SUSTAINABILITY
REPORT

TEKLAS 2024

Driving the Green Flow

To become the world leader in every area in which we operate with a focus on highly engineered products, created with sustainability in mind

make an
IMPACT
through ideas!

About The **Report**

In the Teklas 2024 Sustainability Report, we present our performance, progress, and commitments across environmental, social, and governance (ESG) dimensions for the period 1 January 2024 – 31 December 2024. This report reflects how we integrate sustainability principles into our strategy, operations, and stakeholder relationships, guiding every decision we make with responsibility and long-term value creation in mind.

We have prepared this report in accordance with the Global Reporting Initiative (GRI) Standards, ensuring transparent, consistent, and comparable disclosure of our sustainability performance. Through this publication, we also share how we contribute to the United Nations Sustainable Development Goals (SDGs) and strengthen our positive impact across the communities where we operate.

Each year, our sustainability report serves as both a reflection of what we have achieved and a guide for the road ahead. In this 2024 edition, we share our updated data, key milestones, and examples of initiatives that enhance our environmental performance, support our employees' well-being, and improve operational efficiency across all Teklas locations.

We have identified 17 material topics through engagement with our stakeholders. These topics, grouped under environmental, social, and governance pillars, form the foundation of our sustainability approach and direct our continuous improvement efforts.

Guided by the Teklas Sustainability Committee, we continue to advance on our sustainability journey—driven by innovation, collaboration, and a shared commitment to creating a better future for both people and the planet.

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ABOUT COMPANY
OVERVIEW

ENGINEERING **OUR FUTURE**

Built on innovation, strengthened by responsibility, driven by global impact.

Assessment From **CEO**

Dear Stakeholders,

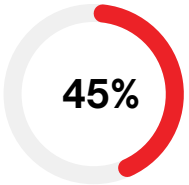
As the automotive industry undergoes one of the largest and most rapid transformations in its history, Teklas is not merely keeping pace; we are actively shaping this change with a sense of responsible leadership.

At the heart of this transformation lies an unwavering commitment to sustainability:

We can only build the future on a foundation that is more inclusive and greener than today.

Our perspective on sustainability is shaped by a "people-first" principle. We believe success is only possible with a talented and diverse team.

This year, we are proud to announce that our female employment rate across Teklas has reached



and in some of our plants, this figure exceeds

These numbers are more than just metrics to us; they are proof of our unwavering belief in equal opportunity and our inclusive culture. With the same vision, through our investments in youth employment, we are securing the future of our industry today with dynamic and innovative minds.

Of course, this journey is intertwined with our responsibility to our planet. In line with our goal of transitioning to a low-carbon economy, we are resolutely expanding our renewable energy portfolio.

The new solar power plant we commissioned at our operations in China this year is one of the most concrete steps demonstrating this global commitment and our strategy to increase renewable energy applications.

Our strategy is clear: We combine operational excellence with environmental sensitivity by investing in projects that increase energy efficiency, automation, and robotic technologies. Regulations such as the European Union's 2050 net-zero carbon target and the Corporate Sustainability Reporting Directive (CSRD) are not just a compass guiding us on this path, but a commitment we are actively part of.

Transparency is the cornerstone of this process. As you will see in detail in our report, there has been an increase in our Scope 3 emissions. The reason for this is our deliberate decision to expand our reporting boundaries to analyze our supply chain's footprint more comprehensively and transparently. The sustainability of our value chain is one of our primary areas of responsibility.

The future of Teklas will be shaped not only by the innovative products we manufacture but also by the value we add to the world and society while creating them. I extend my gratitude to all my colleagues who work with determination on this path and to you, our valued stakeholders, for your trust in us.

Sincerely,

Nebi ANIL

Engineering the **Green Journey**

Founded in Istanbul in 1971, we have evolved from a local manufacturer into a global technology partner for the automotive industry. From the very beginning, our focus has been on engineering excellence and innovation. Today we design, develop, and manufacture advanced fluid circulation systems for thermal management applications, combining our expertise in rubber, plastic, and metal production with precision engineering and automation. Our purpose is to create efficient, durable, and sustainable solutions that contribute to the advancement of mobility, supporting internal combustion, hybrid, and electric vehicle platforms worldwide.

With more than fifty years of experience, we continue to expand our capabilities and strengthen our presence in global markets.

We operate

11 production plants

in

5 countries

Employing over

7,500 people

and supplying leading automotive manufacturers around the world. Our vision is clear: to be the world leader in every field we operate, focusing on highly engineered products designed with sustainability at their core. This vision drives us to invest continuously in innovation, digitalization, and process excellence, ensuring that each of our plants operates with the same commitment to quality, safety, and environmental responsibility.

Our product portfolio encompasses a wide range of thermal management solutions for modern vehicles, including heating and cooling lines, air conditioning lines, quick connectors, rubber hose assemblies, thermoplastic and metal components, and complex parts produced using water injection technology for lighter and more efficient systems.

From concept development to mass production, we integrate design, material science, and engineering expertise to deliver performance-based solutions tailored to the specific needs of each customer. This comprehensive approach positions us as a reliable partner in the automotive industry's transition toward cleaner and smarter mobility.

At Teklas, innovation and automation are embedded in everything we do. We continuously upgrade our technological infrastructure and robotic systems to enhance quality, traceability, and efficiency across all plants. These advancements enable us to adapt rapidly to new vehicle technologies, improve production performance, and maintain the high standards expected by global OEMs. Our R&D center in Bulgaria serve as innovation hubs where interdisciplinary teams develop next-generation materials and production methods that reduce environmental impact while improving performance and reliability.

Sustainability is the foundation of our business model and corporate governance. We report transparently on our environmental, social, and governance performance and prepare our disclosures in alignment with the Global Reporting Initiative (GRI) Standards.

Since 2020, our annual sustainability reports have tracked our progress in energy efficiency, responsible production, employee well-being, and supplier collaboration. This process of continuous improvement enables us to measure our impact, identify opportunities, and strengthen our contribution to global sustainability goals.

As we continue to grow across the world, our mission remains unchanged. We engineer products that perform reliably, manufacture responsibly with innovation and efficiency, and create lasting value for our employees, customers, and the communities we serve. By uniting technology, quality, and sustainability, we keep building the future of mobility with determination and purpose.

Teklas Highlights **in 2024**

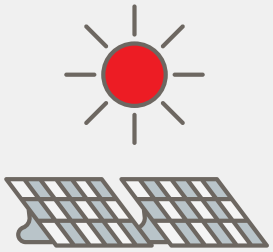
In 2024, we continued to strengthen our sustainability journey with concrete actions that reflected our values of
responsibility, fairness, and transparency.

Throughout the year, we focused on improving our environmental and social performance while maintaining steady progress across all operations.

In our Bulgaria operations, where around one quarter of the site's total energy consumption is now supplied through on-site solar panels.

This advancement reflects our ongoing transition toward **cleaner energy sources** and our commitment to **lowering carbon emissions** across production sites. The project has become an example of how local initiatives can contribute to Teklas' broader sustainability goals.

Significant progress has also been made in our China operations in line with our sustainability goals.



With the new

3.2MW

capacity solar power plant commissioned, a considerable portion of the plant's total energy consumption is now supplied from clean sources.

This advancement is a critical success in accelerating our transition to cleaner energy sources and demonstrating how local initiatives contribute to Teklas' broader sustainability goals.

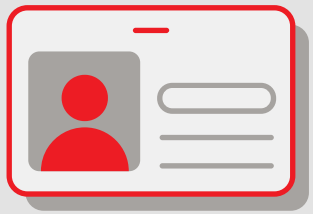
Teklas **in Numbers**

Production in
5
countries

Production plants in
11 different locations

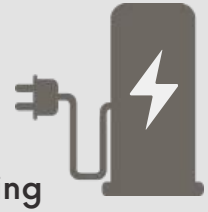
Nearly
200,000
sqm total covered area

total woman employee rate

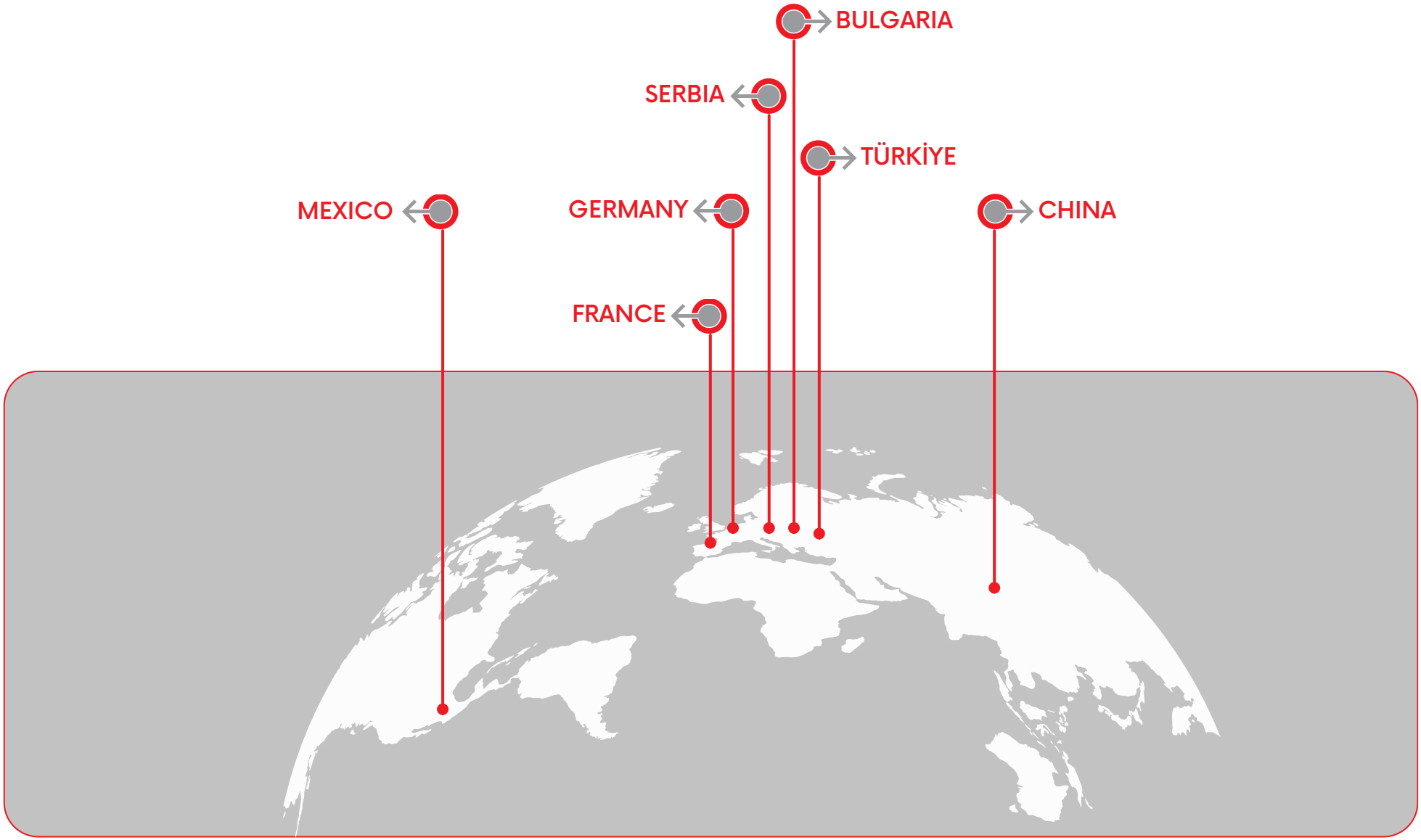


Over than
7,500
employees

Renewable energy production exceeding
3 GWh in 2024



Teklas **Global Operations**



Teklas **Global Operations**

Türkiye

Gebze Production Plants
Employees: 330
Women Employee Rate: %19

GOSB-1 (Metal Pipes, Production Plant, EST. 1993)
Metal Pipe Production
Covered Area: 5,611 sqm

GOSB-2
(Mixing Plant, EST. 1997)
Rubber Compounds
Covered Area: 7,330 sqm

Bartın Production Plants
Employees: 2096
Women Employee Rate: %35

Bartın 1
(Production Plant-1, EST. 2004)
Cooling / Heating Lines
Metal Pipe Production
Covered Area: 10,882 sqm

Bartın 2
(Production Plant-2, EST. 2023)
Cooling / Heating Lines
Electric & Hybrid Lines
Covered Area: 36,900 sqm

Bulgaria

Employees: 2855
Women Employee Rate: %51

Krumovgrad
(Production Plant, EST. 2017)
Electrical & Hybrid Engine Lines
Cooling / Heating Lines
Covered Area: 4,000 sqm

Kardzhali (Mixing Plant, Production Plant, EST. 2006)
R&D Center
Metal Pipe Production
Cooling / Heating Lines
AC Lines
Air Lines
Covered Area: 48,000 sqm

Vratsa
(Production Plant, EST. 2019)
Cooling / Heating Lines
Electric & Hybrid Engine Lines
Covered Area: 8,000 sqm

Serbia

Employees: 1063
Women Employee Rate: %54

Vladicin Han
(Production Plant, EST. 2015)
Cooling / Heating Lines
Electric & Hybrid Engine Lines
Covered Area: 26,935 sqm

Vranje
(Production Plant, EST. 2021)
Cooling / Heating Lines
Electric & Hybrid Engine Lines
Engine Lines
Covered Area: 19,336 sqm

China

Employees: 543
Women Employee Rate: %61

Changxing
(Production Plant, EST. 2012)
Cooling / Heating Lines
Air Lines
Covered Area: 17,120 sqm

Mexico

Employees: 615
Women Employee Rate: %44

Aguascalientes
(Production Plant, EST. 2016)
Cooling / Heating Lines
Electric & Hybrid Engine Lines
Covered Area: 10,965 sqm

Germany

Böblingen (Sales Office)

France

(Sales Office, EST. 2017)

The employee data reflects figures as of the end of 2024.

Teklas **Milestones**

1971 — Establishment of Teklas.

1972 — Began operating as a supplier to the automotive industry (Oyak Renault).

1973 — Started collaboration with Tofaş.

1978 — Began wiper production under the Silgeç brand (Duccellier license).

1978 — Conducted first export deliveries to International Harvester and GIP.

1985 — Started production of brake hose systems (Freudenberg license).

1987 — Commenced operations at the Gebze/Muallimköy production plant.

1989 — Secured first international customer (General Motors).

1999 — Received QSTP (Supplier of the Year) Award from General Motors.

1999 — Obtained VDA 6.1 Certification.

1998 — Established Rubber-Metal Plant in GOSB, housing press and wiper production departments.

1997 — Obtained QS 9000 Certification.

1996 — Became the only Turkish company manufacturing complete brake hose systems with an international color-coding standard.

1994 — Commissioning of the Mixing Plant in the Gebze Organized Industrial Zone (GOSB).

1994 — Obtained ISO 9002 Certification.

1992 — Received QSP (Supplier of the Year) Award from General Motors.

Teklas **Milestones**

1999
Granted a 20-year patent by the Turkish Patent Institute for "Hose Coupling Component."

2000
Received another QSTP (Supplier of the Year) Award from General Motors.

2001
Obtained ISO 9001 Certification.

2002
Obtained ISO 14001:1996 Certification (Muallimköy Plant).

2003
Obtained ISO/TS 16949:2002 Certification.

2004
Received Ford Q1 Quality Management System Award (Muallimköy Plant).

2004
Bartın Kauçuk A.Ş., a Teklas subsidiary, commenced operations.

2005
Obtained ISO 14001:1996 Certification (Rubber-Metal Plant).

2005
Received Ford Q1 Quality Management System Award (Rubber-Metal Plant).

2005
Obtained ISO 14001:1996 Certification (Bartın Plant).

2006
Bulgaria Plant began operations.

2006
Received Ford Q1 Quality Management System Award (Bartın Plant).

2006
Began R&D activities at GOSB Technopark.

2007
Started plastic injection production at the Muallimköy Plant.

2008
Bartın Kauçuk A.Ş. was merged into Teklas.

2009
Investment in R&D Center at Muallimköy Plant; received official R&D Center Certificate from the Republic of Türkiye.

Teklas **Milestones**

2009
Initiated WIT (Water Injection Technology) plastic pipe production.

2011
Investment in Russia Plant.

2011
Investment in metal pipe production operations.

2012
Investment in China Plant.

2014
Investment in Mixing Plant in Bulgaria.

2016
Investment in Serbia Plant.

2017
Investment in Mexico Plant and establishment of R&D Center in Bulgaria.

2018
Implementation of integrated software systems developed in-house at the Teklas office in Ataşehir, Istanbul.

2021
Establishment of USA Production Plant.

2021
New investment in Bulgaria (Vratsa Plant).

2022
Commissioning of 2 MWp Solar Power Plant in Bulgaria.

2022
Establishment of Vranje Plant in Serbia.

2023
Commissioning of Bartın 2 Plant.

2024
Commissioning of 3.2 MWp Solar Power Plant in China.

2024
Teklas Switzerland Swiss Office

2024
Teklas USA USA Office

Teklas **Achievements**

2000

QSP (Supplier of the Year) Award by General Motors.

2004

Volkswagen Best 100 Supplier Award.

2005

Q1 Quality Management System Award by Ford (Rubber-Metal Plant).

2006

Q1 Quality Management System Award by Ford (Bartın Plant).

2009

Volkswagen Best 100 Supplier Award.

2010

Volkswagen Best 100 Supplier Award.

2011

Audi Top 50 Quality Award.

2012

TÜBİTAK Technology Award.

2012

Toyota Supplier Recognition Award – Water Hoses.

2012

Ford Supplier of the Year – Silver Award.

2012

SPE Automotive Grand Innovation Award – Drainpipe.

2014

Turkish Exporters Assembly Innovation Results Leader – 1st Place.

2014

TAYSAD Utility Model Award – 3rd Place.

2016

Ministry of Science, Industry, and Technology Best R&D Center Award.

2016

Volvo Quality Excellence Award.

2016

Turkish Exporters Assembly Component Design Contest Award.

2018

Volkswagen Global Performance Champion.

2019

General Motors Supplier Quality Award.

2019

İKMİB Rubber and Rubber Products Export Award.

2020

– İKMİB Export of Rubber Raw Materials and Unvulcanized Rubber Compound – 4th Place.

2021

İKMİB Export of Rubber Goods – 1st Place.

2022

Employer of the Year Award in Vratsa, Bulgaria.

2023

Volkswagen Local Performance Champion Award (Berlin).

Employment of Disabled Individuals Award by İŞKUR and Kocaeli Metropolitan Municipality.

2024

İKMİB "Other Rubber Products" Export – 1st Place.

İKMİB "Rubber and Rubber Products" Export – 4th Place.

Teklas **Product Groups**

We carry out production activities across four plants in Türkiye, including our Rubber-Metal and Compound Plant located in the Gebze Organized Industrial Zone and two production plants in Bartın. Beyond Türkiye, our international operations extend to Kardzhali, Vratsa, and Krumovgrad in Bulgaria; Changxing in China; Vladicin Han and Vranje in Serbia; and Aguascalientes City in Mexico. This network enables us to deliver integrated, high-performance products to the world's leading automotive manufacturers.

Our product portfolio is built on three main material groups: rubber, plastic, and metal. The key components include rubber compounds, raw and intermediate plastic materials, metal tubes, and formed parts that are customized according to each product group. Rubber compound needs of both domestic and international plants are supplied by our mixing plants in Türkiye and Bulgaria.

Through this structure, we ensure production flexibility, quality consistency, and supply security across all Teklas sites.

We specialize in a wide range of applications designed for thermal management systems, air circulation, and fluid transfer in vehicles. Our product range includes brake hoses, cooling and heating lines, air conditioning lines, thermoplastic and TPV hoses, blow molding and thermoforming components, quick connectors, and both plastic and rubber injection parts. Additionally, our metal pipe manufacturing and Water Injection Technology (WIT) lines support lighter and more efficient product designs that align with evolving vehicle technologies.

Our product groups are distributed across plants based on technological specialization and regional demand. While our Bartın and Gebze plants focus on rubber and thermoplastic components, our Bulgarian plants lead compound production and advanced metal forming. Plants in China and Serbia serve as regional production hubs supporting both local and global programs. This structure strengthens our ability to provide localized solutions with global quality standards.

Teklas **Product Groups**

Products	Bulgaria	Turkiye	China	Serbia	Mexico
Brake Hose		✓			
Hose	✓	✓	✓	✓	✓
WIT (Water Injection Tech.)	✓		✓		✓
Thermoforming	✓	✓	✓	✓	✓
Blow Molding	✓		✓		
Quick Connector	✓	✓	✓	✓	✓
Injection (Plastic)	✓	✓	✓	✓	✓
Injection (Rubber)	✓	✓	✓	✓	✓
Metal Pipe	✓	✓	✓	✓	✓
Compound	✓	✓		✓	

Our Sustainability **Milestones**

2001

ISO 9001 Standard Certification

2002

ISO 14001:1996 Certification – Teklas Gebze (HQ)

2003

ISO/TS 14001:2002 Certification – Teklas Gebze

2005

ISO 14001:1996 Certification – Bartın (GOSB-1)

2016

ISO 14001 Certification – Bulgaria Plant

2017

Establishment of Wastewater Treatment Plant – Teklas Serbia

2018

ISO 14001 Certification – China and Serbia

First Ecovadis Assessment

Establishment of Wastewater Treatment Plant – Serbia

2019

MBR System Installation for Wastewater Treatment Plant – Teklas Gebze (HQ)

First Carbon Emission Calculation – Teklas Gebze (HQ)

Establishment of Chemical Wastewater Treatment Plant – GOSB-I

ISO 45001 Certification – China and Bulgaria

2020

ISO 45001 Certification – Türkiye

Establishment of Sustainability Team

Publication of Sustainability Policy and Code of Conduct

Purchase of Renewable Energy Certificates (REC, I-REC) for operations in China, Bulgaria, Türkiye, Mexico, and Serbia

First Sustainable Supply Chain Summit

First CDP Climate Change Reporting

2021

Signatory of UN Global Compact (UNGC)

Publication of the First Sustainability Report

Carbon Emission Calculations – Gebze, Bulgaria, Serbia, and Mexico

Installation of Solar Panels – Teklas Bulgaria

2021

Second Sustainable Supply Chain Summit

7th Customer Sustainability Audit and Ecovadis Assessment

Second CDP Climate Change Reporting

2022

Carbon Emission Calculations – Gebze, Bulgaria, Serbia, Mexico, and China

Second Phase of Solar Panel Installations – Teklas Bulgaria

Purchase of Renewable Energy Certificates (REC, I-REC) for all Teklas sites

Publication of the Third Sustainability Report (CSR)

8th Ecovadis Assessment – Silver Grade

CDP Climate Change 2022 Reporting – C Level

2023

Implementation of Green Offer Button

Full Scope (Scope 3) Carbon Emission Calculation

2024

Life Cycle Assessment studies

Product Based Carbon Footprint Calculations

Full Scope Carbon Emission Calculations

Energy Management System implementation and ISO 50001 Certification at the Bartın-1 Plant

Collaborations

We build collaborations that help us raise standards across our value chain and support a culture of responsibility. As a UN Global Compact signatory, we align our work with internationally recognized principles on human rights, labor, environment, and anti-corruption, and we use these frameworks to guide our engagements with industry bodies, academia, and local institutions.

Our partnerships with universities and talent organizations create a steady pipeline of qualified candidates and enable joint learning. Each year, we host interns in multiple functions and take part in campus events and career fairs. We collaborate with institutions such as Middle East Technical University, Yeditepe University, Kocaeli University, and Bartın University for career activities, training, and graduation projects.

In Bulgaria, we maintain agreements with technical high schools for internships and dual education, and we are a member of the Confederation of Employers and Industrialists in Bulgaria (KRIB), supporting dialogue on competitiveness, skills, and responsible business practices.

Our environment and circularity partners help us reduce waste and improve recycling performance. We work with EcoBulpack for packaging waste, Envico on environmental consultancy, and MARKO IKOM for secondary raw-material recycling. These partnerships strengthen compliance and resource efficiency across sites.

Collaborations

Memberships & Partnerships

Global / Cross-Industry	
United Nations Global Compact	Signatory to the Ten Principles.
CDP Climate Change	Regular respondent.
EcoVadis	Assessed in the latest sustainability performance cycle.
Sustainability Academy Membership	Participating in sustainability-focused training and capacity-building activities.
Industry Associations	
TAYSAD	Automotive Suppliers Association of Türkiye.
KRIB	Confederation of Employers and Industrialists in Bulgaria.
EcoVadis	Assessed in the latest sustainability performance cycle.
Academia & Talent Platforms	
Middle East Technical University	Career days, advisory boards, and project collaborations.
Yeditepe University	
Istanbul Technical University	
Kocaeli University	
Bartın University	
YenidenBiz Career Platform	Collaboration for experienced recruitment and reemployment programs.

Local Institutions & Programs	
TOBB Ankara Representation	Internship cooperation.
Aguascalientes Governor's Recruitment Service and regional universities	Career and hiring collaboration.
Environmental Partners	
EcoBulpack	Packaging waste management and recycling.
Envico	Environmental consultancy support.
MARKO IKOM	Secondary raw material recycling.

02

GOVERNANCE PERSPECTIVE

TRANSPARENCY **IN MOTION**

We place sustainability at the center of our governance approach. We are shaping the future with ethical, transparent, and responsible management principles.

Teklas Corporate Governance **Approach**

At Teklas, our governance framework is guided by four core principles:

- **Responsibility**
- **Accountability**
- **Transparency**
- **Fairness**

These principles shape every management layer and ensure that business operations align with ethical, environmental, and social priorities. The governance structure supports long-term value creation by integrating sustainability into strategy and daily decision-making.

Our approach connects strategic direction with operational execution through a clear chain of responsibility. The Board of Directors defines corporate objectives and oversees their implementation, while Executive Management transforms these objectives into measurable actions. This structure enables consistent performance evaluation, compliance monitoring, and continuous improvement across all regions where Teklas operates.

Governance practices rely on documented procedures and systematic communication. Regular cross-functional meetings allow leadership teams to review business and sustainability performance together. This integrated approach promotes clarity in roles and accountability across departments while fostering a culture of openness and integrity.

Corporate policies form the foundation of our governance model. They define ethical standards, environmental commitments, and social responsibilities, ensuring that every employee and partner acts according to Teklas' values.

These policies are regularly reviewed and updated to remain aligned with global sustainability principles and regulatory frameworks.

Internal control and audit processes safeguard transparency and data accuracy. The Internal Audit Unit functions independently and reports directly to the Board of Directors. Through risk-based planning and consistent follow-up, the audit function enhances the reliability of both financial and non-financial information and supports the company's compliance and performance goals.

Stakeholder engagement strengthens governance by integrating external and internal perspectives into strategic decisions. Insights from employees, customers, suppliers, investors, and communities help shape company priorities and ensure that Teklas continues to respond effectively to evolving expectations.

In 2024, governance efforts focus on strengthening risk management, enhancing the accuracy of ESG data, expanding ethical compliance systems, and deepening leadership awareness of governance responsibilities. These initiatives sustain Teklas' culture of integrity and reinforce a transparent management approach that supports responsible growth.

Board of **Directors**

At Teklas, the Board of Directors serves as the highest governing body, ensuring that strategic, financial, and sustainability objectives are managed within a transparent and accountable structure. The Board provides leadership that combines long-standing industry experience with academic and managerial expertise, supporting Teklas' commitment to sustainable growth and responsible governance.

The Board regularly reviews governance practices, internal policies, and performance outcomes to ensure alignment with stakeholder expectations and global standards. Its members actively contribute to decision-making processes that balance long-term profitability with environmental and social responsibility. Diversity and gender balance are integral aspects of the Board's composition, promoting an inclusive and equitable approach to leadership.

Board of Directors	Role
Moris Danon	Head of Committee
Raul Danon	Vice Head of Committee
Jennifer Danon	Board Member
Rebecca Danon	Board Member
Nebi Anıl	CEO & Board Member

Female representation on the Board

Average tenure

> 25 years (2 members)

> 20 years (3 members)

Board of **Directors**

General Assembly Meeting

EXECUTIVE COMMITTEE

Nebi Anıl - CEO

MEMBERS

Serkan Ünal - CTO

Ahmet Özer - CSO

Ali Kurtuluş Yılmaz - CSCO & CHRO

François Le Briquer - CRDO

Natalia Anna Meissner - CFO

Jon Hagan - North America VP & Managing Director

Jianjie Zhou - China VP & Managing Director

Öner Çetin - European VP & Global Project Director

BOARD OF DIRECTORS

- Moris Danon - Head of Committee
- Raul Danon - Vice Head of Committee
- Jennifer Danon - Board Member
- Nebi Anıl - CEO & Board Member
- Rebecca Danon - Member

Informs/Reports →

← Elects/Assigns

COMMITTEES

- Ethics Committee
- Business Continuity Committee
- OHS Committee
- Sustainability Committee
- Sustainability Ambassadors

Executive **Management**

The Executive Management Team plays a central role in implementing Teklas' strategic vision and ensuring that operational decisions align with environmental, social, and economic sustainability goals. Acting as the primary interface with stakeholders and business partners, the team transforms corporate objectives into measurable actions that foster innovation, efficiency, and responsible growth.

Each executive brings deep expertise and leadership experience from diverse disciplines, enabling Teklas to maintain its strong market position and adapt to changing industry dynamics. Through cross-functional collaboration, the Executive Management ensures that strategic priorities, sustainability commitments, and performance targets remain fully integrated across global operations.

Female representation in Executive Management

Our Corporate **Governance Body**

The corporate governance structure at Teklas is shaped to maintain transparency, integrity, and accountability throughout all operations. The framework functions through clearly defined committees under the oversight of the Board of Directors and Executive Management. Each committee operates within a structured decision-making system that supports effective communication and alignment between departments and production sites across the world.

The governance framework consists of the **Ethics Committee, Business Continuity and Risk Management Committee, EHS Committee, Sustainability Committee,** and **local Sustainability Ambassadors** assigned at each plant. These bodies operate in coordination to manage ethical compliance, risk monitoring, and environmental and occupational performance. This structure enables active governance at both the group and site levels while supporting Teklas' sustainability and business objectives.

The Internal Audit Unit functions independently and reports directly to the Board of Directors. It prepares an annual, risk-based audit plan that defines priorities according to potential risks and business importance. The plan is presented to the Board at the beginning of December and approved before the year ends. The Internal Audit Unit carries out audits, prepares reports for the Board, and follows up on corrective actions. The process strengthens data accuracy, internal control efficiency, and compliance across all plants.

Audit findings are addressed through action plans developed with responsible departments. The progress of these actions is monitored periodically, and results are communicated to the Board to ensure that improvements are completed within the planned schedule. This continuous monitoring approach keeps performance and risk management systems dynamic and responsive to changes in business operations.

Each committee also plays an active role in sustaining corporate governance effectiveness. The Ethics Committee supports the implementation of the Code of Business Ethics and reviews any reported cases. The EHS Committee focuses on environmental performance and occupational safety, reviewing progress at regular intervals.

The Business Continuity and Risk Management Committee evaluates site-specific risks, potential crises, and recovery strategies under the supervision of the CEO. These coordinated efforts help maintain business resilience and operational consistency.

Teklas' governance structure is supported by a comprehensive set of policies approved by the Board. These include the Code of Business Ethics, Corporate Social Responsibility, Anti-Bribery and Anti-Corruption, Diversity and Inclusion, Environment and Energy, Occupational Health and Safety, Information Security, Personal Data Protection, Supplier Sustainability Code of Conduct, and Sustainability Policies. Each policy guides employees and stakeholders toward responsible and ethical conduct.

In 2024, Teklas continues to strengthen its governance structure through a focus on better coordination among committees, stronger risk-based audit practices, and improved communication of corporate policies across all plants. These steps reinforce Teklas' dedication to transparency, ethical leadership, and continuous improvement in its governance approach.

Committees and **Policies**

The Board of Directors oversees company-wide governance through committees that report directly to it. Each committee focuses on specific areas such as environmental management, occupational health and safety, ethics and compliance, business continuity, risk, and sustainability. Meetings are held regularly: the EHS and Sustainability Committees meet every month, while the Ethics Committee meets quarterly and when required. The Business Continuity and Risk Committee operates with structures that vary according to each location, activated in case of specific needs or emergency conditions.

Committee outcomes are reviewed by executive management and reported to the Board within a structured process supported by Internal Audit and Legal teams. Global departments such as HR, Finance, and Sustainability work closely with EHS specialists and plant-level representatives to coordinate actions and monitor performance. Sustainability Ambassadors in each region follow ongoing activities and share updates with the Global Sustainability Team. Through this structure, operational actions are consistently aligned with the company's sustainability strategy and key performance indicators.

Policies Adopted at Teklas

- Anti-Bribery and Corruption Policy
- Corporate Social Responsibility Policy
- Code of Business Ethics
- Diversity and Inclusion Policy
- Environment and Energy Policy
- Information Security Policy
- Occupational Health and Safety Policy
- Personal Data Protection Policy
- Supplier Sustainability Code of Conduct
- Sustainability Policy
- Teklas U.S. Privacy Policy
- Quality Policy
- Water Management Policy

Our Sustainability **Strategy**

As a global partner in thermal management solutions for the automotive industry, our strategy focuses on generating long-term value while minimizing environmental impact. We are committed to shaping a resilient and transparent business model that integrates sustainability into every process, from design to production and supply chain management. Guided by a structured ESG Management System, we set clear priorities that direct all operations toward measurable improvement in environmental, social, and governance performance across our global footprint.

Our ambition is to lead every market segment we operate in with innovative, resource-efficient, and responsible solutions. We continue to enhance product life cycles through lighter materials, cleaner technologies, and process designs that support energy and water efficiency. At the same time, we aim to create a workplace where people feel empowered, safe, and valued, while fostering a culture of ethical governance, fairness, and accountability. Sustainability has become a key measure of success across all business units, forming an essential part of our strategic planning and operational decision-making.

Our sustainability management model combines top-level governance with active participation from every site. The Board and the Sustainability Committee guide the overall direction, supported by dedicated teams that track progress and propose improvement actions. Each plant has a Sustainability Ambassador responsible for implementing group-level initiatives locally. This structure allows decisions to be data-driven and aligned with long-term corporate objectives.

All policies, are harmonized across regions, creating a shared standard of performance and accountability.

Sustainable Growth Strategy

- **Stakeholder Value Creation**
- **Environmental Responsibility**
- **Social Development**
- **Ethical Governance**
- **Innovation and Efficiency**

The Three Pillars of Action

1. Saving Resources (Environment)

Our environmental strategy focuses on reducing resource consumption per unit produced and increasing process efficiency through technology-driven solutions. Energy optimization, waste reduction, and material recovery are at the core of this approach. Electrification of processes and eco-design in product development enhance overall sustainability performance while supporting long-term competitiveness.

2. Responsible Citizenship (Social)

Our social commitment begins with creating safe and inclusive workplaces that promote development and collaboration. Employee well-being, diversity, and capability-building are embedded in our management systems and evaluated through regular feedback and performance reviews. We support learning and growth through structured training programs and cross-functional projects that strengthen both technical and interpersonal skills.

3. Accountable Management (Governance)

Governance remains a cornerstone of our sustainability framework. We apply transparent procedures, ethical business standards, and responsible procurement practices that reflect our integrity as a global company. ESG performance is monitored with defined KPIs and reviewed at management meetings to ensure continuous progress.

Environmental Responsibility Framework

Decarbonisation Roadmap

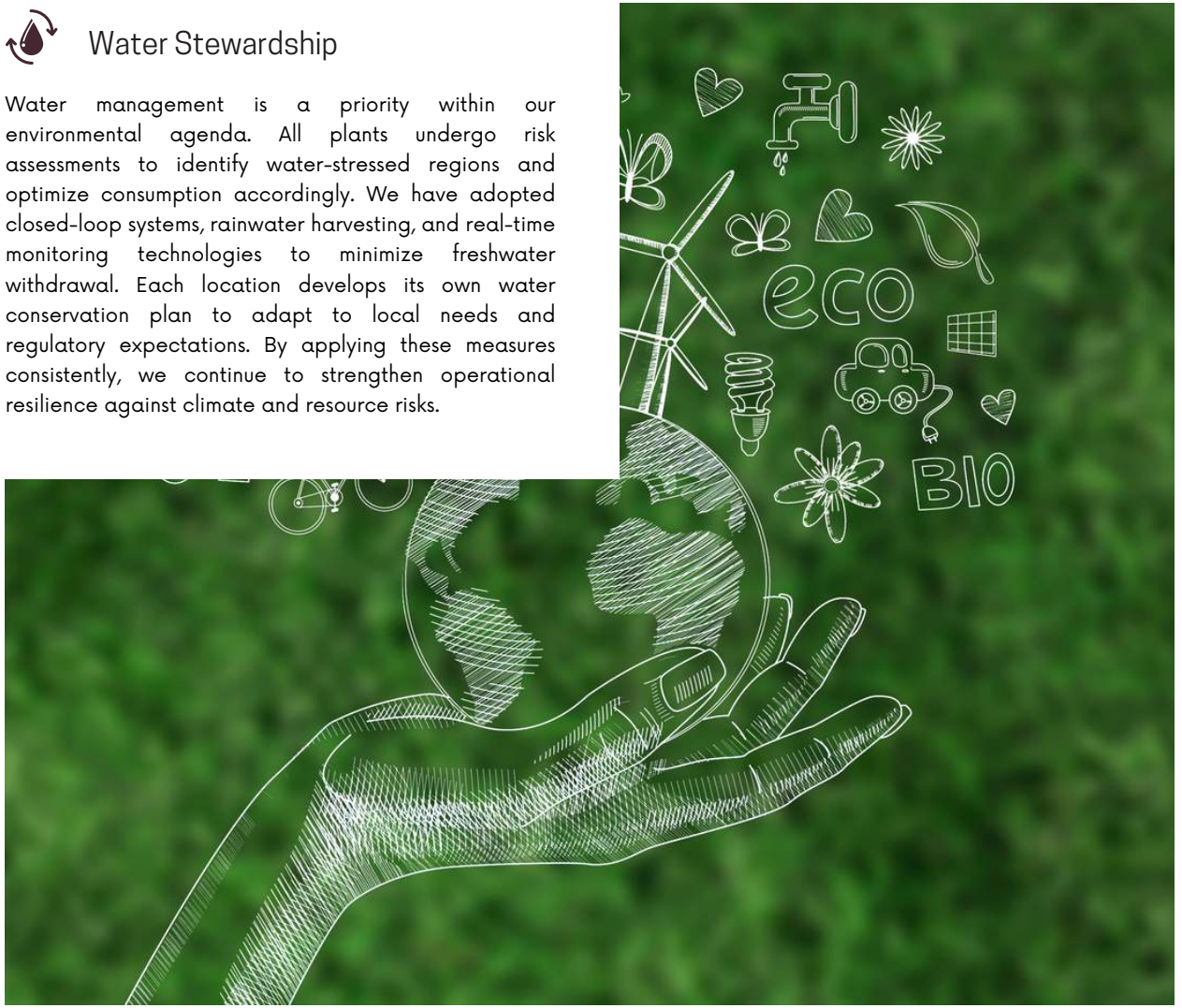
We are committed to achieving net-zero operations by 2050 through a phased decarbonisation roadmap. The plan prioritizes efficiency improvements, renewable energy sourcing, and process innovation. Solar installations, renewable energy certificates, and energy recovery technologies play a growing role in our energy transition. Our logistics, product design, and supplier engagement programs complement this effort by addressing indirect emissions within the broader value chain. The carbon inventory is updated annually under a consistent methodology, ensuring data reliability and comparability across years.

Circularity and Resource Efficiency

Circularity is embedded in the way we design, produce, and manage materials. Our R&D teams focus on material innovation to enhance recyclability and reduce the environmental footprint of our hose, pipe, and line systems. Yield-improvement projects in metal, rubber, and plastic production reduce raw material dependency, while closed-loop packaging programs support waste prevention. These actions are integrated into plant-level improvement plans, ensuring practical and measurable outcomes.

Water Stewardship

Water management is a priority within our environmental agenda. All plants undergo risk assessments to identify water-stressed regions and optimize consumption accordingly. We have adopted closed-loop systems, rainwater harvesting, and real-time monitoring technologies to minimize freshwater withdrawal. Each location develops its own water conservation plan to adapt to local needs and regulatory expectations. By applying these measures consistently, we continue to strengthen operational resilience against climate and resource risks.



Green Journey Program

Green Journey is our group-wide transformation program designed to translate environmental commitment into measurable progress across all operations in Türkiye, Bulgaria, Serbia, Mexico, and China. Launched in 2022, the program has grown into a structured system that integrates sustainability into daily production and decision-making. By July 2024, the portfolio included 48 active actions led by cross-functional teams from Production, Technical Services, Purchasing, EHS, Supply Chain and Logistics, HR, and R&D departments.

Each initiative is tracked through defined stages—50%, 75%, and 100%—with responsible owners, timelines, and verified completion data. Regular follow-up meetings ensure that every plant maintains momentum and shares successful practices with others.

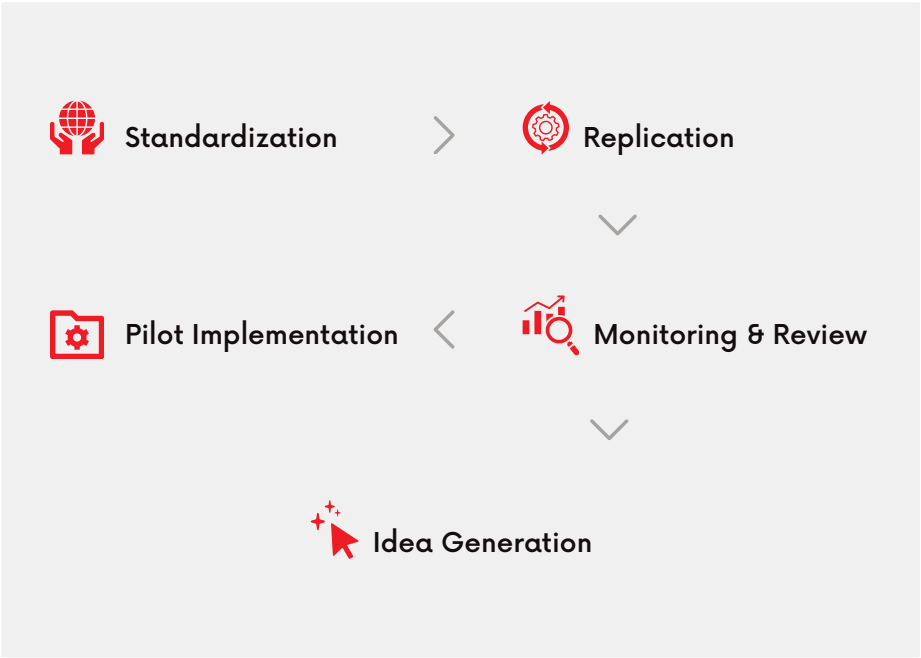
The main purpose of Green Journey is to achieve resource efficiency by reducing energy, water, and material consumption under real production conditions, while improving quality and occupational safety. Its scope extends to process optimization, utilities, logistics, material management, and product development. Each plant proposes its own improvement ideas, which are first piloted locally, then standardized and implemented across all other plants. A digital monitoring system ensures visibility of progress and supports data-driven decision-making.

The program's actions are distributed across several focus areas. **The Production team leads 12 projects** that optimize processes and reduce defects, including decreased use of antitack agents, lubricant-free fittings, and a dosing system that improves precision and reduces waste. Technical Services manages 10 actions focused on energy and maintenance efficiency, such as autoclave insulation, heat recovery through economizers, LED replacements, and air-leak inspections. The Purchasing department leads 10 actions centered on renewable energy integration, efficient building design, and transportation optimization, including solar projects in Bulgaria and China under feasibility evaluation.

Green Journey Program

Environmental Health and Safety oversees 5 actions that enhance monitoring and compliance, including the implementation of ISO 50001 Energy Management Systems, energy turnover tracking, and site-level water management.

The Supply Chain and Logistics team conducts 4 projects focused on packaging and transport efficiency, such as foldable boxes, durable plastic pallets for exports, and reduced interplant transfers. HR manages 4 initiatives that optimize PPE distribution and uniform management while evaluating employee transport practices. R&D leads 3 projects developing bio-based or recycled rubber compounds, recycled material alternatives, and reprocessing of material burrs for customer programs.



Early results demonstrate tangible improvements. Adhesive and chemical use in production has declined through redesigned processes. Dosing systems have stabilized material flow and reduced changeover times. Preventive maintenance and ventilation upgrades have lowered energy demand. The transition to reusable packaging materials has decreased waste generation and improved logistics efficiency. Preparations for ISO 50001 certification have aligned metering systems and energy tracking with international standards, and feasibility studies for solar installations continue across sites.

The management structure of Green Journey ensures accountability and transparency. Each action has a defined owner, timeline, and measurable output. Plants report progress through unified tracking tools that allow management to evaluate achievements in real time. Cross-country collaboration encourages the replication of successful practices, enabling collective learning and faster implementation of new technologies.

The next phase of the program will focus on expanding existing best practices and deepening measurement quality. Key priorities include completing insulation and heat recovery systems, expanding LED transitions, integrating rainwater collection projects, and optimizing recycled and bio-based material usage. Efforts in logistics will continue toward eliminating unnecessary transport movements and improving returnable packaging circulation.

Sustainability **Governance**

Sustainability governance at Teklas is structured to ensure that our strategic decisions, operational practices, and oversight processes are integrated across all business areas. Our Board of Directors holds the highest level of responsibility for sustainability and receives regular updates through the committee system and the Internal Audit function. Our governance structure includes dedicated committees such as Ethics, Business Continuity & Risk Management, and EHS, along with the Sustainability Committee, which coordinates all sustainability programs and reports progress directly to the Board. Through regular meetings and performance reviews, we continuously monitor actions, evaluate risks, and align sustainability goals across our locations and departments.

We identify our sustainability priorities through a structured materiality process that incorporates stakeholder input and regular evaluations. The resulting materiality matrix guides our strategy on topics such as energy management, climate action, eco-efficiency, product lifecycle management, occupational health and safety, ethical conduct, and innovation. This process helps us manage sustainability systematically and with measurable objectives.

Our global–local governance network plays a key role in implementation. The Sustainability Committee works in close coordination with the Global Sustainability Team, functional leaders, and plant-level Sustainability Ambassadors. Our Ambassadors meet a month to monitor on-site progress, while committee meetings ensure consistent execution and address cross-functional challenges. This structure enables us to translate corporate objectives effectively into local actions.

We align our governance practices with international frameworks, including the United Nations Global Compact and the Sustainable Development Goals. Through this alignment, we maintain our focus on minimizing environmental impact, improving energy and water efficiency, advancing waste management, and ensuring ethical and responsible business conduct across all operations.

Programs such as the Green Journey are managed within the same governance framework, emphasizing ecological efficiency in production.

These programs include initiatives on water optimization, chemical management, and robotic process automation, supported by site-specific performance tracking. This approach helps us drive continuous improvement and reach our long-term environmental and operational efficiency targets.

We ensure accountability through regular committee meetings, performance dashboards, and board-level reviews. These tools enhance transparency, allow timely corrective actions, and keep sustainability performance closely aligned with our corporate strategy.

Materiality **Analysis**

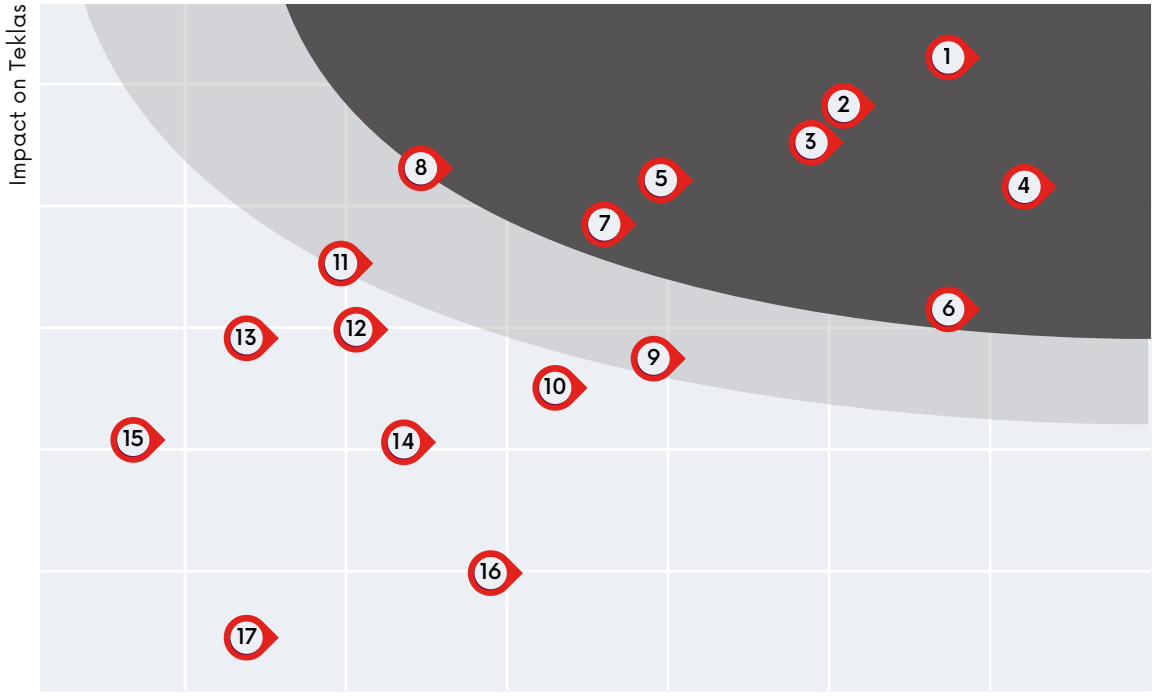
We shape our sustainability priorities through a structured and data-driven materiality analysis that reflects both internal and external stakeholder expectations. In 2024, our analysis was conducted under the coordination of the Sustainability Committee and included inputs from our employees and external stakeholders. The study integrated global frameworks such as the UN Sustainable Development Goals (SDGs), the European Green Deal, SASB, S&P Global, Refinitiv, and WEF indicators, ensuring full alignment with international sustainability reporting standards.

Our approach considered both Teklas's strategic impact and stakeholder expectations, evaluated through surveys, workshops, and global trend analyses. This comprehensive assessment resulted in a renewed materiality matrix, categorizing sustainability issues according to their significance for Teklas and its stakeholders.

The materiality matrix provides a strategic framework to ensure that our initiatives remain relevant to stakeholder expectations and global sustainability trends. Each identified topic is integrated into our Sustainability Roadmap and aligned with measurable KPIs, monitored through regular committee reviews.

Materiality Matrix

Our 2024 Materiality Matrix reflects the outcome of a comprehensive stakeholder engagement and prioritization process. Through this study, we assessed the potential impact of environmental, social, and governance issues on both Teklas and its stakeholders. The matrix presents a balanced view of these priorities, highlighting areas where our actions create the highest long-term value. It guides us in shaping our sustainability roadmap, helping us focus on topics that strengthen our value chain, reduce risks, and support the company's transition toward a low-carbon and innovation-oriented future.



High Material Topics	
1	Energy Management
2	Waste & Hazardous Materials
3	Recycling Strategy
4	Risk & Crisis Management
5	Product Quality & Recall Management
6	Low Carbon Strategy
7	Sustainable Raw Material Sourcing

Material Topics	
8	Labor Practice Indicators / Practices
9	Environmental Policy & Management Systems
10	Occupational Health & Safety
11	Inovation Management
12	Product Design & Lifecycle Management
13	Sustainable Supply Chain Management
14	Customer Relationship Management (Customer Satisfaction)
15	Sustainable Finance, Financial Stability & Systematic Risk
16	Employee Training & Development
17	Competitive Behavior

Material Topics

The 2024 materiality assessment defines 17 key topics, grouped into high material and material categories according to their significance for our business and stakeholders. This structure allows us to focus resources effectively across environmental, social, and governance dimensions.

High Material Topics

- Energy Management
- Waste & Hazardous Materials Management
- Recycling Strategy
- Risk & Crisis Management
- Product Quality & Recall Management
- Low Carbon Strategy (Emission Reduction)
- Sustainable Raw Material Sourcing

Material Topics

- Labor Practice Indicators / Practices
- Environmental Policy & Management Systems
- Occupational Health & Safety
- Innovation Management (Automation)
- Product Design & Lifecycle Management
- Sustainable Supply Chain Management
- Customer Relationship Management (Customer Satisfaction)
- Sustainable Finance, Financial Stability & Systematic Risk
- Employee Training & Development
- Competitive Behavior

Our Sustainability **Goals and Contribution to SDGs**

Category	Term	Targets	Current Situation In 2024	Relevant SDGs
Environmental	Short-Term	Procuring or producing 46% renewable energy	With the solar power plants installed at our Bulgaria and China Plants, the plants are able to cover part of their energy needs through self-generation. Our goal is to equip all of our plants with this capacity. The share of renewable energy in our total consumption is above 90%.	
	Short-Term	Supplying 2.0 MWh of energy of 50,000 Euros per month from solar panels in Bulgaria. Our goal is to meet 9% of the electricity from this invesment	Our Bulgaria plant meets an average of 25% of its annual energy demand through solar power. In 2024, with the commissioning of the solar power plant at our China Plant, 30% of its energy needs are now supplied by in-house renewable generation.	
	Short-Term	ISO 14064 Verification of CO2 results by third party for TR plants	2024 carbon footprint verification will be realized	
	Short-Term	To measure CO2 Footprint for TR, BG, SRB, MX	We are calculated full of scope in all plants TR, BG, SRB, MX, CN	
	Short-Term	Green Journey Project: Reducing the lubricant usage rate by 25% in the vulcanization process in 2022	The lubricant reduction target is being protected, the target has been achieved	
	Short-Term	Green Journey Project: Reducing consumption through adhesive dosing system integration	A 3-fold reduction has been achieved with the automatic dosing machines commissioned in the plants.	

Our Sustainability **Goals and Contribution to SDGs**

Category	Term	Targets	Current Situation In 2024	Relevant SDGs
Environmental	Short-Term	Green Journey Project: Project to reduce anti-tack consumption per ton in production	By transitioning to separator application in all plants, an average consumption reduction of 46.53% has been achieved compared to pre-implementation.	
	Short-Term	Defining environmental impacts at each plant according to ISO 14001	The certification processes for our newly established Bartın-2 Plant have been completed, and all our plants have the ISO 14001 system.	
	Short-Term	Training of employees to increase awareness of Saving Resources	Natural resource management training courses are held regularly every year.	
	Short-Term	To define Life Cycle Assessment (LCA)'s policy that includes our approach	During the product development phase, scenario analyses are conducted by modelling the potential environmental impacts (emissions) of different raw material options. Expanding Product Carbon Footprint (PCF) calculations across product groups is included in the roadmap.	
	Short-Term	Life Cycle Analysis for 2 products consist of 6 raw materials in the GPA Project of Volvo	All products can be calculated by integrating software into LCA processes.	

Our Sustainability **Goals and Contribution to SDGs**

Category	Term	Targets	Current Situation In 2024	Relevant SDGs
Environmental	Mid-Term	To create Renewable Energy Policy	With the integration of the Energy Management System, a commitment to renewable energy and efficient energy use is committed.	
	Mid-Term	Commissioning of solar panel investment with a capacity of 2 MW in BRT	Feasibility studies have been completed. A solar power plant will be established at our Bartın Plant in the coming period.	
	Mid-Term	To set up Energy Management System in TR plants	The Energy Management System has been certified.	
	Mid-Term	To set up Water Efficiency System	The policy has been established and is being implemented.	
	Long-Term	To set up Energy Management System in all plants	Work is ongoing to integrate the Energy Management System with other plants.	
	Long-Term	Recyling of wastewater by 25% in all plants	A water efficiency study was completed, and preparatory work for wastewater recycling systems continued across all plants.	

Our Sustainability **Goals and Contribution to SDGs**

Category	Term	Targets	Current Situation In 2024	Relevant SDGs
Environmental	Long-Term	Decreasing the use of lubricant ratio 30% by 2025 in the vulcanization process	The target was achieved by the end of 2024 and continues to be protected.	
	Long-Term	To conduct RD studies to develop eco-friendly product	Alternative sustainable raw materials have begun to be used in certain products.	
Social	Short-Term	Establishing and execute an OHS committee at each Teklas Plants	Globally, our Environment, OHS and Sustainability Committees conduct evaluations every week	
	Short-Term	Creating communication channels that employees can easily access in all plant	An ethics commission has been established. Special information is provided to the ethics line in our plants	
	Short-Term	Adressing the feedbacks coming from the Wish-Complaint boxes	Due to asks, feedbacks are always taken by Teklas Ethical committee	
	Mid-Term	Involving the employee in decision mechanisms by townhall meetings, open door invitations, skip level get together, 1to1 meeting	Open Door Meetings are ongoing. Special onboarding for newly recruited personnel is also carried out at each plant.	

Our Sustainability **Goals and Contribution to SDGs**

Category	Term	Targets	Current Situation In 2024	Relevant SDGs
Social	Mid-Term	Deploying a structured CSR project with NGO of preference	We care about the place of women in business life and we cooperate with various organizations in this regard. During career days, we come together with students who will start their professional life and support them	
	Mid-Term	Management of stakeholders expectations (customer survey, employee satisfaction survey, ESG suveys for supplier)	Over 50 key suppliers were included in the evaluation process in 2024. Collaborations with suppliers are ongoing.	
	Long-Term	Training our all stakeholders about OHS processes of our company	We meet with our suppliers once a year to receive their opinions on OHS and Environment.	
	Long-Term	Setting objectives for women in management and hiring	We implement the principle of equality in our hiring practices. In our efforts driven by a belief in gender equality, we currently have a 45% female workforce, and we believe that this ratio will increase	
	Long-Term	Creating a system to reward the employees who add value	Years of Service Award Ceremony is held every year	

Our Sustainability **Goals and Contribution to SDGs**

Category	Term	Targets	Current Situation In 2024	Relevant SDGs
Governance	Short-Term	Including Ethics topics in onboarding and regular training programs	Ethics topics are implemented in onboarding and regular training programs	
	Short-Term	Organizing Ethics training to all employees regularly and report them	Ethics trainings continued across all plants, and participation records were documented and reported.	
	Short-Term	Preparing Sustainability Report with the GRI standards	The Sustainability Report was prepared in alignment with GRI Standards, and reporting practices were improved accordingly.	
	Short-Term	Keeping score of 47% in Ecovadis	Even with a lower EcoVadis Score, the target is met.	
	Mid-Term	Making a benchmark study on Sustainable Finance Practices	Green procurement trainings are planned and being a Sustainable Finance signatory is considered	
	Mid-Term	Expanding our policies to all stakeholders on behalf of transparency	It is shared on social media and on the website. It is also given to the customer in all requested surveys	

Our Sustainability **Goals and Contribution to SDGs**

Category	Term	Targets	Current Situation In 2024	Relevant SDGs
Governance	Mid-Term	Creating nepotism, whistleblowing, anti-corruption and compliance policies	Our Corporate Legal Compliance Department provided training on anti-corruption in 2024. We address compliance matters within the scope of internal audits. Additionally, an anti-nepotism procedure was established in 2023	8 DECENT WORK AND ECONOMIC GROWTH; 16 PEACE AND JUSTICE STRONG INSTITUTIONS
	Mid-Term	Investigating and implementing -if possible- Sustainable Finance	Sustainable finance practices were reviewed in line with global sustainability frameworks, and preliminary assessments were conducted to identify applicability for Teklas operations.	8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION; 17 PARTNERSHIPS FOR THE GOALS
	Long-Term	Including in sustainability indices (GRI index, DowJones, Science Based Targets etc.)	Reporting practices were strengthened in accordance with GRI Standards, and preparatory work continued to align with international sustainability indices and target-setting frameworks.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION; 17 PARTNERSHIPS FOR THE GOALS

Corporate Risk Management and **Internal Audit**

At Teklas, risk management is structured as a comprehensive system that ensures the identification, assessment, control, and continuous monitoring of risks across all business areas.

The purpose of this structure is to safeguard operational continuity, enhance resilience, and maintain sustainable growth in the face of financial, strategic, operational, compliance, and environmental uncertainties. Our approach focuses on anticipating potential risks before they materialize and integrating preventive measures into all decision-making processes.

Risk management activities are overseen by the Board of Directors through specialized committees, including Ethics, EHS, Business Continuity & Risk Management, and the Sustainability Committee. These committees operate in coordination, ensuring that all business units align their actions with the company's overall risk appetite and sustainability strategy. The Business Continuity and Risk Management Committee, chaired by the CEO, plays a central role in crisis leadership and coordination, preparing, testing, and updating the business continuity plan at least once a year to ensure its effectiveness and relevance.

Guiding Principles

Our risk management culture is built upon four main principles: proactive management, integrated governance, continuous improvement, and transparent communication. Each department is responsible for implementing risk management within its scope, while performance indicators and feedback mechanisms support continuous evaluation. The organization promotes awareness of risk management at every level, ensuring that information flows seamlessly between departments and that all employees understand their role in maintaining a resilient business model.

Risk Types

The company's risk framework covers operational, financial, strategic, compliance, and environmental dimensions. Operational risks may include production interruptions or equipment malfunctions; financial risks relate to exchange rate fluctuations and liquidity management; strategic risks involve market competition and demand volatility; compliance risks address evolving regulations; and environmental risks focus on climate change impacts on operations and supply chains. Each category is managed through preventive measures such as process optimization, employee training, budget control, technological investment, and environmental efficiency programs that support the company's long-term sustainability commitments.

Corporate Risk Management and **Internal Audit**

Risk Management Process

Risk management follows a structured four-step process:

Identification

potential risks are detected in collaboration with departments based on operational, legal, and strategic inputs.

Assessment

risks are evaluated using a probability-impact matrix, allowing prioritization and allocation of resources where needed most.

Control

action plans are developed to mitigate risks through operational improvements, technological upgrades, and policy revisions.

Monitoring and Reporting

the effectiveness of mitigation measures is continuously tracked, and results are reported to the management and relevant committees. This cycle ensures that all risk information remains current and actionable.

The Board of Directors approves the risk management policy and ensures its integration with strategic objectives. The Risk Management Committee coordinates risk identification, evaluation, and control across the organization, while department heads execute the process within their operational areas. All employees are encouraged to report potential risks and contribute to mitigation practices. This collaborative structure strengthens accountability and embeds a shared culture of responsibility throughout the company.

The entire system is reviewed at least once a year or following significant internal or external developments. Key performance indicators are used to evaluate progress, and results are communicated through internal reporting mechanisms. Internal audits are performed regularly to verify the effectiveness of controls, and corrective actions are implemented promptly to close identified gaps. Continuous improvement is ensured by integrating lessons learned from audits and stakeholder feedback into the management system.

Business **Ethics**

At Teklas, we foster an ethical culture aligned with our sustainability values and embed ethical principles into everyday decision-making.

Our Board of Directors approves the Code of Ethics and Values and oversees its organization-wide implementation. The Code applies to all Teklas employees, temporary workers, executives, and members of the value chain, including customers, suppliers, and subcontractors. It sets out standards on integrity, anti-corruption, conflicts of interest, fair competition, protection of company assets and data, respect for human rights, workplace behavior, and responsible communication. We reflect these standards in policies and procedures, onboarding and annual refresher trainings, contractual clauses for third parties, and disciplinary measures where needed. Translated versions of the Code are circulated across countries where we operate, and site leaders are accountable for visible communication and record-keeping.

Our Ethics Committee provides strategic direction and operational oversight of the ethics program. The Committee is responsible for developing and updating the Code, integrating ethical requirements into business processes, evaluating risks, monitoring performance, and reporting to the Board. Each country maintains a sub-ethics committee led by a local head who reports monthly to the main Ethics Committee at headquarters. This structure builds proximity to issues on the ground and supports timely resolution of cases. Balanced representation is a core design principle; blue- and white-collar employees participate together, and we strive for equal representation of women and men.

Decisions of sub-committees are reviewed and finalized by the Ethics Supreme Committee within six working days, which provides consistency across regions and documents lessons learned for continuous improvement.

Speaking Up and Non-Retaliation

We encourage all stakeholders to raise questions and concerns without fear. Reports can be made through our ethics hotline and dedicated e-mail channel (ethics@teklas.com.tr) as well as to managers, HR, Internal Audit, or local ethics representatives. Anonymous reporting is available where permitted by law. We prohibit retaliation against anyone who reports in good faith or participates in an investigation. Report intake follows a triage model based on severity and potential impact; cases are logged, categorized, and assigned to qualified investigators who operate under confidentiality rules. Findings are reviewed by the relevant committee level, corrective actions are tracked to closure, and outcomes are communicated to relevant parties within the boundaries of privacy requirements.

Business **Ethics**

Key Risk Areas Covered by the Code

Our Code and supporting procedures address the most frequent ethics risks in our sector and geographies:

Anti-bribery and anti-corruption

Zero tolerance for bribes, kickbacks, facilitation payments, and improper advantages; rules for engaging public officials; third-party due diligence and contract clauses; gifts, hospitality, and sponsorship thresholds with a mandatory gifts & hospitality register.

Conflicts of interest

Mandatory disclosure and mitigation steps covering personal relationships, outside employment, procurement decisions, and financial interests.

Fair competition and trade compliance

Guidance on exchanges with competitors, participation in associations, pricing discussions, market allocation, and dawn-raid readiness; compliance with sanctions, export-control, and customs rules.

Data privacy and information security

Protection of personal data, confidential information, and intellectual property; acceptable use of company systems and responsible use of AI-enabled tools.

Human rights and workplace conduct

Respect, dignity, and non-discrimination; prevention of harassment; freedom of association; safe working conditions in coordination with EHS management.

Responsible sourcing and business partners

Supplier Code of Conduct requirements, social-environmental clauses in contracts, screening of high-risk partners, and remediation expectations.

Ethics is embedded across the entire employee lifecycle, beginning with onboarding and reinforced through annual refresher training on key topics like conflicts of interest and data protection, with targeted sessions for high-exposure functions. Management actively promotes a speak-up culture through visible communications and digital campaigns, while suppliers are similarly integrated into our ethical standards during qualification.

All allegations are assessed through an impartial investigation process with secure evidence protocols and fair, benchmarked outcomes.

Anti-Bribery & **Anti-Corruption**

We are committed to preventing all forms of bribery and corruption, guided by our Code of Ethics, which outlines clear principles for employees and partners and mandates compliance with all legal requirements. We enforce strict rules prohibiting any gifts, hospitality, or donations (especially political) that could influence, or appear to influence, business decisions; all allowed gestures are documented for management review. This anti-corruption framework is built on prevention and accountability, supported by regular risk assessments in high-exposure functions like procurement and sales. All third parties undergo due diligence and must contractually comply with our standards, while continuous training reinforces ethical awareness across the organization.

Business **Continuity**

We manage business continuity as an enterprise program that protects people, safeguards assets, and keeps our customers supplied during adverse events. The program covers every Teklas site and office and is coordinated through the Business Continuity and Risk Management Committee led by the CEO. Each country has a local coordinator and an incident team that maintain a 24/7 contact tree, escalation levels, and clear roles for Operations, EHS, HR, IT, Finance, Procurement, Quality, and Communications.

We run an annual business impact analysis for critical processes such as compounding, extrusion, injection, assembly, quality control, and shipment planning. Dependencies are mapped for energy, water, compressed air, key raw materials, tooling, information systems, and logistics. Scenario planning covers fire, earthquake, flood, severe weather, utility outage, cyber incident, pandemic, supplier failure, and transport disruption. Site leaders keep procedures current and report program status to headquarters.

Prevention and preparedness

We reduce exposure through engineering and organizational measures. Examples include spare molds and alternative machines for high-volume parts, preventive maintenance plans, dual sourcing for critical suppliers, strategic safety stocks, framework agreements with logistics partners, and mutual support between plants for temporary capacity transfers. Plants maintain emergency response plans with evacuation, first aid, and coordination with public authorities. Employee awareness is reinforced through toolbox talks and drills.

Crisis response and communication

When an incident occurs, the country team activates the plan and opens the command center. Priorities are life safety, incident containment, protection of records and tooling, and continuity of customer deliveries. We keep employees, customers, and authorities informed through predefined channels. Customer service and planning teams evaluate order priorities and propose allocation rules while quality teams validate any change in process or location.

IT continuity and cyber resilience

Core systems such as ERP, MES, email, and collaboration tools follow defined recovery objectives. Data are backed up with off-site copies and regular restore tests. Access controls, multi-factor authentication, and endpoint protection reduce cyber risk. The cyber playbook includes isolation steps, forensics, and staged re-start procedures coordinated with the global IT team.

Recovery and re-start

Production recovery plans describe requalification steps for parts, metrology checks, and layered process audits before shipment. Procurement and logistics switch to alternate suppliers and routes when needed. After every incident or exercise, teams document lessons learned and integrate actions into maintenance, investments, and training plans.

Testing, training, and performance tracking

We deliver an annual exercise program that combines evacuation drills, tabletop simulations, and IT failover tests. Program health is monitored with indicators such as plan review completion, exercise coverage, time to activate, time to recover, corrective action closure, and status of spare tooling and safety stock for critical parts. Results are shared with the Executive Team and guide

Stakeholder **Engagement**

We maintain open and structured dialogue with all groups that influence or are affected by our operations. Stakeholder engagement is an integral part of our governance system, and under the leadership of the Sustainability Committee, we align key topics, monitor actions, and report outcomes across the organization.

Through this structure, we aim to build mutual understanding and strengthen collaboration with all parties involved. The 2024 materiality cycle identified 17 key topics through a comprehensive, stakeholder-inclusive process, which continues to guide how we prioritize engagement and reporting activities.

We maintain frequent communication through various channels and use structured feedback loops to translate insights into concrete actions. For employees, engagement begins with orientation interviews held on the 15th, 45th, and 90th days of employment, followed by regular face-to-face meetings every six months. We also keep open communication lines through dedicated WhatsApp and email ethics channels, along with suggestion and complaint boxes and annual satisfaction surveys. Feedback collected through these mechanisms is analyzed systematically, and annual training plans are developed with managers based on identified needs, supporting continuous improvement in employee experience and development.

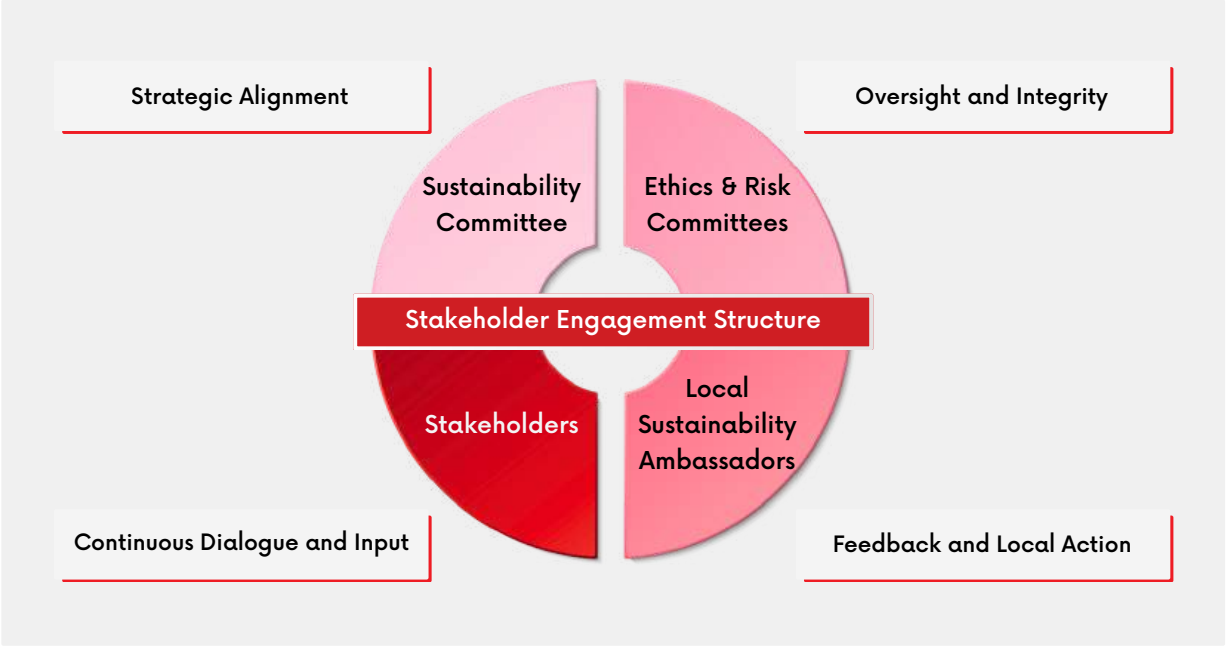
Our approach to customer engagement is based on reliability, transparency, and responsiveness. We conduct an annual satisfaction survey and share the results with relevant teams to strengthen service quality.

Throughout the year, we organize online and on-site visits, technical support sessions, and customer-specific training or certification programs in line with client expectations. Our employees receive ongoing communication and customer-relations training to ensure that each interaction remains professional, consistent, and aligned with customer needs.

Supplier engagement forms a central part of our responsible business approach. We collaborate with more than 500 suppliers and manage an extensive engagement program that includes regular sustainability audits, bilingual training sessions held twice a year, and detailed sustainability assessments through our Supplier Sustainability Portal.

The assessment consists of 11 questions covering areas such as ethics, working conditions, and environmental responsibility. We also maintain one-on-one consultation opportunities to clarify expectations, strengthen mutual understanding, and build long-term partnerships.

We actively support knowledge exchange and future workforce development through collaborations with universities. These activities create opportunities for students to gain hands-on experience while enhancing sustainability awareness among young professionals entering the sector.



Stakeholder **Engagement**

Stakeholder voice in strategy

Stakeholder input plays a key role in shaping our sustainability strategy. The materiality process is structured to reflect stakeholder expectations as well as global sustainability developments, including the UN Sustainable Development Goals and the European Green Deal. The results are visualized in a materiality matrix that plots stakeholder importance on the vertical axis and business impact on the horizontal axis. This analysis provides a clear framework for integrating stakeholder perspectives into our long-term goals, strategic decisions, and annual action plans.

Local presence and two-way stewardship

We strengthen stakeholder engagement at the local level through Sustainability Ambassadors appointed at each production plant. These ambassadors meet twice a month to exchange feedback, review local sustainability progress, and coordinate improvement actions. This approach fosters local ownership, encourages participation in decision-making, and helps us respond more quickly to stakeholder feedback from each site. It also ensures that sustainability goals are embedded in everyday operations and that progress is monitored consistently across all locations.

What matters to our stakeholders and how we respond

Employees

Key expectations include fair treatment, occupational health and safety, professional development, transparent communication, fair compensation, and active participation in sustainability programs. We respond through structured onboarding, regular meetings, open communication channels, feedback systems, and annual training plans designed to support both personal and professional growth.

Customers

They expect reliable cooperation, consistent product quality, timely service, and transparent communication. We respond through annual satisfaction surveys, customer visits, technical support, and continuous improvement initiatives that align with customer feedback and expectations.

Suppliers

Their main expectations focus on fair communication, ethical compliance, and sustainable collaboration. We respond through comprehensive audits, targeted training programs, supplier assessments, and open consultation mechanisms that promote mutual trust and accountability.

Academia and students

They expect collaboration, transparency, and opportunities for learning. We respond through internships, joint projects, campus events, plant visits, and sustainability-focused education sessions that contribute to professional and personal development.

03

NATURE-FIRST APPROACH

CLEAN PROCESS, **CLEAR FUTURE**

We are reducing our environmental footprint with energy efficiency, waste management, and carbon neutrality goals. Our priority in 2024 is a nature-compatible production approach.

Environmental **Strategy**

We position our environmental strategy as a company wide management model that connects purpose, policy, people, processes, and performance. We reduce environmental impact while advancing innovation, quality, and customer value. The strategy is anchored in our Environmental Policy, Sustainability Policy, Supplier Sustainability Code, and Environmental Handbook, and it aligns our direction with international principles and the Sustainable Development Goals. We convert this direction into measurable programs for every site and turn the programs into daily routines through training, monitoring, and periodic review.

Strategic Priorities

Our strategic direction is shaped by four enduring priorities that stay constant across years while allowing site specific execution. The first priority is climate action with a focus on energy transition, credible reduction pathways, and reliable inventories across Scope 1, Scope 2, and Scope 3. The second priority is resource efficiency and circularity with an emphasis on yield improvement, recovery and reuse, and design choices that favor durability and recyclability across the product life cycle. The third priority is responsible materials and chemicals, guided by RoHS and GADSL compliance, safe handling, and transparent material declarations. The fourth priority is compliance and transparency, supported by an integrated management system, legal monitoring, and clear reporting in line with GRI.

We run a single environmental strategy guide across all sites, backed by **ISO 14001** and clear ownership.

These priorities are consistent with the focus topics presented in our environmental policy family. Energy and greenhouse gases, environmental pollutants, materials and chemicals and waste, customer health and safety, water, energy efficiency, product use and end of life, and the development of environmentally friendly products and services form the backbone of our strategic agenda. We revisit these priorities during materiality work and stakeholder engagement so that they reflect real risks and opportunities across our markets and geographies.

Environmental Governance and **Organizational Structure**

We govern the strategy through an ISO 14001 Environmental Management System that is integrated with our quality management structure. Responsibilities are recorded in the Environmental Handbook and in job descriptions. The Board and senior leadership receive regular updates through the Sustainability Committee and the EHS structure. At the operational level, we work with an Environmental Management Representative who coordinates site level systems. EHS Team Leaders and Environmental Engineers manage the day to day program with support from qualified environmental technicians and external consulting partners where needed. This structure gives each plant clear ownership for objectives, legal compliance, monitoring, and improvement activities while keeping alignment with group policies and targets.

Implementation and **Programs**

We translate the strategy into program portfolios that are funded, scheduled, and tracked. Group policies define targets and design criteria. Each site builds a roadmap that lists projects, timelines, and capital needs.

The roadmaps cover energy productivity, renewable electricity sourcing, water recovery and reuse, yield improvement in metal, rubber, and plastic processes, green purchasing, and responsible chemical management. Product and process design reviews apply the same logic so that environmental criteria influence decisions from concept through industrialization. We package lessons learned as playbooks and share them across plants so that proven ideas are replicated faster.

We manage environmental performance through a clear plan–do–check–act cycle. Annual plans define objectives and responsibilities for each site. Projects are executed with milestones and metering in place from the start. Quarterly reviews compare performance with targets, remove blockers, and adjust the roadmap. Data quality is treated as a strategic capability. We invest in metering, digital record keeping, and verification so that energy, water, waste, and emissions data is consistent, comparable, and ready for decision making. Internal audits and management reviews complete the loop and create a culture of continuous improvement.

Energy **Management**

We manage energy as a core operational priority within the framework of an ISO 50001:2018-based system that we have established, implemented, and continuously improved across all our operations.

The system is formalized in our Energy Management System (EnMS) Handbook, which defines how we plan, operate, and evaluate energy performance through a structured cycle of planning, support, operation, performance review, and continual improvement. Within this structure, electricity and natural gas stand out as our dominant energy sources, and the handbook clarifies the scope, roles, and documents required to maintain consistent application across sites.

Our Bartın site holds an ISO 50001:2018 certificate issued by QSI. The certified scope covers metal pipe production and assembly, manufacturing and assembly of rubber-component fluid system hoses, plastic injection, thermoforming plastic pipe production, metal preparation, plastic and rubber welding, thermoforming plastic pipe assembly, metal pipe assembly, and brake hose assembly processes.

The EnMS Handbook defines the organizational boundaries and energy sources within the scope and specifies any exclusions where ownership or measurability is not possible. Within this framework, we manage electricity, natural gas, and diesel consumption at the site in a systematic and traceable manner.

Our ISO 50001 **Framework**

1 **Planning:** Risks, Opportunities, Objectives and Energy Review

We conduct our planning activities in a structured and documented way, focusing on identifying risks and opportunities, defining objectives and targets, conducting energy reviews, establishing energy performance indicators (EnPIs), and determining baselines and data-collection plans.

Energy Review and Significant Energy Uses (SEUs):

We identify and track significant energy uses by analyzing metered and billing data. Historical and current consumption data are obtained from invoices, sub-meters, and energy analyzers, then recorded using the EnMS Energy Review Form (5458). Systems, areas, equipment, or processes that account for 10% or more of the site's total annual energy consumption are defined as SEUs, and these are monitored closely with targeted improvement actions.

Baselines and EnPIs:

We set the energy reference period as one year, based on the most recent verified data and operational drivers such as production volume and operating hours. Baselines are reviewed and updated during management reviews or whenever significant operational changes occur. Site-level EnPIs include electricity per unit produced, natural gas per unit produced, and total energy per unit produced. These values are compared with reference lines and forecasts to identify any deviations that require corrective actions.

Data Collection Plan

We monitor SEUs with main and sub-meters while also using data from distribution operator systems when applicable. Monthly data are stored for trend analysis, and non-metered uses are brought into scope through planned instrumentation or calculated estimates based on operating hours until meters are installed. Gas and diesel are tracked through main meters and fuel records to maintain accuracy and continuity of data.

2 **Support:** Resources, Competence, Awareness and Communication

We allocate the necessary resources to maintain and improve our system, and we ensure competence for all employees involved in the Energy Management System. The EnMS Training Procedure defines a yearly cycle that begins with the identification of training needs by the Human Resources Department. The EnMS Officer prepares and updates the training content annually, and sessions include subjects such as the Energy Policy, objectives, performance impacts of behaviors, and the implications of adhering to EnMS requirements. Attendance and performance are recorded through standardized forms (Plan, Records, Awareness Assessment, and Participation Evaluation). In cases where assessment results fall below the defined threshold, retraining is scheduled.

Awareness is reinforced through the onboarding process, which includes an ISO 50001 awareness module. Employees also receive regular refresher trainings that focus on SEU-related operations and energy-efficient practices. Internal and external communication channels are clearly defined, allowing employees to share feedback, suggestions, or improvement ideas related to energy performance.

3 **Operation:** Control, Design and Procurement

Operational control is managed through clearly defined procedures. Process owners oversee the daily operations of SEUs, ensuring that energy-efficient practices are followed. The engineering department integrates energy performance considerations into both the design and procurement stages in accordance with ISO 50001 requirements. These activities are described in detail within the operation section of our EnMS Handbook, helping us to sustain energy-efficient processes across all production lines.

4 **Performance Evaluation:** Monitoring, Analysis and Reviews

We evaluate energy performance through monthly Energy Review Forms and quarterly EnMS Energy Review Meetings, where data trends and potential deviations are analyzed. These evaluations include comparisons with previous periods, checks against baselines, and regression analyses of SEUs using relevant operational parameters such as production quantity, workforce size, and degree days. Any deviations beyond the defined threshold of ±10% for EnPIs or ±15% between baseline and current performance trigger root-cause analyses and corrective actions. All results, updated baselines, and performance indicators are reviewed during the annual Management Review to ensure ongoing progress.

5 **Improvement:** Corrective Actions and Continual Development

Nonconformities and opportunities for improvement are managed through corrective action processes, internal audits, and management reviews as described in the performance evaluation and improvement chapters of the EnMS Handbook. Each audit cycle includes the evaluation of implemented actions, verification of their effectiveness, and planning of new improvement projects to strengthen the overall system.

Expanding ISO 50001 Across Sites

Our ISO 50001 program, which is certified at the Bartın site, is being gradually expanded across other Teklas plants. This process follows the unified handbook and procedure structure that defines how boundaries, SEUs, baselines, EnPIs, and data-collection methods are determined for each site. Leadership commitments and the Energy and Environment Policy apply to all plants, and objectives are reviewed annually to maintain consistency and promote continuous improvement across the group.

What This Means **in Practice**

We monitor and manage SEUs that represent at least ten percent of the annual energy use of each plant, assigning responsible owners and implementing specific action plans. Monthly EnPIs are tracked, and deviations are investigated using data analysis methods supported by operational parameters to ensure that decisions are based on accurate and reliable information. Employees remain at the center of this system through the annual training cycle, onboarding programs, and targeted awareness sessions that foster energy-conscious behavior. Maintaining certified compliance at Bartın and adopting a standardized management approach across other locations reinforce our long-term commitment to responsible energy use and performance improvement.

Green Energy **Approach**

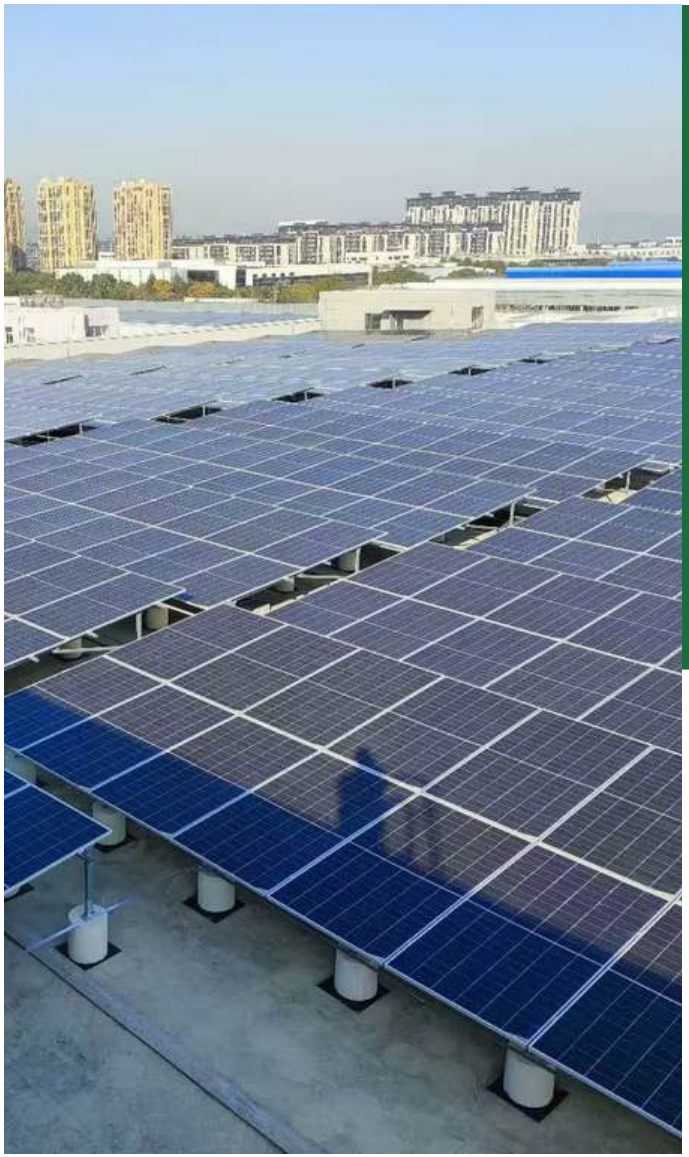
We integrate green energy into our overall energy management system, treating it as a strategic lever for decarbonisation.

Our corporate Energy Management Procedure defines responsibilities for securing energy supply, monitoring consumption, and reducing dependence on natural resources in alignment with long-term climate targets. Metering and analysis are conducted systematically across all plants, and data are tracked digitally. Whenever deviations occur, maintenance teams initiate prompt actions based on pre-defined indicators.

Periodic energy studies and improvement projects are mandated under this system, while regulatory reporting obligations such as ENVER notifications are fulfilled in line with national requirements. Through these mechanisms, we maintain a continuous link between operational efficiency and climate performance.

Renewable Energy **Portfolio**

Our green energy portfolio combines on-site renewable generation with certified renewable electricity procurement across all countries of operation. Teklas first initiated a pilot solar installation in Bulgaria and has since expanded its portfolio through both self-generation and renewable electricity certificates.



In 2022, **46%** of our global electricity consumption originated from renewable sources. This share increased significantly in 2023, reaching approximately **72%** thanks to additional investments in solar capacity and renewable certificate purchases in Bulgaria and China. Our target is to achieve **92%** renewable electricity by 2025, guiding investment decisions and procurement strategies in every region.

Site-Based Generation

The Bulgarian Solar Energy Programme is one of the cornerstones of our renewable energy strategy. Phases 1 and 2 of the Kardzhali solar energy plants have generated approximately **9.6 GWh of energy** since their establishment (May 2022) until the end of 2024, meeting a significant portion of the plant's total energy demand. According to verified internal records, the first phase has produced **6.6 GWh of energy,** while the second phase has produced **3 GWh.**

The Bulgarian Solar Energy Programme generated nearly 3 GWh of clean electricity in 2024 alone, covering a significant portion of the Kardzhali plant's consumption.

Generation data from both stages are monitored through the same digital metering and monthly review systems used for company-wide energy management, supporting production scheduling and preventive maintenance. This integrated approach allows energy teams to identify patterns, anticipate demand shifts, and sustain high system performance throughout the year. The China Solar Program represents a significant expansion of our renewable strategy.

The newly commissioned 3.2 MW capacity solar power plant at the Changxing plant was commissioned in the final months of 2024 and was able to generate over 140,000 kWh by the end of the year.

This installation is now set to provide a major share of the site's total energy demand. Generation data from this new installation is monitored through the same digital metering and monthly review systems used for company-wide energy management, supporting production scheduling and preventive maintenance. This integrated approach allows energy teams to identify patterns, anticipate demand shifts, and sustain high system performance throughout the year

Procurement and **Certification**

Our **ENMS Purchasing Procedure** ensures that sustainability considerations are embedded into all procurement decisions. During bilateral electricity contract negotiations, suppliers' renewable energy shares are formally assessed and recorded. When cost parameters are equivalent, preference is given to suppliers offering higher renewable ratios.

All technical specifications and supplier evaluations are documented according to lifecycle energy performance criteria, and renewable energy certificates are used to offset residual grid consumption. Through this structure, the procurement process directly supports our renewable transition.

Monitoring and **Reporting Mechanism**

Energy review and monitoring are governed by the EnMS Energy Review Procedure, which institutionalises monthly reporting and quarterly review meetings across all sites. The process applies regression analysis to assess relationships between production and energy use, triggering investigation when deviations exceed ±15 percent from baseline expectations. The analysis is only considered valid when the correlation coefficient (R^2) exceeds 70 percent, ensuring data reliability.

We are on track to reach

renewable electricity by 2025, driven by continued investment in solar capacity and renewable certificates.

Reports are consolidated and evaluated by the management team, linking site performance with company-wide renewable targets. This transparent system allows for real-time corrective actions such as inverter maintenance, energy contract optimisation, or additional certificate purchases.

Decarbonization News

Our new acquisition - Fully electric truck

The recent addition to our logistics fleet – a fully electric truck – represents a significant advancement in our decarbonization and sustainability strategy. This investment is not only a milestone in the modernization of our transportation operations, but also a concrete example of how renewable energy integration can be effectively applied in the logistics sector.

The truck operates entirely on clean energy, as its batteries are charged with electricity generated by our on-site solar power systems. By utilizing solar energy as the sole power source, we are eliminating the use of fossil fuels for this vehicle, thereby achieving zero direct carbon emissions during its operation.

This initiative delivers multiple environmental and operational benefits: it reduces our greenhouse gas emissions, supports the transition to renewable energy, and contributes to the overall reduction of our corporate carbon footprint. Moreover, it serves as a model project demonstrating the feasibility and efficiency of electrified transportation within industrial operations. As we continue to expand our use of clean technologies, this investment stands as a strong testament to our long-term commitment to climate action, innovation, and sustainable growth.

Emission **Management**

At Teklas, emission management represents a forward-looking commitment that extends beyond compliance.

We see emission control as a central component of sustainable production and an essential pillar of our long-term environmental strategy. Every emission source within our operations is managed as part of a structured system that integrates measurement, monitoring, and continuous improvement. Through data-driven analysis and collaboration among our global plants, we work to strengthen our environmental performance and support the transition toward low-carbon manufacturing. Guided by the EHS and Sustainability Committees, emission management is implemented consistently across all regions and remains a key focus within our corporate governance structure.

The EHS Committee and the Sustainability Committee oversee implementation at the corporate level, while local sustainability teams ensure site-specific actions align with global standards. Our approach is built on four pillars: direct and indirect emission control, greenhouse gas accounting, regulatory compliance, and continuous improvement through project development. The system covers all Teklas production plants and administrative sites in Türkiye, Bulgaria, Serbia, China, and Mexico, enabling a consistent and comprehensive framework across the organization.

Each plant conducts periodic flue gas and immission measurements to maintain

regulatory

compliance and ensure

air quality protection.

Our greenhouse gas accounting follows the principles of the GHG Protocol. Scope 1 covers direct emissions from combustion processes, heating systems, company vehicles, and refrigerant use. Scope 2 represents indirect emissions from purchased electricity and is reported using both location-based and market-based approaches. Scope 3 extends to indirect emissions from purchased goods and services, logistics, waste, and business travel, among other categories. Data are collected from verified operational records such as meter readings, energy invoices, production logs, and laboratory measurement reports. Consolidation is performed under the financial control approach, ensuring methodological consistency across all regions. Market-based Scope 2 emissions are calculated using renewable energy certificates and on-site generation data, and data quality is reviewed annually by the EHS and Sustainability teams.

Emission management practices are aligned with national and international environmental regulations. Each plant holds the required permits and conducts regular flue gas and immission measurements through accredited laboratories. Prior to testing, detailed technical documentation is prepared, covering operational conditions, emission source characteristics, and fuel data. The results are evaluated in comparison to regulatory limits, and the findings guide preventive maintenance or process improvement actions. Immission monitoring is conducted at plant boundaries and nearby areas to assess potential impacts on local air quality. Through this structured monitoring approach, we maintain full regulatory compliance and ensure the reliability of our emission data.

Emission **Management**

Source-Based Emission **Profile and Controls**

Emission control systems are tailored to the specific characteristics of each production process. Steam boilers and thermal systems are managed through preventive maintenance, fuel optimization, and efficient combustion controls to minimize air pollutants. In metal processing areas, dust and fumes are collected using local extraction units, bag filters, and scrubbers designed to meet high-performance standards. Mixing and compounding processes operate within enclosed systems equipped with dust control mechanisms and efficient filtration. VOC emissions are monitored continuously, and the gradual shift toward water-based and low-emission chemical alternatives continues. Company vehicles and forklifts are being progressively replaced with electric models, while all cooling and refrigerant systems are subject to leak testing and proper gas recovery procedures.

Carbon Footprint Management **Framework**

Our carbon footprint management process is designed to provide a transparent and consistent overview of Teklas' climate-related impacts. Annual greenhouse gas inventories are prepared for all sites, and both location-based and market-based methodologies are applied for comparability. As part of our ongoing data improvement plan, Scope 3 emissions are gradually being expanded to include additional categories along the value chain. This enables more precise monitoring of upstream and downstream activities and supports the development of targeted emission reduction initiatives in the coming years.

Carbon Reduction **Roadmap**

Energy and Electricity

- Implementation of high-return efficiency projects identified through plant-based energy audits, including compressor and chiller optimization, furnace and boiler efficiency improvements, heat recovery systems, and process automation.
- Expansion of rooftop and ground-mounted solar power investments, along with evaluation of PPA and VPPA options to achieve measurable reductions in market-based Scope 2 emissions.
- Development of demand-side management and load-shifting applications to optimize energy use and balance peak loads across production sites.

Process and Materials

- Strengthening of dust and VOC control through process enclosure, enhancement of local extraction systems, and optimization of filter and scrubber performance.
- Transition to low-VOC adhesives, water-based chemical alternatives, and lower-temperature curing technologies to reduce process-related emissions.
- Increasing the share of bio-based and recycled raw materials under the "Greener Rubber" initiative, with a roadmap targeting product recyclability across key lines.

Logistics and Mobile Sources

- Conversion of forklifts and internal logistics vehicles to electric models, supported by route and load optimization programs.
- Collaboration with logistics partners on fuel efficiency and "green offer" programs to reduce external transportation emissions.
- Pilot use of fully electric trucks to eliminate tailpipe emissions and contribute to improved urban air quality.

Emission **Management**

Carbon Reduction **Roadmap**

Product and Life Cycle

- Expansion of Product Carbon Footprint (PCF) calculations across product groups to quantify and manage life cycle emissions.
- Integration of Life Cycle Assessment (LCA) results into material and design optimization, supported by joint reduction plans developed with customers.
- Advancement of packaging circularity through reuse and return systems, reducing material waste and transportation impacts.

Governance and Finance

- Development of a carbon budgeting model and pilot applications of internal carbon pricing to integrate emission considerations into investment planning.
- Inclusion of emission-related clauses in procurement contracts and evaluation of “green offer” criteria within RFP and RFQ processes.
- Expansion of ISO 14064 verification scope and third-party assurance at plant level to enhance transparency and data credibility.

Life Cycle Assessment

From Design to Delivery

At Teklas, we treat sustainability not merely as a reporting item, but as a fundamental business strategy. With this approach, we actively utilize the Life Cycle Assessment (LCA) methodology to scientifically measure, manage, and continuously improve the environmental impacts of our products and processes.

Comprehensive Analysis Capability

Our dedicated in-house LCA team possesses the expertise to manage the entire process, from inventory analysis to impact assessment. Through our investment in advanced LCA software, we can model our products' environmental performance under various scenarios. We conduct our analyses within two different system boundaries depending on the product's application and our customers' data requirements: "Cradle-to-Gate" or "Cradle-to-Grave." This flexibility allows us and our stakeholders to focus on the most relevant environmental impact hotspots.

LCA in Innovation and R&D

We position LCA not only as a tool for reporting the current state but as a critical R&D tool for designing the low-carbon products of the future. During the product development phase, we conduct scenario analyses by modelling the potential environmental impacts (especially emissions) of different raw material options and alternative materials. The data derived from these analyses has become one of our core material selection criteria, alongside technical and economic factors. This proactive approach enables us to mitigate environmental impact at the source and offer more sustainable alternatives to our customers.

Transparency and Reliability

All our LCA studies are conducted in full compliance with the ISO 14040 and ISO 14044 standards to ensure methodological integrity and international recognition. We share this detailed and reliable data transparently with our customers. The reports we provide not only support our customers' own sustainability reporting (particularly for their Scope 3 emissions) but also assist them in making more informed environmental decisions within their supply chains.

Water **Management**

We manage water with a clear, group wide policy that commits us to efficient use, protection and recovery of water, supported by regular and transparent reporting to stakeholders. The policy covers all employees and senior leaders and guides suppliers and other partners through expectations on compliance, training and continuous improvement. We embed audits and proactive planning for water scarcity and emergencies across plants so that site teams can take timely action and keep performance on track through the year.

We aim to reduce water consumption per product by 37 percent by 2027.

We pursue this target by monitoring plant level water to production ratios, identifying loss points and scaling recovery and reuse across locations under our green transformation strategy. The target serves as a common direction for operations and is reflected in annual plans, capital allocation and performance dialogues that keep projects moving from pilot to standard practice.

We address water across the full operational cycle from withdrawal to discharge and reuse. Our wastewater sits within the liquid waste streams of the company and covers domestic wastewater, industrial wastewater and waste oil originating from hydraulic or boron systems. Each stream is managed through documented procedures, permits and routine controls at site level so that quality and volume data remain consistent across the group.

Water efficiency, recovery and reuse

We run continuous efficiency programs that include water saving equipment, elimination of leaks and grey water recovery in new and existing systems. Process water is monitored without interruption and improvement actions are prioritized in a way that protects product quality while reducing demand. In Bulgaria we are installing a decentralized wastewater recovery system with a capacity of 30 m^3 per hour. About 75% of treated water will return to use in boilers, cooling towers and hose washing. We are preparing similar solutions in other sites so that the overall intensity target can be met through practical and scalable projects.

All plants operate in line with applicable environmental regulations. Wastewater is pre treated in our plants and then discharged to Organized Industrial Zone main treatment plants in accordance with discharge criteria. We are also preparing a rainwater collection channel for landscaping use so that non potable demand on site declines and the overall load on municipal sources becomes lighter over time.

We integrate water related risks into the corporate risk lens and review them together with environmental and operational topics. Site teams prepare and periodically test plans for scarcity, quality incidents and emergencies. These plans sit alongside audits and performance reviews that keep recovery rates, consumption and discharge quality under routine scrutiny and help us act quickly when indicators require attention.

Forward program and site roll outs

Our forward program is structured around three key focus areas:

1. ### Water-Efficient Systems and Rainwater Harvesting

   We are implementing water-efficient technologies and rainwater harvesting systems in plants where infrastructure and climate conditions make them feasible. Priority is given to sites with the highest potential for replacing potable water with alternative sources.

2. ### Expansion of Recovery Plants

   We are scaling up water recovery systems across all plants and aligning operational standards to secure consistent performance. These efforts directly support our target of reducing water consumption per product by **37 percent** by 2027.

3. ### Enhanced Monitoring and Transparency

   We are strengthening water performance monitoring and reporting processes. Water consumption, recovery efficiency, and wastewater parameters are systematically reviewed in management meetings and shared transparently with stakeholders across the reporting cycle.

Waste **Management**

We manage waste through a comprehensive group-wide procedure that governs the classification, collection, storage, and treatment of solid, liquid, and gaseous waste across all Teklas plants.

Responsibility for implementation lies with our EHS organization, which oversees compliance with both corporate and legal requirements while coordinating performance monitoring at all sites. This unified structure helps us maintain environmental integrity, promote resource efficiency, and achieve continuous improvement across our global operations.

All employees share responsibility for separating waste at its source, reducing waste generation, and using resources efficiently in daily operations. Our EHS department manages legal obligations, oversees hazardous and non-hazardous waste management, and verifies the proper recovery or disposal of waste through licensed partners. The procedure applies to all waste types including solid, liquid, and gas, covering both production and non-production areas to maintain a systematic and safe working environment.

Classification and **Segregation**

We classify waste into four main categories and organize their collection through a color-coded container system. These categories include domestic solid waste, recyclable solid waste, hazardous solid waste, and non-recyclable non-hazardous waste. Domestic waste from production areas, offices, and cafeterias is collected in blue containers marked "Domestic Waste." Recyclable materials such as paper, cardboard, plastic, metal, glass, and wooden pallets are gathered at dedicated waste stations, and production scrap is directed to licensed recycling firms. Hazardous waste includes contaminated materials, lamps, batteries, toners, medical and chemical residues, which are consolidated in specially labeled containers and stored safely until transported by authorized handlers.

Non-recyclable non-hazardous waste, including rubber waste and packaging tapes, is transferred to licensed disposal plants. The system is supported by clear color codes and signage across all plants to ensure consistent segregation practices.

Waste is collected at its point of generation and temporarily stored in clearly labeled containers within designated waste areas. Cleaning and logistics personnel transport full containers to central waste storage zones according to the type of waste. These areas are periodically inspected by EHS staff to verify compliance with operational standards. Collected waste is stored under safe and controlled conditions until removal by contracted, licensed companies. By keeping processes well organized, we reduce environmental and safety risks and maintain efficient collection routines.

Packaging-
Waste Compliance

Each Teklas plant fulfills its packaging-waste obligations under the respective national regulations. In Türkiye, declarations and recovery contributions are submitted through the official online system in accordance with the Packaging Waste Control Regulation. In Bulgaria, plants file regular reports through the Ekobulpack platform and maintain records of monthly declarations. In Serbia, waste recovery data is reported annually, and payments are made to the government based on declared packaging volumes. Through these programs, we contribute to the creation of responsible material cycles and support the transition to circular production models.

Off-Site Treatment and
Documentation

All waste is transported to and treated by licensed recovery and disposal companies approved by the relevant environmental authorities. Documentation is maintained for every shipment, including official permits and electronic records. In Türkiye, the MOTAT electronic waste tracking system is used to ensure traceability of hazardous waste during transport. EHS departments receive annual performance reports from licensed partners and archive them centrally. Each site maintains updated records of the types, quantities, and destinations of waste to maintain transparency and control throughout the disposal chain.

Zero-Waste

Our Zero Waste Management System was first implemented at the Gebze plant in 2020 and has since become a model for other locations. The site's certification remains valid until 2026, while our Bartın plant achieved its own Zero Waste certificate, valid until 2028. Both sites have structured collection systems, recordkeeping practices, and routine audits that promote recovery, recycling, and reuse within plant boundaries. We continue to expand this program to other locations by developing internal guidelines, sharing successful applications, and promoting local ownership of environmental responsibility.

Product End-of-Life

Since our products are sold primarily to business customers, the handling of end-of-life materials is managed by these customers or by authorized service providers. We collect reports from licensed plants to document recovery and disposal activities related to our products and integrate this information into our annual environmental reporting. Through this cooperation, we maintain traceability of post-use materials within the extended life cycle of our products.

Biodiversity

We approach biodiversity as a key component of our environmental strategy and an essential part of our value chain. Our work is guided by the precautionary principle and shaped by the understanding that protecting ecosystems supports long-term resilience.

The way we design our operations is centered around minimizing our footprint, maintaining natural balance, and strengthening ecological harmony across all sites. Through continuous assessment and integration of biodiversity into our climate and water management programs, we aim to preserve local ecosystems and enhance the quality of the environments surrounding our plants. Biodiversity is considered a shared responsibility across all departments, and we integrate its principles into daily decision-making, from design to procurement.

Biodiversity management is embedded within our Environmental and Energy Management System, which operates under ISO 14001 and ISO 50001 frameworks. Roles and responsibilities are defined at each plant level and coordinated through our Sustainability Committee to maintain consistency across all operations. Our Environment and Energy Policy explicitly commits us to protecting natural habitats, expanding green areas, preventing pollution at its source, and collaborating with local communities to maintain ecological diversity. Annual environmental plans include biodiversity monitoring, compliance controls, landscaping initiatives, and employee awareness programs that strengthen our environmental culture.

Assessment of Site Location and **Surrounding Ecology**

Before any expansion or modification, we carefully study the ecological characteristics of the areas surrounding our plants to identify environmental sensitivities and potential risks. These assessments cover natural habitats, nearby protected zones, and wildlife movement routes. Our Kardzhali plant in Bulgaria is situated outside any protected natural areas, with the nearest zones being the

- "Rhodope Silivryak Region" (6.1 km away) and the
- "Venus's Hair Region" (4.8 km away).

Other significant natural landmarks in the Kardzhali region include the

- "Stone Mushrooms,"
- "The Petrified Wedding,"
- "Rhodope haberlea site,"
- "Lathraea rhodopaea site,"
- "Rajip Tarla," and the
- "Rock Window in the area of Golemia Dol."

Within the local Natura 2000 network, zones such as

- "Rhodope – Eastern,"
- "Rhodope – Middle," and
- "Cold Well," and "Dobrostan"

are registered, but none intersect with our operational footprint. Our Krumovgrad and Vratsa plants are located in urban environments, far from ecologically sensitive areas. The information gathered through these studies supports environmentally responsible site management, particularly in lighting, noise reduction, and landscaping decisions.

Our Biodiversity **Strategy**

We actively monitor local flora and fauna and conduct preliminary ecological assessments for new projects to understand environmental dynamics and avoid disturbing sensitive species. Operational controls are vital for reducing biodiversity pressure: we carefully manage material storage and waste to prevent spills, utilize low-noise equipment, treat wastewater, avoid chemical herbicides, and require contractor compliance with our environmental guidelines. Furthermore, our approach focuses on creating positive impact through ecological restoration.

New and renovated plants include green zones with native, pollinator-friendly species, and we replace traditional lawns with drought-resistant native plantings. Employee-led volunteer efforts, such as tree planting in collaboration with local organizations, further contribute to both environmental and social well-being.

04

TECHNOLOGY AND DIGITALISATION

SMARTER SYSTEMS, **BETTER TOMORROW**

We leverage data, automation, and AI to enhance efficiency and reduce environmental impact.

Technology and Digitalisation
Approach

Our corporate Energy Management Procedure defines responsibilities for securing energy supply, monitoring consumption, and reducing dependence on natural resources in alignment with long-term climate targets. Metering and analysis are conducted systematically across all plants, and data are tracked digitally. Whenever deviations occur, maintenance teams initiate prompt actions based on pre-defined indicators.

Periodic energy studies and improvement projects are mandated under this system, while regulatory reporting obligations such as ENVER notifications are fulfilled in line with national requirements. Through these mechanisms, we maintain a continuous link between operational efficiency and climate performance.

Smart manufacturing: **automation at scale**

We integrate automation into production from concept design to operational execution. Each plant develops its own robotic and automation infrastructure in collaboration with central R&D teams. Our plants operate advanced systems such as Helium Leakage Test Machines, robotic thermoforming and pipe bending cells, automated brazing and laser welding units, AGVs, and 3D camera-supported bin-picking technologies. These systems increase precision, improve product consistency, and shorten cycle times while reducing exposure to environmental and occupational risks such as noise and chemical contact.

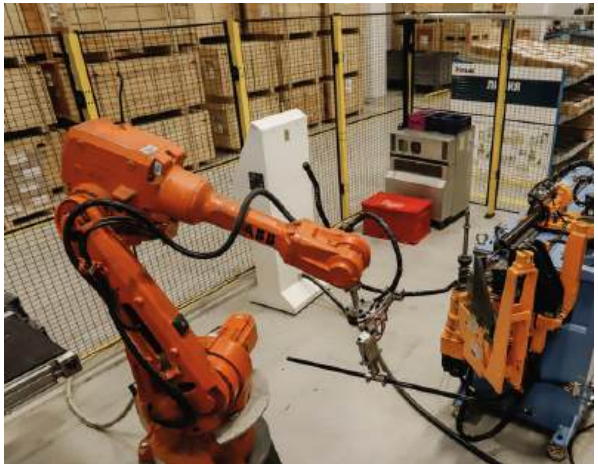
As automation expands, we establish a common data structure for all manufacturing sites. Production cells collect real-time data that is processed and visualised through digital dashboards. The visuals include operator performance tracking, customer and product displays, and accident-free-day indicators, helping teams make fast and informed decisions. Reporting tools are being expanded to include product-based time loss and scrap analyses, allowing supervisors to identify efficiency gaps directly at line level.

Robot density is measured regularly across locations. For example, our Kardzhali plant operates **183 robots with 1,986 blue-collar employees**, while Bartın-1 has **37 robots with 1,231 employees**. Tracking robot-to-employee ratios allows us to compare automation maturity between plants and plan future investment waves based on performance indicators.

Production data and **visualisation**

We treat production data as a strategic resource. Every product is digitally documented through visual records, process steps, and measurement logs, which together create a transparent production history. This structure supports predictive monitoring and enables us to analyse performance over time. With improved data clarity, teams can identify bottlenecks, intervene early in case of deviations, and design better improvement projects.

The upcoming phase of our digitalisation roadmap focuses on expanding the level of detail in data reports to include product-level losses, helping shift management from reactive correction to proactive optimisation.



Office process automation: **RPA and Document Understanding**

Our Robotic Process Automation programme focuses on automating repetitive, rule-based office tasks such as data entry, validation, and cross-system data transfers.

This approach allows our employees to focus on analytical and creative work while maintaining high process accuracy. By combining RPA with Document Understanding technologies, we enable robots to recognise and interpret information from both structured and semi-structured documents, including invoices, receipts, and purchase orders.

One of the best examples of this integration is our automated collections reconciliation process. The system extracts and validates payment data, checks for debit and credit accuracy, and completes matching procedures without manual intervention. A process that previously required human review now completes in approximately four minutes for a transaction containing 15 entries, saving around two hours of work per month per customer. These automation steps not only improve time efficiency but also stabilise workflow consistency and minimise human error, creating measurable value across departments.

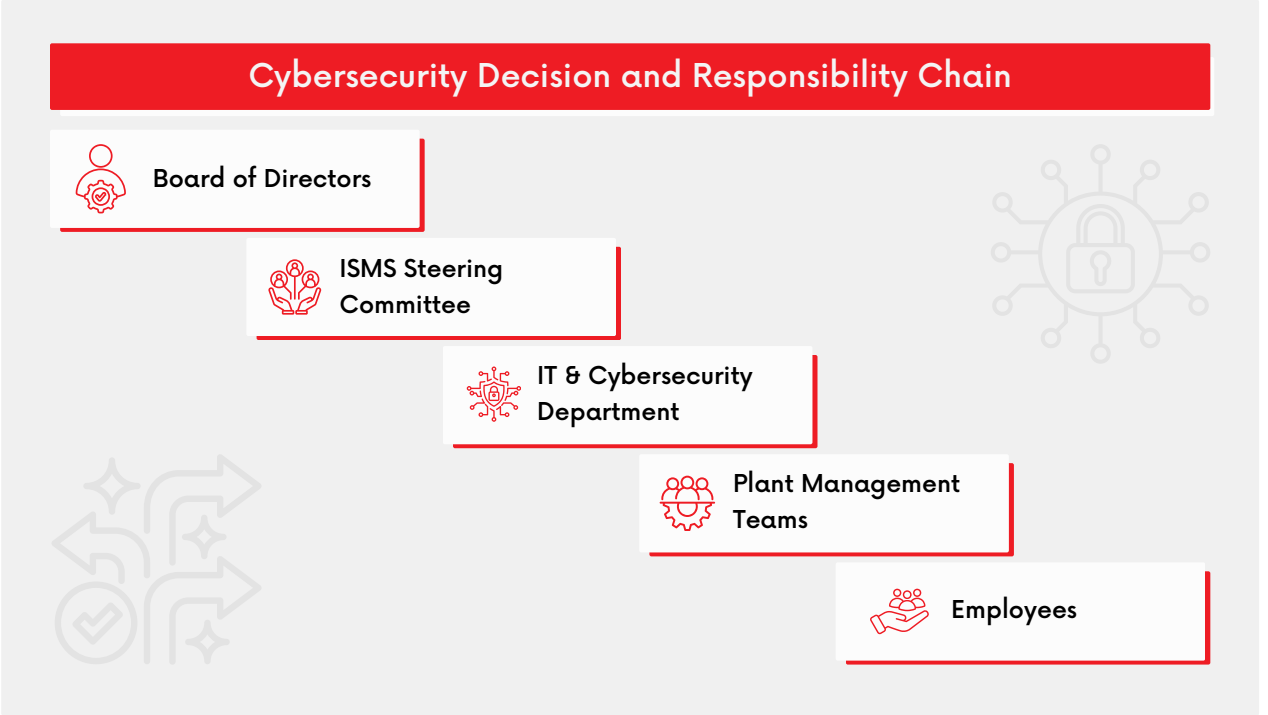
Cyber **Security**

We manage cybersecurity as a strategic element of our digital transformation and operational continuity. Protecting data, systems, and networks across all plants is a shared responsibility embedded into every level of our organization.

Our Information Security Management System (ISMS) provides the foundation for this structure, defining how we identify assets, assess risks, and apply safeguards across business functions. Through the TISAX framework, we align with global automotive standards and continuously improve our practices to maintain the trust of our customers and partners.

A dedicated ISMS team coordinates cybersecurity actions, monitors performance, and leads improvement programs with IT and operational units. The team works in line with corporate policies approved by the Board, including the Information Security and Personal Data Protection Policies. These policies clearly define responsibilities and reporting channels. In 2024, we completed the TISAX surveillance audit and obtained the AL-2 Info Very High interim label, confirming our ongoing progress toward a mature, well-structured information security environment.

Our IT policy focuses on using secure, efficient, and up-to-date technologies to support operations. We continuously modernize software systems, standardize ERP platforms across all plants, and implement the latest cybersecurity tools. Regular updates, vulnerability checks, and user education help us maintain a resilient digital environment. Access to systems and data is managed through defined authorization levels, ensuring information integrity and confidentiality.



Risk and Incident **Management**

We apply a systematic approach to identifying and managing risks related to information confidentiality, integrity, and availability. Risk assessments are carried out within the ISMS framework, and mitigation actions are prioritized according to potential impact. Incident response procedures are integrated into daily operations, allowing rapid detection, reporting, and resolution of security events.

Each incident is analyzed to strengthen future prevention and to improve organizational awareness.

Our ISMS structure is directly linked with the company's business continuity system, enabling rapid data and system recovery during unexpected interruptions. Legal and regulatory compliance is maintained through periodic reviews and internal audits, ensuring that all data protection and privacy requirements are properly implemented across locations.

Research and Development **(R&D)**

We see R&D as the foundation that links materials science, product design and digital manufacturing with our sustainability journey.

Our structure transforms R&D into a company-wide capability that strengthens product performance, accelerates industrialization and continuously feeds innovation back into each plant. Guided by the Innovation Committee, we evaluate every new idea for its originality, applicability, impact and potential, allowing concepts to evolve into reliable products and processes that support Teklas' long-term competitiveness.

Our R&D strategy is built around six main pillars. We aim to lead the development of new technologies in our industry and to deliver creative, high-value products to the market. We invest in advanced production systems that improve both product quality and operational efficiency. We grow talent by hiring skilled young professionals, supporting continuous learning and fostering motivation through strong collaboration and recognition. We spread R&D awareness across all global sites so that every plant contributes to innovation. We maintain a high level of environmental sensitivity in all our developments and uphold a culture of continuous improvement to achieve excellence in design and production.

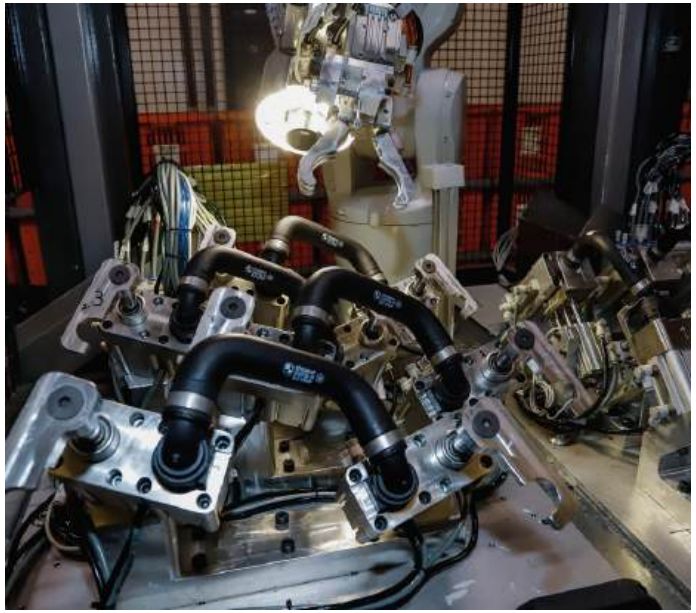
Product development **lifecycle**

Our development model manages every phase from early research to serial production within a single framework. Each project begins with research, material and product definition, followed by design supported by simulation and prototype testing. Process development, validation and industrialization follow in sequence, allowing a smooth transition from concept to full-scale production. The use of simulation technologies at the design stage shortens development time and reduces costs while improving design precision. This integrated lifecycle enables us to standardize know-how across plants and bring products to market faster and with higher quality.

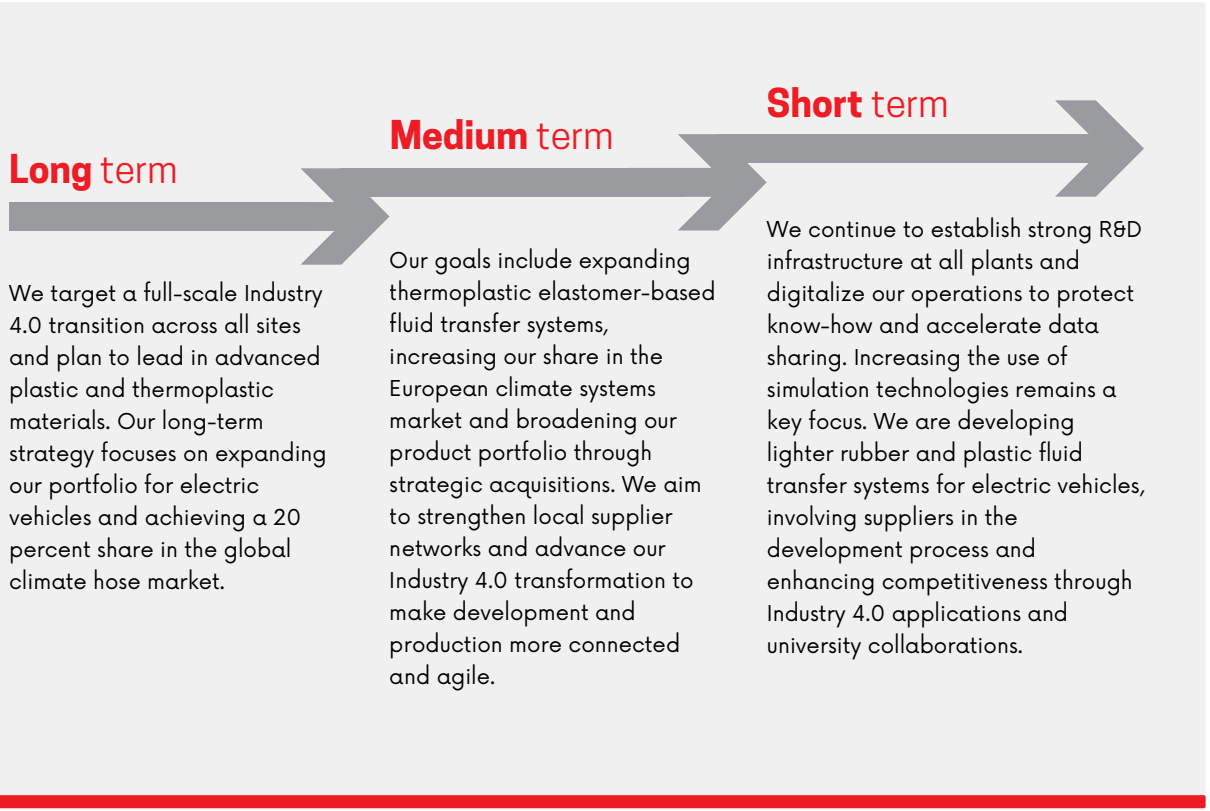
Our R&D teams design and validate key components internally and carry out the full range of tests to respond quickly to customer requirements. Our expertise covers extrusion, braiding, end forming, joining, brazing and laser welding processes. These capabilities allow fast iteration and accurate validation before projects move into production. In 2024, the AC Lines R&D team made major progress in metal forming and laser welding technologies. We received key nominations for Stellantis projects, with production planned in Aguascalientes, and developed two new end-form solutions that strengthened our technical edge and expanded our global competitiveness.

Sustainability by **design**

We integrate environmental goals into every step of product and process design. One of the best examples is our laser welding system for metal pipes, which eliminates the use of acids and the final washing stage, removing flux from the process and reducing chemical consumption. These improvements not only lower environmental impact but also enhance occupational safety and efficiency. Our teams organize awareness activities and training sessions on eco-friendly product development to embed sustainability within the R&D culture. By encouraging responsible design practices and improving process efficiency, we strengthen our contribution to Teklas' broader sustainability targets.



Our R&D **Roadmap**



All R&D activities are managed under a structured procedure that governs project initiation, planning, design verification and serial release. Each project is documented with detailed revision history, ensuring traceability across global operations.

The system includes design verification through control fixtures, management of PPAP samples as witness parts and structured ramp-up processes through project boards. These mechanisms help maintain consistency and secure high-quality outcomes from concept to production.

Our R&D organization is built around talented individuals who combine technical expertise with creativity and problem-solving ability.

We foster a collaborative culture that connects teams across regions and disciplines. Continuous learning is a central part of our approach, and in 2024 we focus on training programs that strengthen eco-friendly design practices and innovation management. Our partnerships with universities and research institutions allow us to exchange knowledge and apply scientific developments directly in industrial settings.

By linking R&D processes across all plants under a unified lifecycle model, we enhance the transfer of knowledge and strengthen product robustness. Sustainability objectives are embedded directly into design decisions, leading to products that are lighter, more efficient and easier to manufacture. This integration helps us develop hoses, pipes, connectors and assemblies that meet the demands of internal combustion, hybrid and electric vehicle platforms. Our production lines benefit from reduced chemical use, smarter automation and improved digital control, creating a continuous cycle of innovation that supports Teklas' leadership in sustainable technology.

Innovation **Management**

As a global manufacturer serving the automotive industry, we treat innovation as a disciplined, company wide capability that shapes how we design products, manage production, and organize our operations.

We bring together R&D, production, quality, supply chain, and sustainability teams within the same collaborative structure so that ideas can evolve smoothly from exploration to implementation. Our approach is guided by three interconnected pillars that work together across all global plants and departments.

Product Innovation

We focus on developing thermal management systems and line technologies for ICE, XEV, and BEV platforms with an emphasis on performance, durability, safety, and efficient resource use. Our product range includes rubber hose assemblies, thermoplastic and TPV lines, corrugated and thermoformed tubes, WIT parts, quick connectors, and metal pipes. Each design decision is guided by principles of lightweighting, recyclability, and manufacturability. Simulation tools, prototype loops, and accelerated testing methods are used to shorten learning cycles and stabilize quality before launch. Life cycle thinking is integrated into every stage of product design, influencing material selection and process planning. We also conduct product carbon footprint studies and co-development workshops with customers to continuously improve both new and existing product platforms. Modular designs, component integration, and VAVE studies help us reduce raw material dependency and simplify logistics, contributing to both operational and environmental efficiency.

Process Innovation

We continuously strengthen our manufacturing infrastructure through automation, robotics, in line control systems, and data driven process optimization. Our teams work to improve overall equipment effectiveness through line balancing, SMED practices, error proofing, and preventive maintenance supported by condition monitoring. Digital work instructions and vision based quality controls increase consistency, while real time energy and utility monitoring supports reductions in unit energy use and scrap generation. Material yield programs target compounding, extrusion, forming, curing, and assembly stages to minimize waste directly at the source. Investments in advanced tooling and fixturing stabilize operations and shorten ramp up periods. We also redesign production flows where necessary to reduce water and chemical use, fully aligned with our Green Journey practices, and standardize proven improvements across all plants to ensure consistent results.

Organizational Innovation

We foster an environment where innovation is part of daily work life. Cross functional teams conduct idea sprints focused on customer needs, safety, quality, and sustainability opportunities. Communities of practice share knowledge between sites and update internal standards to reflect the latest learnings. We strengthen our people through targeted training on materials science, polymer processing, metal forming, automation, data analytics, and design for manufacturing. Partnerships with suppliers and universities expand our access to new technologies, materials, and methods. Transparent communication and collaboration with customers are also central to our process, supported by joint trials and technical demonstrations that align expectations early and strengthen trust.

Innovation Development **Stages**

1. Opportunity discovery through customer roadmaps, feedback, audits, and internal analytics
2. Concept design supported by simulations and preliminary risk assessments
3. Feasibility and lab validation using controlled testing and measurement systems
4. Pilot implementation on a reference line with performance targets for throughput, quality, cost, and environmental impact.
5. Industrialization through standardized work processes, operator training, spare parts planning, and continuous improvement cycles

We collaborate closely with customers on platform transitions and next generation product development, particularly in e mobility cooling and heating systems. Our cooperation with suppliers focuses on material innovation such as bio based or recycled polymers, as well as connector and sealing technologies that simplify assembly. We maintain partnerships with universities for research on material characterization, flow modeling, and process optimization. Knowledge generated through collaborations is documented in our internal innovation library and converted into updated technical standards, design guides, and best practice checklists that strengthen organizational learning.

Automation plays a central role across production and logistics. Robots, automated handling systems, and AGVs support consistent performance and safer working environments. Vision systems and in line sensors collect detailed data that feed statistical control tools and early warning dashboards. Digital twins are used for layout, process, and capacity decisions, while data analytics identify performance trends, bottlenecks, and energy saving opportunities. These systems support more informed decisions and enable continuous improvement at all levels of operation.

Sustainability by **Design**

Every major innovation project is reviewed for its environmental performance. Teams evaluate potential impacts and improvements in areas such as scrap, rework, compressed air, electricity, water, and chemical consumption. Projects that provide measurable reductions in environmental footprint are prioritized. Packaging, logistics, and life cycle impacts are considered during design to prevent unintended shifts of burden along the value chain. We also integrate repairability and end of life thinking when regulations and customer requirements make it applicable.

Design reviews, PFMEA and DFMEA studies, and product safety analyses are built into every development stage. Intellectual property rights are protected through coordinated patent and utility model applications. Document control systems keep drawings, procedures, and parameters synchronized across plants, while traceability and change management processes support consistent quality and regulatory compliance.

How We Measure **Progress**

We monitor performance through a balanced set of indicators that reflect both innovation pipeline strength and operational outcomes:

- share of core, adjacent, and transformational projects within the portfolio
- conversion rate of ideas from concept to pilot and from pilot to industrial scale
- time to pilot and time to industrialization for key initiatives
- number of standard modules and design rules applied across regions
- measurable reductions in scrap, rework, and cycle time within project scope
- unit electricity, water, and chemical use improvements in reference products
- total patents, utility models, and technical disclosures filed
- training hours devoted to innovation skills and share of workforce involved in idea programs
- customer recognitions and successful joint validations

Automation

We view automation as one of the key enablers of Teklas' transformation journey. By integrating robotic cells, advanced software, and intralogistics systems into a single structure, we create a production model that reduces waste, optimizes labor efficiency, and minimizes environmental impact.

Our smart factory layer analyzes material movements through AI-supported WMS CORE, optimizing storage locations and balancing warehouse workloads. Automation in production lines helps us manage complex processes with greater consistency, traceability, and precision while contributing to safer and cleaner workplaces.

We build our production systems around data-driven logic. Standardized data templates define every process step, target cycle times, control frequencies, and verification procedures. On the shop floor, product images, process documents, measurements, and control records are collected automatically, allowing preventive warnings to be generated based on historical production data. Multiple robotic cells can be accessed at the same time, with job start and finish times recorded seamlessly. User-friendly interfaces remove the need for manual inputs and make data management easier for operators.

Future developments will expand the use of touch screens at each workstation for real-time data entry and production status tracking. These tools will allow instant identification of process losses and scrap trends on a product basis, supporting transparent and continuous improvement across all manufacturing sites.

Material flow across our plants is managed through intralogistics software that reads real-time movements, improves routing, and optimizes storage efficiency. This digital backbone connects production cells, warehouse operations, and quality control systems under one integrated automation layer. With this structure, data is continuously exchanged between equipment and systems, creating a smooth connection between production and logistics activities.

Current automation portfolio

Our operational eco-efficiency program includes a series of automation projects that directly improve productivity and environmental performance. Helium leakage testing, robotic thermoforming pipe bending, AGV applications, brazing robots, laser welding systems, and camera-based quality controls are key examples of ongoing automation projects implemented in various plants. These initiatives are complemented by bin picking and automated assembly and test cells, where a single operator supervises multiple conveyors supported by a robot and a camera system.

Quality, safety, and **environmental outcomes**

Automation plays a crucial role in improving product quality and workplace safety. Repetitive and high-risk tasks are transferred from people to machines, reducing occupational risks and enabling operators to focus on value-added work. Automation is a core part of our innovation strategy, helping us strengthen product and process quality while enhancing organizational performance across all plants.

Environmental gains are another important outcome. The introduction of laser welding technologies has replaced acid-based treatments, final washing, and flux processes in metal forming operations, leading to lower emissions and shorter processing times. Within the Green Journey program, automation projects are scaled to further reduce lubricant-to-compound ratios in vulcanization processes and eliminate the use of single-use or hazardous materials wherever possible.

Automation at Teklas **Production Processes**

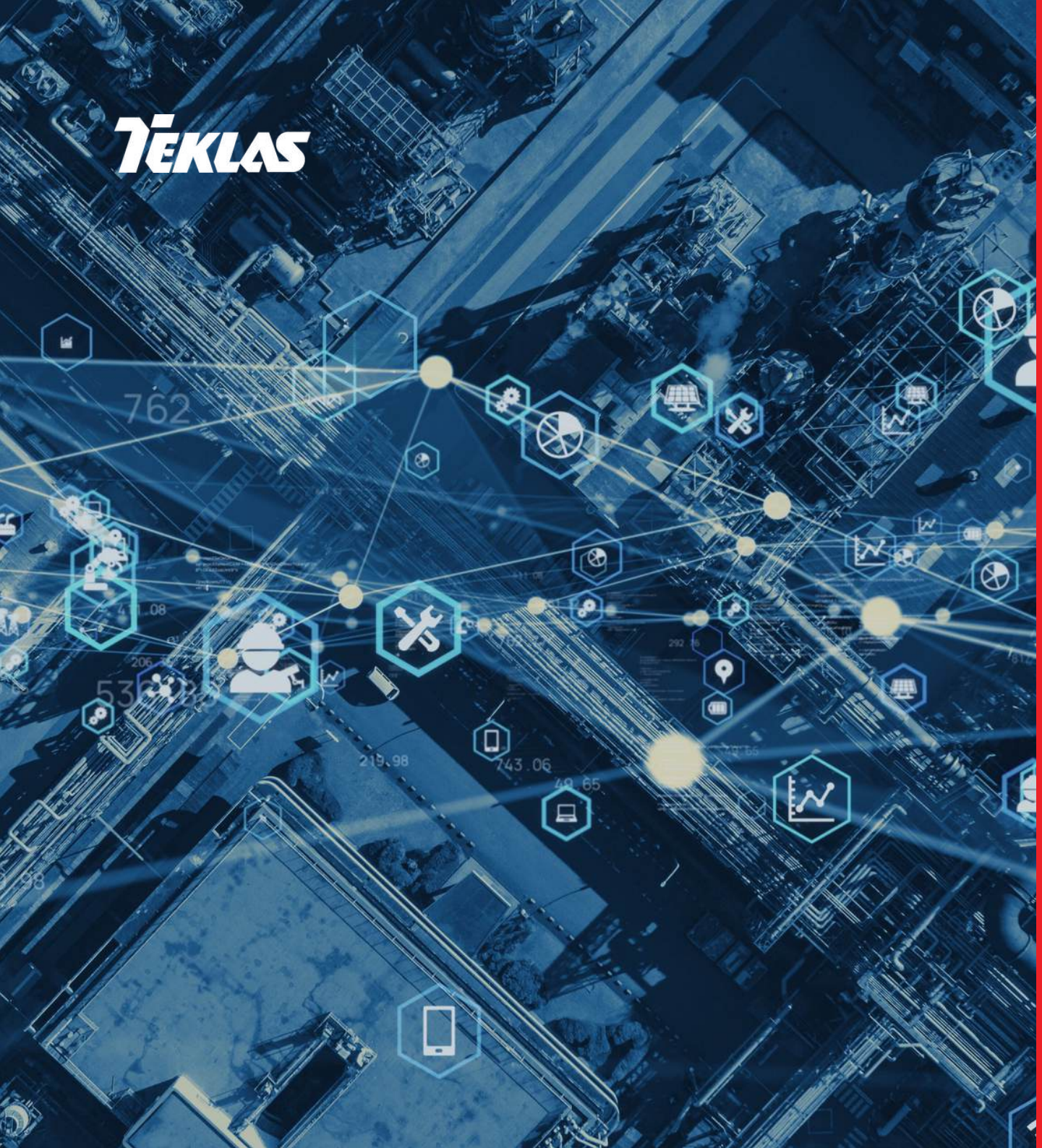
Process	No Automation	Automation
Extrusion	✓	
Vulcanisation		✓
Washing		✓
Marking		✓
Sleeve		✓
Clamp Assembly		✓
Distancering Assembly		✓
Pressring Assembly		✓
Arc Welding		✓
Aluminum Welding		✓
TF Shaping		✓
TF Fitting		✓
Angular Cutting		✓
Drilling		✓
Ultrasonic Welding		✓
End Forming		✓
Rolling		✓
Metal Pipe Bending		✓
Leakage Test		✓
Brazing	✓	
QC		✓
Laser Welding		✓
AC Crimping		✓

Robot density and **scaling**

We measure automation progress by tracking robot density across countries and plants. Our latest results show Bulgaria at 831, Serbia at 388, Türkiye at 826, and China at 626, with Mexico representing the most advanced site in terms of automation density. Earlier records show a continuous upward trend, such as China reaching 626 and Mexico exceeding 1200 robots per thousand employees. This progression illustrates our long-term plan to modernize production lines and stabilize processes through automation.

Since 2020, robot density has increased from 634 to four-digit levels, reflecting our steady transition toward a highly automated manufacturing network.

Plant	Robot Count	Blue Collar Employee	Robots per 10,000 Employees
Kardzhali	183	1,986	921
Vratsa	2	238	84
GOSB1	84	233	3,605
Bartın	37	1,231	301
Mexico	40	328	1,220
China	30	479	626
USA	9	88	1,023
Serbia	51	1,313	388
SUM	436	5,896	739



05

SUSTAINABLE SUPPLY CHAIN

TRUSTED **PATHWAYS**

Strong supplier collaboration and responsible sourcing guide every step of our value chain.

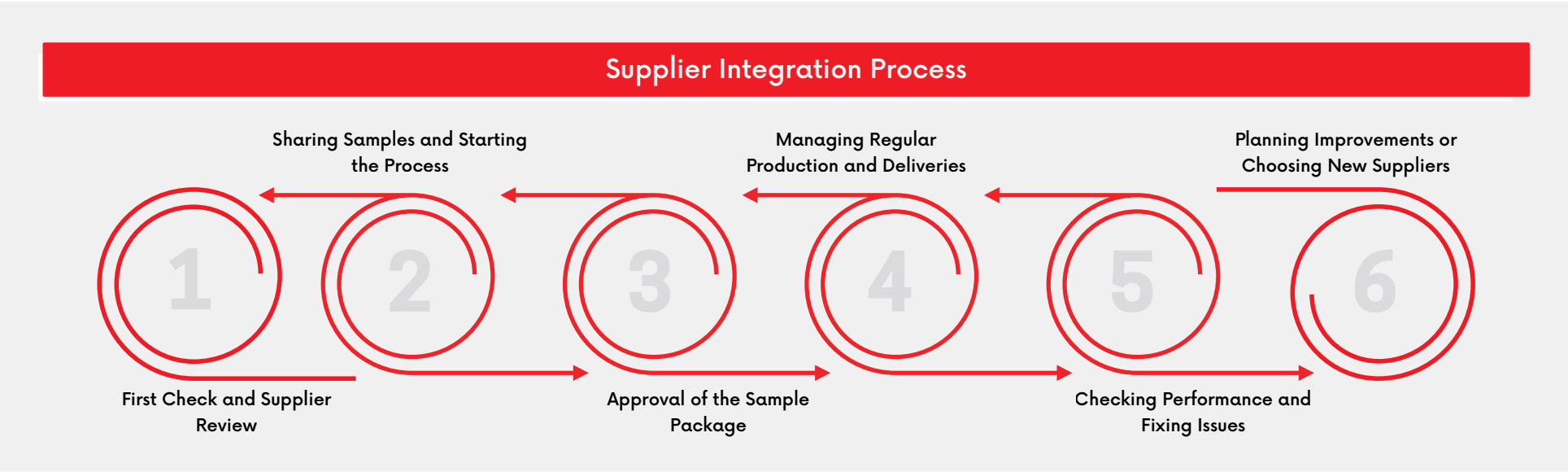
Supply Chain **Relations**

At Teklas, we manage supply chain relations as an integrated structure connecting sales, purchasing, production planning, and logistics within a sustainability-centered framework.

Our policies guide these functions collectively, helping us maintain stability in quality, cost, and delivery performance while expanding our global footprint. Through the continuous alignment of teams and systems, we create a value chain that prioritizes collaboration and resilience. Our approach also includes benchmarking the maturity of our supplier network through independent platforms, allowing us to keep progress visible to our customers and stakeholders and to reinforce responsible business practices throughout our network.

Our Supplier Sustainability Code of Conduct forms the foundation of supplier relations. Each supplier is required to review and acknowledge the code and complete a structured survey through the Supplier Portal. This process enables us to monitor compliance, identify improvement areas, and promote alignment with our corporate values. The code defines expectations in business ethics, human and labor rights, environmental management, and material compliance. We maintain audit rights to verify alignment across these areas and address any deviations transparently. Internal policies covering supply chain, logistics, and production are applied together with this code to provide clarity in operational decisions and to sustain customer satisfaction as a shared target across the organization.

We align our supply chain principles with global sustainability frameworks such as the United Nations Sustainable Development Goals and the UN Global Compact. Our Code of Conduct explicitly references these principles and extends the same ethical and environmental standards to all suppliers. We continue to participate in recognized sustainability assessment systems that evaluate our performance and support our progress toward responsible sourcing and transparent operations



Supplier onboarding and **due diligence**

Supplier onboarding follows a structured procedure defined by our purchasing framework and Supplier Manual. Inputs such as material requirement planning reports, approved supplier lists, and product documentation guide selection. After nomination, our Supplier Development team initiates the APQP process, manages PPAP submissions, and carries out audits jointly with the Quality department. These audits are planned annually but can be expanded when specific issues or customer requests arise. Supplier performance is tracked through monthly delivery reports and regular commercial reviews, ensuring that risks related to logistics, cost, and capacity are managed proactively and that supplier performance remains measurable and comparable across all regions.

Onboarding Control Table

Stage	Required Record	Responsible Team	Portal Entry	Completion Criterion	Duration
Preliminary Review	Non-Disclosure Agreement, Supplier Questionnaire	Purchasing	Questionnaire ID	Document verification	5 days
Technical Approval	Technical Specification, Sample Plan	Quality & Engineering	APQP Initiation	Sample acceptance report	10 days
PPAP	Control Plan, FMEA, Measurement Report	Quality	PPAP Package	PPAP level approval	15 days
Series Launch	First-Series Control Report	Production & Logistics	Delivery Record	First shipment OTIF achieved	7 days
Performance Review	PPM, OTIF, 8D Closure	Purchasing & Quality	KPI Dashboard	Comparison with target values	Monthly

Quality collaboration and **problem solving**

Our Supplier Manual defines a clear structure for quality collaboration. PPAP approval processes, raw material verifications, and 8D problem-solving routines are conducted through the Supplier Portal to maintain transparency and traceability. Each nonconformity is analyzed within this shared platform, and all actions and cost impacts are communicated openly with the supplier. This approach helps strengthen mutual accountability, improve process reliability, and enhance the technical and environmental performance of supplied materials.

Responsible sourcing and **sustainability engagement**

We expect all suppliers to adopt and implement their own policies in ethics, labor rights, and environmental management. Compliance is monitored through structured questionnaires that gather information about training practices, management systems, and certifications such as IMDS. The Code of Conduct also includes topics like counterfeit-part prevention, product safety, and export controls, reflecting our commitment to full regulatory compliance. Supplier summits and training sessions are regularly organized to build awareness on sustainability priorities and to strengthen the culture of shared responsibility throughout our supply chain.

Supplier monitoring and **performance management**

Supplier performance and compliance are continuously monitored through key indicators such as quality performance, delivery accuracy, and capacity utilization. Relationships are terminated in cases of ethical violations or breaches of internationally accepted human-rights standards. Regular manual updates, portal-based workflows, and performance reviews provide suppliers with clear expectations and timelines for improvement. This consistent monitoring process fosters long-term partnerships and encourages continuous enhancement of quality and sustainability performance.

Logistics

The scope covers the forward and reverse flow of goods, services and related information between production and consumption points, as well as storage, packaging and control activities. All processes are governed by our Logistics Management Process Policy, which defines how we coordinate planning, execution and monitoring within a single structure. Our efforts in this field are directed toward achieving operational continuity, customer satisfaction and continuous improvement across every plant and distribution route.

Our logistics policy defines clear principles that guide both daily operations and long-term planning. These principles include accuracy in delivery, cost efficiency, speed, continuity, consistency and flexibility. We aim to deliver the right product, in the right quantity and condition, to the right place and time, with minimal cost and zero damage or loss. The policy supports the design of optimized routes, protective packaging systems and structured inventory management routines. Each location applies these standards while aligning with corporate objectives and customer expectations.

Our global logistics network supports

11 production plants

operating across **5** countries

and serving customers in over

35 markets.

This structure allows us to synchronize production and shipment planning across locations, ensuring timely delivery of thermal management systems to our global customer base. Regional stocking, interplant transfers of rubber compounds and coordinated shipment schedules are organized to meet program deadlines efficiently. We work closely with production and customer planning teams to align logistics capacity with demand fluctuations and project schedules.

Logistics cost efficiency is managed end-to-end through strategic agreements established with customers at the quotation stage. A significant portion of our export customers receive goods directly from our factories, which reduces downstream handling and warehousing needs. Depending on the customer and country requirements, ex-works arrangements are also applied to improve efficiency. Cost structures are regularly reviewed through import-cost analyses, and findings are summarized in monthly and annual reports shared with senior management. These reviews guide decision-making on route optimization and cost-control actions

Planning, control and **responsiveness**

Our logistics planning process is carried out in coordination with production, quality and planning teams to support stable takt times. We apply structured control routines to track inventory levels, warehouse performance and shipment schedules. Flexibility is maintained through adaptive production plans that can respond to customer changes or urgent requests. Collaboration with engineering and operations teams allows us to rapidly address modifications in product design or packaging that could impact logistics flows.

For all export operations, packaging costs are included within our internal cost base, covering materials such as boxes, pallets and loading equipment. Each packaging design is evaluated for durability and dimensional efficiency to maximize load utilization during transport. Optimized packing ratios directly support both cost savings and lower emissions across road and ocean freight routes. Continuous testing and feedback from receiving plants help refine packaging standards each year.

Customer experience and **after-sales**

Our logistics performance directly contributes to customer satisfaction. We prioritize full alignment with customer requirements and focus on on-time, in-full delivery performance. In cases where deviations occur, corrective actions are initiated immediately, and performance is reviewed through comparative benchmarking studies. Customer feedback is analyzed and integrated into logistics improvement projects, contributing to better communication, smoother order handling and improved satisfaction levels in after-sales services.

Quality

We approach quality as a collective responsibility that shapes every stage of our operations, from design and production to customer interaction. Our integrated Quality Management System provides a common structure across all plants, ensuring traceability, consistency, and continuous improvement. All Teklas plants are certified to IATF 16949:2016, forming a global framework that connects suppliers, plants, and customers under unified standards. The Quality Manual and Quality Management Process Procedure define how quality planning, control, and improvement activities are managed across all operations.

Quality management system and **capability building**

We cultivate quality awareness through continuous learning and structured training. Each new employee receives quality orientation during onboarding, and ongoing programs focus on topics such as APQP, Core Tools, MSA, SPC, and VDA. Annual IATF programs and frequent in-plant awareness sessions help reinforce quality culture across teams. We also maintain a Global Supplier Quality structure guided by the Supplier Manual, which governs supplier evaluation, development, and monitoring. These mechanisms allow us to strengthen supplier collaboration and promote common performance standards across the value chain.

Customer communication and **complaint management**

We manage customer relations through a systemized communication structure that captures and resolves issues effectively. Feedback is received through customer portals or email and recorded in the TekTools system according to the Customer Complaint Management Procedure. Engineers monitor incoming data, register each case, and initiate notifications to relevant departments, allowing us to address issues in real time. Complaint management follows a structured 30-day closure period and involves detailed documentation, including root cause analysis, 8D reports, and updated FMEA and control plans. TekTools and QlikView platforms allow us to evaluate complaint data, follow corrective and preventive actions, and report performance company-wide. Controlled shipment arrangements and warranty returns are also handled through a defined process that maintains customer trust and operational discipline. Once completed, every complaint file remains accessible for reference, creating a valuable internal knowledge base for future risk prevention and learning.

Product and process assurance **in projects**

In each project, we apply proactive risk-based methods to prevent quality issues before production begins. PPAP documentation is prepared to verify conformity, while FMEA studies identify potential failure modes and their impacts. Based on these analyses, detailed control plans are developed and communicated to customers for approval. Process introduction cards are used to guide operators on the shop floor, ensuring process consistency and alignment with customer-specific requirements. Customer satisfaction is continuously monitored through defined KPIs and evaluated in accordance with the Monitoring and Evaluating Customer Satisfaction procedure. The 2024 Customer Satisfaction Survey provided valuable insights on PPAP documentation quality, responsiveness of our quality team, and product reliability, helping us identify improvement priorities at the plant level and reinforce customer-oriented performance.

Internal audits and **supplier quality**

Internal audits are an essential element of our integrated management system. They confirm the effectiveness of our Quality, Environment, and Occupational Health and Safety management practices in line with IATF 16949, ISO 14001, and ISO 45001 standards. Auditors are trained and qualified through IATF-specific internal auditor programs and customer-specific training modules. Product audits are conducted according to annual plans and cover the verification of FMEA, process control, drawings, and customer-specific requirements. Results are monitored in QDMS, where actions are assigned and tracked until completion. Supplier audits are performed under the VDA 6.3 framework, assessing areas such as APQP, PPAP, SPC, MSA, FMEA, and 8D methodologies. These evaluations support supplier development and ensure alignment with Teklas' quality expectations.

Customer **Relations**

As Teklas, we view customer relations as a dynamic and evolving system that connects product quality, service reliability, and transparent feedback loops across all operations.

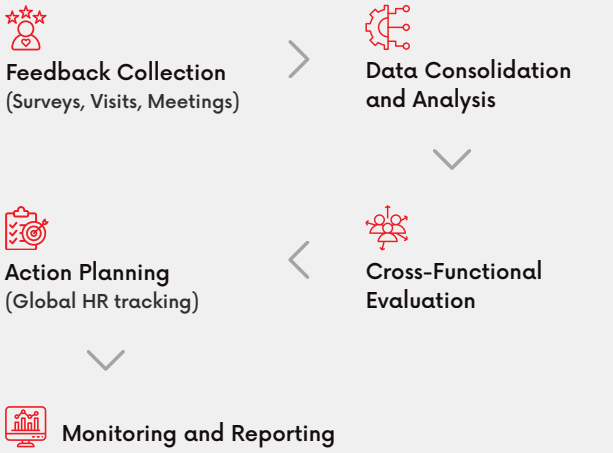
Within our Sustainable Product Management approach, the focus on Product Quality and Recall Management plays a central role, with customer health and safety being monitored in alignment with GRI 416. Our approach reflects a structure where every plant, process, and team contributes to creating consistent value for customers through data-driven communication and long-term collaboration.

We manage customer-focused quality through certified and harmonized processes applied across all plants. Each plant operates under the Teklas Quality Management System, certified according to IATF 16949:2016, while R&D and production engineers apply risk analysis at the beginning of every project. The identified risks are evaluated and prioritized to define control plans and guide operator training. Through regular planning and control activities, we integrate customer requirements into daily production practices. Our governance model places responsibility for quality, customer satisfaction, and complaint handling under a single, integrated structure that allows continuous improvement and early identification of potential risks.

Voice of the **customers**

We organize an annual Customer Satisfaction Survey that includes all departments directly or indirectly in contact with customers such as Sales, Logistics, Project Management, Quality, Production, and R&D. The process is implemented with full transparency and in compliance with data protection legislation. Survey results are consolidated and analyzed to identify improvement areas and measure performance trends. The results are then reviewed in cross-functional meetings where new action plans are created and tracked by Global HR. This process helps transform customer feedback into measurable targets and internal performance indicators that drive service and production quality.

Customer Satisfaction Process



How we approach **customer complaints**

We operate a standardized Customer Complaints Program applied across all Teklas plants. All incoming complaints are recorded and tracked in the central Teklas system and visualized through QlikView and Qlik Sense dashboards for company-wide monitoring. At the first stage of the process, essential information such as responsible plant, part reference, defect type and category, customer impact, and product status are recorded to ensure full traceability. After root causes and corrective measures are determined, responsible teams upload related evidence including the 8D report, revised control plan, updated PFMEA, and root cause analysis forms. Once corrective and preventive actions are finalized, the record is closed in the customer portal and confirmed by the customer.

In cases where a complaint is withdrawn or identified as an incorrect record, the entry is updated accordingly. If a customer removes a notification in their own system following Teklas's objection, the record is transferred to the deleted category in the internal system. Data quality is safeguarded through routine verification and IT support, ensuring that all records remain accurate and up to date.

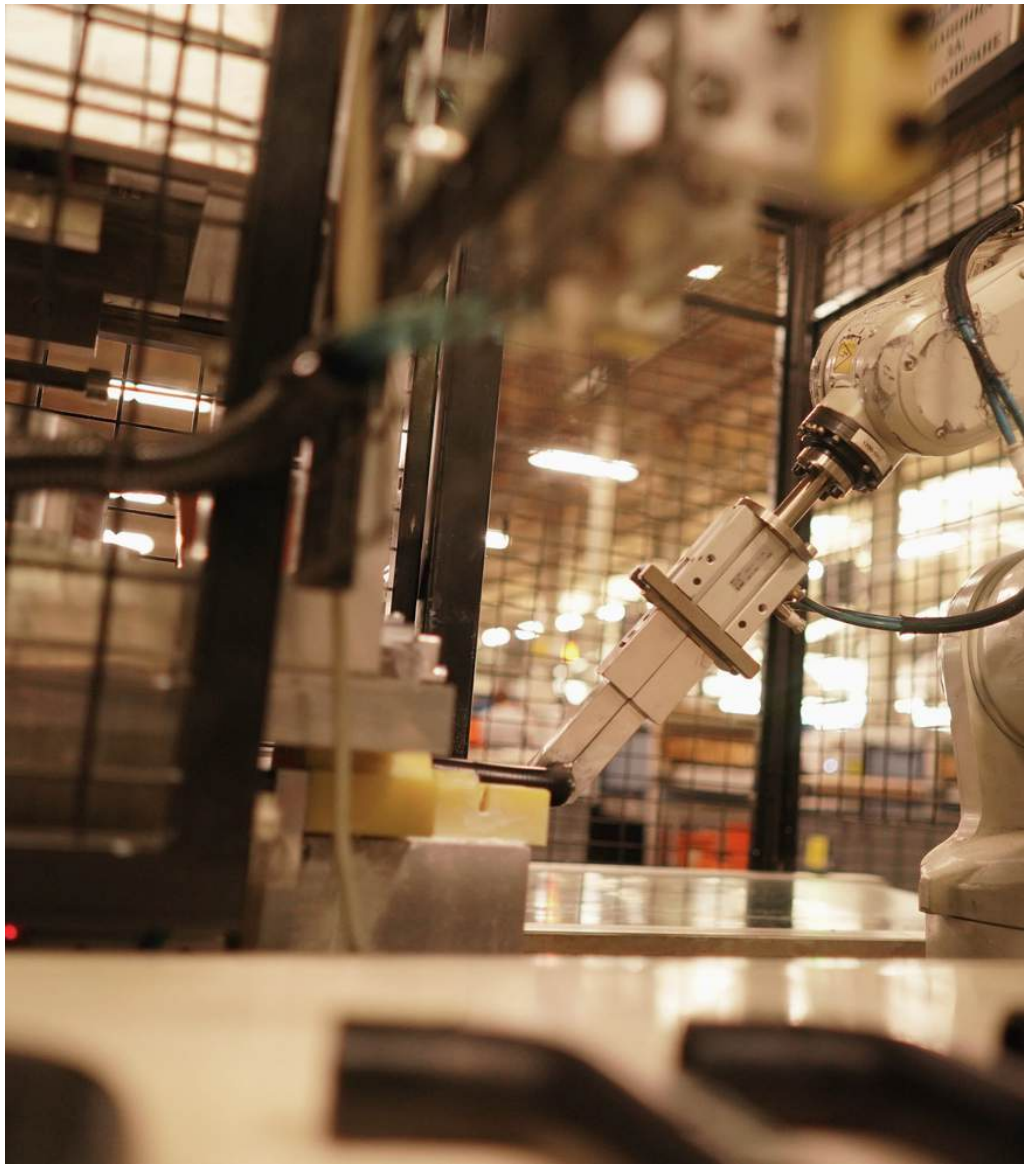
Customer-side sorting and **recall-related actions**

When a customer requires on-site sorting, the Customer-Side Sorting Procedure defines the scope, responsibilities, and methodology for the process. The procedure sets clear rules on part identification, marking, and traceability, as well as communication and reporting routines. Escalation steps are in place for exceptional cases, allowing structured and timely decision-making.

Defect types are classified according to their level of impact on the customer. Type A covers performance-critical or assembly-blocking issues that have caused a line stop or product recall. Type B includes visual or audible defects, mixed shipments, or quality inconsistencies affecting aesthetics or perceived quality. Type C covers labeling, documentation, or packaging nonconformities that do not impact performance but require correction. Each type is analyzed to prevent recurrence and to strengthen coordination between production and customer-facing teams.

Quality in **customer interactions**

We continuously strengthen our customer interactions through rapid, flexible, and solution-oriented practices. Our teams provide technical support during product development and adapt production processes when customers require new features or performance improvements. Joint design reviews and collaborative studies between R&D and customers help identify opportunities for innovation and optimization. This cooperative model enhances the efficiency of development cycles and creates added value through customized solutions and reliable product performance.



06

PEOPLE FIRST, PROGRESS ALWAYS

PROGRESS BEGINS

WITH PEOPLE

Empowerment, safety, and capability-building lie at the heart of our culture.

Leadership in **Social Sustainability**

At Teklas, leadership in social sustainability is defined by valuing people and translating this into daily action, guided by our Corporate Social Responsibility Policy. This framework connects ethical governance with social engagement, volunteerism, and local partnerships to create lasting positive impact. Our strategy is structured around five key focus areas identified through materiality analyses—including OHS, Workforce Practices, Diversity, and Human Rights—and is managed by our Sustainability Committee. This committee reviews performance and embeds social responsibility into corporate objectives, ensuring a unified structure that strengthens the human dimension of sustainability across all operations.

In Alignment With Our **Corporate Social Responsibility Policy;**

- We contribute to sustainable development by combining economic success with social and environmental responsibility.
- Our CSR principles apply to all employees, suppliers, customers, and stakeholders across every region where we operate.
- We conduct all activities in accordance with national and international laws, acting with transparency, fairness, and accountability.
- We respect fundamental human rights and provide equal opportunities for everyone regardless of gender, age, belief, or background.
- We prohibit discrimination, child labor, and forced labor in all our operations and within our supply chain.
- We integrate environmental protection, occupational safety, and community well-being into all management systems and decision processes.
- We support volunteering and encourage employees to participate in social and environmental projects that create shared value.
- We maintain open and continuous communication with stakeholders to understand expectations and strengthen partnerships.
- We expect all suppliers to comply with our Supplier Sustainability Code of Conduct and align with ethical and social standards.
- We monitor CSR performance through regular audits, management reviews, and measurable indicators.
- We commit to continuous improvement by adopting innovative practices and learning from feedback and best examples in sustainability.

Occupational Health **& Safety**

At Teklas, occupational health and safety (OHS) is managed as an integral part of our corporate governance and operational excellence approach.

Our system is structured in line with ISO 45001:2018 and applies to all production sites and offices worldwide. Through our OHS Policy, we commit to providing a safe, healthy, and ergonomic working environment for all employees and visitors. We act in full compliance with legal obligations, identify and eliminate hazards, and maintain continuous improvement through a culture that values awareness and shared responsibility. The policy is published on digital platforms and displayed across plants to ensure that every employee can access and understand our collective goals.

The OHS management system is designed to work in harmony with our quality and environmental systems. Roles and responsibilities are clearly defined at each level of the organization, and process interactions are established to support integrated management. Periodic management review meetings evaluate the system's effectiveness, while health and safety committees regularly discuss key topics and recommendations.

We encourage active participation by employees through representatives and suggestion channels. Near-miss reports and hazard notifications are handled in a transparent way that promotes learning without fear of reprisal. This open communication culture helps us sustain a proactive safety environment where everyone contributes to identifying and solving potential risks.

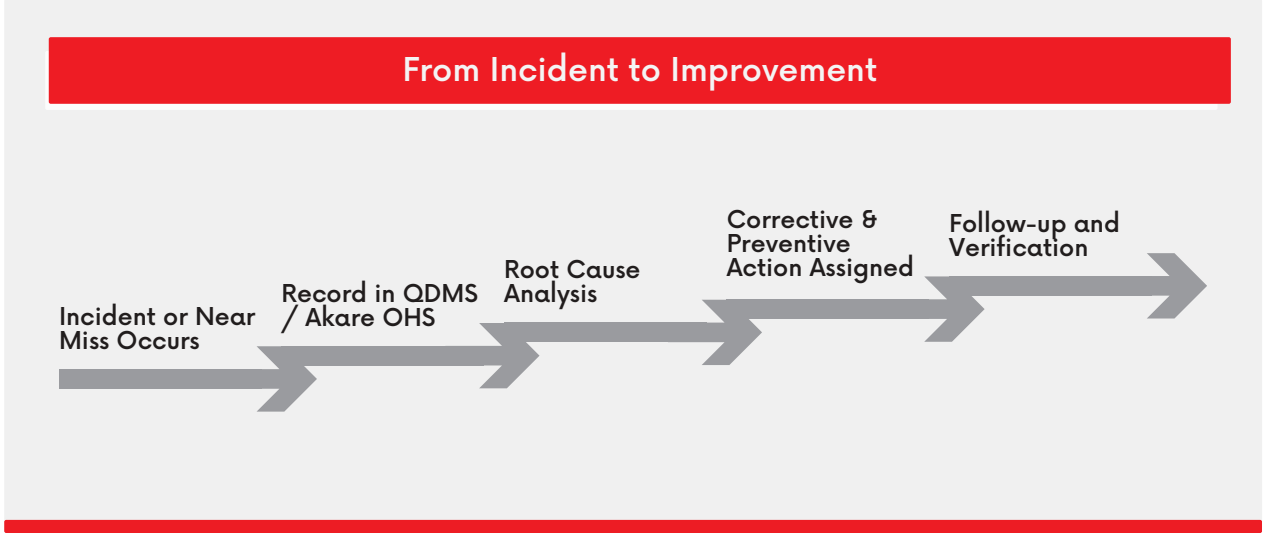
OHS Risk Management

We manage occupational health and safety risks through a structured planning cycle based on ISO 45001. The process begins with understanding the organizational context and stakeholder expectations, followed by the identification of hazards, assessment of risks and opportunities, and consideration of all legal and operational requirements. All risk assessment activities are documented under our Legal Compliance, SWOT, and Risk Analysis procedure and are reviewed regularly to reflect operational changes and updated legislation.

Hazard identification is carried out proactively across all operations. We take into account the way work is organized, social and psychological factors such as workload and working hours, leadership practices, and the work environment.

Routine and non-routine activities, previous incidents, maintenance operations, and emergency scenarios are also part of our evaluations. Contractors, visitors, and all people who may be affected by Teklas operations are included in the scope of risk assessments. These processes are controlled within the management system and reviewed periodically.

When any modification occurs in production, equipment, or management systems, we apply the Management of Change procedure to reassess associated risks and opportunities. This approach helps us keep our control measures relevant and effective as processes evolve.



OHS Risk Management

Our OHS Policy defines clear commitments that guide how we manage risks. We pledge to comply with all legal obligations, eliminate hazards at the source, train employees to enhance competence, and maintain active consultation with employee representatives. These principles form the foundation of how we prioritize safety improvements across all sites.

All incidents, near misses, and nonconformities are recorded within the QDMS system, which provides an electronic workflow for corrective and preventive actions. Responsibilities are assigned to teams, and progress is monitored until closure. Issues with the potential to create similar risks in the future are integrated into the risk management system, allowing preventive actions to be launched before recurrence.

Our OHS process is systematically managed using the Akare OHS program, which provides automatic reminders and enables root cause analysis of accident data. Risk and opportunity information is stored as documented evidence, linked to legal compliance and operational data to ensure transparency and strategic alignment. Emergency management is directly integrated with risk control, featuring clear protocols, escape plans, and post-event reviews. This is overseen by our CEO-led Business Continuity Committee, which integrates OHS into company-wide decision-making and ensures operational recovery. This interconnected structure maintains a continuous flow from hazard identification to management review, reinforcing our preventive culture through a transparent and structured process.

Emergency Preparedness and **Business Continuity**

We maintain a comprehensive emergency and continuity procedure that covers potential scenarios such as fire, earthquake, flood, storm, sabotage, environmental pollution, and cyber threats. Alarm systems and sirens are installed across all plants, and each shift has designated emergency teams with defined responsibilities. These teams are trained to perform their duties effectively during real situations, supported by planned drills and regular performance evaluations.

Our Business Continuity Committee, chaired by the CEO, oversees critical decisions and coordinates with plant-level teams. Technical measures such as equipment redundancy, alternative suppliers, and interchangeable molds are implemented to maintain uninterrupted production and delivery in case of disruptions.

Training and **Drills**

We keep our emergency readiness and employee competencies alive through structured training programs and periodic drills. Scenarios such as chemical spills are used to test and improve response capabilities. Teams practice proper containment, personal protective equipment use, and waste management procedures. Each drill is preceded by awareness training and equipment checks, helping us strengthen coordination and readiness across departments.

Case Study: Chemical Spill Drill

During a simulated chemical spill at the Gebze Rubber Metal plant, emergency teams demonstrated fast and coordinated response. The spill was safely contained using absorbent materials, and waste was transported to temporary storage under controlled conditions. Prior to the drill, employees received targeted training and PPE checks were conducted to ensure full readiness. This exercise helped us evaluate team coordination and reinforce awareness across the plant.

Incident and **Nonconformity Management**

Every work accident, near-miss, or nonconformity is recorded within QDMS and analyzed systematically. Responsibilities are assigned to relevant teams, and action deadlines are monitored digitally. All data are consolidated in the Akare OHS system to identify trends and areas for improvement. Internal audits and review sessions further support the follow-up process, helping us build a consistent learning loop within the organization.

Workplace Hygiene and **Order**

Our Cleanliness Policy establishes a clear framework for maintaining hygienic and orderly workplaces. The policy emphasizes cleanliness in production, logistics, and office areas, and aims to protect equipment and materials from contamination. Regular cleaning routines and 5S practices are carried out under the supervision of trained staff, while employee participation is encouraged to sustain workplace order and collective responsibility.

Contractor and **Visitor Safety**

We extend our OHS standards to contractors, suppliers, interns, and visitors by providing them with necessary safety information and orientation before entering our sites. The policy underlines shared responsibility in maintaining a safe environment and includes requirements related to emergency procedures, PPE use, and site-specific rules. Through this inclusive approach, we ensure that all parties working within or visiting Teklas plants follow the same high safety standards.

Digital Monitoring

All corrective actions and OHS-related records are managed digitally through QDMS and Akare systems. Data collected from incidents, audits, and risk assessments are analyzed to guide improvement projects. The results are reviewed in management meetings and used to update the OHS management system. We continuously work to strengthen our safety culture and maintain a workplace where awareness and preventive action are part of daily practice.

Human Rights Approach at **Teklas**

At Teklas, our approach to human rights is grounded in the belief that sustainable business growth is only possible when every individual in our ecosystem is treated with dignity, fairness, and respect.

We view human rights not as a separate policy area but as an integral part of how we operate, manage relationships, and make decisions across all regions.

Our commitment is shaped by international standards, including the Universal Declaration of Human Rights, the International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights. Since becoming a signatory of the UN Global Compact in 2021, we have strengthened our alignment with its ten principles, embedding respect for human rights into our strategy and corporate culture.

We extend this commitment to all business relationships and supply chain partners, setting clear expectations and working collaboratively to uphold shared values. Our efforts focus on proactive risk identification, prevention of violations, and transparent communication with all stakeholders.

Standards integrated **into our system**

We uphold the highest labor and ethical standards in all regions where we operate. We maintain a zero tolerance policy against child labor, forced labor, and any form of human trafficking. Working hours, wage structures, and employment conditions are organized in full compliance with legal requirements, while freedom of association and collective bargaining are respected without restriction.

Our compensation and promotion systems are designed on fairness and merit, ensuring that every employee benefits from transparent evaluation processes. Training programs support awareness of human rights and ethical conduct, while internal audits monitor alignment across departments. We constantly review our policies to keep them consistent with international norms and changing regulations.

Privacy and **data protection**

We treat the right to privacy as a fundamental human right. Personal, financial, and operational data are protected through robust systems and strict internal controls. We comply with all applicable data protection regulations and restrict unauthorized disclosure or access. Confidential business information, trade secrets, and intellectual property are secured across all departments, and employees receive regular awareness training on information security and ethical data use.

Stakeholder and **supply chain expectations**

We extend our human rights expectations to all stakeholders and business partners. Suppliers are required to adhere to our Supplier Sustainability Code of Conduct, which reflects the same standards we apply within our company. Purchasing, Supplier Quality, and Sustainability teams work together to monitor compliance through audits, questionnaires, and on-site visits.

We encourage open communication with customers, NGOs, and local communities to understand their expectations and collaborate on shared human rights goals. Through partnerships and stakeholder engagement, we strengthen mutual accountability and promote continuous improvement within our ecosystem.

Grievance, non-retaliation and **remediation**

We provide accessible and confidential channels for reporting ethical concerns or potential violations. Employees can reach the Teklas Ethics Committee through defined internal communication routes. Every report is examined with care, and no retaliation is permitted under any circumstance.

The Ethics Committee includes representatives from human resources, management, and field operations, ensuring balanced evaluation and gender representation. Cases are reviewed promptly, and decisions are communicated within six working days following the submission. Corrective actions are monitored and recorded to prevent recurrence.

Diversity, Equality, **Inclusion**

We approach diversity, equality, and inclusion as a fundamental part of how we grow as an organization and how we build an environment where everyone can contribute to shared success. Our Diversity and Inclusion Policy defines our responsibilities clearly and forms the foundation of our approach to equal opportunity. It reflects our dedication to creating a fair and inclusive workplace that values individual differences and promotes respect, empathy, and collaboration across all levels. The policy is implemented under the supervision of Global Human Resources and is approved by the Board, placing diversity and inclusion at the heart of our governance structure.

Inclusive **workplace practices**

We aim to create an environment where everyone feels valued, respected, and empowered to express their perspectives. The Diversity and Inclusion Policy defines diversity in a broad sense, covering gender, age, disability, cultural and social background, religion, sexual orientation, experience, education, and lifestyle. By embracing this wide understanding of diversity, we encourage a culture where individuality is recognized as a strength. We also provide flexible working arrangements that allow employees to balance professional responsibilities with personal needs such as family care, education, or cultural obligations.

We apply a zero-tolerance approach to any form of discrimination or harassment. Our Ethics Policy clearly describes unacceptable behavior and promotes respect and fairness in every aspect of employment, from recruitment to daily interactions. Employees can report any concerns through secure and confidential channels. Our non-retaliation principle guarantees that every employee who raises an issue in good faith is protected and supported throughout the process.

Fair and **transparent processes**

We design all people-related processes to promote fairness and equality. Recruitment and selection are based on objective evaluations that reduce bias and emphasize skills, qualifications, and potential. All open positions, promotion opportunities, and transfers are communicated transparently so that every employee has equal access to advancement. The talent and succession planning processes are conducted with attention to gender diversity and inclusion in leadership development.

We integrate the principles of fairness and equal opportunity into our performance evaluation system. Each employee is assessed on measurable and consistent criteria, allowing advancement to be based on competence and contribution. This structure supports a working environment where career growth is determined by merit and performance, reinforcing a culture of trust and accountability.

We value open communication and encourage every employee to share their opinions and experiences. Through surveys, meetings, and focus groups, we collect insights to identify barriers to inclusion and to develop new initiatives. Any ethical or behavioral concerns can be reported to the Ethics Committee through designated communication channels, including a dedicated email address.

The Ethics Committee operates independently and reviews every case with confidentiality. When necessary, external experts are consulted to provide objective perspectives. The committee reports regularly to the Board, ensuring that the process remains transparent and accountable. This structure strengthens the sense of safety and fairness across all levels of our organization.

Gender equality and a **safe workplace**

We continue to work towards a workplace that is safe, equal, and supportive for everyone. Our programs focus on raising awareness about gender equality and preventing all forms of violence and harassment. We also provide training programs that support inclusive behavior and respectful communication. Through these initiatives, we aim to nurture a culture where every employee can feel secure, recognized, and valued for their contribution.

Human Resources **Management**

We view human resources as a strategic capability that sustains our performance, strengthens our culture, and protects employee rights across all locations.

Our policy is founded on respect, fairness, open communication, merit-based placement, continuous learning, and balanced remuneration. These principles guide how we attract, develop, reward, and engage people in every plant. We act with the awareness that our growth and success are directly linked to the motivation, expertise, and well-being of our teams, and we manage HR processes with this understanding.

Our Human Rights and Working Conditions Management System defines the scope of HR responsibilities with clear commitments related to fair wages, working hours, freedom of association, occupational health and safety, equality, and privacy. We maintain a governance structure where the Ethics Committee reviews and addresses all reported concerns in a transparent and confidential manner, protecting the identity of those who come forward. Through this structure, we reinforce trust between management and employees and promote an inclusive, respectful workplace culture across all countries of operation.

Performance-Driven **Management**

We manage performance through a transparent and measurable system based on Objectives and Key Results (OKR). This approach allows every team member to clearly understand strategic priorities and the link between their individual contributions and the company's overall success. Key results are followed with quantifiable indicators, reviewed periodically, and discussed through structured feedback sessions. This process supports a culture where performance, fairness, and continuous improvement are integrated into daily operations. It also aligns with our policy commitment to maintain an equitable and competency-based reward system that recognizes contributions and encourages excellence.

Cultural Transformation and **Training**

We invest continuously in cultural transformation to strengthen collaboration, creativity, and inclusiveness. Our HR Policy emphasizes orientation programs, continuous professional development, and skill enhancement to increase employee adaptability and competence. Through the Teklas Academy, established within the ROBUST HR framework, we implement structured training programs focused on lean production, quality systems, and leadership development. Internal and external coaching activities create opportunities for employees to learn from one another, exchange experiences, and improve problem-solving capabilities. In this way, we build a shared culture of teamwork and performance across our global network.

Employee Value Proposition

We aim to create a working environment where employees feel valued, recognized, and inspired to grow. Our Employee Value Proposition (EVP) reflects this approach by combining fair wage practices, equal opportunities, and career development pathways. Each employee is encouraged to pursue growth through transparent and structured channels that support long-term engagement. Diversity, equity, and inclusion are cornerstones of this approach, and we maintain a strict zero-tolerance policy for discrimination and harassment. We continue to strengthen our management system to promote diversity across all layers of the organization and create a workplace where differences are respected and celebrated.

Future-Oriented Goals

Our ROBUST HR program defines strategic priorities that shape our mid- and long-term HR goals. These priorities include talent management, goal-based management, global HR governance, cultural transformation, and the development of an integrated HR information system (HRIS) to digitalize and harmonize processes across all geographies. We are advancing projects to improve data consistency, increase transparency, and establish unified standards that enable fair and informed decision-making in every region.

Talent and **Career Management**

Career development is managed systematically through well-defined job descriptions, structured career paths, and leadership programs. We have standardized 124 job descriptions across 12 departments globally, providing clarity on expectations, responsibilities, and progression opportunities for all employees. These efforts support merit-based placement and help employees plan their careers more effectively. Leadership development programs and mentoring initiatives also play a central role in strengthening management capacity and fostering an environment where knowledge sharing and professional growth are encouraged.

We manage talent through structured talent pools that enable employees to plan their development with a clear vision. These pools cover existing leaders, team leaders, and new generation talents, each with transparent selection criteria and defined performance thresholds. The process includes regular performance evaluations, feedback sessions, and assessment center practices. Through coaching and structured learning, we cultivate leaders who are capable of guiding teams effectively and acting as role models for our organizational culture.

Restructuring the **Talent Pool**

Our Management Trainee Program plays an important role in building our future leadership pipeline. The program targets engineering graduates with high potential and provides a one-year rotation experience across departments such as Quality, Sales, Supply Chain, and Project Management. Participants contribute to strategic projects, present their findings to senior management, and are assigned to suitable roles at the end of the program. This process allows new talents to integrate into our culture quickly and strengthens the foundation of our leadership structure.

Current Leaders

We provide targeted development programs for current leaders, focusing on enhancing leadership skills through personalized feedback and individual development plans. Participation in the leadership pool is determined through performance results and HR assessments, supported by internal mentoring and coaching opportunities. These programs help leaders strengthen communication, problem-solving, and team management skills while promoting a culture of shared learning.

Team Leaders

We evaluate first-level managers based on consistent and objective criteria, incorporating both performance metrics and qualitative assessments conducted by executives and HR. Annual intake limits are set to maintain focus on development quality, and each participant is provided with tailored training programs that support managerial growth and operational excellence.

New Generation Talents

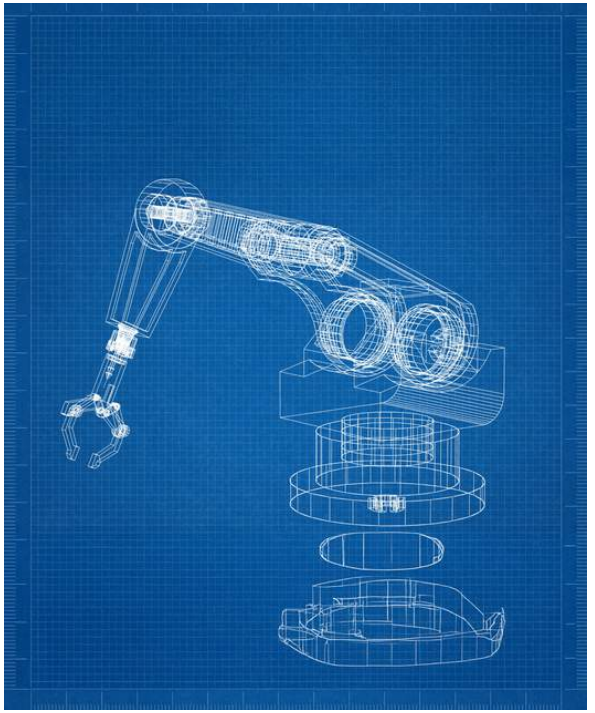
We identify young professionals who demonstrate strong performance and align with our cultural values. These employees are included in early talent programs where they work on strategic projects, receive coaching from senior managers, and participate in cross-functional initiatives. Through these opportunities, we aim to accelerate their development and prepare them for leadership roles within the organization.

Succession Planning

Succession planning is a critical part of our HR strategy, ensuring leadership continuity and long-term stability. We regularly review key positions across director, manager, and other critical roles, assigning successors where needed. For each identified successor, tailored training and development plans are prepared, and the process is monitored quarterly to track progress. This structured approach safeguards business continuity and supports the sustainability of leadership within the organization.

Teklas Academy

Teklas Academy functions as our global learning and development hub, integrating all training and upskilling activities under a unified structure. The Academy focuses on orientation, technical and behavioral skill development, leadership programs, and internal coaching activities. By offering consistent and inclusive learning opportunities, we strengthen the connection between employee development and organizational performance. Teklas Academy plays a key role in nurturing future-ready teams and embedding a culture of lifelong learning throughout our company.



Community **Investments**

We view community investment as an essential dimension of our sustainability strategy, focusing on creating lasting social value through education, environmental stewardship, and inclusion.

This approach is rooted in active participation and shared responsibility, mobilizing our employees to volunteer and collaborating with public and civil society organizations on site-specific programs. Guided by the principle of using resources consciously, we integrate this perspective into all business processes, aiming to build meaningful connections, support long-term social development, and foster collective environmental consciousness in our local communities.

Environmental Clean-Up and **Volunteering**

We carry out continuous environmental volunteering activities to support cleaner surroundings and healthier lifestyles. Plogging events have become a symbol of this approach, combining physical activity with environmental care. At our Vratsa plant, our teams actively participate in planting seedlings and flowers to expand green areas around the plant. These activities reflect our environmental sustainability principles and help build local awareness of ecological preservation. The projects also strengthen employee engagement by connecting people through shared values and a collective purpose.

Community Support and **School Partnerships**

We engage in strong partnerships with local schools and institutions to raise awareness about environmental and social issues. At Gebze Osmangazi Middle School, we organized interactive seminars focused on climate change, waste management, and sustainability practices, encouraging students to take an active role in environmental protection. We also visited the Krumovgrad Nursing Home to spend time with elderly residents and support their social well-being. These activities help us reinforce solidarity across generations and maintain close relationships with the communities surrounding our plants. Through such partnerships, we create spaces for dialogue, awareness, and shared learning that go beyond temporary support and evolve into long-term community relationships.

Children Are Our Future – **Bartın Family Activities**

We believe that investing in the happiness and development of children is one of the most meaningful ways to contribute to society. At our Bartın plant, we regularly organize family-oriented events that bring together our employees and their children. These activities aim to nurture curiosity, creativity, and confidence in young minds while strengthening family bonds within our organization. The events provide children with opportunities to explore the workplace environment, learn about the importance of sustainability, and connect with others in a supportive and joyful setting. By doing so, we help them build a sense of belonging and optimism toward the future.

Gender Equality Programs

We are committed to fostering a safe, fair, and inclusive work environment for everyone. Through awareness training and internal communication programs, we address the importance of gender equality and educate our employees about the mechanisms available to prevent and respond to violence against women. Across our global operations, we maintain a hiring culture that promotes equality and diversity, and we are proud that 45% of our workforce consists of women in the automotive industry. These initiatives not only create a balanced work environment but also inspire other companies in the sector to adopt more inclusive approaches.

Reforestation with Local Government – **Aguascalientes, Mexico**

At our Aguascalientes plant in Mexico, we collaborate with local authorities to strengthen environmental awareness through reforestation activities. By planting trees and rehabilitating green areas in cooperation with the municipal government, we support the preservation of biodiversity and contribute to the fight against climate change at the regional level. This project also serves as a platform for community participation, bringing together employees, families, and local residents in a shared effort toward sustainability. It reflects our vision of acting as a responsible corporate citizen that adds tangible environmental value to the communities where we operate.

Social Impact Through **Annual Initiatives**

Our culture of community engagement is supported by recurring and long-standing initiatives across different countries. We continue to host university career talks in Aguascalientes, family and cultural gatherings at our plants in Türkiye, Bulgaria, and Serbia, and art and painting contests for employees' children. In addition, International Women's Day celebrations and visits to social institutions that support children remain part of our yearly calendar. These recurring programs allow us to maintain close relationships with local stakeholders and create an ongoing impact through consistent participation and engagement. They help transfer our values to future generations while keeping social contribution as an active and evolving part of our company culture.

07

KEY PERFORMANCE INDICATORS

DATA THAT DRIVES **PROGRESS**

We track performance with precision to monitor impact and elevate outcomes.

Key **Performance Indicators**

Emissions

Total Greenhouse Gas Emissions (tCO_2e)			
	2022	**2023**	**2024**
Scope 1	25,631.10	26,618.71	25,557.23
Scope 2	24,355.22	13,676.72	33,899.87
Scope 3	52,286.40	95,992.92	139,942.61
Total	102,272.72	136,288.35	199,399.71

Distribution of Total Greenhouse Gas Emission by Facilities in 2024

Facility / Location Name	Emission Amount (tCO_2e)	Percentage (%)
Serbia	25,943.96	13.01%
Bartın	48,257.04	24.20%
Bulgaria	85,587.97	42.92%
GOSB	9,903.56	4.97%
China	24,753.49	12.41%
Mexico	4,953.70	2.48%
Total	199,399.71	100%

Total Greenhouse Gas Emission Intensity by Facility in 2024

Facility	Total Emission (tCO_2e)	Employees (Person)	Density (tCO_2e/employee)
Serbia	25,943.96	1,063.00	24,40
Bartın	48,257.04	2,096.00	23,02
Bulgaria	85,587.97	2,855.00	29,97
GOSB	9,903.56	330.00	30,01
China	24,753.49	543.00	45,58
Mexico	4,953.70	615.00	8,05
Total	199,399.71	7,502.00	26,57

Air Pollutant Emissions (kg/hr)

Türkiye (GOSB-1) (HQ)			
	2021	**2023**	**2024**
Dust emission quantities	0.007	0.018	
Sox	-	0.006	
Nox	0.005		

Key **Performance Indicators**

Air Pollutant Emissions (kg/hr)

Türkiye (GOSB-2)			
	2021	2023	2024
Dust emission quantities	0.014	0.0139	
Sox	-		
Nox	-		

Bartın-1		
	2023	2024
Dust emission quantities	0.1071	0.0005
Sox	0.0080	0.009
Nox	0.1843	0.03

Bulgaria			
	2021	2023	2024
Dust emission quantities	0.020	0.025	0.021
Sox	-	-	-
Nox	0.858	0.084	0,385 0,417

Serbia			
	2021	2023	2024
Dust emission quantities	0.020	0.025	
Sox	-	-	0.66
Nox	0.858	0.084	0.030

China				
	2021	2022	2023	2024
Dust emission quantities				0.02
Sox	0.109	0.04	0.09	0.09
Nox	0.164	0.06	0.05	0.37

Mexico				
	2021	2022	2023	2024
Dust emission quantities				
Sox	0.178	0.09	0.01	0.02
Nox	0.112	0.14	0.19	0.17

Key **Performance Indicators**

Energy

Energy consumption by source (GJ)				
		2022	2023	2024
Non-Renewable Resources	Natural Gas (GJ)	11,886.495	497,957.32	515.33
	Diesel (GJ)	-	-	84.85
	Gasoline (GJ)	-	-	113.28
	Total (GJ)	11,886.495	497,957.32	713.46
Renewable Resources	Wind (GJ)	-	-	84.01
	Solar (GJ)	19.20	82,896.55	51.23
	Total	19.20	82,896.55	135.23

Waste

Amount of waste generated (kilotonnes)			
	2022	2023	2024
Total Amount of Hazardous Waste (kilotonnes)	311.06	252.64	243.49
Total Amount of Non-Hazardous Waste (kilotonnes)	3,221.74	3,121.84	2,293.88

Key **Performance Indicators**

Water and Wastewater

Amount of water withdrawn and discharged according to sources (m3) (Surface Waters)			
	2022	**2023**	**2024**
Türkiye (GOSB-1)	13710	14728	17253
Türkiye (GOSB-2)	4800	4149	6687
Türkiye (Bartın-1)	125350	179226	246320
Türkiye (Bartın-2)	-	9935	14805
Serbia	102180	128339	121333
Bulgaria	319860	314981	317895.25
China	37600	35268	42117
Mexico	19800	23448	26306
Total water amount	623300	710074	794740

Amount of water consumed according to sources (m3)	
	2024
Türkiye (GOSB-1&2)	23,940.00
Türkiye (Bartın-1&2)	261,125.00
China	42,117.00
Bulgaria	363,293.00
Mexico	2,630.00
Total amount of water consumed (m3)	794,740.25

Key **Performance Indicators**

Number of employees by work category

Total number of employees			
	2022	**2023**	**2024**
Number of employees	7200	8069	7499
Number of employees by gender			
	2022	**2023**	**2024**
Female	2880	3184	3375
Male	4320	4885	4124
Percentage of employees by gender (%)			
	2022	**2023**	**2024**
Female	40.00%	39.46%	45.00%
Male	60.00%	60.54%	55.00%
Number of employees by age distribution			
	2022	**2023**	**2024**
< 30 age	2088	2179	1800
30 - 50 age	4608	5003	4799
> 50 age	504	887	900

Percentage of employees by age distribution (%)			
	2022	**2023**	**2024**
< 30 age	29%	27%	24%
30 - 50 age	64%	62%	64%
> 50 age	7%	10%	12%

Number of employees covered by occupational health and safety			
	2022	**2023**	**2024**
Personnel within the scope of occupational health and safety	6752	8069	7502
Personnel within the scope of occupational health and safety that have passed internal audit	-	507	553
Personnel within the scope of occupational health and safety audited or certified by a third party	-	39	39

Key **Performance Indicators**

New hires during the year by gender and age

Number of new recruits by age and gender				
		2022	2023	2024
< 30 age	Female	420	275	215
	Male	1139	640	560
30 - 50 age	Female	1039	553	624
	Male	1665	533	646
> 50 age	Female	93	82	65
	Male	117	70	43
Total	Female	1552	910	904
	Male	2921	1243	1249

Number of personnel leaving the job by age and gender				
		2022	2023	2024
Voluntary leavers (employee turnover rate)	Female	861	449	463
	Male	947	587	532
Number of positions filled by rotation	Female	146	52	104
	Male	154	69	58

Number of employees by seniority				
		2022	2023	2024
0-5 years	Female	2063	2032	2446
	Male	2604	2553	2519
5-10 years	Female	815	850	884
	Male	1141	2033	979
10 years and above	Female	91	120	203
	Male	486	481	468

Maternity Leave				
		2022	2023	2024
Number of employees benefiting from maternity/parental leave	Female	217	192	234
	Male	28	101	57
The duration of maternity/paternity leave to work after the expiry of number of returning employees	Female	57	49	50
	Male	28	41	50

Key **Performance Indicators**

Employee training (hours)

Duration of training given to personnel			
	2022	**2023**	**2024**
Avarage (employee/hour)	58.79	40.42	32.37
Total (hour)	149,694.1	326,149	363,618

	2022	**2023**	**2024**
Total training hours (excluding OHS trainings)	140,606	134,564	272,795
Average annual training time per employee (hours)	66.8	82.86	48.46

Duration of training provided to female staff			
	2022	**2023**	**2024**
Avarage (employee/hour)	5.09	8.5155	8.89
Total (hour)	40,710.33	27,113.79	30,003.09

Duration of training given to male staff			
	2022	**2023**	**2024**
Avarage (employee/hour)	5.25	13.064	10.38
Total (hour)	44,707.87	63,821	42,830

Duration of training according to work category			
	2022	**2023**	**2024**
Technical	10,033.57	13,286.66	10,943.91
Administrative	14,945.74	17,392.02	16,176.75
Production	119,175.79	143,452.32	112,344.35

Key **Performance Indicators**

Annual Working Time, Employees, Accidents and Rates (by Location)

Location	Year	Annual Working Time (hours)	Average Number of Employees	Number of Work Accidents	LTI Rate	LTIF	Number of Lost Days	Lost Day Rate
Bartın	2023	3,347,207	2.313	82	244980	73189	484	0.3345
	2024	3,790,999	1.65	135	35.61	14489	502	0.22
Gebze	2023	1,344,902.5	509	15	111532	82929	207	0.0783
	2024	1,074,649	368	17	15.82	14.72	495	0.17
Serbia	2023	2,889,637	1.535	15	51909	17964	372	0.1976
	2024	3,579,510	2.06	37	12693	32540	774	0.45
Bulgaria	2023	5,566,552	2.957	8	14371	0.2581	389	0.2066
	2024	5,333,799	2.809	5	0.94	0.18	215	0.11
Mexico	2023	1,201,750	500	4	33284	27696	67	0.0279
	2024	1,320,862	620	24	18.17	13.76	231	0.91
China	2023	1,215,006	254	4	32921	27095	153	0.0319
	2024	1,385,450	575	4	0.58	0.05	62.5	0.00
Total	2023	15,565,054.5	1,344.67	21.33	42217	38576	278.67	0.1461
	2024	16,485,269	1.347	37	13.58	30468	379.92	0.31

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GRI CONTENT INDEX

ALIGNED WITH

GLOBAL STANDARDS

We report transparently in line with GRI guidelines to ensure clarity and reliability.

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GRI STANDARD	DISCLOSURE	PAGE NUMBER REFERENCE AND/OR DIRECT ANSWERS
GRI 1: FOUNDATION 2021		
GRI 2: GENERAL DISCLOSURES 2021		
GRI 2: GENERAL DISCLOSURES 2021	2-1 Organizational details	About The Report p. 2 About Teklas p. 6 Teklas Global Operations p. 9, 10 Teklas Milestones p. 11
	2-2 Entities included in the organization's sustainability reporting	About The Report p. 2
	2-3 Reporting period, frequency and contact point	About The Report p. 2
	2-4 Restatements of information	Materiality Analysis 32, 33
	2-5 External assurance	For the reporting period, external assurance has not been conducted.
	2-6 Activities, value chain and other business relationships	Teklas Highlights in 2024 p. 7 Teklas Global Operations p. 9, 10 Teklas Product Groups 15, 16 Collaborations p. 18, 19 Sustainable Supply Chain p. 75-80
	2-7 Employees	Human Resources Management p. 88-90
	2-8 Workers who are not employees	Human Resources Management p. 88-90
	2-9 Governance structure and composition	Board of Directors p. 22, 23 Executive Management p. 24 Our Corporate Governance Body p. 25 Committees and Policies p. 26 Sustainability Governance p. 31
	2-10 Nomination and selection of the highest governance body	Board of Directors p. 22, 23 Executive Management p. 24 Our Corporate Governance Body p. 25
	2-11 Chair of the highest governance body	Board of Directors p. 22, 23 Executive Management p. 24

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GRI STANDARD	DISCLOSURE	PAGE NUMBER REFERENCE AND/OR DIRECT ANSWERS
	GRI 2: GENERAL DISCLOSURES 2021	
GRI 2: GENERAL DISCLOSURES 2021	2-12 Role of the highest governance body in overseeing the management of impacts	Board of Directors p. 22, 23 Executive Management p. 24
	2-13 Delegation of responsibility for managing impacts	Our Corporate Governance Body p. 25
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Governance p. 31
	2-15 Conflicts of interest	Business Ethics p. 43, 44
	2-16 Communication of critical concerns	Corporate Risk Management and Internal Audit p. 41, 42 Business Ethics p. 43, 44 Business Continuity p. 45 Stakeholder Engagement p. 46, 47
	2-17 Collective knowledge of the highest governance body	Board of Directors p. 22, 23
	2-18 Evaluation of the performance of the highest governance body	Board of Directors p. 22, 23
	2-19 Remuneration policies	Human Resources Management p. 88-90
	2-20 Process to determine remuneration	Human Resources Management p. 88-90
	2-21 Annual total compensation ratio	Confidentiality Constraints: Not Public Information
	2-22 Statement on sustainable development strategy	Our Sustainability Strategy p. 27-30 Sustainability Governance p. 31 Environmental Strategy p. 49, 50
	2-23 Policy commitments	Committees and Policies p. 26
	2-24 Embedding policy commitments	Business Ethics p. 43, 44 Nature-First Approach p. 49-63 People First, Progress Always p. 82-92

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GRI STANDARD	DISCLOSURE	PAGE NUMBER REFERENCE AND/OR DIRECT ANSWERS
GRI 2: GENERAL DISCLOSURES 2021		
GRI 2: GENERAL DISCLOSURES 2021	2-25 Processes to remediate negative impacts	Our Sustainability Strategy p. 27-30 Environmental Strategy p. 49, 50 Automation p. 72, 73
	2-26 Mechanisms for seeking advice and raising concerns	Business Ethics p. 43, 44
	2-27 Compliance with laws and regulations	Business Ethics p. 43, 44
	2-28 Membership associations	Collaborations p. 18, 19
	2-29 Approach to stakeholder engagement	Stakeholder Engagement p. 46, 47
	2-30 Collective bargaining agreements	Human Resources Management p. 88-90
MATERIAL TOPICS		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Matrix p. 32 Material Topics p. 33
	3-2 List of material topics	Materiality Matrix p. 32 Material Topics p. 33
	3-3 Management of material topics	Materiality Matrix p. 32 Teklas Corporate Governance Approach p. 21 Our Corporate Governance Body p. 25 Board of Directors p. 22, 23 Executive Management p. 24
ENERGY MANAGEMENT (ENERGY CONSUMPTION, ELECTRICITY GENERATION)		
GRI 3: Material Topics 2021	3-3 Management of material topics	Environmental Strategy p. 49, 50 Green Energy Approach p. 54-56
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Green Energy Approach p. 54-56 Performance Indicators p. 96
	302-4 Reduction of energy consumption	Environmental Strategy p. 49, 50 Green Energy Approach p. 54-56

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GRI STANDARD	DISCLOSURE	PAGE NUMBER REFERENCE AND/OR DIRECT ANSWERS
ENERGY MANAGEMENT (ENERGY CONSUMPTION, ELECTRICITY GENERATION)		
GRI 302: Energy 2016	302-5 Reductions in energy requirements of products and services	Energy Management p. 50-53
COMPETITIVE BEHAVIOR		
GRI 3: Material Topics 2021	3-3 Management of material topics	Business Ethics p. 43, 44 Human Rights Approach at Teklas
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Our Sustainability Strategy p. 27-30 Business Ethics p. 43, 44 Human Rights Approach at Teklas p. 86
SUSTAINABLE FINANCE, FINANCIAL STABILITY & SYSTEMATIC RISK		
GRI 3: Material Topics 2021	3-3 Management of material topics	Teklas Corporate Governance Approach p. 21
GRI 201: Economic Performance 2016	201-1 Direct economic value produced and distributed	Teklas In Numbers p. 8
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	Teklas In Numbers p. 8 Teklas Product Groups p. 15, 16 Collaborations p. 18, 19
WASTE & HAZARDOUS MATERIALS MANAGEMENT		
GRI 3: Material Topics 2021	3-3 Management of material topics	Waste Management p. 61, 62
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste Management p. 61, 62
	306-2 Management of significant waste-related impacts	Waste Management p. 61, 62
	306-3 Waste generated	Performance Indicators p. 96
	306-4 Waste diverted from disposal	Performance Indicators p. 96
	306-5 Waste directed to disposal	Performance Indicators p. 96

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GRI STANDARD	DISCLOSURE	PAGE NUMBER REFERENCE AND/OR DIRECT ANSWERS
	PRODUCT QUALITY & RECALL MANAGEMENT	
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainable Supply Chain p. 75-80 Quality p. 78
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Customer Relations p. 79, 80
	CORPORATE GOVERNANCE	
GRI 3: Material Topics 2021	3-3 Management of material topics	Teklas Corporate Governance Approach p. 21 Our Corporate Governance Body p. 25 Sustainability Governance p. 31 Committees and Policies p. 26
	OCCUPATIONAL HEALTH & SAFETY	
GRI 3: Material Topics 2021	3-3 Management of material topics	Occupational Health & Safety p. 83, 84
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Committees and Policies p. 26 Occupational Health & Safety p. 83, 84
	403-2 Hazard identification, risk assessment, and incident investigation	OHS Structure and Operation OHS Risk Management p. 84 Training and Drills p. 84
	403-3 Occupational health services	Occupational Health & Safety p. 83, 84 Employee Value Proposition
	403-4 Worker participation, consultation, and communication on occupational health and safety	OHS Risk Management p. 84 Training and Drills p. 84
	403-5 Worker training on occupational health and safety	Training and Drills p. 84 Performance Indicators p. 101
	403-6 Promotion of worker health	Occupational Health & Safety p. 83, 84
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	OHS Risk Management p. 84 Training and Drills p. 84
	403-8 Workers covered by an occupational health and safety management system	Occupational Health & Safety p. 83, 84 Performance Indicators p. 101

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GRI STANDARD	DISCLOSURE	PAGE NUMBER REFERENCE AND/OR DIRECT ANSWERS
	OCCUPATIONAL HEALTH & SAFETY	
GRI 403: Occupational Health and Safety 2018	403-9 Work-related injuries	Incident and Nonconformity Management p. 85 Performance Indicators p. 101
	403-10 Work-related ill health	Incident and Nonconformity Management p. 85 Performance Indicators p. 101
	LABOR PRACTICE INDICATORS / PRACTICES	
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Rights Approach at Teklas p. 86
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Human Resources Management p. 88-90
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human Resources Management p. 88-90
	401-3 Parental leave	Performance Indicators p. 99
	DIVERSITY AND EQUAL OPPORTUNITY (WOMEN EMPOWERMENT)	
GRI 3: Material Topics 2021	3-3 Management of material topics	Committees and Policies p. 26 Human Rights Approach at Teklas p. 86 Diversity, Equality, Inclusion p. 87
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Teklas Global Operations p. 9, 10 Human Rights Approach at Teklas p. 86 Diversity, Equality, Inclusion p. 87
	405-2 Ratio of basic salary and remuneration of women to men	There is no gender-based salary difference at Teklas. The principle of equal pay for equal work is applied.
GRI 406: Non Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	There were no cases of discrimination during the reporting period.
	CLIMATE CHANGE ADAPTATION STRATEGY	
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Sustainability Strategy p. 27-30 Nature-First Approach p. 49-63

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GRI STANDARD	DISCLOSURE	PAGE NUMBER REFERENCE AND/OR DIRECT ANSWERS
PRODUCT DESIGN & LIFECYCLE MANAGEMENT		
GRI 3: Material Topics 2021	3-3 Management of material topics	Environmental Strategy p. 49, 50 Product End-of-Life p. 62 Sustainable Supply Chain p. 75-80 Research and Development (R&D) p. 68, 69
GRI 301: Materials 2016	301-2 Recycled input materials used	Waste Management p. 61, 62
RECYCLING STRATEGY		
GRI 3: Material Topics 2021	3-3 Management of material topics	Waste Management p. 61, 62 Zero Waste p. 62
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste Management p. 61, 62
	306-2 Management of significant waste-related impacts	Waste Management p. 61, 62
	306-3 Waste generated	Performance Indicators p. 96
	306-5 Waste directed to disposal	Performance Indicators p. 96
LOW CARBON STRATEGY (EMISSION REDUCTION)		
GRI 3: Material Topics 2021	3-3 Management of material topics	Emission Management p. 57-59
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Performance Indicators p. 94
	305-2 Energy indirect (Scope 2) GHG emissions	Performance Indicators p. 94
	305-3 Other indirect (Scope 3) GHG emissions	Performance Indicators p. 94
	305-4 GHG emissions intensity	Performance Indicators p. 94

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GRI STANDARD	DISCLOSURE	PAGE NUMBER REFERENCE AND/OR DIRECT ANSWERS
LOW CARBON STRATEGY (EMISSION REDUCTION)		
GRI 305: Emissions 2016	305-5 Reduction of GHG emissions	Emission Management p. 57-59
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Performance Indicators p. 94, 95
CODES OF BUSINESS CONDUCT		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainable Supply Chain p. 75-80
INNOVATION MANAGEMENT (AUTOMATION)		
GRI 3: Material Topics 2021	3-3 Management of material topics	Innovation Management p. 70, 71 Automation p. 72, 73
BIODIVERSITY		
GRI 3: Material Topics 2021	3-3 Management of material topics	Biodiversity p. 63
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas	Biodiversity p. 63
	304-2 Significant impacts of activities, products and services on biodiversity	Biodiversity p. 63
	304-3 Habitats protected or restored	Biodiversity p. 63

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GRI STANDARD	DISCLOSURE	PAGE NUMBER REFERENCE AND/OR DIRECT ANSWERS
HUMAN RIGHTS, SOCIAL INTEGRATION & REGENERATION		
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Rights Approach at Teklas p. 86
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	There are no operations and suppliers at significant risk for incidents of discrimination.
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	There are no operations and suppliers at significant risk for incidents of child labor.
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	There are no operations and suppliers at significant risk for incidents of forced or compulsory labor.
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Community Investments p. 91, 92

FOR MORE INFORMATION ABOUT THE REPORT, YOUR OPINIONS AND SUGGESTIONS;

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