

SUSTAINABILITY

REPORT 2020

Dear Stakeholders,

As Teklas, we have left behind a year which we focused on a sustainable and profitable growth with the awareness of our responsibilities towards society and the environment. We realize our vision “to become the number one player in the fluid systems used in cooling and heating lines in the global automotive sector” with our quality, customer-oriented management, and innovative technology, add value to the society with our sustainability awareness and continue our projects by enriching our environment.

Covid-19 Pandemic which started at the end of 2019 and spread rapidly, has gone beyond a global health crisis, and profoundly affected economic and social development. This process once again demonstrated the importance of building more equal and inclusive sustainable economies and societies.

We have witnessed the efficiency of solidarity to solve problems and acceleration of processes with human-oriented solutions in the human dimension of the pandemic.

This crucial reflex of societies also created hope for combating other environmental problems, especially the climate crisis. It once again showed us

that a sustainable world is possible with the right steps we will take today, and how valuable it is to develop solutions in line with the benefit-oriented approach and the needs of society.

As Teklas, we have taken the necessary precautions from the very beginning of the Covid-19 Pandemic primarily to protect the health of our employees, ensure the continuity of our business, reduce the impact of the pandemic, and prevent its spread. We have prepared alternative plans to protect our sustainable growth. We believe that the effects of the pandemic will be softened by the positive steps taken, and that the automotive sector will overcome this period with the right steps and strategies, as in many past crises.

In 2020, we continued to strengthen our sustainability-oriented management approach. Currently, we are configuring our short-medium-long-term targets towards 2030 with our technology approach that has turned its face into the future and in line with our company's principles of sustainable growth and value creation.

In 2020, we have focused on how we can live together with the virus because it was a part of Teklas genes; an existential story that is designed to survive within a crisis. How could we survive? How were we going to get through this painful process with minimal damage and minimal loss? In this crisis, we have focused on protecting the people who brought Teklas to these days.

We believe this year's success should be defined in a special way. We are all alive and healthy. We protected our employees and opened two new plants, one in Bulgaria and the other in the United States, and despite the crisis it has been a very successful year.

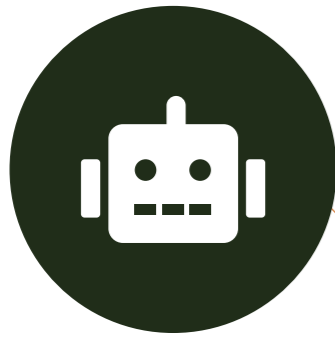
As Teklas, we continue to move towards our targets with determination by focusing on sustainable and profitable growth, new technologies and new product ranges. We would like to thank our employees, customers, suppliers, and all other stakeholders who accompanied us on this journey for their trust and support.

Sincerely and respectfully,

FOREWORD

Moris DANON
CHAIRMAN

Nebi ANIL
CEO



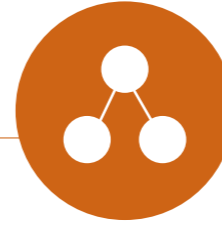
TOTAL ROBOT COUNT

390



OPERATES IN

8 COUNTRIES



56,4 m²

TOTAL COVERED GREEN AREA



6.500

EMPLOYEES IN TOTAL



PRODUCTION FACILITIES IN

**11 DIFFERENT
LOCATIONS**



458.982 m²

TOTAL COVERED AREA



***If a manager
makes a mistake,
it is a deep trouble.***

***If he doesn't
realize his mistake
or if he doesn't
accept it,
it's deeper
than a trouble.***

Murat Danon

FIGURES TABLE

	Figures	2019	2020
Talent Management			
Permanent Staff		5.574	6.143
Average training hours per employee		108	30,88
Rate of female employees in permanent staff		37,28%	36,9%
Number of employees who were trained on compliance topics		1.194	1.708
Number of compliance online training courses completed on schedule		19	19
Number of participants in CSR activities		568	81
Responsible Production			
Number of invention applications		2	2
Occupational Health			
Rate of manufacturing locations certified according to ISO 45001		80%	80%
Global accident frequency rate (average)		3,26	2,65
Global accident severity rate (average)		0,11	0,14
Environment			
Rate of manufacturing locations certified according to ISO 14001		60%	60%
Global electric consumption kwh / EUR thousand of revenue (average)		165,09	164,82
Global water consumption m3 / EUR thousand of revenue (average)		1,57	1,65
Global gas consumption m3 / EUR thousand of revenue (average)		28,31	30,35
Global hazardous waste kg / EUR thousand of revenue (average)		1,04	0,96
Global non-hazardous waste kg / EUR thousand of revenue (average)		13,99	13,87

Note: Global Hazardous and Non-Hazardous Waste Average do not include Mexico Plant for both years.

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INTRODUCTION

As Teklas, we operate in 11 different production plants and 2 sales offices, total in 8 different countries with our more than 6000 employees as of 2020, since 1971. Through our corporate knowledge that we gathered in the last almost 50 years, the importance of sustainability concept has also gained momentum.

Thus, we are proud to launch the first report that represents our 50 years of experience.

We believe that this report will be a breaking point for our sustainability focus, will enable us to view our position and improve more than ever to leave a more sustainable company structure as well as a better world for future generations.

In this report, we started by describing our sustainability strategy and then focused on the main topics of sustainability such as our governance approach, responsible production, environment, talent management and supply chain management which the readers will have the chance to view the details about these topics in the upcoming pages.

Our first Sustainability Report includes data from all our locations for the year of 2020 together with our targets for 2021. While preparing it, we based in on United Nations Sustainable Development Goals that were determined in 2015, United Nations Global Compact which we aim to become signatory as of 2021 and our employee branding: FLOW TO FUTURE.

Our employee branding “Flow to Future” which speaks with our current and potential talents to illuminate our 2023 targets that will make us a global player.

Our targets include having a global organizational structure and flexible institutionalization, being a global player in air conditioning systems in addition to the heating and cooling lines. Additionally, we aim to achieve globalization from A to Z, using the same language on Finance and IT Systems by being transparent, standardization of automation systems and defining the quality as the priority in every location that Teklas operates in.

The first launching of our sustainability focus to the outside of our company is occurring in the shade of COVID-19 Pandemic that affected all sectors, economies and most importantly the humanity itself... However, as a company who always chooses to survive and look at the bright side, we believe the pandemic crisis highlighted the importance of the sustainability once again. In this context, we prefer to survive together with our stakeholders, our environment, our world and to become stronger than ever in line with the mindset of sustainability to have better futures.

You may contact us for all questions, comments, or recommendations about our sustainability studies via below e-mail addresses:

sustainability@tekla.com.tr

sustainabilitySubCommittee@tekla.com.tr

TEKLAS SUSTAINABILITY STRATEGY



Would you like to explore the priorities of Teklas?

Sustainable management is defined as the basic approach of Teklas in terms of management of our all stakeholders, including our employees, customers, suppliers, NGOs, etc. At Teklas, we focus on the spread of the sustainability culture in our all processes and in our all stakeholder relations.

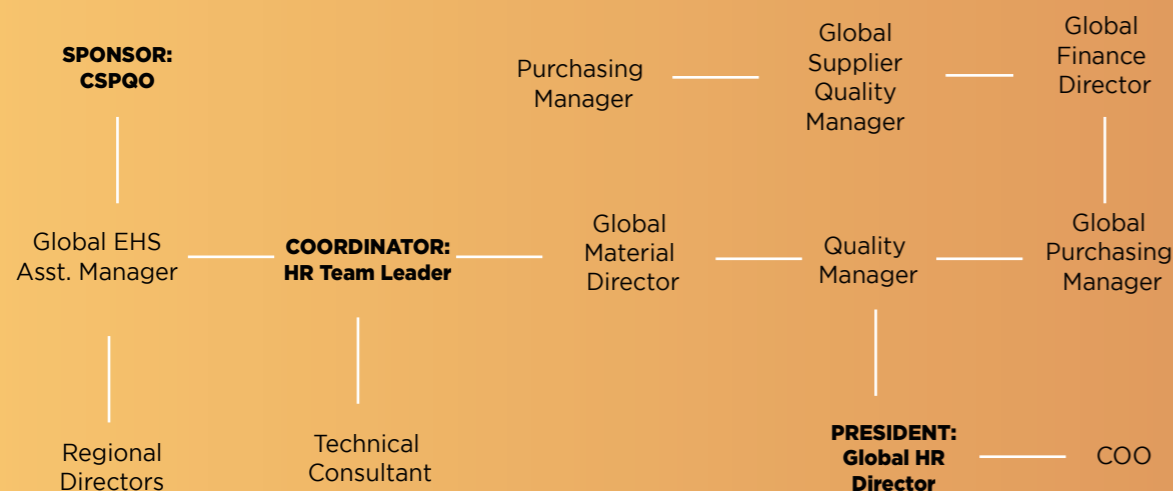
Sustainable Management

The sustainability structure of Teklas includes a Sustainability Committee and a Study Group as of 2020.

Teklas Sustainability Committee is the entity that is established for ensuring the participation of head of all departments to our sustainability strategy. Teklas Sustainability Study Group, on the other hand, is responsible from implementing all actions that are decided in cooperation with Sustainability Committee and Board of Directors.

All decisions and actions are reported directly to the Board of Directors to ensure the sustainability culture flows within all divisions of our company.

SUSTAINABILITY COMMITTEE



Our Commitment

Teklas Sustainability Policy which covers all locations of our company, outlines our understanding. It focuses 4 main areas: Business Ethics, Working Conditions & Human Rights, Environment and Supply Chain Management.

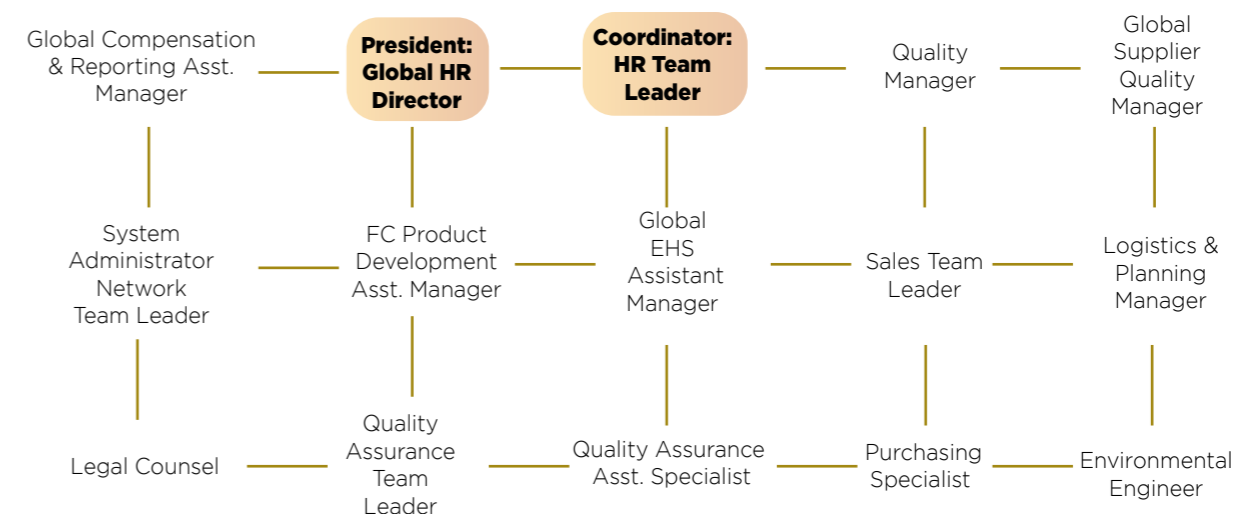
The aim for the establishment of policy in 2020 was realization of the 50 years of experience about the subjects into a policy so the experience may be sustainable for the next generations. It also outlines a new commitment for Teklas, to aim a better and sustainable future that corresponds Teklas corporate strategy which is based on accountability, sustainability, and people.



During the Covid 19 pandemic, I mostly missed going out and walking freely, being able to go out without masks, watching Besiktas games from the stands, being able to meet with my friends.

Recep Kerim YÜKSEL, PD Engineer, Turkey

SUSTAINABILITY STUDY GROUP





During covid19 pandemic, I mostly miss going out without a mask and participating in running activities. I can say that it was my opportunity to finish the books waiting to be read during this period.

Ahmet ÖNGEL

Product Development Team Leader

Our Strategy

Teklas Sustainability Strategy has defined by an internal survey in 2020 that was including the following themes: Environment, Talent Management, Responsible Production, Governance Approach, Societal Development and Supply Chain Management.

Universally accepted GRI standards, UN Global Compact and UN Sustainable Development Goals are used as the base while defining our priorities as well as our strategy.

The survey is answered by the employees. The result of survey is shared with the Board of Directors and a workshop organized in order to finalize our priorities which creates our strategy.

According to the data that comes out from this survey and workshop, we have also defined our short/long-term targets and our stakeholder mapping in the workshop.

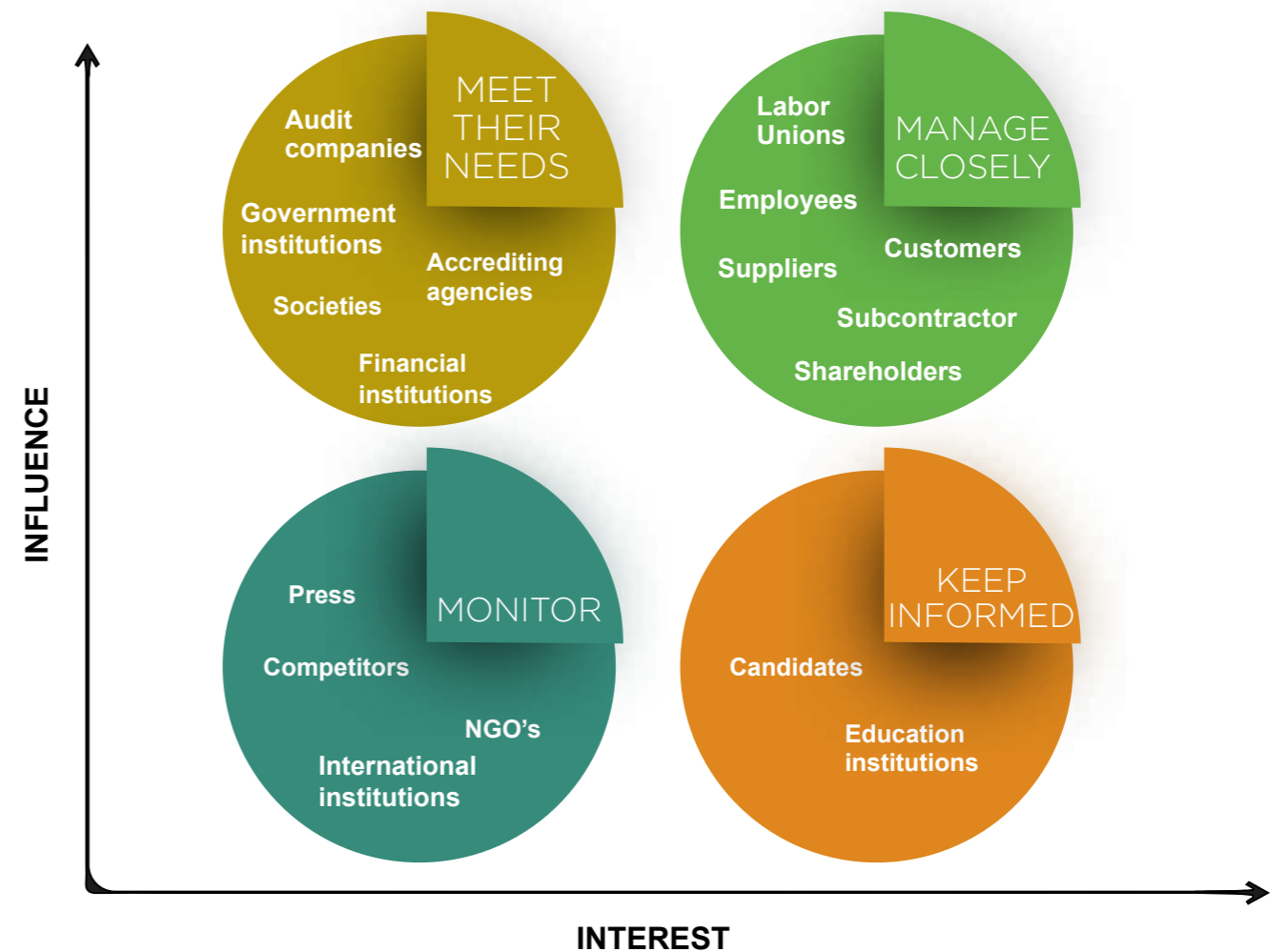


Figure 1: Stakeholder Mapping

WHAT WE PRIORITIZE?

13 7 Water Consumption, Energy Consumption, Emission Reduction, Waste Management.

One of the key ingredients to have a better future is the nature's itself. To leave a better and sustainable legacy to the next generations, we must take responsibility to reduce the consumption of water, energy, and emission in our all busines processes.

10 16 Women Empowerment, Equality of Opportunity.

Better future means better future all. By following this path, we aim to reduce inequalities in the societies that we operate so women may have better living conditions.

12 Customer Satisfaction, Product Quality and Safety.

We move forward with the mission of ensuring a sustainable growth thanks to our high-quality products. Quality comes first but also safety of the product has the highest priority. Together with quality and safety, we achieve the customer satisfaction.

16 Ethical and Transparent Management, Being Honest and Accountable.

We believe that without having an accurate management approach, one cannot leave the legacy for the future generations. Acting ethical, transparent provides us to have a better future by making us accountable for our actions.

12 17 Sustainable Supply Chain Management.

Whatever we implement for a better and sustainable future, without our supply chain, we achieved nothing. Thus, we need to commit ourselves all together as supply chain from customers to suppliers.

Ratings

To monitor our situation regarding sustainability, as Teklas, we are participating to several sustainability portals. The aim is to see where we are and measure where we will be during the path to reach our targets. In this regard, we currently participate to several independent audit platforms to measure our ESG evaluations such as NQC, ECOVADIS and CDP by receiving the sufficient scores.

employee opinion

The Kardzhali region is geographically close to Turkey and Greece, and one of the things I miss most during this Pandemic is that I cannot travel to these countries comfortably. I also miss visiting my elders. I miss meeting with other relatives, especially friends and relatives who live in other countries and cannot travel this year. What I'm turning the opportunity to is, I've explored places in Bulgaria I've never been before. I was able to explore many unique points of nature, especially because of the nature of Bulgaria.



Desislava FENEVA
Occupational Safety Specialist



GOVERNANCE APPROACH



DIVERSITY & INCLUSION

We are proud with our 37% of global women employee rate which is 20% in the global masculine automotive industry, more than 35 women executive and 1 woman Executive Committee Member.

Equality of opportunity

In Teklas, we believe in the equality of the opportunity for all segments of our company. All our processes, especially the recruitment and assignment depend on this mindset and includes deciding without taking race, gender, religion, marital status, etc. into account. In our business flows, what matter is the skills of the related person, not the things that chosen or not chosen by that person and that makes one to be the person she/he is. We prefer to recruit the person who will comply with our company culture, who will work with in a harmony of our diverse culture in a way that shares our values, especially the equality of opportunity.

Diversity

We include 12 different nationalities, countless religious

beliefs, more than 50 disabled employees and countless different cultures in our all locations around the world. We continue to grow every day by being more diverse than ever. We proud to support our diverse voices that includes the youth and the elder because we believe that the more we include and give floor to different voices, the more we will achieve our target to leave a better world for the next generations.

Women Empowerment

As a company that operates in a masculine automotive industry, we always prioritize women empowerment to achieve an industry that is less masculine. We provide the opportunity to all women in our all locations to gain their economic freedom, to produce and to be in charge.



During the pandemic period the most thing that I missed is traveling abroad.

On the other side, global crisis opened my eyes in a certain way and changed my access to some things.

Lokica METODIJEV
Quality Assistant Manager

employee opinion

We are proud with our 37% of global women employee rate which is 20% in the global masculine automotive industry, more than 35 women executive and 1 woman Executive Committee Member. However, we aim to increase these numbers more to achieve the necessary empowerment of women.

Apart from our employees, we work to empower local women in the societies that we operate especially with our corporate social activities. We acknowledge our responsibility towards the empowerment of women globally in line with UN Sustainable Development Goals as the company.

“

It was very enjoyable to work with very sincere and open to learn Teklas managers in our Mentorship trainings. I appreciate the willingness of the entire team to further develop themselves and wish them all the best in their journey towards becoming inclusive leaders. I believe that the perseverance and dedication shown in education will take Teklas much further.

Yücel KOSAL, Master Certified Coach

stakeholder opinion

”

ETHICAL AND TRANSPARENT MANAGEMENT

WE ADOPT THE PRINCIPLE OF 0 TOLERATION TO BRIBERY, DISCRIMINATION, AND ABUSE AND FORM OUR PROCEDURES ACCORDINGLY.

Teklas Ethics Committee is established to ensure the transparent, ethical, accountable, and honest management in all business flows in a way that complies with all laws and regulations that we operate. We expect from our all stakeholders to act according to our Code of Ethics and Values Policy. In this regard, the communication channel of the Committee (ethics@teklas.com.tr) is shared with our all stakeholders including employees, suppliers and customers via our corporate website, e-mail, Supplier Manual and Supplier Portal. Our main target is operating in a way to comply all legal

regulations, creating sustainable value, and acting in ethical way in our quality, mission, and supply chain relations. We adopt the principle of 0 toleration to bribery, discrimination, and abuse and form our procedures accordingly. Our employees receive regular training about Ethics and Human Rights to fight against bribery, abuse, and discrimination as well as to be informed about our internal whistleblower procedure. In 2020, more than 1700 of our employees received this training which the target is to provide the training to our all employees in 2021.



ETHICS
TEKLAS

ethics@teklas.com.tr

“

The man who shuns and fears everything and stands up to nothing becomes a coward; the man who is afraid of nothing at all, but marches up to every danger becomes foolhardy.

Similarly the man who indulges in pleasure and refrains from none becomes licentious (akolastos); but if a man behaves like a boor (agroikos) and turns his back on every pleasure, he is a case of insensibility.

Thus temperance and courage are destroyed by excess and deficiency and preserved by the mean.”

Aristoteles

”

Apart from our employees, also, our ethical vision has presented to our suppliers in our Supplier Manuel and Supplier Portal. We aim to increase this connection with our suppliers by our Supplier Sustainability Portal that will launch in 2021.

Teklas Code of Ethics and Values Policy renewed in 2020 with the approval of the Board of Directors by including a whistleblower procedure that involves an Ethics Committee. This revision aims to protect and spread our ethical culture in our all process and inform our all stakeholders. The Committee is placed above all departments and has the power to acquire all classified information from each department in case there is a need during an investigation. The committee involves a Supreme Board that gives the final decision and sub-committees for each location. Once a complaint is sent to the Committee, the issue will be evaluated in each location's **ETHICS COMMITTEE**

The decision must be made within 6 working days by the related Sub-Committee which after, must be sent for the final decision to the Ethics Supreme Board. Sub-Committees are gathering with the presidency of the lead HR responsible of the location together with the voluntarily chosen employees from both field and office employees by taking care of the gender equality in the committees for equal representation of all genders and positions. On the other hand; the Supreme Board involves our Legal counsel, HR Director and the Board of Directors. The most recent version of our policy involves our values and principles, the organizational structure of the committees, and the process that will take place in case there is a complaint. Since the renewal of the policy, we are proud to not to have a case that are reviewed by the Committee.

more than
1700 ETHICS TRAINING

STRATEGICAL MANAGEMENT

Each passing day we grow profitably by conducting our activities in a responsible way with our vision to become the world leader in fluid circulation systems used on heating & cooling lines in the global automotive industry.

The DNA of our 50 years of corporate culture is based on easiness and simplicity in the business flows. We adopt the principle of leaving a precious legacy for the future of Teklas and the sector with our flexible, agile, and sustainable point of view.

We contribute to the socio-economical development of the world and the sector. We aim to enhance our all workflows by making them leaner, provide products with a better quality to our customers together with our most-qualified work force to realize our vision and increase our sustainable management.

vision
To become the world leader in fluid circulation systems used on heating & cooling lines in the global automotive industry.

The most important thing for us is the satisfaction of our customers and continuously increasing this satisfaction through a sustainable value chain. Unfortunately, due to COVID-19 Pandemic, we were unable to perform our Customer Satisfaction Survey in 2020.

However, according to 2019 results, 80% of our customers think that we respond fast. Our target for 2021 Customer Satisfaction Survey is to reach 85% of fast reaction.

To the continuous improvement on the satisfaction, we focus on the lean thinking and managing our workflows in this way including our all departments, new technologies, investments, and customer management.

Another advantage that takes us to the fore of our competitors and supports our target to increase our customer satisfaction is our resource productivity.

We adopt to the lean management principle to produce quality products with less time, less energy, and less workforce. The flow in our culture proves that we reach this simplicity by focusing on new technologies, digitalization and most importantly automatization which aims to maintain in our customer satisfaction.

mission

To ensure a sustainable growth in the global market thanks to the high quality products developed by our innovative workforce and customer-oriented management.

ENVIRONMENT



*Solar Panel Area
Teklas Bulgaria Kardzhali*

ENVIRONMENT

THE ENVIRONMENT HAS BEEN A FOCUS POINT FOR US SINCE MANY YEARS. WE TAKE CARE OF ALL PEOPLE AND THE SURROUNDING SOCIETIES IN OUR ACTIVITIES.

The environment has been a focus point for us since many years. As Teklas, we started to engage with global environment standards since 2001 with our first ISO 14001 certificate that belongs to Teklas Gebze.

We take care of the health and safety of all people and the surrounding societies in our activities. We also acknowledge that our activities depend on natural resources and everyone has the right to live in a healthy environment. We aim to leave a livable environment for future generations by continuing our efforts to protect the environment and reduce environmental impacts in line with our Environmental Policy.

In this regard, we aim to establish ISO 50001 Energy Management System in our all locations as of 2022 and calculate our carbon footprint according to ISO 14064 by having the approval of accredited companies. Also, we will have our solar panel investment on Teklas Bulgaria to receive renewable energy and to use it in our processes.

All of these targets are due one main reason: We must continue to work for a sustainable future. In our activities, environmental management studies are audited, and the performance obtained is continuously monitored. Our environmental performance is subject to internal audit studies as well as external audit practices carried out by independent organizations authorized by the state's environmental institutions that we operate.

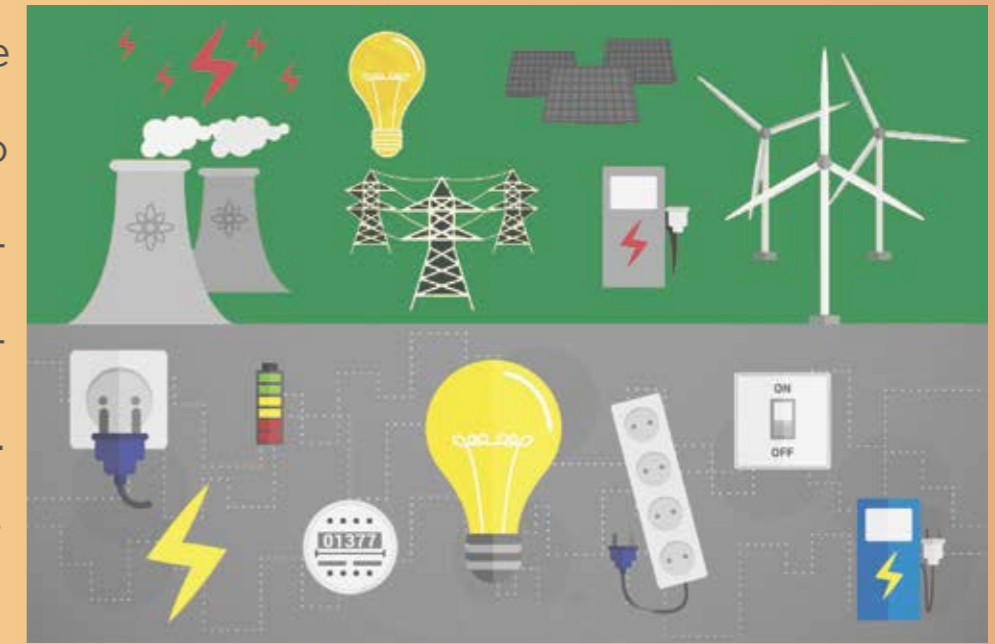
Environmental issues in each location are managed by the Global EHS with the support of our local departments. International standards and local regulations in the countries where our facilities are located are closely monitored in the management of these issues. In this respect, we work on energy and water efficiency, waste reduction, monitoring and reduction of greenhouse gas and air emissions and minimizing all other environmental impacts and increasing environmental awareness of our employees.

“**Green is the prime color of the world and that from which its loveliness arises.**”

Pedro Calderon de la Barca

ENERGY CONSUMPTION

In all our locations, we aim to improve our activities according to the requirements of national and international legislations and to ensure the environmental and economic sustainability of them. Accordingly, continuous monitoring of our activities in terms of energy efficiency and



further improvement of our performance will be possible with the applications that we have carried out or planned to carry out. Efficient use of energy reduces our greenhouse gas emissions as well as increases our competitiveness with the cost advantage it creates. At the same time, energy efficiency is considered in the process of investment planning. Also, the awareness studies are conducted about energy efficiency for all our employees.

Table.1 - Energy consumption

PLANT	2020 ELECTRICITY CONSUMPTION (kWh)	2020 TARGET kWh/€ thousand revenue	2020 kWh/€ thousand revenue	2020 TARGET SUCCESS RATE
BARTIN	5.015.465	145	133,28	↑ 109%
BULGARIA	28.132.896	155	157,42	↓ 98%
GEBZE M.KOY	7.253.861	145	145,49	⇒ 100%
METAL PIPE	4.907.473	300	301,50	⇒ 100%
SERBIA	5.524.000	140	134,96	↑ 104%
CHINA	3.447.210	140	145,24	↓ 96%
MEXICO	1.298.012	130	110,58	↑ 118%
TOTAL - AVG.	55.578.917	165,00	164,82	⇒ 100%

PLANT	NATURAL/CNG GAS CONSUMPTION (m3)	2020 TARGET m3/€ thousand revenue	2020 m3/€ thousand revenue	2020 TARGET SUCCESS RATE
BARTIN	2.634.639	65	70,01	↓ 93%
BULGARIA	3.664.356	20	20,50	↓ 98%
GEBZE M.KOY	1.402.110	27	28,12	↓ 96%
METAL PIPE	315.158	19	19,36	↓ 98%
SERBIA	1.787.634	44	43,68	↑ 101%
CHINA	468.023	18	19,72	↓ 91%
MEXICO	574.246	50	48,92	↑ 102%
TOTAL - AVG.	10.846.166	34,71	30,35	↑ 114%

Table.2- Total energy expenses/turnover rates

PLANT	2020 Plant-based total energy expenses/turnover rates	2020 Targets	2020 TARGET SUCCESS RATE
BARTIN	2,16	2,75	↑ 127%
BULGARIA	1,92	2,20	↑ 115%
GEBZE M.KOY	1,69	1,80	↑ 107%
METAL PIPE	2,10	2,30	↑ 110%
SERBIA	3,14	2,50	↓ 80%
CHINA	2,37	2,50	↑ 105%
MEXICO	2,30	2,50	↑ 109%

The use of renewable energy for the protection of natural gas resources is one of our targets. As beginning, it was planned to build a Solar Energy Facility with an installed capacity of 2.6 MW in 2021 in Teklas Bulgaria, Kardzhali. After the implementation of the plant, 7% of the electricity consumed in Teklas

Bulgaria will be supplied from renewable energy.

Greenhouse gas emissions will be reduced with efficient and recycled use of energy sources and improvements to be made by making corporate carbon footprint calculations.

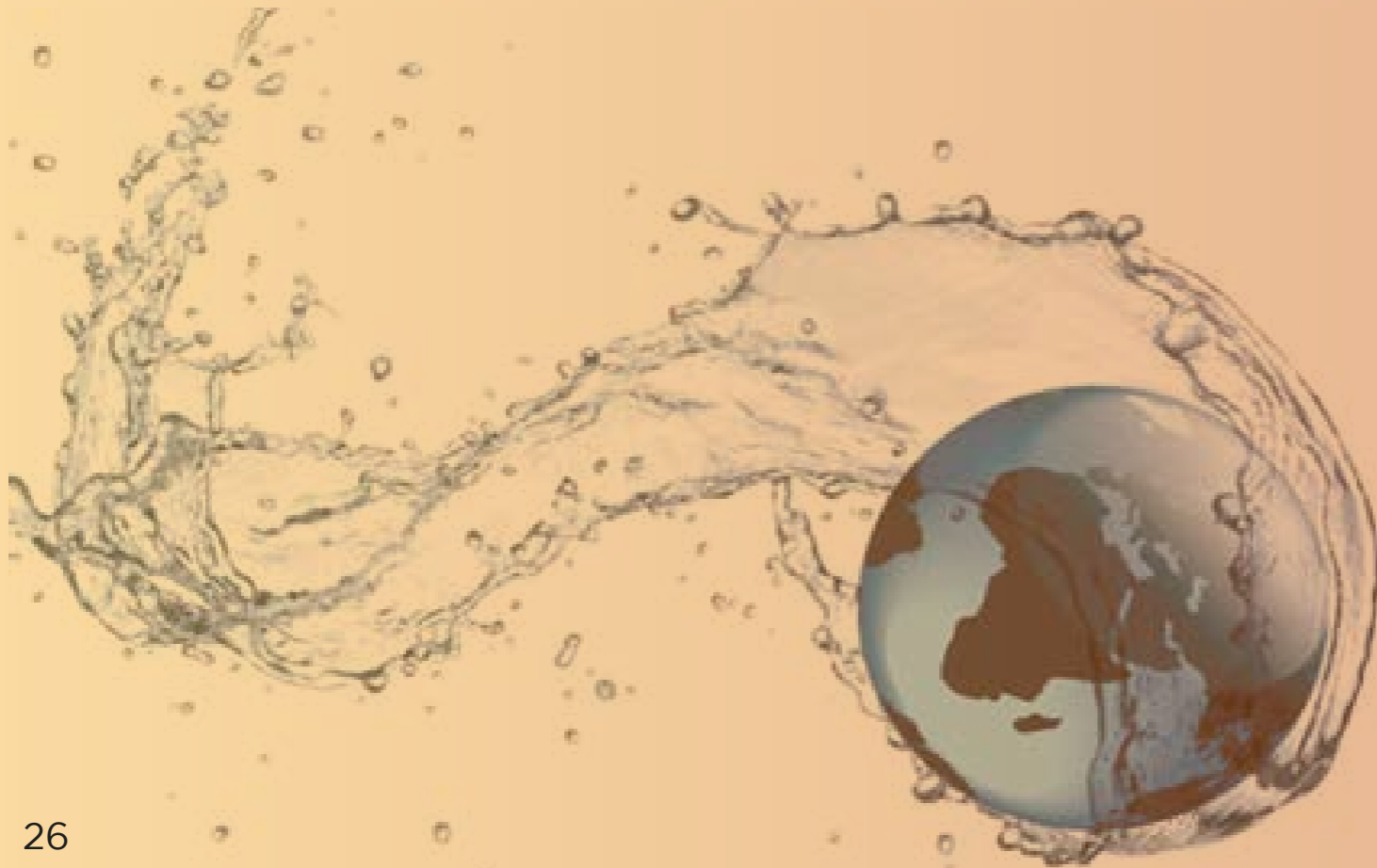


Table.3- Water consumption

PLANT	2020 WATER CONSUMPTION (m3)	2020 TARGET m3/€ thousand revenue	2020 m3/€ thousand revenue	2020 TARGET SUCCESS RATE
BARTIN	74.012	2,5	1,97	↑ 127%
BULGARIA	335.270	1,8	1,88	↓ 96%
GEBZE M.KOY	46.050	1	0,92	↑ 108%
METAL PIPE	13.135	0,8	0,81	↓ 99%
SERBIA	76.551	1,8	1,87	↓ 96%
CHINA	32.014	1,3	1,35	↓ 96%
MEXICO	11.886	1,1	1,01	↑ 109%
TOTAL - AVG.	588.918	1,47	1,65	↓ 89%

WATER CONSUMPTION

We are working on efficient use of water and sustainability of water resources with the awareness that there will be water shortages in the future due to the current climate crisis.

One of our aim in this matter is to use some of the supplied city water from well water in all our locations and to use the treated water that are treated in our

treatment facilities as washing water in re-production processes.

To measure our water consumption amounts and define our targets we monitor and set plant-based consumption targets by ratioing the water consumed in our facilities to the amount of rubber dough that enters the process.

employee opinion



I miss my friends very much during this pandemic period, we cannot see each other due to COVID-19. But it's a good time to stay with my family, in normal time, we get busy working and other things, now we just play together and enjoy our time.

JianJie ZHOU
China Plant Manager

“Zero Waste Project started to implement in Teklas Gebze as of 2020”

WASTE MANAGEMENT

Through our principle of protecting the environment and fulfilling our responsibility to it in accordance with legal requirements, we pay attention to manage environmental impacts in all activities of our plants in the most effective way, to use responsible resources, to develop environment friendly business processes, and to evaluate environmental impact. In line with our Environment Policy that is determined by our Board of Directors which prioritizes sustainability, all solid, liquid and gas wastes are effectively managed with their environmental dimensions and impacts arising from our activities within the scope of ISO 14001 Environmental Management System. Our priority is to use and manage safe chemical materials in order to provide air, water and soil quality and human health. In this regard, we use the lubricants in the minimum level with the targets that we define each year which are essential for our production.

BEST PRACTICE

PLASTIC BAGS PROJECT
We aim to decrease our plastic usage on plastic bags that we use in our shipment process by 75%!

In 2020, we have used almost 300 tons of plastic bags within our shipment processes to protect our products. To minimize our effect on environment, we work on to thin down our plastic bags and decrease our plastic usage in this way. In addition to thin down, 50% of each plastic bag that we purchase consists of recycled material. With this application, the target for 2021 is to decrease our plastic usage on plastic bags is 75%!



During the Covid-19 Pandemic, I miss seeing the smiles of my friends the most.

Doruk ANIL
Automation Engineer

employee opinion

Table.4 - Lubricant consumption

PLANT	2020 Lubricant consumption (kg)	2020 TARGET Lubricant consumption kg / € thousand revenue	2020 Lubricant consumption kg / € thousand revenue	2020 TARGET SUCCESS RATE
BARTIN	96000	1,3	1,25	↑ 104%
BULGARIA	223000	3	2,55	↑ 118%
GEBZE M.KOY	83000	1,5	1,66	↓ 90%
SERBIA	134000	1,2	1,26	↓ 95%
CHINA	30000	3,3	3,27	↑ 101%
MEXICO	47000	4	4,00	→ 100%
TOTAL - AVG.	613.000	2,38	2,33	↑ 102%

Within the scope of the studies to reduce environmental impacts, Zero Waste Project started to implement in our Gebze Plants as of 2020. Through this project, waste containers that are abundant in all our administrative departments were removed and waste collection points were established in common areas and separate collection of wastes was ensured according to the type. Recycled waste is sent to recycling facilities, non-recyclable waste is sent to regular storage facility.



The pandemic made all of us realize that we should value even small things such as walking outside, hugging the people we love, eating in a restaurant, etc. It was hard for me to not to meet with my friends, or to live with the fear of possibility to lose someone I care. However, it brought many changes to my life also. Currently, I aware that we all live once and I should live accordingly by taking care of my social distance and wearing mask!

Yaren YASAROGLU
Mexico HR Team Leader

employee opinion

Apart from Gebze, wastes that arises in other plants and processes are collected separately according to their type and sent to waste processing facilities that are authorized by the local authorities. In addition, all our employees are constantly trained in the issues of raising awareness about environment and waste management and the functioning of the waste management system.

95% of hazardous waste is sent to cement facilities as waste-derived fuel that are processed in waste processing facilities and is used as additional fuel for energy recovery purposes in these facilities.

The remaining 5% is sent to regular storage facilities or waste disposal facilities as non-recyclable/re-usable waste. Wastes such as cardboard, plastics, metals, wood etc. are recycled to contribute to energy saving and protection of natural resources. Domestic wastes are sent to regular storage facilities and gas is obtained from these areas. Leakage water containing domestic wastes are collected and treated in the treatment plant and discharged into the receiving environment. As Teklas, our objectives include reducing the amount of rubber waste and metal waste.

Table.5 - Hazardous waste amount

PLANT	2020 Amount of hazardous waste (kg)	2020 TARGET m3/€ thousand revenue	2020 Hazardous waste kg / € thousand revenue	2020 TARGET SUCCESS RATE
BARTIN	24.869	0,8	0,66	↑ 121%
BULGARIA	124.669	0,6	0,70	↓ 86%
GEBZE M.KOY	75.627	1,4	1,52	↓ 92%
METAL PIPE	27.737	1,8	1,70	↑ 106%
SERBIA	3.961	0,2	0,10	↑ 207%
CHINA	30.332	1,3	1,28	↑ 102%
MEXICO	-	-	-	-
TOTAL - AVG.	287.195	1,02	0,96	↑ 106%

Table.6 - Non-hazardous waste amount

PLANT	2020 Amount of non-hazardous waste (kg)	2020 TARGET m3/€ thousand revenue	2020 Non-hazardous waste kg / € thousand revenue	2020 TARGET SUCCESS RATE
BARTIN	622.620	16,4	16,54	↓ 99%
BULGARIA	2.179.752	12	12,20	↓ 98%
GEBZE M.KOY	763.695	16	15,32	↑ 104%
METAL PIPE	240.995	15	14,81	↑ 101%
SERBIA	687.100	16	16,79	↓ 95%
CHINA	98.769	4,2	4,16	↑ 101%
MEXICO	-	-	-	-
TOTAL - AVG.	4.592.931	13,27	14,35	↓ 92%

employee opinion



I missed the most being able to be close to my family and friends, to be able to go out for a walk without the fear of contagion.

Michell Ivonne Romo AGUIRRE

Quality Assurance Assistant Specialist

RESPONSIBLE PRODUCTION



PRODUCT QUALITY & SAFETY

OUR VISION FOR THE QUALITY OF OUR PRODUCT IS DELIVERING WHAT WE PROMISE TO OUR CUSTOMERS IN THE MOST SUSTAINABLE WAY.

The quality of our products is essential part of our activities. We aim to improve our quality to meet the expectation of our customers in a rapidly changing industry with each innovation.

Our quality arises from understanding the need and expectation of the customer, producing with the best quality material with the support of the most talented people. Our commitment regarding the product quality is to

never give a compromise on the quality of the products by ensuring that each person who is part of our activities to have the quality mindset.

By committing to produce products with the best quality, we aim to sustain our good relationship with our customers by building a mutual profitable relationship. Our vision for the quality of our product is delivering what we promise to our customers in the most sustainable way.



“

Within the scope of Teklas' social responsibility project, the first aid education activity you have done for our school Yapı ve Kredi Bank MTAL Kindergarten students has pleased us and our students on this meaningful day (April 23rd National Sovereignty and Children's Day). Once again, we would like to thank the Teklas family. We wish these activities to continue in cooperation.

”

***Kalbiye Avcioğlu
Kocaeli Çayırova Yapı kredi High School***

OCCUPATIONAL HEALTH

ONE CRUCIAL PART OF OCCUPATIONAL SAFETY IN 2020 WAS COVID-19 PANDEMIC THAT AFFECTED EVERYONE'S HEALTH. IN 2020, 7% OF OUR EMPLOYEES HAD INFECTED.

We continuously improve our Occupational Health and Safety performance with concrete targets, strong communication and effective control mechanisms within the scope of sustainability studies in all levels from top management to the entry levels.

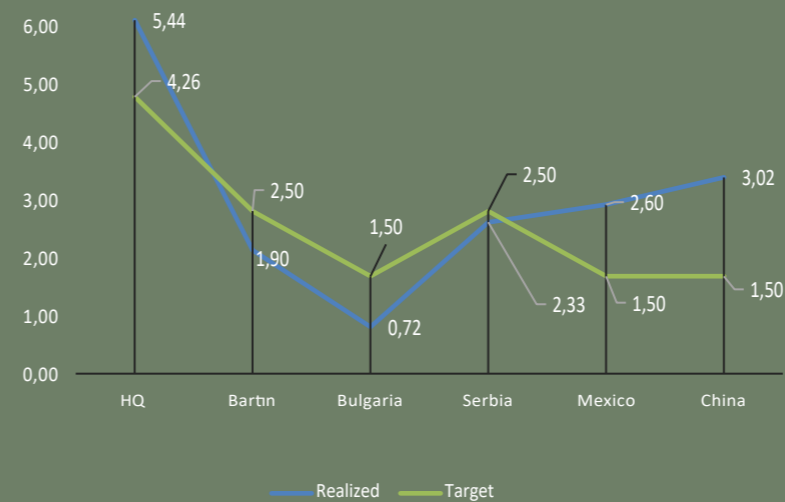
While our work is carried out within the framework of Occupational Health and Safety Policy, developments in the global business world, which are increasingly competitive and constantly changing, are considered, our production processes are supported by safe automation technologies and we continue to work continuously to prevent occupational accidents and occupational diseases. In this context, labeling locking systems have become an essential part of our safety culture.

Risks and opportunities are constantly evaluated, and all our stakeholders,

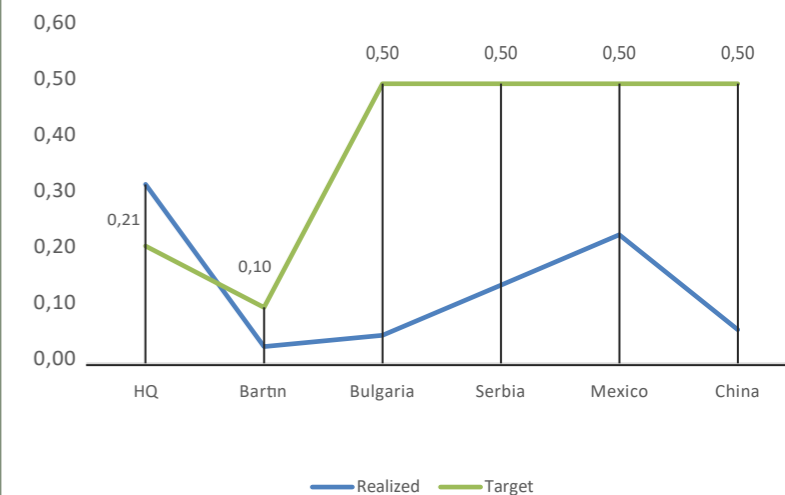
including all our employees, customers, suppliers, contractors, sub-employers, and interns, are constantly trained in occupational health and safety to create globally safe and healthy working environment. Our target is to provide stronger communication by providing our occupational health and safety trainings online through digital platforms. In this context, our employees had received 55000 of hours of training during 2020.

Also, eliminating the risks by identifying the dangers with committees and suggestions systems that created to ensure the participation and consultation of the employees. In this regard, we defined our targets to receive in 2021 as global average. In terms work accident frequency rate, our target is 3,4 while severity rate it is 0,18. We are taking the correct and solid steps to ensure that we make more than our targets so we can reach to the ultimate target of occupational accidents which is zero.

ACCIDENT FREQUENCY RATE (2020)



ACCIDENT SEVERITY RATE (2020)



One crucial part of occupational safety in 2020 was COVID-19 pandemic that affected everyone's health. As Teklas, in our all plants we had precautions since the start of the pandemic to protect our employees and the societies that we operate. Teklas China shutdown for a period which cause 0 cases in the plant. We have provided masks and protective clothes to Teklas China during the shortage in the country.

Together with the spread of the virus around to world, we restricted the visits to and from our plants for all plants. We started to work from home which started to become a permanent application with the new world order, especially in HQ. We have established Business Continuity Committee that will includes all related managers and Occupational Health and Safety responsables.

Different plants experienced shutdown to protect the health of societies, especially of our employees, in line with the decisions of the government authorities. After returning to the plant for whose are not able to work from home, we had the most suitable precautions such as working in separate and half capacity offices, half capacity of launch room that prevent the direct contact and provides social distance, regular disinfection of the plants, establishment of quarantine rooms for who are suspicious of COVID-19, implementation of thermal cameras, obligation of using masks inside of the plant, etc. In 2020, only 7% of our employees had infected.

Through our strong precautions that we started to be prepared before the spread of the pandemic globally, we came this far by protecting our employees and indirectly our societies that we operate.

INNOVATION

WE PRODUCE VARIOUS TYPES OF PRODUCTS FROM RUBBER, METAL, AND PLASTIC FOR A WIDE RANGE OF CUSTOMERS AND DEVELOP DIFFERENT INNOVATIVE SOLUTIONS.

Teklas has prioritized its strategies as to offer innovative products to the customers, compete in the global market, grow profitably, design each product with unconditional quality approach, draw strength from creative talents, add value to the society with the awareness of social responsibility, and to enrich our environment.

In this regard, we produce various types of products from rubber, metal, and plastic for a wide range of customers and develop different innovative solutions to decrease our harm to our ecosystem.

Rubber Products

We manufacture advanced rubber compounds with an extensive product range.

All ingredients of rubber compound must be prepared in compliance with the weight specified in the formula for the mixing process which is named as the batch process. The maximum precision and traceability of the entire batch is ensured by IT systems which monitors the various weighing stages. To ensure the quality of the product, the formula and mixing process is significant. Our R&D Department develops custom compounds and recipes each day. Our specialized engineers are responsible for the mixing process and the formulation in accordance with the intended application, ingredients, and other requirements.

Our engineers currently develop mixtures in accordance with the “Greener Rubber” industry to decrease our effect to our ecosystem. Our aim is to increase the use of biobased polymers instead of fossil-based polymers. Apart from greener rubber studies, we aim to develop other mixtures to support our path to have more sustainable product range.

For example, EPDM rubber with low electrical conductivity is something the automotive industry demands. The reason is that the risk of electrolytic corrosion occurs when the use of light aluminum and magnesium alloys increase in cars.

Coolant hoses containing this type of EPDM reduce the risk of corrosion with long service life.

The requirements for the weight reduction are met by the product group micro dense materials. The density of the rubber sponges is reduced up to 30%. This contributes to lower fuel consumption in vehicles. Additionally, with our target that includes decreasing the rubber hose wall thickness that are used on electric vehicles, we aim to decrease the usage of rubber within our products.

“ stakeholder opinion

Every time I worked with Teklas, I saw that they have a holistic approach to sustainability. I have experienced that they value their employees, customers, corporate structures and nature with the same sensitivity. These approaches have a sincere and professional quality that covers the present as well as the future.

Mustafa Erdoğan, Trainer

BEST PRACTICE

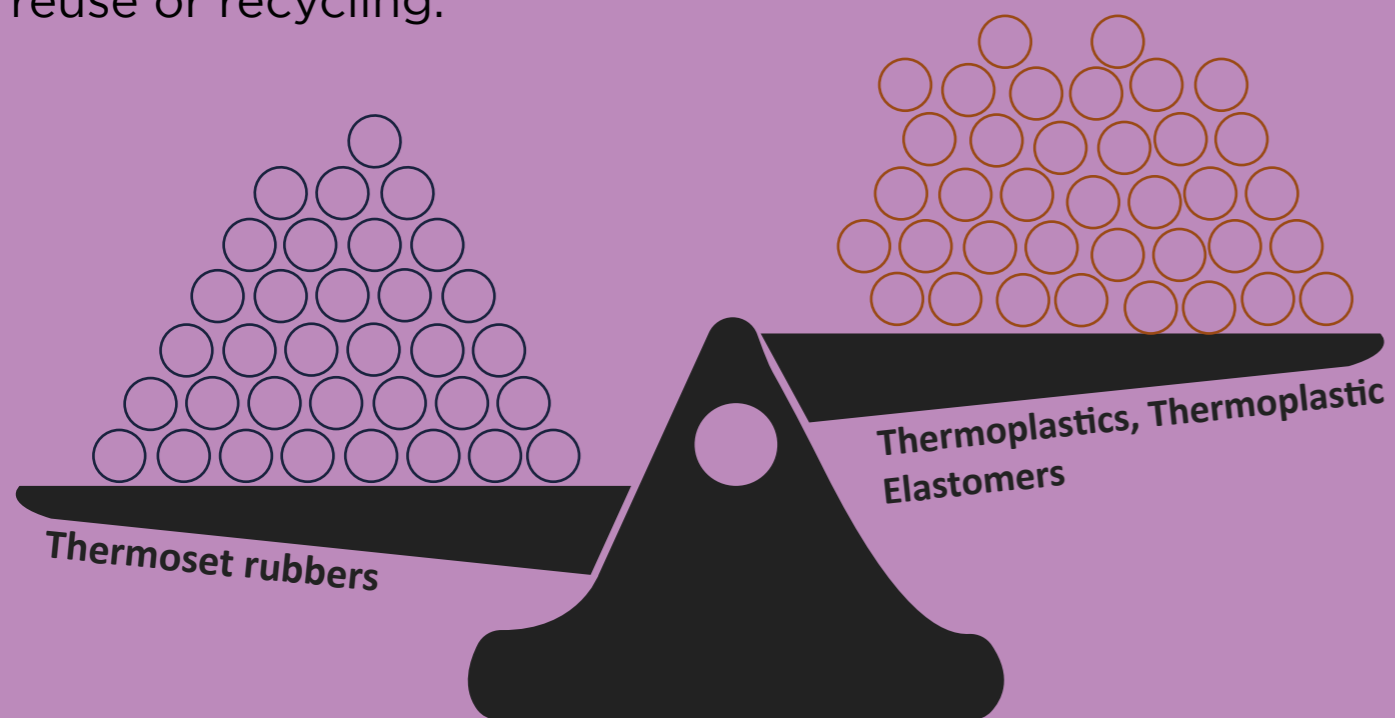
REUSABLE PLASTIC BAGS PROJECT

More than 1 million EURO of investment in 2020 to save trees!

Before our investment for reusable plastic boxes, we were using yearly 172 tons of single-use carton boxes for inter-company shipments and 74 tons of wood pallets internally.

These carton boxes and wood pallets were causing many trees to cut and additionally they were not suitable for reuse or recycling.

To increase the culture of reuse in our processes and save the trees we have made an investment to buy plastic box in 2020 with the amount of more than 1 million EURO. The target is to spread the usage of reusable boxes around all our locations in 2021.



Plastic Products

Apart from rubber materials, the usage of plastic started to increase during the past years. Our focus is on a shifting process from rubber technologies to plastic technologies.

Instead of using thermoset rubbers, our engineers develop thermoplastics and thermoplastic elastomers. Comparing to the thermoset rubber, thermoplastics and thermoplastic elastomers includes plastic processing, reduced weight thanks to the thinner and lighter parts and recycled materials. The usage of these materials decreases our carbon footprint due to these specialties as well as the fact that the scraps are also able to be used and long-range usage on the electric vehicles.

Additional to the thermoplastics and thermoplastic elastomers, we develop other technologies to decrease our carbon footprint of our products. Firstly, we use 40-60% of bio-based polyamide in the cooling systems that we use for standard applications while we use 100% bio-based polyamide on cooling system pipes for electric vehicle applications. Also, we are in the process of transforming from over-molding to ultrasonic welding which causes use less material and decreases the process time.

As the world leader on Automotive Parts that is made from water injection technologies, we apply this technology less than in a minute on our TOC line parts, cooling system parts and drain hoses. In this way, we do not have the processes of pipe extrusion, end forming, bending, welding, coating, and painting that we have especially on the metal pipe production.



BEST PRACTICE

SEPARATORS PROJECT

We aim to decrease the usage of anti-tack by 70%!

The anti-tack material that is used in our extrusion process has some environmental risks like all chemical materials such as some environmental accidents that includes leakages to the soil or directly to our purification facilities.

To minimize the possible risks, we conduct studies to decrease the anti-tack within our processes. Instead of anti-tack, we have started to use some separators and we aim to decrease our anti-tack usage by 70% as of 2021 !

USAGE OF ANTI-TACK

2020 Realized	2021 Target
12.100 KG	3.630 KG

The last and the focus currently is to increase recycled material in our products. We have the capacity to use recycled materials on connectors for cooling system parts is up to 20% and on plastic over-molding rings that we use for electric vehicle applications is 100%. In addition, we have ability to use unreinforced materials on clean/dirty air intake system blow-molding parts as recycled up to 50%. Regarding recycling, our tests continue to increase the usage of these materials in our products without compromising our quality as well as the communication with our customers with the same purpose.

The main target for Teklas is clear: Replace, Reduce and Reuse the raw materials and eliminate the usage of chemicals especially, the hazardous ones. We act with the consciousness of leaving a more sustainable future for the upcoming generations by moving the products and solutions to a further sustainable-developed level in Teklas R&D centers, together with the most competent and professional engineers and experts in their fields.



AUTOMATION

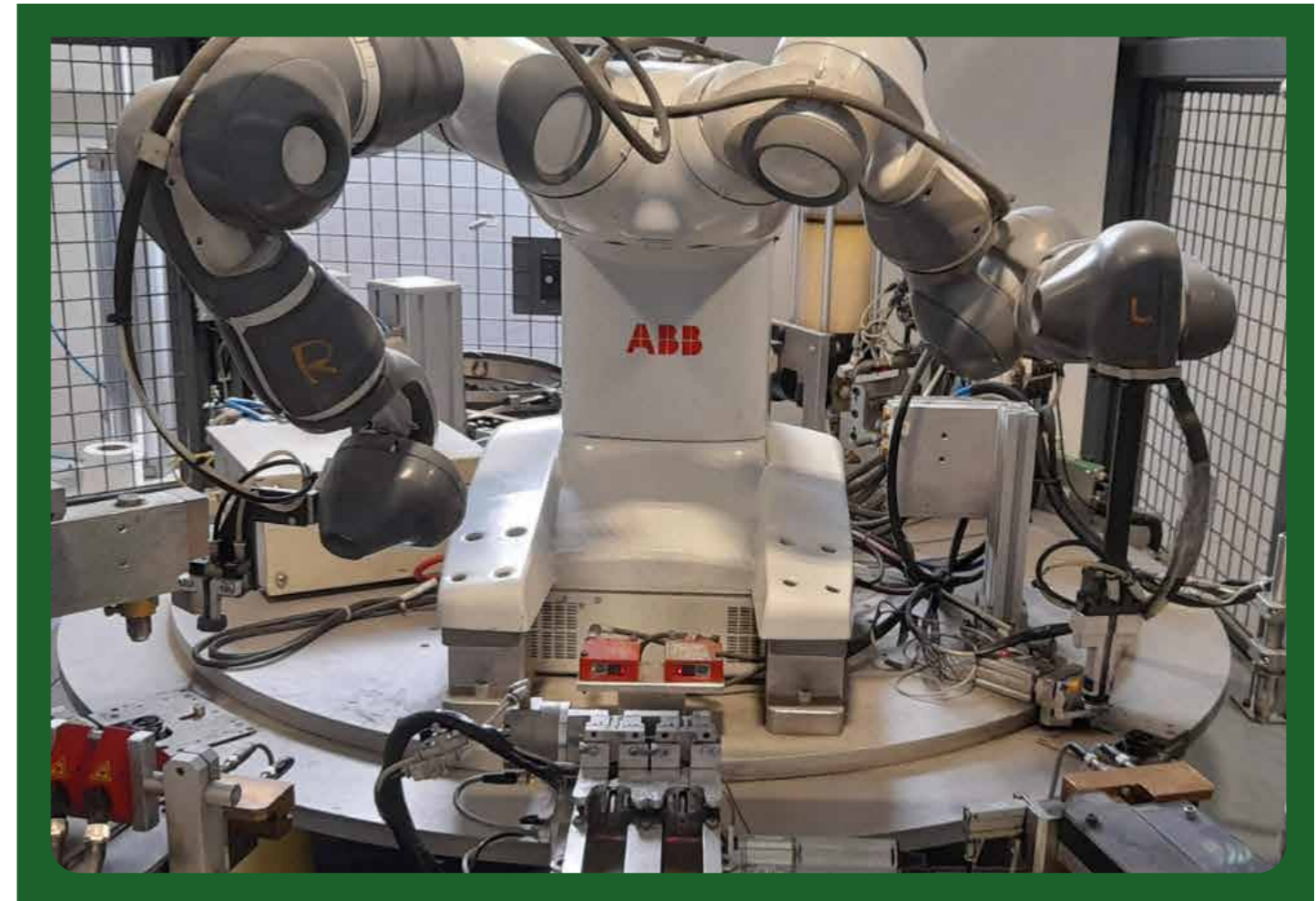
TEKLAS HAS REACHED TO 634 IN TERMS OF ROBOT DENSITY AS OF 2020 WHILE THE DENSITY OF WESTERN EUROPE IS 225, THE NORTH AMERICA IS 153 AND JAPAN IS 364.

With every new day, the world changes, finds new solutions for automation specially to increase the productivity, protect the human health with the new technologies that prevents human to perform the dangerous activities and provide sustainability. As Teklas, we have placed the automation into the center of our activities to protect the health of our employees and produce our products with a better quality and in a sustainable way.

To have a more sustainable production by stabilizing the processes with the support of the newest technologies and most talented-expert engineers, we believe that we will reach our targets in terms of number as well as the products that has the most quality. This is mainly because our automation focus increases the efficiency in the production, decreases the possibility of

human mistakes and ensures the sustainability of the production so we also ensure that we will deliver more quality products to our customers. Apart from the sustainability of our production, our automation focus causes positive impact to the environment by decreasing our energy and water usage and providing more minimized wastes due to continuous monitoring and the technology behind it.

Globally, the robot density warries from region to region. For example, in Western Europe it is 225 while it 153 in the North America and 364 in Japan. On the other hand, our Robot Density as Teklas has reached to 634 as of 2020. In this sense, we aim to reach to 1000 of robot density in 2021. Additionally, we had used more than 1100 PLCs, 400 Drivers and 390 Robots in 2020. We aim to increase the number of our robots that we use in our processes which built by our own talents internally and add strength to our know-how.



“ Teklas is a company that prioritizes social responsibility studies in its regions. I am a physical education teacher at Gebze Private Education Application School and we have had many collaborations with Teklas in this process. Thanks to Teklas for helping our disabled children. ”

Ruhi Korkmazturk - Physical Education Teacher

TALENT MANAGEMENT



RECRUITMENT AND PLACEMENT

WE AIM TO CAPTURE THE CORRECT TALENTS TO OUR FAMILY WITHIN THE FRAMEWORK OF TALENT MANAGEMENT MIND-SET THAT IS FOLLOWED BY REVEALING THE POTENTIAL OF OUR TALENTS AND RAISING THE LEADERS OF THE FUTURE.

We consider every talent as a seed, keeping in our minds that not every seed bloom in every soil, so planting the correct seed to the correct soil is our top priority.

After choosing the correct seed, we add the water and provide the needed sunlight, which are the orientation, mentoring and training-development programs to ensure adaptation of the talent to our company.

At Teklas, we focus on a culture of sustainable success and once we identify our employees with high potential, we prepare them for leadership roles by supporting them.

Based on this approach, we design objective, flexible, dynamic and development-oriented human resources processes by blending innovative practices with our own culture.



The pandemic period made me miss the convenience that our face-to-face meetings with my team provided to our business processes. During this period, I realized that we did not need to come together to do business and that we had to look into each other's eyes more to make a difference in the work.

employee opinion



Gülsünay UYSAL KABA
Global HR Director

While we support our employees with talent management programs, we also closely monitor their career and performance development.

We create talent pool, career maps and succession plans by evaluating the expectations of our employees together with the needs of the organization. We perform business analyzes and design development plans based on these analyzes. Talent Management in Teklas includes recruitment, performance management, career management, back-up and

training development programs, provides end-to-end talent management with their integrated structures. Our aim is to support the transformation of personal success into corporate success by creating a flexible and dynamic global leader profile that develops the skills of employees, inspires others, has a strategic perspective, has a command of processes, and able to work with different cultures. We constantly improve the Talent Management System in order to produce people-oriented and fast results.

HR ROADMAP

HR STRATEGY

We aim to attract and keep talents who comply with our culture. We follow global trends and put them into practice in line with the interests of the company.

PERFECT TALENT

SUSTAINABLE & PERFORMANCE ORIENTED

TARGET-ORIENTED

Putting the correct people to the correct roles in the right time and supporting their career development.

PERFORMANCE

Building a high performing workforce through clearly defined targets for high performers.

ENVIRONMENT

Creating a positive work environment where employees feel valued and would like to contribute to our success.

ENVIRONMENTAL COMPLIANCE

Our Human Resources structure is divided into two as global and local teams. Administrative Affairs, event organizations, recruitment and dismissal processes, Payroll are managed by local Human Resources teams.

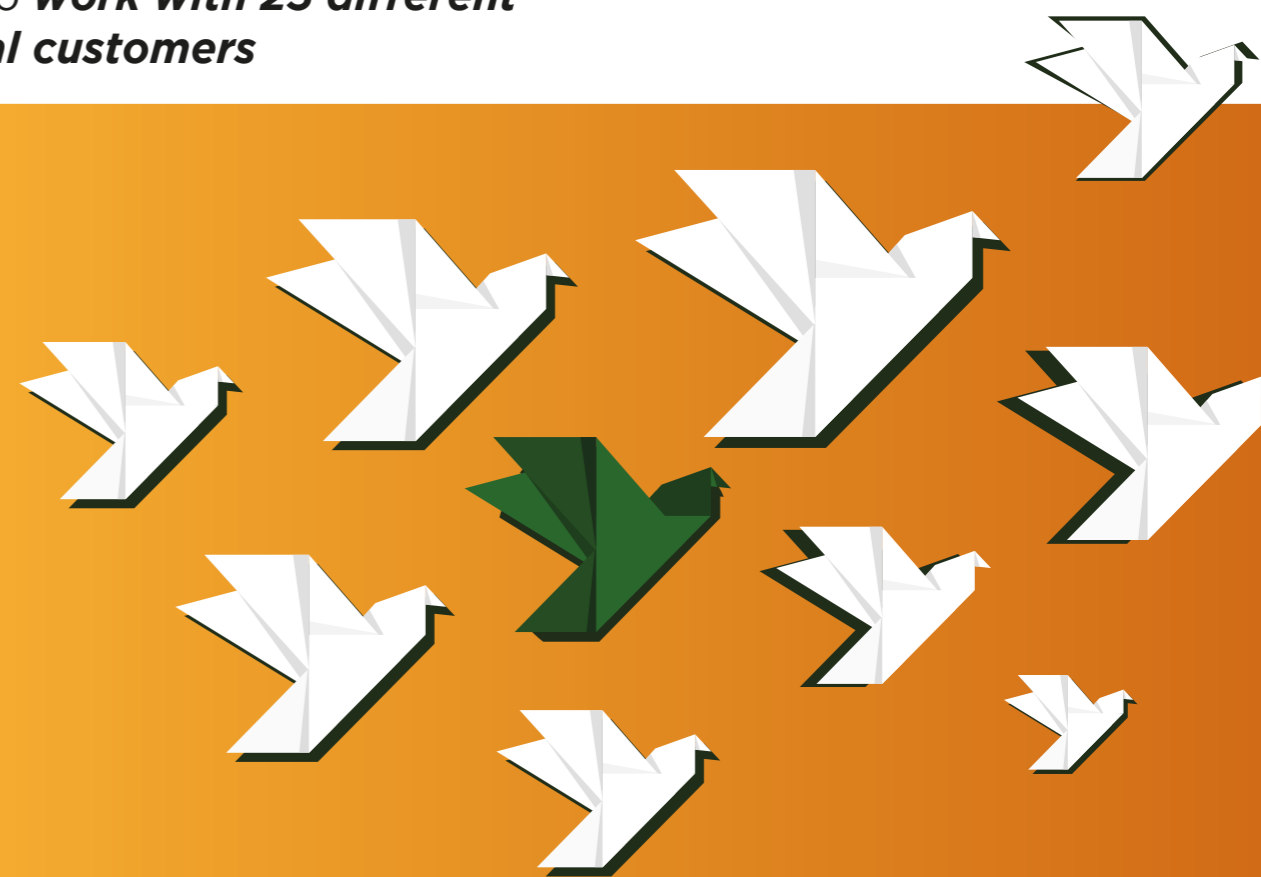
All talent management processes including selection-evaluation, performance management and

career management, compensation and benefits, expat affairs, back-up, training-development activities, employee branding, corporate communication, internal communication, sustainability, environment, employee health and safety processes are managed by the Global Human Resources.

Make a Difference at Teklas!

The biggest contribution we add to our employees as Teklas, is the opportunity to work with different cultures in a global arena. With our pool of employees with **12 different nationalities from 8 different countries**, we develop new talents globally and enrich them with our different cultures. Thanks to the opportunity to **work with 25 different global customers**

each Teklas employee get familiar with a flexible and dynamic structure in a short time. We offer opportunities for vertical assignment, rotation, and international experience to young talents through our culture of flexibility that is spread from end to end, from our business conducting ways to our organizational structure and in this way, we catch up easily.



A creative man is motivated by the desire to achieve, not by the desire to beat others.

Ayn Rand

SUPPLY CHAIN MANAGEMENT



SUSTAINABLE SUPPLY CHAIN MANAGEMENT

OUR SUPPLY CHAIN STRATEGY IS BASED ON FLEXIBLE, FAST, AND SOLUTION-ORIENTED PRODUCT ON, SOLUTION-ORIENTED INTERACTION WITH SUPPLIERS, EFFICIENT LOGISTICAL ACTIVITIES, REGULAR CONTROLS OF SUPPLY CHAIN.

We believe that to reach a more sustainable future and leave a better world for the next generations, it is crucial to become more sustainable altogether as the supply chain.

Our supply chain process includes Sales, Purchasing, Production & Planning and Logistics Departments and all these departments report directly to our Chief Procurement Sales Quality Officer (CPSQO) which also sponsor of our Sustainability studies.

Our supply chain strategy is based on flexible, fast, and solution-oriented production, solution-oriented interaction with suppliers, efficient logistical activities, regular controls of supply chain, excellent and fast customer services management and follow-up the industry which rapidly changes.

Our journey starts with our Sales team that involves the most qualified engineers and flows our products delivered to our customers.

During the nomination process our Sales team works incoherently with our Project and Product Development Departments to serve the best of our know-how.

After we receive the project, our production activities are carried out in a timely, flexible, and highest quality way in 11 different plant to meet our strategies of supply chain. Through our flexible production, we able to adjust and response to customer demands immediately. As a Tier 1 supplier who has two R&D Centers, requested alternative products and processes from the customer are implemented by making interactive designs. The strength of our R&D Centers and engineers, enhances our products with the formulas that are studied.

To obtain the products in the most suitable way and deliver to our customers in the framework of deadlines, collaborations are made with our suppliers. Suppliers are selected accordingly to the highest quality of product and the result of capacity

and planning examination. Additionally, we never work with any supplier who has activities that are illegal or against internationally recognized human rights standards and if one of our current supplier acts in a way that conflict these principles, we terminate our business relationship.

To prove our focus of sustainability and increase the awareness, we have organized Supplier Sustainability Kick of Meeting and Supplier Sustainability Workshop in 2020 with the participation of more than 30 suppliers.

Our target is to launch our Supplier Sustainability Portal in 2021 that will work as a platform for us to be interaction with our suppliers and audit mechanism by a self-assessment questionnaire regarding sustainability. Another target for 2021 is to make 100 of our suppliers to sign our Supplier Sustainability Code of Conduct through our new portal.

employee opinion

"During this COVID-19 Pandemic period I miss the little things, being able to visit my parent's and enjoy a nice weekend on my home town, going to the movie Tuesdays with my friends and traveling. However during this period I focused on myself, I started working out at home, quitted smoking and found one of the best version of myself."



Miguel MACHUCA
MX Technical Services Assistant Manager

TARGET/REALIZED

2020 Realized
2021

Occupational Health

Global accident frequency rate (average)	2,65	3,4
Global accident severity rate (average)	0,14	0,18

Environment

Global electric consumption kwh / EUR thousand of revenue (average)	165	160
Global water consumption m3 / EUR thousand of revenue (average)	1,65	1,6
Global gas consumption m3 / EUR thousand of revenue (average)	30,35	30
Global hazardous waste kg / EUR thousand of revenue (average)	0,96	0,95
Global non-hazardous waste kg / EUR thousand of revenue (average)	14,35	14,3
Usage of green energy	0	XX%

Talent Management

Turnover Rate	12%	11%
Rotation Rate	7%	8%
First-Level Manager Rate	23%	24%
Women Executive Rate	19%	25%
Gen X(1961-1980) Manager Rate	26%	20%
Gen Y(1981-1996) Manager Rate	73%	75%
Gen Z(1997- +) Manager Rate	1%	5%