

# Sustainability *Report*

Executive Summary  
2023



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# Teknorot Sustainability Report Executive Summary

Passenger and light commercial vehicle suspension and steering parts manufacturer Teknorot, the largest producer in the European aftermarket, has published its 2023 Sustainability Report on its website. We wanted to share the key focus areas of our report in the Executive Summary section for you, our valued stakeholders.

**Teknorot, with its "Always Ahead" approach, is committed to transparently sharing its journey, strategies, policies, and performance while designing its processes. This aims to keep our stakeholders informed and enhance their awareness.**

Teknorot Sustainability Academy Building on the Sustainability Journey it began in 2022, Teknorot is elevating its efforts to a new level in 2024 with the launch of the Sustainability Academy. This academy is designed as a comprehensive educational platform aimed at increasing knowledge and awareness in the field of sustainability. The Sustainability Academy reflects Teknorot's commitment to fulfilling its environmental responsibilities and establishing a sustainable business model.

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Teknorot values your comments and ideas as part of its sustainability journey:

» [sustainability@teknorot.com](mailto:sustainability@teknorot.com)

» **TEKNOROT - Company Introduction Video**

Our report is an outcome of our journey, and with our "Always Ahead" approach, we aim to expand the scope of our sustainability efforts further each year.

On this occasion, in addition to all our other initiatives, we would like to share two steps we have taken to foster social awareness with you, our valued stakeholders.

To ensure we speak the same language with our stakeholders, we have created a sustainability glossary. Through this glossary, you can find the definitions of the italicized terms used in this report.

**TEKNOROT  
SUSTAINABILITY  
GLOSSARY**







# Message from the Chairman of the Board

## Our Valued Stakeholders,

As Teknorot, we have concluded 2024 by taking significant steps toward sustainable growth and transformation. For over 30 years, we have been committed to adding value to the automotive industry with competitive pricing, high quality, and a broad product range. However, as we advance toward these goals, we remain deeply aware that securing the future of our planet is an essential part of our responsibility.

**Teknorot's story** began in 1992 in a modest 200-square-meter industrial site in Yeni Bosna. Since then, through the solid steps we have taken and the ambitious goals we have pursued, **we have grown into a globally recognized brand known for its success stories.** This journey has been made possible thanks to the contributions of our hardworking and innovative team, our business partners, and our stakeholders.

**As we approach our 35th anniversary,** I would like to once again emphasize the importance of a strong team spirit in Teknorot's journey of success. The achievements we have reached today would not have been possible without the effort, contributions, and dedication of each and every one of our employees. **Together, we bring innovative projects to life, overcome challenges, and achieve even greater goals.**

Teknorot's sustainability vision is a fundamental reflection of our responsibility toward the future. We view our economic achievements not merely as financial growth but as part of our journey to create value for the environment, society, and our business partners.

The **year 2025** will be a milestone for Teknorot as we take significant steps in innovation and digital transformation. With our strong technological infrastructure and R&D investments, we will continue to enhance our competitive edge in global markets.

Our 35th anniversary marks a milestone where Teknorot confidently moves forward into the future, drawing strength from its past. **On this remarkable journey, we will maintain our leadership through competitive pricing, quality, and a broad product range.** At the same time, we will continue to shape the world of tomorrow through our investments in sustainability and innovation within the industry.



I extend my heartfelt gratitude to **our employees, business partners, and you, our valued stakeholders**, who are the true contributors to this success story. Together, we will continue working toward a more sustainable, innovative, and livable world.

*Respectfully,*

**Leon Kalma**

Chairman of the Board Teknorot







# Message from the Vice Chairman of the Board

## Dear Stakeholders,

In 2023, as Teknorot, we advanced with a vision that considers not only the needs of today but also those of the future. We are proud to be part of this vision-oriented transformation through all our activities in the sector.

The transformations in the global automotive market and Turkey's economic growth potential will continue to highlight financial sustainability as one of the fundamental elements of sectoral success. As Teknorot, we aim to create inclusive value by integrating our financial strategies with our environmentally friendly production and operational processes. In this direction, thanks to our energy efficiency projects and investments in the use of renewable resources, we not only reduce our operational costs but also provide long-term financial security for our stakeholders.

Technology and digitalization are at the core of our business processes as key pillars of our inclusive sustainability approach. As of 2023, through our AI-powered data analytics and IoT projects, we have made our operations more transparent and traceable. These developments have strengthened our presence in the sector while also making significant contributions to Teknorot's steady growth.

I personally embrace the philosophy of leaving a livable environment for future generations and providing social benefit. With this understanding, we continue to take lasting steps in our social and environmental focus areas by integrating the United Nations' "Leaving No One Behind" philosophy into our sustainability journey as a company. We share our sustainability report, a transparent output of our steps, with you, our valued stakeholders.

The year 2024 will be a period in which we further strengthen our position in the sector through digitalization, electric vehicles, and environmental and social awareness projects. On this journey of success, our greatest driving force is the sense of responsibility we carry for future generations, the efforts of our employees, the support of our

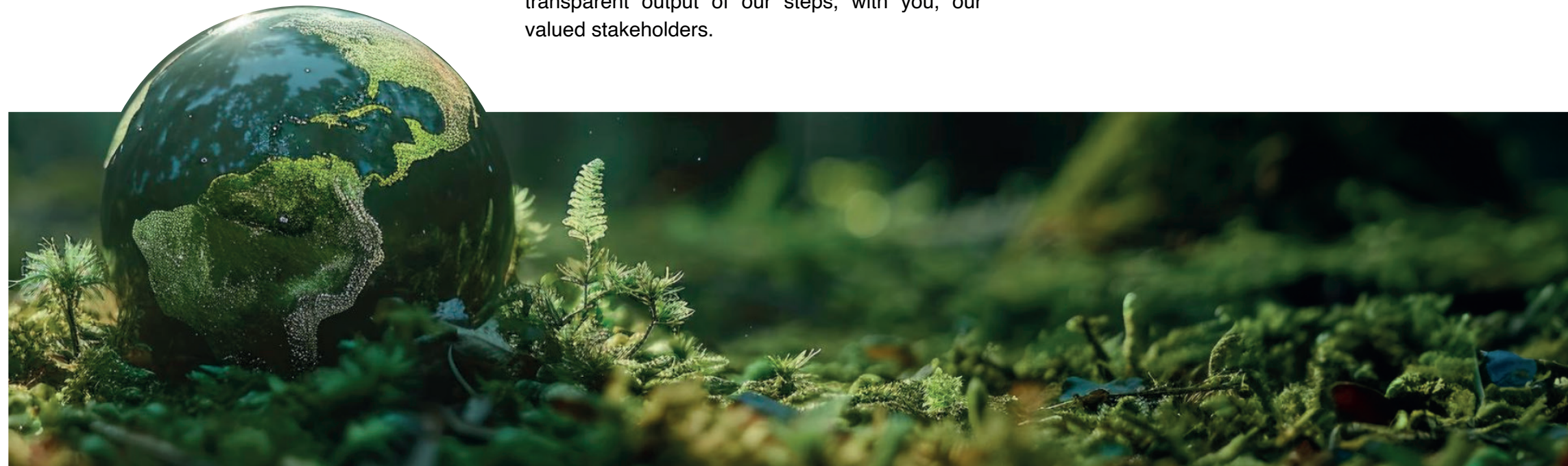


We will continue to work together for a greener production approach and a more sustainable automotive supply industry.

*Respectfully,*

**İzi Aseyo**

Vice Chairman of the Board Teknorot







# General Manager's Message

## Dear Stakeholders,

As we leave another year behind in line with our sustainability-focused vision, we reinforce our commitment to fulfilling our responsibilities toward the environment, society, and our business partners in 2024. As in previous years, we continue our efforts to advance our sustainability policies and align our operations and production processes with sustainability criteria.

The year 2023 marked significant advancements in innovation, digitalization, and environmental awareness for Teknorot. Climbing to the 253rd position in the ISO 500 rankings, we once again demonstrated our strength in the industry. This achievement reflects not only our financial growth but also our investments in innovation and sustainability.

As we step into 2024, we are expanding our energy efficiency projects to further reduce our

environmental footprint and advancing our zero-waste targets. Through workshops and collaborative projects, we have optimized our water consumption and enhanced the efficiency of our wastewater treatment processes. By implementing initiatives aimed at increasing the use of renewable energy, we are focused on further reducing our carbon footprint.

## Innovation and Technological Transformation:

At Teknorot, innovation has always been embedded in our DNA. In 2024, we continue to take significant strides in areas such as digital transformation, artificial intelligence, and data analytics by increasing our R&D and technology investments. Through our digitalization and IoT projects, we aim to make our production processes more efficient and traceable, while positioning our innovative solutions in the automotive sector as leaders in global markets. Through our innovation idea competition, we continue to reward our employees' contributions, shaping the future with every new idea we bring to the industry.

## Social Responsibility and Community Contribution:

We are strengthening our commitment to society every year. In 2024, we will maintain our focus on projects aimed at promoting gender equality and take further steps to encourage women's employment. Through initiatives like "Empowered by Our Women", we are committed to increasing women's participation in the industrial sector and providing equal opportunities. Additionally, we continue to contribute to society through aid to earthquake-affected regions, social solidarity projects, and educational support campaigns.

## Looking Ahead:

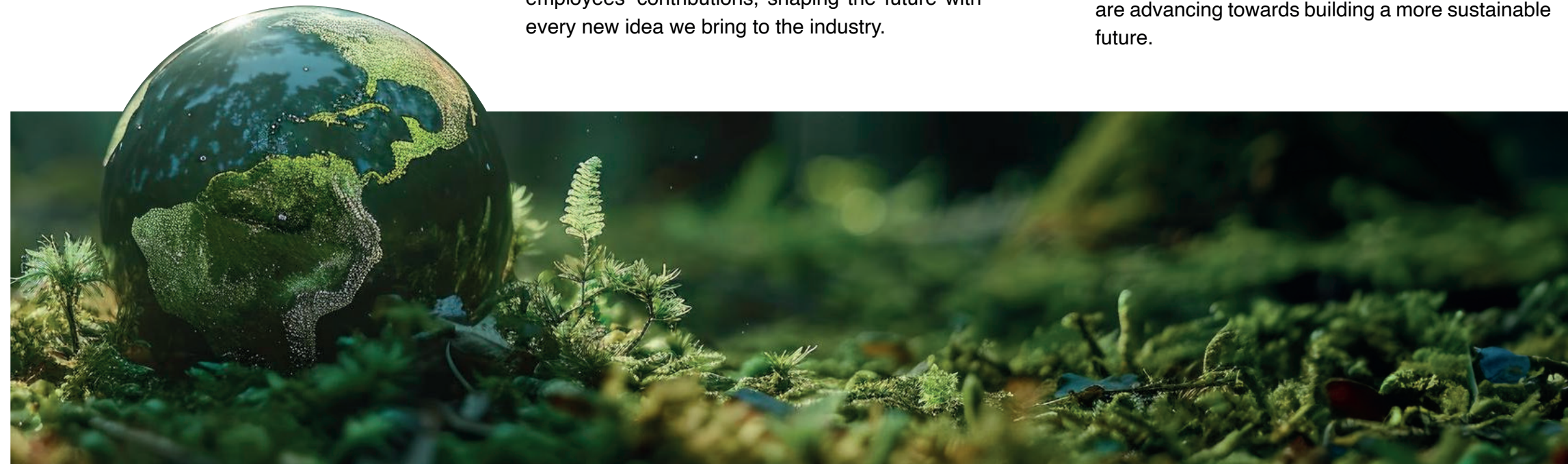
The year 2024 marks a significant milestone in Teknorot's journey toward its 35th anniversary. In the coming years, we will continue to accelerate our sustainability, innovation, and social responsibility initiatives. Together with our employees, business partners, and community, we are advancing towards building a more sustainable future.



On this occasion, I extend my heartfelt gratitude to all our colleagues, business partners, and stakeholders who contribute to our success. We look forward to sharing our achievements and sustainability goals with you throughout 2024.

*Sincerely,*

**Cevat Aslan**  
General Manager







## About Teknorot

Founded in 1992 with 100% domestic capital, Teknorot began its journey in the industry and, in parallel with the growth and increasing demand in the aftermarket and OEM sectors, started full-capacity production at its state-of-the-art Düzce facility in 2008. For the past 16 years, Teknorot has been producing suspension and steering components for passenger and light commercial vehicles at its Düzce production facilities, encompassing all processes from raw materials to finished products. Today, Teknorot manufactures 18 different product groups across more than 18,000 references for over 70 different vehicle brands in the market. Its product portfolio includes ball joints, ball jointed control arms, tie rods, tie rod assemblies, tie rod ends, non-ball jointed control arms, control arm bushings, rubber components, stabilizer links, stabilizer bar bushings, repair kits, Z-links, Z-link kits, stamped control arms, and aluminum and steel forged control arms, among others.

Teknorot is recognized as one of the most successful companies in the industry, exporting to over 90 countries across six continents. By the end of 2019, Teknorot achieved its goal of reaching 90 export destinations, serving regions including Asia, Europe, North America, Central America, South America, the Middle East, the Far East, and Africa. Known as "The Local of the World," Teknorot has become the first-choice brand globally in suspension and steering systems.

With over 18,000 active references, Teknorot's R&D Center adds more than 400 new references to its product range annually. Along with its global facilities in Spain and India, Teknorot operates with a total production area of 190,000 m<sup>2</sup> and employs more than 4,100 people.

In its Düzce production facilities, Teknorot employs 1,281 blue-collar and 295 white-collar workers,

continuing to grow steadily as one of the largest and most robust factories in the region.

With its innovative perspective, Teknorot has distinguished itself in the industry and was recognized as an R&D Center by the Ministry of Industry and Technology in 2011 under Law No. 5746. The R&D Center boasts a robust infrastructure with over 110 specialized employees and has achieved numerous patents as well as national and international projects. These projects, successfully implemented in its products, demonstrate Teknorot's innovative strength.

Aligned with its goals of achieving manufacturing excellence in suspension and steering components and its commitment to 100% customer satisfaction, Teknorot acquired Teknorot II, located in Düzce's 2nd Organized Industrial Zone, in December 2019. The new factory supports ongoing investments and focuses on expanding assembly, packaging, and distribution capacities.

The automotive industry holds an indispensable role in economies, contributing to added value, employment, tax revenue, and creating demand across multiple sectors. Playing a leading role in technological advancement, the automotive industry also represents a key component of Turkey's exports. According to Uludağ Exporters' Association (UIB) data, total automotive exports reached \$35.7 billion in 2023, marking a 13% increase compared to the previous year.

Teknorot aims to maintain the highest level of customer satisfaction, uphold its leadership position in the industry, and consistently focus on advanced technology to produce high-quality products. Teknorot's standing in the sector extends beyond being a leader in the aftermarket. In addition to

producing at international standards, it emphasizes its expertise and quality, particularly with its certified equivalent parts.

For over three years, Teknorot has not only been one of Europe's leading manufacturers of steering and suspension parts but has also been actively operating in the original equipment manufacturer (OEM) production sector. Our mission reflects our commitment to becoming a global OEM producer.

Since 2009, our company has been ranked among Turkey's top 500 industrial enterprises and continues to operate under the motto of growing and developing as the largest manufacturer in its region. At Teknorot, we take pride and joy in offering reliable, durable, and high-quality products to all our stakeholders, serving the world with domestic capital while contributing to the national economy.

In addition to producing OEM parts for Turkey's national vehicle, TOGG, we supply OEM parts to Vietnam's local manufacturer, VinFast, and the Germany-based company, E.G.O.

Teknorot, as a leading company in its sector, is also a pioneer in technology and production services. With 100% domestic production, it proudly represents its country on a global scale.

**Teknorot is the leader in the European aftermarket for the production of suspension and steering parts for passenger and light commercial vehicles.**

Teknorot is recognized as one of the most successful companies in the industry due to its export activities, delivering products to over 95 countries across six continents. By reaching regions such as Asia, Europe, North America, Central America, South America, the Middle East, the Far East, and Africa on time and prioritizing customer satisfaction, Teknorot represents its country with excellence and precision.







# Teknorot in the Future

## Our Strategic Goals

### Customer Satisfaction

- Maintain product quality at the original part quality level.
- Offer a product range that covers spare parts for every passenger and light commercial vehicle on the road.
- Reduce lead times for order fulfillment.
- Respond quickly to customer needs.

### Financial Success

- Increase the share of Teknorot-branded products in total revenue.
- Expand and grow further in the OEM market.
- Grow in the U.S. market with the Teknorot brand as a Private Label.
- Ensure competitive cost management to sell products in every market.

### Employee Satisfaction

- Develop initiatives to increase employee engagement and implement talent management processes.
- Introduce trending practices for work-life balance.
- Make the current performance system portal more user-friendly.

### Business Success

- Develop the Teknorot production system in alignment with lean manufacturing principles.
- Improve and enhance the technology used across all areas to become a more efficient company.
- Digitize all processes.
- Develop the capability to create innovative products.
- Increase product diversity to expand market share.



# Economic Performance

In 2023, the Turkish automotive sector experienced a complex period due to global economic uncertainties and domestic market dynamics. Turkey continued to be an important player in automotive production in Europe. However, global challenges such as supply chain issues, the chip crisis, and rising raw material costs negatively affected production. Despite this, there were increases, particularly in commercial vehicle production. In 2023, Turkey's automotive exports remained an important source of revenue. The European Union continued to be Turkey's main export market, while new market explorations also continued. The growing demand for electric vehicles influenced the export composition. In the domestic market, car sales were under pressure due to high inflation and interest rates. Fluctuations in exchange rates drove up vehicle prices, which negatively impacted consumer demand. However, temporary decreases in credit interest rates and government incentives resulted in periodic increases in sales. Interest in electric vehicles grew, driven by environmental awareness and rising energy costs. However, insufficient charging infrastructure limited the growth of this segment. In 2023, investments in the Turkish automotive sector were largely focused on electric vehicle production.

Additionally, foreign investors' interest has shifted toward this sector. In 2023, the main challenges faced by the automotive industry included the chip crisis, rising energy costs, and fluctuations in exchange rates. Moreover, the need to comply with sustainability criteria also placed pressure on the sector.

In 2023, while the Turkish automotive industry remained under the shadow of global and local challenges, it provided positive signals for the future through strategic steps. Investments in electric vehicles and sustainability particularly supported the sector's long-term growth potential.

In a year dominated by these various dynamics, Teknorot had an economically successful year. By ranking 253rd in the ISO 500 list of Turkey's Top 500 Industrial Enterprises in 2023, Teknorot not only improved its ranking compared to 2022 but also demonstrated its resilience in the face of changing external factors to its stakeholders.

» **2023 Turkey's Top 500 Industrial Enterprises Studies Have Begun**

The entry of Turkey's domestic car project, TOGG, into the production line marked a significant milestone in the industry.

As Teknorot, we meet 90% of Europe's vehicle fleet with over 18,000 part references and have achieved significant success in exports. Operating across 6 continents, we export to more than 95 countries. Through these international partnerships and export activities, we are supporting sustainable growth in the global market. In the export process, we optimize transportation methods to minimize environmental and social impacts and focus on efforts to reduce our carbon footprint.





## 2023 Highlights

### Turkey's Largest Industrial Enterprises Ranking

Contributing significantly to the Turkish economy through its investments, Teknorot has successfully ranked among Turkey's top 500 largest industrial enterprises since 2009. In 2021, Teknorot advanced 40 places from its 2020 position, reaching 281st place. By 2023, Teknorot further improved its standing, securing the 253rd spot, solidifying its position among the top 500 enterprises at an even higher level.



### R&D 250: Research on Companies with the Highest R&D Expenditures

TurkishTime R&D 250 in 2023

- 13th in the number of national patent applications.
- 45th in the number of utility models obtained.
- 54th in the number of R&D center personnel.
- 75th in the number of R&D projects.
- 101st in R&D expenditures.

Teknorot advanced to 89th place in the ranking for R&D expenditures.



### Turquality Certificate

Celebrating its 30th anniversary in 2022 as a company established with domestic capital, Teknorot Automotive stands out as a firm committed to fulfilling its responsibilities to itself and its stakeholders while striving to carry these achievements toward a sustainable future.

With this perspective, Teknorot earned the prestigious 'Turquality' certificate in 2022, the world's first and only state-supported branding program.

In 2023, through applications made within the Turquality program, Teknorot achieved significant advantages in 16 different areas, including reliability and quality image, market entry facilitation, financial and consultancy support, and competitive superiority.



### ADMOG - Recycle and Strengthen Vocational Schools

Teknorot contributed to the "Recycle and Strengthen Vocational Schools" (ADMOG) project, organized by TAYSAD (Automotive Suppliers Association of Turkey) with the aim of empowering vocational schools.

By the end of the year, the project successfully delivered nearly 200,000 pieces of equipment to 377 schools across 81 provinces, with the support of 420 companies, a milestone that Teknorot proudly supported.

### 2023 Golden Exporter Awards

eknorot Automotive has always focused on advancing in technology and innovation to be the best in its sector. Guided by this principle, it has become the largest manufacturer in Europe's aftermarket for suspension and steering parts for passenger and light commercial vehicles.

Despite the challenges posed by the pandemic, Teknorot achieved high export figures and was honored with the "Golden Plaque" by OİB (Uludağ Automotive Industry Exporters' Association) in 2020. Continuing with the same discipline, Teknorot once again achieved remarkable export success in 2021, earning a second "Golden Plaque" from OİB.

In 2023, Teknorot Automotive added another export championship award to its achievements, being recognized at the "Pride of Automotive Night" organized by the Uludağ Automotive Industry Exporters' Association for its continued excellence in exports.



### Teknorot Sustainability Efforts (2023)

At Teknorot, we are transitioning from the concept of Corporate Social Responsibility to corporate sustainability, encompassing all our focus areas. We recognize that this transition is a strategic necessity for sustaining our existence as Teknorot.

### 2023 CSR CALENDER

Activities	Explanation	SDG
4 QUALITY EDUCATION	6 CLEAN WATER AND SANITATION	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
5 GENDER EQUALITY	10 REDUCED INEQUALITIES	17 PARTNERSHIPS FOR THE GOALS
Goodness Boxes	Kızılay Clothing Donation Boxes	10 REDUCED INEQUALITIES
Entrepreneurship Marathon	Düzce University Entrepreneurship Marathon University Donation	4 QUALITY EDUCATION
Energy Conservation Awareness Week	The Energy of Green Activity	13 CLIMATE ACTION
Blood Donation	T2 Factory Kızılay Blood Donation	3 GOOD HEALTH AND WELL-BEING
Ramadan Aid	Ramadan Food Package Donation	1 NO POVERTY
Science Girl Project (Bilimkızı Projesi)	Book of Value Creators in Innovation Onboarding Kit	4 QUALITY EDUCATION
LÖSEV Organization	Eid al-Adha Donation Public Awareness	1 NO POVERTY
Kahramanmaraş Earthquake	Truck (Food Donation) Technical Equipment Donation	1 NO POVERTY
Kahramanmaraş Earthquake 23rd April	Toy Donation (for Children Affected by Earthquake)	1 NO POVERTY
LÖSEV Concert	Antakya Civilizations Choir Concert Ticket Purchase	1 NO POVERTY
Fatih Elementary School Jersey Donation	Tournament Jersey Sponsorship (50 Pieces)	1 NO POVERTY
Environmental Activity	Seed Card	13 CLIMATE ACTION
LÖSEV Local Awareness Campaign	Volunteers Brochure Distribution Activity	3 GOOD HEALTH AND WELL-BEING
Blood Donation	T1 Factory Kızılay Blood Donation	3 GOOD HEALTH AND WELL-BEING
Vocational High School Apron and Uniform Donation	Fatih Vocational Anatolian High School Teacher Apron and Uniform Donation	1 NO POVERTY
October 4th World Animal Day	October 4th World Animal Day Shelter Visit and Donation	15 LIFE ON LAND
LÖSEV - Children with Leukemia Week	25th Anniversary Orange Donation Box - Our Dream: Nursery	3 GOOD HEALTH AND WELL-BEING
November 11th National Afforestation Day	Musababa Elementary School Governorship National Afforestation Activity	13 CLIMATE ACTION
Electronic, Book, and Toy Donation Area	Donation Area Designed and Implemented	4 QUALITY EDUCATION





# Risk and Opportunity Management at Teknorot

The automotive aftermarket industry is heavily dependent on global supply chains. Especially during times like the pandemic, supply chain disruptions can make it difficult to secure raw materials and components on time. Additionally, sudden crises such as the semiconductor crisis can also disrupt production processes. Teknorot has developed a strong governance structure to manage all these risk processes. Fluctuations in the prices of raw materials such as steel, aluminum, and plastic create cost pressures in the automotive aftermarket industry. To balance such price fluctuations, it is important to establish long-term supply agreements or create flexible cost structures, which Teknorot manages with alternative but sustainable purchasing strategies. Tighter standards such as the EU's carbon emissions and environmental regulations are forcing aftermarket companies to adopt more environmentally friendly production processes. At the same time, the EU's sustainability reporting regulations and new applications like CSRD may require companies to make significant investments to enhance their sustainability performance. Non-compliance could lead to severe penalties and reputational damage.

The automotive aftermarket industry is a dynamic sector full of both risks and opportunities. Companies facing major changes such as technological transformation, sustainability, and digitalization can profit from these changes through strategic risk and opportunity management. Companies that are environmentally conscious and open to technological innovations will play a significant role in the future of the automotive industry.

At Teknorot, we focus on managing risks that could affect our business operations and on growing sustainably.

Risk management is crucial for ensuring business continuity, minimizing environmental impacts, and securing financial sustainability. For this reason, we adopt a strategic approach to identify, analyze, and effectively manage risks. Our risk analysis evaluates the potential positive and negative impacts of risks on our business operations. These risks are identified based on data from internal and external sources, internal audit results, customer feedback, and process reviews. Reports published by national and international organizations also contribute to our risk analysis process. We adopt a proactive approach to anticipate risks that may threaten the sustainability of our company. In this regard, we conduct risk assessment studies and plan regulatory and preventive activities to manage risks effectively. Early detection of risks, assessment of their potential impacts, and taking appropriate measures are essential to ensure business continuity and maintain the sustainability of our operations. Critical issues are discussed and reported once a month during Board of Directors meetings.

At Teknorot, we take measures to detect risks early, mitigate their effects, and continuously monitor them. We organize training and awareness programs to instill a risk management culture across all employees. Additionally, we aim to maintain continuous communication and collaboration with our suppliers and stakeholders on risk management matters. As Teknorot, while appreciating our successes in the risk management process and continuous improvement efforts, we will continue to strengthen our risk management strategy by anticipating future challenges and opportunities.

Our sustainable risk management approach will always be an integral part of our goal to conduct operations in a safe and environmentally friendly manner.

Following the workshop with our sustainability ambassadors, we have identified Teknorot's Sustainability Risks and Opportunities, which you can find in the appendix.





# Sustainability Management at Teknorot

We are committed to transitioning to a low-carbon economy, enhancing energy efficiency, supporting social inclusion efforts, contributing to a circular economy that fosters industrial development, and collaborating with institutions to achieve these goals. In the context of sustainability, we transparently present our practices, conduct reporting aligned with international standards, and evaluate our performance against global indices.

On this path to supporting sustainable development, we continuously monitor our efforts with a sense of responsibility.

With this awareness, in 2022, we laid the foundation for our sustainability committee, which we institutionalized in 2023. The sustainability committee, carefully formed in 2022, was further strengthened in 2023.

Our sustainability governance consists of sustainability senior board members and working group members. Teams, determined with consideration for representation from all departments, underwent specialized training and were provided with a structured working environment. Quarterly meetings with senior board members and monthly meetings with working group teams have strengthened our sustainability efforts through a management system approach.

With the motto "Always Ahead" in designing the sustainable transportation of the future, we continue Teknorot's sustainability-focused transformation and growth plans.

With the motto "Always Ahead" on the path to designing sustainable transportation for the future, we continue to pursue Teknorot's sustainability-focused transformation and growth plans.

Simultaneously, the establishment of corporate sustainability and the regular reporting habit, marking the beginning of the activities of the Sustainability Committee, is crucial for aligning with the company's vision and its structure on the international stage. This process is a significant step toward achieving high employee and stakeholder satisfaction.

Our company strategies are defined through workshops conducted at the levels of the Board of Directors, Global Directors, Directors, Managers, and Coordinators. In these workshops, Teknorot's corporate strategies are organized into three groups: Short-Term Strategies, Medium-Term Strategies, and Long-Term Strategies. The setting of goals, reviewing them, and tracking actions are carried out in accordance with the Strategic Planning Procedure.

## 2024 The Sustainability Journey Begins!

**Dear Managers and Employees,**

The sustainability journey of Teknorot, which we laid the foundation for together in 2022, is being professionally advanced in February 2024 with the collaboration of Sachi Consultancy under the "Teknorot Corporate Sustainability Management Process".

As a leader in a dynamic industry where continuous development and improvement are inevitable, while designing this process to help us stay true to sustainability principles, our priority has been to act with the awareness that "collective effort is essential."

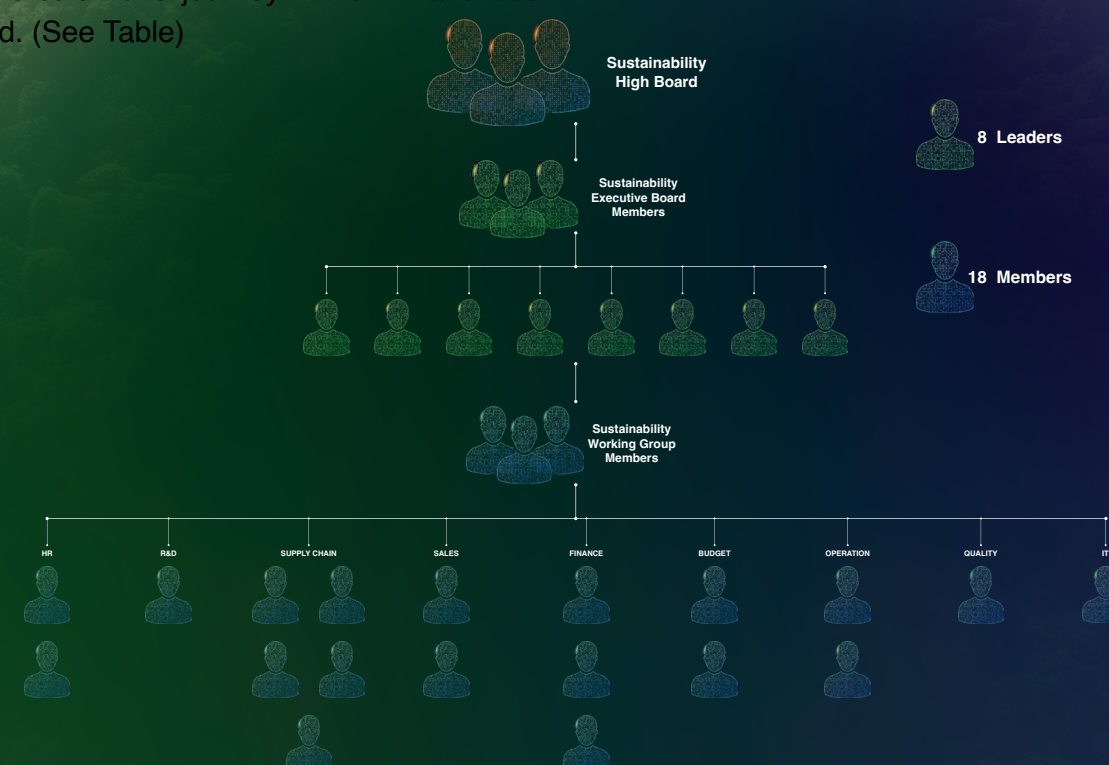
For this purpose, the Sustainability Steering Committee and Working Group Teams that will accompany Teknorot on this journey in 2024 have been designated. (See Table)

We are pleased to share with you that the Sustainability Steering Committee, along with the "Working Group Members" personally selected by our executives, and with the support of Sachi Consultancy, have begun the "Teknorot Corporate Sustainability Management Process".

We would like to thank all the teams that will contribute to our company's Sustainability Journey in advance for their support.

**Best regards,**

Global Human Resources Directorate  
Corporate Communications and Sustainability Unit







# Teknorot's Material Sustainability Topics and Stakeholder Engagement

## Teknorot Stakeholder Interaction

Teknorot's stakeholder groups, communication methods used, and stakeholder expectations can be reviewed in the Stakeholder Engagement List on the next page.

Stakeholder communication is very important for Teknorot.

Therefore, when developing our sustainability strategy and guiding our activities, we also consult with our stakeholders. In 2023, we conducted a materiality assessment to update our key issues.

The materiality assessment is a process that helps us identify the most effective actions for sustainability topics within our company. This analysis enables us to assess risks, opportunities, and stakeholder expectations related to sustainability, taking into account environmental, social, and economic factors.

In this analysis process, our primary goal is to maintain close communication and collaboration with our stakeholders. We organize surveys and feedback meetings to understand their views, expectations, and priorities. Additionally, we consider factors such as industry standards, local and international regulations, and environmental and social impacts. The materiality assessment helps us evaluate the importance and impact of specific sustainability issues and ensures that we take actions aligned with our company's values and long-term goals.

As a result of this analysis, the material topics we have identified form the foundation of our sustainability strategy and policies. We create roadmaps for these priorities, set goals, and effectively manage our resources by focusing on these objectives.

In the materiality assessment process, we applied an inclusive methodology by considering both internal and external stakeholders' thoughts and needs. We identified 23 topics that could potentially be important for our company. Through the prioritization analysis, we have addressed stakeholders' views, attitudes, and expectations. Additionally, industry dynamics, ESG (Environmental, Social, and Governance) trends, risks, opportunities, and stakeholder feedback have also been considered.

## Stakeholder Engagement List

Stakeholder Type	Stakeholder Expectations	Communication Method	Frequency of Contact
<b>Employees</b>	Salary policy, employee training and development opportunities, employee safety, employee rights	Regular meetings, written and verbal communication channels, collective contract, employee satisfaction survey	Regularly/ As needed
<b>Senior Management (BoD)</b>	Continuity of growth, budget consistency, new investment negotiations, regulatory requirements, changes in trade rules, sustainability management, risk and opportunity management	General Assembly meetings, compliance with laws and regulations, audits, written and oral communication channels	Annually, quarterly and monthly/ Regularly
<b>Investors / Shareholders</b>	Continuity of growth, positive feedback of investments	General Assembly meetings	Monthly/ Regularly/ As needed
<b>Suppliers and Business Associates</b>	Innovative material studies, payment periods, local resource alternatives, environmental and social compliance, action capacity for sustainability goals	Contracts, e-mail and phone calls, regular evaluation meetings, site visits, audits, website, social media accounts and fairs	Monthly / Regularly / Frequently
<b>Customers</b>	Market dynamics, company strategy in current economic conditions, company's compliance with global sustainability dynamics, product safety, competitive solutions, renewable products, compliance with legislation and regulations, social compliance audits	Business agreements / contracts, face-to-face or online interviews, annual customer satisfaction survey, customer audits, website, social media accounts, fairs	Annually, monthly / Regularly / As Needed / Frequently
<b>Local Authorities</b>	Employees, development of local economy, local procurement, water and waste management, air quality, public health, compliance with legislation and regulations	Regular meetings, stakeholder forums, written and oral communication channels, field visits, awareness campaigns, social responsibility projects ( annual CSR calendar )	Monthly / Regularly / As needed
<b>Legal Authority / Public Institutions</b>	Compliance with legislation and regulations, OHS and environmental management	Audits, written and oral communication channels	Annually , Monthly / Regularly
<b>Other ( Associations &amp; NGOs, Local and International Universities, Local Media, etc.)</b>	Digital transformation and weight reduction efforts, environmental management, energy, water and raw material supply, employee relations, recognition in the industry, reporting standards, compliance with laws, cooperation with universities, memberships in sustainability initiatives	Regular meetings, trainings, briefings sustainability reports	Annually , Monthly / Regularly
<b>Competitors</b>	Fair competition, consideration of the social and environmental impacts of business operations and compliance with ethical values, maintaining a healthy financial performance and compliance with industry standards	Fairs, written and oral communication channels	Annually / Regularly / As needed





The identified topics have been determined based on the dynamics of our company and market priorities.

Identified Topics:

1. Emission Management and Decarbonization in All Our Processes
2. Process Development for Reducing Packaging Waste
3. Resource Management through Circular Business Models
4. Development of Sustainable Business Models
5. Water Management
6. Conservation and Development of Biodiversity
7. Supporting Entrepreneurship and Developing Partnerships
8. Inclusive Human Resources
9. Social Contribution
10. Talent Management
11. Occupational Health and Safety
12. Human Rights
13. Employee Feedback
14. Effective Corporate Governance
15. Competitive Behavior

16. Combating Corruption and Bribery
17. Compliance with Regulations and Monitoring
18. Inclusive Value Chain
19. Green Procurement
20. Digital Transformation, Innovation, and Artificial Intelligence
21. Customer Orientation and Customer Experience
22. Information and Data Security
23. Sustainable Finance

After the survey conducted with our stakeholders, these topics were also evaluated by our sustainability steering committee under the leadership of our General Manager.

As a result of the materiality analysis, 7 of the 23 identified material topics stand out as high material. These high-material topics have been addressed as a material in the creation of the company's sustainability strategy.













At Teknorot, we will continue to focus on these material topics to improve our sustainability performance and meet stakeholder expectations.

Our High-Material Topics:

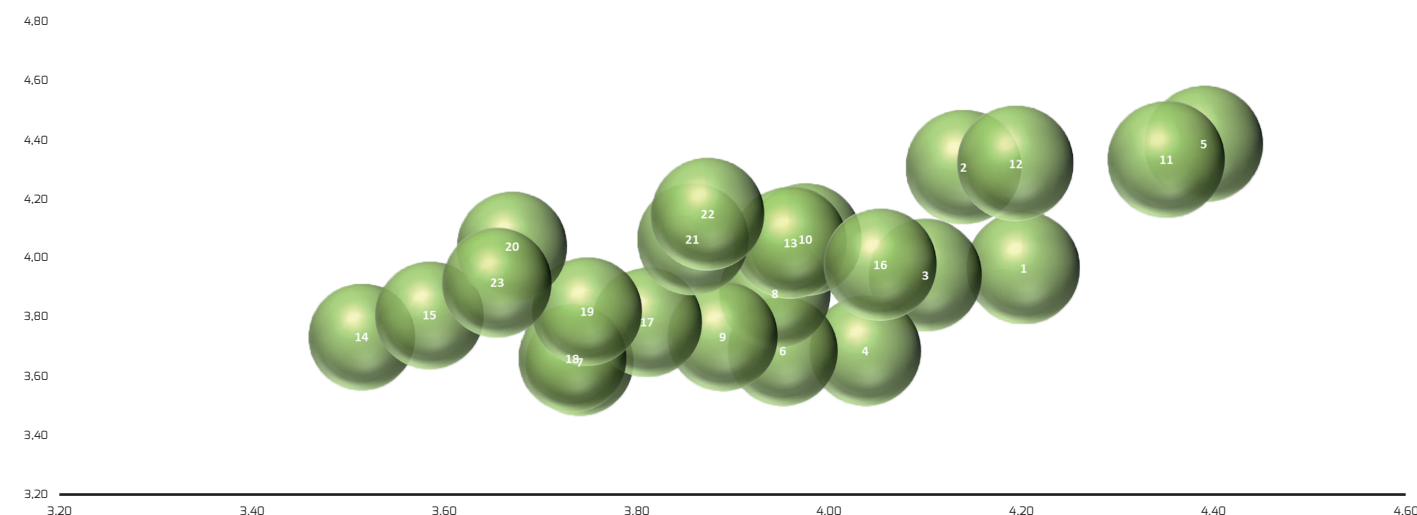
- Emission Management and Decarbonization in All Our Processes
- Process Development for Reducing Packaging Waste
- Resource Management through Circular Business Models
- Water Management
- Talent Management
- Occupational Health and Safety
- Human Rights
- Employee Feedback
- Combating Corruption and Bribery
- Information and Data Security

You can find detailed information about our processes for all these material topics in the following pages of our report.

## Our Integrated Value Creation Model

Input	Material Topic	BM SDG	Output
Financial Capital	• Ensuring Resource Management through Circular Business Models		2023 Gold Exporter Award!
Natural Capital	• Emission Management and Decarbonization Across All Our Processes • Process Development for Reducing Packaging Waste • Water Management	  	By utilizing a chemical reaction tank for our treatment processes, we successfully reduced emulsion waste from 93,550 kg to 61,900 kg, achieving a 34% reduction. This significant decrease has greatly alleviated the environmental burden.
Natural Capital	• Talent Management • Occupational Health and Safety • Human Rights • Employee Feedback	  	Within the framework of the training programs conducted in 2023, a total of 3,000 hours of training were provided. The proportion of managers and above increased to 36.5%.
Social and Relational Capital	• Human Rights • Anti-Corruption and Anti-Bribery • Employee Feedback	 	We successfully implemented the Teknorot Suggestion System. Our training program, which totaled 1,723 hours in 2022, was increased to 3,000 hours in 2023, strengthening our efforts to enhance employee competencies and raise awareness in the workplace.
Intellectual Capital	• Information and Data Security		In 2023, a total of 43 digitalization projects were implemented, with some of these projects still ongoing.
Creative Capital	• Ensuring Resource Management through Circular Business Models		In 2023, a total of 21 patent applications were filed.
Manufactured Capital	• Ensuring Resource Management through Circular Business Models		In 2023, significant savings were achieved in our waste streams, particularly in synthetic oil and emulsion waste. We reduced synthetic oil usage by 48% and emulsion waste by 43%.

## INTERNAL EXTERNAL STAKEHOLDER COMMENTS







## Our Sustainability Strategy, Goals, and Performance

Operating in the spare parts and service market, Teknorot has started to define our roadmap while keeping our motto of "Always Ahead" in mind as we design our sustainability strategy. We began taking proactive steps to set our course before any obligations arise.

In this context:

- We take actions that reduce our footprint to be Always Ahead.
- We take steps that increase our positive impact to be Always Ahead.
- We invest in innovation to be Always Ahead.

With these statements, we aim to manage our processes in a balanced way.

These strategies aim to provide environmentally friendly and economically sustainable operations. The automotive aftermarket sector can enhance its operational efficiency and gain a competitive advantage in the industry through sustainable strategies.



## Our Sustainability Goals

*We take actions that reduce our footprint to be #AlwaysAhead!*

### Combating Climate Change

- 1 Reduction in Energy Consumption (Percentage reduction compared to 2022)
- 2 Reduction in Other Energy Sources (Percentage reduction compared to 2022)
- 3 Establishment of a Tracking System for Scope 1 and Scope 2 Emissions
- 4 Share of Renewable Energy Sources in Total Energy Consumption
- 5 Reduction in Energy Consumption per Unit of Production

### Circular Business Model

- 6 Increase in Water Recovery Rate (Percentage to be specified)
- 7 Establishment of Zero Waste System
- 8 Reduction in Hazardous Waste Amount (Percentage)
- 9 Reduction in Plastic Waste Amount (Percentage)



*We take actions that increase our social impact to be #AlwaysAhead!*

### Developing a Sustainable Business Model

- 10 Number of Suppliers Subjected to Sustainability Assessment
- 11 Increase Revenue from Sustainable Products (low-emission products)
- 12 Increase the Number of R&D Projects Conducted Within the Scope of Sustainability
- 13 Increase the Proportion of R&D Budget in the Total Budget
- 14 Increase the Rate of Digitalization

*We prioritize community and employee development to be #AlwaysAhead!*

### Employee Well-Being & Diversity

- 15 Sustainability Awareness Training Hours for All Employees
- 16 Increase the Percentage of Female Employees
- 17 Increase the Percentage of Women in Management
- 18 Reduction in Accident Severity Rate
- 19 Increase Employee Satisfaction Survey Results
- 20 Number of Ethical Notifications
- SA 8000 System Establishment

### Employee Well-Being & Diversity

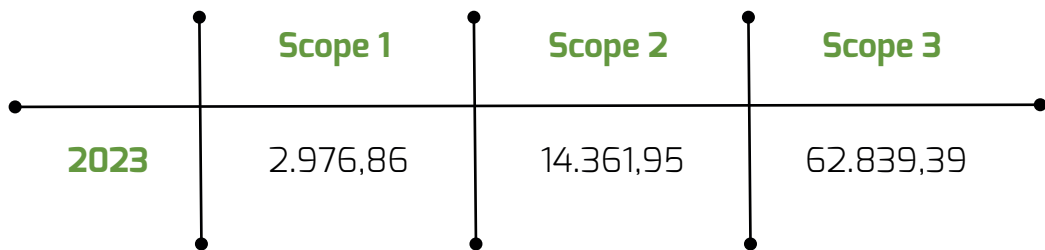
- 21 Implementing a Social Impact Project to Foster Community Engagement
- 22 Becoming a Global Compact Signatory





# Environmental Performance Indicators

## 2023 Greenhouse Gas Emissions



The distribution of hazardous and non-hazardous waste amounts for 2022 and 2023 is shown below.

	Non Hazardous Waste Amount (kg)	Hazardous Waste Amount (kg)
2022	8.448.143	5.058.550
2023	8.323.537	4.860.795





2023★



## Social Performance Indicators

		2020	2021	2022	2023
Total Workforce	White Collar	286	314	384	360
	Blue Collar	1.079	1.331	1.884	1.670

		2020	2021	2022	2023
Total Number of Employees by Employment Type	Full-Time Female Employees	210	230	376	373
	Full-Time Male Employees	1.155	1.258	1.892	1.657
	Part-Time Female Employees	0	35	0	-
	Part-Time Male Employees	0	122	0	-

		2020	2021	2022	2023
Total Number of Employees by Category	Female - Office Employee	80	101	133	127
	Male - Office Employee	206	213	251	233
	Female - Field Employee	130	164	243	246
	Male - Field Employee	949	1.167	1.641	1.424

		2020	2021	2022	2023
Total Number of Employees by Education Level	Primary School	277	389	553	467
	High School	682	808	1.126	1.011
	University and Above	406	448	589	552



