

KUTES

**SUSTAINABILITY
REPORT**

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ABOUT THE REPORT

Founded in 1990, KUTES has become one of the most preferred companies in its sector thanks to its strong human resources and know-how.

As a company that focuses on customer satisfaction and is aware of its responsibilities towards the environment, KUTES presents its activities on its sustainability journey to its stakeholders with its Sustainability Report, as done in last year's sustainability report. In this report, prepared in light of January-December 2022 data and in accordance with GRI Standards, the activities carried out so far and future targets are explained in detail. In the coming period, KUTES plans to report its sustainability performance annually.

KUTES always places strong communication with its stakeholders at the core of its activities and attaches great importance to stakeholder feedback. For your comments and suggestions regarding the report, please contact info@kutes.com.tr.

KUTES AT A GLANCE

- Over 30 years of experience in the metal industry
- Experienced partner in casting and machining
- Production with the latest technology that leaves no room for error
- 50,000 tons/year casting capacity
- Machining capacity over 100.000 hours/year,
- 110,000 hours/year capacity target in 2023 with new investments

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MESSAGE FROM THE SENIOR MANAGEMENT

Dear Stakeholders,

As KUTES, we are proud to be one of the leading companies in the sector in our journey, which we began in 1992 to start the “New Iron Age” and progressed with firm steps. Today, with more than 30 years of experience, we offer our customers a wide range of products and respond to their needs at the highest level.

Achieving our goals and building a sustainable future requires a new way of thinking and a significant amount of investment. At KUTES, we are working hard to help transform our industry from a carbon-intensive past to one that brightens the future. We conduct all our activities in line with our “Sustainability Policy” and work in co-operation with our visionary stakeholders in both the public and private sectors towards the “New Iron Age”. With the carbon footprint calculation studies we carry out within the scope of combating the climate crisis we are facing, we clearly reveal the impacts arising from our activities and carry out projects to minimise these impacts. In addition, thanks to the SPP projects we invest in, we provide a large portion of the electricity we consume from renewable sources and we continue our investments to increase this ratio in the future. With all these investments, we aim to be carbon neutral by 2033.

We attach importance to the high motivation of our employees, whom we regard as the most valuable part of our family, and we carry out different activities to increase their loyalty to the organization. With the gender equality activities we initiated in line with our perspective of providing equal and fair opportunities to all our employees without any discrimination, we prepared a gender-sensitive recruitment interview guide in 2022, provided training to employees on vertical segregation and glass ceiling syndrome, and implemented practices to facilitate return to work after childbirth. Thanks to all these efforts, we were entitled to receive the “Gender Equality Programme Certificate”.

As an organization aware of the fact that sustainability does not only consist of environmental issues, we work in cooperation with different institutions in order to make a positive impact to our country, especially in the region where we operate. In this context, as in previous years, we continue to support young people and contribute to their development through the Mehmet Bekir Kutmangil Scholarship Fund, which we launched in partnership with the Turkish Education Foundation (TEV).

We are delighted by the high volume of interest that was shown towards our first sustainability report which was published last year, in which we shared our efforts on our sustainability journey. In line with our commitment to periodically present our activities in this process, we would like to present our second sustainability report and would like to express our gratitude towards our stakeholders, who have always been our supporters, and the entire KUTES family, who have contributed the most to our success today, especially our colleagues who contributed to this report.

Best regards,

Ali Esat KUTMANGİL

Vice Chairman of the Board of Directors and Chief Executive Officer (CEO)



ABOUT KUTES

Corporate Profile

Organisational Structure

Vision, Mission and Values

Milestones

Corporate Governance Approach and Policies

Ethical Principles and Transparency

Products and Sectors Served

Process and Technology

Quality Approach and Certificates

Operational Excellence

CORPORATE PROFILE

KUTES was established in 1990 by Mehmet Bekir Kutmangil under the umbrella of Kutes Mining, which has been operating under the name of Kutes Casting since 1986. KUTES, which operates in the field of iron casting, made its first casting in 1992 and since 1993 has concentrated on the production of high-quality temper cast iron pipe fittings.

Growing rapidly, KUTES expanded its product range in the valve, automotive, heavy commercial vehicles, railway and agricultural machinery sectors in 1995. In the early 2000s, KUTES started to manufacture products for sectors such as construction, hydraulics, air conditioning and industrial machinery and intensified its investments in this field.

In 2016, Kutes Döküm and Kutes Makine brands were established under the roof of KUTES in order to separate casting and machining operations. With nine different CNC machining machines and a machining capacity of 60 thousand hours, Kutes Makine was established as an independent facility within the KUTES campus in 2017. In the same year, Kutes Döküm added the Heinrich Wagner Sinto automatic horizontal casting line to its George Fischer line and increased its ductile iron and pig iron casting capacity to 50,000 tons. In 2022, with the commissioning of Kitamura and Doosan machines costing € 500,000, the total number of machines increased to 11 and the machining capacity increased to 77,000 hours, enabling it to offer finished products to 7 sectors in total. In April 2023, with the commissioning of 3 additional machines, the total number of machines reached 14 and the processing capacity reached 110,000 hours. With the investment of € 75,000 in the paint shop, it is aimed to reach an annual painting capacity of 600,000 pieces with a painting capacity of 100 pieces per hour. With Kutes Energy, which was established in 2023, investments were made in solar power plants with a total power of 26 Mwp in Edirne.

KUTES, which published its first GRI-certified sustainability report in 2022, set green production targets for 2033. In 2023, the business has become eligible to be listed as a special industrial zone by the Presidency of the Republic of Turkey.

Kutes Döküm continues to grow under the roof of KUTES with a casting capacity of 50.000 tons and Kutes Makine 14 CNC with a capacity of 110.000 hours, with 30 years of experience and success in all sectors they serve.

New Iron Age

KUTES does not see its business as just gray and nodular iron casting, machining or assembly. In order to fulfill its responsibilities to its customers, society and future generations, it continues its efforts to create the "New Iron Age" in its Tekirdağ Çorlu facility. Combining over 30 years of experience with more than 350 employees, it offers its customers the best products and experiences.

The factory, which has a private industrial area of 207,000 m², is approximately 100 km outside of Istanbul and its 30,000 m² area is used as an indoor/indoor area. It is also 35 km from the sea port and 100 km from the Istanbul Airport, world's largest airport.

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KUTES DÖKÜM

Sectors Served : Ductile Iron Casting
 Manufactured Products : More than 1,000 ductile iron products are produced in 9 sectors.
 Address : Hatip Mah. 1712 Sok. No:6, 59850 Çorlu/Tekirdağ

KUTES MAKİNE

Sectors Served : Machining
 Manufactured Products : Machining of cast iron, ductile iron and other metal types
 Address : Hatip Mah. Ali Osman Çelebi Blv. No:114/A, 59860 Çorlu/Tekirdağ

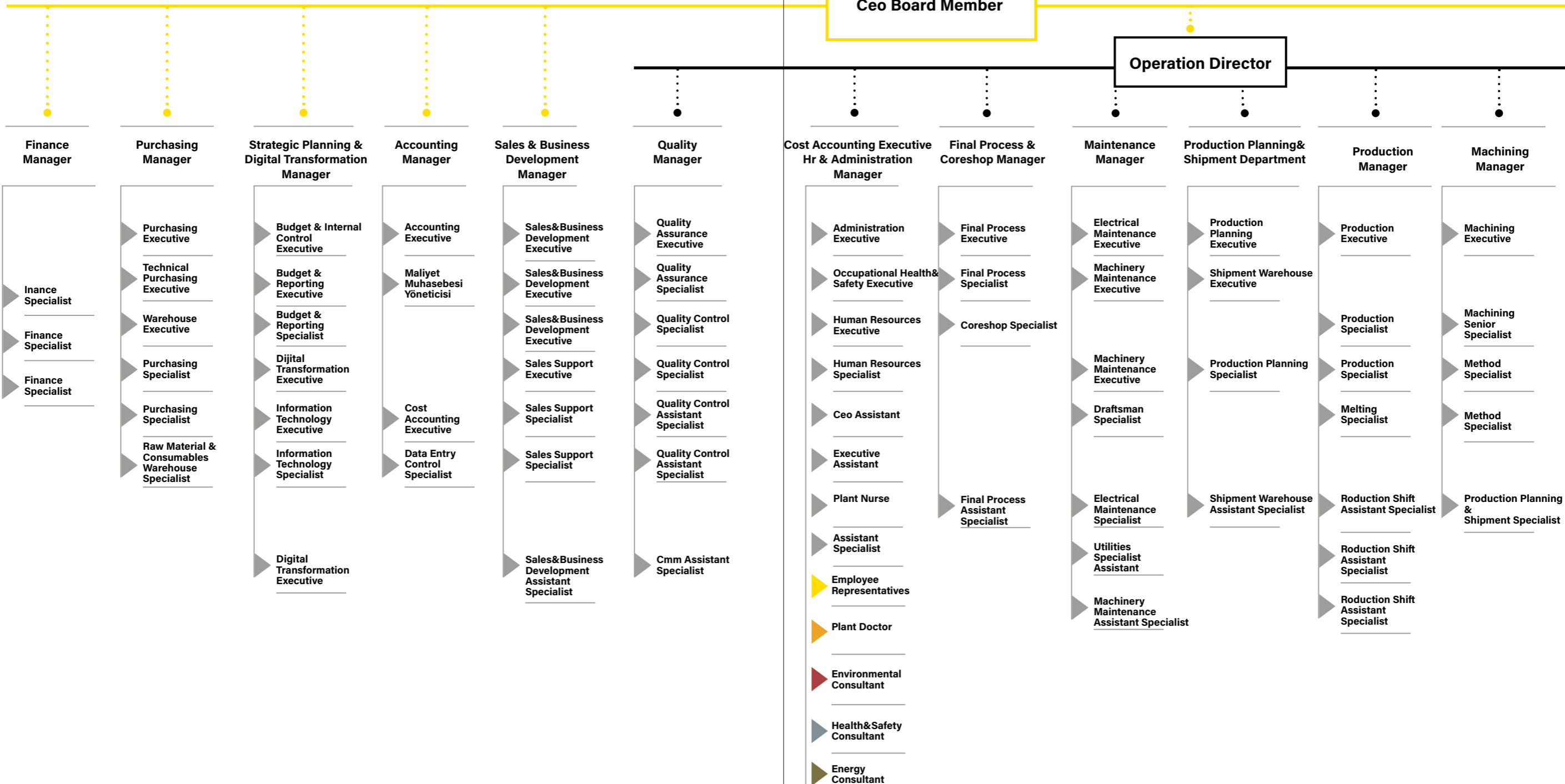
HEADQUARTER

Address : Maslak Mah. Saat Sok. No:5 K:22/192, Spine Tower
 34398 Sarıyer İstanbul /TR

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ORGANISATIONAL STRUCTURE

| | |
|--|---|
| Executive members | : Ali Esat Kutmangil |
| Non-executive members | : Nebahat Kutmangil, Farah Kutmangil |
| Independence status | : Members are family members but independent in decision making. |
| Term of office of the members of the governing body | : Indefinite |
| Stakeholder representation | : Nebahat Kutmangil: %25 Ali Esat Kutmangil: %37,5 Farah Kutmangil: %37,5 |



VISION, MISSION AND VALUES

The primary mission of Kutes is the competitive production of complex and high-quality products with a human and environmental focus.

Besides everlasting efforts on sustainability investments, KUTES adopts sectoral innovations and leading technologies with its agility, combined with customer-oriented solution delivery and total quality management practices for the purpose of positioning itself as one of the very first companies that comes to mind for casting and machining, therefore wishes to become one of the leading companies in the industry which it operates at, and overall aiming for launching/aims to initiate the New Iron Age in the world.

Our Vision: Our biggest aim for the future is to bring iron and sustainability together permanently for the common future of our world and to reduce the footprint not only of ourselves but also of the global industry. Our vision for the future is to adopt high industry standards, up-to-date certifications, investments in both technology and advanced manpower.

Our Mission: Our purpose of existence is to always produce adapting our production system to the mindset of the New Iron Age, to make durable, reliable, environmentally friendly and efficient productions that has influence over every aspect of life. It is our primary mission to be the brand that does its job most accurately in the sector we exist in and to guide our sector.

Our Aim

To start the New Iron Age with our mindset, perspective, investments and production, and to continue it with determination.

Our Raison d’Etre

To be recognized as the brand that engages in the best business of our sector.. To adopt the KUTES brand and the way of doing business with all its processes as the benchmark and reference point of the sector.

Our Essence

To protect our responsibility towards our customers, our employees, our business and the world. To create the highest value for our customers, to add value to our business and employees, and to fulfil all our duties to make the world a more livable place.

Our Values

Development: We always develop ourselves to be ahead of our sector.

Professionalism: We know the value of the trust placed in us, we never give up professionalism.

Simplicity: We handle even the most complex processes with a simple, clear and easy manner.

Versatility: We make special production for each of them by dominating different sectors.

Standardization: We test all steps and automate our processes.

Best in Class: If we do something, we do it in a way that befits the best in the sector.

Dynamism: We reflect our inner energy to our business. We bring movement to the sector with our breakthroughs.

Trust: We see our customers as our partners, we never damage the sense of trust.

Accessibility: We establish a sincere relationship with the outside world, we do not consider ourselves as unreachable.

MILESTONES

The decision is taken to invest in the casting sector.

1981

The decision is taken to invest in the machining sector.

1999

1991

First casting was made in Heinrich Wagner Sinto automatic molding line.

1960

1970

The first sustainability report was published.

1920

2021

The foundations of KUTES were laid under the leadership of Mehmet Bekir Kutmangil.

The first casting was made in the new horizontal George Fischer automatic molding line.

The first chip was removed in the new production facility and the decision is taken to invest in new automatic molding.

Kutes Machine GES Power plant was installed on the roof of the plant.

CORPORATE GOVERNANCE APPROACH AND POLICIES

As being aware of the significance of corporate governance in the process control of Organizations, KUTES values accountability, fairness and transparency in its relations with stakeholders through its corporate governance framework. The Board, which meets four times a year and consists of three executives, ensures that all processes are managed effectively from start to finish. Activities related to sustainability are carried out by a sustainability committee consisting of representatives from various departments and supervised by the Strategic Planning and Information Technologies Manager. The Board of Directors oversees various bodies, including the Sustainability Committee, to ensure that all business processes are carried out in line with the sustainability strategy.

Corporate governance is one of the cornerstones of good business and promotes sound and effective decision-making through processes, practices and policies. In this context, KUTES has clearly defined each step in its business processes and developed policies to ensure that the processes are executed without interruption. In this way, climate change, human rights, working conditions, strong governance and ethical issues are reflected in the company vision and carried forward, and activities are carried out within the scope of sustainability focus.

With its policies built on the basis of an open and transparent sustainability management, KUTES endeavors to fulfil its responsibilities to benefit the nature and all its stakeholders. The Board of Directors periodically monitors all processes, identifies potential risks and determines actions against any alleged malpractice or corporate negligence.

KUTES adopts the vision of creating a sustainable future with a strong corporate governance approach and provides a resilient structure against risks arising from global crises. With the policies that are accepted as the guiding principles of the company strategy, the goal of responsible growth is implemented and sustainable value is created by ensuring development and transformation. KUTES publishes all of its policies publicly on its website for its stakeholders.

POLICIES OF KUTES

- Quality Policy
- Environmental Policy
- Information Security Policy
- Change Management Policy
- OHS Policy
- Sustainability Policy
- Human Rights Policy
- Energy Policy
- Anti-Bribery and Anti-Corruption Policy
- Responsible Supply Chain Policy
- Human Resources Policy
- Gender Equality Policy

ETHICAL PRINCIPLES AND TRANSPARENCY

Throughout the accomplishment of business activities, KUTES emphasizes on the importance of acting in accordance with the **principles of integrity and honesty**; therefore, has adopted certain principles of ethical behavior and developed a policy called “**Ethical Principles and Rules of Conduct**”.

The goal of this policy is to inform employees and external stakeholders so that they **become more conscious in understanding and implementing the ethical rules of behavior**.

These rules, which enable the development of an ethical culture within the organization, also **provide an effective solution** in case of any dispute or conflict of interest between employees, suppliers, business partners, customers and KUTES as a whole.

KUTES is a company that **values its employees** and respects and **protects** their rights. In this context, KUTES seeks suitability for the job as the sole criterion for recruitment, provides equal opportunities to all employees **without discrimination**, and provides **equal opportunities** for the training, guidance and development of employees.

KUTES is committed to providing its employees with clean, healthy and safe working conditions **in all respects where necessary occupational safety measures** are taken. KUTES creates a **transparent and mutually respectful** working environment where cooperation and solidarity are the most important elements, and carries out activities that **increase the motivation and loyalty** of employees by taking into account their opinions and suggestions.

KUTES expects its **employees** to protect the **reputation and prestige** of both themselves and the company by carrying out their activities **in line with the company’s policies and targets**. For this reason, bribery and corruption are never tolerated and it is emphasized that **any behavior that may harm the company** should be avoided. Compliance with all **relevant laws** is also regularly monitored.

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PRODUCTS AND SECTORS SERVED

KUTES attracts attention with its breakthroughs in many different sectors, brand vision and mission in order to provide the best quality service. It provides quality service to its partners by its approach to incorporate technology and imagination into its services.

The sectors that KUTES serves are listed below:



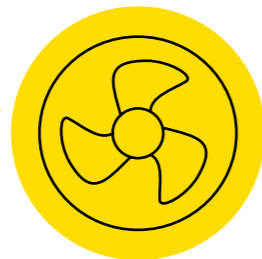
HYDRAULICS AND PNEUMATICS

Connection plates, valve bodies, hydraulic pump bodies and covers in machines operating with hydraulic systems are produced with KUTES' first-class service approach.



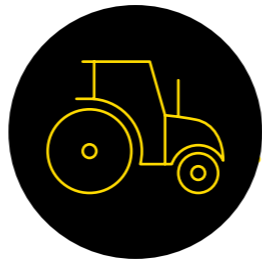
AUTOMOTIVE

KUTES has different services in the field of automotive technology and engineering. It manufactures axle housings and covers for vehicles and parts for light commercial vehicles in the categories of train brake discs and drums, axle sleeves and housings. In the heavy commercial vehicle category, it has expanded its service scope with the production of carrier and engine brackets, swing arms, carrier plate and compressor housing.



AIR CONDITIONING

KUTES manufactures air conditioning parts for the air conditioning sector. In this context, the company manufactures valve stator and cylinder head spare parts required by air conditioning companies and air conditioning users..



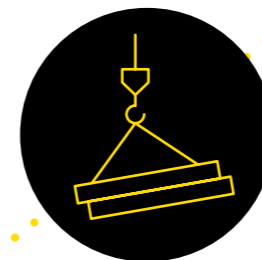
AGRICULTURE

KUTES manufactures agricultural machinery parts that are used in many countries which are interconnected with agriculture - especially Türkiye. Among the parts produced by KUTES are differential housing, flywheel and stabilizer products.



CONSTRUCTION MACHINERY

KUTES manufactures parts such as housing, flywheel, pulley and carrier for construction machinery used in construction, agriculture and production sectors. In line with the needs, different parts can also be produced in pig iron and ductile iron materials.



CONSTRUCTION

KUTES manufactures safety products and work pieces that are critical for the construction industry. With products such as rope pulleys and high-speed flywheel, motor housing and cover, the model parts scale in the construction lift sector is quite wide.



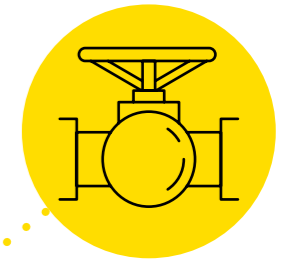
SIDE INDUSTRY

KUTES also manufactures spare parts such as flywheel, clutch chuck, V-Bearing, brake shoe and scissor bracket models that are fully compatible with different machines.



RAILWAY

KUTES manufactures safe brake system parts for railway vehicles used for transport and haulage. The products offered are capable of meeting all sector-specific needs.



PUMP & VALVE

KUTES also manufactures parts such as pump body, cover, flange and valve body models that complete the machine system.

With the mission of presenting all its operations to its customers at the highest level, KUTES aims to strengthen its leading position in the sector by increasing the number of sectors it serves in the upcoming period.

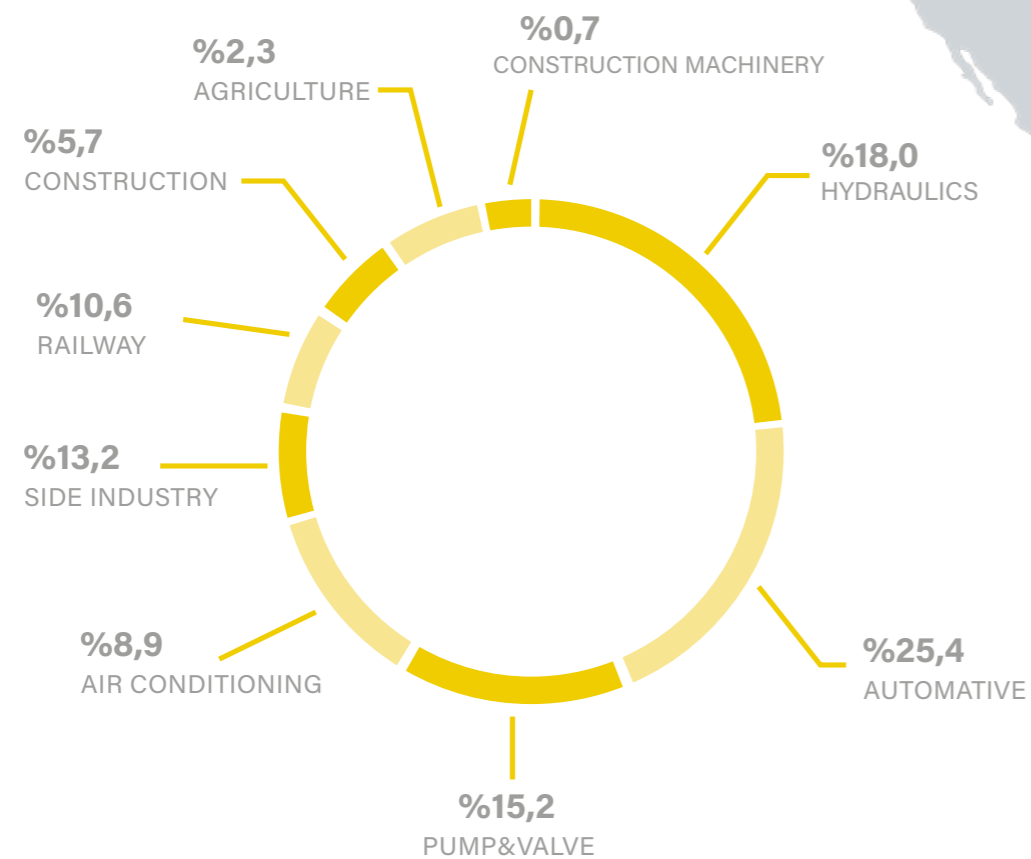
In addition to all these fields of activity, KUTES aims to add engine parts and electric vehicle bearing carrier parts for white goods and bearing housing, cap, carrier, brackets and holder parts for military vehicles and defence industry sectors to its service network in the future. In addition, it is planned to intensify the existing work in the agricultural sector and increase the volume of work in that context.

PRODUCTS AND SECTORS SERVED

The product groups in the portfolio of KUTES, which offers services with a different product range, are as follows:

- Contract Finished Goods (to be processed)
- Machined Casting Products
- Casting Products

As of 2022, KUTES exports to 12 countries on 3 continents and aims to export to a total of 30 countries within 5 years. The leading export destinations are Germany, the United States of America, Austria, Belgium, Belgium, Czech Republic, China, France, Italy, Hungary and Slovenia.



PROCESS AND TECHNOLOGY

The KUTES process starts with a raw material mix consisting of a special metal blend, selected alloys and recycled scrap iron. This mix varies according to the customer's requirements and the type of casting produced. The metal mixture is melted in large furnaces at temperatures ranging from 1,400 to 1,500 °C and then poured into molds made of sand. Sand molds (cores) are used to form the inner surfaces of the casting. As the castings move through the molding line, the temperature is gradually lowered and they are subjected to a shaking process to separate the sand. More than 80% of the sand is recovered and recycled for reuse. The castings are then subjected to a cleaning/sandblasting process to remove residual sand and other molding media from the casting surface. The final step in the process is to crush the excess material from the molding process, separate it from the master part, remit it and complete detailed inspection of the master product.

KUTES designs and manufactures its own casting model, which helps to avoid process failures and offers efficiency and customization to meet customer requirements. In addition, it develops processes to help reduce the need for multiple castings, fabricated or welded parts in some casting applications. This not only simplifies assemblies for customers, but also reduces inventory costs. At the same time, state-of-the-art technology is utilized to reduce total production costs through waste minimization and mass reduction, in addition to innovative casting and core pass designs. The techniques used in KUTES' processes enable the design and manufacture of world-class products. This not only keeps the process cost competitive but also improves casting consistency and quality.



QUALITY APPROACH AND CERTIFICATES

Quality control procedures ensure that high standards are maintained and parts of equal quality are produced in the iron casting industry. As one of the pioneers of the sector in Turkey, KUTES carries out all its processes within the framework of its Quality Policy and ensures that all the products it produces have a perfect quality thanks to its advanced quality control laboratories and expert staff.

KUTES Quality Policy has been established in line with visionary and ethical principles. The objectives aimed to be achieved with the quality policy are as follows:

- To ensure the satisfaction and comfort of our customers, employees and other stakeholders
- Utilizing the most modern production technologies by prioritizing sustainability in investments and thus maximizing production power
- To be the pioneer of an innovative industrial approach in Turkey by integrating into the upcoming new industrial revolution Industry 4.0
- To make this quality a standard by carrying the production quality to the peak point and to present it to our customers with a transparent approach
- To attach importance to education, to be among the first companies to closely follow the innovations in the world and in the sector and to be among the first companies to implement them
- Determining the targets of all processes, implementing policies in accordance with the target and enabling continuous improvement with an effective follow-up system
- To ensure that the quality policy is validated at all levels and devices of KUTES
- To ensure full and unconditional compliance with the laws of the Republic of Turkey, international trade agreements and the ethical rules set out in KUTES
- To provide employees with a working environment that does not carry any safety risks, does not contain any elements harmful to health and improves their quality of life
- To ensure that energy and natural resources are used efficiently, savings are prioritized and environmental burden is reduced by using sustainable methods and environmental protection systems.

Thanks to its quality control test equipment, KUTES analyses every stage of production in detail and immediately identifies and resolves potential production defects. With the proprietary processes it has developed, it is able to monitor iron temperature, additives and casting materials to an extremely detailed level. In addition, technologies such as digital imaging, automatic horizontal molding line and automatic grinding machine are used to increase productivity while maintaining quality and reducing production costs. In this way, it ensures that each product coming out of the production lines has a long life and high performance when it reaches its customers.



CERTIFICATES



IATF 16949 2016

Automotive Quality Management System Certificate

ISO 45001 2018

Occupational Health and Safety Management System

ISO 14001 2015

Environmental Quality Management Systems

ISO/IEC 27001 2017

Information Security Management System

ISO 9001 2015

Quality Management Systems

ISO 50001 2018

Energy Management System



Deutsche Bahn Ag Qualification

(German Railways Approved Supplier Certificate)



AD 2000-W 0

(Pressure Vessels Appropriate Manufacturer's Certificate)

Ped 97/23 ec(ped)

(Pressure Equipment Directive Quality)



Lloyd's Register

(Approved Grey and Ductile Cast Iron Manufacturer)



DNV

(Approved Grey and Cast Iron Manufacturer Certificate)



Zero Waste Certificate

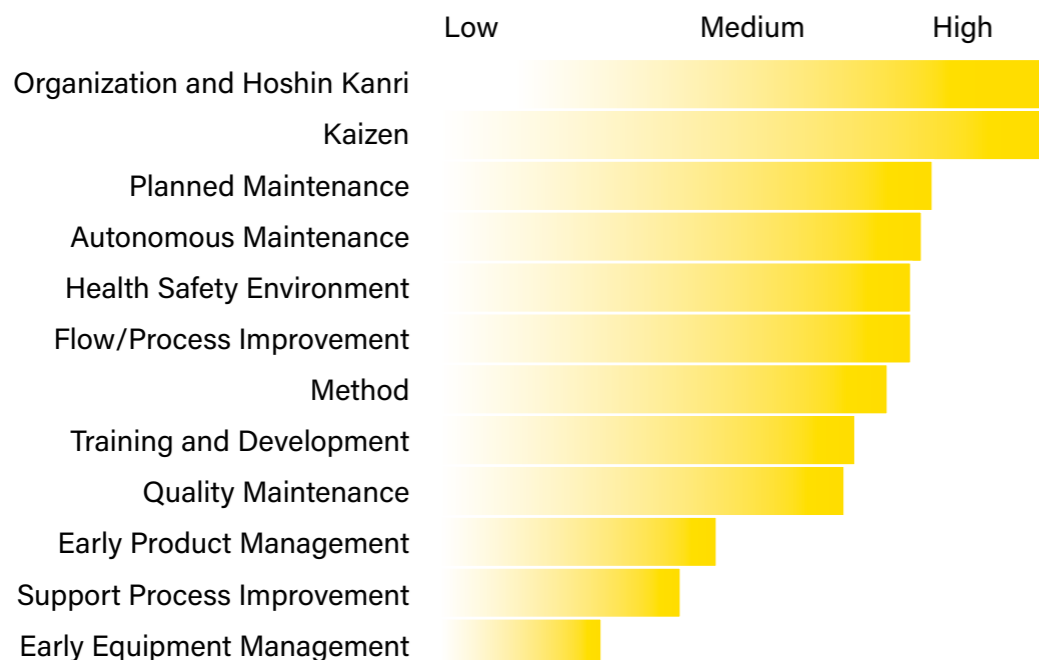
T.R. Tekirdağ Governorship Provincial Directorate of Environment, Urbanization and Climate Change

OPERATIONAL EXCELLENCE

In the recent period when the way of doing business has changed drastically all over the world, KUTES has adapted to various challenges, such as a sharp decline in the production process and customer orders, and continued to make a positive contribution to society while maintaining its **economic sustainability** thanks to its **qualified workforce and extensive industry experience**. Regardless of the sectoral conditions, KUTES has continued all its activities without any damage to any of its employees and has continued to respond to customer needs at the highest level **without compromising quality standards**, and has continued its efforts to develop and improve processes full-speed on its track.

Aware of changing and evolving needs, KUTES started lean production activities with the Kaizen Workshop in the last quarter of 2021 with the aim of **preventing all kinds of waste** (errors, overproduction, stocks, waiting, unnecessary work, unnecessary movements, unnecessary transports) in the entire process from design to shipment and thus **reducing costs, increasing customer satisfaction, gaining flexibility to adapt to market conditions** and accelerating cash flow. Within the scope of the studies, firstly, the lean maturity level of the existing processes was evaluated and priority areas were determined. The identified **priority areas** and their priority levels are given below.

SUGGESTED WORKING AREAS



Autonomous maintenance work on the George Fischer (GF) line, which is carried out within the scope of **operational excellence** studies, was initiated **in July 2022** with an initial cleaning activity involving senior management and all employees. Within the scope of **autonomous maintenance** activities, trainings were **provided to increase the knowledge and skill levels of line employees** on equipment maintenance in cooperation with the production and maintenance teams. In addition, **a fault card process** was established and efforts were initiated to prevent malfunctions and unexpected downtime by early recognition of equipment **abnormalities by users**. In this way, it is aimed to achieve the **"Zero Downtime"** target. In July-December, **140 preventive error cards were posted on the GF line and 126 of them were resolved**.

Within the scope of **operational excellence** studies, **Kobetsu Kaizen** activities were initiated. In this context, **two Kaizen teams** formed with the participation of managers, specialists, engineers and shift supervisors from the quality, production and engineering departments carried out **improvement activities** on a chronic quality problem and a chronic stoppage. As a result of the Kaizen activities, sand drop and slag defects were **reduced by approximately 50%** in one of the selected product groups and **approximately 20% in the other**. As a result of the other Kaizen activity, **an improvement of approximately 30%** was observed in the downtime caused by metal transfer **on the GF line**. The monitoring period for both Kaizens is ongoing. In addition to the measurable benefits of Kaizens, the most important contribution of Kaizens for KUTES has been to provide a basis/form the basis for the systematic and interdisciplinary teamwork culture.

The establishment of the equipment commissioning process, which is another target of the operational excellence studies, was carried out with a very broad management team and the process was **included in the KUTES Management System** with the procedure and annexes defining the 5-stage review steps and responsibilities. The determination of **Key Activity Indicators (KAIs)**, which are part of the **Hoshin Kanri** approach, which emerged as another need in the current situation analysis, is among the studies completed in 2022. In 2023, it is planned to create KAIs for all white-collar employees and include them among **Human Resources Motivation tools**.

With the planned **"Core Setter for HWS (Entra Robot)" robot investment**, it is aimed to ensure efficiency in production lines through standardization in serial and heavy parts, to prevent internal injuries caused by the inability to place heavy cores in the mold as desired, and to **eliminate OHS risks** that may arise from placing heavy cores by the employee.

In 2022, the current situation analyses of the processes carried out to shorten product deployment times were completed. In 2023, it is aimed to redesign the process in accordance with good project management and then to continue with software support, thus achieving significant improvements in terms of time and quality.

SUSTAINABILITY JOURNEY OF KUTES

Sustainability Approach

Materiality Analysis

Alignment with UN Sustainable Development Goals

Sustainability Governance Structure



SUSTAINABILITY APPROACH

KUTES adopts a sustainability approach in all its business processes and addresses the issue strategically by determining its sustainability priorities. While managing environmental, social and economic issues from an integrated perspective, it also shapes its future strategy in line with the importance it attaches to natural resources and all living beings. KUTES, which produces and processes castings for various sectors, aims to leave a cleaner, more equal and more livable world for future generations by taking into account the environmental, social and economic impacts of its activities. Having set

short, medium and long-term targets in line with its sustainability strategy and priorities, KUTES regularly reviews its environmental and social processes and reports its performance, and regularly shares its efforts in this area with all its stakeholders.

MATERIALITY ANALYSIS

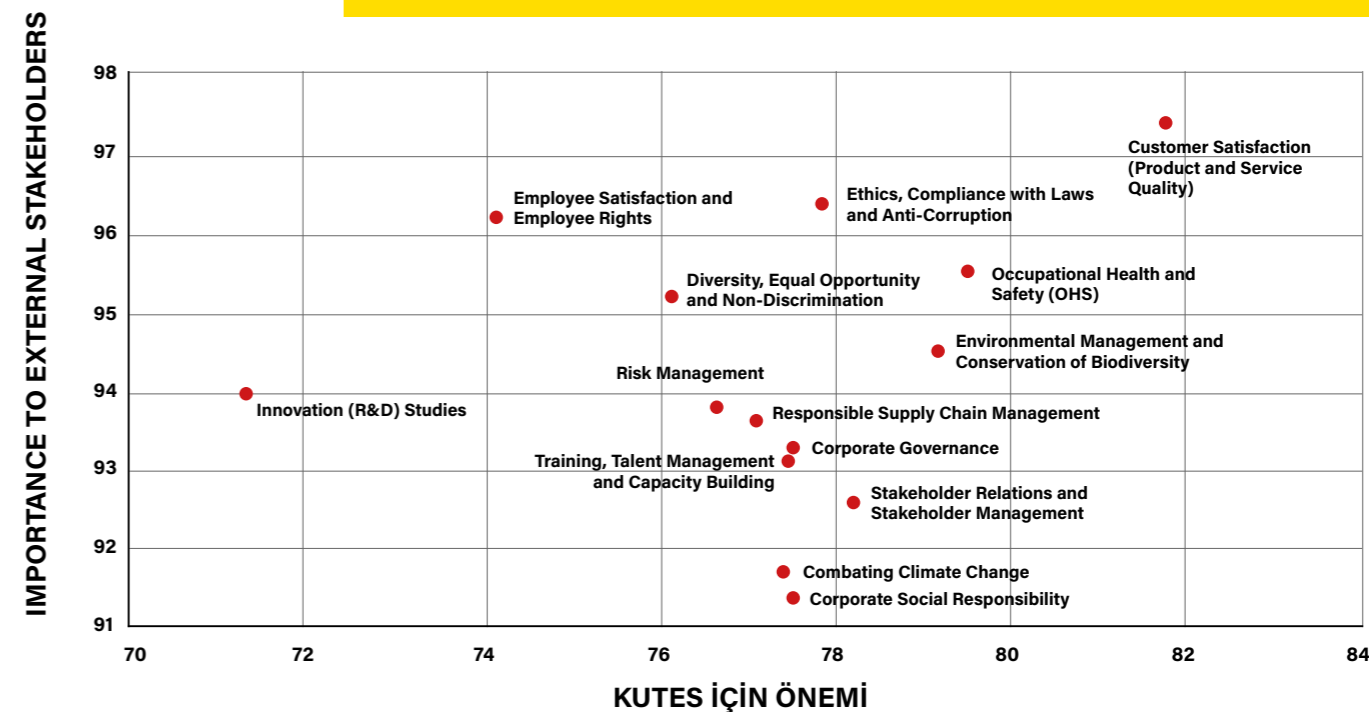
KUTES conducted a materiality analysis study in 2022 to better identify the priorities of internal and external stakeholders. The study, which was conducted through a questionnaire survey, aimed to determine the order of priority of sustainability issues by internal and external stakeholders, and thus to clearly understand how sustainability issues are evaluated internally and externally. The list of material issues identified for the survey was formed through the material issues of competitors and sector sustainability leaders, as well as the material issues identified by various sustainability reporting management groups for the sector. The material issues identified as a result of the research were presented to internal and external stakeholders through an online survey. A total of 221 responses were received, 192 from internal stakeholders and 29 from external stakeholders.

The material issues identified as a result of the study are listed below:

- Customer Satisfaction (Product and Service Quality)
- Occupational Health and Safety (OHS)
- Environmental Management and Biodiversity Conservation
- Ethics, Compliance and Anti-Corruption
- Stakeholder Relations and Stakeholder Management
- Corporate Governance
- Risk Management
- Employee Satisfaction and Employee Rights
- Diversity, Equal Opportunity and Non-Discrimination
- Responsible Supply Chain Management
- Training, Talent Management and Capacity Building
- Combating Climate Change
- Corporate Social Responsibility
- Innovation (R&D) Studies

The materiality analysis created with the data obtained as a result of the feedback received from stakeholders is given below.

MATERIALITY ANALYSIS



ALIGNMENT WITH UN SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs) are designed to achieve a better and more sustainable future for all and consist of 17 goals in total. These United Nations-led goals address the global challenges we face, including poverty, inequality, climate change, environmental degradation, peace

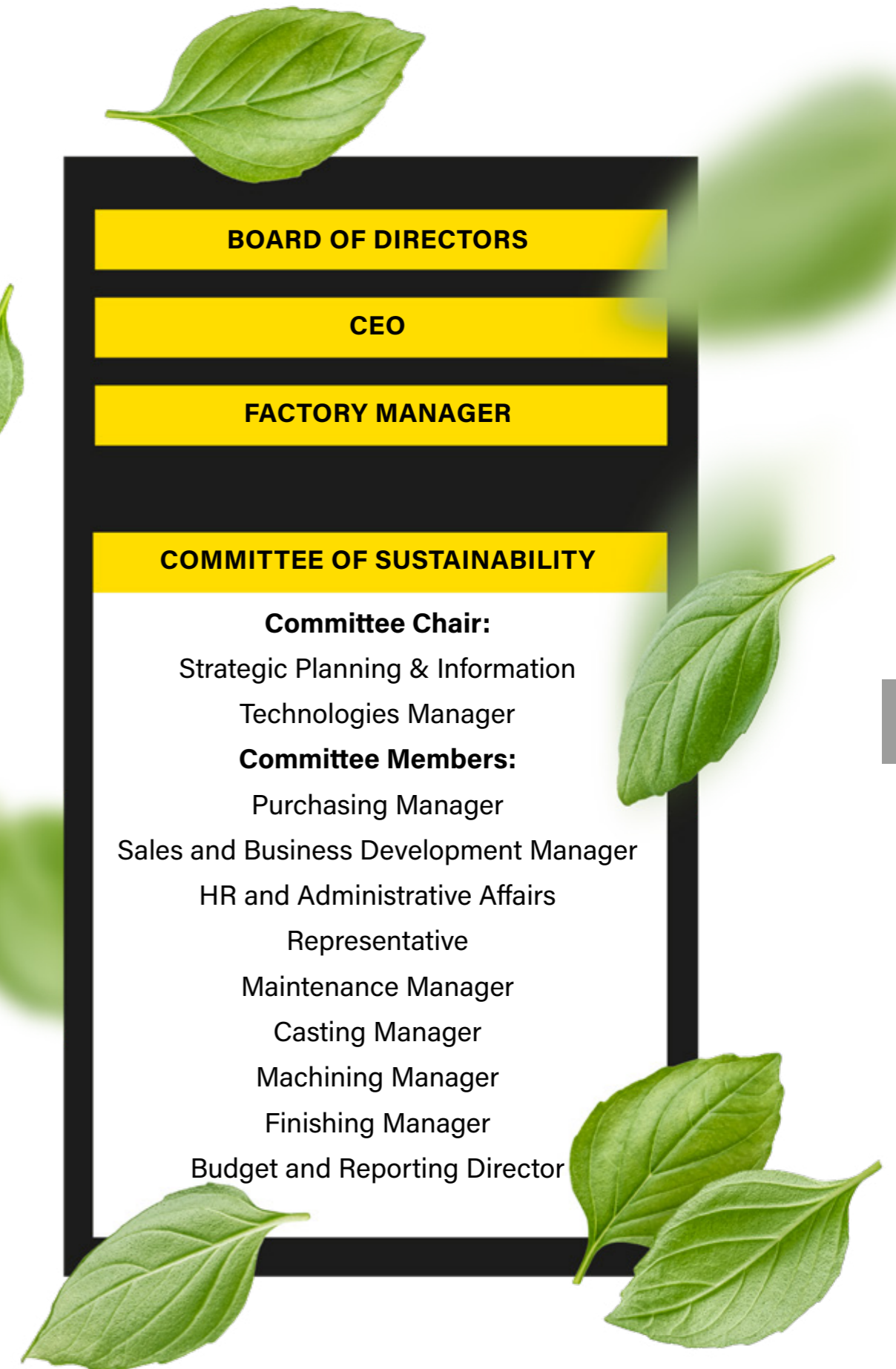
and justice. In line with the goals of KUTES and the findings of the materiality analysis conducted, the SDGs that are priorities for KUTES and planned to set targets in the coming period are listed below:



SUSTAINABILITY GOVERNANCE STRUCTURE

In 2021, KUTES took an important step in sustainability management and implemented the **Sustainability Management System Project**. Within the scope of the project, activities on environmental, social and economic **sustainability** have been the main focal points and a governance mechanism and the necessary documentation structure were established. Today, the functioning of the system is more **established and integrated into all processes**.

In order to create a **sustainable corporate culture**, it is very important that sustainability issues are adopted by the senior management. For this reason, KUTES handles and manages all sustainability-oriented activities at a high level with the **Sustainability Committee** established in line with its sustainability strategy.



ENVIRONMENTAL RESPONSIBILITY OF KUTES



Activities to Combat the Climate Crisis _____

Emissions _____

Energy Efficiency _____

Effective Water Management _____

Effective Raw Material Utilization and Resource Efficiency _____

Effective Waste Management _____

ACTIVITIES TO COMBAT THE CLIMATE CRISIS

As we are facing a climate crisis which may cause natural disasters, there is a growing need to highlight the significance of **taking major steps** for the **purpose of finding relevant solutions**.

The foundry sector provides **positive value** to the society and serves as the **recycler of the society** by both removing materials such as old iron castings and scrap steel from landfills and using scrap materials as input materials in the melting process to **create new products**.

Carrying out its activities in line with the **zero emission target**, KUTES is aware of its responsibility towards **future generations** and works with all its might to **fulfil its duty**. In line with the carbon footprint calculation projects initiated in this context, studies are carried out to reveal and reduce the impacts arising from activities, and **14064 standard studies** have been initiated as of 2023. Following the completion of these studies, it is planned that the projects on combating the climate crisis and reducing carbon footprint will be shared openly and transparently on the **Carbon Disclosure Project (CDP) platform** in 2024.

OBJECTIVES

- **Completion of ISO 14064 infrastructure works in 2023**
- **CDP Reporting in 2024**
- **Reducing the use of pig iron ore by increasing the use of scrap**
- **Saving 17,836tonnes of carbon dioxide (CO₂) annually**

| CARBON FOOTPRINT VALUES | t CO ₂ | te CH ₄ | te N ₂ O | t CO _{2e} |
|-------------------------|-------------------|--------------------|---------------------|--------------------|
| Category 1 | 4.946,75 | 0,70 | 6,95 | 4.928,24 |
| Category 2 | 17.015,83 | | | 18.852,01 |
| Category 3 | 969,19 | | | 968,31 |
| Category 4 | 31.622,79 | | | 31.622,80 |
| Category 5 | 408,67 | | | 408,68 |
| Category 6 | 1.701,58 | | | 1.701,58 |
| Total | 56.664,83 | 0,70 | 6,95 | 56.672,48 |

Table 1: Carbon Footprint Values

Greenhouse gas emissions calculated at KUTES are reported in accordance with ISO 14064-1:2018 standard. The prepared report is checked in accordance with the Greenhouse Gas Management Procedure.

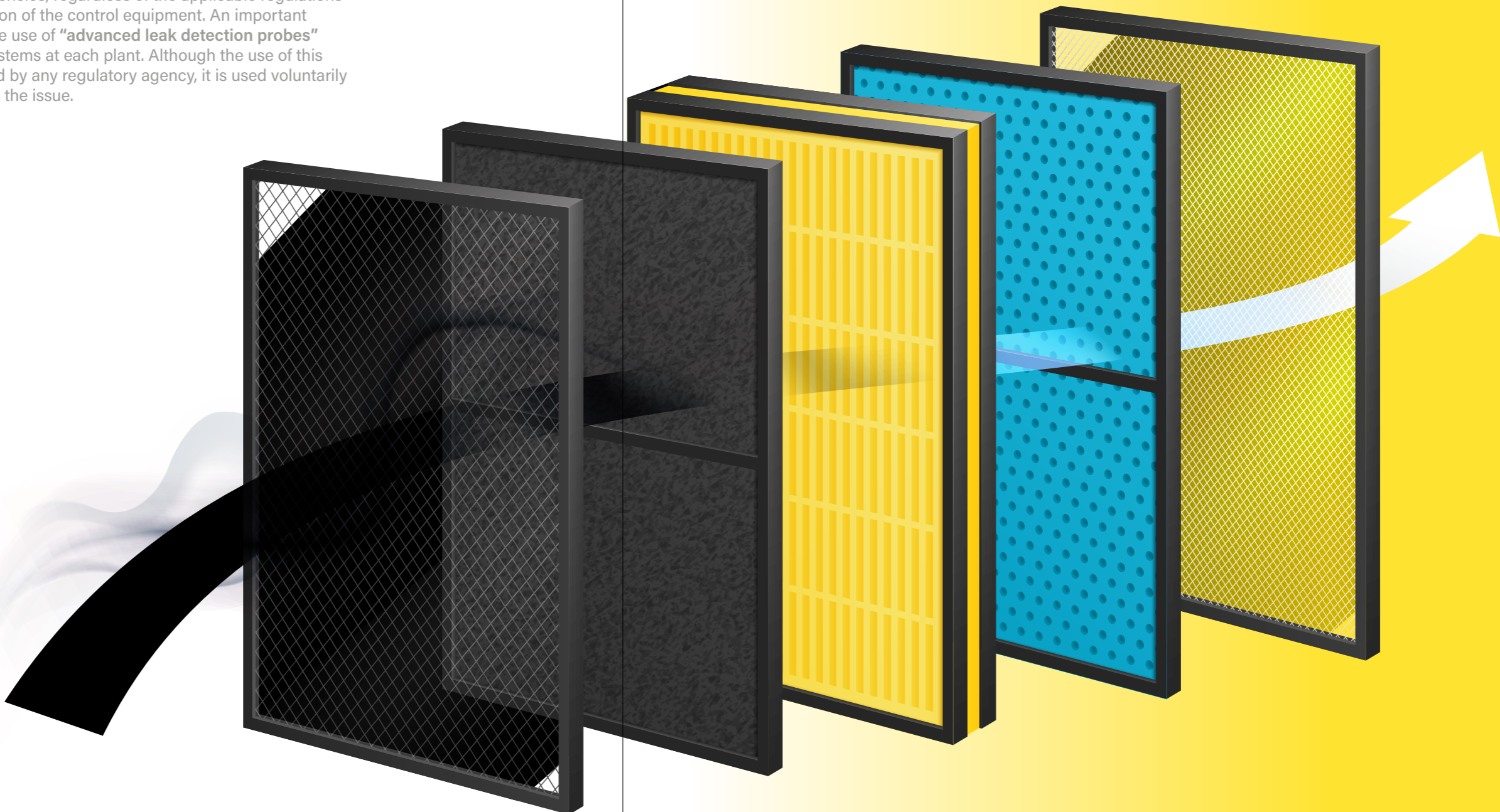
- Category 1 - Direct greenhouse gas emissions and removals
- Category 2 - Indirect greenhouse gas emissions from imported energy
- Category 3 - Indirect greenhouse gas emissions from transport
- Category 4 - Indirect greenhouse gas emissions from products used by the organisation
- Category 5 - Indirect greenhouse gas emissions associated with the use of the organisation's products
- Category 6 - Other emissions

In order to minimise uncertainty and obtain accurate, consistent and reproducible results, the necessary data are collected in accordance with the Greenhouse Gas Management Procedure. In this direction, data for each source or sink classified as direct or indirect emissions and removals, and the characteristics of each relevant data used are defined and documented according to the Greenhouse Gas Management Procedure. While collecting the data, firstly invoices, then the records within the organisation manually or on the software were taken into consideration. The distance information needed for the calculations of indirect emissions was accessed via Google Earth.

Since KUTES does not have a system for determining the amount of greenhouse gases by using measurement methodology in the emission sources included in the greenhouse gas inventory, calculation-based methodologies were preferred.

EMISSIONS

Foundry processes cause dust, sand and other particulate matter to become airborne, which can **adversely affect both the environment and human health** if not managed properly. KUTES recognizes the importance of this issue in its operations and uses **air filtration systems** and advanced baghouse technology to control air pollution in its facilities. The air pollution controls in place are recognized as **“best available”** by the **US Environmental Protection Agency (USEPA)** and relevant government regulatory agencies, regardless of the applicable regulations determined by the date of installation of the control equipment. An important component of this technology is the use of **“advanced leak detection probes”** installed in the emission control systems at each plant. Although the use of this technology is not currently required by any regulatory agency, it is used voluntarily in line with KUTES’ commitment to the issue.



ENERGY EFFICIENCY

Considering the amount of energy consumed by the metal smelting process, **ensuring energy efficiency** in production processes is very important for **reducing environmental impacts and implementing a sustainable business model**. In light of this reality, KUTES regularly determines actions, including energy efficiency and **renewable energy projects**, to reduce environmental impacts. In order to increase energy efficiency in all of its activities, it monitors energy consumption, sets targets for its reduction and continuously reviews these targets. In addition, it contributes to raising employee awareness through trainings on energy efficiency.

Aware of its duties and responsibilities to **leave a more livable world for future generations** and to protect natural resources, KUTES monitors energy consumption in production processes by digitally monitoring the entire facility with the help of energy analyzers and carries out studies to reduce it. Examples of these efforts include replacement of lighting with LEDs, replacement of existing forklifts with **electric forklifts**, **compressed air distribution and air treatment upgrades**, **compressed air adaptive control systems**, **cooling tower variable frequency speed (VFD) controls (fans and pumps)**, **energy monitoring system and designed compressed air nozzles**. In addition, thanks to the **240 kWh solar panels** installed, **60% of the electrical energy consumed in the machining process is provided from renewable sources**.

KUTES, which makes intensive efforts in all processes related to energy efficiency, completed the establishment of the "ISO 50001 Energy Management System" in 2022 and received the ISO 50001 Energy Management System Certificate at the beginning of 2023.

In the future, it is aimed to further increase this ratio and to work with suppliers with renewable energy certification (I-REC). In this context, with the 30 MW solar energy investment planned to be implemented in 2023, it is aimed to provide 90% of the energy used in casting facilities from renewable sources. In this way, a contribution which equals that of 458,640 trees will be achieved. In addition to these efforts, some further efforts were initiated to ensure efficiency in electricity consumption with the runner crushers commissioned

in 2022 and a 5% reduction in electricity consumption was achieved. Another important project planned to be implemented in 2023 is the **collection of heat from the smelting furnaces through the chimneys** and its use in the heating of the administrative building. In addition, work is underway to install **DC charging stations** within the facility and to gradually replace KUTES vehicles with electric vehicles over the next 5 years. Commissioned in 2022, the **Progelta Tundish Retrofit system** aims to increase efficiency in terms of both OHS and

continuous production, reduce furnace outlet temperatures, extend lining life and reduce energy consumption. With the **"Progelta Telescopic Crane System"**, it is aimed to establish an unmanned metal transfer system and to make the production line from scrap to finished products **100% fully integrated**, so that **1.4 tons of molten metal** can be transferred to the HWS casting automaton in 5.3 minutes in a standard way and to achieve **5% energy efficiency in melting**.

| ENERGY CONSUMPTION VALUES | UNIT | 2020 | 2021 | 2022 |
|--|------------|-------------------|-------------------|-------------------|
| Consumption | kWh | 22.419.431 | 32.185.714 | 38.956.677 |
| Renewable Source Electricity Consumption | kWh | 0 | 13.338 | 294.554 |
| Total | kWh | 22.419.431 | 32.199.052 | 39.251.231 |

Table 2: Energy Consumption Values

OBJECTIVES

- With an additional 26 MW solar energy investment, 90% of the energy used in KUTES's foundry facilities will come from renewable sources
- Replacement of existing vehicles with electric vehicles within 5 years



EFFECTIVE WATER MANAGEMENT

Access to water, which forms the basis of human life, is becoming a growing threat every day. Recognizing that effective water resource management plays an important role in overcoming these problems, KUTES attaches importance to reducing water consumption and using existing water resources efficiently in all its activities.

| WATER CONSUMPTION VALUES | UNIT | 2020 | 2021 | 2022 |
|--------------------------------|----------------|-------|-------|----------|
| Mains Water Consumption | m ³ | 0 | 0 | 0 |
| Groundwater Consumption | m ³ | 4.281 | 5.482 | 13.705,5 |
| Total Water Consumption | m ³ | 4.281 | 5.482 | 13.705,5 |

Table 3: Water Consumption Values



EFFECTIVE RAW MATERIAL UTILIZATION AND RESOURCE EFFICIENCY

Since its establishment, KUTES has been conducting its operations by prioritising resource efficiency. As a result of that purpose, more than 18,000 tons of material was melted in 2022 and approximately 59% of the materials used in the melting process were recycled materials.

One of KUTES' future goals is to modify the melt system to reduce the coke-melt utilization rate, thereby saving money spent on raw materials while reducing energy consumption and related greenhouse gas emissions. In this context, KUTES is constantly looking for opportunities to incorporate alternative recycled materials such as chopped steel, directly reduced iron fines and oil filters into the process. In addition, KUTES is also working on the transition from alcohol-based to water-based coloring in core production. In this context, a filtration investment totaling EUR 3 million was made and new filters of 5 mg/m3 in European standards were installed in the process. The existing compressors were replaced with state-of-the-art Atlas Copco compressors, resulting in energy savings of approximately 1,500 MWh/year. 1,120,723 TL investment in core drying oven prevented the use of chemicals and at the same time reduced the amount of greenhouse gases emitted to the environment. With the investments of TL 209,627 for the transition to electric forklifts and TL 96,547 for stackers, diesel consumption was significantly reduced. In addition, with the studies initiated in 2022, it was ensured that the sawdust generated as a result of machining was reused in the casting process. In addition, alternative carbon sources have been identified to replace a percentage of raw material coke to support efforts to reduce coke use.

Coke reduction actions include strategically replacing key equipment, adjusting dehumidification systems to reduce incoming air humidity, improving coke quality control and improving available data and metrics to optimize coke usage. The results of these efforts allow KUTES to improve the coke utilization rate and define a long-term investment plan to increase smelting efficiencies across all plants. In 2022, another investment was made, the "Euroequip Riser Breaking Machine", which aims to increase the piling density in the charging vessels by breaking the runners, reduce the sand in the runners, achieve 4% energy efficiency in melting and achieve an average efficiency of 25-30 kW per gross tons. In addition, with the "Progelta Magnesium Wire Treatment" process, which will be commissioned in 2023, it is planned to stabilize the permanent Mg ratios in ductile iron castings and improve internal injuries.

Sand, which is used for making cores and molds during the casting of metal parts, is another important material in KUTES' processes. In this context, KUTES endeavors to recover and reuse sand as much as possible. Each grain of sand is used approximately 50 times until it is no longer usable to create quality castings. In addition to this, KUTES is also working on new clay and sand reclamation system technologies, aiming to reduce the amount of sand that needs to be filled into the soil by using less sand in the processes. With the commissioning of a 40 lt core machine in the following period, it is aimed to reach an annual core production capacity of 550 tons.

| WASTE VALUES | UNIT | 2021 | 2022 |
|---|------|-----------|------------|
| Scrap | kg | 7.677.244 | 11.072.137 |
| Ductile Iron | kg | 8.382.380 | 7.475.070 |
| Melt Additives | kg | 842.514 | 1.112.905 |
| Molding agents (coal dust, bentonite, foundry sand) | kg | 2.922.790 | 3.511.550 |
| Spade sand | kg | | 5.178.580 |

KUTES cares about resource efficiency and in 2022, approximately 59% of the materials used in the melting process were sourced from recycled materials.

EFFECTIVE WASTE MANAGEMENT

Improper waste management systems of wastes may cause water, air and soil pollution, and this matter keeps its high level of urgency amongst further issues. Establishing a Waste Management Procedure for the effective management of wastes generated in production processes, KUTES has set the reduction, reuse, recycling and recovery of wastes at source as a priority target and works with the goal of contributing to the circular economy by ensuring the proper disposal of waste. In this context, efforts are made to reduce waste, recycle and dispose of it in cooperation with the right business partners. Wastes are collected in accordance with their classifications and transported to the waste storage. The collected wastes are placed in the relevant section in the waste area under the supervision of the waste supervisor by defining the date of entry with the waste label and are stored in appropriate conditions and periods after being received by the waste storage supervisor. When the accumulated wastes reach the amount to be shipped, they are shipped by contacting the relevant organizations in order to send them to the evaluation or disposal facility.

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As a result of all these efforts, KUTES has completed the necessary steps for the "Zero Waste Certificate" in 2022 and crowned its efforts in waste management.

| WASTE VALUES | UNIT | 2020 | 2021 | 2022 |
|-------------------------------|------|-----------|-----------|------------|
| Amount of Non-Hazardous Waste | kg | 6.283.270 | 9.320.796 | 11.261.558 |
| Amount of Hazardous Waste | kg | 73.945 | 87.805 | 83.385 |
| Total Amount of Waste | kg | 6.357.215 | 9.408.601 | 11.344.943 |

Table 4: Waste Values

TARGET:

- Reducing the amount of hazardous waste with sand recycling investment in 5 years;



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KUTES' VALUE: EMPLOYEES



Human Resources Approach

Employee Profile

Employee Satisfaction

Activities for Capacity Development

Occupational Health and Safety (OHS) Management

HUMAN RESOURCES APPROACH

Since the day it was founded, KUTES has recognized its employees as its most important asset and carries out its activities with the mission of providing equal and fair opportunities to all its employees. The "KUTES Human Resources Policy", which forms the basis of KUTES' human resources approach, has been prepared in line with this perspective and enables the continuous development of competent human resources. Recognizing that effective human resources management is essential for creating a strong workplace culture, KUTES strives to support and develop its employees both personally and professionally, and acts with an approach that emphasizes teamwork.

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EMPLOYEE PROFILE

KUTES attaches importance to employing innovative employees who are open to learning and development and who are prone to teamwork. Of KUTES' 332 employees, 86% are under the age of 50, while approximately 26% are under the age of 30. Detailed employee profile is given below.

| EMPLOYEE PROFILE | | 2020 | 2021 | 2022 |
|---|--------------|------|------|------|
| Total number of employees | Blue Collar | 168 | 225 | 253 |
| | White Collar | 54 | 68 | 79 |
| Number of white-collar employees | Men | 42 | 50 | 59 |
| | Women | 12 | 18 | 20 |
| Number of blue-collar employees | Men | 168 | 225 | 253 |
| | Women | 0 | 0 | 0 |
| Governing bodies and number of people on the Board of Directors | Men | 1 | 1 | 1 |
| | Women | 1 | 2 | 2 |
| Number of employees excluding management bodies | Men | 167 | 224 | 312 |
| | Women | 53 | 66 | 20 |
| Number of employees under 30 years of age | Men | 37 | 71 | 82 |
| | Women | 2 | 3 | 5 |
| Number of employees aged 30-50 | Men | 132 | 163 | 184 |
| | Women | 11 | 15 | 16 |
| Number of employees over 50 years of age | Men | 40 | 41 | 45 |
| | Women | 0 | 0 | 0 |
| Number of disabled employees | Men | 4 | 6 | 6 |
| | Women | 0 | 0 | 0 |
| Proportion of disabled employees (%) | Men | %1 | %2 | %2 |
| | Women | 0 | 0 | 0 |
| Number of newly recruited employees | | 215 | 55 | 97 |
| Turnover (%) | | 1,91 | 3,22 | 3,45 |

Table 5: Employee Profile

For KUTES, the "equal pay for equal work" approach is one of the important components of the business conduct process. In this context, efforts are made to ensure that women take an active role in business life and female candidates are prioritized in applications. Considering the fact that the ratio of female employees in the sector is low, activities are carried out to increase the ratio of female employees in both white and blue collar positions. In this context, KUTES started a gender equality project in 2022 and crowned its activities to ensure gender equality with the Gender Equality Program Certificate. Within the scope of the project, an "inclusion and equality working group" was established under the Gender Equality Policy and Sustainability Committee, photograph, gender and marital status sections were removed from job application forms, a gender-sensitive recruitment interview guide was prepared, gender equality in the business world trainings covering vertical segregation and glass ceiling syndrome were provided to employees, and practices to facilitate return to work after childbirth (e.g. breastfeeding room) were put into practice.

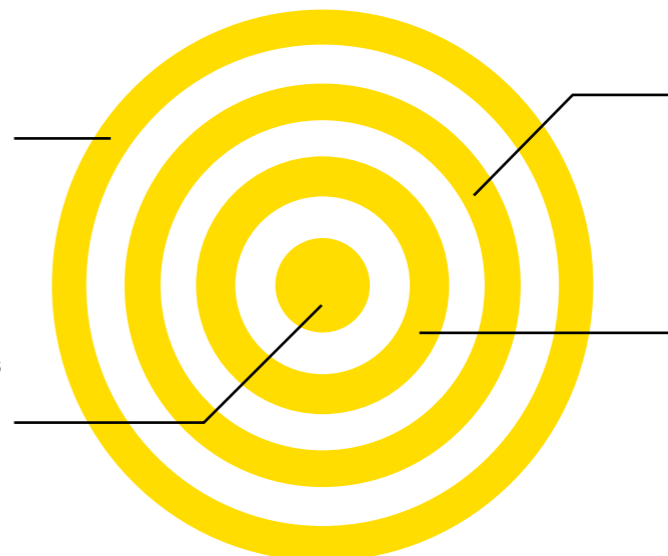
In addition, within the framework of the Gender Equality and Sustainability Against Domestic Violence Project carried out by Sabancı University, it is planned to receive trainings on "Gender Equality and Sustainability Against Domestic and External Violence" during 2023 and to complete the certification process.



OBJECTIVES

Organising internal processes to increase the proportion of blue-collar female full-time employees.

Determining a minimum ratio of female managers in order to ensure sustainable female representation at the executive level.



Obtaining permits for the construction works carried out to improve the conditions for women's / men's changing rooms in the facility.

Identifying targets for gender equality and including them in performance targets at senior management level.

EMPLOYEE SATISFACTION

KUTES considers employee satisfaction as the main determinant of the success of the organization and is aware of the need to keep the level of satisfaction at a high level in order to create a positive atmosphere within the organization, for employees to focus on their work in a more concentrated manner and to display their talents to the best of their abilities. For this reason, KUTES regularly organizes satisfaction surveys to get employees' opinions and measure their satisfaction levels. In 2022, a total of 167 people participated in the survey and the employee satisfaction rate was determined as 71.46%.

KUTES is an organization that strives for the welfare and safety of its employees. Business processes are shaped by taking into account the opinions and needs of employees. The organization attaches importance to conducting studies to enable employees to maintain their work-life balance and feel safe at work. In addition, the welfare of employees is kept at a high level by providing different fringe benefits.

- Special rental assistance for blue-collar personnel
- Family allowance support
- Birthday cheque
- Ramadan food vouchers
- Private health insurance for white-collar employees

In addition, Istanbul head office employees are offered flexible entry and exit hours (7:30-16:30 / 08:00-17:00 / 08:30-17:30), provided that the legal working hours of 45 hours per week are completed. As of 2022, an effective bonus system has been implemented for white-collar employees.

OBJECTIVES

- Administrative leave for non-smoking employees
- Additional discount in contracted private nurseries and kindergartens for our employees
- Comfortable space for all female employees in breastfeeding rooms
- Pregnant employee is granted an informative session twice (one before and one after the birth) by the nurse.
- During the leave period, if the employee who has given birth prefers, weekly online information about the workflow is provided by her colleagues
- For employees with children up to 2 years of age, a hybrid working model is applied on the days determined by the senior manager
- Increasing the duration of paternity leave to 10 days
- Providing nappy and food support
- If the employee has a child that is a student or has a first-degree relative in-need (this includes families living on a single salary), for their kids who study machinery, metallurgy at university-level or studying at related vocational high schools, they might be granted a scholarship by lottery, depending on their diploma grades (this applies to high school students holding a certificate of merit and to university students who have a minimum average of 3,00/4,00 average of 3.00/4.00)

STAFF SATISFACTION SURVEY RESULTS (2022)

| Questions | % Average |
|---|-----------|
| I am happy to work at kutes | %75,1 |
| If i were to seek a job today, i would prefer kutes | %69,6 |
| I would recommend working at kutes to my friends | %69,3 |
| I have the necessary tools for my job and can access them when needed | %78,1 |
| The conditions of my working environment are suitable for work (heating, temperature, dust, noise) | %60,8 |
| Our company attaches importance to occupational health and safety | %72,5 |
| My work clothes and equipment are suitable for my working conditions | %77,0 |
| Necessary training support is provided for employees to do their jobs better | %134,1 |
| Good work and performance are rewarded in our organization | %53,8 |
| My authority, duties and responsibilities in my job are clearly defined | %71,6 |
| I can use my full potential in my work | %78,8 |
| There is sufficient cooperation among my colleagues | %69,3 |
| There is no lack of communication in our organization | %68,6 |
| Our managers duly deal with employee grievances | %64,7 |
| Employees have trust and respect for our managers | %73,2 |
| Our managers treat employees with respect | %74,3 |
| Our managers treat employees fairly | %67,4 |
| According to my qualifications (education, experience, knowledge), the wage i earn is satisfactory | %51,0 |
| Compared to the wages paid for similar jobs in the market, my salary is appropriate | %48,3 |
| The catering provided by my company is satisfactory | %59,5 |
| The transport facilities provided by my company are satisfactory | %75,9 |
| The healthcare services provided by my company (doctor, infirmary, medicine, etc.) Are satisfactory | %79,3 |

ACTIVITIES FOR CAPACITY DEVELOPMENT

KUTES attaches importance to the development of its employees and to use their skills in the best way, and therefore focuses on the development of both professional and personal skills of its employees. In our world where the business world is changing and renewing rapidly, it provides training and development opportunities for its employees to constantly update their technical and professional skills, thus helping to increase business performance and strengthen the competitive power of the institution. While the amount spent for professional competence training of employees was 54,673.73 TL in 2022, 30,350 TL was spent for training received from TAYSAD and the total amount spent for trainings reached 540,798 TL . It is planned to continue the trainings in a diversified manner in the upcoming period. Detailed information about the trainings received is given below.

| TRAINING DATA | | 2020 | 2021 | 2022 |
|------------------------------|--------------|-------|------|-------|
| Total number of trainees | Blue Collar | 168 | 229 | 253 |
| | White Collar | 54 | 67 | 79 |
| Total training (hours) | Blue Collar | 107,5 | 279 | 110,7 |
| | White Collar | 118 | 198 | 441 |
| Total training (person.hour) | Blue Collar | 2,59 | 1,15 | 0,44 |
| | White Collar | 0,72 | 1,11 | 5,25 |

Table 1: Employee Training Details



OCCUPATIONAL HEALTH AND SAFETY (OHS) MANAGEMENT

KUTES prioritizes occupational health and safety issues within the framework of ISO 45001 standard. This standard aims to manage a safe and healthy working environment and ensure compliance with legal requirements. In today's business world, as customers' expectations have increased, it is not enough to provide a quality good or service at low cost and to secure the product using quality management systems, and organizations are also expected to respect the environment and people, take occupational health and safety measures and fulfil their social responsibilities. In addition, employees are supported to develop their competences in environmental and occupational health and safety issues.

The aims and objectives of KUTES in identifying hazards and minimizing risks in the OHS system are as follows:

- To ensure that occupational accidents and occupational diseases related to employees do not occur today and in the future

- Increasing the motivation of employees by showing respect for them

































- To protect firstly the employees and then the company against material and moral damages arising from occupational accidents and occupational diseases that may occur

- Eliminating hazards by enabling employees to convey their opinions on OHS either themselves or through employee representatives, and making sustainable and continuous improvements by reducing OHS risks

- To ensure the follow-up of legal requirements by establishing a management system for occupational health and safety within the company, ensuring that the management notifies and implements legal responsibilities to employees

- To ensure that employees are aware of OHS issues and to provide continuous training to minimize accidents and diseases

KUTES prioritizes providing a safe working environment for its employees and works to effectively manage the need for personal protective equipment. In this context, the health and safety of employees is prioritized and all employees are always provided with the highest quality equipment regardless of the cost.

| OHS TRAINING DATA | 2021 | Total | 2022 | Total |
|--|--|-------|---|--------|
| Total number of people given OHS training | Blue Collar  211 White Collar  45 | 256 | Blue Collar  240 White Collar  45 | 285 |
| Total number of people given OHS training | Employees  256 Subcontractor  0 | 256 | Employees  285 Subcontractor  0 | 285 |
| Total OHS training (hours) | Blue Collar  1.688 White Collar  360 | 2.048 | Blue Collar  3840 White Collar  720 | 4560 |
| Total OHS training (hours) | Employees  2.048 Subcontractor  0 | 2.048 | Employees  4560 Subcontractor  0 | 4560 |
| Total OHS training (person. Hour) | Blue Collar  1.688 White Collar  360 | 2.048 | Blue Collar  3840 White Collar  720 | 4560 |
| Total OHS training (person. Hour) | Employees  2.048 Subcontractor  0 | 2.048 | Employees  4560 Subcontractor  0 | 4560 |
| Number of accidents | Employees  67 Subcontractor  0 | 67 | Employees  100 Subcontractor  0 | 100 |
| Number of fatal accidents | Employees  0 Subcontractor  0 | 0 | Employees  0 Subcontractor  0 | 0 |
| Rate of lost days due to accidents | | 398 | | 993 |
| Accident frequency rate* | | 108.8 | | 122,14 |
| Accident severity rate* | | 0,65 | | 1,21 |

* Calculation methodology Accident Frequency Rate: (1 year number of accidents * 1.000.000)/total working hours

*Accident Severity Rate: (1 year lost working day * 1,000)/total working hours

Table 7: Data Regarding OHS Trainings

DIGITALIZATION INVESTMENTS OF KUTES



DIGITALIZATION INVESTMENTS OF KUTES

Digitalization has an important place among the rapidly changing and developing trends in our world. Innovations and advances in technology have created the opportunity to **provide more efficient services** and to achieve **inclusive and sustainable growth**. For this reason, KUTES closely follows current developments and integrates them into its business processes in line **with its goal of becoming a leader in its sector**.

Aware of **the importance of digitalization today**, KUTES has established a software development team under the **Information Technologies (IT) department**. One of the main goals of this is to foster transition from the business-making model dependent on humans towards a more systemized model. Consequently, it is expected to **minimize human related errors**. At the same time, it is viewed as a rather convenient way to foster, speed and professionalism in customer relations, decision-making, implementation and development, and in reaching information, requests and targets.

KUTES has measured its digital maturity level in order to **move forward** more easily in **digital transformation**, to improve processes and to see the status of competitors in the sector. While determining a road map as a result of the **Digital Transformation Plan** and **Digital Maturity assessment tests**, KUTES started research on **IoT devices and the Smart Factory concept**, and analyzed **AI technology and RPA products**. In addition, the Company started to work on infrastructure improvements by supporting its growth rate with **new investments**. It increased the connection speed between locations and made plans for new server purchases. Plus, it has also started to work on digital notice boards.

A partial transition to cloud technology, which is one of the foundations of digitalization, has been achieved and some servers have been moved to the cloud. Preliminary preparations have been completed for the **ERP system**, which is currently in use, to switch to a structure that can operate entirely on the cloud. In addition, the foundations of the **Intranet portal** were laid and open source applications were started to be used. In addition, as a first in the foundry sector, the **"Virtual Fair"** application was taken live and demonstrated at the **Ankiros fair**. A **supplier tender portal** has also been established for more transparent and fair management of procurement processes.

For quality control and production processes in all areas from melting furnaces to grinding in the process, data flow is provided instantaneously through **hand terminals and PLC screens** and the entire process is precisely controlled. Thanks to the software, more efficient control of the process is ensured and **production can be stopped automatically** when liquid metal that does not have the desired chemical properties is detected. All production processes have been made visible in the **ERP system with the barcode system**. The **"Atas (Novacast) Foundry Process Center"** application, which is planned to be implemented in 2023, will enable instant thermal analysis of wire treatment and **melting furnaces** by quality and production departments, provide **automatic adjustment capability** and create a **foundry process centre**.

In addition, a digital archive has been established at KUTES in order to prevent paper waste and to comply with the trends in the **digitalization** process in parallel with the environmental policy.

OBJECTIVES

- With the software development team established under the Information Technologies (IT) Department, the continuation of a systematic organisation of KUTES from a human-dependent business process
- Implementation of Core Setter for HWS (Entra Robot) investment
- Carrying out the transition process to Microsoft ERP cloud system in 2023 and 2024
- Renewal of server infrastructure
- Implementation of Atas (Novacast) Foundry Process Center application

KUTES' RELATIONS WITH THE COMMUNITY

Stakeholder Relations Management _____

Memberships and Collaborations _____

Sustainable Supply Chain _____

Customer Satisfaction Approach _____

Grievance Mechanism and Management _____

Information Privacy and Security _____

Corporate Social Responsibility Approach _____



STAKEHOLDER RELATIONS MANAGEMENT

A good stakeholder management process serves as a means by which interactions can be coordinated and the status and quality of relationships with various stakeholders can be assessed. The most important part of this process is to develop and maintain good relationships with affected communities and other stakeholders. In this context, taking the time to identify and prioritise stakeholders and assess their interests is essential to have a strong stakeholder engagement strategy. In light of this reality, KUTES communicates and interacts with all stakeholders, from suppliers to customers to the local community, ensuring that mutual expectations are clearly articulated and relationships are strengthened. KUTES provides support to its stakeholders to understand the positive and negative impacts of not only its own activities but also those of its stakeholders, to identify the risks and opportunities associated with these impacts, and to manage these impacts in a responsible and effective manner.

KUTES's main forms of communication with its stakeholders are given in the table below:

| Stakeholders | Communication Method |
|--|---|
| Employees | E-mail, telephone and face-to-face interviews |
| | Meetings and trainings |
| | Digital communication tools |
| | Digital training programmes |
| | Special events organized for employees |
| | Announcements and notifications |
| | In-house publications |
| Customers | Customer satisfaction surveys |
| | E-mail, telephone and face-to-face interviews |
| | Customer visits and meetings |
| | Exhibitions, conferences, fairs |
| Suppliers | E-mail, telephone and face-to-face interviews |
| | Meetings |
| | Supplier audits |
| | Supplier portals |
| Public Institutions and Legislative Organizations | Periodic reporting |
| | Meetings and conferences |
| | E-mail, telephone and face-to-face interviews |
| | Inspections |

MEMBERSHIPS AND COLLABORATIONS



United Nations
Global Compact

TUDOKSAD: Turkish Foundry Manufacturers Association

TAYSAD :Turkish Vehicle Suppliers' Association

TUSIAD :Turkish Industrialists' and Businessmen's Association

CAEF :The European Foundry Association

TIM :Turkish Exporters Assembly

UN GLOBAL COMPACT

SUSTAINABLE SUPPLY CHAIN

KUTES’s supplier management strategy aims to establish **reliable, respectful, ethical, honest and integrity-based relationships** in order to purchase high quality products and services at competitive costs. To this end, **KUTES has long-standing partnerships with its strategic suppliers to build trust-based relationships.**

KUTES has a wide diversity in its raw material supply chain and the management of this process includes procurement, order fulfilment and new product delivery processes and related teams. **The role of the procurement teams** is to ensure that all sources are available, taking into account costs, and that purchasing decisions are in line with established controls and procedures. Logistics, supplier development and supplier quality are also the responsibility of the **procurement team.**

KUTES adopts a sustainable development perspective while conducting its activities with a **focus on leaving a more livable world for future generations and protecting natural resources**, and in this direction, it cares that all suppliers operate in compliance with KUTES’ standards. **In this context, KUTES asks all suppliers in its supply chain to;**

- To act in compliance with KUTES’ Sustainability Policy and other relevant policies,

- Carry out its activities in compliance with the International Labour Organization and the United Nations Convention on Human Rights,

- Comply with the legislation in force in the regions/countries in which they operate in terms of working hours, holidays, wages and fringe benefits,

- No forced labour, no child labour,

- Not to discriminate on the basis of race, language, religion, ethnic origin, age, position, gender, physical characteristics,

- Not to take any action that would cause inappropriate use of information that should be kept confidential, such as unauthorised disclosure,

- To create a decent work environment by providing a healthy and safe working environment to its employees in the working environment,

- Fulfil their obligations to comply with applicable environmental legislation in the regions/countries in which they operate, monitor and manage the environmental impacts, greenhouse gas emissions and waste arising from their operations,

- To observe the quality standard in all products and services offered,

- Taking precautions against environmental accidents,

- Develop practices on resource, water and energy efficiency and ensure to follow-up. In this context, KUTES audits its suppliers on a product basis at annual intervals and guides its suppliers accordingly.

Details regarding suppliers are given below.

| DATA ON SUPPLIERS | 2020 | | 2021 | | 2022 | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| | Local | Foreigner | Local | Foreigner | Local | Foreigner |
| Total number of suppliers | 48 | 1 | 48 | 1 | 50 | 2 |
| | 49 | | 49 | | 52 | |
| | %97,95 | | %97,95 | | %96,15 | |
| Proportion of local suppliers (%) | 19 | 0 | 19 | 0 | 32 | 0 |
| | 19 | | 19 | | 32 | |
| | %97,95 | | %97,95 | | %96,15 | |
| Number of audits carried out during the year | 0 | 0 | 0 | 0 | 2 | 0 |
| | 0 | | 0 | | 2 | |
| | 0 | | 0 | | 2 | |
| Number of suppliers identified as unfavourable | 1 | 0 | 2 | 0 | 2 | 0 |
| | 1 | | 2 | | 2 | |
| | 1 | | 2 | | 2 | |
| Number of suppliers with correction/ improvement plans | 0 | 0 | 0 | 0 | 0 | 0 |
| | 0 | | 0 | | 0 | |
| | 0 | | 0 | | 0 | |
| Number of suppliers whose employment contracts were terminated as a result of audit findings | 0 | | 0 | | 0 | |
| | 0 | | 0 | | 0 | |
| | 0 | | 0 | | 0 | |

Table 8: Supplier Information

CUSTOMER SATISFACTION APPROACH

Customer relations have an important role in the long-term success of an organization. Establishing a strong communication and business relationship helps customers feel more secure and increase their loyalty to the organization. KUTES has always put its customers at the centre of its activities and carries out regular activities to monitor and improve customer satisfaction and continues to take the necessary steps to strengthen customer relations.

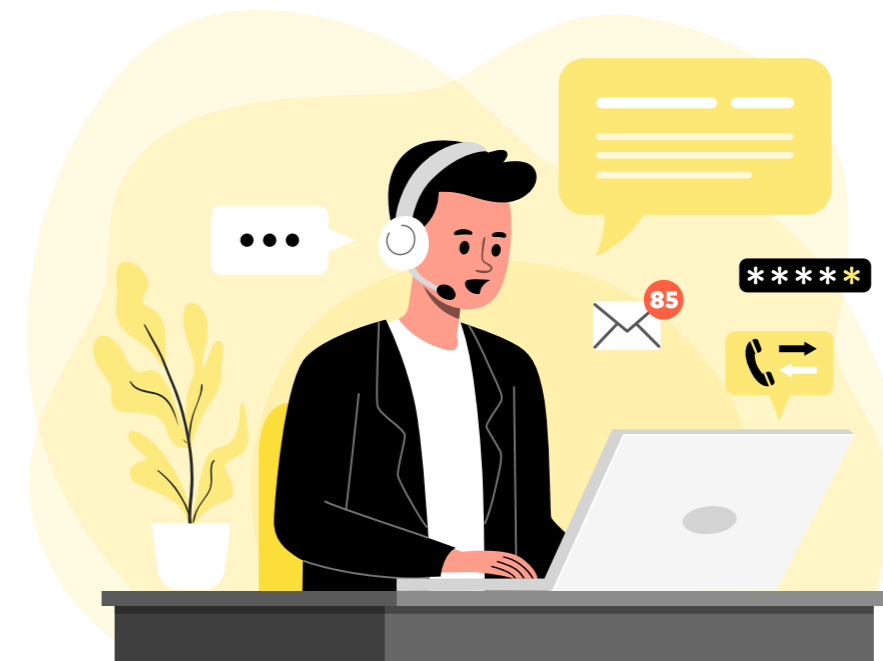


GRIEVANCE MECHANISM AND MANAGEMENT

KUTES regards its customers as its partners and aims to establish long-term relationships with them. For this reason, customer satisfaction surveys are prepared twice a year and feedbacks are collected. The feedbacks obtained are discussed with the management and relevant actions are taken.

| DATA ON CUSTOMER COMPLAINTS | 2019 | 2020 | 2021 |
|--|-------|------|------|
| Number of complaints submitted to the customer contact centre | 200 | 282 | 573 |
| Number of complaints responded by the customer contact centre | 106 | 189 | 573 |
| Number of complaints resolved by the customer contact centre | 100% | 100% | 100% |
| Response rate of complaints submitted to the customer contact centre (%) | 48.1% | 67% | 100 |

Table 9: Customer Complaints Data



INFORMATION PRIVACY AND SECURITY

KUTES endeavours for the security of the information of all stakeholders with whom it has business relations. At the same time, it cares about the implementation of practices that prevent unauthorised persons from accessing commercial or personal information and therefore carries out processes in accordance with ISO 27001. With the “KUTES Information Security Policy” established in this context, KUTES aims to ensure that all legal regulations regarding information security are complied with, risks related to information security processes are identified and systematically managed, and governance, operational and supportive business activities continue with minimum interruption.

In this context, KUTES conducts penetration tests for all projects carried out within its organization on an annual basis. At the same time, being aware of the importance of training and awareness-raising on the subject, KUTES includes these issues in its training plan and ensures that awareness-raising e-mails are regularly sent to users. It completed the ISO 27001 process in 2022, for which it has created the infrastructure and is currently acting in compliance.

Spending 2022 with integrations, KUTES started to integrate both supplier/customer integrations and all devices used with each other within the scope of horizontal and vertical integrations. In this context, the devices that can generate data and work in an integrated manner have been identified and plans for the necessary integrations have been completed. Necessary investment plans have also been taken for devices that cannot generate data. Additionally, we remained up-to-date with current technologies and that involves changing the products that are currently in-use, accordingly. They are now made redundant and the foundations of a high-availability structure were laid thereon. Security measures were tightened by adding new rules to existing measures and users were provided with the necessary vulnerability training. In addition, the necessary products were purchased for the control and intervention of the logs generated by the system from a single location.

KUTES, which also started YYS studies, has completed all systemic, hardware and software processes, including additional cameras, card passes and revisions requested in ERP, in order to fulfil the requirements in this field.

CORPORATE SOCIAL RESPONSIBILITY APPROACH

Making a positive contribution to the society while carrying out its activities is important for the sustainable development of the regions in which it operates as well as for the organizations. KUTES prioritises making strong investments with the best plans for a better future and making a difference with the experience it has gained over the years. For that purpose, with its leading position within the sector, KUTES works together with many institutions for the purpose of meeting the needs of the society in the regions it operates. In order to make a positive contribution to the society, it operates in different areas such as environmentally friendly practices, education and social aid projects.

In this context, in 2022, 20 students were provided with scholarships under the student scholarship programme with TEV. In addition, it is planned to establish a “KUTES Forest” of 100,000 trees in 2023, which will also contribute to the afforestation of our country through a joint project with ÇEVKO. The project aims to plant a total of 1 million trees. The budget allocated for corporate social responsibility activities will also be used to combat natural disasters and support the development of our country.

KUTES has adopted the principle of working and investing ambitiously to contribute to the development of our country. Thanks to its robust financial structure, it will continue to support and positively contribute to sustainable development by making larger investments in the future.



OBJECTIVES

Planting 1 million trees

PERFORMANCE INDICATORS

Environmental Performance Indicators

GRI Content Index

APPX.

PERFORMANCE INDICATORS

Environmental Performance Indicators

| CARBON FOOTPRINT VALUES | UNIT | VALUE |
|-------------------------|-------------------|-----------------|
| Scope 1 | tCO _{2e} | 565 |
| Scope 2 | tCO _{2e} | 14.379 |
| Scope 3 | tCO _{2e} | 6,7 |
| Total | tCO _{2e} | 14.950,7 |

Table 10: Carbon Footprint Values

| ENERGY CONSUMPTION VALUES | UNIT | 2020 | 2021 | 2022 |
|--|------------|---------------|---------------|----------------|
| Electricity Consumption | kWh | 21.940 | 31.590 | 38.671 |
| Renewable Source Electricity Consumption | kWh | 0 | 13.338 | 294.554 |
| Total | kWh | 21.940 | 44.978 | 332.801 |

Table 11: Energy Consumption Values

| WATER CONSUMPTION VALUES | UNIT | 2020 | 2021 | 2022 |
|--------------------------------|----------------------|--------------|--------------|-----------------|
| Mains Water Consumption | m ³ | 0 | 0 | 0 |
| Groundwater Consumption | m ³ | 4.281 | 5.482 | 13.705,5 |
| Total Water Consumption | m³ | 4.281 | 5.482 | 13.705,5 |

Table 12: Water Consumption Values

| WASTE VALUES | UNIT | 2020 | 2021 | 2022 |
|-------------------------------|-----------|------------------|------------------|-------------------|
| Amount of Non-Hazardous Waste | kg | 6.283.270 | 9.320.796 | 11.261.558 |
| Amount of Hazardous Waste | kg | 73.945 | 87.805 | 83.385 |
| Total Amount of Waste | kg | 6.357.215 | 9.408.601 | 11.344.943 |

Table 13: Waste Values

Social Performance Indicators

| EMPLOYEE PROFILE | 2019 | | 2020 | | 2021 | | 2022 | |
|---|-------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|
| | Blue Collar | White Collar | Blue Collar | White Collar | Blue Collar | White Collar | Blue Collar | White Collar |
| Total number of employees | 155 | 48 | 168 | 54 | 225 | 68 | 253 | 79 |
| | 203 | | 222 | | 293 | | 332 | |
| Number of white-collar employees | Men | Women | Men | Women | Men | Women | Men | Women |
| | 37 | 11 | 40 | 14 | 50 | 18 | 59 | 20 |
| | 48 | | 54 | | 68 | | 79 | |
| Number of blue-collar employees | Men | Women | Men | Women | Men | Women | Men | Women |
| | 155 | 0 | 168 | 0 | 225 | 0 | 253 | 0 |
| | 155 | | 168 | | 225 | | 253 | |
| Governing bodies and number of people on the Board of Directors | Men | Women | Men | Women | Men | Women | Men | Women |
| | 1 | 1 | 1 | 1 | 1 | 2 | 1 | 2 |
| | 2 | | 2 | | 3 | | 3 | |
| Number of employees excluding management bodies | Men | Women | Men | Women | Men | Women | Men | Women |
| | 191 | 10 | 207 | 13 | 274 | 16 | 313 | 16 |
| | 201 | | 220 | | 290 | | 329 | |
| Number of employees under 30 years of age | Men | Women | Men | Women | Men | Women | Men | Women |
| | 28 | 1 | 37 | 2 | 71 | 3 | 82 | 5 |
| | 29 | | 39 | | 74 | | 87 | |
| Number of employees aged 30-50 | Men | Women | Men | Women | Men | Women | Men | Women |
| | 124 | 9 | 131 | 11 | 162 | 13 | 186 | 11 |
| | 133 | | 142 | | 178 | | 197 | |
| Number of employees over 50 years of age | Men | Women | Men | Women | Men | Women | Men | Women |
| | 39 | 0 | 39 | 0 | 41 | 0 | 45 | 0 |
| | 39 | | 39 | | 41 | | 45 | |
| Number of disabled employees | Men | Women | Men | Women | Men | Women | Men | Women |
| | 5 | 0 | 4 | 0 | 6 | 0 | 6 | 0 |
| | 5 | | 4 | | 6 | | 6 | |
| Proportion of disabled employees (%) | Men | Women | Men | Women | Men | Women | Men | Women |
| | %2 | 0 | %1 | 0 | %2 | 0 | %2 | 0 |
| | %2 | | %1 | | %2 | | %2 | |
| Number of newly recruited employees | 33 | | 215 | | 55 | | 97 | |
| Turnover (%) | 2,69 | | 1,91 | | 3,22 | | 3,45 | |

Table 14: Employee Profile

PERFORMANCE INDICATORS

| EDUCATION DATA | 2020 | | 2021 | | 2022 | |
|--------------------------------|--------------|--------------|-------------|--------------|---------------|--------------|
| | Blue Collar | White Collar | Blue Collar | White Collar | Blue Collar | White Collar |
| Total number of people trained | 168 | 54 | 229 | 67 | 253 | 79 |
| | 222 | | 296 | | 332 | |
| | | | | | | |
| Total training (hours) | 107,5 | 118 | 279 | 198 | 110,7 | 441 |
| | 225,5 | | 477 | | 551,70 | |
| | | | | | | |
| Total training (person.hour) | 2,59 | 0,72 | 1,15 | 1,11 | 0,44 | 5,25 |
| | 3,31 | | 2,26 | | 5,69 | |
| | | | | | | |

Table 15: Details of Employee Training

| OHS TRAINING DATA | 2021 | | 2022 | |
|---|--------------|---------------|---------------|---------------|
| | Blue Collar | White Collar | Blue Collar | White Collar |
| Total number of people given OHS training | 211 | 45 | 240 | 45 |
| | 256 | | 285 | |
| | | | | |
| Total number of people given OHS training | Employees | Subcontractor | Employees | Subcontractor |
| | 256 | 0 | 285 | 0 |
| | 256 | | 285 | |
| Total OHS training (hours) | 1.688 | 360 | 3840 | 720 |
| | 2.048 | | 4560 | |
| | | | | |
| Total OHS training (hours) | Employees | Subcontractor | Employees | Subcontractor |
| | 2.048 | 0 | 4560 | 0 |
| | 2.048 | | 4560 | |
| Total OHS training (person.hour) | 1.688 | 360 | 3840 | 720 |
| | 2.048 | | 4560 | |
| | | | | |
| Total OHS training (person.hour) | Employees | Subcontractor | Employees | Subcontractor |
| | 2.048 | 0 | 4560 | 0 |
| | 2.048 | | 4560 | |
| Number of accidents | 67 | 0 | 100 | 0 |
| | 67 | | 100 | |
| | | | | |
| Number of fatal accidents | 0 | 0 | 0 | 0 |
| | 0 | | 0 | |
| | | | | |
| Rate of lost days due to accidents | 398 | | 993 | |
| Accident frequency rate* | 108.8 | | 122,14 | |
| Accident severity rate* | 0,65 | | 1,21 | |

Table 16: Data on OHS Trainings

* Calculation methodology Accident Frequency Rate: (1 year number of accidents * 1.000.000)/total working hours
 Accident Severity Rate: (1 year lost working day * 1,000)/total working hours

| DATA ON SUPPLIERS | 2020 | | 2021 | | 2022 | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| | Local | Foreigner | Local | Foreigner | Local | Foreigner |
| Total number of suppliers | 48 | 1 | 48 | 1 | 50 | 2 |
| | 49 | | 49 | | 52 | |
| | | | | | | |
| Proportion of local suppliers (%) | %97,95 | | %97,95 | | %96,15 | |
| Number of audits carried out during the year | 19 | 0 | 19 | 0 | 32 | 0 |
| | 19 | | 19 | | 32 | |
| | | | | | | |
| Number of suppliers identified as unfavourable | 0 | 0 | 0 | 0 | 2 | 0 |
| | 0 | | 0 | | 2 | |
| | | | | | | |
| Number of suppliers with correction/ improvement plans | 1 | 0 | 2 | 0 | 2 | 0 |
| | 1 | | 2 | | 2 | |
| | | | | | | |
| Number of suppliers whose employment contracts were terminated as a result of audit findings | 0 | 0 | 0 | 0 | 0 | 0 |
| | 0 | | 0 | | 0 | |
| | | | | | | |

Table 17: Supplier Information

| DATA ON CUSTOMER COMPLAINTS | 2019 | 2020 | 2021 |
|--|-------|-------|-------|
| Number of complaints submitted to the customer contact centre | 430 | 200 | 282 |
| Number of complaints responded by the customer contact centre | 212 | 106 | 189 |
| Number of complaints resolved by the customer contact centre | %49,3 | %48,1 | %67,0 |
| Response rate of complaints submitted to the customer contact centre (%) | %100 | %100 | %100 |

Table 18: Customer Complaints Data

GRI CONTENT INDEX

KUTES has reported in accordance with GRI Standards for the period January-December 2022.

GRI Services Team has examined that the GRI content index is clearly included in the report within the scope of Content Index -Essentials Service and that references to GRI 2-1, 2-5 and GRI 3 -1, 3-2 disclosures are present in the relevant places in the report content.



| GRI STANDARD | NOTIFICATION | PAGE NUMBERS, DESCRIPTIONS AND/OR URL |
|--|--|--|
| GRI 1: Foundation 2021 | | |
| GRI 2: General Disclosures 2021 | | |
| ORGANISATIONAL PROFILE | | |
| GRI 2: Genel Bildirimler 2021 | 2-1 Organizational details | About the Report, p.5 About KUTES, p.10 |
| | 2-2 Entities included in the organization's sustainability reporting | About the Report, p.5 |
| | 2-3 Reporting period, frequency and contact point | About the Report, p.5 |
| | 2-4 Restatements of information | There has been no significant change compared to the previous reporting period. |
| | 2-5 External assurance | No external audit was received within the scope of the report. |
| | 2-6 Activities, value chain and other business relationships | Corporate Profile, p.12 Products and Industries Served, p.24 Process and Technology, p.26 Stakeholder Relationship Management, p.68 Memberships and Collaborations, p.69 |
| | 2-7 Employees | Human Resources Approach, p.52 Employees Profile, p.54 |
| | 2-8 Workers who are not employees | All of KUTES employees are its own staff. |
| | 2-9 Governance structure and composition | Corporate Profile, p.12 Organisational Structure, p.14 Sustainability Governance Structure, p.36 |
| | 2-10 Nomination and selection of the highest governance body | Privacy Restrictions KUTES does not share this information publicly in accordance with the confidentiality policies of the organization |
| | 2-11 Chair of the highest governance body | Organisational Structure, p. |

| | | |
|-------------------------------|--|---|
| GRI 2: Genel Bildirimler 2021 | 2-12 Role of the highest governance body in overseeing the management of impacts | About the Report, p.5 About KUTES, p.10 |
| | 2-13 Delegation of responsibility for managing impacts | Sustainability Governance Structure, p.36 |
| | 2-14 Role of the highest governance body in sustainability reporting | Sustainability Governance Structure, p.36 |
| | 2-15 Conflicts of interest | Ethical Principles and Transparency, p.20 |
| | 2-16 Communication of critical concerns | Corporate Governance Approach and Policies, p. 19 During the reporting period, KUTES did not receive any critical issues |
| | 2-17 Collective knowledge of the highest governance body | Organisational Structure, p.14 |
| | 2-18 Evaluation of the performance of the highest governance body | Privacy Restrictions KUTES does not share this information publicly in accordance with the confidentiality policies of the organization. |
| | 2-19 Remuneration policies | Corporate Governance Approach and Policies, p.19 Human Resources Approach, p.52 |
| | 2-20 Process to determine remuneration | Corporate Governance Approach and Policies, p.19 Human Resources Approach, p.52 |
| | 2-21 Annual total compensation ratio | Privacy Restrictions KUTES does not share this information publicly in accordance with the confidentiality policies of the organization. |
| | 2-22 Statement on sustainable development strategy | Sustainability Approach, p.34 Alignment with the UN Sustainable Development Goals, p.35 |
| | 2-23 Policy commitments | Corporate Governance Approach and Policies, p.19 |
| | 2-24 Embedding policy commitments | Corporate Governance Approach and Policies, p.19 Ethical Principles and Transparency, p.20 |
| | 2-25 Processes to remediate negative impacts | Environmental Responsibility of KUTES, p.38 KUTES' Relations with the Community, p.66 |
| | 2-26 Mechanisms for seeking advice and raising concerns | Corporate Governance Approach and Policies, p.19 Ethical Principles and Transparency, p.20 Customer Satisfaction Approach, p.72 |
| | 2-27 Compliance with laws and regulations | Corporate Governance Approach and Policies, p.19 Ethical Principles and Transparency, p.20 |
| | 2-28 Membership associations | Memberships and Collaborations, p.69 |
| | 2-29 Approach to stakeholder engagement | Human Resources Approach, p.52 Memberships and Collaborations, p.69 Corporate Social Responsibility Approach, p. 75 |
| | 2-30 Collective bargaining agreements | KUTES does not have a workforce that works under a collective agreement. |

| MATERIAL ISSUES | | |
|---|--|---|
| GRI STANDARD | NOTIFICATION | PAGE NUMBERS, DESCRIPTIONS AND/OR URL |
| GRI 3: Material Topics 2021 | | |
| GRI 3: Material Topics 2021 | 3-1 Process to determine material topics | Materiality Analysis, p.35 |
| | 3-2 List of material topics | Materiality Analysis, p. Customer Satisfaction (Product and Service Quality) Occupational Health and Safety (OHS) Environmental Management and Biodiversity Conservation Ethics, Compliance and Anti-Corruption Stakeholder Relations and Stakeholder Management Corporate Governance Risk Management Employees Satisfaction and Employees Rights Diversity, Equal Opportunity and Non-Discrimination Responsible Supply Chain Management Training, Talent Management and Capacity Building Combating Climate Change Corporate Social Responsibility Innovation (R&D) Studies |
| | 3-3 Management of material topics | Materiality Analysis, p.34 |
| CORPORATE GOVERNANCE | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Corporate Governance Approach and Policies, p.19 |
| GRI 201: Economic Performance 2016 | 201-1 Direct economic value generated and distributed | Corporate Profile, p.12 Products and Sectors Served, p.24 |
| | 201-2 Financial implications and other risk and opportunities due to climate change | Sustainability Approach, p.34 Activities to Combat the Climate Crisis, p.40 |
| GRI 203: Indirect Economic Impacts 2016 | 203-2 Significant indirect economic impacts | Activities to Combat the Climate Crisis, p.40 |
| ETHICS, LEGAL COMPLIANCE AND ANTI-CORRUPTION | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Corporate Governance Approach and Policies, p.19 Ethical Principles and Transparency, p.20 |
| GRI 205: Anti-Corruption 2016 | 205-1 Operations assessed for risks related to corruption | Ethical Principles and Transparency, p.20 |
| | 205-2 Communication and training about anti-corruption policies and procedures | Ethical Principles and Transparency, p.20 |
| | 205-3 Confirmed incidents of corruption and actions taken | Ethical Principles and Transparency, p.20 |
| GRI 206: Anti-Competitive Behaviour 2016 | 206-1 Legal actions for anticompetitive behavior, anti-trust, and monopoly practices | During the reporting period, there were no lawsuits regarding anti-competitive behaviour and activities. |

| RISK MANAGEMENT | | |
|---|---|---|
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Corporate Governance Approach and Policies, p.19 |
| COMBATING CLIMATE CHANGE | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Activities to Combat the Climate Crisis, p.19 |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organization | Energy Efficiency, p.44 Environmental Performance Indicators, p.78 |
| | 302-4 Reduction of energy consumption | Energy Efficiency, p.44 |
| GRI 305: Emissions 2016 | 305-1 Direct (Scope 1) GHG emissions | Activities to Combat the Climate Crisis, p.40 Environmental Performance Indicators, p.78 |
| | 305-2 Energy indirect energy (Scope 2) GHG emissions | Activities to Combat the Climate Crisis, p.40 Environmental Performance Indicators, p.78 |
| | 305-3 Other indirect (Scope 3) s GHG emissions | Activities to Combat the Climate Crisis, p.40 Environmental Performance Indicators, p.78 |
| | 305-5 Reduction of GHG emissions | Activities to Combat the Climate Crisis, p.40 |
| GRI 303: Water and Effluents 2018 | 303-1 Interactions with water as a shared resource | Effective Water Management, p.46 |
| | 303-2 Management of water discharge-related impacts | Effective Water Management, p.46 |
| | 303-3 Water withdrawal | Effective Water Management, p.46 Environmental Performance Indicators, p.78 |
| | 303-4 Water discharge | Effective Water Management, p.46 Environmental Performance Indicators, p.78 |
| | 303-5 Water consumption | Effective Water Management, p.46 Environmental Performance Indicators, p.78 |
| GRI 306: Waste 2020 | 306-1 Waste generation and significant waste-related impacts | Effective Waste Management, p.48 |
| | 306-2 Management of significant waste-related impacts | Effective Waste Management, p.48 |
| | 306-3 Waste generated | Effective Waste Management, p.48 Environmental Performance Indicators, p.78 |
| | 306-4 Waste diverted from disposal | Effective Waste Management, p.48 Environmental Performance Indicators, p.78 |
| ENVIRONMENTAL MANAGEMENT AND BIODIVERSITY CONSERVATION | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Activities to Combat the Climate Crisis, p.40 |
| GRI 304: Biodiversity 2016 | 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | Activities to Combat the Climate Crisis, p.40 |
| | 304-2 Significant impacts of activities, products and services on biodiversity | Activities to Combat the Climate Crisis, p.40 |
| | 304-3 Habitats protected or restored | Activities to Combat the Climate Crisis, p.40 |

EMPLOYEES SATISFACTION AND EMPLOYEES RIGHTS

| | | |
|-----------------------------|--|--|
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Corporate Governance Approach and Policies, p.19 Human Resources Approach, p.52 |
| GRI 401: Employment 2016 | 401-1 New employee hires and employee turnover | Employee Profile, p.54 Social Performance Indicators, p.79 |
| | 401-3 Parental Leave | Employee Profile, p.54 Social Performance Indicators, p.79 |

OCCUPATIONAL HEALTH AND SAFETY (OHS)

| | | |
|--|---|--|
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Occupational Health and Safety (OHS) Management, p.60 |
| GRI 403: Occupational Health and Safety 2018 | 403-1 Occupational health and safety management system | Occupational Health and Safety (OHS) Management, p.60 |
| | 403-2 Hazard identification, risk assessment, and incident investigation | Occupational Health and Safety (OHS) Management, p.60 Social Performance Indicators, p.79 |
| | 403-3 Occupational health services | Occupational Health and Safety (OHS) Management, p.60 |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | Occupational Health and Safety (OHS) Management, p.60 |
| | 403-5 Worker training on occupational health and safety | Occupational Health and Safety (OHS) Management, p.60 |
| | 403-6 Promotion of worker health | Occupational Health and Safety (OHS) Management, p.60 |
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | Occupational Health and Safety (OHS) Management, p.60 |
| | 403-9 Work-related injuries | Social Performance Indicators, p.79 |
| | 403-10 Work-related ill health | Social Performance Indicators, p.79 |

DIVERSITY, EQUAL OPPORTUNITY AND NON-DISCRIMINATION

| | | |
|---|--|---|
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Ethical Principles and Transparency, p.20 Human Resources Approach, p.52 |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | Human Resources Approach, p.52 Employee Profile p.54 Social Performance Indicators, p.79 |
| | 405-2 Ratio of base salary and remuneration of women to men | Privacy Restrictions KUTES does not share this information publicly in accordance with the confidentiality policies of the organization. |
| GRI 406: Non - Discrimination 2016 | 406-1 Incidents of discrimination and corrective actions taken | Corporate Governance Approach and Policies, p.19 During the reporting period, no case of discrimination was encountered. |

RESPONSIBLE SUPPLY CHAIN MANAGEMENT

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| GRI 3: Material Topics 2021 | 33-3 Management of material topics | Sustainable Supply Chain, p.70 |
| GRI 408: Child Labor 2016 | 408-1 Operations and suppliers at significant risk for incidents of child labor | Corporate Governance Approach and Policies, p.19 Ethical Principles and Transparency, p.20 Sustainable Supply Chain, p.70 |
| GRI 409: Forced or Compulsory Labor 2016 | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor | Corporate Governance Approach and Policies, p.19 Ethical Principles and Transparency, p.20 Sustainable Supply Chain, p.70 |

TRAINING, TALENT MANAGEMENT AND CAPACITY BUILDING

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| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Human Resources Approach, p.52 Kapasite Gelişimine Yönelik Çalışmalar, s.58 |
| GRI 404: Training and Education 2016 | 404-1 Average hours of training per year per employee | Activities for Capacity Development, p58 Social Performance Indicators, p.79 |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | Activities for Capacity Development, p58 Social Performance Indicators, p.79 |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | Activities for Capacity Development, p58 Social Performance Indicators, p.79 |

STAKEHOLDER RELATIONS AND STAKEHOLDER MANAGEMENT

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| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Stakeholder Relations Management, p.68 |
| GRI 413: Local Communities 2016 | 413-2 Operations with significant actual and potential negative impacts on local communities | Stakeholder Relations Management, p.68 Corporate Social Responsibility Approach, p.75 |

CORPORATE SOCIAL RESPONSIBILITY

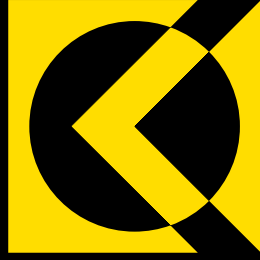
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| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Corporate Social Responsibility Approach, p.75 |
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CUSTOMER SATISFACTION (PRODUCT AND SERVICE QUALITY)

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| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Customer Satisfaction Approach, p.72 |
| GRI 417: Marketing and Labeling 2016 | 417-1 Requirements for product and service information and labeling | Customer Satisfaction Approach, p.72 |
| | 417-2 Incidents of non-compliance concerning product and service information and labeling | No non-compliance was experienced during the reporting period. |
| | 417-3 Incidents of non-compliance concerning marketing communications | No non-compliance was experienced during the reporting period. |

INNOVATION (R&D) STUDIES

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|-----------------------------|-----------------------------------|---|
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Digitalization Investments of KUTES, p.64 |
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