

**SUSTAINABILITY
REPORT**

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ABOUT THE REPORT

Established in 1990, KUTES has evolved into one of the most sought-after institutions today, propelled by its robust human resources and extensive expertise. Building upon customer satisfaction and prioritizing environmental responsibilities, KUTES diligently presents its sustainability journey to stakeholders this year, as it has done in previous years.

Prepared in accordance with GRI Standards and based on data spanning January to December 2023, the report provides a comprehensive overview of past efforts and outlines future targets in detail. KUTES is committed to sustaining its mission of annually reporting its sustainability performance in the forthcoming period.

With its commitment to transparent and open communication, KUTES focuses on strengthening its collaboration with stakeholders each day. Furthermore, KUTES consistently conducts its activities based on robust communication with stakeholders and places significant emphasis on incorporating stakeholder feedback.

In this regard, please feel free to reach out to us at info@kutes.com.tr with your comments and suggestions regarding the report, and to share your contributions.

2. KUTES AT A GLANCE

- Over 30 years of experience in the metal industry
- Experienced business partner in casting and machining
- Production employing state-of-the-art technology, leaving no margin for error
- 50,000 tons/year casting capacity
- 100,000+ hours/year machining capacity



MESSAGE FROM THE SENIOR MANAGEMENT

Esteemed Stakeholders,

As KUTES, we take pride in being among the leading institutions in our sector since our establishment in 1992.

With over 30 years of experience, we have established a track record of delivering a diverse array of products and tailored solutions that best meet our customers' needs. To achieve our future goals and foster a sustainable world, we require not only innovative thinking but also substantial investments.

At KUTES, we are committed to transitioning our sector from its carbon-intensive past to a promising future. Aligned with our sustainability policy, we collaborate with visionary stakeholders in both the public and private sectors as we progress toward the "New Iron Age."

We meticulously identify the environmental impacts of our operations and undertake initiatives to mitigate these effects, including carbon footprint calculations, as part of our commitment to combat the climate crisis.

Furthermore, we source a substantial portion of our electricity from renewable sources through our investment in solar energy projects and advancing towards carbon neutrality by expanding our investments in this domain.

Acknowledging that sustainability extends beyond environmental concerns, we strive to generate positive impacts in the regions where we operate and throughout Türkiye. To achieve this objective, we collaborate with various institutions to promote the education of young individuals and implement projects aimed at contributing to society.

We also place great importance on keeping our employees engaged and motivated. In pursuit of this objective, we conduct gender equality initiatives to ensure equal and equitable opportunities.

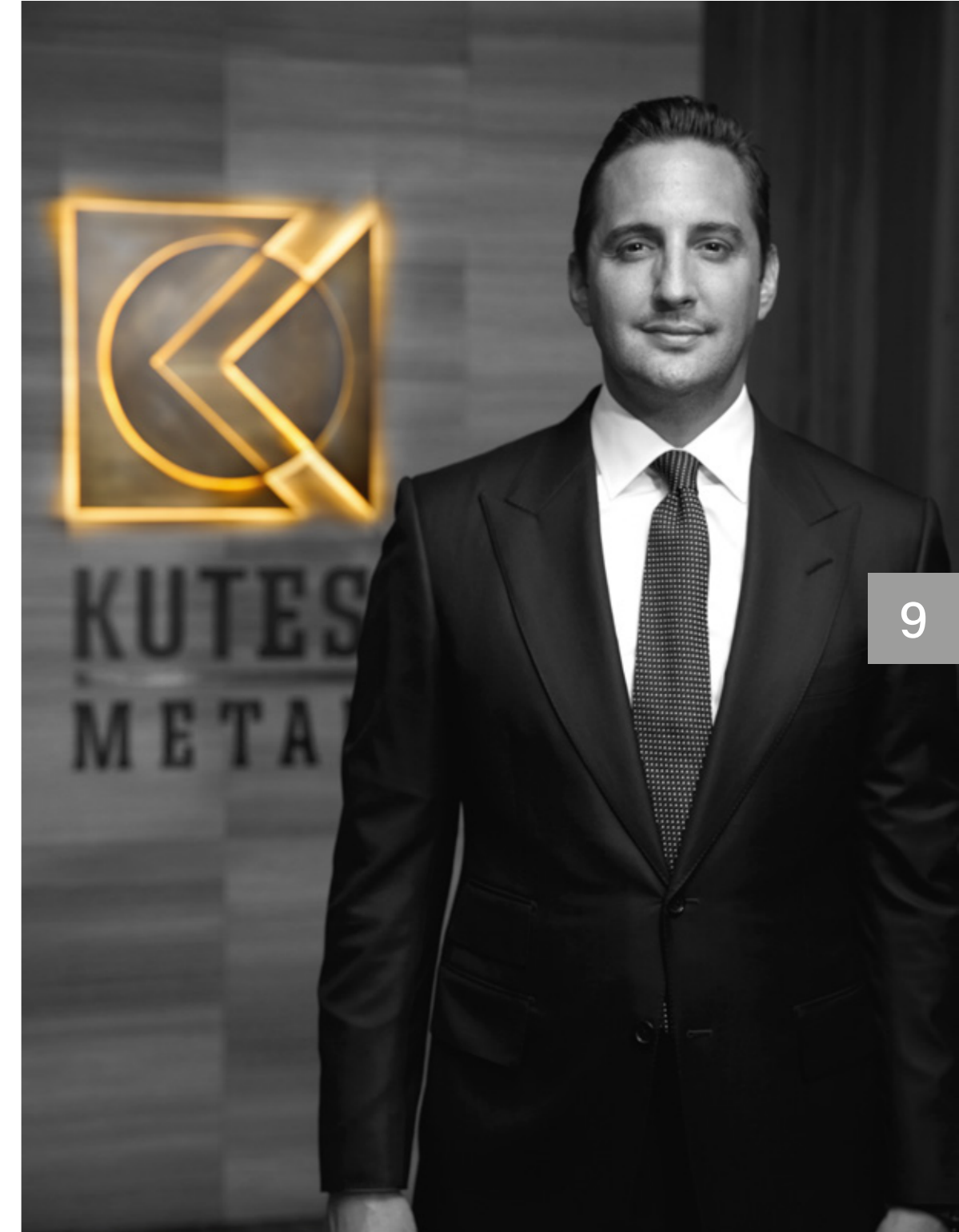
We contribute to the development of our employees through gender-sensitive recruitment processes, comprehensive training programs, and supportive policies.

I extend my sincere gratitude to all my colleagues who have contributed to the creation of this third sustainability report, exemplifying our dedication to transparency and commitment. Additionally, I would like to express my appreciation to you, our esteemed stakeholders, for your continued cooperation.

We look forward to continuing our journey of sustainability together, side by side...
Kind regards,

Ali Esat KUTMANGİL

Vice Chairman and Chief Executive Officer (CEO)



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ABOUT KUTES

- **Corporate Profile**
- **Vision, Mission and Values**
- **Milestones**
- **Corporate Governance
Approach and Policies**
- **Ethical Principles and
Transparency**
- **Products and Sectors Served**
- **Quality Approach**
- **Operational Excellence Efforts**

ABOUT KUTES

Since its inception in 1992, founded by Mehmet Bekir Kutmangil, KUTES has been dedicated to envisioning a brighter future for both the industry and our world, starting from its first casting of iron. KUTES is steadfastly striving to turn these dreams into reality and fulfill the vision of the **“New Iron Age”**.

In 2016, **KUTES expanded its production journey** by incorporating machining, leading to the establishment of **Kutes Makine** in 2017, thereby segregating machining operations from **Kutes Döküm**. Today, **Kutes Döküm** boasts a melting capacity of 16 tons per hour and runs two horizontal molding lines, each accommodating 120 molds, resulting in a total casting capacity of 50,000 tons.

On the other hand, **Kutes Makine continues its production** with an annual capacity of 100,000 hours, utilizing 60% green energy across 16 different CNC milling machine. KUTES serves 9 distinct sectors, spanning from automotive to agriculture, all backed by a comprehensive array of 14 quality certifications.

KUTES continuously innovates in one of the oldest industries worldwide, boasting nearly 350 teammates in its state-of-the-art production facilities situated in Çorlu, Tekirdağ. In line with its commitment to sustainability, KUTES published its first GRI-approved sustainability report in 2022 and set an ambitious green production target for 2033.

Through green casting, KUTES is taking effective and beneficial strides towards sustainability and combating climate change. By embracing solar energy systems as renewable energy sources, KUTES is pioneering sustainability within the casting industry, effectively reducing its carbon footprint.

In 2023, following the decision of the Presidency of the Republic of Türkiye, **KUTES’ 207,000 m2 production facilities were designated as a special industrial zone**. Hence, KUTES attained one of its most significant milestones on the journey towards the **“New Iron Age.”**

The same year, the company finalized the construction of solar energy facilities with a total capacity of 38 million kWh across Kırklareli and Edirne, culminating in the establishment of **Kutes Enerji**.

Situated 35 km from the commercial seaport of Çorlu, 100 km from İstanbul Airport, and 155 km from the borders of the European Union, **KUTES leverages its location between İstanbul and the European Union**.

KUTES DÖKÜM

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

KUTES MAKİNE

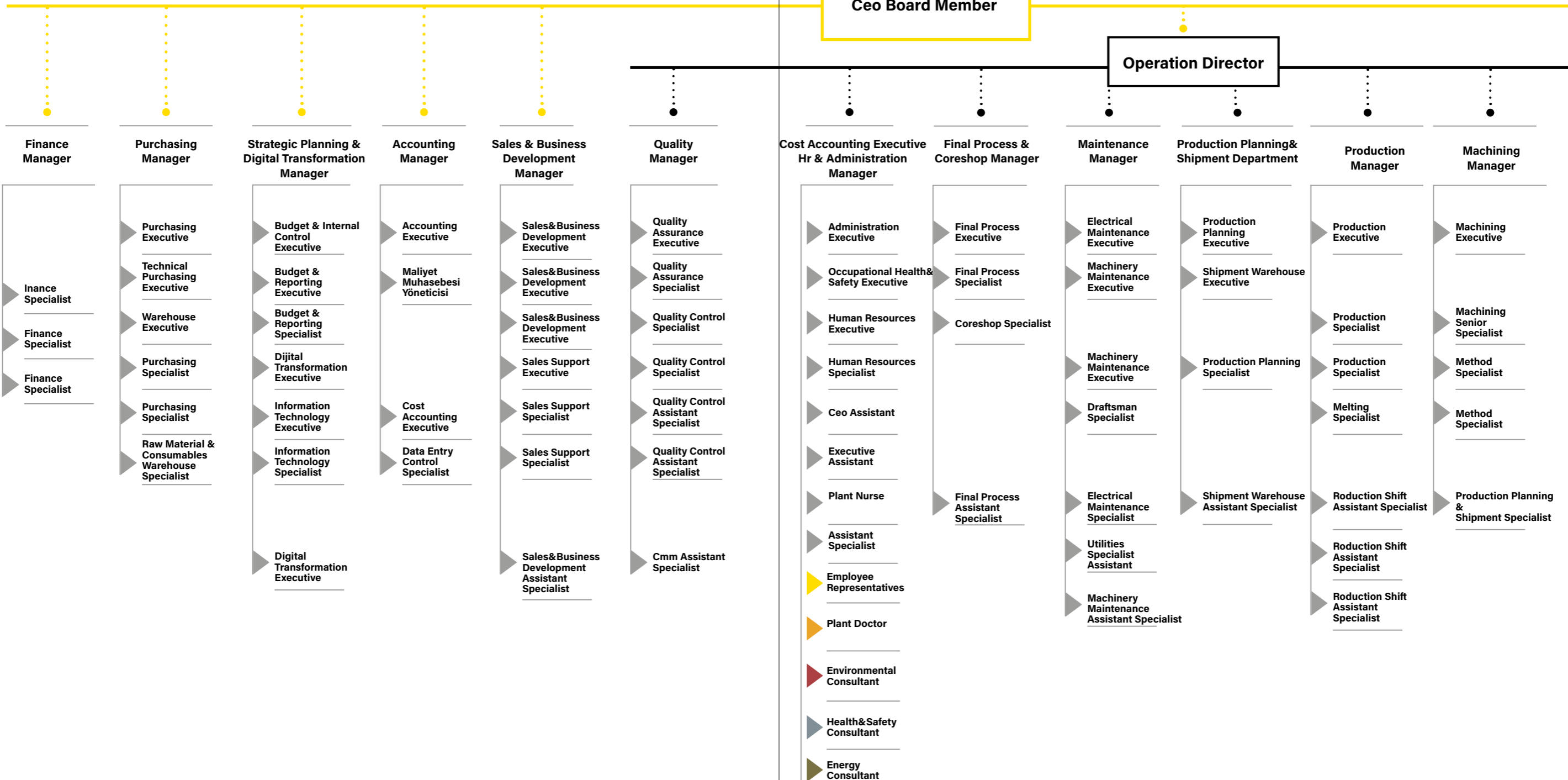
Sectors Served : Machining
 Manufactured Products : Machining of cast iron, ductile iron and other metal types
 Address : Hatip Mah. Ali Osman Çelebi Blv. No:114/A, 59860 Çorlu/Tekirdağ

HEADQUARTER

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

ORGANISATIONAL STRUCTURE

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



VISION, MISSION AND VALUES

KUTES aims to spearhead the onset of the New Iron Age globally by being among the industry's leading companies recognized for their agility in acquiring and adapting to sector-specific innovations and cutting-edge technologies, alongside their commitment to customer-centric solutions and total quality management.

Our Vision: Our primary goal for the future is to seamlessly integrate iron and sustainability for the shared well-being of our planet, aiming to decrease not only our own but also our entire industry's global footprint. Our vision is to contribute to a more livable world for the next generation, accomplished through elevated industry benchmarks, consistently updated certifications, technological investments, and a skilled workforce.

Our Mission: Our raison d'être is to manufacture durable, reliable, environmentally friendly, and efficient products that permeate every aspect of life, always guided by the philosophy of the New Iron Age. Our primary mission is to stand as the epitome of excellence in our industry, guiding our sector with unwavering precision.

Our Goal

Our primary goal is to initiate the New Iron Age through our mindset, perspective, investments, and production, and to sustain it with unwavering determination.

Our Raison d'Être:

To be acknowledged as the brand in our sector that consistently operates with integrity and excellence. To establish the KUTES brand and its business practices as the benchmark and standard within the sector across all processes.

Our Essence

To uphold our responsibility to our customers, our employees, our business, and the world. To create the utmost value for our customers, enhance our business and empower our employees, while fulfilling all responsibilities to contribute to a more sustainable world.

Our Values

Self-Improvement: We continuously strive for self-improvement to maintain our leadership position within our sector.

Professionalism: We recognize the value of the trust placed in us, and we maintain in our professionalism at all times.

Simplicity: We approach even the most complex processes with simplicity, clarity, and ease.

Versatility: We excel across various sectors, manufacturing customized products tailored to the unique needs of each.

Standardization: We test each step and automate our processes.

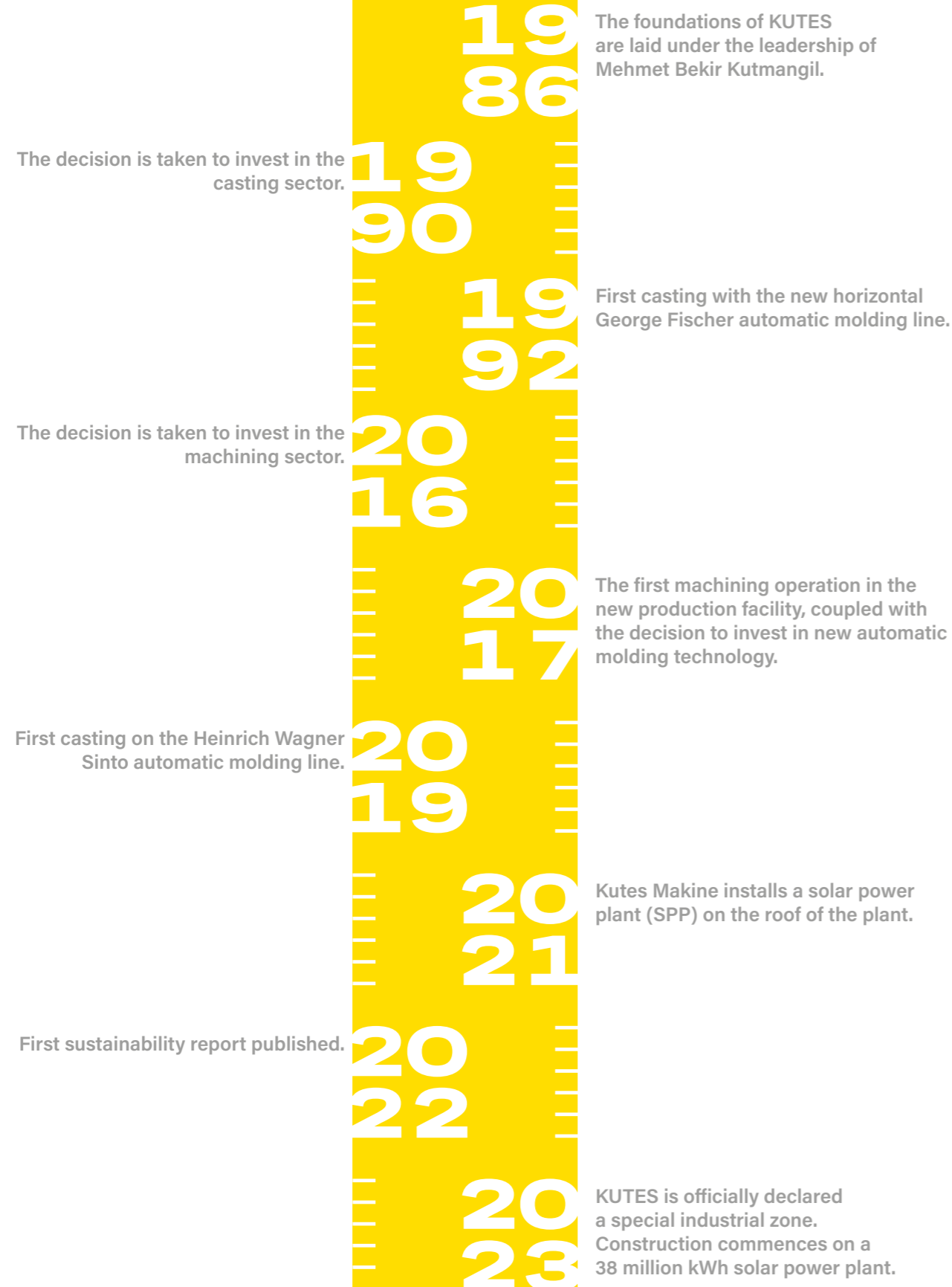
Best in Class: When we undertake a task, we ensure it is executed to the highest standards befitting the industry's best.

Dynamism: We add our inner energy to our work. We energize the sector with our breakthroughs.

Trust: We view our customers as our partners, and ensure their trust is never compromised.

Accessibility: We foster close connections with the outside world and never see ourselves as inaccessible.

MILESTONES



CORPORATE GOVERNANCE APPROACH AND POLICIES

Recognizing the pivotal role of corporate governance in process management, KUTES prioritizes accountability, fairness, and transparency in its interactions with stakeholders within the framework of corporate governance. The three-member Board of Directors convenes annually, overseeing all processes with efficiency. Sustainability activities are carried out by a Sustainability Committee consisting of representatives from various departments and supervised by the Strategic Planning and Information Technologies Manager. The Board of Directors supervises various bodies, including the Sustainability Committee, to ensure alignment of all business processes with the sustainability strategy.

Corporate governance serves as a cornerstone of a robust business, fostering effective decision-making through established processes, practices, and policies. KUTES has formulated policies aimed at ensuring the seamless execution of processes, delineating each step-in business operations clearly. In this manner, the company vision integrates climate change, human rights, working conditions, strong governance, and ethics, with activities conducted with a focus on sustainability.

KUTES fulfills its responsibilities to benefit nature and all stakeholders by establishing policies grounded in open and transparent sustainability management. The Board of Directors, equipped with relevant competencies, periodically monitors processes, identifies potential risks, and establishes measures and actions to address any alleged malpractice or corporate misconduct. KUTES embraces the vision of creating a sustainable future through a robust corporate governance approach, providing a resilient structure capable of navigating global crises. By adhering to policies that serve as guiding principles for the company's strategy, KUTES achieves responsible growth and creates sustainable value through fostering development and transformation. KUTES openly publishes all its policies on its website for stakeholders' reference.

POLICIES OF KUTES

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

ETHICAL PRINCIPLES AND TRANSPARENCY

Emphasizing the significance of integrity and honesty in all business endeavors, **KUTES has adopted ethical principles and established a policy named "Ethical Principles and Code of Conduct"**. This comprehensive policy aims **to enhance awareness among employees and external stakeholders**, fostering understanding and adherence to **the code of ethical conduct**.

These rules, fostering the **development of a culture of ethics within the organization**, also offer an effective resolution in the event of disputes or conflicts of interest among employees, suppliers, business partners, customers, and KUTES.

KUTES distinguishes itself as a **company that values its employees**, prioritizing the respect and protection of their rights. KUTES adopts suitability for the job as the sole criterion in recruitment processes to **ensure equal opportunity for all employees** without discrimination. Furthermore, the company provides **equal opportunities for employee training, orientation, and development**. Committed to fostering clean, healthy, and safe working conditions, **KUTES endeavors to boost motivation and loyalty** by actively soliciting and incorporating employee feedback and suggestions.

This approach aims to cultivate a collaborative and cohesive working environment, **promoting transparency and mutual respect among all employees**.

KUTES expects its employees to uphold the reputation and prestige of both themselves and the company by conducting their activities in alignment with company policies and objectives. Adhering to a **zero-tolerance stance against bribery and corruption**, KUTES underscores the importance of avoiding any behavior that may lead to harm. Accordingly, regular follow-ups are conducted to ensure adherence to all relevant laws and operations are being conducted within the framework of a **business culture grounded in ethical values**.

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PRODUCTS AND SECTORS SERVED

KUTES stands out with its pioneering advancements across various sectors, driven by its brand vision and mission to deliver the highest quality service. By blending technology with imagination, KUTES provides partners with quality service that exceeds expectations.

The sectors that KUTES serves are listed below.



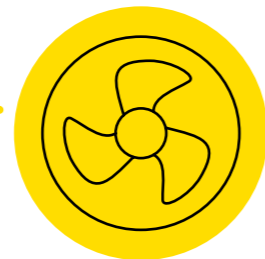
HYDRAULICS & PNEUMATICS

KUTES provides first-class service in the production of connector plates, valve bodies, hydraulic pump housings and covers for machines operating with hydraulic systems.



AUTOMOTIVE

KUTES provides a range of diverse services in the field of automotive technology and engineering. The company manufactures axle housings and covers for vehicles, along with parts such as train brake discs and drums, as well as axle sleeves and housings for light commercial vehicle production. In the heavy-duty commercial vehicle category, KUTES has broadened its service scope to include the production of carrier and engine brackets, swing arms, carrier plates, and compressor housings.



AIR CONDITIONING

KUTES manufactures air conditioning parts for the air conditioning industry. In this context, the company produces spare parts such as stator covers and cylinder covers required by air conditioning companies and air conditioner users.



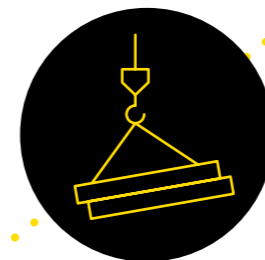
AGRICULTURE

KUTES manufactures agricultural machinery parts utilized in numerous countries, particularly in agricultural regions like Türkiye. The parts manufactured by KUTES include differential housings, flywheels, and stabilizers.



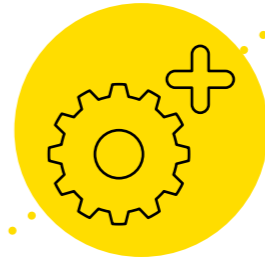
HEAVY DUTY MACHINES

KUTES manufactures parts such as housings, flywheels, pulleys, and carriers for construction machinery used in construction, agriculture, and manufacturing industries. In accordance with requirements, KUTES can also produce various parts in gray and nodular iron.



CONSTRUCTION

KUTES manufactures safety products and critical components for the construction industry. The model parts scale in the construction elevator sector is extensive, encompassing products such as pulley blocks, high-speed flywheels, and engine housings and covers.



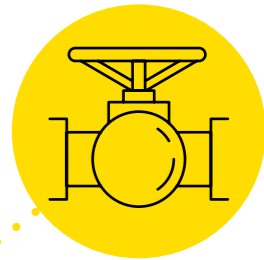
AFTER MARKET

KUTES also manufactures spare parts fully compatible with various machines, including flywheels, clutch chucks, V-bearings, brake shoes, and turnout frog models.



RAILWAY

KUTES manufactures safe braking system parts for railway vehicles utilized in passenger and freight transportation. The products are designed to meet all sector-specific requirements.



PUMPS & VALVES

KUTES also manufactures components that complement the machine system, including pump bodies, covers, flanges, and valve body models.

With the mission of providing the highest level of service to its customers, KUTES aims to solidify its leading position in the industry by expanding the number of sectors it serves in the upcoming period.

In addition to its current fields of activity, **KUTES aims to expand its service network in the future by venturing into electric vehicles with motor parts, white goods with bearing carrier parts, and the defense industry sector with bearing housings, caps, carriers, brackets, and holders for military vehicles.**

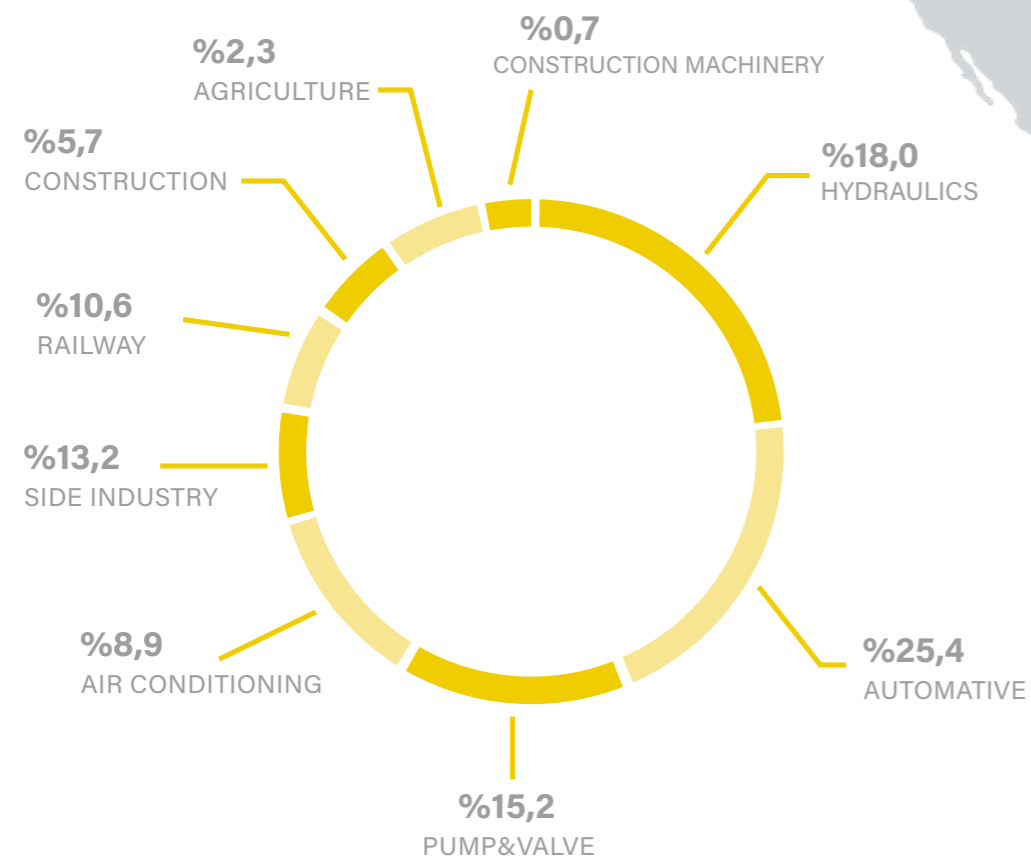
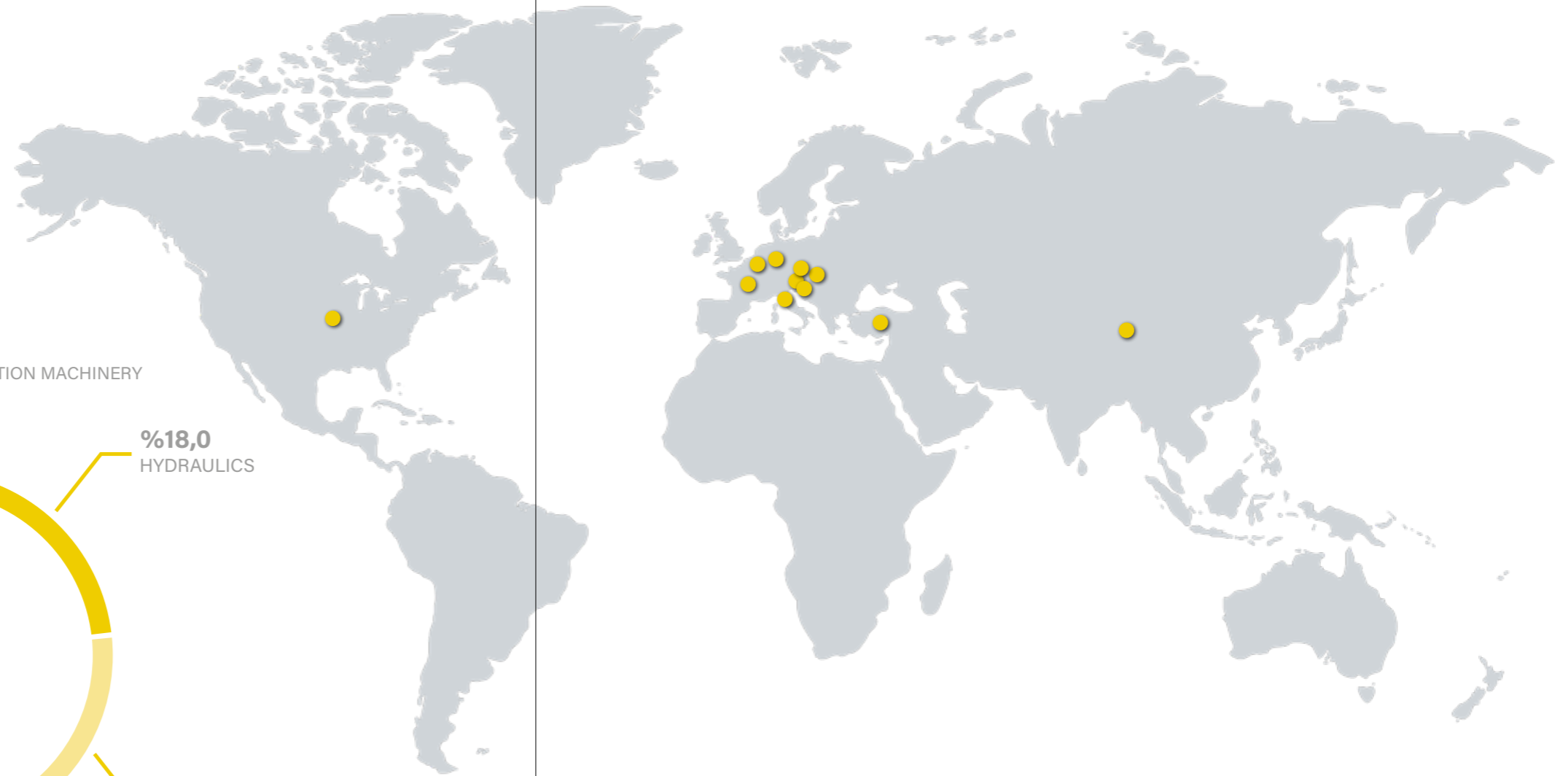
There are plans to intensify existing efforts in the agricultural sector and expand the volume of work in that area.

PRODUCTS AND SECTORS SERVED

The product groups in KUTES' portfolio, which offers services with a diverse range of products, include:

- Outsourced Products (sent in for machining)
- Machined Casting Products
- Casting Products

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



QUALITY APPROACH

Quality control procedures enable the iron casting industry to uphold high standards and produce consistently high-quality parts. **As one of the pioneers in the sector in Türkiye, KUTES conducts all its processes within the framework of its Quality Policy**, ensuring that all products achieve **perfect quality** through its advanced laboratories and expert staff.

The **KUTES Quality Policy** is founded on visionary and ethical principles.

The objectives of this policy are as follows:

- Ensure the satisfaction and comfort of customers, employees, and other stakeholders,
- Maximize production capabilities by prioritizing sustainability in investments and utilizing the most modern production technologies,
- Pioneer an innovative industrial approach in Türkiye by integrating into the forthcoming Industry 4.0 revolution,
- Establish this high quality as a standard by elevating production quality and delivering it to customers with a transparent approach,
- Prioritize education, closely following global and industry innovations, and be among the first companies to implement them,
- Set targets for all processes, implementing policies within this framework, and enable continuous improvement through an effective monitoring system,
- Ensure that the quality policy is embraced at all levels and across all departments of KUTES,
- Ensure full and unconditional compliance with the laws of the Republic of Türkiye, international trade agreements, and the ethical standards set forth at KUTES,
- Provide employees with a safe working environment devoid of security risks and health hazards, while enhancing their quality of life,
- Ensure efficient use of energy and natural resources, prioritizing savings, and reducing environmental impact through sustainable methods and environmental protection systems.



With its quality control test equipment, **KUTES analyzes every stage of production, swiftly identifying and resolving potential production defects.** Through proprietary processes it has developed, the company is capable of **monitoring iron temperature, additives, and casting materials at an exceptionally detailed level.** Moreover, technologies such as **digital imaging, automatic horizontal molding lines, and automatic grinding machines** enhance productivity while upholding quality standards and reducing production costs. As a result, **every product that emerges from the production lines boasts an extended lifespan upon reaching the customer, ensuring high performance throughout its operation.**

OPERATIONAL EXCELLENCE EFFORTS



In a dynamic business landscape that changes every year, KUTES has navigated numerous challenges including shifts in production processes, economic volatility, and customer demands, thereby sustaining its economic viability and positive societal impact. Acknowledging the significance of its extensive industry experience and skilled workforce in the adaptation process, KUTES remained dedicated throughout 2023 to enhancing processes, meeting customer demands, and upholding quality standards. Amid ongoing improvement initiatives and operational activities, the health, safety, and satisfaction of employees are consistently prioritized, irrespective of prevailing conditions.

Recognizing the necessity of adapting to the dynamic business environment, KUTES has successfully concluded the pilot phase of its lean production activities, initiated with Routeact in the final quarter of 2021. This initiative aims to eliminate all forms of waste (including errors, overproduction, excess inventory, waiting times, redundant tasks, unnecessary movements, and transport) across all processes from design to shipment. By doing so, KUTES seeks to reduce costs, enhance customer satisfaction, gain flexibility to respond to market conditions, and expedite cash flow. In alignment with this initiative, a comprehensive three-year Total Productive Maintenance (TPM) method master plan has been formulated, with the aim of achieving completion by the conclusion of 2026. The 12-quarter plan encompasses the following actions:

TPM GENERAL MASTER PLAN FOR 2023-2026

Topics	Actions
General	<ul style="list-style-type: none"> General
5S - Autonomous Maintenance	<ul style="list-style-type: none"> Manual grinding KUTES Makine assembly - shipment - warehouse
Autonomous Maintenance	<ul style="list-style-type: none"> George Fischer (GF) melting KUTES Makine (5 workbenches) KUTES Makine (new workbenches)
Daily Management System	<ul style="list-style-type: none"> DMS continuity
Planned Maintenance	<ul style="list-style-type: none"> Support activities for autonomous maintenance (training sessions, One-Point Lessons (OPL), standard preparation, fault card resolution, and equipment restoration) Complete Bimsen error card management Develop predictive maintenance technologies Create Management Planning (MP) archive
Kaizen	<ul style="list-style-type: none"> Create Kaizen management system and database Regular Kaizen presentations to the senior management Regular Kaizen evaluation
Trainings	<ul style="list-style-type: none"> Update and develop skills matrices for the Autonomous Maintenance (AM) pilot region Establish and manage the One-Point Lesson (OPL) system
Early Product Management	<ul style="list-style-type: none"> Current process analysis Manage the process through regular monitoring and improvement of performance indicators
Quality & Maintenance	<ul style="list-style-type: none"> Prepare Quality Assurance (QA) matrices Develop Poka Yoke and Jidoka solutions
Health, Safety, Environment (HSE)	<ul style="list-style-type: none"> Update risk analyses Promote employee engagement in Kaizens for enhancing occupational safety measures Set up an occupational safety training room
Early Equipment Management	<ul style="list-style-type: none"> Current process evaluation Monitor and evaluate results
Office TPM	<ul style="list-style-type: none"> Makigami analysis for non-production processes Conduct a pilot continuous flow analysis

OPERATIONAL EXCELLENCE EFFORTS

KUTES has established long-term targets within its TPM master plan, spanning three years, under the categories of **Productivity, Quality, Cost, Delivery, Health, Safety, Environment, and Morale (PQCDSM)** indicators. The figure below presents the indicator headings, along with their respective key performance indicators and targets.

Indicator	Key Performance Indicator	Target
P (Productivity)	• Tonnage	↑
	• OEE (Overall Equipment Effectiveness)	↑
	• Operator Performance	↑
P (Quality)	• Downtime due to Error	↓
	• Internal Defect Rate	↓
C (Cost)	• Product Cost	↓
D (Delivery)	• Products Delivered on Time and in the Ordered Quantity	↑
	• New Product Launch Time	↓
S (Health, Safety, Environment)	• Electricity Consumption KW/Gross Tons (Casting)	↓
	• Carbon Footprint	↓
	• Occupational Accident Frequency Rate	↓
M (Morale)	• Number of Suggestions	↑
	• Training Duration of Person	↑

KUTES TPM Targets

Cross-functional working committees have been established to achieve the TPM targets outlined within the framework of operational excellence, and each committee has commenced its regular activities. The primary committees whose activities commenced in 2023 within the scope of TPM are as follows:

- Autonomous maintenance
- Planned maintenance
- Kaizen
- Early product management
- Training – development

The second phase of **autonomous maintenance on the George Fischer (GF) line**, conducted as part of **operational excellence** endeavors, has commenced, with **Kaizen initiatives targeting pollution sources and losses**, along with regular cleaning practices utilizing error cards, gaining momentum. In 2023, a total of **331 preventive error cards were logged** for the GF line, with **305 of them successfully resolved**. The second **Kobetsu Kaizen** initiative to address production downtime was implemented. As a result of these initiatives, **there was a total decrease of 9.3% in production-related downtime rates** on the GF line, accompanied by a **2% increase in OEE value**.

While Kobetsu Kaizen activities initiated within the scope of operational excellence studies in previous years continued, **the culture of Kaizen started to permeate throughout the factory in 2023**. In 2023, Kaizen targets were established for the **Key Activity Indicators** of each department. A total of 25 Before-After Kaizens were carried out across the entire factory.

In accordance with the TPM master plan, **the first step of autonomous maintenance** was launched in GF Sand Plant, HWS Molding, CT3, DIM1, OTM4, H6 lines and machines, while 5S practices commenced in Coreshop Painting and Machining-Packaging departments. **Following the master plan**, the initial wave of Kaizen expansion activities was implemented through **six new Kobetsu Kaizens**.

During the 2022 reporting period, the goals set for efficiency in production lines, standardization in serial and heavy parts through **the robot investment “Core Setter for HWS (Entra Robot)”**, and the **prevention of internal injuries** resulting from the manual handling of heavy cores into molds **were successfully achieved**. Additionally, **Occupational Health and Safety (OHS) risks** associated with the placement of heavy cores by personnel were eliminated, and potential factors posing risks to human health **were minimized through monitoring studies conducted** throughout the year. **The advancements made with the Core Setter investment are outlined below:**

- The requirement for core setting personnel has decreased, with new staff receiving brief training to handle spades on core stands, effectively eliminating the personnel-related impact.
- The challenge of placing cores onto molds was resolved for personnel, transitioning to ergonomically designed stands for easier core setting.
- The fatigue induced by handling heavy cores into molds was eradicated, paving the way for streamlined mass production.

OPERATIONAL EXCELLENCE EFFORTS

Other investments made in 2023 to enhance operational efficiency and increase capacity are detailed in the table below.

Investment item	Investment rationale	Improvement detail	Capacity impact (duration)	Workforce gains (%)	Workbench capacity improvement (%)
Hidcom compensating hydraulic tool holder	Operational improvement	The issues related to quality encountered with the standard tool holder have been resolved, leading to enhanced clamping rigidity, improved cutting conditions, and reduced machining time.	The machining time per part saw an improvement of roughly 4 minutes.	-	7,80
Puma V 8300M CNC vertical lathe	Capacity increase	-	-	-	100
NHP 6300 CNC horizontal machining center	Capacity increase	-	-	-	100
Horizontal machining center Mycenter HN630G/800	Capacity increase	-	-	-	100
Stacker	Difficulty of use	The stacker for shipment and storage was acquired to fulfill operational demands.	Eliminating 15-minute losses per shift.	3,30	-
	End of life				
	Lack of machinery				
Four-compartment zero point tray and isonet foot pad	Operational improvement	Type change times on the invested machine have been reduced from an average of one shift to 30-40 minutes.	Twice-monthly type changes save seven hours each. An improvement of 0.3% in the scrap rate is anticipated.	2,90	2,90
Surface roughness device	Quality improvement	The mobile device, previously hindered by low resolution and usability issues, underwent modifications to enable its permanent utilization in the workshop. Achievements include reductions in scrap.	An improvement of 0.1% in the scrap rate is anticipated. The time required for staff measurement was reduced from ten minutes to two minutes. On average, these measurements are conducted three times per shift.	5,40	-

In 2024, the company aims to advance its operational excellence initiatives by further deploying autonomous maintenance, Kaizen, and daily field management in alignment with the TPM master plan. Additionally, it seeks to implement process improvements within the framework of early product management and finalize the pilot implementations for the blue-collar training system.

Moreover, in 2024, the company aims to enhance its product commissioning process by implementing new process improvements. Through selected pilot projects, it targets to reduce commissioning times by 10%.

2

SUSTAINABILITY APPROACH AT KUTES

- **Material Topics**
- **Alignment with United Nations
Sustainable Development Goals**
- **Sustainability Governance Structure**

MATERIAL TOPICS

KUTES performed a materiality analysis in 2022 to gain deeper insights into the key priorities of both internal and external stakeholders. The study, conducted through surveys, sought to ascertain the **prioritization of sustainability** topics by internal and external stakeholders, **providing valuable insights** into how these issues are perceived and evaluated across different stakeholder groups.

The selection of material topics for the **survey was informed by a comprehensive review of competitor priorities, industry sustainability leaders, and recommendations from sustainability reporting steering groups**, ensuring alignment with industry best practices and emerging trends.

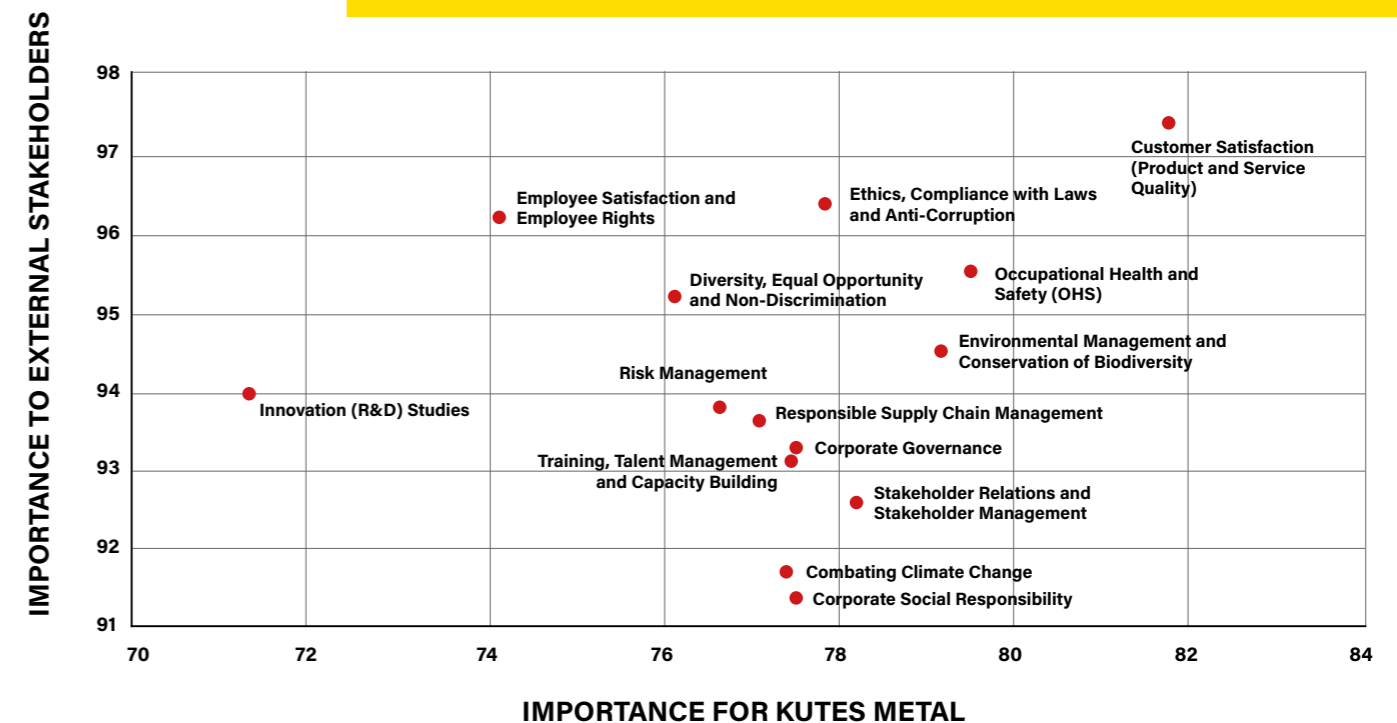
The identified material topics were communicated to both internal and external stakeholders via an online survey.

A total of 221 responses were received, with 192 from internal stakeholders and 29 from external stakeholders. **The material issues identified with the study are listed below:**

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

The materiality matrix, based on the feedback received from stakeholders, is as follows.

MATERIALITY ANALYSIS



ALIGNMENT WITH UNITED NATIONS (UN) SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs) are designed to achieve a better and more sustainable future for all and consist of **17 goals in total**. The goals, spearheaded by the **United Nations**, tackle a spectrum of global challenges encompassing poverty,

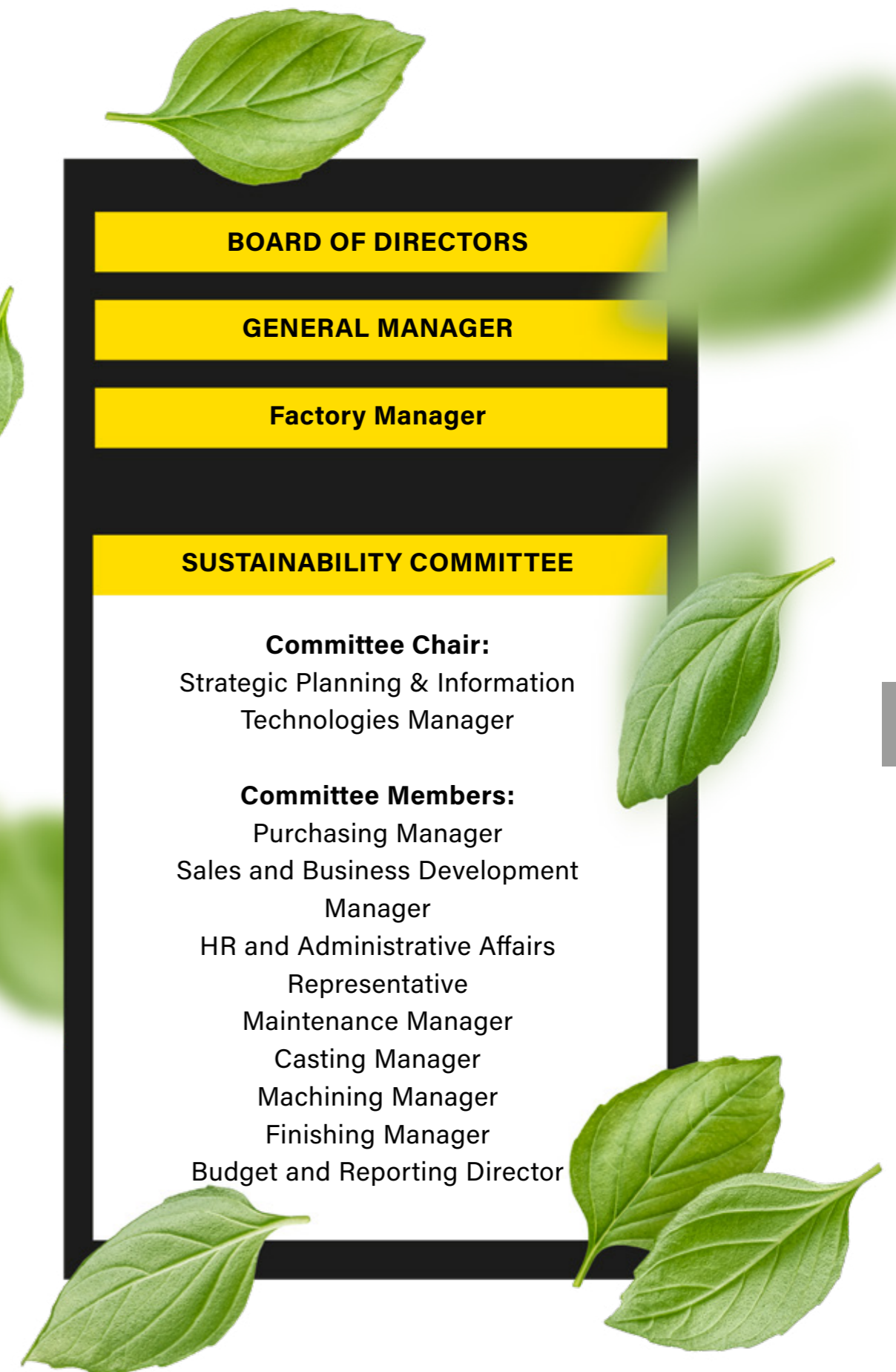
inequality, climate change, environmental degradation, peace, and justice. Aligned with KUTES' objectives and the outcomes of the prioritization analysis, **the following SDGs emerge as focal points for KUTES, with forthcoming plans to establish targets:**



SUSTAINABILITY GOVERNANCE STRUCTURE

In 2021, **KUTES** embarked on a significant milestone in sustainability management by initiating the **Sustainability Management System Project**. The project concentrated on initiatives concerning environmental, social, and economic sustainability, while also instituting a governance mechanism and documentation structure. By 2023, the system's operations have become more established, with full integration into all processes.

Creating a sustainable corporate culture relies heavily on the endorsement of the topic by senior management. Hence, **KUTES** addresses and manages all its sustainability efforts at a senior level through its Sustainability Committee, which was established in line with its sustainability strategy.



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ENVIRONMENTAL RESPONSIBILITY APPROACH

- **Efforts to Combat the Climate Crisis**
- **Other Emissions**
- **Energy Efficiency Efforts**
- **Water Management Approach**
- **Raw Material Utilization and
Resource Efficiency Efforts**
- **Waste Management Approach**

EFFORTS TO COMBAT THE CLIMATE CRISIS



Climate change and the ensuing climate crisis are triggering a myriad of **disasters on a global scale**, underscoring the escalating urgency of **crisis management efforts**. The foundry sector contributes significantly to combating the climate crisis through its efforts in **recycling waste metals within its processes**. This role involves **diverting materials** such as old cast iron and scrap steel from landfills and melting these scrap materials down to **create new products**. This process makes a **positive societal contribution** by generating employment opportunities and offering recycling services for waste materials.

KUTES maintains continuous vigilance over the environmental impact of its operations to **mitigate the climate crisis** and diligently tracks sectoral advancements to **enhance its role as a recycler**. Moreover, the company actively engages in working groups, meetings, and seminars organized by various organizations and civil initiatives such as **UN Global, Chapter Zero, the Turkish Foundry Industry, the Turkish Industry and Business Association (TÜSİAD), the Automotive Suppliers' Association of Türkiye (TAYSAD), and the Sustainable Development Association (SKD)** to share its experiences in reducing environmental impact and benefit from the experiences of others. Furthermore, within its own organization, **KUTES is implementing measures to address the climate crisis and attain its set targets**.

TARGETS

- CDP Reporting in 2025
- Reduce the use of gray and nodular iron by increasing the use of scrap
- Reduce 17,836 tons of carbon dioxide (CO₂) emissions annually
- Continuous improvement for zero emissions

With the awareness that emissions from human activities are major contributors to the climate crisis, **KUTES embraces a responsible approach towards future generations** by aligning its activities with a zero-emission target. Within this framework, KUTES assessed its processes and opted to identify the most suitable measurement methodology to **pinpoint the emission sources included in the GHG inventory**, thereby streamlining the process. Currently, the organization has no dedicated measurement system. Hence, the emphasis has been on **employing calculation-based methodologies to identify and monitor environmental impacts**.

In calculation studies, data are gathered and documented following the **Greenhouse Gas Management Procedure**. During the data collection process, invoices are prioritized, followed by internal records within the organization, which are documented either manually or using software. The distance information necessary for calculating indirect emissions is accessible through Google Earth. Through this method, KUTES aims to evaluate its environmental impact and advance towards its zero-emission target.

Greenhouse gas emissions calculated at KUTES are reported in compliance with ISO 14064-1:2018 for Verification and Reporting of Greenhouse Gas Emissions. Additionally, the prepared report undergoes scrutiny as per the Greenhouse Gas Management Procedure.

EFFORTS TO COMBAT THE CLIMATE CRISIS

CARBON FOOTPRINT VALUES t CO ₂	2022	2023
Category 1	4.946,75	4,447.59
Category 2	17.015,83	21.393,65
Category 3	969,19	4,436.62
Category 4	31.622,79	31.030,72
Category 5	408,67	353,75
Category 6	1.701,58	1.949,31
Total	56,664.83	63.611,64

Carbon Footprint Values

CARBON FOOTPRINT VALUES t CO ₂	2022	2023
Scope 1	4,920.59	4,447.59
Scope 2	18,852.01	21,393.65
Scope 3	32,999.79	37,770.40
Total	56,664.83	63.611,64

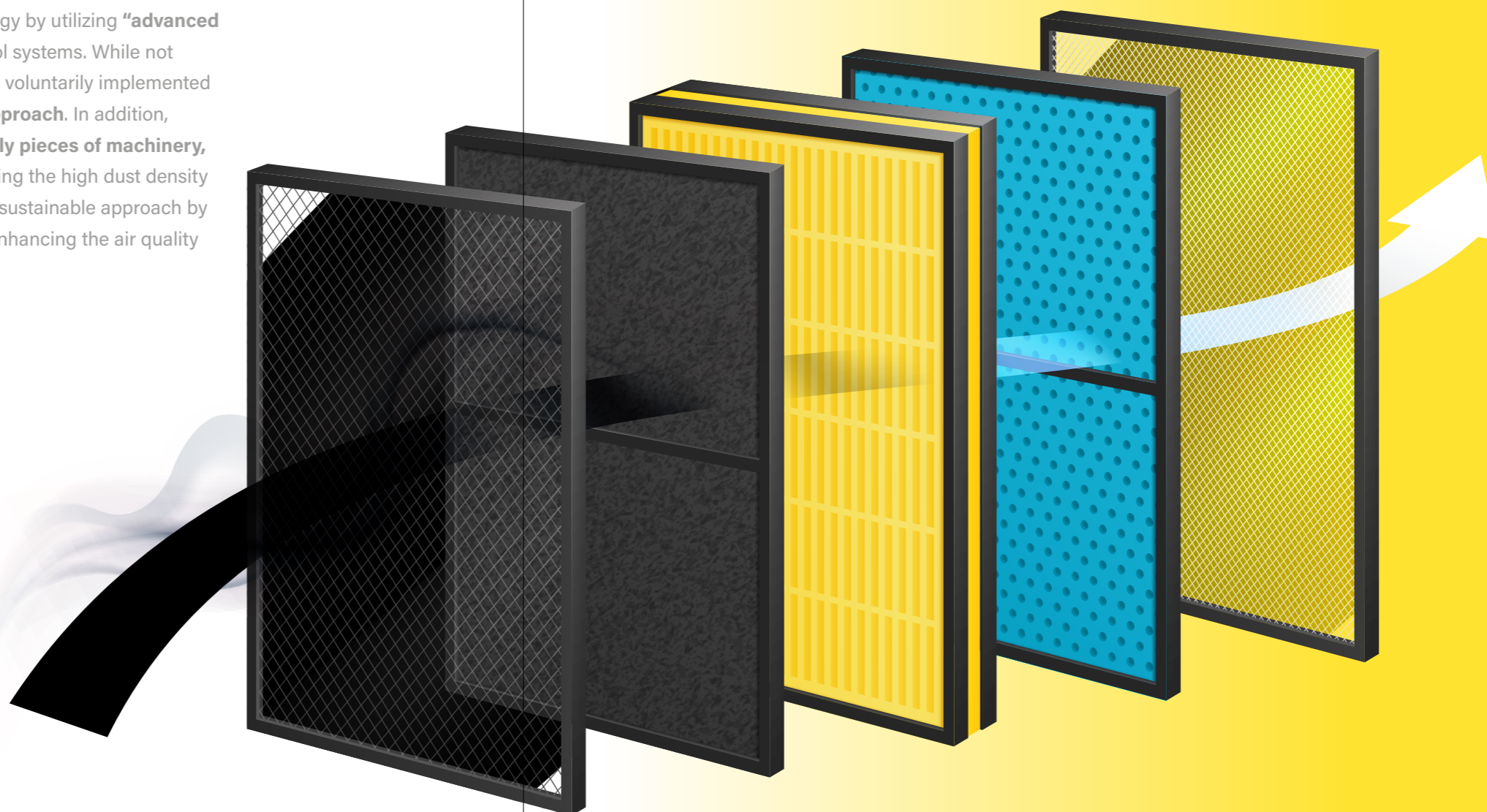
Carbon Footprint Values

Recognizing that improvement requires monitoring, KUTES successfully concluded the work initiated under Standard 14064 for Verification and Reporting of Greenhouse Gas Emissions in June 2023. In this context, the company plans to openly and transparently share its efforts to combat the climate crisis and reduce carbon footprint on the Carbon Disclosure Project (CDP) platform in 2025. This step underscores KUTES' commitment to monitoring and enhancing its environmental performance.

OTHER EMISSIONS

Dust, sand, and other particulate matter produced during foundry operations can disperse into the air, **posing risks to both the environment and human health**. Operating with this awareness, **KUTES employs air filtration systems and advanced baghouse technology** to mitigate air pollution within its facilities. The air pollution controls implemented are acknowledged as “best available” by **the United States Environmental Protection Agency (USEPA)** and pertinent government regulatory agencies, irrespective of the regulations in effect at the time of installation of the control equipment.

KUTES incorporates a crucial component of this technology by utilizing “**advanced leak detection probes**” integrated into its emission control systems. While not currently mandated by any regulatory body, this practice is voluntarily implemented by KUTES in line with its **environmental responsibility approach**. In addition, **KUTES employs one of the most environmentally friendly pieces of machinery**, known as the “burst filter,” to clean the ambient air by filtering the high dust density generated during production. In this way, KUTES adopts a sustainable approach by **investing in environmentally friendly technologies** and enhancing the air quality of the working environment.



ENERGY EFFICIENCY EFFORTS

Recognizing the high energy demands of the metal melting process, KUTES is undertaking various actions to ensure energy efficiency in its production processes, minimize environmental impacts, and implement a sustainable business model. In this context, measures such as energy efficiency initiatives and renewable energy projects are regularly implemented, and energy consumption is monitored across all activities. Furthermore, energy consumption reduction targets are established and progress is continuously monitored and reviewed. Additionally, training sessions are organized to raise employee awareness about energy efficiency, and the public is informed about the energy policy through the official website. KUTES' Energy Policy is available at Kutes' Policies/Kutes.

KUTES utilizes energy analyzers to digitally monitor its facility, continuously track energy consumption in production processes, and conduct studies to reduce consumption. These efforts encompass projects such as replacing lighting systems with LEDs, using electric forklifts, upgrading compressed air systems, improving compressed air distribution and air treatment, implementing compressed air adaptive control systems, installing variable frequency drive (VFD) controls for cooling tower fans and pumps, deploying an energy monitoring system, and utilizing engineered compressed air nozzles.

Thanks to the 240 kWh solar panels at KUTES, 60% of the electricity consumed is sourced from renewable energy. In the future, the aim is to increase this ratio further and collaborate with suppliers who possess renewable energy certificates. In this direction, the goal is to supply 90% of the energy used in casting facilities from renewable sources through the commissioning of a 38 million kWh solar energy investment in 2024.

Thanks to these initiatives, a reduction in carbon emissions equivalent to the contribution of 458,640 trees will be achieved. Efforts are underway to further increase this amount by aiming to source all energy from renewable sources in the future.

During the transition to the use of electric forklifts, KUTES initiated the transition from old electric motors to fourth-generation motors with higher energy efficiency. Additionally, KUTES completed the installation of two solar power plants with a total capacity of 38 million kWh in Edirne and Kırklareli. In addition to these efforts, the IE3-IE4 motors commissioned in 2023 yielded energy efficiency gains of 47,357 kWh, while the runner breakers installed in 2022 led to a 5% reduction in electricity consumption. Outlined in the 2022 report but transferred to the 2024 targets due to setbacks, the project to capture heat from the melting furnaces via flues and utilize it for heating the administrative building represents another significant initiative. Work is also underway to install DC charging stations within the facility and to gradually transition KUTES vehicles to electric vehicles over the next 5 years.

Thanks to the investment in the Progelta Tundish Retrofit system, which was commissioned in 2022, a 48% improvement in downtime was observed due to decreased temperatures. Additionally, an 8.02% increase in productivity was achieved through the establishment of an unmanned metal transfer system with the "Progelta Telescopic Crane System" and the full integration of the scrap production line. As a result of these initiatives, 1.4 tons of molten metal were transferred to the HWS casting automaton in 5.3 minutes using standard procedures, achieving a 5% improvement in energy efficiency during melting.

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KUTES is committed to its goal of leaving a more sustainable world for future generations and safeguarding natural resources by continuing these energy-efficient projects within its facility. Additionally, with the installation of the ISO 50001 Energy Management System, completed in 2022, KUTES officially documented its commitments to energy management at the beginning of 2023.

ENERGY CONSUMPTION VALUES	UNIT	2021	2022	2023
Consumption	kWh	32.185.714	38.956.677	36,502,512
Renewable Source Electricity Consumption	kWh	13.338	294.554	250,131
Total	kWh	32.199.052	39.251.231	36,752,643

Energy Consumption Values

TARGETS

- By making an additional investment in 38 million kWh solar energy, KUTES aims to ensure that 90% of the energy used in its casting facilities comes from renewable sources.
- Replace existing vehicles with electric vehicles within 5 years
- Collect the heat from the melting furnaces from the flues and use it for heating the administrative building
- Continuous improvement in reducing energy consumption
- Continuously increase the number of suppliers with renewable energy usage or certificates



WATER MANAGEMENT APPROACH

Water is indeed essential for life, and there exists a **profound connection between the climate crisis and water management**. The climate crisis is impacting water resources, exacerbating water stress, and underscoring the **critical importance of water management**. KUTES embraces a **conscientious approach** to the vital significance of water and recognizes the imperative for sustainable water management. The company has devised **several strategies to diminish its water footprint**, optimize water consumption, and efficiently utilize available water resources.

KUTES employs modern water meter technologies to monitor the utilization of water resources. As of 2023, KUTES has replaced the previous method of calculating cubic meters per household unit in groundwater usage with strategically placed meters. These meters enable the regular collection of monthly data, facilitating **more precise monitoring of water usage**. In this manner, KUTES is intensifying its endeavors to safeguard water resources by embracing a more effective and **sustainable approach to water management**. Reducing the water footprint, practicing sustainable water management, and safeguarding water resources in the battle against the climate crisis are integral to **KUTES' commitment to fulfilling its environmental responsibilities**.



WATER CONSUMPTION VALUES	UNIT	2021	2022	2023
Mains Water Consumption	m ³	0	0	0
Groundwater Consumption	m ³	5.482	13.705,5	25,173.00
Total Water Consumption	m ³	5.482	13.705,5	25,173.00

Water Consumption Values

RAW MATERIAL UTILIZATION AND RESOURCE EFFICIENCY EFFORTS

Since its establishment, KUTES has been conducting its **operations with a resource efficiency-oriented approach**, garnering attention for its dedicated efforts in this regard. In 2022, **KUTES melted over 18,000 tons of material, with approximately 59% of the material used in the melting process** consisting of recycled material. With these accomplishments, **KUTES aims to curtail energy consumption and greenhouse gas emissions by minimizing the use of coke-melt while also saving costs through reductions in raw material expenditure**. In this context, the company is continually exploring opportunities to **integrate alternative recycled materials into the process**, including shredded steel, directly reduced iron fine grains, and oil filters. Furthermore, efforts are being made to **minimize environmental impact** by implementing various measures, such as transitioning from alcohol-based to water-based paint in core production.

KUTES has achieved notable success with its investments. Some of these achievements are summarized below.

- A EUR 3 million investment in filtration enabled the installation of new filters, achieving a filtration rate of 5 mg/m3 in compliance with European standards.
- The utilization of state-of-the-art compressors resulted in energy savings of 1,500 MWh/year.
- Thanks to the TL 1,120,723 investment in the core drying oven, KUTES prevented the use of chemicals and reduced the amount of greenhouse gases emitted into the environment.
- Investments of TL 209,627 for transitioning to electric forklifts and TL 96,547 for stackers have significantly reduced diesel consumption.
- Efforts initiated in 2022 enabled the reuse of swarf generated from machining in the casting process.

- Thanks to the "Euro - Equip Riser Breaking Machine," another investment made in 2022, KUTES increased the piling density in the charging boilers by breaking the runners, reduced sand content in the runners, achieved 4% energy efficiency in melting, and attained an average efficiency of 25-30 kW per gross ton.

These efforts have enabled KUTES to make **significant strides in environmental sustainability** and steer its operations in a greener direction.

KUTES is undertaking significant efforts to **reduce the use of coke by identifying alternative carbon sources** to replace raw material coke. Actions to reduce coke include a range of strategies, from strategically replacing key equipment to modifying **dehumidification systems to lower air humidity, enhancing coke quality control, and optimizing available data and measurements**. Furthermore, the "Progelta Magnesium Wire Treatment" process, commissioned in 2023, aimed to stabilize the permanent magnesium ratios in nodular iron castings. It achieved a **42% improvement in internal defects in 2023 compared to 2022**.

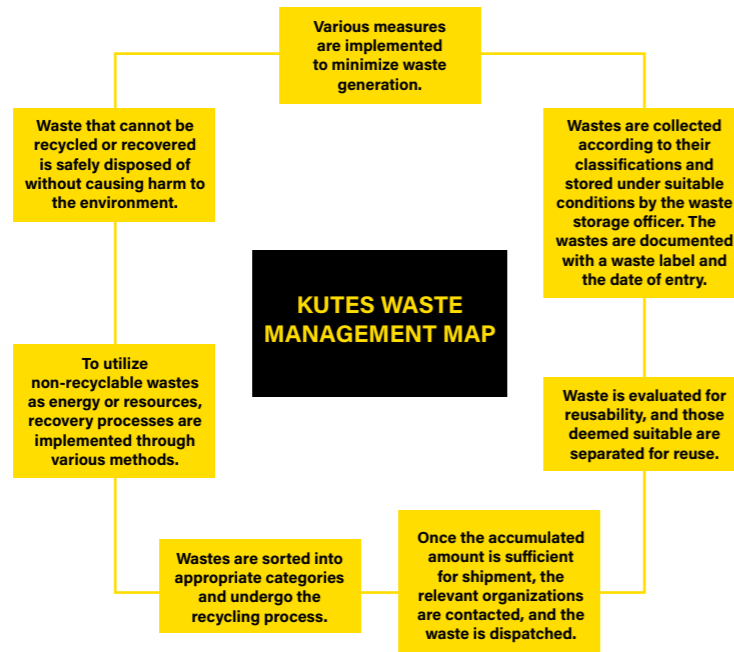
Sand, a crucial material in KUTES' processes, is effectively utilized in the casting process of metal parts, and efforts are underway to recycle it. **There was a 42% improvement in sand casting defects during May to December production** compared to 2022, while the sand-casting defect rate remained stable in the first four months of 2023. **Each grain of sand is reused approximately 50 times** until it is no longer viable for creating quality castings. Additionally, efforts on new clay and sand reclamation system technologies aim to minimize the quantity of sand required to be filled into the soil by utilizing less sand. With the commissioning of the 40-liter core machine, **KUTES achieved an annual core production capacity of 550 tons**.

KEY INPUTS MATERIALS USED IN 2021	UNIT	2022	2023
Scrap	kg	11.072.137	10.710.620
Gray and nodular iron	kg	7.475.070	5.577.220
Molten additives	kg	7.475.070	1.112.905
Molding agents (coal powder, bentonite, foundry sand)	kg	3.511.550	3.013.390
Core sand	kg	5.178.580	4.803.840

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

WASTE MANAGEMENT APPROACH

Waste is one of the major environmental challenges that, when not managed properly, can contribute significantly to water, air, and soil pollution. Recognizing this issue, KUTES has implemented a Waste Management Procedure to effectively manage the waste generated during production processes. The company aims to contribute to the circular economy by prioritizing waste reduction, reuse, recycling, and recovery at the source.



As part of its waste management efforts, KUTES ensures that wastes are collected according to their classifications and transported to the waste storage facility. Under the supervision of the waste supervisor, the collected wastes are labeled, the entry date is recorded, and they are placed in the relevant sections at the waste site. Once received by the waste storage officer, the wastes are stored under appropriate conditions and for the required durations. When they accumulate to the required amount for shipment, they are sent to the evaluation or disposal facility by contacting the relevant organizations.

Aligned with the objective of reducing the carbon footprint of the production process, KUTES annually increases the share of recycled materials. In this context, KUTES has increased the share of scrap in the molten metal content from 40% to 75%, and efforts are underway to incorporate alternative recycled materials into the process. As a result of these efforts, KUTES obtained the "Zero Waste Certificate" in 2022, marking a milestone achievement in waste management. KUTES' sustainable waste management approach reflects its commitment to minimizing environmental impacts and utilizing resources efficiently.

WASTE VALUES	UNIT	2021	2022	2023
Amount of Non-Hazardous Waste	kg	9,320,796	11,261,558	10,594,360
Amount of Hazardous Waste	kg	87,805	83,385	45,845
Total Amount of Waste	kg	9,408,601	11,344,943	10,640,205

Table 4: Waste Values



TARGET:

- Decrease the volume of hazardous waste through investments in sand recycling over the next 5 years

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THE POWER OF KUTES: HUMAN RESOURCES

- **Human Resources Approach**
- **Employee Profile**
- **Equality and Inclusion**
- **Employee Satisfaction**
- **Support for Talent Development**
- **Occupational Health and
Safety (OHS) Management**

HUMAN RESOURCES APPROACH



Since its inception, **KUTES has regarded its employees** not only as a workforce but also as its **most valuable asset**. This approach reflects the **company's commitment to sustaining its operations** by providing fair and equal opportunities to all employees. The **"KUTES Human Resources Policy"** is built upon these values and serves as a framework that prioritizes the **continuous development of competent human resources**. Recognizing the pivotal role of **human resources management** in fostering a robust workplace culture, **KUTES places special emphasis** on supporting and nurturing its employees both personally and professionally. This is facilitated through an approach that emphasizes teamwork and encourages personal and professional growth.

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EMPLOYEE PROFILE

KUTES not only prioritizes learning and development but also fosters mutual interaction and knowledge sharing by cultivating a **dynamic working environment** that brings together team-oriented individuals. Within this framework, **KUTES aims to cultivate an atmosphere of continuous innovation** by fostering collaboration and creativity among its employees. **Of KUTES' 342 employees, 83% are aged under 50, with approximately 26% falling under the age of 30.**



EMPLOYEE PROFILE	2021	2022	2023
Male	50	59	64
Female	18	20	19
Toplam	68	79	83

Employee Profile by Gender Distribution

EMPLOYEE PROFILE	2021	2022	2023
Blue-collar	168	253	259
White-collar	54	79	83
Toplam	293	332	342

Employee Profile by Job Type

EQUALITY AND INCLUSION

KUTES adheres to the principle of **"equal pay for equal work"** and views it as a fundamental aspect of its business practices. It pursues various strategies to support the active **participation of women in the workforce**. Prioritizing female candidates is not only a step in this direction but also an approach that reflects the company's commitment to diversity and inclusion.

Confronted with the low representation of female employees in the sector, KUTES is devising strategies to enhance gender balance between white-collar and blue-collar employees, aiming to address this inequality. These efforts encompass not only the establishment of an equality policy but also the formation of an internal **"Inclusion and Equality Working Group,"** thereby establishing a structure dedicated to continual improvements in this field.

KUTES has taken significant strides with the gender equality project initiated in 2022, culminating in the attainment of the **Gender Equality Program Certificate**. As part of the project:

- The "Gender Equality Policy" was established.
- The photo, gender, and marital status sections were removed from job application forms.
- A gender-sensitive interview guide was developed for the recruitment process.
- Employees underwent training on gender equality in the business world, encompassing topics such as vertical segregation and the glass ceiling syndrome.

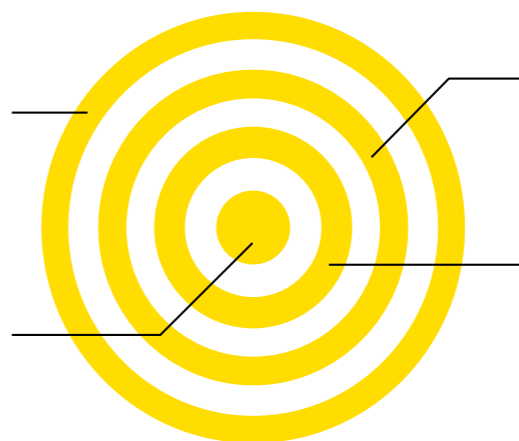
Furthermore, practices have been implemented to facilitate the return to work, and steps have been taken to enhance the comfort of employees, such as establishing breastfeeding rooms. In this manner, **KUTES aims to foster an inclusive and egalitarian atmosphere not only in its business operations but also in its corporate culture.**

Additionally, as part of the **"Gender Equality and Sustainability Against Domestic Violence Project"** led by Sabanci University, KUTES received training sessions on **"Gender Equality and Sustainability Against Domestic and Corporate Violence"** throughout 2023. The certification process is scheduled to be finalized in 2024.

TARGETS

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

Set a minimum ratio of female managers to ensure sustainable female representation at the executive level



Obtain permits for the construction works carried out to improve the conditions for the women's/men's changing rooms within the facility

Set gender equality targets and incorporate them into performance targets at senior management level

EMPLOYEE SATISFACTION

KUTES places significant emphasis on employee satisfaction as a crucial determinant of company success. The company believes that **maintaining high levels of satisfaction** is essential to foster a positive atmosphere within the company, enabling employees to focus more on their work and **exhibit their talents at the highest level.**

KUTES regularly conducts satisfaction surveys to gauge the opinions of its employees and ascertain their level of satisfaction. These surveys serve as a tool to comprehend employee expectations, pinpoint areas for improvement within the company, and enhance the overall work experience. Through this continuous feedback loop, **KUTES aims to further engage its employees in business processes and cultivate a positive impact in the workplace.**

In the survey conducted in 2023 with 183 participants, the employee satisfaction rate was found to be 77.68%.

KUTES is an organization with a mission to prioritize the well-being and safety of its employees. In this context, **the valuable opinions and specific needs of employees** are meticulously considered at every stage of shaping business processes. The company actively strives **to ensure its employees achieve a healthy work-life balance and feel secure in their work environment.** These efforts reflect **KUTES' vision of prioritizing** not only work performance but also the personal well-being of its employees. In addition, **KUTES strives to maximize employee welfare by offering a range of benefits and advantages.** This mission aims to strengthen employees' bonds not only with their work but also with the company itself. **Fringe benefits provided are as follows:**

- An effective bonus system for white-collar employees
- Special rental assistance for blue-collar personnel
- Family allowance support
- Birthday checks
- Ramadan food vouchers
- Private health insurance for white-collar employees
- Administrative leave for non-smoking employees
- Additional discount for employees working in contracted private nurseries and kindergartens
- Comfortable space for all female employees in breastfeeding rooms
- A specialist nurse provides information to pregnant employees twice during their last month of pregnancy and again after delivery
- During the leave period, colleagues inform the new mother about the workflow through weekly online updates
- Implementing a hybrid working model for employees with children up to 2 years of age on specified days as determined by the senior manage
- The duration of paternity leave increased to 10 days
- Diaper and food support
- Scholarships are awarded by lottery for children of sole-earner employees with a first-degree dependent or children studying mechanical or metallurgical engineering, requiring an honor certificate for high school students and a minimum GPA of 3.00/4.00 for university students
- Flexible working hours are available for İstanbul head office employees, allowing for entry and exit times of 07:30-16:30, 08:00-17:00, or 08:30-17:30, provided that the legal requirement of 45 working hours per week is met

TARGETS

- **Gold payments based on seniority**
- **Adding mammography to private health insurance coverage**

SUPPORT FOR TALENT DEVELOPMENT

KUTES places great importance on its employees embarking on a development journey that extends beyond their professional activities, fostering growth that integrates their individual potential. In this context, **the focus is on optimizing the development of employees'** professional expertise while also enhancing their personal skills.

In today's fast-paced business landscape, **KUTES provides ongoing training and development opportunities for its employees** to ensure their technical and professional skills remain current. This approach **enables employees to advance confidently along their career paths**, while the company **sustains its competitive edge** by staying agile in a dynamic business environment. In doing so, **KUTES establishes a framework that empowers individuals** to reach their full potential while also fostering their contribution to the long-term success of the organization. In this context, the **"KUTES Academy,"** launched in 2023, features practical **short-term internship programs** designed to accelerate student development. It enriches the **educational journey of young engineer candidates**, providing them with valuable skills and **preparing them for success in the business world**. **This program welcomes aspiring talents** seeking to embark on a successful career path and offers them a tailored training program opportunity. Through this program, students not only acquire theoretical knowledge but also engage in field studies, allowing them to **translate their learning into practical experience** through involvement in real projects. **All information regarding the Academy can be found on the KUTES Academy webpage.**

KUTES was honored with an award in the "Value-Creating Practices" category at the 15th "Human Value Awards," presented by PERYÖN People Management Association of Türkiye, recognizing its exceptional human resources initiatives aimed at enhancing quality of life. **Mehmet Bekir Kutmangil, the founder of KUTES,** exemplifies the enduring values of respect and appreciation for employees and labor, serving as a guiding light. Efforts will persist to enhance the quality of life for employees, regarded as the **most esteemed members of the KUTES family**, ensuring their sustained high motivation levels.

In 2023, **a total of TL 736,121 was allocated for vocational qualification training programs for employees.** The company aims to diversify and continue its training programs in the upcoming period.

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TRAINING DATA		2021	2022	2023
Details of Number of Employees Trained	Blue Collar	229	253	259
	White Collar	67	79	83
	Total	296	332	342
Training Hours Details	Blue Collar	279	110,7	815
	White Collar	198	441	261
	Total	477	551,7	1076

Employee Training Details



OCCUPATIONAL HEALTH AND SAFETY (OHS) MANAGEMENT

KUTES is committed to maintaining a safe and healthy work environment, fully compliant with legal standards, with particular emphasis on adhering to the **ISO 45001 standard for occupational health and safety**. In the contemporary business landscape, merely delivering quality products or services efficiently at low cost is insufficient to meet customer expectations. Companies are also expected to prioritize their environmental and social responsibilities while implementing robust occupational health and safety standards. In this context, **KUTES embraces a comprehensive management approach** that extends beyond quality management systems to encompass environmental stewardship, respect for human rights, robust occupational health and safety measures, and fulfilling social responsibilities. Furthermore, KUTES not only enhances its internal capacity by empowering employees to enhance their competencies in environmental and occupational health and safety matters but also **strives to foster a sustainable and responsible business culture at the societal level**. KUTES, acknowledging the potential risks posed by earthquakes, has commenced **structural reinforcement procedures for its factory buildings, which will persist through 2024**.

The goals and objectives of KUTES regarding hazard identification and risk mitigation in the OHS system are outlined as follows:

- Prevent work-related accidents and occupational diseases, ensure the safety and well-being of employees both now and in the future,
- Further motivate employees through demonstrating respect,
- Prioritize the safety and well-being of employees, as well as safeguard the company against potential material and moral damages resulting from occupational accidents and diseases,
- Promote sustainable and continual improvements by eliminating hazards and reducing occupational health and safety risks involves enabling employees to directly share their views and opinions on OHS or through employee representatives,
- Establish a management system within the company for occupational health and safety to effectively communicate and implement the legal responsibilities of management to employees, as well as ensure the ongoing monitoring of legal requirements,
- Cultivate awareness of OHS issues among employees, organize training programs to minimize the occurrence of accidents and occupational diseases.

KUTES adopts a vision that prioritizes the provision of a safe working environment for its employees above all else. In this context, the company focuses on effectively managing the need for personal protective equipment, considering the health and safety of its employees as a core value. As such, KUTES ensures that **all employees are provided with the highest quality equipment**, free from any cost concerns. **KUTES remains dedicated to maximizing the well-being and safety of its employees**, viewing a safe working environment not merely as a goal, but as an ongoing commitment.

OHS TRAINING DATA		2021	Total	2022	Total	2023	Total
Total OHS training (hours)	Blue Collar	211	256	240	285	250	313
	White Collar	45		45		63	
Total OHS training (hours)	Blue Collar	256	256	285	285	313	313
	White Collar	0		0		0	
Total OHS training (hours)	Blue Collar	1,688	2,048	3,840	4,560	4,000	5,008
	White Collar	360		720		1,008	
Total OHS training (hours)	Employees	2,048	2,048	4,560	4,560	5,008	5,008
	Subcontractor	0		0		0	
Total OHS training (person. Hour)	Blue Collar	1,688	2,048	3,840	4,560	4,000	5,008
	White Collar	360		720		1,008	
Total OHS training (person. Hour)	Employees	2,048	2,048	4,560	4,560	5,008	5,008
	Subcontractor	0		0		0	

Employee Training Details

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DIGITALIZATION VISION OF KUTES

DIGITALIZATION VISION OF KUTES

Digitalization has emerged as a pivotal force amid the rapidly changing and evolving trends in our world. Innovations and technological advancements have opened doors to delivering services more efficiently and fostering inclusive and sustainable growth. Therefore, **KUTES actively tracks contemporary advancements and incorporates them into its operational framework, striving to lead its industry.**

Recognizing the significance of digitalization in today's world, **KUTES has established a dedicated software development team within its Information Technology (IT) department.** This move aims to transition from an **individual-dependent workflow** to a more systematic and structured approach. These initiatives aim to **minimize human error rates.** These endeavors not only minimize errors but also **streamline customer interactions, decision-making processes, and access to information, requests, and objectives, enhancing overall professionalism, efficiency, and responsiveness.**

Conducting an assessment of its digital maturity level, **KUTES aims to facilitate its journey through digital transformation,** enhance its processes, and gain deeper insights into its competitive landscape within the sector. Following the Digital Transformation Plan and Digital Maturity assessment tests, **KUTES initiated research into Internet of Things (IoT) devices and the Smart Factory concept.** Additionally, the company explored **Artificial Intelligence (AI) technology and Robotic Process Automation (RPA) products** as part of its roadmap determination process. KUTES has also embarked on efforts to bolster its growth trajectory through **new investments and infrastructure enhancements.** To enhance connectivity between its locations, **KUTES has upgraded connection speeds and has devised plans for acquiring new servers.** The company has also commenced work on digital notice boards.

KUTES initiated a **partial transition to cloud technology,** a cornerstone of digitalization, by migrating some servers to the cloud. Preparations were finalized for the migration of the current **Enterprise Resource Planning (ERP) system** to a cloud-based architecture. Furthermore, the groundwork for the development of the **Intranet portal has been established,** and the integration of open-source applications has commenced. Additionally, as a pioneering initiative in the foundry sector, the **"Virtual Fair" application has been launched and showcased at Ankiros.** A supplier tender portal has also been established to ensure more transparent and equitable management of procurement processes.

For quality control and production processes across all areas, from melting furnaces to grinding, real-time data flow is facilitated through handheld terminals and **Programmable Logic Controller (PLC) screens,** enabling precise control over the entire process. The software enables more efficient process control and allows for automatic production stoppage when liquid metal with undesired chemical properties is detected. All production processes have been integrated into the **ERP system using the barcode system.** Launched in 2023, the **"Atas (Novacast) Foundry Process Center"** application enables instant thermal analysis of wire treatment and melting furnaces by the quality and production departments. It provides automatic adjustment capability and creates a foundry process center for enhanced control and optimization.

GOALS

- With the software development team established under the Information Technologies Department, the transition of KUTES from an interpersonal business process to a systematic organization to be continued
- Execution of the transition process to Microsoft ERP cloud system
- Renewal of server infrastructure
- Implementation of Atas (Novacast) Foundry Process Center application

2023-2024 Digitalization Investments

In 2023 and 2024, **KUTES continued its digital transformation efforts** initiated in 2022, further strengthening them. It began rebuilding its operational architecture with the logic of **"end-to-end supply chain, all units of which operate on digital platforms, adopting and implementing Industry 4.0 principles"**, and moved towards the goal of **"structured clean data"**. To this end, the following investments were made:

- The MaestroHub investment to establish a corporate 'Single Point of Truth' infrastructure, hosting the real end state of the entire operation, structuring the collected digital data, interpreting it in accordance with data governance principles, and transforming it into a corporate management tool,
- DigiTheta investment to enhance digital data collection functionalities, enabling automated data flow from the shop floor based on a fully integrated IoT architecture,
- MS Dynamics 365 investment, which involves rebuilding the existing Axapta 2012 solution with a new architectural structure for MRP/ERP activities to work directly integrated with the infrastructure established by the MaestroHub investment,
- MS Power BI investment to enhance management reporting within the new infrastructure,
- Upgrade investments in application and database server units, as well as network infrastructure to ensure that the in-house data transportation infrastructure is robust and capable of meeting the demands of the new digital architecture.
- To sustain these initiatives in the upcoming years, KUTES is actively pursuing the integration of AI technologies.

6

KUTES' VISION OF CONTRIBUTION TO SOCIETY

- **Stakeholder Relationship Management**
- **Sustainable Supply Chain**
- **Customer Satisfaction Approach and Grievance Management**
- **Information Privacy and Security**
- **Corporate Social Responsibility Approach**

STAKEHOLDER RELATIONSHIP MANAGEMENT

A strong stakeholder management process functions as a tool to coordinate interactions effectively and evaluate the status and quality of relationships with diverse stakeholders. A vital aspect of this process involves actively engaging and fostering positive interactions with affected communities and other stakeholders to cultivate resilient and mutually beneficial relationships. In this context, dedicating efforts to identify, prioritize, and evaluate stakeholders' interests, along with implementing a robust stakeholder engagement strategy, are essential for **shaping business processes effectively**.

By communicating and engaging with a diverse array of stakeholders, ranging from suppliers to customers to the local community, KUTES endeavors to cultivate a deep understanding of mutual expectations and enhance relationships.

In addition to its own operations, the company supports stakeholders in understanding both the positive and negative impacts of its activities. This process aims to support stakeholders in identifying the risks and opportunities associated with these impacts, managing them responsibly, and addressing them effectively.

MEMBERSHIPS AND COLLABORATIONS



United Nations
Global Compact

TUDOKSAD: Turkish Foundry Manufacturers Association

TAYSAD :Turkish Vehicle Suppliers' Association

TUSIAD :Turkish Industrialists' and Businessmen's Association

CAEF :The European Foundry Association

TIM :Turkish Exporters Assembly

UN GLOBAL COMPACT

SUSTAINABLE SUPPLY CHAIN

KUTES' supplier management strategy aims to cultivate reliable, respectful, ethical, honest, and integrity-driven relationships to procure high-quality products and services at competitive costs. Aligned with this objective, KUTES fosters **trust-based relationships** with its strategic suppliers, forging enduring and robust partnerships.

KUTES oversees its comprehensive raw material supply chain, which encompasses procurement, order fulfillment, and new product delivery management. **The procurement teams are tasked with** efficiently identifying resources, considering costs, and making purchasing decisions in adherence to established controls and procedures. Additionally, **the procurement team oversees** logistics, supplier development, and supplier quality as part of their responsibilities. This integrity-oriented strategy contributes significantly to KUTES' sustainability and excellence in supply chain management.

KUTES adopts a forward-thinking approach that prioritizes the conservation of natural resources, ensuring that its operations align with a **sustainable future**. To this end, the company emphasizes the adherence of all supply chain partners to **KUTES' set standards**, fostering a culture of sustainability throughout the entire supply chain ecosystem. **KUTES expects all stakeholders in its supply chain to adhere to the following principles:**

- Act in compliance with the KUTES Sustainability Policy and other relevant policies,
- Operate in accordance with the International Labor Organization and the United Nations Human Rights Convention,
- Comply with the regulations in force regarding working hours, permits, wages and benefits in accordance with the applicable legislation in the regions in which they operate,
- Adopt the principle of no forced labor and no child labor,
- Not discriminate on the basis of race, language, religion, ethnic origin, age, position, gender, physical characteristics, etc,
- Refrain from actions that could lead to unauthorized disclosure of confidential information,
- Create a decent professional setting by providing a healthy and safe working environment for its employees,
- Fulfill their obligations to comply with environmental legislation in the regions where they operate, and effectively manage the environmental impact of their operations, greenhouse gas emissions and waste,
- Observe quality standards in all products and services offered,
- Take measures to prevent environmental accidents,
- Develop resource, water and energy efficiency-oriented practices and continuously monitor them.

In this context, **KUTES aims to establish an effective supply chain** by conducting regular product-based audits of its suppliers and providing guidance in alignment with sustainability principles.

DATA ON SUPPLIERS	2021	2022	2023
Total number of suppliers	19	32	34

Information on the Number of Audits Performed by Year

CUSTOMER SATISFACTION APPROACH AND GRIEVANCE MANAGEMENT

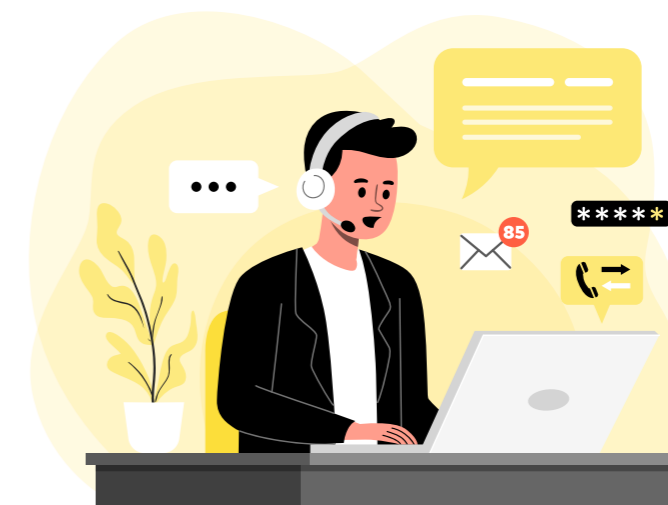
Customer relationships are critical to the long-term success of a business. Developing robust communication channels and fostering solid business relationships are effective strategies for cultivating trust and enhancing customer loyalty to the organization. **KUTES has consistently prioritized its customers** by embracing a customer-centric approach in all its endeavors. Regular activities are organized to continuously monitor and enhance customer satisfaction, demonstrating the company's commitment to strengthening customer relations.



KUTES views its customers not just as business partners, but also as **valuable stakeholders in long-term partnerships**, striving to cultivate close business relationships accordingly. To bolster this strategy, KUTES conducts **customer satisfaction surveys** biannually, meticulously tracking and evaluating customer opinions and feedback. This valuable information is evaluated at the management level and shared with relevant departments to implement effective measures aimed at further **enhancing the customer experience**. In addition to gauging customer satisfaction, this process aims to strengthen cooperation, deepen partnership relations, and focus on mutual success.

DATA ON CUSTOMER COMPLAINTS	2021	2022	2023
Number of complaints submitted to the customer contact centre	282	573	539
Number of complaints responded by the customer contact centre	189	573	486
Number of complaints resolved by the customer contact centre	100%	100%	67%
Response rate of complaints submitted to the customer contact centre (%)	67.0%	100%	100%

Customer Complaints Data



INFORMATION PRIVACY AND SECURITY

KUTES places significant emphasis on information security in its business dealings with stakeholders and implements various measures in this regard. Measures such as employing applications to thwart unauthorized access and implementing processes compliant with **ISO 27001 Information Security Management System** standards underscore KUTES' commitment to information security. Among the objectives outlined in the "**KUTES Information Security Policy**," adherence to legal regulations, risk management, and ensuring business continuity take precedence.

KUTES conducts **regular penetration tests on its projects**, reviews security measures, and implements continuous improvements at the management level to enhance the effectiveness of the implemented policies. Regular awareness-raising and training activities are conducted to enhance **employees' security awareness** and promote behaviors aligned with the latest information security standards. Having successfully completed the **ISO 27001 Information Security Management System** process, KUTES has leveraged its experience in this field to enhance integration projects, thereby making processes more efficient and secure.

During the integration process, KUTES worked across a wide range of areas, starting from **supplier/customer relations** to inter-device integrations. Integration plans were implemented by identifying devices capable of generating data and operating in an integrated manner. Additionally, investments planned for devices incapable of generating data have ensured **integrity across the entire system**.

The implementation of infrastructure changes, utilization of up-to-date technology, and comprehensive user training sessions all contribute to strengthening **KUTES' leadership position in information security**. KUTES has concluded its efforts in bolstering security with systematic improvements in hardware and software, including the integration of additional cameras, card access systems, and ERP revisions. Furthermore, the company is advancing its security endeavors by initiating activities for **Authorized Economic Operator (AEO) status**.

The initiatives undertaken by KUTES in 2023 to enhance information security are as follows:

- To safeguard industrial systems against cyber threats, KUTES explored measures such as implementing additional firewalls, employing robust authentication methods, and deploying data encryption technologies.
- Stringent authentication and authorization protocols have been implemented to enhance the security of IoT devices on the production line. Moreover, data confidentiality is safeguarded through the deployment of secure encryption methods during data transmission.
- The company's operations in the automotive sector prompted an evaluation of its processes to meet TISAX requirements.

CORPORATE SOCIAL RESPONSIBILITY APPROACH

Contributing positively to society while conducting its operations means more to KUTES than mere corporate success; it signifies a commitment to the sustainable development of the regions it operates in. **KUTES embraces an approach that is attuned to the needs of the communities in the regions where it operates**. To achieve this goal, the company collaborates with numerous organizations and spearheads projects leveraging its years of experience.

With a vision of contributing to society, KUTES engages in a diverse range of activities, **spanning from environmentally sustainable practices to education and social assistance projects**. These endeavors, foundational to sustainable development, are guided by a strategy focused on comprehending and addressing regional needs. KUTES' initiatives in this field transcend mere corporate responsibility, reflecting a profound **dedication to the overall welfare of society**. In line with this vision of building a more sustainable world to future generations, **KUTES remains steadfast in its mission** to effect change and foster a positive societal impact through its social responsibility endeavors.

KUTES has embraced the **principle of diligent work and investment** to contribute to the advancement of Türkiye. With its robust financial performance, the company is well-positioned to offer **substantial support for sustainable development** by concentrating on larger investments in addition to its ongoing projects. **KUTES aims to uphold its leadership position within the sector** and contribute to Türkiye's economic prosperity by strategically advancing toward sustainable economic growth. KUTES endeavors to leave behind a **stronger and more sustainable Türkiye for future generations**, with efforts aimed at positively impacting the overall development process of the country.



EFFORTS

Sponsorship support for Ahi Evran Vocational and Technical Anatolian High School to build electric vehicles for Teknofest.

OBJECTIVES

Planting 1 million trees

7

APPENDICES

- **Memberships and Collaborations**
- **Stakeholder Communication Methods**
- **Certificates and Documents**
- **Social Performance Indicators**
- **Environmental Performance Indicators**
- **GRI Index**

MEMBERSHIPS AND COLLABORATIONS

- TÜDOKSAD: Turkish Foundry Association
- TAYSAD: Automotive Suppliers Association of Türkiye
- TÜSİAD Turkish Industry and Business Association
- CAEF: The European Foundry Association
- TİM: Turkish Exporters' Assembly
- UN Global Compact
- BCSD Türkiye: Business Council for Sustainable Development
- Chapter Zero Türkiye

STAKEHOLDER COMMUNICATION METHODS

Stakeholders	Communication Method
Employees	<ul style="list-style-type: none"> • E-mail, phone and face-to-face meetings • Meetings and trainings • Digital communication tools • Digital training programs • Special events for employees • Announcements and notifications • In-house publications
Customers	<ul style="list-style-type: none"> • Customer satisfaction surveys • E-mail, phone and face-to-face meetings • Customer visits and meetings • Exhibitions, conferences, fairs
Suppliers	<ul style="list-style-type: none"> • E-mail, phone and face-to-face meetings • Meetings • Supplier audits • Supplier portals
Public Institutions and Legislative Bodies	<ul style="list-style-type: none"> • Periodic reporting • Meetings and conferences • E-mail, phone and face-to-face meetings • Audits

CERTIFICATES AND DOCUMENTS



IATF 16949 2016

Automotive Quality Management System Certificate

ISO 45001 2018

Occupational Health and Safety Management System

ISO 14001 2015

Environmental Quality Management Systems

ISO/IEC 27001 2017

Information Security Management System

ISO 9001 2015

Quality Management Systems

ISO 50001 2018

Energy Management System

ISO 14064

Greenhouse Gas Verification Statement



Lloyd's Register

(Approved Grey and Ductile Cast Iron Manufacturer)



DNV

(Approved Grey and Cast Iron Manufacturer Certificate)



Castin Zero Waste Certificate

Machine Zero Waste Certificate

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



AEO

Ministry of Trade Authorized Economic Operator Certificate



Deutsche Bahn Ag Qualification

(German Railways Approved Supplier Certificate)



2014/68/EU (PED)

Pressure Vessels Directive

Ped 97/23 ec(ped)

(Pressure Equipment Directive Quality)

SOCIAL PERFORMANCE INDICATORS

EMPLOYEE PROFILE	2021		2022		2023	
	Blue Collar	White Collar	Blue Collar	White Collar	Blue Collar	White Collar
Total number of employees	168	54	253	79	259	83
	293		332		342	
Number of white-collar employees	Men	Women	Men	Women	Men	Women
	50	18	59	20	64	19
	68		79		83	
Number of blue-collar employees	Men	Women	Men	Women	Men	Women
	225	0	253	0	259	0
	225		253		259	
Number of people in governing bodies and Board of Directors	Men	Women	Men	Women	Men	Women
	1	2	1	2	1	2
	3		3		3	
Number of employees excluding governing bodies	Men	Women	Men	Women	Men	Women
	224	66	312	20	323	19
	290		332		342	
Number of employees under the age of 30	Men	Women	Men	Women	Men	Women
	71	3	82	5	86	5
	74		87		89	
Number of employees between the ages of 30-50	Men	Women	Men	Women	Men	Women
	163	15	184	16	179	15
	178		200		194	
Number of employees over the age of 50	Men	Women	Men	Women	Men	Women
	41	0	45	0	56	1
	41		45		57	
Number of employees with disabilities	Men	Women	Men	Women	Men	Women
	6	0	6	0	7	0
	6		6		7	
Ratio of employees with disabilities (%)	Men	Women	Men	Women	Men	Women
	%2	0	%2	0	%2	0
	%2		%2		%2	
Number of new hires	55		97		134	
Turnover (%)	3,22		3,45		4,3	

Employee Profile

EDUCATION DATA	2021		2022		2023	
	Blue Collar	White Collar	Blue Collar	White Collar	Blue Collar	White Collar
Total number of people trained	229	67	253	79	259	83
	296		332		342	
Total training (hours)	279	198	110,7	441	815,85	261,45
	477		551,70		1077,30	
Total training (person.hour)	1,15	1,11	0,44	5,25	3,15	3,15
	2,26		5,69		3,15	

Details of Employee Training

OHS TRAINING DATA	2021		2022		2023	
	Blue Collar	White Collar	Blue Collar	White Collar	Blue Collar	White Collar
Total number of people given OHS training	211	45	240	45	250	63
	256		285		313	
Total number of people given OHS training	Employees	Subcontractor	Employees	Subcontractor	Employees	Subcontractor
	256	0	285	0	313	0
	256		285		313	
Total OHS training (hours)	1.688	360	3840	720	4000	1008
	2.048		4560		5008	
Total OHS training (hours)	Employees	Subcontractor	Employees	Subcontractor	Employees	Subcontractor
	2.048	0	4560	0	5008	0
	2.048		4560		5008	
Total OHS training (person.hour)	1.688	360	3840	720	4000	1008
	2.048		4560		5008	
Total OHS training (person.hour)	Employees	Subcontractor	Employees	Subcontractor	Employees	Subcontractor
	2.048	0	4560	0	5008	0
	2.048		4560		5008	
Number of accidents	67	0	100	0	69	1
	67		100		70	
Number of fatal accidents	0	0	0	0	0	0
	0		0		0	
Rate of lost days due to accidents	398		993		1032	
Accident frequency rate*	108.8		122,14		115,91	
Accident severity rate*	0,65		1,21		1,73	

Data on OHS Trainings

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

SOCIAL PERFORMANCE INDICATORS

DATA ON SUPPLIERS	2021		2022		2023						
	Local	Foreigner	Local	Foreigner	Local	Foreigner					
Total number of suppliers	48	1	50	2	50	4					
	49		52		54						
	Ratio of local suppliers (%)										
%						97,95	96,15	92,59			
Number of audits conducted during the year	19	0	32	0	34	0					
	19		32		34						
	Number of suppliers with which issues were detected										
%						0	0	2	0	0	0
Number of suppliers for which						2		2		0	
Number of suppliers of which employment contracts were terminated as a result of inspection findings						0		0		0	

Supplier Information

CUSTOMER GRIEVANCE DATA	2021	2022	2023
Number of complaints lodged to the customer contact center	282	573	539
Number of complaints handled by the customer contact center	189	573	486
Number of complaints resolved by the customer contact center	%100	%100	%67
Response rate for complaints lodged to the customer contact center (%)	%67	%100	%100

Customer Complaints Data

ENVIRONMENTAL PERFORMANCE INDICATORS

CARBON FOOTPRINT VALUES*	2022				2023			
	t CO ₂	te CH ₄	te N ₂ O	t CO _{2e}	t CO ₂	te CH ₄	te N ₂ O	t CO _{2e}
Category 1	4.946,75	0.70	6.95	4.928,24	4.447.59	6.16	18.55	4,472.28
Category 2	17.015,83	-	-	18,852.01	21,393.65	-	-	21,393.65
Category 3	969,19	-	-	968.31	4,436.62	1.14	24.84	4,462.61
Category 4	31.622,79	-	-	31,622.80	31,030.72	-	-	31,030.72
Category 5	408,67	-	-	408.68	353.75	-	-	353.75
Category 6	1.701,58	-	-	1.701,58	1,949.31	-	-	1,949.31
Total	56,664.83	0.70	6.95	56,672.48	63,611.64	7.30	43.39	63,662.33

Carbon Footprint Values (by category)

CARBON FOOTPRINT VALUES*	2022				2023			
	t CO ₂	te CH ₄	te N ₂ O	t CO _{2e}	t CO ₂	te CH ₄	te N ₂ O	t CO _{2e}
Scope 1	4,920.59	0.70	6.95	4,928.24	4,447.59	6.16	18.55	4,472.28
Scope 2	18,852.01	-	-	18,852.01	21,393.65	-	-	21,393.65
Scope 3	32,999.79	34,405.53	0	32,892,23	37,770.40	1.14	24.84	37,796.38
Total	56,664.83	0.70	6.95	56,672.48	63,611.64	7.30	43.39	63,662.33

Carbon Footprint Values (by Scope)

* Greenhouse gas emissions calculated in KUTES are reported in accordance with the standard 14064-1:2018 Verification and Reporting of Greenhouse Gas Emissions. The prepared report is controlled in accordance with the Greenhouse Gas Management Procedure.

- Category 1 - Direct GHG emissions and removals
- Category 2 - Indirect GHG emissions from imported energy
- Category 3 - Indirect GHG emissions from transportation
- Category 4 - Indirect GHG emissions from products used by the organization
- Category 5 - Indirect GHG emissions associated with the use of products from the organization
- Category 6 - Indirect GHG emissions from other sources

ENERGY CONSUMPTION VALUES	UNIT	2021	2022	2023
Electricity Consumption	kWh	32,185,714	38,956,677	36,502,512
Renewable Electricity Consumption	kWh	13.338	294,554	250,131
Total	kWh	32,199,052	39,251,231	36,752,643

Energy Consumption Values

WATER CONSUMPTION VALUES	UNIT	2021	2022	2023
Mains Water Consumption	m ³	0	0	0
Groundwater Consumption	m ³	5.482	13.705,5	25,173.00
Total Water Consumption	m³	5.482	13.705,5	25,173.00

Water Consumption Values

WASTE VALUES	UNIT	2021	2022	2023
Amount of Non-Hazardous Waste	kg	9.320.796	11.261.558	10,594,360
Amount of Hazardous Waste	kg	87.805	83.385	45,845
Total Amount of Waste	kg	9.408.601	11.344.943	10,640,205

Waste Values

GRI INDEX

Kutes, has reported in accordance with the GRI Standards for the period January-December 2023.

For the Content Index – Essentials Service, GRI Services reviewed that the GRI Content Index is clearly presented, in a manner consistent with the Standards, and that the references for disclosures 2-1 to 2-5, 3-1 and 3-2 are aligned with the appropriate sections in the body of the report.



GRI STANDARD	NOTIFICATION	PAGE NUMBERS, DESCRIPTIONS AND/OR URL
GRI 1: Foundation 2021		
GRI 2: General Disclosures 2021		
ORGANISATIONAL PROFILE		
GRI 2: General Disclosures 2021	2-1 Organizational details	Corporate Profile, p.7
	2-2 Entities included in the organization's sustainability reporting	About KUTES, p.7
	2-3 Reporting period, frequency and contact point	About the Report, p.4
	2-4 Restatements of information	There has been no significant change compared to the previous reporting period.
	2-5 External assurance	No external audit was conducted within the scope of the report.
	2-6 Activities, value chain and other business relationships	Corporate Profile, p.7 Products and Sectors Served, p.11 Digitalization Vision of KUTES, p.37 Stakeholder Relationship Management, p.39 Memberships and Collaborations, p.44
	2-7 Employees	Employee Profile, p.30
	2-8 Workers who are not employees	No external employee works in KUTES.
	2-9 Governance structure and composition	Sustainability Governance Structure, p.20
	2-10 Nomination and selection of the highest governance body	Confidentiality constraints KUTES, does not share this information publicly in accordance with the institution's privacy policies.
	2-11 Chair of the highest governance body	Sustainability Governance Structure, p.20

GRI 2: General Disclosures 2021	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability Governance Structure, p.20
	2-13 Delegation of responsibility for managing impacts	Sustainability Governance Structure, p.20
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Governance Structure, p.20
	2-15 Conflicts of interest	Ethical Principles and Transparency, p.10
	2-16 Communication of critical concerns	Corporate Governance Approach and Policies, p.10 During the reporting period, KUTES did not receive any critical issues.
	2-17 Collective knowledge of the highest governance body	Sustainability Governance Structure, p.20
	2-18 Evaluation of the performance of the highest governance body	Confidentiality constraints KUTES, does not share this information publicly in accordance with the institution's privacy policies.
	2-19 Remuneration policies	Equality and Inclusion, p.31
	2-20 Process to determine remuneration	Equality and Inclusion, p.31
	2-21 Annual total compensation ratio	Confidentiality constraints KUTES, does not share this information publicly in accordance with the institution's privacy policies.
	2-22 Statement on sustainable development strategy	Sustainability Approach at KUTESp.19 Alignment with United Nations (UN) Sustainable Development Goals, p.20
	2-23 Policy commitments	Corporate Governance Approach and Policies, p.10
	2-24 Embedding policy commitments	Corporate Governance Approach and Policies, p.10
	2-25 Processes to remediate negative impacts	Environmental Responsibility Approach, p.22 Energy Efficiency Efforts, p.24 Water Management Approach, p. 25 Raw Material Utilization and Resource Efficiency Efforts, p.26 Waste Management Approach, p. 28 KUTES' Vision of Contribution to Society, p.39
	2-26 Mechanisms for seeking advice and raising concerns	Corporate Governance Approach and Policies, p.10 Ethical Principles and Transparency, p.10 Customer Satisfaction Approach and Grievance Management, p.40
	2-27 Compliance with laws and regulations	Corporate Governance Approach and Policies, p.19 Ethical Principles and Transparency, p.20
	2-28 Membership associations	Memberships and Collaborations, p.44
	2-29 Approach to stakeholder engagement	Memberships and Collaborations, p.44
	2-30 Collective bargaining agreements	KUTES does not have a workforce under a collective agreement.

MATERIAL ISSUES		
GRI STANDARD	NOTIFICATION	PAGE NUMBERS, DESCRIPTIONS AND/OR URL
GRI 3: Material Topics 2021		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Material Topics, p.19
	3-2 List of material topics	Material Topics, p.19
	3-3 Management of material topics	Material Topics, p.19
GRI 200 ECONOMIC STANDARDS SERIES		
CORPORATE GOVERNANCE		
GRI 3: Material Topics 2021	3-3 Management of material topics	Corporate Governance Approach and Policies, p.10
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Corporate Profile, p.7 Products and Sectors Served, p.11
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	Efforts to Combat the Climate Crisis, p.22 Other Emissions, p.23 Water Management Approach, p.25 Waste Management Approach, p.27
ETHICS, LEGAL COMPLIANCE AND ANTI-CORRUPTION		
GRI 3: Material Topics 2021	3-3 Management of material topics	Corporate Governance Approach and Policies, p.10 Ethical Principles and Transparency, p.10
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	Corporate Governance Approach and Policies, p.10 Ethical Principles and Transparency, p.10
	205-2 Communication and training about anti-corruption policies and procedures	Ethical Principles and Transparency, p.10
GRI 206: Anti-Competitive Behaviour 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There are no lawsuits regarding anti-competitive behavior and activities.
RISK MANAGEMENT		
GRI 3: Material Topics 2021	3-3 Management of material topics	Corporate Governance Approach and Policies, p.19

GRI 300: ENVIRONMENTAL STANDARDS SERIES 2016		
COMBATING CLIMATE CHANGE		
GRI 3: Material Topics 2021	3-3 Management of material topics	Efforts to Combat the Climate Crisis, p.22
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Energy Efficiency Efforts, p.24 Environmental Performance Indicators, p.48
	302-4 Reduction of energy consumption	Energy Efficiency Efforts, p.24
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Efforts to Combat the Climate Crisis, p.22 Environmental Performance Indicators, p.48
	305-2 Energy indirect energy (Scope 2) GHG emissions	Efforts to Combat the Climate Crisis, p.22 Environmental Performance Indicators, p.48
	305-3 Other indirect (Scope 3) s GHG emissions	Efforts to Combat the Climate Crisis, p.22 Environmental Performance Indicators, p.48
	305-5 Reduction of GHG emissions	Other Emissions, p.23 Energy Efficiency Efforts, p.24 Raw Material Utilization and Resource Efficiency Efforts, p.26 Waste Management Approach, p.28
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water Management Approach, p.25
	303-2 Management of water discharge-related impacts	Water Management Approach, p.25
	303-3 Water withdrawal	Environmental Performance Indicators, p.48
	303-4 Water discharge	Environmental Performance Indicators, p.48
	303-5 Water consumption	Water Management Approach, p.25 Environmental Performance Indicators, p.48
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste Management Approach, p.27
ENVIRONMENTAL MANAGEMENT AND CONSERVATION OF BIODIVERSITY		
GRI 3: Material Topics 2021	3-3 Management of material topics	Environmental Responsibility Approach, p.22

GRI 400: SOCIAL STANDARDS SERIES 2016

CUSTOMER SATISFACTION (PRODUCT AND SERVICE QUALITY)

GRI 3: Material Topics 2021	3-3 Management of material topics	Employee Satisfaction, p.32
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Social Performance Indicators, p.45
	401-3 Parental Leave	Employee Satisfaction, p.33

OCCUPATIONAL HEALTH AND SAFETY (OHS)

GRI 3: Material Topics 2021	3-3 Management of material topics	Occupational Health and Safety (OHS) Management, p.35
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational Health and Safety (OHS) Management, p.35
	403-2 Hazard identification, risk assessment, and incident investigation	Social Performance Indicators, p.45
	403-3 Occupational health services	Occupational Health and Safety (OHS) Management, p.35
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety (OHS) Management, p.35
	403-5 Worker training on occupational health and safety	Occupational Health and Safety (OHS) Management, p.36 Social Performance Indicators, p.45
	403-6 Promotion of worker health	Occupational Health and Safety (OHS) Management, p.36
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety (OHS) Management, p.35
	403-9 Work-related injuries	Social Performance Indicators, p.45

DIVERSITY, EQUAL OPPORTUNITY AND NON-DISCRIMINATION

GRI 3: Material Topics 2021	3-3 Management of material topics	Equality and Inclusion, p.31
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Employee Profile p.26 Social Performance Indicators, p.45
	405-2 Ratio of base salary and remuneration of women to men	Confidentiality constraints KUTES, does not share this information publicly in accordance with the institution's privacy policies.
GRI 406: Non - Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	No discrimination cases were encountered during the reporting period.

RESPONSIBLE SUPPLY CHAIN MANAGEMENT

GRI 3: Material Topics 2021	33-3 Management of material topics	Sustainable Supply Chain, p.39
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Sustainable Supply Chain, p.39
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Sustainable Supply Chain, p.39

TRAINING, TALENT MANAGEMENT AND CAPACITY BUILDING

GRI 3: Material Topics 2021	3-3 Management of material topics	Human Resources Approach, p.30 Support for Talent Development, p.33
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Support for Talent Development, p.33 Social Performance Indicators, p.45
	404-2 Programs for upgrading employee skills and transition assistance programs	Support for Talent Development, p.33 Social Performance Indicators, p.45

STAKEHOLDER RELATIONS AND STAKEHOLDER MANAGEMENT

GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Relationship Management, p.39
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CORPORATE SOCIAL RESPONSIBILITY

GRI 3: Material Topics 2021	3-3 Management of material topics	Corporate Social Responsibility Approach, p.42
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EMPLOYEE SATISFACTION AND EMPLOYEE RIGHTS

GRI 3: Material Topics 2021	3-3 Management of material topics	Customer Satisfaction Approach and Grievance Management, p.40
GRI 417: Marketing and Labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	There were no non-compliances during the reporting period.
	417-3 Incidents of non-compliance concerning marketing communications	There were no non-compliances during the reporting period.

INNOVATION (R&D) EFFORTS

GRI 3: Material Topics 2021	3-3 Management of material topics	Digitalization Vision of KUTES, p.37
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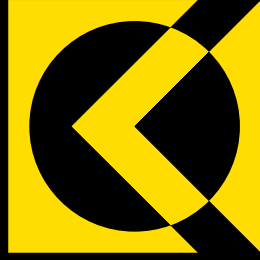
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