2022, Klimasan's procurement department executed 50 different

improvement/development projects, generating more than EUR 2 million in revenues through these projects. In addition, a total of 44 new supplier companies have been added to business partnerships. These efforts are undertaken with the aim of supporting Klimasan's efficiency in supply chain management as well as the development of its suppliers.

Procurement Management in 2022

Economic uncertainties, the impact of global events and fluctuations in the supply-demand equilibrium are significant factors affecting the procurement decisions. These uncertainties may complicate supply chain planning and inventory management activities. Challenges in procurement processes may impede the timely and uninterrupted supply of goods and services from suppliers, which in turn may adversely affect production and distribution processes. Meanwhile, responsible



procurement practices are becoming increasingly important. In addition to quality, Klimasan also considers environmental and social impacts in its supplier selection processes. Consequently, this leads to more transparent, sustainable and ethically-oriented approaches. Expectations from suppliers have become more diverse. Today, the expectation is no longer only on the supply of products or services, but also on other abilities such as innovation, flexibility and responsiveness.

As a result of the constantly fluctuating foreign exchange rates during the year, price revisions had to be made 3-4 times with suppliers with whom the Company normally has fixed rates. This process was managed by closely monitoring market conditions and supplier dynamics.

In order to ensure that supplier companies are minimally affected by raw material and sub-component procurement processes as a result of economic fluctuations and help them manage these dynamics, amendments have been made to existing procurement conditions. In addition, anticipatory order requests were issued in the relevant sectors and engagements were made with alternative competitive suppliers in order to be able to address such risks.

Alternative supplier options were established in sectors with 'single source' status and supplier diversity was increased in sectors where raw material supply problems exist. These precautions aim to ensure Klimasan's resilience against economic fluctuations and enhance supply security by increasing flexibility in supply chain management.

Supply Chain Management

Full support for local suppliers

Klimasan ensures that its suppliers operate at the standards set by Klimasan by auditing existing suppliers and planning improvement activities throughout the year.

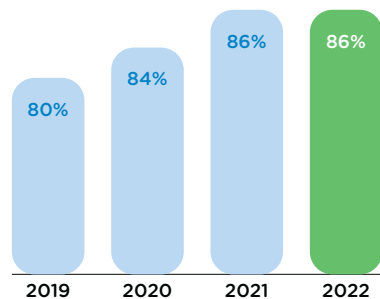
In 2022,
local companies accounted

for **86%** of the total
number of suppliers and

78% of the
procurement budget.
The budget allocated to
local procurement is over

TL 1.4 billion.

Percentage of local suppliers by year



Klimasan's Supplier Selection and Evaluation Methodology

Klimasan executes a meticulous supplier evaluation and commissioning process in order to ensure supply security, constantly improve product quality and implement exemplary supply chain practices.

Klimasan carries out a preliminary assessment procedure in order to select the most suitable candidate before commencing business cooperation with any supplier company. This assessment encompasses criteria such as conformity to Klimasan's specifications, delivery schedules, pricing and payment conditions, as well as quality, environment and OHS management systems. Klimasan expects its suppliers to be aware of their responsibilities in quality, occupational health and safety, and environmental issues. For this reason, equally suitable suppliers are also evaluated

based on the implementation of ISO 9001, ISO 14001 and ISO 45001 management systems as selection criteria.

Klimasan ensures that its suppliers operate at the standards set by Klimasan by auditing existing suppliers and planning improvement activities throughout the year. Online or on-site audits are conducted at least once a year under the leadership of the Supplier Development and Incoming Quality Control Departments to monitor the quality, management, social and environmental processes of supplier companies. The classifications of suppliers are re-evaluated based on the results of these audits. Auxiliary industry assessments are used to identify the companies that are located within the 80th percentile of the current ranking. Alternative suppliers are identified, especially for suppliers that carry risks.



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.

Localization Efforts

Aware of the importance of local procurement for regional and national development, Klimasan is committed to contributing to the growth of local small and medium-sized enterprises and at the

same time strengthening its business partnerships with large-scale local companies. In this context, localization efforts continued for the materials and components procured from imported suppliers, referred to as 'single source', and the necessary transfer organizations were established in 2022. Especially the production of plastic parts that do not require any molds started to be supplied from local enterprises. As a result of these efforts, the ratio of local procurement to the total procurement budget increased from 73% in 2021 to 78% in 2022.

Supply Chain Management

Supplier audit activities

Remote and on-site audits for supplier companies continued in 2022, and improvement action plans were created and monitored through supplier analyses.

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

Sustainable Procurement and Supply Practices

Klimasan's sustainability approach is based on a wide network of suppliers. The Company drives the transformation of relevant sectors by transferring its sustainability approach and strategies to its suppliers. In this context, Klimasan encourages its suppliers to operate in accordance with the core values adopted by Klimasan.

Klimasan's primary goal is to establish and maintain relationships with suppliers in accordance with the law and the provisions of the contract. The Company complies with international and sectoral standards while procuring products and services from suppliers, treats information about suppliers as trade secrets and attaches great importance to confidentiality. To this end, a Supplier Code of Conduct Document was

prepared. This document outlines the ethical operating principles that are expected by Klimasan from its business partners and encourages suppliers to comply with these principles. This approach helps Klimasan maintain its ethical values and establish reliable and sustainable supplier relationships.

Sustainable procurement practices at Klimasan are managed by the Purchasing, Supplier Development and Quality Management Systems Departments. Besides technical and economic improvement projects implemented with suppliers, the Company also implements responsible supply chain practices.

Remote and on-site audits for supplier companies continued in 2022, and improvement action plans were created and monitored through supplier analyses.



Klimasan developed a Supply Chain Sustainability Practices Assessment Survey and distributed it to all supply chain business partners to collect their feedback.

This survey was used to analyze auxiliary industries' efforts to secure their environmental management, corporate sustainability activities, management systems practices, EcoVadis sustainability assessment, SBTi-compliant emission mitigation planning, UN Global Compact commitment, social compliance practices and audits through documentation such as codes of conduct, policies, procedures and handbooks. The results of surveys constitute an important source of input for Klimasan's environmental, social and economic sustainability journey in determining the areas of cooperation with its suppliers and in managing the results of

supply chain social responsibility risk analyses. In addition, it ensures the traceability of responsible practices in the supply chain.

Important Responsible Supply Chain Projects in 2022

Design activities for new models of electromechanical components such as compressors and fans were carried out in cooperation with suppliers within the scope of the energy efficiency approach, contributing to the improvement of energy classes of these products.

With the aim of reducing the generation of packaging waste from material procurement, reusable mobile transportation crates were introduced. In this context, the boxes and crates containing the materials received from suppliers are returned back to suppliers and used repeatedly in different procurement processes.



Supply Chain Management

Supplier risk assessments

Klimasan evaluates environmental, social and governance risks in the management of its processes at every level of the organization and implements preventive measures to avoid these risks.

Supply Chain Social Responsibility Risk Analysis

Klimasan evaluates environmental, social and governance risks in the management of its processes at every level of the organization and implements preventive measures to avoid these risks. The Company aims to disseminate a risk-focused approach in the supply chain by identifying and eliminating potential ESG risks within the supply chain. Klimasan has started to identify potential ESG risks in the supply chain with the Supply Chain Corporate Social Responsibility Risk Analysis practice launched in 2022. This practice allows Klimasan to carry out sectoral and country risk assessments of its trading partners. Accordingly, the aim is to establish business partnerships by assessing the social compliance of its stakeholders to ensure the sustainability of responsible supply chain practices.

The risk assessment methodology introduced makes it possible to conduct a risk assessment of the environmental, social and ethical business practices of each supplier company in the context of its country and sector, in accordance with internationally recognized Index and criteria.

National Corporate Social Responsibility Risk Assessment

While assessing the environmental and social risks in the supply chain, the current environmental and social conditions of the respective countries where the suppliers are located are also taken into consideration. The current status and progress, steps taken and commitments made by countries in environmental sustainability,

social compliance and social responsibility, health services and healthy living standards, ethical practices and basic human rights are evaluated within the framework of the following internationally recognized Indexes established as a result of research in these areas;

- * Corruption Perceptions Index (CPI)
- * Global Health Security Index (GHS)
- * Environmental Performance Index (EPI)
- * Human Development Index (Statistical Annex)
- * Gender Development Index (Statistical Annex)
- * International Trade Union Confederation (ITUC) Global Right Index
- * IPU Parline - Women in Parliaments
- * Press Freedom Index

Sectoral Corporate Social Responsibility Risk Assessment

When assessing environmental and social risks in the Supply Chain, the sectors in which the goods and services are supplied from are also taken into account. The processes, products/services and the conditions they require, the operating conditions of the sector and associated risks arising from these are taken into consideration in this context. When conducting sectoral risk analysis, the International Standard Industrial Classification of All Economic Activities (ISIC), an internationally recognized document, is taken as a reference. In this respect, existing contract suppliers are categorized based on ISIC reference sector categories. Each sector is subjected to a separate risk analysis process based on the following criteria.

- * Energy Consumption and Carbon Emissions
- * Water Consumption
- * Waste Generation and Pollution
- * Product Lifecycle Impact
- * Use of Harmful Raw Materials
- * Employee Health and Process Safety (OHS)
- * Working Conditions
- * Fair Competition and Business Ethics
- * Child Employment/Forced Labor
- * Human Rights Protection
- * Information Security

The Corporate Social Responsibility Risk Category of a supplier is determined by interpreting the country and sector risk scores as low/medium/high risk as a result of the risk assessments conducted. Klimasan handles the management of each risk category individually and aims to ensure the supervision of current practices in the supply chain through methods such as on-site/online audits, documentation review, and request for existing audit documents in 2023.

Logistic Impacts

Green Logistics activities

Klimasan acts with the awareness that minimizing the environmental impact of logistics activities, which have a significant impact on climate change, is vital for the entire supply chain.

Klimasan maintains its green supply chain and logistics activities with the awareness that minimizing the environmental impact of logistics activities, which have a significant impact on climate change, is of vital importance for the entire supply chain. Green supply chain and logistics activities are intended to minimize greenhouse gases to prevent logistics from harming the environment, establish a transportation network with lower emission values in terms of climate change and sustainability, and reduce carbon emissions.

Klimasan employs a proactive sustainability policy to prevent problems even before they occur. The Company performs shipment simulations to determine the optimal route for shipments with multiple destinations in order to

mitigate its environmental impact by minimizing fuel consumption and reducing emission impacts from transportation activities.

In addition, another effort by Klimasan has been to maximize the load capacity of the transportation vehicles by ensuring appropriate conditions in order to reduce the number of vehicles.

Minimizing the use of road transportation in logistics activities significantly reduces the environmental damage inflicted by Klimasan. Through the strategies it has developed, Klimasan primarily supports its road transportation activities with maritime, airline and railway transportation, and tries to keep road transportation levels as low as possible in its logistics activities.

Continuing to work with a proactive approach, Klimasan pays attention to the following criteria for the companies that it purchases services from in its logistics activities.

1. Use of vehicles with low carbon emissions
2. Optimization of shipment routes
3. Training of employees on safe and economical driving
4. Considering transportation methods with lower emission values
5. Monitoring of performance parameters such as optimum fuel performance, target liter and speed determination for economical driving
6. Operating with an accident-free approach



Customer Satisfaction and After-Sales Services

Lifetime customer support

Prioritizing a customer-oriented business system as one of its fundamental principles, Klimasan continues to support its customers throughout the life of its products.

Prioritizing a customer-oriented business system is among the fundamental principles of Klimasan. In order to ensure customer loyalty, customer retention and to gain market share, the Company is committed to meeting the expectations of its customers to the maximum extent possible.

At Klimasan, customer satisfaction is the top priority and the Company continues to operate with the aim of achieving this. In this context, environmentally friendly and novel products are developed specifically tailored to customer needs, and customer expectations and suggestions are meticulously monitored.

Klimasan's Manisa facility, where high quality products are produced, has a capacity of 812,000 units/year and supplies 165 types of products to more than 1,600 customers in more than 100 countries. Ranked among the top 500 companies in Türkiye, Klimasan and its brands have built a strong

reputation as a reliable and innovative supplier of cooler and freezer cabinets for over 50 years.

In 2022, Klimasan expanded its customer portfolio by establishing business partnerships with 52 new companies.

In 2022, 7,933 customers participated in the customer survey conducted annually by an independent organization and submitted their opinions and expectations.

Klimasan continues to support its customers throughout the life span of the product. Klimasan has more than 180 After-Sales Service Centers throughout Türkiye. The aim is to extend the lifetime of the products with competent technical services. In 2022, technical service satisfaction rate was realized as 92%.

Spare parts inventories were expanded and bulk spare parts shipments were made prior to the peak season in

order to reduce the time to resolve problems at Klimasan and to increase the first-visit problem resolution rate of authorized service centers. 13% of authorized service centers were renovated with the aim of increasing the service quality.

Services offered within the scope of after-sales services:

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

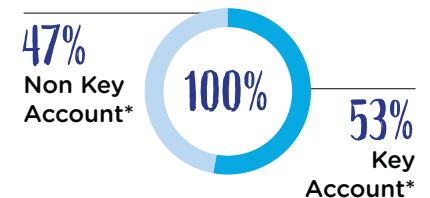
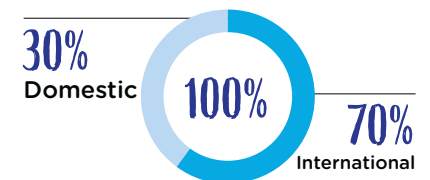
In order to provide accurate information about the products, there are many safety-themed warning labels on products, as well as special user manuals for each product.



The manuals are prepared by expert documentation and product managers. After-sales repair and maintenance services are divided into "Commercial coolers" and "Household coolers." The warranty period for commercial coolers can be extended beyond the legal period of 24 months to 36 months, and the warranty period for household coolers is determined as 5 years, 7 years or 10 years with periodic campaigns. The spare parts supply period of the products is 10 years.

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

Customer Profile



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

Customer Satisfaction and After-Sales Services

Culture of feedback

Numerous field visits were made in 2022, and the feedback received from the field and the examination of the sample materials collected at these events helped to improve product quality and customer satisfaction.

Main After-Sales Service Activities

At Klimasan, monthly evaluation meetings are held with the participation of authorized service centers and operational departments. Points for improvement are discussed at these meetings within the scope of the feedback received from the field.

Workshops are organized in many countries with the participation of R&D teams in order to understand the needs of customers and direct product development efforts to meet their expectations. Regular technical trainings are organized for the technical teams of customers in nearly 10 countries in Africa to familiarize them with Klimasan products and to make the necessary interventions correctly. Meetings and service trainings are organized to inform Şenocak dealers about the products and to introduce newly developed products.

The number of field visits in 2022 increased, and the feedback received from the field and the examination of the sample materials collected at these events helped to improve product quality and, in turn, customer satisfaction. Furthermore, in order to increase customer satisfaction and provide better service, the orientation and training processes of the Sales Team were expanded. The duration and scope of orientation for new recruits on product and customer introductions, technical information and details were increased.

In 2022, spare parts stocks were increased, the delivery rate of authorized service centers' orders in the first 24 hours was increased to over 90%, spare parts kits were sent to service centers for frequently moving spare parts, and thanks to these improvements, the problem-solving rate within 48 hours was increased by 4 points.

Customer Satisfaction

All customer notifications are completed by taking action. After-Sales Services Team's "Response rate completed within a maximum of 48 hours" performance was realized as 80% in 2022. **92%**



Foreign service organization:

40 authorized services in 3 continents

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

Stock management in services

Integrated management approach with CDS Software

Satisfaction survey research to all end users and corporate customers

Regular trainings for authorized service personnel

Customer Satisfaction and After-Sales Services

Reintroducing back to economy

Repair, refurbishment and resale activities are carried out at the Klimasan Refurbishment Center for coolers that have been damaged during use or that are at the end of their useful life.

Technical Service Trainings

Basic and “New Product Trainings” are provided at least twice a year for technical services coming from all over Türkiye. These trainings aim to increase the level of technical knowledge and awareness of technical services, to ensure that they have the necessary technical knowledge about new products, to inform them about Klimasan’s expectations, to inform them about in-warranty and out-of-warranty matters, and to inform them about managing end-user and customer resistance in out-of-warranty situations. In 2022, Klimasan’s authorized service centers received basic cooling training, new product training and MKS (Klimasan’s After-Sales Services Software) training. Business Ethics Training was organized for employees involved in sales operations and customer management processes.

Operating System of Authorized Service Centers

In order to offer customers a better experience, the recommendations of authorized service centers that may contribute to the development of processes are collected through the Klimasan Employee Suggestion Evaluation system, and the projects are put into practice.

Klimasan has adopted a monthly performance monitoring and performance rewarding system based on performance indicators defined by the e-performance evaluation system for authorized service centers in order to ensure the continuity of high quality after-sales services.

Among the Company’s primary objectives are to take into account changing and evolving customer expectations with a customer-oriented management approach, to manage product quality and life cycle, and to manage pre-

sales and after-sales service and technical support activities in the best possible way from the production site until the point where the products reach the customers. At Klimasan, all activities aimed at resolving customer complaints and preventing recurrence, as well as root cause analyses and actions to be taken in this regard have been managed through the QDMS Customer Complaints Module since 2015. The process initiated to resolve a customer complaint is regularly monitored and the customer complaint is not closed without performing improvement activities.

Refurbishment Center

Repair, refurbishment and resale activities are carried out at the Klimasan Refurbishment Center for coolers that have been damaged during use or that are at the end of their useful life. The center operates with the aim of increasing the satisfaction of the end-users such as grocery stores, markets and chain stores,



which are the customers of key-account customers, and responding quickly to the demand for coolers in the market. The Refurbishment Center is capable of performing refurbishment and revision operations not only on coolers manufactured by Klimasan, but also on products from other manufacturers upon customer request.

With an annual capacity of 21,000 units, the Refurbishment Center offers cooling performance improvement revisions, electrical and mechanical repairs, cooler body damage repair and refurbishment, painting, cleaning, replacement of defective spare parts, sticker wrapping, performance testing, packaging and shipment services.

In 2022, a total of 7,500 coolers were refurbished at the Refurbishment Center.

Cooler refurbishment process has a major stake in recyclability and carbon footprint reduction practices within the sustainability efforts of corporate customers. Klimasan contributes to the environmental responsibilities of its stakeholders through this center, while also increasing the recyclability and reusability of the products. Refurbishing an unusable cooler to render it usable once again and making it operational again is at the core of Klimasan’s responsible production activities. A cooler can be refurbished multiple times during its lifetime and thus continue to run at high performance.

Risk Management

Minimized risks

At Klimasan, risks are managed through Corporate Risk Analysis, Management Systems Risk Analysis and Process Risk Analysis.

Corporate Risk Management

The Early Detection of Risk Committee is responsible for identifying and monitoring all risks that Klimasan is or may be exposed to.

Social, environmental, economic and governance risks of the Company are managed through Corporate Risk Analysis, Management Systems Risk Analysis and Process Risk Analysis. The Early Detection of Risk Committee convened 6 times in 2022. As a result of the corporate risk analysis studies conducted, 6 reports were published on a bimonthly basis.

The Early Detection of Risk Committee was established to provide suggestions and recommendations to the Board of Directors regarding the timely identification, evaluation, calculation of the effects and probabilities of strategic, operational, financial and any other risks that may jeopardize the existence, growth and sustainability of Klimasan, management and reporting of

these risks in accordance with the corporate risk tolerance, adopting the necessary measures against the risks identified, keeping them in consideration during decision-making mechanisms, and establishing and integrating effective internal control systems for these objectives.

Klimasan Risk Coordinator collects the revised and updated version of the functional risk logs prepared in detail on a bimonthly basis from the departments, and generates the consolidated risk report covering the revisions and the details of the risk analysis studies conducted during the bimonthly period, and then presents it to the Company's Senior Management and Committee Members.

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

6 risk reports were prepared in 2022, including the risks of the departments in 5 main categories (financial, operational, strategic, image and legal compliance), action owners and deadlines, and comparisons with previous periods.

2022 was a year characterized by the management of exchange rate fluctuations and changing costs of raw materials and goods, new product development, personnel management and development, changes in operational and management processes brought about by the ERP system change, and the efforts undertaken to manage the associated risks in this context. Consequently, the Company prioritized the management of purchasing and sales risks arising from economic volatility and inflation this 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.

Corporate Risk Management activities also include a review of reputational risks every two months. In this process, all potential circumstances involving a risk of material and/

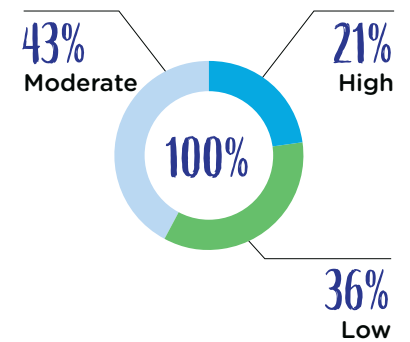
or moral loss for the Company are evaluated through the Ethics Line mechanism operated by the Internal Audit Directorate based on employee notifications. This mechanism provides employees with the opportunity to report and address risks that may be faced by the Company in accordance with ethical and legal standards.

The Corporate Risk Analysis also monitors Klimasan's social risks. Corporate risks that are within the field of activity of Human Resources, Occupational Health and Safety, Legal and Quality Management Systems processes are managed under the supervision and responsibility of the relevant department managers and monitored by the Senior Management. Likewise, monitoring and management of financial risks is also carried

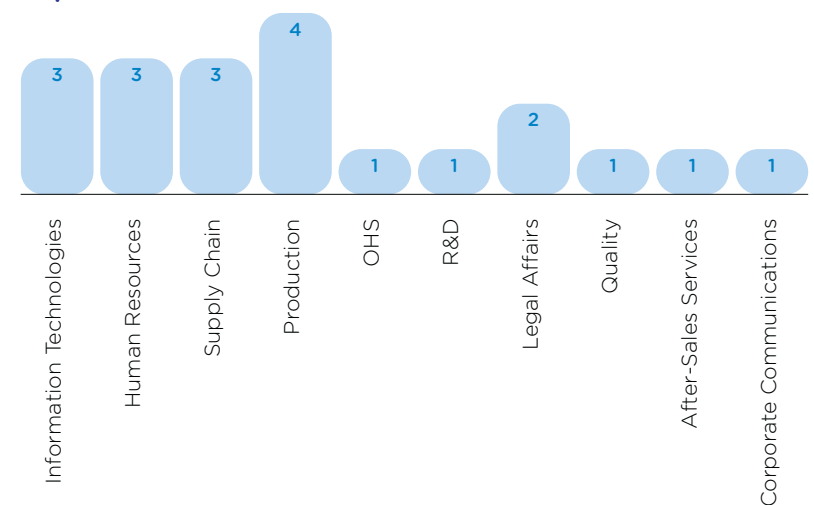
out through Corporate Risk Management.

Breakdown of 60 corporate risks by risk categories as of the end of December in the 6th Period of 2022:

Categorical Breakdown of Corporate Risks



Breakdown of the 20 Corporate Risks with the Highest Score by Departments



Risk Management

Active and dynamic risk management approach

Klimasan constantly updates the risk and opportunity assessments of all its management systems.



2022 Corporate Risk Management Activity Highlights

Among the Corporate Risk Analysis items monitored by the Senior Management and the Early Detection of Risk Committee, 20 risks were eliminated by finalizing their actions.

The frequency of corporate risk analysis review meetings held with the participation of the Senior Management and relevant department managers, and risk analysis workshops between the Risk Coordinator and departments were increased.

Ahead of the 2023 Corporate Risk Analysis, the Internal Audit Directorate provided Corporate Risk Analysis Information Training to all process managers and arranged a Risk Analysis Workshop. The corporate risks that Klimasan is exposed to and relevant actions were addressed, and the risks anticipated for 2023 and possible precautions to be taken were discussed during this activity.

Management Systems Risk Management

Management systems are implemented in an integrated manner at Klimasan. In this context, corporate and operational risk and opportunity analyses are carried out throughout the year. Detailed and comprehensive risk analyses are conducted within the scope of ISO 14001 Environment, ISO 50001 Energy, ISO 45001 OHS, ISO 27001 Information Security and ISO 9001 Quality Management Systems. To ensure the efficiency of management systems, all departments are responsible for conducting risk and opportunity assessments of their processes, eliminating and managing risks and seizing opportunities.

Within the scope of the Environment and Energy Management Systems, an Environmental and Energy Aspects Identification and Impact Assessment study is performed, and the risks associated with the environment and energy management of all operational and administrative processes are monitored with monthly reviews. Environmental Risk Analysis studies are examined in the Integrated Management Systems External Audit conducted every year.

Klimasan constantly updates the risk and opportunity assessment of all its management systems and during the annual periodic management systems external audits, the risks are analyzed in detail by the document provider organization. In accordance with the requirements of the ISO 9001 Quality Management System, workflows of all processes at Klimasan are mapped in detail, fields of responsibility are identified, and risks and opportunities of the processes are determined through a SWOT Analysis. Action plans are prepared within this framework.

Internal Audit and Control

Transparently conducted audit activities

In 2022, audit activities were carried out throughout the organization, with particular focus on Human Resources, Administrative Affairs, Sales and Marketing.

The purpose, authority and responsibilities, working style and structure of Internal Audit activities are outlined in documents such as “Internal Audit Regulation” and “Audit Committee Regulation Principles” approved by the Board of Directors and communicated to the organization. The Audit Committee, which is structured in accordance with the Capital Markets Board’s Corporate Governance Principles, is composed of two independent members from the Board of Directors.

The “Audit Committee” is responsible for taking all necessary measures to ensure the sufficient and transparent execution of internal audits across all scopes, as well as ensuring the effective implementation of the internal control system. The Committee communicated all of its recommendations on the matters under its responsibility, including the

opinions and suggestions regarding the internal audit and internal control system, to the members of the Board of Directors at the Board of Directors meetings and/or in writing via e-mail. The Audit Committee convened six times in 2022 and its meetings are held around a specific agenda.

Internal audit at Klimasan is carried out by the Internal Audit Directorate in accordance with the standards published by the International Institute of Internal Auditing. Internal audit activities aim to ensure the accuracy and reliability of financial and operational information, the effectiveness and efficiency of operations, the protection of company assets and compliance with laws, regulations and contracts.

The annual risk-focused internal audit plan is prepared by the Internal Audit Department and submitted to

the review and approval of the Audit Committee. The inputs used for the development of the audit plan include previous audit reports, requests of the Senior Management/ Audit Committee, operational, sectoral, business model changes and corporate risk reports.

Process-oriented internal audit activities are performed in line with the approved audit plan and audit reports are submitted to the department subject to audit, the Company’s Operational Senior Management and the Board of Directors. Mutually agreed action plans are documented, monitored by the Internal Audit Department and periodically reported to the Audit Committee.

In 2022, audit activities were carried out throughout the organization, with particular focus on Human Resources, Administrative Affairs, Sales and Marketing. 18 action plans were created as a

result of these efforts, and their current statuses are being monitored by the Internal Audit Department. In addition, the Internal Audit Directorate provided assistance as a consultant to the departments in the ERP Digital Transformation Project in 2022.

Local and global regulatory requirements are reviewed and their compliance status is monitored within the scope of audit activities. All risks containing the risk of material and/or immaterial loss for the Company, including financial, operational and reputational risks, as well as any other severe risks (such as bribery, corruption, money laundering, theft, forgery of documents, conflicts of interest, breaches of confidentiality, violations of children) are evaluated. In addition, the Company Ethics Line, which is accessible only by the Internal Audit Department, is actively used by employees to report such risks.

In addition to the functional internal audits carried out by the Internal Audit Directorate at Klimasan, annual internal audits for all management systems are also carried out by employees who have received internal auditor training and hold the Internal Auditor Certificate. Management systems internal audit results and findings are converted into actions for improvement and are implemented throughout the operations under the leadership of the Quality Management Systems Department.

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

Information Security

High commitment to data privacy

Klimasan executes the ISO 27001 ISMS process with the participation of all stakeholders under the leadership of the Information Technologies Department.

Klimasan has been an implementer of ISO27001 Information Security Management System for 5 years. Klimasan also qualified for the maintenance of the ISO27001 ISMS Certificate as a result of the surveillance audit it underwent in 2022.

The Company executes the ISO 27001 ISMS process with the participation of all stakeholders under the leadership of the Information Technologies Department. Ensuring that stakeholders fulfill the requirements of the system in order to protect the information assets, Klimasan also reinforces its Information Security efforts through sustainable policies.

Klimasan regularly updates its Information Security Management System policies and implements security

practices at various levels against vulnerabilities that may emerge in the system. The Company tries to maximize the visibility of the system through these practices and takes actions against incoming alerts.

Recognizing that people are at the center of the business despite all security practice investments, Klimasan operates with a strong understanding of how important it is to raise awareness of its users in order to ensure sustainability in information security. In this context, the Company has increased the awareness of all employees through periodic trainings. Moreover, it regularly informs the entire organization about the current attack scenarios and ensures that the employees are vigilant against any upcoming attacks.

As in every year, Information Security Information and Awareness Training was provided to all employees in 2022. The evaluation of the training was measured with the Training Sufficiency Assessment Form prepared by the ISMS Management Representative.

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

All efforts within the scope of information security employ sustainable technologies such as the use of cloud systems and energy-efficient systems. The Company regularly updates all procedures and policies established for the ISMS and makes sure that stakeholders act in accordance with these policies.







OUR PLANET

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Our Sustainability Commitments and Targets



	Formula	2019	2020	2021	2022	
 Our Commitments:	1-) Reducing corporate carbon footprint per standard unit product by 3% compared to the previous year	(tonCO ₂ e/st.unit product)	0.012	0.014	0.009	0.008
	2-) Ensuring full compliance with national environmental legislation		✓	✓	✓	✓
	3-) Continuous reduction of electricity consumption per standard unit product	(kwh/st. unit product)	14.6	16.7	13.8	14.99
	4-) Continuous reduction of natural gas consumption per standard unit product	(kwh/st. unit product)	11.9	13.3	11.2	8.77
	5-) Continuous reduction of water consumption per standard unit product	(m ³ /st.unit product)	0.17	0.18	0.13	0.01
	6-) Reducing the amount of hazardous waste per standard unit product by 3% each year	(kg/st. unit product)	0.05	0.20	0.14	0.10
	7-) Reducing the total amount of waste per standard unit product by 3% each year	(kg/st. unit product)	4.10	4.26	3.95	5.00
	8-) Meeting 100% of electricity consumption each year from renewable energy procurement investments*		-	100%	100%	100%
 Our Targets:	1-) Ensuring that there will be 10,000 saplings in Klimasan Grove in 2025			2,270	3,125	

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

Our Environmental Approach and Management

Responsible environmental approach

Klimasan has made significant investments and projects in 2022 as part of combating climate change.



Klimasan carries out efforts to minimize its environmental footprint by adopting an inclusive development approach within the framework of its Sustainability Policy. Adopting an approach towards minimizing environmental impacts and encouraging responsible production and consumption by using resources efficiently, Klimasan continues to contribute to people and the environment with smart products by effectively using the technology.

Klimasan acts with the awareness that its industry and the products it manufactures are likely to cause high energy consumption and therefore, emissions. Therefore, it incorporates environmentally friendly solutions into its production processes, product designs and operational processes, with the aim of minimizing its environmental impact. The aim is to minimize environmental impact through this approach.

Klimasan has made significant investments and projects in 2022 as part of combating climate change. In this context, the Company has calculated its carbon footprint in accordance with the ISO 14064-1:2018 Standard and validated these calculations through a third-party organization. In addition,

waste management processes are handled in accordance with the requirements of the ISO 14001 Environmental Management System and are coordinated with the participation of all internal and external stakeholders.

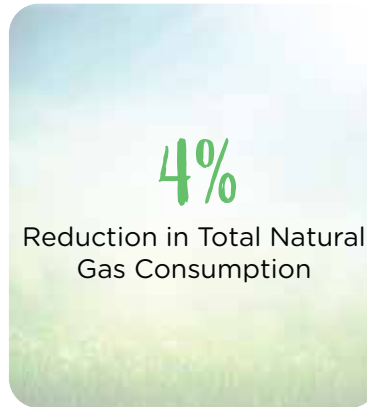
Klimasan has made a commitment to SBTi towards setting scientifically based emission reduction targets and reducing its emissions. It has identified targets to reduce Scope 1, 2 and 3 emissions and submitted these targets for the approval of SBTi. Klimasan aims to inform all stakeholders by sharing the steps taken to reduce emissions via social media and sustainability reports.

Committed to minimizing its environmental impact by incorporating environmentally friendly solutions into its production processes, product designs and operational processes, Klimasan has been calculating its corporate carbon footprint since 2011 and maintaining its continuous emission reduction efforts. Emission calculations and verification processes are undertaken in compliance with the GHG Protocol and ISO 14064-1:2018 Standard, and these processes prioritize data accuracy, calculation methodology improvement and transparent reporting.

Energy Management

Energy efficiency projects

Klimasan adopts proper energy management activities at every stage of production, and carries out studies in order to identify possible losses and increase energy efficiency in the field of operation.



The core of Klimasan's energy management approach is to continuously reduce the consumption of energy and natural resources and to design production processes accordingly. Klimasan implements improvement projects for energy classes in order to reduce the energy consumption of its products and engages with its suppliers and customers within this scope through collaborative projects and platforms. The Company organizes training activities to increase employee

participation and awareness, and integrates environmental and energy management practices into its areas of responsibility.

Since 2020, Klimasan has been covering the entire electricity consumption throughout the year thanks to its investments in renewable energy sources. The company has received the I-REC Certificate within this scope. The Company invested in renewable energy sources in 2022 to generate 10,257,000 kwh of electricity and was

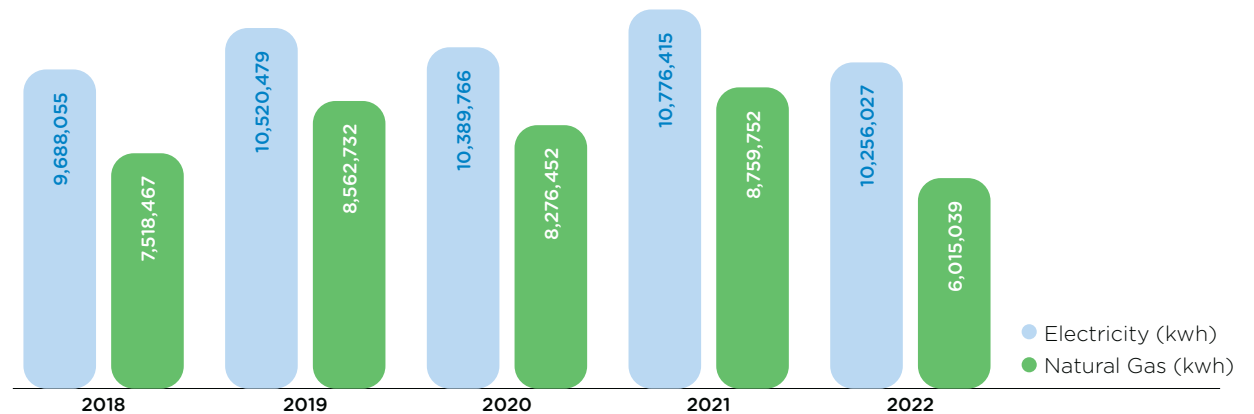
awarded the I-REC Certificate by the Manisa Organized Industrial Zone.

Adapting the right energy management strategies at every stage of production processes, Klimasan continues its efforts to identify possible energy losses and increase energy efficiency within the operation facility. Continuously expanding its energy saving practices, the Company became the first to obtain TS EN ISO 50001 Energy Management System Certification, which is issued on the basis of energy efficiency. In addition, it has been carrying out carbon footprint calculations annually since 2011 and undertaking mitigation activities. In 2021, the Company

carried out carbon footprint calculation and verification work in compliance with the ISO 14064-1:2018 standard for the first time, and maintained its activities in a comparable manner in 2022.

Klimasan places importance on R&D activities in order to minimize the energy consumption and emission factor of its products. The Company continuously improves its energy classes, expands its range of energy efficient products and maintains its efforts on energy efficiency. In 2022, the Company concentrated on significant R&D and marketing initiatives with the aim of boosting the production and sales of energy-efficient products.

Energy Consumption





Energy Management

Energy recovery efforts

Energy recovery efforts and renewable energy practices carried out at the Klimasan Factory aim to reduce the environmental footprint.

ISO 5001 Energy Management System Practices

Klimasan is a leading establishment that has implemented ISO 50001 Energy Management System to ensure effective and efficient energy management and has been certified by putting its practices into action. The Company also incorporated energy management into its integrated management system approach and maintains its energy efficiency efforts, which have been ongoing for many years, from a management systems perspective.

Within the scope of the Energy Management System, there are roles such as Carbon and Energy Board which includes critical energy users and relevant department representatives, Energy Manager and Energy Management Representative. Other elements such as Maintenance, Investment, Production departments and

R&D activities also work across the organization to support the energy efficiency approach.

The establishment, implementation, maintenance and continuous development of Klimasan's Energy Management System in accordance with the TS ISO 50001 standard is managed by the Energy Management Representative. Within this framework, activities such as reduction and recovery efforts in energy resources, renewable energy practices, monitoring and logging energy consumption are coordinated by the Energy Manager.

Energy efficiency practices are implemented with the support and leadership of Senior Management. Recognizing the contribution of energy efficiency projects to the profitability and environmental responsibility of the business, investment projects are carried out by allocating significant budget resources for these projects.

ISO 50001 Energy Management System practices are carried out periodically with the participation and responsibility of all employees. Held at least once a year with the participation of senior management, the management review meetings set goals and targets for reducing the environmental impact from the use of energy, evaluate the current performance and create improvement plans.

Process-based risk and opportunity assessments, internal audits and improvement actions planning, analysis and control of important energy consumption points and equipment are carried out throughout the year within the scope of Energy Management System practices.

Energy and natural resource consumption is monitored on a monthly basis through performance indicators based on the PDCA Cycle. All



employees receive training to raise their awareness on ISO 50001 Energy Management System and carbon footprint. In 2022, all employees received Energy Management Awareness Training.

Energy sources used in Klimasan are electricity, natural gas, diesel fuel, drinking water, fire water, compressed air and their consumption is monitored on a departmental basis. 36 energy analyzers were installed in the departments that consume the most energy.

Measures Taken for Energy Saving

At Klimasan, general energy consumption analyses are performed through periodic internal and external audits on energy efficiency as well as detailed energy audit studies performed by third

party providers. The results of these analyses are evaluated to identify the opportunity points for energy efficiency. Necessary investment and project activities are planned and implemented based on these opportunity points.

After the end of daily working hours, all offices are checked by the Security Unit to ensure that any devices such as lighting, printers, projectors, air conditioners left on are turned off in order to prevent energy consumption.

Klimasan Sustainability Measure Poster has been placed on all computer start-up screens. Information on energy management and conservation is disseminated through periodic announcements within the scope of the QMS.

Energy Management

Energy savings awareness

With the aim of increasing employees' awareness of energy saving and their participation in the Energy Management System, the employee suggestions submitted to the Employee Suggestion Evaluation System are measured for their contribution to energy efficiency and waste reduction.



With the aim of increasing employees' awareness of energy saving and their participation in the Energy Management System, the employee suggestions submitted to the Employee Suggestion Evaluation System are measured for their contribution to energy efficiency and waste reduction, and suggestions and projects received from employees on these issues are encouraged.



Prominent Energy Saving Projects in 2022

Compressor Waste Heat Recovery Project

One of the most important initiatives undertaken in 2022 with the aim of saving energy was the waste heat recovery project, which enabled the use of the compressor screw shaft heat in boiler return water heating, allowing approximately 70% of the waste heat of the 250 kW compressor to be recovered for use again. In this case, the heat exchanger generates heat energy at an average of 150 kWh per hour. The project resulted

in annual natural gas savings of 1,017,600 kWh.

Project for Reducing Water Temperature Requirement in Dyehouse Washing Baths

The modifications made in the Dyehouse process in 2022 resulted in a reduction in the process water temperature requirement of the washing baths, and the boiler set point was reduced from 85 degrees to 55 degrees. With a 30-degree set point reduction, 2,750,000 kWh of natural gas is saved annually.

Radiant Heating System Automation

An automation system was installed to enable the heating system on the production assembly lines to be switched on and off simultaneously with the assembly lines. Therefore, the responsibility for turning the heating system on and off was taken away from the employees' discretion and the system was automated in order to eliminate the possibility of leaving the system running. The

implementation was commissioned for 29 radiant units, resulting in the prevention of 305,370 kWh of energy consumption per year.

Dyehouse Energy Efficiency Project

By replacing 11 units of IE1 low efficiency motors operating in the dyehouse washing baths with IE4 high efficiency motors, an annual electricity energy saving of 190,000 kWh was achieved.

Prevention of Air Leaks

A team consisting of Production and Maintenance personnel was established for identifying and eliminating possible air leakage points originating from production processes, and instant notification and elimination of leakage points were ensured. By continuously conducting air leakage detection and repair processes, a total of 75 points of measurable leakage were identified and repaired in 2022, preventing an annual energy consumption of 382,625 kWh. In addition, with this practice, which enhances internal communication, energy saving awareness is included in the areas of responsibility of individuals.



Energy Management

Efficient use of resources

In 2022, Klimasan increased its efficiency in resource utilization and achieved reductions in natural gas and electricity consumption per product.

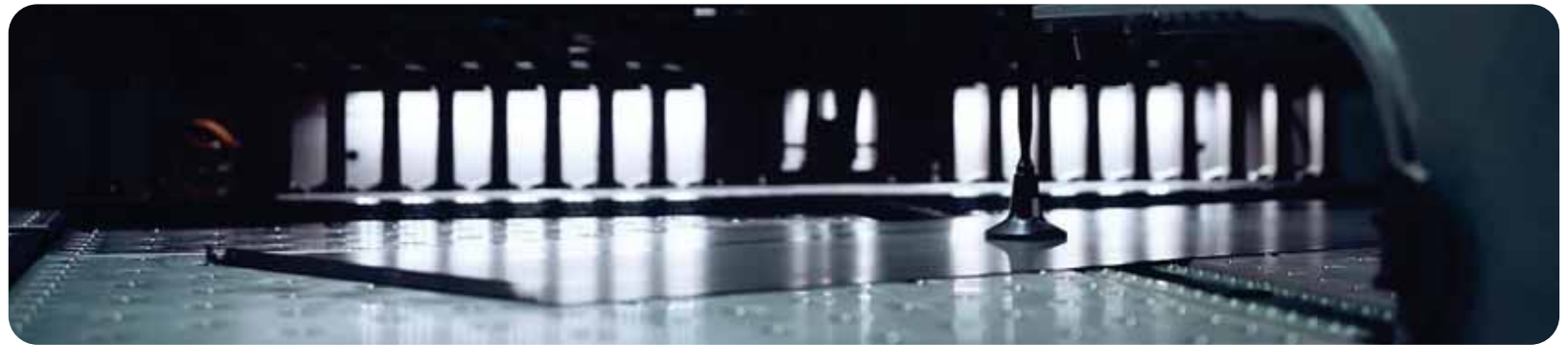
Investment in Renewable Energy



In 2022, Klimasan invested in renewable energy sources for 10,257,000 kwh of electricity and was awarded the International Renewable Energy Certificate (I-REC) by Manisa Organized Industrial Zone (MOSB).

Savings Achieved by Energy Efficiency Projects in 2022

399,861 kwh
electricity
3,067,370 kwh
natural gas



Natural Gas Energy Savings | Electricity Energy Savings

Natural Gas Energy Savings

In 2022, natural gas consumption was significantly reduced through investments, projects and efficient production activities.

In 2022, compared to 2021, natural gas consumption per standard product was reduced by 21.8% and total natural gas consumption savings of 31.3% were achieved.

Natural Gas	2022	2021	2020	2019
kwh/stdu	8.77	11.21	13.61	11.90

Electricity Energy Savings

Klimasan has been meeting all of its electricity consumption from renewable energy investments with I-REC Certificate since 2020.

In 2022, a 4.8% reduction in total electricity consumption was realized even though electricity use per standard product increased compared to 2021.

Electricity	2022	2021	2020	2019
kwh/stdu	14.99	13.79	17.09	14.62

Emission Management

For environmental sustainability

Klimasan has adopted a conscious and responsible approach to climate change and environmental issues and has been calculating and monitoring its corporate carbon footprint since 2011.

Global climate change is one of the most important environmental challenges of the present day and has far-reaching impacts. These changes affect not only the natural environment, but also the economy, social structures and even cultural values. The consequences of climate change manifest themselves in factors such as increasing temperatures, rising sea levels, extreme weather events and diminishing water resources.

It is closely linked to the growing size of the carbon economy, the use of fossil fuels and the increase in carbon dioxide emissions. As a significant consequence of this situation, companies and organizations are now obliged to manage and reduce climate change and carbon emissions and to act in line with sustainability principles. In this context, climate change and environmentally friendly initiatives seek not only to reduce the environmental

impact, but also to enhance corporate reputation and brand value.

The steps taken by governments and companies to combat climate change play a crucial role in managing the risks as well as capitalizing on the opportunities. Climate change strategies aim to increase the level of environmental sustainability by focusing on areas such as energy efficiency, the use of renewable energy sources and carbon reduction. Accordingly, climate change has become a fundamental reality that shapes future visions, risk and opportunity perceptions, and it plays a critical role in building a sustainable future.

Klimasan has adopted a conscious and responsible approach to climate change and environmental issues and has been calculating and monitoring its corporate carbon footprint since 2011. It aims to mitigate greenhouse

gas emissions through energy efficiency projects and investments in low-carbon technologies. Furthermore, the Company tries to minimize the environmental impacts during product use by assessing the life cycle of its products.

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

- Reducing greenhouse gas emissions from production activities
- Increasing the efforts on energy efficiency and green design in products in order to minimize the environmental impacts of the products stemming from their usage phase
- Increasing the awareness of the supply chain on climate change and monitoring greenhouse gas emissions

In its Integrated Management System Policy, Klimasan commits;

- To continuously improve energy efficiency performance

by procuring energy efficient products and services that affect energy performance;

- To support design activities that take into account the improvement of energy performance,
- To further reduce the level of corporate carbon dioxide emissions.

Klimasan is aware of the fact that the journey to combat climate change is a journey of continuous progress and that the targets must always be set at a higher level. The Company also considers stakeholders as solution partners in its efforts in this area, and moves forward on its mission with steps aimed at raising their awareness, too.

From a product-life cycle perspective, the greatest impact on climate change

comes from the product use phase. Klimasan is pursuing a series of projects in this context and continues to develop cooling technologies using alternative refrigerant gases that are more energy efficient and environmentally friendly. Klimasan has calculated and verified its greenhouse gas (GHG) emissions in accordance with ISO 14064-1:2018 Standard and the rules of the Greenhouse Gas Protocol as part of its continuous journey towards a low carbon economy that is in a transitional phase. In addition to Scope 1 and 2 emissions, the Company determined its corporate carbon footprint by calculating all emissions in detail, including the use of raw materials, and incorporated the findings into its processes.



Emission Management

Science-based goals

Klimasan has made a commitment to SBTi to set science-based emission reduction targets and reduce the emissions from its operations.



Klimasan has made a commitment to SBTi to set science-based emission reduction targets and reduce the emissions from its operations. The company is among those taking action to this end around the world. In 2022, Klimasan established reduction targets for scope 1, 2 and 3 emissions, and conducted intensive analysis studies and participated in many training and workshop programs while setting these targets. Identified targets have been submitted to SBTi for approval and the evaluation process is still ongoing. The roadmap to be followed to achieve the targets once the approval is received will be shared via mediums such as sustainability reports and social media.

Klimasan continues to invest in renewable energy, which is one of the most important areas contributing to the reduction of greenhouse gas emissions. Klimasan's objective is to lead the industry and supply chain for a clean and sustainable energy, to minimize potential risks by considering the environmental impacts of its activities, and to use natural resources in the most efficient way through high-efficiency technological applications.

Klimasan conducts legal periodic flue-gas emission measurements in order to be able to manage its environmental impacts. In 2022, emission measurements were conducted by an accredited third-party organization for all of the flues across the operation site and all of the measurements were found to be in compliance with the limit values.

In SBTi's "Companies Taking Action" List

Klimasan has committed to set scientific targets in accordance with the Science Based Targets Initiative (SBTi) guidelines to demonstrate its awareness of climate change, to take part in solving a global problem and to reduce carbon emissions associated with its own activities, and has been included in SBTi's "Companies Taking Action" list. In 2022, science-based emission reduction targets were set and submitted for SBTi approval and verification. In 2023, the review and approval process of the SBTi will be completed and the verified targets will be presented to all stakeholders. Implementing improvement projects dedicated to Scope 1-2 and 3 and aiming to reduce Scope 3 greenhouse gas emissions in particular, Klimasan has constituted a separate project team for emission management. In this process, it is ensured that the project team's competencies on the subject are increased by participating in training and information meetings provided by Key-Account Customers, and carbon emissions and energy management trainings organized within the Company.



Efforts on Calculating the Corporate Carbon Footprint

Klimasan is aware of the fact that the sector in which it operates and the products it manufactures can lead to high energy consumption and thus high emissions, and thus aims to minimize its environmental impact by integrating environmentally friendly solutions into its production processes, product designs and operational processes. Klimasan has been calculating and monitoring its corporate carbon footprint since 2011 and continues its efforts to continuously reduce its emissions. Klimasan calculates emissions in three different scopes in line with the GHG Protocol. In 2021, Klimasan also started to have its emissions examined, measured and validated in six different categories within the scope of the ISO 14064-1:2018 Standard.

Exhibiting a similar approach to emission management in 2022 as it did in 2021, Klimasan conducted emission calculations within the framework of the GHG Protocol and ISO 14064-1:2018 Standard and had them validated by internationally recognized EU accreditation. In 2022, Klimasan invested in software to calculate GHG emissions and calculated emission values through systematic records and software. Accurately recording the sources of emissions, performing accurate calculations, continuously improving the calculation methodology and reporting in a transparent manner every year constitute the main objectives of Klimasan.



Emission Management

An expanding sustainability ecosystem

In 2022, the Company participated in the Supplier Leadership on Climate Transition (S-LoCT) Program organized by Guidehouse with the sponsorship of leading companies in the sector.

Calculating all of the direct and indirect emission elements across its value chain in accordance with the ISO 14064-1:2018 Standard and having them verified by an independent accredited organization, Klimasan has been a pioneer in its industry. It also ranks among the leading companies both in Türkiye and around the world. Klimasan strives to further improve its emission calculations and verification efforts each year through scenario and prioritization analyses identified in cooperation with expert consultants, whilst also continuing its efforts to establish standard and accurate data recording methods by mitigating any negligence.

Klimasan's emission calculations include direct emissions from electricity and natural gas consumption, as well as indirect emissions from the production, use and disposal of products, procurement, transportation and shipping operations, waste management and all other travel, accommodation, investment and visiting activities.

A significant portion of the emissions from the activities of Klimasan is composed of indirect emissions stemming from the use of its products. For products manufactured and sold during the year, the emissions generated during the lifetime of the products that are actively used after reaching the customers are calculated by assuming that the products are operated uninterruptedly for eight years.

Participation in Supplier Leadership on Climate Transition Program

Klimasan leverages the contributions of its business partners to improve its emission management processes. In 2022, the Company participated in the Supplier Leadership on Climate Transition (S-LoCT) Program organized by Guidehouse with the sponsorship of leading companies in the sector, including Coca Cola and Heineken. This program aims to improve environmental sustainability practices in the supply chain. Klimasan participated in the third stage of the S-LoCT Program's five-stage training program, "Target Setting," and received a comprehensive training on setting emission reduction targets, delivered by Guidehouse's expert trainers and consultants.



The program spanned approximately 5 months and the participants worked on setting scientifically based emission reduction targets through tasks and assignments completed after training workshops. Klimasan has successfully completed the "Target Setting" stage of the S-LoCT Program and is currently engaged in training and studies for the "Mitigation" process, which is the fourth stage towards achieving emission reduction targets. The program enables Klimasan to take important steps in its emission management journey and contribute to its further progress in the field of sustainability.



Participation in Cool BIER Conference

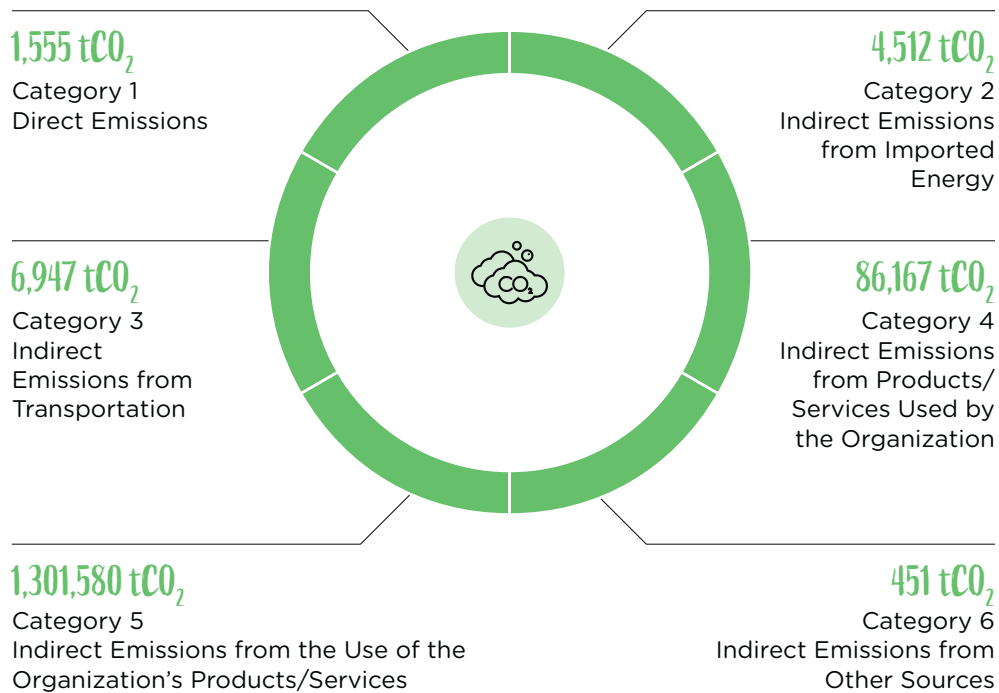
In October 2022, Klimasan participated in the Cool BIER Conference organized by The Beverage Industry Environmental Roundtable (BIER), featuring the leading beverage industry companies. Organized by the leading companies in the beverage industry, this conference was aimed at reducing the environmental impact of commercial cooling equipment and encouraging the participation and contribution of companies involved in the supply chain. Started in 2022 and currently ongoing with experience-sharing workshops and meetings, the BIER Conference seeks to carry out collaborative supplier-customer efforts on issues such as the development of commercial cooling equipment, which have an important position in the beverage industry, reducing the carbon footprint and energy consumption of products, R&D activities, recyclability and lifecycle management.

Emission Management

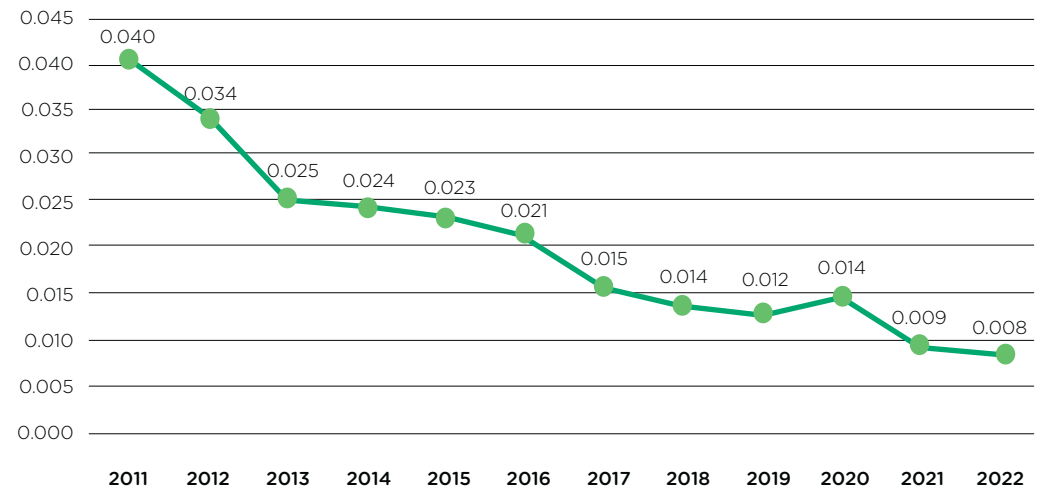
Significant reduction in carbon footprint

Klimasan accomplished a significant achievement by obtaining a 14.2% reduction in total Scope 1 and 2 emissions, 13.6% reduction in total Scope 3 emissions and a reduction of 13.9% in total emissions in 2022.

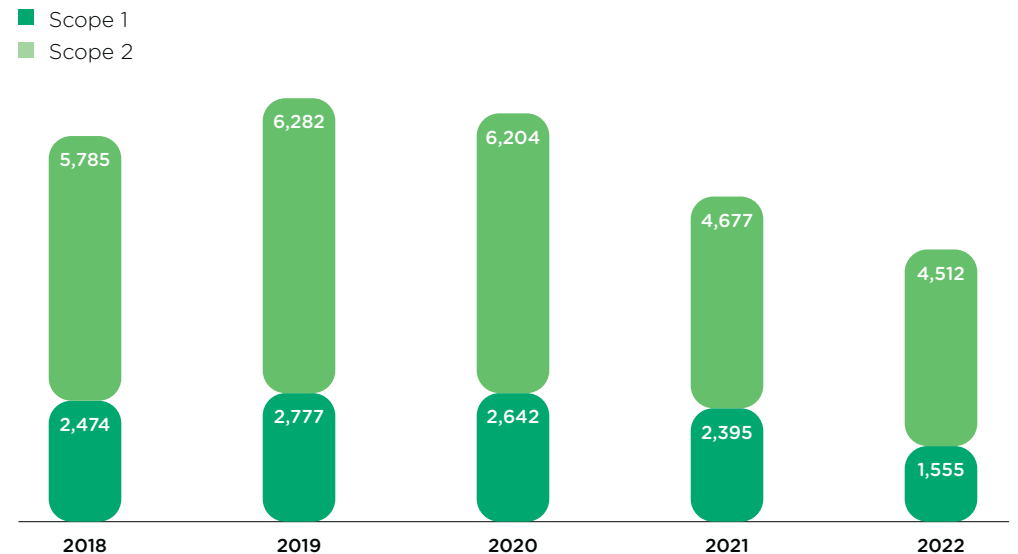
Carbon Emissions Calculated in accordance with ISO 14064-1:2018 Standard



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



Carbon Emissions (tonCO₂e)





Emission Management

The transition journey to a low carbon economy

Klimasan has been realizing critical and significant improvements every year within the framework of the carbon plan it has created in 2011, the year it started measuring its carbon footprint.

Milestones in Klimasan's Emission Management

2011

Carbon Footprint Management System was established.

ISO 14001 Environmental Management Certificate was obtained.

2013

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

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

2015-2020

Scope 1 and Scope 2 emissions were reduced by 69% in 9 years.

Monthly energy and emission performance were monitored.

Numerous improvement projects were implemented

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

2022

Participated in the S-LoCT Training Program in order to be able to set science-based emission reduction targets.

Science-based emission reduction targets were determined and submitted to SBTi for approval.

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

2012

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

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

2014

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

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

2021

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

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

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

* The entire electricity consumption for 2022, 10,257 MWh, was obtained from renewable energy sources and the International Renewable Energy Certificate (I-REC) was granted by Manisa Organized Industrial Zone (MOSB). With the step taken to obtain electricity from fully renewable sources, 5,046,444 tons of carbon dioxide emissions and the cutting down of 12,278 trees were prevented annually. (Source: Aegean Forest Foundation)

Water Management

35% savings in water consumption

As a result of the improvement projects carried out by Klimasan in production processes, particularly in dyehouse processes, and the efforts carried out in order to reduce wastewater generation, the total water consumption in 2022 was reduced by 35% compared to 2021.

Water Management

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

Klimasan's operations use water for domestic use, production processes, cooling water and garden irrigation. The quality and accessibility of water, the protection of available water resources and the proper recovery and/or disposal of wastewater are critical for the environment, business continuity and costs.

During production, water is used in the paint shop as cooling water in the surface

treatment unit. At Klimasan, wastewater from the surface treatment plant is sent to the Manisa Organized Industrial Zone sewage system. Cooling towers, as a completely closed system, are used throughout the factory to cool post-process water or the machinery. While a large part of the water evaporates during this process, 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 collected from the Klimasan facility are analyzed in laboratories accredited by Manisa Organized Industrial Zone and the results are reported on a monthly basis. Analysis values are well below the limit value.

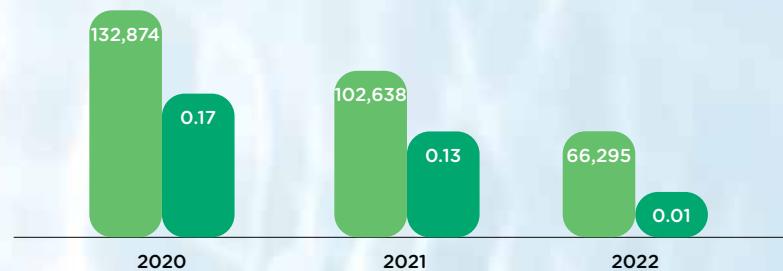
	Limit	Realized (average)
Wastewater COD (Chemical Oxygen Demand) Amount mg/l	4,000	1,478.1
Wastewater SS (Suspended Solids) Amount mg/l	500	282.7
Wastewater Oil & Grease Amount mg/l	250	17.2

Water Consumption

At Klimasan, both the total water consumption and product water intensity have been significantly improved. The most important reason for such improvement is Klimasan's improvement projects in its production processes, particularly in the dyehouse processes, and its efforts to reduce wastewater generation. Total water consumption in 2022 was reduced by 35% compared to 2021.

Water Consumption

- Total amount of water consumed (m³)
- Amount of water consumed per product (m³/std. un. product)



2022 Water Conservation Efforts



Eliminating the Use of Well Water

At Klimasan, approximately 80-90% of the process water is used in the Dyehouse, albeit this amount may vary depending on the production intensity. Due to the requirements of processes, the conductivity value of the water used should be at a certain level. Treatment process is carried out in order to make sure that the well water reaches the conductivity values required by the relevant process. It was determined that the most important reason for increased overall water consumption was due to the fact that the water was too calcareous. For this reason, the Company eliminated the use of well water and switched to using only municipal water, thereby saving over 20,000 m³/year in total water consumption while also reducing wastewater generation by approximately 21,000 m³/year.

Waste Management

High environmental awareness

At Klimasan, all stages of waste management are carried out in line with the requirements of ISO 14001 Environmental Management System.

Waste Management Processes at Klimasan

Klimasan is aware of its role in the process of protecting and developing environmental values in every field, which constitute the living space of today and the future, without jeopardizing the existence and quality of the resources that future generations rely on, and attaches great importance to a sustainable environmental approach. Acting in accordance with the Environmental Law and receiving this service from an expert environmental consultancy firm, the Company has established a temporary waste storage area for waste management.

All stages of waste management are carried out in line with the requirements of ISO 14001 Environmental Management System. Implementation and compliance in these processes are carried out with the participation of all internal and external stakeholders and are coordinated by the relevant department waste officers, the

Environmental Management Representative and the Environmental Board.

The waste generated in production processes or as a result of use at the production site is sorted out under the responsibility of the unit that generated the waste and collected in defined and standardized crates. The crates are collected and transported to the waste site by the Milk Run robot. The waste is collected at the production site through on-site sorting of the process waste according to the specified labels. The waste is also sorted out in administrative offices, gardens, canteens and social areas with designated waste bins and collected by the staff on a daily basis to be delivered to the waste site."

Hazardous wastes generated from the operational processes of Klimasan are subjected to recovery and disposal processes by licensed companies approved by the Ministry of

Environment and Urbanization. Non-hazardous and recyclable waste groups stemming from operational and administrative processes are utilized in internal processes to the extent possible or delivered to licensed companies authorized by the Ministry of Environment and Urbanization for recycling or recovery.

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

Target "Zero Waste"

Always aiming for a "zero waste" strategy at every stage of its processes, Klimasan's current practices and permanent targets

Top Priority Option



Last Option

PREVENT

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

REDUCE

Careful use of raw materials, energy and products

REUSE

No processing other than collection and cleaning

RECYCLE

Making it reusable through various techniques

ENERGY RECOVERY

Obtaining energy by incineration of waste

DISPOSAL

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

for this purpose are as follows;

- Proactively preventing waste at the source before it is generated and thereby preventing waste,
- Utilizing waste as an input material for a new product or as a source of energy in order to reduce the consumption of raw materials,
- Continuously increasing the recycling rate of hazardous and non-hazardous waste generated as a result of operations,
- Contributing the circular economy by producing products with high recyclability rates,
- Donating saplings with the income from recycled and/or disposed wastes and carrying out afforestation works in the Klimasan Grove on behalf of all employees,

- Providing Environment and Waste Management Information Trainings to its employees every year with the aim of gaining environmentally conscious employees with a high awareness of waste separation,
- Acting with the awareness of its responsibilities towards the environment as a manufacturer and acquiring environmentally sensitive stakeholders through supplier trainings and supplier development projects.

Klimasan's Waste Amounts for 2022 were:

- 3,119.6 tons of non-hazardous recyclable waste,
- 506.5 tons of domestic waste,
- 87.95 tons of hazardous waste. All of the waste was delivered to recycling, recovery or disposal facilities through licensed accredited companies.

Waste Management

Target: Zero Waste

Klimasan provides zero waste, environmental management and environmental legal information trainings to all its employees every year.

Zero Waste Efforts

Zero Waste Management team is responsible for implementing the zero waste management within Klimasan. The team engages in efforts to reduce the amount of waste and plays a role in on-site waste sorting, proper waste storage and sending waste for recycling/disposal.

At Klimasan, production improvement and employee suggestion projects carried out by project teams are measured for their environmental impact. In addition to the energy savings, increased capacity and efficiency criteria achieved via the projects, the amounts of waste generation prevention and chemical use reduction are also calculated. 37 of the production improvement projects developed in 2022 contributed to waste reduction, resulting in the prevention of approximately 24 tons of chemical waste.

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

In 2022, an award-winning project competition on Recycling Awareness was held on April 23rd for the children of Klimasan employees. The Recycling Competition, which contributes to children’s environmental awareness, is open to all employees’ children between the ages of 4 and 12. In the recycling competition themed “A Clean Future is Possible with Recycling,” all children who created 3D designs from recyclable waste were awarded and the designs were exhibited within the Company.

As in every year, an award-winning competition was held on June 5, Environment Day in 2022, following the “Waste Battery & Waste Oil Collection Campaign” to collect waste batteries and waste oils



separately from household waste. The wastes collected before the competition were weighed separately, the people who brought the most waste from the Battery Collection and Waste Vegetable Oil Collection categories were determined and rewarded, and personalized saplings were donated to the Klimasan Grove as a gift on behalf of all participants.

Zero Waste Training and Awareness Activities

Klimasan provides zero waste, environmental management

and environmental legal information trainings to all its employees every year. Environmental Information Training, which must legally be provided to at least 60% of the total number of employees each year, is conducted by Klimasan’s Environmental Officer. This rate is increased as much as possible and it is aimed that all employees participate in environmental training and awareness-raising activities every year. Environmental information trainings cover the subjects of

waste management and zero waste, while also providing information on general environmental awareness, environmental sustainability management and energy-emission management processes.

In 2022, a total of 2,370 hours of Environmental Information Training was provided to all employees. The trainings were provided on computer media for white-collar employees, and face-to-face for operational employees.

Waste Management

Strict audits in waste management

Klimasan implements waste audit and control processes in all offices, production sites, dining halls and common areas.



Hands-on waste management information trainings are provided to all critical process employees, waste collection officers, foremen, team leaders, shipment, warehouse and storage employees.

The Sustainability and Zero Waste Management information video prepared by Klimasan is disseminated to all employees via SMS and broadcast on screens in the cafeteria and administrative building. In addition, periodic Quality Management System Announcements, on-site waste sorting guidance, zero waste management information and energy savings themed materials are used with the aim of raising the environmental awareness of employees.

Klimasan Training Quality Team provides technical orientation and basic induction training to recently recruited production employees, and waste management processes are also included in these trainings. In addition, during the on-site audits conducted by the Training Quality Team, the waste separation performances of the production stations are also regularly inspected and improvement activities are implemented where necessary.

Waste Management Audits

Klimasan implements waste audit and control processes in all offices, production sites, dining halls and common areas. These processes are managed through departmental audits conducted under the leadership of Quality Management Systems and improvement efforts are initiated where necessary. Operational units undergo proper waste segregation and collection audits led by the Training Quality Team. The audits are primarily aimed at raising awareness at an individual, team and business levels. The goal with this is to reduce environmental impacts and prevent negative impacts. By adopting an effective approach to waste management, Klimasan supports sustainable environmental policies.

Waste Management

Exemplary projects

Klimasan undertakes important projects in order to promote a responsible material management approach, contribute to the circular economy and reduce the environmental impact.



Green Chemistry

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

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



Paper-Free Offices

Operating with the goal of becoming a paper-free company, Klimasan has minimized the use of paper in process flows thanks to the digital portals and platforms it employs. The documents kept in the system are backed up and protected against deletion and corruption. In addition, with the KWAY Digital Transformation Project in 2022, the need for the use of paper was significantly reduced by strengthening the systemic integration of many processes that continue in the printed environment and digitizing the physical processes.



Hazardous Waste Site Renovation Project

Klimasan has realized an important project for the revision of the hazardous waste site in 2022. With this project, temporary storage of hazardous wastes in a suitable, sheltered and safe area before they are transferred to licensed companies, and their classification and storage in accordance with waste codes have been improved.



Reduction of Powder Coating Waste Amount with Dyehouse Improvement Project

Commissioned in 2022, the Dyehouse Improvement Project introduced separate booths for the painting of colored and white products, after the new powder coating booth investment was added to the Dyehouse line. This way, it is ensured that the powder paint remains in the cabin during color changes, allowing the powder paint to be reused. This significantly reduced the amount of powder coating waste.

Circular Economy

Circular economy is an economic approach that encourages the sustainable use of resources and seeks to reduce waste. In this model, production and consumption processes are designed in such a way as to ensure that products retain their value even after the end of their lifecycle and that materials are reintroduced into the economy through recycling

or reuse. Circular economy represents an approach that seeks to minimize environmental impacts by reducing the amount of waste and ensuring the efficient use of natural resources, taking into account the needs of future generations. This

model not only contributes to environmental sustainability, but also brings with it the potential to create job opportunities by stimulating economic growth. Klimasan continues its efforts on circular economy and implements projects in this context.

Contribution to the Circular Economy through Packaging Improvement

Klimasan has taken an important step to bolster its responsible material management approach and reduce its environmental impact with a project initiated in 2022 and planned to be completed in 2023. This project aims to transition from using styrofoam material for protective purposes in product packaging to using thick cardboard instead.

Klimasan aims to initially implement the use of thick cardboard for specific products in the project's initial stage and subsequently expand its use to a wider range of products in the future. This step represents Klimasan's commitment to sustainable practices by guiding its material management in a more environmentally friendly and responsible manner.

Contribution to the Circular Economy through Refurbishment Center Activities

At the Klimasan Refurbishment Center, coolers that have been damaged during use or have reached the end of their useful life are repaired, refurbished and resold. Klimasan Refurbishment Center's main goals include converting coolers that have reached the end of their useful life or have been damaged into reusable units, reducing the amount of waste and environmental impact, and contributing to the circular economy.

Biodiversity

For the future of all living things

Taking numerous steps for biodiversity and ecosystem conservation, Klimasan expresses its gratitude to nature and the future through “Klimasan Employees’ Love Grove,” a green human resources project that continues to grow each year.



Acting on its mission to leave a clean and livable environment for future generations, Klimasan places utmost importance on preserving biodiversity through effective waste and wastewater management. Shaping its efforts with the aim of preserving the natural habitats and species, the Company has also implemented numerous projects aimed at restoring the ecosystem balance. Klimasan fulfills its responsibility towards the environment with significant measures such as waste reduction, segregation and collection, recycling, wastewater management, and the preservation of the ecosystem.

Having accomplished many significant projects in waste management, the Company has established a temporary waste storage area. Klimasan carries out all of its operations in accordance with the requirements of the ISO 14001 Environmental Management System and focuses on increasing efficiency and minimizing waste generation at every stage of production.

Klimasan places great importance on using proper systems and technologies for the control and treatment of wastewater generated from production processes. While working to conserve water resources, the Company also ensures the management of wastewater without causing harm to the environment.

Taking numerous steps for biodiversity and ecosystem conservation, Klimasan expresses its gratitude to nature and the future through “Klimasan Employees’ Love Grove,” a green human resources project that continues to grow each year.

Klimasan continues its efforts for a greener world and gets closer to its zero waste goal with each passing year.

Our Eco-Friendly Products

Product range with low environmental impact

Practicing the “6 RE philosophy” in all its activities, particularly in design and production, Klimasan mitigates its environmental impact across the entire life cycle of the products.

Practicing the “6 RE philosophy” in all its activities, particularly in design and production, Klimasan mitigates its environmental impact across the entire life cycle of the products.

1. RE-THINK: Rethinking, analyzing the product and its function in detail

2. RE-DUCE: Reducing, trying to reduce raw material and energy consumption throughout the life cycle

3. RE-PLACE: Replacing harmful substances with less harmful ones

4. RE-CYCLE: Recycling, selecting materials that can be recovered

5. RE-USE: Reusing, ensuring that the product is produced in such a way that it can be used again

6. RE-PAIR: Repairing, producing in a way suitable for repairing

Environmentally Friendly Refrigerant Technology

Klimasan’s R&D center, dedicated to producing the most environmentally friendly and high-performance coolers, utilizes hydrocarbon gases R600a and R290, which do not contain ODS (Ozone Depleting Substances), in approximately 85% of its total production capacity in the coolers and freezers it manufactures.

The F-gas regulation banned the sales of environmentally unfriendly R134a and R404 gases in Europe, effective as of January 1, 2022. Türkiye also follows the directives that have been implemented in Europe.

With the introduction of the energy regulation, it has become a top priority for Klimasan to address energy consumption and efficiency issues in its trading countries and companies. Offering optimal and flexible solutions regarding the energy classes and energy consumption of the coolers they use and purchase

is a goal that Klimasan pursues, and they conduct R&D studies to achieve this goal. Developing high energy-efficient product portfolios in line with the demands of its customers, Klimasan complies with the standards and regulations of its trading countries within the scope of the energy classes and energy efficiency of its products.

Household Products;

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



- Effective March 1, 2024, the legal sales index value of domestic products will be lowered and products will only be allowed to be sold with at least energy class E. A portion of Klimasan’s existing products already meet this energy class. Intensive R&D efforts are currently ongoing for products that do not meet the energy class E.

Commercial Products;

- In accordance with the commercial products energy labeling regulation, which was put into operation in 2021, designs that meet the legal limits and reach even lower levels have been developed.
- In order to monitor the energy consumption values of the products exported

- to the European market, they were recorded according to the new regulation and the EPREL Portal accessible by legal authorities and end users was made available.
- In order to reduce the energy classes of commercial products supplied to the market with their current designs, a plan has been prepared and the effect on the cost and energy consumption has been calculated.
- According to the regulation that came into effect in 2021, energy class G products can be commercialized, while with the new regulation starting from September 1, 2023, products with a minimum energy class of F will be legally allowed to be sold. In this context, Klimasan continues its efforts in energy efficiency and energy class regulations.

Our Eco-Friendly Products

Products that consume less energy

Klimasan has prioritized energy efficiency studies since 2020 to design eco-friendly products.

Product Energy Efficiency Improvement Efforts

Klimasan's energy efficiency initiatives are shaped around producing products that comply with energy regulations, minimizing their environmental impact, and providing solutions that align with their customers' demands. These efforts involve several significant stages. These stages include achieving optimal design with innovative components, forming partnerships with new companies to explore alternative materials during industry analyses, executing improvement projects with current suppliers, and expanding the product portfolio by attending trade shows and training events to stay updated on new technologies.

Since 2020, Klimasan has been prioritizing energy efficiency efforts and is aware of the need for further progress. The important initiatives the Company has undertaken in these processes include:



- In order to improve the energy class of the products, the performance impact of some materials used in the products is increased. Within the scope of these improvement works, component changes can be made, as well as revisions to the dimensions of existing components and materials. The aim of this is to identify the optimal cooling system to achieve the most efficient energy consumption. Klimasan uses 'variable speed' (VCC) compressors in its energy class A/B product models. The use of VCC compressors results in an average 10% improvement in the energy efficiency of products.



- By converting the evaporator fan used in a single-door on-off compressor cooler from a 'non-EC' fan to an 'EC' fan, energy consumption was improved by 5% on average; and with the addition of the fan algorithm to the system, the energy use was reduced by approximately 7%.



- Since there is no 'light switch' in vertical commercial coolers with mechanical thermostats, the interior lighting operates continuously, day and night. The impact of the light switch on energy consumption varies depending on the power of the LEDs used in the coolers. Reducing energy consumption with a thermostat is possible through the use of an electronic thermostat. Thanks to the defrosting feature, electronic thermostats reduce



the rate of runtime, and the night time energy saving feature ensures that the temperature inside the cooler does not rise, preventing the cooler from overworking as well as turning off the lights at night. The transition from mechanical thermostats to electronic thermostats results in approximately 6% energy savings.



- The type of doors and glasses used in products has a significant impact on energy consumption. Energy consumption can be reduced through the use of two- or three-layer glass, inter-glass package thickness, argon, low-e and other parameters to suit the appropriate product types.



- An average energy consumption improvement of 10-12% can be attained by switching from a single-layer glass door model to the use of insulated doors. However, the use of solid doors is not preferred as they don't allow the products inside the coolers to be visible. Thus, efforts are ongoing for the design of partial solid doors, where less than half of the door is glass, and the rest is insulated door. Tests conducted with this new design door model have shown energy improvement rates ranging from 5% to 10%.

Our Eco-Friendly Products

Eco-friendly, value-added products

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



- The tests conducted on vertical freezers by removing the resistance on the door and using antifog glass have shown a reduction in energy consumption of approximately 10-15%. Reducing the power of the resistance located under the evap and transitioning the product to a solenoid system in different models of the same product group has resulted in an energy improvement of approximately 5%.



- In a project aiming to improve the energy consumption of the LEDs used in the products, a minimum loss of lumen and maximum energy savings in the power drawn by the LEDs were aimed. The LED power improvements made in the project also contribute to the improvement of the energy classes of the products. With the pcb and HE led technology developed within the study,

some models achieved a daily saving of 0.098 kw in a single led, while in some models this saving was 0.121 kw.

Added Value Provided by Eco-Friendly Products

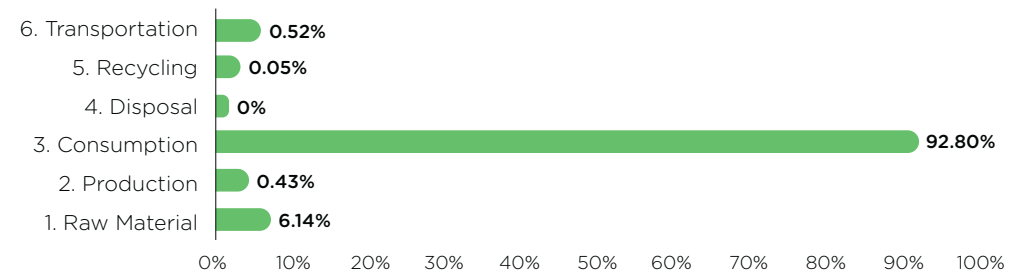
Klimasan ensures that the products it has developed specifically for its customers are offered at optimum temperature, keeping the carbon footprint at the lowest possible level.

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



Life Cycle Analysis

LCA Scope	%	Description	2021 (tCO ₂)	2022 (tCO ₂)
Raw Material	6.14%	Obtaining the raw materials needed to create the product	89,611.00	86,167.02
Production	0.43%	Production of products	7,072.00	6,068.01
Consumption	92.80%	Usage of products after they are served to the customer	1,526,089.20	1,300,833.52
Disposal	0	Disposal of products in cases where they are not recycled	-	-
Recycling	0.05%	Recycling the product as raw material	829.8	747.45
Transportation	0.52%	Logistics processes of products, including all intermediate steps	4,120.00	7,398.80





PEOPLE

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Our Sustainability Commitments and Targets



	Formula	2019	2020	2021	2022
1-) Ensuring that the number of calls to Klimasan Ethics Hotline is "0"		1	1	0	0
2-) Providing information training to all employees on Human Rights, Business Ethics and Code of Conduct	(Percentage of employee participation)	91%	91%	100%	100%
3-) Providing training on Fair Competition and Business Ethics*	(Percentage of employee participation)	-	100%	100%	100%
4-) Ensuring that all employees receive Occupational Health and Safety Training	(Percentage of employee participation)	100%	100%	100%	100%
5-) Ensuring that all employees receive Environmental Information and Waste Management Awareness Training**	(Percentage of employee participation)	61%	23%	100%	100%
6-) Ensuring that all employees receive Energy and Emission Management Awareness Training	(Percentage of employee participation)	100%	100%	96%	100%
7-) Ensuring that all employees receive Information Security Awareness Training	(Percentage of employee participation)	100%	100%	96%	100%
8-) Providing at least 10 man-hours of professional and personal development training for Blue Collar employees during the year	(Average training hours/ Average number of employees)	10.15	6.40	11.65	19.55
9-) Providing at least 10 man-hours of professional and personal development training for White Collar employees during the year	(Average training hours/ Average number of employees)	7.90	6.41	12.98	27.89






Our Commitments:

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

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



Our Sustainability Commitments and Targets

	Formula	2019	2020	2021	2022	
 Our Commitments:	10-) Continuously reducing the accident frequency rate	$((\text{Number of work accidents}/\text{total working hours}) * 1,000,000)$	54.65	42.41	52.87	33.02
	11-) Continuously reducing the accident severity rate	$((\text{Number of lost working days}/\text{total working hours}) * 1,000)$	0.39	0.21	0.20	0.12
	12-) Organizing at least 20 social activities to increase employee loyalty during the year*		-	-	5	24
	13-) Realizing at least 12 social responsibility projects or collaborations within the year**		-	-	9	15
 Our Targets:	1-) Bringing the ratio of female employees in senior management positions to 50% by 2025	31%	31%	35%	35%	
	2-) Increasing the overall ratio of female employees to 27% by the year 2025.	18%	22%	24%	23%	
	3-) Increasing the results of the employee satisfaction survey in the categories of “satisfaction, loyalty, passion” compared to the previous year as of 2022***					5%

* Although social activities that increase employee loyalty were also carried out in 2019 and 2020, since the commitment made in this regard is valid as of 2021, the relevant monitoring and measurement was commenced as of 2021.
 ** Although various social responsibility projects were also implemented in 2019 and 2020, since the commitment made in this regard is valid as of 2021, the relevant monitoring and measurement was commenced as of 2021.
 *** The related target has been set as of 2021 and the first measurement was made in 2022. According to the results of the employee satisfaction surveys, the average increase in the satisfaction, engagement and passion categories is 5%.

Human Resources

The most important capital: People

In 2022, Klimasan continued its Human Resources work and practices with the awareness that its most important resource and value is people.

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. Necessary systems and processes have been established to protect the rights of employees and prevent all forms of discrimination. To prevent unacceptable practices such as child labor and forced labor, Klimasan has established robust inspection mechanisms. The aim of this is to ensure the safety and well-being of employees, as well as creating fair and humane working conditions. Regular audits are conducted to ensure that suppliers and business partners are also implementing similar operating norms, and they are given support in improving their conditions.

Acting with respect for human rights and a sense of social responsibility, Klimasan aims to uphold ethical values and human rights not only within its own operations but also throughout its supply chain. This approach reflects the company's goal to strengthen its sustainability and social contribution.

The Human Resources processes implemented by Klimasan in 2022, which continues its Human Resources studies and practices with the awareness that its most important resource and value is human, are as follows;

- [Human Resources Planning](#),
- [Annual Permanent Staff Studies and Budgeting](#),
- [Remuneration Studies](#),
- [Job Valuation Studies](#),
- [Recruitment and Orientation Process](#),
- [Training and Development Process](#),
- [Performance Management Process](#),
- [Employee Loyalty and Satisfaction](#),

- [Social activities and organizations implemented for employees](#),
- [Social responsibility activities](#).

Klimasan's Human Resources Policy adopts a participatory and value-creating Human Resources management approach within the framework of the company's vision, mission, competencies, and ethical values. Corporate Equality Policy implemented in this regard ensures that Klimasan employees are provided with a working environment that supports gender equality, is fair, transparent, efficient, healthy, and growth-oriented.

Discriminatory acts based on individual characteristics such as gender, age, marital status, religion, language, ethnicity, ethnic origin, pregnancy, etc. are avoided in all practices such as training, promotion, performance management, career management and remuneration. Klimasan



also takes a firm stance against all attitudes and behaviors such as corporal punishment, physical/psychological pressure, insults and ill-treatment in disciplinary practices. An inclusive and equality-driven communication approach promoting the support of skills and competencies is utilized in both internal and external communications of the Company.

At Klimasan, the career paths of all employees are managed with the principle of focusing on development, and employees are encouraged to participate in personal, technical, and professional training programs based on their development needs. Students are offered internship programs to encourage them

to gain experience on their professional development journey.

Human Resources Priorities in 2022

Among the prominent Human Resources goals and activities of Klimasan in 2022 are social responsibility projects, social activities aimed at increasing employee motivation, professional and personal development trainings, and initiatives aimed at increasing female employment. In 2022, compared to previous years, the number of technical and personal development training events and the duration of training per employee increased. Recruitment processes were enhanced and improved, while employment efforts continued unabated.

Human Resources

High local employment rate

Ranked among Türkiye's top 500 companies, Klimasan plays an important role in reducing unemployment in the region with its high local employment rate.

Recruitment and Employment

At Klimasan, recruitment processes are managed by the Human Resources department. During the candidate selection process, no discrimination is made based on gender, age, race, beliefs, or personal values; and evaluations are solely done based on the candidates' experiences, abilities, and suitability for the job description. The principle of equal opportunity is adopted in recruitment processes, and discrimination is not allowed under any circumstances. The processes start, progress, and conclude with the same steps for all candidates. Even if any candidate's recruitment is unsuccessful, an email containing feedback will be sent.

Apart from face-to-face interviews, only the Human Resources Team is authorized and responsible for communicating with candidates, asking for references, conducting

examinations and making verbal/written offers. During interviews with candidates, no discriminatory language is allowed and the candidates are never specifically asked about personal and confidential matters. Klimasan places great importance on impartiality, fair conduct, and transparency in its recruitment processes.

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

Within the scope of the "Coolest Start" internship program initiated in 2022, newly graduated employees who did their internship at Klimasan were treated as priority employment candidates at the end of their internship programs, thereby contributing to the youth employment rate.

Klimasan has a total of 1,580 employees, with 4% of this number consisting of R&D personnel. Among the 236 white-collar employees, 28% are employed in the R&D department. At Klimasan, 1,344 people are employed as blue-collar employees. The Company's rate of disabled employees is 3.03%.



Total number of employees
1,580

Number of R&D Employees
59

Age Range	White Collar	Blue Collar
18-20	-	53
21-30	95	448
31-40	89	535
41-50	45	281
51-60	7	27
Total	236	1,344

Gender	White Collar	Blue Collar
Female	65	241
Male	171	1,103
Total	236	1,344

Years of Seniority	White Collar	Blue Collar
0 to 5	164	1,039
6 to 10	37	135
11 to 15	17	95
16 to 20	15	66
21 to 25	2	7
26 to 35	1	2
Total	236	1,344

	White Collar	Blue Collar
Total	236	1,344

	White Collar	Blue Collar
Permanent	236	960
Temporary	-	384
Total	236	1,344

Disabled Employees	
Number of Disabled Employees	47
Ratio of Disabled Employees	3.03%

Human Resources

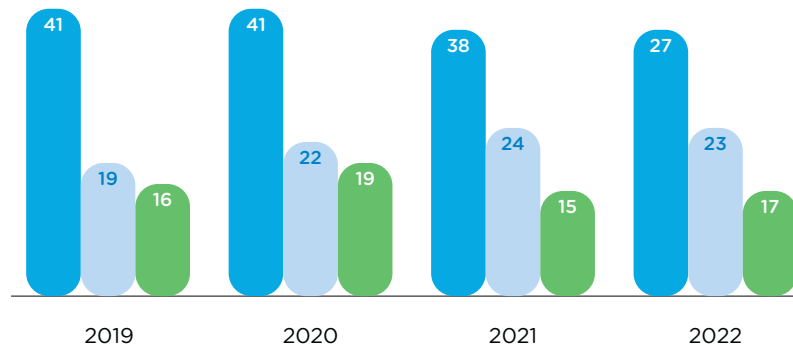
Sustainability in employee welfare

Klimasan operates with the understanding that it attaches great importance to the rights and welfare of its employees.



Ratio of Female Employees (%)

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



Remuneration Policy

Klimasan operates with the understanding that it attaches great importance to the rights and welfare of its employees. Remuneration policies of employees are implemented in accordance with legal regulations. For Blue and Gray Collar employees, remuneration is made within the minimum and maximum wage ranges specified by job groups in the job valuation table. Each employee is classified according to the job valuation group of his/her operational work.

White-collar employees are remunerated based on factors such as job valuation analysis, current market conditions, intra-department balance, salaries for similar positions, experience, education and competencies. Klimasan offers wages above the minimum wage and provides benefits and additional remuneration policies with the aim of exceeding the subsistence wage standards.

Within the scope of the salary policy, which is determined solely by taking into account the job description and responsibilities of employees, the efforts for job valuation/ seat valuation continued incrementally in 2022.

The company aims to improve employees' living standards through the implementation of a 16-month per annum salary system. Wage increases are granted once a year in the form of a general increase and inflation salary increase. These increases are determined based on factors such as industry and market analysis, inflation rates, and basic living expenses.

With the aim of supporting its employees, Klimasan offers various benefits such as private health insurance, fuel and heating allowances, training opportunities, postgraduate education opportunities, marriage, maternity and child benefits and foreign language training. These policies aim to contribute to employees' personal development as well as their professional life.

Equal Opportunity

The company respects differences such as religion, language, race, gender, sexual orientation, age, political views, and marital status, and rejects discrimination. This approach is adopted in all business disciplines and at every stage of the value chain. The principle of equality ensures that working conditions are the same across the Company, and practices are designed based on equal opportunity. The approach of equal opportunity is clearly articulated in documents such as the Human Resources Handbook, Code of Ethical Conduct Principles Document and Social Compliance Policy.

Human Resources

A supporter of women's empowerment

Klimasan supports the Women's Empowerment Principles (WEPs) to encourage the greater participation of women in economic life across all sectors and at all levels.

The number of female employees at Klimasan and the number of female employees in senior management are monitored through KPIs, and the number of female employees by age, seniority level and department is also monitored. The current percentage of female employees in senior management is 35%, with a set target of 50%. The total percentage of female employees is at 23%, which is quite a good ratio for the sector, and the Company aims to increase it to 27% within the next 3 years.

With the social responsibility projects, recruitment policy, career and talent management, performance evaluation system, fringe benefits and authorizations, Klimasan ensures that all employees and all related stakeholders have equal rights. The principle of equality provides equal working conditions and opportunities for all employees. Gender equality is particularly emphasized in the recruitment processes, and the percentage of female employees

is 23%. Particular consideration is also given to the employment of disabled employees, and the number of disabled employees increased from 36 in 2021 to 47 in 2022.



Target Gender Equality!

In 2022, Klimasan became one of the 25 Turkish companies participating in the Target Gender Equality (TGE) Program carried out internationally by the United Nations Global Compact. This program aims to promote gender equality in the business world and increase the percentage of female employees in senior management positions. During the TGE Program, Klimasan has participated in experience-sharing workshops, training sessions, and seminars in order to create short-term and long-term action plans.



Klimasan's Human Resources and Corporate Sustainability Representatives participated in the program, during which each participating company assessed their current gender equality practices using the UN Global Compact WEPs Gender Gap Analysis Tool and analyzed areas that require improvement along with potential measures to be taken. Klimasan holds the "Achiever" status with its egalitarian approach and current policies.

During the program, participants from various sectors discussed examples of equal opportunity practices and addressed the adaptation of these practices

into the businesses through group exercises. With the action plan prepared in a step by step manner, the actions to be taken in the short, medium and long term were identified and the results and adaptations were evaluated at the end of the program with a senior management presentation.

Support for Women's Empowerment Principles

Klimasan supports the Women's Empowerment Principles (WEPs), created by UN Women and UN Global Compact, to encourage the greater participation of women in economic life across all sectors and at all levels. With its commitment to providing support at a senior management level, Klimasan has become one of over 8,000 organizations worldwide that support WEPs, while maintaining its equal pay for equal work policy, gender equality practices, and zero-tolerance approach to gender discrimination in the workplace.



Z.E.K.İ.+ Project

As part of the project carried out in collaboration with Manisa Organized Industrial Zone, a protected working environment is provided to individuals with intellectual disabilities, enabling them to participate in the work life. Klimasan aims to strengthen the presence of individuals with disabilities in the business world through this project. In 2022, Klimasan made a groundbreaking achievement in Türkiye with the Z.E.K.İ.+ Project by employing intellectually disabled workers in a protected workplace, and it was awarded the International Bronze Stevie Award for the social responsibility program of the year.

Human Resources

Learning- and development-oriented perspective

Klimasan adopts an organizational approach that is based on learning and development, and provides its employees with comprehensive training and development opportunities.



Employee Development

Klimasan demonstrates a strong commitment to the career development and personal growth of its employees. The performance of the employees is analyzed throughout the year with the Performance Evaluation System, and position-specific training programs are created based on their needs. Personal development and technical training schedules are organized on a monthly basis and inter-departmental trainings are offered for general participation.

To support the employment of talented youth, Klimasan launched the Coolest Start Program, which offers opportunities to university students and recent graduates. Within the scope of university collaborations, information and experience were shared with students by participating in career fairs, as well as holding university meetings and interview simulations.

A 2-month trial period interviews were initiated for newly recruited employees and development actions were planned by evaluating the feedback received at the end of this process. By focusing on promotion and rotation processes, a professional process structuring was ensured by using outsourced human resources and management consultancy services.

Efforts have been made to enhance competencies such as team management, leadership, and professional development for managers and senior directors. Managers' leadership skills are supported through training based on assessments of current situations and feedback. This comprehensive approach of Klimasan is aimed at enabling employees to develop their careers and utilize their talents at the highest level.

Training

Klimasan adopts an organizational approach that is based on learning and development, and provides its employees with comprehensive training and development opportunities. Believing that teamwork contributes to success, Klimasan emphasizes the value and importance of employees. As an integral part of the Metalfrío Group, Klimasan has the vision to offer international career opportunities. At the end of each year, the training needs of employees are identified within the Company, and plans are made to address these needs. Position-specific personal and professional development training programs are organized based on human resources planning, managerial discussions, and performance evaluations. In 2022, white-collar employees received 27.89 hours of training, while blue-collar employees received 19.55 hours of training.

The System and Module trainings provided within the scope of the ERP Project led to a significant increase in training hours for white-collar employees in 2022. In addition, many personal development trainings were organized throughout the year. For blue-collar workers, there are on-the-job orientation and technical training programs. In 2022, compared to the previous year, blue-collar

training hours increased by 67%, while white-collar training hours increased by 114%. Feedback-evaluation analyses are conducted at the end of each training to ensure that employees are satisfied with the trainings and that it was effective.

In 2022, a total of 373 position-specific alternative training sessions were conducted.

In order to implement the ERP Project, which was initiated in 2022, many information and module meetings and workshops were held and numerous trainings were provided. These training sessions were provided to employees by both the consultant company representatives and Klimasan project team members, ERP key users, and module administrators.

Aiming to contribute to employees' learning and career journeys, Klimasan has developed the "Formal Education Master's / Doctorate Program Flexible Working Model." Under this model, company employees are granted up to 14 hours of leave out of the 45-hour weekly work schedule during 4 semesters for bachelor's degree and 8 semesters for doctorate degree, and up to 9 hours of leave out of the 45-hour weekly work schedule during 8 semesters for master's degree, and employees are encouraged to pursue higher education programs and are supported throughout their education process.

Human Resources

Professional and personal development support

Klimasan offers foreign language learning support in order to encourage professional and personal development.

Klimasan provides annual Educational Assistance to its current employees, as well as to all employees who have completed 9 months of employment and are studying for a bachelor's, master's or doctorate degree. At the same time, it offers educational support as a fringe benefit to employees aiming for postgraduate education. Klimasan makes a certain support payment at the beginning and end of the master's and doctoral programs.

Klimasan also offers foreign language learning support in order to encourage professional and personal development. When employees wish to receive foreign language training, Klimasan may cover 70% of the training fee demanded by the educational institution. In addition, based on the requests of employees who want to learn a language, Klimasan leads its employees to the most appropriate organizations and communicates with them.

In 2022, external trainings were conducted. Trainings were provided in hotels in order to increase the motivation of employees and provide them with a break from the work environment. Klimasan has also established internal training programs to contribute to the training and development processes of its employees.

Orientation

At Klimasan, new employees are provided with a comprehensive orientation process. As part of this process, the Human Resources department conducts a comprehensive presentation about the workplace, associated organizations, the company's mission, policies, management style, corporate culture, areas of operation, and working conditions. Accompanied by the Human Resources Manager, new employees are given a tour of both the company premises and its associated organizations. During this process, they are introduced to their managers, colleagues, and relevant departments.

During orientation training, all new staff members are also informed about Klimasan's Ethical Code of Conduct. These codes aim to encourage employees to act in accordance with ethical values and support the maintenance of an ethical culture within the Company.

Training Requests

At the end of each year, human Resources, in collaboration with all department managers, gathers employees' requests for professional and/or personal development training opportunities in order to determine the company's in-house or external training needs for the following year. Subsequently, they create a training plan.

The Human Resources Unit collects external training announcements or information sources via the press or the internet and then notifies the relevant departments and informs the employees about training opportunities.

Mastery Compensation Program

Klimasan focuses on training and development activities with the aim of enhancing its employees' technical skills and improving their professional competencies. In line with this goal, Klimasan has implemented a Vocational Training Collaboration Protocol by signing an agreement with the Manisa/Yunusemre District National Education Directorate to launch a Mastery Compensation Program for blue-collar employees. Thanks to this program, over 1,000 employees who wanted to gain technical expertise in their respective fields were included in the Mastery Compensation Program. In 2022, 34 master instructors from Klimasan's engineers provided mentoring and support to a total of 540 mastery compensation students. Students who have completed the technical training process were awarded the Mastery Compensation Certificate.

R&D Specialization Training Program

Klimasan's R&D team has a structure where each engineer and technician possesses a specialized area of expertise. They become experienced and competent professionals by creating projects in their respective fields. In line with this working principle, Klimasan has initiated an 'R&D Specialization Training Program' in collaboration with the Human Resources department

to support the planning and implementation process. This program has been realized as a platform where knowledge, expertise and experiences held by the R&D team are shared. The goal is to support Klimasan employees in gaining professional competence by enabling them to easily access technical knowledge.

Each month, presentations are delivered by R&D Experts on at least 2 different training topics, and participation from other departments is encouraged, leading to enjoyable and informative in-house training sessions. These training sessions aim to strengthen technical knowledge while at the same time encouraging interdepartmental collaboration. In addition, specialized presentation skills and techniques training is also provided for



Human Resources

Equal and fair performance evaluation

Klimasan implements the Performance Evaluation System to ensure that employees' performance and competencies are evaluated in an equitable and fair manner.



personnel working in the R&D department who deliver the aforementioned training sessions. As a result of these training sessions, employees are awarded internal trainer certificates, as well as small motivational rewards.

Klimasan has established policies and instructions to train and support employees who wish to become internal trainers. Employees who want to become internal trainers

can make an application to Klimasan Human Resources with the approval of their managers. Subsequently, the internal trainer process is initiated, and various trainings are assigned during this process. The relevant personnel must successfully complete these training programs. This approach ensures the development of internal trainers and promotes the exchange of knowledge within Klimasan.

Career and Talent Management

Employees who meet the experience duration and competency requirements for their respective positions and roles engage in career planning, which is led by department managers and the Human Resources team as part of the Performance Evaluation System. In this process, career advancements such as promotions and department/position changes are managed. Furthermore, employees' requests for career changes are also evaluated by the Human

Resources team. As part of this evaluation process, employees are directed to a suitable position, taking into account their abilities and competencies.

Promotion ceremonies are organized in social event spaces to celebrate and commemorate the achievements of those who meet specific promotion criteria. These ceremonies take place at the mid-year and year-end of each year.

The company provides annual professional and personal development trainings tailored to the current needs of employees in their respective positions and work areas. These training programs aim to assist employees in enhancing their skills and advancing their careers. Thus, a strong emphasis is placed on the development of each employee, and a culture of continuous learning and progress is promoted within the Company.



Performance Evaluation System

Klimasan implements the Performance Evaluation System to ensure that employees' performance and competencies are evaluated in an equitable and fair manner. This system aims to determine at what level Klimasan employees are based on the predefined "competency" criteria. It is also used with the aim of establishing and enhancing an open communication environment through systematic feedback and reviewing employees' development opportunities and training needs. This evaluation mechanism has been designed to align with Klimasan's company culture and strategies, ensuring fairness and equality.

Employees are assessed regarding their performance based on equal, fair, and measurable standards through the Klimasan Performance Evaluation System, and are prepared for feedback meetings with their managers. Employees are supported with various trainings, activities and feedbacks in the career map drawn as a result of meetings and manager evaluations following performance scores.

The performance evaluation system serves as a crucial tool for identifying and planning the training needs of the employees and improving human resources processes within the Company.

Furthermore, efforts have begun to implement a "Target-Based Performance Evaluation System" to evaluate employees not only based on "competencies" but also in alignment with their "targets."

Human Resources

Strong employee communication

Klimasan carries out communication activities with the aim of boosting employee motivation and keeping them informed about company developments.

Employee Communication

Klimasan carries out communication activities with the aim of boosting employee motivation and keeping them informed about company developments. Various activities are organized for employees on special occasions such as the New Year's Eve, national and religious holidays. Similarly, in order to encourage employees to come together and communicate, activities such as coffee and treat days, spring festivals, department picnics, food organizations, motivational games and events are organized.

During the events celebrating the tenure of employees, they are thanked for their contributions to Klimasan and presented with various gifts. In addition, the social lives of employees are supported through art and sports activities, while many employees participate in seminars and trainings for personal development.

Personal development trainings are usually organized outside the Company in a hotel or training hall for a full day, thus enabling employees to socialize and have a pleasant day. The annual family picnic event brings employees and their families together to have a pleasant time.



Town Hall Platform

Recognizing the contribution of employees to the mission of creating value in the sector, Klimasan attaches great importance to transparent communication with the aim of keeping employee satisfaction at the highest level under all circumstances. To further support this objective, the Town Hall Platform discussions, initiated in 2022, are conducted every three months. These discussions are conducted in an open, candid and interactive manner, welcoming the participation of all employees, including the Senior Management.



Coollest Talks

In 2022, under the leadership of the Human Resources team, "Coollest Talks" seminars have commenced at Klimasan. The "Coollest Talks" Social Conversation Platform, featuring experts and renowned individuals in their respective fields, is an open communication platform available to all employees. Aiming to enable employees to learn and develop by having fun, this project brought together competent people in many different fields from psychology to literature, science to the environment.

At Klimasan, an Internal Communication Stand is set up to listen to employees' requests and complaints and to answer their questions, allowing regular face-to-face meetings.



Employee Satisfaction

Klimasan recognizes that high satisfaction levels contribute to the productivity and development of its employees. For this reason, the Company attaches importance to the wishes and opinions of its employees and regularly collects feedback. The Employee Satisfaction Survey System has been established to measure employee satisfaction, gather thoughts and suggestions periodically and objectively, and create action plans based on this feedback.

According to the evaluation for the year 2022, Klimasan's corporate strengths in terms of employee satisfaction and loyalty can be summarized as follows: Teamwork, Communication, Target Policies and Strategies, Corporate Reputation, and Sustainable Future.

Within the scope of benefits at Klimasan, there is a "Family Support Fund," which is accessible to employees in times of need. Supports such as education, fuel, clothing, marriage, birth, death, holiday aid, severance pay, and food packages were made available to all employees. In addition to Blue Collar employees, excellent attendance bonus and reward, annual leave allowance and "happy birthday cake" practices were introduced.

Human Resources

Unity with team spirit

The Human Resources department organizes various activities with the aim of increasing employee engagement and helping them unwind from their busy schedules.

The Human Resources department organizes various activities with the aim of increasing employee engagement and helping them unwind from their busy schedules. In 2022, Klimasan organized a wide variety of activities for its employees. These activities include the Coffee Tasting Workshop, Happy Hour and Sculpture Workshop, which are designed for the employees of the Company to spend a pleasant time together. In addition, organizations such as Chocolate, Waffle and Ice Cream Catering Stands, Welcome to Summer and Farewell to Summer Events, Dance Show, Garden Lunch were also arranged. The Coolest Talks Sessions, which take place monthly, contribute to employee development by hosting inspiring speakers on different topics. In addition to these, other activities organized by Klimasan this year include the April 23rd event, where the children of employees were hosted and had a pleasant time with their families, the Vitamin Bar event, which emphasized the importance of healthy living, and the New Year's Eve event.



During the ERP Project, a Motivation Activity was organized with the project team to boost motivation. To celebrate the transition to the ERP Project and increase motivation afterward, an ERP Project Celebration and Motivation Activity was conducted. Additionally, a 2-day motivation event was held as part of leadership training for Senior Managers.



Klimasan Takes Part in the Half Court Basketball League

Klimasan participated in the Half Court Basketball League, which fosters team spirit among employees, organized with the participation of many companies in Manisa and Izmir. The Klimasan Basketball Team, composed of volunteer employees from various departments, achieved many significant victories throughout the tournament. Under the leadership of the Human Resources team, pre-game and post-game meals and entertainment events were organized for employees and their families.

Klimasan Green Human Resources Projects



In order to express our gratitude and contribute to nature and the future, we continued to plant saplings on behalf of our employees and the Company. Klimasan is committed to growing the "Klimasan Employees' Love Grove" day by day, continuing to work for a greener world.



The income generated from sending electronic waste for recycling was used to make sapling donations on behalf of all employees.



A campaign to collect used batteries and waste vegetable oil was organized on June 5th, World Environment Day, to raise awareness on waste separation.



April 23rd National Sovereignty and Children's Day, Award-winning Creativity Contest with Recyclable Materials was held.



Business Ethics

The cornerstone of sustainability: Ethics

Code of conduct practices are implemented in every business unit of Klimasan and mandatory information trainings are provided every year.

Klimasan has been a signatory and supporter of the United Nations Global Compact since 2019. Within this framework, the Company embraces ethical and compliance principles in the areas of human rights, labor, environment, anti-corruption and anti-bribery, aiming to integrate these principles into its business practices.

Code of conduct practices are implemented in every business unit of Klimasan and mandatory information trainings are provided every year. The Company's Ethical Code of Conduct and Implementation Principles Document has become the guide for all Klimasan employees. The Internal Audit Department monitors the implementation of the Code of Conduct, while the Ethics Hotline is available for all employees to contact in case of any violation.

Klimasan's ethical principles are outlined in the Social Compliance Policy and Ethical Code of Conduct and Implementation Principles Document.

Klimasan's ethical values are Reliability, Fairness, Integrity, and Respect for Employees. Within the framework of these four basic principles, the business ethics principles recognized by Klimasan are explained in the Klimasan Social Compliance Policy.

In addition to the anti-corruption and anti-bribery approach managed by the Social Compliance Policy, Klimasan's stance against corruption and bribery is explained in the Klimasan Code of Ethical Conduct and Implementation Principles Document and the Supplier Code of Conduct Document.

The Ethics Hotline, operating with a privacy principle, is accessible to all Klimasan employees with the aim of supporting the practical implementation of the Code of Business Ethics in the Company.

The Ethics Hotline allows employees to communicate their concerns and complaints about ethical issues concerning the Company through the Internal Audit Department, which operates independently on behalf of the Board of Directors and reports directly to the Audit Committee. Employees who wish to make a notification can send their notifications via the e-mail address etik@klimasan.com.tr, which is only accessible by the Internal Audit Department, the Internal Audit Department phone number, and mail that can be sent to the Company on behalf of the Internal Audit Department. In 2022, no reports were made on the Ethics Hotline.

As in every year, 3 fundamental ethics and compliance trainings were provided in 2022. 100% of Klimasan employees participated in these activities.

Klimasan's Code of Ethical Conduct and Implementation Principles Document aims to provide a working life worthy of human dignity to all stakeholders, particularly its employees, and is the Company's main guide in the field of business ethics.

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

Klimasan conducts Social Compliance Audits at regular intervals. Klimasan shares its performance results based on

these audits with its customers, and has long stood out with its success and efforts in the areas of social compliance and social responsibility. In 2022, Klimasan's Sedex Social Compliance Performance audited by Intertek and evaluated as "Green Status" by TCCC, resulting in a decision that there is no need for audits for three years.

Business Ethics

With a sense of responsibility

Klimasan has signed the Global Compact, acting with the principle of adding value to the future and its commitment to its stakeholders.



Business Ethics and Code of Conduct Trainings Klimasan provides 3 fundamental ethics and compliance trainings every year:

- General business ethics and code of conduct training, which requires the participation of all employees,
- Fair competition and ethical trade training, which is provided for relevant employees involved in commercial and financial processes,
- Procurement business ethics training, which is provided to employees involved in the supply chain processes.

In 2022, all Klimasan employees received training on business ethics, compliance, code of conduct, and labor law. This training is provided to all users online every year. All employees who are not computer users are also notified of the ethical business rules via SMS, and the Klimasan Code of Ethical Conduct Principles Document is handed out.

Fair Competition and Ethical Trade Trainings were provided to departments engaged in commercial processes, particularly Sales Marketing, Financial Affairs, After-Sales Services and Human Resources. The main topics covered in this training include the key aspects that selling and buying parties should pay attention to in commercial processes, as well as principles regarding customer and competition management. In addition, Purchasing Ethics Training was provided to the entire Supply Chain Department. With this training, ethical violations that may arise from the supply chain, matters related to commercial communication with suppliers, issues to be considered and actions that can be taken to prevent them were communicated.

Corporate Social Compliance Policy

Klimasan has signed the Global Compact, acting with the principle of adding value to the future and its commitment to its stakeholders. The company has prepared a Corporate Social

Compliance Policy to openly communicate its commitment to fulfilling all responsibilities through teamwork with all business partners and stakeholders. Klimasan continues its efforts to make the Social Compliance Policy an integral part of the company culture. Within the scope of this policy, the Company encourages employees to openly express any opinions, requests, concerns, complaints, and suggestions. These are evaluated by the Senior Management and necessary improvement activities are carried out for areas open to improvement.

Klimasan Corporate Social Compliance Policy covers the following issues:

1. Ethical Business Behavior
2. Egalitarian Approach
3. Voluntary Work
4. Prevention of Child Labor
5. Working Hours and Remuneration
6. Occupational Health and Safety
7. Respect for Freedom of Association and Representation
8. Submitting Suggestions, Wishes and Complaints
9. Rest Days and Holidays
10. Recruitment and Employment
11. Employment/Employer Agreement
12. Employment of Foreign National Employees
13. Prevention of Discipline, Harassment and Mistreatment
14. Protection of the Environment
15. Stakeholder Communication and Transparency

Klimasan Code of Ethical Conduct and Implementation Principles Document

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

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

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

Fair Competition

Ensuring a fair competition environment

Klimasan puts forth many efforts to ensure a fair competition environment and to maintain its competitive advantage in its sector.

As a company traded on the stock exchange, Klimasan's financial realizations, financial indicators and sales data are reported in a public and transparent manner. Klimasan undergoes financial auditing by BDO, an Independent Audit Company. The accuracy of the financial information shared by the Company is subject to audit and control. The audit report is also publicly disclosed on the Public Disclosure Platform.

The Company puts forth many efforts to ensure a fair competition environment and to maintain its competitive advantage in its sector. In this context, fair competition is mentioned in Social Compliance Policy, Code of Ethics Principles Document and Supplier Code of Conduct. Supporting competition on the basis of quality, service, and price, Klimasan has the principle of not giving

direct or indirect support to political institutions and individuals, and not adopting any political thought as an institution. Klimasan continues its operations in an honest, straightforward and fair manner.

In order to comply with anti-trust laws and the principle of fair competition, the attitudes and behaviors of employees within the scope of the Fair Competition Principle are summarized as follows in the Code of Conduct Directive jointly recognized by group companies Metalfrío Solutions and Klimasan;

- Klimasan never discusses with competitors a matter directly related to the competition between Klimasan and its competitor.
- It never colludes with a competitor to limit competition by fixing prices, sharing markets or by other means.

- They do not refuse to deal with others on their own or to purchase goods or services because they are competitors in other ways.
- They do not ask others to buy from Klimasan before Klimasan buys from them.
- They do not ask customers to buy a service from Klimasan that they do not want.
- They do not engage in industrial espionage or commercial espionage.
- They act honestly and truthfully in all dealings with customers and are careful to accurately represent the quality, features and availability of company products and services.

Klimasan's Business Ethics Training, which is organized every year with the participation of all employees, covers the code of conduct, fair competition and ethical trade practices.



In addition to the Business Ethics Training provided to all employees, a more comprehensive annual training program including case studies on fair competition, customer relations, ethics and transparent trade is organized for Sales, Marketing, Financial Affairs, Supply Chain and Human Resources departments which are directly involved in

commercial activities. These trainings are included in the Training Plan every year as part of mandatory training.

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

Local Community Relations and Employment

Critical contributions to the regional economy

With its facility in Manisa, Klimasan significantly contributes to employment in the Aegean region and Türkiye. Additionally, the Company contributes to both the regional and national economy.

With its facility in Manisa, Klimasan significantly contributes to employment in the Aegean region and Türkiye. Additionally, the Company contributes to both the regional and national economy. Ranked among Türkiye's top 500 companies, Klimasan also plays an important role in the development of the industry.

Klimasan collaborates with ISKUR and municipalities to receive support for job interview organizations and conducts interviews in provincial and district centers where the local community can easily access. Klimasan supports its employment policy through the employment of disabled people and long-term internship programs for university students who are about to start their careers.

Continuing its social responsibility projects in the Aegean Region, Klimasan cooperates with universities,

schools, associations and organizations within the scope of these projects. The Company hosts university student clubs at its production facility as part of technical visits, organizes OHS Information Trainings, company and professional promotions, and participates in career days, interviews and fairs. Within this scope, authorized service centers and dealers are hosted at events, customer visits, and dealer production facilities through the sales team. Klimasan organizes OHS Information Trainings, as well as corporate and professional promotions, and takes the opportunity to meet face-to-face and online with its customers and end-user stakeholders during meetings or in the field. As a publicly traded company, Klimasan announces all of its financial activities as well as social and environmental initiatives through its social media accounts, ensuring accessibility to the public.

Coollest Start Talent Program

Within the scope of the "Coolest Start" talent program initiated by Klimasan this year, young talents who continue their education and/or those who recently graduated were employed within Klimasan. Employees who were recruited through the Coolest Start Program and those who continued their education took part in many projects and tasks to enhance their competencies and gain experience. After their internships, their recruitment processes were evaluated by department managers and the Human Resources Team, and many have begun working within Klimasan. Collaborations with nearby universities within the scope of the Coolest Start Program aimed to contribute to the employment of new graduates and to the growth of Klimasan's dynamic team.



Local Community Relations and Employment

Accessible and sustainable working life

Klimasan's long-running Z.E.K.İ. Project aims to increase awareness toward disabled employees and make their working lives more sustainable.



Z.E.K.İ Project

In addition to the Coolest Start Talent Program, Klimasan's long-running Z.E.K.İ. Project aims to increase awareness toward disabled employees and make their working lives more sustainable.

Vocational Training in Business Project

As one of the partner businesses with Manisa Celal Bayar University, Klimasan creates employment opportunities for final-year students, especially those in the Faculty of Engineering, through a 15-week mandatory internship program under the "Vocational Training in Business Project." The company provides employment opportunities to many students who have completed their internships after graduation. During the internship period, Klimasan supports students in incorporating practical projects into their final theses and offers mentorship from experts in various fields to prospective engineers.

MOSTEM High School Collaboration

Klimasan has an industrial cooperation project with MOSTEM (Manisa Organized Industrial Zone Vocational and Technical Anatolian High School), one of the first Organized Industrial Zone High Schools in Türkiye. Within the scope of the project, high school students with high technical competencies and qualifications are enrolled in the high school internship program. Students are followed by their teachers during the internship period and their progress is reported. In order for these students, who have high employment opportunities after graduation, to gain experience and develop in business life, Klimasan provides mentoring support and enables them to take an active role in projects.

Occupational Health and Safety

First priority: Employee health and safety

Klimasan has identified the basis of its Occupational Health and Safety Policy as prioritizing the health and safety of its employees and implementing important practices in this regard.

Occupational Health and Safety Policy

Klimasan has identified the basis of its Occupational Health and Safety Policy as prioritizing the health and safety of its employees and implementing important practices in this regard. Occupational Health and Safety Policy of the Company commits to:

- Provide employees and stakeholders with a culture of safe, healthy and sustainable working conditions, and to develop systems to prevent occupational accidents and occupational diseases at the source in order to protect the health of employees,
- Identify all risks with the active participation and consultation mechanisms of employees and employee representatives in order to achieve the goal of zero occupational accidents and occupational diseases,

to ensure that employees, visitors and subcontractors at all levels comply with the rules and to ensure their health and safety,

- Ensure that department managers lead the preventive work after occupational accidents and that the actions taken as a result are disseminated to all departments,

- Ensure the continuous improvement of the system by implementing the OHS Management System, monitoring process performance indicators and sharing them effectively throughout the organization,
- Evaluate all materials, machines, equipment used starting from the design phase of the products to eliminate all OHS hazards,
- Examine all incidents and accidents that occur during the activities or that may result in injury and to make necessary

improvements to prevent recurrence, to encourage the implementation of occupational health and safety rules outside the workplace,

- Prevent occupational diseases through workplace controls and occupational hygiene inspections.

Occupational Health and Safety Practices

Preventing health issues, increasing the integration of OHS processes, and enhancing preventive approaches in processes form the basis of Klimasan's Occupational Health and Safety Strategy.

Klimasan's OHS Committee conducts its activities for the management and auditing of OHS processes and consists of 14 members, including 5 employee representatives. The Committee meets regularly on a monthly basis to discuss OHS objectives and the



performance in achieving those objectives. If necessary, these objectives are updated and reported. The actions, investments, audits and control results monitored within the scope of occupational health and safety are evaluated and action plans are revised accordingly.

In the occupational health unit, there are 2 occupational physicians, along with other healthcare personnel, who provide healthcare services and check-ups to all employees during day and night shifts.

Within the scope of the ISO 45001 OHS Management System, instructions and procedures established to effectively manage occupational health and safety processes are monitored on the QDMS Portal. In addition,

they are updated by taking into account the articles that have been amended within the scope of OHS laws and regulations. In addition, the Company shares health and safety objectives, written documentation, and announcements with employees through a total of 19 OHS Communication Boards located at various points in the facility.

There are health and safety warning signs as well as instructions for the safe use of machinery across the factory site. Health and safety assessments are conducted before and after the implementation of investments, projects and changes planned within the organization. Consequently, an approval from the Occupational Health and Safety Team is obtained.

Occupational Health and Safety

Zero accident target

In 2022, Klimasan provided its employees and managers with basic occupational health and safety training, professional training, firefighting training, working at heights training, occupational hygiene training and emergency action training.

The Personal Protective Equipment Types and Correct Use Guidelines display all types of personal protective equipment used within the organization, their correct usage, and storage conditions to the employees. The guide is handed out to all new employees during the Basic OHS Training.

In 2022, safety and health signs and labels at the production site were revised in accordance with the Safety and Health Signs Regulation. As in every year, ISO 45001 Occupational Health and Safety Management System operational and corporate risk opportunity assessment studies and action planning were carried out in 2022.

Infield and outfield audits and controls are carried out continuously and periodically at Klimasan, and they are reported. The safety audits carried out and reported by Klimasan in 2022 are as follows;

- Factory technical safety inspections,
- Inspections for personal protective equipment which must be used depending on the work to be done,
- Occupational Health and Safety shift audits and reporting,
- Outfield technical safety inspections and reporting,
- Dining hall and kitchen audits,
- Personnel transportation service audits,
- Fire risk detection and control efforts in the factory, demonstration on the layout and risk mitigation studies.

- Occupational Health and Safety Gemba Meetings

Weekly Occupational Health and Safety Gemba Meetings with the participation of the senior management and department managers have commenced. These meetings are held every Wednesday between 10:00 a.m. and 11:00 a.m., and they serve as a platform to discuss and decide on preventive measures and investments for occupational health and safety risks, evaluate occupational health and safety field and shift reports, and discuss current action plans. The agenda for the meetings held at the production site with on-site analysis of the relevant department is determined by the OHS Team, and reports are published after the meetings.



YEAR	ACCIDENT FREQUENCY RATE	ACCIDENT SEVERITY RATE
2019	54.65	0.39
2020	42.41	0.21
2021	52.87	0.20
2022	33.02	0.12

Occupational Health and Safety Corporate Risk Opportunity Analysis

224 risk and opportunity items identified in the OHS Corporate Risk Analysis were effectively assessed in 2022, and risk ratings were updated according to the current situation at the end of the year. For 79 risks, improvement and investment actions were carried out to mitigate and eliminate the impacts of risks.

OHS Trainings

Klimasan implements the ISO 45001 OHS Management System in the field of Occupational Health and Safety. In 2022, the Company provided its employees and managers with basic occupational health and safety training, professional training, firefighting training, working at heights training, occupational hygiene training and emergency action training.

Occupational Health and Safety

Actions to prevent occupational accidents

Fostering a culture of near miss notification among employees, tracking these reports, and taking preventive measures by implementing actions is one of the most significant initiatives related to occupational health and safety at Klimasan.

Klimasan provides all employees with legally mandatory Occupational Health and Safety Trainings. In addition, all new hires at Klimasan are provided with Basic Occupational Health and Safety Training during the orientation process and they are handed over their protective equipment. In the following years, employees also receive Occupational Health and Safety Completion Training.

“Production On-the-Job Trainings” are organized for recently hired employees with the aim of preventing potential occupational accidents caused by individuals, instilling health and safety rules, preventing the emergence of quality problems, increasing productivity, shortening the adaptation period, having employees with high awareness and consciousness, and providing new skills to employees through practical training before transitioning to production.

Basic Occupational Health and Safety Training is given to the employees of suppliers or subcontractors who will operate in Klimasan’s infield or outfield operations prior to the commencement of their work. Subsequently, after undergoing health checks, protective equipment is provided to these contractor employees.

Occupational Accident Near Miss Notifications

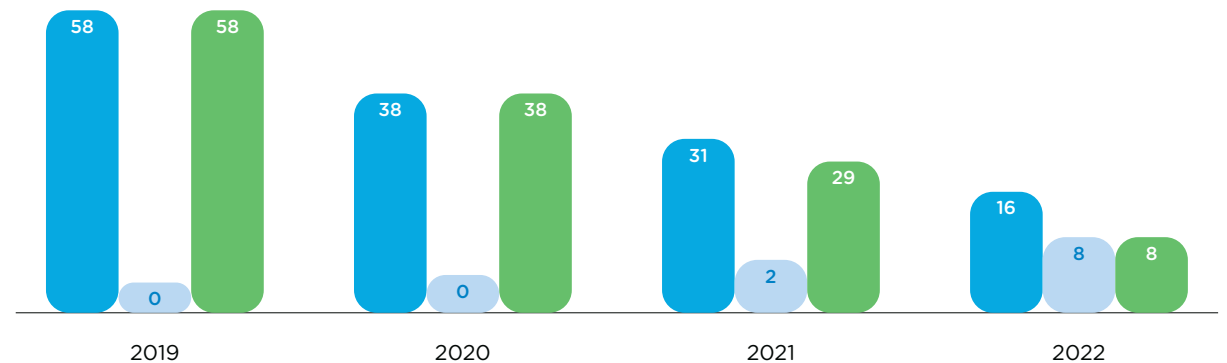
Fostering a culture of near miss notification among employees, tracking these reports, and taking preventive measures by implementing actions is one of the most significant initiatives related to occupational health and safety at Klimasan. Near miss notifications are the occurrence of an event that may cause an occupational accident and survived without an accident or with the detection of a situation that may cause an occupational accident. Such situations are reported to the OHS Team to ensure that preventive actions are taken. Near miss notification actions are tracked through the QDMS Corrective Remedial Action Module by forming solution teams.

In 2022, a total of 16 near miss notifications were submitted, and actions were initiated and completed for 8 of them, resulting in risk prevention. Investment works are ongoing for 8 of them and the OHS Team has taken preventive measures in the relevant area during this period. A total of 513 near miss notifications have been received to date.



2022 Near Miss Notification Analysis

- Total Number of Near Misses
- Ongoing
- Completed



Emergency Preparedness

Dynamic emergency management

Klimasan updates its preparations and organization for emergency situations every year and incorporates all technological resources into its activities.

Klimasan updates its preparations and organization for emergency situations every year and incorporates all technological resources into its activities. Among the events that can occur across the facility or in a specific location which can be classified as emergencies are fire, explosion, the spread caused by hazardous chemicals, earthquakes, natural disasters such as floods, as well as other situations requiring first aid and evacuation.

Emergency Crisis Team, Fire Technical Team, Fire Extinguishing Team, Rescue Team, Protection Team, First Aid Team, Social Affairs Team were formed in order to eliminate the current risk in emergency situations, protect employees and prevent material damage to the Company. People included in these teams 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.

In 2022, 48 employees received Basic First Aid Training.

An Evacuation Plan has been created for emergency situations and is displayed in various visible locations throughout the factory. This plan is explained in basic OHS trainings and on-the-job trainings. The plan is revised when factory layout changes are made.

Klimasan emergency gathering areas are specified in the Fire Fighting Instruction and posted across the factory site. All employees were trained on gathering areas. There are emergency direction signs in the entire operation area. The medicine cabinets, electricity and gas cut points in the operation area are displayed on the factory layout. The contact list in case of emergencies and accidents is posted at certain points of the organization and is accessible to the personnel on the common platform.

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

In 2022, an Emergency Information Guide was prepared and distributed to all employees. This guide includes information about designated gathering areas, emergency contact numbers, important earthquake warnings and instructions on how to use fire extinguishing equipment.

Earthquake Risk Management

In 2022, a detailed earthquake risk analysis was conducted for the Klimasan Factory, which is located in a high seismic risk area. A feasibility study was conducted, including ground research, parcel seismic capacity assessments, structural analysis, column sample inspections, drilling excavation work and geological structure evaluations. The data obtained from the study were compared with the



simulation results of 10 major earthquakes experienced in the past and an action plan was drawn up. According to this data, the equipment causing additional load in the building were identified and removed, and column reinforcement work has been initiated. The earthquake risk is monitored in Klimasan's Corporate Risk Analysis.

Information posters on what to do during and after an earthquake were prepared and announced to all employees by the Occupational Health and Safety Team. The information poster prepared was added to the startup screens of computers. Building evacuation drills are carried out periodically.

Emergency Preparedness

High-level fire training activities

In 2022, Advanced Fire Extinguishing Techniques Training was organized under the leadership of the OHS Team along with the contributions of the Manisa Metropolitan Municipality Fire Brigade.



Advanced Fire Fighting Techniques Training

In 2022, Advanced Fire Extinguishing Techniques Training was organized under the leadership of the OHS Team along with the contributions of the Manisa Metropolitan Municipality Fire Brigade. In this training, employees were taught the correct behaviors to exhibit during a fire.

In addition, 89 employees received Preventive Works Training on Fire-Prone Areas and 40 employees received Fire Detection Panel Training within the scope of the fire system renewal project, which is one of the important investments of 2022.

An automatic smoke detection system has been installed throughout the factory site. New siren systems, fire buttons, emergency lighting fixtures were installed at the factory site. The detection system is being revised and improvements are being made in accordance with the articles of the law.

Fire Detection System Revision

This year, the fire system was also replaced and investments were made in a smoke detection system that can be addressed throughout the entire factory site. In emergency situations, the smoke detection detector enables the instant detection of the location of the fire, and the visual and auditory warning system aims to help employees take rapid action in case of emergencies. Within the scope of the project, a total of 69 visual detectors, 120 sirens, 91 fire buttons, 1 control panel and 14 power transformers have been put into operation throughout the facility.

With the new fire detection system, investment has been made in lighted sirens for the sinks in the production area, following TS EN standards and fire regulations, in order to ensure that hearing-impaired employees are also informed about emergency situations and can safely evacuate the building.

Corporate Social Responsibility

Corporate citizenship approach

Klimasan places great importance on its corporate social responsibility efforts in all the regions where it operates, and has undertaken numerous projects that fulfill its social and environmental responsibilities.

Klimasan places great importance on its corporate social responsibility efforts in all the regions where it operates, and undertakes numerous projects that fulfill its social and environmental responsibilities towards the community every year.

At Klimasan, Corporate Social Responsibility initiatives are implemented through collaborative efforts with shareholders, employees, the public, non-governmental organizations and other stakeholders. The Company operates with the awareness of its responsibility for the potential environmental impacts resulting from its own activities and continues its efforts to minimize such impacts.

Supporting its employees to become volunteers in appropriate social initiatives in which they will take part with

social responsibility awareness, Klimasan is committed to developing approaches to ensure that all business partners, particularly suppliers, act in line with the Company's standards in the field of social responsibility and pays utmost attention to enforce these approaches. Klimasan has been involved in significant projects in the field of Corporate Social Responsibility since its establishment, and it continues to expand its scope of activity with environmentally friendly and sustainable social policies both now and in the future.

In 2022, various initiatives carried out within the scope of social responsibility included collaborations with non-governmental organizations such as the Aegean Forest Foundation, Koruncuk Foundation, LÖSEV (the Foundation for Children with Leukemia) and the Turkish Red Crescent.

The Corporate Social Responsibility Projects realized by Klimasan in 2022 are as follows;



Eliminating Barriers with Z.E.K.İ.+ Project

The Z.E.K.İ. Project, carried out in collaboration with the Manisa Organized Industrial Zone, provides a protected working environment for individuals with intellectual disabilities and is one of the most important social responsibility projects of Klimasan. With this project that has been continuing for a long time, Klimasan aims to increase the awareness towards disabled employees and strengthen their place in working life.



In 2022, Klimasan achieved a pioneering success in Türkiye with the Z.E.K.İ.+ Project and was awarded the International Bronze Stevie Award for the social responsibility program of the year. With the Z.E.K.İ.+ Project, which brings hope for the future, Klimasan became the first company in Türkiye to provide employment within its own organization for disabled employees working in a Z.E.K.İ. protected workplace. Two female employees who were under state protection

were employed to provide mentoring and support to the employees during their working processes.

Klimasan Contribution to LÖSEV's Activities

In 2022, through discussions with LÖSEV, Klimasan ensured that its employees were informed about LÖSEV and employees who wished to volunteer or make donations contributed to LÖSEV's volunteer activities.



Corporate Social Responsibility

Inspiring efforts that raise awareness

Blood donations were made in 2022 with the participation of employees, and employees who regularly donated blood were awarded a bronze “Blood Donor” medal by the Turkish Red Crescent.



Regular Blood Donation Organization to the Red Crescent

At Klimasan, blood donation organizations are held several times a year for the Red Crescent. Within the scope of this organization, volunteering Klimasan employees can donate blood over a period of 2 days with the help of Manisa Red Crescent Branch officers assigned for blood donation. Blood donations continued in 2022 with the participation of employees, and employees who regularly donated blood were awarded a bronze “Blood Donor” medal by the Turkish Red Crescent.

International Women’s Day Awareness Campaign

Just like every year, Klimasan demonstrated a significant awareness campaign on International Women’s Day by taking a stance against violence

against women in 2022. A photo shoot involving Klimasan employees was carried out with the aim of standing against violence against women and femicide. These photos were published on Klimasan’s social media channels along with other prepared content. In addition, posters condemning violence against women were displayed on the walls on March 8th.

Sapling Donations to Klimasan Love Grove Every Year

Klimasan donates saplings to the Klimasan Love Grove, which it established on the Yunt Mountain in Manisa, on behalf of all its employees on important days, at appointments and promotions, and at the beginning of employment.

Waste Management Efforts Start with Children

In 2022, Klimasan aimed to create environmental awareness by ensuring the continuity of the ‘Recycling Project Competition’ and the Vegetable Waste Oil and Battery Collection Campaigns, in which the children of Klimasan employees participate.

University Collaborations with Klimasan

As part of its corporate social responsibility initiatives, Klimasan has collaborated with high schools and universities in the regions where it operates. As part of these collaborations,

technical visits to the Company, OHS Trainings, product and process presentations were carried out for the professional development of the students. In addition, the Company continued to offer coaching to university students on their career journeys and contributed to their development in their professional lives by participating in interviews and seminars.

Employment Policy for University and High School Students

Klimasan supports disabled employment through the Z.E.K.I.+ Project and also facilitates the employment of university students through the “Coolest Start” long-term internship program. Klimasan, which has employment programs for providing internships and vocational training for university and high school students, collaborates with universities in Izmir and Manisa. While Klimasan’s R&D department carries out patent and utility model studies, the Human Resources department participates in activities such as hiring interns, career fair attendance, discussions, panels, and interview simulation sessions. Hosting student clubs at its Manisa factory, Klimasan informs students about production processes, occupational health and safety, human resources policies and management structure within the scope of technical visits.



APPENDICES

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Our Performance Indicators

Summary Financial Information	2021	2022
Net sales (TL)	1,735,021,684	2,772,970,991
Net term profit (TL)	21,538,620	137,023,688
Total assets (TL)	3,220,291,538	4,250,386,853
Current ratio	1.31	1.21
Liquidity ratio	1.08	0.83
Short-term liabilities / Total assets	0.54	0.49
Long-term liabilities / Total assets	0.27	0.13
Shareholders' equity / Total assets	0.19	0.38
Net profit (Net sales)	0.01	0.05

Supply Chain	2019	2020	2021	2022
Total number of local suppliers in the procurement budget	341	392	460	468
Total number of active suppliers	424	470	535	543
Local procurement ratio by number of suppliers (%)	80	84	86	86
Total amount of local procurement in the procurement budget (TL Million)	451.3	450.6	1,002	1,471
Total procurement budget (TL Million)	663.5	660.3	1,378	1,976
Local procurement rate according to procurement budget (%)	68	68	73	75
R&D Budget (TL)	16,765,772	17,792,179	20,715,810	25,175,025

Use of Materials	2019	2020	2021	2022
Total amount of raw materials consumed (tons)*	21,424	20,098	35,010	23,877
<i>Plastic raw materials</i>	377	1,173	3,100	1,998
<i>Metal raw material</i>	17,336	14,749	23,744	13,920
<i>Glass raw materials</i>	3,711	4,176	8,166	7,959

Energy and Emissions	2019	2020	2021	2022
Energy consumption				
<i>Natural gas (m³)</i>	804,768	772,862	830,305	565,323
<i>Electricity (kwh)</i>	10,520,479	10,389,766	10,776,415	10,256,027
Electricity consumption intensity (kwh/std. un. product)	14.62	17.09	13.79	14.99
Natural gas consumption intensity (kwh/std. un. product)	11.90	13.61	11.21	8.77
Scope 1 emissions (tonCo ₂ e)	2,777	2,643	2,395	1,555
Scope 2 emissions (tonCo ₂ e)	6,282	6,204	4,677	4,512
Scope 3 emissions (tonCo ₂ e)			1,620,650	1,395,147
Indirect emissions from transportation (tonCo ₂ e)	-	-	4,120	6,947
Indirect emissions from products/services used by the organization (tonCo ₂ e)	-	-	89,611	86,167
Indirect emissions from the use of the organization's products/services (tonCo ₂ e)	-	-	1,526,919	1,301,580
Other indirect emissions (tonCo ₂ e)	-	-	-	451,265
Greenhouse gas (GHG) emission intensity (Scope 1+Scope 2) (tonCo ₂ e/std. un. product)	0.012	0.014	0.009	0.008

Water Consumption	2019	2020	2021	2022
Total amount of water consumed (m ³)	123,126	132,874	102,638	66,295
<i>Amount of well water consumed</i>	40,099	146	44,396	-
<i>Amount of municipal water used</i>	83,027	132,728	58,242	66,295
Water consumption intensity (m ³ /std. un. product)	0.21	0.17	0.13	0.01
Total water discharge by destination (m ³)	110,813	119,587	92,374	59,665
<i>Natural receiving environment</i>	0	0	0	0
<i>Water channel</i>	110,813	119,587	92,374	59,665

Waste	2019	2020	2021	2022
Amount of hazardous waste (tons)	33	47.927	89.28	87.95
<i>Amount of non-hazardous waste (tons)</i>	2,547	3,433.93	4,427.33	3,626.1
Leakages and spills	0	0	0	0

Our Performance Indicators

Environmental Trainings	2019	2020	2021	2022
Hours of environmental training provided to company personnel	2,355	810	2,425	2,370
Hours of environmental training given to contractor personnel	163	27	147	138
Total number of employees receiving environmental training	942	324	1,617	1,580
Total contractor employees receiving environmental training	650	108	590	475

Environmental Expenditures	2019	2020	2021	2022
Environmental management expenditures (TL)	388,754	359,867	576,737	938,809

Employee Demographics	2019	2020	2021	2022
Demographic distribution of senior management				
<i>Total number of senior managers</i>	12	8	14	10
<i>Total number of senior female executives</i>	2	1	4	4
<i>Total number of senior Turkish executives</i>	7	6	12	8
Senior executives by nationality				
<i>Domestic</i>	7	6	12	8
<i>Foreign</i>	3	2	2	2

Employee Demographics	2019	2020	2021	2022
Total number of employees	1,542	1,441	1,617	1,580
<i>Total number of female employees</i>	296	320	290	306
<i>Total number of male employees</i>	1,246	1,121	1,327	1,274
<i>Ratio of female employees</i>	0.19	0.22	0.24	0.23
Number of white-collar employees	174	184	202	236
<i>Total number of female white-collar employees</i>	71	75	75	65
<i>Total number of male white-collar employees</i>	103	109	127	171
<i>Ratio of female white collar employees</i>	0.41	0.41	0.38	0.28
Number of blue-collar employees	1,368	1,257	1,415	1,344
<i>Number of female blue-collar employees</i>	225	245	215	241
<i>Number of male blue-collar employees</i>	1,143	1,012	1,200	1,103
<i>Ratio of female blue collar employees</i>	0.16	0.19	0.15	0.17
Disabled employees	38	44	36	47
Interns				
<i>Number of intern high school students</i>	1	1	12	25
<i>Number of intern university students</i>	26	14	10	7
Employees by age groups				
<i>Number of employees under 30</i>	270	693	727	596
<i>Number of employees aged 30-50</i>	1,222	708	855	950
<i>Number of employees aged 50 and over</i>	50	40	35	33
Employees by nationality				
<i>Domestic</i>	1,537	1,436	1,612	1,576
<i>Foreign</i>	5	5	5	4
Average years of seniority				
<i>Senior managers</i>	9	10	10	10
<i>Mid-level managers</i>	6	7	7	7
<i>Experts & Officers</i>	5	6	5	5
Employees by contract type				
<i>Permanent</i>	1,077	1,037	1,114	1,196
<i>Temporary</i>	465	404	503	384

GRI Content Index

For the Content Index - Essentials Service, GRI Services reviewed that the GRI content index is clearly presented, in a manner consistent with the Standards, and that the references for disclosures 2-1 to 2-5, 3-1 and 3-2 are aligned with the appropriate sections in the body of the report. The service was performed on the Turkish version of the report.		
Statement of use	Klimasan has reported in accordance with the GRI Standards for the period of January 1, 2021 - December 31, 2022.	
GRI 1 used	GRI 1: Foundation 2021	
Applicable GRI Sector Standard(s)	Since the sector standard for the beverage, ice cream and food services / retail industry has not been prepared yet, no sector standard has been used.	
GRI STANDARD		
GENERAL EXPLANATIONS		
	The Organization and Its Reporting Practices	
GRI 2: General Explanations 2021	2-1 Organizational details	About the Report, page 9 Klimasan at a Glance, page 10 Our Shareholding Structure, page 10
	2-2 Entities included in the organization's sustainability reporting	About the Report, page 9
	2-3 Reporting period, frequency and contact point	About the Report, page 9 sustainability@klimasan.com.tr
	2-4 Restatements of information	None.
	2-5 External assurance	There is no independent assurance statement regarding the report.
	Activities and Workers	
	2-6 Activities, value chain and other business relationships	Klimasan at a Glance, page 10 Klimasan in Brief, page 21 Our Main Products, page 22 Sustainability in the Value Chain, page 49 Supply Chain Management, page 74-77
	2-7 Employees	Human Resources, page 110-118 Our Performance Indicators, page 132-133
	2-8 Workers who are not employees	Human Resources, page 110-118 Our Performance Indicators, page 132-133
	Governance	
	2-9 Governance structure and composition	Corporate Governance, page 30 Our Committees, page 31 Sustainability Approach and Management, page 38-41
2-10 Nomination and selection of the highest governance body	Corporate Governance, page 30 Our Committees, page 31	
2-11 Chair of the highest governance body	Corporate Governance, page 30 Our Committees, page 31	

GRI 2: General Explanations 2021	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance, page 30 Our Committees, page 31 Sustainability Approach and Management, page 38-41
	2-13 Delegation of responsibility for managing impacts	Corporate Governance, page 30 Our Committees, page 31 Sustainability Approach and Management, page 38-41
	2-14 Role of the highest governance body in sustainability reporting	About the Report, page 9 Sustainability Approach and Management, page 38-41
	2-15 Conflicts of interest	Data related to the related section can be accessed from Klimasan Ethical Code of Conduct and Application Principles, Corporate Social Compliance Policy and Supplier Code of Conduct Principles. https://www.klimasan.com.tr/en/sustainability https://www.klimasan.com.tr/en/mission-vision-values
	2-16 Communication of critical concerns	Sustainability Approach and Management, page 38-41
	2-17 Collective knowledge of the highest governance body	Corporate Governance, page 30 Our Committees, page 31 Sustainability Approach and Management, page 38-41
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance, page 30 Our Committees, page 31 Sustainability Approach and Management, page 38-41
	2-19 Remuneration policies	Remuneration Policy, page 112 https://www.klimasan.com.tr/en/sustainability
	2-20 Process to determine remuneration	Remuneration Policy, page 112 https://www.klimasan.com.tr/en/sustainability



GRI Content Index

GRI 2: General Explanations 2021	2-21 Annual total compensation ratio	Remuneration Policy, page 112 https://www.klimasan.com.tr/en/sustainability
	Strategy, Policies and Practices	
	2-22 Statement on sustainable development strategy	Message from the CEO, page 18 Message from the General Manager, page 19
	2-23 Policy commitments	Corporate Governance, page 30
	2-24 Embedding policy commitments	Corporate Governance, page 30
	2-25 Processes to remediate negative impacts	Management of Sustainability Risks, page 26-27 Global Trends Affecting Our Operations, page 28-29 Sustainability Approach and Management, page 38-41 Our Priority Issues and Prioritization Matrix, page 44-45 Our Stakeholder Map, Stakeholder Relations and Corporate Memberships, page 53-56
	2-26 Mechanisms for seeking advice and raising concerns	Sustainability Approach and Management, page 38-41 Our Priority Issues and Prioritization Matrix, page 44-45 Our Stakeholder Map, Stakeholder Relations and Corporate Memberships, page 53-56
	2-27 Compliance with laws and regulations	There were no developments that were not in compliance with the law during the reporting period, and no administrative penalties were imposed for non-compliance with laws and regulations.
	2-28 Membership associations	Our Stakeholder Map, Stakeholder Relations and Corporate Memberships, page 53-56
	Stakeholder Engagement	
	2-29 Approach to stakeholder engagement	Our Stakeholder Map, Stakeholder Relations and Corporate Memberships, page 53-56
	2-30 Collective bargaining agreements	There is no collective agreement practice within Klimasan.

MATERIAL TOPICS		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Sustainability Approach and Management, page 38-41 Our Priority Issues and Prioritization Matrix, page 44-45 Addressing Priority Issues, page 46-48 Sustainable Development Goals We Contribute to, page 50-52
	3-2 List of material topics	Our Priority Issues and Prioritization Matrix, page 44-45 Addressing Priority Issues, page 46-48
Supply Chain Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	Addressing Priority Issues, page 46-48 Supply Chain Management, page 74-77
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Supply Chain Management, page 74-77 Our Performance Indicators, page 132-133
Business Ethics		
GRI 3: Material Topics 2021	3-3 Management of material topics	Addressing Priority Issues, page 46-48 Business Ethics, page 119-120 Fair Competition, page 121 Data related to the related section can be accessed from Klimasan Ethical Code of Conduct and Application Principles, Corporate Social Compliance Policy and Supplier Code of Conduct Principles. https://www.klimasan.com.tr/en/sustainability https://www.klimasan.com.tr/en/mission-vision-values

GRI Content Index

GRI 205: Anti-Corruption 2016:	205-1 Operations assessed for risks related to corruption	Business Ethics, page 119-120 Data related to the related section can be accessed from Klimasan Ethical Code of Conduct and Application Principles, Corporate Social Compliance Policy and Supplier Code of Conduct Principles. https://www.klimasan.com.tr/en/sustainability https://www.klimasan.com.tr/en/missionvision-values
GRI 205: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Fair Competition, page 121 https://www.klimasan.com.tr/en/sustainability
Resource Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	Addressing Priority Issues, page 46-48 Supply Chain Management, page 74- 77 Water Management, page 98
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Our Performance Indicators, page 132-133
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water Management, page 98
	303-3 Water withdrawal	Water Management, page 98 Our Performance Indicators, page 132-133
	303-4 Water discharge	Water Management, page 98 Our Performance Indicators, page 132-133
	303-5 Water consumption	Water Management, page 98 Our Performance Indicators, page 132-133

Energy and Emission Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	Addressing Priority Issues, page 46-48 Energy Management, page 89- 92 Emission Management, page 93- 97
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Energy Management, page 89- 92 Our Performance Indicators, page 132-133
	302-3 Energy intensity	Our Performance Indicators, page 132-133
	302-4 Reduction of energy consumption	Energy Management, page 89- 92 Our Performance Indicators, page 132-133
	302-5 Reductions in energy requirements of products and services	Energy Management, page 89- 92 Our Performance Indicators, page 132-133
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Emission Management, page 93- 97 Our Performance Indicators, page 132-133
	305-2 Energy indirect (Scope 2) GHG emissions	Emission Management, page 93- 97 Our Performance Indicators, page 132-133
	305-3 Other indirect (Scope 3) GHG emissions	Emission Management, page 93- 97 Our Performance Indicators, page 132-133
	305-4 GHG emissions intensity	Emission Management, page 93- 97 Our Performance Indicators, page 132-133
	305-5 Reduction of GHG emissions	Emission Management, page 93- 97 Our Performance Indicators, page 132-133
Waste Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	Addressing Priority Issues, page 46-48 Waste Management, page 99-102
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste Management, page 99-102
	306-2 Management of significant waste-related impacts	Waste Management, page 99-102
	306-3 Waste generated	Waste Management, page 99-102 Our Performance Indicators, page 132-133
	306-4 Waste diverted from disposal	Waste Management, page 99-102 Our Performance Indicators, page 132-133
	306-5 Waste directed to disposal	Waste Management, page 99-102 Our Performance Indicators, page 132-133

GRI Content Index

	Occupational Health & Safety	
GRI 3: Material Topics 2021	3-3 Management of material topics	Addressing Priority Issues, page 46-48 Occupational Health and Safety, page 124-126 https://www.klimasan.com.tr/en/sustainability
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational Health and Safety, page 124-126
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety, page 124-126
	403-3 Occupational health services	Occupational Health and Safety, page 124-126
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety, page 124-126
	403-5 Worker training on occupational health and safety	Occupational Health and Safety, page 124-126
	403-6 Promotion of worker health	Occupational Health and Safety, page 124-126
	403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety, page 124-126
	403-9 Work-related injuries	Occupational Health and Safety, page 124-126
	403-10 Work-related ill health	Occupational Health and Safety, page 124-126
		Employee Development
GRI 3: Material Topics 2021	3-3 Management of material topics	Addressing Priority Issues, page 46-48 Human Resources, page 110-118
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Human Resources, page 110-118 Our Performance Indicators, page 132-133
	404-2 Programs for upgrading employee skills and transition assistance programs	Human Resources, page 110-118

	Social Diversity & Equality	
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Strategy (People), page 34 Addressing Priority Issues, page 46-48 Human Resources, page 110-118 https://www.klimasan.com.tr/en/sustainability
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Our Performance Indicators, page 132-133
	405-2 Ratio of basic salary and remuneration of women to men	There is no gender-based salary difference at Klimasan. The principle of equal pay is applied to equal work.
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	There were no cases of discrimination during the reporting period.
	Legal Compliance	
GRI 3: Material Topics 2021	3-3 Management of material topics	Addressing Priority Issues, page 46-48 Human Resources, page 110-118 https://www.klimasan.com.tr/en/sustainability
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Klimasan respects the rights of organization and collective bargaining. During the reporting period, there was no violation of trade union rights in any supplier within the knowledge of Klimasan.
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Klimasan does not employ any child workers and expects its suppliers to comply with the age provisions specified in the relevant laws and regulations.
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Klimasan and its suppliers do not accommodate forced employees under any circumstances.



GRI Content Index

Product Responsibility and Customer Satisfaction		
GRI 3: Material Topics 2021	3-3 Management of material topics	Addressing Priority Issues, page 46-48 Product Safety, page 71 Customer Satisfaction and After-Sales Services, page 79-81
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Product Safety, page 71 Customer Satisfaction and After-Sales Services, page 79-81
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	As of the reporting period, there has been no violation of the legal regulations and voluntary principles and codes regarding the health and safety conditions of products and services.
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Product Safety, page 71 Customer Satisfaction and After-Sales Services, page 79-81
	417-2 Incidents of non-compliance concerning product and service information and labeling	During the reporting period, there were no violations of the law or voluntary code in product information and labeling.
	417-3 Incidents of non-compliance concerning marketing communications	During the reporting period, there was no non-compliance with the regulations and voluntary rules related to marketing communications.
Human Rights		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Strategy (People), page 34 Addressing Priority Issues, page 46-48 Understanding of Human Rights, page 110
R&D & Innovation		
GRI 3: Material Topics 2021	3-3 Management of material topics	Addressing Priority Issues, page 46-48 R&D and Innovation, page 67-71
Technology and Digitalization		
GRI 3: Material Topics 2021	3-3 Management of material topics	Addressing Priority Issues, page 46-48 R&D and Innovation, page 67-71 Digitalization, page 72-73

After-Sales Services		
GRI 3: Material Topics 2021	3-3 Management of material topics	Addressing Priority Issues, page 46-48 Customer Satisfaction and After-Sales Services, page 79-81
Innovative Products		
GRI 3: Material Topics 2021	3-3 Management of material topics	Addressing Priority Issues, page 46-48 R&D and Innovation, page 67-71 Digitalization, page 72-73
Corporate Governance and Risk Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	Management of Sustainability Risks, page 26-27 Corporate Governance, page 30 Addressing Priority Issues, page 46-48 Risk Management, page 82-83
Emergency Preparedness		
GRI 3: Material Topics 2021	3-3 Management of material topics	Addressing Priority Issues, page 46-48 Emergency Preparedness, page 127-128
Life Cycle Analyses		
GRI 3: Material Topics 2021	3-3 Management of material topics	Addressing Priority Issues, page 46-48 Life Cycle Analysis, page 106
Logistic Impacts		
GRI 3: Material Topics 2021	3-3 Management of material topics	Addressing Priority Issues, page 46-48 Logistic Impacts, page 78
Chemical Use		
GRI 3: Material Topics 2021	3-3 Management of material topics	Addressing Priority Issues, page 46-48 Waste Management, page 99-102
Social Development		
GRI 3: Material Topics 2021	3-3 Management of material topics	Addressing Priority Issues, page 46-48 Local Community Relations and Employment, page 122-123 Corporate Social Responsibility, page 129-130



UNGC Index

UNITED NATIONS GLOBAL COMPACT (UNGC) INDEX		
	Principles	References
HUMAN RIGHTS	Principle 1: Businesses should support, and respect proclaimed human rights.	Our Sustainability Approach, page 17 Our Sustainability Strategy (People), page 34 Addressing Priority Issues, pages 46-48 Sustainable Development Goals We Contribute to, pages 50-52 Supply Chain Management, pages 74-77 Our Sustainability Commitments and Targets, pages 108-109
	Principle 2: Businesses should not be complicit in human rights abuses.	Human Resources, pages 110-118 Business Ethics, pages 119-120 Our Mission, Vision and Values Klimasan Supplier Code of Conduct
WORKING STANDARDS	Principle 3: Businesses should support workers' freedom of association and collective bargaining.	Our Sustainability Approach, page 17 Our Sustainability Strategy (People), page 34 Our Ethical Values and Strategic Goals, page 24 Sustainable Development Goals We Contribute to, pages 50-52
	Principle 4: End forced and compulsory labor.	Supply Chain Management, pages 74-77 Human Resources, pages 110-118
	Principle 5: All forms of child labor should be stopped.	Business Ethics, pages 119-120
	Principle 6: Eliminate discrimination in recruitment and placement.	Our Mission, Vision and Values Klimasan Supplier Code of Conduct Klimasan Social Compliance Policy
ENVIRONMENT	Principle 7: Businesses should support precautionary approaches to environmental problems.	Our Sustainability Approach, page 17 Our Sustainability Strategy (Our Planet), page 35 Addressing Priority Issues, pages 46-48 Sustainable Development Goals We Contribute to, pages 50-52
	Principle 8: It should support all kinds of activities and formations that will increase environmental responsibility.	Our Sustainability Commitments and Targets, page 87 Our Environmental Approach and Management, page 88 Energy Management, pages 89-92 Emission Management, pages 93-97 Water Management, page 98
	Principle 9: Support the development and diffusion of environmentally friendly technologies.	Waste Management, pages 99-102 Biodiversity, page 103 Our Eco-Friendly Products, pages 104-106 Klimasan Sustainability Policy
ANTI BRIBERY	Principle 10: Business should fight all forms of corruption, including bribery and extortion.	Our Sustainability Approach, page 17 Our Sustainability Strategy (People), page 34 Sustainable Development Goals We Contribute to, pages 50-52 Business Ethics, pages 119-120 Klimasan Supplier Code of Conduct Klimasan Social Compliance Policy

