

2023

 KLIMASAN



Design Future

Protect Nature!

Today's choices determine tomorrow's climate. We take responsibility for a sustainable future.

Sustainability Report

KLIMASAN

This report includes the sustainability efforts and targets achieved by Klimasan in 2023 and has been prepared by Enxion Group. All information and views presented in the report have been provided by Klimasan and are not claimed to be exhaustive. The data and information presented in the report have not been independently verified and have been prepared solely for informational purposes, without any recommendation for investment decisions.

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Enxion Group A.Ş.

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2023 was a year in which we took dynamic steps to lead the way in sustainability. With our innovations in cooling technologies, we took strong steps toward a greener future by reducing environmental impacts.

A Dynamic YEAR

A Creative

YEAR



Klimasan is opening the doors to a sustainable world by transforming living spaces with innovative solutions.

As Klimasan, we improve living spaces with effective and sustainable solutions, progressing with determination toward a more energy-efficient world.

An Effective YEAR

Metalrio | Solutions
KLIMASAN
İŞ GÜVENLİĞİ VE KALİTE
BERNİME BAŞLAR



An Innovative

YEAR

As Klimasan, we are transforming living spaces with innovative solutions, building a sustainable future.

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01





ABOUT THE REPORT

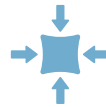
Klimasan's fourth sustainability report has been prepared in line with the company's corporate sustainability strategy. Through this report for 2023, Klimasan aims to share its performance and contributions across various areas, including society, economy, environment, and corporate governance, with its stakeholders in all fields and geographies where it operates.



Klimasan has a total of five subsidiaries: Metalfrio Solutions Poland SP. Z.o.o., Metalfrio West Africa Ltd., Sabcool Ltd., LLC Metalfrio Solutions, and LLC Estate. However, these subsidiaries are not included within the scope of this report. The Klimasan 2023 Sustainability Report has been prepared in accordance with the core option of the Global Reporting Initiative's (GRI) 2016 Standards Reporting Framework.



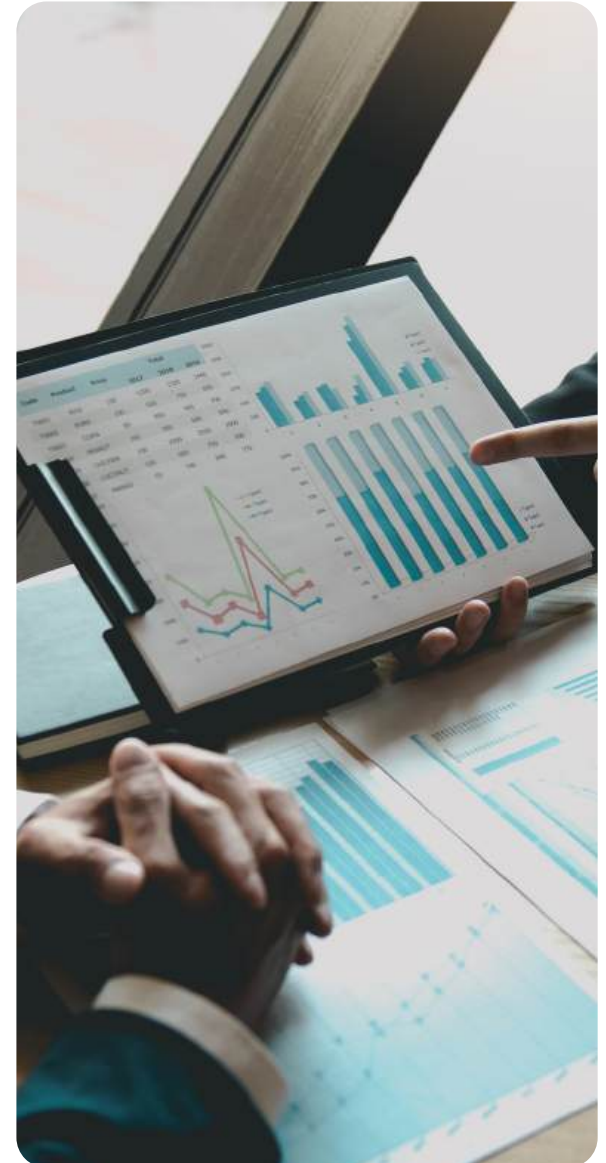
The Sustainability Report, covering the period from January 1 to December 31, 2023, provides comprehensive information on all of Klimasan's activities in the areas of "Our Planet, People, Sustainable Business, and Sustainable Growth."



The Sustainability Report focuses on Klimasan's corporate sustainability activities, management system practices, and financial and non-financial efforts for 2023. Additionally, the report addresses Klimasan's contributions to the United Nations Sustainable Development Goals and its performance under the UN Global Compact.



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



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



KLİMASAN AT A GLANCE

Yearly Production Capacity



1327 >>> Number of Employee

3 M. € >>> Total Investment Expenditure

3.7% >>> 2023 Efficiency Improvement



Klimasan Manisa Factory Türkiye

Factory Area: 141,068 m²
Capacity of Production: 812,520 product per year



Kaliningrad Factory Russia

Factory Area: 13,076 m²
Capacity of Production: 220,000 product per year

Our Partnership Structure

38.99% >>> Publicly Traded

61.01% >>> Metalfrío Solutions Cooling Industry and Trade Inc.

The total share of Metalfrío Solutions Cooling Industry and Trade Inc. in the company's capital, including its 7.75% stake in the publicly traded shares, amounts to 68.75%.



OUR STRONG SUSTAINABILITY PERFORMANCE

Steps Toward a Sustainable Tomorrow

Klimasan integrates sustainability into its business model, managing its economic, environmental, and social impacts with a holistic approach. Aiming to add value for the future, it focuses on goals related to the planet, people, sustainable business, and growth.



Our Planet

- ✓ Emission Calculation and Verification within the Framework of ISO 14064-1:2018 Standard and GHG Protocol
- ✓ Reduction of Carbon Emissions
- ✓ Verification of Science Based Targets
- ✓ Reduction in Natural Resources and Energy Consumption
- ✓ Participation to UNGC The Climate Ambition Accelerator Program



People

- ✓ Increase in Employee Trainings
- ✓ Target Based Performance Evaluation System
- ✓ R&D Specialization Program
- ✓ Coolest Start Program
- ✓ Mentorship Program



Sustainable Business

- ✓ EcoVadis CSR Gold Rating
- ✓ Commitment to the United Nations Global Compact
- ✓ Product Recyclability Analysis
- ✓ University-Industry Partnership Initiatives
- ✓ Key Achievements in the R&D 250 Report



Sustainable Growth

- ✓ Renewable Energy Investments
- ✓ Increase in Research and Development Investment



OUR ACHIEVEMENTS IN 2023

41% >>> Increase in Employee Training Hours

15 >>> Corporate Social Responsibility Project

10 >>> Motivational Activities Conducted for Employees

4% >>> Total Electricity Consumption Reduction

6.5% >>> Total Natural Gas Consumption Reduction

12 >>> Number of Utility Models

41.2% >>> R&D Budget Increase

962,743 >>> Total Emission (tCO₂e)





OUR ACHIEVEMENTS IN 2023

Klimasan, one of the leading companies in the industrial refrigeration and freezing sector, also stands out with its sustainable corporate governance activities. In this regard, the sustainability-focused initiatives carried out by Klimasan in 2023 are as follows:

Klimasan's Sustainability Success: Gold Medal from EcoVadis

Since 2013, Klimasan has been receiving EcoVadis Sustainability and Corporate Social Responsibility evaluation services, continuing this process as a critical part of its sustainability efforts. As a result of this evaluation, which directly impacts the company's commercial activities, competitive advantage, and market share, Klimasan focuses on the identified areas for improvement and takes comprehensive actions accordingly.

In the 2023 EcoVadis Sustainability Assessment, Klimasan continued its success by receiving a gold medal. **The company has ranked in the top 2% of companies globally and the top 1% in its sector, due to its outstanding performance in the areas of Environment, Human and Labor Rights, Ethics, and Sustainable Procurement and Supply Chain.**

In addition, due to its projects and initiatives on emission reduction, Klimasan has been ranked in the "Leader" category in Carbon Management.



Klimasan, Signatory and Supporter of the United Nations Global Compact

Since 2019, Klimasan has committed to sustainable business practices by signing the United Nations Global Compact, aligning its efforts with a global framework. The company integrates the 10 principles of the UN Global Compact and the 17 Sustainable Development Goals (SDGs) into its strategies, strengthening its sustainability initiatives. Klimasan shares its progress in this area through regularly published Sustainability Reports.

All Klimasan employees have access to the "UN Global Compact Academy," provided by the United Nations Global Compact. Through this platform, employees benefit from training and certification programs, allowing them to enhance their knowledge and skills in alignment with global sustainability goals.

Additionally, Klimasan actively participates in international programs led by the UN Global Compact to support environmental and social sustainability efforts, and plays an active role in global initiatives featured on this platform.

Participation in the UNGC The Climate Ambition Accelerator Program

Klimasan participated in the Climate Ambition Accelerator Program organized by the United Nations Global Compact, which was launched simultaneously in 44 countries globally in 2023. This program offers a six-month acceleration process for member companies committed to achieving climate neutrality. With 27 companies from Türkiye and over 800 companies worldwide participating, the program enabled companies to set science-based emission reduction targets aligned with the 1.5°C goal and to develop action plans through training sessions and workshops.



Fourth Year of GRI Sustainability Reporting

Klimasan published its first Sustainability Report in 2020, providing an opportunity to share its corporate sustainability efforts with stakeholders. In 2021, the company further strengthened its sustainability approach by sharing its strategic goals and commitments.

In 2023, Klimasan prepared its fourth Sustainability Report, continuing its commitment to transparency and accountability by reporting its environmental, social, and economic performance annually in accordance with GRI standards.

Pioneering in Emission Calculation, Monitoring, and Verification

Since 2011, Klimasan has been calculating and reporting its carbon footprint in accordance with the GHG Protocol. In 2021, the company achieved a milestone by calculating and verifying its emissions in six different categories for the first time, based on the ISO 14064-1:2018 Standard, setting a precedent in the industry.

In 2023, Klimasan's emissions were calculated in six categories in compliance with the GHG Protocol and ISO 14064-1:2018 Standard, and verified by a third-party auditing firm accredited by TÜRKAK. The total emissions amounted to 962,743.66 t CO₂ equivalent, representing a 31% reduction compared to 2022.

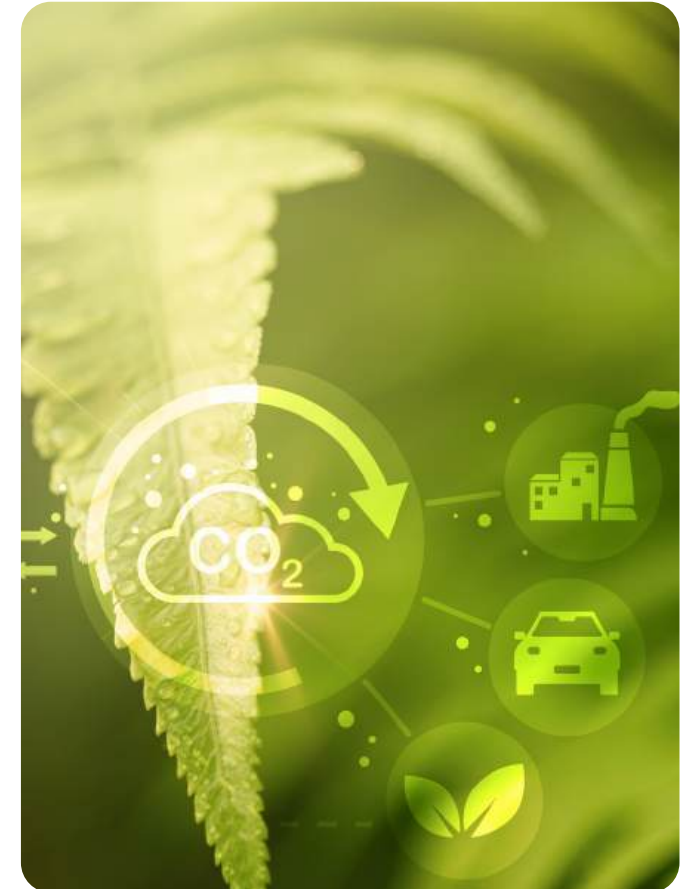
31% >>> Reduction in Total Emissions

Climate Crisis Mitigation Efforts

Klimasan is fully aware of the potential issues arising from the impacts of the climate crisis and continues its efforts with this in mind. In this regard, the company focuses on energy savings, product energy efficiency, and emission reduction. In 2023, Klimasan implemented energy efficiency projects, achieving a savings of 11,715 kWh of electricity and 2,205,370 kWh of natural gas. As a result of these improvements, total natural gas consumption decreased by 6%, while electricity consumption reduced by 4.8%.

In line with these efforts, intensive R&D activities have expanded the company's energy-efficient product range, increasing both the variety and number of high energy-saving products.

Klimasan's science-based emission reduction targets have been approved by the Science Based Targets initiative (SBTi). The company has actively participated in training and informational programs throughout the process, and with the dedication of its technical teams, it has worked on its 2030 emission reduction plan. Klimasan has set ambitious goals to significantly reduce its direct and indirect emissions. Accordingly, investments and projects aimed at improving energy consumption have been pursued, alongside R&D efforts focused on improving product energy use.





Achieving Successful Emission Reduction Targets through the S-LoCT Program



Klimasan, first participating in the Supplier Leadership on Climate Transition (S-LoCT) Program organized by Guidehouse in 2022, continued its involvement in 2023. After joining the program's third phase in 2022, which focused on setting emission reduction targets, Klimasan worked on planning strategies to achieve these targets in the fourth and fifth phases of the program in 2023. The S-LoCT Program has played a significant role in advancing Klimasan's emission management journey.

International Renewable Energy Certificate (I-REC)

Since 2020, Klimasan has been meeting its electricity consumption annually through renewable energy investments, ensuring the traceability of the electricity generated from renewable sources with the International Renewable Energy Certificate (I-REC). In 2023, Klimasan procured a total of 9,886 MWh of electricity from renewable sources, earning the right to receive the I-REC certification.

Publication of the Sustainability Principles Compliance Report

As a publicly traded company, Klimasan continues its transparent stakeholder communication and reporting efforts by publishing the Sustainability Principles Compliance Report on the Public Disclosure Platform (KAP). First published in 2022, the report has been shared again with all stakeholders in 2023. This report summarizes the company's Environmental, Social, and Governance (ESG) performance and aims to share its sustainability commitments with stakeholders.

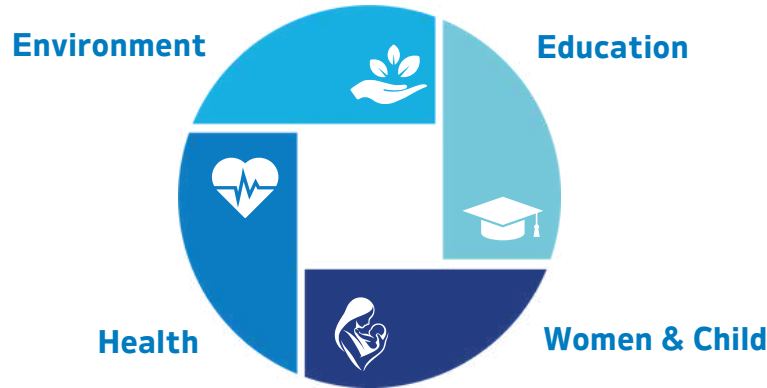




Advancing Social Sustainability Efforts

Establishment of the Social Responsibility Committee

Klimasan aims to amplify its positive impact on society and the environment through its "Social Responsibility Committee." This committee not only strives to fulfill the company's social and environmental responsibilities but also takes on a leadership role in addressing various societal, environmental, and ethical issues. Its activities are organized around four key focus areas to achieve sustainability goals.



Career Journey of Young Talents: Coolest Start

Klimasan, the Coolest Start talent program actively employs young talents who are continuing their education or have recently graduated. Participants are given the opportunity to enhance their skills and gain valuable experience by working on various projects. After internships, many participants, evaluated by department managers and the Human Resources team, are offered permanent positions at Klimasan. Additionally, collaborations with leading universities are fostered to support the employment of recent graduates.



Klimasan KLIK Academy



Following the ERP Digital Transformation Project, Klimasan expanded the SAP Remote Training Platform to support the continuous development of its employees, adding more than 25 personal development training programs. These programs, offered by expert trainers both in-person and remotely, are accessible to all employees. The model, which allows individuals to learn at their own pace, aims to provide high-quality training to a wide audience.

Target-Based Performance Evaluation



Klimasan implements two main systems in performance management: Talent-Based and Target-Based systems. The Target-Based Performance Evaluation focuses on individual goals as well as department and company goals, ensuring the tracking and assessment of annual objectives. After the evaluation, feedback meetings are held with the Human Resources Team, and this process helps determine the necessary actions for employees' career management.



Our Sustainability Approach

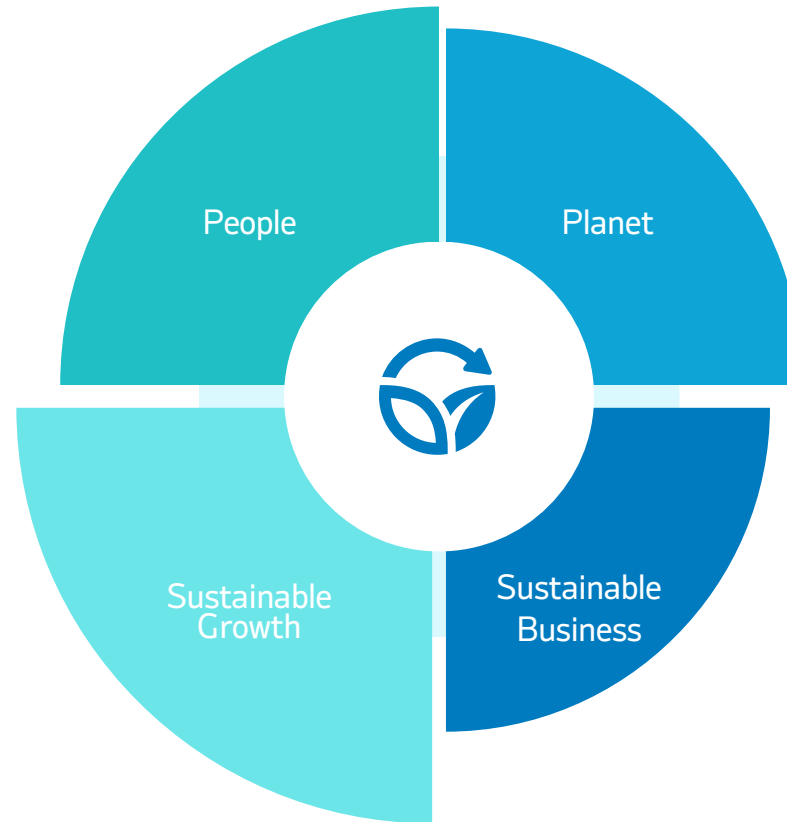
Klimasan shapes and implements its Sustainability Strategy around four key principles: "People, Our Planet, Sustainable Business, and Sustainable Growth." In this context, sustainability is not just a goal but is integrated at the core of all business processes. The company takes determined steps towards responsible, innovative, and long-term value creation for the future.

People

- Occupational Health and Safety
- Human Rights
- Employee Development
- Social Responsibility
- Business Code of Conduct and Ethics
- Fair Competition
- Social Diversity and Equality

Sustainable Growth

- R&D
- Technology and Innovation
- Investments



Planet

- Environmental Management
- Energy Management
- Carbon and Emission Management

Sustainable Business

- Corporate Sustainability Management
- Sustainable Product & Production
- Quality and Continuous Improvement
- Sustainable Supply Chain
- Customer Management
- Total Quality Management
- Risk Management



Message from the CEO

Dear Stakeholders,

As we leave 2023 behind, I would like to once again emphasize our commitment to sustainability and our dedication to addressing environmental, social, and economic impacts. The past year has been marked as a challenging period globally, shaped by climate change, geopolitical tensions, and economic uncertainties. 2023 stands out as the hottest year on record, with ocean surface temperatures reaching unprecedented levels and the Antarctic sea ice cover hitting its lowest point. Furthermore, the United Nations highlighted significant deviations in achieving the Sustainable Development Goals (SDGs).

This year, we made significant progress toward our sustainability goals. The challenges we faced only strengthened our sustainability vision and enhanced the way we conduct our business. We took numerous new steps in managing climate change, energy resources, and reducing our environmental impacts. The global climate events and environmental crises have once again reminded us of the need to continuously review and improve our sustainability strategies. As Klimasan, we continue to take strong actions to reduce our environmental impacts, turning these challenges into opportunities.

In 2023, we initiated several projects aimed at minimizing our environmental impact and improving resource efficiency. We achieved a 4% reduction in total electricity consumption and a 6.5% reduction in natural gas consumption. Additionally, we sourced a total of 9,886 MWh of electricity from renewable sources, earning the right to obtain the I-REC certificate. Our R&D investments in energy efficiency and sustainable technology have led to significant improvements in our production processes and products, further strengthening our efforts to develop innovative solutions.

With the aim of increasing our social contributions, we supported various corporate social responsibility projects. Our initiatives in education, health, and the environment have helped us enhance our positive impact on society and have become a tangible demonstration of our commitment to social responsibility.

This year, we also took a significant step in evaluating and improving our sustainability performance. In 2023, we prepared our fourth Sustainability Report, reporting our environmental, social, and economic performance in accordance with GRI (Global Reporting Initiative) standards, as we have done every year. This reflects our commitment to transparency and responsibility in our business processes and demonstrates our dedication to building a trustworthy, open relationship with our stakeholders.

At Klimasan, we define our sustainability strategy around four main pillars: People, Planet, Sustainable Business, and Sustainable Growth. The achievements and practices we have developed in these areas demonstrate our determination to reach our long-term goals.

This year, working in great harmony and cooperation with all of our stakeholders, we took significant steps toward shaping a sustainable future. I would like to thank all of our colleagues, customers, and business partners who contributed to this process. Together, we will continue to take steps toward a greener and more sustainable world.

Best regards,

Luiz Eduardo Moreira Caio - CEO



Message from the General Manager

Dear Stakeholders,

The year 2023 has been a period of significant change and challenges worldwide. During the recovery from the pandemic's effects, geopolitical developments and wars led to social and economic hardships. The energy crisis deepened the inflation cycle, increasing uncertainties in the global economy. While Turkey continued to grow, aided by positive export contributions, it faced high inflation challenges. Despite these difficulties, Klimasan maintained its commitment to sustainability and digitalization. In 2023, we achieved a 3.7% increase in productivity.

By analyzing the recyclability of our products, we created opportunities for collaboration with our suppliers to develop products with high recycling rates. Additionally, by digitizing our operational processes to improve energy and resource efficiency, we implemented our new ERP software. This step enabled us to integrate all of our business processes more effectively, marking significant progress toward Klimasan's "Smart Business" goal.

In the field of sustainability, we continued our success by earning a gold medal in the EcoVadis Sustainability Assessment in 2023. Thanks to our outstanding performance in areas such as Environment, Human and Labor Rights, Ethics, and Sustainable Procurement, we ranked in the top 4% of evaluated companies worldwide and in the top 1% of our industry. Furthermore, through our emission reduction projects and initiatives, we advanced to the "Leader" category in Carbon Management.

In R&D, we increased our budget by 41.2%, further solidifying our position as an industry leader. Our R&D teams developed innovative production processes that reduce the environmental impact of our products. As part of this, we continue to offer products that conserve energy and water while meeting consumers' health and hygiene expectations.

Klimasan's sustainability vision prioritizes creating societal and environmental benefits. In this regard, we strengthened our investment in our employees, achieving a 41% increase in the training hours provided in 2022-2023. The awareness and responsibility of our employees form the foundation of our strength in the change and transformation processes. In line with this, our Social Responsibility Committee, established in 2023, aims to further enhance our positive impacts on society and the environment. The committee focuses on various projects in areas such as the environment, education, women and children, and health, with the goal of achieving our sustainability objectives.

In line with our net-zero emissions target, we are implementing circular economy models that reduce energy consumption and increase resource efficiency. Additionally, we continue to minimize our environmental impact by increasing the use of recyclable materials. In 2023, we observed once again how crucial the steps we took in pursuit of these goals were for both our company and our planet. By maintaining our determination in the processes of change and transformation, we will continue to advance with the experience and capabilities we have in overcoming challenges and building a more sustainable future.

We thank you, our valued stakeholders, for being with us on this journey, and we look forward to progressing together toward a better, smarter, and more sustainable life.

Best regards,

Alper Erol - General Manager



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KLİMASAN IN BRIEF



With you since **1915**

Founded in 1915, Klimasan continues its activities in the industrial refrigeration and freezer sector with a commitment to constant development and innovation. This journey, which began in 1931 with the first refrigerator import by the Şenocak Family in a small shop in Izmir, evolved into specialization with the assembly of commercial refrigerators in 1955 and the transition to production in 1969.

A Globally Recognized Brand with Lasting Impact

Klimasan, as one of Türkiye's leading commercial refrigerator manufacturers, strengthens its global position year by year.

65,765 m²
indoor area

141,068 m²
total area

1,300+
employee

Restructured in 1969 under the name Klimasan Klima Sanayi ve Ticaret A.Ş., the company serves the domestic market with the "Şenocak" brand, while operating internationally under the "Klimasan," "Caravell," and "Metalfrio" brands. The production facility, built on 65,765 m² of indoor space and a total area of 141,068 m², continues to supply refrigerators and freezers to leading global brands in the beverage and ice cream sectors with its constantly updated technology. In addition, it provides refrigerators and freezers to large corporate customers in Türkiye. Klimasan specializes in the production of commercial refrigerators and freezers and also offers a range of home-type freezers.

Part of the Metalfrio Group, Klimasan provides comprehensive solutions to global and regional brands operating in the beverage, ice cream, food service, and retail sectors. The production facility in Manisa is the largest commercial refrigeration facility in Europe, solidifying the company's leadership position in the global commercial refrigeration market.

Designed to meet diverse customer needs and global market requirements, the Metalfrio, Klimasan, Caravell, and Şenocak brands offer a wide range of products and provide customer-oriented solutions with customizable or special production features.

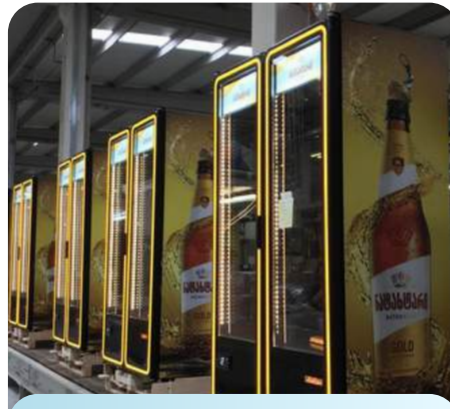
With its production facility in Manisa, Klimasan is one of the largest employers in the Aegean Region, particularly in Manisa, and makes significant contributions to the regional workforce through contractual, seasonal, and permanent employment opportunities. Today, the company continues its successful journey with over 1,300 employees.



KLİMASAN IN BRIEF

In addition to its production facility in Manisa, Turkey, Klımasan also has a production facility in Kaliningrad, Russia, and a sales office in Warsaw, Poland.

With its emphasis on corporate governance principles, Klımasan aims to create value for all its stakeholders. The company operates with an annual capacity of 812,000 units at its production facility in Manisa.



812,000
annual production capacity in units

The company offers over 180 product types to more than 1,600 customers in over 100 countries and is ranked among Türkiye's top 500 companies.

It is ranked among the top 500 companies in Türkiye.



KLMSN

Klımasan, a leader in the commercial refrigeration sector in Turkey and one of the largest companies globally, **has been listed on Borsa İstanbul since 1997 under the stock code KLMSN.**

Klımasan and its brands, recognized as a reliable and innovative supplier of refrigerators and freezers for over 50 years, have a strong reputation in the industry.

With energy-efficient product lines, advanced technology R&D efforts, and customer-focused design solutions, Klımasan has consistently managed to stay one step ahead of its competitors. Market research, competitor analysis, and customer acquisition and retention strategies led by the Marketing Department, along with projects aimed at increasing customer satisfaction, form the foundation of Klımasan's continued industry leadership.



OUR MAIN PRODUCTS

Household Coolers

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

Commercial Type Coolers

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





ABOUT METALFRIO SOLUTIONS



Founded in 1960 to provide solutions tailored to the regional needs of its customers, Metalfrio Solutions guides its clients' growth processes with its globally recognized expertise. The company has a robust infrastructure that offers fully customized solutions by understanding the unique requirements of each market.

As a strategic business partner to the world's largest food and beverage brands, Metalfrio Solutions offers comprehensive and customized solutions to its users, including design, production, distribution, and after-sales services. The expertise gained since its establishment is reflected in every detail of its product range, ensuring maximum efficiency in the beverage and food market, reducing maintenance and operational costs, and contributing to lower energy consumption.



As part of Metalfrio Solutions, Life Cycle offers an innovative system for refrigerators and freezers, providing businesses with comprehensive 360° services including maintenance, logistics, spare parts, and refurbishment. Life Cycle is a holistic service offered by Metalfrio Solutions to help businesses maintain their beverage and food consumption at optimal temperatures.

Through its Life Cycle system, Metalfrio provides preventive and corrective maintenance services for over 5 million refrigerators and freezers under its management, ensuring quick identification and resolution of issues with immediate availability of spare parts.

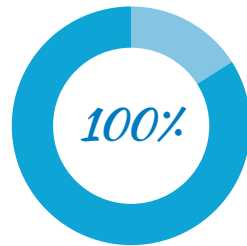
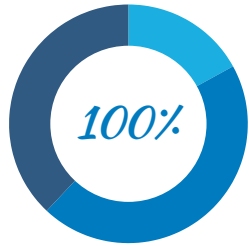
Five Production Facilities Across Two Continents

Founded in 1915, Klimasan continues its success with a rich history in the industrial refrigeration and freezer sector, driven by a commitment to constant innovation and development.





Revenue Distribution in 2023



- 17% >>> Central and North America
- 45% >>> South America
- 38% >>> EMEA

- 16% >>> Service and Leasing
- 84% >>> Products

Business Lines



A global company with 60 years of experience in commercial refrigeration, operating five production facilities and a distribution network across North and South America and Europe.



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



The leading company in commercial refrigeration in Türkiye, distinguished by its commitment to quality and innovation.



Alternative rental solutions for professional equipment.



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

OUR MISSION, VISION AND VALUES



Our Mission

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



Our Values

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

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

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

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

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

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

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

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



Our Vision

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



OUR ETHICAL VALUES AND STRATEGIC GOALS

Reliability

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

Fairness

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

Pride

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

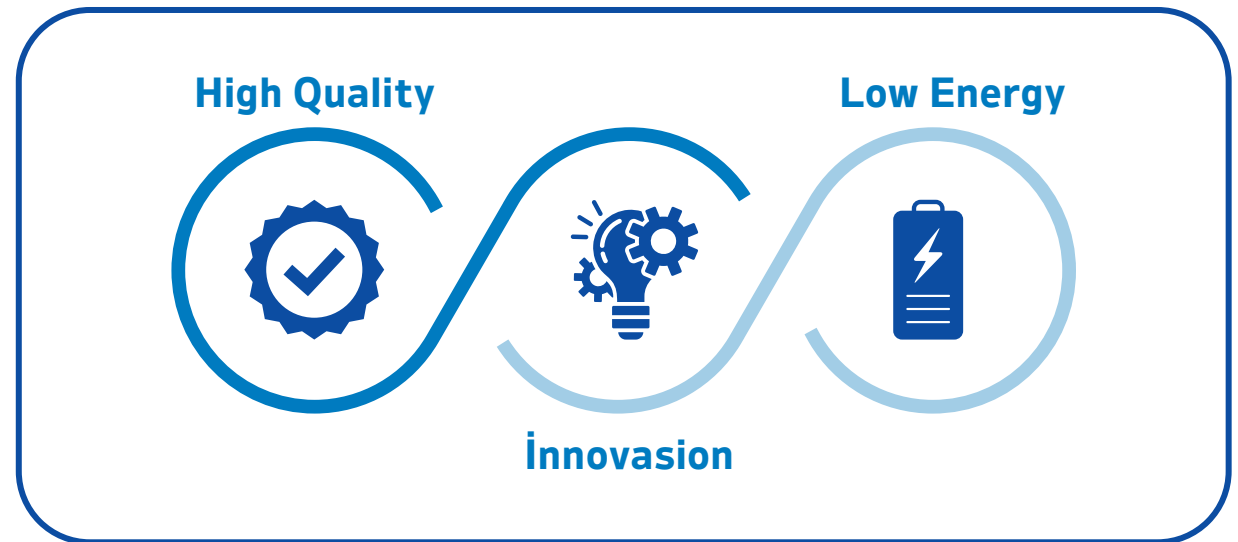
Respect for Employees

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

Strategic Goals

To Be a Business Partner that Offers Holistic Services for the Sector

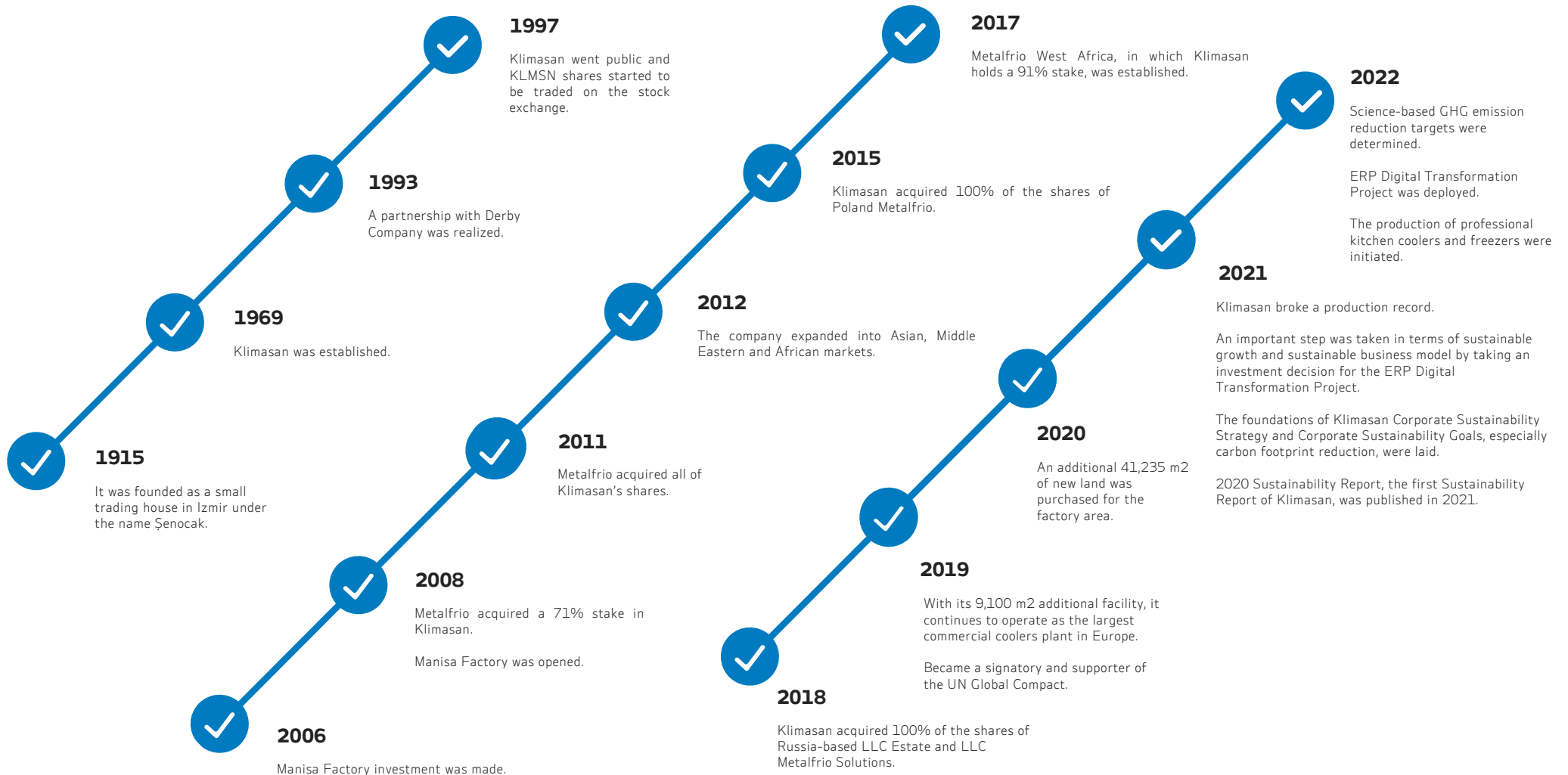
Green Production





OUR MILESTONES

The Success Journey of Klimasan





MANAGEMENT OF SUSTAINABILITY RISKS



Sustainability Risk



Definition



Actions Taken by Klimasan

Environmental

Climate Change and Natural Disasters

Climate change is defined as "changes in the average state and/or variability of the climate, regardless of its cause, over decades or longer." The main driver of climate change has been human activities due to the increase in greenhouse gas (GHG) emissions in the atmosphere since the Industrial Revolution in the early 19th century. The impacts of climate change include global warming, intense droughts, water scarcity, severe fires, rising sea levels, floods, melting polar ice caps, powerful storms, and declining biodiversity. On the other hand, natural disasters are defined as natural hazards that are severe, sudden, and destructive disasters of atmospheric, geological, and hydrological origin that have a negative impact on society or communities.

- To prevent the operational continuity from being negatively affected by the extreme temperatures caused by climate change, the frequency of periodic maintenance is increased during the summer months, and working hours are adjusted to avoid machine downtimes.
- Regular environmental measurements are conducted to ensure the sustainability of an ergonomic and suitable working environment, and the ambient temperature is continuously monitored.
- Efforts are made to reduce the environmental impact of the climate crisis by keeping energy and natural resource consumption at optimal levels, with a focus on recycling and low-emission initiatives.
- Proactive measures are taken for potential emergencies, and emergency action plans, along with response teams, are kept ready at all times.
- Planned and unplanned periodic emergency drills are carried out, and improvements are made based on the shortcomings identified during the drills.
- Earthquake risk analysis, soil and structural investigations, and parcel seismic strength analyses are performed, and strengthening and preventive action plans are developed within this scope.
- The risks related to climate change and potential natural disasters are closely monitored and managed by senior management within the framework of the Corporate Risk Analysis.

Social

Talent Risk

Talent risk has emerged as an important social risk for the business world in today's circumstances. The world has been forced to adopt new working conditions due to the COVID-19 pandemic. The "new normal" resulting from new working conditions has been challenging for companies. The definition of "workplace" is no longer restricted to physical offices and long working hours. Moreover, there is a problem in finding competent human resources, which is seen in almost every sector. Due to the difficulties in retaining employees who continue their jobs, companies implement different processes to ensure employee loyalty. Additionally, employee welfare and flexible working hours concepts have emerged. The companies that can not adapt to this development face the risk of losing their current employees and being unable to reach potential talents.

- Activities aimed at increasing employee engagement are being developed, focusing on performance, talent, and career management. Strategies are being created to retain existing talents and attract new ones.
- Annual performance evaluation processes and career planning efforts are carried out meticulously, employee satisfaction is regularly measured, and continuous improvement activities are planned based on the results obtained.
- Comprehensive training plans are made to support employees' professional and technical competencies as well as personal development. Remote and flexible working models are successfully implemented.
- Employee feedback and requests are evaluated through various communication and transparent feedback channels, and improvement processes are carried out based on this feedback.



MANAGEMENT OF SUSTAINABILITY RISKS



Sustainability Risk



Definition



Actions Taken by Klimasan

Social

Increasing Cost of Living

Given the rising global inflation over the past two years and the current economic conditions in Türkiye, the increasing cost of living has become a significant social risk. In 2022, Türkiye faced severe inflationary pressures, driven by factors such as the depreciation of the Turkish lira, disruptions in the supply chain exacerbated by the military tensions between Russia and Ukraine, and broader geopolitical developments. According to the Turkish Statistical Institute (TurkStat), inflation in Türkiye reached 64.27% in December 2022.

- Various benefits policies are being developed and effectively implemented to improve employees' economic well-being. In this context, supporting employees' basic and social expenses has been identified as a priority objective.
- The "16 salary policy," which all employees can benefit from, is successfully implemented. Additionally, in line with inflation and rising cost of living, compensation reviews are conducted twice a year, and improvements are made. These processes aim to enhance employee satisfaction and provide support in the face of economic challenges.

Economic

Problems in the Supply Chain

In the period that started with the COVID-19 pandemic and continued with the military tension between Russia-Ukraine, serious global problems and difficulties have occurred in the supply chain. Such developments in the supply chain caused costs to increase and the companies were negatively affected in financial terms.

- Alternative suppliers are continuously being researched on a sector and material group basis, and the supplier portfolio is being expanded. To reduce transportation costs and support local economic development, localization efforts are being carried out, and a transition to local suppliers is being made accordingly.
- Long-term contracts are being established to minimize the impact of fluctuations in raw material and material prices. Effective communication and information mechanisms with suppliers are being set up to manage changes in raw material and material demands.
- Additionally, supplier collaboration projects are being developed to improve the performance of supplied products while also reducing costs. This approach not only contributes to sustainability goals but also creates a significant strategy to enhance competitive advantage.



MANAGEMENT OF SUSTAINABILITY RISKS



Sustainability Risk



Definition



Actions Taken by Klimasan

Economic

Digitalization and Cyber Security

Digitalization refers to the process of converting information from an analog format into a digital one. The widespread use of big data and cloud storage, along with the rapid adoption of innovative technologies such as artificial intelligence, is having significant effects across all industries. While these technological advancements provide various benefits to businesses and society, they also bring new challenges.

Among the key risks associated with digitalization are cyber-attacks aimed at espionage or sabotage. These threats can seriously compromise the confidentiality, integrity, reliability, and availability of information systems, potentially negatively impacting the operational sustainability of businesses. Therefore, implementing effective cybersecurity measures in digitalization processes is of paramount importance as part of risk management.

- The requirements of the ISO 27001 Information Security Management System (ISMS) are effectively implemented and supported with the participation of all employees.
- Throughout the year, all employees receive training on information security and the Personal Data Protection Law (KVKK).
- While evaluating digitalization opportunities, business processes are systematized, and authorization and approval processes are designed with effective delegation.
- Cyber attack drills are regularly conducted to raise employee awareness.
- A risk-oriented management system is adopted, with efforts to identify potential threats and reduce their impacts.
- To manage possible information security system outages and ensure the continuity of operational processes, emergency plans and procedures have been enacted.
- Various preventive and alerting systems are used for different security segments, and DDoS services are obtained from Internet Service Providers (ISPs) to prevent cyberattacks and enhance threat management.

Global Problems in Energy

The energy crisis, which has been scaling up following the military tension between Russia and Ukraine has turned into a global problem as of 2022. However, natural disasters arising from climate change also damage the energy infrastructure and may lead to energy shortages. While these problems in power plants and transmission lines reduce the availability of energy, they also increase costs.

- To manage the impacts of the energy crisis and control the rise in energy costs, energy consumption is monitored in real time and tracked with monthly performance indicators.
- Investments are being made in energy efficiency projects, and training and awareness activities are organized to raise employee consciousness about energy conservation.
- Energy consumption analyses are conducted before investments, projects, and machine deployments, identifying potential savings opportunities.
- Periodic energy audits are carried out across the organization to continuously work on identifying and improving potential areas.
- Significant energy usage (SEU) points are identified and monitored, with comprehensive energy-saving initiatives developed for these areas.
- Investments are being made in renewable energy sources, and projects in this area are being supported.
- Annual emission calculations are performed, and monitoring activities continue in line with Scope 1 and 2 energy consumption reduction targets.



GLOBAL TRENDS THAT IMPACT OUR ACTIVITIES

Global Economy

The year 2023 is recorded as a year in which the global economy struggled with uncertainties and continued efforts for recovery. Post-pandemic supply chain issues, high inflation, the energy crisis, and the economic fluctuations caused by the Russia-Ukraine War have pressured growth rates. The extraordinary rise in energy costs due to the war has led to higher inflation in many regions, while the global decline in purchasing power has made various social issues more visible.

In addition to economic uncertainty, inflation, and fluctuations in exchange rates, the increase in labor, material, and logistics costs has negatively impacted the global economy. According to the International Monetary Fund (IMF), the world economy grew by 6% in 2021 but only achieved a growth rate of 3.2% in 2022.

In today's world, disruptions in global logistics networks are seriously affecting supply chain processes. Post-pandemic imbalances in production and transportation capacities, container shortages, congestion at ports, and rising energy costs are leading to delays and cost increases in logistics operations. Extreme weather conditions triggered by climate change and changes in interregional trade policies are also increasing risks in the supply chain.



Combating climate change has long been a priority on the agendas of nations and businesses, and this importance has continued into 2023. The increase in extreme weather events, the effects of global warming, climate-related disasters, and their social impacts, as well as threats like the risk of nuclear war in the heart of Europe, are ranked among the greatest risks the world faces. In this context, the use of renewable energy sources and the adoption of sustainable lifestyles are critical for humanity.

In 2023, the logistics sector faced challenging conditions on a global scale. Export revenues fell by 8.5% compared to the previous year, dropping to 10 billion USD, while the positive impact of post-Covid recovery on the tourism sector led to an increase in passenger transport, particularly in air travel. Key developments affecting the sector include the Russia-Ukraine War, which began in 2022, and the Palestine-Israel conflict in 2023. The risk increase in logistics routes caused by the war led to higher insurance premiums and freight rates, but the regional nature of the conflicts somewhat limited the global impact.

During this challenging period, companies that effectively managed risk, prepared for the future with foresight, and properly planned their operational processes stood out. Despite all the challenges faced, Klimasan successfully completed 2023 in line with its goals by designing its processes correctly and implementing effective practices.

In 2023, a growth rate of 3% was recorded, marking the weakest growth since 2001, excluding the global financial crisis. The global inflation rate, which was 4.7% in 2021, rose to 8.8% in 2022, but decreased to 6.6% in 2023, showing a decline.





Global Threat: Climate Change

The root causes of issues such as the decline in agricultural activities, rising food prices, droughts, and waves of social migration, which the world is facing, are frequently addressed not only in scientific reports but also by international institutions, with climate change being the fundamental factor. Combating climate change has emerged as the greatest threat to our planet, and the need for action in this regard is becoming more and more urgent each day.

Klimasan has committed to setting science-based targets in line with the Science Based Targets Initiative (SBTi) guidelines to reduce carbon emissions arising from its activities and contribute to solving this critical issue. The SBTi team has approved Klimasan's targets, and these goals are now globally recognized and SBTi-certified. In this context, Klimasan has swiftly initiated its efforts and implemented the necessary measures.

Initially, Klimasan aims to reduce Scope 3 greenhouse gas emissions, and in this regard, a project team consisting of representatives from units such as Quality Management Systems, Maintenance, Production, Logistics, Administrative Affairs, Warehouse, and Marketing is holding meetings across the organization to identify areas for improvement. This process aims to be an effective part of the fight against climate change in line with sustainability goals. With these efforts, Klimasan is taking on the responsibility of minimizing its environmental impact and leaving a more sustainable world for the future.

Industry 4.0 ve Internet of Things

Digital transformation plays a crucial role not only in ensuring the efficient and swift execution of processes but also in the effective use of resources in the fight against climate change. This perspective not only provides competitive advantages to organizations and sectors but also plays a critical role in the future of the planet.

Klimasan effectively utilizes all elements of Industry 4.0, such as machine learning, artificial intelligence, the Internet of Things, and smart devices, in its processes. The company also conducts various initiatives to help its employees adapt to this new digital world and support their professional and personal development.

Digital transformation activities are carried out within the framework of the KWAY Project, with the most significant initiative being the implementation of a new ERP software in 2022. This software was developed with the goal of enhancing the integration of processes and improving the effectiveness of the reporting system. It is designed to increase operational efficiency and speed up decision-making processes. Klimasan is advancing its digital transformation in alignment with sustainability goals, aiming to both enhance its competitive edge and reduce its environmental impact.

Cyber Security

Klimasan places great importance on cybersecurity to ensure the security of its digitalization processes and continuously develops its investments in this area. The company implements the latest cybersecurity measures to protect critical data, ensure system security, and maintain operational continuity. With a robust network security infrastructure, Klimasan regularly conducts security tests and threat analyses to remain prepared for potential cyberattacks. Additionally, the company uses solutions that comply with national and international standards on data privacy, ensuring the highest level of protection for the data of customers and business partners.

Klimasan raises cybersecurity awareness and minimizes potential threats by providing regular cybersecurity training and conducting awareness-raising activities for its employees. These trainings aim to increase employees' awareness of digital risks and prevent security vulnerabilities. Additionally, an incident response plan has been developed to ensure a quick reaction to cyberattacks, and this plan is regularly tested and updated. Klimasan secures its digital infrastructure with cybersecurity software that enables continuous monitoring and real-time threat detection, thereby ensuring uninterrupted business continuity.



New Regulations and Standards

The increase in energy costs and prices triggered by the Russia-Ukraine war has made the shift towards renewable energy sources even more crucial in the fight against climate change. Energy regulations are continuously evolving, and there is a rapid transformation in energy classifications of products. The expectations from products are becoming more diverse across different customers, continents, and countries, leading to impacts on manufacturers across a broad spectrum, from R&D activities to design, planning, procurement, production, testing, and sales processes.

Klimasan effectively manages these changing expectations and demands with its expert R&D team, well-equipped R&D center, and flexible operational management approach. Regulations and directives are closely monitored, and all products undergo necessary testing to ensure product safety and compliance. The most efficient components and materials are used for products in different energy classes.

In addition to the changes in energy classifications, Klimasan faces several important issues that affect its operations. These include regulations regarding import and export processes, occupational health and safety, workers' social rights, environmental and energy regulations, financial and non-financial legal statements, and trade laws and regulations in various countries. Klimasan focuses on continuously developing innovative and sustainable solutions to ensure compliance and effective management in these areas.



Skilled Workforce Shortage

Employees, especially individuals from the newer generations, no longer view their jobs solely from a financial perspective. The need for professional and personal development opportunities, the desire to be part of success stories, and the alignment of job responsibilities with overall life expectations have become undeniable realities of today. Organizations that meet these expectations stand out as employer brands and become more desirable in the talent market.

Klimasan closely monitors these changing demands and expectations and quickly implements the relevant practices and decisions. In line with this, under the leadership and vision of the Human Resources Department, the number of professional and personal development trainings held throughout the year has been increased, performance evaluation systems have been developed, and career management activities for employees have been planned. The reward system has also supported employees in continuing their postgraduate and doctoral education, and the increase in internal training through the R&D Specialist Program has been ensured.

Klimasan aims to be an organization where the best experts in their fields want to work by prioritizing the happiness of its employees. This approach, by enhancing employee engagement, creates a solid foundation for sustainable success.



CORPORATE GOVERNANCE

Klimasan has adopted Corporate Governance Principles based on universal values such as equality, transparency, accountability, and responsibility, and conducts its operations accordingly. As a company listed on Borsa İstanbul, it aims to fully comply with the Corporate Governance Principles in accordance with the Capital Markets Law. As of 2023, all necessary steps have been taken to achieve full compliance with these principles. The Corporate Governance Committee regularly audits Klimasan's performance in this area and contributes to management processes. The Board of Directors focuses on making strategic decisions to maintain an optimal balance between risk, growth, and return, while safeguarding the company's long-term interests. Additionally, it is responsible for overseeing the alignment of company activities with relevant regulations, the articles of association, and internal policies.

The Board of Directors of Klimasan consists of six members, one of whom is an executive, and operates with three main committees. The Audit Committee is responsible for overseeing the accounting and reporting systems, auditing and public disclosure of financial information, and ensuring the effectiveness of the internal control systems. The Corporate Governance Committee focuses on ensuring and improving compliance with corporate governance principles. The Early Detection of Risks Committee is tasked with identifying and managing potential risks. Sustainability activities are led by the Quality Management Systems Department under the General Directorate, with the Sustainability Committee playing a key role in this process. The committee, comprised of representatives from all company departments, ensures the effective implementation of sustainability strategies.

Klimasan's sustainability approach is positioned to serve sustainable development goals in areas such as quality, environment, occupational health and safety (OHS), energy, and emissions management. This approach is maintained with the same level of commitment across all organizational levels.

JICR-Eurasia Rating has evaluated Klimasan Klima San. ve Tic. A.Ş. within the high investment grade category, assigning a Long-Term National Credit Rating of 'BBB (tr) / (Stable Outlook)' and a Short-Term National Credit Rating of 'J2 (tr) / (Stable Outlook)', with both outlooks assessed as "Stable".

Klimasan's financial activities and corporate governance practices are audited by an independent auditing firm and reported publicly.

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

[Corporate Governance Compliance Report](#)[Corporate Sustainability Principles Compliance Report](#)[Corporate Governance Information Form 2023](#)[Klimasan 2023 Annual Report](#)

Our Policies

[Klimasan's Integrated Management Policy](#)[Supplier Code of Conduct Principles](#)[Klimasan's Sustainability Policy](#)[Klimasan's Ethical Code of Conduct and Implementation Principles](#)[Klimasan's Corporate Social Compliance Policy](#)



OUR COMMITTEES

Sustainability Committee

The continuity and effectiveness of Klimasan's environmental, social, and governance activities are ensured by the Sustainability Committee, which operates under the General Directorate. This committee includes representatives from every department of the company and implements actions within the scope of the Corporate Sustainability Strategy. The committee monitors the effectiveness of sustainability practices using performance indicators and regularly reports its activities throughout the year via GRI Sustainability Reports. This approach enhances Klimasan's commitment and transparency in achieving its sustainability goals.

Corporate Governance Committee

Corporate Governance Committee inspects the compliance performance of Klimasan periodically and conducts improvement studies. The Committee is composed of 3 members, one of whom is executive, and operates under the Klimasan Board of Directors. The Corporate Governance Committee also assumes the duties of the Nomination Committee and Compensation Committee as these committees have not been established. It evaluates the structure and effectiveness of the Board of Directors regularly and advises the Board on the relevant changes that may be introduced in this regard.

Audit Committee

In order to ensure the proper oversight of financial and operational activities, the Audit Committee operates under the Board of Directors. The committee's primary goal is to monitor the functioning and effectiveness of the company's accounting and reporting systems, the audit of financial information, public disclosure, and the internal control system.

At Klimasan, internal audits are conducted in accordance with the standards set by the Institute of Internal Auditors. The Audit Committee annually approves the company and unit audits conducted by the Internal Audit Department at regular intervals and revises these audit plans based on developments throughout the year. This process enhances the financial and operational integrity of the company and supports a sustainable management approach.

Early Detection of Risk Committee

Klimasan adopts a proactive approach to risk management. The Early Risk Detection Committee, which operates under the Board of Directors, holds assessment and review meetings when necessary and publishes a risk report six times a year, on a bi-monthly basis.

The primary responsibility of this committee is to ensure the early detection, evaluation, calculation of impacts and probabilities, reporting, and monitoring of any strategic, operational, financial, or other types of risks that may jeopardize the company's existence, development, and sustainability. This process is critical for Klimasan to achieve its long-term objectives and maintain sustainable growth.

Members of Board of Directors

Name Surname	Executive Position	Independency Position	Position
Marcelo Faria de Lima	Non-Executive	Non-Independent	Chairman
İsmail Selim Hamamcıoğlu	Non-Executive	Non-Independent	Vice-Chair of the Board of Directors Early Detection of Risk Committee Member
Livinston Martins Bauermeister	Non-Executive	Non-Independent	Board Member
Joaquim Pedro Saldanha Do Rosario E Souza	Non-Executive	Independent	Board Member Corporate Governance Committee Member
Ercan Nuri Ergül	Non-Executive	Independent	Board Member Chairman of the Audit Committee Chairman of the Corporate Governance Committee
Reha Haznedaroğlu	Non-Executive	Independent	Board Member Chairman of the Risk Early Detection Committee Member of the Audit Committee



OUR MANAGEMENT SYSTEMS, CERTIFICATES AND AWARDS

Klimasan's Integrated Management System Approach and Quality Certifications

At Klimasan, all management systems are implemented in an integrated manner with the awareness that they form the foundation of effective process management. The requirements of the company's management systems are applied at every stage of the operation to achieve efficient outcomes.

Another goal of the integrated management system practices is to instill a management systems perspective in employees, encouraging them to continuously seek improvement and efficiency with a risk-oriented approach in the areas they are responsible for.

In 2023;

The ISO 14001 Environmental and ISO 45001 Occupational Health and Safety Management Systems have undergone Certification Renewal Audits, and the renewal of the certificates has been deemed appropriate for continued compliance.

The ISO 9001 Quality, ISO 50001 Energy, and ISO 27001 Information Security Management Systems have undergone Surveillance Audits, and the continuity of the certificates has been deemed appropriate.



ISO 14001:2015 Environmental Management System (EMS)



ISO 45001: 2018 OHS Management System



ISO 9001: 2015 Quality Management System



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



ISO 27001: 2013 Information Security Management System



ISO 17025: Laboratory Accreditation Certificate



Klimasan's Achievement and Awards in 2023



In 2023, it was ranked 6th among the top 500 industrial organizations in the ISO Second 500 list.



In the evaluations conducted by Manisa Teknokent based on the 2023 activity data of R&D and Design Centers and Manisa Teknokent Companies, the company was awarded third place in the "PROJECT" category.



Klimasan has won third place in the digital transformation category with its Human Resources SAP SuccessFactors project.



Klimasan has ranked 4th in the Top 50 list based on the number of useful models obtained at its R&D Center.



Klimasan has been awarded the Gold Medal in the EcoVadis Sustainability Assessment for its performance in the Environment, Employees and Human Rights, Ethics, and Sustainable Procurement categories.



Klimasan has received certificates of appreciation from Yaşar University, Pamukkale University, Manisa Celal Bayar University, and İzmir University of Economics as part of its university-industry collaboration and internship program.



The Z.E.K.İ.+ (Protected Workplace for Individuals with Intellectual Disabilities) Project, which brings hope for the future, has made a pioneering achievement in Turkey by winning the "Bronze Stevie Award" in the "Corporate Social Responsibility Program of the Year" category.

SUSTAINABILITY GOVERNANCE

Our Sustainability Strategy

Sustainability Approach and Management

Our Sustainable Success Journey

Our Material Topics and Materiality Matrix

Approach to Material Topics

Sustainability in the Value Chain

Sustainable Development Goals We Contribute To

Our Stakeholder Map, Stakeholder Relations and
Corporate Memberships





OUR SUSTAINABILITY STRATEGY



PEOPLE

Klimasan believes that customer satisfaction and product quality rely on the job satisfaction and well-being of its employees. Adopting a philosophy of a learning and evolving organization, the company prioritizes respect for human rights by offering opportunities for personal and professional growth. Klimasan sees diversity, equity, and inclusion as keys to long-term success in the business world and brings these values to life through social projects in the communities where it operates.

By fostering an ethical work culture, Klimasan is committed to recognizing employee rights and needs and follows a fair policy in all business activities. Prioritizing the physical and mental health of its workforce, the company secures its “People” focus within its Corporate Sustainability Strategy. Klimasan also emphasizes the importance of having a competent and growth-oriented workforce to achieve its strategic goals and implements projects to enhance employee skills and commitment.

For example, the company organizes regular professional and personal development training sessions and activities to encourage employee engagement. In addition, career growth is supported through performance evaluation systems that help develop individual competencies.

Beyond its business processes, Klimasan actively contributes to society and the environment through social responsibility projects. With this approach, it aims to create a better world for a sustainable future, involving all stakeholders in its vision.

Klimasan is committed to:

- Recognizing and protecting the rights and freedoms of all employees, stakeholders, and individuals it interacts with in its activities, ensuring they feel valued;
- Providing fair compensation under its “Equal Work, Equal Pay” policy to all employees and partners, supporting the social and economic development of its region through employment initiatives, and adhering to labor standards as defined by government regulations;
- Upholding an ethical, transparent, and fair approach in all Human Resources activities, including recruitment, development, career, and performance management processes, while guiding employees in their career journeys and continuously enhancing their competencies;
- Working with all business partners within an ethical business framework, opposing all forms of anti-competitive behavior, and training all employees on ethical business and conduct rules;
- Actively seeking social responsibility projects, starting within its local city and region, and extending to national and global initiatives, fostering social responsibility through partnerships with universities, schools, associations, and foundations, as well as through independent efforts and volunteering in projects that serve shared human goals;
- Ensuring accessibility, integrity, and confidentiality in all types of information relevant to its activities, respecting the security of personal data for all employees, and implementing ISO 27001 Information Security Management System requirements;
- Providing safe, healthy, and sustainable working conditions and culture for its employees and stakeholders, developing systems to prevent workplace accidents, physical and mental health issues, and occupational illnesses at their source;
- Working toward the goal of zero workplace accidents and occupational illnesses by identifying all potential risks through active employee involvement and consultation mechanisms, ensuring rule compliance at all levels with the participation of employees and stakeholders, and providing personal protective equipment to all employees and anyone present in its production facilities;
- Implementing the ISO 45001 Occupational Health and Safety Management System requirements across the organization, reviewing and monitoring performance periodically, and committing to the continuous improvement of the system.



OUR PLANET

Klimasan views environmental preservation as a core responsibility and conducts its operations with minimal environmental impact. In addition to addressing its direct environmental impact, the company undertakes comprehensive efforts to control and improve indirect environmental impacts throughout its value chain.

Klimasan's environmental action plan encompasses the following managed areas:

- 1. Reducing Negative Impacts:** Continuous improvement processes are implemented to minimize the adverse environmental impacts of operations, with defined objectives in this area.
- 2. Energy Savings and Emission Reduction:** Efficient energy use and emission reduction are among the top priorities aligned with environmental sustainability goals.
- 3. Eco-Friendly Product Development:** Through R&D initiatives, innovative projects are developed to expand and enhance the performance of eco-friendly products.
- 4. Waste Management:** Source-separation of waste, reduction of waste generation, and recycling are critical practices to minimize environmental impact.
- 5. Energy Efficiency:** Emphasis on energy efficiency during product design promotes effective resource use.
- 6. Environmental Activities in Project Processes:** Positive environmental actions are prioritized as vital components within project processes.

Klimasan is committed to minimizing environmental effects across all its direct and indirect operations and expects the same commitment from its internal and external stakeholders. The company recognizes that preserving natural resources is essential for business continuity and a sustainable supply chain.

At the core of Klimasan's Corporate Sustainability Strategy is its "Environmental" focus, reinforced by a commitment to the "Planet." Klimasan aims to reduce its environmental impact and positively influence society as a whole. To achieve its environmental sustainability goals, Klimasan continuously develops and implements innovative solutions.



Klimasan is committed to:

- Fully implementing the requirements and guidelines of the ISO 14001 Environmental Management System;
- Leaving a clean and livable environment for future generations by promoting effective waste and wastewater management, preserving biodiversity, and minimizing, separating, collecting, and recycling waste at its source to prevent environmental harm;
- Using clean technologies in production to reduce water and energy consumption, ensure efficient use of natural resources, and invest in necessary eco-friendly solutions;
- Calculating, verifying, and transparently sharing its corporate carbon footprint, derived from direct and indirect activities, in accordance with current standards and protocols;
- Participating in national and global calls, campaigns, commitments, and projects to reduce carbon footprint, taking action to meet set targets, fulfilling its role in combating the climate crisis, and encouraging supply chain partners to participate;
- Educating and raising awareness among employees on environmental, energy, water, and emission management to increase employee engagement in environmental efforts, particularly through eco-friendly product development with suppliers and customers;
- Monitoring and adhering to environmental legal requirements, and providing timely and accurate environmental disclosures.



SUSTAINABLE BUSINESS

Klimasan is aware of the supporting disciplines needed to sustain financial and operational growth. The company ensures that its products and services are high-quality, responsible, safe, and environmentally friendly, while continuously implementing improvement activities and conducting necessary risk assessments. Key focuses for Klimasan include building strong stakeholder relationships, meeting customer expectations to achieve the highest level of satisfaction, implementing responsible supply chain practices, and securing all these efforts with Management System certifications. Klimasan has prioritized this approach in its Corporate Sustainability Strategy under the concept of “Sustainable Business,” embracing responsible business practices in all its activities and sharing this commitment with all stakeholders.

Klimasan is committed to:

- Maintaining transparency by consistently sharing its sustainability activities with stakeholders through sustainable reporting, aligned with its sustainability vision and strategy;
- Serving the Sustainable Development Goals (SDGs) that it can positively impact through its operations and partnerships with associations, organizations, and institutions that share these goals;
- Integrating the ten principles of the UN Global Compact, which Klimasan has signed, into its business culture, and providing training to employees for this purpose;
- Conducting R&D to explore recyclable raw material solutions, enhancing product recyclability and recovery, and collaborating with suppliers and customers in these efforts;
- Integrating sustainability and environmental requirements into business processes, using energy-efficient and eco-friendly machinery and equipment in production, and contributing to sustainable production through TPM (Total Productive Maintenance) and predictive maintenance;
- Considering the potential environmental impacts of its products from the design stage onward, using non-polluting and health-safe raw materials, improving the ecological footprint throughout the product lifecycle, and reducing emissions generated by product use;
- Monitoring, evaluating, and improving the quality of products and services in the supply chain, as well as social compliance and social responsibility practices;
- Embedding lean philosophy and continuous improvement in all aspects of operational activities, beyond production systems, and fostering a culture where every individual in the company is accountable for continuous improvement, supported by employee training and the Klimasan Suggestion Evaluation System, which evaluates and implements employee suggestions and projects for improvements;



- Embracing a focus on quality at all organizational levels, striving to maintain the highest standards not only in product quality but also in service and communication quality;
- Working in harmony with stakeholders by understanding and addressing their needs and expectations, following a customer-centric approach that considers evolving demands and enhances customer satisfaction through technical support before and after sales;
- Identifying, assessing, and managing risks and opportunities that could affect the company’s existence and development across all processes, ensuring the continuity of Corporate Risk Analysis culture;
- Ensuring the continuity and full compliance of current Management System standards and practices and adopting new management system standards as necessary.



SUSTAINABLE GROWTH

Klimasan understands that sustained operational and financial growth is crucial for any competitive strategy, both in the old and new worlds. The company emphasizes profitability, sales volume, customer base, production capacity, and import/export ratios as critical to achieving steady growth.

To ensure continuous improvement and expansion, Klimasan actively pursues the latest technologies, designing products that deliver optimal safety, performance, and energy efficiency. With its deep expertise in commercial cooling and a highly skilled team, Klimasan provides its customers with innovative solutions and implements projects to digitalize production processes, products, and customer experience.

The company develops products and services that address current needs while also anticipating future requirements, crafting solutions that go beyond contemporary demands. Klimasan's R&D team leverages the latest technologies in product development, shaping market trends with innovative solutions.

In Klimasan's Corporate Sustainability Strategy, as in its corporate goals and strategies, the principle of "Sustainable Growth" emphasizes the importance of continuous and steady growth.

Klimasan is committed to:

- Expanding its product range to meet the diverse needs of customers and various markets through innovative and problem-solving R&D efforts;
- Investing in capacity-building projects to foster ongoing and stable growth, ensuring that every investment directly contributes to its expansion;
- Planning environmentally responsible investments and projects, assessing the environmental impacts of new projects as a criterion before implementation;
- Making automation investments to reduce the need for manual labor, thus allowing human resources to focus on more efficient tasks, while promoting physiological health in the workplace;
- Establishing itself as one of the region's leading R&D centers by initiating innovative projects such as patents, utility models, and university partnerships, and tracking annual patent projects through KPIs to ensure continuous growth;
- Improving systems and software processes to enhance profitability and customer portfolio while maintaining high customer satisfaction and product quality;
- Utilizing technological advancements to create customized, innovative solutions for clients;
- Evaluating all materials, machinery, and equipment from the design stage onwards to eliminate occupational health and safety risks, ensuring a "safe product" approach that prioritizes user health and safety;
- Following global and local customers' medium- and long-term environmental strategies and eco-friendly product goals, aligning its practices with these objectives in an integrated way;
- Continuing to be a trusted brand for financial institutions, investors, and government bodies—one that they feel confident partnering with and supporting financially.





SUSTAINABILITY APPROACH AND MANAGEMENT

Our Approach to Sustainability

Climate change, increasingly felt in daily life, causes numerous extreme natural events worldwide, from forest fires to floods, and is regarded as one of humanity's greatest risks. If swift and effective measures are not taken, the chance of leaving a livable world for future generations continues to decline.

In past years, many organizations viewed climate change solely as an environmental issue, assessing its consequences and countermeasures from a limited perspective. However, this viewpoint has now lost its validity. Climate change is recognized to have social consequences, including global migration waves. Economic inequality reduces access to educational opportunities, which spreads factors causing climate change, thus further fueling economic and social injustice. Human history is now being rewritten and examined from the perspective of climate change. The effects of such a wide-ranging change require solutions that are equally broad. As with fighting other great challenges, combating climate change necessitates a shift in behavior. Without adopting a sustainable approach by individuals, institutions, decision-makers, and implementers, the likelihood of building a promising future diminishes.

Globally, the demand for a sustainable future is growing daily, and the steps taken toward this goal are intensifying. Economic and financial institutions are placing greater emphasis on sustainability within business models, and decision-makers are striving to establish international standards at the local level. Institutions are integrating sustainability strategies into business processes and taking determined steps in this direction.

As a technological and manufacturing leader in its sector, Klimasan continues its leadership in sustainability with the management approach it adopted years ago. The company believes that growing alongside society and taking responsibility for the community is the healthiest path to an organization's economic growth. Therefore, Klimasan is resolute in fulfilling its responsibilities in environmental, social, and economic impact areas.

Klimasan's sustainability approach aims to minimize the environmental impact resulting from its operations and products, while also creating reliable business strategies for its stakeholders, supported by competent employees and a healthy working environment. Given the industry and its product portfolio, the environment stands as a core focus of Klimasan's sustainability objectives.

Klimasan's continuous environmental goals include emission reduction, energy savings, and waste reduction, and the following strategies have been determined to achieve these goals:



Short-Term Goals: Publishing the emissions reduction action plan, improving waste management processes, implementing energy-efficiency-enhancing practices



Medium-Term Goals: Expanding the range of energy-saving products, increasing renewable energy production, enhancing the use of recyclable raw materials



Long-Term Goals: Investing in projects to meet emission reduction targets and establishing sustainable business models

By implementing these strategies, Klimasan aims to reduce its environmental impact and contribute to a sustainable future. In this context, the company continuously develops and implements innovative solutions to reach its environmental sustainability goals by collaborating with all its stakeholders.



Corporate Sustainability Strategy

Klimasan's ongoing social goals include supporting employee development, creating effective career planning, ensuring the health and safety of its employees, and establishing ethical partnerships with all stakeholders under fair working conditions. In the medium term, Klimasan is working to increase the proportion of women in upper-level positions and across the organization.

While pursuing these objectives, Klimasan aims to grow with a quality-oriented approach, enhance R&D activities, maintain strong sustainability performance, and offer innovative solutions to its customers.

Klimasan is diligent about reducing emissions from its direct and indirect activities and transparently sharing this process with stakeholders. For Klimasan, 2023 marked a year of identifying emission reduction strategies, investments, and projects, along with engaging in training sessions, workshops, and stakeholder dialogue meetings, as well as conducting internal analyses and feasibility studies.

In 2023, as in previous years, all sustainability activities were managed by the Sustainability Committee under the leadership of the Quality Management Systems Department, with the support of Executive Management. Budget allocations were increased for both environmental and social sustainability efforts, investments were made in energy-saving projects and renewable energy, and employee development programs were expanded. New projects were developed, and existing efforts were accelerated to achieve the goals and commitments set within the Corporate Sustainability Strategy.



As a result of prioritization studies conducted by the Sustainability Committee, Klimasan has positioned the Corporate Sustainability Strategy, communicated to all stakeholders in the 2021 GRI Sustainability Report, at the center of its business strategies. This strategy provides a comprehensive framework encompassing the company's sustainability priorities, goals, and commitments. Klimasan has reviewed its commercial and operational activities from sustainability and social compliance perspectives, shaping its Corporate Sustainability Strategy accordingly. This strategy serves as a guiding roadmap for the company's journey in sustainability.

This comprehensive strategic approach is effectively applied not only in environmental and social areas but also in operational, financial, and administrative processes. Klimasan aims to direct all its activities within the principles of sustainability and social compliance through its Corporate Sustainability Strategy. The company has adopted this strategy as a core business model to minimize environmental impacts, enhance its positive social impact, and create long-term value for its stakeholders.

Klimasan's understanding of sustainability aims to contribute to sustainable development goals in its field of operation and create social benefit. While fulfilling its environmental responsibilities, Klimasan is equally focused on social impact, remaining committed to implementing eco-friendly and human-centered solutions throughout all stages of its operations. To this end, the company adopts a continuous improvement approach in areas such as energy efficiency, waste management, and innovative R&D activities.



Sustainability Committee

Emphasizing the importance of addressing sustainability professionally from a corporate perspective, Klimasan established its Sustainability Committee. This committee aims to create long-term value for stakeholders and integrate sustainability into decision-making processes and business operations. Managed by the Quality Management Systems Department and reporting to General Management, the committee oversees various environmental and social projects across the organization in alignment with the Corporate Sustainability Strategy.

During meetings, the committee not only analyzes the current status of sustainability efforts but also evaluates action plans, improvement projects, and new initiatives. For annual projects, meetings are held on a weekly or monthly basis to focus on tasks like sustainability reporting, carbon footprint calculations, emission reduction, and EcoVadis evaluations.

In 2023, the Sustainability Committee held numerous meetings, with their frequency increasing to weekly and monthly during project periods. Many of these meetings were working group sessions involving project teams.

In 2023, significant efforts were made by the Sustainability Committee in specific projects such as setting science-based emission reduction targets, conducting product recyclability analysis, and implementing the S-LoCT Program. Teams formed by committee representatives worked intensively on these projects.



2023 Sustainability Committee Projects and Activities

- GRI Sustainability Reporting
- EcoVadis Corporate Social Responsibility and Sustainability Evaluation
- Product Recyclability Analysis
- Emission Calculation and Verification
- SBTi Science-Based Emission Reduction Target Action Plan
- KAP Sustainability Principles Compliance Report
- S-LoCT Science-Based Emission Reduction Training Program
- UNGC Climate Goal Acceleration Program
- Integrated Management System Practices and Audits

Activities of the Sustainability Committee

- The Sustainability Committee leads environmental and social projects implemented across the organization. It seeks new initiatives to achieve the goals set within the framework of the Corporate Sustainability Strategy.
- During project periods, working groups and workshops are organized with the leadership of the Quality Management Systems (QMS) Department and the Committee's Department Representative, consulting with relevant departments. These workshops specifically focus on areas of improvement within related processes and actions that can be taken for improvement. Within the scope of projects, responsibilities for departments are identified.
- The Sustainability Committee directly participates in the effectiveness and continuity of management system practices and in certification processes.
- The activities and agenda projects of the Sustainability Committee are reported to the Headquarters.

Sustainability Committee Areas of Responsibility

- Making sustainability an integral part of the company culture.
- Planning and executing Corporate Sustainability projects and activities.
- Developing sustainability policies and strategies.
- Institutionalizing sustainability, spreading sustainability practices across all operations and processes.
- Collaborating with stakeholders to address global environmental issues like the climate crisis, pollution, and natural resource consumption.
- Encouraging stakeholders in the field of sustainability.
- Managing the necessary work to adopt the "10 Principles" of the United Nations Global Compact and the "17 Sustainable Development Goals".
- Leading and consulting on social and environmental projects carried out during the year.
- Monitoring progress towards the goals and commitments of the Corporate Sustainability Strategy.



Effective Performance Monitoring

Sustainability Team Organization Structure:

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

Boards and Committees Reporting to Executive Management

- Disciplinary Board
- Audit Committee
- Emergency Crisis Committee
- Corporate Governance Committee
- Early Detection of Risks Committee

Sustainability, Continuous Improvement, and Process Management Units

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

Integrated Management System Boards

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

Klimasan monitors key sustainability performance indicators under the name Klimasan CSR Performance Indicators. A total of 55 key performance indicators in the areas of Ethical Business, Sustainable Supply Chain, Human and Worker Rights, and Sustainability are reported in a way that allows for comparison with past performance. These reports are used to evaluate the results and generate improvement suggestions.





OUR SUSTAINABLE SUCCESS JOURNEY

Sustainability assessments are becoming increasingly important in today's business world, allowing organizations to address their economic, environmental and social impacts from a holistic perspective. Evaluating companies' sustainability efforts aims to reduce environmental impacts, increase social contributions and secure long-term financial success. These assessments help companies align their strategies with sustainability principles.

Sustainability ratings support companies in achieving environmental goals such as reducing their carbon footprint and increasing energy and water efficiency, while also enabling them to raise ethical standards and assess their social impacts. These assessments contribute to creating a sustainable business ecosystem by promoting fair working conditions and human rights and strengthening supplier relationships.

Sustainability assessments positively affect companies' financial performance, allowing them to better manage environmental and social risks and attract investor attention. This provides long-term growth and competitive advantage. Klimasan also determines its roadmap according to these results by conducting sustainability ratings in its operations.

Sustainability ratings provide a general picture of the company in terms of environmental, social and governance (ESG) and identify areas for improvement. Klimasan shapes its sustainability efforts in this direction, and positions sustainability ratings and evaluations as a very important part of its business model, both as a company and as a supply chain.



For many years, Klimasan has become a trusted, preferred business partner for its stakeholders through its efforts in corporate social responsibility and its environmental, social, and economic sustainability performance. Since 2013, Klimasan has shared its sustainability activities with its stakeholders, particularly its customers, through the EcoVadis supplier sustainability and corporate social responsibility self-assessment.

The EcoVadis Corporate Social Responsibility (CSR) evaluation is one of the most critical sustainability activities for Klimasan. This process initially started under the guidance of the company's leading customers and has since evolved into a voluntary initiative that Klimasan participates in. This annual evaluation, shared on transparent platforms, objectively reflects social and environmental sustainability performance. It also allows the company to clearly see the strengths and areas for improvement in its sustainability practices.

With the EcoVadis assessment score, which has a direct impact on Klimasan's commercial activities, competitive advantage and market share, the company is conducting intensive work on the identified improvement points and actions.

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



In the 2023 EcoVadis Evaluation, Klimasan scored 78 points and was awarded a gold medal. With this score in the areas of Environment, Human and Worker Rights, Ethics, and Sustainable Supply, Klimasan ranked in the top 2% globally and the top 1% in its industry.

Klimasan aims to increase its EcoVadis performance each year for the continuous improvement of its sustainability performance and to engage in new responsible activities. To develop social responsibility efforts in the supply chain, Klimasan is working on initiatives to assess and track the performance of its suppliers.



OUR MATERIAL TOPICS AND MATERIALITY MATRIX

Sustainable Success with Strategic Priorities

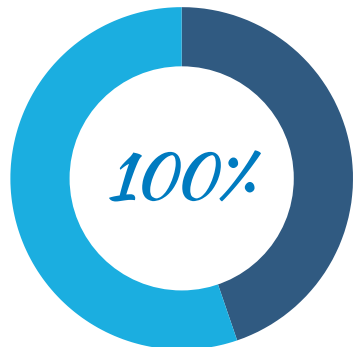
With the updated prioritization analysis in 2023, the priority issues that Klimasan A.Ş. will focus on in its sustainability strategy have been redefined in line with stakeholder opinions and global trends.

Within the scope of the materiality analysis conducted in 2023, the material topics that Klimasan will focus on in its sustainability strategy were determined. In this analysis process, an approach compatible with global trends and sectoral dynamics was adopted. In the first stage, a comprehensive list of topics was created in line with sustainability indices, priorities of competitors in the sector and trends in the sector in general.

In order to understand the stakeholder insights in depth, stakeholder mapping was carried out and a survey study was organized with the participation of 100 employees and 81 stakeholders. As a result of the analysis of the survey data, priority areas that will support Klimasan's sustainability strategy were defined. In the last stage of this process, the insights obtained and the determined priorities were mapped on a materiality matrix and the final materiality ranking was created.

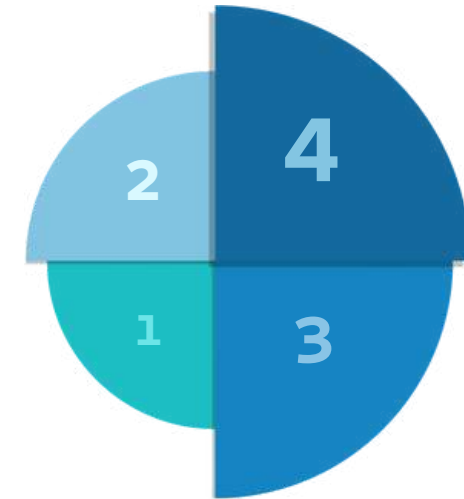
This materiality analysis, which is the basic building block of our sustainability strategy, represents a critical step towards Klimasan's achievement of its sustainability goals in the sector and at the global level.

Our Stakeholders Contributing to the Materiality Study



81 >>> Stakeholders

100 >>> Employees

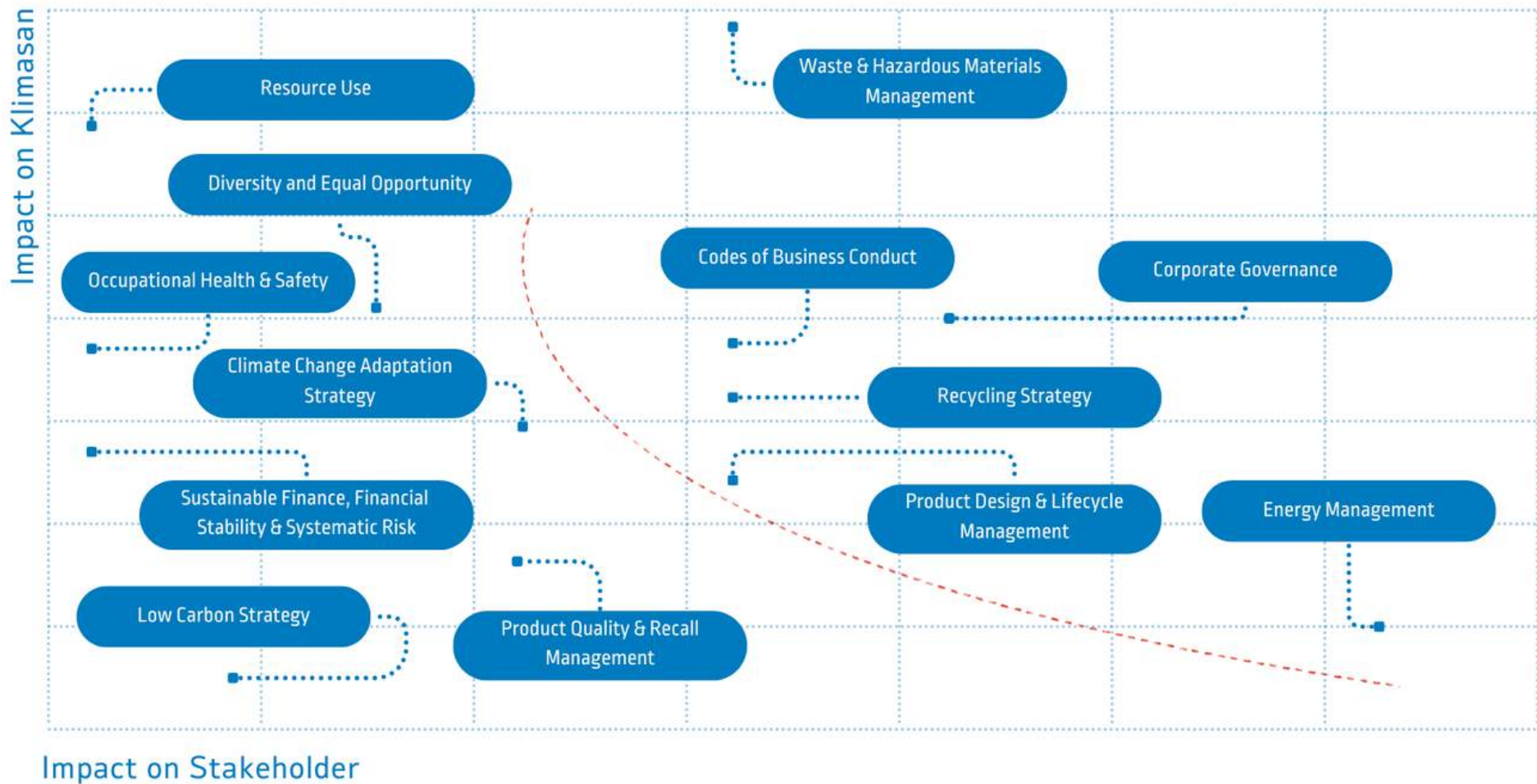


- 1 List of Topics**
 - Materialities of Sustainability Indices
 - Materialities of global and local competitors
 - Materialities of the industry
- 2 To Learn Stakeholders Insights**
 - Stakeholder mapping
 - To develop survey questions and scope to understand stakeholders' insights
 - To carry out the survey
 - Analysis of results
- 3 To identify Klimasan Priorities**
 - To identify Klimasan's materialities based on the analysis of global trends and sustainability indices
- 4 Materiality Matrix**
 - To map stakeholder insights and Klimasan materialities on a matrix



As a result of the evaluations and stakeholder participation, the Klimasan Materiality Matrix was created, covering high material and material issues. In the Klimasan Materiality Matrix, the impact of material issues on stakeholders is shown on the X axis, and the impact on Klimasan is shown on the Y axis. The results of this materiality analysis were used in the process of determining sustainability goals and developing the sustainability strategy.

Materiality Matrix





APPROACH TO MATERIAL TOPICS

OUR MANAGEMENT METHOD

Our Sustainability Approach	Material Topics	Affected Stakeholders	Our Responsible Units, Boards and Committees	Risk Analysis	Our Approach
Sustainable Growth	Sustainable Finance, Financial Stability and Systematic Risk				<p>Klimasan prioritizes sustainable growth and integrates this awareness into its employees by taking various actions.</p> <p>Klimasan addresses its priority issues with the following approaches in order to minimize its environmental effects.</p> <ul style="list-style-type: none"> Integrating ISO 50001 Energy Management System requirements into all stages of our operations; regularly performing annual emission measurements, conducting studies on continuous improvement and renewable energy investments in line with emission reduction commitments. By adopting the zero waste target, to reduce waste generation, to separate waste at source, to recycle or dispose of it, to establish the necessary systems and to increase awareness activities; to make declarations in accordance with legal obligations and requirements and to form responsible teams to ensure the continuity of the system. By adopting the green chemistry approach, to ensure that auxiliary materials are not used unless necessary in the production process and that the least hazardous ones are preferred if used; to carry out the necessary SS studies and user awareness-raising activities for correct use. To carry out the necessary R&D studies to reduce environmental impacts and increase recyclability throughout the product life cycle from production to disposal; to aim to increase the traceability and manageability of environmental impacts throughout the life of the product with life cycle analysis. To continue our fight against the energy crisis and climate change by continuously reducing the energy consumption required by production and administrative processes and ensuring the continuity of investment in renewable energy sources. In addition, to minimize our environmental footprint by monitoring and continuously reducing emissions from our activities. Increasing energy efficiency, optimizing our production processes and encouraging carbon reduction practices throughout our value chain in order to reduce the carbon footprint from our activities. Increasing the energy efficiency and recyclability of our products, minimizing their environmental impact throughout their life cycles. In addition, contributing to a sustainable future by adopting low-carbon practices together with our business partners and suppliers.
	Energy Management (Electricity Consumption, Electricity Production)	Executive Management	Executive Management	ISO 14001 Environment and ISO 50001 Energy Management Systems Risk Analysis	<p>Determination of Environmental and Energy Aspects and Evaluation of Their Effects</p> <p>Quality Management Systems Corporate Risk Analysis</p> <p>Technical and Lean Corporate Risk Analysis</p> <p>Production Corporate Risk Analysis</p> <p>Supply Chain Corporate Risk Analysis</p> <p>Quality Management Systems Corporate Sustainability Process Risk Analysis</p> <p>Production Realization Risk Analysis</p> <p>Production and Warehouse Scrap (Waste) Management Risk Analysis</p>
	Waste and Hazardous Material Management	Customers	Executive Management	Quality Management Systems Department	
	Recycling Strategy	Employees	Customers	Technical and Lean Department	
		Society	Employees	Maintenance Department	
	Suppliers and Subcontractors	Society	Production Department		
Our Planet	Product Design & Life Cycle Management	Authorized Services	Supply Chain Department		
		Financial Institutions	Warehouse Department		
		NGO, Associations and Memberships	After Sales Services Department		
		Public Boards and Organizations	R&D Department		
	Climate Change Adaptation Strategy		Sustainability Committee		
			Environmental Board		
			Carbon and Energy Board		
	Low Carbon Strategy				



OUR MANAGEMENT METHOD

Our Sustainability Approach	Material Topics	Affected Stakeholders	Our Responsible Units, Boards and Committees	Risk Analysis	Our Approach
People	Occupational Health and Safety	Employees Executive Management Group Companies Customers Society NGOs, Associations and Memberships Media Authorized Services Suppliers and Subcontractors	Executive Management Human Resources Department Personnel and Administrative Affairs Department Occupational Health and Safety Department Internal Audit Directorate Quality Management Systems Department	ISO 45001 OHS Management System Corporate Risk Analysis Executive Management Corporate Risk Analysis Human Resources Corporate Risk Analysis Internal Audit Corporate Risk Analysis Human Resources Training Process Risk Analysis Human Resources Recruitment Recruitment and Resignation Processes Risk Analysis Human Resources Performance and Career Management Processes Risk Analysis	<p>Klimasan adopts the motto of "People First" in its processes and company structure, and prioritizes its priority issues with various methods and studies.</p> <ul style="list-style-type: none"> Integrating the ISO 45001 Occupational Health and Safety Management System into all processes of the organization, addressing employee and process safety as the top priority. Adhering to the principles of fair competition and ethical trade at every stage of our operations, expecting the same sensitivity in our relations with all our stakeholders; educating and raising awareness of our employees on these issues, securing our ethical understanding with documentation and guides. Believing that diversity and differences will enrich the vision of our organization, providing an equal and fair working environment with freedom of religion, language, gender, race, origin, orientation and thought for all our stakeholders; making supportive collaborations with institutions and organizations that adopt this understanding.
	Business Ethics Rules		Disciplinary Board Audit Committee Emergency Crisis Committee OHS Board OHS Risk Assessment Board Sustainability Committee Information Security Board Suggestion Assessment Board		
	Diversity and Equal Opportunity				





OUR MANAGEMENT METHOD

Our Sustainability Approach	Material Topics	Affected Stakeholders	Our Responsible Units, Boards and Committees	Risk Analysis	Our Approach
Sustainable Business	Resource Use				Sustainable growth and sustainable business issues at Klimasan are becoming more and more important every year. Our company has developed material issues and a methodology accordingly.
	Corporate Governance	Employees Executive Management Group Companies Customers Society NGOs, Associations and Memberships Media Authorized Services Suppliers and Subcontractors	Executive Management Internal Audit Department Production Department Sales and Marketing Departments Supply Chain Department Purchasing Department Logistics Department Warehouse Department Quality Management Systems Department After Sales Services Department R&D Department Corporate Governance Committee Early Risk Detection Committee Sustainability Committee Process Safety Board	Supply Chain Corporate Risk Analysis R&D Corporate Risk Analysis Sales Corporate Risk Analysis SSH Corporate Risk Analysis Material Planning Corporate Risk Analysis Indirect Purchasing Process Risk Analysis Direct Purchasing Process Risk Analysis Corporate Risk Management and Reporting Process Risk Analysis Import and Export Processes Risk Analysis Customer Satisfaction Process Risk Analysis Corporate Risk Assessment Reports submitted to the Early Detection of Risk Committee	<ul style="list-style-type: none"> To minimize our environmental impacts and use natural resources efficiently while ensuring the continuity of our operational processes; to optimize the use of natural resources and to expect the same sensitivity from the companies in our supply chain To early detect, evaluate, calculate the effects and probabilities of strategic, operational, financial and other risks that may endanger the existence, development and sustainability of the company by adopting the universal values of Corporate Governance Principles such as equality, transparency, accountability and responsibility; to ensure that these risks are managed, reported and necessary precautions are taken in accordance with Klimasan's corporate risk-taking profile, to take these risks into account in decision-making processes and to establish effective internal control systems. To ensure the sustainability of our activities by developing energy-efficient, environmentally friendly products and to offer innovative solutions for customer demands; to continue to provide quality products and services in order to keep the customer experience at the highest level.
	Product Quality and Recall Management				<ul style="list-style-type: none"> With the awareness that customer satisfaction is one of Klimasan's most fundamental values, to carefully follow customer expectations and feedback and to offer comprehensive solution suggestions with a wide after-sales service network.



SUSTAINABILITY IN THE VALUE CHAIN

Supply Chain Management

Satın alma, Lojistik, Ambar ve Sevkiyat
 Ham Madde ve Malzeme Yönetimi
 İş Etiği ve Etik Ticaret
 Yeşil Satın Alma
 İnsan ve Çalışan Hakları
 Emisyon Yönetimi
 Yardımcı Sanayi Geliştirme
 Tedarik Zinciri Risk Yönetimi
 Atık Yönetimi

Research and Development

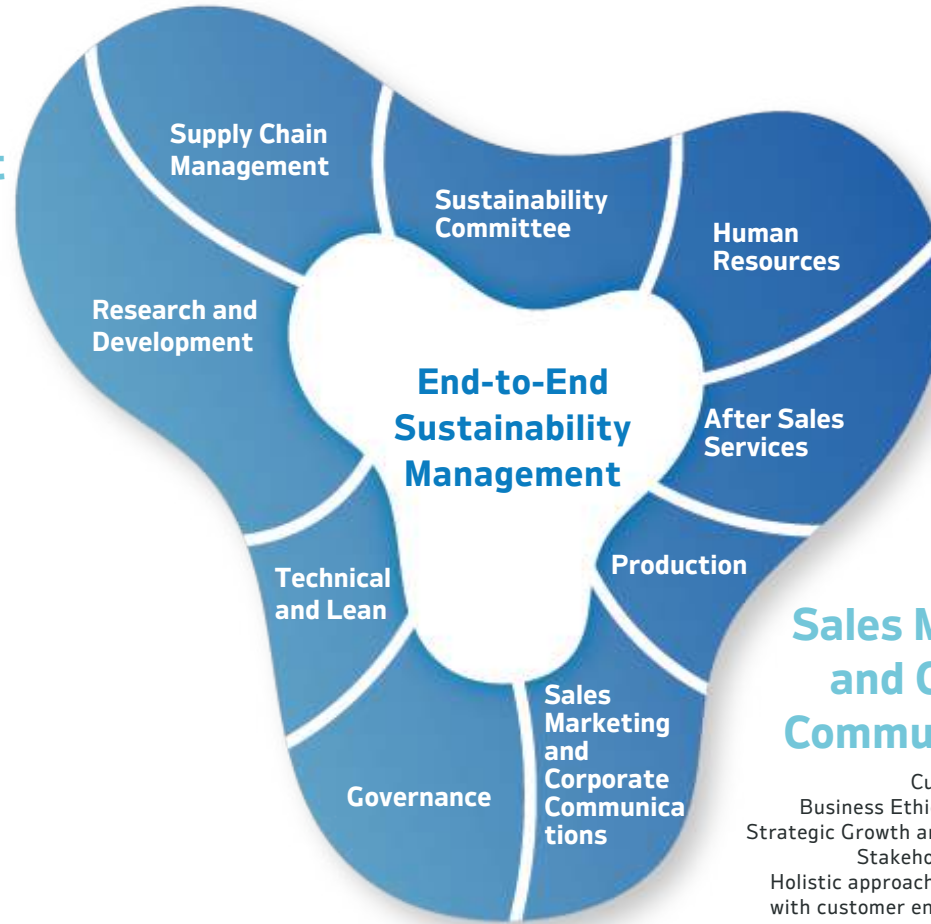
Product Design
 Product Life Cycle
 Product Quality
 Energy Management
 Patent and Utility Model Studies
 Technology and Innovation
 Automation and Digitalization
 Raw Material and Material Management

Technical and Lean

Maintenance, Investment, Method and Kaizen
 Technology and Innovation
 TPM
 Continuous Improvement, Efficiency and Investment
 Optimization
 R&D and P&D
 Energy Management
 Emission Management
 Water and Wastewater Management
 Waste Management

Governance

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



Sustainability Committee

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

Human Resources

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

After Sales Services

Customer Satisfaction
 Emission Management
 Waste Management
 Product Life Cycle

Sales Marketing and Corporate Communications

Customer Satisfaction
 Business Ethics and Ethical Trade
 Strategic Growth and Brand Perception
 Stakeholder Communication
 Holistic approach and full compliance with customer environmental policies and programs

Production

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



SUSTAINABLE DEVELOPMENT GOALS WE CONTRIBUTE TO



Good Health and Well-Being

Klimasan attaches great importance to occupational health and safety practices, especially the ISO 45001 Occupational Health and Safety Management System. Aiming to obtain a safe production certificate by conducting risk assessment at every stage, Klimasan aims to protect the safety and health of their employees and customers who use their products at the highest level during the production process. The company fully fulfills their responsibilities regarding the health of users, stakeholders and all individuals in the value chain with a comprehensive approach. In addition, Klimasan secures the health of employees in and outside the workplace with the comprehensive health insurance, workplace infirmary and doctor access they offer to their employees.

Klimasan aims to make employees feel safer and increase their commitment to the workplace with the fringe benefits and employee loyalty activities they provides to their employees. In addition to occupational health and safety measures, the company also attaches great importance to the mental health and psychological states of their employees, and within this scope, they offer regular training and carries out activities to support the mental health of their employees.



Quality Education

While Klimasan is committed to supporting the individual and professional development of their employees, they also encourage educational opportunities for large segments of society. Within this framework, they prepare annual professional and personal development-focused internal and external educational plans for their employees and offer professional certification programs. Providing opportunities such as foreign language education, master's and doctorate incentive programs to all their employees, Klimasan also provides mentoring and career consultancy support to university students by offering internship and development opportunities.

Klimasan conducts various educational and mentoring programs in order to contribute to the development of individuals in society. More than 25 personal development trainings have been provided with the SAP Distance Education Platform expanded within the scope of KLİK Academy; technical knowledge sharing and internal trainer training processes have been initiated with the R&D Specialization Training Program. The Leadership Development Program organized for managers in 2023 aims to develop leadership, strategic thinking and communication skills, while mentoring programs support individuals' career journeys under the guidance of experienced managers.

The company continued their business ethics, environment, information security and OHS trainings with the progress they made in the field of employee development; they increased the training period by 41% compared to the previous year by providing 47.26 hours of training per employee in 2023. In addition, they included more than 1,000 blue-collar employees in the mastery compensation program and enabled them to receive professional qualification certificates.

Klimasan sets targets in this regard and foresees a more sustainable growth every year. Together with their expert staff in the field, they want to provide more training to their employees and is committed to supporting them under all circumstances.



Gender Equality

Klimasan takes active steps to ensure gender equality in every aspect of working life. The company regularly monitors their performance in this area by determining key performance indicators (KPIs) to monitor the ratio of senior female managers and the total female employee ratio. Adopting an egalitarian approach to fringe benefits, Klimasan shapes the advantages they provide to their employees in line with this principle.

Klimasan was among the 25 companies from Turkey that participated in the "Target Gender Equality" Program conducted by the United Nations Global Compact. In addition, they are committed to the "Women's Empowerment Principles" (WEPs) in order to support women to take a more active role in economic life in every sector and at every level. In 2023, the importance given to women continued on this basis, and it is aimed to increase women's leadership and women's participation every year.

7 ERİŞİLEBİLİR VE
TEMİZ ENERJİ

Affordable and Clean Energy

Klimasan has been regularly measuring and reporting their carbon footprint since 2011. Within the scope of the transition to a low-carbon economy and combating climate change, they are taking emission reduction steps in three main areas: reducing emissions from production, reducing emissions generated during the use phase of products, and monitoring and reducing emissions in the supply chain. In this direction, various steps are being taken such as creating awareness, increasing energy efficiency, encouraging the use of alternative fuels, and creating more efficient transportation routes.

They are a pioneer in the sector by using the ISO 50001 Energy Management System Certificate in order to save energy in production and operation processes. Klimasan, which has been meeting all of their electricity consumption from renewable energy sources since 2020, has documented these investments with the I-REC Certificate. In 2023, they met a total of 9,886 MWh of electricity consumption with renewable energy investments. The company shares their renewable and sustainable energy activities with all their stakeholders and adopts the vision of seeing them as solution partners in this process.

8 İNSANA YAKSIRIŞ
VE EKONOMİK BÜYÜME

Decent Work and Economic Growth

Klimasan believes that the economic development of an institution can only be possible with the human development of its employees. In this context, they apply international standards to create working conditions and takes care to prevent child labor and forced labor at every stage of the value chain and to ensure fair working conditions. In order to ensure appropriate, legal and ethical working conditions in the supply chain, Klimasan determines the requirements with the Supplier Code of Ethics Document and takes concrete steps by conducting the Supply Chain Corporate Social Responsibility Risk Analysis.

9 SANAYİ, YENİLİKÇİLİK
VE ALTYAPI

Industry, Innovation and Infrastructure

It is believed that innovative approaches should be adopted, the scientific and technological possibilities of the age should be investigated and products should be produced from sustainable resources in order to ensure sustainable development. For this reason, the resources allocated to R&D studies are increased every year and accepted as a priority target by Klimasan. In 2023, 8 utility models and 27 design applications were made and 31 projects were implemented. A budget of 61,139,920 TL was allocated for R&D expenditures and an increase of 41.2% was achieved compared to 2022. Klimasan contributes to regional, national and global economic development with steps such as creating high employment and increasing import and export rates.

10 EŞİTSİZLİKLERİN
AZALTILMASI

Reducing Inequalities

Considering their multicultural structure as the greatest strength of their human resources, Klimasan has positioned their wage, rights and social protection policy fairly, without any discrimination and regardless of gender. The recruitment approach also does not include any differences or discrimination based on experience and position requirements. This egalitarian approach of the institution is explained in detail and undertaken in the "Discrimination (Egalitarian Approach)" section of Klimasan's Social Compliance Policy.

Klimasan supports overcoming obstacles in the business world by providing a protected working environment for mentally disabled individuals and providing employment opportunities within Klimasan with the Z.E.K.I Project carried out under the leadership of Manisa Organized Industrial Zone. Klimasan receives awards on an annual basis as an outcome of this project and is a pioneer in this regard in the country.



Sustainable Cities and Communities

Klimasan conducts earthquake risk analyses and takes measures through earthquake resistance simulations of buildings and parcels. The company has accelerated their work, especially after the earthquake activities in 2022.

Klimasan, which conducts fire drills at regular intervals, puts into practice how employees should act in case of fire. Similarly, environmental drills and trainings are carried out by planning in advance how to act in possible hazardous substance spills. In this way, it is aimed to be prepared for possible dangerous situations.

Klimasan contributes to the sustainability of cities, especially in Manisa, where they produce and has their headquarters. The company, which carries out their activities in accordance with the laws and regulations, also contributes to the studies carried out in this context.



Responsible Consumption and Production

The efficient use of natural resources, increasing their reuse with effective waste management and preferring environmentally friendly disposal methods are the principles followed in all processes. In addition, they focus on the necessary product development studies to make products more recyclable, reduce energy consumption and extend product life together with responsible product applications.

The year 2023 has been a year in which particularly responsible production activities and intensive energy saving efforts have come to the fore. In this context, a 6.5% improvement has been achieved in total natural gas consumption and a 4% improvement has been achieved in electricity consumption. In addition, R&D analysis and studies have been accelerated in order to increase the recycling potential of products.



Life on Land

Studies in the fields of waste management and recycling are carried out and protected with ISO 14001 Environmental Management System applications. All business processes are designed to protect terrestrial life and ecological balance, considering their environmental impacts. In cooperation with the Aegean Forest Foundation, "Klimasan Grove" has been established in Manisa and sapling donations are made to the grove on behalf of all Klimasan employees. Sapling donations are made to Klimasan Grove for new employees, during seniority awards and on important days.



Climate Action

Klimasan acts with the aim of minimizing the environmental impacts of their operations and increasing energy efficiency. The company, which does not include harmful gases in their products, focuses on continuous innovation studies to develop products that offer the highest level of energy efficiency.

2023 was a year in which important steps were taken in the field of process and product energy efficiency for Klimasan. During this period, the energy-saving product portfolio was expanded, the energy classes of the products were improved in accordance with new regulations, energy savings were achieved in production processes and emission reduction targets were determined to reduce emissions from company activities. In 2022, Klimasan, which set emission reduction targets based on scientific foundations, has these targets approved by SBTi (Science Based Targets initiative).

Klimasan takes effective steps against the climate crisis by assuming a leading role in their sector in energy efficiency and emission management.



Peace, Justice and Strong Institutions

Klimasan provides their employees with awareness training on combating corruption and bribery, business ethics and codes of conduct every year. The same sensitivity is also provided in the supply chain; inspections are carried out for suppliers and attention is paid to issues such as forced labor, child labor and illegal employment. Supplier Code of Conduct has been determined and these criteria play an important role in supplier selection. The social compliance of the supply chain is closely monitored with the Supply Chain Social Responsibility Risk Assessment launched in 2022.

With the "Klimasan Ethics Line" application carried out by the Internal Audit Directorate, all employees are encouraged to report any unethical situations they encounter through this line. The "equal pay for equal work" policy and fair working conditions are meticulously implemented by the Human Resources and Personnel Departments. Klimasan's Social Compliance Policy clearly defines fair work principles and ensures the implementation of these principles. The company is examined through regular Social Compliance Audits and the compliance of the rights and wage policies with the transparent management approach is monitored by annual SMETA-4 PILLAR audits and independent financial audit institutions.

Klimasan 2023 Material Topics

Related SDGs

ENVIRONMENTAL

Waste and Hazardous Material Management



Recycling Strategy



Energy Management (Energy Consumption, Electricity Production)



Product Design & Life Cycle Management



Low Carbon Strategy



Climate Change Adaptation Strategy



SOCIAL

Occupational Health & Safety



Diversity and Equal Opportunity



GOVERNANCE

Corporate Governance



Business Ethics Rules



ECONOMIC

Sustainable Finance, Financial Stability and Systematic Risk



Product Quality and Recall Management



Resource Use

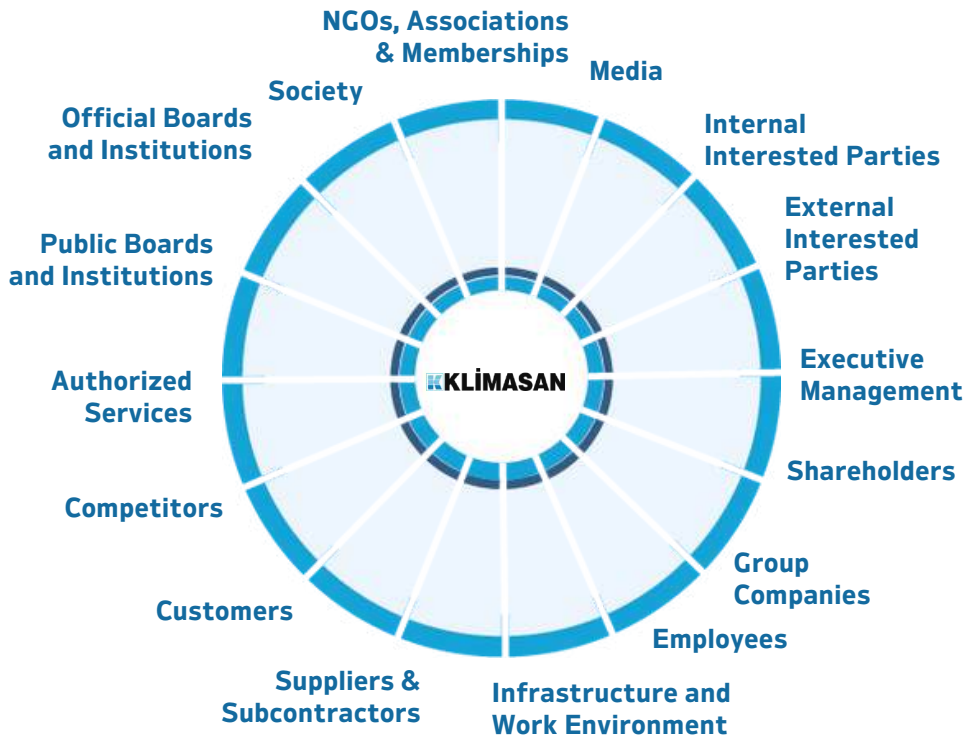




OUR STAKEHOLDER MAP, STAKEHOLDER RELATIONS AND CORPORATE MEMBERSHIPS

Active Stakeholder Communication

Klimasan believes in the importance of development together, the value of common sense and the idea feeds on idea approach.



Corporate Memberships

Klimasan cooperates with civil society organizations, public institutions, aid associations, universities, professional associations and public institutions working for social development as a result of public policies in order to contribute to the social impact area. In this context, the company also supports initiatives carried out for social and community development.

- EcoVadis
- UN Global Compact
- Science Based Target (SBTi)
- Manisa Celal Bayar University USİTEM University Industry Cooperation Agreement and Vocational Training in Business Project
- MOSB Z.E.K.İ Life Center
- Aegean Exporters' Association
- Manisa Chamber of Commerce and Industry
- KalDer
- Elday
- Koteder
- Paçev
- Aegean Refrigeration Industrialists and Businessmen's Association
- Türk Patent Kurumu (TPK)
- Ege Orman Foundation
- Koruncuk Foundation
- Kızılay
- Morçatı
- Peryön
- Manisa R&D and Design Centers Cooperation Platform – Üsımp
- İzmir Association for the Protection and Development of the Deaf
- MOSTEM Employment Project
- Ministry of National Education Mastery Compensation Program Project
- LÖSEV
- Democratic Mothers Association





Our Stakeholder Communication Table

OUR MANAGEMENT METHOD

Key Internal and External Stakeholder	Communication Method
Employees	Face-to-Face Meetings, Online Meetings, e-mail, Phone, SMS, Annual Evaluation Meetings, Town Hall Meetings, Coolest Talks Seminars, Orientation Trainings, Social Media Accounts, Advertisements, Activities and Organizations, Trainings, Web Page, Internal Company Portals, Corporate Reporting, Printed and Digital Documentation, Presentations, Employee Satisfaction Surveys, Performance Feedback Meetings, Announcement Boards, Integrated Management System Announcements, Posters and Brochures, Suggestion Forms, Suggestion Award Ceremonies, Promotion and Seniority Award Ceremonies, Near-Miss Notification Forms, Gemba Meetings, Ethics Line, Monthly Agenda Meetings, KLIK Bulletin, Social Responsibility Committee Meeting Meetings
Customers	Face-to-Face Meetings, Online Meetings, Audits, e-mail, Phone, Website, Social Media Accounts, EcoVadis Platform, Advertisements, Campaigns, Social Responsibility Projects, Customer Satisfaction Surveys, Written and Visual Press Advertisements, Catalogs, Sales Reports, Corporate Reporting, Call Center, Sponsorships, Written and Visual Press, Presentations, Satisfaction Research, Fairs, Tenders, SEDEX Customer Portal
Suppliers and Subcontractors	Face-to-Face Meetings, e-mail, Phone, Online Meetings, Quality Meetings and Assessments, Supplier Audits, Supplier Training and Workshops, Website, Printed Documentation, Performance Assessments, Tenders, Feedbacks, Supplier Days Meetings, Corporate Reporting, Social Responsibility Project Meetings, Presentations, Supplier Development Research, Supplier Portal, Klimasan Sustainability and Social Compliance Survey, Supply Chain Social Responsibility Assessment Results Competitors Sector Information, Product Information, Campaign Information, Web Website, Social Media Accounts, Printed Documentation, Survey Studies, Corporate Reporting, Written and Visual Press, Fairs
Authorized Services	Face-to-Face Meetings, Online Meetings, e-mail, Phone, Audits, Website, Social Media Accounts, Satisfaction Surveys, Suggestion Form, Presentations, Organizations, Trainings, Service Cloud Portal, Dealer Meetings
Society	Regional/National/Local Campaigns, Website, Social Media Accounts, Trainings, NGO Projects, Written and Visual Media, Local Meetings, Dealer and Authorized Services, Brochures, Advertisements, Corporate Reportings, Coolest Talks Seminars, University Collaborations and Student Club Visits
NGO, Association and Memberships	Face-to-Face Meetings, Online Meetings, Social Media Accounts, e-mail, Phone, Internet, Written and Visual Media, Joint Projects and Project Meetings, Sponsorships, Website, Printed Documentation, Corporate Reporting, Media, Career Days
Official Institutions and Public Institutions	Face to Face Meetings, Online Meetings, Audits, Website, Corporate Reporting, e-mail, Telephone, Printed Documentation, Written and Visual Press
Media	Press Releases, Press Meetings, Organizations, Advertisements, Web Page, Launches, Corporate Reporting, Face to Face Meetings, Local and National Written and Visual Press, Interviews, Social Media Accounts
Investors	Activity Reports, Legal Platforms such as KAP, MKK, Investor Presentations, Corporate Website, Special Situation Statements, Corporate Reporting





OUTSTANDING STAKEHOLDER COMMUNICATION METHODS OF 2023

Effective Communication Methods

For Employees;

As Klimasan, we know that one of the cornerstones of a successful business environment is effective and open communication. By establishing a strong communication network among our employees, we ensure that everyone can express their ideas comfortably and collaborate to achieve common goals.

Our communication strategy aims not only to share information, but also to create mutual trust and support. The regular meetings, feedback sessions and open-door culture we organize allow us to hear the voices of our employees and interact at every level.

At Klimasan, communication is not just a part of the job, but a reflection of our business culture. In this way, we contribute to the flowering of creative ideas, rapid resolution of problems and increased job satisfaction. Because we believe in a working environment where everyone's voice is heard in order to achieve the best results.

Supporting the development and satisfaction of its employees, Klimasan came together with its employees throughout the year with many different types of training, interviews, seminars and organizations in 2023. The practices implemented for employees in 2023 include the following;

- Online and Face-to-Face Trainings
- Performance Evaluation Feedback Interviews
- Employee Satisfaction Survey
- Town Hall Meetings
- Coolest Talks Seminars
- Social Activities and Organizations
- Suggestion Award Ceremonies
- Promotion and Seniority Award Ceremonies
- Human Resources and Klimasan Managers Monthly Agenda Meetings
- Employee Loyalty Committee
- Social Responsibility Committee
- Human Resources Monthly Communication & Agenda Bulletin "KLİK Bulletin"



KLİK Bulletin

In the monthly KLİK Bulletin Publications prepared by the Human Resources Team, the Klimasan Human Resources agenda, details of the trainings, events and projects carried out are shared with the employees.

For dealers;

Domestic Retail Dealer Meetings

Klimasan strives to be in communication with its business partners at all times and to create effective and fast dialogue channels. In this context, with the concept of "2023 Further Together", very productive meetings were held with domestic business partners on common goals and future strategies at the Klimasan Dealer Meeting held in Antalya.

For Authorized Services;

Authorized Service Trainings

As every year, in 2023, technical and vocational trainings, primarily basic cooling and new product training, were provided to the inspected services by the Technical Service and Training Team affiliated to the After-Sales Department. Following these trainings, proficiency exams and certification processes were implemented.



Monthly Domestic Authorized Service Meetings

Monthly Domestic Authorized Service Meetings are held to share information about notifications from the field, improvement opportunities in production processes and future trainings. These meetings are organized online every month with the participation of Quality, After-Sales Services and Authorized Services units.



Authorized Service Visits

As of 2023, authorized services in different regions of Turkey have been visited and their deficiencies and needs have been determined. At Klimasan, a visit plan is created throughout the year by the After-Sales Services Department officials, and on-site visits are carried out in line with this plan to evaluate the needs of authorized services. At the same time, inspection and control activities are carried out during these visits.

For Authorized Services;

- Customer visits
- Customer satisfaction surveys
- Tenders
- Supply chain training and organizations organized by customers
- Customer audits
- Fairs

For Customers; Common Area Vertical Communication Platform

As a member of the Ortakalan.org platform since 2019, Klimasan has easily accessed the distribution channels in the retail sector and leading brands that provide products and services in Turkey. This platform offers an effective exchange of information between customers and sectoral partners.

Hostech Fair

In 2023, Klimasan presented its new product group consisting of Industrial Kitchen Coolers and Freezers to the attention of its stakeholders at the 'HOSTECH by TUSİD - Hotel, Restaurant, Cafe, Patisserie Equipment and Technologies Fair', the largest fair in Turkey and the second largest in Europe. TÜYAP Tüm Fuarçılık Yapım A.Ş. In this prestigious event organized by and supported by the Industrial Kitchen, Laundry, Service and Catering Equipment Industrialists and Businessmen Association (TUSİD), new product groups were introduced to visitors and business partners.

For Group Companies; Global Strategy Meetings

Klimasan has invested in Metalfrío Solutions, one of the world's largest commercial refrigerator brands. Thanks to its physical proximity to target markets and agile organizational structure, the company is the flagship of the group in the European, Middle Eastern, African and Russian markets, including the CIS countries. In this context, it actively participates in Global Strategy Meetings organized at the country and group director level in the Metalfrío network in Brazil, Turkey, Mexico and Russia. It also benefits from the global knowledge and experience gained in these meetings.



For Suppliers; Supplier Portal

All suppliers access up-to-date technical drawings of the parts they produce through the Klimasan Supplier Portal with the usernames and passwords defined for them.

Supplier Visits and Audits

In 2023, extensive on-site supplier audits were conducted in many different provinces of Turkey. In addition to the operational and administrative audits of the Purchasing, Supplier Development and Input Quality Control Departments, online audits and interviews with suppliers, self-assessment surveys and audit and observation practices in the supply chain have continued.



STAKEHOLDER ENGAGEMENT

Strong Stakeholder Relations

Stakeholder Engagement

Klimasan mutually supports corporate sustainability activities, exchanges ideas and plans joint studies. In this context, the opinion received from Konveyor Company, with which it works, is given below:



“Klimasan Company is a customer that leading beverage and food companies have worked with for many years and with their activities in the field of sustainability that add value to the environment and society, and we, as Konveyor, have been pleased to work together as a supplier for many years. We find it very valuable that they have ISO 9001 Quality, ISO 14001 Environment and ISO 45001 Occupational Health and Safety Management System certificates since the 2000s, and that they manage their processes under a corporate and standardized roof, that they are the first company in the commercial refrigerator sector to receive the ISO 50001 Energy Management certificate, and that they are one of the pioneers in the sector with their activities in line with Carbon Emission Reduction Plans and calculating their carbon footprint since 2011. On the sustainability side, the 10-year-long studies and the fact that they have a Gold Category status in Ecovadis also show the importance and care they give to the Sustainability Development Goals. In this direction, the investments they make in innovations and continuous development emerge as an indicator of their plan and target-oriented studies. As Klimasan's stakeholder, the positive and sharing approach in our work together always gives us trust and support and renews our belief that our corporate cooperation will last for many years.”



*Strong Collaboration,
Permanent Trust*

SUSTAINABLE BUSINESS & SUSTAINABLE GROWTH

Our Sustainability Commitments and Targets

Summary Financial Information

Quality Management

Process Management

Continuous Improvement and Investments

R&D and Innovation

Supply Chain Management

Logistic Impacts

Customer Satisfaction and After-Sales Services

Risk Management

Internal Audit and Control

Information Security



OUR SUSTAINABILITY COMMITMENTS AND GOALS

		2021	2022	2023
Our Commitments	To keep the annual number of intellectual rights and university-industry cooperation projects above 10	 16	29	26
	To keep the ratio of recyclable materials used in final product production above 96%	 96.5%	96.5%	98%
Our Targets	Achieve a "Gold" status in the 2022 EcoVadis CSR Assessment.	 63	76 (Gold)	78 (Gold)
	To conduct on-site audits of domestic suppliers, which account for 80% of procurement volume	 74%	76%	76%
	To improve the energy consumption of products by 5% compared to the previous year by increasing sales of products with high energy efficiency* (kwh/st.unit product*day)	 2.74	1.71	1.46



SUMMARY FINANCIAL INFORMATION

Summary Financial Operation	2020	2021	2022	2023
Net Sales (TL)	978,280,732	1,735,021,684	2,772,970,991	3,578,519,872
Net Profit for the Period (TL)	48,572,778	21,538,620	137,023,688	125,512,362
Total Assets (TL)	1,479,691,169	3,220,291,538	4,250,386,853	7,710,909,183
Current Ratio	2.1741	1.31	1.21	1.02
Liquidity Ratio	1.86	1.08	0.83	0.76
Short-Term Liabilities/Total Assets	0,40	0,54	0,49	0.52
Long-Term Liabilities/Total Assets	0.37	0.27	0.13	0.10
Equity/Total Assets	0.23	0.19	0.38	0.38
Net Profit/Net Sales	0.05	0.01	0.05	0.04

CAGR 2023>>2013

Net Sales	30.46%
International Sales	29.00%
Domestic Sales	27.19%



QUALITY MANAGEMENT

Global Standards in Quality

Klimasan's goal is to provide customer focused and high-quality products and partnerships.

Klimasan establishes the foundational elements of its corporate identity and processes through Total Quality Management practices based on international standards, with a commitment to continuous improvement. These practices aim to review and enhance all processes by promoting teamwork.

Klimasan's executive management develops and implements effective risk management practices at the departmental and Integrated Management System levels. These practices facilitate the identification of potential threats to strategic objectives and focus on developing preventive approaches. In review meetings held every two months, potential risks are identified, necessary measures are taken, and opportunities are assessed within the framework of the Integrated Management System.

Click here for more detailed information on Klimasan's quality approach and understanding, and to access the Integrated Management System Policy.



Evaluated and audited annually by the Turkish Standards Institution, Klimasan achieves continuous improvement through regular management system reviews and renewal audits. The company adopts a Total Quality Management approach supported by the ISO 9001:2015 Quality Management System standard and aims to integrate this approach across all levels of the organization and throughout the value chain. The ultimate success of Klimasan's primary commitment to quality is achieving the highest level of customer satisfaction.

All practices within the company are carried out in accordance with the requirements of the ISO 9001 Quality Management System (QMS) standard. The primary goal of this approach is to achieve quality at the source, ensuring that the most accurate production is achieved on the first attempt. This way, the efficiency of processes is increased, and customer satisfaction is ensured.

Klimasan's primary goal is to create high-quality products, services, communication, and partnerships for all stakeholders, in addition to its customer-centric approach. In line with this, a quality-focused approach and a commitment to continuous improvement are adopted at every level of the organization and throughout the entire value chain. The supply chain plays a significant role in maintaining quality standards; therefore, a rigorous evaluation process is implemented to ensure that raw materials, semi-finished products, and outsourced services, in addition to product and service quality, are of the highest level.

Continuous communication is maintained with suppliers to establish partnerships and foster collaborative thinking processes, which support mutual development.



Klimasan;

- Adopting a quality-focused perspective at all levels of the organization,
- Ensuring product quality with a customer-focused management approach that considers evolving customer expectations, while also maintaining competitiveness, efficiency, and profitability,
- Continue to produce high-quality products that meet customer demands and expectations, while enhancing customer satisfaction by providing technical support before and after sales,
- Working in harmony by meeting the needs and expectations of its stakeholders,
- Identifying, assessing, and managing risks and opportunities that may impact the company's existence and growth across all processes through a risk-based thinking approach, thereby fostering a culture of Corporate Risk Analysis, is committed.

In 2023, Klimasan successfully maintained its corporate structure, risk management, and environmental and social performance through ISO 9001 Quality, ISO 14001 Environment, ISO 45001 Occupational Health and Safety, ISO 50001 Energy, and ISO 27001 Information Security Management Systems.

Klimasan's Periodic Quality Improvement Studies

Klimasan adopts the understanding that quality must first be improved and then made sustainable, emphasizing the importance of communication and feedback mechanisms in this process. Accordingly, monthly Field Call Rate (FCR) meetings are held with the participation of various operational departments and authorized service providers. In these meetings, feedback from the field is analyzed, root cause investigations are conducted, and solutions are discussed. Additionally, similar meetings are held weekly at the operational unit level under the name 'Quality Meetings'.

Klimasan believes in the importance of not only receiving feedback but also giving it. Accordingly, it collaborates with suppliers through the Supplier Development and Incoming Quality Control Departments and carries out improvement projects and initiatives. This approach enables continuous improvement in the quality of raw materials, semi-finished products, molds, machinery, and services that are not produced in Klimasan's own production facilities but are supplied externally. Suppliers are periodically visited, their quality management systems, processes, and product quality processes are audited, and necessary improvement steps are requested.

Each year, internal audits are conducted by employees who have received training as internal auditors and hold an Internal Auditor Certificate for all management systems in place. The results and findings from the internal audits of management systems are transformed into improvement actions under the leadership of the Quality Management Systems Department and implemented across the organization.

Additionally, necessary Internal Auditor Training for Management Systems is planned periodically by the Human Resources Team. This approach ensures the continuity of the system with a sufficient number of internal auditors for each management system.

Management Systems and Certificates

Klimasan establishes the foundation of its corporate identity and processes through total quality management practices based on international standards, aiming for continuous improvement. Total quality management practices encourage teamwork and are designed to review and improve all processes.

ISO 9001

Quality Management System

ISO 50001

Energy Management System

ISO 14001

Environmental Management System

ISO 45001

Occupational Health and Safety Management System

ISO 27001

Information Security Management System

ISO 17025

Laboratory Accreditation Certificate



PROCESS MANAGEMENT

At Klimasan, processes are managed through Process Management Cards, which map workflows, designate responsibilities, and include SWOT analyses and risk-opportunity assessments. During production and management stages, process flows are carried out in a coordinated manner across departments via digital portals.

To monitor, assess, and continuously improve the effectiveness of processes, realistic and measurable Key Performance Indicators (KPIs) have been established. A total of 138 KPIs track all operational, commercial, and managerial processes of the organization on a monthly, quarterly, semi-annual, or annual basis. Monthly KPI Review Meetings are held with the participation of executive management, where the status of achieving targets and actual performance data is evaluated. When targets are not met, root cause analysis is conducted, improvement actions are planned and implemented, and the effectiveness of these actions is monitored.

In 2023, Klimasan tracked its sustainability and social responsibility performance through 55 designated performance indicators, organized into four main areas: "Ethical Business," "Sustainable Supply Chain," "Human and Employee Rights," and "Sustainability." These indicators were also aligned with the Sustainable Development Goals.

The target values and actual results for performance indicators are submitted annually for review by EcoVadis as part of the EcoVadis Corporate Social Responsibility Assessment and are also evaluated during Management Review Meetings. Each year, improvement targets are set based on the previous year's performance.

Klimasan tracks the progress of its responsible activities within the framework of its Corporate Sustainability Strategy through short long-term goals and commitments, which are communicated via GRI sustainability reports.

QDMS

Integrated management system applications are managed through the QDMS Portal with modules for Document Management, Action Management, Corrective and Preventive Action Management, Device Management, and Customer Complaints Management.

ManageEngine (IT Service Desk)

All service and support requests for Klimasan's digital and systematic processes are directed to the IT Team through this portal. Computer users create requests by opening a 'ticket' on the portal, and the support provided by the IT Team is communicated to the user via email before the 'ticket' is closed.

Service Cloud

The Service Cloud Portal, integrated with Klimasan's ERP System, is used to manage communication, notification, and approval processes with authorized service providers across Turkey as part of customer service and satisfaction. Customers report malfunction or after sales service requests through this portal, and the nearest authorized service provider is assigned to monitor and resolve the process. Intervention time, equipment used, travel, and labor details are tracked through the system. Managed by the After Sales Services Team, this portal also oversees product warranty management and after sales service invoicing.

KLİK

The KLIK Portal, launched as part of the KWAY Digital Transformation Project, is used to digitize all Human Resources processes at Klimasan. It serves as a tool for employees to monitor their personal accounts, salary, leave, training, and performance management.

Klimasan Supplier Portal

Integrated with ERP software, the Klimasan Supplier Portal is a communication tool for sharing technical information related to products for which supplier companies are responsible for design and production processes.

ERP Software

ERP software is used at Klimasan to integrate and monitor all operational processes. Launched under the KWAY Project in 2022, the ERP software became fully operational in 2023, enabling the integration of numerous processes across the organization.



Integrated Document Management System

Klimasan's integrated document management approach is effectively utilized across all processes within the Integrated Management Systems, aiming to enhance the management and monitoring of these processes.

Klimasan's documentation system is integrated with the QDMS Document Management Module, facilitating regular review, revision, and tracking processes, while providing transparent management by allowing access for all relevant employees. Additionally, actions and corrective activities across all operational and administrative processes, along with improvement areas identified through internal and external audit findings, are managed via this portal. Calibration of testing devices and equipment is also tracked on this portal by the responsible laboratory personnel.

At Klimasan, a QDMS user account is created for all new employees with computer access, and authorization and access points are defined. To integrate information security into every level of the organization, process-based authorization and access permissions are applied.

Number of documents in QDMS: **3,944**

Number of new documents prepared in 2022: **234**

Number of documents revised in 2023: **566**

Number of devices with calibration tracking in 2023: **135**

Number of devices/equipment with verification tracking in 2023: **119**

Number of CAPAs and Actions opened in 2023: **930**

Number of CAPAs and Actions closed in 2023: **720**

Total number of CAPAs and Actions opened through QDMS: **12,747**

Total number of CAPAs and Actions closed through QDMS: **12,125**

[Klimasan's Integrated Management Systems Policy can be accessed here.](#)





CONTINUOUS IMPROVEMENT AND INVESTMENTS

At Klimasan, ongoing improvement involves the regular review, analysis, and enhancement of organizational and business processes. The primary goal of the improvement process is to increase effectiveness and efficiency at every stage of work.

Klimasan consistently pursues its investments with the goal of stable growth and development aligned with its future objectives. Operating with an advanced planning structure, Klimasan adopts new technologies, develops skilled human resources, and strengthens its operational processes. This approach ensures Klimasan's sustainability in continuous improvement and investments. Continuous improvement and investments help organizations adapt to changing market conditions, meet customer demands, and gain a competitive advantage.

Employee Suggestion Evaluation System

Klimasan believes in the importance of employee involvement not only in processes but in all improvement projects. In this context, it embraces the understanding that the most effective way to improve a task is to consult the person performing it. Since the launch of the Klimasan Suggestion Evaluation System in 2019, more than 1,700 suggestions have been received.

The primary objectives of the Suggestion Evaluation System are as follows:

- Promote a culture of 'constant improvement' by eliminating losses.
- Provide employees with the opportunity to present their unique, innovative, and creative suggestions related to company activities to executive management.
- Increase employee motivation and commitment to the company,
- Enable effective engagement in the company's sustainable corporate development and the attainment of its strategic goals.
- Allow employees to examine their area of responsibility from an external perspective.
- Create a platform where all stakeholders can participate and have their ideas evaluated.



Suggestions from employees are first reviewed online by the Suggestion Evaluation Board. These suggestions are then scored based on set criteria during weekly meetings. Actions or projects required for implementing accepted suggestions are tracked through the QDMS Portal. After monthly evaluations, the top 10 employees with the highest-scoring suggestions are rewarded at the Suggestion Award Ceremony.

Every quarter, a Suggestion Evaluation System Quarterly Award is held. The top 3 employees with the highest-scoring suggestions and the department with the highest total score for the quarter are rewarded.

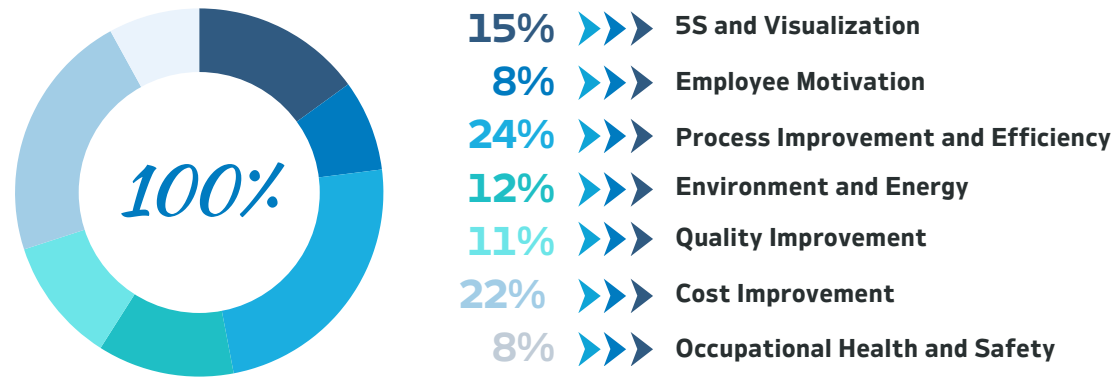
In 2023, celebration events were organized for the employees of the highest-scoring department in the quarterly evaluations, along with their families. These events included breakfast gatherings, dinner, and a bowling tournament.

Since the implementation of the Suggestion System in 2019, approximately 1,700 employee suggestions have been received, and action planning and investment efforts have been carried out to implement the suggestions approved by the Suggestion Evaluation Board.



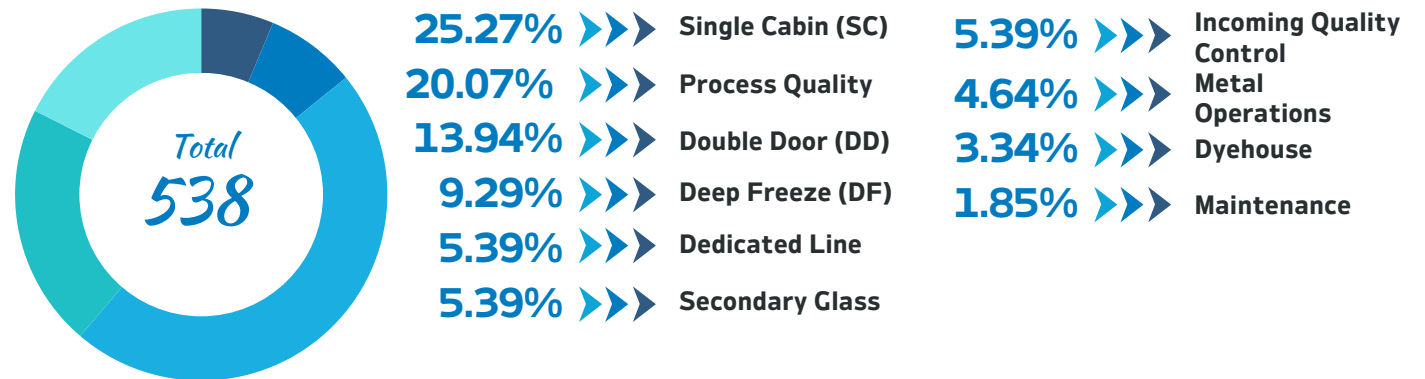
The environmental impacts of all approved project ideas that have received implementation approval are measured. In this context, the project’s energy, chemical, and water consumption savings, as well as its carbon footprint reduction rate, are calculated. Additionally, cost savings or generated profit and time savings are assessed and included in the improvement project presentations.

Category Based Distribution of Accepted Suggestions



In 2023, a total of 538 suggestions were submitted by employees, marking the highest number since the establishment of the Suggestion Evaluation System.

Top 10 Departments with the Most Suggestions in 2023



In 2023, a total of 538 suggestions were submitted by employees, marking the highest number since the establishment of the Suggestion Evaluation System.



INVESTMENT ACTIVITIES

At Klimasan, investment processes are managed by the Investment Team under the Technical and Management Department. This team receives support from the Maintenance and Methods Teams in technical and operational investment processes, such as machinery, device, line, or equipment investments.

In 2023, a total investment of 3 million euros was made to minimize occupational safety risks and ensure production standardization in line with company objectives, supporting quality stability. These investments include significant projects in the external areas of the Klimasan factory, such as a new service vehicle area and a hazardous waste area. Additionally, a key investment decision was the revision of the fire detection system to enhance emergency management.

Klimasan's investments in machinery to enhance production efficiency have yielded benefits such as capacity increase, process automation, optimal chemical usage, and energy efficiency. These investments stand out as critical elements supporting the achievement of sustainability goals.

Renewable Energy Investment with I-REC Certification

Since 2020, Klimasan has been investing in renewable energy sources to offset its annual electricity consumption. In this context, it has obtained the International Renewable Energy Certificate (I-REC), taking an important step toward sustainable energy usage.

In 2023, Klimasan consumed a total of 9,886 MWh of electricity from renewable energy sources. With this consumption, the company qualified to receive the International Renewable Energy Certificate (I-REC) issued by Aksa Electricity. This achievement reinforces Klimasan's commitment to its environmental sustainability goals and its dedication to renewable energy.

Klimasan aims to further expand its investments in renewable energy in the future, striving to reduce its environmental impact and minimize its carbon footprint.

Some of the notable machinery and automation investments of 2023 are as follows;

Dyehouse Optimization Project

The standard hanging region spacing, conveyor, and hanging region were optimized following work on the system, and with the implementation of the C-roller system, the paint shop capacity was increased by 8%

New Process Investments for the Gastronomy Cabinet

Klimasan has expanded its product range by introducing gastronomy cabinets. To enable their production on existing assembly lines, investments in elevators, platforms, and processes were made, ensuring the integration of the production processes.

Thermoform Machine Investment

Klimasan expanded its product range by introducing gastronomy cabinets. To enable their production on existing assembly lines, investments were made in elevators, platforms, and processes, ensuring the integration of production processes.



New Production Methodology Investments

Klimasan is developing new business models and production methods to gain customers in new markets and regions and increase its competitive edge in these areas. With new production methodologies such as SKD and CKD, Klimasan aims to establish partnerships through local strong partners in regions with long distances or high customs duties. By implementing these production strategies, the company focuses on increasing sales by offering more competitive conditions to existing customers and reaching new customers, thereby expanding its market. These projects help achieve gains in logistics and customs costs, production costs, and raw material supply optimization.



Fixture Layout Project in the DF Horizontal Product Line

To eliminate production loading constraints for large models in horizontal product manufacturing and improve the quality performance of freezers, the distance between fixtures and the line length were optimized, resulting in a 17% improvement in product group quality.



Kaizen Activities

Klimasan believes that teamwork is the most important factor in setting a goal, developing the necessary strategies to achieve it, and ultimately reaching the goal. In the goal setting and strategy development processes, Kaizen activities hold special importance for the company.

At Klimasan, the participation of all employees in production and management processes is ensured. The primary goal is to involve employees who are in direct contact with issues and can recognize them, through continuous improvement projects and equipment enhancement activities led by the Kaizen team. In this context, every individual involved in the process is responsible for Kaizen practices and is an integral part of these initiatives. Employees' ideas are collected at all levels, and these ideas are used as data to guide the process. This approach strengthens Klimasan's culture of continuous improvement and supports its organizational success.

In 2023, the Kaizen and Methods Team carried out 601 production support and improvement activities. A total of 420 Kaizen projects, 121 line improvement projects, and 60 standardization activities were implemented. To improve the performance and ergonomics of production processes, 378 new master models and fixtures were created and put into use. For employee health and safety, 204 actions were completed. Additionally, to contribute to company productivity, time studies and line balancing were conducted for 80 products.



Total Productive Maintenance (TPM)

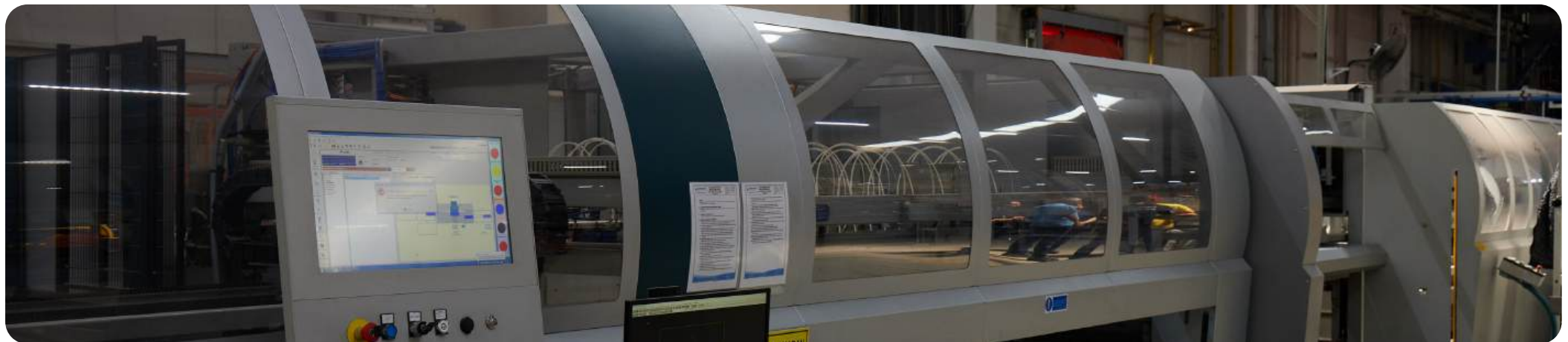
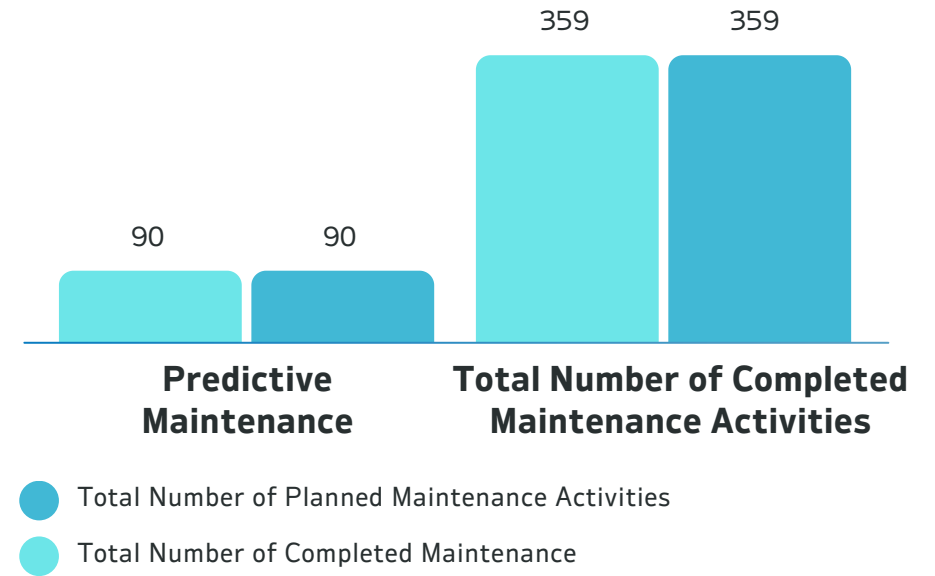
Klimasan’s Total Productive Maintenance (TPM) approach, which makes a significant contribution to sustainability and efficiency efforts, is sustained through the participation of all employees in the practices. The main goal is to reduce machine downtime, ensure regular planned and predictive maintenance, and promote continuous improvement.

Within the framework of Klimasan’s maintenance activities and goals, the increase in energy measurement points allows for better analysis of energy usage areas. Necessary equipment investments and improvement projects are implemented to reduce energy consumption. Additionally, periodic thermal measurements are conducted across the organization, and predictive maintenance activities are increased to prevent machine downtimes and failures, ensuring the continuity of planned maintenance efforts.

As of 2023, a total of 359 planned maintenance and 90 predictive maintenance activities have been carried out. Weekly 5S activities and improvement projects led by the Kaizen team support this process. The tracking and monitoring of TPM activities are easily carried out through autonomous maintenance forms and weekly reports.

The Maintenance Team aims to convert planned maintenance activities into predictive maintenance activities, with a plan to increase the total number of predictive maintenance points by 15% each year.

2023 Planned/Predictive Maintenance Analysis





R&D AND INNOVATION

Innovation at Klimasan

The challenges of 2023 turned into an opportunity for Klimasan to strengthen its supply chain and R&D.

Especially in 2023, the crisis in the Suez Canal regarding raw material access disrupted Klimasan's supply chain process, similar to many other companies. This situation also indirectly impacted R&D activities.

Additionally, the global tensions caused by the Russia-Ukraine war, the continuous rise in energy prices, and challenges in accessing raw materials highlight the critical importance for each sector to develop its own technology. Innovation efforts play a crucial role in both the sustainability of our planet and the financial and economic sustainability of companies; combating climate change is also a key focus in this area.

Klimasan has made innovation aimed at developing products with lower energy consumption and minimal environmental impact one of its key objectives. The company's R&D team is evolving by using the latest technologies in product targeting and is effectively expanding into the market by offering innovative solutions to customers.

In this context, Klimasan strengthens its leading position in the industry through intensive collaboration with national and international institutions and organizations. The company has succeeded in becoming a role model in university-industry partnerships and aims to spread this culture to all its employees through the different collaboration strategies it has developed.

Klimasan, always ranking among the leaders in intellectual property management in the commercial refrigeration sector, has made a name for itself with numerous patents and designs both nationally and internationally. The company not only provides excellent products for its customers but also develops digital, smart, and life-enhancing solutions.



Klimasan's R&D Center, with its 9 Climate Control Test Rooms, years of accumulated expertise, global experience and know-how sharing, laboratory and university collaborations, as well as 3D/2D modeling and design capabilities, has become one of the industry's leading brands.

Klimasan ranks among the top 250 R&D centers in Turkey and is ranked 146th in terms of R&D investments. This ranking reflects Klimasan's significant investment in R&D and, consequently, the substantial resources it allocates to innovation.

In 2023, Klimasan made an R&D investment of 61,139,920 TRY. During the same year, 7 patents, 12 utility model applications, and 7 design applications were filed. Over the past two years, more than 50 patents and 35 industrial design registrations have been completed. Based on its R&D expenditure, Klimasan ranked 146th in the 2023 R&D 250 list across all sectors.

Klimasan aims to accelerate its R&D activities in the future to achieve the following goals:

- Increase the recyclability of its products and promote the use of recycled materials in its products.
- Reduce emissions resulting from the use phase of its products, thereby supporting both its own responsible environmental activities and the environmental sustainability of its customers.
- Ensure the continuity of R&D activities that provide flexible solutions to customer demands.
- Continue to lead the supply chain and support its suppliers' R&D activities by embracing a sustainable product mindset and swiftly adapting to innovations and changes.



R&D Budget by Year (Million TRY)

2018	➤➤➤	14.9
2019	➤➤➤	16.8
2020	➤➤➤	17.5
2021	➤➤➤	20.7
2022	➤➤➤	25.2
2023	➤➤➤	61.1

2023 R&D Performance

Klimasan maintains a strong position among companies with R&D centers across Turkey. The 2023 R&D 250 Research Report, published by Turkishtime with approval from the Ministry of Industry and Technology, thoroughly examines the R&D activities of companies in the sector. In this regard, Klimasan:

- With **8** utility models granted at the R&D center, Klimasan is ranked **4th**,
- Ranked **19th** with **27 design** registrations,
- Ranked **90th** with **31 projects** executed,
- With an expenditure of **61,139,920 TRY**, Klimasan is ranked **146th** in R&D spending,

Klimasan actively plays a role in the R&D field through its projects and solidifies its innovative approach with design and utility model registrations.



57-member R&D Team

Klimasan, aware of its customers' needs, uses recyclable materials to minimize the carbon footprint of its products and seeks sustainable solutions at every stage of design and production. The Klimasan Research Center is recognized by the Ministry of Science, Industry, and Technology of Turkey (MoSIT).

The 57-member R&D team develops reliable, innovative, and eco-friendly solutions to meet customer demands, while also offering new refrigeration solutions for potential clients. Additionally, projects are being implemented to reduce material and raw material usage, with the goal of improving product energy consumption and energy classes by increasing the use of recyclable materials.

In this context, Klimasan is committed to adopting an environmentally friendly production approach by reducing the use of non-recyclable or chemical materials in production processes and supporting the circular economy. The team consists of 37 researchers, including 6 with postgraduate degrees, 16 technicians, and 4 support staff. In 2023, the Klimasan R&D team participated in 15 fairs and 31 training sessions.



Completed and Targeted Key Design and Innovation Activities

Gastronomy Cabinet Project

With the intense R&D activities during the 2022-2023 period, the developed range of gastronomy cabinets strategically entered the industrial kitchen equipment market for the first time, and a refrigeration/freezer cabinet design was created for the commercial professional kitchen sector, commercializing the product family.

Packaging Optimization Project

Within the framework of Klimasan's responsible materials management approach, this project, which began in 2022 and was implemented in 2023, focuses on transitioning to alternative packaging materials instead of using Styrofoam for protective packaging in products. As part of the project, the R&D team designed and developed high-strength cardboard. The goal is to use 100% recyclable cardboard in the product, including on shelves, doors, and cabinets. The suitability of the solution was tested through durability and shipment simulation tests, and the results of these tests and laboratory analyses were successful. Efforts to expand the implementation of this solution are ongoing.

R&D Projects and Collaborations

"Klimasan has a wide product range and focuses primarily on energy efficiency in every project it implements. Continuously growing by adding new designs to its product portfolio, Klimasan collaborates with many universities and invests in new projects.

In this context, the collaborations carried out in 2023 are listed below."

- Yaşar University Department of Design Turkey University-Industry Collaboration Project
- Yaşar University Turkey Architecture and Design Department Student Graduation Project Mentorship
- Ege University Solar Energy Institute Turkey University-Industry Collaboration Protocol
- Manisa Celal Bayar University Collaboration Protocol
- Uzbekistan SKD Project Collaboration

In 2023, 31 innovative projects, including cooling and mechanical design work as well as energy efficiency initiatives, were implemented and successfully completed. All projects were carried out with Klimasan's own capital. The products resulting from these projects stand out with their innovative features and are fully suitable for commercialization.



Solar Project

The aim of the project is to reduce energy consumption costs and expand the environmentally friendly product portfolio by meeting the energy needs of the cabinet with solar energy in regions with high sunlight duration, such as the Southeastern Anatolia Region in Turkey and the African continent. In this project, the goal is to supply all the energy consumed by the cabinet over 24 hours from solar panels. The system will continue to operate by drawing power from the grid in cases where solar energy is insufficient or the batteries are unable to provide support.



Product Recyclability Analysis

Within the framework of its sustainable product approach, Klimasan aims to minimize the environmental impact of its products after use. In this regard, the company carries out innovative R&D activities to continuously increase the proportion of recyclable materials.

The comprehensive recyclability analysis conducted in 2022 was completed in two stages through a meticulous process. In the first stage, the material components of the products were examined in detail, and recyclability information was requested from suppliers. In the second stage, collaboration with expert recycling companies was established to analyze the content and structure of the products in detail.

As of 2023, Klimasan has systematically calculated the recyclability rate of all its products and proudly reported that this rate exceeds 98%. This high achievement is a testament to Klimasan's commitment to environmental sustainability. The company continues its efforts to achieve continuous improvement goals through the search for alternative materials and suppliers. With the help of ERP software, Klimasan ensures detailed reporting of the recyclability features of each product, thus strengthening its commitment to minimizing environmental impact.

Product Security

Klimasan ensures not only quality and environmental compatibility in each of its designs but also prioritizes the highest level of safety for its customers during use. The standards and regulations adhered to for this purpose are as follows:

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

Klimasan products have undergone all necessary conformity assessment activities for use in the European Union and bear the CE, RoHS, and WEEE marks, demonstrating compliance with health, safety, and environmental protection requirements.

"Additionally, Klimasan products are compliant with the ROHS Directive, which restricts the use of lead and other potentially hazardous substances to environmental and human health, as well as the REACH Directive, which limits the use of carcinogenic, mutagenic, and toxic substances.

The packaging materials used at Klimasan are subjected to verification tests to ensure they do not contain four heavy metals (Pb, Cd, Hg, Cr) in accordance with the 94/62/EC directive.

For household products, in compliance with European regulations, material selection and production processes are carried out with consideration for food contact requirements under the 'Food Contact Directive (1935/2004/EC)

Klimasan complies with the Waste Electrical and Electronic Equipment Directive (WEEE), which sets goals for the collection, recycling, and recovery of electrical products. In this regard, Klimasan increases recyclability by using components in its products that are in accordance with the WEEE Directive.

In 2021, under the energy regulations applicable in EU member countries, all commercial and household cabinets sold in these countries are subject to these regulations, and energy labeling is applied. All energy labels are registered in the EPREL system.

Certificates

LVD	EMC
RoHS	REACH



SUPPLY CHAIN MANAGEMENT

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Sustainable Supply Chain Approach

Klimasan prioritizes supply security and ethical trade in its supply chain management. The company is aware that product quality and effective process management can only be achieved with the contributions of its business partners. Therefore, creating and maintaining an effective supply chain management approach is one of Klimasan's key priorities. Additionally, Klimasan's sustainability approach is based on a broad supplier network. The company leads the transformation of relevant industries by conveying its sustainability strategies to suppliers and encourages them to operate in line with the core values it embraces.

Sustainable supply practices at Klimasan are managed by the Procurement, Supplier Development, and Quality Management Systems Departments. Technical and economic improvement projects conducted with supplier companies are implemented alongside responsible supply chain practices. In 2023, remote and on-site audit activities with supplier companies continued; supplier analyses were conducted, and improvement action plans were developed and tracked.



Supplier Development and Collaboration

Klimasan focuses on building mutually beneficial relationships by encouraging the continuous development of its suppliers. To achieve this goal, the Supplier Development Department was established, and various activities have been implemented, including capacity enhancement, quality and management process improvements, audits, collaboration projects, and the organization of training and workshop programs for supplier companies.

Local Supplier Strategy

In 2023, Klimasan allocated 89% of its total supplier base and 74% of its procurement budget to local companies. The budget allocated to local suppliers exceeds 73 million euros. Klimasan carefully manages its supplier selection process.

Improvement and Development Projects

In 2023, Klimasan's procurement department implemented 46 different improvement/development projects, resulting in a gain of over 2 million Euros. These activities are carried out to support Klimasan's effectiveness in supply chain management and the development of its suppliers.

Procurement Management in 2023

In 2023, Klimasan faced significant factors such as economic uncertainties, the impact of global events, and fluctuations in supply and demand. These uncertainties have become key factors influencing procurement decisions and complicating supply chain planning and inventory management.



Challenges in Supply Processes

Challenges in supply processes hinder the timely and uninterrupted procurement of goods and services from suppliers, negatively impacting production and distribution processes. In this context, responsible procurement practices are becoming increasingly important. Klimasan makes supplier selections by considering not only quality but also environmental and social impacts, bringing more transparency, sustainability, and ethics focused approaches.

Changes in Supplier Expectations

Expectations from suppliers have also changed in recent times. It is no longer just about the provision of products or services, but factors such as innovation, flexibility, and the ability to respond quickly are also becoming prominent. In this context, Klimasan aims to adapt to these new expectations in order to strengthen its relationships with suppliers.



Risk Management and Alternative Suppliers

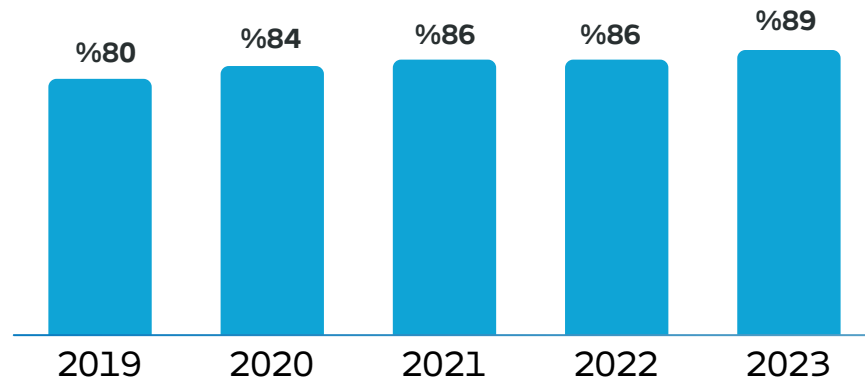
Klimasan has made changes to existing supply conditions to ensure that supplier companies are minimally affected by raw material and subcomponent supply processes due to economic fluctuations. To address such risks, proactive order requests have been made in the relevant sectors, and competitive alternative suppliers have been activated.

In sectors with a 'single source' situation, alternative supplier options have been developed, and supplier diversity has been increased in areas where there have been challenges in raw material supply. These measures aim to provide flexibility in Klimasan's supply chain management, making it more resilient to economic fluctuations and enhancing supply security.

Throughout the year, due to the constantly fluctuating exchange rates, it became necessary to frequently revise prices with suppliers who typically work with fixed pricing. This process was managed by closely monitoring market conditions and supplier dynamics.

In 2023, local companies accounted for 89% of the total number of suppliers and 74% of the procurement budget. The budget allocated to local procurement exceeds 1.8 billion TRY.

Local Supplier Ratio by Year





Klimasan Supplier Selection and Evaluation Methodology

Klimasan manages a meticulous supplier evaluation and onboarding process to ensure supply security, continuously improve product quality, and implement best in class supply chain practices.

Before starting any collaboration with a supplier, Klimasan meticulously applies a comprehensive pre-evaluation process to select the most suitable candidate. This evaluation includes not only compliance with Klimasan's specifications and delivery timelines but also critical criteria such as pricing, payment terms, and management systems for quality, environment, and occupational health and safety (OHS). The company expects its suppliers to be responsible in terms of quality, occupational health and safety, and environmental issues, and evaluates the implementation of international standards such as ISO 9001, ISO 14001, and ISO 45001 as a decisive criterion among equally suitable suppliers.

Regular audits of existing suppliers throughout the year and the meticulous planning of improvement efforts ensure that operations comply with Klimasan's standards. Through online or on-site audits conducted at least once a year, the quality, management, social, and environmental processes of supplier companies are reviewed under the leadership of the Supplier Development and Incoming Quality Control Departments. Based on the audit results, suppliers are reclassified, allowing for clear identification of companies in the top 80% of the current ranking, and alternative sources are identified for suppliers deemed high-risk.

Supplier Performance Assessment

Klimasan carefully monitors measurable and transparent performance criteria through its online supplier quality performance tracking program and provides monthly updates on the evaluation results. Suppliers scoring below 50 points are removed from the approved supplier list, and continuous improvement is ensured in line with the goal of creating a sustainable supply chain.

Puan	Sınıf	Süreç
86-100	A	A thank you letter is written to the company.
71-85	B	A thank you letter is written to the company along with improvement suggestions
61-70	C	A letter is written to the company regarding the issues experienced, along with a request for corrective and preventive actions. The company is asked to correct the situation within the next five shipments and raise their score above 70.
51-60	D	An audit is conducted with the company, and an action plan is requested regarding the issues encountered. The company is asked to correct the situation within the next five shipments and raise their score above 70.
<50	E	Removed from the Approved Auxiliary Industry list.

Localization Efforts

Klimasan is aware of the importance of local sourcing in regional and national development and, therefore, aims to contribute to the growth of local small and medium-sized enterprises (SMEs) while strengthening collaborations with large local companies. In 2023, in this regard, localization efforts were continued for materials and components sourced from imported suppliers, referred to as 'single source,' and necessary transfer organizations were carried out. Notably, plastic parts that do not require molds began to be sourced from local businesses.

As a result of these steps, in 2022, local companies made up 86% of the total number of suppliers, and in 2023, this ratio was increased to 89%. This effort is part of Klimasan's procurement team's regular activities and remains one of the priority goals for 2023.



Ethical Relations and Code of Conduct

Klimasan's primary goal is to establish and maintain relationships with suppliers that comply with laws and the terms of agreed contracts. The company observes international and industry standards when purchasing products and services from suppliers, treats supplier information as a trade secret, and places great importance on confidentiality. To this end, the Supplier Code of Conduct document has been prepared. This document summarizes the ethical work principles expected from Klimasan's business partners and encourages suppliers to adhere to these principles. This approach helps Klimasan build reliable and sustainable supplier relationships while preserving its ethical values. In 2023, Klimasan also shared the Supplier Code of Conduct document with new suppliers it onboarded.



Feedback and Evaluation Processes

Klimasan prepares an annual Supplier Sustainability Practices Evaluation Survey, which is shared with all supply chain partners to collect feedback. Through this survey, activities related to environmental management of auxiliary industries, corporate sustainability efforts, management system applications, EcoVadis sustainability assessments, emission reduction planning in line with SBTi, support for the UN Global Compact, social compliance practices, and audits are analyzed. The survey results serve as an important input in identifying areas for joint collaboration with suppliers in Klimasan's environmental, social, and economic sustainability journey, as well as in managing the results of supply chain social responsibility risk analysis. Additionally, the traceability of responsible practices in the supply chain is ensured.

Aligned with its sustainability goals, Klimasan has undertaken significant responsible supply chain projects in 2023. These projects aim to increase energy efficiency and reduce environmental impacts:

- Within the framework of energy efficiency, design work on new models for electromechanical components such as compressors and fans was carried out in collaboration with suppliers, contributing to the improvement of the products' energy labels.
- Energy consumption has been reduced with the increase in the number of ENS LED transitions.





Supply Chain Social Responsibility Risk Analysis

Klimasan evaluates environmental, social, and governance risks in the management of processes at every stage of the organization and takes proactive measures to mitigate these risks. By aiming to identify and eliminate potential Corporate Social Responsibility (CSR) risks in the supply chain, Klimasan is promoting a risk-focused approach throughout its supply chain

The Corporate Social Responsibility (CSR) Risk Analysis application, launched in 2022, has been an important step in identifying potential CSR risks in the supply chain. This application enables commercial partners to conduct sectoral and national risk assessments. In this way, collaborations are established by evaluating the social compliance of stakeholders to enhance the sustainability of responsible supply chain practices.

National Corporate Social Responsibility Risk Assessment

When evaluating environmental and social risks within the supply chain, the current situation of the countries where the supplier companies are located is taken into account. The progress of countries in environmental sustainability, social compliance, and social responsibility, as well as their healthcare, living standards, ethical practices, and status regarding fundamental human rights, are assessed within the framework of the following internationally recognized indices:

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

Sectoral Corporate Social Responsibility Risk Assessment

When evaluating environmental and social risks within the supply chain, the sectors from which goods and services are provided are taken into account. In this context, processes, products/services, required conditions, working conditions within the sector, and the risks arising from them are analyzed. Sectoral risk analysis is conducted based on the internationally recognized International Standard Industrial Classification of All Economic Activities (ISIC) document. Existing contracted suppliers are grouped according to ISIC reference sector categories, and each sector undergoes a risk analysis process based on the following criteria:

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

As a result of risk assessments, country and sector risk scores are classified as low, medium, or high risk. Based on this classification, the Corporate Social Responsibility Risk Categories of suppliers are determined. For each risk category, appropriate management, auditing, and control processes are implemented to ensure effective risk management.





LOGISTIC IMPACTS

Klimasan is aware that minimizing the environmental impact of logistics activities, which have a significant effect on climate change, is vital for the entire supply chain. In this regard, the company continues its efforts in green supply chain and logistics activities. To prevent logistics from harming the environment, reducing greenhouse gases, establishing a transportation network with lower emissions in terms of climate change and sustainability, and reducing carbon emissions are among Klimasan's goals.

Klimasan has adopted a proactive sustainability policy aimed at preventing issues before they arise. The company minimizes fuel consumption and reduces emissions from transportation activities by performing shipment simulations to determine the optimal route for shipments with multiple destinations, thereby minimizing environmental impact. Additionally, Klimasan aims to reduce the number of vehicles by increasing the load capacity of transport vehicles and ensuring appropriate conditions.

Minimizing the use of road transportation in logistics activities significantly reduces Klimasan's environmental impact. The company supports road transportation activities with maritime, air, and rail transportation through the planning it has developed, and strives to reduce road transportation in logistics processes as much as possible.

Klimasan, continuing its efforts with a proactive approach, pays attention to the following criteria for the companies it purchases services from in its logistics activities:

- Use of vehicles with low carbon emissions
- Optimization of shipment routes
- Training employees on safe and economical driving
- Evaluation of transportation methods with lower emissions
- Monitoring performance parameters such as optimal fuel performance, target liters, and speed for economical driving
- Focus on accident free operations

In this context, Klimasan aims to strengthen sustainable logistics practices and reduce environmental impact.





CUSTOMER SATISFACTION AND AFTER SALES SERVICES

Klimasan places customer-focused work systems as one of its key principles. The company works to meet customer expectations to the maximum in order to ensure customer loyalty, increase customer satisfaction, and gain market share.

Customer satisfaction is the top priority at Klimasan, and the company continues its efforts in line with this goal. In this context, eco-friendly new products are being developed to meet customer needs, and customer expectations and suggestions are closely monitored.

Klimasan's high-quality products are produced at its Manisa facility, which has an annual capacity of 812,000 units. The company offers over 180 product varieties to more than 1,600 customers in over 100 countries. Klimasan and its brands, ranked among the top 500 companies in Turkey, have a strong reputation as a reliable and innovative supplier of refrigerators and freezers for over 50 years.

Klimasan continues its support to customers throughout the product life cycle. With more than 180 After-Sales Service Centers across Turkey, Klimasan aims to extend product lifespans through competent technical services. In 2023, the technical service satisfaction rate reached 90%.

Klimasan has increased spare parts inventory to shorten problem-solving times and enhance the problem resolution rate during the first visit by authorized service centers; bulk spare part shipments were made before the high season. Additionally, to improve service quality, 15% of authorized service centers have been renewed.

Services Offered under After-Sales Services

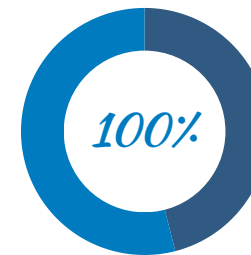
- 1-Warranty Coverage Services
- 2-Out-of-Warranty Service and Maintenance
- 3-Product Insurance
- 4-Dispenser Sanitation
- 5-Warehouse, Customer, and Warehouse Transportation Services
- 6-Light Maintenance Service in Warehouse
- 7-Product Location Identification (GPS Coordinates)
- 8-Spare Parts Management
- 9-Renewal

Klimasan ensures the provision of accurate information about its products by placing numerous safety-related warning labels on each product, as well as preparing a user manual specific to each product. These manuals are carefully prepared by documentation and product managers who are experts in their field, providing users with the information they need. The after-sales repair and maintenance services are divided into two categories: 'Commercial Refrigerators' and 'Household Refrigerators.' For commercial refrigerators, the warranty period can be extended up to 36 months, beyond the legal 24-month period. For household refrigerators, the warranty period is determined through periodic campaigns, offering 5, 7, or 10 years. Additionally, the spare parts supply period for the products is defined as 10 years.

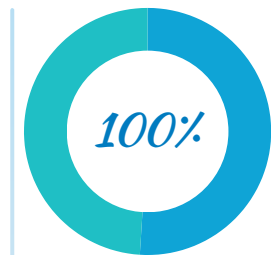
In addition to its wide range of refrigeration products, Klimasan offers integrated and customized sales tools for point-of-sale to support customers' business strategies.



Customer Profile



46% >>> Local
54% >>> Foreign



51% >>> Key Account*
49% >>> Non Key Account*

Key Account customers are global beverage and ice cream companies operating worldwide. Non-Key Account customers are beverage companies and distributors operating in local markets.



Key After-Sales Service Activities

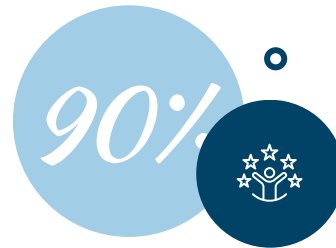
At Klimasan, monthly evaluation meetings are held with the participation of authorized service providers and operational departments. In these meetings, improvement points are discussed based on feedback gathered from the field.

To guide product development work in line with customer expectations, workshops are organized in many countries with the participation of R&D teams to better understand customer needs. In nearly 10 countries in Africa, regular technical training sessions are organized for customers' technical teams to ensure they are familiar with Klimasan products and can perform necessary interventions accurately. Additionally, meetings and service trainings are held for Şenocak dealers to provide information about products and introduce newly developed products.

In 2023, product quality and customer satisfaction were improved through visits to authorized service centers, field feedback, and the examination of sample materials collected. Furthermore, to enhance customer satisfaction and provide better service, the orientation and training processes for the Sales Team were expanded. The orientation periods and scope for new team members, including product and customer introductions, as well as technical knowledge transfer, were increased.

In 2023, spare parts inventory was increased, raising the rate of authorized service orders being shipped within the first 24 hours to over 90%. Spare part kits were sent to service centers for frequently moved spare parts. These practices have made significant contributions to increasing customer satisfaction and service quality.

Customer Satisfaction



All customer notifications are addressed and completed with action. The After Sales Services Team achieved a performance of 80% for the 'Call closure rate within 48 hours' in 2023.



International Service Organization

40 Authorized Service Centers Across 3 Continents

More Than *200.000 service* interventions per year

Stock management in services

Integrated management approach with ERP software

Satisfaction survey research to all end users and corporate customers

Regular trainings for authorized service personnel



Technical Service Trainings



Klimasan organizes at least two basic and 'New Product Trainings' per year for technical service providers from all over Turkey. These trainings aim to enhance the technical knowledge and awareness of the technical services, ensure they are informed about new products, familiarize them with Klimasan's expectations, and provide information about warranty and non-warranty issues. Additionally, the goal is to provide necessary information to manage end-user and customer resistance due to non-warranty situations. This approach is a key part of Klimasan's efforts to improve service quality and ensure customer satisfaction. In 2023, Klimasan's authorized service centers were provided with basic refrigeration training, new product training, and ERP usage training.

Operating System of Authorized Service Centers

Klimasan gathers suggestions from authorized service providers through the Suggestion Evaluation System to improve processes and implements projects based on these suggestions in order to provide a better experience for customers.

To ensure the continuity of high quality after sales services, the company has implemented an e-performance evaluation system for authorized service providers and tracks monthly performance based on defined performance indicators. As a result, a performance reward system has been introduced.

One of Klimasan's main objectives is to consider the changing and evolving customer expectations with a customer-focused management approach; to effectively manage product quality and life cycle, from the production stage to customer delivery, as well as pre-sales and after-sales services and technical support activities. Since 2015, all efforts to address customer complaints and prevent recurrence, root cause analyses, and actions are managed through the QDMS Customer Complaint Module. The process initiated to resolve each customer complaint is regularly tracked, and no complaint is closed without implementing improvement actions.

Refurbishment Center

Klimasan's Refurbishment Center carries out repair, renewal, and resale operations for refrigerators that have been damaged during use or have reached the end of their lifespan. The center operates with the aim of increasing customer satisfaction, especially for key account customers such as grocery stores, markets, and chain retailers, and providing a quick response to the refrigeration demand in the field. The Refurbishment Center not only handles the renewal of Klimasan-produced refrigerators but can also perform renewal and revision operations for products from different manufacturers, based on customer requests.



The Refurbishment Center, with an annual capacity of 15,000 units, performs various operations on refrigerators, including revisions to improve cooling performance, electrical and mechanical repairs, correction and renewal of refrigerator body damage, painting, cleaning, replacement of faulty spare parts, sticker application, performance tests, packaging, and shipping, to make them ready for use.

In 2023, nearly 9,000 refrigerators were renewed at the Refurbishment Center.

Additionally, capacity expansion investments were made in the painting and sanding booths at the Renewal Center, the old painting booths were modernized, and chimneys were renewed to enhance environmental safety compliance.

Klimasan emphasizes that refrigerator renewal processes play a significant role in reducing recyclability and carbon footprint in line with the sustainability goals of corporate clients. Through the Klimasan Refurbishment Center, the company aims to enhance the recyclability and reusability of products while supporting the environmental responsibilities of its stakeholders. Renewing a refrigerator that is no longer usable is one of the fundamental pillars of Klimasan's responsible production approach. A refrigerator can go through the renewal process multiple times during its life cycle, allowing it to continue operating with high performance.



RISK MANAGEMENT

Minimized risks

Corporate Risk Management

Klimasan is responsible for identifying and monitoring all risks it faces or is likely to encounter through The Early Detection of Risk Committee

The company manages social, environmental, economic, and governance risks through Corporate Risk Analysis, Management Systems Risk Analysis, and Process Risk Analysis methods. In 2023, the Risk Early Detection Committee met three times, and as a result of the corporate risk analysis activities conducted, six reports were published at two-month intervals.

The Early Detection of Risk Committee performs critical tasks such as identifying and assessing strategic, operational, financial, and other risks that could jeopardize Klimasan's existence, growth, and sustainability. It also calculates the impacts and probabilities of these risks, and ensures that they are managed in line with the company's risk tolerance, reported, and necessary measures are recommended to the Board of Directors.

The Klimasan Risk Coordinator ensures the review and updating of functional risk logs, which are created in detail every two months, and obtains the updated versions from the departments. Additionally, the Risk Coordinator prepares a consolidated risk report containing the details of revisions and risk analysis activities conducted during the two-month period, and shares it with the company's senior management and committee members.

The Risk Coordinator is responsible for maintaining effective communication with departments, preparing periodic risk reports, and sharing them with senior management. Additionally, they support training and workshops aimed at raising awareness of corporate risk management.

In 2023, six risk reports were created, containing the risks, action owners, and timelines across five main categories: financial, operational, strategic, image, and legal compliance. These reports also include comparisons to previous periods.

2023 was a year in which risks related to exchange rate fluctuations, raw material and material costs, and logistics activities changes, new product development, personnel management and development, ERP system changes, and operational and management processes, as well as information security, were at the forefront. As a result, managing procurement and sales risks arising from economic fluctuations and inflation was a key focus for the year.

At Klimasan, risk management systems are reviewed at least once a year. Recommendations are presented to the Board of Directors for improving internal control systems, including risk management and information systems, to minimize the impacts of risks that could affect group stakeholders.



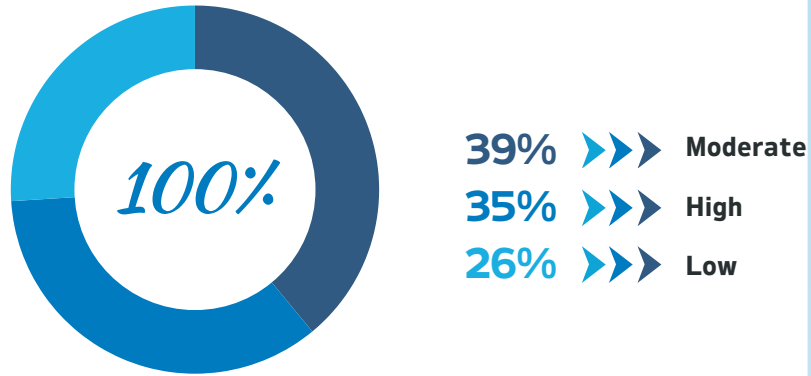
As part of Corporate Risk Management activities, reputation risks are also reviewed on a bi-monthly basis. In this process, all potential situations that carry financial and/or reputational loss risks for the company are assessed through the Ethics Hotline mechanism, managed by the Internal Audit Department, via employee notifications. This mechanism allows employees to report, and address risks the company may encounter in accordance with ethical and legal standards.

Within the framework of Corporate Risk Analysis, Klimasan's social risks are also monitored. Corporate risks related to Human Resources, Occupational Health and Safety, Legal Affairs, and Quality Management Systems processes are managed under the supervision and responsibility of the relevant department managers and monitored by senior management. Similarly, financial risks are also tracked and managed through Corporate Risk Management.



As of the end of December in the 6th period of 2023, the distribution of a total of 50 corporate risks by risk categories is as follows:

Categorical Breakdown of Corporate Risks



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

- Supply Chain _____ 5
- Quality _____ 4
- Production _____ 3
- Human Resources _____ 3
- Information Technologies _____ 1
- R&D _____ 1
- Legal _____ 1
- Sales and After-Sales Services _____ 1
- Technical and Lean _____ 1

2023 Corporate Risk Management Activity Highlights

13 corporate risks, tracked by executive management and the Risk Early Detection Committee, have been eliminated after completing improvement actions.

The frequency of corporate risk analysis review meetings, involving the participation of executive management and relevant department managers, as well as risk analysis workshops conducted between the Risk Coordinator and departments, has been increased.

In 2023, the Internal Audit Department provided Corporate Risk Analysis Information Training to all process managers and held a Risk Analysis Workshop. In this session, corporate risks faced by Klimasan and the corresponding actions were discussed.

Evaluation meetings, attended by executive management representatives, were held to discuss the anticipated risks for 2024 and the preventive measures that could be taken.

Management Systems Risk Management

Klimasan implements management systems in an integrated manner. In this context, corporate and operational risk and opportunity analyses are conducted throughout the year. Detailed and comprehensive risk analyses are carried out within the frameworks of ISO 14001 Environmental, ISO 50001 Energy, ISO 45001 Occupational Health and Safety (OHS), ISO 27001 Information Security, and ISO 9001 Quality Management Systems. All departments are responsible for evaluating the risks and opportunities of their processes to ensure the effectiveness of the management systems, eliminating risks, and seizing opportunities.

The company continues to identify environmental and energy aspects and assess their impacts under the Environmental and Energy Management Systems; the risks associated with environmental and energy management in all operational and administrative processes are monitored through monthly reviews. Environmental Risk Analysis is examined during the annual Integrated Management System External Audit.

Klimasan continuously keeps the risk and opportunity evaluation of all its management systems up to date, and during the annual periodic external audits of the management systems, the risks are thoroughly reviewed by the certifying body. In accordance with ISO 9001 Quality Management System requirements, the workflows of all processes are mapped in detail, responsibility areas are defined, and the risks and opportunities of the processes are identified through SWOT Analysis. In this framework, necessary action plans are developed.



INTERNAL AUDIT AND CONTROL

Transparently conducted audit activities

In Klimasan, the purpose, authority, and responsibilities of internal audit activities, as well as the working style and structure, are defined by documents such as the 'Internal Audit Regulation' and the 'Audit Committee Regulation Principles,' which have been approved by the Board of Directors and communicated to the organization. The Audit Committee, structured in accordance with the Corporate Governance Principles of the Capital Markets Board, consists of two independent members of the Board of Directors.

The 'Audit Committee' takes all necessary measures to ensure that internal audits are conducted sufficiently and transparently across all areas, and is also responsible for the effective implementation of the internal control system. The Committee communicates all its suggestions related to its responsibilities, including views and recommendations on internal auditing and internal control systems, to the Board of Directors members, both during Board meetings and/or via email in writing. In 2023, the Audit Committee held four meetings, which were conducted based on a specific agenda.

In Klimasan, internal audits are conducted by the Internal Audit Department in compliance with the standards published by the International Internal Audit Institute. The purpose of internal audit activities is to ensure the accuracy and reliability of financial and operational information, enhance the effectiveness and efficiency of operations, protect company assets, and ensure compliance with laws, regulations, and contracts.

The annual risk-focused internal audit plan is prepared by the Internal Audit Department and submitted to the Audit Committee for review and approval. In creating the audit plan, inputs such as previous audit reports, requests from executive management and the Audit Committee, operational, sectoral, and business model changes, as well as corporate risk reports, are taken into account.

Based on the approved audit plan, process-focused internal audit activities are carried out, and audit reports are presented to the audited department, Company Operational Senior Management, and the Board of Directors. Agreed action plans are documented and monitored by the Internal Audit Department, and progress is reported periodically to the Audit Committee.

In 2023, critical processes such as year-end inventory counting and expense management processes, as well as departmental audits for After-Sales Services, Planning, Warehouse, Human Resources, and ERP Project process audits, were conducted. In addition, audit and control activities continued across the organization. As a result of these efforts, 43 action plans were created, and their current status is being monitored by the Internal Audit Department.



As part of the audit activities at Klimasan, local and global regulatory requirements are reviewed, and compliance statuses are monitored. In addition to financial, operational, and reputational risks that carry potential material and/or immaterial loss risks for the company, other serious risks such as bribery, corruption, money laundering, theft, document falsification, conflicts of interest, confidentiality breaches, and child rights violations are also assessed.

Furthermore, the company's Ethics Hotline, which is exclusively accessible to the Internal Audit Department, is actively used for employees to report these risks. As part of the orientation program, new employees are provided with detailed information on internal audit department procedures and the Ethics Hotline application. Reports made through the Ethics Hotline are thoroughly investigated, and the results of these investigations are presented to the Audit Committee.



INFORMATION SECURITY

High commitment to data privacy

Klimasan regards information security as a core corporate value.

Klimasan adopts information security as a corporate value. Since 2018, Klimasan has held the ISO 27001 Information Security Management System (ISMS) certification, implementing a management system based on international standards for the protection of information assets.

Sustainable Information Security Approach

Klimasan conducts its information security activities in line with sustainability principles. In this context:

Stakeholder Engagement: The goal is to raise awareness among all stakeholders regarding information security and ensure their active participation.

Continuous Improvement ISMS policies are regularly updated, and potential vulnerabilities in the system are proactively addressed.

Technological Investments: Investments in information security technologies enhance the system's visibility and provide more effective defense against potential threats.

Employee Awareness: Periodic training and up-to-date information sharing are conducted to increase employees' awareness of information security.

Sustainable Technologies Environmental impacts are reduced by using sustainable solutions such as cloud systems and energy-efficient technologies.

Risk Management: Risk assessment activities are conducted, and necessary precautions are taken against potential risks.



2023 Achievements

ISO 27001 Certificate: As a result of the surveillance audit conducted in 2023, the continuity of the ISO 27001 certification has been maintained.

Zero Information Privacy Breaches: Since 2018, no information privacy breach incidents have occurred.

Employee Awareness: Through regular training, employees' awareness of information security has increased. In 2023, in line with the updated ISO 27001 Information Security Management System, employees were provided with informational and internal auditor training, and internal auditor certifications were renewed.

Information security is vital to Klimasan's sustainability. In this regard, information security efforts will continue without interruption, and the system will be continuously improved by following technological advancements. Klimasan will continue to work with full dedication to create a lasting information security culture, better protect the company's information assets from potential threats, and reduce environmental impacts by using sustainable technologies.

OUR PLANET

Our Sustainability Commitments and Targets

Our Environmental Approach and Management

Energy Management

Emission Management

Water Management

Waste Management

Biodiversity

















Our Eco-Friendly Products





OUR SUSTAINABILITY COMMITMENTS AND TARGETS

Klimasan, sürdürülebilirlik stratejisinin merkezine çevresel sorumluluklarını ve kaynak verimliliğini artırmayı koymaktadır. Bu doğrultuda, enerji tüketimi, su kullanımı, atık yönetimi ve karbon ayak izinin azaltılması gibi alanlarda somut hedefler belirleyerek ilerlemektedir. Hem operasyonlarında hem de ürünlerinde sürdürülebilir uygulamaları hayata geçiren Klimasan, ulusal çevre mevzuatına tam uyum sağlamayı ve doğal kaynaklar üzerindeki baskıyı azaltmayı hedeflemektedir. Aşağıdaki tabloda, sürdürülebilirlik hedeflerine yönelik performansının yıllar içindeki gelişimi ve bu alandaki taahhütleri yer almaktadır.

		2020	2021	2022	2023
Our Commitments	Ensuring full compliance with national environmental legislation 	100%	100%	100%	100%
	Continuous reduction of electricity consumption per standard unit product (kwh/st. unit product)  	16.7	13.8	14.99	17.6
	Continuous reduction of natural gas consumption per standard unit product (kwh/st. unit product)  	13.3	11.2	8.77	10.01
	Continuous reduction of water consumption per standard unit product (m3/st.unit product)  	0.18	0.13	0.10	0.13
Our Targets	Ensuring that there will be 10,000 saplings in Klimasan Grove in 2025  		2,270	3,125	5,540
	Reducing corporate carbon footprint per standard unit product by 3% compared to the previous year (tonCO2e/st.unit product) 	0.014	0.009	0.008	0.010
	Reducing the amount of hazardous waste per standard unit product by 3% each year (kg/st. unit product)  	0.20	0.14	0.106	0.20
	Reducing the total amount of waste per standard unit product by 3% each year (kg/st. unit product)  	4.26	3.95	5.00	5.32
	YMeeting 100% of electricity consumption each year from renewable energy procurement investments  	100%	100%	100%	100%



OUR ENVIRONMENTAL APPROACH AND MANAGEMENT

Responsible Environmental Approach

Klimasan is taking steps to reduce its environmental footprint and support sustainable development.



In line with its Sustainability Policy, Klimasan takes strategic steps toward reducing its environmental footprint and promoting sustainable development. By embedding a corporate sustainability perspective as a core aspect of its corporate culture, Klimasan adopts responsible production and consumption approaches focused on resource efficiency, aiming to minimize the environmental impact of its operations. Additionally, with its environmentally friendly and smart technology-equipped products, Klimasan continues to add value to both the environment and society.

Klimasan is aware of the high emission potential due to the energy intensity of its sector and products. Acting with this awareness, the company integrates eco-friendly solutions into its production processes, product designs, and operational activities to minimize environmental impacts. Through regular third-party audits of its environmental management system, Klimasan aims to reduce the environmental impacts of its operations and products to the lowest level possible.

With an understanding of its high energy consumption and potential for emissions, Klimasan strives to minimize its environmental footprint by integrating green solutions into production, product design, and operations. Since 2011, the company has monitored its carbon footprint, calculating Scope 1, 2, and 3 emissions in accordance with the GHG Protocol and, since 2021, has measured and verified emissions across six categories under the ISO 14064-1:2018 standard.

In 2023, Klimasan continued to calculate its emissions according to these standards and independent audits, also investing in software to digitalize this process. Prioritizing accurate data recording and transparency in emission management, Klimasan continuously improves its calculations, conducting comprehensive analyses of both direct and indirect emissions.



ENERGY MANAGEMENT

Energy Management and Sustainability Vision

Klimasan prioritizes the preservation of natural resources and energy efficiency by developing innovative solutions in energy management. Driven by its goal of continuously reducing energy and natural resource consumption, Klimasan optimizes its production processes according to these principles. Projects aimed at improving energy classes and enhancing efficiency are also reflected in collaborative platforms with its suppliers and customers.

Renewable Energy and Certification Achievements

Since 2020, Klimasan has sourced 100% of its electricity consumption from renewable energy sources, a commitment certified by the I-REC Certificate. In 2023, through the I-REC Certificate obtained from the Manisa Organized Industrial Zone, Klimasan provided 9,886,000 kWh of electricity from renewable sources. These investments have significantly reduced not only energy consumption but also the carbon footprint. Klimasan is taking strategic steps towards building a sustainable future with its commitment to renewable energy.

Energy Efficiency and Management Processes

Klimasan implements energy efficiency-focused strategies at every stage of its production processes and conducts periodic energy analyses and improvement efforts to minimize energy losses in the field. As the first company to obtain the TS EN ISO 50001 Energy Management System Certificate, it leads the sector in energy management. In this scope, Klimasan expands energy-saving applications and utilizes the latest technologies to enhance energy efficiency in production.

Since 2011, Klimasan has regularly calculated its carbon footprint and completed its first carbon footprint verification in 2021 according to the ISO 14064-1:2018 standard. Continuing this verification process in 2023, Klimasan actively contributes to combating climate change through projects aimed at reducing carbon emissions.

By placing energy efficiency at the core of its R&D strategy, Klimasan continuously develops innovative solutions to minimize the energy consumption and emission factors of its products. In 2023, significant R&D and marketing efforts were undertaken to increase the production and sales of high energy-efficient products. These initiatives contribute to the improvement of energy classes and the expansion of a broader portfolio of energy-efficient products.



Sustainability Strategy in Energy Management: ISO 50001 Implementation

By integrating energy efficiency and sustainability goals into its strategic management approach, Klimasan has successfully established and implemented the ISO 50001 Energy Management System. Through the effective application and continuous improvement of this system, the company plays a leading role in energy efficiency and makes a strong contribution to its environmental responsibilities.



Energy Consumption

Thanks to projects implemented throughout 2023, Klimasan achieved savings of 11,715 kWh in electricity and 2,205,370 kWh in natural gas, corresponding to a 6% reduction in natural gas and a 4.8% reduction in electricity consumption.

Electricity	2019	2020	2021	2022	2023
(kWh)	10,520,479	10,389,766	10,776,415	10,256,027	9,886,399

Natural Gas	2019	2020	2021	2022	2023
(kWh)	8,562,732	8,276,452	8,759,752	6,015,039	5,627,795

Role of the Carbon and Energy Board

Established within the scope of the Energy Management System, the Carbon and Energy Board operates as the cornerstone of energy efficiency efforts, with participation from key energy users and representatives from relevant departments. Roles such as Energy Manager and Energy Management Representative play a central role in maintaining the system's effectiveness and driving continuous improvement.

Integrated Energy Efficiency Applications

Departments such as Maintenance, Investment, Production, and R&D actively contribute to the successful execution of energy efficiency strategies. This interdepartmental integration is managed with the awareness that energy-saving projects contribute not only to operational profitability but also to environmental sustainability. With strong support from Senior Management, significant budget resources are allocated to energy efficiency projects, and investments are made accordingly.

Within the framework of ISO 50001, regular activities include process-based risk and opportunity assessments, internal audits and improvement actions, and analysis and control of energy use points. The results of these activities are reviewed in annual management review meetings with Senior Management, during which performance improvement plans are developed and new goals and targets are set.

Energy Performance and the PDCA Cycle

Energy consumption is monitored by department through direct energy analyzers, with energy sources (electricity, natural gas, diesel, drinking water, fire water, compressed air) analyzed monthly using performance indicators. In the energy management cycle, continuous improvement is achieved through the PDCA (Plan-Do-Check-Act) method, aiming for more efficient use of resources.

Energy Monitoring and Analysis Systems

Energy analyzers have been implemented in the highest energy-consuming departments, allowing close monitoring of energy usage at 36 points. This enables continuous tracking of energy efficiency, records consumption and savings, and forms the foundation for improvement efforts.

Collaborative Energy Management Awareness with Employees and Stakeholders

Klimasan promotes energy efficiency awareness not only in product development and production processes but also across all its stakeholders. Training programs for employees enhance awareness and participation, strengthening their responsibilities in environmental and energy management. Through awareness meetings with suppliers, Klimasan ensures the sustainability of eco-friendly and energy-efficient processes.

In 2023, all Klimasan employees received training on energy management and energy savings. Additionally, select employees from each department were provided with ISO 50001 Energy Management System Awareness and Internal Auditor Training. These trainings have increased the number of internal auditors at Klimasan.



Energy Savings and Efficiency Measures

In line with its principle of continuous improvement and monitoring of energy efficiency efforts, Klimasan conducts comprehensive energy consumption analyses through periodic internal and external audits, as well as detailed energy audits by third-party energy consultants. Based on the data from these analyses, energy efficiency opportunities are identified, and the necessary investment and project steps are taken.

Through Quality Management System (QMS) Announcements, Klimasan regularly informs and raises awareness among employees about energy management and savings, contributing to the spread of a culture of energy savings across the company.

Automation projects prevent energy wastage in both administrative and production areas. These projects enable more efficient management of energy use, helping to minimize energy consumption.

To enhance employee engagement and energy efficiency awareness, employee suggestions submitted to the Suggestion Evaluation System are carefully assessed for energy efficiency and waste reduction potential. Employee suggestions that contribute to energy savings are supported, encouraging active participation in the Energy Management System across the workforce.

Energy Consumption per Unit Product in 2023

Natural Gas	2019	2020	2021	2022	2023
kwh/stdu	11.90	13.61	11.21	8.77	10.01
Electricity	2019	2020	2021	2022	2023
kwh/stdu	14.62	17.09	13.79	14.99	17.6

Turning Point of 2023: Energy Savings and Efficiency Projects

In 2023, Klimasan advanced operational excellence through energy efficiency projects, strengthening sustainability goals while optimizing energy consumption to achieve cost advantages.

Hot Water Line Insulation: Maximum Efficiency, Minimum Loss

Insulation applied to valves and pipes on the hot water line prevented heat losses and improved overall system efficiency. This project resulted in an annual savings of 1,770 kWh in natural gas, yielding significant energy gains.

SC Packaging Line Automation Revolution: Energy Savings through Smart Improvement

Automation improvements in the packaging section of the single-door production line optimized energy usage, resulting in an annual savings of 1,215 kWh in electricity.

Waste Heat Recovery for Environmental Transformation in Production

By recovering waste fan heat from compressors, natural gas consumption for space heating was improved by 13%. This innovative solution achieved an annual savings of 1,017,600 kWh in natural gas.

Compressor Waste Oil: Major Improvement in Natural Gas Consumption with Hot Water

The compressor screw spindle oil temperature was redirected to the hot water boiler through a recovery system, resulting in an annual savings of 1,186,000 kWh in natural gas. This innovative project stands out as a key step in energy efficiency.

Smart Energy Use through Software Improvements

Software enhancements integrated into machines in the Cap Line and Auxiliary Glass Area increased energy efficiency, resulting in an annual savings of 10,500 kWh in electricity.



EMISSION MANAGEMENT

Significant Reduction in Carbon Footprint

Global climate change stands as one of the most urgent and far-reaching environmental challenges of our time. This transformation impacts not only natural ecosystems but also economic structures, social order, and cultural values, creating a multifaceted effect. The consequences of climate change manifest in various phenomena such as rising temperatures, increasing sea levels, severe weather events, and diminishing water resources.

Carbon-intensive economic growth, extensive fossil fuel use, and rising greenhouse gas emissions are directly linked to this situation. As a result, companies and institutions must manage the risks posed by climate change, reduce carbon emissions, and develop strategies in line with sustainability principles. In this context, combating climate change aims not only to reduce environmental impacts but also to enhance corporate reputation and brand value.

Steps taken by governments and businesses to combat climate change are of critical importance for risk management and opportunity assessment. Strategies such as energy efficiency, the use of renewable energy sources, and the reduction of carbon emissions focus on ensuring environmental sustainability. In this regard, climate change emerges as a fundamental reality that shapes future visions and deeply influences perceptions of risk and opportunity, playing a critical role in building a sustainable future.

Since 2011, Klimasan has been calculating and monitoring its corporate carbon footprint with a conscious and responsible approach to climate change and environmental issues. The company strengthens its sustainability strategy with energy efficiency projects and investments in low-carbon technologies aimed at reducing greenhouse gas emissions. Through product life cycle analyses, Klimasan continues its efforts to minimize the environmental impacts of its products during their usage phase.



Klimasan's approach to combating climate change is structured around three key pillars:

- **Reducing greenhouse gas emissions from production processes,**
- **Prioritizing energy efficiency and eco-friendly design in products to minimize usage-based environmental impacts,**
- **Increasing climate change awareness in the supply chain by monitoring and reporting emissions.**

Klimasan's Integrated Management System Policy includes the following commitments:

- Supplying energy-efficient products and services while continuously improving energy performance,
- Supporting design processes to enhance energy performance,
- Making continuous efforts to reduce carbon emission levels.



Klimasan acts with a commitment to continuous improvement and the pursuit of higher targets in its fight against climate change. Recognizing its stakeholders as solution partners, Klimasan advances this journey with steps to raise their awareness.

From a product life cycle perspective, it is understood that the greatest impact on climate change occurs during the product usage phase. Accordingly, Klimasan develops high-energy-efficiency projects and introduces innovations in cooling technologies by utilizing eco-friendly refrigerant alternatives. As part of the transition to a low-carbon economy, Klimasan has calculated and verified its greenhouse gas emissions in accordance with the ISO 14064-1:2018 standard and the Greenhouse Gas Protocol.

Continuing its renewable energy investments, which play a key role in reducing greenhouse gas emissions, Klimasan aims to lead the industry and its supply chain in the use of clean and sustainable energy. Toward this goal, Klimasan strives to minimize risks by considering the environmental impacts of its activities while efficiently utilizing natural resources through high-efficiency technologies.

Step by Step for a Sustainable Future: Klimasan's Carbon Footprint Management

Aware of its potential for high energy consumption and emissions, Klimasan aims to minimize its environmental impact by integrating eco-friendly solutions into production, product design, and operations. Monitoring its carbon footprint since 2011, the company calculates Scope 1, 2, and 3 emissions in line with the GHG Protocol and, since 2021, measures and verifies them across six categories according to the ISO 14064-1:2018 standard.

In 2023, Klimasan continued to calculate its emissions under the same standards and independent audits, investing in software to digitalize this process. Valuing accurate data recording and transparency in emissions management, Klimasan continuously improves its calculations and conducts comprehensive analyses of both direct and indirect emissions.

Emission calculations encompass direct emissions, such as electricity and natural gas consumption, and indirect emissions from production, use, disposal stages, and the supply chain. Notably, emissions generated during product use are calculated over an eight-year life cycle.





Klimasan Shaping the Future with SBTi-Approved Climate Targets

In recognition of its global responsibility in combating climate change, Klimasan has set science-based emission reduction targets aligned with the Science Based Targets Initiative (SBTi) guidelines. As of 2023, these targets have been officially approved by SBTi, earning Klimasan a place on the "Companies Taking Action" list. This significant step underscores the company's commitment to reducing carbon emissions and reinforces its strong stance on its sustainability journey.



In line with its approved targets, Klimasan commits to reducing Scope 1 and 2 emissions by 44.1% by 2030 compared to the 2020 baseline and decreasing Scope 3 emissions from product use by 51.6% per product by 2030 compared to the 2021 baseline. These targets highlight the company's leading role in managing and reducing greenhouse gas emissions from its operations based on scientifically grounded data.

Throughout this process, Klimasan not only improves its own operations but also collaborates with its supply chain and customers to implement an effective carbon management strategy. **Special project teams have been established with a focus on reducing Scope 3 emissions**, and their expertise has been enhanced through Key-Account Customer training sessions and internal energy management programs. These efforts allow Klimasan to fulfill its environmental responsibilities while serving as an example for other companies in the industry.

Klimasan's SBTi-approved targets are communicated transparently to all stakeholders as concrete steps toward a sustainable future, with transparency maintained throughout the implementation processes.



Global Collaboration in Environmental Sustainability: Klimasan's S-LoCT Program Experience

Klimasan leverages the knowledge and experience of its business partners to enhance its emissions management processes. In 2022, it participated in the Supplier Leadership on Climate Transition (S-LoCT) Program, sponsored by leading industry firms Coca-Cola and Heineken. This program offers strategies for improving environmental sustainability practices within the supply chain.

During the five-stage training process of the S-LoCT Program, Klimasan completed the third stage, "Target Setting," where it received comprehensive training from Guidehouse's expert instructors and consultants on establishing emission reduction targets.

In 2023, Klimasan completed the fourth and fifth stages, "Reduction" and "Disclosure," taking critical steps toward achieving its emission reduction goals. Each stage of the program, lasting approximately five months, plays a significant role in Klimasan's journey to reach its science-based emission reduction targets set under SBTi.



Collaboration in Environmental Sustainability: Klimasan's Cool BIER Program Journey

Klimasan actively participates in the Cool BIER Program, organized by The Beverage Industry Environmental Roundtable (BIER), which includes leading companies in the beverage industry. This program aims to reduce the environmental impact of commercial refrigeration equipment and enhance the contributions of companies within the supply chain.

Launched in 2022, the program focuses on improving the environmental performance of commercial refrigeration equipment, which plays a significant role in the beverage sector, through experience-sharing workshops and meetings. Key objectives of the program include reducing product carbon footprint and energy consumption, developing sustainable technologies through R&D activities, and promoting supplier-customer collaboration on critical topics such as recyclability and life cycle management.



On the Journey to Global Climate Action: Participation in the United Nations Climate Goal Accelerator Program



Klimasan, to strengthen its sustainability commitments and take concrete steps against the global climate crisis, has participated in the Climate Goal Accelerator Program organized by the United Nations Global Compact. Launched simultaneously in 44 countries in 2023, this program offers a six-month acceleration process designed specifically for member companies progressing toward the climate neutrality goal.

With 27 companies from Turkey and over 800 companies globally, the program is structured to help participants set science-based emission reduction targets aiming to stay within the 1.5°C limit and develop comprehensive action plans in line with these targets. During the program, companies like Klimasan have had the opportunity to strengthen their climate strategies through training sessions and workshops conducted under expert guidance. This comprehensive process has not been limited to theoretical knowledge but has provided participants with the opportunity to take concrete steps and develop practical solutions.

Klimasan's participation in this program has reinforced the company's commitment to combating climate change and has become part of its strategic steps to fulfill its environmental responsibilities on an international scale. The knowledge and experience gained throughout the program have provided strong guidance in achieving Klimasan's emission reduction goals and have advanced its climate action vision.

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

1,469.11 t CO2 eq

Category 1 Direct Emissions

4,340.13 t CO2 eq

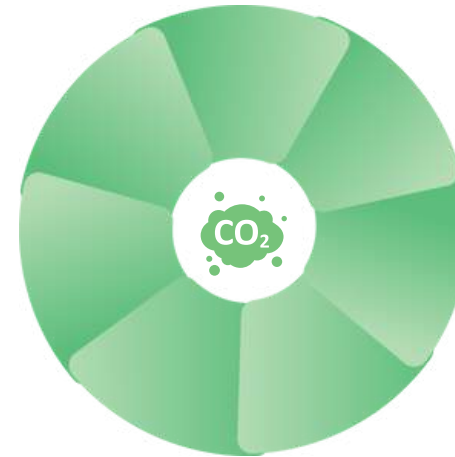
Category 2 Energy-Related Emissions (Location-Based)

4,340.13 t CO2 eq

Category 2 Energy-Related Emissions (Market-Based)

10,040.31 t CO2 eq

Category 3 Transportation-Related Emissions



41,541.28 t CO2 eq

Category 4 Used Products – Services

905,352.83 t CO2 eq

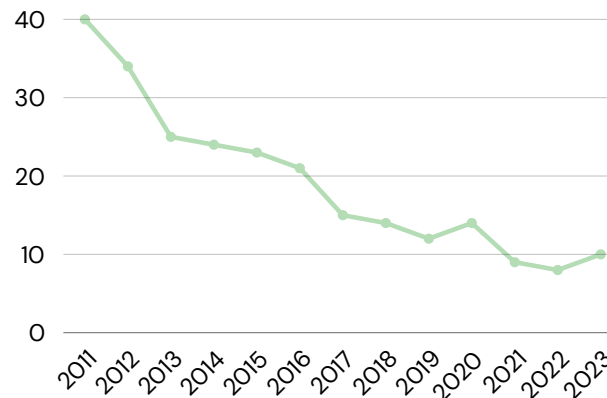
Category 5 Product Use

* t CO2 eq

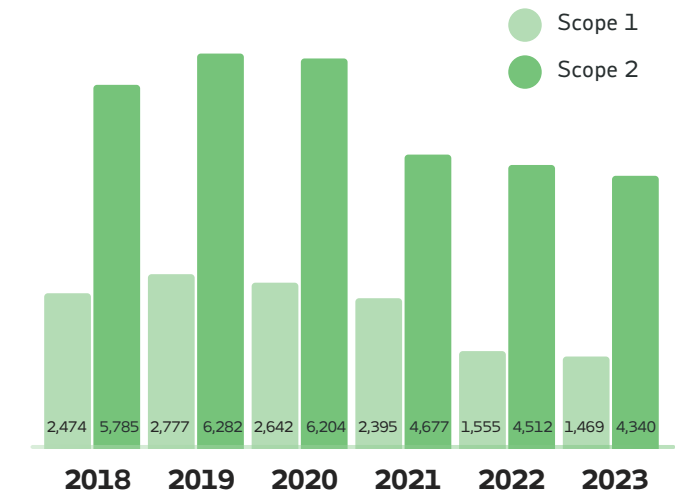
Category 6 Other Emissions

*Emissions in Category 6 are excluded from the calculation scope due to their negligibly low levels.

Scope 1+2 Emissions (tonCO2e) / Production Volume (standard units of product)

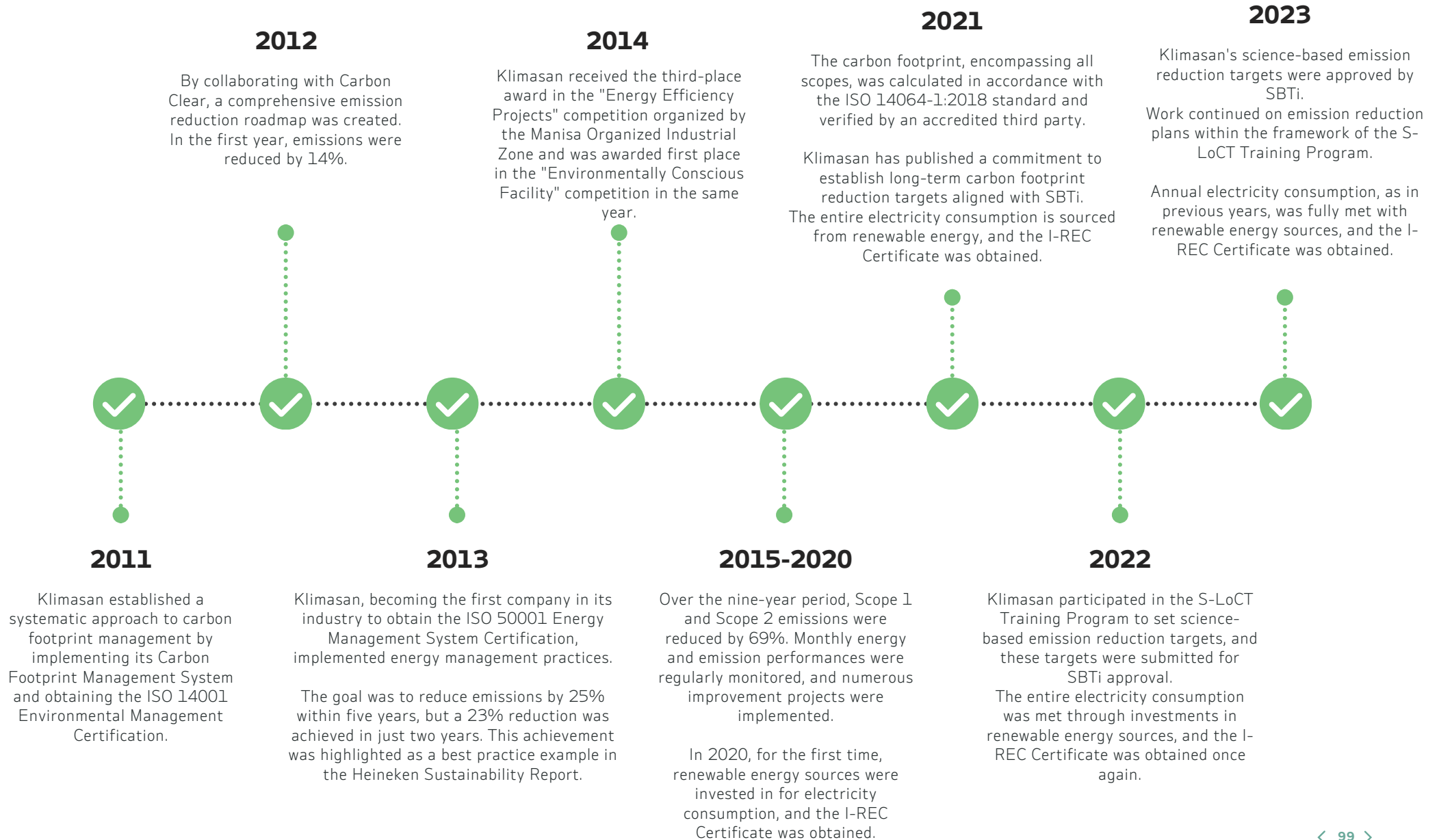


Carbon Emissions (tonCO2e)





Milestones in Energy and Emission Management: Klimasan's Strategic Steps





WATER MANAGEMENT

Valuing Water, Investing in the Future

Klimasan, recognizing the impact of climate change on water resources, places great importance on the efficient and responsible management of water. The company aims to minimize water consumption and manage wastewater in a way that minimizes environmental impacts. Water is used in various areas of operations, from domestic use to production processes and cooling systems.

Water used in production is primarily utilized for cooling during surface treatments in the dyeing department. The wastewater generated from these processes is safely directed to the Manisa OSB sewer system and disposed of in accordance with environmental standards. Closed-loop cooling towers play a key role in cooling machines and in the reuse of water.

Klimasan supplies water for production through its water softening unit, sourced from the municipal network, and the wastewater generated from this process is regularly monitored. Analysis results show that the values are well below legal limits, demonstrating Klimasan’s commitment to its environmental compliance policy. The company continues to optimize water management in line with continuous improvement principles, developing innovative solutions to preserve water resources.

Pollutant Parameter	Limit	Actual (Average)
Wastewater COD (Chemical Oxygen Demand) Amount mg/l	4,000	1,285
Wastewater SS (Suspended Solids) Amount mg/l	500	436
Wastewater Oil & Grease Amount mg/l	250	14

Water Consumption and Efficiency Practices

Through strategic investments implemented over the years, Klimasan has made significant improvements in both total water consumption and water intensity per product. The foundation of this progress lies in efficiency-enhancing projects, particularly in the dyeing processes, and efforts to minimize wastewater generation. These innovations in production processes have allowed Klimasan to optimize water usage, bringing the company closer to achieving its sustainability goals.

Water Consumption	2021	2022	2023
Total Water Consumption (m3)	102,638	66,295	71,477
Water Consumption per Product (m3/standard unit of product)	0.13	0.1	0.13

Sustainable Water Management: Well Water Termination and Conservation Efforts in 2023

In 2023, Klimasan implemented significant water conservation efforts to optimize water consumption in its production processes. Approximately 80-90% of the company’s water usage occurs in the dyeing processes, which are dependent on production intensity. The water used in these processes must meet a specific conductivity level, and for this purpose, well water was previously treated and utilized. However, analysis revealed that the primary reason for the increase in total water consumption was the high lime content in the well water.

As a result, the use of well water was discontinued, and only municipal water is now used. This change has resulted in a water savings of over 20,000 m³ annually, while also preventing the generation of approximately 21,000 m³/year of wastewater. This step stands as a significant achievement in Klimasan’s efforts to reduce water consumption and contribute to environmental sustainability goals.



WASTE MANAGEMENT

Waste Management Processes at Klimasan

Klimasan places great importance on waste management processes with the mission of preserving environmental values and contributing to a sustainable future without compromising the needs of future generations. The company demonstrates its environmental responsibility by operating in accordance with the ISO 14001 Environmental Management System and the Environmental Law, and it receives comprehensive support from a specialized environmental consultancy firm for its waste management processes. In this context, Klimasan has established a temporary waste storage area and manages all waste management stages with great care within this framework.

All waste management processes are carried out in compliance with ISO 14001 requirements and coordinated with the contributions of both internal and external stakeholders. Klimasan's waste management is coordinated by the waste responsible departments, the Environmental Management Representative, and the Environmental Committee, ensuring compliance and oversight throughout all processes.

Waste generated during production activities is carefully separated under the responsibility of the units that produce the waste and collected in standard containers. These containers are transported to waste areas using Milk Run robots and safely stored. Process waste is separated and collected in labeled containers at the production site, while waste in administrative offices, social areas, cafeterias, and gardens is collected daily through designated bins and delivered to the relevant waste areas.

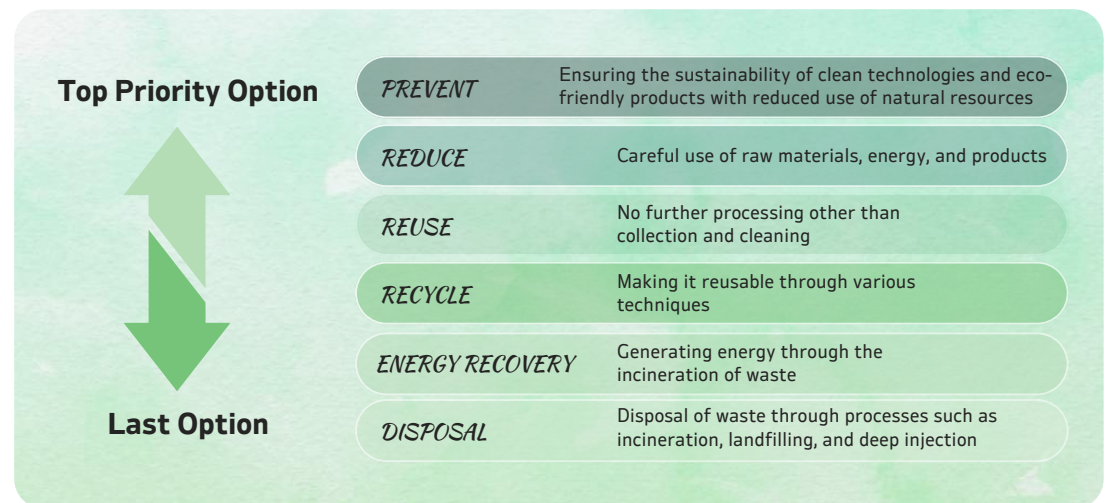
Hazardous waste generated from Klimasan's operational processes is safely recovered and disposed of by licensed firms authorized by the Ministry of Environment, Urbanization, and Climate Change. Non-hazardous and recyclable waste is, whenever possible, utilized within the company's internal processes; when internal processing is not feasible, recycling or recovery is managed through licensed firms authorized by the Ministry.

Additionally, Klimasan complies with the Waste Electrical and Electronic Equipment (WEEE) Directive to ensure the environmentally appropriate collection, recycling, and recovery of its electrical and electronic products throughout their lifecycle. In this regard, the environmental impacts of the products are minimized, and waste management processes are carried out in alignment with international standards.

Klimasan's Zero Waste Strategy

Klimasan aims to contribute to its sustainability goals by adopting a "zero waste" strategy at every stage of its operations. The current practices and long-term objectives implemented in this regard are as follows:

- Preventing waste generation at the source to minimize waste and proactively reducing environmental impacts,
- Reducing raw material consumption and increasing resource efficiency by evaluating waste as inputs for new products or energy sources,
- Supporting environmental sustainability by continuously improving the recycling rates of hazardous and non-hazardous waste generated in operations,
- Contributing to the circular economy by producing products with high recycling rates,
- Making tree donations with the revenue generated from recycled or disposed of waste and carrying out reforestation efforts in the Klimasan Forest to create a positive environmental impact,
- Creating an environmentally conscious and waste-aware workforce by providing regular Environmental and Waste Management Awareness Training to employees every year,
- Acquiring stakeholders with a high level of environmental responsibility through supplier training and supplier development projects, and promoting environmentally friendly practices across the supply chain.





Klimasan's Waste Amounts for 2023

2,436 ton >>> **Non-hazardous recyclable waste,**

438 ton >>> **domestic waste,**

72.5 ton >>> **hazardous waste**

All of the waste was delivered to recycling, recovery or disposal facilities through licensed accredited companies.



Through recycling of paper waste;

The cutting of **3,745** trees has been prevented.
38,996 kg of greenhouse gases have been prevented from being released into the atmosphere.
903,312 kWh of energy has been saved.
550 m³ of storage space has been gained.



Through recycling of plastic waste;

10,698 kg of greenhouse gases have been prevented from being released into the atmosphere.
1,506,650 kWh of energy has been saved.
600 m³ of storage space has been gained.
4,253 barrels of oil have been saved.



Through recycling of glass waste;

2,067 kg of greenhouse gases have been prevented from being released into the atmosphere.
291,153 kWh of energy has been saved.
821 barrels of oil have been saved.
116 m³ of storage space has been gained.



Through recycling of metal waste;

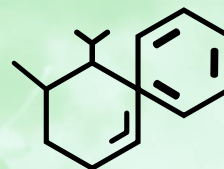
1,775 tons of raw materials have been saved.
129,742 kg of greenhouse gases have been prevented from being released into the atmosphere.
876,784 kWh of energy has been saved.
4,097 m³ of storage space has been gained.

Klimasan's Zero Waste Strategy and 2023 Achievements

Zero waste management at Klimasan is carried out by a dedicated Zero Waste Management Team. This team plays an active role in processes aimed at reducing waste volumes, on-site sorting, and ensuring proper recycling or disposal.

Additionally, as part of production improvement and employee suggestion projects, environmental impacts are regularly measured at Klimasan. Along with criteria such as energy savings, capacity enhancement, and efficiency improvements, environmental impacts like waste reduction and the reduction of chemical usage are also assessed and reported.

In 2023, 32 production improvement projects were carried out, contributing to waste reduction by preventing the formation of approximately 12 tons of chemical waste.



Active in the field of social responsibility, Klimasan collects excess food through the "Leftover Food" and "Leftover Bread" bins in the cafeteria and ensures it is delivered to animal shelters.

As in previous years, Klimasan organized the "Battery & Used Oil Collection Campaign" on June 5th, 2023, in celebration of World Environment Day. In this campaign, waste batteries and waste oils were collected separately from household waste, followed by a competition with prizes. Prior to the competition, the collected waste was weighed by category, participants who brought the most waste were awarded, and on behalf of all participants, personalized tree donations were made to the Klimasan Forest.



Sustainability Training at Klimasan: Zero Waste Strategies and Awareness

Klimasan aims to raise environmental awareness and enhance sustainability consciousness by providing informational training on zero waste, environmental management, and environmental regulations to all employees every year. As a legal requirement, Environmental Awareness Training is conducted for at least 60% of the total workforce annually and is delivered by Klimasan's Environmental Officer. Additionally, efforts are made to ensure that all employees participate in these trainings. The training covers topics such as waste management, zero waste strategies, general environmental awareness, environmental sustainability management, and energy-emission management.



In 2023, a total of 1,990 hours of Environmental Awareness Training were provided to Klimasan employees. For white-collar workers, the training sessions were delivered digitally, while operational employees received face-to-face training.

Specialized, hands-on waste management training sessions were organized for employee groups such as critical process workers, waste collection personnel, team leaders, and shipping and warehouse staff.

Additionally, Klimasan's Sustainability and Zero Waste Management informational video was sent to all employees via SMS and was also displayed on screens in the cafeteria and administrative building. Through Quality Management System announcements, employees are provided with guidance on on-site waste sorting, zero waste management, and energy savings, which helps to increase their level of environmental awareness.

The Klimasan Training Quality Team provides technical orientation and basic onboarding training to newly hired production employees, with waste management processes being thoroughly addressed during these sessions. Additionally, during regular field audits conducted by the Training Quality Team, the waste sorting performance at production stations is evaluated, and necessary improvement actions are carried out.

Sustainable Waste Management: Audit and Control Processes

Klimasan rigorously implements waste inspection and control processes across all areas, including offices, production sites, cafeterias, and common areas. These processes are managed through departmental audits conducted by the Quality Management Systems, with improvement actions initiated as needed. In operational units, regular checks on proper waste sorting and collection are carried out by the Training Quality Team.

The primary goal of the inspections is to minimize environmental impacts and prevent negative effects by raising awareness at the individual, team, and organizational levels. In this regard, Klimasan adopts an effective approach to waste management and fulfills its environmental responsibilities by supporting sustainable environmental policies.

Sustainable Production with Green Chemistry: Klimasan's Eco-Friendly Chemical Applications

Klimasan aims to minimize the use of harmful chemicals in production processes by integrating green chemistry principles, thereby protecting the environment and human health. In this regard, auxiliary materials (such as solvents, separators, etc.) are not used unless necessary, and when used, the least hazardous options are prioritized. Additionally, to prevent the formation of hazardous waste and minimize the negative effects of chemicals, the most environmentally friendly and safest materials are selected.

In chemical procurement, Klimasan prefers to work with companies that commit to compliance with REACH and ROHS Directives, maintaining sustainability criteria throughout the supply chain.

Klimasan also acts meticulously in the management of waste containing chemical components. Chemical waste generated in production processes undergoes hazard analysis at accredited laboratories, ensuring that the waste is correctly classified as hazardous or non-hazardous. All of these processes are carried out with great care to ensure the proper disposal of chemical waste.



Sustainable Transformation with Circular Economy: Klimasan's Strategic Steps

Circular economy is an innovative model that aims to move beyond traditional consumption habits, focusing on the most efficient use of resources and nearly eliminating waste. This approach ensures that products create value not only during their lifespan but also afterwards, reintegrating resources into the economy through recycling, reuse, and material savings.

Circular economy reduces dependency on natural resources, minimizing environmental impacts while also creating business opportunities for sustainable growth. This model, which unites environmental protection with economic growth, represents a transformation process that addresses not only the needs of today but also those of future generations.

Klimasan plays a key role in this sustainable transformation by implementing pioneering efforts in circular economy practices. The company is fulfilling its environmental responsibility through projects that promote the sustainable use of resources and minimize waste, while continuing to create economic value.

A Step Towards Circular Economy: Klimasan's Packaging Improvement Strategy

Klimasan has taken a significant step to reduce its environmental impact in line with its responsible material management approach. As a result of its long-standing R&D efforts, the company has developed alternative solutions to replace the use of styrofoam materials, which were previously used for protective packaging in its products.

The use of alternative cardboard packaging, which has already been implemented for certain products, will be expanded to a wider range of product groups in the future. This innovation is a concrete demonstration of Klimasan's commitment to managing material usage in a more eco-friendly and responsible manner within the framework of its sustainability commitments.

Klimasan Refurbishment Center: Circular Economy and Sustainability

The Klimasan Refurbishment Center is engaged in the repair, refurbishment, and resale of refrigeration units that have been damaged or have reached the end of their useful life. The center's primary goals include making unusable or damaged refrigeration units reusable, reducing waste and environmental impact, and contributing to the circular economy. These processes play a crucial role in environmental sustainability by ensuring the efficient use of resources.





BIODIVERSITY

We Protect Nature for the Future

Klimasan contributes to nature and the future by preserving biodiversity.

Klimasan places biodiversity conservation at the core of its sustainability strategy, taking critical steps for the balance of nature. The company places special importance on biodiversity and ecosystem management to minimize the environmental impact of its operations and implements various initiatives in both its internal processes and social responsibility projects.

Klimasan views the preservation of natural habitats not only as an environmental responsibility but also as a necessary step for a sustainable future. The company is actively working to reduce negative environmental impacts in its production processes and is developing projects that focus on maintaining ecosystem balance to contribute to biodiversity conservation. In this regard, Klimasan adopts production techniques that do not harm the environment, supporting the sustainability of both local and global ecosystems.

A concrete example of Klimasan's biodiversity conservation efforts is the "Klimasan Employees Love Forest" project, which has been developed with direct employee participation and continues to expand each year. This project has integrated respect for nature and a sense of responsibility for the future into the company culture. The growing forest not only contributes to increasing green spaces but also provides significant support for the conservation of local biodiversity.

Klimasan's efforts in biodiversity extend beyond greening projects. The company is also broadening its impact by investing in waste management, water conservation, and production technologies that do not harm the ecosystem. Through various innovative projects aimed at reducing waste and harmful environmental impacts from its production processes, Klimasan continues to enhance its contributions to ecosystem conservation.



Klimasan is taking significant steps towards biodiversity conservation through its efforts aligned with its zero waste goals. By reducing and recycling waste, the company is alleviating direct pressure on ecosystems and preserving natural resources. In line with its sustainability objectives, Klimasan is increasing its investment in recycling and waste management processes each year, which further supports environmental sustainability and biodiversity.

Klimasan's biodiversity-focused strategies are shaped by the mission to preserve the balance of nature, and these strategies are carried out through projects both within the company and in the community, fulfilling this important environmental responsibility. In line with its vision of leaving a livable environment for future generations, the company continues to expand its initiatives that support biodiversity.



OUR ECO-FRIENDLY PRODUCTS

Klimasan's Sustainable Design and Production Approach with the 6 RE Philosophy

Klimasan integrates sustainability into its business processes to minimize its environmental impact and optimize resource usage through the "6 RE Philosophy." This strategy aims to reduce environmental impacts throughout the product lifecycle and is supported by energy efficiency, material conservation, and eco-friendly innovations.



Klimasan's 6 RE Philosophy

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

Sustainable Cooling Technology: Solutions that Reduce Environmental Impacts

Klimasan continues its R&D efforts with the mission of producing refrigeration and freezing technologies that minimize environmental impacts without compromising performance. In line with this goal, the company uses ozone-depleting substance-free (ODS-Free) hydrocarbon gases, R600a and R290, in approximately 85% of its production capacity. These eco-friendly gases provide an ideal alternative to traditional refrigerants, eliminating the environmental harm caused by conventional cooling fluids.

Leadership in Energy Efficiency

With the implementation of energy regulations, Klimasan has adopted a leading approach to energy consumption and efficiency in all the countries where it operates. The company continues its R&D efforts to provide its customers with the most suitable and flexible solutions based on energy classes and consumption levels. The high-energy-efficient product portfolio developed in this context fully complies with the energy standards and regulations of the countries in which the company trades.



Innovative Solutions Focused on Customer Needs

Klimasan develops products that enhance energy efficiency, support environmental sustainability, and meet the specific demands of its customers, ensuring full compliance with the energy regulations and standards of the markets in which it operates. High-energy-efficient refrigeration units provide sustainable solutions both environmentally and economically, delivering optimum benefits to customers.

Klimasan's prioritization of eco-friendly cooling technologies and energy efficiency initiatives strengthens its sustainability vision and solidifies its leadership in the industry.

Klimasan adopts energy efficiency and eco-friendly production principles as a primary goal across its entire product range. By fully complying with the energy labeling and regulations in place for both household and commercial products, the company aims to reduce the carbon footprint of its products and minimize energy consumption. Continuously developing its R&D efforts in this direction, Klimasan offers solutions that meet market legal requirements while contributing to environmental sustainability.



Household Products:

- In accordance with the new energy labeling regulations introduced in 2021, all chest freezers have been redesigned to meet energy classes E and F. These designs incorporate technologies aimed at reducing carbon emissions.
- The newly designed six- and seven-drawer vertical freezers have been developed to meet energy classes D, E, and F, with the goal of reducing carbon emissions.
- As of March 1, 2024, only products with at least an energy class E rating will be legally sold for household products. Klimasan has ensured that its existing products comply with this energy class through ongoing R&D efforts.



Commercial Products:

- In accordance with the energy labeling regulations for commercial products that came into effect in 2021, energy-efficient designs that meet or exceed the legal limits have been implemented.
- The energy consumption values of commercial products exported to the European market have been recorded in the EPREL Portal, making them accessible to regulatory authorities and end-users. This allows for transparent monitoring of energy performance.
- Plans have been developed to lower the energy classes of existing commercial products, and improvement efforts have been carried out to optimize costs and energy consumption.
- According to the new regulation, which will come into effect on September 1, 2023, products with the lowest energy class F will be allowed for commercial sale. Klimasan continues to work on energy efficiency and energy class regulations to comply with these changes.



Product Energy Efficiency Improvements: Sustainability and Innovative Approaches

Klimasan has adopted the development of solutions that meet environmental sustainability and customer expectations regarding energy efficiency as one of its primary goals. While producing its products in compliance with energy regulations, the company conducts comprehensive energy efficiency improvement efforts to minimize environmental impacts. These efforts are continuously expanded through innovative technologies and strategic partnerships. Klimasan's energy efficiency initiatives in this area are shaped by the following stages.

Optimal Design and Innovative Components:

Innovative components are used to achieve the optimal design of products, aiming to minimize energy consumption. In this regard, Klimasan has focused on developing solutions that reduce energy consumption.

Industry Analysis and Investigation of Alternative Materials:

Klimasan, closely monitoring industry developments, is forming partnerships with new companies to find more eco-friendly alternative materials. This approach not only reduces the environmental impact of its products but also enhances energy efficiency.

Supplier Relations and Improvement Projects:

Energy efficiency-focused improvement projects are being carried out with existing suppliers, and collaboration is taking place to make the supply chain more sustainable.

Technology Monitoring and Portfolio Expansion:

Klimasan, following new technologies and best practices in the industry, is expanding its product portfolio and offering new solutions that enhance energy efficiency to its customers. In this context, the company participates in trade fairs and training programs to stay aligned with the latest technologies.

Since 2020, Klimasan has made significant progress in energy efficiency efforts, and alongside the successes achieved during this period, the company is determined to continue advancing in this area. With the mission of offering eco-friendly products, Klimasan focuses on innovative projects to further enhance energy efficiency.



Semi Static Project:

A new cooling design concept has been developed for commercial refrigerators through component revision. As a result of this initiative, improvements in power consumption were achieved, leading to an energy saving of approximately 10%.



Fan Operation Algorithm Design:

A special working algorithm was designed for the evaporator fans of the products, resulting in improved energy consumption without affecting the cooling performance of the product. The specified fan algorithm has provided an approximate 3% advantage in energy efficiency.



Compressor and Electronic Thermostat Improvement:

To enhance the efficiency of frequency-controlled VCC compressors, communication with an electronic thermostat has been enabled. As a result, the cooling needs of the product are met in a way that consumes minimal energy, thanks to the defined algorithm, resulting in approximately 5% energy savings compared to drop-in compressors.



Antifog Glass Transition Study:

With the transition to antifog glass in vertical VF freezer products, an improvement of approximately 10-15% in energy consumption has been achieved. Additionally, with various component revisions and improvements across different models of the same product group, an energy saving of about 5% has been realized.



LED Improvement Project:

With the project aimed at improving the energy consumption of the LEDs used in the products, the goal was to achieve minimal lumen loss and maximum energy savings while reducing power consumption. The improvements made to the LED power also contributed to the enhancement of the product's energy classes. With the new LED technology developed, it has been observed that, for specific models, energy savings of up to 0.121 kW per day in LED consumption have been achieved.



Benefits Achieved with Eco-Friendly Products

Klimasan, with its pioneering approach to sustainability and environmentally friendly products, offers tailored cooling solutions designed specifically for its customers. These products are engineered to operate under optimal temperature conditions while aiming to keep their carbon footprint at the lowest possible level. Klimasan’s eco-friendly products stand out by delivering various added values to both the environment and users.

Low Carbon Footprint

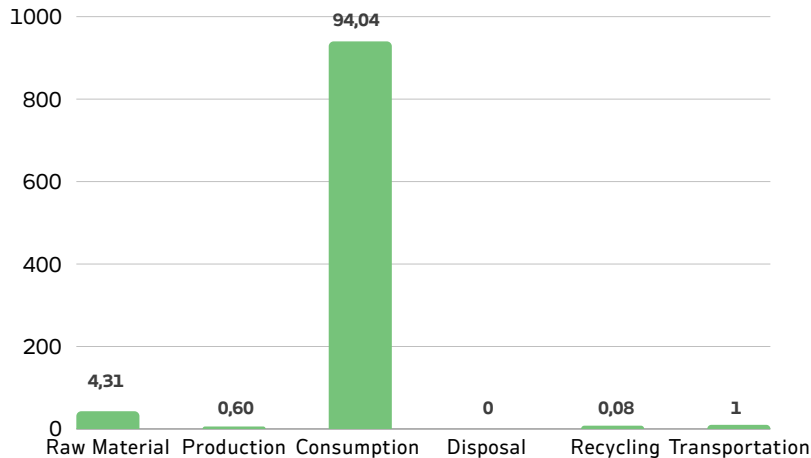
All products are designed with a low carbon footprint to minimize environmental impact, thereby supporting sustainable production and usage processes.

High Recycling and Recovery Rate

The materials used in the products are highly recyclable, allowing them to be reintroduced into the economy. This approach makes a significant contribution to the circular economy.

Efficient Utilization of Natural Resources and Waste Reduction

The production processes of the products are managed with a minimum waste principle, ensuring the more efficient use of natural resources.



Adjustable Efficient LED Technology (AELT)

This energy-saving technology optimizes energy consumption by adjusting lighting systems based on needs, maximizing energy efficiency.

Optik Güvenlikli LED (FSL)

These LEDs, produced in compliance with photobiological safety standards, provide safe and sustainable lighting.

Certified System by Independent Electrical Safety Laboratory (AESS)

All electrical systems have been tested and certified by independent laboratories, ensuring that the products comply with the highest standards of user safety.

Ozone Layer and Environmentally Friendly Gases (EPS)

The gases used in the products are environmentally friendly and do not harm the ozone layer.

Thermostats with High Energy Efficiency (EMD)

These thermostats optimize energy consumption, enhance the energy efficiency of the products, and promote environmentally friendly usage.

Automatic Temperature Control (ATC)

Temperature levels in the products are automatically regulated, optimizing energy consumption and minimizing negative environmental impacts.

Klimasan not only reduces environmental impacts through its eco-friendly products but also continues to develop technologies that add value to a sustainable future. These features form the cornerstone of Klimasan’s environmentally conscious product portfolio.

LCA Scope	2021 (tCO2)	2022 (tCO2)	2023 (tCO2)
Raw Material	89,611.00	86,167.02	41,541
Production	7,072.00	6,068.01	5,809
Consumption	1,526,089.20	1,300,833.52	905,352
Disposal	0	0	0
Recycling	829.8	747.45	750
Transportation	4,120.00	7,398.80	9,629

PEOPLE

Our Sustainability Commitments and Targets

Human Resources

Business Ethics

Fair Competition

Local Community Relations and Employment

Occupational Health and Safety

Emergency Preparedness

Corporate Social Responsibility






OUR SUSTAINABILITY COMMITMENTS AND TARGETS

		2020	2021	2022	2023
Our Commitments	1-) Ensuring the number of calls to the Klimasan Ethics Hotline is "0."  	1	0	0	1
	2-) Providing all employees with informational training on Human Rights, Business Ethics, and Code of Conduct (Employee participation rate)   	%91	%100	%100	%100
	3-) Providing informational training on Fair Competition and Trade Ethics (Employee participation rate)  	%100	%100	%100	%100
	4-) Ensuring all employees receive Occupational Health and Safety Training (Employee participation rate)  	%100	%100	%100	%100
	5-) Ensuring all employees receive Environmental Awareness and Waste Management Training (Employee participation rate)   	%23	%100	%100	%100
	6-) Ensuring all employees receive Energy and Emissions Management Awareness Training (Employee participation rate)   	%100	%96	%100	%100
	7-) Ensuring all employees receive Information Security Awareness Training (Employee participation rate)   	%100	%96	%100	%100
	8-) Providing at least 10 man-hours of professional and personal development training for Blue-Collar employees during the year (Average training hours/Average number of employees)  	6,40	11,65	19,55	58,55



			2020	2021	2022	2023
Our Commitments	9-) Providing at least 10 man-hours of professional and personal development training for White-Collar employees during the year (Average training hours/Average number of employees)	 	6,41	12,98	27,89	20,09
	10-) Continuously reducing the accident frequency rate ((Number of work accidents/total working hours) * 1,000,000)	 	42,41	52,87	33,02	41,23
	11-) Continuously reducing the accident severity rate ((Number of lost workdays/total working hours) * 1,000)	 	0,21	0,20	0,12	0,14
	12-) Conducting at least 20 social activities during the year to enhance employee engagement	 	-	5	24	10
	13-) Conducting at least 12 social responsibility projects or collaborations during the year	 	-	9	15	15
Targets	1-) Achieving a 50% ratio of female employees in senior executive positions by 2025	  	%31	%36	%35	%37
	2-) Increasing the total ratio of female employees to 27% by 2025	  	%22	%24	%23	%25
	3-) Increasing employee satisfaction survey results in the categories of "satisfaction, engagement, and passion" compared to the previous year as of 2022	 			%5	 The ratio has remained constant.



HUMAN RESOURCES

People are Our Greatest Asset

Understanding of Human Rights

Klimasan is committed to safeguarding human rights in accordance with the Universal Declaration of Human Rights, as well as national and international legislation. Systems and processes are carefully established to protect employees' rights and prevent any form of discrimination.

To prevent unacceptable practices such as child labor and forced labor, Klimasan has implemented strict control mechanisms. These efforts aim to ensure employees' safety and well-being while creating fair and humane working conditions. Additionally, regular audits are conducted with suppliers and business partners to encourage adherence to similar labor standards and to support improvements in working conditions.

By operating with respect for human rights and a sense of social responsibility, Klimasan seeks to uphold ethical values and human rights not only internally but also throughout its supply chain. This approach reflects the company's commitment to enhancing its sustainability and social contribution.

Aware that people are its most important resource and asset, Klimasan continued its Human Resources activities and practices in 2023 as follows:

- Human Resources Planning,
- Annual Workforce Planning and Budgeting,
- Compensation Studies,
- Job Evaluation Studies,
- Recruitment and Orientation Process,
- Training and Development Process,
- Performance Management Process,
- Employee Engagement and Satisfaction,
- Social activities and organizations for employees,
- Social responsibility activities

Klimasan's Human Resources Policy embraces a participatory and value-creating management approach aligned with the company's vision, mission, competencies, and ethical values. Within this framework, the **Corporate Equality Policy** aims to provide employees with a work environment that is supportive of gender equality, fair, transparent, efficient, healthy, and development-focused.

In all practices such as training, promotion, performance management, career management, and compensation, discrimination based on individual characteristics such as gender, age, marital status, religion, language, ethnicity, or pregnancy is strictly avoided. Klimasan also opposes any negative behaviors and attitudes in disciplinary practices, including corporal punishment, physical/psychological pressure, insult, or mistreatment. Both internal and external written and verbal communication adopt an inclusive language that supports skills and competencies while promoting equality.

At Klimasan, all employees' career paths are managed with a development-focused approach, ensuring they participate in personal, technical, and professional training programs tailored to their development needs. Additionally, internship programs offered to students encourage them to gain experience on their professional development journey.





Human Resources Priorities in 2023

Klimasan's key Human Resources goals in 2023 included social responsibility projects, initiatives for internal and corporate communication, social activities aimed at enhancing employee motivation, professional and personal development training, and efforts to increase female employment. In 2023, the number of technical and personal development training sessions was increased compared to previous years, extending training hours per employee. Additionally, recruitment processes were improved, and hiring efforts continued at a steady pace.

Recruitment and Employment

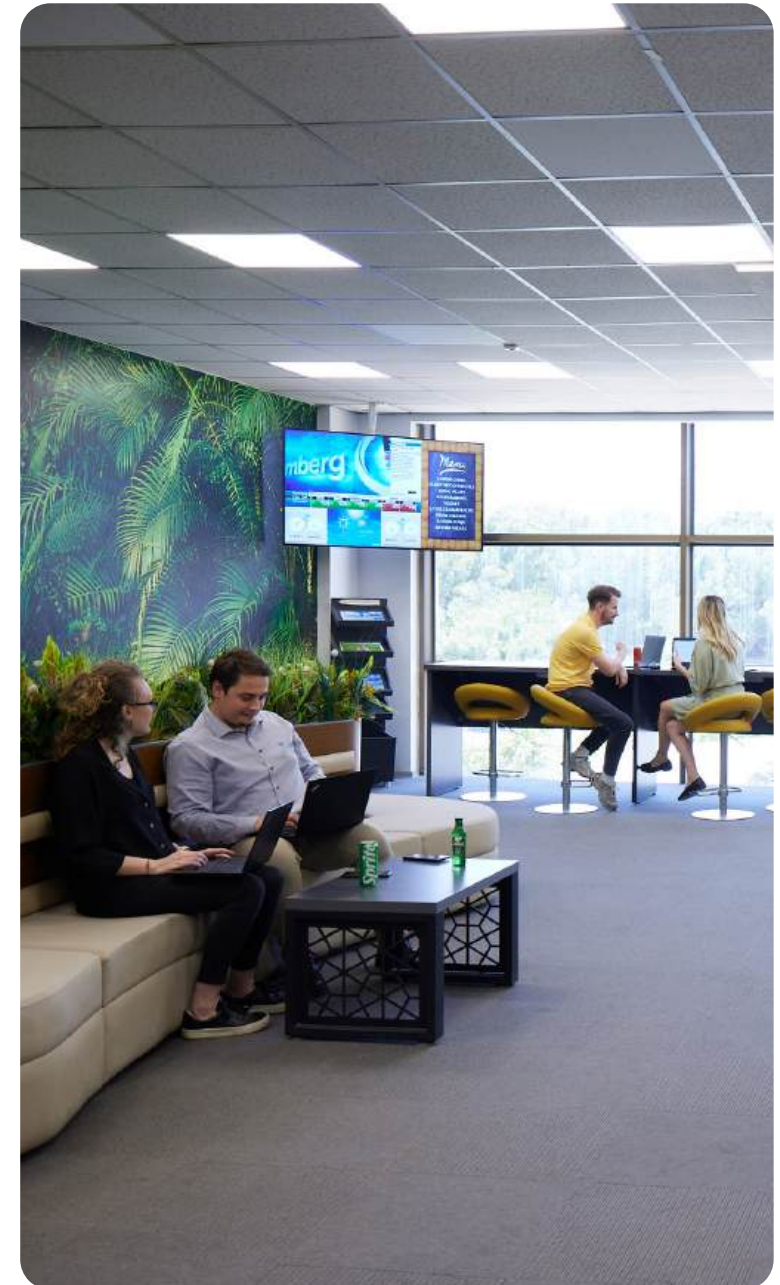
The recruitment process at Klimasan is meticulously managed by the Human Resources department. No discrimination based on gender, age, race, belief, or personal values is made during candidate selection; evaluations are solely based on the candidate's experience, skills, and suitability for the job description. An equal opportunity principle is upheld, with no room for discrimination under any circumstances. The process follows standardized steps for all candidates, progressing and concluding uniformly. Even for candidates with unsuccessful outcomes, communication is maintained through a feedback email.

The rigorously applied procedures and standards at each stage emphasize the effectiveness and fairness of the recruitment process. Klimasan's priority in recruitment is to thoroughly assess candidates' competencies, experiences, and personal values. This involves various tools, such as interviews, skill assessments, and reference checks, aiming to reveal each candidate's true potential with an unbiased perspective.

Responsibilities for face-to-face interviews, candidate communication, conducting various assessments, and requesting and reviewing references lie solely with the Human Resources Team. Discriminatory language is avoided in interviews, and questions concerning personal or confidential matters are not posed. Klimasan places high importance on neutrality, fair treatment, and transparency throughout the recruitment process.

With a high local employment rate, Klimasan significantly contributes to reducing regional unemployment levels. In line with its employment policies, Klimasan aims to increase its workforce daily, offering employment opportunities for individuals with disabilities and long-term internship programs for university students. Internships and part-time positions are provided for students from various faculties and departments, such as Engineering, Business, and Economics, supporting young talents in beginning their professional careers

As part of the "Coolest Start" internship program launched in 2022, recent graduate interns at Klimasan are prioritized for employment upon completing their internships, contributing to the rate of young employment.





Remuneration Policy

Klimasan operates with a strong focus on the rights and well-being of its employees. The compensation policies for employees are rigorously managed in compliance with legal regulations. For Blue-Collar and Grey-Collar employees, compensation is determined within the salary ranges set for job groups in the job evaluation table; each employee is classified according to the job evaluation group of the operational tasks they perform.

White-Collar employees, in addition to job evaluation analysis, are compensated based on factors such as market conditions, internal department balance, salaries for similar positions, experience, education, and competencies. Klimasan develops fringe benefits and additional compensation policies to exceed the minimum wage standard, offering salaries above the minimum wage to achieve a higher standard of living.

The salary policy, which is determined based on employees' job descriptions and responsibilities, includes job evaluation and position value analysis, which continued to increase in 2023. The company aims to enhance employees' living standards with the application of 16 salaries per year; salary increases, general raises, and inflation-based wage adjustments are made once a year. These increases are determined based on factors such as industry and market analyses, inflation rates, and basic living expenses.

To support its employees, Klimasan offers various fringe benefits such as private health insurance, fuel and heating allowances, educational opportunities, postgraduate education programs, marriage, birth, and child benefits, and foreign language training. These policies aim to contribute not only to employees' work lives but also to their personal development. Through a new application that consolidates all fringe benefits under one roof, Klimasan has implemented a system that simplifies employees' lives by providing solutions tailored to their personal preferences.

Fırsat Eşitliği Equal Opportunity

Klimasan rejects discrimination in all forms by respecting differences such as religion, language, race, gender, sexual orientation, age, political views, and marital status. This understanding is adopted across all business disciplines and every stage of the value chain. The principle of equality ensures consistent working conditions throughout the company, and practices are designed based on equal opportunity. The concept of equal opportunity is clearly expressed and supported in documents such as the Human Resources Handbook, the Ethical Behavior Code Principles, and the Social Compliance Policy.

By adhering to the principle of rejecting all forms of discrimination, the company has employed individuals from various nationalities, enriching its workforce. Currently, 3% of Klimasan's White-Collar employees are foreign nationals.

Klimasan regularly monitors the number of female employees and the proportion of female employees in senior management through KPIs. The current proportion of female employees in senior management is 37%, with a target to increase this to 50%. The total proportion of female employees is 25%, which is in line with industry standards, and Klimasan aims to increase this to 27% within the next three years. The company is committed to offering equal rights to all employees and stakeholders through social responsibility projects, recruitment policies, career and talent management, and performance evaluation systems. The principle of equality contributes to creating an inclusive working environment by providing fair working conditions and opportunities to all employees. Gender equality is especially emphasized in recruitment processes, with the current proportion of female employees standing at 25%. Klimasan also places particular importance on employing individuals with disabilities, with 36 disabled employees currently within the company.

Klimasan assesses its gender equality policy using the UN Global Compact WEPs Gender Gap Analysis Tool and analyzes areas for improvement and possible measures to be taken. Klimasan holds the "Achiever" status with its equal approach and existing policies

Employee Demographics	2021	2022	2023
Female Employee Ratio	0,24	0,23	0,25



Support for the Women's Empowerment Principles

As a strong supporter of the Women's Empowerment Principles (WEPs) established by UN Women and the UN Global Compact, Klimasan encourages greater participation of women in economic life at all levels and across all sectors. With its commitment to supporting women at the senior management level, Klimasan has adopted policies of equal work and equal pay, gender equality practices, and a zero-tolerance approach to gender discrimination in the workplace, becoming one of over 8,000 organizations worldwide that support WEPs.

Z.E.K.İ.+ Project

Through the Z.E.K.İ.+ Project, carried out in collaboration with the Manisa Organized Industrial Zone, Klimasan provides a protected working environment for individuals with intellectual disabilities, facilitating their participation in professional life. This project aims to strengthen the presence of disabled individuals in the business world. In 2022, Klimasan made history in Türkiye by employing individuals with intellectual disabilities in a protected workplace through this project, winning the International Bronze Stevie Award as part of the Social Responsibility Program of the Year. Currently, many employees under the Z.E.K.İ.+ Project are actively working within Klimasan.



Employee Development

Klimasan places great importance on employee development, organizing various training and development programs to support their professional and personal growth. These trainings are carefully planned to enhance employees' competencies and maximize their potential. The number of technical and personal development trainings aimed at improving professional skills is continuously increasing and is updated annually. Training contents are determined based on employee needs and industry innovations.

To effectively measure employee development and identify areas that need improvement, Klimasan implements a Performance Management System. Performance evaluation processes are conducted based on competency and goal-oriented criteria. In the goal-based evaluation process, employees' achievements are measured by their success in meeting the process objectives set for their department and position, thus providing an objective assessment of their progress.

Competency-based evaluation is performed by considering the skills and personal attributes required for employees' positions. This evaluation comprehensively analyzes both current performance and development potential. As a result, employees' strengths and areas for improvement are identified, and opportunities for personal and professional development are provided. The performance evaluation process is implemented to guide employees in planning their career paths and achieving their personal goals.

At Klimasan, regular meetings are held during a 2-month probationary period for newly hired employees. Feedback is evaluated at the end of this process, and development actions are planned accordingly. Additionally, by focusing on promotion and rotation processes, a professional process framework is structured using external human resources and management consultancy services.





Supporting University Students' Career Journey with the Coolest Start Program!

Klimasan supports young talent through the "Coolest Start" talent program, which helps interns discover their skills and develop their professional abilities. The program offers participants various weekly trainings and hands-on projects, aiming to equip them with industry-related knowledge and skills. The training sessions not only enhance interns' technical knowledge but also provide opportunities to learn various skills required in the business world.

Additionally, the program offers mentorship and guidance opportunities, accelerating interns' professional development with the support of experienced employees and providing valuable feedback.



Leadership Development Program for Managers

In 2023, Klimasan organized various training sessions within the Leadership Development Program to enhance the skills of its managers. This program covers topics such as strengthening leadership skills, developing strategic thinking, improving decision-making processes, enhancing intergenerational communication, and providing effective feedback.

The training sessions are designed to help managers assess their own performance while contributing to the development of their team members. These processes are regularly reviewed and updated to ensure that managers continuously improve their performance and play an effective role in achieving organizational goals. The effectiveness of the training is monitored through the development processes of the managers, and the programs are reshaped based on emerging needs.

Klimasan's leadership development and feedback training not only support the professional and personal growth of managers but also contribute to the overall success of the company. This comprehensive approach aims to enable employees to advance their careers and make the most of their skills and abilities.





Training

Klimasan adopts an organization-wide approach based on learning and development, offering employees extensive training and development opportunities. With a strong belief in the contribution of teamwork to success, Klimasan emphasizes the value and importance of its employees. Additionally, as part of the Metalfrio Group, the company carries a vision of providing international career opportunities.

At the end of each year, employees' training needs are identified, and plans are made to address these needs. Based on Human Resources planning, manager interviews, and performance evaluations, position-specific personal and professional development training programs are organized. This process aims to maximize employees' potential and contribute to the overall success of the company. In 2023, 20.09 hours of training were provided per white-collar employee, while 58.55 hours of training were provided per blue-collar employee.

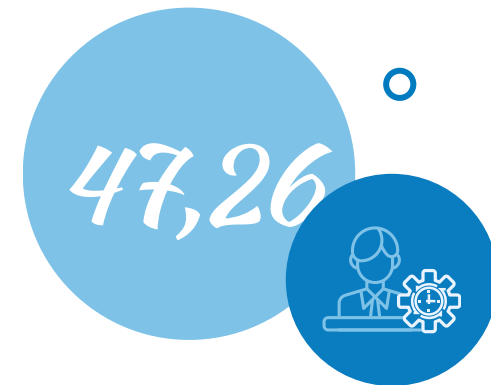
In 2023, a wide range of personal development, technical, and professional training sessions were organized for both white-collar and blue-collar employees. For white-collar training, personal development sessions focused on Individual Awareness, Effective Feedback, Managerial Skills Development, Emotional Intelligence, and Teamwork, while technical and professional training sessions were organized based on identified needs through discussions with each department, ensuring productive training sessions.

For blue-collar training, personal development training focused on teamwork and effective communication, while on-the-job orientation and technical training were emphasized. Feedback and evaluation analyses are conducted at the end of each training session to ensure employees gain value from the training and are satisfied with the process.



A total of 573 training sessions were conducted in 2023

Klimasan has developed the "Formal Education Master's/Doctorate Program Flexible Working Model" to support employees' learning and career journeys. Under this model, for a bachelor's program, up to 14 hours of the weekly 45-hour work schedule is allocated for 4 academic terms; for a doctoral program, up to 14 hours of the same weekly work schedule is provided for 8 academic terms; and for a master's program, up to 9 hours of the weekly work schedule is allocated for 8 academic terms. In this way, employees are encouraged to pursue higher education programs and are supported throughout their educational processes. Support payments are provided to employees as part of the "incentive" procedure at the start and end of the master's and doctoral programs.



In 2023, an average of 47.26 hours of training was provided per person.



Training Assistance

Klimasan provides annual Training Assistance to all employees who have completed 9 months of service and are enrolled in undergraduate, graduate, or doctoral programs.

To support professional and personal development, Klimasan also provides Foreign Language Learning Assistance. When employees wish to take foreign language courses, Klimasan covers 70% of the training fee requested by the institution they have chosen. Additionally, based on the needs of employees requesting language learning, Klimasan directs them to the most suitable organizations and facilitates communication.

In 2023, Klimasan conducted a wide range of internal and external training sessions. These trainings are designed to boost employee motivation and provide opportunities for employees to distance themselves from the work environment. Klimasan also develops internal training programs based on needs assessments to contribute to the training and development processes of its employees.

Following the significant KWAY Digital Transformation Project in 2022, Klimasan developed and expanded the ERP Remote Training Platform in 2023 to support the continuous development of employees. Over 25 personal development training sessions on various topics, prepared by expert trainers, were integrated into the platform. In addition to face-to-face training, the purpose of the Learning Platform training conducted via ERP is to enable training processes to be carried out independently of physical limitations and to provide individuals with flexible, accessible learning opportunities.

This approach eliminates geographical barriers, allowing Klimasan employees living in different locations to access training materials and instructional resources. It also supports individuals in learning at their own pace and within their preferred time frames. Remote training minimizes time and space constraints, aiming to provide high-quality education to a wider audience.

Orientation

Klimasan provides a comprehensive orientation process for new employees. As part of this process, Human Resources conducts a detailed presentation covering the workplace, subsidiaries, the company's mission, policies, management style, corporate culture, areas of activity, and working conditions.

Accompanied by the Human Resources representative, new employees are given a tour of the company and its affiliated organizations, during which they are introduced to their managers, colleagues, and relevant departments. During the orientation training, all new employees are informed about Klimasan's Code of Ethical Conduct. These guidelines are designed to ensure that employees act in accordance with ethical values and to support the maintenance of an ethical culture within the company.

The orientation program at Klimasan spans the first four days after an employee starts. On the first day, new employees are required to complete the Basic Occupational Health and Safety & Hygiene training. The first and essential step of the orientation program is the Basic Occupational Health and Safety & Hygiene training. After completing these mandatory trainings, employees attend pre-scheduled meetings with the orientation representatives from each department to complete their departmental orientations. The Human Resources and Information Technology departments provide the initial training for departmental orientations. After completing all departmental training, employees are sent a satisfaction survey at the end of the orientation program to gather feedback and improve the training process.

Training Requests

Klimasan collects employees' professional and personal development training requests at the end of each year by collaborating with all department managers to identify internal or external training needs for the following year. This process allows for comprehensive training planning to be carried out.

The Human Resources team collects announcements and information about external training opportunities through the press or the internet and shares them with the relevant departments. This ensures that employees have access to up-to-date information about training opportunities and contributes to their development.



Ustalık Telafi Programı

Klimasan focuses on training and development activities to enhance its employees' technical skills and professional competencies. In this regard, Klimasan has signed a Vocational Training Cooperation Protocol with the Manisa/Yunussemre District National Education Directorate and launched a Mastery Compensation Program for blue-collar employees.

Klimasan has included more than 1,000 employees in the Mastery Compensation Program who wish to gain technical expertise in their respective fields. In 2022, a team of instructors from Klimasan's engineering staff provided mentorship to students participating in the program. At the end of the program, employees who successfully complete the technical training processes are awarded a Mastery Compensation Certificate.

Online
EĞİTİM DÖNEMİ
başlıyor

25+ Eğitim
15+ Eğitimci
Sınırsız Erişim

KLİMASAN
MetOffice Solutions

SAP

KLİK
AKADEMİ

e-learning

Klimasan Mentorship Program

The purpose of the Klimasan Mentorship Program is to support the personal and professional development of less experienced or newly hired individuals by having experienced senior managers, who have been in leadership roles for many years, provide guidance. These programs aim to facilitate individuals' career progression, enhance their skills, and help them achieve their goals. Following the Coolest Start project, Klimasan has planned a mentorship development program for first-level managers who are new to management or are aspiring to managerial roles.

Remote Training Platform / Klimasan KLİK Academy

Following the ERP Digital Transformation Project implemented in previous years, the SAP Remote Training Platform has been expanded to support the continuous development of employees, with more than 25 training programs added, covering personal development topics. These training programs are created by expert trainers. In addition to face-to-face training, Learning Platform training conducted via ERP aims to ensure that training processes are carried out independently of physical limitations and to offer flexible and accessible learning opportunities. This method eliminates geographical barriers, providing Klimasan employees in different regions with access to training materials and instructional resources. It also supports individuals in learning at their own pace and within their preferred time frames. Remote training minimizes time and space constraints, aiming to provide high-quality education to a wider audience.





R&D Expertise Training Program

Klimasan offers a structure where each engineer and technician in the R&D team has a specific area of expertise, allowing them to produce projects and become experienced and competent employees. Based on this principle, the "R&D Expertise Training Program," supported by Human Resources, has been launched. The program serves as a platform for sharing the knowledge and experience of the R&D team. The goal is to facilitate employees' access to technical knowledge and support them in gaining professional competencies.

Each month, at least two training sessions are presented by R&D experts, and in-house training sessions are organized with participants from other departments. These sessions aim to strengthen technical knowledge and promote interdepartmental collaboration. Additionally, special presentation skills training is provided for the presenting personnel, and successful participants are awarded internal trainer certificates.

Klimasan has established policies and guidelines to train employees who wish to become internal trainers. Employees can apply to participate in the internal trainer process with managerial approval and must successfully complete various training programs. This process supports the development of internal trainers and facilitates knowledge sharing.



Career and Talent Management

Employees who complete the required experience periods and competencies for each position and rank engage in career planning within the framework of the Performance Evaluation System, with the guidance of department managers and the Human Resources team. This process includes managing career advancements such as promotions and departmental/position changes. Additionally, requests for career changes are carefully evaluated by the Human Resources team. During this evaluation process, employees are directed to the most suitable position based on their skills and competencies. The establishment of promotion criteria is a strategic tool that supports both the long-term success of employees and the organization. The promotion criteria communicated to employees aim to ensure fair evaluation, career planning, development, motivation, and performance improvement.

To celebrate employees' achievements and share these successes together, promotion ceremonies are held in social event areas for employees who meet specific promotion criteria. These ceremonies are organized in the first half of each year and at the end of the year.

The company provides professional and personal development training, updated annually, based on employees' current positions and job-related needs. These training programs aim to help employees enhance their skills and support their careers. In this way, each employee's development is prioritized, and a culture of continuous learning and progress is encouraged within the company.



Performance Evaluation System

Klimasan's Performance Management aims to systematically monitor, evaluate, and improve employees' performance within the organization. This process includes steps such as assessing competencies, setting individual and team goals, measuring performance, and providing feedback. Performance management seeks to enhance both employee and organizational productivity and overall success.

Klimasan's Performance Management is divided into two main categories: Competency-Based and Goal-Based performance evaluations.

Klimasan aims to determine the level of its employees based on the "competency" criteria set for Competency-Based Performance Evaluation. At the same time, it is used to establish and improve an open communication environment through systematic feedback, and to review employees' development opportunities and training needs. This evaluation mechanism has been designed in a fair and equal manner, aligned with Klimasan's company culture and strategies.

The Goal-Based Performance Evaluation system at Klimasan, which was quickly implemented and successfully launched, is part of the performance management systems. In the goal-based performance evaluation system, in addition to individual goals, emphasis is also placed on departmental and company goals. The annual objectives are tracked at interim periods and evaluated at the end of the year. Following the evaluation of the goals, the Feedback Meetings process begins with notification from the Human Resources Team. After the feedback meetings, necessary actions for employees' career management are determined.

Employee Communication

Klimasan conducts various communication activities to boost employee motivation and ensure they stay informed about developments within the company. Special events are organized for employees on occasions such as New Year's, national holidays, and religious holidays. In addition, to encourage employees to come together and communicate, activities like coffee and snack days, spring festivals, departmental picnics, meal gatherings, motivational games, and events are organized.

During the celebration of service anniversaries, employees are thanked for their contributions to Klimasan and are presented with various gifts. Furthermore, employees' social lives are supported through art and sports events, and seminars and training in personal development are widely followed by many employees.

Personal development training is usually held at a hotel or training venue outside the company for a full day, providing employees with opportunities to socialize and enjoy a pleasant day. The annual family picnic event brings together employees and their families, allowing them to spend quality time together.





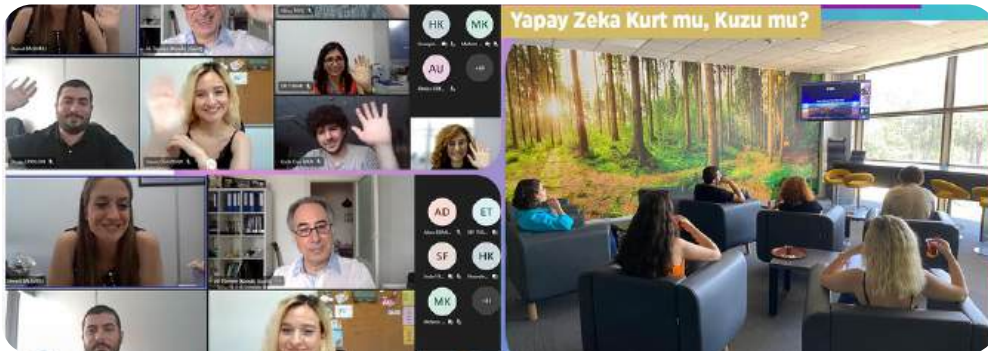
Klimasan "Town Hall" Meetings

Klimasan places great importance on transparent communication with the goal of maintaining the highest level of employee satisfaction. In this regard, Town Hall Meetings, held every quarter throughout the year, are open to all employees with the participation of senior management. During these meetings, the financial and operational performance of the quarter is evaluated. Employees can ask questions from various areas to senior management, and action plans are developed based on their suggestions.

The Town Hall is an evaluation meeting conducted on a digital platform. Senior management delivers a detailed presentation on the quarterly performance, while employees strengthen communication by asking questions to the Human Resources team. This process aims to increase employee satisfaction and a sense of belonging; the Human Resources team reinforces transparency by sharing the progress of the action plans created during the next meeting.

Coollest Talks

The "Coollest Talks" seminars, organized by the Human Resources team at Klimasan, provide a dynamic social discussion platform that supports employee development. These events feature expert and renowned speakers and are open to all employees. Coollest Talks aims to encourage participants to learn while having fun, with valuable information shared across various fields such as psychology, literature, science, and the environment. As a result, Klimasan employees enrich their knowledge and experiences while also gaining opportunities for social interaction.



KLİK BÜLTEN

Klimasan İnsan Kaynakları Aylık Bülteni



Monthly Human Resources Bulletin

The Monthly Human Resources Bulletin is prepared at the end of each month to provide employees with up-to-date information about human resources and company developments. It includes an evaluation of the previous month, the agenda, and updates on ongoing developments, ensuring that employees are well-informed about the latest news within the company.

Klimasan Suggestion / Request / Complaint System

A digital system has been developed that allows employees to freely submit their wishes, complaints, and suggestions. This system aims to listen to employees, gather their ideas, and maintain effective communication.

Employee Engagement Meetings

The purpose of Employee Engagement Meetings is to enhance employee motivation, strengthen job satisfaction and commitment, and improve the overall workplace culture. These meetings are organized according to various strategic and operational goals to reinforce employees' connections with the organization and create a more supportive work environment.



Monthly Human Resources and Department Managers Meetings

The purpose of the Monthly Human Resources and Department Managers Meetings is to address key issues that support the achievement of the company's strategic goals and enhance operational efficiency. These meetings are organized to ensure coordination between both Human Resources (HR) and various departments, as well as to strengthen information sharing.

The meeting agenda can generally be outlined with the following points:

- Company Agenda
- Performance and Progress Tracking
- Addressing Issues and Obstacles
- Policy and Procedure Updates
- Training and Development Plans
- Communication and Collaboration
- Strategic Planning and Goal Setting
- Employee Satisfaction and Engagement
- Innovations and Improvements



Employee Satisfaction

Klimasan is aware that maintaining high levels of employee satisfaction significantly contributes to productivity and growth. Therefore, we place great importance on our employees' wishes and opinions, regularly gathering feedback. To measure employee satisfaction and systematically collect, assess, and respond to feedback in a structured and objective manner, we have established the Employee Satisfaction Survey System.

Based on the 2023 assessment, Klimasan's corporate strengths in terms of employee satisfaction and engagement can be outlined as follows: Communication, Teamwork, Social Responsibility, Leadership Skills, Goal Policies and Strategies, Corporate Reputation, and a Sustainable Future.

To meet employee needs, Klimasan offers additional benefits such as the "Family Support Fund." This includes educational, fuel, clothing, marriage, birth, and bereavement assistance, as well as holiday allowances, seniority awards, and food packages. For blue-collar employees, additional initiatives such as an attendance bonus, annual leave allowances, and the "Happy to Have You" birthday cake are also in place.

To enhance employee engagement and offer a respite from daily demands, the human resources department organizes various activities. In 2023, these activities included a New Year's Party, Klimasan Picnic Event, music and dance events, cookie-making workshops, and coffee tasting sessions. Additionally, chocolate, waffle, and ice cream stands, as well as Welcome Summer and Farewell Summer events, birthday celebrations, and breakfast gatherings, were held. The monthly Coolest Talks series also contributes to employee development with inspiring speakers.



Klimasan joined the Basketball League

Klimasan participated in the Tek Pota Basketball League to foster team spirit among its employees, taking part in basketball tournaments held across Manisa and İzmir. The Klimasan Basketball Team, composed of volunteer employees from various departments, achieved numerous significant victories throughout the tournament. Led by the Human Resources team, pre- and post-match dining and entertainment events were organized for employees and their families.



Klimasan Green Human Resources Projects

Klimasan implements various environmental projects to contribute to nature and the future. By continuing tree planting activities on behalf of its employees and the company, Klimasan expands the "Klimasan Employees' Grove of Love" daily, striving for a greener world. Proceeds from the recycling of electronic waste have been used to donate saplings on behalf of all employees.

On June 5th, World Environment Day, a waste battery and waste vegetable oil collection campaign was organized to raise awareness about waste segregation. Additionally, a creative competition using recyclable materials, with prizes, was held on April 23rd. Sustainability-themed posters and brochures were displayed on bulletin boards, digital platforms, and internal announcement systems within the company to enhance awareness of this important topic.



BUSINESS ETHICS



Since 2019, Klimasan has been a signatory and supporter of the United Nations Global Compact (UN Global Compact), embracing ethical and compliance principles in the areas of human rights, labor standards, environmental protection, and the fight against bribery and corruption. Klimasan aims to integrate these principles into its business practices.

Behavioral guidelines applicable across all departments are reinforced through mandatory annual training sessions. The company's Code of Ethical Conduct and Implementation Principles Document serves as a guide for all Klimasan employees. The Internal Audit Department oversees the implementation of these rules and provides assurance through an Ethics Hotline, which employees can use to report any violations.

Klimasan's ethical principles are explicitly outlined in its Social Compliance Policy and Code of Ethical Conduct and Implementation Principles Document. The company's core ethical values are reliability, fairness, pride, and respect for employees. These four fundamental principles form the basis of Klimasan's approach to business ethics, which is also detailed in the Social Compliance Policy.

The approach to combating bribery and corruption is managed within the framework of the Social Compliance Policy. Klimasan's strong stance against bribery and corruption is elaborated in its Code of Ethical Conduct and Implementation Principles Document as well as the Supplier Code of Ethical Conduct.

Ethics, the Essence of Sustainability

As in previous years, three core ethics and compliance training sessions were conducted in 2023, with the participation of all Klimasan employees.

Klimasan's Code of Ethical Conduct and Implementation Principles Document serves as a fundamental guide in the field of business ethics, aiming to provide a work environment that upholds human dignity for all stakeholders, particularly employees.

The Ethics Hotline is available to employees within the framework of confidentiality principles to support the effective implementation of Klimasan's Business Ethics Charter. This system allows employees to anonymously report their concerns and complaints regarding ethical matters related to the company. These reports are evaluated by the Internal Audit Department, which operates on behalf of the Board of Directors and reports directly to the Audit Committee.

Employees can submit their reports through the email address ethics@klimasan.com.tr, the telephone number of the Internal Audit Department, or by sending mail addressed to the Internal Audit Department. This process aims to effectively manage ethical concerns and strengthen the ethical culture within the company. In 2023, one report was submitted through the Ethics Hotline.

The ethical rules and principles that employees are required to adhere to are also defined in the Human Resources Handbook, in line with the Code of Ethical Conduct and Implementation Principles Document.

Reinforcing its strong commitment to sustainability and social responsibility, Klimasan conducts regular Social Compliance Audits. The results of these audits are shared with customers in line with the principle of transparency, helping the company's efforts and achievements in social compliance reach a broader audience. In 2022, Klimasan participated in Sedex Social Compliance Performance evaluations conducted by Intertek and was awarded the "Green Status" by TCCC, signifying that no additional audits will be required for the next three years.



Business Ethics and Code of Conduct Training

At Klimasan, three core ethics and compliance training programs are conducted annually:

- General Business Ethics and Code of Conduct Training, mandatory for all employees.
- Fair Competition and Ethical Trade Training, designed for employees involved in commercial and financial processes.
- Procurement Ethics Training, targeted at employees involved in supply chain processes.

In 2023, comprehensive training sessions on business ethics, compliance, code of conduct, and labor law were provided to all Klimasan employees. These sessions were delivered through a user-friendly online platform, while employees without computer access received information via SMS along with a copy of the Klimasan Code of Ethical Conduct Principles Document.

The Fair Competition and Ethical Trade Training was specifically tailored for the Sales, Marketing, Finance, After-Sales Services, and Human Resources departments. This training detailed key considerations for sellers and buyers in commercial processes, as well as principles for customer and competition management.

Additionally, the Procurement Ethics Training for the entire Supply Chain Department covered potential ethical violations in procurement, essential points for commercial communication with suppliers, and proactive measures to prevent possible breaches.

Corporate Social Compliance Policy

Klimasan operates with the principle of adding value to the future and upholding its responsibilities to stakeholders. In this context, by signing the Global Compact, the company has committed to fulfilling its responsibilities in collaboration with all its business partners. Through its Corporate Social Compliance Policy, Klimasan shares this commitment with all stakeholders and continuously strives to embed this policy into its corporate culture. Employees are encouraged to openly express their opinions, requests, concerns, complaints, and suggestions. These feedbacks are evaluated by Senior Management, and necessary actions are taken to address areas requiring improvement. The Klimasan Corporate Social Compliance Policy encompasses the following areas:

- Ethical Business Conduct
- Equal Opportunity Approach
- Voluntary Employment
- Prevention of Child Labor
- Working Hours and Compensation
- Occupational Health and Safety
- Respect for Freedom of Association and Representation
- Communication of Suggestions, Requests, and Complaints
- Rest Days and Holidays
- Recruitment and Employment
- Employment Contracts
- Employment of Foreign Nationals
- Prevention of Discipline Issues, Harassment, and Misconduct
- Environmental Protection
- Stakeholder Communication and Transparency

Klimasan Code of Ethical Conduct and Implementation Principles Document

Klimasan has developed the Klimasan Code of Ethical Conduct and Implementation Principles Document to ensure that its employees are guided by ethical behavior standards. Defined as a "Code of Conduct," this document is made accessible to employees in both printed and electronic formats. It is distributed in an open environment, ensuring all employees and relevant stakeholders can easily access it. The document clearly outlines the ethical conduct rules that must be followed in any environment where Klimasan is represented. Furthermore, it provides guidance on whom to contact and how to report cases of ethical violations witnessed or experienced by employees, fostering a transparent and trustworthy work environment.

The "Klimasan Code of Ethical Conduct and Principles of Implementation Document" provides guidance to employees under the following seven main headings

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



FAIR COMPETITION

Level Playing Field for Fair Competition

Klimasan undertakes various initiatives to ensure a fair competition environment and maintain its competitive advantage in the industry.

As a publicly traded company, Klimasan transparently reports its financial performance, fiscal indicators, and sales data to the public. The company is subject to financial audits conducted by the independent auditing firm BDO, and the resulting reports are publicly shared on the Public Disclosure Platform (KAP). This ensures the accuracy and reliability of the disclosed financial information through rigorous audit and control processes.

To foster a fair competition environment and maintain its competitive edge in the industry, Klimasan embraces the principles of fair competition within its Social Compliance Policy, Code of Ethical Conduct Principles Document, and Supplier Code of Conduct. The company supports competition based on quality, service, and price while refraining from providing direct or indirect support to political institutions or individuals and does not endorse any political ideology at a corporate level. Klimasan continues its operations with honesty, transparency, and fairness.

To comply with anti-trust laws and the principles of fair competition, the attitudes and behaviors of employees under the scope of the Fair Competition Principle are summarized in the Code of Conduct Directive established by the group company Metalprio Solutions and Klimasan as follows:

- Klimasan never discusses competition-related matters with its competitors.
- Klimasan never enters into agreements with competitors to fix prices or divide markets.
- Even with competitors, Klimasan does not independently agree to boycott or refuse the purchase of goods or services.
- Klimasan does not seek approval or input from others before making a purchase.
- Klimasan does not require customers to purchase services they do not want.
- Klimasan does not engage in industrial or commercial espionage activities.

Klimasan adheres to the principle of honesty in all customer relationships and accurately represents the quality of its products and services.



Klimasan's annual Business Ethics Training, attended by all employees, covers topics such as code of conduct, fair competition, and ethical trade practices. Additionally, more comprehensive annual training programs are organized for departments directly involved in commercial activities, including Sales, Marketing, Finance, Supply Chain, and Human Resources. These trainings feature case studies on fair competition, customer relations, ethical practices, and transparent trade, and are incorporated into the Training Plan.

During the reporting period, no cases of anti-competitive behavior, monopolization, or trust-building were identified, and no legal actions have been filed against Klimasan.



LOCAL COMMUNITY RELATIONS AND EMPLOYMENT

With its facility in Manisa, Klimasan not only provides employment opportunities in the Aegean Region and across Turkey but also makes significant contributions to both the regional and national economy. As one of Turkey's largest 500 industrial enterprises, Klimasan plays a pivotal role in the advancement of the industry.

Collaborating with İŞKUR and local municipalities, Klimasan organizes recruitment events, conducting interviews in city and district centers that are easily accessible to the local community. The company prioritizes the employment of individuals with disabilities and supports the professional development of young talents through long-term internship programs aimed at university students.

As part of its social responsibility efforts, Klimasan partners with universities, schools, associations, and other organizations in the Aegean Region. The company hosts university student clubs at its production facilities, organizes Occupational Health and Safety (OHS) awareness training sessions, conducts vocational promotions, and participates in career days, panel discussions, and fairs. Additionally, Klimasan engages with stakeholders through customer visits, dealer events, and other activities facilitated by its authorized service centers, dealers, and sales teams. These interactions occur both online and in-person at trade fairs and other events. As a publicly traded company, Klimasan ensures the transparency of its economic activities and shares updates on its social responsibility projects through its social media channels.



Vocational Training in the Workplace Project

As a partner of Manisa Celal Bayar University, Klimasan provides employment opportunities through the Vocational Training in the Workplace Project, particularly targeting senior-year students of the Faculty of Engineering with a 15-week mandatory internship program. Klimasan offers post-graduation employment opportunities to many students who complete their internships. Additionally, the company supports the completion of theses through practical projects and assigns expert employees to mentor aspiring engineers.

Collaboration with MOSTEM High School

As part of the collaboration project with MOSTEM (Manisa Organized Industrial Zone Vocational and Technical Anatolian High School), one of Turkey's first Organized Industrial Zone High Schools, technically skilled students are included in high school internship programs. During the internship, students' progress is monitored and reported by their teachers, increasing their employment prospects after graduation. Klimasan provides mentorship support to help these young individuals gain professional experience and ensures their active involvement in projects.



OCCUPATIONAL HEALTH AND SAFETY

Safe Work, Healthy Life

Klimasan's Occupational Health and Safety Policy

- **Safe Working Conditions:** Creating safe, healthy, and sustainable working conditions for employees and all stakeholders is our priority. In this context, we develop systems to prevent workplace accidents and occupational diseases at their source.
- **Zero Accident Target:** The company identifies all risks to achieve the goal of zero workplace accidents and occupational diseases, ensuring the active participation of employees and their representatives in mitigating these risks. All employees, visitors, and subcontractors are required to comply with occupational health and safety (OHS) rules.
- **Leadership and Knowledge Sharing:** Following workplace accidents, department managers take the lead in implementing preventive actions and ensure that these measures are disseminated across all departments. This approach fosters the spread of a safety culture throughout the organization.
- **Continuous Improvement and Monitoring:** Klimasan effectively implements the OHS Management System, regularly monitors process performance indicators, and continuously improves the system based on these indicators.
- **From Design to OHS:** From the product design stage onward, all materials, machinery, and equipment are assessed to eliminate OHS hazards. This proactive approach aims to prevent potential risks from the very beginning.
- **Accident Investigation and Prevention:** Incidents and accidents occurring during operations, or those posing a risk of injury, are thoroughly investigated, and necessary improvement actions are promptly initiated to prevent recurrence.
- **Prevention of Occupational Diseases:** Regular workplace inspections and occupational hygiene audits play a crucial role in preventing occupational diseases. Klimasan extends this policy beyond the workplace, encouraging employees to integrate occupational safety awareness into all aspects of their lives.

Klimasan is committed to providing safe and healthy working environments, not only today but also in the future, positioning OHS as an integral part of its sustainable business model.

Our OHS Performance Goals: The Path to a Safe Working Environment

To reduce the accident frequency rate to 25,

Reducing the accident severity rate to 0.10,

Taking all necessary actions and precautions to achieve zero workplace accidents,

Reducing workday losses due to accidents by at least 15% compared to the previous year

Providing occupational health and safety training in line with legal requirements, ensuring a minimum of 14 man-hours in total within 2 years.

Ensuring subcontractor occupational health and safety training is provided in line with legal requirements, with a minimum of 14 man-hours in total within 2 years.



Occupational Safety Measures and Training

Health and safety elements, such as warning signs and safe machine operation instructions located across the factory premises, reinforce safe working conditions for employees. Klimasan conducts health and safety assessments before and after new investments, projects, and process changes, obtaining approval from the OHS Team. Additionally, newly hired employees are provided with a guide on types of Personal Protective Equipment (PPE) and their correct usage during the Basic OHS Training, ensuring that safety awareness is instilled from the very beginning.

Strategies Towards Zero Accidents in Safety and Health

Prioritizing its mission to protect the health and safety of its employees, Klimasan aims to enhance preventive approaches and further integrate them into every stage of its OHS processes. In line with this strategy, comprehensive OHS practices are implemented to reinforce its commitment to providing a safe and healthy working environment.

OHS Committee: Collaborating for Continuous Improvement and Development

The Klimasan OHS Committee operates regularly with a team of 14 members, including 5 employee representatives, to manage and oversee occupational health and safety processes. Meeting monthly, the Committee reviews established OHS targets and performance, makes necessary updates, and reports its findings. Additionally, actions taken, investments made, audit results, and control reports are evaluated, and action plans are revised based on these findings.

Healthcare Services: 24/7 Health Assurance

To ensure the continuity of healthcare services in the workplace, Klimasan employs a team consisting of two occupational physicians and healthcare staff who provide services to all employees during both day and night shifts. This ensures that employees have access to all necessary health checks during their shifts.

Continuous Audit and Control Mechanism

At Klimasan, internal and external field inspections are conducted continuously and periodically, with all findings thoroughly documented. The comprehensive safety inspections conducted throughout 2023, detailed in reports, include the following:

- Technical safety inspections of the factory,
- Compliance audits for personal protective equipment (PPE),
- OHS shift inspections and reporting,
- External field safety inspections,
- Cafeteria and kitchen inspections,
- Employee transportation service inspections,
- Fire system checks and risk mitigation activities,
- Inspections of welding and eye wash stations,
- Inspections of forklifts and stacking machines.

In accordance with the Occupational Health and Safety Law No. 6331 and the Regulation on Health and Safety Conditions in the Use of Work Equipment, all machinery and equipment at Klimasan undergo periodic inspections. These ensure the use of compliant and safe work equipment.

ISO 45001:2018 Occupational Health and Safety Management System

For nearly four years, Klimasan has been managing its health, safety, and security processes under the guidance of the ISO 45001 OHS Management System. Occupational health and safety practices across the facility are governed by 175 instructions, procedures, and 74 forms. These documented resources are managed through the QDMS Portal, ensuring accessibility for all employees, and are regularly updated to reflect changes in OHS laws and regulations. Additionally, 19 OHS Communication Boards located at various points within the facility are used to share OHS targets, written documentation, and announcements with employees.

Every year, certification and surveillance audits are conducted regularly by the Turkish Standards Institute.



Occupational Health and Safety Gemba Meetings: Enhancing Safety in the Field through Leadership and Innovation

Klimasan has initiated weekly Occupational Health and Safety (OHS) Gemba Meetings to strengthen the safety culture in the field by ensuring the direct involvement of senior management and department managers in OHS processes. Held every Wednesday from 10:00 to 11:00, these meetings serve as a tangible demonstration of Klimasan's commitment to creating a safe working environment.

During the meetings, OHS risks in the production area, preventive measures to be taken, and necessary investments are evaluated. Additionally, analyses of OHS field and shift reports are conducted, current action plans are monitored, and required updates are finalized. As each meeting is conducted on-site in the relevant department, issues are identified and resolved directly at the source.

The meeting agenda is set by the OHS Team, and a comprehensive report is prepared afterward and shared with all relevant units. These meetings clearly underscore Klimasan's dedication to achieving its zero-work-accident goal and its prioritization of workplace safety.

Year	Accident Frequency Rate	Accident Severity Rate
2019	54.65	0.39
2020	42.41	0.21
2021	52.87	0.20
2022	33.02	0.12
2023	41.23	0.14



Occupational Health and Safety Corporate Risk and Opportunity Analyses

As part of the Occupational Health and Safety Corporate Risk Analysis conducted in 2023, 112 identified risks and 119 opportunities were thoroughly evaluated, and risk scores were updated by year-end based on current conditions. Improvement and investment actions aimed at reducing the impact of risks were implemented, with certain risks minimized or entirely eliminated through effective interventions.

Klimasan reinforces its mission to create a safe and healthy working environment by organizing comprehensive training programs within the framework of the ISO 45001 Occupational Health and Safety Management System. In 2022, training sessions for employees and managers covered critical topics such as basic occupational health and safety, professional expertise, fire extinguishing, working at heights, workplace hygiene, and emergency action plans, contributing significantly to the development of OHS awareness.

All new employees receive Basic Occupational Health and Safety Training during their orientation process and are provided with protective equipment. This training serves as a critical step, ensuring that every employee begins work in compliance with safety regulations. In subsequent years, employees are offered Occupational Health and Safety Refresher Training to update and maintain their knowledge.



Before transitioning to production, Production On-the-Job Training sessions are organized for new operational employees. These trainings aim to raise awareness among employees about preventing human-caused workplace accidents, adopting health and safety regulations, preventing quality issues, and increasing efficiency. Additionally, this process shortens employees' adaptation period and contributes to creating a highly aware and conscious workforce.

At Klimasan, Basic Occupational Health and Safety Training is also provided to employees of suppliers or subcontractor companies who will operate either indoors or in the field before they start work. After these trainings, employees undergo health checks, and necessary protective equipment is provided to ensure safe working standards.

Klimasan demonstrates its commitment to creating a safe working environment with its proactive approach, not only managing occupational safety risks but also utilizing opportunities through an occupational health and safety (OHS) strategy. This process reinforces Klimasan's dedication to continuous improvement by integrating risk management with investment decisions, as an important part of the company's sustainability strategy.

Near Miss Reporting: Preventing Risks with an Active Safety Culture

Klimasan adopts a strong safety approach aimed at preventing workplace accidents by instilling a near-miss reporting culture among its employees. Near-miss reports involve identifying events that could potentially lead to workplace accidents but were avoided, or recognizing situations with the potential for accidents and reporting them to the relevant units. These reports are immediately evaluated by the OHS Team, and necessary preventive actions are quickly implemented.

In 2023, a total of 13 near-miss reports were submitted. Of these, 10 were acted upon and successfully resolved, eliminating potential risks. Investment work continues for the remaining 3 reports, and temporary preventive measures have been implemented by the OHS Team in the meantime. Near-miss reports and actions are tracked through the QDMS Corrective and Improvement Activities Module, coordinated with solution teams.

To date, a total of 519 near-miss reports from employees demonstrate Klimasan's proactive attitude toward occupational safety and its commitment to ensuring employee safety.

2023 Near-Miss Reporting Analysis			
Year	Total Near Misses	Ongoing	Resolved
2020	38	0	38
2021	31	0	31
2022	16	0	16
2023	13	3	10





EMERGENCY PREPAREDNESS

Klimasan updates their preparedness for emergencies annually, integrating the latest technological advancements into their processes. Potential emergencies that may occur across the facility or in specific sections include fires, explosions, hazardous chemical releases, earthquakes, floods, and other natural disasters, as well as incidents requiring first aid and evacuation.

To minimize potential risks, protect employees, and prevent material losses, Klimasan has established the following teams: Emergency Crisis Team, Fire Technical Team, Firefighting Team, Rescue Team, Protection Team, First Aid Team, and the Social Affairs Team. These teams are provided with comprehensive training in line with their job descriptions and are certified accordingly. Detailed information about the responsibilities of each team member is included in the company's Emergency Action Plan, which is shared with all employees.

The Evacuation Plan developed for emergencies is visibly displayed in various areas of the factory and is thoroughly explained to all new employees during onboarding training. The evacuation plans are updated in conjunction with any changes made to the factory layout. Assembly points and Fire Fighting Instructions are strategically placed throughout the factory premises, and training regarding these areas is provided to all employees.

Emergency guidance signs, locations of first aid kits, and cutoff points for electricity and gas are clearly marked and made easily accessible across the entire factory. Additionally, essential contact information for emergencies is displayed at various points within the factory and shared on platforms readily accessible to employees.

Annual emergency drills are scheduled at Klimasan and conducted separately for day and night shifts. These drills, carried out with both prior notice and surprise scenarios, aim to maintain the highest level of emergency preparedness among all employees.

Management of Earthquake Risks and Structural Reinforcement Efforts

Since the Klimasan Factory is located in a high-risk earthquake zone, a comprehensive Earthquake Risk Management process is implemented. The factory's ground structure and building safety have been meticulously examined by the Technical Team, and an extensive feasibility study has been conducted. This study includes soil investigations, parcel seismic resistance assessments, structural analysis, column sample examinations, drilling and excavation work, and geological structure evaluations.

The study results have been compared with simulations of the 10 largest historical earthquakes, leading to the development of an action plan aimed at enhancing the structural integrity of the factory. In line with this plan, equipment causing additional loads on the building has been identified and removed, and column reinforcement efforts have commenced. Earthquake risks are continuously monitored and managed within the scope of Klimasan's Corporate Risk Analysis.

Informational posters detailing actions to take during and after an earthquake have been disseminated to all employees by the OHS Team and distributed across the factory. These posters have also been added to all computer startup screens to ensure constant awareness. To enable swift and safe evacuation during emergencies, building evacuation drills are periodically conducted.





Fire Detection System: Advanced Technology for Instant Detection and Rapid Response

To mitigate potential fire risks within the factory premises, Klimasan has implemented a fully addressable smoke detection system. This advanced system enables the rapid detection of smoke during a fire, providing visual and audible alerts to ensure swift emergency response. The system components installed across the factory include 69 illuminated detectors, 120 sirens, 91 fire buttons, 1 control panel, and 14 power transformers.

In addition to enabling rapid fire detection, this system ensures the safety of hearing-impaired employees during emergencies. Illuminated sirens installed in restrooms across the production area are designed in compliance with TS EN standards and fire regulations, prioritizing the safety of hearing-impaired personnel.

Equipped with cutting-edge technology, Klimasan's fire detection system is designed to provide maximum safety against fire risks while ensuring employee protection under all circumstances.



2023 Emergency Safety Improvements: Enhancing Security with Advanced Systems

Throughout 2023, Klimasan implemented significant safety improvements across the factory site as part of their emergency preparedness efforts. These measures were strategically designed to enhance employee safety and improve the facility's overall security infrastructure:

- **Updating Assembly Areas:** Directional signage at the three main assembly points in the operational area was renewed and enlarged for better visibility. Firefighting documentation and information boards were revised, and the evacuation plan was updated to ensure all employees were well-informed.
- **Emergency Equipment and Communication Tools:** Emergency cabinets and communication devices were installed at assembly points to enable swift and effective response during emergencies, ensuring rapid access and coordination.
- **Fire Suppression System for Electrical Panels:** An automatic fire suppression system was activated for the main electrical distribution panels across the factory to mitigate fire risks, raising occupational safety standards to the highest level.

With these enhancements, Klimasan aims to improve emergency response times, prioritize employee safety, and strengthen the overall security framework of their operations.



CORPORATE SOCIAL RESPONSIBILITY

Klimasan conducts their corporate social responsibility (CSR) initiatives in all regions where they operate, with a foundation rooted in sensitivity to society and the environment. Each year, the company undertakes various projects that fulfill their social and environmental responsibilities, reinforcing their strong stance in this area.

Klimasan's CSR approach is implemented through collaboration and alignment with stakeholders, including shareholders, employees, the public, non-governmental organizations, and other partners. Aware of the environmental impacts that may arise from their operations, the company carries out proactive initiatives to minimize these effects. This sense of responsibility forms one of the cornerstones of Klimasan's sustainable business model.

The company encourages and supports their employees to participate in socially responsible projects. Klimasan also develops strategies to ensure that all their business partners, particularly suppliers, adhere to the same social responsibility standards and carefully implements these strategies.

Since their inception, Klimasan has led environmentally and socially conscious projects and is committed to expanding these activities in the future through sustainable social policies. These efforts reflect an approach that secures not only the present but also the future.

Social Responsibility Committee

Klimasan has established a Social Responsibility Committee to further enhance their contributions to society and the environment and to achieve their sustainability goals. The committee's primary purpose is to strategically manage the company's social and environmental responsibilities, develop impactful projects, and provide leadership in these areas. The committee focuses on four main areas to create a positive impact on society and the environment:

1. Environment: Nature Conservation and Sustainable Resource Management

Klimasan implements their environmentally conscious approach through tangible projects guided by the principles of the Social Responsibility Committee. The projects under this pillar aim to protect ecosystems, minimize harmful environmental impacts, and manage resources sustainably. Key initiatives include:

- Regular tree planting donations,
- Campaigns for collecting waste oils and batteries,
- Eye-catching ashtray designs to reduce the environmental harm of cigarette waste,
- Posters and brochures designed to raise public environmental awareness.

2. Education: Equal Opportunities and a Sustainable Future

Education is one of the most significant areas of Klimasan's social responsibility efforts, aligning with the company's goals of promoting social equality and maximizing individuals' potential. Klimasan develops projects specifically targeting disadvantaged groups, supporting individuals with limited access to educational resources. Key initiatives include:

- Support projects for village schools that take meaningful steps to make education accessible to everyone,
- Providing long-term solutions such as educational materials and infrastructure improvements, reinforcing the company's commitment to education beyond financial contributions.



3. Women and Children: Promoting Social Equality and Enhancing Quality of Life

Klimasan contributes to reducing social inequalities and improving the quality of life through social responsibility projects targeting women and children. These efforts include:

- Donation campaigns for women and children,
- Social awareness events and booths to foster community engagement,

Events are organized with employees to unite on a common platform, aiming to create a fairer and more supportive society.

4. Health: Innovative Solutions for Community Health

To raise awareness and enhance public health consciousness, Klimasan's Social Responsibility Committee develops various projects in the health sector. One such initiative involves innovative ideas and projects aimed at repurposing unused medications for the benefit of society. Through these efforts, the committee seeks to:

- Increase public health awareness,
- Properly channel recoverable health products,
- Promote health awareness across all levels.

Klimasan's Social Responsibility Committee continues to generate projects under these four main pillars to address social responsibility and environmental sustainability. With these initiatives, the company aims not only to secure the present but also to provide long-term value to society.

Klimasan's Corporate Social Responsibility Projects in 2023: Strong Steps for Society and the Environment

Breaking Barriers with the Z.E.K.İ.+ Project

Klimasan, in collaboration with the Manisa Organized Industrial Zone, has successfully maintained its significant social responsibility project, the Z.E.K.İ.+ Project, which provides a protected work environment for individuals with intellectual disabilities. This long-standing initiative aims to increase awareness about employees with disabilities and ensure their lasting and safe inclusion in the workforce.

As one of Klimasan's innovative steps in this field, the company became the first in Turkey to employ individuals working in the Z.E.K.İ. protected workplace directly within their operations. To support disabled employees in their job processes, Klimasan also provided mentorship and employment to two women under state protection, reinforcing its commitment to inclusive and supportive employment practices.





Klimasan's 2023 Corporate Social Responsibility Projects: Strong Steps for Society and the Environment



Regular Blood Donation Campaign for the Kızılay

Klimasan organizes blood donation campaigns multiple times throughout the year in collaboration with the Turkish Kızılay to encourage its employees to contribute to public health. During these events, volunteer employees donate blood with the support of the Manisa Kızılay Branch, fostering community solidarity. Employees who donate regularly have been honored with the bronze "Blood Donor" medal by the Kızılay.

Collaboration and Support Projects with LÖSEV

In 2023, as part of its collaborations with LÖSEV, Klimasan organized seminars to inform employees about leukemia and raise awareness. Employees who wished to volunteer or donate actively participated in LÖSEV's volunteer programs. Additionally, LÖSEV supporters were hosted at the factory, where they were provided the opportunity to sell handcrafted products, generating significant contributions to LÖSEV through the proceeds. This project highlights Klimasan's commitment to social responsibility and its support for the community.



Democratic Mothers Association Stand

Founded in 2011 in İzmir to support children and families in need, the Democratic Mothers Association has been actively serving the community. Klimasan organized a social responsibility fair in the factory courtyard to support this association, facilitating donations through the sale of food, beverages, and handmade products. The event garnered significant interest from employees, who contributed to the project with great enthusiasm and solidarity.



Tree Donation to Klimasan Love Grove

As part of the Klimasan Love Grove project established in Manisa's Yunt Mountain, Klimasan donates saplings each year on special occasions on behalf of its employees. This project contributes to environmental awareness and sustainability, with each sapling planted as a symbol of hope for the future.

University Collaborations with Klimasan

Within the framework of its social responsibility approach, Klimasan develops strong collaborations with high schools and universities in the regions where it operates. As part of these collaborations, the company organizes in-house technical tours, Occupational Health and Safety (OHS) training sessions, and presentations on products and processes to support students' professional development. Additionally, university students are provided with career coaching to contribute to their professional growth. These initiatives reflect Klimasan's commitment to supporting the vocational education and career development of younger generations.



APPENDICES

Our Performance Indicators

GRI Content Index

UNGC Index

Emission Inventory

IREC certificate

ISO 14064-1 Verification Statement

SBTi Emission Reduction Targets Approval





OUR PERFORMANCE INDICATORS

Financial Information Summary

	2021	2022	2023	
Net sales (TL)	1,735,021,684	2,772,970,991	3,578,519,872	
Net profit (TL)	21,538,620	137,023,688	125,512,362	
Total assets (TL)	3,220,291,538	4,250,386,853	7,710,909,183	
Current ratio	1.31	1.21	1.02	
Liquidity ratio	1.08	0.83	0.76	
Short-term liabilities / Total assets	0.54	0.49	0.52	
Long-term liabilities / Total assets	0.27	0.13	0.10	
Equity / Total assets	0.19	0.38	0.38	
Net profit (Net sales)	0.01	0.05	0.04	
	2020	2021	2022	2023
R&D budget (TL)	17,792,179	20,715,810	25,175,025	61,100,000

Supply Chain

	2020	2021	2022	2023
Local procurement rate by supplier number (%)	84%	86%	86%	89%
Total local procurement amount in purchasing budget (Million TL)	450.6	1,002	1,471	1,800
Local procurement rate by purchasing budget (%)	68%	73%	75%	74%

Material Use

	2021	2022	2023
Total amount of raw materials consumed (tons)	35,010	23,877	28,772
Plastic raw materials	3,100	1,998	3,290
Metal raw materials	23,744	13,920	21,816
Glass raw materials	8,166	7,959	3,666

Energy and Emissions

	2021	2022	2023
Energy consumption			
Natural gas (m3)	830,305	565,323	528,928
Electricity (kWh)	10,776,415	10,256,027	9,886,399
Electricity consumption intensity (kWh/std. unit product)	13.79	14.99	17.59
Natural gas consumption intensity (kWh/std. unit product)	11.21	8.77	10.01
Scope 1 emissions (tCO2e)	2,395	1,555	1,469.11
Scope 2 emissions (tCO2e)	4,677	4,512	4,340
Scope 3 emissions (tCO2e)	1,620,650	1,395,147	956,934.42
Indirect emissions from transportation (tCO2e)	4,120	6,947	10,040.31
Indirect emissions from products/services used by the organization (tCO2e)	89,611	86,167	41,541.28
Indirect emissions from the use of products/services of the organization (tCO2e)	1,526,919	1,301,580	905,352.83
Other indirect emissions (tCO2e)	-	-	-
Greenhouse gas (GHG) emission intensity (Scope1+Scope 2) (tCO2e e/std. unit product)	0.009	0.008	0.010



Air Pollutant Emissions (kg/hr)

	2018	2020	2022
Dust emission amounts	0.2168	0.18380	0.163
SO2	0.0746	0.1064	0.1129
CO	0.0036	0.4647	2.4147
NO	0.2860	2.8729	1.8092
NO2	0.4630	2.7760	0
Total	1.044	6.4038	4.4998

Water Consumption

	2020	2021	2022	2023
Total amount of water consumed (m3)	132,874	102,638	66,295	71,477
Amount of well water consumed	146	44,396	-	-
Amount of municipal water used	132,728	58,242	66,295	71,447
Water consumption intensity (m3/std. unit product)	0.17	0.13	0.01	0.13
Total water discharge by destination (m3)	119,587	92,374	59,665	64,302
Natural receiving environment	0	0	0	0
Water channel	119,587	92,374	59,665	64,302

Waste

	2020	2021	2022	2023
Amount of hazardous waste (tons)	29.30	166.70	87.96	43.40
Incineration (For energy production) (tons)	28.376	25	29.84	
Other* (landfill)	0.039	0.038	0.039	0.056
Other* (recycling)	0.889	141.657	58.077	43.345
Amount of non-hazardous waste (tons)	2,153.51	2,029.39	3,626.20	2,874.88
Going to landfill / solid waste	99.420	544.320	506.530	438.320
Other* (recycling)	2,054.091	1,485.073	3,119.668	2,436.561
Leaks and spills	0	0	0	0

Environmental Training

	2020	2021	2022	2023
Hours of environmental training given to company personnel	810	2,425	2,370	1,990
Hours of environmental training given to contractor personnel	27	147	138	152
Total number of employees receiving environmental training	324	1,617	1,580	1,327
Total number of contractor employees receiving environmental training	108	590	475	478

Occupational health and safety performance

	2020	2021	2022	2023
Lost Time Injury (LTI)	656	707	395	561
The Lost Time Injury Frequency Rate (LTIFR)	42.41	52.87	33.02	41.23
Number of deaths from work-related diseases	0	0	0	0



Employee Trainings

	2020	2021	2022	2023
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Training hours given to personnel

Blue Collar Personnel total training hours (excluding OHS training)	3816	4068	10,105	59,687
Average annual training hours per Blue Collar employee (hours)	6.41	12.98	27.89	53.60
White Collar Personnel total training hours (excluding OHS training)	1300	892	3928	4120
Average annual training hours per White Collar employee (hours)	6.9	11.65	19.55	15
Blue Collar Personnel (person/hour)	6.41	12.98	27.89	53.60
White Collar Personnel (person/hour)	6.9	11.65	19.55	15
Average (personnel/hour)	6.5	12.21	24	47.26
OHS training (person/hour)	8	8	8	8

Training hours given by work category

Technical	3,200	965	3,290	34,820
Administrative	11,667	2,402	4,263	11,232
Production	3,455	681	3,511	23,622

Employee Demographics

	2020	2021	2022	2023
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Percentage of board members and senior management by gender (%)

Female	15%	15%	25%	25%
Male	85%	85%	75%	75%

Percentage of board members and senior management by age distribution (%)

<30 years	0%	0%	0%	0%
30-50 years	38%	38%	50%	50%
>50 years	62%	62%	50%	50%

Percentage of employees in the employee category by gender (%)

Female	19%	22%	18%	19%
Male	81%	78%	82%	81%

Percentage of employees in the employee category by age distribution (%)

<30 years	17%	48%	44%	37%
30-50 years	79%	49%	52%	60%
>50 years	4%	3%	4%	3%

Employee percentage by years of seniority (%)

0-5 years	76%	74%	64%	62%
5-10 years	10%	10%	19%	22%
10 years and above	14%	16%	17%	16%



Employee Demographics				
	2020	2021	2022	2023
Demographic distribution of executive management				
Total number of executive managers	8	14	10	10
Total number of female executive managers	1	4	4	4
Total number of Turkish executive managers	6	12	8	10
Executive managers by nationality				
Local	6	12	8	10
Foreign	2	2	2	10
Total number of employees	1,441	1,617	1,580	1,327
Total number of female employees	320	290	306	332
Total number of male employees	1,121	1,327	1,274	995
Female employee rate	0.22%	0.24%	0.23%	25%
White-collar employees	184	202	236	224
Total number of female white-collar employees	75	75	65	88
Total number of male white-collar employees	109	127	171	136
White-collar female employee rate	0.41%	0.38%	0.28%	26%
Blue-collar employees	1,257	1,415	1,344	1,104
Blue-collar female employees	245	215	241	225
Blue-collar male employees	1,012	1,200	1,103	879
Blue-collar female employee rate	0.19%	0.15%	0.17%	20%
Disabled employees	44	36	47	40

Employee Demographics				
	2020	2021	2022	2023
Interns				
Number of high school students who are interns	1	12	25	17
Number of university students who are interns	14	10	7	15
Employees by age group				
Number of employees under 30	693	727	596	490
Number of employees between 30-50	708	855	950	796
Number of employees aged 50 and over	40	35	33	41
Employees by nationality				
Local	1,436	1,612	1,576	1,324
Foreign	5	5	4	3
Average years of seniority				
Executive managers	10	10	10	10
Middle managers	7	7	7	28
Experts & Officers	6	5	5	81
Employees by contract type				
Permanent	1,037	1,114	1,196	1,213
Temporary	404	503	384	114



GRI CONTENT INDEX

GRI Services reviewed the GRI Content Index for the Content Index - Essentials Service to ensure that the GRI Content Index is presented in a clear and consistent manner with the standards; that the references to the explanations 2-1 to 2-5, 3-1 and 3-2 are consistent with the relevant sections of the report. This service was performed on the Turkish version of the report.

Notice of Use: Klimasan reported the period January 1, 2023 - December 31, 2023 according to the GRI Content Index-Essentials Standards.

GRI 1 Usage: GRI 1: Foundation 2021

GRI Sector Standard Used: Since the sector standard for the beverage, ice cream and food services / retail sector has not yet been prepared, no sector standard was used.

GRI STANDARD	DISCLOSURE	PAGE NUMBER, REFERENCE AND/OR DIRECT ANSWERS
GRI 1: FOUNDATION 2021		
GRI2: GENERAL DISCLOSURES 2021		
Organization and Reporting Applications		
	2-1 Organizational details	<ul style="list-style-type: none"> About the Report p.7 Klimasan at a Glance p.8
	2-2 Entities included in the organization's sustainability reporting	<ul style="list-style-type: none"> About the Report p.7
	2-3 Reporting period, frequency and contact point	<ul style="list-style-type: none"> About the Report p.7
	2-4 Restatements of information	<ul style="list-style-type: none"> There is no restated statement
	2-5 External assurance	<ul style="list-style-type: none"> There is no independent assurance statement regarding the report.
Activities and Employees		
GRI 2: General Disclosures 2021	2-6 Activities, value chain and other business relationships	<ul style="list-style-type: none"> Klimasan at a Glance p.8 Our Main Products p.21 Klimasan in Brief p.19 - 20 Sustainability in the Value Chain, p.50 Supply Chain Management, p.76 - 77
	2-7 Employees	<ul style="list-style-type: none"> Human Resources p.113 - 125 Our Performance Indicators p.142 - 143
	2-8 Workers who are not employees	<ul style="list-style-type: none"> Human Resources p.113 - 125 Our Performance Indicators p.142 - 143
Governance		
	2-9 Governance structure and composition	<ul style="list-style-type: none"> Corporate Governance p.32 Our Committees p.33 Sustainability Approach and Management s.40
	2-10 Nomination and selection of the highest governance body	<ul style="list-style-type: none"> Corporate Governance p.32 Our Committees p.33
	2-11 Chair of the highest governance body	<ul style="list-style-type: none"> Corporate Governance p.32 Our Committees p.33

	2-12 Role of the highest governance body in overseeing the management of impacts	<ul style="list-style-type: none"> Corporate Governance p.32 Our Committees p.33 Sustainability Approach and Management p.40
	2-13 Delegation of responsibility for managing impacts	<ul style="list-style-type: none"> Corporate Governance p.32 Our Committees p.33 Sustainability Approach and Management p.40
	2-14 Role of the highest governance body in sustainability reporting	<ul style="list-style-type: none"> Sustainability Approach and Management p.40-41
	2-15 Conflicts of interest	<ul style="list-style-type: none"> Internal Audit and Control p.87 Business Ethics p.126 - 128
	2-16 Communication of critical concerns	<ul style="list-style-type: none"> Sustainability Approach and Management p.40 - 43
	2-17 Collective knowledge of the highest governance body	<ul style="list-style-type: none"> Corporate Governance p.32 Our Committees p.33 Sustainability Approach and Management p.40
GRI 2: General Disclosures 2021	2-18 Evaluation of the performance of the highest governance body	<ul style="list-style-type: none"> Corporate Governance p.32 Our Committees p.33 Sustainability Approach and Management p.40
	2-19 Remuneration policies	<ul style="list-style-type: none"> Remuneration Policy p.115
	2-20 Process to determine remuneration	<ul style="list-style-type: none"> Remuneration Policy p.115 Corporate Social Compliance Policy p.127
	2-21 Annual total compensation ratio	<ul style="list-style-type: none"> Remuneration Policy p.115
	2-22 Statement on sustainable development strategy	<ul style="list-style-type: none"> Sustainability Approach and Management p.40 - 43
	2-23 Policy commitments	<ul style="list-style-type: none"> Our Sustainability Commitments and Targets p. 61, 90, 111 - 112 Corporate Governance p.32
	2-24 Embedding policy commitments	<ul style="list-style-type: none"> Our Sustainability Commitments and Targets p. 61, 90, 111 - 112 Corporate Governance p.32
	2-25 Processes to remediate negative impacts	<ul style="list-style-type: none"> Management of Sustainability Risks p.26 - 28



GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	PAGE NUMBER, REFERENCE AND/OR DIRECT ANSWERS
GRI 2: General Disclosures 2021	2-26 Mechanisms for seeking advice and raising concerns	<ul style="list-style-type: none"> Business Ethics p.126 - 127
	2-27 Compliance with laws and regulations	<ul style="list-style-type: none"> There were no developments that were not in compliance with the law during the reporting period, and no administrative penalties were imposed for non-compliance with laws and regulations.
	2-28 Membership associations	<ul style="list-style-type: none"> Our Stakeholder Map, Stakeholder Relations and Corporate Memberships p.55 - 59
	2-29 Approach to stakeholder engagement	<ul style="list-style-type: none"> Our Stakeholder Map, Stakeholder Relations and Corporate Memberships p.55 - 59
	2-30 Collective bargaining agreements	<ul style="list-style-type: none"> There is no collective bargaining practice within Klimasan.
MATERIAL TOPICS		
GRI 3: Material Topics 20213-2 List of material topics	3-1 Process to determine material topics	<ul style="list-style-type: none"> Our Material Topics and Materiality Matrix p.45 - 46 Approach to Material Topics p.47 - 49
	3-2 List of material topics	<ul style="list-style-type: none"> Our Material Topics and Materiality Matrix p.45 - 46 Approach to Material Topics p.47 - 49
	3-3 Management of material topics	<ul style="list-style-type: none"> Our Material Topics and Materiality Matrix p.45 - 46 Approach to Material Topics p.47 - 49
ENERGY MANAGEMENT (ENERGY CONSUMPTION, ELECTRICITY PRODUCTION)		
GRI 302: Energy 2016	GRI 3: Material Topics 20213-3 Management of material topics	<ul style="list-style-type: none"> Approach to Material Topics p.47 - 49 Energy Management p.92 - 94 Emission Management p.95 - 99
	302-1 Energy consumption within the organization	<ul style="list-style-type: none"> Energy Management p.92 - 94 Our Performance Indicators p.140
	302-3 Energy intensity	<ul style="list-style-type: none"> Our Performance Indicators p.140
	302-4 Reduction of energy consumption	<ul style="list-style-type: none"> Energy Management p.92 - 94 Our Performance Indicators p.140
	302-5 Reductions in energy requirements of products and services	<ul style="list-style-type: none"> Energy Management p.92 - 94 Our Performance Indicators p.140

WASTE AND HAZARDOUS WASTE MANAGEMENT		
GRI 306: Waste 2020	GRI 3: Material Topics 20213-3 Management of material topics	<ul style="list-style-type: none"> Approach to Material Topics p.45 - 49 Waste Management p.101 - 104
	306-1 Waste generation and significant waste-related impacts	<ul style="list-style-type: none"> Waste Management p.101 - 104
	306-2 Management of significant waste-related impacts	<ul style="list-style-type: none"> Waste Management p.101 - 104
	306-3 Waste generated	<ul style="list-style-type: none"> Waste Management p.101 - 104 Our Performance Indicators p.141
	306-4 Waste diverted from disposal	<ul style="list-style-type: none"> Waste Management p.101 - 104 Our Performance Indicators p.141
	306-5 Waste directed to disposal	<ul style="list-style-type: none"> Waste Management p.101 - 104 Our Performance Indicators p.141
CORPORATE GOVERNANCE		
GRI 3: Material Topics 20213-3 Management of material topics		<ul style="list-style-type: none"> Approach to Material Topics p.47 - 49 Corporate Governance p.32
BUSINESS ETHICS RULES		
GRI 205: Combating Corruption 2016	GRI 3: Material Topics 20213-3 Management of material topics	<ul style="list-style-type: none"> Approach to Material Topics p.47 - 49 Business Ethics p.126 - 127
	205-1 Activities assessed for risks related to corruption	<ul style="list-style-type: none"> Business Ethics p.126 - 127
	206-1 Legal actions for anti-competitive behavior, antitrust and monopoly practices	<ul style="list-style-type: none"> Business Ethics p.126 - 127
RECYCLING STRATEGY		
GRI 306: Waste 2020	GRI 3: Material Topics 20213-3 Management of material topics	<ul style="list-style-type: none"> Approach to Material Topics p.47 - 49 Waste Management p.101 - 104 Product Recyclability Analysis p.75 - 76
	306-1 Waste generation and significant waste-related impacts	<ul style="list-style-type: none"> Waste Management p.101 - 104 Our Eco-Friendly Products p.106 - 109
	306-2 Management of significant waste-related impacts	<ul style="list-style-type: none"> Waste Management p.101 - 104 Our Eco-Friendly Products p.106 - 109
	306-3 Waste generated	<ul style="list-style-type: none"> Waste Management p.101 - 104 Our Eco-Friendly Products p.106 - 109 Our Performance Indicators p.141
	306-4 Waste diverted from disposal	<ul style="list-style-type: none"> Waste Management p.101 - 104 Our Eco-Friendly Products p.106 - 109 Our Performance Indicators p.141



GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	PAGE NUMBER, REFERENCE AND/OR DIRECT ANSWERS
GRI 306: Waste 2020	306-5 Waste directed to disposal	<ul style="list-style-type: none"> Waste Management p.101 - 104 Our Eco-Friendly Products p.106 - 109 Our Performance Indicators p.141
PRODUCT DESIGN & LIFECYCLE MANAGEMENT		
GRI 3: Material Topics 20213-3 Management of material topics		<ul style="list-style-type: none"> Approach to Material Topics p.47 - 49 Sustainable Business p.38 Sustainability in the Value Chain p.50 Product Recyclability Analysis p.75 - 76
GRI 301: Materials 2016	301-2 Use of recycled input materials	<ul style="list-style-type: none"> Product Recyclability Analysis p.75 - 76
	301-3 Recovered products and packaging materials	<ul style="list-style-type: none"> Product Recyclability Analysis p.75 - 76
CLIMATE CHANGE ADAPTATION STRATEGY		
GRI 3: Material Topics 20213-3 Management of material topics		<ul style="list-style-type: none"> Approach to Material Topics p.47 - 49 Energy Management p.92 - 94 Emission Management p.95 - 99
DIVERSITY AND EQUAL OPPORTUNITY (WOMEN'S EMPOWERMENT)		
GRI 3: Material Topics 20213-3 Management of material topics		<ul style="list-style-type: none"> Approach to Material Topics p.47 - 49 Equal Opportunity p.115 - 116
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of management bodies and employees	<ul style="list-style-type: none"> Our Performance Indicators p.142 - 143
	405-2 Ratio of basic salary and wages of women to men	<ul style="list-style-type: none"> There is no gender based salary difference at Klimasan. The principle of equal pay for equal work is applied.
GRI 406: Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	<ul style="list-style-type: none"> There were no cases of discrimination during the reporting period.
PRODUCT QUALITY & RECALL MANAGEMENT		
GRI 3: Material Topics 20213-3 Management of material topics		<ul style="list-style-type: none"> Approach to Material Topics p.47 - 49 Product Safety p.75

GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	<ul style="list-style-type: none"> Product Safety p.73 Customer Satisfaction and After Sales Services p.82 - 84
	417-2 Incidents of non-compliance with product and service information and labeling	<ul style="list-style-type: none"> During the reporting period, there were no violations of laws or voluntary codes in product information and labeling.
RESOURCE USE		
GRI 3: Material Topics 20213-3 Management of material topics		<ul style="list-style-type: none"> Approach to Material Topics p.47 - 49 Supply Chain Management p.76 - 81 Our Environmental Approach and Management p.91 - 104
	301-1 Materials used by weight or volume	<ul style="list-style-type: none"> Our Performance Indicators p.140
GRI 301: Materials 2016	301-2 Use of recycled input materials	<ul style="list-style-type: none"> Product Recyclability Analysis p.75 - 76
	301-3 Recovered products and packaging materials	<ul style="list-style-type: none"> Product Recyclability Analysis p.75 - 76
OCCUPATIONAL HEALTH AND SAFETY		
GRI 3: Material Topics 20213-3 Management of material topics		<ul style="list-style-type: none"> Approach to Material Topics p.47 - 49 Occupational Health and Safety p.130 - 135
	403-1 Occupational health and safety management system	<ul style="list-style-type: none"> Occupational Health and Safety p.130 - 135
	403-2 Hazard identification, risk assessment and incident investigation	<ul style="list-style-type: none"> Occupational Health and Safety p.130 - 135
	403-3 Occupational health services	<ul style="list-style-type: none"> Occupational Health and Safety p.130 - 135
	403-4 Worker participation, consultation and communication on occupational health and safety	<ul style="list-style-type: none"> Occupational Health and Safety p.130 - 135
	403-5 Worker training on occupational health and safety	<ul style="list-style-type: none"> Occupational Health and Safety p.130 - 135
GRI 403: Occupational Health and Safety 2018	403-6 Worker health promotion	<ul style="list-style-type: none"> Occupational Health and Safety p.130 - 135
	403-7 Prevention and reduction of occupational health and safety impacts directly related to work relations	<ul style="list-style-type: none"> Occupational Health and Safety p.130 - 135
	403-8 Workers within the scope of the occupational health and safety management system	<ul style="list-style-type: none"> Occupational Health and Safety p.130 - 135
	403-9 Work-related injuries	<ul style="list-style-type: none"> Occupational Health and Safety p.130 - 135 Our Performance Indicators p.142
	403-10 Work-related diseases	<ul style="list-style-type: none"> Occupational Health and Safety p.130 - 135 Our Performance Indicators p.142



GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	PAGE NUMBER, REFERENCE AND/OR DIRECT ANSWERS
SUSTAINABLE FINANCE, FINANCIAL STABILITY AND SYSTEMATIC RISK		
GRI 3: Material Topics 20213-3	Management of material topics	<ul style="list-style-type: none"> Approach to Material Topics p.47 - 49
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	<ul style="list-style-type: none"> Klimasan at a Glance p.8 Our Main Products p.19 Klimasan in Brief p.17 - 18 Summary Financial Information p.62
LOW CARBON STRATEGY (EMISSION REDUCTION)		
GRI 3: Material Topics 20213-3	Management of material topics	<ul style="list-style-type: none"> Approach to Material Topics p.47 - 49 Emission Management p.95 - 99
	305-1 Direct (Scope 1) GHG emissions	<ul style="list-style-type: none"> Emission Management p.95 - 99 Our Performance Indicators p.140
	305-2 Energy indirect (Scope 2) GHG emissions	<ul style="list-style-type: none"> Emission Management p.95 - 99 Our Performance Indicators p.140
GRI 305: Emissions 2016	305-3 Other indirect (Scope 3) GHG emissions	<ul style="list-style-type: none"> Emission Management p.95 - 99 Our Performance Indicators p.140
	305-4 GHG emissions intensity	<ul style="list-style-type: none"> Emission Management p.95 - 99 Our Performance Indicators p.140
	305-5 Reduction of GHG emissions	<ul style="list-style-type: none"> Emission Management p.95 - 99 Our Performance Indicators p.140



UNGC INDEX

UNITED NATIONS GLOBAL COMPACT (UNGC) INDEX

	Principles	References
HUMAN RIGHTS	Principle 1: Business should support and respect the protection of human rights.	Our Sustainability Strategy (People), page 36 Sustainability Approach and Management, page 40-43 Approach to Material Topics, page 47-49 Sustainable Development Goals We Contribute To, page 51-54 Supply Chain Management, page 76-80 Our Sustainability Commitments and Goals, page 111-112
	Principle 2: Business should not be complicit in human rights violations.	Human Resources, page 113-125 Business Ethics, page 126-127 Our Mission, Vision and Values Klimasan Supplier Code of Conduct
LABOR STANDARDS	Principle 3: Business should support the freedom of workers to organize and bargain collectively.	Our Sustainability Strategy (People), page 36 Sustainability Approach and Management, page 40-43
	Principle 4: End forced and compulsory labor.	Our Ethical Values and Strategic Goals, page 24 Sustainable Development Goals We Contribute To, page 51-54 Supply Chain Management, page 76-80 Human Resources, page 113-125 Business Ethics, page 126-127
	Principle 5: End all forms of child labor.	Our Mission, Vision and Values Klimasan Supplier Code of Conduct Klimasan Social Compliance Policy
	Principle 6: End discrimination in recruitment and placement.	
ENVIRONMENT	Principle 7: Business should support a precautionary approach to environmental issues.	Our Sustainability Strategy (Our Planet), page 37 Sustainability Approach and Management, page 40-43 Approach to Material Topics, page 47-49 Sustainable Development Goals We Contribute To, page 51-54 Our Sustainability Commitments and Goals, page 111-112
	Principle 8: Support all activities and initiatives that increase environmental responsibility.	Our Environmental Approach and Management, page 91 Energy Management, page 92-94 Emission Management, page 95-99 Water Management, page 100 Waste Management, page 101-104
	Principle 9: Support the development and diffusion of environmentally friendly technologies.	Biodiversity, page 105 Our Eco-Friendly Products, page 106-109 Klimasan Sustainability Policy
ANTI-CORRUPTION	Principle 10: Business should fight corruption in all its forms, including bribery and extortion.	Our Sustainability Strategy (People), page 36 Sustainability Approach and Management, page 40-43 Sustainable Development Goals We Contribute To, page 51-54 Business Ethics, page 126-127 Klimasan Supplier Code of Conduct Klimasan Social Compliance Policy



EMISSION INVENTORY

GHG PROTOCOL				
Main Category	Categories	t CO2		
Scope 1	1.1 Stationary Combustion	1029.23		
	1.2 Hareketli Yanma	286.08		
	1.4 Leakage / Leaking Gas	153.80		
Scope 2	2.1 Electricity	4340.13		
	3.1 Purchased goods and services	39739.53		
	3.2 Capital goods	403.42		
	3.3 Fuel and energy-related activities	2902.46		
	3.4 Upstream transportation and distribution	1494.11		
	3.5 Waste generated in operations	54.47		
	3.6 Business travel	94.10		
	3.7 Employee commuting	315.97		
	Scope 3	3.8 Upstream leased assets	-	
		3.9 Downstream transportation and distribution	5233.67	
		3.10 Processing of products sold	-	
		3.11 Use of products sold	904602.33	
		3.12 End-of-life treatment of products sold	750.50	
		3.13 Downstream precursor assets	-	
		3.14 Franchises	-	
3.15 Investments		-		

ISO 14064						
Main Category	Categories	t CO2	t CH4	t N2O	t CO2e	
Scope 1	1.1 Stationary Combustion	1028.21	0.52	0.51	1029.23	
	1.2 Mobile Combustion	280.50	0.79	4.79	286.08	
	1.4 Leakage / Leaking Gas	153.80	-	-	153.80	
Scope 2	2.1 Electricity	4340.13	-	-	4340.13	
	3.1 Input Transportation	1494.11	-	-	1494.11	
	3.2 Output Transportation	5233.67	-	-	5233.67	
	3.3 Employee Arrival / Departure	315.97	-	-	315.97	
	3.4 Visitor Transportation	35.63	-	-	35.63	
	3.5 Business Trips	58.47	-	-	58.47	
	Scope 3	3.6 Well To Tank	2902.46	-	-	2902.46
		4.1 Purchased Product	39299.26	-	1329.54	40628.81
		4.2 Purchased Assets	403.42	-	-	403.42
		4.3 Waste Disposal	54.47	-	-	54.47
		4.4 Service Use	440.27	14.32	-	454.59
		5.1 Product Use Stage	904602.33	-	-	904602.33
		5.2 After Product Life Cycle	750.50	-	-	750.50
		Total	961393.19	15.64	1334.84	962743.67



IREC CERTIFICATE



This Redemption Statement has been produced for

KLİMASAN KLİMA SAN. VE TİC. A.Ş.

by

AKSA ELEKTRİK SATIŞ A.Ş.

confirming the Redemption of

9 886.000000

I-REC Certificates, representing 9 886.000000 MWh of
electricity generated from renewable sources

This Statement relates to electricity consumption located at or in

**Manisa OSB 1.Kısım Keçiliköy OSB Mh. Cumhuriyet Cad. No:1 45030 Yunusemre,
Manisa Turkey**

in respect of the reporting period

2023-01-01 to 2023-12-31

The stated Redemption Purpose is

Scope 2 Reporting



Ev.



QR Code Verification

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

Verification Key

4 1 2 9 2 7 2 5

<https://api-internal.evident.app/public/certificates/en/6a2edPkdhZpMQZqj823yN3Kjci%2FNSOHwFr%2FZb9%2Fvu5N9vqypvd%2BGfwh37%2Fpe9050>

ISO 14064-1 VERIFICATION STATEMENT



Greenhouse Gas Verification Statement
Sera Gazı Doğrulama Beyanı

KLİMASAN KLİMA SAN. ve TİC. A.Ş.

Organizational Boundaries / Organizasyonel Sınırlar

Manisa OSB 1. Kısım Keçiliköy OSB Mahallesi Cumhuriyet Caddesi No:1 Yunusemre/Manisa

The Greenhouse Gas emissions inventory has been verified to meet the standard requirements specified below according to ISO 14064-3:2019 / Sera Gazı emisyonları envanterinin, ISO 14064-3:2019'a göre aşağıda belirtilen standart gerekliliklerini

ISO 14064-1:2018

Category 1- Direct Emissions / Doğrudan emisyonlar	1.469,11 t CO2 eq
Category 2- Emissions (Location Based) / Enerji kaynaklı emisyonlar (Lokasyon Bazlı)	4.340,13 t CO2 eq
Category 2- Emissions (Market Based) / Enerji kaynaklı emisyonlar (Market Bazlı)	4.340,13 t CO2 eq
Category 3- Emissions from transportation / Ulaşım kaynaklı emisyonlar	10.040,31 t CO2 eq
Category 4- Emissions from products, service used / Kullanılan ürün - hizmet kaynaklı	41.541,28 t CO2 eq
Category 5- Emissions from associated with the use of the product / Ürün kullanımı	905.352,83 t CO2 eq
Category 6- Other Emissions / Diğer emisyonlar	- t CO2 eq
Total Emissions (Location Based) / (Lokasyon Bazlı)	962.743,66 t CO2 eq
Total Emissions (Market Based) / (Market Bazlı)	962.743,66 t CO2 eq

Biogenic Emissions / Biyojenik Emisyonlar - t CO2 eq
Market Based Emissions Reference Numbers / Market Bazlı Emisyonlar İçin Referans Numaraları -

Level of Assurance : Reasonable / Makul	Verification Report Date Doğrulama : 26.09.2024
Given Seviyesi : 01.01. 2023 - 31.12. 2023	Rapor Tarihi Statement No Beyan No : SG-GNL-107 / 2023
Reporting Period Raporlama Dönemi	

Onaylayan
Okay Kayhanlı – Genel Müdür



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SBTI EMISSION REDUCTION TARGETS APPROVAL



APPROVED

NEAR-TERM SCIENCE-BASED TARGETS

The Science Based Targets initiative has validated that the science-based greenhouse gas emissions reductions target(s) submitted by Klimasan A.Ş. conform with the SBTi Criteria and Recommendations (Criteria version 5.0).

SBTi has classified your company's scope 1 and 2 target ambition as in line with a 1.5°C trajectory.

SBTi has classified your company's scope 1 and 2 target ambition as in line with a 1.5°C trajectory.

The official near-term science-based target language:

Klimasan A.Ş. commits to reduce absolute scope 1 and 2 GHG emissions 44.1% by 2030 from a 2020 base year. Klimasan A.Ş. also commits to reduce scope 3 GHG emissions from the use of sold products 51.6% per product sold by 2030 from a 2021 base year.

Partner Organizations



In collaboration with



KLİMASAN

KLİMASAN

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enexion
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