



Sustainability Report 2021-2022

**Lasting values,  
sustainable future**



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# To exist tomorrow as we did yesterday...

We are a company that focuses on sustainability in our business conduct and business strategies. More than twenty-five years of history attest to both our deep roots and the decisive efforts we have taken towards the future.

When producing aluminum alloy wheels, we focus not only on the best product, but also on the beautiful and green future of our country and planet.

In accordance with these principles, we set up change and transformation procedures. We aim for positive results in terms of environmental impacts as well as business operations.

Even as we celebrate this year – the 100<sup>th</sup> anniversary of independence of our country, where we were born and raised – we understand our responsibility to carry our values forward for future generations, and we act accordingly.

BALLICA CAVE-TOKAT

DİKKAT!  
BİÇARA KEMEK VE YERLERE  
ÇİP ATILMAZ YASAKTIR



# Towards the sun...

We use two types of energy sources in our facilities: electricity and natural gas. Our renewable rooftop solar energy systems with an installed capacity of 1,270 kWp at our Çiğli facility has been completed and we are continuing to work on commissioning 100 kWp at our Pınarbaşı facility. Thus, we take strong steps into a greener future by deploying energy derived from renewable resources.



FAIRY CHIMNEYS CAPPADOCIA



# For lasting generations

We adapt to the future and support our development with change and transformation activities that uphold our success. Based on our principles, we initiated a new transformation process integrated with a fast and agile order understanding. We raise leaders who are more effective and more agile, who understand the expectations of the younger generation, and who will be the founders and supporters of many efforts to serve our country and society with their vision.

BUTTERFLY VALLEY



# Strength to improve under challenging conditions

In today's environment, where the competition is fierce, innovation and R&D are the main differentiators. In response to evolving consumer expectations, we equip our products with unique features. Through our 150-person R&D Department, we realize critical stages for the efficient utilization of our energy resources throughout the production stages and thus shape the future of our industry.

FIRTINA RIVER



# The continuity of the cycle

Waste management is an essential topic for continuity in production and the reduction of carbon emissions. Secondary aluminum use, i.e., recycling of aluminum wastes, requires up to 95% less energy than primary aluminum production. This recovery process greatly reduces both energy consumption and greenhouse gas emissions from the combustion of fossil fuels.

DÜDEN WATERFALLS



# About the Report

We hope you will enjoy reading this Sustainability Report, which includes our activities for 2021-2022, and shares the dream of a better future for everyone.

As CMS, we present to our stakeholders our corporate management, and our environmental, social and economic performance through our Sustainability Report, which we publish once every 2 years. Prepared in accordance with “Core” GRI Standards, this report includes our compliance to the United Nations’ Sustainable Development Goals together with our vision, goals, performance, and advancements.

The terms “CMS” and “Company” used throughout the report indicate the CMS Companies. CMS comprises the following companies:

- CMS Jant ve Makina Sanayii A.Ş.
- CMS Jant Sanayi A.Ş.
- CMS Automotive Trading GmbH

Unless stated otherwise, all companies mentioned are included in the report.

(GRI 2-1, 2-2, 2-3, 2-5)



Data disclosed within the report indicate the usage numbers for the period between January 1, 2021 and December 31, 2022. For easier interpretation of some data regarding CMS’s economic, social, and environmental performance and for comparing them with the previous period, the Company’s performance indicators from previous years were also included.

CMS Sustainability Report 2021-2022 has been prepared in both Turkish and English. The report has not been externally audited. Aiming to update its sustainability priorities every two years within the scope of its sustainability management, CMS performs a materiality analysis. The materiality analysis,

its outputs, and changes implemented in comparison to the previous reporting period are presented under the report’s “Sustainability Materiality Process and Stakeholder Engagement” heading. This report has been prepared in accordance with updated and material sustainability topics.

Feedback from our stakeholders is important for the continuous improvement of our performance and reporting processes. Each feedback contributes to our continuous and sustainable development.

Any questions and suggestions regarding the content of the report can be sent to [surdurulebilirlik@cms.com.tr](mailto:surdurulebilirlik@cms.com.tr).



NOT ONLY A REPORT, BUT A WAY OF DOING BUSINESS





# About the Report

In accordance with our sectorial and corporate priorities, we expanded the global goals of the UN and ensured that 9 global goals overlap directly with our business processes.

## Sustainable Development Goals

In September 2015, 193 state members of the United Nations have adopted a plan for reaching a better future for anyone. A roadmap was drawn for ending severe poverty, fighting against inequality and injustice, and protecting our planet, comprising the coming 15 years. The 17 goals to be achieved by the end of 2030 to protect our planet and ensure that all people live in peace and prosperity came into force in January 2016.

As CMS, in accordance with our sectorial and corporate priorities, we expanded the global goals of the UN and ensured that 9 global goals overlap directly with our business processes.

## Scope

This report is based on the data for the 2021 and 2022 operational period of CMS Jant Sanayi and CMS Jant Makina Sanayi, comprising those operations where our impacts are most important.

Our stakeholders are interested in how we manage social, environmental and economic risks and opportunities, and how we will manage them in the future. In this report beyond the data, you will accompany our transformation process for the needs of our world.

We are ready with all our energy to be able to exist tomorrow by meeting today's needs and transforming our processes and ways of doing business into dynamism, by keeping pace with change through rapid actions with an accountable management approach, where organizational speed and resilience are necessary in our changing world, and where an agile organization is only possible if it is aligned to a shared goal and has made a transparent form of communication a part of its culture.





## Message from Our President and Our CEO

Thanks to our capacity to adapt to changes in the world, we contribute to transportation worldwide through wheels we produce using superior technology – and we accompany you on every journey.

**In our 2022 verification, we are proud to be the first company in the wheel manufacturing industry to receive the Turkish Accreditation Agency (TÜRKAK) ISO 14064-1 certification report.**

Dear Stakeholders,

We are proud and excited to share this report with you. Prepared in accordance with the core reporting principles of the Global Reporting Initiative Standards (GRI), this report is a milestone in our journey towards becoming a sustainable company.

The report describes the work we accomplished to achieve our goals and the details of the results. As you read, you can accompany our transformation process and discover how we conduct business in a sustainable manner, in line with the needs of our world beyond data.

As CMS Group, during this period and taking the reporting principles in GRI standards as a guide, we identified our material topics in line with the sector where we operate, our corporate strategies, and the expectations and feedback of our stakeholders. Our investments and economic performance in environmental areas such as energy



Bertuğ Ösen President

efficiency, water conservation and wastewater management are addressed alongside our material topics in the social field, including occupational health and safety, employee rights and employee satisfaction, employee training and development, as well as product and service quality, customer satisfaction, ethics and compliance studies, and innovation and R&D activities.

Changing world conditions due to the pandemic, the climate crisis and the consequences of the Ukraine-Russia war have compelled us into a better understanding of the importance of natural resources for our future. Following these recent crises, we are aware that social and economic recovery is possible only through utilizing our resources efficiently and adapting effectively to changing world conditions.



Ünal Kocaman CEO

We develop sustainable business strategies for the future to fulfill our social and environmental responsibilities, to contribute to society, and to create a business culture nourished by core company values that emphasize equal opportunity and diversity. We initiated our “Transformation” process in order to effectively and rapidly align our corporate culture, which is shaped in accordance with the principles of our Founding President, to the requirements of the age. Thanks to our capacity to adapt to changes in the world, we contribute to transportation worldwide through wheels we produce using superior technology – and we accompany you on every journey.

We know that we can reach our sustainable success goal much faster through a collective effort and mindset, and through our contributions to our country, our society, our environment and all our stakeholders, built by adhering to the deep-rooted values that make us who we are.



# Message from Our President and Our CEO

By dynamically transforming our ways of doing business, we exert all efforts towards securing a better existence tomorrow while responding to the needs of today.

To achieve our emission reduction targets, we invest in renewable energy sources and increase the purchase of green aluminum.

We pay attention to communicating with our stakeholders efficiently and transparently, and in a two-way, participatory manner. We carefully consider and research all feedback and suggestions from our stakeholders and continue to develop along with them.

Our sustainable management approach, integrated with our corporate vision, mission and the principles of our Founding Chairman, ensures effective management by taking these elements into account across all our activities and decision-making mechanisms. We move towards our goal of becoming one of the top two wheel manufacturers in Europe, upheld by a sustainability strategy defined by valuing employees, producing environmentally friendly products, contributing to society and reducing our environmental impact.

The adoption and internalization, by all employees, of the values that form the foundations of the Company is among the factors driving our success. In all our processes, set out with the concepts of continuous development, personal leadership, passion, customer orientation,

and respect and trust, we focus on people and strive to keep these values alive.

In our journey of success as one of the leading players in the sector, with long years of experience and increasing capacity, the first phase of our Çiğli-2 facility has been commissioned. We continue to grow with our strong financial structure.

We carry out projects and reorganize our infrastructure in order to realize the Industry 4.0 transformation, now a necessity of the age, in our four factories. Employing 117 people in 2021 and 142 people in 2022, our R&D Department contributes to the Company's differentiation among its competition and its preparation for the future. Thanks to the modified A356 composition (CMS-GR), identified within CMS, and PCT-patented in 2022, excellent castability properties were obtained compared to standard A356 alloy. With the CMS-GR material, challenging wheel models can be easily produced while minimizing the negative impact on the environment and contributing to a sustainable future.

We conduct intense and systematic operations to support our proactive occupational health and safety approach, which was developed with the participation of employees at all levels and realize necessary investments accordingly. We consider all our stakeholders within the factory boundaries, including our subcontractors, as part of the CMS family.

The scientific report prepared by the Intergovernmental Panel on Climate Change (IPCC) reveals the urgency of limiting

global warming to 1.5°C. In this scope, while governments and companies are determined to achieve their carbon emission reduction targets, as CMS, we also shape our activities and investments in line with the 1.5°C target. Starting from 2020, we calculate and verify our Corporate Carbon Footprint in accordance with the ISO 14064-1:2018 version. In our 2022 verification, we are proud to be the first company in the wheel manufacturing industry to receive the Turkish Accreditation Agency (TÜRKAK) ISO 14064-1 certification report.

To achieve our emission reduction targets, we invest in renewable energy sources and increase the purchase of green aluminum. We completed the commissioning of our rooftop SPP with an installed capacity of 1,270 kWe at the Çiğli facility. At the Pınarbaşı facility, we continue working to commission a rooftop SPP with an installed capacity of 100 kWe.

In this time, a period in which organizational speed and resilience are paramount, we steadfastly move forward, staying abreast of change with our agile organization aligned to a shared goal and an accountable management approach that integrates transparent communication into its culture. By dynamically transforming our ways of doing business, we exert all efforts towards securing a better existence tomorrow while responding to the needs of today.

Sincerely,

**Bertuğ Ösen**  
President

**Ünal Kocaman**  
CEO



# About CMS

We are a light alloy wheel producer with the largest capacity in Türkiye, and the fourth largest in Europe.

As CMS Group, active in aluminum alloy wheels since 1980, we are a light alloy wheel producer with the largest capacity in Türkiye, and the fourth largest in Europe.

As a group with a pioneering position in the industry it operates, we continue to make important contributions to Türkiye's industry and economic development. As CMS Group, with more than 100 million wheels produced up today, our users drive around the world.

CMS comprises three individual companies: two in Türkiye, one in Germany. Our general headquarters is located at Izmir, Pınarbaşı. Production activities are performed by CMS Jant Sanayi A.Ş. and CMS Jant ve Makina Sanayii A.Ş. while CMS Automotive Trading GmbH at Frankfurt runs our German AFM sales operations.

Distribution companies under the roof of CMS deliver our products to more than 100 delivery points, including Munich,

Paris, Torino, Barcelona, and Moscow. CMS Companies work with automotive brands in Türkiye and Europe while customer relations and after sales support services are provided by its representatives in Germany, France, Italy, Spain, and Türkiye.

CMS produces "Special Alloy Aluminum Car Wheels". At the facility, wheels with a diameter of 10" to 22" and width of 4" to 10.5" are produced. CAS, CAD, CAE, FEA are used in the designs of the wheel models and accessories, CAD/CAM and CNC technologies are used in the casting simulation and mold production, and Low-Pressure Casting and Flow Form methods are used in wheel production.

## Our Geographical Advantage

The proximity of our production facilities provides various advantages while it enables an important benefit in terms of sustainability. Efficient communication of employees, quick innovation, logistics, and purchasing advantages are only some of the opportunities the location of the facilities provides us.

Competition advantages due to the geographical locations of our facilities:

- Economy of scale
- Flexible production capacity
- Proximity to Izmir port





# Our Vision, Mission and Principles

## Our Sustainability Vision

To ensure continuity in environmental, social and economic terms by integrating sustainability into our way of doing business.

## Our Vision

To become one of the first two wheel manufacturers in Europe.

## Our Mission

In short, our mission, as CMS, is to produce value to our customers, employees, suppliers, investors, and all our stakeholders for a social and ecological environment.

## As CMS;

- We aim to be the quickest and most reliable solution partner of our customers.
- We value our employees.
- For us, all our stakeholders are our partners.
- We believe our future lies in the hand of educated, knowledgeable, and skilled human resources and in developing them.
- We focus on integrity in all our relations with our business partners, customers, employees, and shareholders.
- We adopt an understanding of participatory management.
- We implement modern business processes and technological innovations.
- We honor laws and the environment and have social responsibilities.
- We know that CMS Companies are an institution representing trust, and we act accordingly.

## Principles of Our Founding President



Tonguç Ösen  
Founding President

“Wheels are security parts with vital importance. At the same time, they should be designed to be fascinating at a single glance.”

These are the words our Founding President, Tonguç Ösen, describing the importance of our business. In order to manage our business, he emphasized that all employees should adopt the following principles:

- CMS Group is an institution of trust.
- We shall show maximum effort to create mutual trust between group employees and company management.
- Our Group employees, especially managers and directors, shall show each other a friendly face and tolerance.
- We are a group knowing how to share. We know to share successes as well as failures.
- Be kind and natural when interacting with customers. Don't forget, faces doubt faces. Try to come face to face with customers.
- To be a good manager, you need to be a good follower. Don't forget to continuously follow up and check on your work.
- Affection solves all problems, as long as you love people.
- Each person is beautiful. Find this person's beautiful side.
- Swift runners win.
- A good manager is a person who feels and sees what is happening around him/her.
- A forgiving person is a virtuous person.
- If you think you are deceiving, you will be deceived.
- Each person is entitled to win, but not immorally.



# Our Journey of Sustainable Success

We continued our journey of success, which we started with the aluminum casting company in 1955, and by commissioning the 1<sup>st</sup> phase of our Çiğli - 2 plant in 2022, we increased our annual capacity to 10,250,000 units.

**1955**

Tonguç Ösen and his partner founded the first aluminum casting company in Türkiye.

**1980**

CMS Jant ve Makina San. A.Ş. was founded in Izmir.

**1985**

Aluminum alloy wheel production for Fiat Türkiye and Ford Türkiye started.

**1986**

Aluminum alloy wheel production for Renault Türkiye started.

**1997**

CMS GmbH was founded to supply the European market.

**1998**

Exports to European automotive plants, such as Renault France and Fiat Italy, started.

**2003**

The second production facility was opened in Çiğli, Izmir, and ISO 14001 environmental certification was obtained.

**2009**

CMS Group R&D Center was founded in Izmir.

**2010**

Production started for premium brands BMW and Audi.

**2012**

CMS Jant Sanayi A.Ş. established in the Aegean Free Zone in Gaziemir started mass production. CMS Group published its first Sustainability Report.

**2018**

CMS Group's total aluminum alloy wheel capacity reached 9 million.

**2022**

The 1<sup>st</sup> phase of Çiğli-2 plant, which will ultimately reach a capacity of 2.5 million units, was commissioned.





## Our Economic Performance

With the pride of representing Türkiye in the global market, we achieved successful financial and operational results in 2021 and 2022.

2021 turnover

EUR **359** million

2022 turnover

EUR **543** million

2023 turnover goal

EUR **590** million

CMS Group, Türkiye's largest wheel manufacturer and one of the world's leading manufacturers, strives to provide the best service while achieving innovative and quality production. In 2022, we continued to improve our financial performance and increased our sales volume by 11.7% compared to 2021. In the coming periods, we aim to become the largest aluminum wheel manufacturer in Europe by further accelerating the progress on our sustainable economic growth course.

With the pride of representing Türkiye in the global market, we achieved successful financial and operational results in 2022 as well. CMS Group's turnover from sales reached EUR 543 million in 2022. CMS Jant ve Makina Sanayii A.Ş.'s Long Term National Corporate Credit Rating was confirmed as "AA (tr)" by JCR Eurasia Rating A.Ş.

We focus not only on sectoral success, but also on making a difference and contributing to society wherever we operate. In particular, increasing employment and fully fulfilling tax obligations are an integral part of our Group's sustainable economic growth strategy. There are no fines or sanctions due to non-compliance with the law during the reporting period.

As CMS Group, we have a risk management function that identifies and responds to financial risks that we may be exposed to, as well as to the opportunities we encounter while conducting operations. This function not only identifies potential risks, but also takes proactive measures to ensure the Company's financial soundness and business continuity.





# Our Economic Performance

In 2021, CMS Jant ve Makina Sanayii A.Ş. ranked 224<sup>th</sup> and CMS Jant Sanayi A.Ş. ranked 315<sup>th</sup> in the Istanbul Chamber of Industry (ISO) “Türkiye’s Top 500 Industrial Enterprises” list.

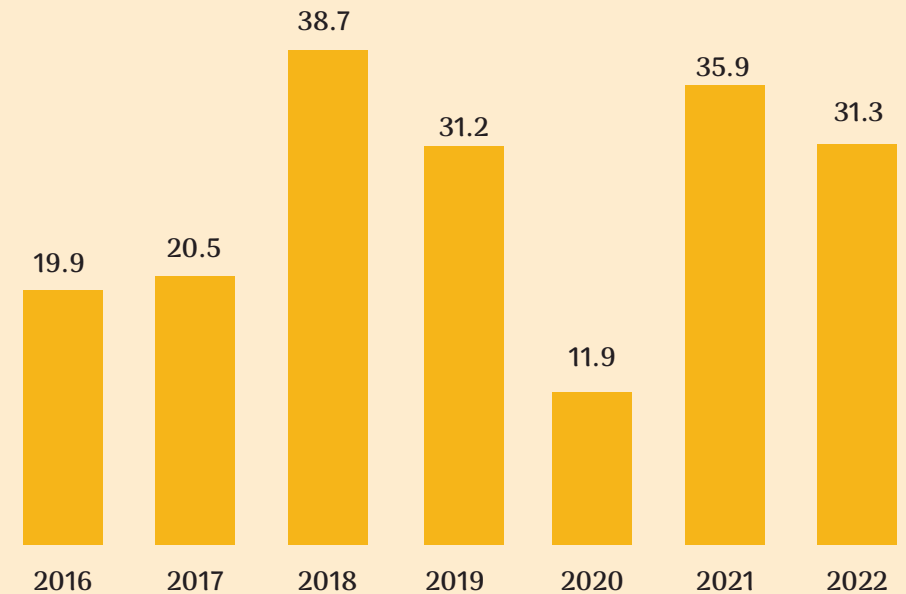
In 2021, CMS Group Companies CMS Jant ve Makina Sanayii A.Ş. ranked 224<sup>th</sup> and CMS Jant Sanayi A.Ş. ranked 315<sup>th</sup> in the Istanbul Chamber of Industry (ISO) “Türkiye’s Top 500 Industrial Enterprises” list, confirming the Group’s successful economic performance in this period as well.

## Financial Consequences of Climate Change

The EU Green Deal directive implemented by the European Commission aims for net zero greenhouse gas emissions by 2050, including reducing carbon leakage. Carbon leakage occurs when production is transferred from the EU to other countries less willing to reduce emissions, or when EU products are replaced by more carbon-intensive imports. If this risk materializes, there will be no reduction in global emissions, undermining the efforts of the EU and its industries to meet the global climate goals of the Paris Agreement. In this scope, the Carbon Border

Adjustment Mechanism (CBAM) will ensure that import prices more accurately reflect carbon content. Under the CBAM, it is planned to introduce a carbon tax per ton of CO<sub>2</sub> equivalent emissions at the border and collect this tax from companies. While one ton of CO<sub>2</sub> equivalent emissions is estimated to cost EUR 50-90, this cost is expected to have a significant financial impact on company revenues. Although the automotive sector will not be included in the pilot phase of the EU Green Deal, it is assumed that the scope of the Carbon Border Regulation Mechanism will expand after the pilot phase. The EU Green Deal takes into account the direct emissions of Scope 1 to address this risk. In the event that the scope is extended to cover the OEM sector, we, as CMS, assume that the carbon price per ton of carbon in the EU ETS (Emissions Trading System) will be between EUR 50 and 90 from 2030.

Our Investments by Years (EUR Million)



TOTAL  
**EUR 189.4** Million





# Our Economic Performance

CMS Companies' turnover from sales in 2022 reached EUR 543 million

Customer Distribution

OEM  
**91%**

AFM  
**9%**



Regional Customer Distribution

Exports  
**85%**

Domestic  
**15%**



(GRI 3-3, 201-1)

[Click to view CMS Wheel | With You at Every Journey video.](#)



# Our Production Facilities

We continue our investments which we created aiming to become one of the leading wheel producers in the world.



PINARBAŞI

Area

32,175 m<sup>2</sup>

Capacity

2,500,000 Wheel/Year



ÇIĞLI 1

Area

31,322 m<sup>2</sup>

Capacity

2,500,000 Wheel/Year



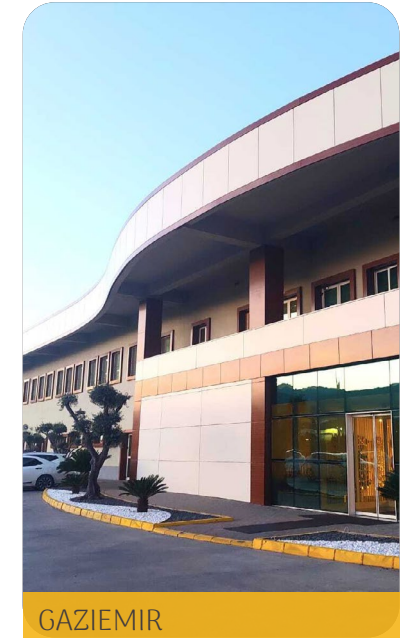
ÇIĞLI 2

Area

38,538 m<sup>2</sup>

Capacity

1,250,000\* Wheel/Year



GAZIEMIR

Area

103,250 m<sup>2</sup>

Capacity

4,000,000 Wheel/Year

**TOTAL:**

**Area: 205,285 m<sup>2</sup>**

**Capacity: 10,250,000 Wheel/Year**

\* When the Çiğli 2 plant reaches full capacity, its capacity will be 2.5 million units.



# Highlights of the Reporting Period

## Developments in the World

- While governments and companies show a more determined approach to meet their carbon emission reduction targets, they face extreme volatility in energy markets.

The Ukraine-Russia war and other factors triggered significant increases in energy prices. This happened at a time when markets were already tight following the recovery from Covid-19.

Within the scope of COP26, a total of 64 countries (responsible for 89% of global CO<sub>2</sub> emissions) have made net zero commitments, while financial institutions and private sector organizations continue to increase their decarbonization ambitions.

- **In the coming days, the energy mix is projected to shift towards power. By 2050, electricity, hydrogen and synthetic fuels could make up 50% of the energy mix.**

Demand for electricity is expected to triple by 2050 as industries electrify and hydrogen and hydrogen-based fuels increase their market share due to decarbonization.

- The projected peak in demand for fossil fuels continues to advance, with oil demand expected to peak in the next five years.

The Ukraine-Russia war leads to price spikes as markets and consumers balance security of supply with affordability.

- **Global warming is projected to reach 1.7°C by 2100, even if all countries with net zero commitments meet their targets.**

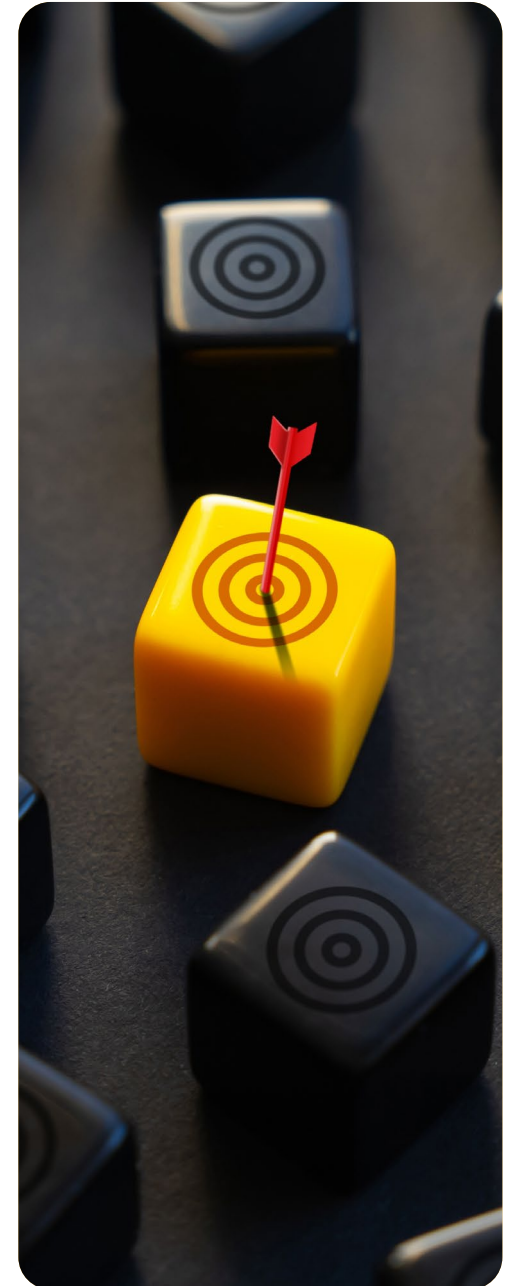
Global warming is projected to exceed 1.7°C with current government policies, additional commitments and projected technology trends, making the 1.5°C pathway increasingly difficult.

To keep the 1.5°C pathway in sight, the global energy system may need to dramatically accelerate its transformation, shifting away from fossil fuels towards efficiency, electrification and new fuels even faster than announced net zero commitments.

- While total investment in the energy sectors is projected to grow by more than 4% per year and will increasingly shift towards non-fossil and decarbonization technologies, returns remain uncertain.

Almost all of the growth is expected to come from decarbonization technologies and energy, which will exceed today's total energy investments by 2050.

At the United Nations Climate Change Conference (COP27) in Egypt, 196 countries came together again to discuss progress towards the Paris Agreement and the commitments made in the United Nations Framework Convention on Climate Change. As a result of the COP27 negotiations, funding for the Loss and Damage Mechanism was agreed and an important step was taken to stabilize the fight against the climate crisis.





## CMS Developments

We commissioned the first phase of the Çiğli-2 plant, which will ultimately reach a capacity of 2.5 million units.

We ranked first in Türkiye at the 2022 “Stars of Export Award Ceremony” organized by the Aegean Exporters’ Associations.

We received a patent for the Clamping and Fixing Mechanism for the Three Dimensional Laser Scanner.

Our renewable rooftop solar energy systems with an installed capacity of 1,270 kW at our Çiğli facility has been completed and we are continuing to work on commissioning 100 kW at our Pınarbaşı facility.

We completed our application to the Ministry of Energy and Natural Resources for 7 Productivity Increasing Projects (VAP), which will save 9,639,100 kWh of natural gas and 847,224 kWh of electricity per year, and received approval to start in 2022.

Starting from 2020, we have calculated and verified our Corporate Carbon Footprint in accordance with ISO 14064-1:2018 version. With the 2022 verification, we became the first company in the wheel manufacturing industry to receive the TÜRKAK ISO 14064-1 certification report.

In line with our principle of working together for a better future with the lessons we learned from the past, we started the transformation process at CMS to establish a more dynamic structure, guided by our corporate culture built on the 11 principles of our Founding President Tonguç ÖSEN.





# Our Awards

## 2021

EBSO	CMS JANT VE MAKİNA SANAYİ FIRST PRIZE FOR PRODUCTION IN AUTOMOTIVE SUB-INDUSTRY IN 2020
EBSO	CMS JANT SANAYİ SECOND PRIZE FOR PRODUCTION IN AUTOMOTIVE SUB-INDUSTRY IN 2020
EBSO	CMS JANT SANAYİ FIRST PRIZE FOR INVESTMENT IN AUTOMOTIVE SUB-INDUSTRY IN 2020
TOPTALENT	FAVORITE TALENT PROGRAMS OF THE YEAR
R&D AWARD	GROUP D R&D CENTER SECOND PLACE
KARİYER.NET	RESPECT FOR HUMANS AWARD
MESS	OCCUPATIONAL SAFETY STARS
ETİKA	MOST ETHICAL COMPANIES OF TÜRKİYE
DESIGN WEEK	C32 GOOD DESIGN AWARD
TÜRKİYE EXPORTERS ASSEMBLY (TİM)	TÜRKİYE'S TOP 1000 EXPORTERS

## 2022

TABLE TENNIS CUP	SECOND PLACE IN IZMIR ORGANIZATIONS LEAGUE 2021-2022 SEASON
VESTEL MARATHON	FASTEST TEAM AWARD
ÖİB	AUTOMOTIVE INDUSTRY EXPORTERS' ASSOCIATION AWARD
STEVIE® AWARDS FOR GREAT EMPLOYERS	"BEST TALENT MANAGEMENT STRATEGY" (SECOND PLACE)
TOPTALENT	SECOND PLACE IN THE AUTOMOTIVE (SUB-INDUSTRY) CATEGORY - CMS STRONG FUTURE PROGRAM
TAYSAD	2022 EXPORT PERFORMANCE RUNNER-UP
ABC AWARD 2022 THE WORLD OF MOBILITY	AUTOMOTIVE PARTS AND ACCESSORIES - GOOD DESIGN
TOYOTA MOTOR EUROPE NV/SA	INNOVATION AWARD
AEGEAN EXPORTERS' ASSOCIATIONS AWARD	STARS OF EXPORTS - FIRST PLACE
PEOPLISE DIGITAL HUMAN RESOURCES AWARDS	CULTURE OF ASSESSMENT - GOLD AWARD



# Corporate Management Structure and Committees

We develop solutions to identified problems under the leadership of our committees.

Our professional corporate management approach and practices enable us to efficiently manage risks and opportunities.

## Governance

CMS Companies' Board of Directors consist of 9 individuals. The Board of Directors is the Company's top-level decision making and control body, which is in charge of reacting to economic, financial, social, environmental, governance, operational, and legal risks and opportunities, in line with the framework drawn by the principles of the Company's Founding President, Tonguç ÖSEN. The Board is charged with management, paying attention to the legal conditions and regulations, management principles, risk and opportunity balance, all other Company interests, and accordingly identifying its strategic goals.

For more information on CMS Board of Directors, please visit <https://www.cms.com.tr/en/corporate/group-companies/cms-jant-ve-makina-san-a-s>

## Committees

CMS has eight committees working under the Board of Directors and one committee for the efficient performance of the OHS activities. At many work groups, established under the leadership of existing committees, solutions are developed for problems which are determined through the contribution of many employees from different departments.

Information regarding these committees, which are responsible for decisions regarding the economic, environmental, and social impacts at CMS management, are as follows.

**Audit Committee:** The committee develops recommendations for discovering events which cause abuse, violation of laws and regulations or the lack thereof regarding issues such as internal control, etc. For this purpose, the committee reviews the monitoring system which was developed for compliance to laws and regulations by the Company, disciplinary penalties, and the investigations and monitoring opened by the company management for these issues. It makes recommendations to the management regarding required regulations and procedures.

The committee reviews the management's accountability regarding the Company's IT system security and management. In case the IT system becomes inoperable, reviews crisis plans on issues regarding the transfer of processes into records and protecting them.





# Corporate Management Structure and Committees

We manage risks and opportunities effectively under the leadership of our committees.

## Risk Management Committee

The aim of the Risk Management Committee is to develop policies required for monitoring risks the Company may incur and for performing risk management procedures. Accordingly, the duties and responsibilities of the committee are as follows:

- Considering the existing and expected financial and macroeconomic peripheral conditions, the Committee makes recommendations to the Board of Directors regarding the Company's risk appetite, tolerance, and strategy.
- Makes recommendations to the Board by reviewing the risks the Company faces and its future risk strategy.
- Reviews risk assessment procedures established in support of Board decisions.
- Reviews and approves models, qualitative, and numerical variables used in the risk management system.
- Develops required standards for the accurate and timely monitoring of major or critical risks.
- Reviews the capability of the Company for defining and managing new risk types.
- Before the approval of the Board, reviews risks of procedures of strategic importance, such as a major acquisitions or disposals, and evaluates their impact on the Company's risk appetite/tolerance.
- If needed, receives independent consultancy on these topics.

- Reviews reports prepared regarding exceeding risk limits and recommended actions.
- Reviews the efficiency of internal control and risk management procedures and approves statements to be made in the Company's annual report regarding these procedures.

**Sustainability Committee:** The Sustainability Committee is responsible for economic, social, and environmental risks and opportunities which may impact the assets and commercial activities of CMS, for following and analyzing related sustainability issues, for determining the sustainability strategy, and for carrying out projects for realizing goals. Lead by CMS CEO, the Committee reports results from all activities to the top management of CMS.

## Aluminum Risk Management Committee:

The production of CMS is fully dependent on imported primary aluminum and thus, it is the most important financial and strategic risk for the Company. In order to minimize this risk, CMS manages it through derivative contracts. There is also an Aluminum Risk Management Committee to manage this risk. Accordingly, the duties and responsibilities of the committee are as follows:

- Analyzes market conditions, aluminum prices, the Company's projection, and inventory state.
- Decides on what to do regarding risk management according to this analysis.
- If necessary, purchases and sells contracts (Future LME - London Metal Exchange).





# Corporate Management Structure and Committees



We have various committees in CMS management that are responsible for making decisions on economic, environmental and social impacts.

**Strategy and Business Development Committee:** There is a “Strategy and Business Development Committee” within the corporate governance structure of CMS. The Board appoints the chairman and members of this committee. Strategy and Business Development Committee enables the controlled progress of all strategy and business development activities and makes recommendations. One of the duties of the committee is to understand the external environment in depth, especially business competition conditions and to investigate external environmental dynamics. The present, physical, and transmission risks of climate change are among these competition conditions and external environmental dynamics. In this context, it is responsible for the effective implementation of Company strategies, including climate change risks and their major impacts.

**COVID-19 Pandemic Crisis Management Committee:** The CMS Group COVID-19 Pandemic Crisis Management Committee, which reports to the Executive Board, was established on March 16, 2020, with the aim of managing the pandemic, which shook the whole world and our country, in a healthy way and to centrally coordinate and communicate all activities for the fight against COVID-19.

The Committee is responsible for discussing measures to be taken regarding the risks of the pandemic emerging as a result of the risk analyses performed throughout CMS Group, controlling actions, informing employees and top management, and planning safe transition activities to the new normal.

**Committee for Authorized Liabile Status:** The Committee for Authorized Liabile Status was founded with the aim to provide sustainability of legal requirements, to be in full cooperation with the Ministry of Trade in terms of customs and foreign trade practices, and to manage internal and external audits regarding the identification, notification, and resolution of possible incongruities. The Committee Reports to the Chairperson of the Executive Board.

The Committee meets every six months in order to review the Authorized Liabile Certificate policies, practices, and procedures.

**Energy Committee:** Energy is one of the main inputs of production. Efficient use of energy and decreasing energy consumption are among the strategic goals of CMS. An Energy Committee has been established in accordance with the ISO 50001 Energy Management System at all CMS facilities. Accordingly, the duties and responsibilities of the committee are as follows:

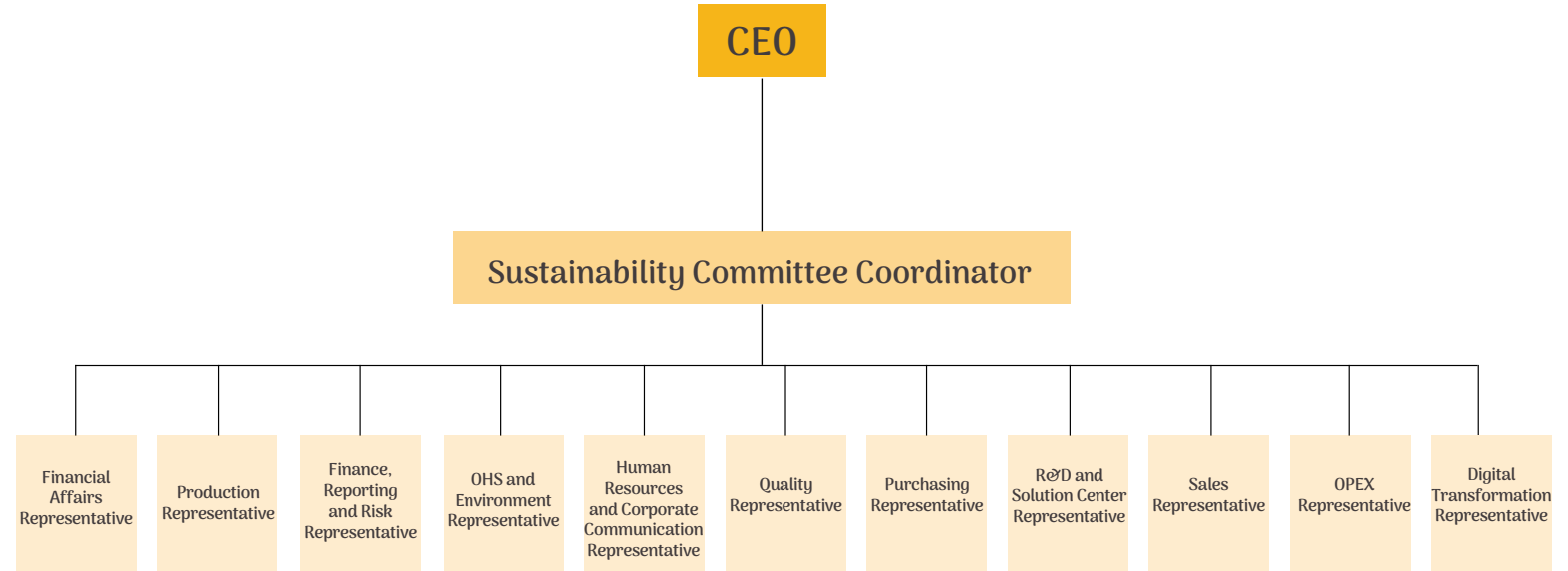
- To create, coordinate, and carry out Energy Management System (EMS) activities in accordance with the related standard and CMS Energy Policy,
- To enable that existing activities continue in accordance with EMS,
- To enable the identification of energy risks and opportunities,
- To support the continuous development of energy management activities,
- Determining the energy performance indicators, to perform goal realization analysis and to enable the application of activity plans for continuous improvement,
- To prepare content details regarding the procedure for the EMS review meetings and enable participation,
- Within the scope of EMS, to enable the participation at internal/external training planning, for raising awareness of the personnel regarding issues on energy,
- To enable that all employees adopt and practice EMS with a continuous development perspective.





# Our Sustainability Management

We continued to work with our Sustainability Committee in 2021-2022 to effectively manage sustainability-related processes.



We continued to work with our Sustainability Committee in 2021-2022 to effectively manage sustainability-related processes.

As the company's top-level decision making and control body, CMS Board of Directors is responsible for managing operational, legal risks, and opportunities regarding economic, social, environmental governance in line with the principles determined by our late Founding President.

The Sustainability Committee operates under the CEO Chairmanship and includes representatives from various functions. CMS companies focus on transparency in all activities. The organizational chart of the Sustainability Committee is as follows.

## Aluminium Stewardship Initiative (ASI)

Defining the environmental, social and governance principles and criteria for handling sustainability issues in the aluminum value chain, ASI is the single, comprehensive, and volunteer sustainability standard initiative for the aluminum value chain.

With the aim to improve our sustainability performance starting from our environmental impacts to work conditions, from supply chain management to human rights, CMS applied for membership and completed the membership procedures and aims to complete certification procedures in 2023.





# Our Sustainability Strategy

We act in line with our sustainability strategy in all our processes, taking into account our materiality analysis guided by the United Nations Sustainable Development Goals.



We act in line with our sustainability strategy in all our processes, taking into account our materiality analysis guided by the United Nations Sustainable Development Goals.

In today's world, due to the productivity need in natural resource usage and vehicle performance improvement efforts, vehicles using more efficient fuels are developed and alternative driving technologies cause each day new revolutions.

As CMS, we rapidly adapt to the change in world and contribute to transportation around the world with our wheels produced through superior technology.

Our sustainability strategy is to share transparent and simultaneous information about our activities with our stakeholders, to comply with the laws and regulations in the geographies we have an impact, to be a company that attaches importance to resource efficiency and aims to minimize its environmental impact.

Our sustainable management approach encompasses effective management of all our activities and decision-making mechanisms by taking them into account as integrated with our corporate vision, mission and the principles of our Founding Chairman.

The CMS Sustainability Strategy prepared according to the impact areas and Sustainable Development Goals of CMS consists of 5 basic elements:

- Valuing employees**  
 While continuing our contribution to local employment we offer a healthier working environment to our employees and try to increase employee satisfaction. We support the career plans of employees.
- Producing eco-friendly products**  
 As a result of our R&D activities, which aim to meet our customers' expectations for light wheel production, we contribute to the decrease of negative impacts of the global climate change by enabling decrease in the carbon emission of vehicles.
- Contribution to society**  
 Increasing our economic contribution in the Izmir region by providing for a healthy working environment for our employees and stakeholders is among our priorities.
- Decreasing environmental impact**  
 We measure and report on topics such as decreasing water usage, aluminum recycling, waste minimization, energy efficiency, set goals, and implement necessary improvements in product life cycle to decrease our environmental impact.
- Doing accurate quality business**  
 We do our business with integrity, with highest quality, and in a timely fashion. Within the framework of responsible supply chain management, we encourage, train, audit, and improve business partners (contractors and suppliers). We contribute to ensuring sustainable development through innovation and R&D activities.



# Our Prioritization Approach

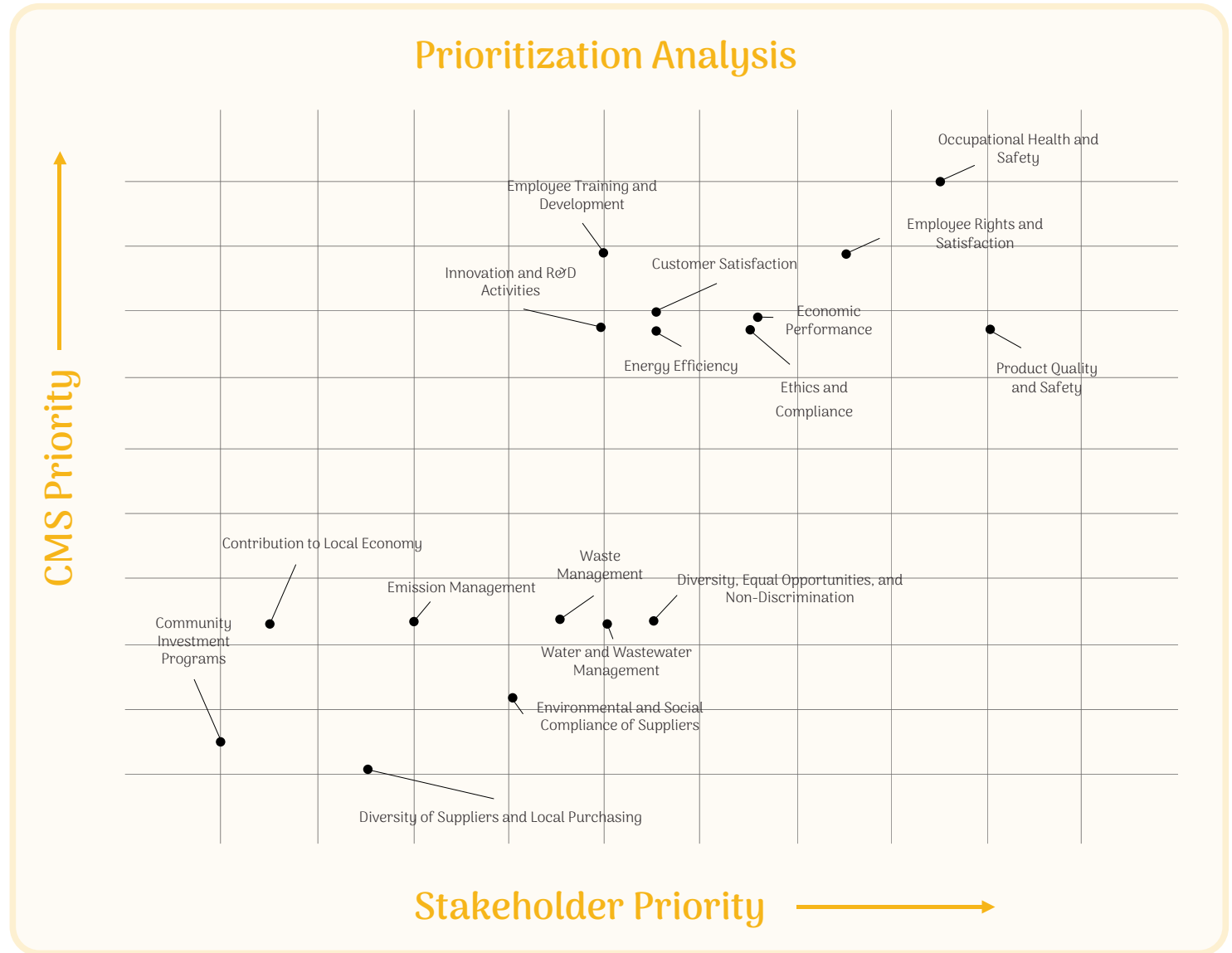
As CMS, while determining our material topics, the GRI standards reporting principles serve as our guidance.

We reviewed and updated our material topics in accordance with our sustainability vision and strategies through a detailed stakeholder analysis.

As CMS, while determining our material topics, the GRI standards reporting principles serve as our guidance.

To determine the most prioritized topics impacting our business and stakeholders, we review the topics we focused on through our materiality analysis, which is performed once every two years. We create our materiality approach by blending the results of stakeholder surveys with global developments, impact analysis and business strategy.

Collecting the views of units in close contact with each stakeholder group, we kept our list of topics up-to-date.





# Materiality Topics

(GRI 3-2, 3-3)

Material Topic	Goals	Affected Stakeholders
Occupational Health and Safety	To continuously improve the system that eliminates hazards at the source with the engagement of all employees and prevents the occurrence of occupational accidents and diseases	Employees, contractors
Employee Rights and Satisfaction	To ensure inclusive and participatory decision-making at all levels	Employees
	Air aim is to recruit energetic human resources compatible with our corporate culture, who believe in teamwork, are competent in their field, and have high potential	
Product Quality and Safety	To work with a zero-error approach in our wheels by researching and applying new technologies and quality techniques to continuously improve our product and service quality	Customers
	To continuously review our compliance with all legal requirements, standard requirements and customer expectations regarding quality, safety and performance requirements	
Economic Performance	Boosting economic growth	Employees, suppliers, customers, investors, and society
	To make new investments in line with sustainability principles	
Ethics and Compliance	To create an action plan to prevent the recurrence of complaints received on the ethics hotline	Employees, suppliers, customers, investors, and society
	To adopt sustainability practices and report sustainability performance	
Energy Efficiency	To carry out work to measure and decrease energy consumption caused by facilities and operations	Employees, suppliers, customers, investors, and society
	To continuously improve the energy performance	
	To increase the use of energy-efficient products, purchase of energy services, and related design work to improve energy performance	
Water and Wastewater Management	In order to prevent pollution and protect the environment by using our technical and financial means, to carry out necessary operations and to control the measurement results of these operations to separate waste at its source, and to decrease use of natural resources	Employees, suppliers, customers, investors, and society
Emission Management	To follow and adapt local regulations regarding greenhouse gas emissions within the scope of combating climate change, to monitor the emissions we create, to seek innovative solutions for emission reduction, and to determine long-term action plans for projects aimed at clean energy transformation	Employees, suppliers, customers, investors, and society
Waste Management	With our waste management plans, we aim to reduce waste at its source, recycle and reuse the resulting waste, and dispose of non-recyclable waste in a healthy and environmentally friendly manner	Employees, suppliers, customers, investors, and society
Diversity of Suppliers and Local Purchasing	To prefer local suppliers as much as possible in order to increase the contribution of their activities to the country's economy	Suppliers
Environmental and Social Compliance of Suppliers	To evaluate and improve criteria such as occupational health and safety performance, environmental impact management activities, waste management activities and compliance with legal regulations, ethics and harmony of our potential business partners	Suppliers
Social Investment Programs	To make a name for ourselves with our activities in social and cultural fields, in addition to the opportunities we create in the economic field	Investors and society
Diversity, Equal Opportunity and Non-Discrimination	Monitoring issues such as diversity, equal opportunity, non-discrimination and fraud on our corporate risk map.	Employees
	To provide equal rights to all our employees without discrimination due to religion, language, race, age, gender, ethnicity, sexual orientation, belief, marital, social or economic status, disability, pregnancy or military service	
Contribution to Local Economy	Representing Türkiye in the global market and increasing employment	Suppliers, investors, and society
Customer Satisfaction	To ensure compliance with deadlines and commitments	Customers
	To provide information to our customers in a timely manner based on transparency, accessibility, responsiveness, accountability, confidentiality, continuous improvement and objectivity principles with our competent employees, to propose and fulfill solutions by providing all resources and to increase customer satisfaction accordingly	
Employee Training and Development	To create a transparent work environment that follows our employees' career developments, encourages them to transform into a team achieving high productivity and values them, and is preferred thanks to our fair approach	Employees
	To ensure that our employees gain both skills and technical knowledge through the continuous development-oriented training practices and competitive development opportunities	
Innovation and R&D Activities	To invest in research, development and artificial intelligence	Employees and customers
	To increase economic growth through highly efficient technology usage	
	To progress with innovative solutions, including partnerships with research institutions, leaders in the automotive industry	
	To increase resource efficiency and implement environmentally friendly technologies and processes for sustainable development	
	To complete digitalization processes within the "Digital Transformation"	



# Relations with Our Stakeholders

Providing correct and timely information to all our stakeholders is our corporate responsibility.

Any person, institution, and community that is affected by our activities and that influences the implementation of our activities and achievement of our goals is our stakeholder. As CMS, we pay attention to communicate with our stakeholders in an efficient, transparent, two-way, and participatory way by taking into account our Stakeholder Engagement Plan. We take every feedback and suggestion from our stakeholders into consideration and continue to develop with our stakeholders.

Providing correct and timely information to all our stakeholders is our corporate responsibility. Therefore, we continue our communication with stakeholders on many platforms especially prepared to different stakeholder groups. We increase our corporate knowledge accumulation with many non-governmental organizations where we are members and which we support.



## Our Stakeholders and Communication Methods

### Customer

- Corporate Research (1 per year)
- Face-to-face / Online Meetings (each month)
- Customer Surveys (1 per year)

### Employees

- Employee Satisfaction Survey (1 per year)
- Meetings with Employees
- Tenure Award Ceremonies with Employees (1 per year)
- Bizbize Mobile Application
- CMSizinle
- CMSensin

### Suppliers/Contractors

- Daily Work Flow
- Meetings (as needed)
- Email Communication
- Supplier Satisfaction
- Research (1 per year)
- Supplier Satisfaction Perception Survey
- Supply Portal
- Supplier Visits
- Fairs and Congresses

### Community/Sponsors

- Events
- Local Sponsorships
- Media (frequency varies according to initiative type)

### Our Memberships and Initiatives

- Turkish Employers' Association of Metal Industries (MESS)
- Turkish Metal Union
- Aegean Region Chamber of Industry (EBSO)
- Turkish Quality Association (KalDer)
- Automotive Suppliers Association of Türkiye (TAYSAD)
- Association of European Wheel Manufacturers (EUWA)



# Ethics and Compliance

We strive to create a fair and transparent management structure for all our stakeholders.

We always act with an ethical and transparent management approach in our processes and aim to spread our ethical values among our employees and transfer them to future generations.

As CMS Group, we strive to create a fair and transparent management structure for all our stakeholders. Thanks to our codes of conduct, business ethics principles, anti-bribery and anti-corruption policies, all our employees have the necessary information on the subject and show the necessary sensitivity in their processes. In order to make this information, which includes ethical rules, easily accessible, we prepared the "CMS Companies' Business Code of Ethics" in writing. Within these rules:

- Integrity and fair behavior,
- Conflict of interest,
- Accuracy of records and documents,
- Use of company assets and resources,
- Relations with customers and suppliers,
- Information protection,
- Relations with government institutions, private institutions / organizations, non-governmental organizations, and media,

- Respect at the workplace and business life,
- Prevention of unwelcomed behavior at the workplace,
- Relations with the environment are our 10 basic business ethics we defined in detail.

Our Ethics Committee provides for the exact application and monitoring of the code of ethics. The composition of our Ethics Committee is as follows:

- Ethics and Compliance Officer (ECO): General Manager
- Coordinator: Internal Audit Manager
- Member: Human Resources Director

56 notifications were received in 2021 and 106 in 2022. The Ethics Committee regularly meets each month, and its agenda includes evaluating current statuses of notifications submitted through the Ethics Hotline, which are still open, and taking necessary actions.

CMS Business Ethics Booklet can be found at this address: <https://www.cms.com.tr/tr/kurumsal/cms-politikalari#section-is-etigi>.

**Ethics Service is accessible 7/24 and is operated by a fully independent third party.**

**Can be reached through: [cms@etikhat.com](mailto:cms@etikhat.com).**

**Can be reached over: 0212 371 07 70.**





## Anti-Bribery and Anti-Corruption

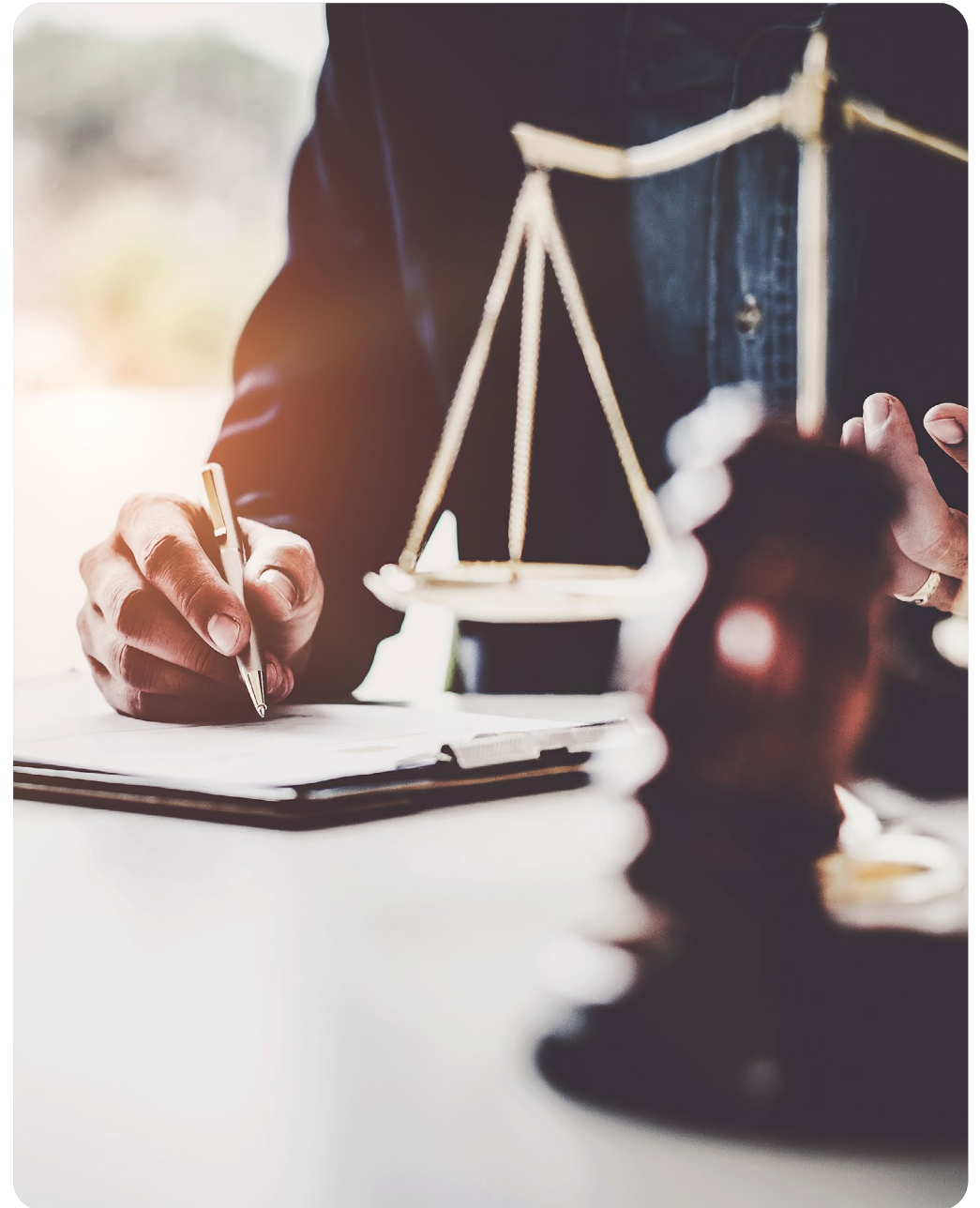
We received awards at the “ETİKA Türkiye’s Most Ethical Companies Awards” organized by the Ethical Values Central Association (EDMER), in 2021 and 2022 as well

Within the scope of Anti-bribery and Anti-corruption Policy, our purpose is to comply with anti-bribery and anti-corruption laws and regulations, ethics and occupational principles and universal rules included in the Code of Business Ethics of CMS Group in all countries it operates and to put forward its anti-corruption policies.

We accordingly inform all our employees about the CMS Group Code of Business and Conduct, Anti-Bribery and Anti-Corruption Policy, Ethics Committee and Ethics Hotline. We also regularly perform Code of Conduct trainings. We review our Code of Conduct in certain periods and make necessary revisions in line with our Company goals and culture. We provide CMS Business Ethics Training,

which includes the Code of Conduct and Ethics Hotline, to our employees online every year. We also take into account customer expectations and requests in this regard. We work on Social Compliance and train our internal auditors.

As CMS Group of Companies, we received awards at the “ETİKA Türkiye’s Most Ethical Companies Awards” organized by the Ethical Values Central Association (EDMER), which are awarded traditionally each year to companies who have an ethical approach and awareness, aiming to increase their reputation and the sensitivity of other companies in terms of ethical values, in 2021 and 2022 as well.





# Information Security Management

We pay high attention to information security awareness, which is one of the most important topics.

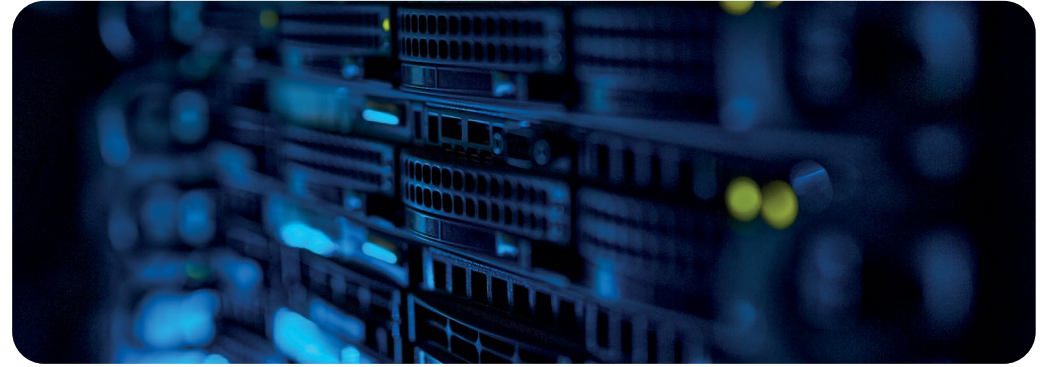


As CMS Group, we ensure the continuity of the Information Security Management System Organization that we implemented in 2016 and keep working to continuously improve it as specified in the ISO 27001 standard. We periodically review all processes that may create information security vulnerability and show high sensitivity to the confidentiality of the data belonging to the CMS Group. We announce our published Information Security Policy to the relevant parties and stakeholders on our website (<https://www.cms.com.tr/tr/kurumsal/cms-politikalari>).

We continue to gradually introduce cyber security products and software in the light of our information security studies and the improvement suggestions we received from our auditors following accreditation audits.

CMS Group, which has a large share in the world on the wheel supply for the automotive sector, also responds to the special requests of its customers regarding information security in the best way possible. In this scope, we ensure the continuity of TISAX (Automotive Information Security) certification, the requirements of which we fulfilled in 2020. We thus both eliminate our customers' concerns about information security and review the basic requirements of ISO 27001, KVKK and GDPR once again.

The measures we take to protect our sensitive data are not limited within CMS. We also ensure that our consultants and suppliers also meet the basic information security requirements. With our supplier evaluation forms and surveys, we meticulously evaluate CMS Group's business partner candidates on information security. By signing a non-disclosure agreement (NDA) with all our



suppliers and consultants, we inform our third-party companies of their obligations regarding information security. Using the features of the firewall product we use, we make sure that our consultants who work by connecting to the CMS network via VPN make sure that the device to which they connect to the VPN meets the security requirements we determined. We do not include devices that do not meet the necessary security requirements in the CMS network. There were no complaints regarding the leakage or loss of our customer data during the reporting period.

We also pay high attention to information security awareness, which is one of the most important topics in the information security management system. We aim to minimize the risks of possible breach incidents by making the privacy class labeling in the physical and virtual environment to create information security awareness among our employees. With the Data Leakage Prevention software we use, we prevent information security breach incidents by analyzing sensitive data in information and documents shared internally and externally. In addition, to keep

the information security awareness of our staff at the highest level, we provide detailed information security training to every new employee and ensure that all existing employees receive ISO 27001 Information Security Training at least once a year through our online training system. To ensure that the BGYS asset inventory and risk analysis documents belonging to our departments within the organization are kept up to date and to manage the department-specific BGYS processes in the healthiest way, we designate volunteer colleagues from each department as Data Security Officers and provide ISO 27001 Internal Auditor Training, allowing them to become an internal auditor of information security within their department.

In today's world, all smart devices and computers work by connecting to the internet. Mobile company phones used by our staff are of great importance in operational business processes. Ensuring the security of each device connected to the internet in a way that does not negatively affect business processes is among the requirements of the information security management system.





# Risk Management and Business Continuity

In our corporate risk management, we assess their financial and operational impacts, together with their impacts on the environment, compliance, and society.



(GRI 2-25)

Through our efficient corporate risk management, we enable the early detection of risks which may endanger the existence, development, continuance of our Company and its value chain and the achievement of the Company's goals, ensuring the effective implementation of relevant risk measures.

Our Risk Management Committee makes recommendations to the Board by reviewing the risks our Company faces and its future risk strategy. We manage the risks, which we define in 5 main categories (operational, financial, prestige, strategic and market risks), identifying risks in advance and determining the action plans to be taken against risks in an integrated manner with our business processes.

We have risk analysis procedures based on a risk-based approach in all our management systems.

We systematically monitor product and process risk analyses in line with our risk management method and keep them up to date, and if deemed necessary, we take actions to minimize the impact and probability of risks.

Comprising the finance, financial affairs, sales, supply chain and IT department managers of the CMS Group of Companies, the "Aluminum Risk Management Committee" meets once a month. Assisted by a software and through sensitivity analyses, the Committee measures and monitors financial risks emerging in the process, starting with aluminum purchases and sales up to pricing to customers.

Factors related to the aluminum raw material on which CMS' production depends are seen as the main risk factor that could

have a significant financial and strategic impact on the Company's performance. In order to minimize this risk, CMS manages it through derivative contracts. Also, there is an Aluminum Risk Management Committee to manage this risk.

The Aluminum Risk Management software enables the analysis of past data and the creation of a future projection. In addition to revealing financial risks, this program contributes to the strengthening of customer relations management of CMS.

In terms of cyber attacks and information security risks, we take precautions at all levels of our information technologies and operational processes and develop strategic cyber security collaborations. Through information security awareness trainings, we perform periodical/continuous controls and evaluations. In addition to our information security perspective and considering the TISAX requirements, we updated our risk analyses for information security.

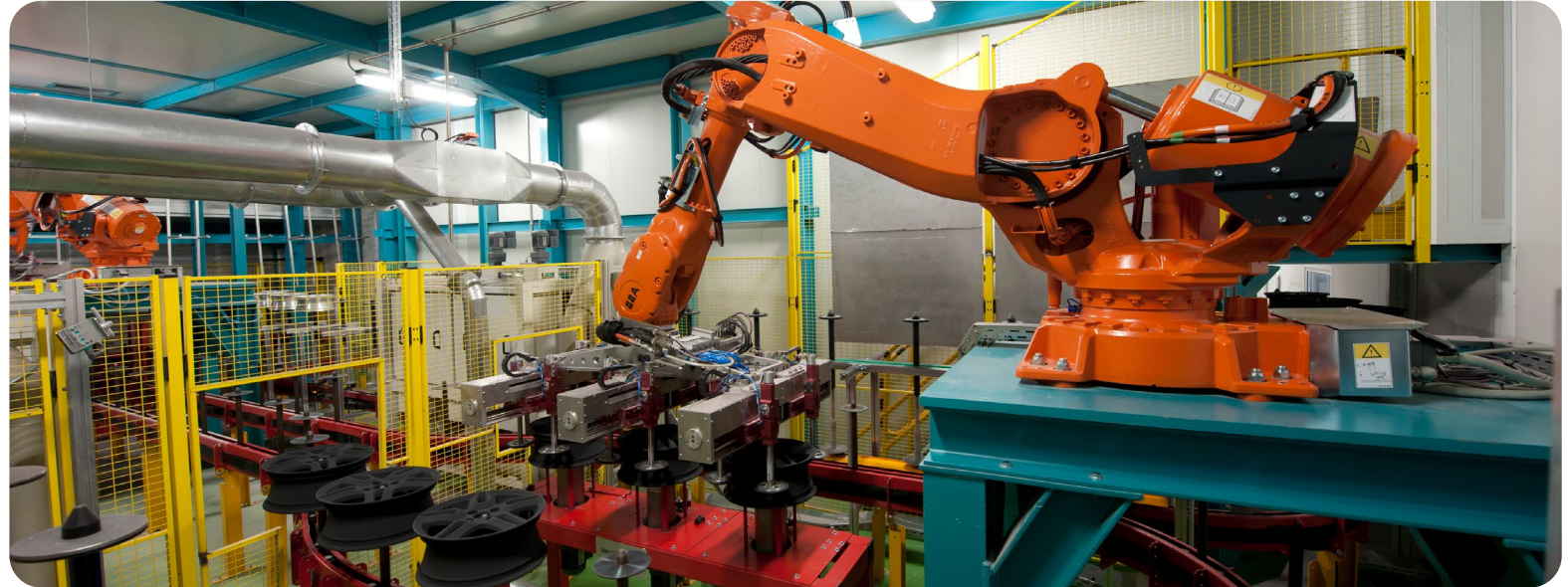
In our corporate risk management, we assess their financial and operational impacts, together with their impacts on the environment, compliance, and society. In this context, topics such as occupational health and safety, environment, climate change, employee rights, diversity, equal opportunity and abuse are included in our corporate risk map.

We create risk analysis reports for occupational health and safety and manage actions and remedial activities planned with a proactive approach in a digital environment through software. We constantly conduct field checks and closely monitor all risk conditions with our occupational security experts and workplace doctor.



# R&D and Innovation

Our R&D Department contributes to CMS differentiating in competition and preparing for the future.



## Number of R&D Center Employees in 2022

**142** employees

## R&D Expenses in 2022

TL **95,7** Million

Wheel production is constantly evolving with technological advances and material innovations. This constant progress is vital to respond to the needs of the automotive industry and provide safer, lighter and more durable products to end users. As the CMS Wheel Research and Development (R&D) Department, we carry out many projects within the company to be at the forefront of this progress and to follow and implement current and potential technological advances in wheel production.

Employing 117 people in 2021 and 142 people in 2022, our R&D Department contributes to CMS differentiating in competition and preparing for the future.

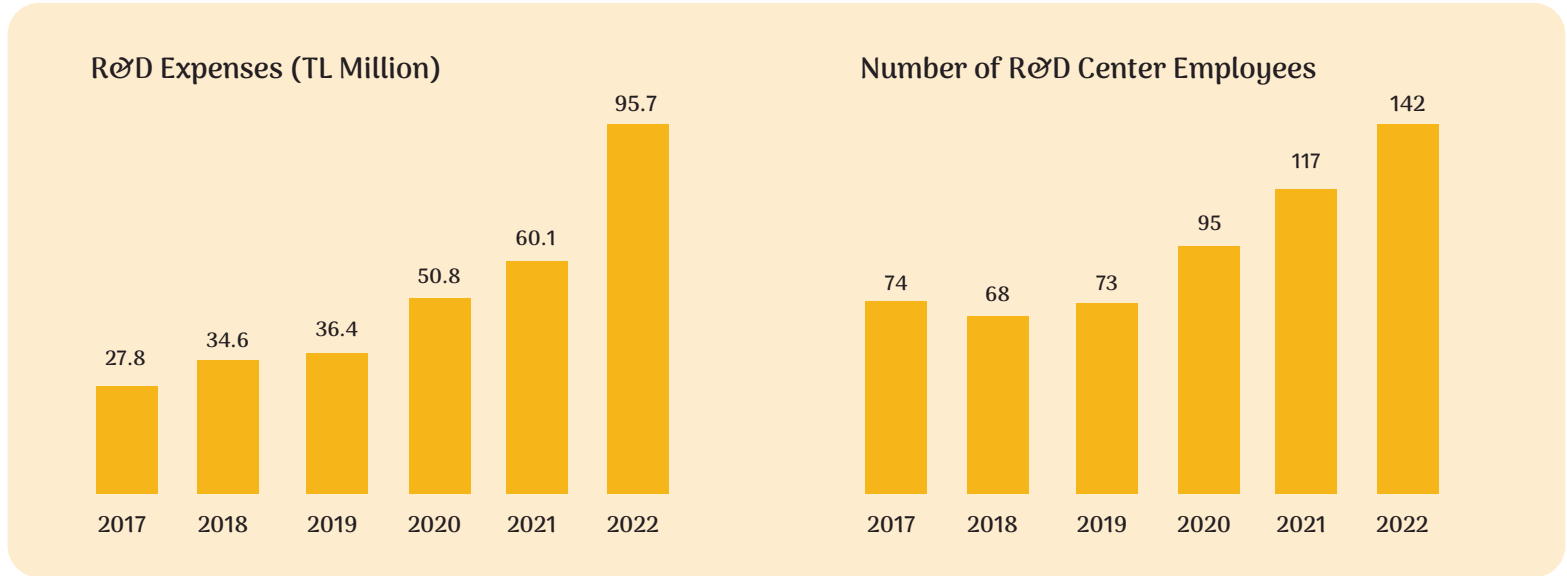
CMS R&D Center was established in 2009 with 66 employees. Today, it continues its activities with 2 R&D Centers at 2 different campuses with 142 experts, including 4 with PhD, 4 doctoral students, 24 with master's degree, 15 master's students, 54 undergraduate and 13 associate degree graduates. Although their fields of study and expertise are different, both R&D Centers work basically to create superior competitive products and ideas, to increase the efficiency of energy and source usage, and to create continuous development and new production methods.

Our main starting point of the projects we developed is to respond consumer expectations at best, to meet legal requirements in products and production processes, to pay importance to recycling activities by using raw materials at optimum levels, and to develop production techniques and technologies which will benefit the environment and the society we live in. Besides benefiting from governmental support in the operations and projects developed, we mainly use our own equity.



# R&D and Innovation

With new analysis, testing methods and computer-aided simulation applications, we support R&D activities required by product development processes.



## Secondary Aluminum Use

Primary aluminum production is carried out by subjecting bauxite ore to a number of processes. This process requires huge amounts of energy and has a negative impact on the balance of greenhouse gas emissions. Another environmental impact of aluminum production is the waste products and by-products generated during the extraction of bauxite ore.

The secondary aluminum use, i.e. the recycling of aluminum waste, consumes much less energy and has less environmental impact. Secondary aluminum production requires up to 95% less energy than primary aluminum

production. This recovery process greatly reduces both energy consumption and greenhouse gas emissions from the combustion of fossil fuels.

Although aluminum is not an unlimited resource in nature, when recycled correctly, it can have a virtually unlimited life cycle. This reduces the environmental impact of bauxite extraction and promotes the sustainable use of this natural resource.

## Achieving Lighter Wheels with PCT Patented CMS-GR Material

Thanks to the modified A356 composition (CMS-GR), which was identified within CMS Wheel and PCT patented, very good castability properties were obtained compared to standard A356 alloy. Using the resulting CMS-GR material, challenging wheel models can be easily produced. Thanks to the superior castability properties of CMS-GR, which comes with grain refinement performance, material loss in the wheel production process is minimized. CMS-GR does not lose its castability even at low temperatures. This will contribute to energy savings in the wheel production process. CMS-GR material gives wheels superior

durability and longevity. This feature allows wheels to be used for longer, reducing the amount of waste and contributing to more efficient use of resources. The CMS-GR composition offers significant environmental advantages over standard alloys with the modified A356 material used in Al-Si alloys. Features such as lower energy consumption, reduced waste amount and recyclability constitute an important step towards environmentally friendly wheel production. Thanks to the CMS-GR material, challenging wheel models can be produced in a lighter, more durable manner and using less energy, contributing to a sustainable future.



# R&D and Innovation

Our leading short term strategy is to respond quickly to our customers' current projects in terms of design.



## Our R&D and Innovation Strategies

### Short term

The leading primary strategies determined for the short term in our business are to respond quickly to the current automobile projects of our foreign and domestic customers in terms of design within the engineering studies we carried out, to complete the wheel design processes in accordance with the project schedules and to commission the project quickly and with high efficiency. We continuously support this goal with R&D activities, new analysis and testing methods and computer-aided simulation applications required by product development processes.

Among the emission reduction targets of vehicle manufacturers is to obtain the materials used in production from recycling.

(GRI 3-3)

In this scope, there is a demand to increase the proportion of secondary aluminum recycled from scrap for use in aluminum alloy wheels and to raise the proportion of secondary aluminum in molten metal to 70%. We work intensely on metal quality within the scope of our R&D project in order to meet the wheel production with 70% secondary aluminum as demanded in the first stage by maintaining our current quality and to be able to use 100% secondary aluminum in production in the medium term.

### Medium term

In order to meet the demand for 18-inch and above wheel models, which has been increasing in recent years, simulation development and verification studies are being realized to simulate especially the tests used in real life in a computer environment. However, the prominence of aerodynamic features in newly produced vehicles is an

indication that the expectation and demand for aerodynamically designed or capped wheel models will increase in the coming years. For this reason, the medium-term strategies of our company include increasing know-how and experience in the development of aerodynamically designed wheels, as well as researching and developing not only the design of capped wheel models, but also new production and assembly methods, and making them available in our company.

As mainstream manufacturers increase their focus on electric vehicles, expectations and designs for aluminum alloy wheels are also changing. While design criteria are moving towards a more closed structure with the goal of aerodynamic improvement, it is desired to achieve the lightest geometry without compromising product performance. For this purpose, designer activities and numerical methods (finite element analysis) stand out in design optimization.

### Long term

The majority of wheel manufacturers use the low pressure casting method (LPDC). However, the inadequacy of LPDC in the recent period reveals the need for intensive process development studies to enable production with LPDC in order to meet the changing design and dimension expectations in new wheel models. This situation leads the industry to search for alternatives and developments instead of LPDC. In this scope, one of the leading long-term goals of our company is to develop production methods that can be an alternative to low pressure casting technology. In order to realize this goal, we aim to develop R&D activities with possible foreign partners.

In addition, today, in accordance with the new protocols established between countries to reduce the greenhouse gas effect, automotive main industry companies are working to reduce the total vehicle weight. As a result,



# R&D and Innovation

In order to balance carbon emission values against high energy consumption, we will accelerate investments in the use of “Green Energy.”

the use of electric vehicles developed as an alternative to the use of fossil fuels is increasing day by day. This situation brings along new wheel designs. While the batteries used especially in electric vehicles significantly increase the total vehicle weight, the LPDC falls behind to minimize the weight increase and to provide the strength resulting from the increased load. For this reason, one of our most prominent strategies in the long term is to find and develop innovative production technologies and make them available within our company. We have accelerated our work towards this goal in order to be prepared for the competitive market conditions that will increase in the future, especially due to electric vehicles and aerodynamic designs.

One of the most important goals of automotive manufacturers today is to reduce carbon emissions both in production processes and on the end-user side. Since reducing emissions in production processes

can be achieved not only within their own organization but also on their main suppliers side with an improvement, we have focused our efforts on this issue.

In the production of aluminum alloy wheels, the production process involves a high amount of energy consumption, as ingot aluminum is melted and poured into molds and heat treatment is used to improve mechanical properties. In order to balance carbon emission values against high energy consumption, we, as CMS, will accelerate investments in the use of “Green Energy.” We have started to work on meeting the energy we will use from renewable sources and gradually reducing energy losses.





# R&D and Innovation

Since its foundation, our R&D Center completed 13 TÜBİTAK projects, 5 SANTEZ projects, and 1 Erasmus + project.

## Number of undergraduate-graduate-doctoral students



## Total number of articles-proceedings-posters since



## Number of articles-proceedings-posters



## Plans and Practices for Our Short, Medium and Long Term Strategy

- Development of radial impact simulation (2021-2022),
- Development of a misuse simulation (2022-2023),
- Electron microscopy-assisted examination and mapping of internal structure features (2021-2023),
- Improvement of mechanical and metallurgical properties of A356 alloy using rare earth elements (2021-2024),
- Development of aerodynamic wheel designs (2021-2027),
- Improving the lifetime of refractory materials used in melting furnaces, holding furnaces and transfer ladles and increasing efficiency by reducing thermal losses (2022-2023),
- Increasing total energy efficiency with energy recycling systems (2022-2025),
- Examination of degassing system and development of suitable flux, degassing process parameters for A356 alloy (2022-2024),
- Investigation of the reusability of secondary aluminum (2021-2023),
- Determination of oxide problems that adversely affect the mechanical properties of A356 alloy and development of disposal methods (2021-2023),
- Increasing the applicability of the ZWARP test by developing it in a virtual environment (2021-2024),
- Encouraging R&D personnel to pursue master's and doctoral studies (2021-2025),
- Creation of national and international scientific publications, articles and proceedings (2021-2025),
- Development of intellectual property rights under the titles of patent, utility model and design registration (2021-2025),
- Alloy development with CALPHAD methodology (2022 - 2025),
- Investigation of the usability of particle reinforced aluminum matrix composites (2021-2027),
- Developing university-industry collaborations and producing joint projects (2021-2027),
- Investigation of innovative casting technologies alternative to low pressure casting method and research of their usability (2021-2028),
- Development of capped wheel designs (2021-2027),
- Development of wheel designs and simulations for electric vehicles (2021-2027),
- Development of know-how, simulation and design applications for the production of 18-inch and above wheels (2021-2027).



## Our Awards



### AFM AWARD FOR DESIGN REGISTRATION IN 2021

As CMS Group, we returned from the Design Week Türkiye 2021 Awards Ceremony organized by the Turkish Exporters Assembly (TIM) under the coordination of the Ministry of Trade with the “Good Design Award” for our C32 Aero design.



### AFM AWARD FOR DESIGN REGISTRATION IN 2022

At the ABC Award 2022 The World of Mobility, CMS Design Team applied for the award in the “Automotive Parts and Accessories” category with the C33 model, the newest member of the product range, and received the “Winner” award.



## List of Academic Publications

### 2021

- 2<sup>nd</sup> INTERNATIONAL CONGRESS FOR MULTIDISCIPLINARY STUDIES, ANKARA – “EXAMINATION OF THE FILLING RATE ON CASTING QUALITY IN WHEEL PRODUCTION WITH LOW PRESSURE CASTING METHOD”
- 2<sup>nd</sup> INTERNATIONAL CONGRESS FOR MULTIDISCIPLINARY STUDIES, ANKARA – “EXAMINATION OF ABRASION RESISTANCE OF VARIOUS COATING APPLICATION IN WHEEL MOLDS”
- 2<sup>nd</sup> INTERNATIONAL CONGRESS FOR MULTIDISCIPLINARY STUDIES, ANKARA – “THE EFFECT OF LOW PRESSURE DIE CASTING FILLING RATE ON METALLURGICAL AND MECHANICAL PROPERTIES OF A356 ALUMINUM ALLOY”
- 7<sup>th</sup> INTERNATIONAL ENGINEERING ARCHITECTURE AND DESIGN CONGRESS – “DESIGN APPLICATIONS FOR REDUCING GROSS WHEEL WEIGHTS”
- 8<sup>th</sup> INTERNATIONAL ENGINEERING ARCHITECTURE AND DESIGN CONGRESS- “THE EFFECT OF THE POTTING THICKNESS APPLIED TO CASTING MOLDS ON MOLD TEMPERATURE CHANGE”
- 8<sup>th</sup> INTERNATIONAL ENGINEERING ARCHITECTURE AND DESIGN CONGRESS- “EXAMINATION THE EFFECT OF THE CROSS-SECTION WIDTH OF CASTING MOLDS ON THE CAST PIECE IN SIMULATION”
- 4<sup>th</sup> INTERNATIONAL CONFERENCE ON MATERIALS SCIENCE, MECHANICAL AND AUTOMOTIVE ENGINEERINGS AND TECHNOLOGY (IMSMATEC’21)- “INCREASING THE MECHANICAL PROPERTIES OF AL A356 ALLOY PARTS BY BALL MILLED AL-TIB2 POWDER MIXTURE AS A GRAIN REFINERS”
- INTERNATIONAL 19 MAY INNOVATIVE SCIENTIFIC APPROACHES CONGRESS – “INVESTIGATION OF A356 MATRIX COMPOSITES WITH N-AL2O3 PRODUCED BY HOT ISOSTATIC PRESS METHOD”
- INTERNATIONAL 19 MAY INNOVATIVE SCIENTIFIC APPROACHES CONGRESS – “THE EFFECT OF HOT ISOSTATIC PRESS METHOD ON THE DEVELOPMENT OF MECHANICAL PROPERTIES OF A356 MATRIX COMPOSITES WITH GRAPHENE”
- 3<sup>rd</sup> INTERNATIONAL CONGRESS OF CULTURAL INTERACTION AND ACADEMIC STUDIES, NEW YORK – “EXAMINATION AND OPTIMISATION OF MECHANICAL TEST PERFORMANCES OF ALUMINUM ALLOY WHEELS”
- 1<sup>st</sup> INTERNATIONAL CONGRESS OF SCIENCE AND APPLIED SCIENCES – “INCLUSION IDENTIFICATION OF A356 ALLOY AT VARIABLE PRESSURES WITH THE REDUCED PRESSURE TEST”
- 4<sup>th</sup> INTERNATIONAL ICONTCH SYMPOSIUM ON INNOVATIVE SURVEY IN POSITIVE SCIENCES- “THE EFFECT OF OXIDE LAYERS ON THE TENSILE TEST RESULT OF A356 ALLOYS”
- MEDITERRANEAN SUMMIT 5<sup>th</sup> INTERNATIONAL CONGRESS OF APPLIED SCIENCES – “EXAMINATION OF GRAIN REFINEMENT EFFECT OF VARIOUS BORON MASTER ALLOYS ON A356 ALLOY”
- MEDITERRANEAN SUMMIT 5<sup>th</sup> INTERNATIONAL CONGRESS OF APPLIED SCIENCES – “EXAMINATION OF THE EFFECTIVENESS OF THE HOT ISOSTATIC PRESSURE METHOD ON SIC ADDITIVE A356 ALUMINUM MATRIX COMPOSITES”
- THE INTERNATIONAL JOURNAL OF MATERIALS AND ENGINEERING TECHNOLOGY – “THE COMPARISON OF NANO-AL2O3 VS GRAPHENE ADDITIVES FOR THE REINFORCEMENT OF ALUMINUM MATRIX COMPOSITE”
- CELAL BAYAR UNIVERSITY JOURNAL OF SCIENCES – “DETERMINATION OF THE EFFECT OF COOLING RATE AND STRONTIUM AMOUNT ON EUTECTIC SI MODIFICATION PERFORMANCE OF A356 ALLOY VIA CASTING SIMULATION”
- RECYCLING OF PLASTICS, METALS, AND THEIR COMPOSITES – “RECYCLING FOR A SUSTAINABLE WORLD WITH METAL MATRIX COMPOSITES”
- JOURNAL OF INTELLIGENT SYSTEMS WITH APPLICATIONS – “STATISTICAL RELATIONSHIP BETWEEN STRONTIUM CONTENT AND COOLING RATE ON A356 ALLOY BY USING REGRESSION ANALYSIS”
- 7<sup>th</sup> INTERNATIONAL MARMARA SCIENCES CONGRESS – “OPTIMISATION OF TYRE SECTION PROFILE FOR PERMANENT DEFORMATION TESTING OF ALUMINUM ALLOY WHEELS OF PASSENGER CARS”
- 8<sup>th</sup> INTERNATIONAL ENGINEERING ARCHITECTURE AND DESIGN CONGRESS – “EXAMINATION OF THE MECHANICAL PROPERTIES OF ALUMINUM CASTINGS PRODUCED WITH DIFFERENT GASSING RATIOS IN WHEEL PRODUCTION”
- 11<sup>th</sup> INTERNATIONAL SCIENTIFIC RESEARCH CONGRESS, (UBAK) – “EFFECT OF DIFFERENT POTTING THICKNESSES ON MICROSTRUCTURE IN ALUMINUM CASTING ALLOYS”
- EUROPEAN JOURNAL OF SCIENCE AND TECHNOLOGY – “TRANSFER LADLE TRACKING SYSTEM USING WIRELESS SENSOR NETWORK”





## List of Academic Publications

### 2022

- CLAMPING AND FIXING MECHANISM FOR THE THREE DIMENSIONAL LASER SCANNER-A UTILITY MODEL.
- 3<sup>rd</sup> INTERNATIONAL CONGRESS OF ENGINEERING SCIENCES AND MULTIDISCIPLINARY APPROACHES – “EXAMINATION OF THE EFFECT OF FEEDING TIME ON HOT TEARING IN ALUMINUM CASTING VIA A CASTING SIMULATION”
- 7<sup>th</sup> INTERNATIONAL ENGINEERING AND TECHNOLOGY CONGRESS – “THE EFFECT OF WATER POOL ON THE CRACKING OF CASTING IN WHEEL PRODUCTION WITH LOW PRESSURE CASTING MACHINES”
- SELÇUK 6<sup>th</sup> CONGRESS OF APPLIED SCIENCES – “EXAMINATION OF THE EFFECT OF FILLING PARAMETERS ON WHEEL UNIAXIAL FATIGUE TEST IN WHEEL PRODUCTION ON LOW PRESSURE CASTING MACHINES”
- SELÇUK 6<sup>th</sup> CONGRESS OF APPLIED SCIENCES – “THE EFFECT OF DESIGN TO AFFECT GROSS WHEEL WEIGHT ON CASTING CRACKING IN WHEEL PRODUCTION WITH LOW PRESSURE CASTING MACHINES”
- SELÇUK 6<sup>th</sup> CONGRESS OF APPLIED SCIENCES – “PREVENTION OF DEFECTS IN WHEEL MOLDS CAUSED BY THE EXPANSION DIFFERENCE IN THE SUB-GROUPS VIA AN ALTERNATIVE DESIGN STUDY”
- SELÇUK 6<sup>th</sup> CONGRESS OF APPLIED SCIENCES – “EXAMINATION OF THE EFFECT OF FIN DESIGN ON WHEELS IN LOW PRESSURE WHEEL PRODUCTION”
- 14<sup>th</sup> INTERNATIONAL SCIENTIFIC RESEARCH CONGRESS- “EXAMINATION OF HOT TEARING BEHAVIOUR OF A356 ALLOY VIA A CASTING SIMULATION ENVIRONMENT USING THE PRINCIPLE OF FACTORIAL DESIGN OF EXPERIMENTS”
- 10<sup>th</sup> INTERNATIONAL ALUMINUM SYMPOSIUM – ALUS – “EFFECT OF THE CASTING TEMPERATURE ON THE MECHANICAL PROPERTIES OF A356 ALLOY PARTS PRODUCED WITH POWDER FORM GRAIN REFINERS”
- 7<sup>th</sup> INTERNATIONAL CONGRESS ON ENGINEERING AND TECHNOLOGY MANAGEMENT- “EFFECT OF DIFFERENT PAINT LAYER THICKNESSES ON ORANGEING”
- 6<sup>th</sup> INTERNATIONAL CONGRESS OF SCIENCE, SOCIAL AND HEALTH SCIENCES IN A CHANGING WORLD – “IDENTIFICATION OF THE EFFECT OF SECONDARY ASSET USAGE ON MATERIAL AND MECHANICAL PROPERTIES IN ALUMINUM WHEEL PRODUCTION”
- 14<sup>th</sup> INTERNATIONAL SCIENTIFIC RESEARCH CONGRESS – UBAK 2022- “INVESTIGATION OF HOT TEARING BEHAVIOR OF A356 ALLOY ON CASTING SIMULATION ENVIRONMENT WITH THE PRINCIPLE OF FACTORIAL EXPERIMENTAL DESIGN”
- GLOBAL CONFERENCE ON ENGINEERING RESEARCH – “EFFECT OF SURFACE PREPARATION PROCESS FOR COATING ON THE PROPERTIES OF LIGHT ALLOY AUTOMOTIVE WHEEL”
- INTERNATIONAL MATERIALS ENGINEERING AND ADVANCED MANUFACTURING TECHNOLOGIES CONGRESS – “EFFECT OF ULTRASONIC MIXING AND AL-NB-B MASTER ALLOY ADDITIVE ON MECHANICAL PROPERTIES OF A356 ALLOY”
- TÜDOKSAD 11<sup>th</sup> INTERNATIONAL CASTING CONGRESS – “THE RELATIONSHIP BETWEEN MECHANICAL PROPERTIES AND LIQUID METAL QUALITY OF AL7Si0.3Mg (A356) ALUMINUM ALLOY USING THE BIFILM INDEX”
- MATERIALWISSENSCHAFT UND WERKSTOFFTECHNIK – “A PRELIMINARY STUDY ON THE MANUFACTURING ALUMINUM-POTASSIUM FELDSPAR METAL MATRIX COMPOSITE MATERIAL”
- INTERNATIONAL ENGINEERING SYMPOSIUM IES ‘22- “COMPARISON OF NUMERICAL BEHAVIOR OF DIFFERENT MATERIAL MODELS ON RADIAL IMPACT TEST OF CAST ALUMINUM WHEELS”
- INTERNATIONAL IMASCON MARMARA SCIENCE AND SOCIAL SCIENCES CONGRESS – “EXAMINATION OF THE EFFECT OF THE PARAMETERS AFFECTING THE DEGASSING PROCESS IN ALUMINUM CASTING ALLOYS ON A356 ALLOY”
- INTERNATIONAL IMASCON MARMARA SCIENCE AND SOCIAL SCIENCES CONGRESS – “EXAMINATION OF THE EFFECT OF IRON, COPPER AND MANGANESE RATIOS IN SECONDARY ALUMINUM IN ALUMINUM CASTING ALLOYS ON A356 ALLOY”
- SELÇUK 7<sup>th</sup> INTERNATIONAL CONGRESS OF APPLIED SCIENCES – “EXAMINATION OF THE EFFECT OF COOLING RATE ON SDAS IN A356 ALLOY, ONE OF THE ALUMINUM CASTING ALLOYS”
- INTERNATIONAL IMASCON MARMARA SCIENCE AND SOCIAL SCIENCES CONGRESS – “THE EFFECT OF ALUMINUM MASTER ALLOYS WITH DIFFERENT SR AND B AMOUNTS ON THE MECHANICAL AND MICROSTRUCTURAL PROPERTIES OF A356 ALLOY”
- 8<sup>th</sup> INTERNATIONAL ENGINEERING AND TECHNOLOGY MANAGEMENT CONGRESS– “HOT TEARING EFFECT OF THE VARIATION IN COMPOSITION OF ALLOY ELEMENTS IN A356 ALLOY”
- SELÇUK 7<sup>th</sup> INTERNATIONAL CONGRESS OF APPLIED SCIENCES – “DETERMINATION OF DESIGN CRITERIA FOR MISUSE TESTING”
- EURASIAN SCIENTECH 2022- “CREATION OF MOULD SECTION CONTROL SOFTWARE AS AN ALTERNATIVE TO CASTING SIMULATION”
- SELÇUK 7<sup>th</sup> INTERNATIONAL CONGRESS OF APPLIED SCIENCES – “ERROR PROOFING OF REPEATED SIMULATIONS BY ANSYS CUSTOMIZATION TOOLKIT (ACT)”
- EURASIAN SCIENTECH 2022- “COMPARISON OF ANSYS AND ABAQUS PROGRAMS IN STATIC STRUCTURAL ANALYSES”
- 8<sup>th</sup> INTERNATIONAL CONGRESS ON ENGINEERING AND TECHNOLOGY MANAGEMENT – “DYNAMIC STUD TIGHTENING TORQUE VALUE CURVE AGING AND ITS INFLUENCE ON RESONANCE TEST RESULTS”
- 10<sup>th</sup> INTERNATIONAL ENGINEERING ARCHITECTURE AND DESIGN CONGRESS – “PAINT REMOVAL IMPROVEMENT, MODELLING AND OPTIMIZING WASTAGE RATES”



## Industry 4.0

The main goal of Industry 4.0 is to achieve industrial transformation by making production processes smarter, more efficient and flexible with the integration of technologies such as digitalization, automation, data analysis and artificial intelligence.

Industry 4.0 means integrating traditional production methods with digital technologies and creating smart production systems. This transformation involves the integration of the internet of things (IoT), big data analytics, Artificial Intelligence (AI), cloud computing, robotic automation and other innovative technologies. With the combination of these technologies, a significant change and increase in efficiency is aimed in production processes.

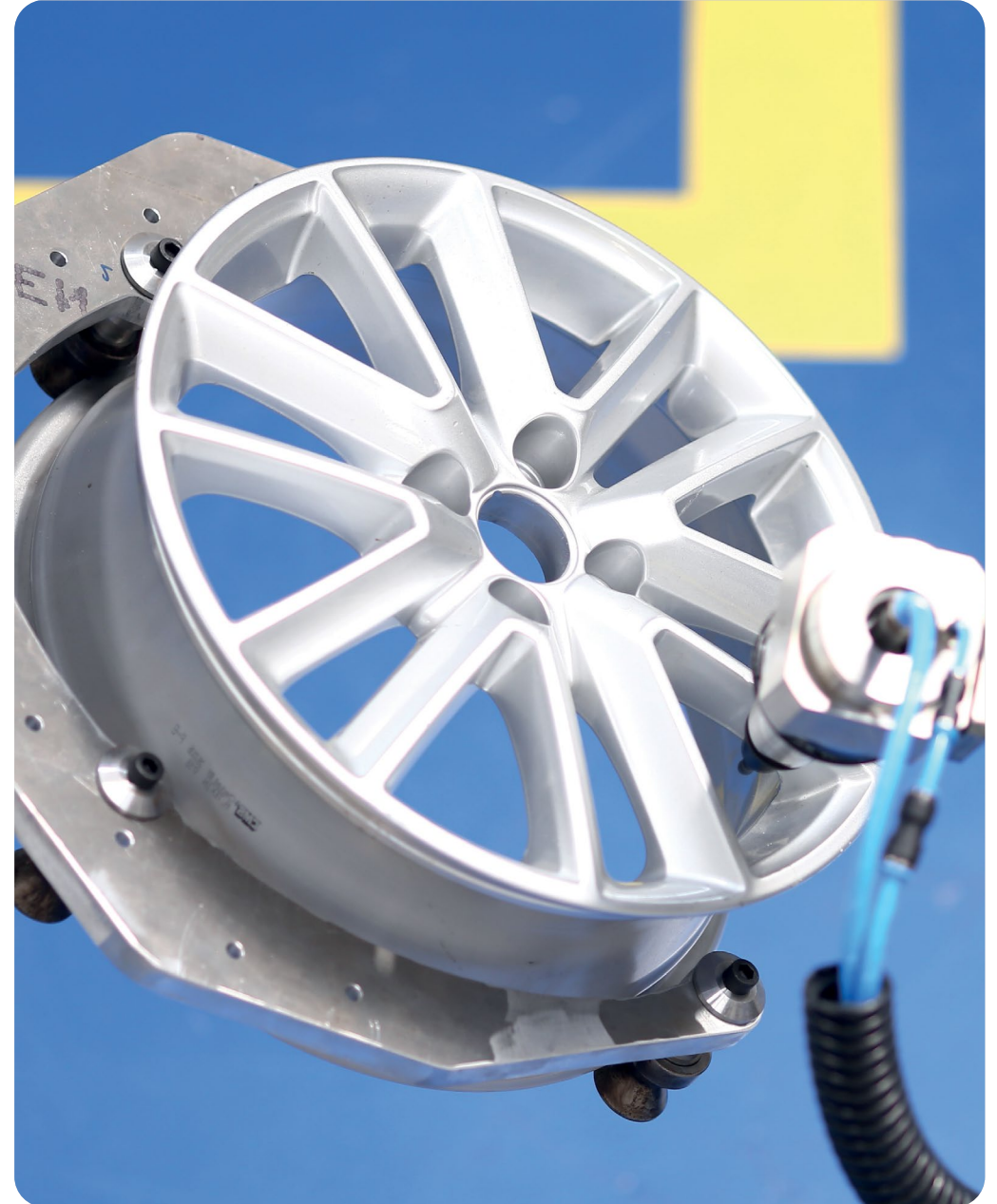
This technological transformation creates major impacts not only in production, but also in supply chain management, product design and customer relations. Industry 4.0 aims to increase the competitiveness of businesses by making them more flexible, adaptable and scalable. It also aims to bring significant developments in issues such as energy efficiency, sustainability and occupational safety.

As CMS Jant ve Makine Sanayi A.Ş. and CMS Jant Sanayi A.Ş., we carry out projects and reorganize our infrastructure in order to realize the Industry 4.0 transformation, which has become a necessity of the age, in the four factories.

We isolate manual production lines in factories from the human factor and transform them into fully automatic robotic production lines. We aim to make modern production and have zero human-caused errors by increasing production efficiency with fully automatic production lines.

In addition to robotic production lines, we also carry out automation work on our manual benches and stations and partially remove human influence from the processes and transform them into semi-automatic. In the meantime, we aim to increase quality and efficiency by reducing human impact.

Integrating into automation studies on production lines, we carry out projects to monitor and store measurable variables such as parameters measurement values, bench data used during production, and to make sense of that data. As the output of these projects, we aim to create the necessary infrastructure, enable the systems to talk to each other, and create a self-correction mechanism in the systems through feedback.





# Industry 4.0

With fully automated production lines, we aim to increase production efficiency, make modern production and ensure zero human errors.

## Our Digital Transformation Projects

Through the **Data Matrix Code - Single Product Monitoring** project, the aim is to provide product monitoring under Industry 4.0 goals, to provide instant data in production and logistics planning, to make analyses by matching process and production data, to enable correct calculation of product unit costs, and thus to determine more accurate sales strategies.

With the **Foundry Monitoring** project, we aim to standardize the casting process, to ensure the traceability of data instantly and retrospectively and the traceability of locally controlled machines via a remote and central structure, to minimize errors caused by human interference, and thereby to improve the process. We aim to ensure standardization in our factories by expanding the projects we have implemented and started to use in the field.

With the **Wheel Recognition and SAP Integration** project, it is aimed to ensure single product traceability in the paint shop and prevent human errors in palletizing by printing data matrix codes after the wheels are separated with image processing systems. With this project, we use wearable technologies to transmit the palletized wheels to stock management through SAP integration. Wearable technologies are also another critical technology in the industrial internet. Through our smart gloves/wearable sensor technology, we aim to increase productivity in our production processes. By expanding the project, we aim to ensure standardization in our factories.

### Machining Robotic Cell Automation

We isolate manual machining production lines in our factories from the human factor and transform them into fully automated robotic production lines. With fully automated production lines, we aim to increase production efficiency, make

modern production and ensure zero human errors. We recognize wheel models with smart cameras without human factor, connect the wheels to the machining tools fully automatically with robots and ensure process flow independent of human factor by measuring 100%.

### Robotic Cell Automation for Foundry Benches

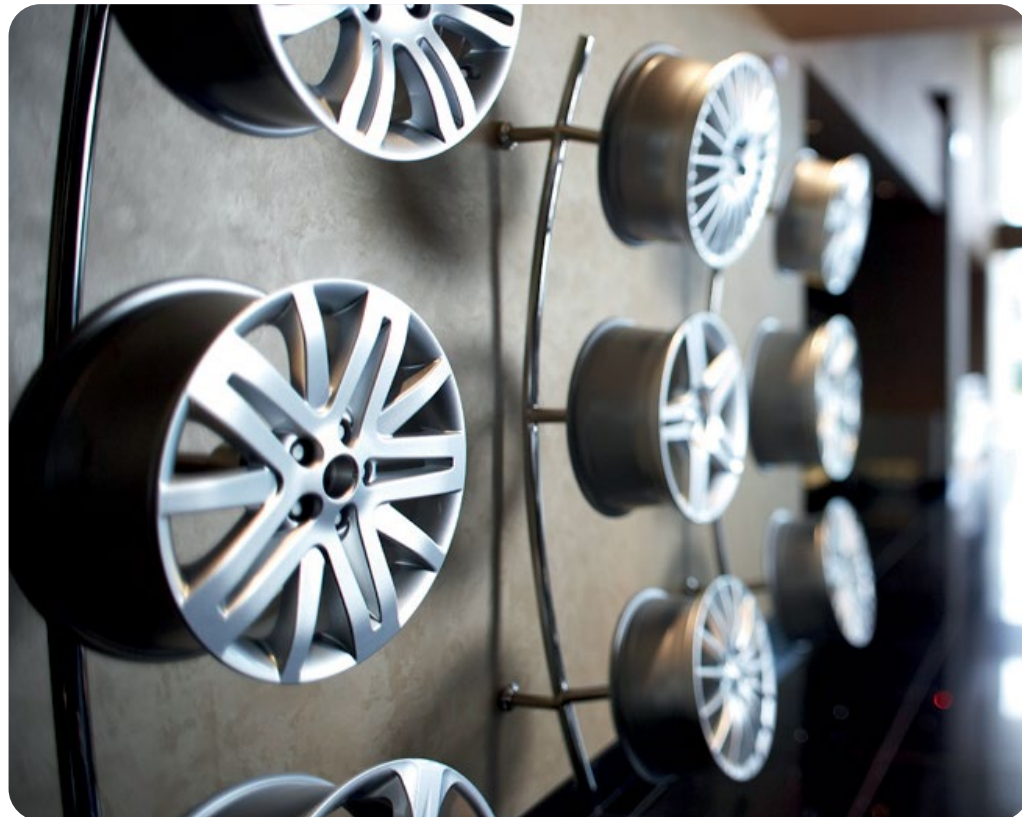
We aim to provide more ergonomic conditions for our operators working with robot integration in the casting process, which is done manually in our factories. We prevent operators from coming into contact with hot and heavy wheels after the casting process and try to eliminate possible occupational safety risks that may occur.





# Product Quality and Safety

Starting from the selection of raw materials, we act in accordance with customer requests and relevant party expectations by ensuring all applicable standards and legal requirements at every stage of production and service activities.



(GRI 3-3, 416-1, 416-2)

In line with our strategies and principles, we aim to provide products and services in accordance with scientific and technological innovations with our expert employees, by providing customer special requests and certification expectations at every stage of our production and support processes, starting from raw material selection.

In order to ensure continuous growth, development, legal compliance continuity and business continuity, it is always of great importance to manage the risks that our Company may face correctly. We also adopt the risk management logic included in the general perspective of quality standards. All our risks related to wheel design, production and logistics details are evaluated by the relevant processes.

In parallel with our strategy, we have determined our principle as becoming a leader in product safety, environmental conditions, energy efficiency and recyclable raw material resources without compromising on quality. We shape these in accordance with all customer special requests and quality standard requirements. We regularly perform audits, certifications and necessary internal/external tests for systems and wheel production. We comply with all international and local legal regulations regarding the environmental and safety impacts of our wheels produced. We ensure the continuity of our certificates.

A wheel is a safety and regulatory component. We ensure that the wheels comply with the legal regulations of the markets where they will be used by proceeding with product safety awareness at every step of the design and production stages.

## Our Quality Certificates

IATF 16949 Automotive Quality Management System
ISO 9001 Quality Management System
ISO 27001 Information Security Management System
TISAX Automotive Information Security Management
ISO 14001 Environmental Management System
ISO 45001 Occupational Health and Safety Management System
ISO 10002 Customer Satisfaction and Complaints Handling
ISO 50001 Energy Management System

We aim to create shared customer value with all our stakeholders by ensuring that our continuously improving quality awareness is adopted from the beginning to the end of our supply chain. Our competent quality and laboratory teams ensure control requirements at all stages, from the entry of raw materials to the delivery of wheels to our customers and end users, using methods in accordance with standards.

We adopt a holistic approach to sustainable wheel design, considering the entire life cycle. In addition, we monitor the success and continuity of our strategies with the targets and performance measurements we set for our strategies.



# Product Quality and Safety

One of our primary quality objectives is to increase customer satisfaction with a zero-error approach.

## Customer Satisfaction

We care about continuous customer communication. We analyze all kinds of suggestions, opinions, notifications and complaints from our customers and end users in detail and formulate strategies based on the expectations of all stakeholders and CMS experience.

We aim for continuous improvement in all our facilities, taking into account the operational excellence approach.

We also support quality development by prioritizing quality performance and customer satisfaction at every stage. We strengthen this development with our R&D studies. Controls and improvements start from the design stage with simulations. We aim for excellence by prioritizing customer satisfaction in every process with our values and quality principles that form the source of our success.

(GRI 3-3, 416-1, 416-2)



In order to provide guidance on how to interpret technical regulations to our experienced employees who have a command of the industry dynamics and adopt the CMS culture, we transfer information in areas such as principles, structures, lessons learned, quality perspective and process approach through the internal platforms we use for the continuity of information flow.

We establish a more dynamic communication with our customers with the support of our employees, whom we have trained to make quick solution-oriented evaluations and increase customer satisfaction day by day.

In 2021, we completed the transition to the 2018 version of the ISO 10002 standard, which we have been certified since 2012 to ensure continuous improvement by evaluating customer satisfaction and complaint management by an external eye, in all our locations.

One of our primary quality objectives is to systematically analyze all suggestions, opinions, notifications and complaints regarding all wheels produced at CMS, to determine actions according to the results of the analysis, and to increase customer satisfaction with a zero-error approach thanks to the information obtained.

During the reporting period, no events violating related regulations occurred regarding products and services information and labeling.

You can access our quality policy on our website <https://www.cms.com.tr/tr/kurumsal/cms-politikalari>.



# Our Supply Chain

By focusing on sustainable supply chain management, we implement our priorities in environmental, social and financial areas throughout our supply chain and constantly improve together with our stakeholders.



(GRI 3-3, 308-1, 308-2, 414-1, 416-2)

We work to ensure that our ethical and sustainability principles are adopted by our supply chain. Therefore, we prefer long-term business contracts.

Our supply chain organization consists of the main processes of planning, logistics, and procurement. Our procurement operation is integrated with CMS Jant Sanayi and CMS Jant ve Makina Sanayii.

CMS Procurement is a dynamic organization with procurement offices at 4 different locations and 19 employees. Purchasing Department serves through direct, indirect, and investment purchases. Having a large supply chain, CMS adopts local supply opportunities with the aim to increase its contribution to the country economy through its activities as much as possible. With 215 suppliers newly added in 2021-2022, our total number of suppliers reached 1,317. Of these, 86% are local companies.

As CMS, we work to ensure that corporate ethical and sustainability principles are adopted by the supply chain. Therefore, we prefer long-term business contracts. We prefer suppliers that offer a joint purchasing structure, high-tech, energy-efficient products and services. We continuously monitor and try to develop the sustainability performance of our large supply chain.

We perform supplier risk assessments for all our suppliers. All legal and environmental risks are included to this procedure. We expect from the suppliers that they evidence their full compliance to all legal regulations on the protection of the environment, human rights, health, and safety conditions. For this purpose, we examine the certifications of our suppliers. In the assessments in 2021-2022, we did not have any supplier in the critical

category due to environmental and social impacts. No new supplier has been identified to be subjected to environmental and social audit.

## Digitalization of Internal Processes

With the digitalization of our purchasing processes and the introduction of new digital structures, we aim to significantly reduce labor-intensive processes and achieve efficiency. As it involves a flexible, scalable and comprehensive process, we will start working to emphasize the use of robots to increase efficiency in repetitive and low-value tasks of our employees, except in rare exceptional cases. These robots will enable our employees to redirect their energies to other tasks with higher added value. One of our 2023-2024 goals is to enable software robots to perform the repetitive, rule-based processes and tasks performed by humans today. Labor force gain was achieved in 7 processes within the scope of the project, thanks to their ability to work with zero error without interruption, ensure cost advantage and eliminate the use of documents. In addition, with the completion of processes through software, paper consumption is prevented and natural resources are protected.

## Business Ethics and Compliance

The basis of CMS Group's relations with its business partners is its business ethics approach based on the principles of honesty, transparency and accountability. As a result of its activities from past to present, our Group has always maintained its high reputation in corporate governance, adherence to core values, compliance with ethical rules and fair behavior.

412 suppliers in the material procurement category

31%

428 suppliers in the service procurement category

33%

477 suppliers in the industrial procurement category

36%

In total

1,317 supplier companies



# Our Supply Chain

The satisfaction rate of our suppliers serving CMS is above 90%.

In this context, with the “Business Ethics” document prepared by the CMS Group Ethics Committee in order to establish the working principles and ethical rules of the CMS Group in business ethics topics such as human rights, legal compliance, occupational health and safety, environmental protection, prevention of discrimination, conflict of interest, rules and principles of savings, product and service quality, continuous improvement, competition, community activities and social responsibility, anti-corruption, stakeholder relations, corporate information communication, information confidentiality and personal data protection, the rules of behavior that the business partners of the CMS Group must comply with were defined, and these rules are available on the official website of the CMS Group. All employees of our Group are responsible for complying with these rules and ensuring that they are complied with.

CMS Group’s Business Partner Manual defines the working principles, ethical rules, rights and responsibilities of our employees, Business Partners and all stakeholders in accordance with local and international laws, standards and generally accepted good practices.

As stated in the principles of our Founding President, Mr. Tonguç Ösen, “CMS Group is an institution of trust.” Aiming to be a symbol of trustworthiness, CMS Companies treat all its stakeholders with respect and act in accordance with the law under all circumstances.

## Business Partner Perception and Satisfaction Survey

As CMS, we conducted a research study to measure our suppliers’ satisfaction with our Company and to understand their perceptions of CMS. In this scope, a research report was prepared for 2021 in comparison with the end of 2017. According to the report, we determined that the satisfaction rate of our suppliers serving CMS is above 90%.

Although there was no statistically significant increase, the overall satisfaction level of our suppliers increased from 4.19 points out of 5 in 2017 to 4.23 points in 2021.

The criteria that created the most satisfaction in this period were that CMS is:

- A company with knowledgeable and expert employees in their fields,
- Reliable and stable,
- Financially strong
- Innovative, open to new ideas and suggestions.

In the satisfaction evaluations related to the Supply Chain, the communication style, attitude and behavior of the supply chain team employees, the adequacy of the time allowed in the bidding process, the knowledge of the supply chain department employees, and providing equal opportunity in the bidding process are the criteria that create the highest satisfaction.

## Criteria in Supplier Selection

Supplier management is not only part of short-term operational goals for businesses, but also part of long-term sustainability goals. Factors such as the right supplier selection, collaboration and communication, material and resource efficiency, and reducing environmental and social impacts play an important role in the sustainability journey of businesses.

As CMS, we select our suppliers according to the rules of the CMS Business Partner Manual and the approved supplier list. We adopt as a principle that mutual benefit will be created through long-term relations and cooperation based on mutual trust. The CMS Business Partner Manual identifies workflows with business partners that must be followed in order to create a business environment based on a partnership approach. In order to start or continue working with business partners, the criteria in the manual must be met.





# Our Supply Chain

**We aim for an effective and sustainable collaboration with an environmentally responsible supply chain management.**

The selection and evaluation process of our business partners includes a wide range of evaluation criteria covering environmental, social and economic dimensions. In the selection of our business partners, we particularly require them to have quality certifications such as IATF 16949, ISO 14001, ISO 9001, ISO 45001, ISO 27001. These certifications form the basis of the quality and compliance standards we expect from our business partners.

In line with IATF 16949 requirements, our business partners that supply materials to automotive companies for the production of original equipment wheels are required to have "ISO 9001" quality certification. In addition, our business partners are expected to harmonize their processes with the "IATF 16949" quality system over time.

During the selection stage, it is also an important criterion for candidate companies to have "ISO 14001 Environmental Management System Quality Certificate" and "ISO 45001 Occupational Health

and Safety Management System". In the selection process, we also evaluate potential business partners' occupational health and safety performance, environmental impact management activities, waste management activities and compliance with legal regulations. Focusing on improving their environmental performance, we address the environmental aspects of our business partners' production processes together and contribute to their improvement efforts.

We have 412 suppliers in the material purchasing category, 428 in the service purchasing category and 477 in the industrial purchasing category. Out of a total of 1,317 different suppliers, 102 have ISO 14001 certification. 44 of our suppliers have ISO 45001 certification.

We also consider various other criteria when selecting suppliers. Foremost among these are the supplier candidates' past work experience and successful references. The supplier's level of flexibility, customer support and adaptability in business processes are other important factors. We pay close attention to their quality assurance, quality standards and reliability of products or services. We also analyze the supplier's financial structure and level of reliability in a concrete way.

We also assess whether the supplier has the necessary licenses, distributorships, agencies, etc. to be authorized to do business. Technological competence is an important criterion to have information about the supplier's technological infrastructure and competence. Environmental sensitivity is another important evaluation criterion that reflects the supplier's approach to environmentally friendly practices and environmental impacts.

The supplier's understanding of business partnership and partnership potential are important for the supplier to contribute to long-term collaborations. Finally, we take into account the requirements specific to the industry in which the supplier operates and other special factors.

By evaluating all these criteria in detail during the supplier selection process, we aim to establish long-term and successful collaborations with effective and reliable business partners. We thus aim to provide the best service to our customers and fulfill our environmental responsibilities by ensuring compliance with high quality standards in our business processes.

We use the Business Partner Survey for the pre-assessment of the business partners and determine whether they meet our Company's criteria. The survey is conducted

to pre-evaluate the level of competence and suitability of the business partner we intend to collaborate with in various critical areas. Within the survey, critical areas such as the business partner's quality management system, product design competence, supply management system, human resources management system, production-management system, logistics system, measurement and evaluation system, customer management system and environment, occupational health and safety management system are evaluated.

In order to start or continue working with business partners minimum criteria of the survey must be met. The phase of sample production and testing is started with companies receiving a sufficient score. Suppliers, which are assessed as positive at the end of these stages, are included in the approved supplier list. In the stage of supplier selection, the suppliers are categorized and approved suppliers are audited.







# Our Supply Chain

We regularly audit our suppliers' compliance with business ethics principles.

Quality, supply and production management system evaluation helps to determine how competent the products, services and production processes are.

The measurement and evaluation system includes methods used to monitor the performance of the business partner and identify opportunities for improvement, while the customer management system evaluates how the business partner manages customer relations and ensures customer satisfaction.

As CMS, we attach great importance to the compliance of the services and products provided within our supply chain with the environmental protection standards of their industries. We thus aim for an effective and sustainable collaboration with an environmentally responsible supply chain management.



(GRI 3-3, 308-1, 308-2, 414-1, 416-2)

## Supplier Development Program

Quarterly (4 times a year, every 3 months) supplier performance evaluations are conducted for approved suppliers selected according to the rules set out in the CMS Business Partner Manual. There are 4 levels in total for CMS suppliers, consisting of A, B, C and D. Suppliers with quarterly performance results of D are not worked with, while suppliers with B and C are included in the Supplier Development Program in order to promote to A class. Within the supplier development program, the root cause of the supplier not being A level is determined, meetings are held with suppliers to inform them of the root cause and to take action for the supplier to improve. Audits are organized for C class suppliers. We follow the supplier's actions on a monthly basis. We expect the supplier to reach level A as a result of the next quarter performance evaluation. For suppliers that do not reach level A, the development program continues for another 3 months. At the end of a total of 6 months, if the necessary improvement has been achieved, the Supplier Development Program is terminated. If the desired level of improvement has not been achieved, the supplier is downgraded to group D, alternative work is initiated and the work is stopped at the end of the process.

The following aspects of suppliers are considered:

- References and experiences,
- Flexibility and support,
- Assurance in terms of quality,
- Financial structure,
- Authorization documents regarding licenses, distributorships, agencies, etc.,
- Technological competency,
- Respect for the environment,
- Partnership structure,
- Other factors necessitated by the related business sectors.

## Supplier Audits

Our Supplier Audits are an important part of our Responsible Sourcing Policy. Our Responsible Sourcing Policy includes Legal Compliance, Human Rights, Environmental Responsibility, Occupational Health and Safety, Business Integrity topics (<https://www.cms.com.tr/tr/kurumsal/cms-politikalari#section-sorumlu-kaynak>).

We regularly conduct audits to check our suppliers' compliance with business ethics principles. Within these audits, we determine the compliance of our suppliers with CMS expectations on fields such as legal compliance, working conditions, human rights, occupational health and safety, and environment.

With the audits we conduct, we plan continuous improvements by focusing on the nonconformities identified in our suppliers and check the effectiveness of the actions in the audits that follow these plans. We work meticulously to ensure that our suppliers act in accordance with CMS's values and standards.

Within the scope of our audits, we demand full compliance with the law. In particular, if negative situations such as child labor, forced labor, bribery and corruption are detected, we take the decision to terminate our collaboration with the supplier in question. This attitude reflects our commitment to our ethical and sustainable supply chain management goals.

With our Responsible Sourcing Policy, we aim to undertake our social and environmental responsibilities and create a supply chain based on fair and ethical values while collaborating with all our suppliers. And our supplier audits are an important process we conduct in line with this vision.



## Our Logistics Activities

We monitor our environmental impact by calculating our carbon footprint in all our logistics activities and develop new projects to reduce it.

As CMS, we carry out our logistics processes with a perspective on sustainability, digitalization, and focus on high-quality.

Our logistics team selects suppliers with core quality expectations within the scope of IATF 16949 requirements. For the suppliers to be qualified as “Workable” at the end of the assessment, they need to have an ISO 9001 quality management system certification and be capable of providing a transparent information flow with instant information flow at the vehicle/service monitoring stage. For international transportation, our prerequisite for the suppliers is compliance with the emission norms identified by the EU. For transportation between facilities, we expect that the companies’ vehicles are not older than 5 years and have obtained a license in accordance with the legal emission values. In all local transportation, the prerequisite is compliance to legal limits.

Considering both environmental sensitivity and cost management in our transportation processes, we have created a setup that focuses on maritime transportation. Provided destinations are appropriate, products are

delivered through maritime transportation. For destinations to be delivered through road transportation, we consider railway transportation as an alternative, provided the customers are at appropriate locations. In 2022, we increased our shipments by rail transportation, which we preferred over road transportation, and reduced our carbon emissions from our logistics activities. In all our logistics activities, we strive to keep our environment impact at a minimum by calculating our carbon footprint.

Instead of directing teams from Türkiye for inventory counting activities in countries where we have both sales representative offices and consignment warehouses, we direct our competent personnel in the representative offices for counting activities, ensuring effective use of human resources and reducing carbon footprint as travel distances are shortened. We conduct more than one warehouse counting activity in a single trip by unifying international consignment warehouse counting calendars. We thus achieve both carbon footprint reduction as travel distances are shortened and savings in travel costs.



The performances of the suppliers are regularly monitored within the scope of the department’s KPIs, evaluated together with suppliers, and reported within CMS. For all KPIs, in-department assessment meetings are organized, and the performances of the suppliers are assessed. We carefully monitor the actions taken at these meetings. Besides, if any, topics for which actions need to be taken are identified and feedback is submitted at the monthly meetings with suppliers. In case of repeated incongruities,

sanctions within the scope of contracts and instructions are applied (8D practices).

To ensure integration in the follow-up of all our logistics processes, flows from CMS to the customer are monitored via an infrastructure called ATLAS. Thanks to this infrastructure, the parties (carriers, customs agents, warehouses, logistics operations, customers) can monitor processes such as booking, loading, location monitoring, unloading plan,



## Our Logistics Activities

As a team, we monitor our transit times and make continuous improvements to ensure timely and trouble-free deliveries.

Delivery Performance Target

98%

and realizations through a single platform. Cost management (invoicing, follow up, and analysis) is planned to be integrated into the related system. We increased the monitoring and transparency of workflows of repeated routine processes (approvals, orders, samples, reconciliation, transportation between facilities, etc.) by transferring them into the digital medium via ROTA, PERGEL and other systems hosted at CMS.

Performing RPA (Robotic Process Automation) improvements for the automation of daily operational routines, we aim to commission it within 2023 and thus increase productivity in our processes.

In order to ensure timely and trouble-free deliveries to our customers, our logistics team monitors transit times as well as the KPIs defined for the transportation companies. Analyzing data with statistical methods, we evaluate them at monthly meetings attended by related units.

Thanks to supplier KPIs and our dynamic transit duration management, we achieve our target of 98% delivery performance, which is also pointed out by our customers.

In line with the orders placed by our customers, the Logistics Department determines the methods for meeting customer expectations for the shipment of products produced at CMS, to delivery addresses under controlled conditions specified in contracts.

Customer satisfaction in logistics processes is of great importance to CMS. The company also pays due attention to after-sales monitoring. Within this scope, no cases violating regulations, which resulted in defects, errors, fines, or penalties have been observed during the reporting period. There were no negative feedback or incompliance to regulations. The safety of the product produced according to the desired quality and in accordance with customers' standards is ensured.

As of 2020, in addition to Scope 1 and Scope 2 emissions, we started to calculate Scope 3 emissions for logistics activities according to the 2018 version of ISO 14064-1 and had them confirmed by a 3<sup>rd</sup> party. Thus, we evaluate and monitor our carbon footprint in the logistics activities of our supply chain more comprehensively.

In our 2022 Corporate Carbon Footprint calculation, 49,352.64 tons of CO<sub>2</sub> eq was calculated and verified in the Scope 3 category of Indirect Emissions of Transportation, Indirect Emissions of Transportation and Distribution of Raw Materials, Indirect Emissions of Transportation and Distribution of Products, Indirect Emissions of Employee Commuting, and Indirect Emissions of Business Travels.





# Our Human Resources Approach and Practices

While providing equal opportunities to our employees with our Human Resources practices, we create areas for them to develop their talents and skills.



(GRI 3-3, 401-1, 401-2, 401-3, 405-1, 405-2)

As CMS Group, our priority in our Human Resources Policy is to attract candidates who are suitable for our corporate culture and sustainable future goals to our Company, to develop our existing human resources, and to enable our employees to reveal their potential with our human resources practices we developed for our employees.

You can access our human resources policy on our website (<https://www.cms.com.tr/tr/kurumsal/cms-politikalari>).

The adoption and internalization of our values, which form the foundations of our company, by all employees is one of the factors underlying our success. In all our processes that we set out with the concepts of continuous development, personal leadership, passion, customer orientation, respect and trust, we focus on people and work with all our strength to keep these values alive. We ensure that our values, codes of conduct and effective leadership principles are protected and sustainable by prioritizing them in every field of our work.

We started the Human Rights Impact Assessment process to evaluate the human rights dimension and impacts of our activities and services. We will manage our significant impacts in a controlled manner in accordance with the principle of human rights protection.

In this evaluation, which is made by considering all stakeholders, after determining the human rights dimensions, the current situation is graded from important to non-important according to the determined risk groups. Action plans are created according to the degree of importance. These plans can be at various levels, ranging from follow-up throughout the year to corrective action requiring simple measures.

With our Human Resources practices, we create strategies that provide equal opportunities for our employees and enable them to develop their talents and skills.

After 2020, as in the whole world, we changed our perspective in business processes to digital platforms and changed our ways of doing business to be more efficient and effective. We know the importance of employee engagement at this point, and we care and meticulously take into account the feedback receive to develop and keep up with the new age.

In addition to our employees who complete their legal working hours in our factories, we also have employees working in hybrid and flexible working models. Our employees, who report their monthly and weekly work plans to human resources and their managers in digital media, work in a working model in accordance with their plans.

## Employee Rights

With modern systems that focus on people, CMS develops and implements sustainable, modern and integrated systems in all its processes from recruitment to performance management, from employee development to wage management.

We identified maintaining and improving equal opportunity as our main human resources agenda. In this scope, we implement practices that take into account human rights, employee engagement, employee development and occupational health and safety, which constitute the focus of human resources. Preventing discrimination in the workplace, increasing female employment and equal opportunity are among the issues we primarily address.



# Our Human Resources Approach and Practices

We provide fair and equal opportunities to our employees and candidates, and attach great importance to ethical rules promoting non-discrimination and equality.

In 2021, 16% of our middle and senior management staff consisted of female employees, while the ratio of female managers reached 22% in 2022. The number of female executives increased by 27% from 2021 to 2022. As CMS, we continue our efforts to increase the number of female employees. Since we operate a fair process in promotion and remuneration systems, there is no discrimination between men and women.

We offer equal rights to all our employees regardless of religion, language, race, age, gender, ethnic origin, sexual orientation, religion, marital, social or economic status, disability, pregnancy or military service status. We have female employees who started working in 2021 with the knowledge that they were pregnant and went through the pregnancy and maternity leave process.

All of our female employees who completed the pregnancy process and used their legal maternity leave returned to work at the end of their leave. We did not have any female employee who tended to leave after returning from maternity leave. In addition to our female employees, a total of 446 male employees took 2,089 days of paternity leave in 2021-2022. Although our female employees do not have maternity coverage in their private health insurances, CMS covers some of the birth expenses incurred in private hospitals.

## Complementary Health Insurance

**80%**

of our employees

## Private Health Insurance

**20%**

of our employees



## Remuneration and Fringe Benefits Management

80% of our employees are covered by collective bargaining agreements and have a wide range of income items in terms of wages and fringe benefits.

The wage increases of our employees are realized above the market increases with the collective bargaining agreement. Holiday allowances, heating aids, marriage benefits, birth benefits, death benefits, military service benefits, child allowances, educational aids, food and clothing aids are provided to all our employees with collective bargaining agreement increases, protected under market conditions.

Every year at the beginning of the academic year, we provide tuition assistance to the children of our employees who attend pre-school, primary, secondary, high school and university. In 2021, the children of 1,411 employees and in 2022, the children of 1,157 employees benefited from this aid.

80% of our employees have complementary health insurance and 20% have private health insurance. Private and complementary insurance also covers the families of our employees according to their positions.

In 2021, we expanded the scope of the piggy bank system, which has been implemented also in previous years and continues to be implemented. To encourage employee loyalty and continuity, we added the seniority paid every month to our employees' piggy bank accounts.

2021	Blue Collar	White Collar	TOTAL
Male	3,139	724	3,863
Female		155	155
<b>TOTAL</b>	<b>3,139</b>	<b>879</b>	<b>4,018</b>

2022	Blue Collar	White Collar	TOTAL
Male	3,122	556	3,678
Female		162	162
<b>TOTAL</b>	<b>3,122</b>	<b>718</b>	<b>3,840</b>



# Our Human Resources Approach and Practices

While we pay attention to compliance with regulations at every step of our human resources processes, we also prioritize digitalization.

Our employees who are selected as the employee of the month are presented with gift vouchers every month and a communication meeting is held with senior management at dinners.

## Employment

As CMS, together with our local and international affiliates, we provide services with a workforce speaking many languages and having different religions and ethnicities. Regardless of their culture, age, gender, and disability, candidates applying to our company are evaluated according to their talents, abilities, and performances, and, if deemed appropriate, are employed.

We provide fair and equal opportunities to our employees and candidates. We attach great importance to ethical rules promoting non-discrimination and equality. Monitoring employee numbers and working conditions in compliance with legislation, at CMS all our employees are under contract and work full-time. Accordingly, no discrimination cases were reported within our Company during the reporting year, and there were no cases.

## Work Accidents

Thanks to CMS' trainings for accident prevention and the OHS MANAGEMENT

SYSTEM application, our accident ratio is decreasing. Even though our accident ratio decreases, our main target is zero accidents. In 2020, all employees have promised this goal.

## Social Security - Pension Plan

Together with this practice valid since our establishment, all CMS Group employees are entitled to benefit from our pension plan. White-collar employees completing their first year are provided with a right to private pension plan with Company contribution. That way, our employees are encouraged to make savings and when they leave their jobs, they benefit from the pension system to which the Company also contributes.

## Severance Payments

Employees completing their 10, 15, 20, 25, and 30 years are awarded a plaque thanking for their efforts and contributions to our Company.

## HR Portal and CMS Academy

As CMS, we prioritize digitalization in every step of our human resources processes. In this scope, we have an online platform called HR and CMS Academy, where we include the steps of human resources processes together with the IT department.





# Our Human Resources Approach and Practices

We won 2<sup>nd</sup> place with our “CMS Strong Future” talent program in the “Top 100 Talent Program - 2022” competition, where Türkiye’s best talent programs are selected.

This portal offers the recruitment process, training (behavioral, vocational, technical and foreign language) requests, approval process, creation of training budget, tracking of annual training calendars, recording of trainings and training evaluations from a single source.

## Contact

Accurate and timely communication has always been one of the most important topics in line with our Company culture. Simultaneous and fast communication is extremely important due to the fact that we have facilities in different locations. As CMS group, we approach this issue very sensitively and support all channels of accurate and fast communication with both digital boards and applications used in internal communication.

## Bizbize

CMS Bizbize is a comprehensive application where our employees can submit their suggestions, requests and demands online, be instantly informed about announcements and important developments, view meal and service lists, and where company-wide surveys, events and sweepstakes are conducted.

Through CMS Bizbize, we received 56,935 responses with 38 surveys and 219 questions in 2021 and 2022. We saved time and paper both in distributing and answering the survey and in its reporting.

## Sizi Dinliyoruz

Feedback culture is one of the topics that our company attaches importance to. With the “Sizi Dinliyoruz” field on the Bizbize platform, we started to track this feedback instantly. This has been of great benefit to us in terms of evaluation and taking quick action.

Thanks to the “Sizi Dinliyoruz” platform, our communication with our employees is getting stronger day by day. The number of messages received from our employees through the application was 3,871 in 2021 and 3,131 in 2022. Necessary actions were taken for the feedback received, and all 7,000 notifications were answered.

## Digital Board

This technology, which is now highly preferred in today’s world where the concepts of digitalization and speed are gaining importance, turns the area where it is located into one of the most important communication, information and presentation centers. These boards, which provide up-to-date and continuous

information flow at the points where they are positioned, transform every area into “smart” centers.

In addition to the “CMS Bizbize” application, which we use in the internal communication process to share all kinds of information, we reach our employees simultaneously through Digital Boards as well.

Thanks to the Digital Boards, we, as CMS, manage communication from a single source and prevent information pollution. We do not only emphasize the Industry 4.0 approach in the physical elements we improve, but also apply the concept of continuous innovation to the field of communication, which is the most inevitable activity of today.

## Our Awards



In 2022, as CMS Jant, we are proud to be awarded the Silver award with our “CMS Digitalent Management” application in the Best Talent Management Strategy category of the Stevie® Awards competition for Large Employers!



We won 2<sup>nd</sup> place with our “CMS Strong Future” talent program in the “Top 100 Talent Program - 2022” competition, where Türkiye’s best talent programs are selected!



The London-based “HR Excellence Awards”, one of the world’s most prestigious human resources award organizations, sheds light on the best practices in the field of human resources. In 2022, CMS Jant was awarded the second prize by the jury committee in the category of “Best International Human Resources Strategy”.



# Employee Training and Development

We organize comprehensive orientation programs for new employees to feel themselves part of our Company.

## Selection, Placement, and Orientation

### Recruitment Process

Taking advantage of the opportunities created by the digitalization era, we conduct our interviews with candidates through online platforms. Thanks to this transition, we have the opportunity to reach more candidates faster than ever before from many locations across the country and the world, while facilitating the storage process and management of data. The digital recruitment process also increases our recognition and helps us use different tools such as social media. This change contributes to achieving our sustainability goals of being an environmentally friendly manufacturer and having a paperless talent acquisition process.

At CMS, Online Assessment Center Application is being used in executive recruitment and promotion processes. Candidates are evaluated through assessment centers according to the CMS competency set and values.

### Placement Process

Instead of the traditional onboarding system, we follow a fully digitalized process from start to finish. The CMS onboarding video and explanatory information about what to do during the onboarding process are sent to new employees via this online portal (see <https://www.youtube.com/watch?v=vclT5HyZA8s>).

We organize an introductory meeting for new employees to feel themselves part of our Company. Then, we offer our newcomers a one-week online orientation program where all factories and departments are introduced.

At the end of the first month of joining our company, we play our own CMS Taboo game with newcomers in the orientation process. The game aims for each new employee to learn CMS terminology, have a good time together, and memorize the information in a fun way.

We evaluate the organization/ work/ environment satisfaction levels of our new colleagues and take their feedback. New employees are automatically sent 10<sup>th</sup> day, 1<sup>st</sup> month, 2<sup>nd</sup> month and 6<sup>th</sup> month surveys via the online platform. In the 10<sup>th</sup> day survey, the main topic is the entire recruitment



process from the first contact to the 10<sup>th</sup> day. This survey focuses on administrative needs, the tools and equipment provided on the first day, the applications we use and the clarity of the job description. In the first month survey, newcomers are questioned about their communication with the team and the manager to find out whether they feel themselves as part of the team. The 2<sup>nd</sup> month survey questions about the newcomers' relationship and harmony with other departments and whether they are assigned to tasks that are in line with their

competencies. Finally, the 6<sup>th</sup> month survey is a survey that includes the general output of the questions addressed in all surveys.

In the 2<sup>nd</sup> week, we ask newcomers to upload their first coffee break photos to our online system with the words "Yeni arkadaşlarla bir kahve 40 yıllık dostluk sunar" (A coffee with new friends offers 40 years of friendship). Our aim is to create a synergy within their team and create a memorable moment.





# Employee Training and Development

We carry out the training plans of our employees via digital platforms without interrupting them.

## E Nocta - E Mobil

While LMS (Learning Management System) is one of the important topics for companies in training processes, these systems have recently become more prominent due to the acceleration of digitalization.

Also with the effect of the pandemic, the time allocated to these trainings on online platforms has increased recently. In this period, as CMS group, we also keep carrying out the necessary planning through E Nocta without interrupting the training opportunities of our employees. In this process, which we started by offering access first to our white-collar employees, we also included our blue-collar employees in the process in line with the benefits and contributions we received through the system.

While it was possible to plan a training in more than one session on different days, especially on the blue collar side, thanks to this platform, we now offer the opportunity for all employees to access the training at the same time. Our employees can access the trainings not only on the computer, but also through a mobile application (E Mobil) that they can download to their phones at any time and from anywhere. In this way, concepts such as time and space are eliminated in trainings.

This pool, which provides quick and easy access to all trainings from a single platform, offers all our employees the opportunity to develop on equal terms.

We also carry out all of our orientation processes through E Nocta. New recruits are defined as users on the online training platform on the first day, and training assignments are made within the scope of the orientation program on the following days. In this process, e-mails containing information such as trainings assigned and deadline of the training are sent to our employees via the system.



## Training Hours Per Person

	BLUE COLLAR	WHITE COLLAR
2022 ONLINE TRAININGS	0.92	1.98
2022 CLASS TRAININGS	18.81	30.03
2021 ONLINE TRAININGS	10.69	10.88
2021 CLASS TRAININGS	12.85	21.90

## Training Hours Per Person

	BLUE COLLAR	WHITE COLLAR
2022 OHS TRAININGS	4.67	10.69
2022 ENVIRONMENT TRAININGS	2.94	6.85
2021 OHS TRAININGS	13.64	13.18
2021 ENVIRONMENT TRAININGS	2.11	3.72



# Employee Training and Development

In 2022 period, we launched “biZce,” our reverse mentoring project, with our managers who participated in the white-collar leadership program.



### Leadership Development Programs

At CMS, we believe that trust is an important factor in the success of our company. For this reason, we designed Leadership Development Programs for both white- and blue-collar employees. This strategic and comprehensive development program aims to develop the competencies of future leaders by preparing them for this strategic plan. We train our leaders with an approach that reflects company values, encourages and develops our culture.

The retention rate of managers leading teams participating in the leadership academy development program is 85%. The promotion rate of participants in the 2022 Leadership Academy program is 42.5%.

Based on our principles, we initiated a new transformation process integrated with this fast and agile order understanding. We raise leaders who are more effective, faster, who understand the expectations of the younger generation, and who will be the founders and supporters of many efforts to serve the country and society with their vision.

### Reverse Mentoring

In 2022 period, we launched our reverse mentoring project with our managers who participated in the white-collar leadership program. We named our reverse mentoring program “biZce”. Our managers who have been working in our company for many years took an active role in our reverse mentoring project, which we created to increase their interaction with our newly graduated young

people and to help them understand the expectations of the next generation. Our leaders, who completed the necessary leadership trainings as well as mentoring trainings, listened to the expectations and wishes of the young generation in business life. While the younger generation became the new leaders, our current leaders interacted with the leaders of the future who adopted a more agile and dynamic approach.

We conducted 360 Inventory assessment surveys to adopt our agility and leadership approach in our transformation process. In 360-degree applications, managers’ competencies were evaluated by their subordinates, colleagues and managers. We used the results to create development programs for our managers.



# Employee Training and Development

In 2022, a total of 307 people applied for the “Group Leadership Development Program” for our blue-collar employees.



## New Leader Guide

We are aware of the contributions of our leaders to our company. Based on this awareness, we designed a special orientation program for them. It has been specially designed for leaders who have been promoted, rotated or just joined the company. Within the scope of the program, we include the systems and applications used within the company and provide detailed information about the operation of the processes. Thanks to this online program, we offer the opportunity to meet relevant people in the departments and also provide an environment where they can ask their questions. In addition to this program, we also deliver the New Leader Guide we prepared for them. This guide includes many topics that leaders may need.

## Group Leadership Development Program

We have a special process called “Group Leadership Development Program” for our blue-collar employees. In order for our field employees, who want to take a step further on their career path, to apply, we first publish our job advertisement on the internet and in our own mobile application.

We apply online general ability test to eligible candidates. Candidates who pass the threshold in the general ability test are divided into departments and take technical exams for their departments. We direct the candidates who are also successful in the technical exam to the Situational Judgment



*“Grubumuz çalışanları; başta müdürler ve yöneticiler olmak üzere birbirlerine güler yüz ve hoşgörü ile yaklaşmalıdırlar.”*

Tonguç Ösen  
Kurucu Başkan

Test. We complete our selection process by conducting face-to-face interviews with the appropriate candidates. The promotion process does not depend on the comments of the candidate’s current manager. The candidates must be successful in the exams and demonstrate their competencies appropriate for the position throughout the process.

A total of 307 people applied to be included in the group leadership development program for 2022. With evaluation tests and interviews between applications, 20 people were included in the training group and completed their training.

## Examples of Development Programs:

- Leadership Development Program
- Supply Chain School
- Maintainer Development School



# Employee Training and Development

The projects we initiate reveal our Company's potential to find innovative, permanent and differentiating solutions that add value.

## What is the Strong Future and CMSerüven?

As CMS, we aim to bring an intensive engineering perspective to the company. Technology is changing every day and we can take a step forward with the innovative approach of the next generation. Diversity makes a difference with new ideas and solutions. To do this, we have two programs to bring fresh minds into the company. These are: Strong Future and CMSerüven.

Strong Future is a project-based internship program for 3 or 6 months. It offers 3<sup>rd</sup>/4<sup>th</sup> grade students or recent graduates the opportunity to gain experience in specific projects in the dynamic environment and innovative structure of the automotive industry.

(GRI 3-3, 404-1, 404-2)

CMSerüven (which stands for CMS Adventure) is a long-term program with a fixed-term contract that allows newly graduated young talents to be brought into business life. Recent graduates or post graduate students can gain real-world insight in the automotive industry. Our participants, who take their first steps into business life in a corporate working environment, are supported with technical and behavioral trainings. They have the right to choose to work from 3 to 5 days a week. At the end of the 1<sup>st</sup> year, they have the opportunity to work full-time at CMS according to the performance evaluation. These two programs were fully transferred to digital platforms after the pandemic. All steps from requests to project presentations were carried out online.

## Importance of Programs

First of all, these programs help us discover young talents with high potential. We learn from them while supporting their lifelong learning process.

Secondly, we introduce them to business life for the first time. The automotive industry has a dynamic environment with the latest innovations. This working environment and culture has a great contribution to their development.

In addition, with the implementation of these programs in our Company, both young talents and senior employees started to interact with each other. Since learning is a continuous and never-ending process, newcomers learn a different engineering perspective and new technology. On the other hand, newcomers teach existing employees the latest technology and academic knowledge. Because of this diversity, both generations become more innovative than before.



Finally, the projects our interns work on are real processes that can change the way we do business, make us more efficient and touch our products. Therefore, these projects increase our Company's potential to find innovative, permanent and differentiating solutions that add value.

## Foreign Language Trainings

It is important for us to support the development of our employees in every field, so we provide them with the opportunity to improve their foreign language skills as well. In addition to the online training opportunities we offer for our employees who want to improve themselves in education, we also provide financial support for our levels compatible with the determined scales.

## Blue Collar Competence and TTC (Technical Training Center) Process

With this process, we aimed to assess the operational competencies of our blue-collar employees and to improve their competencies

subject to assessment through training and development according to accepted standards.

Our failure to find a qualified workforce to meet the special needs of our facilities where we manufacture wheels in the automotive supplier industry led us to develop this program.

749 people in 2021 and 519 people in 2022 participated in the technical training center program.

## Technical Training Center Program

2022 **519** Employees

2021 **749** Employees



# Transformation

Our company reacted quickly to the changes brought about by the pandemic and adapted to the ways of working required by the age.

The CMS culture, which continues to be kept alive among our employees and always keeps employee loyalty and trust at the highest levels, is built on the 11 principles of our Founding President Tonguç ÖSEN. Our Company, which takes every decision in the light of these principles, has achieved many successes and thus turned important milestones in its corporate history. Our Company also showed a quick reflex to the changes brought about by the pandemic and adapted in an agile manner to the ways of working required by the era.

Starting the cultural transformation, to which we adapted in an agile manner, with a detailed data collection process, we determined what we needed in the new order with a workshop that included 160 employees outside the company, where ideas and suggestions were abundant. In addition, we collected data through the following steps:

- 1- Research and Data Collection
- 2- Workshop
- 3- Survey
- 4- Adaptation and Exit Negotiations
- 5- Preparation and Adaptation of the Company to the Transformation Process

In addition to these, within the scope of cultural studies, the extension and active use of the OKR Systematic throughout the group, Performance Management and Feedback Culture, Working Rules, Executive Performance Evaluation and Standard Reporting, Job Description, Meeting Rules, Presentation & Internal and External Communication Rules, Travel Rules, and Disciplinary Regulations were among our other project topics that we completed work on.

## Consequences of the Transformation and Future Plans

With the changing world order after pandemic, we are aligned to a more agile and dynamic way of working. We have a completely objective process for all our employees, supported by our fair policies that provide a more accurate, fair and ideal agile system from start to finish. In addition to our valuable programs within the scope of the fair and ideal agile system, we have implemented agile groups in this scope.

We held workshops with these agile groups during our transformation process. Then, all processes continued as the groups started to research and compare the topics that needed to be addressed. First, we started the process by detailing our code of conduct and adding subheadings. We prepared the training document for the Code of Conduct and Leadership Working Principles training to be planned for managers and provided trainings. In the next step, we will prepare posters and manuals on the code of conduct within the awareness raising activities and distribute them to our employees.

As the communication team, we completed the work of our transformation office. We strengthened our internal information by making posters and announcements. We activated the process so that we can manage the announcements made by the teams from a single source. By selecting communication ambassadors, we maintained the flow of information within the company in accordance with this agile approach. Likewise, we increased internal awareness by making announcements of our social responsibility (CMSizinle) activities with this awareness and approach.

We aim to enhance this process through a transformation survey, the creation of an annual digital newsletter, short films explaining this process, and association studies.



We analyzed our current issues regarding the OKR (Objectives and Key Results) system and identified our shortcomings. We examined the usage areas of different companies and analyzed the OKR system in more detail. Once the OKRs are prepared and filled out by our departments, we will monitor them regularly by checking for compliance with the department, position and company OKRs to which they are attached.



# Transformation

We adopted a more efficient and agile approach in our Company during this transformation process that we initiated in line with the principles of our Founding President.



In order to monitor our process, we will prepare a survey to see if our employees are fulfilling their quarterly meetings correctly. With our internal communication application called Bizbize, we will send survey questions to our employees with an agile and digital approach and receive their feedback quickly.

We checked the legal compliances required in the work of the working rules team and integrated them into our own processes. Our employees continue their flexible or hybrid work by entering their working orders through portals on a monthly basis. Thanks to this working order, the feedback we receive indicates that our employees are more motivated. We prepared separate surveys for remote employees and their managers. We will conduct this survey 6 months after we launch our new working rules to check whether the new system is working well.

We also completed the work of our Manager Performance Evaluation and Standard Reporting team. In the process we started with determining the relevant criteria and scoring, our managers will be reported in two interim periods in line with the relevant scorecard. Our team, which we formed to ensure clearer job descriptions and to serve in recruitment processes, has successfully completed all its work. A template with a simpler and clearer narrative was created. Thanks to this format, in case of an open position, the competencies of the relevant position are specified. All processes have been finalized and we are in the process of integrating it into the system.

We launched our Archive portal where our team's actions can be tracked for meeting and presentation rules. When logging into these portals, the relevant action tracking

and presentation archive can be easily viewed. If necessary, presentation templates in the system can also be downloaded. The archive portal is now live and actions related to the process are being followed through the system.

We completed our process, which we started by analyzing our current situation through our travel portal, by expanding it. We provided the infrastructure that enables our existing Human Resources and CMS Academy portal and our Traveler Portal to talk to each other. We integrated both the cost and approval flows of the relevant portals by separating the travel types. We are actively using these portals and we receive positive feedback that the approval flows have become easier for our managers thanks to these portals.

We have successfully completed the work of our last team, the disciplinary regulation team. We updated our existing procedures, including the research and legal compliance, required for its studies. A manual was prepared and sent to our existing and new employees to make it faster and more effective. Employees were informed by organizing training on how to implement and operate a process in our corporate culture.

We adopted a more efficient and agile approach in our Company during this transformation process that we initiated in line with the principles of our Founding President. All our teammates carried out these processes with their own internal motivation and dedication. In these volunteer-based projects, we once again remember that we are a big family.



# Occupational Health and Safety

Our priority in all our facilities is to ensure that safety awareness is developed in a way to cover the entire environment, starting with the individual, and to raise awareness accordingly.

As CMS, we provide a safe and healthy working environment in all our facilities in line with our Occupational Health and Safety Policy, which we established in accordance with national and international laws, directives and conventions. You can access our Occupational Health and Safety Policy on our website (<https://www.cms.com.tr/tr/kurumsal/cms-politikalari>).

Our priority in all our facilities is to ensure that safety awareness is developed in a way to cover the entire environment, starting with the individual, and to raise awareness accordingly. We carry out intense and systematic operations for our proactive occupational health and safety approach developed with the participation of our employees at all levels and realize necessary investments accordingly. We consider all our stakeholders within the factory boundaries, including our subcontractors, as part of the CMS Family.

The structure for Occupational Health and Safety (OHS) at CMS starts with the pledge of the top management. This pledge constitutes the basis for all our activities and management system and is shared with all our stakeholders through Occupational

Health and Safety Policy. Areas open to improvement are identified by both internal and external audits, and the management system is reviewed according to the audit results by initiating corrective actions in line with the continuous improvement principle which are regularly monitored.

## OHS Management System and Risk Assessments

Our risk assessment operations are carried out on a step- and site-basis, together with the risk team. Our risk analysis team consists of occupational safety experts, workplace physicians, employee representatives, maintenance representatives, and managers of related departments. Risks identified in the risk analyses are recorded digitally, and following scoring, corrective actions are prioritized and can be monitored more dynamically. For any risk identified according to risk management hierarchy, elimination, replacement, engineering controls, administrative controls, and provision of personal protection equipment stages are monitored. Following the actions taken, it is ensured that the risks are at an “acceptable” level. The risks are shared with all employees and then related to newly recruited employees.





# Occupational Health and Safety

We keep our priority and awareness at the highest level by sharing our monthly reports on Environment, Occupational Health and Safety with all our employees.



Through the risk-based thinking approach, our Occupational Health and Safety System risks are proactively identified, and thus measures can be taken at the start of the process.

Our employees can communicate dangerous situations, their ideas, and suggestions through digital platforms such as Kaizen and Kalben, “CMS Bizbize” (Android app), or risk notification cards present at the site. Notifications received from any risk notification platform are added to the risk analysis by occupational safety experts, which are then examined by related department managers. Thereafter, decisions are taken for measures and actions.

We work to raise awareness with our monthly reports showing our performance on environmental and occupational health and safety, which are shared with all our employees.

Within the scope of OHS Topics, we organize all our meetings with the participation of our employees and managers in the form of on-site inspections in the field.

**Occupational Health and Safety Trainings**  
OHS trainings aiming to raise employees’ awareness and competencies are planned at year start according to needs and implemented according to this plan.

To increase the awareness of our employees for occupational health and safety, to develop our occupational safety culture, and to ensure the participation of our employees to occupational health and safety activities, we organize internal and external:

- Trainings on risk analysis and assessment,
- Trainings on general occupational health and safety,
- Trainings on work accidents and root cause analysis,
- Trainings on emergencies and fire,
- Trainings on chemical management,
- Trainings on personal protective equipment,
- Trainings on ergonomics.

At our Company, in order to raise awareness for this topic at the employees’ own shifts, shift-start meetings are made at the start of each shift together with all employees. Maximizing communication constitutes the basis of these meetings.

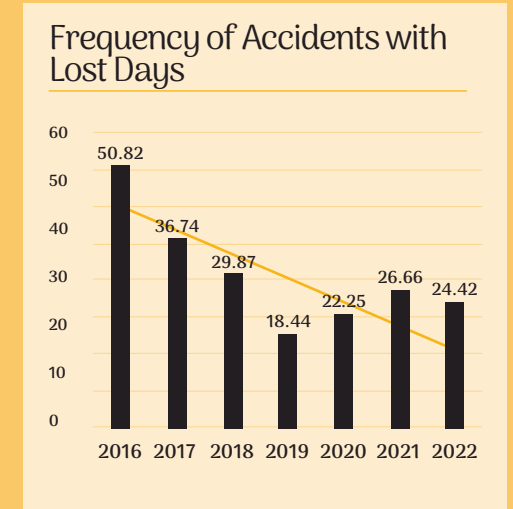
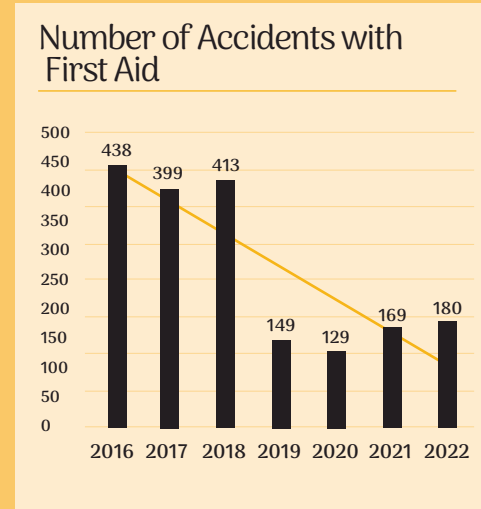
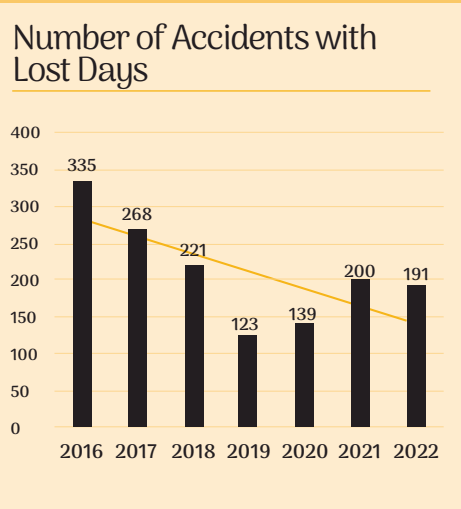
The first agenda of our shift-start meetings is always occupational safety. The main goal of discussing occupational safety as the first topic is to show that CMS values its employees the most. The message “Our employees are our priority” is given very clearly at this stage.





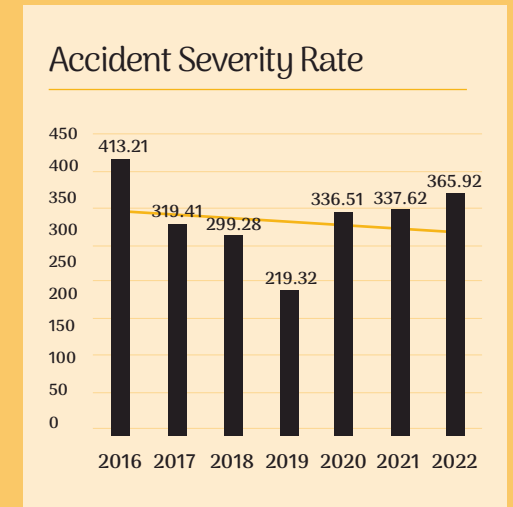
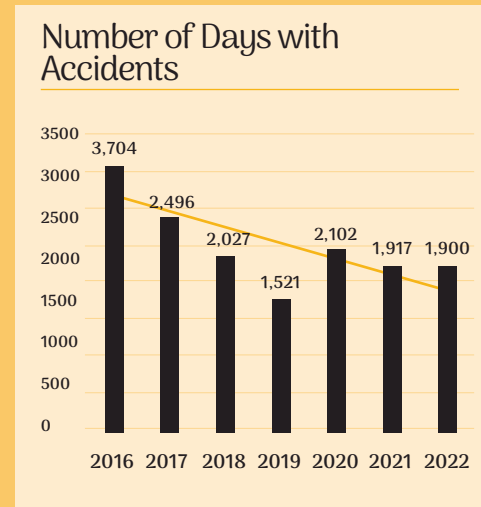
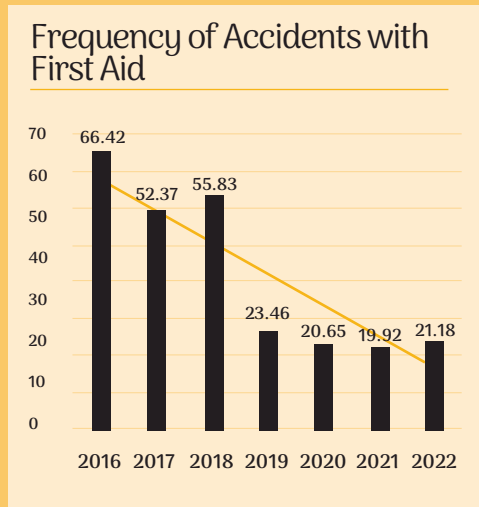
# Occupational Health and Safety

We have reduced the number of first aid accidents by more than 50% since 2016.



## Training Hours Per Person

	BLUE COLLAR	WHITE COLLAR
2022 OHS TRAININGS	4.67	10.69
2021 OHS TRAININGS	13.64	13.18





# Occupational Health and Safety

We analyze and continuously improve our Emergency Plans through periodic drills we conduct every year.

Our priority in all our facilities is to ensure that safety awareness is developed in a way to cover the entire environment, starting with the individual himself/herself, and to raise awareness accordingly. We carry out intense and systematic operations for our proactive occupational health and safety approach developed with the participation of all our employees including management and realize necessary investments accordingly.

## Emergency Drills and Training

We manage the identification of all kinds of emergencies that may occur in the workplace during the realization of the activities carried out in the workplace, the determination of the work to be done in emergencies and the ways of responding to emergencies with Emergency Plans prepared specifically for each facility.

Within the scope of our Occupational Health and Safety and Environmental Management Systems, our Emergency Plans systematically address emergencies that may occur during natural disasters or employee activities in all areas of activity where production and services are carried out. These plans resolve the organization and conduct of intervention, protection, search and rescue and first aid activities within the framework of a continuous improvement approach.

Our emergency plans include preventive and limiting measures specific to fire, earthquake, flood, leakage/spillage, pressure vessel leakage/explosion, sabotage, liquid mineral spillage, natural gas leakage, epidemic disease, explosion, poisoning, and environmental emergencies. Emergency drills and trainings are planned and carried out annually.

## Ergo-Center

We established Ergo-Center in our facilities to test the physical abilities of our employees and to determine the operational suitability of employees according to the test results.

Ergo-Center determines the minimum requirements for operational suitability evaluation based on the results of physical strength, hand power and flexibility.

As a result of the tests performed for each employee, a "Health Unit - Ergo-Center Measurement Results Report" is created on an individual basis. The reports obtained as a result of these procedures performed on all employees are submitted to the Workplace Physician for review during the employee's health examination. The Workplace Physician examines the employee's results and, if necessary, may examine the employee and request a hospital report for further examination. The evaluation of the result and decision-making authority belongs to the Workplace Physician.

## VR Based Occupational Health and Safety Practices

We use safe working-oriented VR (virtual reality) based occupational health and safety practices prepared in a digital environment specific to our facility and operations. Thus, the importance of the use of personal protective equipment and our operation-oriented risks are emphasized, and digital trainings are held with the animation method to increase the awareness of our operators.





# Occupational Health and Safety

With Occupational Health and Safety as our priority, we take proactive approaches using digital platforms to support our dynamic business approach.

## Accident-Free Day Celebrations

As part of our Occupational Health and Safety motivation and awareness activities, we organize Accident-Free Day Celebrations with the participation of our senior management, providing our operators with motivation and a communication environment where they come together with our managers.

## 24/7 Infirmiry Service

Our infirmiry, which provides the advantage of rapid intervention in case of a possible accident in our facilities, provides 24/7 service.

## Forklift Safety and Collision Avoidance System

Our facilities are equipped with a forklift safety and collision avoidance system to prevent accidents caused by forklift movements. The system detects pedestrians and other equipment near the forklift with a high degree of accuracy, automatically reducing the speed of the forklift in dangerous close proximity. Audible and visual signals help to increase the awareness of the forklift operator, preventing potential collisions.

## Unsafe Behavior Camera Monitoring System

We use a camera monitoring system to identify and analyze how often and why our employees violate security measures. We determine corrective and preventive actions for inappropriate situations. We also raise awareness by providing training to our employees who engage in unsafe behavior.

## EMAT-SMAT Field Audits

We have SMAT audits to increase the occupational health and safety culture, which we carry out with the participation of our managers. The audits are carried out by interviewing our operators at the points determined in accordance with the audit plan with our SMAT audit cards, and a short Occupational Health and Safety training is given. We provide an opportunity for not only the Occupational Health and Safety team, but also our engineers and managers to receive feedback from our operators within occupational health and safety.





## Our Contribution to Society

In addition to the opportunities we create in the economic field, making a name for ourselves through work in social and cultural fields is among our Company goals.

In addition to the economic value created, we also contribute to social development through initiatives in many areas from health to culture and arts.

In addition to the opportunities we create in the economic field, making a name for ourselves through work in social and cultural fields is among our Company goals. At this point, our corporate social responsibility principles and business ethics manual guide us. We inform all our employees about these principles and the manual.

Non-governmental organizations, associations, governorships, municipalities and university collaborations come to the forefront in our social responsibility activities.

As CMS Group Companies, we regularly provide financial support to health institutions and organizations and stand by them.

(GRI 3-3)



We collaborate with organizations such as the Foundation for Children with Leukemia (LÖSEV) and Kızılay (Red Crescent). We organized a "Tangerine Collection Event" with LÖSEV in December 2022 with the voluntary participation of our 86 employees. The collected tangerines were sent as New Year's gifts to families registered with LÖSEV, to schools that receive tangerines from LÖSEV, and to chain markets that request them.

Since 2009, in cooperation with the Turkish Red Crescent Foundation, we have been regularly supporting voluntary blood donation by our employees. In this context, our employees contributed to the blood stock needed by donating 686 units of blood in 2021 and 499 units in 2022.

We always care about university collaborations and contribute to the future of our young people. We support them both in the events to be organized and in their projects. Our R&D Department has been

cooperating with them since 2014 and carried out different studies in this scope with 37 project students in 2021 and 2022. Apart from project work, we also offer students opportunities such as internships and part-time work.

We set out with our equipped teams and materials that may be needed to heal the wounds and contribute to the teams in the Marmaris Forest Fires occurred in 2021. We supported the extinguishing efforts with the devoted efforts of our volunteer employees.

### LÖSEV ile Mandalina Toplamaya Gidiyoruz!

29-30 Aralık tarihlerinde LÖSEV'e destek olmak isteyen çalışanlarımızla beraber LÖSEV'in Seferihisar'daki mandalina bahçelerine gidiyoruz.

Servisimiz Gaziemir Tesisi'nden kalkacak olup katılmak isteyen çalışanlarımızın Gaziemir Tesisi'ne gelmeleri beklenmektedir. Katılımcılar Bizbize üzerinden anketi yanıtlayan çalışanlarımız arasından çekilişle seçilecektir.

 **CMS** **CMSizinle**



**29 Aralık 2022**

1. Grup: 8:15 - 12:00  
2. Grup: 12:30 - 16:00

**30 Aralık 2022**

1. Grup: 8:15 - 12:00  
2. Grup: 12:30 - 16:00



# Our Contribution to Society

Without our employees, the most important members of the CMS Family, success would be impossible.

## Motivational Activities

Without our employees, the most important members of the CMS Family, success would be impossible.

As CMS Group, we organize various activities in different environments to increase the motivation of our employees, to meet and share with them. We have been actively involved in various organizations for years with our own employee teams in branches such as Running, Football and Basketball. In addition to these, we also organize table tennis and backgammon tournaments inside and outside the Company. We celebrate the success of the winners with various awards.

We hand out tickets to the matches of the Karşıyaka Sports Club Basketball and Volleyball teams and to the concerts of

MUĞLA MUNICIPALITY  
CERTIFICATE OF  
APPRECIATION WITHIN  
THE SCOPE OF FIRE  
SUPPORT - 2021

the State Symphony Orchestra in order to encourage our employees to participate in social activities with their families.

We regularly give various gifts to our employees every year on March 8, International Women's Day. In 2022, we organized a "Hello Summer" event attended by employees from all our facilities. With this event, we created an environment where our busy staff could relax, have fun, and spend time together.

Every year, we organize an award ceremony and present plaques to our employees who have completed 10-15-20-25-30-35 years at CMS. We also give additional awards to our employees who have completed 25-30-35 years.

For the April 23, National Sovereignty and Children's Day, we organized a competition with the products prepared by our children based on the theme "İleri ve Geri Dönüşüm Malzemeleri ile Hayalindeki Dünyayı Yarat" (Create Your Dream World with Upcycling and Recycling Materials). We organized an event in Urla with the participation of all our competing children and their families. We gave Legos as a gift to the children who achieved the grades determined by the jury.





# Our Environmental Impact Management

In line with our sustainability strategies, we prepare short- and medium-term projects to reduce the environmental impact of our activities.

We carry out our activities in line with our Environmental Policy, which we established in accordance with the ISO 14001 Environmental Management System standard. You can access our environmental policy on our website <https://www.cms.com.tr/tr/kurumsal/cms-politikalari>.

## Environmental Management

We measure and report on topics of decreasing water usage, aluminum recycling, waste management (5R practices), energy efficiency, reducing emissions, we set goals and implement necessary improvements to decrease the environmental impact of our operations, which is one of our sustainability strategies

## Energy and Climate Change Management

We carry out our activities in line with our Energy Policy, which we established in accordance with the ISO 50001 Energy Management System standard. We believe that the most effective method for energy use is the use of clean and renewable energy and realize our investment plans in this context. You can access our energy policy on our website <https://www.cms.com.tr/tr/kurumsal/cms-politikalari>.

We monitor greenhouse gas emissions that we created within the scope of ISO 14064 - Greenhouse Gas and Emissions Management

System, seek innovative solutions to reduce them and determine long-term action plans for clean energy transformation projects.

We evaluate the main global, national and corporate risks and opportunities that may affect our operations and the lifespan of our assets according to the profile of climate-related risks we may face. In this scope, we prepare short, medium and long-term plans.

## Water Management

We determine our water management roadmap according to national and international standards, the targets set at the climate change conference, the characteristics of the sector in which we operate and the geographical region we are located.

As CMS, we are aware of our responsibility for the efficient use of natural resources and we work to ensure water efficiency, waste water management, protection and sustainability of water resources.

## Waste Management

We are aware of the importance of waste management for a sustainable future. With the waste management plans we prepared in this scope, we follow the processes of waste reduction at its source, recycling and reuse of the waste generated, and disposal of non-recyclable waste in a healthy and eco-friendly manner.





# Environmental Management

We aim continuous development through an effective Environmental Management System at every stage of our production and service operations starting from the selection of raw materials.

We are aware that an important step in ensuring the continuity of our corporate sustainability is to manage our environmental impacts correctly. Within the scope of the ISO 14001 Environmental Management System in all our facilities, we carry out our activities with the awareness of environmental sustainability and regularly monitor scientific and technological developments.

We monitor the environmental impact of all our activities in line with our corporate values beyond our customer expectations and determine short, medium and long term strategies for continuous improvement. Through our responsible management approach which pays attention to reducing environmental impacts, we develop eco-friendly practices in our business and processes and promote environmental investments.

We periodically review our environmental dimensions, impacts, risks and opportunities, plan preventive and corrective actions for areas that we deem risky as a result of the impact assessments we conduct, and work towards continuous improvement. We monitor our environmental performance and conduct reviews to check the compliance of our management system.

We update our environmental impact assessment in case of process and equipment changes, new products and equipment additions, capacity changes, significant changes in terms of environmental impacts, emergencies, necessity for nonconformities and recommendations found as a result of external audits, coming relevant party expectations or change requests, and a change in compliance obligations.

The methods and responsibilities to be used to evaluate, manage and control planned, temporary and permanent changes that may affect the performance of the Occupational Health and Safety Management System, Environmental Management System and Energy Management System are defined.

## Environmental Policy

CMS, Türkiye's first and one of the world's leading manufacturers of light alloy wheels, aims at continuous development through an effective Environmental Management System, by providing all necessary resources, starting from the selection of raw materials, to achieve its environmental principles and targets at every stage of its production and service operations.

To achieve this goal, we commit ourselves to:

- Meet environmental expectations and all legal requirements of the parties to which business processes, which have an impact on the environmental management system, are connected,
- Evaluate environmental consequences impacted by our organization, directly or indirectly, through a risk-based thinking approach,
- Make itself accountable for the results of waste management and environmental impacts related to the environmental management system,
- Provide necessary resources for carrying out goals of our planned environmental management system and for promoting its continuous improvement,
- Reduce our carbon footprint, since we are aware that climate change may have direct and indirect long-term impacts on our production activities and supply chain,
- Perform activities for energy efficiency and take advantage of renewable energy opportunities,
- Decrease water consumption by using water resources efficiently,

- Perform production with minimum impact on air and water quality during our activities,
- Carry out necessary operations and control the measurement results of these operations to separate waste at its source, and to decrease use of natural resources in order to prevent pollution and protect the environment by using our technical and financial means,
- Being aware of our responsibility for chemical management, to perform production with minimum damage to the environment in the stages of chemicals selection and use and waste generation,
- Supply resources for education, information, etc. for providing the participation of all relevant persons, to evaluate their contributions, and to encourage them due to our environmental management system,
- Focus on recycled materials and, if possible, to prioritize use of eco-friendly materials. within the framework of the life cycle.

You can access our policies at <https://www.cms.com.tr/tr/kurumsal/cms-politikalari>





# Energy and Climate Change Management

We conduct pre-feasibility and investment studies for renewable energy and emission reduction projects that play an important role in mitigating climate change-related risks.

The 27<sup>th</sup> Conference of the Parties (COP27) to the United Nations Framework Convention on Climate Change was held in Egypt between November 6-18, 2022. The automotive industry is among the sectors significantly affected by climate change. At CMS, our strategic and risk management teams follow all current national and international regulations and evaluate the main global, national and corporate risks and opportunities that may affect our operations and the lifespan of our assets according to the profile of climate-related risks we may face.

We conduct pre-feasibility and investment studies for renewable energy and emission reduction projects that play an important role in mitigating climate change-related risks. In this scope, we prepare short, medium and long-term plans.

As CMS, to set up a sustainable business model and with an approach of turning dangers of the climate crisis into opportunities, we take important steps by investing in low carbon innovative technologies, increasing the use of renewable energy, and raising the usage ratio of green aluminum.

Our CMS Board of Directors manages the climate risks at regular meetings through our Sustainability Committee. While the Company's social, environmental, and economic interests are evaluated, climate risks and opportunities we are going to face are handled as material topics under the environment heading.

The Company's Scope 1 and Scope 2 emissions have been calculated since 2015, and Scope 3 and Scope 4 emissions are calculated by including upstream supply chain emissions as of 2020. Our Company's greenhouse gas emission calculation and management is carried out according to the 2018 version of ISO 14064-1. Third party verification is being carried out since 2020. Thus, not only our activities within our own borders, but all processes we affect and are affected by outside our borders are being assessed more comprehensively. At all facilities of our Group Companies, the hourly mass flow (kg/h) values of the emissions emitted into the atmosphere through chimneys are identified through measurements and checked against limit values.

(GRI 3-3, 305-1, 305-2, 305-3, 305-4, 305-5)







# Energy and Climate Change Management

We have set a 5-year target of 15% reduction in total Scope 1 and Scope 2 emissions by 2025 based on 2020.

As per the Paris Climate Agreement, considering the target of the global climate change to be held under 2°C until 2100 and, if possible, to be limited to 1.5°C, we have set a 5-year target of 15% reduction in total Scope 1 and Scope 2 emissions by 2025 based on 2020. Carbon Emission Reduction Studies Review meetings are being held with the participation of different departments to achieve the goal we set. Important outcomes of the meeting include gradually bringing our Renewable Energy Certificate/(I-REC) purchase target up over 5 years and increasing the purchase of Green Aluminum (primary aluminum produced with renewable energy sources).

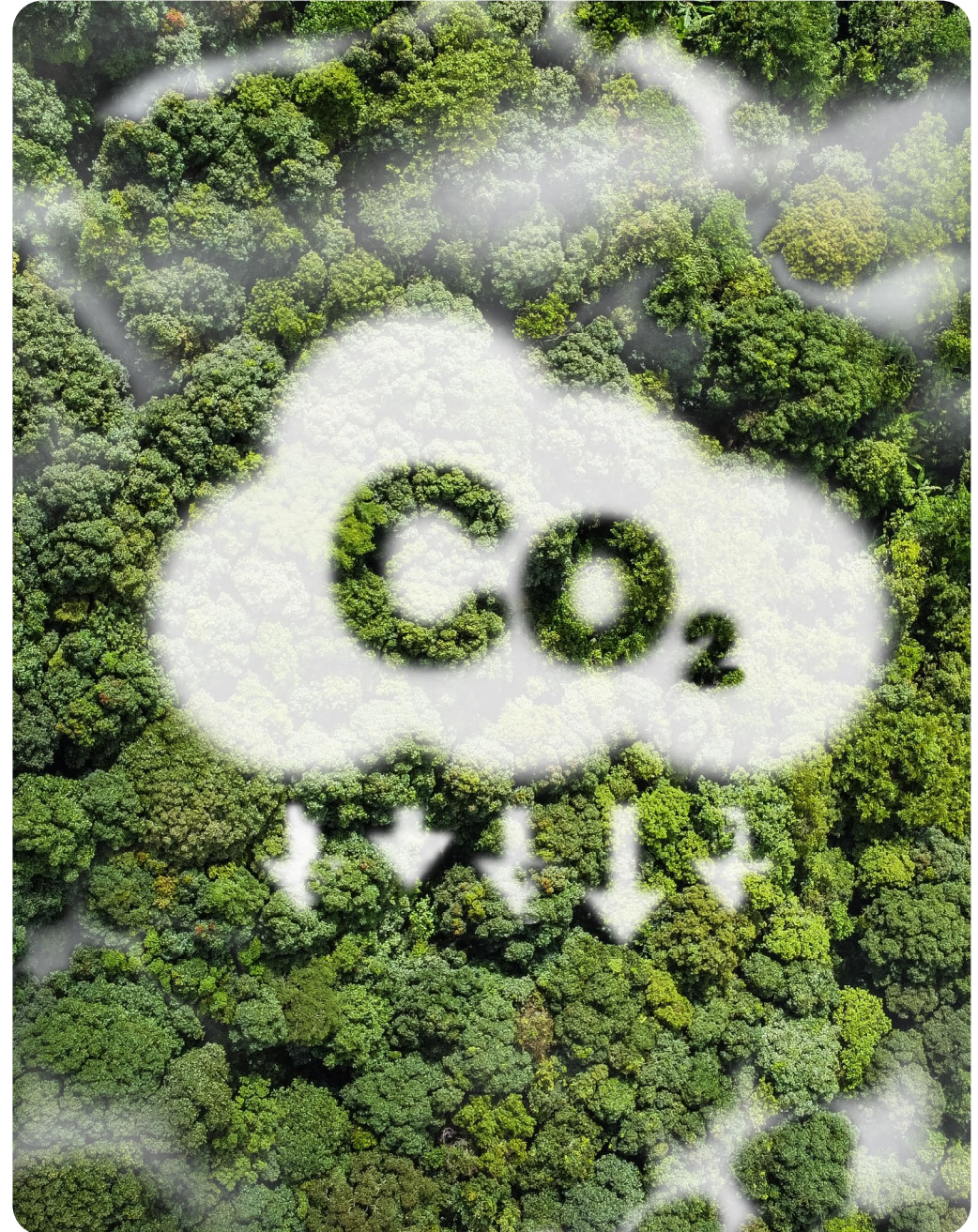
## Life Cycle Analysis

The life cycle analysis made covers the extraction of raw materials required for the production of a wheel, processing of raw materials, transportation of raw materials to the factory, supply of energy required for production, consumption of energy and raw materials, and production processes.

We determined the scope of the life cycle analysis with a cradle-to-door approach. For the analyzed wheel model, the environmental impacts of raw material supply and production stages were determined. In order to be able to make process-based improvements, the impacts of the production stages were evaluated separately.

According to the life cycle analysis results, total greenhouse gas emissions per wheel produced by CMS were evaluated according to the databases of Ecoinvent and GaBi Professional. Impact assessment results were calculated using the CML 2001 methodology. The CML 2001 methodology is the most widely applied impact assessment method in LCA studies around the world. When global heating potentials of the greenhouse gas emissions in upstream and direct operations were analyzed, the life cycle analysis activity data showed that 90% of the impact comes from raw material production and outside of CMS production limits. The study shows us that renewable energy use in aluminum production can decrease CMS' greenhouse gas emissions for the production of 1 wheel by 50%.

Our life cycle analysis reveals the carbon impact of the aluminum raw material and that the results would change positively if the fossil energy sources used in the primary production phase were replaced with renewable energy sources. CMS has made a commitment to supply low carbon "Green Aluminum" in the short to medium term.





# Energy and Climate Change Management

## 2022 Greenhouse Gas Verification Data

Carbon Footprint Intensity - turnover: 0.00263368 -ton CO<sub>2</sub>e/turnover

Category	Total (tons CO <sub>2</sub> eq)	Category	Emission Type	Emission Source
1	87,634.74	1.1 Direct Emissions from Fixed Burning	Fixed Burning	Natural Gas
		1.1 Direct Emissions from Fixed Burning	Fixed Burning-Generator	Diesel
		1.1 Direct Emissions from Fixed Burning	Fixed Burning-Fire Pump	Diesel
		1.2 Direct Emissions from Dynamic Burning	Dynamic Burning - On Road	Diesel
		1.2 Direct Emissions from Dynamic Burning	Dynamic Burning - On Road	Gasoline
		1.4 Leakage Emissions from Anthropogenic Systems	Leakage Emissions	Cooling Gas Leaks
		1.4 Leakage Emissions from Anthropogenic Systems	Leakage Emissions	Fire Extinguishing System Gas Leaks
		1.4 Leakage Emissions from Anthropogenic Systems	Anthropogenic System Emission	Dry Ice Consumption
2	97,603.70	2.1 Indirect Emissions from Electricity Purchased	Electricity Purchased	
3	49,352.64	3 Indirect Emissions from Transportation	WTT - All Fuels	
		3.1 Indirect Emissions from Transportation and Distribution of Raw Materials		Emissions from Transportation of Raw Materials
		3.2 Indirect Emissions from Transportation and Distribution of Products		Emissions from Transportation of Products
		3.3 Indirect Emissions from Employee Commuting		Indirect Emissions from Employee Commuting
		3.5 Indirect Emissions from Business Travels		Business Travel Emissions-Flights

(GRI 3-3, 305-1, 305-2, 305-3, 305-4, 305-5)



# Energy and Climate Change Management

Category	Total (tons CO <sub>2</sub> eq)	Category	Emission Type	Emission Source
4	1,209,792.63	4.1 Indirect Emissions from Materials Purchased	Raw Material Emissions	
		4.1 Indirect Emissions from Materials Purchased	Indirect Emissions from Water Supply	
		4.1 Indirect Emissions from Materials Purchased	Indirect Emissions from Purchased Packaging	
		4.2 Emissions from Purchased Capital Goods	Indirect Emissions from Capital Goods	
		4.3 Indirect Emissions from Solid and Liquid Waste Disposal	Indirect Emissions from Wastes	
		4.3 Indirect Emissions from Solid and Liquid Waste Disposal	Indirect Emissions from Transportation of Wastes	
		4.3 Indirect Emissions from Solid and Liquid Waste Disposal	Indirect Emissions from Water Treatment	
		4.5 4. Indirect Emissions not included in other subcategories in the Category	Indirect Emissions from Wheel Service	
		4.5 4. Indirect Emissions not included in other subcategories in the Category	Indirect Emissions from Meal Service	
5	1,758.94	5.3 End of Product Life Cycle Emissions	Indirect Emissions from End of Life Cycle of Products	
6	9,760.37	6 Indirect Emissions not Included in Other Categories	Electricity Transmission & Distribution	



# Energy Efficiency

It is our priority to use the energy we consume in the most efficient way, taking into account its environmental impacts.

We have prioritized using energy in the most efficient way in all our facilities by managing energy consumption and energy resources in our work we carried out according to our energy policy and ISO 50001 Energy Management Standard. For the ISO 50001 Management System, which we established in all our facilities in 2018, we completed our document renewal audits in 2022 with “0 nonconformity”. As CMS, we focused on using our electricity and natural gas consumption at an optimum level with the energy efficiency projects (Do Now Projects, Efficiency Increasing Projects and Planned Projects) we realized in all our facilities. As part of these efforts, we conducted energy audits at all our facilities through

energy efficiency consulting companies. We immediately evaluated the losses and savings potentials identified in these energy audits.

We use two types of energy sources in our facilities: electricity and natural gas. As for renewable energy, we keep working to install rooftop SPPs with an installed capacity of 1,270 kWe at our Çiğli facility and 100 kWe at our Pınarbaşı facility. We aim to commission these SPPs in 2023. There is no heating, electricity, steam and cooling energy sold outside throughout CMS facilities. Annual natural gas usage was calculated in cubic meters and electricity usage in kilowatt hours, which were then translated into TJ units.

We monitor the amount of energy we use per kg of wheels produced on an annual, monthly and even daily basis within the framework of the targets we set and take quick action in case of possible off-target situations. In addition, we completed our application to the Ministry of Energy and Natural Resources for 7 Productivity Increasing Projects (VAP), which will save 9,639,100 kWh of natural gas and 847,224 kWh of electricity per year, and received approval to start in 2022. In the energy efficiency studies we carried out in all our facilities outside the scope of VAP, we saved 3,245,292 kWh of natural gas and 230,478 kWh of electricity in 2021, while saving 2,927,466 kWh of natural gas and 1,263,822 kWh of electricity in 2022.

## Natural Gas Saving in 2022

**2,927,466** kWh

## Electricity Saving in 2022

**1,263,822** kWh





# Energy Efficiency

Energy resource distribution amounts in our four production facilities in 2021 and 2022;

## Pınarbaşı

Energy Type	2021 Energy Supply Breakdown			2022 Energy Supply Breakdown		
	kWh/year	TEP	TJ	kWh/year	TEP	TJ
Electricity	41,979,733.75	3,610.26	151.14	43,641,535.08	3,753.17	157.12
Natural Gas	90,934,328.00	7,050.83	295.18	90,194,154.99	6,993.44	292.77
<b>Total</b>	<b>132,914,061.75</b>	<b>10,661.09</b>	<b>446.32</b>	<b>133,835,690.07</b>	<b>10,746.61</b>	<b>449.90</b>

## Çiğli - 1

Energy Type	2021 Energy Supply Breakdown			2022 Energy Supply Breakdown		
	kWh/year	TEP	TJ	kWh/year	TEP	TJ
Electricity	53,597,061.00	4,609.35	192.97	52,634,604.40	4,526.58	189.50
Natural Gas	101,805,105.36	7,893.72	330.46	101,676,166.58	7,883.73	330.04
<b>Total</b>	<b>155,402,166.36</b>	<b>12,503.07</b>	<b>523.43</b>	<b>154,310,770.98</b>	<b>12,410.30</b>	<b>519.54</b>

## Çiğli - 2

Energy Type	2021 Energy Supply Breakdown			2022 Energy Supply Breakdown		
	kWh/year	TEP	TJ	kWh/year	TEP	TJ
Electricity	14,042,432.00	1,207.65	50.56	28,046,174.30	2,411.97	100.97
Natural Gas	18,269,358.80	1,416.56	59.30	36,967,949.22	2,866.41	120.00
<b>Total</b>	<b>32,311,790.80</b>	<b>2,624.21</b>	<b>109.86</b>	<b>65,014,123.52</b>	<b>5,278.38</b>	<b>220.97</b>

## Gaziemir

Energy Type	2021 Energy Supply Breakdown			2022 Energy Supply Breakdown		
	kWh/year	TEP	TJ	kWh/year	TEP	TJ
Electricity	99,333,656.20	8,542.69	357.63	99,377,764.40	8,546.49	357.79
Natural Gas	201,221,947.33	15,602.27	653.17	196,136,471.50	15,207.95	636.67
<b>Total</b>	<b>300,555,603.53</b>	<b>24,144.96</b>	<b>1,010.80</b>	<b>295,514,235.90</b>	<b>23,754.44</b>	<b>994.46</b>



# Energy Efficiency

Energy gains from maintenance, optimization and energy leakage elimination works for 2021 and 2022:

Total Annual Energy Gain (2022)	Natural Gas (kWh)	Electricity (kWh)	Grand Total
Çiğli-1	1,365,575	228,000	1,593,575
Çiğli-2	224,859	108,000	332,859
Pınarbaşı	634,500	927,822	1,562,322
Gaziemir	702,532		702,532
<b>Grand Total</b>	<b>2,927,466</b>	<b>1,263,822</b>	<b>4,191,288</b>

Total Annual Energy Gain (2021)	Natural Gas (kWh)	Electricity (kWh)	Grand Total
Çiğli-1	2,386,484		2,386,484
Pınarbaşı	574,688		574,688
Gaziemir	284,120	230,478	514,598
<b>Grand Total</b>	<b>3,245,292</b>	<b>230,478</b>	<b>3,475,770</b>

Facility	Year	Project Name	Energy Gain Type	Gain Expectation
Çiğli-1	2022	Continuous Melting Furnace Flue Gas Waste Heat Recovery	Natural Gas	2,316,060 kWh/year
Çiğli-1	2022	Heat Treatment-2 Furnace Waste Heat Recovery	Natural Gas	1,359,680 kWh/year
Çiğli-1	2022	AAT Furnace Waste Heat Recovery	Natural Gas	773,840 kWh/year
Çiğli-1	2022	Improvement of the Compressed Air System	Electricity	847,224 kWh/year
Pınarbaşı	2022	Continuous Melting Furnace Flue Gas Waste Heat Recovery	Natural Gas	2,679,060 kWh/year
Pınarbaşı	2022	Heat Treatment Furnace Waste Heat Recovery	Natural Gas	1,955,280 kWh/year
Pınarbaşı	2022	AAT Furnace Waste Heat Recovery	Natural Gas	555,180 kWh/year



## Waste Management

We set our slogan “Don’t leave waste behind you, but a future” as our strategy and carry out waste management activities in our facilities.

In the light of our slogan “Don’t leave waste behind you, but a future,” we carry out waste management activities at all our facilities.

With the waste management plans we prepared in accordance with the requirements of the ISO 14001 Environmental Management System, we follow the processes of waste reduction at its source, recycling and reuse of the waste generated, and disposal of non-recyclable waste in a healthy and eco-friendly manner.

We believe that a correct waste management is important to the provision of natural resources productivity and spreading sustainable production and consumption. Within this scope, being aware of the waste potential of our business, we always take any type of precautions to minimize waste at every stage. We manage all our wastes generated during our activities in accordance



with the relevant legal regulations and our waste management plans, considering the waste management hierarchy. We aim to decrease natural resources use by generating less waste and by recycling waste.

Many types of waste are generated by the production activities of our facilities. We reuse aluminum shavings, which is rich in the main raw material aluminum, and sinters/ramates as raw materials in the facilities. All aluminum particles generated after production and deemed as waste are recycled through our high-technology shavings melting system. Within the framework of a sustainable and

innovative resource use approach, we have long-term investments for raw material recycling processes within the facility. We work on obtaining a Recycling License to increase the use of secondary resources.

In terms of its environmental impact, packaging and packaging waste is one of the critical topics that needs to be managed in our industry. In order to optimize our logistics and planning processes, we use the SNP (supply network planning) software. Using the said software for the optimization of distribution and delivery of order and sales estimation, we aim to maintain finished,

semi-finished, raw material, and processing materials always at an optimum level. Thus, planning our supply chain resource need at an optimum level, we can use packaging material at minimum level. Hence, we reduce our packaging waste amount.



# Waste Management

We sent 95.44% of our waste in 2022 to licensed companies determined by the Ministry of Environment, Urbanization and Climate Change for the implementation of recovery processes.

Amount of Non-hazardous Waste (2022)

**10,307** Tons

Amount of Hazardous Waste (2022)

**4,251** Tons

(GRI 3-3, 306-1, 306-2, 306-3)

Classification and recycling/disposal of all wastes generated at CMS is performed in accordance with legislation and our waste management plan. The wastes we generate are classified according to their types, and their quantities are recorded. Sending our waste, that reaches a sufficient amount at our waste sites, to licensed companies is the responsibility of our Environment Department. As a result of the work carried out jointly with our Purchasing Department, we select the appropriate licensed companies determined by the Ministry of Environment, Urbanization and Climate Change for our wastes and ensure that they are discharged from our factory by keeping the forms required to be kept in accordance with legal legislation and our environmental management system.

In case of minor spills, emergency spill kits at the production areas are used for necessary interventions. Also, to protect the environment against negative effects in potential spills, impermeable floors are used at areas with chemicals uses. Within the reporting period, no important spills or leakages occurred at our facilities.

Each new employee is given information training on waste management under Environmental Trainings. In our monthly report published by our OHS and Environment Senior Directorate, our waste consumption amounts are monitored and shared with all our employees.

We sent 94.83% of our waste in 2021 and 95.44% of our waste in 2022 to licensed companies determined by the Ministry of Environment, Urbanization and Climate Change for the implementation of recovery processes.

We sent 4.56% of our waste in 2021 and 5.17% of our waste in 2022 to licensed companies determined by the Ministry of Environment, Urbanization and Climate Change for the implementation of disposal methods.



Waste Type	2021	2022
Amount of Non-hazardous Waste (ton)	12,142	10,307
Amount of Hazardous Waste (tons)	3,404	4,251
Total	15,546	14,558

	BLUE COLLAR TRAINING HOURS PER PERSON	WHITE COLLAR TRAINING HOURS PER PERSON
2022 ENVIRONMENT TRAININGS	2.94	6.85
2021 ENVIRONMENT TRAININGS	2.11	3.72





# Water and Wastewater Management

Water scarcity and changes in precipitation patterns in the geographical location of our production facilities are directly assessed as a long term physical climate risk in our operations.

We determine our water management roadmap by taking into account national and international standards, the targets set by the climate change conference and our ISO 14001 Environmental Management System requirements. With our responsibility for efficient use of natural resources, acknowledging that water is a fundamental source of life, we work with the awareness that it has an important impact on employees, customers and other communities.

The quality and accessibility of the water and the protection of available water resources are of critical importance for our business continuity and costs. At all our facilities, in production processes, and in other ancillary companies, water use is important.

At all facilities of CMS, in production processes, and in other ancillary companies (metal processing, painting, cooling, employee use), water use is important. While water use has a direct impact on production,

we are aware of the indirect impact caused by our suppliers.

We monitor the water consumption of all our facilities, identify water performance indicators, and define our targets. Risks and opportunities under our water management are scored according to the risk and opportunity scoring methodology of CMS, considering financial, reputation, production, human, and legal impacts. As per the results we obtain, we take actions against the risks and opportunities we identify with short, medium and long term plans.

Before discharging the water used in all our operations, we discharge it following treatment at a line as directed by local management. Wastewater values such as pH, COD, SS of the discharged water are monitored by local water management. Through regular controls, values of water discharged as a result of wastewater treatment are kept below legal limits. With



our current investments, our water treatment capacity is sufficient to meet demand with future capacity enhancements.

We make efforts to implement more efficient water use in all our facilities and encourage the industrial use of treated water. Therefore, we aim to minimize the impact of our activities on water throughout the product life cycle by including water management in our Environmental Policy.

Water scarcity and changes in precipitation patterns in the geographical location of our production facilities are directly assessed as a long term physical climate risk in our operations. A potential seasonal and chronic regional water scarcity may cause our production activities to stop. With this in mind and with an approach focusing on the life cycles of products within the scope of water management, we focus on projects reducing water consumption, providing reuse, and recovery in our production processes.



In 2013, we commissioned the Rain Water Recycling System at our Gaziemir factory, which enables us to collect, treat and reuse rain water for production and factory installation. Our facility capacity enables us storage of up to 500 m<sup>3</sup> and treatment of up to 36 m<sup>3</sup>/h. In 2023, we plan to commission the Rainwater Recycling System, which aims to recover 10,200 m<sup>3</sup> of rainwater, at our Çiğli-2 facility.



# Annex -1 Performance Indicators

## Employees (By Gender)

	2021	2022
Female	155	162
Male	3,863	3,678

## Employees (By Age Group)

	2021	2022
<30	1,216	1,115
30-50	2,722	2,647
>50	80	78

## Employees in Management Bodies (By Gender)

	2021	2022
Female	12	18
Male	74	72

## Employees in Management Bodies (By Age)

	2021	2022
<30	1	1
30-50	80	84
>50	5	5

## Employees Going to Work (By Age Group)

	2021	2022
<30	417	278
30-50	228	148
>50	2	2

## Employees Covered by Collective Bargaining Agreement

	2021	2022
Employees Percentage	78%	81%

## Employees Going to Work (By Gender)

	2021	2022
Female	46	34
Male	601	394

## Employees Going to Work (By Region)

	2021	2022
Mediterranean Region	8	8
Eastern Anatolia Region	112	65
Aegean Region	283	193
Southeastern Anatolia Region	50	35
Central Anatolia Region	90	42
Black Sea Region	76	59
Marmara Region	28	26
<b>Grand Total</b>	<b>647</b>	<b>428</b>



# Annex -1 Performance Indicators

## Number of Subcontracted Employees

	2021	2022
Cleaning Services	244	233
Security Services	48	44
Health Services	20	21

## Male Employees on Parental Leave

	2021	2022
Days	1,021	1,068
People	226	220

## Blood Donation Amount (Unit)

	2021	2022
PINARBAŞI	261	175
ÇİĞLİ	174	150
GAZİEMİR	251	174
<b>Grand Total</b>	<b>686</b>	<b>499</b>

## Education Aid

	2021	2022
People	1,411	1,557
<b>Amount</b>	<b>₺862,391.61</b>	<b>₺2,293,573.73</b>

## Training Hours per Employee

	BLUE COLLAR	WHITE COLLAR
2022 ONLINE TRAININGS	0.92	1.98
2022 IN-CLASS TRAININGS	18.81	30.03
2021 ONLINE TRAININGS	10.69	10.88
2021 IN-CLASS TRAININGS	12.86	21.90

## Training Hours per Employee

	BLUE COLLAR	WHITE COLLAR
2022 OHS TRAININGS	4.67	10.69
2022 ENVIRONMENTAL TRAININGS	2.94	6.85
2021 OHS TRAININGS	13.64	13.18
2021 ENVIRONMENTAL TRAININGS	2.11	3.72

## Waste Type

	2021	2022
Amount of Non-Hazardous Waste (tons)	12,142	10,307
Amount of Hazardous Waste (tons)	3,404	4,251
<b>Total</b>	<b>15,546</b>	<b>14,558</b>



# Annex -1 Performance Indicators

## Waste Disposal Methods

Non-Hazardous Waste (tons)	2021	2022
Reuse		
Recycle	11,418.91	9,649.40
Composting		
Recovery including energy recovery		
Waste burning (Collective burning)		
Other (to be determined by organization.)		
Deep well injection		
Burying	723.24	657.22
Storing at workplace		
Other		
Hazardous Waste (tons)	2021	2022
Reuse	26.92	28.02
Recycle	3,296.54	4,216.50
Composting		
Recovery including energy recovery		
Waste Burning (Collective Burning)		
Deep Well Injection		
Burying	80.08	6.43
Storing at workplace		
Other (To be determined by organization.)		

Water Use	Megalitre
Water Total (2022)	723.36
Wastewater Total (2022)	649.98

(GRI 305-7)

## Pınarbaşı

Energy Type	2021 Energy Source Distribution			2022 Energy Source Distribution		
	kWh/year	TEP	TJ	kWh/year	TEP	TJ
Electricity	41,979,733.75	3,610.26	151.14	43,641,535.08	3,753.17	157.12
NG	90,934,328.00	7,050.83	295.18	90,194,154.99	6,993.44	292.77
<b>Total</b>	<b>132,914,061.75</b>	<b>10,661.09</b>	<b>446.32</b>	<b>133,835,690.07</b>	<b>10,746.61</b>	<b>449.90</b>

## Çiğli - 1

Energy Type	2021 Energy Source Distribution			2022 Energy Source Distribution		
	kWh/year	TEP	TJ	kWh/year	TEP	TJ
Electricity	53,597,061.00	4,609.35	192.97	52,634,604.40	4,526.58	189.50
NG	101,805,105.36	7,893.72	330.46	101,676,166.58	7,883.73	330.04
<b>Total</b>	<b>155,402,166.36</b>	<b>12,503.07</b>	<b>523.43</b>	<b>154,310,770.98</b>	<b>12,410.30</b>	<b>519.54</b>

## Çiğli - 2

Energy Type	2021 Energy Source Distribution			2022 Energy Source Distribution		
	kWh/year	TEP	TJ	kWh/year	TEP	TJ
Electricity	14,042,432.00	1,207.65	50.56	28,046,174.30	2,411.97	100.97
NG	18,269,358.80	1,416.56	59.30	36,967,949.22	2,866.41	120.00
<b>Total</b>	<b>32311790.80</b>	<b>2624.21</b>	<b>109.86</b>	<b>65,014,123.52</b>	<b>5,278.38</b>	<b>220.97</b>

## Gazimir

Energy Type	2021 Energy Source Distribution			2022 Energy Source Distribution		
	kWh/year	TEP	TJ	kWh/year	TEP	TJ
Electricity	99,333,656.20	8,542.69	357.63	99,377,764.40	8546.49	357.79
Natural Gas	201,221,947.33	15,602.27	653.17	196,136,471.50	15,207.95	636.67
<b>Total</b>	<b>300,555,603.53</b>	<b>24,144.96</b>	<b>1,010.80</b>	<b>295,514,235.90</b>	<b>23,754.44</b>	<b>994.46</b>

Air Emissions	PNB-2022	GZM-2022	ÇGL2 -2022	ÇGL-2021
NO <sub>x</sub> (Kg/h)	1.9103	6.3317	2.9367	1.912
SO <sub>x</sub> (Kg/h)	0.0000	0.0316	0.1640	0.000
CO (Kg/h)	0.6755	3.3810	1.2252	1.445
Particulate Matter (PM) (dust) (Kg/h)	0.4556	0.6598	0.0997	1.536
Volatile Organic Compounds (TVOC)	5.0817	1.5646	<b>Not detected.</b>	3.961

\*The results of stack emission measurement, which must be done every 2 years in accordance with the legislation, have been shared.



# Annex-2 GRI Content Index



**CONTENT INDEX  
ESSENTIALS SERVICE**

2024

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

<b>Statement of use</b>	CMS has reported in accordance with the GRI Standards for the period January 1, 2001 - December 31, 2022.		
<b>GRI 1 used</b>	GRI 1: Foundation 2021		
<b>Applicable GRI Sector Standard(s)</b>	Since the sector standard for the automotive sector has not been prepared yet, no sector standard has been used.		
GRI STANDARD	DISCLOSURE	LOCATION AND/OR DIRECT ANSWERS	PAGE NUMBER
<b>GENERAL DISCLOSURES</b>			
GRI 2: General Disclosures 2021	GRI 2-1 Organizational details	About CMS About the Report Our Production Facilities	Page 10 Page 6-7 Page 16
	GRI 2-2 Entities included in the organization’s sustainability reporting	About the Report	Page 6-7
	GRI 2-3 Reporting period, frequency and contact point	About the Report	Page 6-7
	GRI 2-4 Restatements of information	None	
	GRI 2-5 External Audit	About the Report	Page 6-7
	GRI 2-6 Activities, value chain and other business relationships	About CMS	Page 10
	GRI 2-7 Employees	Our Human Resources Approach and Practices Annex-1 Performance Indicators	Page 51 Page 80-81
	GRI 2-8 Workers who are not employees	Annex-1 Performance Indicators	Page 81
	GRI 2-9 Governance Structure and Composition	Corporate Management Structure and Committees	Page 20-21-22
	GRI 2-10 Nomination and Selection of the Highest Governance Body	Corporate Management Structure and Committees	Page 20-21-22
	GRI 2-11 Chair of the highest governance body	Corporate Management Structure and Committees	Page 20-21-22
	GRI 2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Management Structure and Committees	Page 20-21-22
	GRI 2-13 Delegation of responsibility for managing impacts	Corporate Management Structure and Committees	Page 20-21-22



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	GRI 2-15 Conflicts of Interest	Ethics and Compliance	Page 28
	GRI 2-16 Communication of Critical Concerns	Ethics and Compliance	Page 28
	GRI 2-17 Collective knowledge of the highest governance body	Our Sustainability Management	Page 23
	GRI 2-18 Evaluation of the performance of the highest governance body	Our Sustainability Strategy	Page 24
	GRI 2-19 Remuneration policies	Our Human Resources Approach and Practices	Page 51
	GRI 2-20 Process to determine remuneration	Our Human Resources Approach and Practices	Page 51
	GRI 2-21 Annual total compensation ratio	Data is not shared.	
	GRI 2-22 Statement on Sustainable Development Strategy	Our Journey of Sustainable Success Highlights of the Reporting Period Our Sustainability Strategy	Page 12 Page 17 Page 24
	GRI 2-23 Policy commitments	Our Vision, Mission and Principles	Page 11
	GRI 2-24 Embedding policy commitments	Our Vision, Mission and Principles	Page 11
	GRI 2-25 Processes to remediate negative impacts	Risk Management and Business Continuity	Page 31
	GRI 2-26 Mechanisms for seeking advice and raising concerns	Ethics and Compliance	Page 28
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	GRI 2-29 and Approach to stakeholder engagement	Relations with Our Stakeholders	Page 27
GRI 2-30 Collective bargaining agreements	Our Human Resources Approach and Practices	Page 51	



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	GRI 3-2 List of material topics	Materiality Topics	Page 26
Economic Performance			
GRI 3: Material Topics 2021	GRI 3-3 Management of material topics	Economic Performance	Page 13-14-15
GRI 201: Economic Performance 2016	GRI 201-1 Direct economic value generated and distributed	Economic Performance	Page 13-14-15
	GRI 201-2 Financial implications and other risks and opportunities due to climate change	Economic Performance	Page 14
Ethics and Compliance			
GRI 3: Material Topics 2021	GRI 3-3 Management of material topics	Ethics and Compliance	Page 28
GRI 205: Anti-Corruption 2016	GRI 205-1 Operations assessed for risks related to corruption	Ethics and Compliance	Page 28
	GRI 205-2 Communication and training about anti-corruption policies and procedures	Ethics and Compliance	Page 28
Diversity, Equal Opportunity and Non-Discrimination			
GRI 3: Material Topics 2021	GRI 3-3 Management of material topics	Anti-Bribery and Anti-Corruption Our Human Resources Approach and Practices	Page 29 Page 50
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Water and Wastewater Management			
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GRI 303: Water and Wastewater 2018	GRI 303-1 Interactions with water	Water and Wastewater Management	Page 79
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	GRI 303-3 Water withdrawal	Water and Wastewater Management	Page 79
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Emission Management			
GRI 3: Material Topics 2021	GRI 3-3 Management of material topics	Energy and Climate Change Management	Page 70-71-72-73
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	GRI 305-4 GHG emissions intensity	Energy and Climate Change Management	Page 70-71-72-73
	GRI 305-5 Reduction of GHG emissions	Energy and Climate Change Management	Page 70-71-72-73
	GRI 305-7 Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ) other significant air emissions	Annex-1 Performance Indicators	





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	GRI 306-2 Management of significant waste-related impacts	Waste Management	Page 77-78
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Environmental and Social Compliance of Suppliers			
GRI 3: Material Topics 2021	GRI 3-3 Management of material topics	Our Supply Chain	Page 44-45-46-47
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