



# SUSTAINABILITY REPORT

| 2021 |







## Contents

	<b>ABOUT THE REPORT</b>	3
	<b>SENIOR MANAGEMENT MESSAGE</b>	4
	<b>ABOUT AKCOAT</b>	5
	Product Portfolio	10
	History	11
	Awards and Achievements	12
	Stakeholder Relations	13
	Memberships, Supported Initiatives	13
	Sustainability Priorities	14
	Sustainability Strategy	16
	Sustainability Milestones	17
	Value Chain Description	19
	<b>GOVERNANCE ISSUES</b>	20
	Corporate Management	21
	Sustainability Management	28
	Ethics and Transparency	30
	Risk and Opportunity Management	31
	Anti-Corruption	31
	Anti-Competitive Behavior Management	31
	Digitalization	32
	Compliance with Standards	34
	<b>ECONOMIC PERFORMANCE</b>	36
	R&D and Innovation	38
	Customer Satisfaction	40
	Supply Chain Management	40
	<b>ENVIRONMENTAL PERFORMANCE</b>	41
	Environmental Management	42
	Sustainable Raw Material Use	43
	Energy Management	43
	Water Management	44
	Emissions Management	45
	Waste Management	46
	<b>SOCIAL PERFORMANCE</b>	47
	Employee Development	48
	Employment Profile	51
	Training	52
	Occupational Health and Safety	53
	COVID-19 Precautions and Practices	54
	Employee Engagement	55
	Community Projects	57

# About the Report



## Akcoat İleri Kimyasal Kaplama Malzemeleri San. ve Tic. A.Ş.

**Headquarters and Factory:**  
Sakarya 2. OSB 1 No'lu Yol No: 18  
54300 Hendek, Sakarya / TÜRKİYE

We provide chemical coating materials solutions within the framework of Akkök Holding, one of Turkey's well-established industrial organizations. In accordance with our sustainability strategy, as Akcoat we are pleased to share our management performance, goals, and sustainability efforts in our report, which we published for the first time this year. This report covers our activities from January 1 to December 31, 2021. Turkey campus is included in the scope of the report.

Under the direction of the Sustainability Committee and with the assistance of our relevant departments, the data relating to the report were compiled. In this report, we outline our material issues and strategy to sustainability, which we identified with the help of our key stakeholders; we shared it with our stakeholders under the titles Governance Issues, Economic Performance, Social Performance, and Environmental Performance. The SUCSR Sustainability Consultancy firm provided consulting services during the production of our report.

Our report has been prepared in accordance with the GRI Standards "Core" option developed by the Global Reporting Initiative (GRI). Our report is also based on the United Nations 2030 Sustainable Development Goals. Akcoat Sustainability Report has been prepared in two languages, Turkish and English, and has not undergone external audit. As Akcoat, we aim to report our sustainability activities every two years. You can forward any questions and comments regarding our reports and sustainability efforts to [sustainability@akcoat.com](mailto:sustainability@akcoat.com).



# Senior Management Message

## *Dear Stakeholders,*

Although sustainability has become increasingly crucial as a result of the pandemic, we at Akcoat have placed a high priority on satisfying our environmental and social duties for nearly half a century since our establishment. In accordance with the sustainable development philosophy of Akk k Holding, one of the most established industrial enterprises in Turkey, we conduct research in a variety of fields, from responsible production to recycling. Our sustainability strategy is based on making pledges for our future beyond raising awareness, acting in this framework and signing concrete actions, and transparently reporting our results.

As described in detail in our report, we engage in several activities in various domains. Within the framework of the Sustainable Development Goals, we carry out research aimed at reducing energy consumption by safeguarding the environment, air, and water during pigment production. By decreasing the calcification time by 30 percent, we ensure that carbon monoxide gas emissions are minimized. Our Pixelect brand's environmentally friendly plastic pigment is meant to reflect light. Thus, with the sensors of Near Infrared Reflection Near Infrared Reflection (NIR) devices, objects colored with Pixelect can be identified and recycled. This environmentally friendly coloring agent will lower its carbon footprint, contribute to the circular economy, and be favored in food-contact plastic containers, toys, and cosmetics.

The majority of the products in our R&D center were designed with the recycling of resources and the sustainability principle in mind. The device that performs the boiling water abrasion resistance test operates continuously 24/7 and with a recyclable source infrastructure; 20 liters per minute, 28.8 tons per day, and 10,512 tons of water per year in total. Furthermore, the interior structure maximizes daylight and delivers energy savings. We also focus on the economic recycling of agricultural, industrial, and animal wastes, as well as the evaluation of these wastes in manufacturing processes and the utilization of alternative raw material sources.

We received a Zero Waste Certificate in recognition of our excellent sustainability initiatives. In addition, we met our Business Plastics Initiative obligations. We have begun our Life Cycle analysis studies for our five product groups with the carbon and water footprint of 2021 as of this year. In our 2022 Sustainability Report, which adheres to Global Reporting Initiative (GRI) requirements, we commenced work on this axis. The previous year, we joined the CEO Water Mandate and the United Nations Global Compact. As a member of the Global Compact, we will also publish a report on our progress.

We won first place in the "Innovation" category at the Alfa De Oro awards ceremony held in Spain this year. Akcoat's "LessBox, Sustainable Packaging for Inkjet Ceramic Inks" project is the first of its kind in the world. The "LessBox,

Sustainable Packaging for Inkjet Ceramic Inks" initiative, developed by Akcoat and Hinojosa Packaging Solutions, minimizes the environmental impact of injection inks used in the ceramics sector, thereby drastically reducing waste production. With the 100% recyclable ink-jet sustainable packaging system, the plastic in already used packages is reduced by up to 3 times. We also facilitate the mixing and usage of inks for the entire ceramics sector and provide a logistical advantage with this project.

We allocate the necessary budget to develop our path for sustainability. In our road map, we will analyze our carbon, water, and sustainability footprints, as well as border carbon trading policies and other advances in this field. Within the context of the Sustainable Development Goals and the CEO Water Mandate, I can state that it will shape our funding for sustainability initiatives over the next few years.



**Veysi K   k**  
General Manager



# About Akcoat



# About Akcoat

We are the market leader in Turkey for enamel and ceramic coatings, which is one of our primary product groups, and we intend to reach the global market leadership by increasing our market share in the coming years.

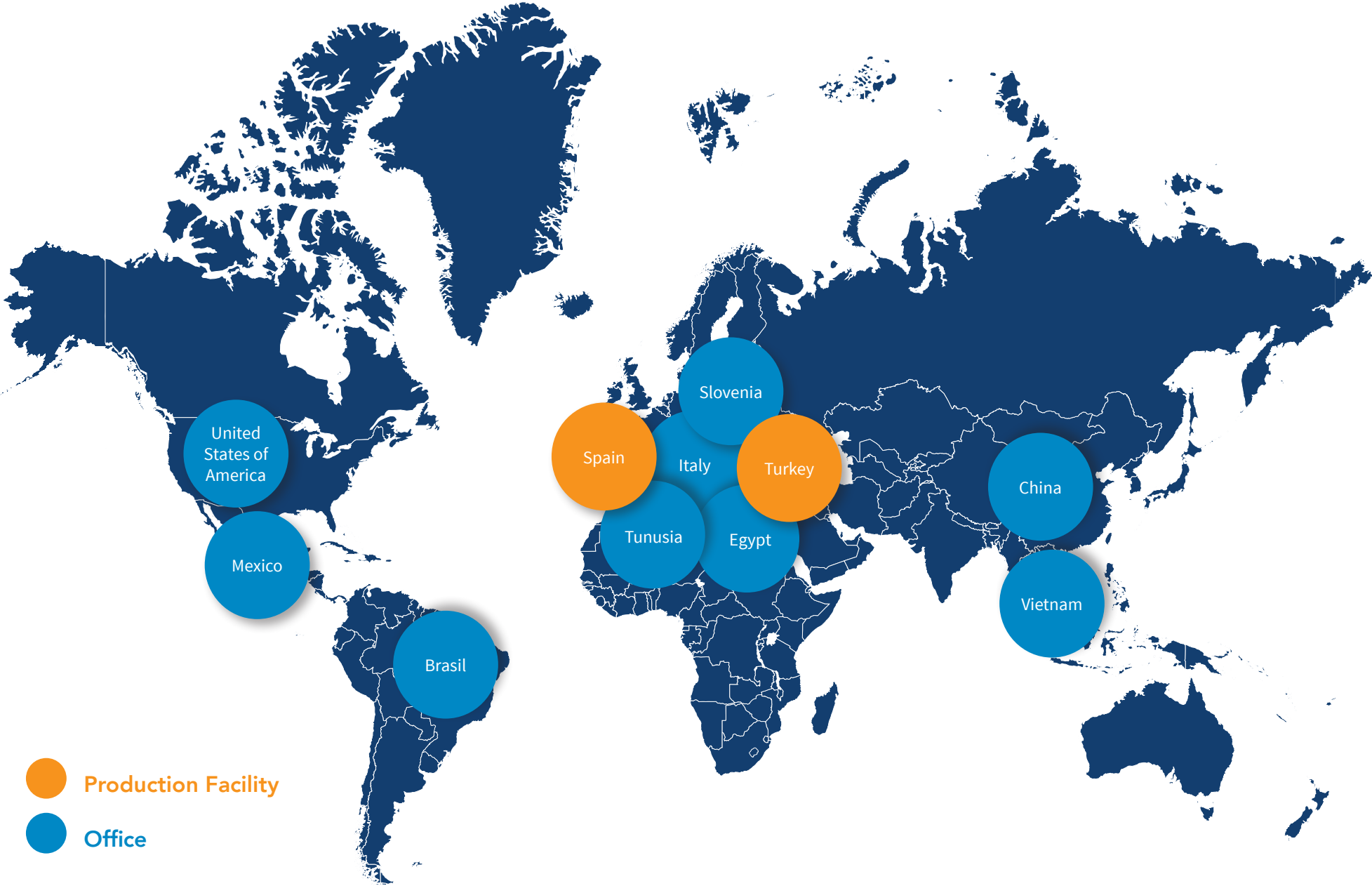
As Akcoat, we operate within the framework of Akk k Holding, one of Turkey's most firmly established industrial conglomerates. Enamel, ceramic, nonstick-decorative coatings, pigment, and glass coatings are the five primary product groups that we manufacture. For nearly half a century, we have provided chemical coating materials solutions to worldwide brands across a diverse portfolio ranging from white goods to small domestic appliances, construction materials to kitchens and architecture. Our company employs 426 people of various nationalities and has manufacturing facilities in Turkey and Spain, offices in the United States and China, sales representatives, and active technical services in countries such as Europe, South America, Asia, and Africa.



Export associations have recognized us for 13 years in a row. We sell to 65 countries across six continents, with exports accounting for 50% of total sales. Our top export markets include the United States, China, Spain, Italy, and Egypt, and one of our goals is to double our export figures in the next five years. We are making new investments to achieve this goal. The new R&D Center, which our company built with a \$6 million investment, is one of the most advanced facilities in the advanced chemical coating industry. Our new R&D Center features a characterization and analysis laboratory, customized product laboratories, a 100-person conference hall, library, lounge, open offices, meeting rooms, a showroom area, and a 24-hour sports center.

We strengthened our R&D capability in Spain in addition to our R&D spending. In addition, the Satellite R&D Laboratory in Germany and Italy, the Satellite R&D and Product Excellence Center in China, which will serve the entire South Pacific region, and the Satellite R&D Center in the United States, which will collaborate with the new R&D Center in Turkey, will be established. We intend to put the Laboratory into operation. We had filed 65 patent applications as of the beginning of 2018. In addition, 88 design registrations were obtained, and 77 international publications and declarations were signed.



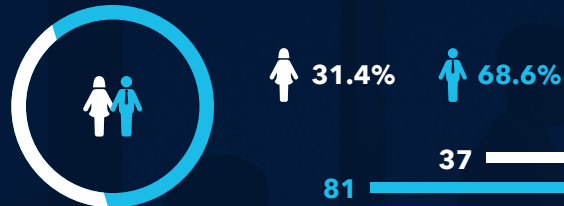


 Production Facility

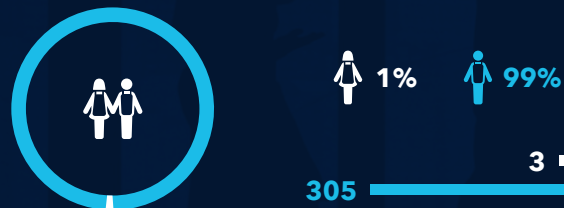
 Office

## Number of Employees

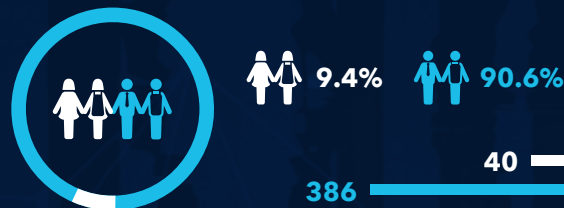
### Professional Tier



### Operational Tier

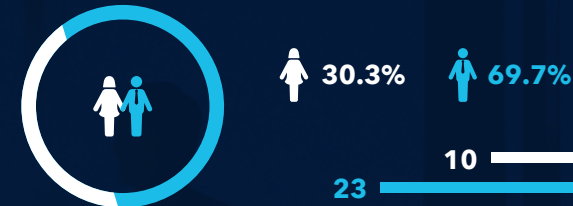


### Total

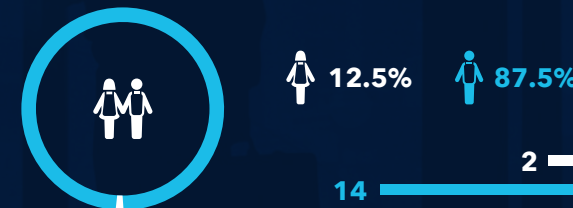


## Ratio of Female-Male Employees in Managerial Roles

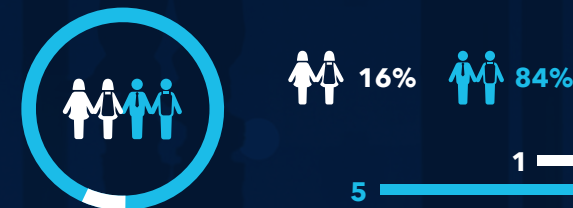
### Manager



### Director



### Senior Management





## Average Seniority (Year)

### Professional Tier



### Operational Tier



### Total



## Average Age

### Professional Tier



### Operational Tier



### Total



As Akcoat, we have been producing in 5 different product groups since 1979. The products we produce in our facility with a total area of 100,000 m<sup>2</sup> are as follows:



### ENAMEL COATING

Oven Enamels  
Boiler Enamels  
Stove Enamels  
Kitchenware Enamels  
Building Enamels  
Special Solutions

### GLASS COATING

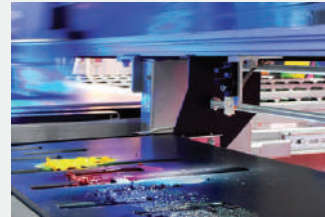
Glass Frits  
Glass Paints  
Mediums



## Product Portfolio

### CERAMIC COATING

Ceramic & Porcelain Frits  
Inkjet and Paint  
Design & Product  
Development



### NON-STICK AND DECORATIVE COATING

Non-Stick Coating  
Decorative Coating  
Aluminum Cast Frits



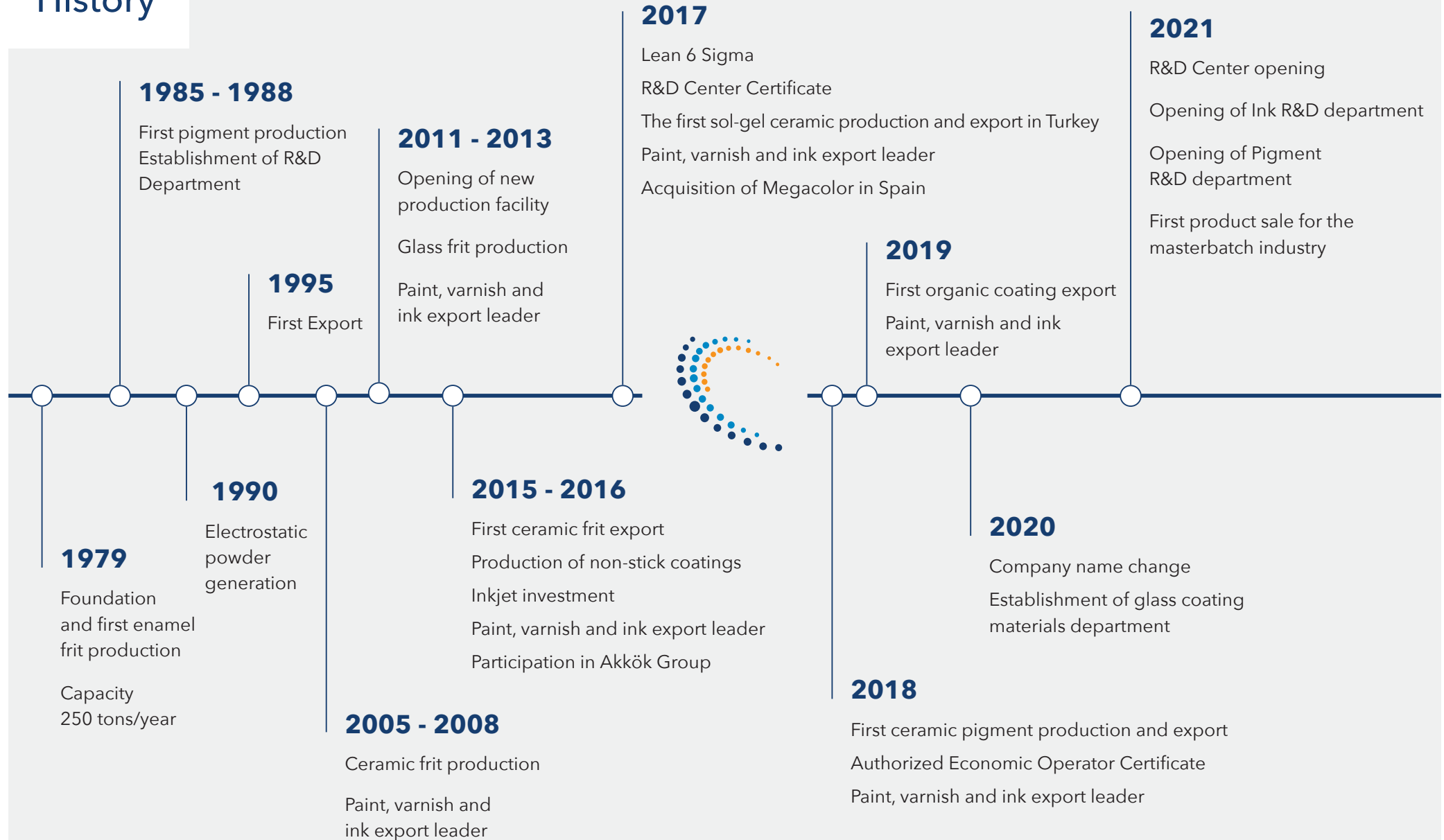
### PIGMENT

Enamel Pigment  
Inkjet Pigment  
Glass Pigment  
Masterbatch Pigment





# History



## Awards and Achievements

- For the first time in the world, we realized the innovative and sustainable packaging system LESSBOX for Ink-Jet ceramic printing inks in 2021 and won the Alfa De Oro 2022 award, one of the most prestigious awards in the ceramics industry.
- With our expanding business volume and investments, we re-entered the ISO 500 this year, becoming Turkey's 446<sup>th</sup> largest industrial company.
- We rose to 454<sup>th</sup> in the general ranking of the Fortune 500, which determines Turkey's largest 500 companies.
- We ranked 11<sup>th</sup> among the 50 companies with the Highest Return on Equity, and ranked 18<sup>th</sup> in the chemicals sectoral list.



- We became a member of the United Nations (UN) Global Compact by signing the UN Global Compact, the world's largest and only corporate sustainability platform, by signing the UN Global Compact.
- We became the first Turkish chemical company to sign the CEO Water Mandate Statement, along with the United Nations and stakeholders, to lead the industry in solving the global water problem.
- We are among the 10 companies that spend the most on R&D in the chemicals and products sector in 2021.



## Zero Waste Certificate

- As a result of our efforts to use resources more efficiently, to prevent or recycle waste, and to integrate our zero waste management philosophy, which is part of our sustainability strategy, into all of our business processes, we were entitled to receive the "Zero Waste Certificate" in 2022. Our work, which we continue with the same awareness and hope for a greener future, will continue unabated in the future.

**Our Goal: Zero Waste, Greener Future!**





## Stakeholder Relations

As Akcoat, we define stakeholders as any actors who are directly or indirectly influenced by our policies, actions, and strategy and goal implementation. We understand how critical it is to build a strong and effective conversation with our stakeholders in order to make all of our activities sustainable and include them into our sustainability plan. As a result, we consider the expectations and needs of all stakeholders in our activities, and we consider their perspectives when developing our goals and strategies. With this understanding, we contacted our stakeholders in 2021 and analyzed their needs and expectations, as well as evaluating Akcoat's needs and expectations from those stakeholders on a departmental basis.

We ranked all of our stakeholders by their "power to influence" and "importance level." In this way, we have also determined the impact of each of our stakeholders on sustainability performance. Following that, we analyzed the data we collected, listened to our stakeholders' opinions on our material issues, business conduct, goals, and performance, and prepared a list of priority stakeholder groups by attempting to understand their expectations.

### The list of Akcoat's strategic stakeholders is as follows:

Akkök Holding

Akkim

Administration

Group Companies

Employees

Employee Families

Customers

Suppliers

Neighbors

Competitors

Public Institutions / Ministries

Local Authorities

Consultants

Media

Certification and Inspection Bodies

Society

Academic Institutions

## Memberships, Supported Initiatives

As Akcoat, we care about being a solution to the global water problem. In order to lead the industry in this area, we became the first Turkish chemical business to sign the CEO Water Mandate Statement with the United Nations and our stakeholders.

We became a member of the United Nations (UN) Global Compact by signing the UN Global Compact, the world's largest and only corporate sustainability platform, by signing the UN Global Compact.

### The list of institutions we are members of is as follows:

**SERHAM** (Ceramic, Glass and Cement Raw Materials Manufacturers Association)

**TMMOB** (Association of Chambers of Turkish Engineers and Architects)

**PERYÖN** (People Management Association of Turkey)

**Porcelain Enamel Institute** (American Enamel Association)

**China Enamel Association**

**BEYSAD** (White Goods Suppliers Association)

**TURKBESD** (Turkish White Goods Manufacturers Association)

**ZUCDER** (Glassware Association)

**İMMİB** (Istanbul Minerals and Metals Exporters' Association)

**SERFED** (Turkish Ceramics Federation)

**TABA-Amcham** (Turkish-American Business Association)

**DEKAMER** (Sea Turtle Research, Rescue and Rehabilitation Center)

**Emaye Derneği**, Türkiye

**KALDER** (Turkish Quality Association)

## Sustainability Priorities

As Akcoat, we are aiming to add value to the world in accordance with our 2026 vision, particularly in the industry in which we operate. On our approach to our 2026 vision, we hope to meet the expectations of all our stakeholders within the context of sustainability by establishing the goals of our strategic stakeholder groups, with whom we hope to achieve this value collaboratively. Our top agenda items in this goal are as follows: We examined and highlighted topics such as sectoral trends, the United Nations Sustainable Development Goals, the European Green Deal, global ESG criteria, and our Global Compact obligations. In addition to the Sustainability Committee, we considered the opinions and importance ratings of 283 stakeholder representatives, **228** of whom are internal stakeholders and **55** are external stakeholders, as a result of a survey we conducted with senior management, employees, suppliers, business partners, professional associations and organizations. We assessed our stakeholders' current perspectives and projections for the future on all of the topics we identified.

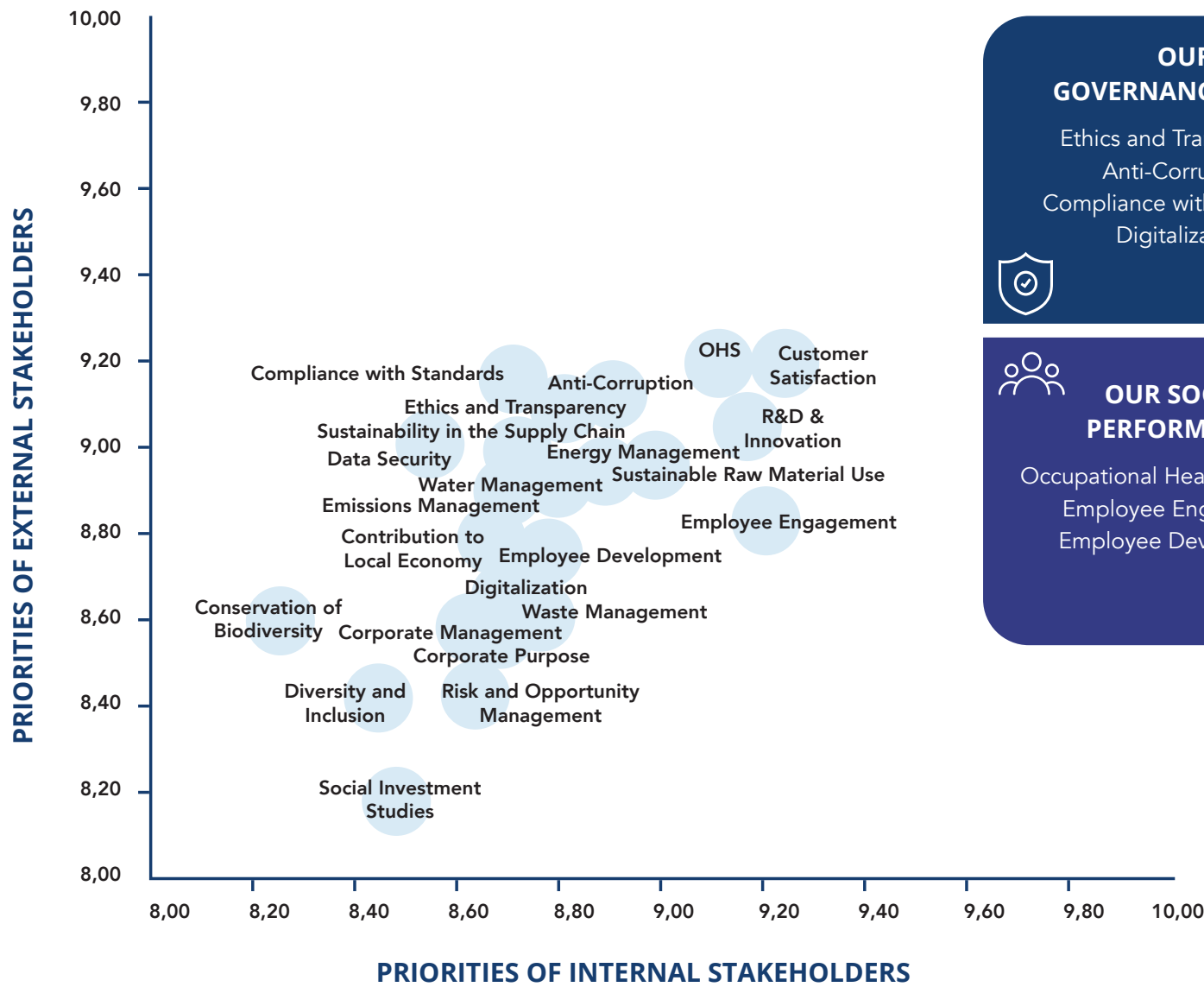
We identified the priority sustainability issues by combining the results from senior management and stakeholders. As a result of the materiality analysis, we consider the issues that we have identified as "high priority issues" when developing our sustainability strategy, and we include these issues under the main headings in the report that describes our economic, social, and environmental performance.

In accordance with our prioritization study, we have designated **15** of our **23** sustainability topics as "high priority issues" within our primary headings.





# Sustainability Priorities



## Sustainability Strategy

Although the pandemic process has increased the importance of sustainability, we at Akcoat have prioritized satisfying our environmental and social responsibilities since the day we were founded, approximately half a century ago. We conduct research in a variety of fields, ranging from responsible production to recycling, in accordance with Akk k Holding's sustainable development strategy. Making pledges for our future beyond increasing awareness, taking action within this scope and adopting concrete procedures, and reporting our results in a transparent manner constitute the foundation of our sustainability approach. To contribute to the UN Sustainable Development Goals, we try to solve global problems such as battling climate change, controlling energy and emissions, preserving water, and decreasing disparities, which fall within the scope of our priority topics.

All of our actions are carried out in strict accordance with national and international rules and regulations, as well as internationally recognized ethical norms. We want to maximize productivity by incorporating digitalization into all of our procedures.

By prioritizing stakeholder satisfaction and expectations throughout our value chain, we produce our products to international standards. We aim to improve the living standards and well-being of all our stakeholders, particularly our employees, by emphasizing the importance we place on sustainable development. We encourage our stakeholders to grow in order to contribute to the reduction of sustainability risks throughout the value chain.

The fight against climate change is our top priority at Akcoat. We strive to reduce our environmental impact by making continuous improvements in the protection of natural resources, efficient use of raw materials, efficient use of energy and water, and waste recycling, in addition to complying with legal requirements on environmental issues.



## Sustainability Milestones

We are pleased to present to you, our valued stakeholders, the significant sustainability steps we have taken over the last ten years.

Year	Development
2011	BSH / The Best Partners of The Best Cookers
2015	Getting started with the Oracle System
2016	ISO 27001: Information Security Management System Certificate Enterprise Risk Management Project
2017	Lean 6 Sigma studies Turquality brand support R&D Center Certificate purchase
2018	Obtaining OHSAS 18001 Certificate Obtaining the Authorized Economic Operator Certificate Transition to ISO 14001: 2015 Environmental Management System Certificate Transition to ISO 9001: 2015 Quality Management System Certificate
2020	Transition to ISO 50001: 2018 Energy Management System The start of the Operational Excellence Project
2021	ISO 45001: Transition to 2018 Occupational Health and Safety Management System Becoming a member of the CEO Water Mandate Becoming a member of the UN Global Compact



## Our Goals

Making Akcoat a preferred **employer brand** to work for



Increasing **employee engagement**



Developing the **competencies and global management** skills that will carry Akcoat to its future goals



Developing **talent management**



Supporting global growth with a sustainable organizational structure with **"Agile Transformation"**



To provide **cultural transformation** and to be a global company with the ability to work with **different cultures**



To train **leaders** and strengthen the in-house leadership mechanism with our **"Adaptive Leadership"** system



Creating a **digitalization** roadmap with **"Digital Transformation"**



Increasing **data literacy** and **data usage**, using **data analytics** effectively



Improve **analytical reporting** to strengthen decision support mechanisms



Achieving **0 work accident goal**, making **OHS** a corporate culture



Integrating sustainability into all processes and contributing to the **circular economy**



To excel in the process of compliance and **certification** with **environmental legislation**



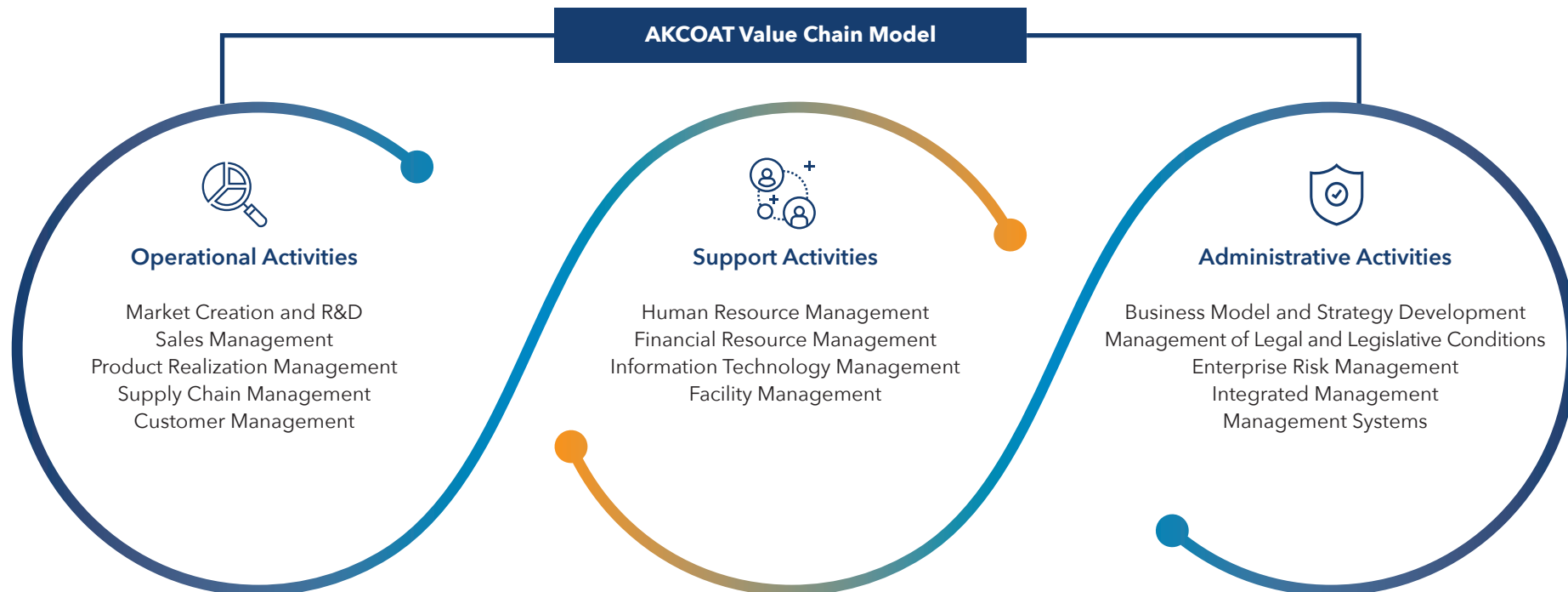
## Value Chain Description

The Akcoat value chain encompasses all of our activities, from product design to after-sales support. In addition to our production, R&D, and sales activities, we regard the work we do with our customers and suppliers as responsibility issues in our value chain.

From production to sale, we conduct efforts with a continuous improvement mindset in order to assess and minimize risks related to product quality, marketing, and safety.

Beyond the value-added coating solutions we have developed, the Akcoat R&D Center, with the single-centered solution partner approach we have adopted, analyzes the expectations of every sector our customers are in, taking into account human and environmental needs, and develops value-added products that will support the vital improvements of our customers. We tailor innovations to meet our customers' requirements.

In our sales, after-sales services, and marketing activities, risk management and customer satisfaction are the most crucial criteria.



# Governance Issues







## Corporate Management

As Akcoat, protecting health and the environment, ensuring safety and resource efficiency, and continually enhancing these tenets are fundamental to our business strategy. Continuously working for a sustainable future, developing innovative products, and enhancing our technological infrastructure is our top priority in all of our work, relations with our stakeholders, and commercial endeavors.

From the perspective of corporate sustainability, we have adopted the following issues as our responsibilities and unwavering principles.

- To create sustainable products and services that provide added value to our stakeholders by adapting to shifting market conditions and customer demands,
- To work relentlessly to be the preferred solution partner for our customers' current and future needs,
- To comply with national and international legal regulations and other obligations in the regions where we conduct business,
- To continually enhance the quality of our business processes, products, and services and to reduce our risks on a daily basis,
- To reduce our impact on health, safety, and the environment across the entire supply chain,
- Constantly enhancing energy efficiency and attempting to conserve resources when designing our activities,
- Developing technology, alternative raw material sources, and working methods and implementing them in order to continuously improve our quality, environmental, health, and safety performance,
- With all our stakeholders; to ensure the safety of our operations, to ensure our quality, to protect the environment, to prioritize the health of our employees, and to be committed to working together.

As Akcoat, it is our most important commitment and greatest assurance for our future that all of our employees are committed to these principles and actively participate, while advancing towards becoming an organization that respects universal values, adopts continuous learning as a principle, cares about the future of the world, and has a human-centered perspective with employees.



As part of the importance we place on people, Akcoat accepts social responsibility consciousness in all our activities as a fundamental and immutable aspect of our management philosophy. In addition to developing products and services that adhere to these social responsibility standards, we are committed to providing all legal rights to employees, adhering to occupational health and safety regulations, being environmentally conscious, promoting open and honest communication among employees, and being a workplace that is respected and valued. we do.

### Mission

By enhancing its competitive and technological structure in the field of performance coatings, to be a global solution partner that adds value to life and its stakeholders through innovative products.

### High Goal

To be the world's leading company in the performance coatings industry through production in multiple countries, innovative product development, and customer proximity.

### Basic Features

- Customer orientation
- Technological infrastructure and innovative thinking style
- Multinationality
- Dynamic and goal-oriented culture
- Industry experience and knowledge

### Basic Values

- Sincerity and honesty
- Respect for the environment and people
- Excellence in service
- Corporate governance (transparency, accountability, sense of responsibility, equality)



## Our Social Responsibility Policy covers the following components:

We intend to launch the Agile Transformation Project in 2023 in order to improve traditional business practices in order to make and implement the right decisions as quickly as possible, and to create a more customer-oriented, profitable, and happy company. We develop Leadership Development programs to manage our talents within the organization and develop our talents' competencies, and we continue the Operational Excellence Project to improve the institution's performance and efficiency in all processes, strengthen corporate memory, and ensure sustainability.

### Management Systems

We enforce social compliance, occupational health and safety, and environmental management activities in accordance with applicable laws and regulations, as well as the workplace codes of conduct of our customers. We adopt as a principle the establishment of a system that combats bribery and corruption, is sensitive to fair competition, is open to new ideas, constantly sets new goals, improves working conditions in accordance with the interests of employees, customers, and businesses, and ensures its sustainability.

### Legal Compliance

We comply with all legal responsibilities concerning our company.

### Non-Discrimination

It is our policy that no employee shall be subject to discrimination on the basis of race, religion, national origin, gender, or political affiliation in any aspect of employment, including but not limited to hiring practices, pay, benefits, advancement opportunities, and termination or retirement.

### Charges

We apply regular and overtime pay as specified by law. Accepting this level as the starting point, we conduct evaluations based on knowledge, skills, and performance, and make salary arrangements to improve the employee's living conditions.

### Working Hours

In determining working hours and voluntarily working overtime, we adhere to the applicable legal obligations.

### Health and Safety in the Workplace

We aim to raise employee awareness by ensuring their participation in related practices through the occupational health and safety trainings we provide. We continue our improvement activities to identify and correct deficiencies in the risk analyses we conduct, and we strive to provide a healthy working environment for all company employees.

### Child Labor Prohibition

We follow the legal procedures and principles governing the employment of children and young workers, and we do not hire anyone under the age of 18.

### Forced and Compulsory Labor Prohibition

We do not use forced or involuntary labor, and our work is entirely voluntary. We prohibit all forms of verbal, physical, or psychological harassment and coercion that would harm our employees' personalities and dignity.

### Employment Contract (Employer Contracts)

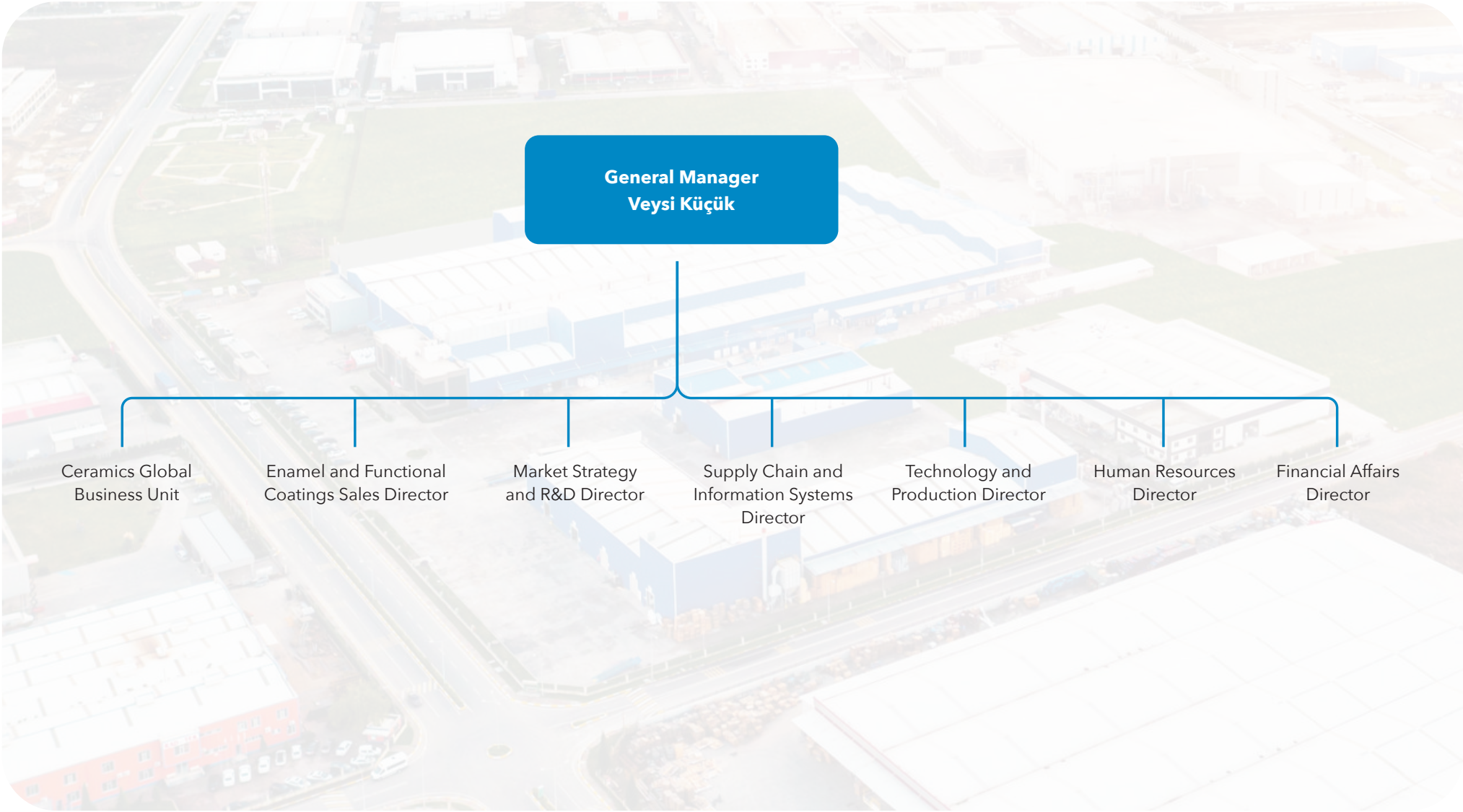
We are preparing an "Employment Contract and Personnel Regulation" between the company and the person we will hire that is in accordance with the workplace and the law and includes the conditions offered to the candidate personnel. We require all employees who agree to begin work to sign the "Labor Agreement and Personnel Regulation."

### Human Trafficking Policy

As Akcoat, we promise not to use slave labor or engage in human trafficking in accordance with the value we place on humans, our ethical principles, and the laws we must follow.



Akcoat Organization Chart



### Occupational Health and Safety Board

The Occupational Health and Safety Board meets every month. The duties and powers of the Board are:

- a) To prepare a draft occupational health and safety internal directive appropriate for the nature of the work, to submit it for approval by the employer or employer's representative, to monitor the directive's implementation, to report the results of the monitoring, and to determine the measures to be taken and to place them on the board's agenda,
- b) To guide employees on occupational health and safety issues,
- c) to evaluate the hazards and measures related to occupational health and safety at the workplace, to determine the precautions to be taken, to inform the employer or employer's representative,
- ç) To conduct the necessary research and examination, as well as to take the necessary precautions, in the event of any occupational accident or event that occurs in the workplace but is not considered a work accident, has the potential to damage the workplace or work equipment, or is associated with occupational diseases or a danger related to occupational health and safety. presentation of a report,
- d) To plan occupational health and safety education and training in the workplace, to prepare the content of programs related to this subject and rules, to submit to the employer or employer's representative for approval, to monitor the implementation of these programs and to provide feedback in case of deficiencies,

e) To plan and monitor the implementation of safety measures during workplace maintenance and repair work,

f) To monitor the adequacy of fire, natural disaster, sabotage, and similar hazards in the workplace, as well as the work of the teams,

g) To prepare an annual report on the workplace's occupational health and safety situation, evaluate the work of that year, evaluate and determine the issues to be included in the work program of the following year based on the experience gained, and make an offer to the employer,

h) To convene as soon as possible and make a decision on the requests for the right to abstain from work, as specified in Article 13 of the Occupational Health and Safety Law No. 6331,

i) to make efforts to develop a coherent and general prevention policy in the workplace that includes the effects of factors related to technology, work organization, working conditions, social relations and working environment,

Members' rights cannot be restricted because of the duties assigned to them by the regulation, and members cannot be subjected to bad behavior and treatment.

### Audit Committee

The Audit Committee is made up of Board of Directors members who help the Board of Directors carry out its audit and oversight functions.

### Energy Management Team

The Energy Management Team was established in 2020 to increase the efficiency of energy management and develop action plans. The Energy Management Team holds periodic meetings to establish performance indicators for measuring energy performance and monitoring the results. Annually, action plans are developed and implemented to reduce energy consumption.

### Internal Audit Team

Internal audits are performed to objectively and systematically check whether the actions associated with the Integrated Management System comply with the planned regulations and are properly implemented. Internal audits are conducted across all departments. The objectives of the conducted audits are:

- To determine the Integrated Management System elements' compliance with the relevant documentation and application conditions,
- To assess the effectiveness of the integrated system used to achieve the specified goals,
- To comply with laws and other conditions,
- To provide an opportunity to improve the Integrated Management System of the Company,
- To facilitate external audit activities.

The effect of the processes to be audited on the system, their importance, risks, energy, OHS, and environmental impact are all taken into account when planning internal audits and determining audit frequency. Audits are conducted with the selection of the Audit Team, in order to ensure the audit criteria (question lists) and impartiality, which are specially developed for each department. Audit planning entails identifying the Internal Audit Team, preparing for the audit, completing the audits, and reporting the audit results. The Internal Audit Team is responsible for thoroughly reviewing the documentation, environmental elements, OHS hazards, and process risks associated with the processes to be audited at least one month before the relevant audit date, and for reporting on time by executing the internal audit efficiently. The audit findings and activities are submitted to senior management at Management Review meetings.

### Strategy Kitchen Team

The method for Stakeholder Analysis and PESTEL Analysis studies used in the External Environment Analysis to be carried out before the strategic planning study and to shed light on the strategic plan preparation studies at Akcoat; A Strategy Kitchen Team was formed in order to set a framework for the Internal Environment Analysis, consisting of managers and employees who are experts in their fields. The Strategy Kitchen Team determines the political, economic, social, technological, environmental, and legal components in their areas of competence, as well as the positive and negative effects these components will have on Akcoat in the future. The PESTEL Analysis table, prepared with detailed research by the Strategy Kitchen Team, is discussed and finalized at the meetings held with the team members.

Strategy Kitchen Team members identify who Akcoat's stakeholders are and their expectations.

The prepared Stakeholder and PESTEL Analysis Report is presented to senior management, along with the Strategy Kitchen Team members' suggestions. The opinions are evaluated to clarify the comments. The Internal Environment Analysis templates, which the Strategy Kitchen Team explains how to fill out the sections on, are controlled and consolidated by the Strategy Kitchen Team after they have been filled out by the departments.

### KVKK Committee

Personal data protection is extremely important to Akcoat. In this context, Akcoat and/or Akcoat employees, visitors, sponsors, business partners, officials, candidate employees, interns, suppliers, employees and officials of institutions/sponsors/suppliers, third parties, and other non-excludable persons. In accordance with the law, personal information is processed and safeguarded. In this context, a KVKK Committee has been formed within the organization, and the Personal Data Protection and Privacy Policy is maintained with the committee's assistance.

### Early Detection of Risk Committee

The Board of Directors receives reports from the Early Detection of Risk Committee. At the end of each strategy period, Akcoat's risk appetite strategies are reviewed by the Early Detection of Risk Committee and submitted to the Board of Directors for approval.

### Environment, Occupational Health and Safety Risk Assessment Committee

The Risk Assessment Team is made up of the employer or a representative of the employer, an occupational safety specialist, an occupational physician, employee representatives, support staff, and employees who are knowledgeable about current and potential sources of danger and risk. This committee meets on a regular basis to assess environmental, occupational health, and safety issues. For a revision or new process step to be commissioned, an on-site evaluation is performed with the participation of unit members, an action plan for the measures to be taken in the processes carried out is produced, and this plan is followed up on.

### Supplier Audit Team

Supplier visits and audits began in 2018 in order to strengthen relationships with suppliers, provide our suppliers with a continuous improvement perspective, and improve the quality of products and services received from suppliers as part of continuous improvement efforts.

The purpose of supplier audits is to ensure that the supplier candidate understands the quality process and that it is functioning properly, as well as to plan and follow up on improvement actions together. The Quality Control department approves and puts into effect the visit plan prepared by the Purchasing unit for the evaluation visits (audit) to be made during the year at the start of each year.

The Supplier Audit Team is made up of representatives from the departments of Quality Control, Purchasing, Quality Assurance and Management Systems, Production, and R&D.

The Audit Team is in charge of organizing the audit and visiting the related party's facility, preparing a report on the audit results, sending the report containing the audit observations to the relevant company, and requesting performance improvements for the measures to be taken by the suppliers based on the audit results.



## Corporate Risk Management Team

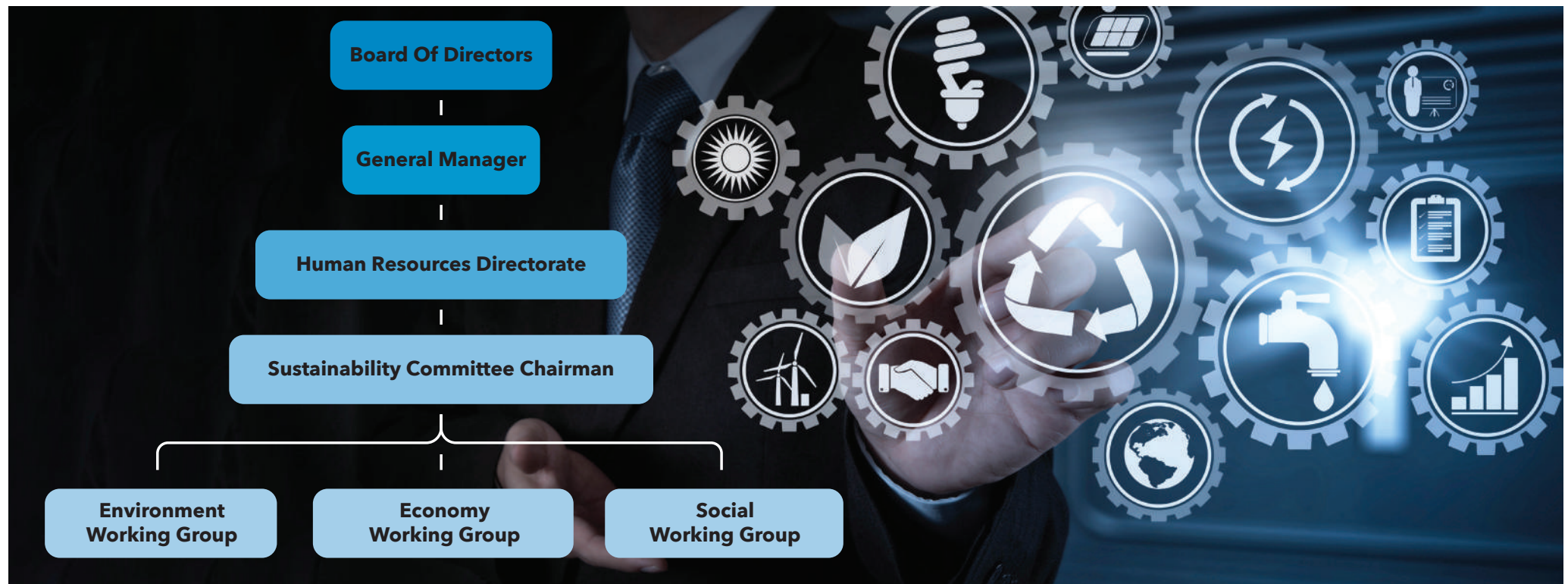
### Corporate Risk Management Team Members

- In accordance with the Corporate Risk Management Procedure, it guides the intra-departmental and unit studies conducted at the conclusion of each strategy period to determine the risks of the business units and departments they represent.
- Checks that the risks are fully determined, the accuracy of the assessment of the identified risks and the suggested actions are defined, and ensures that the key risk indicators and monitoring officers are determined.
- Follows up-to-dateness by ensuring that risks are entered into the system.
- It evaluates the achievement of targets within the scope of the directorate on a monthly basis and reports the risks that hinder the achievement of the objective when the performance target is not met and the performance falls short of expectations.
- It provides the coordination required to complete planned actions for risks on time.



## Sustainability Management

Akcoat Sustainability Committee:



## Sustainability Committee

The Sustainability Committee is comprised of three principal working groups. Each working group is comprised of both team leaders and team members. Working group leaders and teams are accountable for the establishment and monitoring of goals and sustainability performances in accordance with Akcoat's strategies and policies pertaining to the United Nations Sustainable Development Goals, as well as the preparation of reports. The team leaders of the working groups are responsible for providing the chairman of the Sustainability Committee with a status

report. Additionally, the Chairman of the Sustainability Committee is responsible for quarterly submission of a sustainability action report to senior management. Due to the fact that the members of these teams have diverse functions and disciplines, including Sales, R&D, Production, Planning, Purchasing, Finance, HR, Business Excellence, Technology, and Investment, all aspects of sustainability issues can be managed from a variety of angles.



### Environmental Working Group

Environment Working Group; to examine the restrictions on hazardous substances, to analyze the risks and opportunities associated with the chemicals used in manufacturing, and to design environmental legislation, objectives, and improvement studies. It is in charge of monitoring waste management, circular economy, water management, environmental products, biodiversity, and energy incentive mechanisms, conducting research on new technology concepts and best energy practices, and monitoring energy and raw material consumption.



### Economics Working Group

Akcoat's Economics Working Group is responsible for raising awareness of economic size, economic value, employment, new product, R&D capability, brand value, awards, and supplier sustainability.



### Social Work Group

Akcoat's Social Work Group is responsible for creating sustainability awareness activities for its employees and their families, coordinating social responsibility projects, and conducting research on occupational health and safety, gender equality, ethical rules, inclusion, and corporate communication.





## Ethics and Transparency

Business ethics principles are the summary of Akcoat's long-standing practices and group policies regarding both personal code of conduct and business ethics in one document. The business ethics principles establish the standards for responsible behavior that Akcoat must adhere to and provide guidance for addressing significant ethical issues.

### ➤ As Akkök Group of Companies, our responsibilities are as follows:

- We are accountable to our customers, suppliers, competitors, the environment, our employees, and to one another.
- We are against harassment and physical violence.
- We believe in equal opportunities.
- We attach importance to providing a healthy and safe working environment.
- We respect personal privacy.

### ➤ We act in accordance with laws and other regulations.

### ➤ We abide by the competition rules.

- We attach importance to accuracy in financial and commercial records.
- We do not allow money laundering.

### ➤ Integrity is at the core of our business.

- We protect company assets.
- We do not allow bribery and corruption.
- We act in accordance with the gift and entertainment rules.

### ➤ We create trust in our stakeholders.

- We protect confidential information.
- We avoid conflict of interest.
- We do not trade inside information.



When clearly improper conduct is reported in good faith and with candor, Akkök Group of Companies management investigates the alleged violation. We have an Ethics Hotline for these complaints. Employees can report on this line. Information regarding the alleged violation of the Business Ethics Principles is stated clearly and in detail in the notification. Allegation; person is embodied by specifying time and place. All available documents are submitted. Witnesses and other evidence are pointed out. All reported violations will be investigated as soon as possible. Akkök Group of Companies Ethics Committee protects the confidentiality of all notifications. This Ethics Committee is operated by an expert and independent organization.

## Risk and Opportunity Management

Enterprise Risk Management's objective is to ensure that all risks and opportunities encountered throughout company activities are identified, evaluated, and handled in the most appropriate manner. To make risk management an integral part of the company's culture and strategic decision-making by increasing employee awareness of risk management and establishing a risk culture.

Enterprise Risk Management is everyone's responsibility, from Akcoat's Chairman of the Board and Board of Directors to business units and individual employees in each department. We utilize a risk portfolio approach to manage risks, optimizing the risk-opportunity balance across all of our business units.

Our Enterprise Risk Management team identifies and assesses their capacity to mitigate, transfer, accept, or avoid risk in collaboration with relevant directors. This definition should align with our strategic goals and risk tolerance.

We conduct risk assessments twice yearly for all risks included in the risk inventory and quarterly for key risks.

The risk assessments of our projects and new operations are evaluated based on the most important risk indicators in accordance with emerging needs and/or under the supervision of our relevant project managers.

We identify, rank, and evaluate our risks by aligning them with our operational and strategic objectives. To achieve this objective, we adhere to the Enterprise Risk Management program outlined in the Enterprise Risk Management Procedure.

With the implementation and internalization of risk management in a clear and transparent manner by all of our company's employees, the successful establishment and execution of Enterprise Risk Management is feasible. In Enterprise Risk Management, we integrate risk management into crucial business processes such as strategic planning, business planning, operations management, and investment decision-making in order to ensure that risks are considered during the decision-making process.

## Anti-Corruption

As Akcoat, we oppose every form of bribery and corruption. We absolutely do not tolerate the solicitation or acceptance of bribes for any reason. We sever all business ties with third parties who wish to conduct transactions through bribery or corruption. Our Anti-Bribery and Anti-Corruption Policy It consists of all Akkök Holding employees, including the Akcoat Board of Directors, companies and employees from whom we purchase goods and services, individuals and organizations (business partners) acting on behalf of suppliers, consultants, attorneys, and external auditors. Akcoat senior management has the authority, duty, and responsibility to implement and update the Anti-Bribery and Anti-Corruption Policy.

All our employees are responsible;

- To comply with the policies determined by the senior management,
- To effectively manage the risks related to their field of activity,
- To work in compliance with the relevant legal regulations and Akcoat practices,
- In case of encountering a behavior, activity or practice contrary to the policy, to notify this behavior or practice to the Ethics Committee.

In cases that are or may be in violation of company policy, our Ethics Committee reviews the situation and applies the appropriate disciplinary measures.



## Anti-Competitive Behavior Management

Many laws and regulations govern relationships with competitors and protect their confidential information. It is critical that we receive competitive information ethically and in accordance with these regulations in all cases. Violations of competition rules may result in criminal penalties for both us as individuals and our organization. As Akcoat, we avoid any behavior that could jeopardize free and fair competition, and we follow the law and ethical competition rules. We support and encourage initiatives that promote a fair competitive structure in business.

The way we work on competition is as follows:

- We do not share commercially sensitive information with competitors, including customer and product information.
- We try to access information about our competitor's business only through legal methods.
- We avoid unfair competition by driving competitors out of the market or preventing new competitors from entering the market.
- We avoid negotiations that would harm or be perceived as harming fair competition at meetings of associations, chambers, and professional associations that we attend to represent the company.
- In any case of doubt, we inform our manager and the Legal Department.



## Digitalization

### Akcoat Energy Tracking System Project

In February 2022, we completed the Energy Tracking System Project, which began in 2021. Together with the Energy Tracking System, we have tracked the following items:

- Calculation and traceability of department-based specific energy consumption
- Detection of power imbalances
- Harmonic tracking

### 5S Lean Manufacturing Studies

Although we began working on 5S in 2021, we are still working on it. Within the context of 5S, we developed action plans to reduce unnecessary transactions. We created labels to distinguish between what is necessary and what is not. We completed 24 audits in 12 weeks with the help of 16 employees from various departments. For our 5S departments, we built Gemba houses. To avoid confusion and maintain discipline in the production area, we have established color standards.

### Installation of Robotic Application Systems

The goal of robotic application systems is to provide roboticization and reporting of routinely occurring processes that require significant labor and non-value-added processes by teaching a software. Our digitalization work, which began in 2021, is still ongoing.

### Akcoat Digital Maturity Level Determination Study

As part of Akk k Holding's digitalization activities, we began digital transformation studies led by Aktek Biliřim, Akk k Holding's IT company and one of our group affiliates. These studies began in the last quarter of 2020 with digitalization meetings led by the Akk k Chief Executive Officer, attended by IT managers from all group companies, and culminated in the formation of the Akcoat Digital Transformation Committee in

2021. The Akcoat Digital Transformation Committee was formed on a volunteer basis, taking into account the expertise of each department's members. Members of the Akcoat Digital Transformation Committee are responsible for reviewing their departments' processes and communicating these processes at committee meetings. At the said evaluation meetings, the Digital Transformation Committee and senior management from the relevant departments examined the current state of Akcoat's digital infrastructure under six main headings (Management, Technology, People, Innovation, Customer, Operation). Akcoat Digital Maturity Index was calculated as a result of the review studies.

We aim to increase the level of digital maturity in 2023 and 2024.

### Redesign Project for Operational Excellence

We launched the Redesign for Operational Excellence Project in 2020 with the goal of internalizing excellence, focusing on creating value with all stakeholders by further developing a customer-oriented approach, acting quickly when change is required, and prioritizing efficiency and continuous learning in all our processes, and we have maintained this perspective ever since. To that end, we have established the Business Excellence section within our organization. With the Redesign for Operational Excellence Project, we improved and restructured our processes so that we could implement our strategies, and we identified our needs to automate our processes. We are continuing to work on making our business processes more efficient by automating them as part of the Redesign for Operational Excellence Project.





### Business Intelligence Applications

- In 2021, digitalization research for effective financial affairs management were conducted, and as a result of these studies, around 150 man / day earnings were achieved.
- The invoice approval process has been moved from the paper to the digital environment. As a result, the paper invoice was phased out.
- The "TekCep" product was created to provide a unified view of the company's instant money transfer movements and current status across all banks.
- The "Akcoat Consolidated Risk Report" Project has ensured that the scattered data of Akcoat Turkey-Akcoat Spain on the ERP can be daily followed up on a single platform and that healthy receivables risk tracking is carried out with weekly automatic mail reporting.

### Human Resources

Numerous steps of Akcoat's Human Resources processes were digitized in

- 2021. A Human Resources Management System was implemented so that both fundamental and strategic Human Resources tasks could be performed on a single platform. The modules used in the Human Resources Management System are as follows:
  - \* Organizational Structures Management
  - \* Personnel Information Management Module
  - \* Performance Management System Module
  - \* Training and Development Management Module
- A new payroll tracking system was implemented so that the Personnel Attendance Tracking System could generate faster and more comprehensive reports.
- OHS trainings have been taken to the online platform .

**Data Center Renovation Investment:** To support our company's digitalization strategies in 2021, we renewed our Data Center to meet its resource requirements for the next five years.

**Network Infrastructure Renewal:** In 2021, we replaced the hardware of the communication infrastructure. We have provided the infrastructure to support the strategies of our company. We have made investments in cyber security systems to enable remote and online work. In addition, we have installed video conferencing systems for professional remote access to meeting rooms by implementing remote-working tools.



# Compliance with Standards

## Integrated Management Systems

We carry out a significant part of our work within the scope of sustainability with the management systems listed below:

- ISO 9001: 2015 Quality Management System
- ISO 14001: 2015 Environmental Management System
- ISO 45001: 2018 Occupational Health and Safety Management System
- ISO 50001: 2018 Energy Management System
- ISO 27001: 2017 Information Security Management System

ISO 9001: 2015 Quality Management System, ISO 14001: 2015 Environmental Management System, ISO 45001: 2018 Occupational Health and Safety Management System, ISO 50001: 2018 Energy Management System and ISO 27001: Certification audits were carried out successfully within the scope of 2017 Information Security Management System standards and the continuity of our documents was ensured. In addition to the management systems, we have the Authorized Liability Certificate.

## Product Quality and Safety

We aim to improve product quality and the supply chain by fostering the growth of our suppliers.

In order to make the country's industry internationally competitive and export-oriented, to produce technological knowledge, to develop innovations in products and production methods, to increase product quality or standard, to increase productivity, to provide technology-intensive production conditions, and to strengthen scientific and technological infrastructures with academic-industry collaborations. In 2021, we made a very strong global investment and launched our new R&D campus.














We strive to provide our customers with accurate and understandable product information. All of our products have labels that adhere to both national and international regulations. Before the sale, we provide our customers with a TDS, product specification, and MSDS (Safety Data Form) detailing the product's characteristics, as well as an Analysis Report for each shipment.

When planning our production processes and products at Akcoat, we strictly adhere to all local and international sectoral standards, as well as all applicable national and international regulations, in order to ensure compliance with local and international laws. We have completed the REACH registrations for our enamel products sold in Europe under the REACH Chemicals Regulation of the European Union. We provide customers with SVHC (Substance of Very High Concern) supply chain information flow. With the passage of the Türk REACH KKDIK-Regulation on the Evaluation and Monitoring of the Registration of Chemicals, we began our preparations for the records of our products, of which we are the manufacturer, as well as the records of our raw materials, within the legal timeframes.

Our Authorized Liability Certificate demonstrates that Akcoat satisfies the security needs of the entire supply chain, from the factory to the end user.



## Certificates

Enamel	Ceramic	Non-Stick	Glass	Pigment
				
	SGR (Ukraine)		DISH WASHER SAFE TÜV / (Shutter-Proof)	
	Gost R (Russia)		Pb-Cd-Sn Free	
SGR (Ukraine)	Hygiene Certificate (Ukraine)			
Gost R (Russia)				
Hygiene Certificate (Ukraine)		SGR (Ukraine)		
ISO 4531 (Food Contact)		Gost R (Russia)		
DIN 4753-3 (Boiler Enamel)		Hygiene Certificate (Ukraine)		
UBA (Boiler Enamel)				



# Economic Performance



As Akcoat, we have doubled our revenue since 2019. In 2021, our revenue was greater than 1 billion Turkish Lira. This year, compared to 2019, we increased our social investments by a factor of six. Compared to the prior year, we have tripled our investments in occupational health and safety to ensure that our employees work in a safe environment, which is one of our top priorities, and in combating the climate crisis. We continued to work on new products, designs and technologies that will add value to the Turkish economy, increasing our R&D and innovation investments by 50% compared to the previous year.



In 2021,  
our revenue was greater than  
**1 billion Turkish Lira**



## R&D and Innovation

As a result of the increase in global competition, businesses had to invest more in innovation as consumers demanded more innovation, product life cycles shortened, and competitors quickly adopted innovations. Moreover, as a result of the proliferation of innovation and the emergence of new business models as a result of the constant development of communication technologies, the survival of businesses and their competitive advantage have become dependent on innovation.

In 2017, we were awarded the first R&D Center Certificate within our activity group, and we began developing new products, designs, and technologies that will add value to the Turkish economy by investing in R&D and innovation in order to speed up our operations and remain competitive. We determined the R&D strategies and projects that would be implemented in accordance with the corporate strategy for various markets, industries, and product categories. Thus, we have become a dynamic global solution partner that closely follows trends, is contemporary, adaptable, and able to respond to needs with the greatest specificity and speed, with an emphasis on innovation and current marketing.

Established on a total indoor and outdoor area of 10,000 m<sup>2</sup> and operating in an enclosed area of 6,000 m<sup>2</sup>, our center, which is one of the most well-equipped R&D Centers in the chemical coatings industry, seeks to inspire new ideas.

In the ever-increasingly competitive business world of the twenty-first century, Akcoat places a premium on technology and R&D and aims for permanent and sustainable growth.

The R&D Center conducts research, designs, develops, and produces new coating materials, processes, and technologies for the white goods, construction, cooking utensils, and industrial sectors. This center continues to focus on market- and technology-driven innovations in existing industries, while closely monitoring global developments in sectors such as telecommunications, the automotive industry, the defense industry, agriculture, and aviation.

Our R&D Center offers an atmosphere conducive to the growth of an innovative business culture. Our collaborations contribute to expanding our customers' and stakeholders' horizons and enhancing the sector's competitiveness. Our new R&D Center is a research-development and training facility that facilitates open communication, the exchange of knowledge and experience, and the promotion of creativity, a shared mentality, and teamwork. Using the infrastructure we provide, we give expert researchers the opportunity to put their theoretical knowledge into practice while providing a working environment for young talent where they can produce innovation projects.

One of the pillars of the vision of a single solution partner is our R&D Center, which acts as the sole solution partner for our customers in different industries, in all areas from design to production support.

With this vision, the main goal of our Akcoat R&D Center is; to produce technological knowledge, to develop innovations in products and production methods, to increase product quality and standards, to increase productivity, to reduce production costs, to commercialize technological knowledge, to provide intensive production conditions, and with academic-industry collaborations to make the nation's

industry internationally competitive and export-focused, enhancing scientific and technological infrastructures.

Our R&D Center employees believe in the importance of sustainability, have the courage to be different, and possess a progressive and innovative outlook. The employees of this center are aware of the significance of the research and development environment and work accordingly. Moreover, they continue their academic development.

The R&D Center was constructed with an eye toward "preserving existing resources and constructing the future." The new form of the central building was achieved by renovating an old warehouse and repurposing the space for various functions. In communication with the old shell; The new permeable inner shell, which also functions as a guide, is positioned at the building's entrance.

- The existing building's exterior is preserved because it represents Akcoat's half-century of experience with the power of historical knowledge,
- Inspired by the sky windows on the ceiling of the outer shell, openings parallel to the angle of the rays were built on the front facade to strengthen the interaction between the outdoor and inner areas and to take advantage of natural light,
- The inner permeable shell slopes from the 6-meter-tall entrance to the 4-meter-tall laboratory areas. The inner shell guides and accompanies visitors between public and private research areas. The new interior skylights filter natural light from the existing outer shell's sky windows and illuminate the entrance courtyard indoors. This orientation not only maximizes the use of available daylight and conserves energy, but it also signifies that a better future is only possible in the light of past and present experiences, guided by a passion for research.

The purpose of the Akcoat R&D Center is to combine two distinct functions, namely (1) Interaction and (2) Research. Two components of the design are integrated into the project as part of a hybrid concept that demonstrates ownership and sharing of cutting-edge technological science.

**1) Interaction**

As Akcoat, we value contact with our stakeholders, employees, researchers, and students. To encourage interaction inside the building, the conference hall, library, lounge, open offices, meeting rooms, showroom area, and sports center are positioned in diverse areas.

**2) Research**

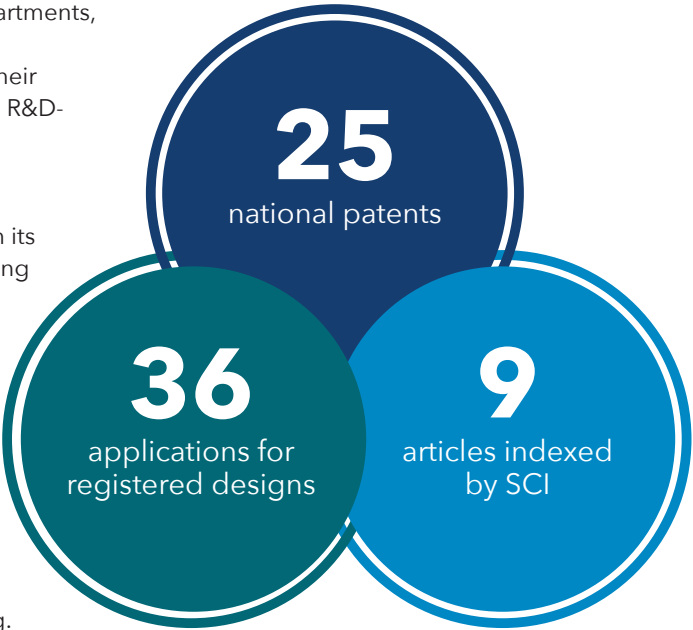
The laboratory for characterisation and analysis is the heart of our R&D Center, allowing for a material to be studied from all angles. The center is surrounded by specialized product laboratories (enamel, ceramic, non-stick and ornamental, glass coating, and pigment laboratories).

The focus of the department of research and development is on Glass Structures, Ceramic Structures, Glass-Ceramic Structures, Advanced Technological Ceramics, Colorants, and Organic Structures. Our departments, which are based on these topics, monitor and direct global industrial developments, as well as cover academic studies, and demonstrate their activities within the ecosystem of industry-academia cooperation and R&D-based cooperation.

The majority of our R&D devices are designed with the principle of sustainability in mind, taking recycling of resources into account. With its recyclable source infrastructure, the apparatus that performs the boiling water abrasion resistance test saves 20 liters per minute of water, 28.8 tons per day, and a total of 10,512 tons per year.

Our growing number of patents has enabled us to continue our efforts in this field. During the reporting period (2021), we have 25 national patents, 36 applications for registered designs, and 9 articles indexed by SCI.

We also place a great deal of emphasis on the academic growth of R&D researchers; based on their success, we send researchers as expatriates to China, the United States, Germany, and Italy for training.



**Innovation Management at Akcoat**

**Innovation Strategies**

The strategic plan creates our mission-vision-values.

**Technical Infrastructure**

It is one of the best-equipped research and development centers in the chemical coating industry. The R&D Center contains the Mechanical Test Laboratory, X-Ray Analysis Laboratory, Chemical Analysis Laboratory, PSD Laboratory, Thermal Analysis Laboratory, General Analysis Laboratory, and Microscope Laboratory.

**Reward System**

We provide cash incentives to R&D employees who meet the reward condition.

**Collaborations**

While collaborating with industry and university & industry, we support new projects and facilitate horizontal technology transfer.

**Events**

We support participation in congresses and fairs. SERES'21, Young ECERS'21, 7th International Scientific Research Congress, Ambiente Glassware and Home Accessories Fair, Eurasia Glass Fair, Sakarya Landscape and Ornamental Plant Fair, Glasstec, Cersaie International Ceramic Fair, International Zuchex Home and Kitchenware Fair, participation are among the congresses and fairs we participate in.



## Customer Satisfaction

As Akcoat, we care about our customers' satisfaction and needs. Comparing 2021 to 2019, our total number of customers increased by 13%. We intend to examine and record all customer requests and complaints, to respond as quickly as possible, and to conclude with an optimal cost-benefit analysis of customer satisfaction. We implemented a CRM system in order to increase customer satisfaction and hear their feedback. Thus, we monitor instantaneously from the system all customer complaints and requests and ensure that they are resolved promptly.

We pay attention to customer requests and complaints, regardless of the source of the notification, and we ensure the customer is satisfied with the response. We record all requests and complaints in the system in a thorough and accurate manner so that they can be examined systematically and appropriate action taken.

After the complaint has been resolved, our Customer Request Officers evaluate the entire procedure for each complaint and then contact the customer. Our Customer Claims Officers are responsible for confirming that the customer's problem, whose opinions they have received regarding the resolution of the complaint and our complaint process, has been fully resolved and that the customer is satisfied with the complaint resolution process.

In 2021, we conducted a Customer Satisfaction Survey to determine the brand awareness, image attributes, and market position of the Akcoat brand and our identified competitors. As a result of the survey, it has been determined that Akcoat is the most successful brand in the field of chemical coating materials in terms of recall. In this study, as Akcoat, we achieved an 88% approval rating. "Product quality" and "product price" are among the most frequently expressed reasons for selecting our products.



## Supply Chain Management

Our supply chain is comprised of the Planning-Purchasing-Logistics-Import and Export-Operations units. Our Purchasing division is administered in accordance with Akk k Holding's purchasing policies, the purchasing procedure, and the supplier development procedure. We categorize our suppliers according to risk class and evaluate them based on purchase category.

We are among the companies that have the Authorized Liability Certificate and whose factory site is considered a safe area by customs. With a green line on our import transactions, we are among the safe companies in Turkey.

Our total number of suppliers climbed by nearly 9 percent in 2021, to approximately 1,200, compared to the previous year. Local suppliers make up 87% of our suppliers, and the number of our local suppliers climbed by 7% from the previous year. The ratio of payments to local suppliers to total payments to suppliers is 62%.

Among the objectives of our Purchasing division is the establishment of a Supplier Development division. By fostering the growth of our suppliers, we intend to improve product quality and the supply chain. We conduct supplier visits and audits for supplier development. Together with the Quality-Purchasing-Management Systems Team, we execute the annual audit plan for suppliers.



**With a green line on our import transactions, we are among the safe companies in Turkey.**

# Environmental Performance





## Environmental Management

Climate change refers to long-term changes in temperatures and weather patterns. These alterations may be natural, such as variations in the solar cycle. Since the 1800s, however, human activities have been the primary cause of climate change particularly the burning of fossil fuels such as coal, oil, and gas.<sup>1</sup>

As Akcoat, we are cognizant of the potential effects of climate change and strive to create a sustainable future through our work. We conduct SWOT, risk and opportunity analysis at our facility, which is certified within the scope of ISO 14001 Environmental Management System; We continue our investments and studies for the reuse of our waste water within the scope of the reduction, recovery and efficient use of resources. We are in possession of a Zero Waste Certificate, a Discharge Permit, and an Environmental Permit.

As Akcoat, we are committed to complying with all applicable laws, both as a business and as a member of the Akkök Group of Companies. In this context, our Law and Environment departments review the legal statutes each month and notify all relevant departments if action is required. In addition, we enter into agreements with online platforms to comply with the law and ensure that these laws are observed. We share accident and environmental statistics at review meetings and committees.

Our use of natural resources, water consumption, electricity consumption, and emissions are ranked as the greatest environmental risks. In this context, as the first CEO Water Mandate member Turkish chemical company, we have zeroed NOx emissions in our furnaces, which have switched to the oxygen combustion system, as a result of our water and carbon footprint studies, in an effort to minimize the emissions we release into the environment.

As a requirement of the sustainability philosophy, the majority of the equipment in our R&D Center have been designed to recycle materials. Within the context of the circular economy, the technologies we've created enable water conservation, energy conservation, and trash recycling.



**As the first CEO Water Mandate member Turkish chemical company**, we have zeroed NOx emissions in our furnaces, which have switched to the oxygen combustion system, as a result of our water and carbon footprint studies, in an effort to minimize the emissions we release into the environment.

<sup>1</sup> <https://www.un.org/en/climatechange/what-is-climate-change>

Sustainable Raw Material Use



In 2021, the utilization of sustainable raw materials has become one of our top concerns. In this sense, the sustainable plastic pigment we manufactured under the Pixelect trademark in 2021 is intended to reflect light. The sensors of Near Infrared Reflection (NIR-Near Infrared Reflection) devices can detect and recycle Pixelect-colored products in this manner. Thus, we aim to reduce the carbon footprint, contribute to the circular economy, and select these environmentally friendly and food-representative colored plastic containers for use in toys and cosmetics. Without slowing down, we continue our research into the enhancement of the sustainable plastic pigment we've created, as well as our research into the utilization of sustainable raw materials.



Energy Management



Our energy consumption and production have a significant impact on the climate, and the negative effects of this impact are becoming increasingly apparent. Changes in the climate can affect our energy production capacity and energy requirements. Changes to the water cycle, for instance, might impact the energy produced by hydroelectricity; higher temperatures increase the demand for cooling in the summer and decrease it in the winter.<sup>2</sup>

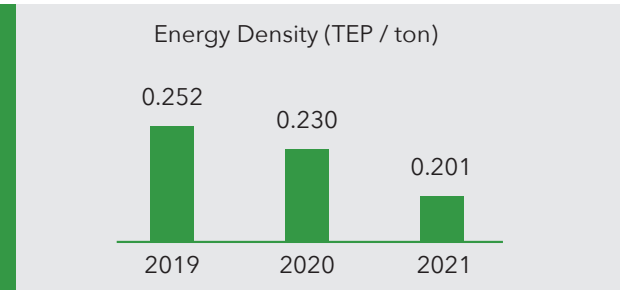
As Akcoat, we formed an Energy Management Team in 2020 in order

to make energy management more efficient and to develop action plans. Our internal Energy Management Team meets at specific intervals to establish performance indicators for measuring energy performance and to monitor the results of these indicators. Annually, we develop action plans for the reduction of energy usage and track the rate at which these plans are implemented.

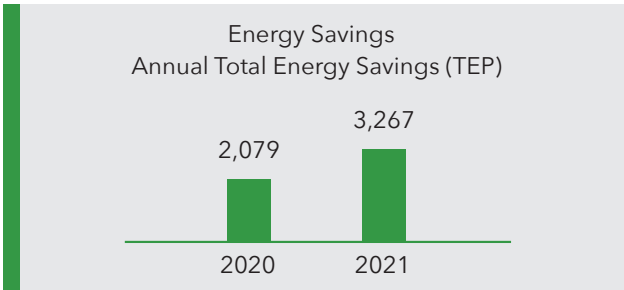
In this regard, oxygen combustion systems have been installed. In an oxygen combustion system, since only oxygen is injected into the furnace, the amount of heat lost through the exhaust

is reduced. Carbon dioxide and water vapor are the only byproducts of the combustion reaction in the exhaust. The absence of nitrogen in the atmosphere is generally responsible for the increased effectiveness of oxygen furnaces. By establishing this system in 2021, we conserved natural gas. In addition, we maximize the utilization of natural light in indoor structures to conserve energy. Within the context of the Sustainable Development Goals, we do research aimed at minimizing our environmental effect and conserving natural resources during pigment production phases.

		2019	2020	2021
Energy Density by Fuel Type	Natural Gas Consumption Per Ton (MWh/ton)	3.01	2.76	2.39
	Electricity Consumption Per Ton (MWh/ton)	0.16	0.15	0.14



We reduced our energy density by **20%** compared to 2019.



By saving a total of **3,267 TOE** of energy in 2021, we achieved **36%** more energy savings year on year.

<sup>2</sup> European Environment Agency, "Energy and Climate Change", 2021

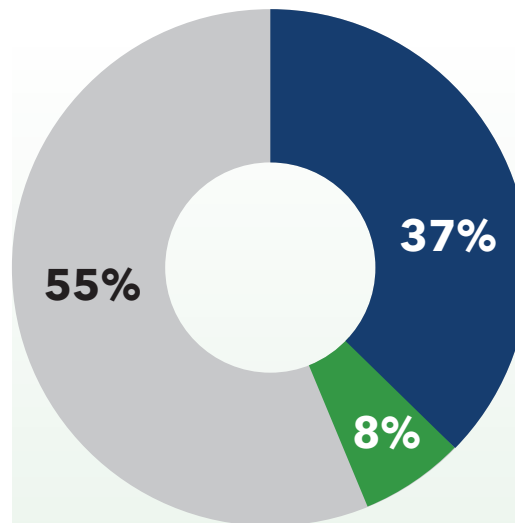





## Water Management

Water is the most fundamental natural resource. This strategic resource is an essential environmental control factor and plays an irreplaceable role in sustaining and fostering sustainable socioeconomic development. Climate change and atmospheric changes cause temporal and spatial variations in precipitation, which is essential for the water cycle and causes global and regional water scarcity.<sup>3</sup>

As Akcoat, we recognize the importance of protecting our natural resources in the context of combating climate change.. Reducing and recycling the amount of water used in production processes is essential for the efficient use of water resources. We are committed to protecting our water resources by developing innovative solutions for the future. In order to reduce our water consumption, we replaced the cooling towers in our factory with more efficient and environmentally friendly models. We upgraded our wastewater treatment facility in order to reuse the treated wastewater. Our efforts to reuse our wastewater as process water and irrigation water continue. The boiling water abrasion resistance testing apparatus developed by our R&D Center operates 24 hours a day, seven days a week, with a source infrastructure that recycles 20 liters per minute, 28.8 tons per day, and 10,512 tons of water annually.

In 2021, we determined our water footprint and formulated a plan for making improvements. The ISO 14046 Water Footprint-Principles, Requirements, and Guidelines Standard was taken into account when determining the scope of water resources. When the water use and resources in 2021 are examined;



	<b>73,161.9 m³ / year</b> blue water footprint
	<b>15,348.9 m³ / year</b> green water footprint
	<b>106,431.7 m³ / year</b> grey water footprint

Total  
**194,942.5 m³/year**  
water footprint was determined.

We are the first Turkish chemical company to sign the CEO Water Mandate Statement, a United Nations (UN) Global Compact initiative established to combat the global water crisis. In accordance with the Sustainable Development Goals, this directive establishes a common basis for action with the United Nations, governments, civil society, and other stakeholders. Within the ambit of the CEO Water Mandate, of which we are a part, we intend to address the following issues:

- Conducting a thorough water use assessment and calculating the water footprint on a regular basis to determine how much water is used in production,
- Setting goals for our operations related to water saving and wastewater treatment,
- Raising awareness about the sustainability of water within the corporate culture,
- Encouraging suppliers to improve water conservation, quality monitoring, wastewater treatment and recycling practices,
- Cooperating with national, regional and local governments and public institutions to ensure water sustainability,
- Carrying out water resources training and awareness campaigns jointly with the stakeholders.



<sup>3</sup> Yang, D., Yang, Y., & Xia, J., "Hydrological Cycle and Water Resources In a Changing World: A Review", 2021

## Emissions Management



Climate change refers to the increase in greenhouse effect gases such as carbon dioxide in the atmosphere and, consequently, the increase in average global temperatures caused by the greenhouse effect as a result of the climate change. A portion of the sun's rays that strike the planet are reflected and directed into the atmosphere. The atmosphere contains gases known as greenhouse gases, such as carbon dioxide, methane, and nitrogen. These gases allow the sun's rays to return to Earth. As the concentration of greenhouse gases in the atmosphere rises, this transformation occurs more frequently and the world warms.

Since the Industrial Revolution, as human activities have increased, so has global warming, and this increase has caused climate change. Reducing the effects of climate change is directly proportional to reducing greenhouse gas emissions; therefore, greenhouse gas emissions must be monitored and managed for this purpose. In this regard, Akcoat is conscious of its responsibilities and endeavors to minimize its environmental impact by measuring and tracking its carbon footprint in the context of combating climate change. The calculations we performed in 2021 for Scope 1, Scope 2, and Scope 3 encompass all of our direct and indirect operations.

With our understanding of reducing greenhouse gases and minimizing environmental damage, we reduced NOx and CO<sub>2</sub> emissions by switching to an oxygen combustion system in our processes in 2021, ensuring that our natural resources were used more efficiently and our emissions were reduced.

We ensure that our emissions are minimized by reducing the calcination time by 30% with the works that reduce our energy consumption in order to minimize our impact on the environment and protect natural resources during the pigment production stages. We reduce our carbon footprint by producing sustainable plastic pigment under the Pixelect brand.

		2019	2020	2021
Greenhouse Gas Emissions	Scope 1 Greenhouse Gas Emissions (tonnes CO <sub>2</sub> e)	48,464	52,673	52,126
	Scope 2 Greenhouse Gas Emissions (tonnes CO <sub>2</sub> e)	6,251	6,794	8,387
	Scope 3 Greenhouse Gas Emissions (tonnes CO <sub>2</sub> e)	_*	_*	142,675

\*Scope 3 greenhouse gas emissions started to be measured in 2021.

		2019	2020	2021
Air Emissions	NOx (kg/year)	37,435	8,204.6	3,305
	SOx (kg/year)	830.88	96.36	79.2

Waste Management

It is critical for a sustainable future to reduce waste generation by efficiently using natural resources and to ensure waste management. As a result of our efforts to integrate the "Zero Waste" management philosophy, which is in line with our sustainability strategy, into all of our business processes, Akcoat was entitled to receive a Zero Waste Certificate in 2022. The Zero Waste approach primarily seeks to eliminate or reduce waste generation by preventing waste, and then to ensure the recycling or recovery of the resulting waste. With the same awareness, with the hope of a greener future and "Zero waste, a greener future!" we will continue our work without slowing down.

We eliminate existing plastic up to three times with LESSBOX, which we developed as Akcoat and will implement as a world first in 2021; thanks to the 100% recyclable Ink-Jet sustainable packaging system. We greatly reduce waste generation by minimizing the environmental impact of Ink-Jet inks in the ceramic industry. In the project, we hope to reduce the volume of plastic waste while also lowering the cost of recycling. We make ink mixing and use easier for the entire ceramic industry and create a logistical advantage. We also provide the opportunity to prevent ink waste with the project, which contributes to the fight against environmental pollution.

	2020	2021
Total Waste Amount (tonnes)	116	108

The main features of sustainable packaging can be listed as follows:

- Ink compatibility
- Reduction in precipitate formation
- Ease of shaking
- Ergonomic use
- Palletizing advantage
- Ease of supply thanks to reduced transport volume.

It is critical that plastic waste, which takes 1,000 years to dissolve in nature, is integrated into the circular economy using novel approaches. In this direction, we contribute to recycling with the sustainable plastic pigment we produce with our Pixelect brand in 2021.

In line with our efforts, we planned waste analyzes in 2021 to a large extent for recycling. By 2022, we hope to have reduced non-hazardous waste by half. We provided environmental awareness training to our employees in order to reduce and reuse all of our wastes that increase with production. We conduct research on the economic recycling of agricultural, industrial, and animal wastes, the evaluation of these wastes in manufacturing processes, and the use of alternative raw material sources.



# Social Performance







## Employee Development

As part of the Akkök Holding Group, we consider our employees to be our most important stakeholders and most precious capital. One of our business focuses is to provide our employees with a democratic, participatory, human rights-oriented, and human-oriented working environment. The Akkök Holding Human Resources Policy is adopted and implemented in all of our company procedures. In accordance with its wage policy, Akkök Holding applies the idea of "equal compensation for equal effort" without discrimination to all of its enterprises. According to our idea of equality, base incomes do not differ based on gender. We encourage our female colleagues to pursue positions of leadership within the context of equality of opportunity and diversity. Our attitude to human and employee rights has an effect on the supplier chain as well. We plan to make our corporate culture a guide that all our employees can benefit from, so that our employees reach our goals and strategies and are directed to the same goal.



### Values Program

We launched the Akcoat My Values Program in 2021, which focuses on our core values for all professional employees. We continue to strictly adhere to the principles of sincerity, honesty, respect for the environment and people, excellence in service, transparency, accountability, sense of responsibility, and equality as Akcoat residents who believe in the same basic values as this program and walk shoulder to shoulder with the goals set in line with our company's vision, and we aim to transform all of these values into our behaviors.

My Values Program consists of 3 steps, which we have mentioned below.

#### MY AKCOAT VALUES PROGRAMS



##### 1<sup>st</sup> Step

#### VALUE AMBASSADORS MEETING

**Programme Duration:** 1 day

**Target Audience:** Value Ambassadors

**Participants:** 30 people



##### 2<sup>nd</sup> Step

#### VALUES PROGRAM

**Programme Duration:** ½ days

(Morning and afternoon)

**Target Audience:** All employees

**Participants:** Max.18-20 people in 1 group



##### 3<sup>rd</sup> Step

#### MAINTAINING VALUES

**Programme Duration:** 1 day

**Target Audience:** Value Ambassadors

**Participants:** 30 people

### Leadership Development Program

Because of the digital world, which we now consider indispensable in our lives, a new understanding of leadership that touches both technology and the hearts of stakeholders has become valid. This understanding can be defined as "serving, adaptive leadership."

We use an adaptive leadership approach at Akcoat, which is a type of leadership that aims to adapt to new conditions and develop its team. In line with our expanded skill set, we believe that the most important investment is always in people.

Based on this idea, we have prepared a Leadership Development Program for all our professional level colleagues. The program was designed as 3 separate modules and each program was completed in 4 days.

#### • Coach-like Leadership With Leadership Skills:

Directors

#### • Developing My Managerial Skills:

Managers and Executives

#### • Discovering the Leader In Me:

Experts and Assistant Experts

We hope that after this performance-oriented program, which will take our personal competencies to the next level, all Akcoatians participating in the program will be transformational leaders.

**Boomerang Program**

In 2019-2020 and 2021, Akcoat sent 22 managers and executives to the Boomerang Program, which was organized by Akkök Holding. The Boomerang Program's objectives are as follows:

- To ensure that middle-level managers embrace HR processes and internalize the role of process partner while managing their business processes,
- To develop technical knowledge and behavioral skills related to Human Resources processes,
- To create a sustainable management model that focuses on people.

**Philharmonic Mentoring Program**

We took part in the Akkök Group Philharmonic Mentoring Program for the seventh time in 2021, as three mentors and three mentees from Akcoat. The Philharmonic Mentoring Program, within the Akkök Group, where our valuable strategic leaders share their experiences with our mid-level managers and contribute to their development; thus, it covers a process that creates synergy within the institution.

**Executive Development Program**

In 2021, three of our executives took part in the Executive Development Program, which we organized in collaboration with Sabanc University. The program consisted of seven modules and lasted 15 days. The Manager Development Program enrolled a total of 12 people at the manager and executive levels until 2021.

**Future Project Long Term Internship Program**

We implemented the "The Future Project" Long-Term Internship Program, which we launched in 2018, to provide young people with opportunities to gain experience and contribute to Akcoat's innovation while preparing for the future. The internship program will include 8 people in 2021. Graduates are also given job opportunities if an open position exists within Akcoat.



### Our University Collaborations

We collaborate with university student clubs to identify the events in which we will participate. In terms of the sector in which we work, our participation in the "Material Days" events is scheduled every year. We also take part in programs like Career Days, Interview Days, Case Studies, and Internship Days. In this approach, we hope to provide students with an experience in which they can turn studying into fun before embarking on their professional careers. We introduce Akcoat to students while also informing them about fresh graduate career prospects and internship applications.

In 2021, we met with students at METU and Yıldız Technical University Material Days and Internship Days organized by Kariyer.net, a career platform.

As the Human Resources Team, we attend these meetings with students and Akcoat employees with experience in the field, and we answer the students' technical questions and their curiosity about business life. We participate in the events by displaying examples of our products and demonstrating how the theoretical knowledge students receive in school is reflected in reality. Because of our R&D studies and global presence, we as a Turkish company see a lot of interest in the events.

**Bogazici University:** We participated as the main sponsor in the "Engineering Case Marathon" held in 2021 with the participation of engineering students from Turkey's leading universities.



**Management Study with Executives (MSE):** We sponsored the most prestigious career summit of the year, Management Study with Executives (MSE), which was organized by the Boaziçi University Engineering Club. Our Enamel and Functional Coatings Sales Director Ahmet Madenli, spoke at the summit on behalf of Akcoat.



As the main sponsor of **Yıldız Technical University's** Materials Sciences Club, we participated in the Material Days Event. Emre Aksu, our Quality Manager, was a speaker at this event.

Yıldız Technical University Defense Industry Technologies Community Summit was held on March 30, 2021 with the participation of our Business Development Manager Murat Beyazlı.



We attended the **METU** Career Days in March 2021 and the Interview Days in May.

We participated in **Koç University** Career Days and Interview Days.

We have a **Top Talent** membership. Toptalent.co is a platform where talented young people can connect with companies to evaluate career opportunities and ask questions about business life. It also hosts seminars and trainings.



## Employment Profile

We value each of our employees' equal participation in business processes. In every relationship we establish with our employees, we value the principle of equality. We strive to provide an equal, dependable, fair, and open working environment for all of our employees.

In 2021, we will have a total of 426 employees. With the priority we place on gender equality, we try to increase our female employment rate every year, with 7.7% in 2019, 8.4% in 2020, and 9.4% in 2021. At the professional level, we have 31.4% female employees. Furthermore, one of our top focuses is to increase the representation of women in senior management. Our female employee ratio in management is 30.3%, our female employee ratio in senior management is 12.5%, and our female senior management ratio is 16%.

We adopt the perspective of working with a common mind and culture, where people of various ages come together. Despite the fact that 28.4% of our employees are under the age of 30, 69% are between the ages of 30-50, and 2.6% are over the age of 50, we encourage young people to participate in the recruitment and internship processes for new graduates. In 2021, the number of employees in our R&D & Innovation and Digitalization departments increased by 7%. Every one of our employees was subjected to a regular performance and career development evaluation in 2021.

In line with our efforts to ensure employee loyalty and satisfaction, the proportion of Akcoat employees who want to work for longer periods of time is growing.

		2019		2020		2021	
		Female	Male	Female	Male	Female	Male
Number of Employees	Total Number of Employees	28	336	35	380	40	386
	Number of Professional Level Employees	28	71	33	81	37	81
	Number of Operational Level Employees	0	265	2	299	3	305

		2019		2020		2021	
		Female	Male	Female	Male	Female	Male
DIVERSITY AND EQUAL OPPORTUNITY							
	Number of Managers						
	Under 30 years	0	1	0	1	1	0
	30-50 years (including 30 and 50 years old)	6	30	11	36	12	41
	Over 50 years	0	1	0	2	0	1
	Number of men and women in the Board of Directors	0	1	0	1	0	1



## Training

As Akcoat, we provide training opportunities for our employees so that they can work in an environment that encourages growth. Every year, we create an annual training plan and organize the trainings around it. We strive to raise sustainability awareness by training our employees on sustainability and environmental issues in the context of combating climate change.

The total number of training hours we provided in 2021 increased roughly 2.5 times over the previous year. In addition, in 2021, we provided our subcontractors with 30 hours of Major Accident Prevention Information Training.

		2019	2020	2021
Training Hours	Average Training Hours Per Person (hour / person)	22	*11	26

\* Due to the pandemic, there has been a decrease in the average training hours per person in 2020.

		Training Hours Per Person (per person)	Number of employees benefiting from training
Training	Executive Development Program	120	3
	Leadership Development Program	24	113
	Senior Management Leadership Development Program	12	7
	English Trainings	100	51
	Supplier Performance Evaluation and Development Training	7,5	13
	Trainer Training	12	27
	Values Training	3	97

Note: The trainings given in the table are the main trainings we have provided.

### Executive Development Program:

Every year, we organize the Executive Development Program, which consists of different modules, and this program is attended at the managerial level. The program, which started in 2020 due to the pandemic, continued in 2021.

### Leadership Development Program:

Trainings were completed with the participation of our employees at the level of manager, manager, specialist and assistant specialist.

### Senior Management Leadership Development Program:

The program has been prepared for our director-level employees.

### English Trainings:

Our employees in need were given English training at A1, B1 and B2 level levels.

### Supplier Performance Evaluation and Development Training:

Training was given to our departments that made supplier performance evaluations.

### Trainer Training:

They have been trained to develop our internal trainers.

### Values Training:

The "Akcoat My Values Program," which focuses on our core values, was launched in 2021 for all of our professional employees.





# Occupational Health and Safety

Occupational health and safety is our top priority in all of our business processes at Akcoat. In this context, we hope to raise safety awareness and make our company a sustainable and exemplary workplace by providing our employees with legal and applied special training. Within the framework of our zero occupational accident goal, we take the necessary actions with the participation of all of our employees and ensure that our employees receive at least 16 hours of Occupational Safety Training each year.

In 2021, we delivered extensive emergency trainings to Emergency Teams as part of our efforts to foster an OHS culture. Our employees are required not to jeopardize their own or other employees' health and safety in accordance with the occupational health and safety training they receive and our instructions on the issue. At any time, our employees can communicate with HSE unit staff verbally or in writing (e-mail, message). Furthermore, our staff have access to discussion boards, the QDMS Document Management System, Near Miss and Hazard Notification Forms, and the Suggestion System.

## Legal Requirement OHS Training

**New Recruit Training:** On the first day of work, our new recruits receive a 6-hour training that includes the HSE specialist, Akcoat general regulations, and what to do in an emergency case.

**Post-Work Accident Trainings:** This training covers the trainings we provide to our employees who have been injured on the job, the work that needs to be done to prevent the accident from happening again, and information. We also provide retraining for those who have been out of work for more than six months for any reason before returning to work.

**Temporary and Permanent Assignment Training:** During this training, we discuss previous accidents in the unit where our employees will begin their new duties, special

precautions to be taken regarding occupational health and safety, unit-specific hazards and risks, and PPE to be used in the unit's work.

We designate OHS officers in each department to ensure that our employees work in a safer environment and to improve communication. We intend to reduce accident frequency and severity rates, as well as raise occupational safety awareness among employees, by ensuring that designated people participate actively in OHS activities in their departments.

Our institution's accident severity rate has been reduced by 65% since 2020. Synergy among the group companies is ensured by evaluating the accidents experienced in all departments, the events experienced in other Akkök companies, and the actions taken. This allows us to plan preventive actions for events that may occur in our factory. All of our accident statistics are created by evaluating and analyzing all parameters, from the age of the employee to their experience, from the shift in which they work, to their educational status, and development plans are prepared accordingly.

## OHS Procedures and Practices

We share our knowledge and experience on dangerous situations and behaviors that may negatively affect the continuity of people, the environment, and activities, and ensure the safety of the work environment, using various OHS procedures and practices based on local OHS legislation and international OHS practices. Every year, we try to raise awareness through various practices for detecting dangerous situations and behaviors.

In 2021, we conducted field audits based on these methods and practices. In this study, which was finished in 2021, we conducted 42 field inspections with the HSE team. The audit results were communicated with our staff on boards.

## Occupational Health and Safety Practices Risk Assessment Procedure

This procedure was created in accordance with the Occupational Health and Safety Risk Assessment Regulation, which was created based on the 10th and 30th articles of the law, to cover the workplaces covered by the Occupational Health and Safety Law. Procedure; Hazards within the scope of our activities within Akcoat; It aims to evaluate the negative effects that may disrupt the continuity of people, the environment, and activities, to determine the appropriate officers, and to carry out the necessary practices in the studies to be carried out in order to keep the identified risks at an acceptable level. Our institution conducts corrective actions in accordance with OHS and environmental laws.

## Workplace Health Unit Procedure

A full-time occupational physician and a full-time occupational nurse are employed in our facility 5 days a week to ensure that the work of the workplace health unit is organized in accordance with legal regulations and that work and training activities are carried out in a quality manner.

## Occupational Safety Board

The Occupational Safety Board meets monthly in our facility, which is classified as very dangerous by the hazard classification. We systematically monitor accidents, near misses, and health statistics during the meeting, which was attended by employee representatives and key department executives. We assign the appropriate individuals to complete the shortfalls and nonconformities in accordance with the decisions made in the committee, where the agenda items mentioned before or during the committee are examined. We promote a high degree of contact among all of our staff by having an open door policy in our facilities.



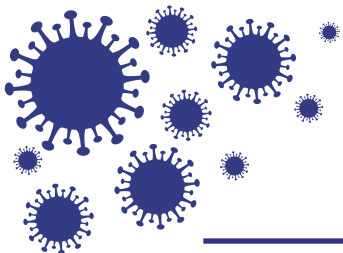
## COVID-19 Precautions and Practices

### Our COVID-19 Pandemic Prevention Actions

In the face of the COVID-19 pandemic, we continued to take precautions in 2021 to protect the health of our employees, their families, and stakeholders. In addition to protecting our employees' health, we have worked hard to ensure the continuity of the supply chain in the production of goods and services.

As part of the fight against the pandemic, during the intense periods of COVID-19:

- We have canceled domestic and international travel.
- We restricted visitor entry to the factory.
- We made markings showing the safe social distance in the cafeteria, factory entrance and exit and smoking areas.
- By restricting the use of meeting rooms, we started to hold meetings over Teams.
- We switched to the use of packaged products in the cafeteria.
- We made it mandatory to measure temperature at the factory entrance.
- We have made the use of disinfectant mandatory at the entrance of the factory and cafeteria.
- We have made the use of masks mandatory in all locations within the factory.
- We made a seating plan according to the safe distance rule in the cafeteria and services.
- We regularly disinfected the dining hall, offices, changing rooms, sinks and services.





# Employee Engagement

## Award and Appreciation Applications

In order to encourage behaviors that support our corporate culture, values and business goals, to attract the best talent, to increase employee loyalty and to retain talents within the organization in our employees, we have created the Award and Recognition Plan to recognize, appreciate and reward the efforts of the employees on their special days, performance, attitude, behavior and achievements. Every year, we operate processes in line with the Award and Recognition Plan.

## Award Recognition Programs We Organized in 2021

### Add +1 Value:

Our employees create value by directly contributing to the company's human resources through the "Add +1 Value" Project. In recruitment, we analyze individuals for whom our present employees provide as references and reward the reference employee. In 2021, as part of the "Add +1 Value" Project, we recognized 20 of our staff for introducing us to acquaintances who might be suited for our open roles.



### Marriage and Birth Gift:

Every year, we give birth gifts to our employees who have babies and gifts to all newly married employees.

### Birthday Celebration:

Every year, we distribute year-specific gifts to all of our employees to commemorate their birthdays. We select birthday gifts from special products that feature our products.

### New Year Packet:

Every year, we give our employees and subcontractors a New Year package to make a good start to the new year with their families.

### March 8, International Women's Day:

We give personal care gift certificates to all our female employees.

### April 23 Gift:

To make their children happy on this special day, we present educational play sets based on age groups to all of our employees who have children.

### Mother's Day Gift:

We give gifts to all our employees who are mothers every year.

### Ramadan Package and Ramadan Market Voucher:

Every year, we give all of our employees Ramadan packages and market checks.

### Ramadan Holiday Gift:

In 2021, we gave a gift set made of our products as a Ramadan Holiday gift to all our employees.

### Holiday Chocolate:

Every holiday, we give holiday chocolates to all our employees.



**Shoe Voucher:**

Every year in September, we present shoe vouchers to all Akcoat employees.

**Seniority Awards:**

We presented seniority plaques to 49 of our colleagues who add value to Akcoat with their work exceeding 10-15-20-25 years.

**HSE Star:**

In order to promote the protection of health, safety and the environment, and to increase employee awareness, we select the "HSE Star of the Month" every month by voting by OHS Committee members. We select the HSE Star to recognize and reward individuals who have demonstrated exceptional occupational health and safety behaviors in their department and have contributed to the construction of an ecologically friendly and safe working environment.

**Suggestion System:**

At the end of each year, we reward our 3 colleagues who add value to our company with their suggestions.

**Suggestion Campaign:**

We organize suggestion campaigns by selecting a specific topic each year in order to keep the Akcoat Suggestion System, which was established in 2018, alive and to ensure active employee participation. In 2021, we organized the "Work Safely, Race with the World" and "I'm in for Zero Waste" recommendation campaigns, and we selected the best suggestions for the campaign topic and rewarded the suggestion owners with the Suggestion Evaluation Committee, which we formed with at least one employee from each department's participation.

The QDMS Suggestion System allows us to get comments and feedback from our staff. We are continuing our action studies for notifications received in 2021. From our employees: To make the world a more livable place, we are reinforcing our understanding of sustainability by implementing suggestions that will contribute to the circular economy, such as the use of alternatives to 1.5-liter PET bottles in our institution.



## Community Projects

We see our social benefit investments as investments in our future. We made a difference in society by completing eight projects in 2021 as part of our relationships with the local community. We believe that the significance of these projects outweighs the return on investment. As Akcoat, we focus on various issues such as education, the environment, and sports.

We recognize the significance of growing together by expanding our social benefit and continuing to contribute to the local economy. In comparison to 2019, we increased our contribution six fold. We will continue to contribute to society in the future with the goal of developing healing solutions for our children and grandchildren.





# SUSTAINABILITY REPORT

## 2021

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