



## 2020 SUSTAINABILITY REPORT



# Table of Contents

- 3 About the Report
- 4 Message from the CEO

## 6 OUR CORPORATE PROFILE

- 7 About Katmerciler
- 10 Milestones of Katmerciler
- 11 Our Vision, Mission and Values
- 12 Our Areas of Activity
- 19 Our Board of Directors and Organizational Structure
- 23 Our Economic Contribution and Performance
- 24 Highlights of 2020

## 49 OUR RESPONSIBLE ENVIRONMENTAL MANAGEMENT

- 50 Combating Climate Change and Our Energy Management
- 51 Our Water Management
- 52 Our Waste Management

## 25 OUR CORPORATE GOVERNANCE STRUCTURE

- 26 Our Corporate Governance
- 28 Business Ethics and Compliance with Corporate Policies and Laws
- 30 Our Risk Management and Internal Control
- 35 Our Sustainability Approach
- 37 Communication with Our Stakeholders

## 53 OUR INNOVATIVE PRODUCTS AND DIGITALIZATION PRACTICES

- 54 Our R&D Practices
- 59 Our Digital Transformation Processes
- 61 Privacy and Information Security

## 40 OUR PEOPLE-ORIENTED WORKING APPROACH

- 42 Our Employee Profile
- 43 Our Favorable Working Conditions
- 44 Support for the Development of Our Employees
- 45 Diversity and Equal Opportunity
- 46 Occupational Health and Safety

## 62 APPENDIX

- 63 Our Ethical Principles Procedure
- 64 Priority Topics for Katmerciler
- 65 Framework for Compliance with the Sustainability Principles
- 74 GRI Standards Content Index

# About the Report

As Katmerciler Araç Üstü Ekipman Sanayi ve Ticaret A.Ş., we have been maintaining our relations with all our stakeholders for more than 35 years based on the principles of transparency, accountability, responsibility and fairness that we have adopted as our core values. On the other hand, we offer all our stakeholders quality and trust for the complete process of pre-sales, production and after-sales stages. Accordingly, we will be sharing the value that we have created in the economic, environmental and social fields and our sustainability performance, with all our stakeholders and customers through this report. As a company that embraces the 2023 vision and goals of our country, holds itself responsible for achieving these goals, and makes special efforts to fulfill its responsibilities, we continue to work with the aim of contributing to the defense of the country with the production of armored personnel carriers and defense industry equipment.

We have created our report content in line with the information given by our Company's working groups. These information and data we included were prepared within the scope of **our Company's Turkey operations carried out from January 1, 2020 to December 31, 2020, and this scope constitutes all of our activities.** This report has been prepared in line with the Global Reporting Initiative (GRI) Standards: "Basic" option.

Our understanding of "sustainability", which we have adopted in line with our goal of creating value for all our stakeholders, is at the center of our business model. Accordingly, getting feedback from our stakeholders regarding our sustainability report is critical for our sustainable development.



We have prepared our first sustainability report in a way that will reflect our performance towards our sustainability goals and the steps that we have taken to this end.



You may share with us all your feedback, ideas and suggestions through [info@katmerciler.com.tr](mailto:info@katmerciler.com.tr).

# Message From the CEO



◀ Mehmet Katmerci  
CEO

Dear Valued Stakeholders,

While 2020 was a difficult period for the whole world under the shadow of the Covid-19 pandemic, we also felt the heavy effects of the pandemic in our country. In this difficult period, as Katmerciler Araç Üstü Ekipman Sanayi ve Ticaret A.Ş., we have continued our regular activities focused on **creating value** for our stakeholders, in addition to protecting the health of approximately **430 employees** of our Company. Together with our partners, employees, suppliers and customers, we have proudly maintained our strong economic position in the market again this year within the framework of our principles and values, in line with our vision of becoming a global brand in the on-board equipment and defense industry sectors. In 2020, thanks to our comprehensive measures and flexible production approach, we achieved positive results with the increase in demands from **our country and our service network that spreads across 24 countries**. In addition, with the impact of the Covid-19 pandemic, we have started to focus more on digitalization and innovative processes in our activities.

We believe in the importance of sustainability, corporate identity, and stability in order to carry Katmerciler into the future. In line with this belief, we operate under a corporate structure, the processes of which are correctly defined and which is managed in a healthy and systematic way. In parallel with our principles of openness, transparency and accountability, we show utmost effort to fulfill all the requirements of the "corporate citizenship" principles.

We believe that one of the most important values of our organization is our employees. Accordingly, we take steps to support the personal and professional development of our employees, by contributing to their career development with a people-oriented management approach, which embraces the idea of local employment. In all our human resources processes, we aim to ensure the continuity of satisfaction of our employees by providing them with equal opportunities and respecting their rights. On the other hand, we consider it among our priorities to provide our employees with a healthy, safe and clean working environment.

We make a difference with our technology-based production capability in the on-board equipment and defense industry sectors in which we have been operating for more than 35 years. In 2020, we continued to provide services to domestic and foreign military institutions, police forces, municipalities, public authorities and institutions and the private sector, with our innovative products and rich product range. Moreover, we **have become the company with the widest product range** in the sector in the area of on-board equipment, with the **turnkey production of nearly 30 equipment**, all of which are certified in terms of quality. Accordingly, we have continued our work without compromising our methods of doing business which focus on customer satisfaction.

As Katmerciler, we continue to increase our economic and operational performance each and every day and to support the development

of our country with our contribution to the local economy. In 2020, our consolidated gross sales profit rate was recognized as **61.26%**. EBITDA margin increased **by 21.86 base points** in this operating period **compared to the previous year and reached 51.65%**. These outstanding economic achievements in this challenging period have enabled us to gain a structure that is even stronger than before against the obscurities of the future. In addition, while continuing our activities under the shadow of the Covid-19 pandemic, **we have increased our sales revenues by 26.6%** to TL 353 million. Our export revenues have acted as a catalyst for this increase. In 2020, we made **an increase of 177% in our export income** and increased it to TL 274 million. In 2020, we increased our Company's issued capital, which was TL 75 million within the registered capital ceiling of TL 450 million, from TL 75 million to **TL 217.5 million, by increasing it by 190% with a capital increase through rights issue**.

In 2020, size of our assets reached TL 1,104,101 million and our shareholder's equity reached TL 240,012 million.





We are aware that R&D and innovation are among the most important issues in the on-board equipment and defense industry sectors. We develop innovative, creative and pioneering products with **approximately 40 engineers** working in our R&D centers. We have once again proven the importance we attach to innovation and technology, by ranking among the **top 250 companies that make the most R&D expenditures in Turkey. Our 14 domestic and international patent applications, 7 of which have been registered**, have been one of the most important indicators of our contribution to Turkey's innovative transformation journey.

In 2020, the amount of investment we made in our R&D activities alone reached TL 8.2 million which is 43% of the expenditure we made on our investments.

With our internal risk management approach, we aim to prevent the materialization of risks and to minimize the negative effects of existing risks. We continue our activities by finding solutions to the root causes of high-risk incidents that have taken place in the past. In addition, we improve our risk management mechanism against global risks that may occur in the future, in line with our Company's vision of being constantly ready in the face of all possible risks. As Katmerciler, we manage our risks and opportunities within the

framework of **ISO 31000 Risk Management Standards**, and in compliance with international standards within the framework of **ISO 9001 Quality Management System, ISO 14001 Environmental Management System and TS 18001 Occupational Health and Safety Management System**. In line with our goal of reducing our environmental footprint with our responsible environmental management approach, we conduct efficiency practices and environmental policy studies.

In today's world, companies are evaluated by investors not only based on their financial data, but also the value they add to society and the environmental impact they make. We are aware that this situation has become a reality of the entire business world. With this awareness and by complying with our responsibility to be transparent against our stakeholders, we have shaped our sustainability approach within the scope of **GRI (Global Reporting Initiative) Reporting Standards, World Economic Forum global risks and the sector-specific priorities determined by the Sustainability Accounting Standard Board (SASB) to the sector**. As a company working to contribute directly to the Sustainable Development Goals and the 2023 vision and goals of our country, we consider it our duty to transparently disclose to all our stakeholders information relation to our performance and the steps we have taken towards our goals, in line with our sustainability approach.

I would like to extend my gratitude to our colleagues and all our stakeholders, who have contributed to the preparation of the **Katmerciler 2020 Sustainability Report**, who have helped us maintain our achievements also in 2020, and with whom we share our Company's performance details and goals in the environmental, social and governance areas. I am happy to present to you our sustainability report, which we have prepared for the first time this year and in which we have focused on the CMB Sustainability Principles Compliance Framework, in order for all our stakeholders, and particularly our investors, to get to know and evaluate Katmerciler from a wider perspective.

As Katmerciler, we will continue to improve ourselves with determination also in the upcoming period, as a whole, together with our employees, customers, suppliers, business partners, shareholders and investors. With the strength we derive from our country and our stakeholders, which is our greatest motivation, we will continue our activities in our journey of becoming an international brand that will make our country proud.

## Our Corporate Profile

- ◀ About Katmerciler
- ◀ Milestones of Katmerciler
- ◀ Our Vision, Mission and Values
- ◀ Our Activity Areas
- ◀ Our Board of Directors and Organizational Structure
- ◀ Our Economic Contribution and Performance
- ◀ Highlights of 2020





# About Katmerciler

As Katmerciler Araç Üstü Ekipman Sanayi ve Ticaret A.Ş., we are the innovative and dynamic power of the defense industry in our country which has a leading position in the on-board equipment sector. We operate simultaneously and effectively in both sectors by directing our knowledge and experience we have gained in the on-board equipment sector to the defense sector.

As an open and transparent company that acts with the awareness of its responsibilities towards its thousands of investors in every step it takes, and that is managed with a corporate citizenship understanding, we stand out with our flexible production capability, fast-response rate for demands, and interactive after-sales services. Thanks to our wide design portfolio, we rapidly design and manufacture equipment for various makes and types of vehicles in projects that may require a new design specific to the order in question, as necessitated by the sector structure.

In line with our pioneering and innovative approach, we carry out our activities in both sectors and adapt the opportunities offered

by advanced technology, to our production processes to the maximum extent. While expanding our product range with new products every year, we increase the quality of our products and services with the support of our automation systems. We make a difference in our sector by maintaining our quality-focused and customer satisfaction-oriented business understanding that we have adopted in all our operation processes, and our understanding of doing business without compromising on quality, also in our after-sales services.

Within the scope of our innovative breakthroughs in the two main sectors in which we operate, namely the on-board equipment and the defense industry sectors, we provide our Company with a significant competitive advantage with our Project and R&D Departments. We have an R&D Center certified as an "R&D Production Center" by the Ministry of Science, Technology and Industry. We also carry out all our design and development works for the defense sector in this center.



~45  
Engineers



~430  
Employees



Export to  
~64  
countries



31,600 m<sup>2</sup>

**production facility**  
in İzmir Çiğli  
Atatürk Organized  
Industrial Zone



**3 modern facilities and test  
tracks of**

33,000 m<sup>2</sup>

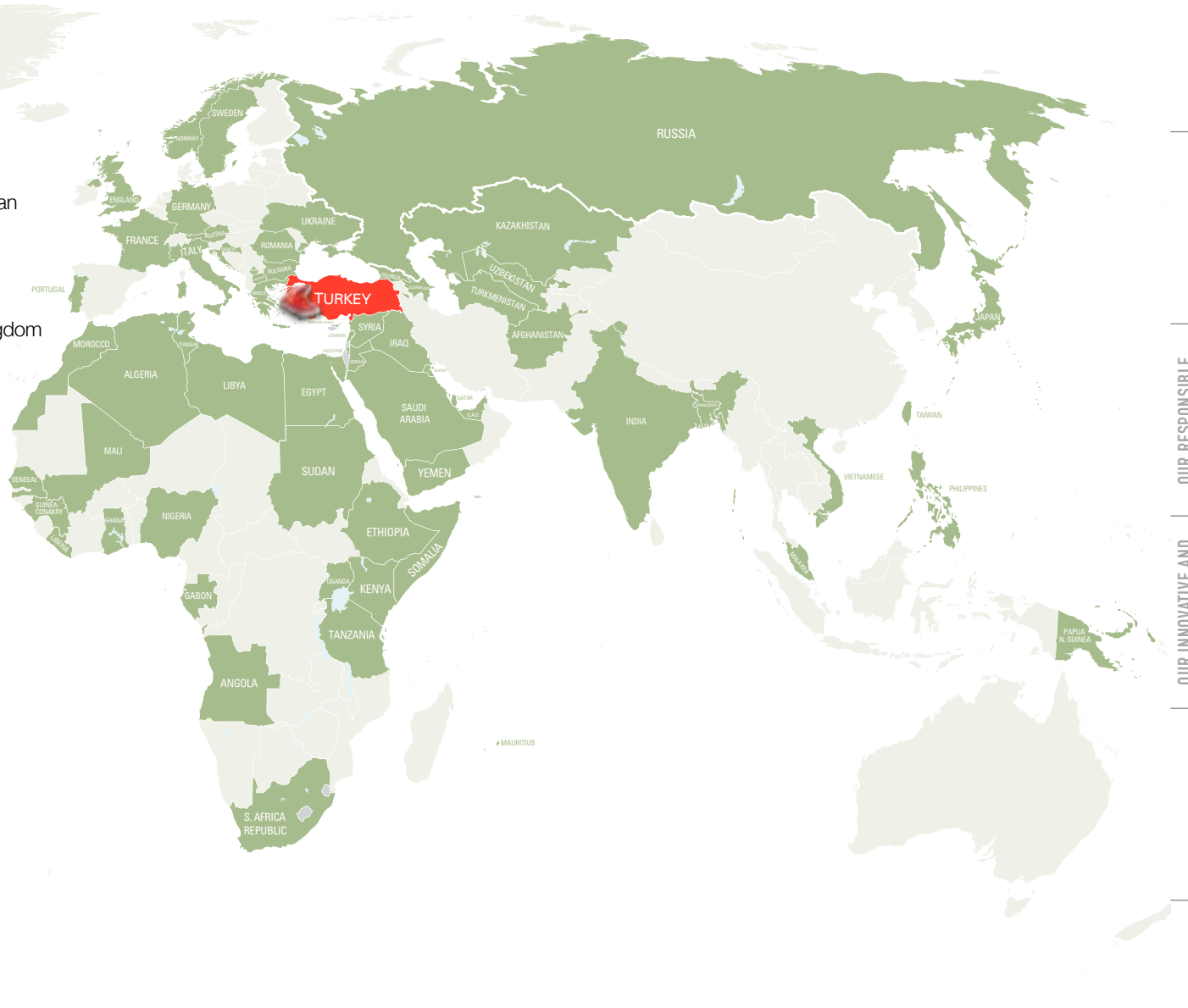
in Ankara  
Başkent Organized  
Industrial Zone

	2019	Artış	2020
<b>Sales Revenue</b>	TL 278.91 Million	27% ↑	TL <b>353.08</b> Million
<b>Export Revenue</b>	TL 99.01 Million	177% ↑	TL <b>274.32</b> Million
	USD 16.69 Million	127% ↑	USD <b>37.87</b> Million
<b>Size of Assets</b>	TL 889.59 Million	24% ↑	TL <b>1,104.1</b> Million
<b>Equities</b>	TL 112.78 Million	113% ↑	TL <b>240.01</b> Million

As Katmerciler, in addition to being the largest exporter of the on-board equipment sector for many years, we contribute to the country's economy and employment levels through various methods

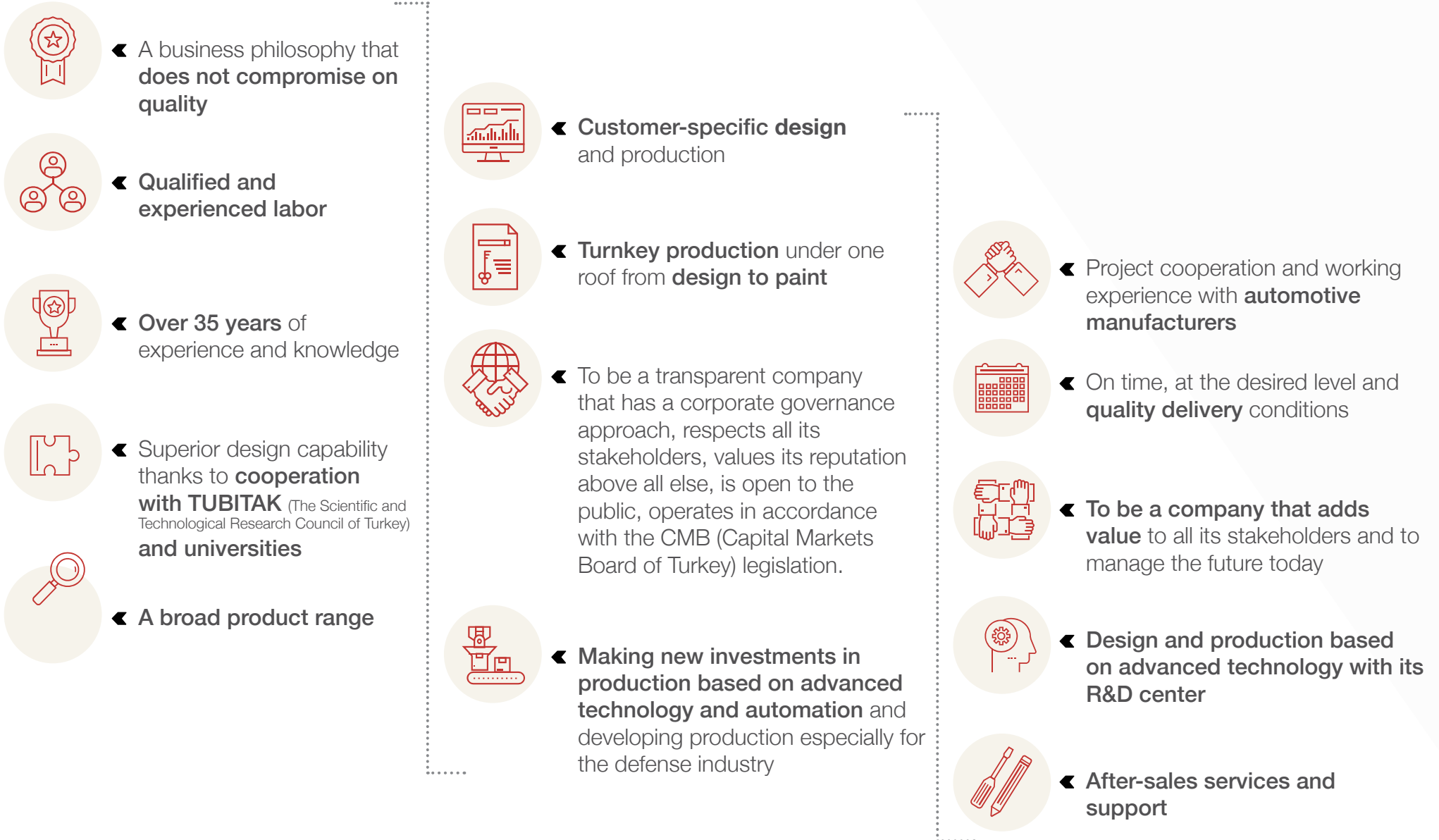
## • Our Export Network

- |                     |                            |                     |
|---------------------|----------------------------|---------------------|
| 01   Afghanistan    | 30   Lebanon               | 52   Spain          |
| 02   Algeria        | 31   Liberia               | 53   Sweden         |
| 03   Angola         | 32   Libya                 | 54   Syria          |
| 04   Argentina      | 33   Macedonia             | 55   Taiwan         |
| 05   Austria        | 34   Malaysia              | 56   Tanzania       |
| 06   Azerbaijan     | 35   Mali                  | 57   Tunisia        |
| 07   Bangladesh     | 36   Mauritius             | 58   Turkmenistan   |
| 08   Bulgaria       | 37   Morocco               | 59   U.A.E          |
| 09   Cape Verde     | 38   Nigeria               | 60   Uganda         |
| 10   Chile          | 39   Northern Cyprus       | 61   Ukraine        |
| 11   Croatia        | 40   Palestine             | 62   United Kingdom |
| 12   Egypt          | 41   Papua New Guinea      | 63   Uzbekistan     |
| 13   Ethiopia       | 42   Philippines           | 64   Vietnam        |
| 14   France         | 43   Portugal              | 65   Yemen          |
| 15   Gabon          | 44   Qatar                 |                     |
| 16   Georgia        | 45   Romania               |                     |
| 17   Germany        | 46   Russia                |                     |
| 18   Ghana          | 47   Saudi Arabia          |                     |
| 19   Greece         | 48   Senegal               |                     |
| 20   Guinea-Conakry | 49   Somalia               |                     |
| 21   India          | 50   South Africa Republic |                     |
| 22   Iraq           | 51   Sudan                 |                     |
| 23   Italy          |                            |                     |
| 24   Japan          |                            |                     |
| 25   Jordan         |                            |                     |
| 26   Kazakhstan     |                            |                     |
| 27   Kenya          |                            |                     |
| 28   Kosovo         |                            |                     |
| 29   Kuwait         |                            |                     |

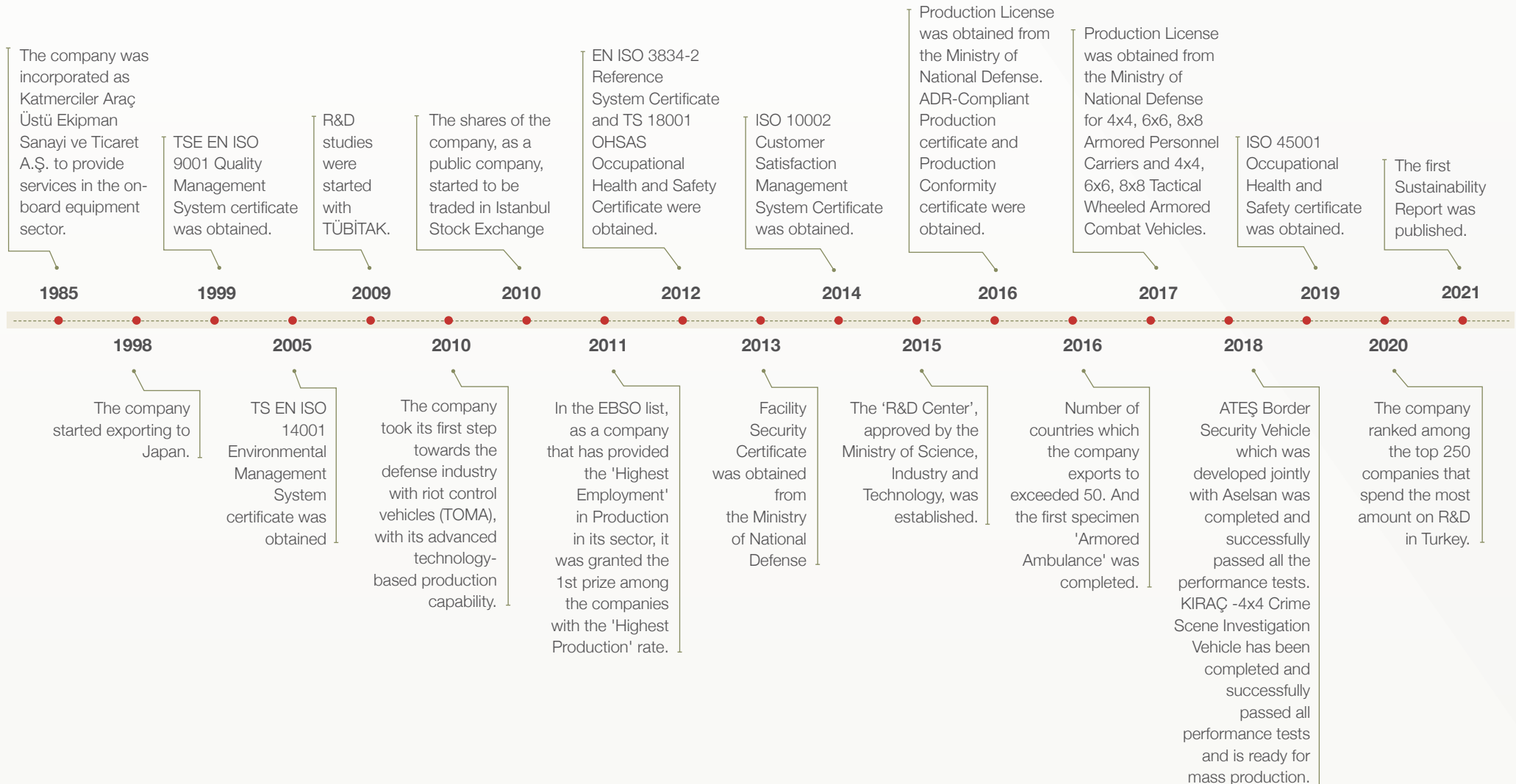




## Why Choose Katmerciler?



# Milestones of Katmerciler



# Our Vision, Mission and Values





# Our Activity Areas

As Katmerciler, we operate simultaneously in the on-board equipment and defense industry sectors. With our innovative products and rich product range, we provide services to domestic and foreign military institutions, police forces, municipalities, public authorities and institutions and the private sector.

## Our Activities in the On-Board Equipment Sector

Our product range in the on-board equipment sector includes fire trucks, environmental trucks, transportation trucks, construction equipments, and products of special design and production. Among these products; we have on-board equipment with different functions, ranging from fire trucks, garbage trucks, combined canal suction & jetting vehicle, canal sewage vehicle, tankers, rescue fire trucks, tripper trucks, to mobile maintenance vehicles, which are indispensable for a safer, cleaner and comfortable life at high standards for humanity.



## Our Activities in the Defense Industry Sector

Among our products of the defense industry sector, we have armoured ADR(European Agreement on International Carriage of Dangerous Goods by Road) fuel tanker, protection shield, armoured tripper trucks, remote controlled armoured tracked excavator, armoured trailer, armoured water tanker, armoured tripper, remote controlled armoured articulated wheel loader, armoured bus, 4x4 armoured ambulance, KHAN 4x4 armoured personnel carrier, riot control vehicle (RCV), and remote controlled weapon platform with tracking system. In addition, we aim to strengthen our position in the sector with the products that we will develop in a wide segment extending to 6x6 and 8x8 armored systems in the long term.



As Katmerciler, we took our first step towards the defense industry with riot control vehicles (TOMA), with our advanced technology-based production capability. Many TOMAs used by the Gendarmerie General Command and Turkish National Police have been produced by Katmerciler. In line with our belief that it is not possible to talk about a solid country defense without strong domestic defense companies, we started to take part in the Turkish defense industry by accelerating our work for the defense industry following the TOMA production projects.

We aim to be one of the leading companies in the defense industry sector, with the Production Licenses and Facility Security Certificates that we have obtained from the Ministry of National Defense for our Izmir and Ankara factories. We are the solution partner and dynamic power of the defense industry with our ballistic-powered 4x4 wheeled armored vehicles produced in NATO standards with high mine protection, which we have designed and developed completely in our own R&D Center and which are among the important needs of the Turkish Armed Forces and Police Forces.

In the field of on-board equipment, we are the Company with the widest product range in the sector with the turnkey production of close to **30 equipment**, all of which are quality certified.

## • Domestic Service Network



◀ İzmir Head Office & Factory    ◀ Ankara Factory

### İstanbul Region

- İstanbul
- Kırklareli
- Tekirdağ
- Kocaeli

### Ankara Region

- Ankara
- Eskişehir
- Afyon
- Konya
- Aksaray
- Çorum
- Yozgat
- Kırıkkale
- Nevşehir
- Kırşehir
- Kastamonu
- Çankırı
- Karabük

### Bolu

- Bolu
- Niğde
- Karaman

### Adana Region

- Adana
- Kayseri
- Osmaniye
- Kahramanmaraş

### Samsun Region

- Samsun
- Sinop
- Amasya
- Tokat
- Sivas
- Ordu

### Trabzon Region

- Gümüşhane
- Trabzon
- Bayburt

### Rize

- Rize
- Artvin

### Erzurum Region

- Erzurum
- Erzincan

### Mersin Region

- Mersin

### Diyarbakır Region

- Diyarbakır
- Şanlıurfa
- Tunceli
- Elazığ
- Bingöl
- Muş
- Malatya
- Adıyaman

### Batman Region

- Batman

### Iğdır Region

- Iğdır
- Kars
- Ardahan

### Şırnak Region

- Şırnak
- Siirt
- Hakkari
- Mardin
- Bitlis

### Ağrı Region

- Ağrı
- Van

### Hatay Region

- Hatay
- Gaziantep
- Kilis

## • Overseas Service Network



### Azerbaijan

- Azerbaijan
- Belgium
- Bosnia and Herzegovina
- Bulgaria
- Morocco
- Palestine
- S. Africa Republic
- Georgia

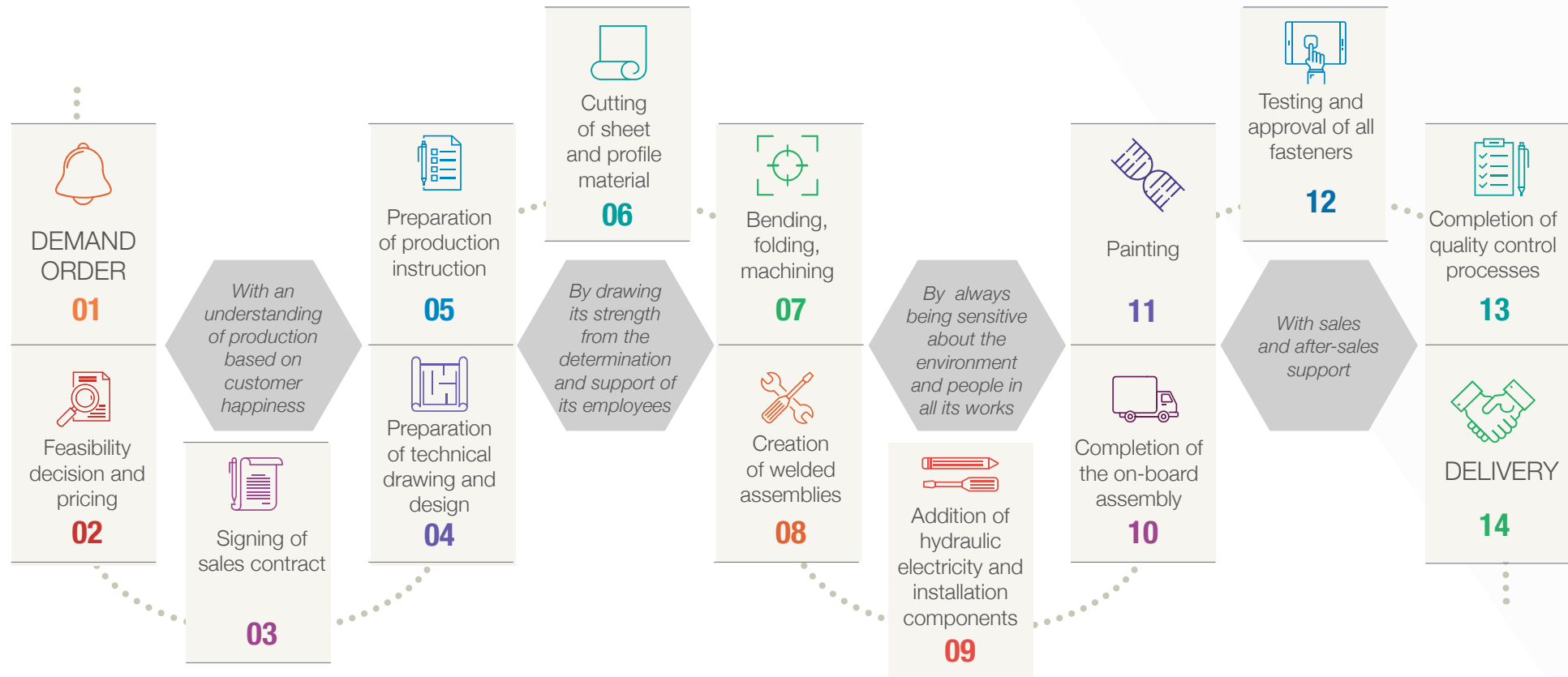
### England

- England
- Qatar
- Kazakhstan
- Kenya
- Kosova
- Macedonia
- Mauritius
- Nigeria

### Norway

- Norway
- Romania
- Russia
- Serbia
- Tunisia
- Ukraine
- Jordan
- Yemen

## Our 'Turnkey' Production Process Under One Roof



We have arranged our production line in a way to accommodate the manufacturing of many different types of products.



We give our customers an after-sales spare part supply guarantee valid for **10 years**.



## Our Product Range

### ◀ Our Commercial Vehicles



#### Our Fire Trucks

- Hydraulic Ladder Fire Truck
- Aerial Ladder Platform



#### Our Environmental Services Vehicles

- Garbage Trucks
- Combined Jetting Vehicle



#### Our Transport Vehicles

- ADR Trailer Tanker
- Tipper and Tipper Trailer



#### Our Special Products

- Aircraft Refueller
- Recovery Trucks
- Platforms
- Ambulance



#### Our On-Board Equipment for the construction sector

- Silo Trailer
- Truckmixer

## Our Product Range

### ◀ Our Defense Industry Vehicles



#### HIZIR

4x4 Tactical Wheeled Armoured Vehicle

#### HIZIR II

4x4 Tactical Wheeled Armoured Vehicle

#### ATEŞ

4x4 Armoured Border Security Vehicle

#### EREN

4x4 Tactical Urban Warfare Vehicle



#### KIRAÇ

New Generation Criminal Investigation Vehicle

#### KHAN

4x4 Armoured Personnel Carrier

#### Remote Controlled Weapon Platform With Tracking System

#### 4x4 Armoured Ambulance

## Our Product Range

### ◀ Our Defense Industry Vehicles





## Our Product Range

### ◀ Our Defense Industry Vehicles



# Our Board of Directors and Organizational Structure

## Our Board of Directors



### İsmail Katmerci

*Chairman of the Board of Directors*

Born in 1949 in Konya, İsmail Katmerci has graduated from Istanbul Technical University, Faculty of Electricity. He started his business career in 1982 by incorporating Katmerciler Profil A.Ş., one of the group companies, in order to engage in profile and sheet metal trading, and in 1985, he incorporated Katmerciler Araç Üstü Ekipman A.Ş., the flagship company of the group, to engage in production activities. He served as an İzmir Parliamentarian of the Justice and Development Party for the 22<sup>nd</sup> and 23<sup>rd</sup> terms and has held office as a Council Member of İzmir Chamber of Commerce. İsmail Katmerci is married and has 3 children and is continuing to hold office as the Chairman of the Board of Directors of Katmerciler.



### Mehmet Katmerci

*Deputy Chairman of the Board of Directors – CEO*

Mehmet Katmerci started to work in Katmerciler A.Ş. in 1992. Having held offices in all departments of the Company, Mehmet Katmerci started to serve as the CEO and Chairman of the Board of Directors in 2002. Having made significant contributions to the export move made by the Company in recent years and the increase in its production quantities, Mehmet Katmerci is continuing to hold offices as the Deputy Chairman of the Board of Directors, Chairman of the Executive Board, and the CEO. Mehmet Katmerci has a good command of English.



## Yönetim Kurulumuz

**Birol Yence***Board Member*

Born in Edirne in 1972, Birol Yence is a graduate of Dokuz Eylul University, Faculty of Law. Having started to work as a Self-Employed Lawyer in Izmir in 1996, Birol Yence is practicing his profession in his office in Izmir and provides advocacy and consultancy services mainly on Enforcement and Bankruptcy Law, Commercial Law, Law of Obligations and Condominium Law. Yence is married and has two children, and speaks English, German and Arabic at an intermediate level.

**Mehmet Cemal Öztaylan***Independent Board Member*

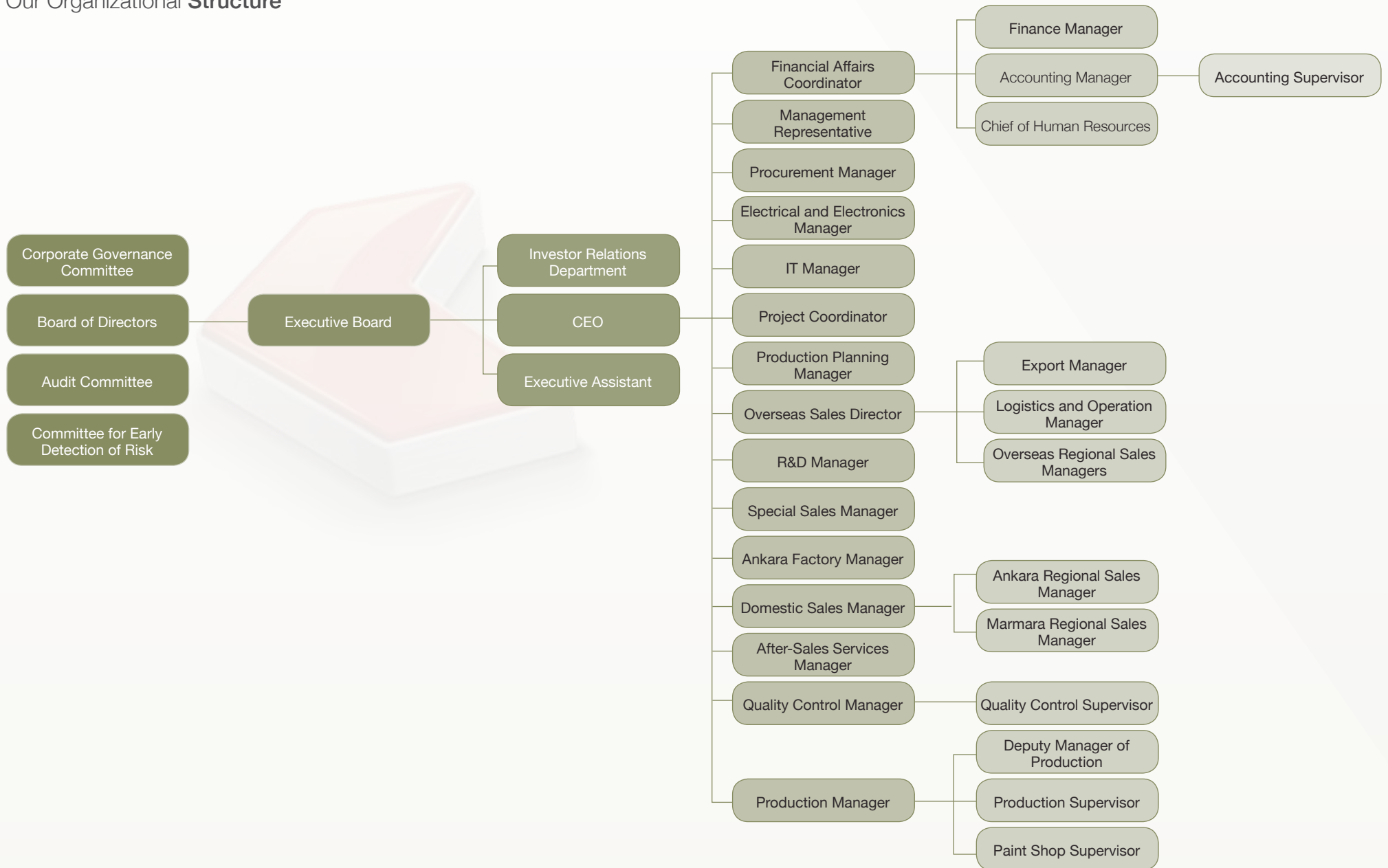
Born in 1954, Mehmet Cemal Öztaylan has graduated from Uludağ University, Faculty of Economics and Administrative Sciences, Department of Business Administration. Mehmet Cemal Öztaylan has been elected as a Member of the Provincial General Assembly and held office as the Counselor for the Ministry of Transportation, and as a CEO and chairman of the board of directors in the private sector. Having been elected as the Mayor of Bandırma, Mehmet Cemal Öztaylan was also elected as a Balıkesir Parliamentarian in the 19th, 23rd and 24th terms. Öztaylan held office as the Clerk Member of the Chairmanship Council of the Grand National Assembly of the Republic of Turkey in the 19th term, and he is married, with 2 children.

**Hüseyin Kocabıyık***Independent Board Member*

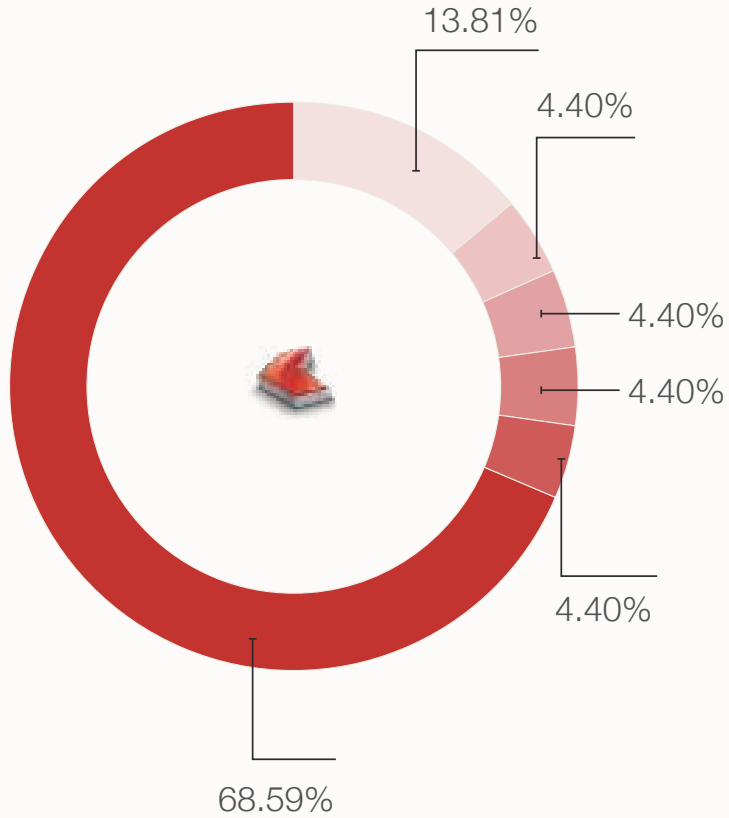
Born in 1963, Hüseyin Kocabıyık has graduated from Ankara University, Faculty of Languages, History and Geography. He has received his master's degree from Ankara University, Department of International Relations. Having served as a professional manager from 1993 to 1994, Kocabıyık has held office as the president of the Analytical Research Center. From 1995 to 1999, he served to the 53rd, 54th and 55th Governments as the Chief Advisor to the Prime Minister. Having served as the General Coordinator of the think-tank named Policy Center from 2004 to 2006, Hüseyin Kocabıyık has also held office as the Board Member of the Turkish Democracy Foundation. He has worked as a columnist in Sabah and Yeni Asır Newspapers, as a Political Consultant on A Haber TV channel, and served as the Secretary General of Eskişehir Turkic World Cultural Capital Agency in 2013. He acted as the Aegean Representative of Turkuvaz Media from 2013 to 2015. Hüseyin Kocabıyık was elected as an Izmir Parliamentarian in the 25th and 26th terms and has held offices as a Member of the National Defense Commission and the Security and Intelligence Commission of the Grand National Assembly of Republic of Turkey and as the President of the Turkey-Afghanistan Inter-Parliamentary Amity Group. Hüseyin Kocabıyık is married and has one child and speaks English.



## Our Organizational Structure



## Our Shareholding Structure



Shareholders	Share Amount (TL)	Share Percentage (%)
İsmail Katmerci	30,026,600.58	13.81
Mehmet Katmerci	9,570,000.00	4.40
Furkan Katmerci	9,570,000.00	4.40
Hawva Katmerci	9,570,000.00	4.40
Ayşe Nur Çobanoğlu	9,570,000.00	4.40
Public Portion	149,193,399.42	68.59
<b>Toplam</b>	<b>217,500,000.00</b>	<b>100</b>

# Our Economic Contribution and Performance

In line with our goal of being Turkey's leading company in on-board equipment and defense industry sectors, we attach importance to increasing our operational and economic performance every day with our understanding of contribution to sustainable economic development. Accordingly, we contribute to the economy of our country by employing approximately 500 employees, 50 of whom are engineers, and by exporting to more than 65 countries with our rich product range. In 2020, our consolidated gross sales profit rate was recognized as 61.26%. Our rate in percentage increased by 14.65 base points compared to the same period of 2019. EBITDA margin increased by 21.86 base points in this operating period compared to 2019 and reached 51.65%. As of 31.12.2020, as Katmerciler Araç Üstü Ekipman Sanayi ve Ticaret A.Ş., size of our assets reached TL 1,104,101 million and our equity reached TL 240,012 million.

In 2020, our sales revenues increased by **26.6%**.

Income Table	2019	2020
Sales Revenues-Net (Million TL)	278.91	353.08
Export Revenues (Million TL)	99.01	274.32
Gross Profit on Sales (Million TL)	129.99	216.31
Rate of Gross Profit on Sales (%)	46.61	61.26
Operating Profit (Million TL)	79.21	178.92
Operating Profit Margin (%)	28.40	50.67
EBITDA (Million TL)	83.10	182.37
EBITDA Margin (%)	29.79	51.65
Profit Before Tax (Million TL)	-18.14	-46.01
Net Profit/Loss (Million TL)	-13.54	-37.47
Net Profit/Loss Margin (%)	-4.85	-10.61
Investment Expenditures (Million TL)	14.17	19.20

Balance Sheet (Million TL)	2019	2020
Current Assets	764.78	917.17
Non-Current Assets	124.81	186.94
Size of Assets	889.59	1,104.10
Short-Term Liabilities	228.22	308.47
Long-Term Liabilities	548.59	555.62
Shareholder's Equity	112.78	240.01
Size of Liabilities	889.59	1,104.10
Financial Liabilities	556.90	688.27

Financial Structure Rates	2019	2020
Total Liabilities (Short Term + Long Term) / Total Assets	0.87	0.78
Shareholder's Equity / Total Assets	0.13	0.22
Financial Liabilities / Shareholder's Equity	4.94	2.87
Total Liabilities / Shareholder's Equity	6.89	3.60

# Highlights of 2020



We ranked among the  
**top 250** companies  
that spend the most amount on  
**R&D** in Turkey.



We ranked number  
**2** in  
2020 Stars of Export List of the  
Aegean Exporters' Associations,  
in the  
**Defense and Aviation Sector.**



We ranked number  
**341** in  
'2020 Second **Top 500**  
Industrial Enterprises' list  
prepared by Istanbul Chamber  
of Industry (ISO).



We informed all our  
employees about the  
Covid-19 pandemic  
through our occupational  
physician. Within the scope  
of this issue, we carried out  
awareness-raising activities  
on the pandemic by printing  
flyers.



We ranked number  
**66** in  
the 'Top 100 Industrial  
Enterprises' list of the Aegean  
Region Chamber of Industry, in  
the Aegean Region according  
to the **Criterion of Sales from  
Production.**



We ranked number **524** in  
general and number  
**83** in  
the sector among Turkey's '**Top  
1000 Exporters**'.



2020  
The year was determined  
as the **first** Sustainability  
Reporting year.

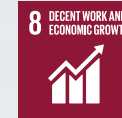
As part of the measures  
that we took against the  
Covid-19 pandemic, we  
distributed masks to all our  
employees at least three  
times a day.

We required our employees,  
who continue to work at  
our facilities, to undergo a  
preliminary health check  
every day.



## Our Corporate Governance Structure

- ◀ Our Corporate Governance
- ◀ Business Ethics and Compliance with Corporate Policies and Laws
- ◀ Our Risk Management and Internal Control
- ◀ Our Sustainability Approach
- ◀ Communication with Our Stakeholders



# Our Corporate Governance

As Katmerciler, we carry out our activities in compliance with the “Corporate Governance Principles of the Capital Markets Board” published by the Capital Markets Board of Turkey (CMB) as well as with the legislation. In order to carry our national and international achievements into the future, we are continuing our efforts non-stop to ensure full compliance with corporate governance principles and the legislation. Having adopted the principles of corporate governance, namely equality, transparency, accountability and responsibility, our Company has been publishing a Corporate Governance Principles Compliance Report every year since 2018.

In 2020, we carried out our works in the area of Corporate Governance in compliance with the Capital Markets Law, and the Corporate Governance Communiqué No. II-17.1 which was prepared based on the said Law. Our Board of Directors and Committees of the Board of Directors have been constituted in compliance with the regulations of the Corporate Governance Communiqué. Our Board of Directors consists of five members, two of which are independent members. Our members have the qualifications determined by the Corporate Governance Principles. We clearly specify the authorities and responsibilities of the Board Members and the Executives in the Company's Articles of Association.

## BOARD OF DIRECTORS OF KATMERCİLER

NAME/SURNAME	TITLE	TENURE OF OFFICE
İsmail Katmerci	Chairman of the Board of Directors	06.09.2019-06.09.2022
Mehmet Katmerci	Deputy Chairman of the Board of Directors, CEO	06.09.2019-06.09.2022
Birol Yence	Board Member	06.09.2019-06.09.2022
M. Cemal Öztaylan	Independent Board Member	06.09.2019-06.09.2022
Hüseyin Kocabıyık	Independent Board Member	06.09.2019-06.09.2022

According to the Company's Articles of Association, the Board of Directors convenes minimum once a month upon the call of the chairman and deputy chairman. Each member may request from the chairman in writing to call the board of directors for a meeting. Meetings of the Board of Directors are held at the our Company principal office; however, meetings can be held in another place with a resolution of the Board of Directors. The agenda of a meeting of the

Board of Directors is determined by the Chairman of the Board of Directors. Changes may be made to the agenda by a resolution of the Board of Directors. The Board of Directors convened 35 times in 2020 and held all the meetings with the participation of all the Board Members, including independent members. During this period, the Board of Directors took all its decisions unanimously.



There are three Committees of the Board of Directors in our Company, constituted in accordance with the regulations of the Corporate Governance Communiqué. The Audit Committee, the Committee for Early Detection of Risk, and the Corporate Governance Committee continue to work to support our Board of Directors for our Company's carrying out efficient and constructive work and taking fast and rational administrative decisions.



### Audit Committee

The Audit Committee is responsible for the audit of the accounting system and financial information, and the supervision of the functioning and effectiveness of the internal control system, in order for the Board of Directors to fulfill its duties and responsibilities reliably. Before the financial statements and their footnotes are disclosed to the public, they are submitted to the Board of Directors for approval, with the assent of the Audit Committee within the framework of CMB regulations. The committee consists of non-executive independent board members. The Audit Committee held 5 meetings in 2020.



### Early Detection of Risk Committee

The Committee for Early Detection of Risk was established in 2019, in accordance with Article 378 of the Turkish Commercial Code No. 6102, for the purpose of identifying the risks which might endanger the our Company existence, development and continuity, taking the necessary measures in relation to the risks identified, and the management of risks. The Financial Affairs Coordinator's Office carries out the risk management activities of our Company under the coordination of the Committee for Early Detection of Risk. The Committee for Early Detection of Risk reports every two months and submits the relevant reports to the information of the Board of Directors. The Committee consists of 2 independent Board Members. The Committee for Early Detection of Risk held 7 meetings in 2020.



### Corporate Governance Committee

The Corporate Governance Committee was established in 2014, within the framework of the provisions regarding the determination and implementation of the Corporate Governance principles of the Corporate Governance Communiqué Serial No. II-17.1 of the Capital Markets Board. 4 reports prepared by the Investor Relations department regarding the activities carried out in 2020 were submitted to the Corporate Governance Committee for its examination and then to the Board of Directors for its approval. The Corporate Governance Committee consists of two independent Board Members and the Investor Relations Manager. The Committee held 5 meetings in 2020.



# Business Ethics and Compliance with Corporate Policies and Laws

## • Our Ethical Principles Procedure

As Katmerciler, we adopt and support nationally and internationally valid basic principles on human rights, labor standards and anti-corruption, for our employees and stakeholders within our sphere of influence. Accordingly, we first constituted the Code of Ethics with the Resolution of the Board of Directors no. 2011/11, dated 25.02.2011, in accordance with the Corporate Governance Principles of the Capital Markets Board. Based on our Code of Ethics that we have adopted, we published the 'Ethical Principles Procedure' on 24.06.2014 in order to regulate the ethical principles and processes that our employees should comply with, and brought it to its most up-to-date form as of 22.09.2021.

Our Quality Management Representative has the authority and responsibility to monitor and update our Ethical Principles Procedure, which is available to all users in electronic environment. Our Ethics Procedure, which assigns various responsibilities to the Disciplinary Committee, Department Managers and Human Resources Manager in line with our ethical principles that we have adopted, is under the responsibility of the CEO at the highest level and is subject to his approval.

All our stakeholders, particularly our employees, form the basis of our approach to our individual and social relations, by observing our ethical principles, values of integrity and honesty, and moral responsibilities. We put forward our Ethical Principles that all our employees are obliged to comply with, under 11 headings, being the resource use, time use, customer relations, gift acceptance limitations, aid and donation acceptance restrictions, public relations, relations with associations, clubs and political parties,

relations among employees, conflict of interest's management, economic sanctions, and measures against forged and erroneous documents.

It is among the duties of the Disciplinary Board to establish and implement the ethical principles and to assess the applications regarding the alleged violations thereof. In the case of identification of or being exposed to behaviors that do not comply with the ethical principles, our employees are obliged to report this situation to their immediate manager, to the human resources department, to the compliance manager, or to the Disciplinary Board. We impose sanctions within the scope of the 'Workplace Personnel Regulations Procedure' in the cases where behaviors in breach of the rules are witnessed and they are not reported to the persons concerned.

“ Our ethical principles enable the creation of a working environment where our employees treat each other respectfully with tolerance and courtesy, and where everyone can openly share their opinions. ”

With our ethical principles that we have prepared based on mutual trust and with a sense of responsibility for our employees, we protect not only the interests of our employees as individuals, but also the long-term interests of the society they are a part of, the institution they work for, and their stakeholders.





## • Our Code of Ethics

As Katmerciler, we explain our Company's responsibilities that it has assumed towards its internal and external stakeholders, shareholders, suppliers and customers, competitors and employees, and its legal responsibilities and social responsibility principles, with our Code of Ethics, which forms the basis of the Ethical Principles Procedure.

### 1. Our Legal Responsibilities:

We carry out all our domestic and foreign activities in accordance with local and international laws and regulations. We provide accurate, complete and understandable information to the institutions and organizations that implement the legislation, in a timely manner. While carrying out these activities, we act impartially and treat all kinds of public institutions and organizations, non-governmental organizations and political parties equally, without any expectation of benefit. All kinds of financial statements and reports prepared by our Company comply with national and international accounting principles.

### 2. Our Responsibilities Towards Our Shareholders:

To increase the share value of the Company, we implement growth-oriented strategies, avoiding unmanageable risks. We act within the framework of financial discipline and accountability. We manage our Company's resources and assets with an awareness of savings and efficiency. We announce our disclosures to shareholders and to the public, fully and in a simultaneous and understandable manner, in line with the principle of equality, to investors, partners and to the public. Thus, we ensure that all stakeholders have access to the information at the same time and equally. We provide timely, accurate, complete, and understandable information to shareholders and to the public on financial statements, strategies, and projects that will add value to the Company.

### 3. Our Responsibilities Towards Suppliers and Customers:

Within the scope of the relations with customers and suppliers, we pay attention to the principles of honesty, trust, consistency, professionalism, independence, and respect for mutual interests. We aim to fully meet customer needs and expectations in production of products. We keep confidential the our Company confidential information and trade secrets as well as personal information of employees and information of customers. We duly announce the donations made by the Company, to all stakeholders and to the public.

### 4. Our Responsibilities Towards Competitors:

We do not disparage competitor companies and products and we do not make misleading advertisements. We avoid actions that will create unfair competition. We fight against unfair competition, by legal means.

### 5. Our Responsibilities Towards Our Employees:

We do not make any discrimination based on race, ethnicity, nationality, religion, or gender among our employees. We provide equal opportunities to employees who are under equal conditions and we base our remuneration and promotion policies on performance and efficiency. We provide employees with a safe and healthy work environment at the workplace and with the opportunity to develop in their careers. We value, as a principle, the understanding of mutual respect, trust and cooperation in the relations between employees. We prohibit our employees from using confidential and non-public information about the Company in favor of themselves or others. We provide training for employees on personal and professional issues, as well as training on first aid and natural disasters such as earthquakes and fires. As a company, we support our employees' voluntary participation in social and public activities, and we observe the balance between their professional and private life.

### 6. Social Responsibility Principles:

We are sensitive about the protection of the environment and natural life, consumer rights, and public health, and we comply with the legislation enacted on these issues. We cooperate with non-governmental organizations established for social responsibility purposes.

# Risk Management and Internal Control

We implement our risk management and internal control mechanism, through methods related to risk management mechanisms that cover our entire Company starting from the Board of Directors level, and through structures such as working groups. Our Financial Affairs Coordinator's Office carries out the risk management activities of our Company under the responsibility of the Committee for Early Detection of Risk. On the other hand, our Company is regularly audited by the Sworn-in Certified Public Accountant and Independent Auditing firm, which have a full certification agreement. We first share the findings obtained as a result of both audit works with the members of our Audit Committee, which was established for the purposes of identifying the risks that may endanger the existence, development and continuation of our Company, taking the necessary measures regarding the risks identified, and managing the risks, and then we inform the Board of Directors of the same. Accordingly, we keep under control our Company's workflows, procedures, and the authorities and responsibilities of our employees, within the framework of risk management and internal control system.

As Katmerciler, we carry out our risk management activities within the framework of the Risk and Opportunity Management Procedure. With this procedure, we ensure the control of all documents and data kept under control by Katmerciler Department Managers and Supervisors.

As Katmerciler, we identify our risks and opportunities that we manage within the framework of ISO 31000 Risk Management Standards, for the purposes of giving assurance for the achievement of the desired results within the framework of the Integrated Management Systems ISO 9001, ISO 14001, and TS 18001, increasing positive effects, preventing or reducing the undesirable effects, and ensuring improvement in all operational areas. While identifying these risks and opportunities; we adopt a preventive approach that uses practices for early detection of risks in risk management, by using one or more of the methods of brainstorming, internal analysis, data analysis, and workflow analysis.

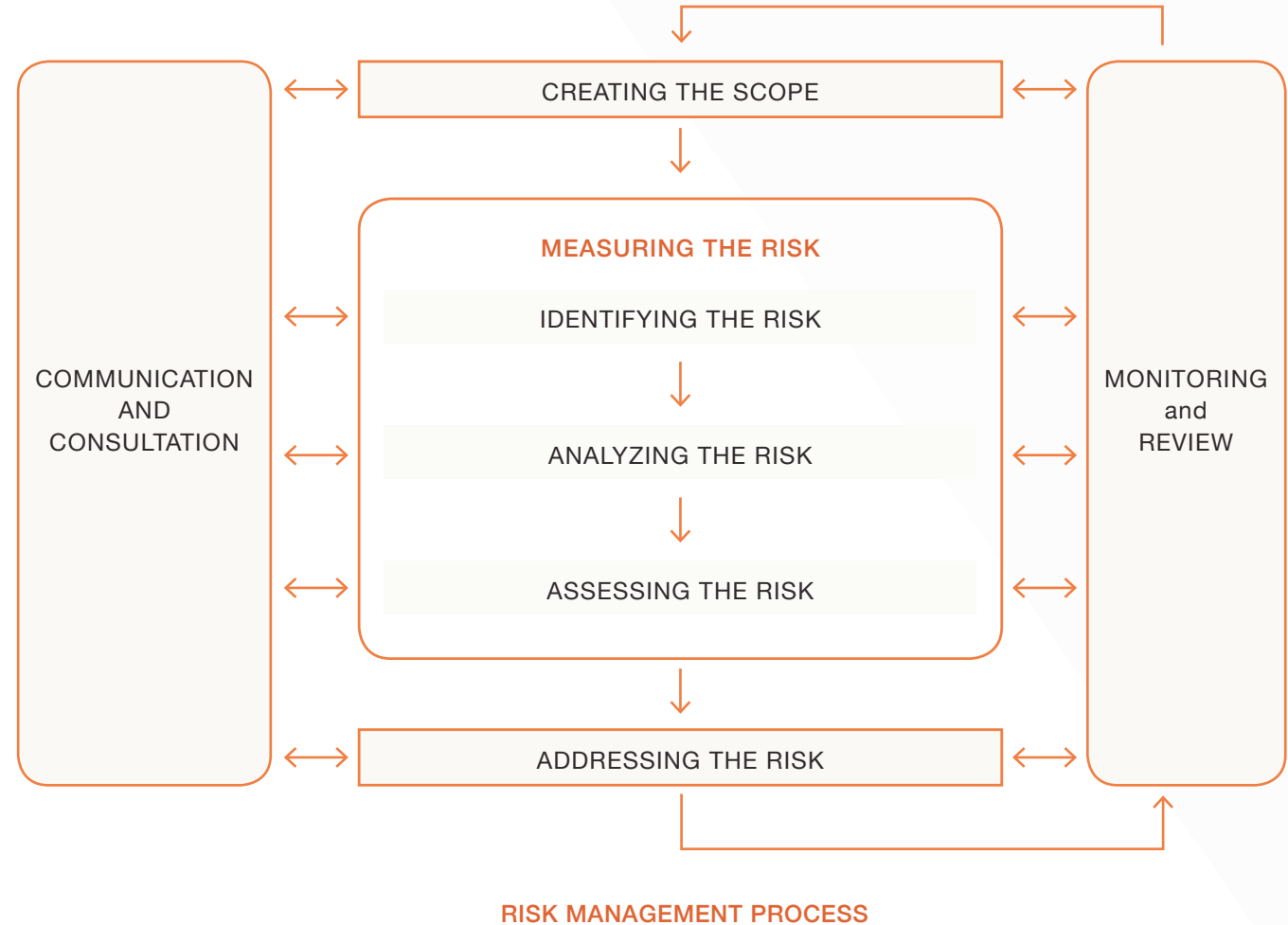
The purposes of our 'Risk Analysis Process', which we carry out within the scope of the procedure, are:



## Risk Management and Internal Control

### • Identifying the Risks

The brainstorming method that we use to identify risks and opportunities is a group work method that includes suggestions and discussions. With our group works, in addition to the fact that their results constitute a basis for our discussions, interviews and workshops, we ensure that new ideas are addressed, and the results obtained are consolidated. Our relevant department managers who are responsible for our risk management processes conduct internal analyses through meetings they hold with the employees in their departments. In this context, we investigate the root causes of high-risk events that took place in the past, in order to prevent the occurrence of risks and to minimize the negative effects of current risks. We perform data analysis on older data in order to constitute our risk management and action plans. In addition to these, with the work flow analysis which is one of our methods of identifying risks and opportunities, we assess inputs, tasks, responsibilities and outputs as a process. With these works that we carry out to improve our risk management, we aim to scale up the risk management processes across the organization and to ensure the participation of all our employees in our risk management activities.



## Risk Management and Internal Control

1

### • Analyzing the Risks

In our risk analysis step, we use a formulation that includes the probability and severity levels of the risk for our purpose of determining the risk score and risk level. We score the severity of the risk, the extent to which the risk affects the Company, and the direct and indirect effects of quality, customer orders and satisfaction, with a scoring on a scale of 1 to 5. We assess the probability of the risk with a scoring on a scale of 1 to 5, which we perform based on the probability of recurrence of the identified risk within 1 year. We obtain our risk score by multiplying the severity and probability of the risk, and with this score, we determine the hazard class of the risk for our Company. By color-coding the obtained risk scores according to their significance, we classify them in 4 different groups as very low risk, low risk, medium risk, and high risk. We make this classification in order to visualize and compare the risk levels before and after the taking of action.

We carry out our monitoring, measurement, and assessment activities within the scope of our Risk Analysis Processes on a regular basis every year by assessing all risks and results.

2

### • Prioritizing the Risks

We rank our risk scores calculated because of measurement of risks, according to their degree of importance. Each of our departments determines its own risk score and puts its risks in an order of priority. Our Committee for Early Detection of Risk prepares and shares with the Board of Directors a summary report every 2 months and a detailed report every 3 months, in which it assesses these risks. Our Board of Directors prioritizes the risks with a low score if it considers that they may have a very high impact and may directly affect our Company's goals despite their low probability. According to these assessments, after determining the order of priority of our risks, we decide upon the responses to the risks and take the necessary actions.

3

### • Assessing the Risks and Responding to the Risks

Our process of responding to the risks consists of the steps of determining the responses and actions to be taken against the risks identified and assessed by our departments and reducing the expected threats in this context or assessing the opportunities that will arise. The purpose of responding to the risks is to reach the envisaged target in the most effective way by reducing the probability and/or impact of the risk. The risks identified and prioritized in practice are recorded in the Risk Assessment Form. Existing controls and actions are determined for each risk. While filling in this form, the Risk and Opportunity Management Procedure is used.



We carry out our monitoring, measurement and evaluation activities within the scope of our Risk Analysis Processes on a regular basis every year by evaluating all risks and results.



## Risk Management and Internal Control

### • Risk Assessment and Response Matrix

We use 4 different methods to respond to our identified risks:

- Taking (accepting) the risk with a conscious decision
- Controlling the risk
- Transferring the risk
- Avoiding the risk

Accordingly, we have constituted our 'Risk Assessment and Response Matrix' by assessing the impact and probability of risks as very low and very high.



1- High Impact/High Probability  
2- High Impact/Low Probability

3- Low Impact/High Probability  
4- Low Impact/Low Probability

### • Reviewing and Reporting the Risks

The risks we have identified may change in terms of impact and probability because of the changes in circumstances over time or the loss of effect of the measures taken. For this reason, we review the risks we have identified and our risk management process minimum once a year and make the necessary corrections. In the cases where the events listed below occur, risks are immediately reviewed and updated. The situations where we update our risks are as follows:

- Occurrence of an occupational accident within the scope of OHS,
- Identification of a new risk,
- Change of the probability values determined on the risk table,
- Update of the measures taken to reduce the risk,
- Recalculation of the probability value after the expiry date of the planned action,
- Identification of new risk-related opportunities.



## Combating Covid-19 Pandemic

The Covid-19 pandemic has started to spread across the world after China, the country where it was first seen, and it was declared as a pandemic after its impact was assessed by the World Health Organization. On March 11, 2020, it was announced by the official authorities that the first case was seen in Turkey.

In order to minimize the effects of the Covid-19 pandemic, which has affected the whole world, both on the health of our employees and on our operations, our Committee for Early Detection of Risk has taken various measures based on a resolution of the Board of Directors. Our workplace physician has provided comprehensive information to our employees about the Covid-19. Since the first day when the pandemic was detected in our country, we have been continuing to implement the actions for these measures that we have taken.



# Our Sustainability Approach

As Katmerciler, we have adopted a sustainability approach that is sensitive about the environment and people, observes social ethical values, and aims to ensure the protection of sustainability by turning governance-related risks into an opportunity. We display this attitude across our entire value chain and carry out all our activities with corporate citizenship awareness about the environment, society, and the economy of our country. We aim to create permanent and sustainable values for all our stakeholders in the long term, which are environmentally friendly, adhere to business ethics principles, and are aimed at operational excellence. In line with this goal, the main principle of our corporate sustainability approach is the adaptation of financial, environmental, social and governance factors to our Company's activities and decision-making mechanisms.

We consider corporate sustainability, which we include in our business-doing processes, as our long-term strategic approach, and position it as a goal that will provide added value and return for our Company, our stakeholders, and investors in the future.

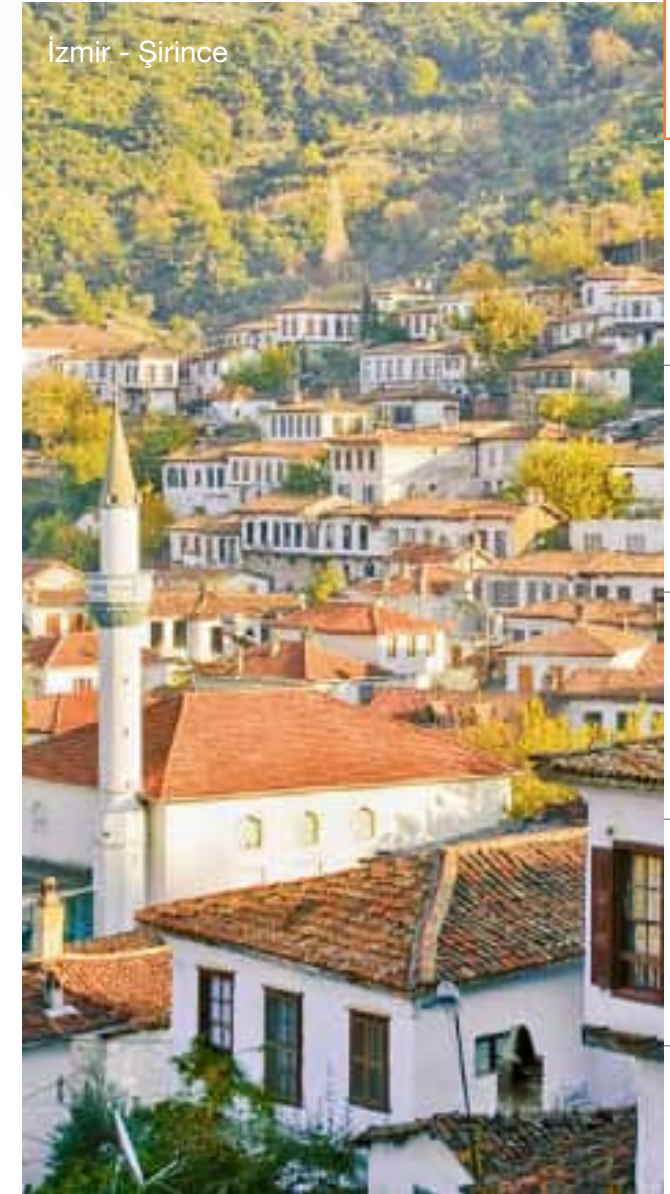
We adopt the 'United Nations Sustainable Development Goals' which consists of 17 main topics focusing on the solution of social, cultural, and ecological issues. Accordingly, we integrate our goals that we have adopted, into all our business processes and decision-making mechanisms. We make our processes that respect people and nature and create quality-oriented value a part of our corporate culture for our Company and our stakeholders. We believe that we will create short, medium and long-term shared value for our priority issues in the field of sustainability, while developing applications that will lead the on-board equipment and defense industry sectors which are the sectors of our main activities, in all our activities and operations, and we continue our work with this belief.

While determining our sustainability priorities for 2020, we have carried out a comprehensive analysis process that included the monitoring of local and global developments within the scope of sustainability trends and our corporate strategic goals,

by considering the GRI (Global Reporting Initiative) Reporting Standards. We have included into this analysis the predictions on global risks pointed out by the World Economic Forum, the sector-specific priorities determined by the Sustainability Accounting Standard Board (SASB), and the sectoral analyses and reports of international initiatives in the sectors in which Katmerciler operates. As a result of this analysis, we have put our sustainability issues in an order of priority by assessing the new risks and opportunities that have arisen due to the nature of our activities while keeping up with the prominent global trends. We have submitted the outputs of each stage of this study to our Company's Senior Management for its approval and have received its feedback.

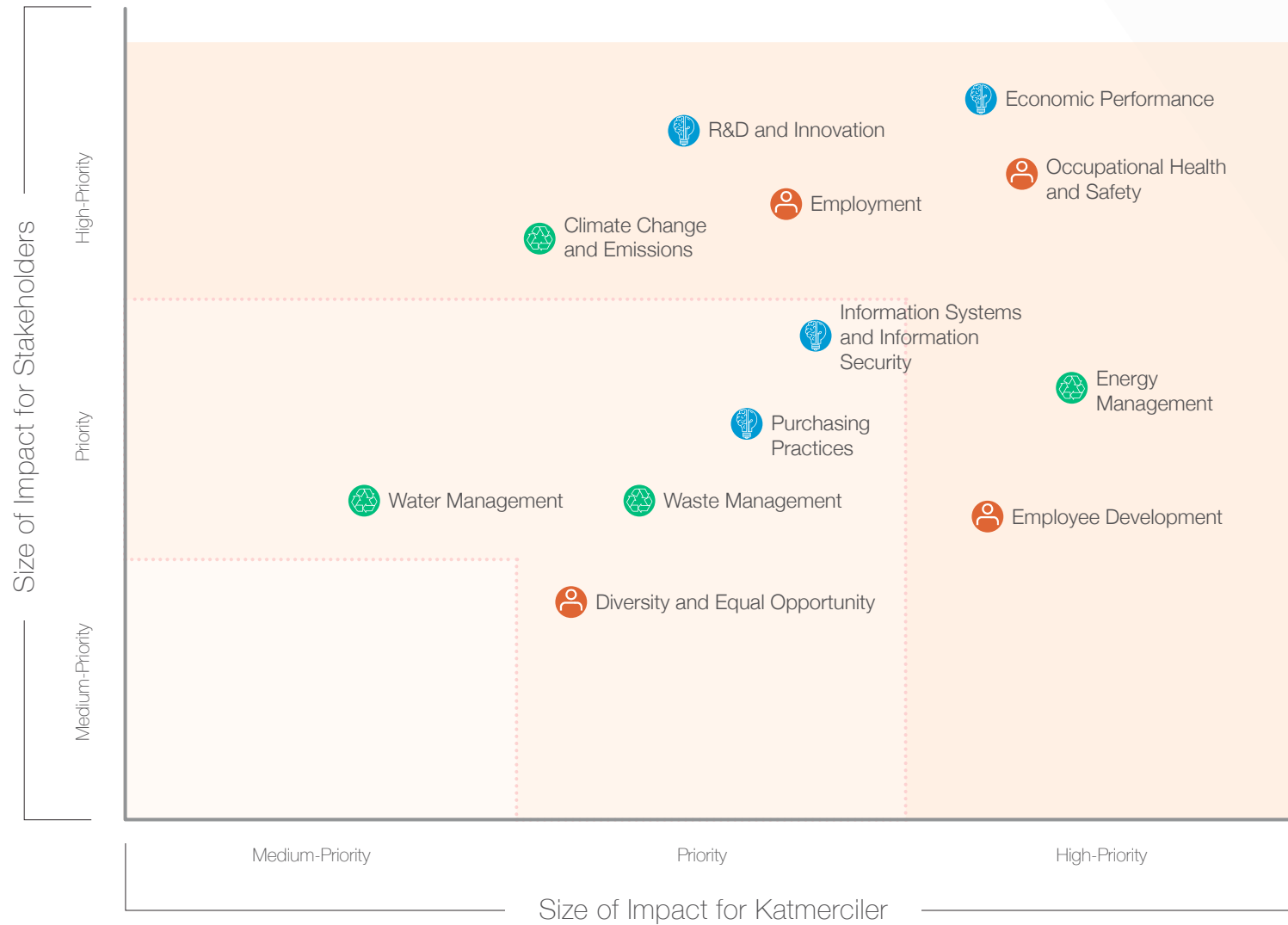
Our 12 priority topics that we have determined as a result of our assessment have been prepared by taking into consideration the strategic importance and the expectations of stakeholders, and they are listed below.

- Economic Performance
- Employment
- R&D and Innovation
- Occupational Health and Safety
- Employee Development
- Information Systems and Information Security
- Purchasing Practices
- Climate Change and Emissions
- Energy Management
- Waste Management
- Water Management
- Diversity and Equal Opportunity



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## Our Materiality Matrix for 2020





# Communication with Our Stakeholders

As Katmerciler, we define our stakeholders as individuals, groups or entities that are related to our products and services, who are directly or indirectly, positively, or negatively affected by our activities, and who also affect our activities.

We assess the compliance of the services we provide, with our general goals and policies, the service delivery processes and service quality, the general strategies we have adopted in this area, and the entities and organizations we cooperate with and need to cooperate with, within the scope of the 'Status Analysis'. We carry out the 'Stakeholder Analysis' study to determine the individuals and entities that will be directly or indirectly and positively or negatively affected by the results of the projects we intend to carry out, during our status analysis process. Through this analysis, we identify stakeholders who can contribute to the solution of problems, exhibit a fair approach and provide benefits in various issues.

**What we aim for with the Stakeholder Analysis are as follows:**

- To ensure the interest and contribution of our stakeholders by establishing effective communication with our stakeholders in the early stages of our planning process
- To identify the opinions and expectations of our stakeholders
- To identify the factors that may hinder the effective performance of our activities and to create strategies to eliminate them
- To identify the relations of our stakeholders with each other and possible conflicts of interest
- To get an idea about the strengths and weaknesses of our Company by taking the opinions of our stakeholders about Katmerciler
- To identify the stages in which our stakeholders will contribute
- By including the opinions, suggestions, and expectations of our stakeholders in the ISO 9001, ISO 14001, ISO 45001 EYS processes, to ensure that the plan is embraced by our stakeholders and thus to increase the applicability of management systems

We define and list the desired effects of our stakeholders in our projects, according to the expectations we have defined for the success of the projects. The difference between the desired impact of our projects and their current impact shows us whether or not there is a need for support. If our stakeholders are less effective than expected, we determine the work necessary to bring their impact to the desired level and we provide the necessary information in this respect. In addition, at the stage of assessment of the success of our projects, we determine the methods of improvement for our next projects regarding our stakeholders that have led to positive and negative results.

“ Our understanding of active and transparent communication in our interaction with our stakeholders is one of the most important factors in transferring our sustainability approach across our entire value chain. ”



Information regarding our interaction with our stakeholders is listed in the below table.

Stakeholders	Communication Method	Communication Frequency
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>Corporate website</li> <li>Internal portal</li> <li>Investor and analyst presentations</li> <li>Working groups and committees</li> <li>Financial results assessment meetings</li> <li>General Assembly meetings</li> <li>Activity Report</li> <li>One-on-one interviews and meetings</li> <li>Public Disclosure Platform (PDP)</li> </ul>	<ul style="list-style-type: none"> <li>Continuously</li> <li>Continuously</li> <li>A couple of times a year</li> <li>When needed</li> <li>A couple of times a year</li> <li>A couple of times a year</li> <li>A couple of times a year</li> <li>Continuously</li> <li>Continuously</li> </ul>
<b>Executives</b>	<ul style="list-style-type: none"> <li>Internal portal</li> <li>Suggestion, recognition and reward system</li> <li>Working groups and committees</li> <li>Corporate website</li> <li>Social events</li> <li>Activity report</li> <li>Annual and quarterly financial performance reports</li> <li>Periodic analyses and information documents</li> <li>Corporate website</li> <li>Material event disclosures</li> <li>Meetings and discussions</li> <li>General Assembly meetings</li> </ul>	<ul style="list-style-type: none"> <li>Continuously</li> <li>When needed</li> <li>When needed</li> <li>Continuously</li> <li>A couple of times a year</li> <li>A couple of times a year</li> <li>A couple of times a year</li> <li>When needed</li> <li>Continuously</li> <li>When needed</li> <li>Continuously</li> <li>A couple of times a year</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Internal portal</li> <li>Employee satisfaction survey</li> <li>Suggestion, recognition and reward system</li> <li>Working groups and committees</li> <li>Corporate website</li> <li>Social events</li> <li>Activity report</li> <li>Employee loyalty study and surveys</li> <li>Trainings</li> </ul>	<ul style="list-style-type: none"> <li>Continuously</li> <li>Biannually</li> <li>When needed</li> <li>When needed</li> <li>Continuously</li> <li>A couple of times a year</li> <li>A couple of times a year</li> <li>Biannually</li> <li>Periodically</li> </ul>

Stakeholders	Communication Method	Communication Frequency
<b>Government / Public Institutions and Organizations</b>	<ul style="list-style-type: none"> <li>Activity Report</li> <li>Audits</li> <li>Meetings and discussions</li> <li>Corporate website</li> <li>Conferences/Panels/Workshops</li> <li>Collaborations within the Scope of Legal Regulations</li> </ul>	<ul style="list-style-type: none"> <li>A couple of times a year</li> <li>A couple of times a year</li> <li>When needed</li> <li>Continuously</li> <li>A couple of times a year</li> <li>When needed</li> </ul>
<b>Legislator / Local Authority</b>	<ul style="list-style-type: none"> <li>Activity Report</li> <li>Audits</li> <li>Meetings and discussions</li> <li>Corporate website</li> <li>Conferences/Panels/Workshops</li> <li>Collaborations within the Scope of Legal Regulations</li> </ul>	<ul style="list-style-type: none"> <li>A couple of times a year</li> <li>A couple of times a year</li> <li>When needed</li> <li>Continuously</li> <li>A couple of times a year</li> <li>When needed</li> </ul>
<b>Customer / End User</b>	<ul style="list-style-type: none"> <li>Corporate website</li> <li>Customer Satisfaction Surveys</li> <li>National and International Fairs</li> </ul>	<ul style="list-style-type: none"> <li>Continuously</li> <li>On each project</li> <li>A couple of times a year</li> </ul>
<b>Supplier</b>	<ul style="list-style-type: none"> <li>Workshops and Trainings</li> <li>Corporate website</li> <li>Supplier Satisfaction Survey</li> </ul>	<ul style="list-style-type: none"> <li>Continuously</li> <li>Continuously</li> <li>Periodically</li> </ul>
<b>Project Partners</b>	<ul style="list-style-type: none"> <li>Activity report</li> <li>Annual and quarterly financial performance reports</li> <li>Periodic analyses and information documents</li> <li>Corporate website</li> <li>Material event disclosures</li> <li>Meetings and discussions</li> </ul>	<ul style="list-style-type: none"> <li>A couple of times a year</li> <li>A couple of times a year</li> <li>When needed</li> <li>Continuously</li> <li>When needed</li> <li>Continuously</li> </ul>

Stakeholders	Communication Method	Communication Frequency
<b>Finance Sector</b>	<ul style="list-style-type: none"> <li>Public Disclosure Platform (PDP)</li> <li>Activity Report</li> <li>Meetings and discussions</li> <li>Trainings</li> </ul>	Continuously A couple of times a year A couple of times a year When needed
<b>Banks &amp; Insurance Companies</b>	<ul style="list-style-type: none"> <li>Public Disclosure Platform (PDP)</li> <li>Activity Report</li> <li>Audits</li> <li>Meetings and discussions</li> <li>Trainings</li> </ul>	Continuously A couple of times a year A couple of times a year When needed Continuously
<b>Autonomous Regulatory Bodies</b>	<ul style="list-style-type: none"> <li>Activity Report</li> <li>Audits</li> <li>Meetings and discussions</li> <li>Corporate website</li> </ul>	A couple of times a year A couple of times a year When needed Continuously
<b>Trade Associations</b>	<ul style="list-style-type: none"> <li>Corporate website</li> <li>Public Disclosure Platform (PDP)</li> <li>Activity Report</li> <li>Collaborations</li> </ul>	Continuously Continuously A couple of times a year When needed
<b>International Regulatory Bodies</b>	<ul style="list-style-type: none"> <li>Activity Report</li> <li>Audits</li> <li>Meetings and discussions</li> <li>Corporate website</li> </ul>	A couple of times a year A couple of times a year When needed Continuously
<b>Competitors</b>	<ul style="list-style-type: none"> <li>Corporate website</li> <li>Social Media and Press</li> </ul>	Continuously Continuously
<b>Community</b>	<ul style="list-style-type: none"> <li>Corporate website</li> <li>Social Media and Press</li> <li>Social Responsibility and Solidarity Projects</li> </ul>	Continuously Continuously A couple of times a year

Stakeholders	Communication Method	Communication Frequency
<b>Neighbors</b>	<ul style="list-style-type: none"> <li>Corporate website</li> <li>Social Media and Press</li> </ul>	Continuously Continuously
<b>Company Shareholders</b>	<ul style="list-style-type: none"> <li>Corporate website</li> <li>Public Disclosure Platform (PDP)</li> <li>Activity Report</li> <li>General Assembly meetings</li> </ul>	Continuously Continuously A couple of times a year A couple of times a year
<b>Stock Exchange &amp; CMB</b>	<ul style="list-style-type: none"> <li>Corporate website</li> <li>Public Disclosure Platform (PDP)</li> <li>Activity Report</li> <li>General Assembly meetings</li> </ul>	Continuously Continuously A couple of times a year A couple of times a year
<b>Media Organizations</b>	<ul style="list-style-type: none"> <li>Activity Report</li> <li>Interviews and conversations</li> <li>Meetings and discussions</li> <li>Press releases</li> <li>Material event disclosures</li> <li>Public Disclosure Platform (PDP)</li> </ul>	A couple of times a year A couple of times a year A couple of times a year When needed When needed Continuously
<b>Technology Partners</b>	<ul style="list-style-type: none"> <li>Activity Report</li> <li>Academic congresses and seminars</li> <li>Articles and publications, academic research</li> <li>Joint projects</li> <li>Trainings and technical support</li> <li>Sponsorships</li> <li>Meetings and discussions</li> </ul>	A couple of times a year A couple of times a year A couple of times a year When needed A couple of times a year A couple of times a year When needed

## Our People-Oriented Working Style

- ◀ Our Employee Profile
- ◀ Our Favorable Working Conditions
- ◀ Support for the Development of Our Employees
- ◀ Diversity and Equal Opportunity
- ◀ Occupational Health and Safety





# Our People-Oriented Working Style



“ In order to adapt to the changing world conditions and achieve our goals in this direction, we provide a healthy and peaceful working environment where the rights of our employees, whom we see as the architects of our success, are respected. ”

As the senior management, we take steps supporting the personal and professional development of our employees, by contributing to their career development with a transparent and open management approach. We offer equal opportunities to our employees in all human resources processes such as remuneration, performance assessment, promotion, assignment, and training, without making any discrimination based on religion, language, race, ethnicity, nationality, and gender.

In our Company, we carry out our human resources processes covering all our employees, within the framework of our Human Resources Policy and procedure. With this policy and procedure, we determine the methods and systems necessary to meet all personnel needs. In addition, in our recruitment processes, our policy and procedure provide a guideline for the orientation training and probation period of our newly recruited employees, and for the definition and implementation of authorities, responsibilities and methods related to these processes. All of our departments are responsible for fulfilling the demands of our employees in accordance with the relevant needs and in a correct manner, by taking into account the our Company circumstances, and for assessing our newly recruited employees accurately and fairly during the probation period. To this end, we aim to continuously develop and improve our Human Resources Policy and procedure.





# Our Employee Profile

Due to the nature of our sector and our activities, our Company has a structure that predominantly consists of male employees. As of the end of 2020, the number of our employees was 402. In terms of distribution of employees, the rate of female employees is at a level of 9%. In order to reflect the distribution by gender, age group and work category of our total number of 402 employees, and the change in the labor, detailed information is given in the tables below on the number of employees who were newly hired or whose employment was terminated in 2020.

Number of Employees by Type of Employment

	Full-Time Employee	Number of Part-Time Employees
Female	34	0
Male	360	8

		Female	Male
Number of Blue-Collar Employees by Age Group and Gender	Under the age of 30	-	57
	Between the ages of 30 and 50	7	190
	Above the age of 50	-	28
Yaş Grubu ve Cinsiyete Göre Beyaz Yaka Çalışan Sayıları	Under the age of 30	5	15
	Between the ages of 30 and 50	20	48
	Above the age of 50	2	24
Yaş Grubu ve Cinsiyete Göre Yönetişim Organlarındaki Bireylerin Sayıları	Under the age of 30	-	-
	Between the ages of 30 and 50	-	3
	Above the age of 50	-	3
İşe Yeni Alınan Çalışanların Toplam Sayısı	Under the age of 30	1	46
	Between the ages of 30 and 50	-	55
	Above the age of 50	-	9
İşten Ayrılan Çalışanların Toplam Sayısı	Under the age of 30	-	44
	Between the ages of 30 and 50	4	71
	Above the age of 50	-	16
İşten Ayrılan Çalışanların Kadroda Kalma Süreleri (Yıl)	Under the age of 30	-	1.26
	Between the ages of 30 and 50	3.93	2.02
	Above the age of 50	-	4.37

# Our Favorable Working Conditions

As Katmerciler, we consider it as our priority to provide a healthy, safe, and clean working environment to our employees. We are aware that the well-being of our employees plays an effective role in our success. Accordingly, we contribute at the highest level to the efforts to ensure that our employees can achieve a balance between their professional and private life and maintain this balance in prosperity. We believe that success in business life is directly proportional to employee happiness, and we consider it among our priorities to keep the motivation and happiness of our employees high. By considering the needs and expectations of our employees through our human resources practices, we offer our employees a working environment that adheres to our principles and values.

The working hours of our employees are 45 hours per week, as defined in the Labor Law. In the cases where necessary, when flexible working is requested by our employees depending on their workload, we encourage the planning of the working hours by being divided into days, in a way not to exceed 45 hours per week. Our employees' entitlement to annual leave is calculated in accordance with the principles of the Labor Law. We also implement casual leave practices such as marriage and maternity leaves and leave for death of relatives, in accordance with the legal regulations and we carefully observe our employees' entitlement to leave. None of our female employees got entitled to or went on maternity leave in 2020. 17 of our male employees used paternity leave.

We have a shuttle service to ensure that our employees do not have transportation problems on their way to and from work and we allocate vehicles to those employees at managerial level and above. Our shuttles and drivers are inspected minimum twice a year. We provide food service with quality materials and products in a hygienic environment through a catering company in our refectory that we have allocated to our employees. The medical examinations of the employees of the catering company are inspected by our Company's health unit and the catering company is regularly audited.

We conduct regular practices in our Company to ensure and monitor employee loyalty. We measure the satisfaction of our employees regarding the Company-related practices, with the Employee Satisfaction Survey that we conduct annually. In addition to these surveys, there are suggestion and complaint boxes located at certain points in our Company. By these ways, we assess all the feedback, suggestions, and complaints we receive from our employees and put into practice such actions which will resolve them.

Since the date when the first case of Covid-19 pandemic was seen in Turkey, we have taken comprehensive measures to ensure the health and safety of our employees and our working environment. We have granted our employees over the age of 60 and those with chronic illnesses the right to go on paid leave. We have meticulously carried out practices such as daily preliminary health checks, regular mask distribution, HEPP code inquiry and regular PCR tests for our employees who have continued to work in the office. We have ensured regular disinfection of personnel shuttles, dressing rooms, refectory halls, all administrative buildings and all our warehouses and regularly informed our employees about the Covid-19 measures.



# Support for the Development of Our Employees

As Katmerciler, we believe that the most fundamental factor for success is development. Accordingly, we act with the awareness that the success of our employees, who play the most active role in our success, is equivalent to the success of the Company, and we develop practices that will ensure keeping the quality of employees at the highest level and support them in increasing their competencies and their career development. In order to develop our intellectual capital in a sustainable way and to ensure continuity in the competencies of our human resources, we annually assess the training needs of our existing and new personnel, and determine methods and responsibilities for planning, implementing and assessing the effectiveness of the training activities in line with these needs. In order to determine the required level of competence for our employees and to provide technical, quality-related, social and managerial information through theoretical and applied training activities, our training activities in our Company include all the development and learning processes carried out in order to contribute to the personal development of the employees, to prepare them for further responsibilities, and to make the overall quality awareness widespread.

We plan and carry out all the training activities we provide to our employees, together with the CEO, the Human Resources Department, and the relevant Department Officers. Trainings that we provide to our employees are:

- Orientation Trainings,
- On-the-Job Trainings,
- Technical Trainings,
- Quality, Environment and OHS Trainings,
- Personal and Professional Development Trainings,
- Business Development Trainings



With the **Orientation Trainings** that we provide upon recruitment, we aim to inform our newly-recruited employees about the main areas of activity and structure of our Company and to accelerate their process of gaining an understanding of the interdepartmental relations and their adaptation and integration to the Company. We carry out **On-the-Job Trainings** in order to ensure the professional development of our employees, to show methods by which they can do their job better and more efficiently, and to increase their interest in their job.

As Katmerciler, we carry out our planned training activities through internal trainings and outsourced trainings. Our internal trainings are those that we prepare by using our internal resources in order that our employees can carry out business teaching and business development processes efficiently and actively in line with their needs. Outsourced trainings, on the other hand, consist of those we receive from training and consultancy firms in order to increase the efficiency of our employees regarding those points of development that we deem necessary.






We provide **Technical Trainings** to our employees in our production, quality assurance, technical services and R&D departments, on topics related to hydraulic/pneumatic, maintenance-repair and design. These trainings are planned by department managers in line with departmental needs and are communicated to the human resources.

Within the scope of the **Quality Trainings** that we provide in order to improve the quality awareness of our employees; we provide trainings on quality management, system inspections, ISO 9001 and ISO 14001. In addition, all the **Environmental Trainings** within the scope of the environmental management system, which we plan in coordination with our quality management representative, are held annually to inform our employees and to raise their awareness, through topics including environmental protection and fight against pollution. **Occupational Health and Safety Trainings**, which should be received by all our employees as required by our statutes, are planned by our OHS specialist.

Since the date when the first case of the Covid-19 pandemic was seen in Turkey in 2020, we have provided our employees with regular training on the Covid-19 measures.

Within the scope of the **Personal and Professional Development Trainings**, we provide trainings aimed at improving the behavior and communication competencies of our employees, such as time management, personal organization, delegation, project management, process management, teamwork, motivation, negotiation techniques, secretarial trainings, sales trainings, and customer satisfaction and conflict management trainings. These trainings are planned by the relevant department managers and the human resources department. In addition, in order to encourage our employees to do a master's degree, their tuition fees are covered by our Company and our employees are considered to be on leave on the days of their education. In order to develop and strengthen the expertise necessary for the continuity of our success as a company engaged in international and global activities, we aim to create long-term value within the organization by providing **Business Development Trainings** to our employees in purchasing, logistics, marketing, accounting, import and export, management accounting and human resources departments.

**Average Hours of Training Received by Employees**

	 Female	 Male
 Blue Collar	0	1.57
 White Collar	3.71	2.34
 Senior Management	0	0

# Diversity and Equal Opportunity

We approach our employees with the principle of equality, without any discrimination, throughout their entire employment period, starting from their recruitment process.

At Katmerciler, we act in compliance with global ethical principles in matters such as recruitment, promotion, career development, remuneration, benefits and diversity. In order to ensure that the most suitable candidate is selected for a new position, by considering the talents and competencies needed, we assess everyone under equal conditions during the recruitment. In our Company, we determine the remunerations according to the job levels determined for the position the candidate is to be recruited for, with a sense of urgency, and set the wages of all employees in line with objective criteria according to competency and experience, without making any gender-based discrimination.

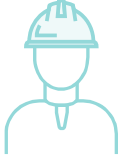


As Katmerciler, we offer equal opportunities to all our employees, without making any discrimination based on race, ethnicity, nationality, religion and gender.





# Occupational Health and Safety



As Katmerciler, we consider it our most important responsibility for our employee safety, in line with the ethical rules we have adopted, to create a safe and healthy work environment in the workplace and to provide informative trainings about first aid, natural disasters such as earthquake and fire and accidents that may occur while performing our activities.

We have ISO 45001 Occupational Health and Safety Management System certificate, and we carry out all our activities in the area of OHS by complying with the obligations of the Occupational Health and Safety Law No. 6331. With our OHS Policy, which is within the scope of our Integrated Management System Policy, we aim to prevent occupational accidents and occupational diseases, to reduce OHS risks by eliminating hazards, to effectively program, implement the control and audit processes to ensure occupational safety, and to achieve our OHS goals. In our OHS Handbook that we provide to our employees, we include the rules that our employees should follow in order to ensure a healthy and safe work environment. In addition, within the scope of our Subcontractor Acceptance Procedure, we assign all our contractors working within the borders of our workplace the responsibility to implement the OHS rules determined by our Company and to comply with the legal obligations in this regard.

In accordance with the Occupational Health and Safety Law, the hazard class of our area of activity is dangerous. The practices in our Company in relation to occupational health and safety are carried out in coordination with the OHS Board. Our OHS Board convenes every 2 months in accordance with the regulations and laws applicable to us. We have an OHS specialist in our Company that works as a part-time employee three days a week.



We have prepared our Occupational Health and Safety Risk Assessment Procedure in accordance with the Occupational Health and Safety Risk Assessment Regulation. This Procedure serves as a guideline in the activities of assessing the OHS risks that are monitored and reported within the scope of the Occupational Health and Safety System implemented in our Company. The risk assessments made are discussed in detail at the OHS Board meetings, and the decisions taken in the Board are published under the title of "Occupational Health and Safety and Environment Board Meeting Minutes" and take effect after having been signed by the Board members.

Due to the hazard class of our Company, we are obliged to review and renew our risk analysis every 4 years in accordance with the Occupational Health and Safety Risk Assessment Regulation which was published in the Official Gazette. Risk assessments in our Company are carried out by the OHS Risk Team formed by the OHS Board. The OHS Risk Team consists of the employer, employer's representative, occupational health and safety specialist, workplace physician, employee representatives, support personnel, and our employees who have been identified in a way to represent all departments in the workplace and who have knowledge about the work carried out in the workplace, current or potential sources of danger, and risks. In addition to periodical assessments, we review and re-asses our risk analysis in the cases where an occupational accident occurs, environmental measurements are renewed, an amendment is made to the regulations, and any change occurs in the OHS Risk Team.







We follow a five-step approach in identifying and analyzing the OHS risks:

1. Assessing each of the identified hazards separately, determining the probabilities and possible effects of the risks that may arise from the hazards, by taking into account the existing control measures
2. Analyzing the risks determined in the light of the information and data collected, on the basis of certain factors such as characteristics of our Company's activities, nature of the hazards or risks in the workplace, and the restrictions of the workplace, as well as national and international standards
3. In those departments of the workplace where different works are carried out, implementing the first two steps for each department
4. Handling and finalizing the analyses made for different departments, as a whole, by taking into account the interactions of the departments as well
5. Sorting and reporting the analyzed OHS risks according to the size and importance of their impacts in order to take control measures



As a result of the findings of the risk analysis practices carried out, we run a five-step process for the implementation of the risk control steps:

1. **Planning:**  
Making a plan to control the risks
2. **Deciding upon the Risk Control Measures:**  
Implementing the steps necessary to completely eliminate the risks or to reduce the risks to an acceptable level in the cases where it is not possible to eliminate them completely
3. **Implementing the Risk Control Measures:**  
Preparing and putting into practice such plans that set out the timelines of the agreed measures and the responsible departments
4. **Monitoring the Implementations:**  
Regularly monitoring and auditing the implementation steps of the plans prepared, and determining the deficiencies and taking the necessary corrective actions
5. **Risk Control Steps:**  
After implementing the control measures for the identified risks, re-determining the risk level, and repeating the first four steps if necessary

We determine our preventive actions against the dangers and risks that we define in the risk analysis assessments. We systematically carry out the control and audit of all our actions within the scope of OHS.

We define as an accident those incidents that have or are likely to have the potential to cause loss during our operations. Interventions to be made and practices to be carried out during and after an accident are clearly defined in our Accident and Incident Investigation Procedure. In the case that an occupational accident or incident occurs, an Occupational Accident Report and an accident or near-miss report form are prepared and submitted to the Human Resources, the OHS Specialist, the management representative, and the relevant department manager. The accident or near-miss report form meticulously records the time of the incident and whether it has occurred during the working hours, the personnel involved in the incident, the machinery and equipment used, the weather conditions, and the scenario details of the incident. Occupational accidents that occur are included in the agenda of the OHS Board and all preventive and remedial efforts are assessed. Systemic errors are reviewed by preparing a Corrective and Preventive Action Form with the participation of the employer's representative, the OHS Specialist and the Human resources supervisor, and the process is carried out under the control of the Employer's Representative, the OHS Specialist and the Department Supervisor, without the involvement of the cause of the error in the process.



Pursuant to the Personal Protective Equipment Regulation, we provide all of our employees in the relevant departments with equipment that comply with the protective equipment design principles such as comfort, effectiveness, and non-dangerous quality. We manage the health-related practices in our Company in accordance with the Labor Law and the Occupational Health and Safety Regulation, and accordingly, we regularly repeat the periodic medical checkups of our employees every 3 years.



## Occupational Health and Safety

### • Occupational Accidents

We comprehensively record the occupational accidents and near-miss incidents occurred during our activities and then meticulously implement all the preventive and remedial practices we have determined. To date, no accident involving death has occurred in our Company, and no employee of ours has been diagnosed with an occupational disease. Data on the accidents that took place in our Company in 2020 are given in the below table.

Numbers and Rates of Occupational Accidents		
	 Female	 Male
Number of accidents	0	24
Number of accidents involving death	0	0
Number of occupational diseases	0	0
Absenteeism (total lost labor)	0	7961
Absenteeism due to accident	0	191
Accident frequency rate (IR) <sup>1</sup>	0	24.97
Lost day rate (LDR) <sup>2</sup>	0	0.02
Occupational disease rate (ODR)	0	0
Absenteeism rate (AR)	0	2.39

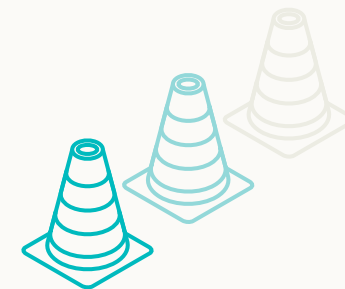
<sup>1</sup> Accident Frequency Rate Formula (IR) Number of occupational accidents x 1,000,000 / Total number of persons\*hour

<sup>2</sup> Lost Day Rate Formula (LDR) Workday lost due to occupational accident x 1,000 / Total number of persons\*hour

### • Our 2021 Goals in the Area of OHS

In line with our responsibilities towards our employees under our statutes and ethical rules, we continue our efforts to create a healthier and safer work environment. In this context, we have three basic OHS performance criteria that we have determined, and quantitative targets that we aim to achieve in 2021 for each criterion. We regularly check these performance criteria in the monitoring periods we have determined. The 2021 targets of our Company in the area of OHS are given in the below table.

Performance Criteria	Target Year	Commitment
Frequency rate of occupational accidents	2021	To reduce it by 3%
Number of lost days (Report) due to occupational accident	Every Year	To reduce it by 90% compared to the previous year
Near-miss cases	Every Year	To increase it by 10 pcs per year



## Our Responsible Environmental Management

- ◀ Combating Climate Change and Our Energy Management
- ◀ Our Water Management
- ◀ Our Waste Management





# Combating Climate Change and our Energy Management

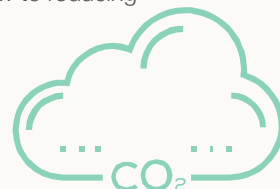
“ We are aware of the need to protect the environment we interact with in order to leave a livable world to future generations. Accordingly, we manage our environmental impact in the most effective way possible in our activities and operations, use our resources responsibly and efficiently, and develop our business processes with environmentally-friendly solutions. ”



At Katmerciler, we do our best to fight climate change within the framework of our Integrated Management System Policy, and our management system defined by our senior management. Within the scope of our Integrated Management System Policy, we preempt potential environmental risks that may occur at our facilities and take active measures against these risks. We contribute to economic development through the efficient use of energy in all of our activities. In our policy, we clearly state our commitment to setting environmental targets, fulfilling our obligations, and effectively managing the environmental impact of our operations. We carry out all our activities with a view to reducing our environmental impact within the scope of the ISO 14001 Standard.

We contribute to the reduction of energy consumption and carbon emissions arising from our production activities.

Through the responsible and effective management of the resources we use at Katmerciler, we take a management approach that embraces the conscientious and efficient use of energy. We pursue our energy management activities based on our production and processes. Within the scope of strategically determined targets and plans, we follow up with the relevant units with a view to reducing energy consumption.

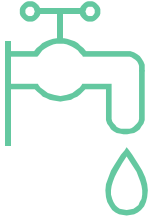


Energy Consumption		Izmir Factory	Ankara Factory
	Natural Gas, m <sup>3</sup>	248,058.54	922,262.27
	Electricity, kWh	799,020.00	363,930.82

At Katmerciler, we have our chimney emissions regularly measured by authorized institutions within the context of relevant legislation. Our measurements are evaluated and recorded in the system by institutions authorized by the Ministry of Environment. We ensure that this process is carried out, regularly and meticulously, from beginning to end.

Air Emissions	
NOX (tons)	0.018
SOX (tons)	0.001
Persistent organic pollutants (POP) (tons)	-
Volatile organic compounds (VOC) (tons)	<0.117
Hazardous air pollutants (HAP) (tons)	-
Particulate matter (PM) (tons)	0.02113
Other standard air emission categories (CO) defined in relevant regulations	0.009

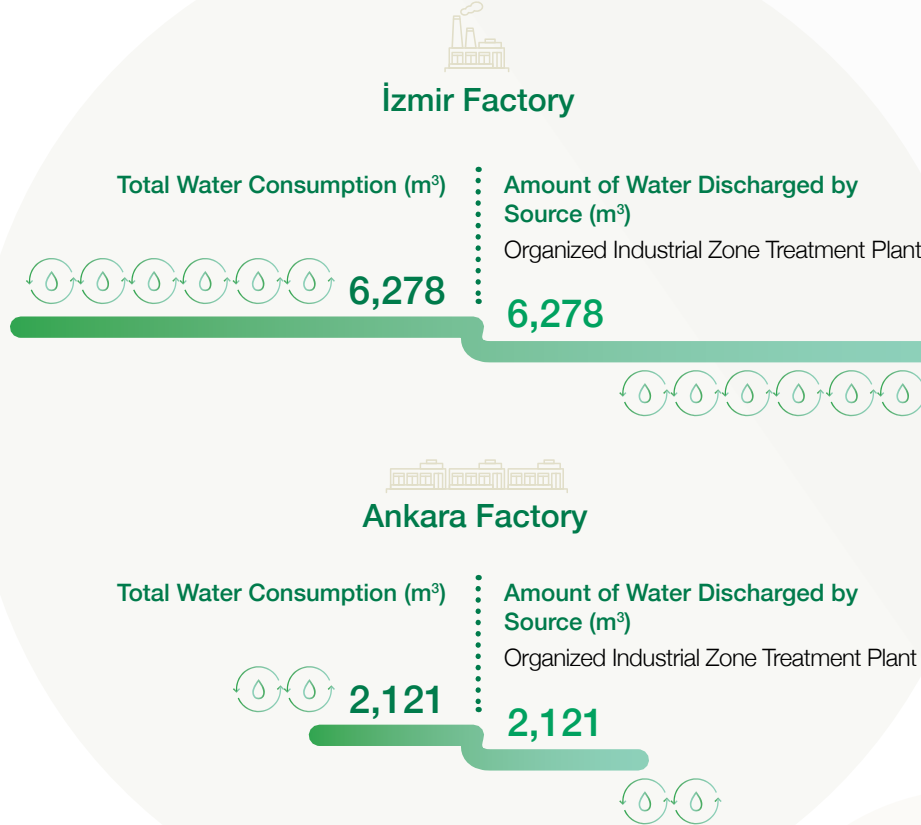
# Our Water Management



We optimize the use of water in our operations in order to help reduce global water consumption and ensure sustainability for future generations. Accordingly, we carry out water management practices in full compliance with legislation.

We procure the water we use at our Izmir and Ankara factories from the water networks of the industrial zones in which our factories are located, and the water we use at our Ankara Branch Directorate is obtained from municipal water networks. No water sources are adversely affected as a result of water use in our operations and at our offices. Wastewater from our Izmir and Ankara factories is discharged into wastewater treatment plants at the industrial zones in which our plants are located.

We believe that effective water management plays a key role in contributing to environmental sustainability. We are aware that every step we take to contribute to sustainability within the scope of our water management policies is important for the continuity of our activities. Within the framework of the Katmerciler Water Policy, we undertake to identify risks related to water management and review these risks every year. In line with our policy, we aim to raise awareness among our employees, customers and suppliers regarding the effective management of water resources. What's more, we strive to minimize water consumption by using sustainable technologies in all future investments.





# Our Waste Management



At Katmerciler, we manage the waste generated by our activities by taking account of the waste management hierarchy so as to minimize the environmental impact. Our approach to waste management, which aims at reducing the generation of waste, includes waste reduction, reuse, recycling and disposal.

Within the scope of our Environmental Management System, we strive to minimize waste generation, sort waste generated at the source, and recover it at the highest possible rate. With the aim of reducing natural resource consumption and minimizing waste generation, both of which are among our environmental objectives, we regularly monitor the waste generation resulting from our activities. In order to raise awareness and foster a culture of sustainability, we provide all our employees with environmental training on an annual basis to promote the concept of 'Zero Waste.'


We carry out all our waste management activities within the scope of the ISO 14001 Standard and in full compliance with environmental legislation. At our factories, we regularly and systematically sort all of the waste generated by our activities, dispose of it properly, and recycle it. At our factories, we categorize and sort each type of waste as hazardous or non-hazardous. We maintain separate storage areas for all types of waste at all our facilities. We have placed recycling bins in designated areas at all of our factories in line with environmental regulations. Thus, we ensure that non-hazardous waste - such as glass, plastic, paper and metal - are sorted regularly at their source.

We ensure that waste-sorting and temporary storage are carried out in a way that does not pose a risk to occupational health and safety. We carry out our waste-storage and waste-disposal activities in line with the Waste Management Regulation. Sorted waste is taken to licensed institutions authorized by the Ministry of Environment and Urbanization, its information is entered into the Integrated Environmental Information System (ECIS), and records are kept through the MoTAT system.

## Hazardous Waste Amount by Disposal Method (tons)

Disposal Method	Izmir Factory	Ankara Factory
 Recycling	34.21	0.9
 Licensed Waste Disposal Company	0.13	-

## Non-Hazardous Waste Amount by Disposal Method (tons)

Disposal Method	Izmir Factory	Ankara Factory
 Recycling	508.83	55.56

Izmir - Bird Sanctuary



## Our Innovative Products And Digitalization Applications

- ◀ Our R&D Practices
- ◀ Our Digital Transformation Processes
- ◀ Confidentiality and Information Security

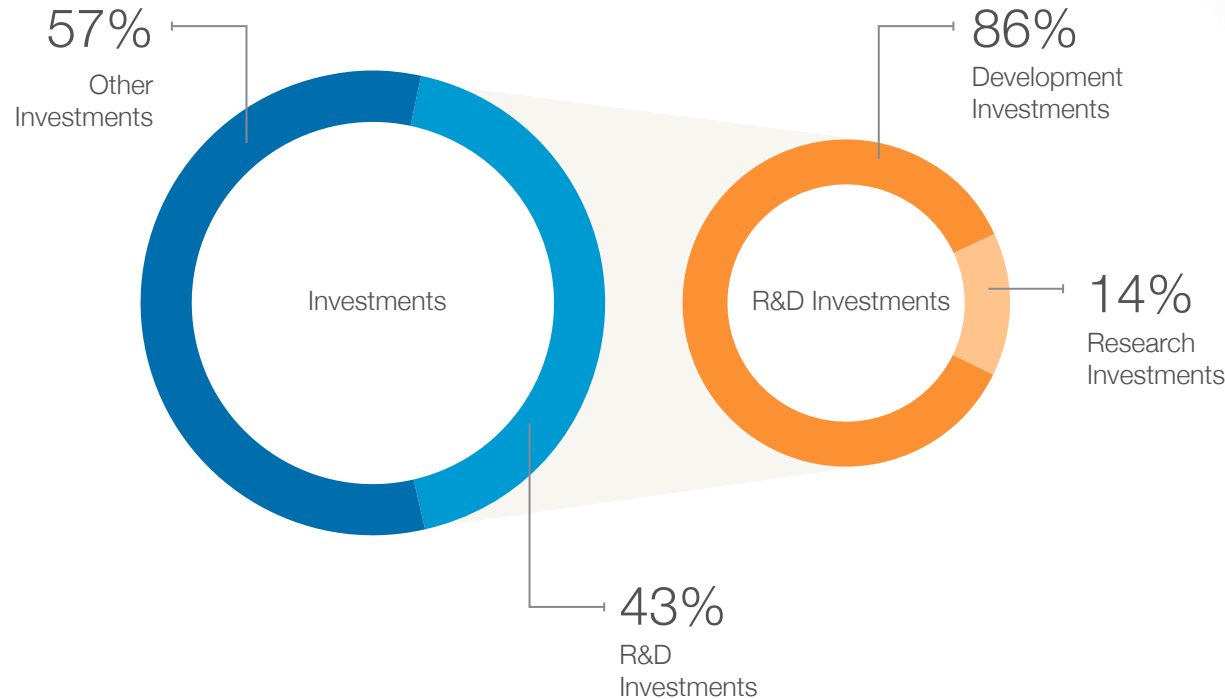


# Our R&D Practices

As Katmerciler, we consider the support for innovative products and implementations in our operations in the on-board equipment and defense industry sectors as a focal point in carrying our business into the future. Accordingly, we design new products according to the relevant needs in line with global trends, with the help of our approximately 40 employees in our R&D Center which we established in 2015 with the approval of the Ministry of Science, Industry and Technology. Within the scope of the practices that we carry out at our R&D Center in different areas ranging from improvement of existing products to development of new products, we allocate approximately 2% of our turnover to R&D expenditures every year. In 2020, the amount of investment we made in our R&D practices reached TL 8.21 million. This amount constitutes 43% of the investment expenditures made in 2020.



In 2020, the amount of investment we made in our R&D activities reached **TL 8.2 million** which is **43%** of the expenditure we made on our investments.



## Our R&D Practices



We contribute to the transformation of on-board equipment and defense industry sectors with two types of projects that we carry out in our R&D Center according to the 'Project Management Plan'

One of our project types is 'New Product Project' that starts with new ideas, tenders or customer demands, and the other type is 'Derivative Product Project' that starts with customer contracts or demands. Accordingly, our processes consist of three stages: "project design", "execution" and "quality control and testing". In this context, we follow the steps of designing the project of various new products and processes for many models and topics, carrying out design and planning practices in accordance with the determined projects, and carrying out quality control and testing processes for the analysis of the suitability of the products. The project planning processes involve the steps of the worktime planning of the projects for developing new products or processes, the task distribution of the project team, the determination of the target success criteria, the risk analysis, and the determination of the performance criteria. The execution process consists of the steps of carrying out the design activities in line with the scope of the project, implementing the studies



involving R&D, performing the trial production of a new product, process, or technology, and checking the risk and performance criteria. The quality control and testing process, on the other hand, involves the steps of performing tests and analyses at every stage of the project, performing target-materialization analysis, obtaining end product technology process approval, and preparing performance reports. These tests include

structural strength and kinematic tests as well as mine and ballistic tests that we carry out with world-renowned impartial companies. We also assess the development areas and versions in the design of our on-board equipment and vehicles, simultaneously with the process.



# R&D ACTIVITIES PROCESS

1

## PROJECT DESIGN PROCESS



Identifying the projects aimed at developing new products or processes



Creating the work-time plans of the determined projects



Determining the task distribution of the project team



Determining the target output and success criteria



Performing risk analysis and determining the performance criteria

2

## EXECUTION PROCESS



Executing design and planning activities in accordance with the determined project scope



Implementing the practices involving R&D



Executing the trial production activities of new products/processes or technologies



Controlling the risk and performance criteria

3

## QUALITY CONTROL AND TESTING PROCESS



Testing and analyzing at every stage the product// process or technology produced within the scope of R&D practices



Performing the target-materialization analysis



Approving the end product technology process



Preparation of performance reports



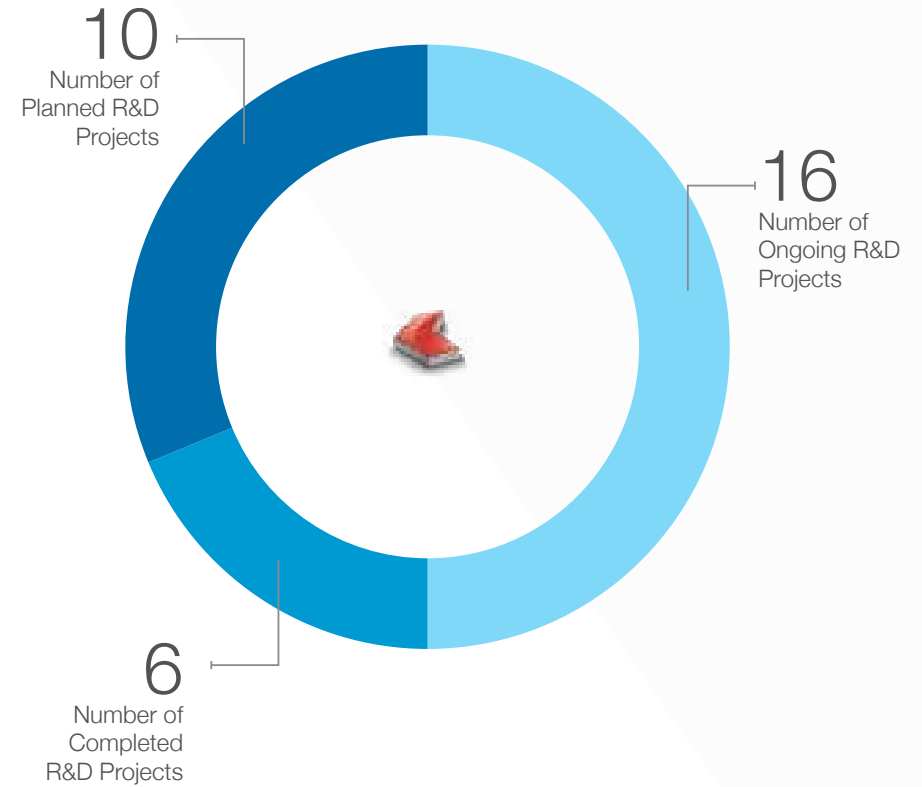
## Our R&D Practices



In line with our mission of closely following technological developments, we have completed 67 R&D projects since 2015 and commercialized 45 of them. We make the selection of our projects, by considering the strategic goals, the needs and expectations in the market, the demands of foreign companies, and the developments occurred in the area of R&D. At the initial stage of our projects that we put into practice for the defense industry sector, we initiate the tender process only after verifying the feasibility with the users.



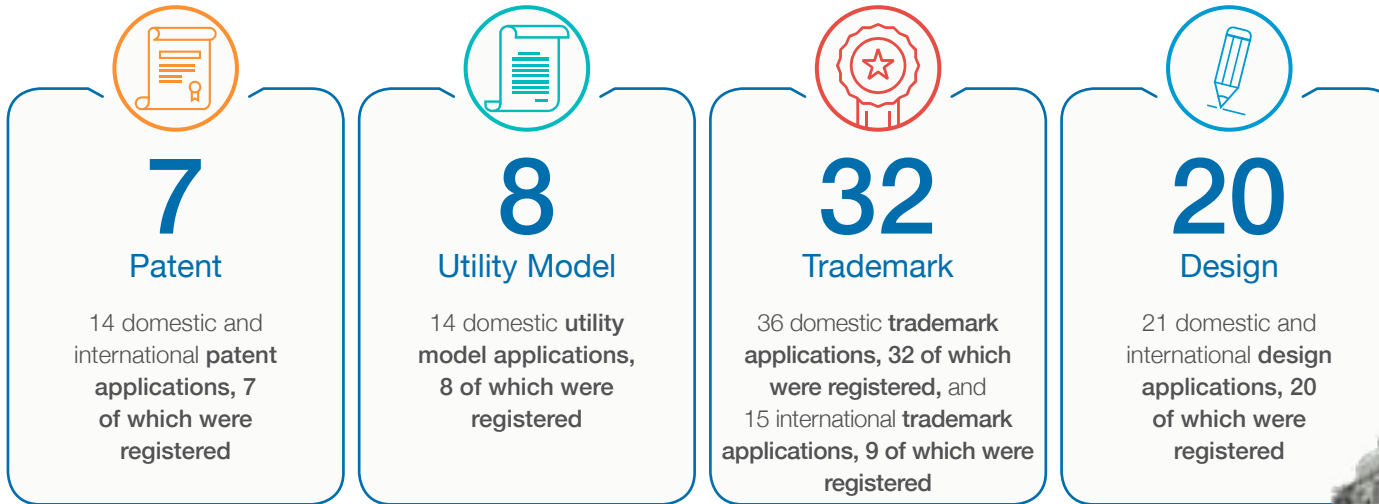
During 2020, we completed 6 of our **22 R&D projects** and we continue to work on **16** of them.



## Ar-Ge Çalışmalarımız

We apply for patents and utility models for new products that we develop in our R&D Center. Accordingly, we have applied for a total of 14 patents to date, both domestically and internationally. 7 of these patents were registered and the examination processes of the others are continuing. Within the scope of utility models, 8 out of 10 domestic applications we have made were registered.

We have **1** project within the scope of '1501 TÜBİTAK Industry R&D Projects Support Program'.



As a result of our R&D practices, we have created such products that have carried our Company to the next level in national and international competition and that we have recently included in our military vehicle product range, including particularly '**HIZIR**', which has the highest engine power in its segment and has a mine and ballistic protection level, '**EREN**', an armored vehicle designed for urban use, and our '**UNMANNED GROUND VEHICLE**' which is the favorite of our police forces in the fight against terrorism. Within the scope of the activities that we carry out in the on-board equipment sector, our R&D projects such as fuel tankers at **ADR** standards, vacuum trailers, **HYDRANT DISPENSER** with airport fuel transfer system, and **SILOBAS** trailers of different structures, stand out.



**HIZIR**

4x4 Tactical Wheeled Armored Vehicle

# Our Digital Transformation Processes



As Katmerciler, we define digital transformation as the redesign or development, through digital technologies, of our activities in all departments of our enterprise such as production, accounting, finance, purchasing, human resources, marketing, and quality, as well as our business-doing methods and our processes. Accordingly, developing digital applications that improve and accelerate our business processes in a world that is continuously reshaped by technology is among our top priorities. In this context, we support the digital transformation process within the organization through many projects on different topics.

In our digital transformation journey where we have determined our focus points as operational improvement, cost reduction, turnover/revenue increase, and new business models, we create our strategy under the headings such as customers, competition, data, innovation, and value, based on the answers that we will give to the following questions.

1. How should our Company change due to digital challenges?
2. How will digitalization help our Company do those things that it has not done or could not do before?
3. Which of the activities that our Company is already able to perform, will be performed faster and more accurately with digitalization?
4. What should be changed in our Company?
5. How will digital transformation be organized within the Company? What will the role of IT be?

With this approach, we plan to determine the transformation needs for digital transformation by analyzing the current situation, and to prioritize the development areas determined within the framework of the current potential and the capabilities of the Company, in parallel with the digital transformation strategy that we have created.

Accordingly, we are aware of the fact that bringing together the correct systems by thinking correlatively, integrating processes and departments and strengthening their communication will make an extremely important contribution to the process and efficiency.



We consider the digital transformation not as a project of corporate departments, but as a corporate culture.



**EREN**

4x4 Residential Area Response Vehicle

## A Snapshot of Our Digitalization Practices...

1

With the product tree management system, which is one of our digitalization steps, we monitor the materials needed and any changes that may occur during production. We do not keep the equipment in stock, and we request them from our purchasing department, when needed, through the product tree management system.

2

By switching to registry card practice for quality control of our equipment, we ensure that the critical components of all our products are identified. In this way, we can find answers to questions about product contents that may arise during production.

3

Within the scope of automation of production operations and in accordance with the authorizations, we ensure that the relevant persons can easily access real-time and detailed information about production stages. Thanks to this automation, we can immediately respond to the problems that may arise, with the instant monitoring of the production performance. Accordingly, we identify processes that cause loss of labor, production stages with no added value, and errors that occur during manual data transfer operations originating from operators and eliminate these problems.

4

We make digital investments which will ensure that the process of collecting data from the production site is automated and runs on a line basis. Accordingly, we are planning the development areas necessary to ensure full integration with the ERP (Enterprise Resource Planning) system.

5

Thus, while making great contributions to our production performance, we create analyses that will contribute to the planning of digital investments by providing real-time and detailed information of our performance to the operators working on the line, visually and in an easily-understandable manner.

6

In relation to the overtime work demands of our employees, we have created a system where we can systematically monitor online whether or not the overtime work has been performed. Within the scope of this system, personnel shuttle planning and overtime work integration have also been developed. We ensure that personnel shuttles are also scheduled based on this system.

7

With the aim of strengthening the information security infrastructure of our Company, we carry out practices to unify the systems and to update the operating systems.

8

For operational problems that may arise within the Company, we have created a module over the Netle Program and put the help desk into service. We therefore solve the problems of our employees effectively and quickly.



UNMANNED GROUND  
VEHICLE



HYDRANT DISPENSER



# Privacy and Information Security



We strive to ensure confidentiality and information security in order to be seen as a reliable enterprise in the eyes of our customers and to keep customer satisfaction at the highest level. Through our Information Security Management System Policy, Personal Data Protection and Processing Policy, Personal Data Storage and Destruction Policy, Information Security Management System Handbook, ISO 27001 Information Security Management Standard which we switched to in 2015, and the information disclosure texts that we have prepared on a process basis, we gain the trust of institutions and organizations to which we provide services and we ensure the security of our information assets that we use within the scope of the services we provide.

In the establishment and implementation of our information security management system, we have taken into account the needs and objectives and the security requirements of our Company, the corporate processes used, and the size and structure of the Company. With our information security management system, we maintain the confidentiality, integrity and accessibility of information by taking into account risk management as well. Through this system, we provide assurance to our employees, customers and suppliers about the accurate management of risks. Accordingly, we attach importance to keeping the awareness of our employees on information security at a high level.

In line with our goal of maintaining our services effectively and uninterruptedly, we quickly resolve the malfunctions that occur in our IT-based services. We take the necessary measures to ensure that business continuity is not interrupted due to these malfunctions. Accordingly, we first back up all critical software and servers in our systems on a regular basis, in accordance with the backup plan. We consider that ensuring the security of the infrastructure of our information systems is the most important factor for uninterrupted operation of the systems. For this reason, we have a very strong IT infrastructure within our Company.

In our IT department, we record and assess within the system the employee requests which are aimed at our goal of continuously improving our information security management system. Accordingly, we have resolved 1168 of 1176 requests received from our employees, with the netle document program, the information technology support request system that we have started to use actively as of July 2020. The resolution process for the other 8 requests is still ongoing. As a result of our assessments, we have created a digital system for overtime work and transportation issues of our employees. Thanks to these systems, we monitor the changes that take place, through the online system that we have created. In addition to these, in order to reduce the negative impact of the Covid-19 pandemic, we have provided our employees with the opportunity to work remotely through the VPN system.

In 2020, no case was communicated to our Company by official authorities in relation to a breach of personal data privacy.



The scope of our Information Security Management System includes the following topics:

- Security Responsibilities Determined by Contracts and Legislation
- Requirements of the Services Provided by Our Employees
- Security Needs of All Software, Hardware and Infrastructure That We Use While Providing Services
- Information and Documents Given by Our Customers
- Identity Information of Our Customers, Correspondence



You may find our 'Information Security Management System Policy', 'Personal Data Storage and Destruction Policy' and 'Personal Data Protection and Processing Policy' [on our corporate website.](#)

## Appendix

- ◀ Our Ethical Principles Procedure
- ◀ Priority Topics for Katmerciler
- ◀ Framework for Compliance with the Sustainability Principles
- ◀ GRI Standards Content Index



## Our Ethical Principles Procedure

### 1. Use of Resources

Our our Company resources are clearly stated in the Ethical Principles Procedure, and we define them as all our assets that are in the ownership of our Company or that have been temporarily entrusted to our Company. We take the interests of our Company into consideration when using resources on behalf of Katmerciler. Our Company assets, facilities and employees cannot be used/benefited from outside the Company under any name and on behalf of or for the benefit of anyone, unless it benefits our Company to do so. The principle of "savings in all matters" is adopted by all employees, and by our managers who should set an example to our employees in this respect. Our employees have responsibilities in terms of using all our Company resources in line with their intended use and in accordance with the procedures, and in terms of protecting these resources. In the case that any negligence, damage or unfavourable situation is identified to have occurred as a result of the use of our Company resources, our employees are obliged to inform their managers.

### 2. Time Management

During business hours, our employees should manage their time well and should not allocate time for their private work. Managers cannot assign employees to do their personal work. It is essential that no visitors are accepted during working hours. The our Company employees are obliged to complete their meetings with compulsory visitors in a reasonable time, by keeping the discussions limited to the reason of the visit and in a way that does not hinder the work flow. It is necessary to pay attention to the same issues also in the management of time in tasks outside the our Company facilities (marketing activities, customer visits, visits to third parties and official institutions, purchasing, test drive, emergency services, business or training trips, meetings, etc.).

### 3. Customer Relations

Ensuring customer satisfaction is the top priority of all employees, even if it is not covered by their scope of duty. Issues that cause customer dissatisfaction are handled as a matter of priority. Maximum effort is made to resolve customer complaints as soon as possible. If an employee cannot resolve the complaints as part of his/her scope of duty, he/she informs his/her immediate manager or the After-Sales

Services department. No transaction can be made without the knowledge and approval of a customer, even if such transaction will be in favour of the customer. (If there is an element in service transactions that is covered by warranty and threatens the safety of the customer, it can be dealt with without seeking the customer's approval.) The customer cannot be given incomplete or incorrect information, even if it will be in favour of the Company to do so.

### 4. Gift Acceptance

The our Company employees cannot demand or imply to demand gifts from customers/subcontractors/suppliers, and other companies and persons with whom the Company has commercial relations; they cannot accept any gifts, money, cheques, property, free holidays or special discounts that will put the Company under liability (gifts accepted on the occasion of the New Year such as books, journals, flowers or chocolates are excluded in this respect; but the value of gifts in this scope cannot exceed \$100). Gifts that have to be accepted within the limits of courtesy are donated to foundations to be determined by the Company.

### 5. Accepting Aids and Donations

Personal aids and donations cannot be accepted from any person or organization that has a business relationship with the Company.

### 6. Public Relations

To make a statement to or to have an interview with any broadcasting corporation, to attend as a speaker to events such as seminars, conferences, etc., and to determine whether or not any remuneration will be paid in return of the same, are subject to the approval of the our Company Senior Management. No personal gain can otherwise be obtained from these activities in any way. Even if an income is obtained from these activities, it is donated to foundations to be determined by the Company.

### 7. Relations with Associations, Clubs and Political Parties

An employee of the Company cannot contribute financially to political activities on behalf of the Company, even by using his own financial means, and cannot participate in activities on behalf of the Company, except for those of professional and sectoral associations and clubs. An employee cannot be actively involved in any political party during his/her term of office.

### 8. Relations Between Employees

The relation established between employees is a professional relationship between colleagues. The fact that an employee is an acquaintance or relative of another employee should not change these employees' way of interacting with and treating each other. Employees cannot exhibit any behaviour in business environment that goes beyond the boundaries of a professional relationship between colleagues. It is not appropriate for spouses or relatives to work in a superior-subordinate relationship or to work in the same department. Employees may not exhibit a behaviour that would not be welcomed by their colleagues.

### 9. Conflict of Interest Management

Katmerciler's employees cannot engage in any activity or adopt any attitude that will create a conflict of interest with Katmerciler. Katmerciler's employees cannot use the assets of Katmerciler for personal gain or for the benefit of anyone inside or outside the Company. During the negotiations with companies with which Katmerciler might enter into an agreement, it is unacceptable for Katmerciler's employees to make personal deals which will weaken the potential advantages of Katmerciler, or to engage in activities or carry out financial transactions that may cause the same.

### 10. Economic Sanctions

Some of the countries we work with may have imposed restrictions on other countries, companies and individuals. Therefore, our Company always complies with the applicable regulations by closely following the laws on economic sanctions, export controls, boycott and embargo, and corruption and customs. We inform our employees of the fact that breach of these restrictions can have extremely serious consequences, such as the cancellation of our export licenses, administrative fines, and potentially imprisonment sentences.

### 11. Actions to Be Taken Against Forged and Faulty Documents

All records and financial statements of our Company must accurately reflect all transactions of the Company. False statements or entries cannot be made in the our Company records for any purpose. Attention should be paid to properly record, disclose and charge all expenses. No records, entries or documents shall be forged, distorted, misleading, misdirected, intentionally incomplete or withheld. Katmerciler's disciplinary regulations will apply to the personnel who commit or attempt to commit forgery.

## Priority Topics for Katmerciler

Main Topics	Sustainability Priorities of Katmerciler	Sustainable Development Goals Reference
Environmental	Climate Change and Emissions	  
	Energy Management	 
	Waste Management	
	Water Management	
Social	Occupational Health and Safety	  
	Employment	 
	Employee Development	
	Diversity and Equal Opportunity	 
Economic	Economic Performance	 
	R&D and Innovation	  
	Information Systems and Information Security	 
	SResponsible Purchasing Practices	  



## Framework for Compliance with the Sustainability Principles

1/9

\*Compatibility is indicated by Color Codes:

Fully

Semi

Incompatible

No	Type of Principle	Principle Code	Principle Description	Compliance*	Remarks	Section and Page Number of the Sustainability Report
1	A. General	A1. Strategy, Policy and Objectives	The Board of Directors determines ESG (Environmental, Social & Governance) priority issues, risks and opportunities and creates ESG policies accordingly. In terms of the effective implementation of the said policies; internal directives, business procedures, etc. can be prepared. The Board of Directors adopts resolutions on these policies and makes the public disclosures regarding the same.		The prudent management approach of Katmerciler in relation to matters that it considers risky within the scope of risk management activities is described in the Risk Management and Internal Control section. In parallel therewith, the Policies that it has determined in order to manage risks are clearly set out in the relevant parts of the report and on the website. Under the title 'Our Sustainability Approach', Katmerciler's sustainability issues that are of priority are mentioned. ESG policies are planned to be formed in the upcoming periods in line with the priority issues. A Water Policy was established. Since it is the first year of reporting, Katmerciler's sustainability approach is presented, and the plan is to create a sustainable business model within the senior management in the upcoming periods.  You can access the relevant policy from the link below: <a href="http://www.katmerciler.com/L/TR/mid/357/Politikalar.htm">http://www.katmerciler.com/L/TR/mid/357/Politikalar.htm</a>	Risk Management and Internal Control Our Sustainability Approach
2			Determines the Corporate Strategy that complies with the ESG policies, risks and opportunities. Determines short and long-term goals in line with the corporate strategy and ESG policies and makes the relevant public disclosures.		The prudent management approach of Katmerciler in relation to matters that it considers risky within the scope of risk management activities is described in the Risk Management and Internal Control section. Important risks for Katmerciler, the assessment of these risks, their prioritization, and the measures to be taken are described. The plan is to set targets for the corporate strategy and ESG policies and to make these targets public in the upcoming periods.	Risk Management and Internal Control
3		A2. Implementation/ Monitoring	Determines, and makes the public disclosures regarding the committees/functions responsible for the execution of ESG policies. The responsible committee/function reports the activities carried out within the scope of the policies to the Board of Directors at least once a year and, in any case, within the deadlines for the public disclosure of the annual activity reports as specified in the relevant regulations of the Board.		Duties and responsibilities of the Audit Committee, the Committee for Early Detection of Risk and the Corporate Governance Committee are specified under the section 'our Corporate Governance'. Activities carried out within the scope of these committees are regularly reported to the Board of Directors. Since it is the first year of reporting, sustainability approach is presented, and the plan is to establish committees/units responsible for the execution of sustainability policies for the upcoming periods.	Our Corporate Governance
4			Creates and publicly discloses the implementation and action plans in line with the short and long-term objectives that are determined.		Since it is the first year of reporting, short and long-term objectives including sustainability issues have not been determined yet, and implementation and action plans have not been prepared yet, in Katmerciler's reporting period. The plan is to determine the objectives for the next period and to create action plans that reveal our strategy towards these objectives.	-

## Framework for Compliance with the Sustainability Principles

2/9

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No	Type of Principle	Principle Code	Principle Description	Compliance*	Remarks	Section and Page Number of the Sustainability Report
5	A. General	A2. Implementation/ Monitoring	Determines the ESG Key Performance Indicators (KPI) and discloses them comparatively on a yearly basis. Presents KPIs with comparisons of the local and international industry, in the case that there are verifiable data available.		In the sections of the report where the Environmental, Social and Governance approach is described, performance data are shared annually. Since it is the first year of reporting, 1-year data are shared, and the percentage changes by year and important numerical data will be included in future reports.	-
6			Discloses its innovative activities to improve the sustainability performance for business processes or products and services.		Within the scope of our R&D Studies and Digital Transformation Processes, innovation activities in business processes and for services are mentioned.	Our R&D Studies, Our Digital Transformation Processes
7		A3. Reporting	Reports the sustainability performance, goals and actions at least once a year and discloses them to the public. Discloses the information on sustainability activities within the scope of the annual report.		Since it is the first year of reporting, performance data within the scope of the Sustainability Performance Indicators are shared only within the scope of limited indicators for 2020. The plan is to share the data in the upcoming periods in an integrated reporting format with a holistic approach.	Occupational Health and Safety, Our Water Management, Our Employee Profile, Support for the Development of Our Employees
8			It is essential to share information that is important for stakeholders to understand the position, performance and development of the corporation, in a direct and concise manner. May also disclose detailed information and data on the corporate website and prepare individual reports to directly meet the needs of different stakeholders.		Information that is important for stakeholders to understand the position, performance and development of the corporation, are given in the report with a direct and concise narration. In this respect, there is no content available on the corporate website. There is no reporting that directly meets the needs of stakeholders.	Our Corporate Profile, Our Corporate Governance Structure, Communication with Our Stakeholders
9			Shows maximum care to ensure transparency and reliability. Objectively discloses any developments about the issues that are a matter of priority, in disclosures and reports in line with the balanced approach.		In the section of Business Ethics and Compliance with Corporate Policies and Laws, issues related to public disclosure are mentioned. It is described that utmost care is shown regarding transparency and reliability. Since it is the first year of reporting, the current situation on priority issues is described, and trend-based developments will be included in the upcoming reporting periods.	Business Ethics and Compliance with Corporate Policies and Laws
10			Provides information about which of the United Nations (UN) 2030 Sustainable Development Goals relates to its activities.		Related Sustainable Development Goals are specified under the themes and sections.	Our Corporate Profile, Our Corporate Governance Structure, Our Human-Centric Working Approach, Our Responsible Environmental Management, Our Innovative and Digitalization Practices
11			Gives explanations regarding the lawsuits filed and/or concluded against us on environmental, social and corporate governance issues.		As of 2020, there is no lawsuit brought against the Company that may affect its financial standing and activities.	GRI Content Index

## Framework for Compliance with the Sustainability Principles

3/9

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No	Type of Principle	Principle Code	Principle Description	Compliance*	Remarks	Section and Page Number of the Sustainability Report
12	A. General	A4. Verification	If verified by independent third parties (independent sustainability assurance providers), it discloses the sustainability performance measurements publicly and endeavours to enhance the relevant verification processes.		Since it is the first year of reporting, no verification has been received from independent third-party organizations. The plan is to receive confirmation in the upcoming periods.	-
13	B. Environment	B. Environmental Principles	Discloses its environmental management policies and implementations, action plans, environmental management systems (known by the ISO 14001 standard) and programs.		The contents describing the direct-action plans, management systems and procedures in the reporting period related to environmental management are included in the relevant sections of the report. Works carried out within the scope of ISO 14001 are mentioned.	Our Responsible Environmental Management
14			Complies with environmental laws and other relevant regulations and discloses them.		In the relevant sections, relevant laws and standards that are complied with in this respect are mentioned.	Our Responsible Environmental Management
15			Discloses the limits, reporting period, reporting date, data collection process, and restrictions on reporting conditions of the environmental report to be included in the statement to be prepared within the scope of the Sustainability Principles.		It is clearly mentioned that the reporting year is Katmerciler's first reporting year and covers the dates from January 1, 2020 to December 31, 2020. It is mentioned that the report is prepared within the scope of Turkey operations and that it covers all of the relevant activities. It is mentioned that the report is prepared in line with the Global Reporting Initiative (GRI) Standards: "Basic" option.	About the Report
16			Discloses the top-level officer in the corporation responsible for environment and climate change issues, the relevant committees, and their duties.		Since it is the first year of reporting, there is no committee yet that is formed specifically for this issue. The issue is under the responsibility of the CEO. The plan is to establish a committee/unit in the upcoming periods, to address the environment and climate change issue.	-
17			Discloses the incentives it offers for the management of environmental issues, including the achievement of objectives.		Since it is the first year of reporting, environmental objectives have not been determined yet, but they are planned to be determined in the upcoming periods. There are no incentives for environmental management issues.	-
18			Discloses how environmental issues are integrated into business goals and strategies.		Since it is the first year of reporting, goals for environmental issues have not been determined yet, but they are planned to be determined in the upcoming periods.	-
19			Discloses the sustainability performances for business processes or products and services, and its activities to improve such performance.		Since it is the first year of reporting, environmental performance indicators are specified only for 2020. Activities improving this performance have not been extensively described. The plan is to develop these practices in the upcoming periods.	Occupational Health and Safety, Our Water Management, Our Combating Climate Change and Energy Management, Our Employee Profile, Support for the Development of Our Employees

## Framework for Compliance with the Sustainability Principles

4/9

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No	Type of Principle	Principle Code	Principle Description	Compliance*	Remarks	Section and Page Number of the Sustainability Report
20	B. Environment	B. Environmental Principles	Discloses how it manages environmental issues and integrates suppliers and customers into its strategies, not only in terms of direct operations but also through the corporation's value chain.		There is no activity in the our Company value chain related to the evaluation of environmental issues. The development of and criteria determination efforts for the relevant issues can be planned in the upcoming periods.	-
21			Discloses whether or not it is involved in policy-making processes on environmental issues (sectoral, regional, national and international); the collaborations made by it in relation to environmental issues, with the associations of which it is a member, the relevant organizations, and non-governmental organizations and, if any, the duties it has assumed and the activities it supports.		There are no collaborations with non-governmental organizations or associations operating on environmental issues, of which the Company is a member.	-
22			Periodically reports comparable information on environmental impacts in the view of environmental indicators (greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Indirect through energy), Scope-3 (Other indirect)1*), air quality, energy management, water and wastewater management, waste management, biodiversity impacts).		Since it is the first year of reporting, comparative data are not given on the relevant issues on a yearly basis.	-
23			Discloses the standards, protocols, methodology and base year details used to collect and calculate its data.		Calculation methods are given about issues such as water consumption, occupational health and safety, combating climate change and energy management, and occupational accidents.	Occupational Health and Safety, Our Water Management, Combating Climate Change and Our Energy Management
24			Discloses the status of the environmental indicators (increase or decrease) for the reporting year as compared to previous years.		Since it is the first year of reporting, comparative data are not given on the relevant issues on a yearly basis.	-
25			Sets short and long-term goals to reduce the environmental impacts, and discloses these goals. It is recommended that these goals be set as Science-Based as advised by the United Nations Conference of the Parties on Climate Change. Provides information if there has been progress in the reporting year in line with the targets it set previously.		Since it is the first year of reporting, targets are planned to be set in the upcoming periods. The progress of the targets will be described in the upcoming reports.	-
26			Discloses its strategy and actions to combating the climate crisis.		Within the scope of the section of Combating Climate Change and Our Energy Management, the importance of various environmental factors in the fight against the climate crisis is mentioned. In addition, the our Company cautious approach within the scope of energy efficiency and fight against climate change is described. The the Company strategy is addressed.	Combating Climate Change and Our Energy Management
27			Discloses the programs or procedures to prevent or minimize the potential adverse impact of its products and/or services; describes the actions of third parties to reduce greenhouse gas emission amounts.		Within the scope of our R&D Practices and Digital Transformation Processes, innovation activities for business processes and services are mentioned, but the programs covered by these innovation practices to reduce and minimize the adverse effects are not specified. Practices to reduce emissions will be planned in the upcoming periods.	Our R&D Studies, Our Digital Transformation Processes



## Framework for Compliance with the Sustainability Principles

5/9

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No	Type of Principle	Principle Code	Principle Description	Compliance*	Remarks	Section and Page Number of the Sustainability Report
28	B. Environment	B. Environmental Principles	Describes the total number of actions taken and projects and initiatives carried out by it to reduce its environmental impacts, and the environmental benefits/gains and cost savings provided by these activities.		There is no activity in the reporting period related to environmental issues or for reducing environmental impacts; such activities will be planned in the upcoming period.	-
29			Reports the total energy consumption data (raw materials excluded) and describes its energy consumption in Scope-1 and Scope-2.		The total energy consumption data (raw materials excluded) are reported and the energy consumptions are described. However, they are not described in Scope-1 and Scope-2. Practices to this end are planned for the upcoming periods.	Combating Climate Change and Our Energy Management
30			Provides information on electricity, heat, steam and cooling generated and consumed in the reporting year.		There is no activity on electricity, heat, steam and cooling generated and consumed in the reporting year.	-
31			Carries out practices to increase the use of renewable energy and transition to zero or low carbon electricity and discloses these practices.		There are no practices in the reporting period related to increase of the use of renewable energy and transition to zero or low carbon electricity. They can be planned for the upcoming periods.	-
32			Discloses its data of renewable energy generation and consumption.		There is no production or use of renewable energy in the reporting period.	-
33			Carries out energy efficiency projects and discloses the amount of reduced energy consumption and emission achieved as a result of these studies.		The total energy consumption data (raw materials excluded) are reported, and the energy consumptions are described. Emission reduction amounts are not specified.	Combating Climate Change and Our Energy Management
34			Reports the amount, sources, and procedures of water withdrawn from underground or ground, used, recycled and discharged (Total water withdrawal by source, water sources affected by water withdrawal, percentage and total volume of recycled and reused water, etc.).		Total water consumptions are indicated within the scope of reporting.	Our Water Consumption
35			Discloses whether or not its operations or activities have been included in any carbon pricing system (Emission Trading System, Cap & Trade, or Carbon Tax).		Its operations or activities have not been included in any carbon pricing system (Emission Trading System, Cap & Trade, or Carbon Tax) in the reporting period.	-
36			Discloses its carbon credits accumulated or purchased in the reporting period.		There are no carbon credits accumulated or purchased in the reporting period.	-
37			Discloses the relevant details in the case of application of carbon pricing within the corporation.		There is no carbon pricing practice within the corporation in the reporting period.	-
38			Declares all compulsory and voluntary platforms on which it has disclosed its environmental information.		All compulsory and voluntary platforms where it has disclosed its environmental information in the reporting period are not declared.	-

## Framework for Compliance with the Sustainability Principles

6/9

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Fully

Semi

Incompatible

No	Type of Principle	Principle Code	Principle Description	Compliance*	Remarks	Section and Page Number of the Sustainability Report
39	C. Social	C1. Human Rights and Employee Rights	Creates a Corporate Human Rights and Employee Rights Policy that is committed to full compliance with The Universal Declaration of Human Rights, ILO Conventions ratified by Turkey, and the legal framework and regulations governing human rights and labour in Turkey. Makes a public disclosure about the mentioned policy and the roles and responsibilities for its implementation.	Fully	Employee rights of the organization are mentioned in the Human Resources Policy.  You can access the relevant policy from the link below: <a href="http://www.katmerciler.com.tr/L/TR/mid/354/g/356/Insan-Kaynaklari-Politikasi.htm">http://www.katmerciler.com.tr/L/TR/mid/354/g/356/Insan-Kaynaklari-Politikasi.htm</a>	-
40			Ensures equal opportunity in recruitment processes. Includes in its policies the issues of fair labour, improvement of labour standards, women's employment, and inclusion (such as non-discrimination based on gender, religious belief, language, race, ethnic origin, age, disability, refugee, etc.), by observing also the supply and value chain effects.	Fully	Equal opportunity approach in recruitment processes under the specified titles is stated as follows: "...we offer equal opportunities to all our employees without discrimination based on race, ethnicity, nationality, religion or gender".	Business Ethics and Compliance with Corporate Policies and Laws, Diversity and Equal Opportunity
41			Discloses the measures taken along the value chain for the protection of groups that are vulnerable to certain economic, environmental and social factors (low-income groups, women, etc.) or for minority rights/equal opportunity.	Semi	The organization's equal opportunity approach is stated under the specified report titles as follows: "...we offer equal opportunities to all our employees without discrimination based on race, ethnicity, nationality, religion or gender.", but the measures taken on the issue are not mentioned.	Business Ethics and Compliance with Corporate Policies and Laws, Diversity and Equal Opportunity
42			Reports developments on preventive and corrective actions against discrimination, inequality, human rights violations, and forced labour. Discloses the regulations regarding non-employment of children.	Incompatible	No information is shared on any practices in the reporting period for preventing and correcting discrimination, inequality, human rights violations and forced labour, and the developments and regulations regarding child labour.	-
43			Discloses its policies on investment in employees (training, developmental policies), compensation, benefits offered, right to unionize, work/life balance solutions and talent management. Creates mechanisms for employee complaints and resolution of disputes and determines the processes to resolve disputes. Regularly discloses the actions taken to ensure employee satisfaction.	Fully	Information on investments made on employees and employee satisfaction are shared in the specified report sections. The approach on employee complaints is described under the title of Our Favourable Working Conditions.	Business Ethics and Compliance with Corporate Policies and Laws, Our Employee Profile, Our Favourable Working Conditions, Support for the Development of Our Employees, Diversity and Equal Opportunity
44			Creates occupational health and safety policies and discloses them publicly. Discloses the measures taken to maintain occupational health and prevent occupational accidents and discloses accident statistics.	Fully	Occupational Health and Safety Policy is shared on the corporate website. In the 'Occupational Health and Safety' section of the report, the identification of risks, data on occupational accidents, and related goals are indicated.  You can access the relevant policy from the link below: <a href="http://www.katmerciler.com.tr/L/TR/mid/493/g/356/EYS-Politikasi.htm">http://www.katmerciler.com.tr/L/TR/mid/493/g/356/EYS-Politikasi.htm</a>	Occupational Health and Safety

## Framework for Compliance with the Sustainability Principles

7/9

\*Compatibility is indicated by Color Codes:

Fully

Semi

Incompatible

No	Type of Principle	Principle Code	Principle Description	Compliance*	Remarks	Section and Page Number of the Sustainability Report
45	C. Social	C1. Human Rights and Employee Rights	Creates and publicly discloses its policies on protection of personal data and data safety.	Fully	<p>- Policy for Processing Special Categories of Personal Data, -Personal Data Storage and Destruction Policy, -Personal Data Protection and Processing Policy are shared on the corporate website.</p> <p>In the 'Confidentiality and Information Security' section of the Sustainability Report, the data security policies of the organization and its approach on this matter are explained.</p> <p>You can access the relevant policies from the link below:</p> <p><a href="http://www.katmerciler.com.tr/L/TR/mid/550/Ozel-Nitelikli-Kisisel-Verileri-Isleme-Politikasi.htm">http://www.katmerciler.com.tr/L/TR/mid/550/Ozel-Nitelikli-Kisisel-Verileri-Isleme-Politikasi.htm</a>  <a href="http://www.katmerciler.com.tr/L/TR/mid/551/g/0/Saklama-ve-Imha-Politikasi.htm">http://www.katmerciler.com.tr/L/TR/mid/551/g/0/Saklama-ve-Imha-Politikasi.htm</a>  <a href="http://www.katmerciler.com.tr/L/TR/mid/552/g/0/Kisisel-Verileri-Isleme-Politikasi.htm">http://www.katmerciler.com.tr/L/TR/mid/552/g/0/Kisisel-Verileri-Isleme-Politikasi.htm</a></p>	Confidentiality and Information Security
46			Creates an ethical policy (including work, work ethics, compliance processes, advertising and marketing ethics, public disclosure, etc.) and discloses it publicly.	Fully	Ethical Principles and Ethical Rules are described in the section of Business Ethics and Compliance with Corporate Policies and Laws. Ethical Principles Procedure is also explained in the 'Appendix' section.	Business Ethics and Compliance with Corporate Policies and Laws, Appendix (Our Ethical Principles Procedure)
47			Discloses its practices regarding social investment, social responsibility, financial inclusion, and access to financing.	Incompatible	There is no practice in the reporting period regarding the organizations' efforts on social investment, social responsibility, financial inclusion and access to finance. Such practices can be planned in the upcoming periods.	-
48			Organizes information meetings and training programs for employees on ESG policies and practices.	Incompatible	There are no information meetings in the reporting period on ESG policies and practices, and practices regarding training programs; they are planned for the upcoming periods.	-
49	C. Social	C2. Stakeholders, International Standards and Initiatives	Carries out its sustainability activities by taking into account the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, society, non-governmental organizations, etc.).	Fully	Our Sustainability Approach section states that all of the activities throughout the value chain are carried out with the sustainability approach adopted by the organization. Communication with Our Stakeholders section states that "Our understanding of active and transparent communication in our interaction with our stakeholders is one of the most important factors in transferring our sustainability approach across our entire value chain."	Our Sustainability Approach, Communication with Our Stakeholders

## Framework for Compliance with the Sustainability Principles

8/9

\*Compatibility is indicated by Color Codes:

Fully

Semi

Incompatible

No	Type of Principle	Principle Code	Principle Description	Compliance*	Remarks	Section and Page Number of the Sustainability Report
50	C. Social	C2. Stakeholders, International Standards and Initiatives	Creates and publicly discloses a customer satisfaction policy for management and solution of customer complaints.	Fully	Confidentiality and Information Security section gives explanations regarding the adoption of privacy and information security in order to keep customer satisfaction at the highest level. The approach for ensuring customer satisfaction is described in the 'Ethical Principles Procedure' of the organization.  You can access the relevant document from the link below: <a href="http://www.katmerciler.com.tr/L/TR/mid/531/Musteri-Memnuniyet-Anketi.htm">http://www.katmerciler.com.tr/L/TR/mid/531/Musteri-Memnuniyet-Anketi.htm</a>	Confidentiality and Information Security, Appendix (Our Ethical Principles Procedure), Customer Satisfaction Survey
51			Conducts stakeholder communication in a continuous and transparent manner; describes which stakeholders are contacted for what purpose, on what issues and how often, and the developments in sustainability activities.	Semi	Communication with Our Stakeholders section contains a table which includes information about stakeholders, communication method and communication frequency. The progress made in sustainability activities is not reported either but is planned to be included in the upcoming reports.	Communication with Our Stakeholders
52			Publicly discloses the international reporting standards it has adopted (Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD), etc.).	Fully	It is specified under the said section that "the report is prepared in line with the Global Reporting Initiative (GRI) Standards: "Basic" option".	About the Report
53			Publicly discloses the international organizations or principles it has signed or become a member of (Equator Principles, United Nations Environment Program Finance Initiative (UNEP-FI), United Nations Global Compact (UNGC), United Nations Principles for Responsible Investment (UNPRI), etc.) and international principles it has adopted (International Capital Market Association (ICMA), Green/Sustainable Bond Principles, etc.).	Incompatible	Elements such as being a signatory, or a member of international organizations or principles could not be determined in the reporting period.	-
54			Makes active efforts to be included in Borsa Istanbul Sustainability Index and international sustainability indices (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indices, etc.).	Incompatible	No attempt was made in the reporting period to take place in the ESG indices. Such practices can be planned in the upcoming periods.	-



## Framework for Compliance with the Sustainability Principles

9/9

\*Compatibility is indicated by Color Codes:

Fully

Semi

Incompatible

No	Type of Principle	Principle Code	Principle Description	Compliance*	Remarks	Section and Page Number of the Sustainability Report
55	D. Governance	D. Corporate Governance Principles	In addition to the Corporate Governance principles that must be complied with under the Corporate Governance Communiqué no. II-17.1 of the Capital Markets Board, it shows utmost effort to comply with all Corporate Governance principles.	Fully	Explanations are given stating that in 2020, we carried out our works in the area of Corporate Governance in compliance with the Capital Markets Law, and the Corporate Governance Communiqué No. II-17.1 which was prepared based on this said Law.	Our Corporate Governance
56			Takes into account the sustainability concerns, the environmental impacts of its activities, and the principles in this regard while determining its corporate governance strategy.	Semi	It is mentioned that corporate sustainability is considered as a long-term strategic approach. The importance for the organization, of the environmental effects of the activities of the organization, is mentioned.	Our Sustainability Approach, Combating Climate Change and Our Energy Management
57			As specified in the Corporate Governance Principles, it takes the necessary measures to comply with the principles regarding the beneficiaries and to improve the communication with the beneficiaries. Takes the opinions of beneficiaries when determining measures and strategies for sustainability.	Semi	It is specified that the Corporate Governance Committee was established within the framework of the provisions regarding the determination and implementation of the principles of Corporate Governance, Serial No. II-17.1, of the Capital Markets Board. The process of determining the measures and strategies in the area of sustainability is not described.	Our Corporate Governance
58			Works on raising awareness on sustainability and its importance by means of social responsibility projects, awareness activities and trainings.	Incompatible	There is no sustainability training, awareness events or social responsibility projects across the organization, but they are planned for the upcoming periods.	Business Ethics and Compliance with Corporate Policies and Laws
59			Makes efforts to become a signatory to international standards and initiatives on sustainability and to contribute to studies.	Semi	It is described that it has adopted the 'United Nations Sustainable Development Goals' which consists of 17 main topics focusing on the solution of social, cultural and ecological issues. While determining the priorities, the GRI (Global Reporting Initiative) Reporting Standards, the predictions on global risks pointed out by the World Economic Forum, and sector-specific priorities determined by the Sustainability Accounting Standard Board (SASB) were evaluated. Attempts can be made to contribute to the practices related to sustainability.	Our Sustainability Approach
60			Discloses its policies and programs for anti-bribery and corruption and the principle of tax honesty.	Fully	The section of Business Ethics and Compliance with Corporate Policies and Laws contains statements regarding the fact that the nationally and internationally valid basic principles for the fight against corruption are adopted. The 'Ethical Principles Procedure' to be shared within the scope of the Sustainability Report of the organization states that the current regulations are complied with by closely monitoring the corruption laws. Explanations are made, stating that employees are informed of the fact that breach of these restrictions can have extremely serious consequences, such as cancellation of export licenses, administrative fines, and potentially imprisonment sentences.	iBusiness Ethics and Compliance with Corporate Policies and Laws, Appendix (Our Ethical Principles Procedure)

## GRI Standards Content Index

1/8

GRI Content Index		
GRI STANDARD	NOTIFICATIONS	PAGE NUMBER, REFERENCE AND/OR DIRECT ANSWERS
GRI 101: Basic Principles 2016		
GRI 102: General Notifications 2016		
Corporate Profile		
	102-1 Name of organization	About the Report p. 3
	102-2 Primary brands, products and services	About Katmerciler p. 7-8 Our Areas of Activity p. 12
	102-3 Place where the head office of the organization is located	Katmerciler Araç Üstü Ekipman Sanayi Ve Ticaret A.Ş. Head Office (Factory): 10032 Sokak No: 10 A. O. S. B. Çiğli - İzmir / Turkey
	102-4 Number of countries in which the organization operates and names of countries where the organization has significant activities or that are relevant to the sustainability issues covered in the report	About the Report p. 3 About Katmerciler p. 7-8 Our Areas of Activity p. 12
	102-5 Nature of ownership and legal structure	Our Board of Directors and Organizational Structure p. 19-21 Our Corporate Governance p. 26-27
	102-6 Markets where we provide services	Our Areas of Activity p. 12
	102-7 Scale of the organization	Our Economic Contribution and Performance p. 23 Our R&D Practices p. 54-58
	102-8 Information on employees and other workers	Our Employee Profile p. 42 Our Favourable Working Conditions p. 43 Support for the Development of Our Employees p. 44 Diversity and Equal Opportunity p. 45
	102-9 Supply Chain	Katmerciler continues to work on sustainability practices in the light of global sustainability trends and GRI standards, in all functions included in the supply chain, starting from the raw material procurement stage.
	102-10 Changes occurred in the organization and supply chain	Highlights of 2020 p. 24
	102-11 Precautionary approach or precautionary principle	Our Vision, Mission and Values p. 11 Business Ethics and Compliance with Corporate Policies and Laws p. 28-29 Risk Management and Internal Control p. 30-34 Occupational Health and Safety p. 46-50 Our Ethical Principles Procedure p. 63
	102-12 External initiatives	Communication with Our Stakeholders p. 37-39
	102-13 Association memberships	Communication with Our Stakeholders p. 37-39

## GRI Standards Content Index

2/8

Strategy		
	102-14 Statement by the top decision maker	Message from the CEO p. 4
	102-15 Description of key impacts, risks and opportunities	Risk Management and Internal Control p. 30-34
Ethics and Honesty		
	102-16 Values, principles, standards and norms of behaviour	Our Vision, Mission and Values p. 11 Our Corporate Governance p. 26-27 Business Ethics and Compliance with Corporate Policies and Laws p. 28-29 Risk Management and Internal Control p. 30-34 Our Ethical Principles Procedure p. 63
Governance		
	102-18 Management structure	Our Board of Directors and Organizational Structure p. 19-21
Stakeholder Engagement		
	102-40 List of stakeholder groups	Communication with Our Stakeholders p. 37-39
	102-42 Identifying and selecting stakeholders	Communication with Our Stakeholders p. 37-39
	102-43 Stakeholder engagement approach	Communication with Our Stakeholders p. 37-39
Reporting		
	102-45 All entities included in consolidated balance sheets or equivalent documents	About the Report p. 3
	102-46 Defining report content and topic boundaries	About the Report p. 3
	102-47 List of priority topics	
	102-48 Changes to the report for the previous period	There is no previous period report.
	102-49 Changes in reporting	There is no previous period report.
	102-50 Reporting period	About the Report p. 3
	102-51 Date of previous report	There is no previous period report.
	102-52 Frequency of reporting	There is no previous period report.
	102-53 Contact information for questions about the report and its content	About the Report p. 3
	102-54 Compliance option selected according to GRI Standards	About the Report p. 3
	102-55 GRI content index	Appendix p. 74-81
	102-56 External assurance	-

## GRI Standards Content Index

3/8

GRI 200: ECONOMIC STANDARD SERIES 2016		
Economic Performance		
GRI 103: Management Approach 2016	103-1 Explanation and boundaries of priority issues	Our Economic Contribution and Performance p. 23
	103-2 Management approach and its components	Message from the CEO p. 4 Our Economic Contribution and Performance p. 23
	103-3 Evaluation of the management approach	Message from the CEO p. 4 Our Economic Contribution and Performance p. 23
GRI 201: Economic Performance 2016	201-1 Economic value generated and distributed	Our Economic Contribution and Performance p. 23
Market Presence		
GRI 103: Management Approach 2016	103-1 Explanation and boundaries of priority issues	
	103-2 Management approach and its components	Message from the CEO p. 4
	103-3 Evaluation of the management approach	Message from the CEO p. 4
GRI 202: Market Presence 2016	202-1 Ratio of standard entry-level wages by gender and local minimum wage	Diversity and Equal Opportunity p. 45
Indirect Economic Impacts		
GRI 103: Yönetim Yaklaşımı 2016	103-1 Explanation and boundaries of priority issues	
	103-2 Management approach and its components	Message from the CEO p. 4
	103-3 Evaluation of the management approach	Message from the CEO p. 4
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect impacts	Our Economic Contribution and Performance p. 23
Anti-Corruption		
GRI 103: Management Approach 2016	103-1 Explanation and boundaries of priority issues	Business Ethics and Compliance with Corporate Policies and Laws p. 28-29 Our Ethical Principles Procedure p. 63
	103-2 Management approach and its components	Business Ethics and Compliance with Corporate Policies and Laws p. 28-29 Our Ethical Principles Procedure p. 63
	103-3 Evaluation of the management approach	Business Ethics and Compliance with Corporate Policies and Laws p. 28-29 Our Ethical Principles Procedure p. 63
GRI 205: Fight Against Corruption 2016	205-1 Activities assessed for risks related to corruption	Business Ethics and Compliance with Corporate Policies and Laws p. 28-29 Our Ethical Principles Procedure p. 63



## GRI Standards Content Index

4/8

### GRI 300: ENVIRONMENTAL STANDARD SERIES 2016

#### Energy

GRI 103: Management Approach 2016	103-1 Explanation and boundaries of priority issues	Combating Climate Change and Our Energy Management p. 50
	103-2 Management approach and its components	Combating Climate Change and Our Energy Management p. 50
	103-3 Evaluation of the management approach	Combating Climate Change and Our Energy Management p. 50
GRI 302: Energy 2016	302-1 Internal energy consumption	Combating Climate Change and Our Energy Management p. 50
	302-4 Reduction of energy consumption	Combating Climate Change and Our Energy Management p. 50

#### Water and Wastewater

GRI 103: Management Approach 2016	103-1 Explanation and boundaries of priority issues	Our Water Management p. 51
	103-2 Management approach and its components	Our Water Management p. 51
	103-3 Evaluation of the management approach	Our Water Management p. 51
GRI 303: Water and Wastewater 2018	303-1 Interaction with water which is a shared resource	-
	303-3 Water drawn from its source	There are no water sources that are significantly affected by drawing of water.
	303-4 Water discharge	Our Water Management p. 51
	303-5 Water consumption	Our Water Management p. 51

#### Emissions

GRI 103: Management Approach 2016	103-1 Explanation and boundaries of priority issues	Combating Climate Change and Our Energy Management p. 50
	103-2 Management approach and its components	Combating Climate Change and Our Energy Management p. 50
	103-3 Evaluation of the management approach	Combating Climate Change and Our Energy Management p. 50
GRI 305: Emissions 2016	305-7 Nitrogen oxides (NOX), sulphur oxides (SOX) and other significant air emissions	Combating Climate Change and Our Energy Management p. 50

#### Waste Water and Waste

GRI 103: Management Approach 2016	103-1 Explanation and boundaries of priority issues	Our Water Management p. 51 Our Waste Management p. 52
	103-2 Management approach and its components	Our Water Management p. 51 Our Waste Management p. 52
	103-3 Evaluation of the management approach	Our Water Management p. 51 Our Waste Management p. 52
GRI 306: Wastewater and Waste 2016	306-1 Water discharge by quality and destination	-
	306-2 Waste by type and disposal method	Our Waste Management p. 52

## GRI Standards Content Index

5/8

Compliance		
GRI 103: Management Approach 2016	103-1 Explanation and boundaries of priority issues	Occupational Health and Safety p. 46-48 Combating Climate Change and Our Energy Management p. 50 Our Water Management p. 51 Our Waste Management p. 52
	103-2 Management approach and its components	Occupational Health and Safety p. 46-48 Combating Climate Change and Our Energy Management p. 50 Our Water Management p. 51 Our Waste Management p. 52
	103-3 Evaluation of the management approach	Occupational Health and Safety p. 46-48 Combating Climate Change and Our Energy Management p. 50 Our Water Management p. 51 Our Waste Management p. 52
GRI 307: Compliance 2016	307-1 Non-compliance with environmental laws and regulations	There were no monetary penalties or non-monetary sanctions imposed in the reporting period for non-compliance with environmental laws and regulations.
Environmental Assessment of Suppliers		
GRI 103: Management Approach 2016	103-1 Explanation and boundaries of priority issues	Our Water Management p. 51
	103-2 Management approach and its components	Our Water Management p. 51
	103-3 Evaluation of the management approach	Our Water Management p. 51
GRI 400: SOCIAL STANDARD SERIES 2016		
Employment		
GRI 103: Management Approach 2016	103-1 Explanation and boundaries of priority issues	Our Employee Profile p. 42 Our Favourable Working Conditions p. 43
	103-2 Management approach and its components	Our Employee Profile p. 42 Our Favourable Working Conditions p. 43
	103-3 Evaluation of the management approach	Our Employee Profile p. 42 Our Favourable Working Conditions p. 43
GRI 401: Employment 2016	401-1 Newly-hired employees and employee turnover	Our Employee Profile p. 42
	401-2 Benefits provided to full-time employees, which are not provided to temporary or part-time employees	Our Favourable Working Conditions p. 43 Support for the Development of Our Employees p. 44

## GRI Standards Content Index

6/8

Occupational Health and Safety		
GRI 103: Management Approach 2016	103-1 Explanation and boundaries of priority issues	Occupational Health and Safety p. 46-48
	103-2 Management approach and its components	Occupational Health and Safety p. 46-48
	103-3 Evaluation of the management approach	Occupational Health and Safety p. 46-48
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational Health and Safety p. 46-48
	403-2 Types of injury and injury rates, occupational diseases, lost days, absenteeism, and number of work-related deaths	Occupational Health and Safety p. 46-48
	403-4 Employee participation in occupational health and safety; consultation and communication	Occupational Health and Safety p. 46-48
	403-5 Employee training on occupational health and safety	Occupational Health and Safety p. 46-48
	403-6 Encouragement of employee health	Occupational Health and Safety p. 46-48
	403-7 Prevention and reduction of occupational health and safety impacts directly related to employment relations	Occupational Health and Safety p. 46-48
	403-9 Work-related injuries	Occupational Health and Safety p. 46-48
	403-10 Cases of work-related diseases	Occupational Health and Safety p. 46-48
	403-10 İş kaynaklı hasta vakaları	Occupational Health and Safety p. 46-48
Education and Training		
GRI 103: Management Approach 2016	103-1 Explanation and boundaries of priority issues	Support for the Development of Our Employees p. 44
	103-2 Management approach and its components	Support for the Development of Our Employees p. 44
	103-3 Evaluation of the management approach	Support for the Development of Our Employees p. 44
GRI 404: Education and Training	404-1 Average training hours per employee per year	Support for the Development of Our Employees p. 44
	404-2 Talent management and lifelong learning programs that support employee development	Support for the Development of Our Employees p. 44
	404-3 Percentage of employees who undergo regular performance improvement assessments	Support for the Development of Our Employees p. 44
Diversity and Equal Opportunity		
GRI 103: Management Approach 2016	103-1 Explanation and boundaries of priority issues	Diversity and Equal Opportunity p. 45
	103-2 Management approach and its components	Diversity and Equal Opportunity p. 45
	103-3 Evaluation of the management approach	Diversity and Equal Opportunity p. 45

## GRI Standards Content Index

7/8

GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Diversity and Equal Opportunity p. 45
	405-2 Base salary rate and ratio of women's wages to those of men	Diversity and Equal Opportunity p. 45
<b>HUMAN RIGHTS</b>		
<b>Non-Discrimination</b>		
GRI 103: Management Approach 2016	103-1 Explanation and boundaries of priority issues	Business Ethics and Compliance with Corporate Policies and Laws p. 28-29
	103-2 Management approach and its components	Business Ethics and Compliance with Corporate Policies and Laws p. 28-29
	103-3 Evaluation of the management approach	Business Ethics and Compliance with Corporate Policies and Laws p. 28-29
GRI 406: Non-Discrimination 2016	406-1 Total number of discrimination cases and corrective measures taken	There were no cases of discrimination in the reporting period.
<b>Child Labour</b>		
GRI 103: Management Approach 2016	103-1 Explanation and boundaries of priority issues	Business Ethics and Compliance with Corporate Policies and Laws p. 28-29
	103-2 Management approach and its components	Business Ethics and Compliance with Corporate Policies and Laws p. 28-29
	103-3 Evaluation of the management approach	Business Ethics and Compliance with Corporate Policies and Laws p. 28-29
GRI 408: Child Labour 2016	408-1 Activities and suppliers with significant risk in terms of child labour incidents	No child labour risk was observed in Katmerciler's operations in the reporting period. The same principle is also complied with in the supplier audit process, and no risk factor has been detected.
<b>Forced or Compulsory Labour</b>		
GRI 103: Management Approach 2016	103-1 Explanation and boundaries of priority issues	Business Ethics and Compliance with Corporate Policies and Laws p. 28-29
	103-2 Management approach and its components	Business Ethics and Compliance with Corporate Policies and Laws p. 28-29
	103-3 Evaluation of the management approach	Business Ethics and Compliance with Corporate Policies and Laws p. 28-29
GRI 409: Forced or Compulsory Labour 2016	409-1 Activities and suppliers identified as having significant risk in terms of incidents of forced or compulsory labour, and measures taken	No risk of forced or compulsory labour was observed in Katmerciler's operations in the reporting period. The same principle is also complied with in the supplier audit process, and no risk factor has been detected.
<b>Human Rights Assessment</b>		
GRI 103: Management Approach 2016	103-1 Explanation and boundaries of priority issues	Business Ethics and Compliance with Corporate Policies and Laws p. 28-29
	103-2 Management approach and its components	Business Ethics and Compliance with Corporate Policies and Laws p. 28-29
	103-3 Evaluation of the management approach	Business Ethics and Compliance with Corporate Policies and Laws p. 28-29



## GRI Standards Content Index

8/8

GRI 412: Human Rights Assessment 2016	412-1 Total number and percentage of activities that have been subject to human rights reviews or impact assessments	-
	412-2 Activities that have been subject to human rights reviews or impact assessments	Business Ethics and Compliance with Corporate Policies and Laws p. 28-29
SOCIETY		
Social Assessment of Suppliers		
GRI 103: Management Approach 2016	103-1 Explanation and boundaries of priority issues	Business Ethics and Compliance with Corporate Policies and Laws p. 28-29
	103-2 Management approach and its components	Business Ethics and Compliance with Corporate Policies and Laws p. 28-29
	103-3 Evaluation of the management approach	Business Ethics and Compliance with Corporate Policies and Laws p. 28-29
GRI 414: Social Assessment of Suppliers 2016	414-1 New suppliers scanned by using social criteria	Business Ethics and Compliance with Corporate Policies and Laws p. 28-29
	414-2 Negative social effects in the supply chain, and measures taken	Business Ethics and Compliance with Corporate Policies and Laws p. 28-29
Customer Health and Safety		
GRI 103: Management Approach 2016	103-1 Explanation and boundaries of priority issues	Risk Management and Internal Control p. 30-34
	103-2 Management approach and its components	Risk Management and Internal Control p. 30-34
	103-3 Evaluation of the management approach	Risk Management and Internal Control p. 30-34
GRI 416: Customer Health and Safety 2016	416-1 Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Risk Management and Internal Control p. 30-34
	416-2 Cases of non-compliance related to the health and safety effects of products and services	Risk Management and Internal Control p. 30-34
PRODUCT LIABILITY		
Customer Privacy		
GRI 103: Management Approach 2016	103-1 Öncelikli konuların açıklanması ve sınırları	Business Ethics and Compliance with Corporate Policies and Laws p. 28-29
	103-2 Yönetim yaklaşımı ve bileşenleri	Business Ethics and Compliance with Corporate Policies and Laws p. 28-29
	103-3 Yönetim yaklaşımının değerlendirilmesi	Business Ethics and Compliance with Corporate Policies and Laws p. 28-29
GRI 418: Customer Privacy 2016	418-1 Müşteri gizliliğinin ihlali ve müşteri verilerinin kaybı ile ilgili doğrulanmış şikayetler	Business Ethics and Compliance with Corporate Policies and Laws p. 28-29



## **KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş.**

**Head Office (Factory):** 10032 Sokak No:10 Atatürk Organized Industrial Zone - Çiğli - İzmir / Turkey

**Ankara Factory 1:** 23. Cadde No: 3 Başkent Organized Industrial Zone Malıköy - Sincan - Ankara / Turkey

**Ankara Factory 2:** 22. Cadde No:9 Başkent Organized Industrial Zone Malıköy - Sincan - Ankara / Turkey

**Ankara Regional Office:** Kızılırmak Mah.1445 Sk. No: 2B/82 The Paragon Business Center, Çukurambar - Çankaya - Ankara / Turkey

**[www.katmerciler.com](http://www.katmerciler.com)**

**Reporting Advisor: EY Climate Change and Sustainability Services**