

Kastamonu Entegre Sustainability Report

2023

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About the Report

As Kastamonu Entegre, we operate on a vision to become a global brand through a transparent and accountable management approach that complies with ethical rules. For 54 years, we have sustained our operations within an awareness of our environmental, economic and social impacts and responsibilities.

This report has been prepared by Kastamonu Entegre Sustainability Working Group in accordance with the GRI Standards of the Global

Reporting Initiative (GRI), taking into account every stage of our value chain.

In this report, we share with our stakeholders the sustainability performance of our company's operations in Türkiye between January 1 - December 31, 2023. We also include our management approach, strategic priorities, sustainability approach and goals in our report.

We intend to continue our reporting efforts in the coming periods and improve them in line with stakeholder expectations. We present you Kastamonu Entegre 2023 Sustainability Report prepared in digital format to minimize the environmental impact.

We value the opinions of our stakeholders in all our business processes and continue to improve ourselves with the feedback we receive from them. You can send your questions, comments and suggestions regarding the 2023 Sustainability Report to us at surdurulebilirlik@keas.com.tr.



Message from the Management

Esteemed stakeholders,

We are one of the world's leading manufacturers of wood-based panels, aiming to build 'a bridge from nature to life' by bringing the warmth and purity of nature into living spaces. 2023 was a year when we stood out thanks to the strong sustainability and innovation steps we took as well as our achievements in global markets. Motivated by 54 years of deep-rooted history, we manage our environmental, social and economic goals in a balanced manner, and we take delight in realizing projects that carry not only our company but also our country forward.

We commissioned two 'mega-site' production facilities following our domestic investment moves

Our domestic investments have exceeded EUR 700 million in the last 4 years and have played a key role in increasing our production power and competitive edge in Türkiye. To this end, the MDF plant in Balıkesir and the Particleboard plant in Kastamonu, both commissioned in 2023, significantly increased our production capacity with their high-tech equipment, and these two locations started to operate as new 'mega sites'. We also invested in melamine press and impregnation operations to attain our value-added production goals.

We offer innovative solutions through our environmentally friendly 100% bio-based product 'Pureboard' .

By integrating our sustainability approach into every stage of our business processes, we maintain our leadership in the sector through environmentally friendly products. In 2023, we took another major step towards ecological solutions when we launched our 100% bio-based product PUREBOARD. PUREBOARD enabled us to rank 18th in Fast Company's 'Most Innovative Companies List', a substantial achievement per se. At our R&D center, we run both product development and productivity improvement projects. We focus on circular solutions such as innovative and sustainable materials and the use of recyclable materials, developing projects that make a difference in the said areas and homing in on bio-based products. In line with our sustainability vision, we collaborate with academic institutions, universities, startups, public institutions and EU organizations to come up with projects boasting effective scientific and technical know-how.

We won the first prize in the Innovation Strategy category at the InovaLIG contest.

Our innovation and R&D achievements had major repercussions throughout the sector in 2023. We won the first prize in the Innovation Strategy category at the InovaLIG contest organized by the Turkish Exporters Assembly (TİM). This achievement is strong proof that our sustainability and innovation strategies are ably managed.

We received various awards for our TalenTree internship program.

Another significant achievement this year was the awards we received for our approach focusing on employees and young talents. We won an award in the Brandon Hall Group 2023 HCM Excellence Awards with our 'TalenTree Young Talent Development Journey' internship program in addition to the first prize in the 'Production (Industrial Products)' category at the TopTalent 2023 contest, both demonstrating the effectiveness and success of our human resources policies.

As we continue to support employee development, we contribute to the sustainable success of our company by providing a safe, healthy and equitable working environment.

We won the energy efficiency award with projects supported by the Turkish Ministry of Energy and Natural Resources.

We do not limit our sustainability investments to production. We also work on energy efficiency projects, biomass utilization and renewable energy solutions to reduce environmental impact. **In 2023, we won the energy efficiency award with projects supported by the Turkish Ministry of Energy and Natural Resources, tallying significant environmental savings.** These efforts reflect our company's responsibility to deliver for both nature and society.

As Kastamonu Entegre, we will continue to be a determined leader of the sectoral transformation and take effective steps for a greener world by focusing more on sustainability as our main priority in the coming years.

Through R&D studies and projects on digitalization and innovation, we will grow stronger every year as a company that adopts a hopeful view of the future.

I would like to thank our devoted employees, our valuable business partners and all our stakeholders for their unwavering support to make these achievements possible. I am fully convinced that we will work resolutely together to step into a more sustainable future.

Sincerely,
Haluk Yıldız
CEO

About Kastamonu Entegre

03

3.1. About the Company

As one of the two global flagship companies of Hayat Holding, we have been operating in the wood-based panel industry for **54 years**. Our product portfolio includes raw and melamine-coated low, medium and high-density fiberboard (LDF - Low Density Fiberboard, MDF - Medium Density Fiberboard, HDF - High Density Fiberboard) as well as particleboard, laminate flooring, glossy panel, door panel and various value-added products catering to the furniture, decoration and construction industries.

Kastamonu Entegre first started production in the city of Kastamonu as a company with **100% national capital** and is one of the bold steps taken towards Türkiye's industrialization. **We have domestic production facilities in 6 locations in Türkiye, namely Kastamonu, Gebze, Balıkesir, Samsun, Tarsus and Adana.** As Kastamonu Entegre, we are the first company in our sector to invest abroad. We have emerged as a global brand through our investments in Romania, Bulgaria, Bosnia and Herzegovina, Russia and Italy. Furthermore, we have a company in the United States of America (USA) where we handle wood chip procurement and logistics.

As Türkiye's leading company in the wood-based panel sector with a 30% market share, we are the third largest producer in Europe and the fourth largest producer in the world in the main product groups of MDF and particleboard, investing abroad for more than **25 years**. In addition, our production per se accounts for 7% of the world's laminate flooring production. As a company that is crowned as 'Italy's largest Turkish investor' and 'Russia's largest MDF producer', we also maintain our position as the clear export leader in our sector every year, thanks to our exports to 100

countries on 6 continents ranging from China to America and Australia to Canada. As the global brand of the wood-based panel industry, we have a consolidated turnover of EUR 1.5 billion. In addition, thanks to our strength, knowledge and experience in production, we employ approximately 7,500 people in our domestic and international production facilities and offices.

We have made significant contributions to the growth of our country through domestic investments exceeding EUR 700 million in the last 4 years. These investment, employment, production and export steps continue to bolster Türkiye's economic development. Our new MDF plant in Balıkesir started production in 2023 as one of the largest and most modern MDF plants in the world. In addition, our new particleboard factory in Kastamonu Organized Industrial Zone has also been commissioned. These production facilities in Balıkesir and Kastamonu continue to operate as a 'mega site' with a production capacity exceeding 1 million cubic meters at a single location.

To develop projects that will contribute to our sustainable and high value-added production, we established our R&D Center at Teknopark Istanbul in the second half of 2018 and united our R&D activities under a single roof rather than multiple locations. In 2020, we received the R&D Center certificate from the Ministry of Industry and Technology pursuant to the Law No. 5746. Our interdisciplinary R&D team of 29 members boasts chemists, chemical engineers, forest engineers, industrial engineers, material engineers, polymer engineers, environmental engineers, nano-engineers and bioengineers.





3.2. Objectives and Strategic Priorities

We act on a mission to protect the balance of nature and contribute to society, and we are proud to be the first company in the wood-based panel industry in Türkiye to publish a sustainability report in 2019. At our R&D center established to develop the technologies of the future, we work on product and process development, productivity improvement, efficient resource use and advanced material technologies.

As Kastamonu Entegre, we work to introduce peace and happiness into living spaces. We deliver using advanced technology, a team of experts and production facilities around the world, and we know that our real business is to focus on and nurture the nature. We work to bring the peace of the forest into the city. As a result of the process in which we went on a quest for the benefits and value that constitute the *raison d'être* of our company, we set our objective of building 'a bridge from nature to life'.

The strategic priorities we have set to strengthen our leadership position on the increasingly competitive global markets aim not only to adapt to current market conditions, but also to lead the sector with innovative solutions. As a company, we are taking major steps in key areas such as growth, customer satisfaction, operational excellence, digital transformation, innovation and sustainability.

These strategic priorities set a road map that will shape not only Kastamonu Entegre's today but also its tomorrow. With each step, we aim to carry our company to a brighter future by advancing with a strong corporate culture, technological progress and social responsibility awareness. These priorities will not only reinforce Kastamonu Entegre's leadership in the sector but will also secure its future success. For us, it is essential to build a stronger, more sustainable and more innovative future at every step.

-  **Sustainable Growth**
Managing turnover, profitability, production volume and supply chain in a balanced manner; sustaining growth by using resources effectively.
-  **Customer and User Orientation**
Adopting the primary goal of meeting the needs and expectations of customers and users (craftsmen, architects, carpenters and end consumers).
-  **Operational Excellence and Agility**
Conducting business with optimum efficiency and quality to meet the expectations of stakeholders; adapting quickly to changing conditions.
-  **Digital Transformation**
Transforming into a digital business by implementing digitalization projects (such as big data, Industry 4.0 and artificial intelligence) that support the company's priorities and strategies.
-  **Innovation and Sustainability**
Creating value with new products, services and business models to be competitive and to meet customer/user needs; developing projects to ensure economic, social and environmental sustainability.
-  **Global Thinking**
Designing activities and processes considering the global structure of Kastamonu Entegre and disseminating successful practices.
-  **Human and Nature-Oriented Approach**
Prioritizing the focus on human and nature in all operations and activities with our internal and external stakeholders.

3.3. Principles



While setting our principles, we have taken into consideration various behavioral indicators such as values, competencies, skills and ways of doing business that guide our company or our employees. Any area that our principles touch upon is reflected in the daily lives of our employees and is critically important. Together with our Board of Directors, managers at all levels and our colleagues, we held a total of 7 workshops to decide on our principles. In addition, we conducted local surveys in all our locations in Türkiye, Bulgaria, Romania, Italy and Russia. From this extensive work emerged our set of principles, destined to be a source of inspiration and motivation for all our stakeholders. These principles are intended to become a guide in our lives to be successful and create sustainable value.



3.4. Products and Brands

At our facilities, we produce the following products catering to the furniture, decoration and construction industries:

- **MDF / Particle Board**

- o Raw
- o Fire and Moisture Resistant
- o Compact Panel
- o Colorpan

- **Decorative Panel**

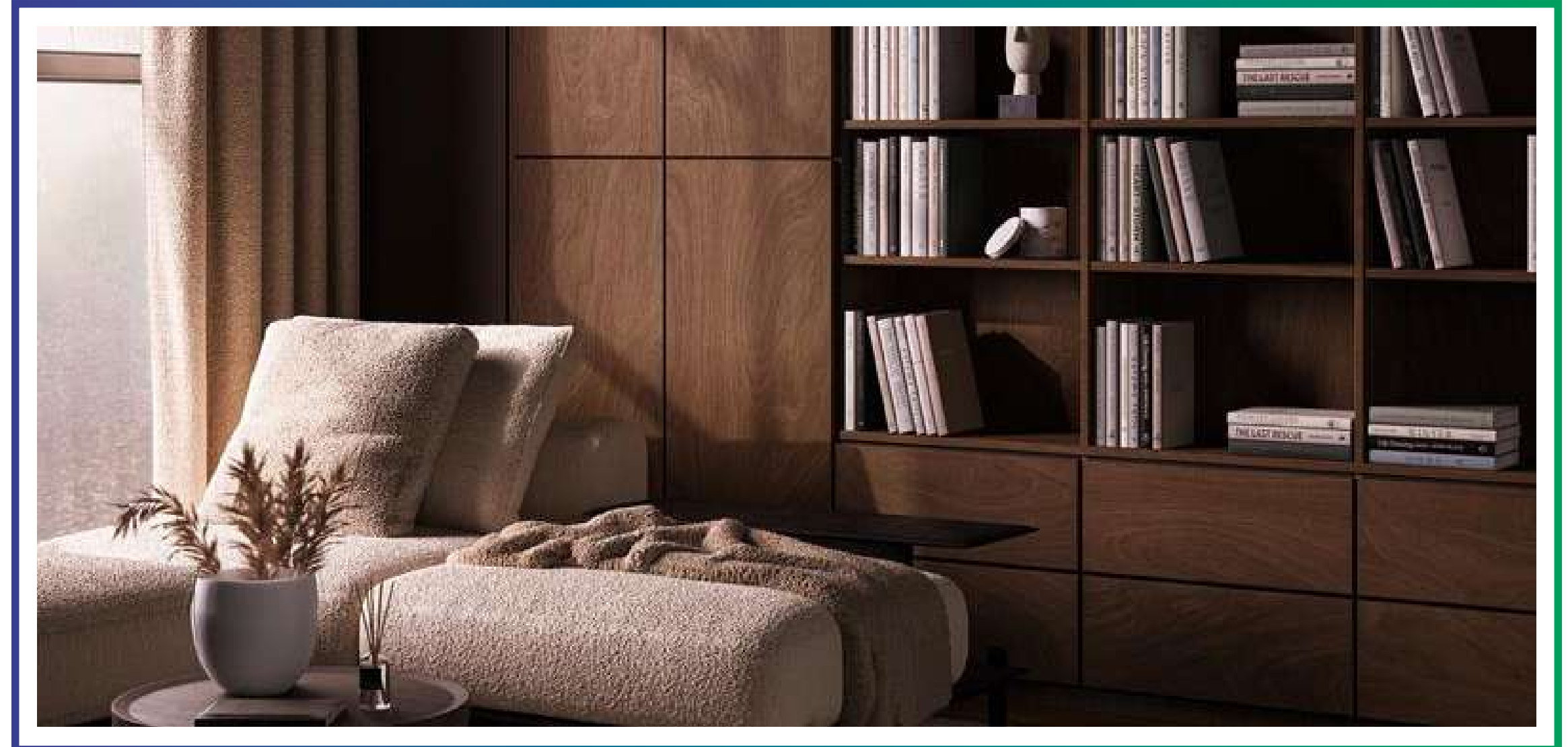
- o Acrylic Coated Panel (Acrylic Panel, Industrial Acrylic Panel)
- o Painted Panel (Printpan)
- o Lacquered Panel (Mattplus, Glossmax Pro, Glossmax)
- o Melamine Coated Compact Panel
- o PVC-PET Coated Panel (Evogloss, Evogloss Reflections, Evosoft)

- **Laminate Flooring (Floorpan)**

- **Skirting Board**

- **Door Panel (Doorpan, Doorlam)**

- **Laminate Worktop (Technotop, Neotop)**



3.5. Production Facilities



Production
facilities in
6
countries

At our production facilities and offices in 6 countries, we employ people from 13 different countries including Azerbaijan, Bosnia-Herzegovina, Bulgaria, Morocco, Italy, Hungary, Moldova, Nigeria, Uzbekistan, Romania, Russia, Serbia and Türkiye. In delivering this value, we embrace all cultures, respecting diversity, inclusiveness and differences and fully believing in equality. Our domestic production takes place at our facilities located in **Gebze, Kastamonu, Balıkesir, Adana, Tarsus and Samsun**.

Information on our production facilities abroad are as follows.

Kastamonu Romania

At Kastamonu Romania, the world's third largest door panel manufacturer, we are also the second largest Turkish investment in Romania. We export our door panel, raw and melamine-coated particleboard and kitchen countertop products that we produce at our facility to the rest of the world, including the Balkan countries as well as the Romanian domestic market. This facility is the first overseas investment by Kastamonu Entegre and is one of the three major players in the market with a 30% market share in the particleboard product group.

Kastamonu Bulgaria

We produce raw and melamine-coated particleboard at our facility in Kazanlık, Bulgaria. Our facility exports to various European countries, particularly the Balkans, and is the second largest player in the market with a 33% market share in the particleboard product group.

Natron-Hayat

Acquired by Kastamonu Entegre and Hayat Kimya in 2005, this facility produces kraft paper used in packaging and cement bag manufacturing and is the largest kraft paper producer in the region, exporting 95% of production to more than 70 countries. 85% of our sales are destined for the Turkish and European markets. We export the remaining 15% of our capacity to the Middle East, Far East and Africa.

Kastamonu Russia

This facility operates in Tatarstan as one of the highest-capacity MDF facilities producing under a single roof in the world and is the largest MDF producer in the country with an annual production capacity of 1 million m³ of MDF. The facility exports our products to the Russian market, neighboring countries and the Asian market and is the market leader in Russia with a 30% market share in MDF and laminate flooring product groups. After the commissioning of the third line in 2021, the facility's annual laminate flooring production reached 40 million m².

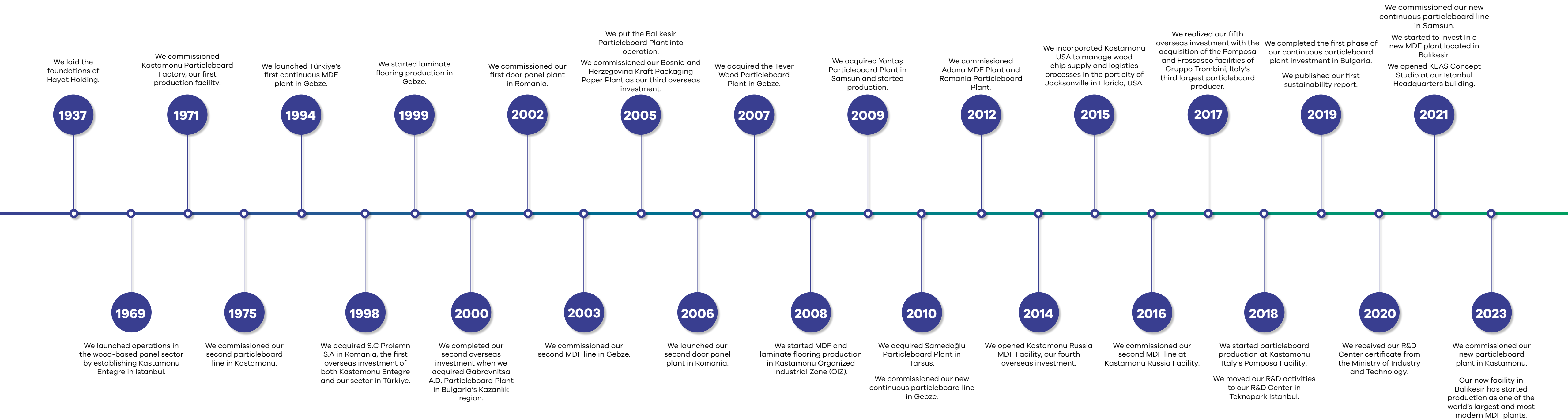
Kastamonu USA

At Kastamonu USA, we have been managing wood chip supply and logistics processes in Jacksonville, Florida since 2015. We supply wood chips to pulp mills and companies operating in the wood-based panel industry. We have an annual sawdust production capacity of 500,000 million tons and a maximum storage capacity of 60,000 million tons.

Kastamonu Italy SPA

In 2017, we acquired Gruppo Trombini, Italy's third largest producer of particleboard, and became the largest Turkish investor in Italy, the world's third largest furniture producer and exporter. In addition, we expanded our production locations to Central Europe with this investment, which has a 15% market share. We use 100% recycled raw materials at this facility where we produce raw and melamine-coated particleboard for the Italian furniture industry.

3.6. Milestones



3.7. Awards

Through our projects on national and international platforms, we have achieved significant success, being deemed worthy of various awards by different organizations. To this end, the awards we received in 2023 are as follows:



Innovation Champions

We received the first prize in the Innovation Strategy category at the InovaLIG contest organized by the Turkish Exporters Assembly (TİM) under the coordination of the Ministry of Commerce of the Republic of Türkiye to name Türkiye's innovation champions. Getting the first prize was the culmination of our success of ranking in the top three for three years in a row.



ISO 500

We ranked 48th in the 'Türkiye's Top 500 Industrial Enterprises' (İSO 500) survey by Istanbul Chamber of Industry.



Capital 500

In the Capital 500 survey, we ranked 2nd in our sector and 105th overall with our Türkiye operations.



TİM Top 1000

In the TİM Top 1000 Exporters Survey, we ranked among the top three companies in the furniture, paper and forestry products sector and 107th overall.



Most Innovative Companies

We ranked 18th in Fast Company's 'Most Innovative Companies List' thanks to our environmentally friendly and bio-based innovative product Pureboard.



Golden Spider

With our company's new website 'www.kastamonuentegre.com', we made it to the finals in four categories at the Golden Spider Awards and ranked third in the 'Mobile Compatible Design' and 'Production and Industry' categories.



Corporate Entrepreneurship Awards

We won the jury's special award at the Corporate Entrepreneurship Awards organized by the Entrepreneurial Institutions Platform, Özyeğin University and Fast Company thanks to our 'wood-based panel produced by upcycling coffee waste' project implemented in collaboration with Wastespresso.



Efficiency Project Award

With our project titled 'Adana Factory - Increasing Efficiency with Heat Plant Chimney Fan Vibration Dampening', we ranked first in the Energy Efficiency category of the 9th Efficiency Project Award Ceremony organized by the Republic of Türkiye Ministry of Industry and Technology to encourage efficiency efforts.



Brandon Hall Group

With our TalenTree Young Talent Development Journey internship program, we received the Bronze award in the 'Best Advance in Selecting and Onboarding Interns' category of 'Brandon Hall Group 2023 HCM Excellence Awards Talent Acquisition'.



TopTalent

In TopTalent 2023, where the best talent programs of the year are selected by the votes of over 33,000 young talents, we won first place in the 'Production (Industrial Products)' category with our TalenTree Young Talent Development Journey internship program implemented globally in Türkiye, Italy, Romania and Bulgaria.



Stevie Awards

*At The Middle East & North Africa Stevie Awards, our Global Innovation School project received two Gold awards in the categories of 'Innovation in Human Resources Management, Planning and Implementation' and 'Innovative Achievement in Human Resources'.

*We won the Silver award in the 'Innovation in Human Resources Management, Planning and Implementation' category with our TalenTree Young Talent Development Journey internship program.

*We won two Bronze awards in the categories of 'Excellence in Innovation in the Production Sector' and 'Innovative Achievement in Human Resources' thanks to our new generation OKR- and feedback-based Goal and Development Management process 'Discovery'.



3.8. Memberships

European Union (EU) Bio-based Industries Consortium (BIC)	İstanbul Chamber of Industry
Food and Agriculture Organization (FAO) Sustainable Forest Industry Advisory Board	İstanbul Chamber of Commerce
Türkiye Materials Marketplace (TMM)	Kocaeli Chamber of Industry-Gebze
Foreign Economic Relations Board (DEİK)	Gebze Chamber of Commerce
Istanbul Furniture, Paper and Forestry Products Exporters' Association	Adana Chamber of Industry
Central Anatolian Exporters' Associations (OAİB)	Adana Chamber of Commerce
MDF and Particleboard Industrialists Association	Balıkesir Chamber of Industry
R&D Centers Communication and Cooperation Platform (ARGEMİP)	Balıkesir Chamber of Commerce
Quality Association of Türkiye (KalDer)	Kastamonu Organized Industrial Zone Directorate
Turkish Forest Products Industrialists' and Businessmen's Association (TORİD)	Kastamonu Commodity Exchange
University-Industry Cooperation Centers Platform (ÜSİMP)	Kastamonu Chamber of Commerce and Industry
Entrepreneurial Institutions Platform	Tarsus Chamber of Commerce and Industry
Association of Corporate Communicators	Terme Chamber of Commerce

RESPONSIBLE GOVERNANCE APPROACH

04

4.1. Organizational Structure

Our company's corporate governance approach is based on transparency, integrity, ethical principles and full legal compliance. This approach underpins all our activities and aims to demonstrate high standards of management practice. In line with our corporate governance principles, while determining the structure of our Board of Directors, we ensure an effective distribution of duties among the members. The Board of Directors aims to keep the company's risk, growth and profitability balance at an optimum level through its strategic decisions. These decisions not only focus on short-term gains but also consider the trade-offs necessary to ensure the long-term sustainability of the company. By adopting a rational and careful risk management approach, we best represent the company's values and objectives. The Board of Directors, the highest administrative body at our company, is composed of 5 members, each with expertise and experience in different fields, ensuring a combination of diversity and expertise when making strategic decisions.

4.2. Corporate Policies

As Kastamonu Entegre, we adhere to sustainability principles in our operations and activities. To this end, we aim to fulfill our environmental, social and corporate responsibilities at the highest level through our various management systems and policies.

While the ISO 9001 Quality Management System increases customer satisfaction and process efficiency, we prioritize the health and safety of our employees through the ISO 45001 Occupational Health and Safety Management System. We support environmental awareness with the ISO 14001 Environmental Management System and deliver production processes that respect nature. With the ISO 50001 Energy Management System, we increase energy efficiency and use our resources effectively. We attach great importance to data security with the ISO 27001 Information Security Management System.

In addition, we fulfill our responsibility to nature in line with the FSC® (Forest Stewardship Council®) Forest Conservation and Chain of Custody Policy, and we act in observation of ethical values and respect for human rights in line with our Social Compliance Policy. Based on these policies, we pull out all the stops for a sustainable future.

As Kastamonu Entegre, while realizing our sustainable success and long-term growth targets, we adopt a pioneering approach not only in terms of our economic performance but also in environmental, social and technological terms. In line with this vision, we meticulously plan each of our strategic steps and align our business processes with these strategies.



4.3. Code of Ethics and Working Principles

Our Code of Ethics and Business Conduct covers topics such as our fundamental ethical values, management of conflicts of interest, our responsibilities, and protection of trade secrets and confidentiality principles. In the Governance and Implementation section of our Principles, we focus on the management principles of our ethics system, the structure of the ethics committee and the resolution processes for non-compliance.

Integrity and honesty are among the key principles in all our business processes. We expect our employees and business partners to adhere to these values in our relationships. The observance and fulfillment of fairness, justice and equity form the basis of our way of doing business. We embrace respect for people, society and the environment as integral parts of our corporate culture and management approach. We prioritize respect and courtesy towards all our employees and everyone we collaborate with.

At Kastamonu Entegre, compliance with the rules and responsible conduct are part of our values and of the respect we have for each other. The Code of Ethics and Working Principles, together with our other policies and procedures, establishes the rules and principles on how we should behave and perform our duties in our business activities.

The responsibilities of each of us as employees of our company are as follows:





4.3. Code of Ethics and Working Principles

Any possible non-compliance with the Code of Ethics and Working Principles is resolved by our company's Global Ethics Committee. The Ethics Committee manages the process with permanent members in each case as well as temporary members nominated according to the country or function in which the non-compliance occurred. The Audit Director serves as the rapporteur of the Ethics Committee. The Ethics Committee convenes with the attendance of the chairperson and three members and makes its decisions on a majority vote. In case of equal votes, a balance is struck by inviting another member, and decisions are then quickly implemented. The Global Ethics Committee has the authority to establish sub-committees at country level to resolve situations contrary to the Code of Ethics and Working Principles. Details on working procedures are described in the internal regulations of the organization.

The Ethics Committee bears the authority to assign the Audit Director to review and investigate reports of violations received through the ethics hotline or other channels. Cooperation with other departments is also possible when necessary. Any reports submitted and the identity of the reporting person are kept confidential. Possible retaliatory behavior against individuals who report ethical violations is not tolerated. Reviews and investigations are carried out quickly in accordance with confidentiality principles. The company's Code of Ethics and Working Principles have been published with the approval of the Board of Directors and are reviewed annually in line with the needs, changing conditions and current practices. All our employees and business partners can report ethical violations to <http://ethics.kastamonuentegre.com>

As part of our compliance processes, an ethics hotline under the concept of Kastamonu Ethics was launched within our Governance, Risk and Compliance system (Highbond GRC) in order for our employees to receive information and share their problems on ethical issues more effectively. This practice encourages ethical behavior in our corporate culture while strengthening our principles of transparency and accountability. By using this hotline, our employees have a platform to anonymously report ethical violations.



4.4. Internal Audit and Risk Management

We conduct our internal audit activities meticulously in accordance with international audit standards under the leadership of Hayat Holding Global Internal Audit Directorate, which reports to the Board of Directors. These principles ensure that our internal audit activities are carried out in an independent and objective manner, while also defining our working principles, organizational structure, authorities and responsibilities in detail.

We examine all our business processes comprehensively in line with the audit plan we prepare every year, adopting a risk-based audit approach. We organize our audit activities under four main headings: Corporate and Commercial Processes, Technical Audits, Audit Analytics and Ethical Compliance. In these processes, we ensure that risks are minimized through in-depth audits of the relevant business processes by our experts with different areas of expertise.

In the Audit Analytics process, we use the latest technologies to improve the coverage and continuity of our audit activities. We adopt a data-driven approach to our audit processes by effectively applying Governance, Risk and Compliance (Highbond GRC) and audit analytics tools programmed in R language. Thanks to our automated control scenarios, we continuously monitor critical controls and data anomalies at regular intervals, proactively identify potential risks and take appropriate actions.

We carry out comprehensive work under the leadership of our Audit Directorate to systematically address potential risks and opportunities that may affect our corporate goals. Identifying in advance all kinds of risks that may jeopardize our business continuity and adversely affect our employees, financial resources and the environment is at the heart of our risk management approach. Accordingly, we have taken the Global Risk Perception Survey published by the World Economic Forum (WEF) in 2023 as a reference, and we have placed the emerging major risks for the coming years on our agenda.

We closely follow the changes occurring both locally and globally and try to understand sectoral trends and differentiating customer needs. We see changing consumer behavior as important opportunities to improve our business processes. In order to effectively manage risks and opportunities, we analyze these elements in four stages. We first identify risks and opportunities, then assess their potential impact and likelihood of materialization. Following this stage, we create follow-up and implementation plans, and finally, we report our results to the Executive Board to ensure their traceability.

4.5. Innovation and R&D



We deliver our innovation and R&D activities under our Global R&D and Innovation Directorate within a holistic perspective. As Kastamonu Entegre, we are among the rare industrial organizations in Türkiye exhibiting a directorate-level innovation structure.

We approach our innovation and R&D activities in line with our company's strategy, planning and realizing our activities accordingly. Furthermore, our innovation strategy consists of 3 main areas that aim to generate direct value. Sustainability is at the center of our relevant projects.

Our Innovation Strategy and Examples of Relevant Activities

Perfecting Our Work with New Knowledge

- Our alternative raw material development project aims to reduce the use of wood by up to 15% while maintaining the technical properties of products with the same characteristics.
- Our cooperation with Karadeniz Technical University under the 2244 Industrial Doctorate Program for the evaluation of alternative resources to wood raw materials supported by the Scientific and Technological Research Council of Türkiye (TÜBİTAK).

Making a Difference with New Values

- Our project to develop a new alternative product from wood composites that provides similar durability of support slats produced directly from wood and widely used in various sectors.
- We developed a project to replace fossil-based glues with solely bio-based raw materials in our products.

Building Profitable New Business Models

- Our project to develop an innovative business model for integrating wood and furniture waste in our country into particleboard and MDF production.

Examples of Collaboration with External Ecosystems and Start-ups

In addition to developing sustainability-oriented projects within the framework of our innovation strategy, we attach importance to raising awareness at all levels of our company about the impact of our work on sustainability. We are also taking steps to collaborate with external ecosystems. Some activities we have carried out to this end are as follows:

- We joined BIC (Bio-based Industries Consortium), which aims to create circular bio-economy ecosystems by transforming biobased raw materials into sustainable products and applications. We are proud to be the first company from Türkiye to join this consortium in the forestry products sector.
- We cooperated with Büyütech to find solutions to problems regarding quality. In this way, we eliminated a quality problem that machine manufacturers could not produce a concrete solution with a young technology start-up.
- With Impektra, a young technology start-up, we succeeded in producing a new generation lubrication device with domestic means. With this project, we supported the introduction of a device that is not produced in Türkiye to our country's industry.

- In cooperation with the Global Human Resources Directorate, we organized an Ideathon as part of TalenTree, our platform for recruiting young talents. In this program, we offered university students the opportunity to develop projects to reduce carbon emissions using wood in line with the theme 'Future and Carbon Zero'. We employed the teams that presented successful projects as long-term interns in our company and provided them with the opportunity to bring their ideas to life.

4.5. Innovation and R&D

Examples of Innovation Efforts with a Focus on Sustainability:

With our innovation model, we aim to create a reference based on the principles of circular economy and sustainability. This approach prioritizes the use of renewable resources, reducing carbon footprint and implementing closed-loop systems that minimize waste. By assuming a leadership role in this process, we aim to make a significant contribution to the transformation of the sector.

We run the ‘Innovation School’ project as an important part of these efforts. Within the scope of this project, we are developing new projects with our employees on waste utilization, energy saving and efficiency, taking sustainability into consideration.

In line with our employee-oriented approach, we offer opportunities for our employees to develop their competencies. Accordingly, we create a supportive environment for our competent employees to improve their engagement with the company, and we bolster equal opportunities by preventing all forms of discrimination. In addition, we aim to raise the sustainability awareness of our customers, develop innovative ideas to meet their needs and improve customer satisfaction.

At the Innovation School, we offer our employees a platform where they can easily express their ideas and thoughts. We regularly review the projects developed under the sponsorship of our senior management. Furthermore, we meticulously monitor all our projects in the light of economic, environmental and social developments in our sector. As part of graduation ceremonies, the CEO and senior executives carefully consider compliance with our corporate goals, sustainability policy and strategy while evaluating the presentations aiming to find in-house sponsorship.

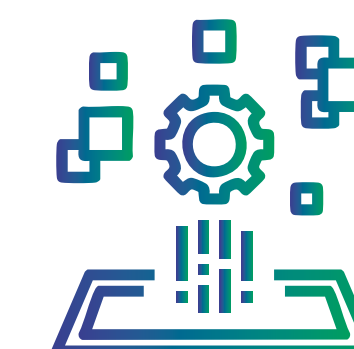
We practice an Idea Platform where our employees can share their creative ideas. On this platform, we make a call every quarter with the topics we identify by prioritizing sustainability topics. This practice allows us to evaluate the submitted ideas in terms of compliance with our current strategy and contributes to our company’s sustainability goals once they are transformed into projects.



Projects and Collaborations in 2023

- In cooperation with Sabancı University Nanotechnology Research and Application Center (SUNUM), we applied to TÜBİTAK 1515 program as a pioneer R&D laboratory with a focus on sustainability, one of our R&D priorities.
- In cooperation with **Istanbul Technical University (İTÜ)** and **TEMSA**, we maintain our efforts to develop lightweight and sustainable composite materials under TÜBİTAK 1004 program.
- The strong partnership we have established with various universities and industrial organizations from Türkiye and abroad has enabled us to carry out the following projects on EU funding:

HORIZON	In the Bioacouis project , we aim to develop acoustic biobased solutions for indoor applications.	In the Countless project , we aim to produce bio-based boards with the biobased glue and flame retardants developed.	In the Superbark project , we aim to use waste tree bark to develop glues and biobased boards with a minimum 95% bio content.	In the SNUG project , we are working on developing sustainable solutions for buildings.
EUREKA	In the MoreWOOD project , we aim to develop sustainable and recyclable wood-based panels in line with energy efficiency and zero emission targets in buildings.	In the WoodLi project , we are developing biobased adhesives for wood-based panels.	In the WoodCUBIC project , we aim to develop more sustainable and environmentally friendly applications for wood-based panels.	



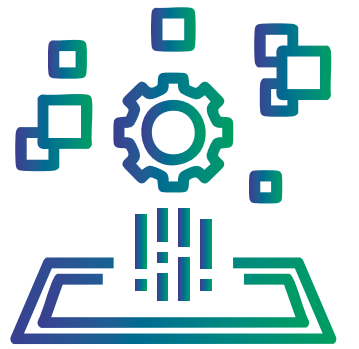
4.6. Digital Transformation and Technology

In 2015, we laid the foundations of the digital transformation process and established the Digital Transformation and Technology Directorate, transitioning to a centralized structure that includes various project management methodologies, agile management approaches, horizontal and vertical data integration and analysis applications. Thanks to the development of project planning and management processes, system and process analyses and our innovative work in the field of Industry 4.0, we have grown our organization so it has evolved into the Digital Transformation and Technology Group Directorate. By adopting an organizational hybrid digitalization model, we prepare a digital roadmap under the leadership of the Digital Transformation and Technology Group Directorate and carry out our projects in an integrated manner.

Our hybrid digitalization model includes a central digital management structure as well as centralized structures in each department and global master users connected through a matrix governance network. Within this model, our digitalization strategy allows each department to develop specific strategies for their own scope of work in line with the overall digitalization strategy of the business. Thanks to this effective and high synergy environment, we are able to develop rapid and continuous innovation in digital transformation.

The basic steps of the digital transformation journey include determining the digital maturity level, creating the digital strategy and preparing the project and action plan. Among the competitive and innovative goals we have set are the following:





4.6. Digital Transformation and Technology

In line with our 2024 digital roadmap, we have achieved significant success in our project portfolio. We improved the user experience by making both visual and infrastructural improvements in our Kastamonu Global Website project. We strengthened the global management of the web channel with user experience-oriented techniques and interactive content. These efforts were also acknowledged internationally, enabling us to land two awards.

We also took customer experience to another level through our recently developed mobile application. Thanks to the virtual showroom feature, we have created a web platform that allows us to display our products in ready-made ambient visuals as well as to see the products applied in real-time spaces with artificial intelligence and image processing technologies. This innovative solution has made our customers' product selection process more interactive and easier.

Digitalization and digital transformation are the cornerstones of increasing industrial efficiency, ensuring international competitiveness and producing high value-added products and services. With this understanding, we undertake innovative and pioneering projects by leveraging both our technological partnerships and our technology unit within the Digital Transformation and Technology Group Directorate to develop industrial solutions.

We successfully implemented our production quality prediction project, which combines artificial intelligence and image processing technologies and focuses on horizontal and vertical data integration. Our project has been selected to take part in an international contest (Champs I4.0 2024) co-funded by the Austrian Federal Ministry for Climate Protection, Environment, Energy, Mobility, Innovation and Technology (BMK) and the German Federal Ministry for Economic Affairs and Climate Protection

(BMWK), which focuses on strategic data integration and the development of innovative products, services, processes and business models. This achievement has proven our global effectiveness in technology and innovation.

In line with the importance we attach to localization of technological breakthroughs and R&D studies, we developed our own software to make field data collection and analysis processes more efficient. After the beta version tests, we will start working on the field roll-out of this software.

To manage preventive and predictive maintenance activities of production equipment more efficiently, we have developed an integrated solution that covers lubrication processes both mechanically and digitally. This solution was implemented in cooperation with a local technology company and makes it possible to monitor the lubrication point and quantity on the device as well as process steps such as creating, tracking and reporting work orders. The field roll-out of this system is ongoing.

In addition, both web and mobile-based screens have been developed to digitally enter and track maintenance and fault notifications from the field. These screens provide interactive guidance and solution support, enabling full digitalization of operational processes. Thus, human resources were mobilized, and the workforce was made available in a more efficient and flexible way.

4.7. Management Systems and Certificates



As Kastamonu Entegre, we are among the leading organizations in our sector in Türkiye in the effective implementation of quality management systems.

Our Quality Management System-based approach has made our company one of the pioneers of the sector in Türkiye. Since 2002, we have integrated international standards such as quality, OHS, environmental management, energy efficiency and information security as well as industry-specific management systems such as FSC® and Carb2/EPA TSCA Title VI and have since extended these systems to all our factories. We manage all necessary documents and procedures, including instructions and forms, through QDMS to ensure the standardization and continuity of quality management systems within the company. QDMS allows us to increase the effectiveness of our management systems by supporting them with modules such as document management, quality records tracking, device management, corrective and remedial actions and internal customer feedback.

In addition, the DIF (Corrective and Remedial Actions) Report, which is published every six months via QDMS, plays a key role in ensuring the flow of information to all our units. Finally, we established a QDMS infrastructure in our Italy plant and continue our documentation processes through this system.

Every year, we create a strong team of internal auditors by providing our employees with regular training on management systems. This team makes detailed plans on a yearly basis to conduct internal audits in 108 different units/locations. Thanks to QDMS, we succeed in achieving our sustainability and continuous development goals in training and internal audits. As a result of all these efforts, we successfully complete external audits to certify the continuity of management systems.

Kastamonu Entegre's management systems certificates are as follows:



Quality
Management
System Certificate



Occupational
Health and Safety
Management System
Certificate



Energy
Management
System Certificate



Information Security
Management System
Certificate



Environmental
Management
System Certificate

4.7. Management Systems and Certificates

In addition to our management systems certifications, our company has documented its commitment to environmental and product safety through certificates of compliance with EPA TSCA Title VI and CARB Phase 2 emission standards. We also have a Customs Authorized Economic Operator Certificate, which enables us to be recognized as a reliable business partner in our international trade processes.

Thanks to our focus on product quality, the perception and views of our customers on the quality of our company's products is always at a high level. In addition to standard products, our new certified products such as Glossmax, Evogloss, Acrylic Panel, Floorpan Aquamax, DoorFR and Kitchen Countertops are highly appreciated in Türkiye and international markets. Our products are manufactured in accordance with national and international standards and have certificates such as 'Blue Angel' (German Environmentally Friendly Product Certificate), EPD (Environmental Product Declaration), VOC (Volatile Organic Compounds) test results and 'GREENGUARD GOLD' (a certification aimed at improving indoor air quality).

The quality management system covers all activities of our company. Global Quality and Quality Systems Directorate aims to keep the quality and continuous improvement culture at the highest level, to spread this culture and to ensure continuous development by integrating Total Quality Management (TQM) and lean transformation practices into our company. Since 2014, it has been working in a matrix structure and providing support to all our factories.

We started our TQM journey in 2014 at our domestic factories, and in 2016, we conducted the first phase trainings at our facilities abroad. These trainings include topics such as Customer Relationship Management, Problem Solving Techniques and Methodology, Quality Circles, SMED (Single Minute Exchange of Dies), G8D (Global 8D), FMEA (Failure Modes & Effects Analysis) and IPC (Statistical Process Control), and we

continuously expand the scope of these trainings every year. We prepare the training materials specifically for our company and form internal trainer teams on various topics in each of our factories. As of 2023, we have provided online and in-person training to a total of 6,942 employees.

We launched our quality circle and SMED practices in 2015 with initial trainings and pilot studies and integrated them into the KPI (Key Performance Indicator) targets of our factories. In the meantime, we have continuously increased the number of our teams and workforce. As of 2023, the ratio of blue-collar employees participating in the workforce exceeded 95% in some of our domestic plants, while the overall ratio was above 70%. Between 2015 and 2023, we conducted a total of 38,668 trainings and 1,171 Quality Circle activities.

Starting in 2015, we implemented our 5S practices, which consist of the initials of the Japanese words Seiri (Sorting), Seiton (Organizing), Seiso (Cleaning), Seiketsu (Standardization) and Shitsuke (Disciplining/ maintaining continuity), which are the basic elements of the system, through the first trainings and pilot studies. Since 2017, we have been including these practices in the KPI targets of our factories. Until 2023, we successfully implemented 5S practices at a total of 984 sites.

In 2014, we started FMEA work and completed them in 2019 for the main processes identified. We continuously update FMEA documents according to process changes made within the scope of customer relations and improvement activities.





4.7. Management Systems and Certificates

Since 2016, we have been organizing Local Quality Summits in our factories in the first quarter of the year. In these organizations, the quality circle and SMED activities completed in the previous year are presented by team members to each other and to the factory management team. As a result of the methodological evaluations made by the juries formed in the factories, we determine the teams with the highest scores as factory representative teams. These representative teams then present their work to each other and company management teams at the KEAS Global Quality Summit. In 2023, we held the 7th KEAS Global Quality Summit, turning it into a traditional event.

In these organizations,

- We invite speakers and consultants from companies such as Vestel Electronics, Toyota Türkiye, Toyotetsu Automotive Parts, Kayseri Model Factory and KalDer (Turkish Quality Association) Ankara Branch, which are considered pioneers in TQM and Quality Systems in Türkiye and around the world.
- We reward the teams delivering work that rank in the first three places as a result of evaluations made by the jury formed within factories.
- We evaluate the best suggestions from our factories in categories such as OHS, Environment, Quality, Productivity and Cost Reduction, Most Interesting Suggestion and Most Suggestive Personnel to determine the KEAS category champions. We enable KEAS category champions to exhibit posters of their proposals at this event, and we also reward the individuals involved.

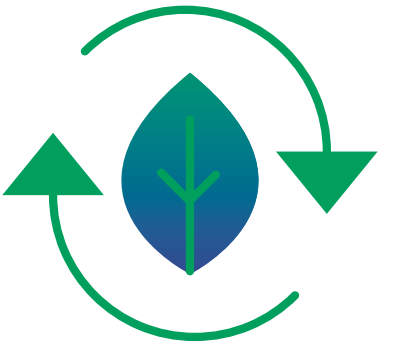
Since 2017, we have been taking part in external platforms and winning awards every year with our quality circle studies completed within our company. In the four years we have participated in the KalDer platform, we have won a total of seven awards, making us a well-known name across Türkiye. In 2023, 3 of our 4 projects that we applied to the Efficiency Project Awards by the Republic of Türkiye Ministry of Industry and Technology made it to the finals, and one of these projects was deemed worthy of the first prize in the Energy Efficiency category.

With all these efforts, we aim to increase our competitiveness in increasingly fierce global markets by ensuring product quality in the production process and reducing costs. In addition, we prioritize developing and sustaining the quality culture within the company through quality systems.



SUSTAINABILITY APPROACH

05



5.1. Sustainability Approach

Managing the risks and opportunities that our operations create in environmental, social and economic dimensions forms the basis of our sustainability approach. With this perspective in mind, we aim to achieve results that benefit not only our company, but also society and the environment by adopting sustainability principles at every step.

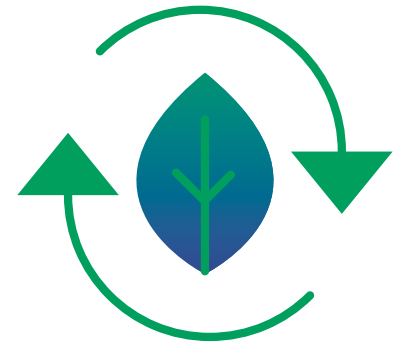
We established our 'Sustainability Committee' to effectively carry out our sustainability efforts, determine our relevant strategies and continuously monitor our performance. Led by our CEO and composed of representatives from different divisions and departments, this committee represents the highest governance mechanism for our sustainability activities.

Thanks to this structure, we not only develop the necessary action plans to achieve our sustainability goals, but also regularly evaluate our progress and identify opportunities for continuous improvement.

As Kastamonu Entegre, we aim to develop various projects to ensure economic, social and environmental sustainability. With our innovative approaches, we both develop environmentally friendly products and aim to contribute to society through social responsibility projects.

We believe that all products manufactured today using petroleum based resources have the potential to be manufactured with bio-based materials in the near future. To become one of the leading players in this value chain, we have established a strong R&D focus for green transformation.

To support this evolution, we are committed to developing an innovative framework that will serve as a reference point for the industry.



5.2. Sustainability Policy

As Kastamonu Entegre, we see our sustainability vision not only as a goal but also as one of the cornerstones of our way of doing business. Aware of our environmental, social and economic impacts, we fulfill our responsibilities towards society and the environment, while resolutely continuing our journey to become a global brand. In our business processes, we attach great importance to adopting an ethical, transparent and accountable management approach by working in harmony with a wide ecosystem from our stakeholders to our employees, suppliers and customers.

The sustainability policy we have determined accordingly includes the following components:

Ethical and Transparent Management

Aware of our environmental, economic and social impacts, we base our business on an ethical, transparent, fair and accountable management approach.

Global Brand Vision

In line with our goal of becoming a global brand, we focus on activities to strengthen our corporate structure. With our growth strategies based on sustainable development, we aim to create an impact that extends from local to global.

Stakeholder Focused Strategies

We always take into account the expectations and opinions of our stakeholders when setting our strategies. We see the satisfaction of our stakeholders as the key to a strong cooperation. Based on this understanding, we build strong and lasting ties with our stakeholders and reinforce mutual trust.

Employee-Oriented Approach

We strive to create productive and peaceful working environments by taking into account the expectations and needs of our employees. This allows us to increase employee engagement and motivation and continue to grow together.

Health, Safety and Development

We prioritize the health and safety of our employees. We also offer continuous training and development programs to contribute to the personal and professional development of our employees. Responsible

Procurement and Sustainable Forest Management

With our responsible procurement approach, we conduct our raw material procurement processes in line with sustainable forest management principles. By supporting sustainable forest management initiatives, we care about making a positive contribution to related developments.

Innovation and R&D

Thanks to our innovation and R&D efforts, we develop and produce products that create quality, environmentally friendly and healthy living spaces using high technology.

Human Rights and Equal Opportunity

We adopt the principle of respecting human rights and promoting equal opportunities in our operations.

Energy and Water Efficiency

We focus on energy and water efficiency to minimize our impact on the environment. We develop renewable energy projects and work to reduce our environmental footprint through innovative solutions.

Contributing to the Welfare of Local Communities

In our operational locations, we aim to improve the welfare of local communities by creating employment and generating economic value.

5.3. Sustainability Priorities

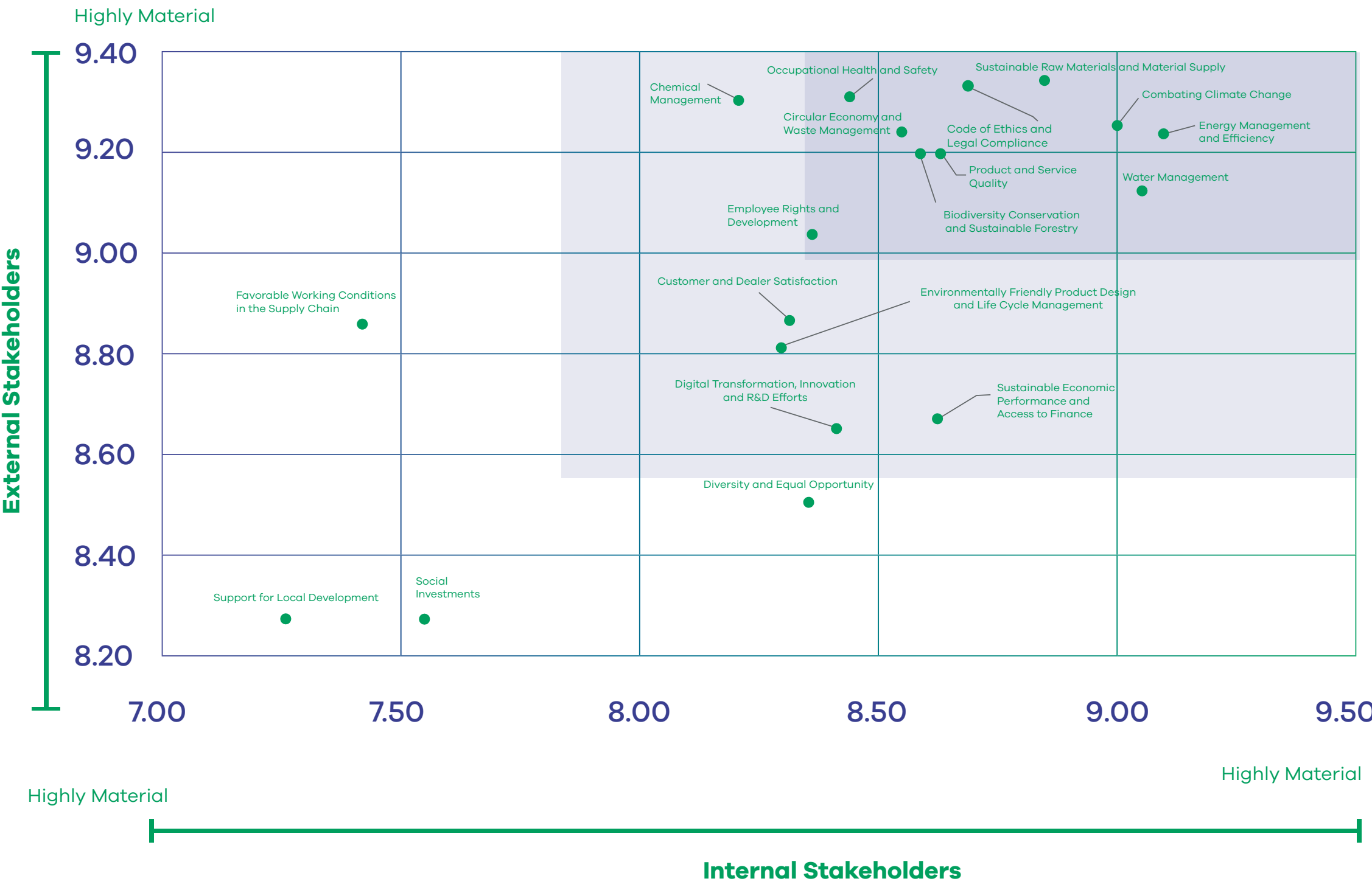
As Kastamonu Entegre, we aim to make greater progress on our sustainability journey every day. Accordingly, we re-evaluated our material sustainability topics by taking into account current developments and consulting the valuable opinion of our stakeholders.

In this process, we conducted a new ‘Material Sustainability Topics Survey’ during the preparation of our report. In our survey, we identified 19 material sustainability topics considering Kastamonu Entegre’s activities. We shared this key survey with our critical internal and external stakeholders. We asked our stakeholders to prioritize the 19 sustainability topics included in the survey and share their views on how material each topic would be in the future.

Following this materiality analysis with the participation of our stakeholders, we updated our highly material focus areas and added some new topics to already existing ones. We carefully analyzed the feedback and created a Materiality Matrix to guide our future work.

In this matrix, we have clearly set out the sustainability topics that we consider to be highly material and important for Kastamonu Entegre.

The prioritization matrix created for Kastamonu Entegre is presented below.



In the light of the Materiality Matrix, the highly material topics for Kastamonu Entegre are listed

- Energy Management and Efficiency
- Water Management
- Combating Climate Change
- Sustainable Raw Material and Material Procurement
- Code of Ethics and Legal Compliance
- Product and Service Quality
- Biodiversity Conservation and Sustainable Forestry
- Circular Economy and Waste Management
- Occupational Health and Safety
- Employee Rights and Development

Other material topics for Kastamonu Entegre are as follows:

- Sustainable Economic Performance and Access to Finance,
- Digital Transformation, Innovation and R&D Efforts,
- Customer and Dealer Satisfaction,
- Chemical Management, and Life Cycle Management
- Environmentally Friendly Product Design
- Diversity and Equal Opportunity,
- Favorable Working Conditions in the Supply Chain,
- Social Investments,
- Support for Local Development.



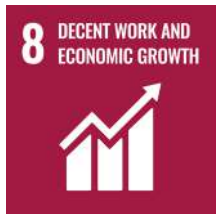











5.4. United Nations Sustainable Development Goals and Kastamonu Entegre

The alignment of the 10 highly material topics from the survey results with the UN Sustainable Development Goals (SDGs) was evaluated separately. Based on this, SDGs that overlap with material topics have been mapped.

Material Topics	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
Energy Management and Efficiency							●		●			●	●				
Water Management						●						●	●	●			
Combating Climate Change							●						●				●
Sustainable Raw Material and Material Procurement								●				●		●			
Code of Ethics and Legal Compliance								●		●						●	
Product and Service Quality								●	●			●					
Biodiversity Conservation and Sustainable Forestry														●	●		
Circular Economy and Waste Management								●				●	●				
Occupational Health and Safety			●					●									
Employee Rights and Development				●	●			●		●							

SDGs associated with Kastamonu Entegre’s highly material topics are as follows: SDG 7, SDG 8, SDG 9, SDG 10, SDG 12, SDG 13 and SDG 14. Indirectly related SDGs: SDG 3, SDG 4, SDG 5, SDG 6, SDG 15, SDG 16 and SDG 17.

5.4. United Nations Sustainable Development Goals and Kastamonu Entegre

Directly Related SDGs		Indirectly Related SDGs	
	SDG 7 aims to ensure access to affordable, reliable, sustainable and modern energy for all. Energy Management and Efficiency and Combating Climate Change focus on this global goal.		SDG 3 aims to ensure a healthy and quality life at all ages. It is indirectly related to Occupational Health and Safety .
	SDG 8 aims for stable, inclusive and sustainable growth, full and productive employment and decent work and is directly related to Sustainable Raw Material and Material Sourcing, Ethical Principles and Compliance, Product and Service Quality, Circular Economy and Waste Management, Occupational Health and Safety and Employee Rights and Development .		SDG 4 aims to ensure inclusive and equitable quality education for all and promote lifelong learning opportunities. Work within the scope of Employee Rights and Development will support sustainable education.
	SDG 9 aims to build resilient infrastructures, support sustainable industrialization and strengthen innovation. It is possible to develop a sustainable production model through Energy Management and Efficiency, Product and Service Quality .		SDG 5 aims to achieve gender equality and empower all women and girls. It is related to Employee Rights and Development .
	SDG 10 aims to reduce inequality between countries and between people within countries. Inequalities will be reduced by focusing on Employee Rights and Development and Ethical Principles and Compliance with Legislation .		SDG 6 aims to secure accessible water and wastewater services and sustainable water management for all. Water Management focuses on this global goal.
	SDG 12 aims to ensure sustainable production and consumption patterns. Water Management, Sustainable Raw Material and Material Sourcing, Circular Economy and Waste Management, Product and Service Quality, and Energy Management and Efficiency are important for integrating responsible business practices into solutions and for sustainable development.		SDG 15 aims to promote sustainable use of terrestrial ecosystems, sustainable forest management , combat desertification, halt land degradation and prevent biodiversity loss . Biodiversity Conservation and Sustainable Forestry are related to this topic.
	SDG 13 calls for urgent action to combat climate change and its impacts. By focusing on Water Management, Combating Climate Change, Circular Economy and Waste Management, and Energy Management and Efficiency , combating climate change becomes possible.		SDG 16 aims to build peaceful and inclusive societies and create accountable and inclusive organizations for sustainable development. It is related to Ethical Principles and Legal Compliance.
	SDG 14 aims to protect and sustainably use oceans, seas and marine resources for sustainable development. Water Management, Sustainable Supply of Raw Materials and Supplies and Biodiversity Conservation and Sustainable Forestry focus on this global goal.		SDG 17 aims to strengthen the means of implementation and revitalize the global partnership for sustainable development. Combating Climate Change focuses on this global goal.

CLIMATE AND ENVIRONMENTAL PROTECTION





6.1. Environmental Management

As Kastamonu Entegre, we aim to minimize the environmental impacts from our operations by continuously improving our environmental management performance. Through our company's environmental policy, we aim not only to fulfill legal requirements, but also to protect ecosystems and biodiversity, and to adopt processes that do not trigger climate change.

In line with our environmental policy, we conduct environmental risk assessments in all our processes and take necessary measures for risky activities. As a result of these assessments, we identify our areas open to improvement, create action plans and aim to maximize our environmental performance.

Environmental Policy

As Kastamonu Entegre, to protect our environment and leave a more livable world for future generations, we will strive to continuously improve our impact on the environment from our activities and to spread and raise environmental awareness.

Therefore, we are committed to the following:

- To fulfill all applicable environmental compliance obligations,
- To include practices that will not lead to climate change and protect biodiversity and ecosystems in our processes,
- To increase the efficiency of our processes, use sustainable resources and continuously reduce our consumption of natural resources in order to leave a more livable environment for our future generations,
- To continuously improve and sustain our environmental performance,
- To raise environmental awareness in all our employees by organizing continuous training activities.

In our environmental management approach, we act in accordance with the ISO 14001 Environmental Management System Standard in all our factories. The Occupational Health and Safety (OHS) and Environment Group Directorate within our Global Technical Directorate is responsible for the execution and management of all processes of environmental management. The Environmental Directorate operates under this unit, monitors the performance of the environmental management system by ensuring the efficient use of the resources provided to the Wood Group enterprises and reports to our senior management. In addition, our OHS and Environment Group Directorate leads the identification and minimization of OHS and environmental risks throughout the company and in all our factories. All directorates have people responsible for sustainability and environmental topics to implement and integrate all decisions taken within the scope of environmental management.

Teams of specialized environmental engineers work in our factories to ensure effective management of compliance with legal regulations and monitoring of environmental performance. Our internal audit system helps us identify areas for improvement, while we redefine our environmental targets every year and ensure that these targets are disseminated across all our directorates. The monitoring and management of these targets is crucial for the continuous improvement of our environmental performance.



6.1. Environmental Management

In our factory, we adopt sustainable and environmentally friendly practices to manage the direct environmental impacts from operations (such as energy, water, emissions, and waste). Accordingly, we aim to continuously improve and develop innovative solutions to minimize our environmental impacts. We make significant operating and capital expenditures to improve our environmental performance and reduce our environmental impact. An approximate EUR 7 million was spent for this purpose in 2021, 2022 and 2023.

As Kastamonu Entegre, we deliver various awareness-raising activities for both our internal and external stakeholders within the scope of combating the environment and climate change. We provide mandatory environmental trainings on waste management, energy and water saving for our employees and raise environmental awareness among new hires. We inform our employees about current environmental issues by publishing environmental bulletins every month. We also share our efforts to comply with the European Green Deal in meetings with managers and directors and monitor and regularly evaluate environmental performance indicators.

In order to encourage environmental suggestions and improvement efforts, we have created platforms such as 'Idea Platform' and 'Suggestion Evaluation System' where our employees can share their suggestions/ideas on environmental topics. Through these platforms, we evaluate the best proposals and encourage the development of new projects by rewarding successful results. As part of the problem-solving methodology, we make environmental improvements by implementing quality circle projects.

For our stakeholders, we present our environmental efforts in detail on our website, raise awareness through the media and share our sustainability projects on our LinkedIn platform. In addition, within the scope of the collaboration between the Global Human Resources Directorate and the Global R&D and Innovation Directorate, we enable university students to generate innovative ideas that will reduce carbon emissions.



6.2. Combating Climate Change and Emissions Management

Today, combating climate change has become a global priority, causing negative impacts and threatening life, biodiversity and socio-economic systems. Combating climate change to mitigate negative impacts requires a comprehensive approach that includes sustainable solutions such as reducing greenhouse gas emissions, increasing the use of renewable energy and energy efficiency.

We believe that the behavioral attitudes of all our employees on climate change are also critical both inside and outside the company. Accordingly, we turn each of our employees into agents in dealing with this global problem through awareness-raising trainings provided as part of our environmental and energy management systems.

As Kastamonu Entegre, we act with the awareness that emission management plays a vital role in combating climate change, and we consider reducing the environmental impact of our production activities and reducing our carbon footprint among our material topics. To this end, we run various projects to control and continuously improve our emissions for a sustainable future.

We regularly calculate our corporate carbon footprint, monitor the environmental impact of our factories and keep our emission factors up to date. Our plants in Kastamonu, Balıkesir, Gebze and Adana are subject to monitoring, reporting and verification (MRV) obligation as per the Regulation on Monitoring Greenhouse Gas Emissions and thus submit their emission reports verified by accredited verification bodies to the Ministry of Environment, Urbanization and Climate Change every year.

The use of renewable energy sources is also a key component of our emission reduction strategies. By the end of 2024, we aim to generate enough clean and renewable energy at our biomass and solar power plants to meet the electricity needs of 100,000 households for one year. Through these investments, we will prevent 140,000 tons of carbon emissions per year. These projects will not only save energy, but also significantly reduce our Scope 2 carbon emissions. As part of our R&D activities, we focus on innovative projects using bio-based and sustainable raw materials to further reduce greenhouse gas emissions through EU and self-funded projects.

At the end of 2015, we started a gradual project to replace our diesel forklifts with electric forklifts in all our plants around Türkiye, reducing our energy costs and CO₂ emissions substantially. Thanks to this change, we have prevented a total of 9,990 tons of CO₂e emissions in the last 3 years, comprising of 3,650, 3,350 and 2,990 tons of CO₂e respectively.



6.2. Combating Climate Change and Emissions Management

By converting waste wood, which is not eligible for generating added value, into environmentally friendly electricity and heat at our biomass power plants, we prevented an average of 260,000 tons of CO₂e, 270,000 tons of CO₂e and 410,000 tons of CO₂e emissions in 2021, 2022 and 2023 respectively, compared to energy production from natural gas.

We have been quantifying our carbon footprint since 2015 to recognize and reduce the direct and indirect impact of our operations on climate change.

In addition to greenhouse gas emissions in the wood industry and wood-based panel sector, parameters such as dust and volatile organic compounds (VOC) from air emissions are also important. Air emissions are measured by authorized companies at intervals set under the Regulation on Industrial Air Pollution Control. At our Türkiye factories, we regularly monitor parameters such as combustion gases, dust emissions and flow rate with Continuous Emission Monitoring Systems (CEMS) in accordance with legal regulations and report to the Ministry of Environment, Urbanization and Climate Change.

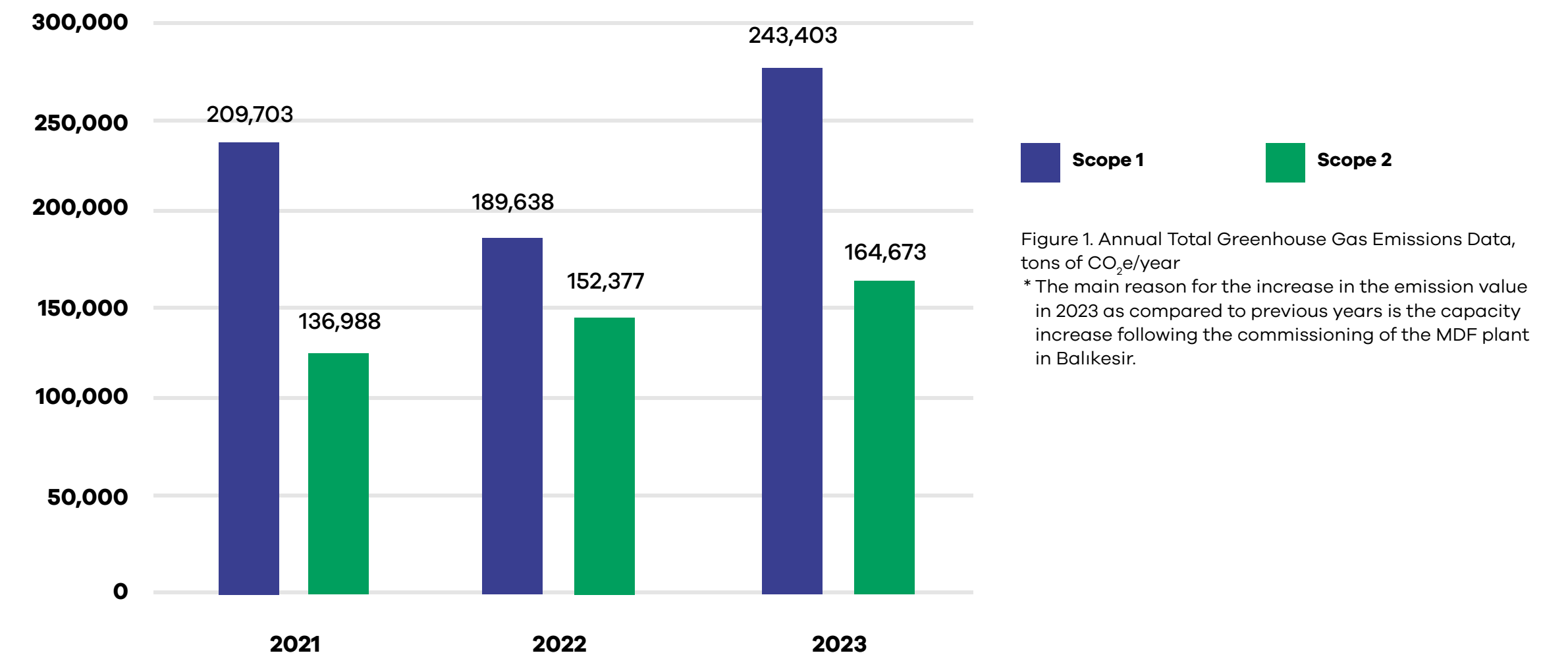
We also perform critical work to monitor and reduce stack emissions in our factories. We use gas scrubbers to control VOC emissions at our factories and prevent dusting with dust suppression systems. In particular, we use various advanced filter systems (cyclone, multicyclone, bag filter, wet electrostatic precipitator (WESP), scrubber) to control dust emissions, both complying with legal requirements and minimizing emissions. We ensure the efficient operation of our emissions control equipment by performing regular maintenance and controls of all our stack systems.

As Kastamonu Entegre, we fulfill our responsibilities in combating climate change and contribute to a more sustainable future through the strategies we implement in emissions management.

We adopt an environmentally friendly production approach by investing in both technology and human resources to realize our emission reduction goals.

Our Scope 1 emissions include natural gas and biomass used in heating and production processes in our production facilities, diesel fuel used in the operation of machinery and equipment, fuel consumption of company-owned vehicles and direct greenhouse gas emissions from processes in the production of glue in some of our factories. Scope 2 emissions refer to indirect energy emissions from the generation of electricity purchased from the grid before consumption.

Total Scope 1 and Scope 2 emission data of all our facilities in Türkiye for the last three years are provided in the figure below.





6.3. Energy Management

We take a comprehensive approach to energy management, considering all factors that can affect our energy performance. The Electricity and Energy Systems and Renewable Energy Directorates under the Global Technical Directorate work in collaboration with the energy managers at each of our facilities to set energy targets and make long-term plans. This ensures the realization of a holistic strategy for energy efficiency and sustainability.

Energy Policy

- To increase energy performance values including energy efficiency and intensity in all processes,
- To reduce costs by making energy efficiency improvements in all processes,
- To become a company that uses energy most efficiently in the sector by continuously monitoring emerging technologies and thus increasing the quality of energy management,
- To ensure continuous development with employees possessing ever-increasing experience and training in energy efficiency as well as a management approach that facilitates open communication,
- To comply with national and international legal obligations on energy management,
- To care for the environment by reducing emission values based on efficiency while producing and consuming energy,
- To ensure energy sustainability by diversifying fuel types and supply sources,

- To be traceable through robust energy monitoring, evaluation and reporting procedures,
- To ensure the procurement of energy efficient products, services and designs to improve energy performance and budget for necessary improvements,
- To reduce fossil fuel consumption by increasing production opportunities with renewable energy sources

In 2014, we implemented the ISO 50001 Energy Management System at all our facilities to support quality of life and sustainable production. This system enables us to carry out and monitor our energy efficiency efforts in accordance with international standards. Therefore, we make energy management more efficient by considering all our processes and demonstrate an approach that prioritizes sustainability.

6.3. Energy Management



With our renewable energy investments, we directly contribute to the UN SDGs, particularly ‘Clean Energy’ and ‘Responsible Consumption and Production’. In addition to ensuring that we mainly use renewable raw materials in production, we also aim to increase the share of renewable resources in our energy consumption. To this end, we closely follow innovation and seize all opportunities.

Main renewable energy investments:

Organic Cycle (ORC) Turbine

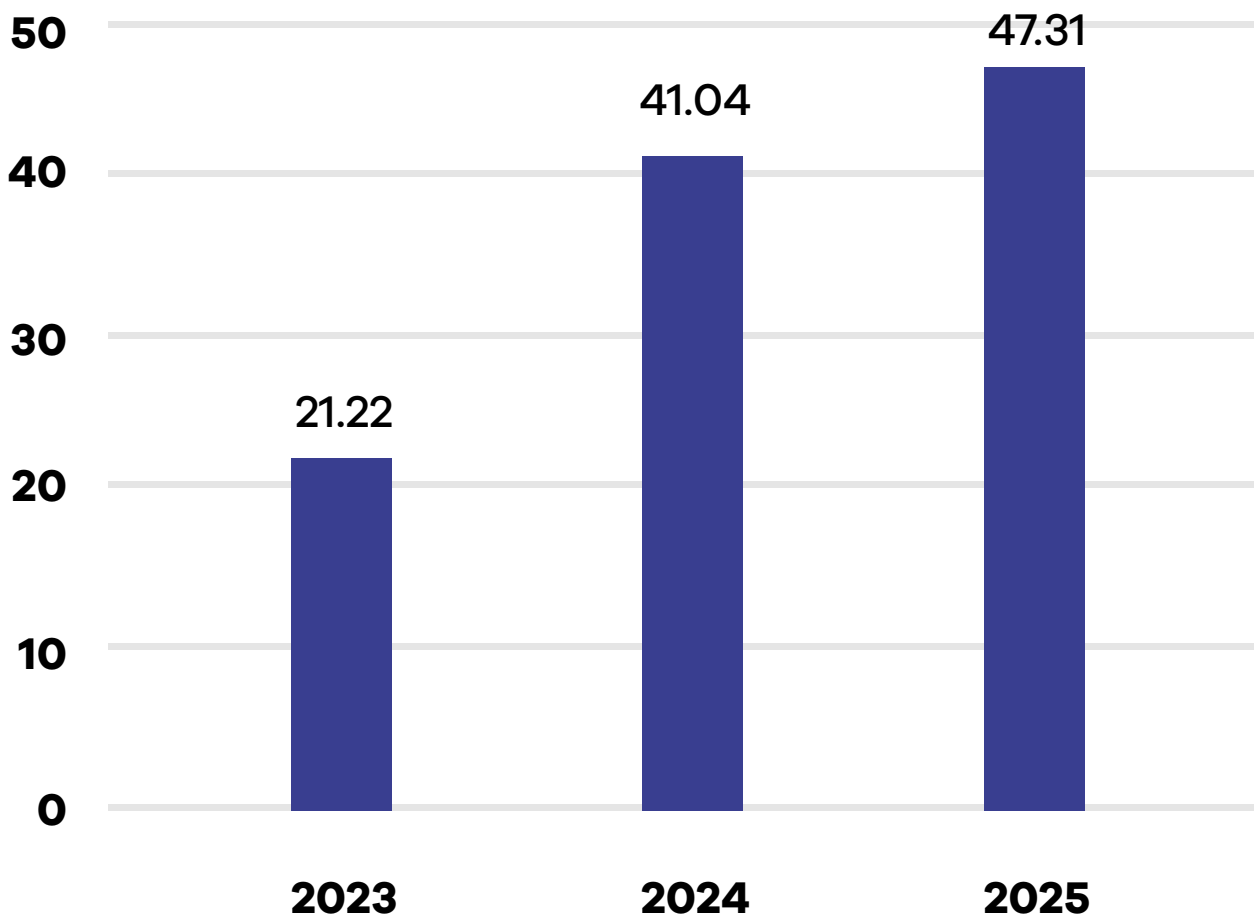
Possessing a high energy efficiency, the ORC cycle generates electricity and heat energy with minimal losses (2%). With its ORC Turbine commissioned at the beginning of 2015, our Gebze production plant was the first facility in Türkiye to receive CE certification. Our plant has a thermal input power of 6.5 MW and an annual energy production of 6.5 million kWh.

Solar Power Plant (SPP)

The rooftop solar power plant (SPP) at our **Adana MDF plant** was commissioned in November 2023. Built with 17,720 PV (Photovoltaic) modules, this plant has a solar panel capacity of 9,750 kWp and generates 12.865 million kWh of energy annually. The rooftop SPP at our Kastamonu MDF plant was commissioned in January 2023. Consisting of 20,868 PV modules, this system generates 14.034 million kWh of energy annually through 11.4774 kWp of solar panel power. The rooftop SPP at our **Samsun Particleboard plant** is due for commissioning in January 2024. Built with 6,665 PV modules, this plant will generate 3.790 million kWh of energy annually at a capacity of 3,3325 kWp. The rooftop SPP at our Balıkesir MDF-Particleboard

plant will be commissioned in December 2024. Consisting of 29,982 PV modules, this facility has a solar panel capacity of 16,490 kWp and is expected to generate 21,272 million kWh of energy annually. The SPP being installed on the roof of our **Gebze MEP plant** is due for commissioning in February 2025. Using 11,400 PV modules, this system will have a solar panel power of 6,270 kWp and will generate 7.242 million kWh of energy annually.

Solar Power Plants - Rooftop Installed Capacity (MWP)



Solar Power Plants - Rooftop Installed Capacity	
Year	MWP
2023	21.22
2024	41.04
2025	47.31



6.3. Energy Management

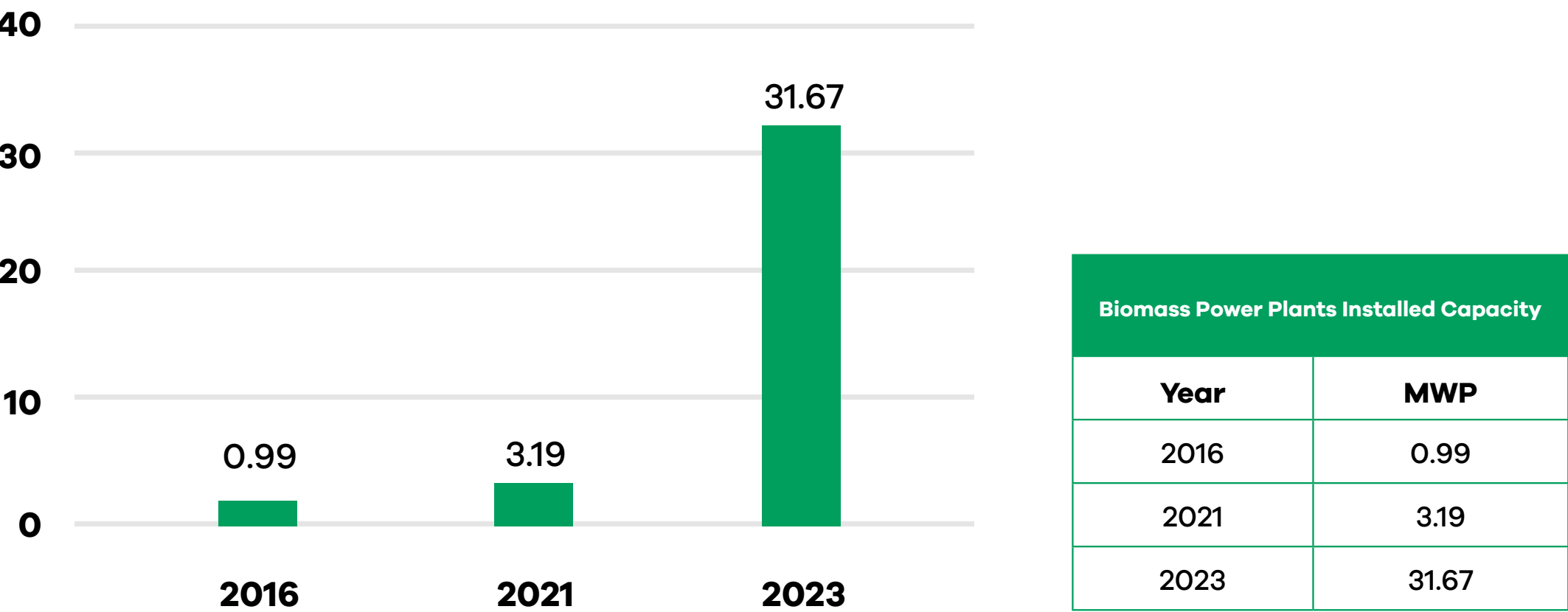
Gasification Plant

Our TÜBİTAK-TEYDEB (Directorate of Technology and Innovation Support Programs) project on ‘Gasification of Waste Biomass and Renewable Clean Energy Production (ABİGAS)’ for energy recovery from waste biomass from our processes was successfully completed. The project used gasification technology as an alternative to incineration technology, generating renewable energy through the development of gasification reactors, the production of syngas and the use of organic cycle (ORC) turbines to generate energy from syngas. Thanks to this facility commissioned in 2017, a total of 20,000 tons of biomass waste is used for energy recovery annually, generating 6.5 million kWh of electricity and 43.6 million kWh of thermal energy.

Biomass Power Plant

Commissioned in 2021, our Balıkesir ORC-1 plant converts 20,000 tons of biomass waste from production processes into energy every year. Thanks to this conversion, we generate 7.6 million kWh of electricity and 43.5 million kWh of thermal energy annually. Similarly, at our Kastamonu ORC-1 plant commissioned in 2021, we utilize 20,000 tons of biomass waste for energy recovery, generating 7.6 million kWh of electricity and 43.5 million kWh of thermal energy annually. Commissioned in 2023, our Balıkesir ORC-2 plant increased this capacity and converts 150,000 tons of biomass waste into energy annually, generating 100 million kWh of electric power in the process. Our Kastamonu ORC-2 plant was commissioned in the same period and processes 150,000 tons of biomass waste, generating 88 million kWh of electric power and 750 million kWh of thermal power annually. Instead of releasing 400 million kWh of thermal energy into nature, we use it efficiently in the drying processes at our plant.

Biomass Power Plants Installed Capacity MW



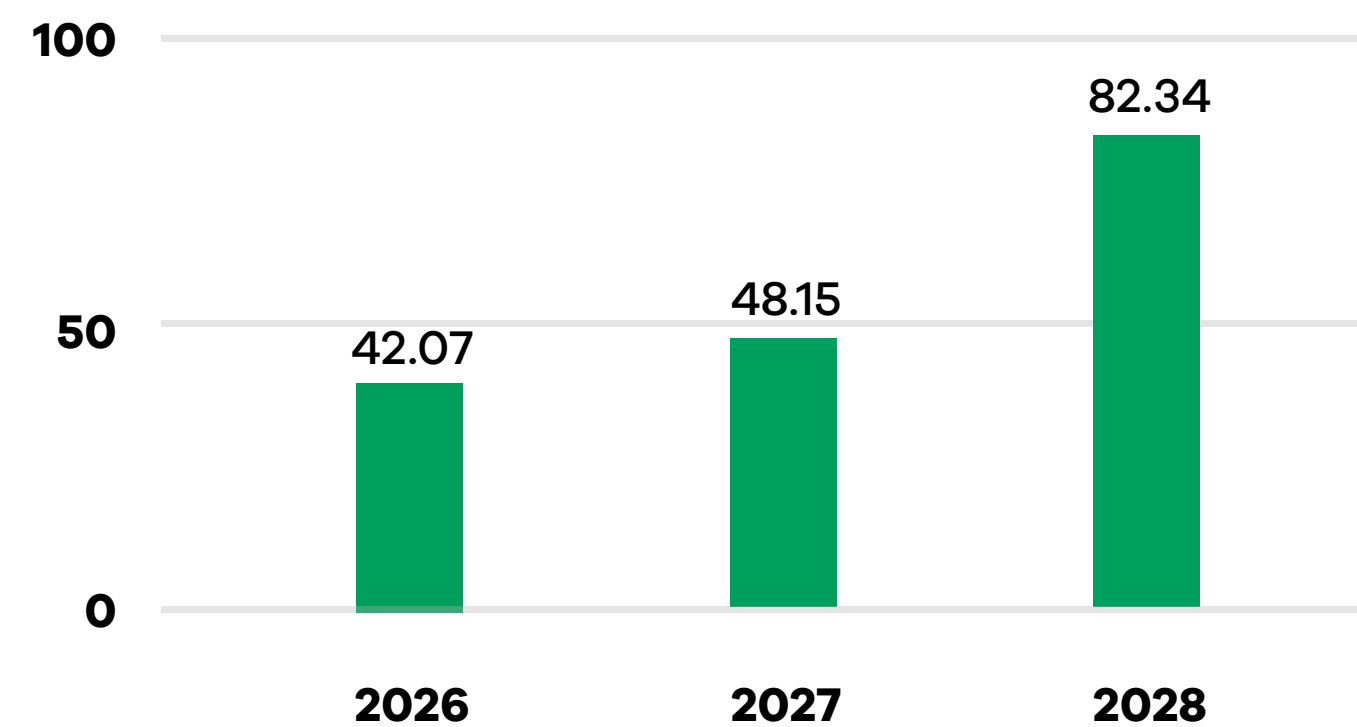
We produce clean energy through renewable energy plants installed on our land and factory rooftops as well as facilities that convert biomass into electric power at various factories. Through such clean energy production, we aim to integrate the current and future electric power into voluntary carbon credit systems and thus contribute to reducing greenhouse gas emissions. As of November 2023, we initiated the carbon credit process for 6 projects and continue to develop related sustainable solutions.



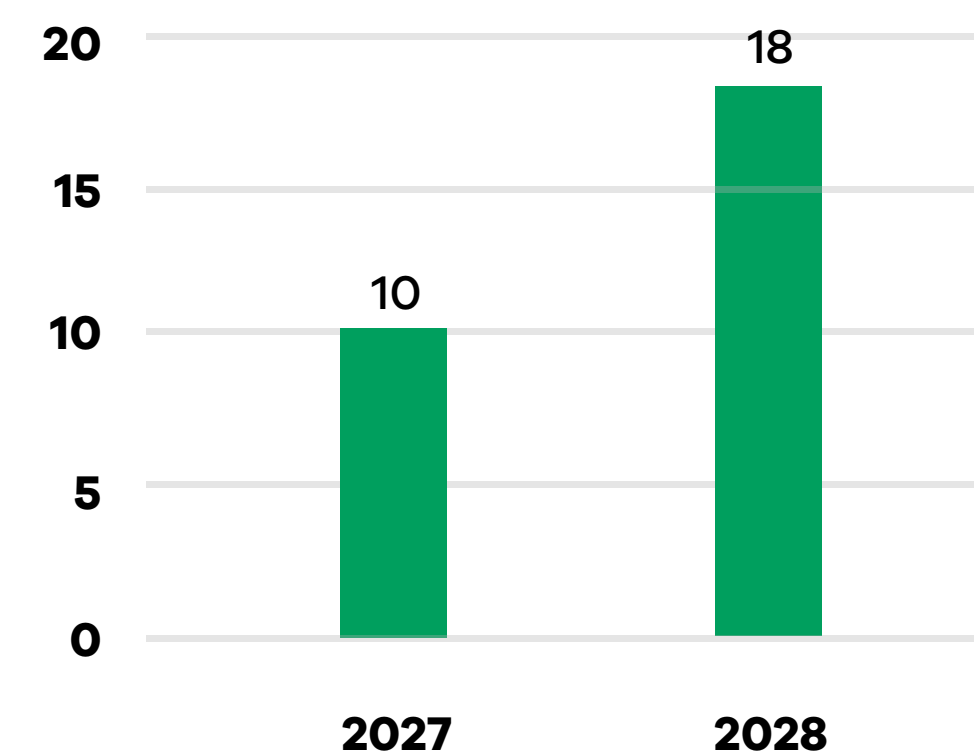
6.3. Energy Management

As part of our projects for the next 5 years, the project design processes of 11 land solar power plants (SPP) with a total installed capacity of 177,500 kWp and 4 wind power plants (WPP) with a total installed capacity of 18,300 kW are ongoing.

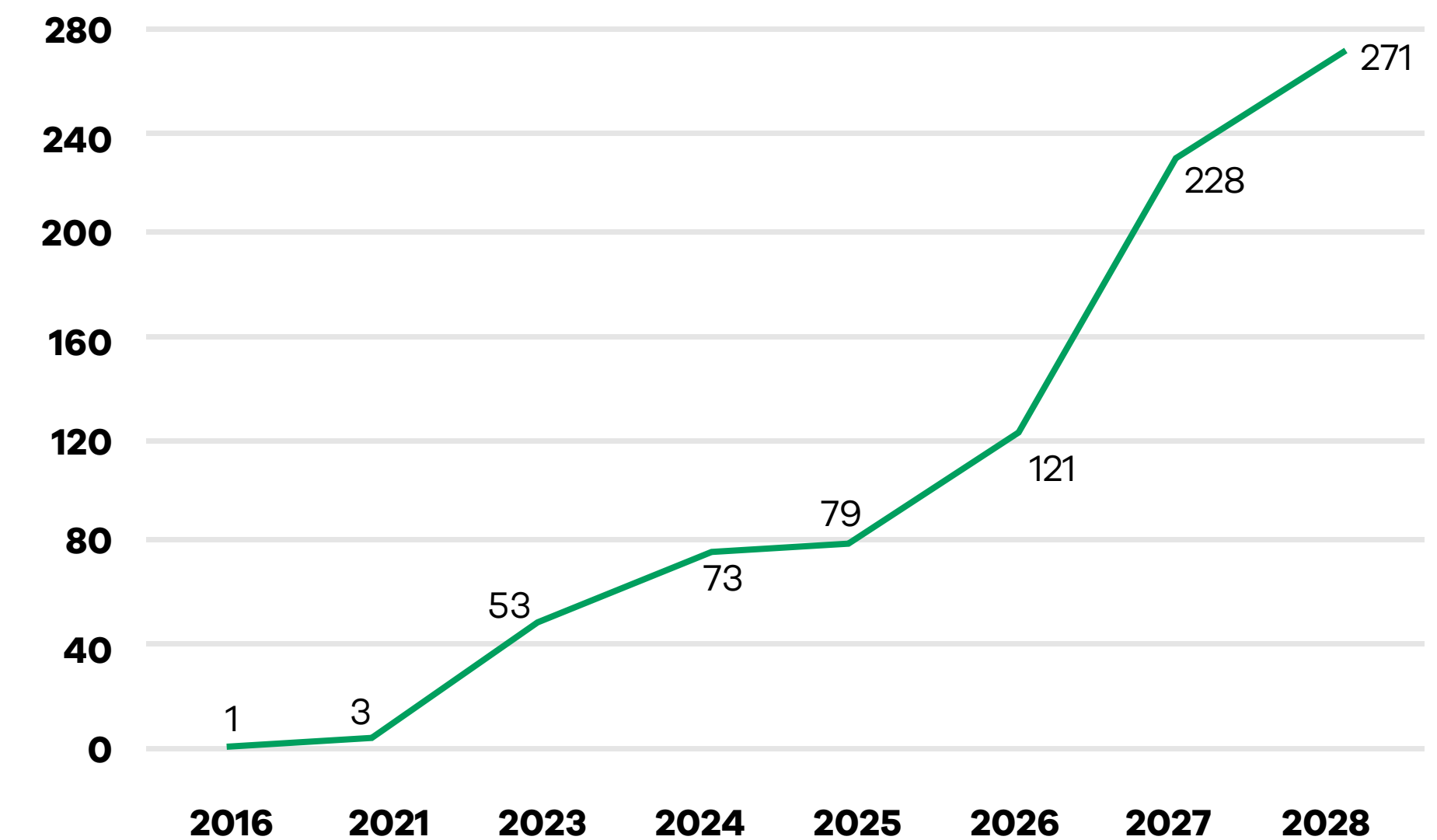
Solar Power Plants - Installed Capacity on Land - MW

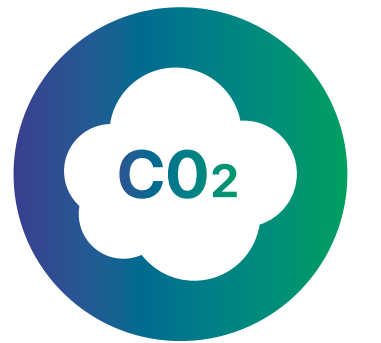


Wind Power Plants - Installed Capacity on Land - MW



Renewable Energy Resources Installed Capacity MW



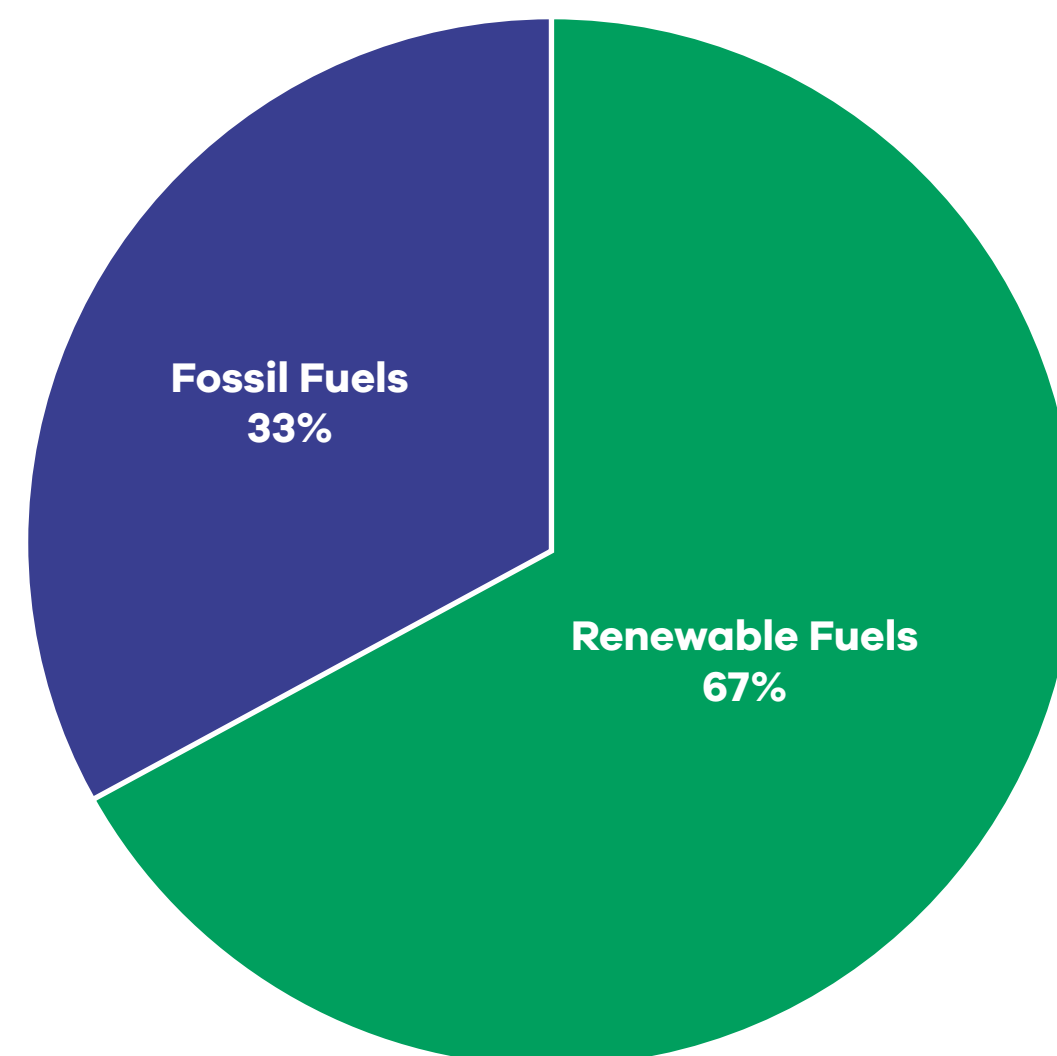


6.3.1. Energy Consumption

As Kastamonu Entegre, we continuously run energy efficiency projects to reduce energy consumption and minimize our carbon footprint by using renewable energy sources. In 2023, we delivered various projects on energy savings and renewable energy.

Although there has been an increase in our energy consumption as a result of new investments, we source 67% of our total direct energy consumption from renewable sources.

Distribution of Fuels Used for Energy in 2023



6.3.2. Energy Intensities

We quantify energy intensity (specific energy consumption) as the ratio of total energy consumption (excluding biomass) to total production of the relevant facilities in a single year. In 2023, we quantified our energy intensity at 0.82 GJ/m³ for particleboard production and at 2.18 GJ/m³ for MDF (fiberboard) production. In fiberboard production, the high electricity and steam demand of the unit (refiner) where the defibration process is carried out causes an increase in density compared to particleboard production.

Energy Intensity in Particleboard Production



Energy Intensity in MDF Production





6.3.3. Energy Efficiency Efforts

In our production lines at all locations, we perform numerous energy efficiency studies in compressors and compressed air systems, water lines and hot oil lines with the help of pumps, air lines with the help of fans, lighting and compensation systems. Our improvement efforts for heat generation and transfer systems and the recovery of waste heat generated during production play a crucial role in reducing our energy consumption.

Since 2013, we have been developing efficiency-enhancing projects supported by the General Directorate of Renewable Energy at the Ministry of Energy and Natural Resources. In 2023, we proved our successful approach in energy efficiency by winning the first prize in the 'energy efficiency' category for large enterprises at the Efficiency Project Awards, to which 230 enterprises applied. This success achieved through the Quality Circle project not only demonstrated our company's commitment to efficiency and sustainability, but also contributed to the dissemination of efficiency awareness, encouraging information sharing and raising awareness throughout the sector.

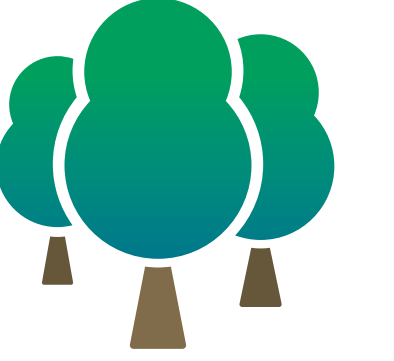
2 Mars100 natural gas turbines of SOLAR brand with an electricity generation capacity of 10.68 MWe and an electrical efficiency of 31.8% were installed for combined heat-electricity generation at the Balıkesir MDF plant, which was completed and commissioned in 2023. The total operating efficiency (heat + electricity) of these turbines varies between 80% and 90% depending on the type of production at the MDF plant. While the electricity generated in the natural gas turbines is consumed in the MDF process, the exhaust heat of the turbines is used to generate steam for the refinery process and hot air for the drying process. While the most efficient Natural Gas Combined Cycle power plant installed and operating in Türkiye boasts an efficiency of 59%, the average efficiency of our cogeneration power plant operating under the board production process is 85%.

Energy Savings with Bio-based Materials

The use of wood-based materials in buildings offers the potential for energy savings by significantly reducing embodied energy values. To this end, we carry out projects on the development of environmentally friendly panels using bio-based resources. We also focus on projects to produce bio-based boards that have the potential to increase Leadership in Energy and Environmental Design (LEED) points when used in green buildings. Accordingly, we launched the 100% bio-based product PUREBOARD in 2023, which ranked 18th in Fast Company's list of the most innovative projects. We are also involved in the EU-funded HORIZON - SNUG project. This project aims to save energy and reduce environmental impacts in construction processes by optimizing insulation materials and strategies used in buildings.

E2comation Project

We qualified to participate as a partner in the E2comation project under the TÜBİTAK Horizon 2020 program. Through this project, we aim to optimize energy use across multiple hierarchical layers of the production process and consider the whole life cycle perspective along the value chain. A total of 18 partners from 9 different countries are involved in the project.



6.4. Sustainable Forest Management

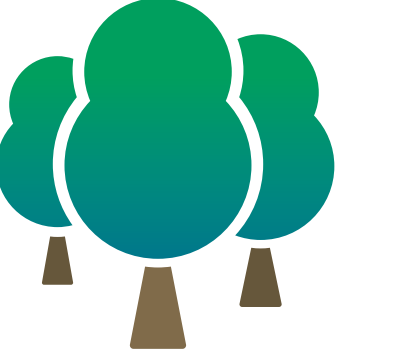
We believe that forests are the most important natural asset on earth thanks to their social and ecological functions. From this point of view, as Kastamonu Entegre, we build our sustainable forest management approach on protecting the ecological, social and economic functions of forests and ensuring their continuity. We procure the raw materials used in production from trees obtained during rejuvenation and maintenance operations, which are essential for the continuity of forests. This enables us to process these products and convert them into economic value, while simultaneously ensuring that forests grow healthier.

Under our sustainable forest management policy, we do not allow the use of unrecorded raw materials or raw materials of unknown origin, and we do not procure raw materials from forest areas with a high conservation value.

The General Directorate of Forestry (OGM) is the institution responsible for forest management in Türkiye and allocates forest products suitable for fiber and cellulose production obtained from planned maintenance and production of forest assets in a certain region to facilities in the same region in proportion to their capacity. To this end, we procure forest products in a planned fashion and use sustainable forest resources in cooperation with OGM. In addition, we purchase wood through tender processes for forest resources in different regions as needed. We also utilize wood industry by-products (such as sawdust, slats and caps) in production. The share of these products in total products increased from 13% in 2016 to **26%** in 2023.

We are the second largest shareholder with a 21.83% stake in Industrial Tree Agriculture Industry and Trade Corporation (ENAT), which was established in 2005 to develop industrial forest plantations in Türkiye. ENAT is critically important for the development of the forest products industry in Türkiye and ensures that an average of 300 hectares of plantations of rapidly growing tree species is planted annually, making sure this is developed and expanded by the private sector. Thus, it aims to better protect natural forest areas, ensure uninterrupted supply of raw materials for the forest products sector, prevent erosion and reduce CO2 emissions. By 2023, ENAT has planted approximately 2.5 million saplings of coastal pine and red pine species and started supplying wood to the sector in 2016.

Since 2013, we have been producing in accordance with the sustainable forest chain of custody under FSC® (FSC-C115698) certification. This chain certifies that the forest asset is managed sustainably from felling through wood-based panel production, distribution network and furniture production to the end user and that this is audited and approved by an independent board. According to 2023 OGM data, the total forest area in Türkiye is 23 million hectares. Out of this, 13 million hectares are productive, and 9.5 million hectares of this productive area is FSC® certified. Our plants in Gebze, Balıkesir, Kastamonu and Adana in Türkiye as well as the plants in Romania and Bulgaria abroad hold this certificate.



6.4. Sustainable Forest Management

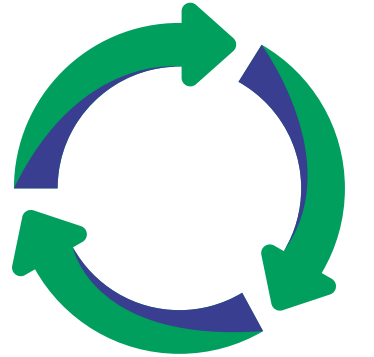
Driven by the 100% recyclable nature of wood, which constitutes the main input for production, we made a major investment in Italy in 2017. Italy's wood-based panel industry uses recycled materials in production. We started production in 2018 after purchasing the particleboard plant of Gruppo Trombini and making the necessary enhancements and updates to the said plant. This investment in recycling is a significant development in terms of experiencing an environmentally friendly method and creating jobs in a new country while contributing to economic growth. Recycling is also included in the Technology Roadmap of our R&D center. We develop projects using internal and external resources depending on the products that can utilize in-sector and out-of-sector waste.

We take care to procure the wood raw material required for our facilities from nearby locations to the extent possible. For our Turkish plants, the average distance to the forest presence and to the required tree species in the relevant region varies between 100 and 225 km. However, we optimize these distances by evaluating the wood raw materials from an integrated perspective to reduce both transportation costs and carbon footprint.

We use imported raw materials from time to time at our Gebze and Adana plants due to the limited forest resources in these regions and the increasing production capacities. To this end, we incorporated Kastamonu USA in 2015 to manage the supply and logistics processes of wood chips.

In Türkiye, as in the rest of the world, the bioenergy and wood-based panel sectors are in competition because they use similar raw materials. Incentivized by the government to increase the share of renewable energy in Türkiye's energy mix, the bioenergy sector poses a risk to the wood-based panel sector due to the increasing use of wood raw materials in addition to growing agricultural wastes. Wood raw material is transformed into products by considering the value chain in our sector. Yet, in the bioenergy sector, it is burned once and for all to obtain energy, thus completing its entire life cycle.

Therefore, we closely follow organizations related to the development of national environmental policies and continue to share our knowledge and experience with our stakeholders. Our raw material procurement unit regularly participates in the 'Forestry and Water Council' organized by the Turkish Ministry of Agriculture and Forestry to develop national policies and strategies on the sustainable management of forest and water resources and to adapt to global changes. Our Global R&D and Innovation Director is also a member of the Food and Agriculture Organization's (FAO) Sustainable Forest Industry Advisory Board.



6.5. Materials Management and Use of Recycled Materials

As Kastamonu Entegre, we aim to secure the highest level of efficiency in raw material use and material management. While producing environmentally friendly, high-quality products with raw materials obtained from sustainable and renewable resources, we continuously improve our material management processes to reduce operational costs. Our products are recyclable, and we use recycled materials in packaging processes. We focus on sustainability in our wood procurement processes and apply the 'Reduce - Reuse - Recycle' philosophy in these processes.

While our factory in Italy produces using 100% recycled materials, we use industrial by-products in all other plants. In 2023, 26% of the wood raw materials used in our domestic factories are made up of industrial wastes such as sawdust and caps, which we procure as by-products, while the same rate reaches 50% when we consider only particleboard production. We also aim to expand our experience in producing particleboard using 100% recycled material in our Italian factory to our other factories. To this end, we aim to increase the rate of recycled material use in our particleboard production to 70% with our recycling investments with a capacity of 40 tons/hour in our Gebze and Balıkesir plants and 20 tons/hour in our Romania plant, which we started in 2023.

We also run various projects on sustainable raw material use and responsible resource consumption. We aim to increase the efficient use of resources through production performance evaluation studies. We prevent unnecessary consumption and reduce waste, especially of metal and plastic raw materials, through 5S practices at our sites. Moreover, we conduct R&D studies on the use of bio-based resins and annual plants as a sustainable raw material source and alternative organic wastes in panel production.

We are also developing projects to replace fossil-based glues with renewable natural resources. These projects increase the sustainability of wood-based products while minimizing environmental impact. We continue to efficiently utilize renewable natural resources to ensure the conservation of resources for future generations.

Waste Impregnated Paper Recovery Project

In the impregnation plant where the glued papers printed on MDF and Particleboard products are produced, the waste papers generated during the edge cutting process are passed through a crusher and reduced to the appropriate grain size. These crushed waste papers are included in the intermediate layer of boards during the production phase at the particleboard plant, thus recovering wastes. Thanks to this project, we reduce the annual use of 8,000 tons of wood and 500 tons of glue at our Gebze Plant, thereby reducing raw material consumption and achieving a significant improvement in resource efficiency.

As Kastamonu Entegre, although we can commercially produce boards that meet F-4Star limits, the lowest formaldehyde emission class, we continue our efforts to develop bio-based or formaldehyde-free resin systems instead of formaldehyde-based resins used in the wood-based panel industry. Accordingly, we aim to produce alternative bio-based glue with the **Bio-Based Resin Project**, which we run for efficient resource utilization and environmental protection.



6.6. Water Management

As Kastamonu Entegre, we act with a responsibility to consume water resources efficiently and consciously due to the rapid depletion of natural resources. We regularly monitor our related performance every year by minimizing water consumption and increasing water reuse in our production processes. In 2023, we recovered 234,000 m³ of wastewater at our domestic factories, meeting 8% of the factories' water needs through recycling. By the end of 2023, we have achieved 42% of our target of 1.7 million m³ of wastewater recovery between 2019 and 2030.

Wastewater recovery is a critical component of our goals to protect water resources and reduce the use of natural resources. Thanks to the reverse osmosis (RO) membranes and backwash recovery systems used at our wastewater recovery plants as well as in-plant recovery processes at our MDF and glue plants, we recover a significant amount of wastewater. We also carry out various activities in our factories to collect and recycle rainwater.

We treat and discharge the wastewater generated at our Gebze, Kastamonu, Samsun, Balıkesir and Adana plants with chemical and biological treatment systems within legal limits. By continuously monitoring the performance of these systems, we minimize our negative impact on the environment.

The risks we may face in water management due to climate change include water scarcity, water pollution, changes in legal regulations and increased water costs. However, we aim to turn these risks into opportunities through water saving investments and wastewater recovery practices. We aim to minimize our environmental impact while reducing our production costs through advances in water technologies and sustainable management practices.

As part of awareness-raising activities on water management, we regularly provide our employees with awareness training on the importance of water. Our sustainable water resource management enables us to fulfill our environmental responsibilities and enhance our reputation.

Adana Plant

As part of water management, we have implemented the RO technology that works without chemicals at our Adana facility instead of demineralized water unit. To this end, we saved chemicals by reducing the use of sulfuric acid, hydrochloric acid and caustic chemicals, while minimizing water treatment resin costs and exposure of the receiving environment to harmful chemicals. In addition, we make a significant contribution to environmental sustainability by preventing the generation of a total of 35,000 tons of wastewater by recycling RO wastewater and condensate water with the cascade RO system.

Kastamonu and Samsun Plants

We realized a significant improvement in water management at our Kastamonu and Samsun facilities. In our belt dryer systems, we started to use air washing instead of water washing. With this innovation, we save approximately 130 tons of water per day in our Kastamonu facility. This method both reduces water consumption in our production processes and contributes to environmental sustainability by using water resources more efficiently.

6.7. Waste Management



Our circular economy approach is based on a waste management hierarchy. We first focus on preventing waste generation and then aim to reduce, reuse and recycle waste. When these are not possible, we apply energy recovery and finally environmentally sound disposal. We encourage waste minimization and recycling in production processes and transform our by-products into new materials with high environmental value. We also design and manufacture our products to be durable and long-lasting.

Our waste management strategy is based on the principles of reducing waste generation at the source, sorting, collecting, storing, disposing and recovering as much as possible, and we consider preventing waste generation as a primary goal. When this is not possible, we aim to minimize, reuse and recycle waste. Energy recovery is also a part of this process. We dispose of non-recoverable wastes without harming human and environmental health and in accordance with the environmental legislation.

At all our plants, we take necessary measures to prevent spills and leaks to protect soil and water health. We have emergency management plans for possible cases of leakages, and we have not experienced any significant leakage loss in 2023. Within the scope of our environmental management system, we continue our waste management practices effectively by providing regular trainings to all our employees.

We use biomass wastes (such as sanding dust and shells) from production processes as fuel in our factories under the approval of the Ministry of Environment, Urbanization and Climate Change and in accordance with TS EN ISO 17225-1 Solid Biomass Fuels - Part 1: General Requirements standard.

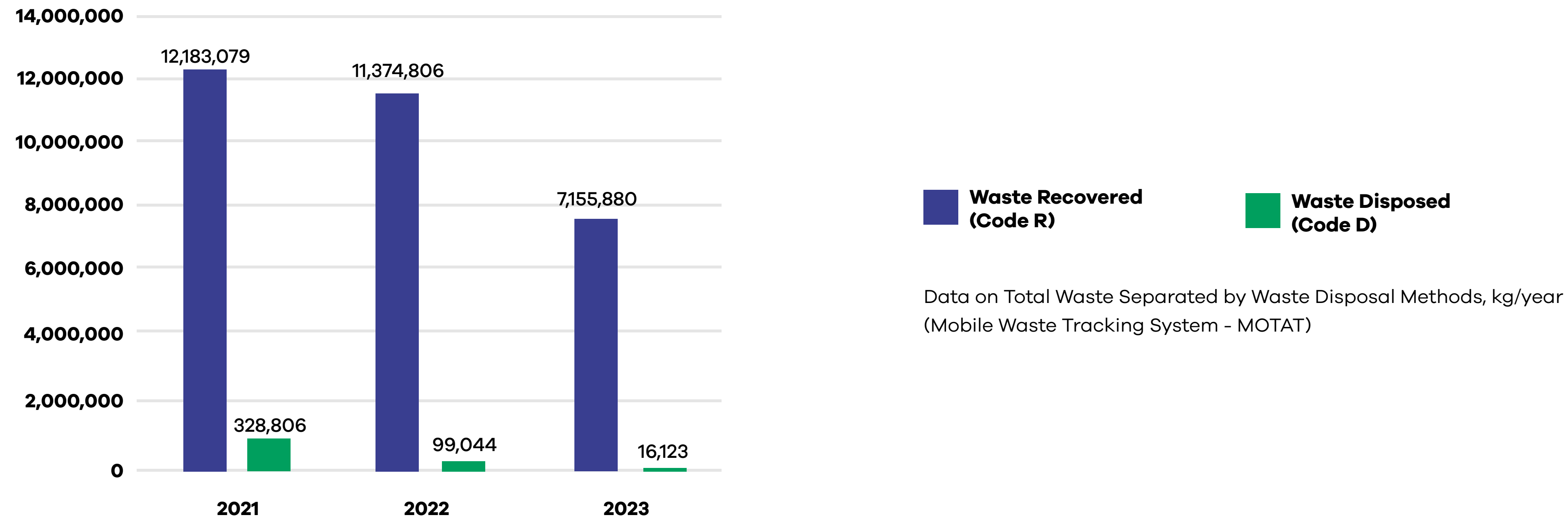
We carefully carry out waste management in all our facilities within the framework of the Zero Waste Regulation and Waste Management Regulation. Our plants in Gebze, Tarsus, Kastamonu, Balıkesir, Samsun and Adana hold the Zero Waste Certificate issued by the Ministry of Environment, Urbanization and Climate Change. We collect our wastes by sorting them in waste bins located at our production facilities and administrative offices. We send the collected wastes to recovery and recycling companies within an environmentally friendly approach and thus bring them into the reuse cycle. This practice also demonstrates our commitment to circular economy principles.

Within the framework of our hazardous waste management procedures, we sort waste by type, store it safely in storage areas and transport it to recycling or disposal facilities through licensed companies. We recycle where possible and safely dispose of hazardous waste that cannot be recycled. We also cooperate with recycling companies to ensure that hazardous wastes are managed without harming the environment.



6.7. Waste Management

We have been recycling and/or recovering waste at a rate of 97.4-99.8% in the last 3 years thanks to the waste management approach we have implemented at our plants in Türkiye. An analysis of the data in the table below, which presents a breakdown of total wastes at our Türkiye facilities for the last 3 years according to the disposal methods, shows that up to 97.99% of wastes is recycled and/or recovered.



6.7. Waste Management



Below you can find examples of circular economy practices we implement as Kastamonu Entegre.



Environmental Protection

Preventing the discharge of refinery wastewater to nature by evaporation and recovery



Innovation and Economic Growth

Use of waste wood for particleboard production in Italy Increasing efficiency through digitalization



Waste Reduction

Reduction of discharged wastewater through wastewater recovery



Cost Savings

Preventing disposal costs by recovering impregnated paper waste in particleboard production



Effective Resource Management

Gasification and combustion of waste biomass to recover energy

Pallet Production from Waste Impregnated Paper - Industrial Symbiosis Good Practice Example

Impregnated papers produced but separated as non-standard due to quality issues are used in a different facility producing pallets as part of industrial symbiosis and are turned into a new product. As a result, both environmental and economic benefits are achieved through waste recovery.

With our R&D team, we are working on obtaining bio-based components from waste and rendering them valuable within the framework of the circular economy. To this end, we cooperate with research institutes, start-ups and industrial manufacturers within the scope of EU projects. We research on bio-based materials for use in boards, impregnation, resins and coatings in the wood-based panel industry. We also carry out projects on bringing in-sector and out-of-sector wastes into the wood-based panel industry and transforming sectoral wastes into value-added products through industrial symbiosis practices. For instance, under the project of 'Furniture panels produced by upcycling coffee pulp' developed in partnership with Kastamonu Entegre and Wastespresso start-up, we provide both environmental and economic benefits by transforming coffee pulp into bio-composite panels. Through this collaboration, we manage the collection, processing and industrialization of coffee wastes, reducing carbon emissions and using resources efficiently. We also prevent the generation of wood wastes by offering a non-wood raw material to businesses that aim for environmental sustainability. This collaboration received the Fast Company Jury's Special Award for Start-up Collaboration. To this end, we have ongoing projects, namely 2 Eureka, 5 Horizon Europe, 1 TÜBİTAK 1004, 1 Newton-Katip Çelebi and 1 Horizon Europe: Marie Skłodowska-Curie Actions projects, as well as 6 Horizon EUROPE, 1 TÜBİTAK 1515 and 1 TÜBİTAK 1832 projects in the application stage.

EMPLOYEE ORIENTATION

07



7.1. Human Resources Management

Our employees are the architects of more than half a century of success and are our most valuable asset in our sustainability journey. As Kastamonu Entegre, it is our top priority to provide a safe, healthy, equal and fair working environment for our employees. By transparently sharing our corporate culture, goals and principles with our employees, we ensure the success and sustainability of our company together. To achieve our long-term strategic goals, we continuously improve our human resources policy to ensure the development of our talented workforce and the attraction of new talent. We develop our processes within the framework of our human resources policies by taking strength and guidance from Kastamonu Entegre's principles. We continue to provide added value to our company and our employees.

- In human resources processes, we act in accordance with the protection of human rights and the principle of respect for human beings.
- We do not discriminate on the basis of ethnic origin, religion, language, race, age, gender, nationality, disability or cultural difference, and we do not engage in behaviors that may qualify as discrimination.
- We focus on the continuous development of our qualified human resources as well as the continuous increase in motivation and employee engagement.
- We care about supporting our employees' work-life balance, health and psychological well-being.
- In recruitment processes, we provide equal opportunities to all candidates with education, knowledge, skills, competencies and experience.
- We adhere to the principle of equal pay for equal work. Salaries for equivalent positions are standardized, with pay differentials based solely on seniority and performance-based factors.
- On our way to having a competent workforce, we aim to provide career development and learning opportunities for our employees in different locations.

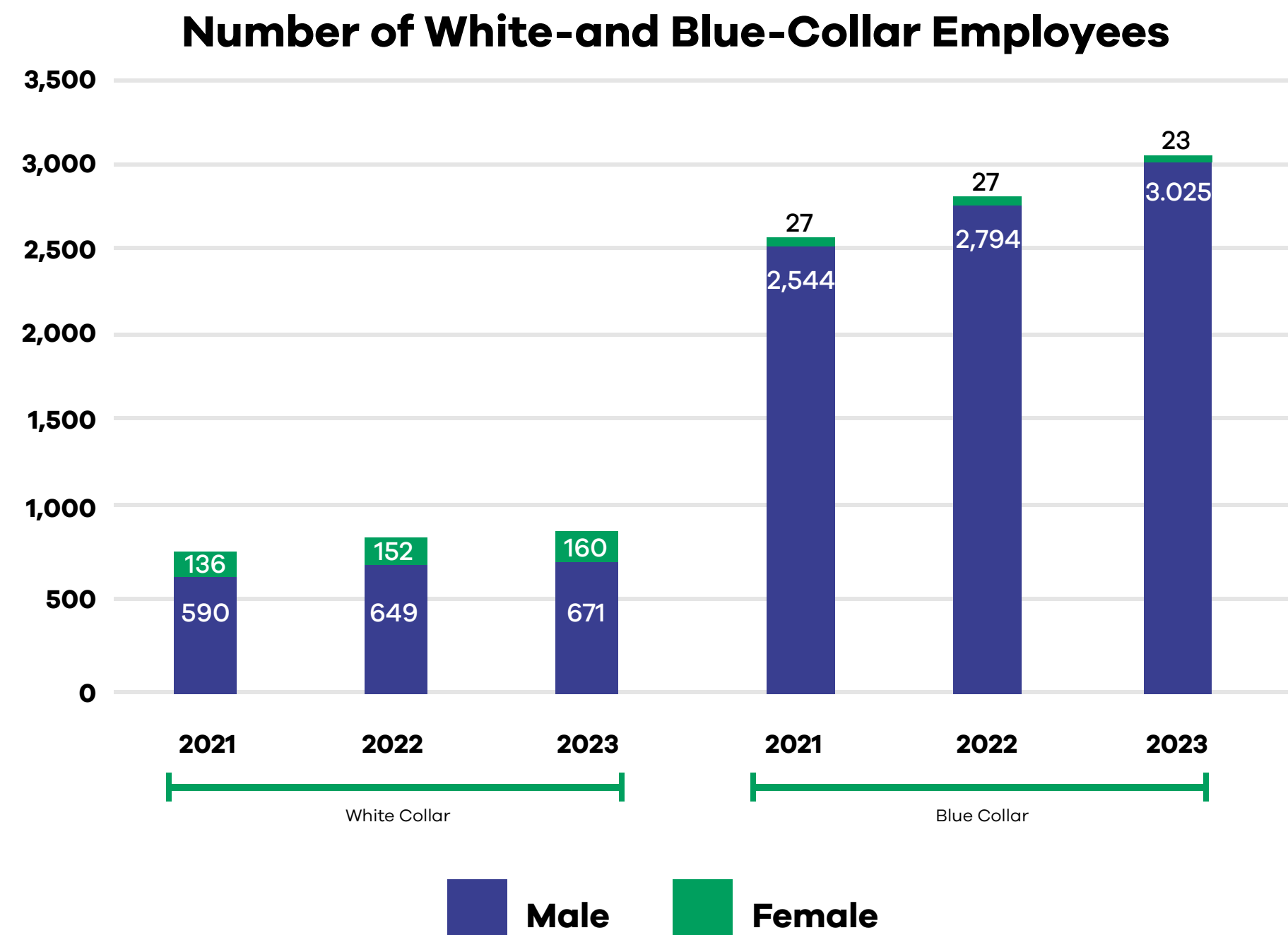
- Thanks to the matrix organizational structure we have adopted globally, we create feedback and guidance mechanisms in management positions that we report to separately from an administrative and functional point of view.
- Thanks to this structure, we make it possible to adopt a global strategy and culture in the common functions of different organizations within the company.
- We keep internal communication strong and create platforms where employees can freely express their ideas.

An important part of our human resources policy is to make life easier for our employees through digitalization. We have moved many processes such as expense entries, leave, travel, overtime analysis and reporting, process and approval of advance payment requests, which are carried out in person and manually, to the digital platform and made the appropriate ones accessible on mobile devices. We enabled the transmission of payrolls through the Registered Electronic Mail (KEP) platform, which will provide our employees with an official document status and ease of application with their payrolls, which they can already access digitally. In addition, we strive to create efficiency and a good employee experience by reducing our paper consumption and saving time by introducing a digital library, digitalizing career and talent management processes, migrating the candidate tracking process in recruitment to the digital system, and making it possible to view organizational charts digitally. Moreover, we ensure that our organization is more dynamic, agile and cater to current needs by conducting workshops and establishing committees with all our business partners regarding the comprehensive revision of the Blue-Collar Job Evaluation System (MİDS), the job evaluation system of our blue-collar and gray-collar employees.



7.1. Human Resources Management

As of 2023, we have 3,879 employees, including 3,048 blue-collar and 831 white-collar employees.



Considering the future needs of our company, we continue to carry out re-organization, alternative working models, norm staffing studies and updates as part of our human resources work. In 2022, we revised our working model, which included teleworking after the pandemic, and implemented a hybrid working model applicable at our head office. To this end, we identified the roles subject to teleworking on a part-time and full-time basis and divided our employees into groups according to their work schedules. We continue to render our business processes flexible in line with employee and company needs. In addition to our flexible working model, we are planning to launch flexible fringe benefits in 2024, as planned in 2023.

In addition, by 2023, we launched a flexible rewarding system called FlexUp for all our white-collar employees in Türkiye to enjoy. Thanks to FlexUp, we load points for use by our employees at certain times, and we ensure that the points earned from internal processes are accumulated and used for the desired reward in a tailored manner.



7.1. Human Resources Management

Regardless of religion, language, race, culture and gender at the point of recruitment, we offer equal career and development opportunities to everyone within the company. We meticulously carry out our structured recruitment process to select talented and suitable candidates. Through our managers in human resources and related departments, when a new position is needed, we determine the qualifications and job descriptions we are looking for and post the job announcement on certain websites. Our human resources team meticulously examines incoming applications and pre-qualifies candidates who meet the criteria we have set. We conduct phone or online interviews with pre-qualified candidates to obtain information about their suitability for the position, motivation and core competencies. Following this stage, we invite candidates for interviews with human resources and relevant department managers. During these interviews, we evaluate the candidate's technical knowledge and skills, previous work experience and their compatibility with our company. Successful candidates take an English language test as well as personality inventory and general aptitude tests. We conduct reference checks for candidates who are successful in interviews and tests. We make a job offer to candidates who successfully pass all evaluation stages, if we deem them suitable for the position. If the offer is accepted, we sign an employment contract with the candidate and complete the recruitment process. Following the recruitment process, we take our new employees through an orientation program and inform them about company policies, culture, principles and business processes.

At our company, we implement the Kastamonu Entegre Code of Ethics and Working Principles procedure. According to this procedure, we treat our colleagues honestly and fairly and are committed to providing a safe, healthy and fair working environment free from discrimination. We ensure that our colleagues use their personal rights in full and on time, and we make every effort for their professional and personal development.

Through our Fair and Safe Working Environment principle, we create and maintain an environment where a sense of justice and trust prevails among our colleagues in all our companies. We evaluate our colleagues and potential hires according to the principles of equality and fairness. We make training, career, recruitment and promotion decisions within the framework of corporate policies and procedures, taking into account the requirements of the job and the individual's ability, experience, behavior, job performance and potential. We respect our colleagues' private lives and personal space. We do not tolerate any form of discrimination at our company on the basis of language, race, color, gender, political opinion, belief, religion, sect, age and physical disability. All our employees are responsible for maintaining and strengthening a work environment characterized by a climate of respect. We create a positive and harmonious working environment that supports cooperation so that people with different beliefs, thoughts and opinions can work in harmony.



7.1. Human Resources Management

Regarding Harassment and Psychological Harassment (Mobbing), we do not tolerate any violation of the inviolability of our colleagues or stakeholders with whom we have a business relationship through physical, sexual and/or emotional harassment at the workplace or anywhere they are present due to work. We do not tolerate aggressive behavior, fights and verbal violence that may interfere with people's right to inviolability and harm their bodily and mental integrity. In addition, we do not allow systematic and planned behaviors that qualify as mobbing, such as alienating a person from work, reducing their performance or causing them to resign. In order for a behavior to be considered mobbing, the following conditions must be met:

- It must occur at the workplace or anywhere the victim is present for work-related purposes,
- It must be perpetrated systematically and in a planned manner by one or more persons,
- It must clearly intend to intimidate, pacify, dismiss or otherwise harm the victim's professional status and social relations,
- It must emerge as a set of malicious, intentional and negative attitudes and behaviors.

We find such behaviors to be against ethical rules and also against the law. As Kastamonu Entegre, we never tolerate such behavior in business environments.

We act in accordance with the Labor Law and the International Labour Organization (ILO) agreements to which the Republic of Türkiye is a party. We also ensure that our suppliers act in compliance with this legislation. As Kastamonu Entegre, in line with the Code of Ethics and Working Principles, we absolutely do not accept forced labor in our company.

The rights we observe regarding human rights are included in Kastamonu Entegre Code of Ethics and Working Principles. We consider the promotion of human rights and the maintenance of social welfare and peace to be critically important. Accordingly, we see it as our social responsibility to take part in social responsibility projects that are in line with our values. Each of our employee acts sensitively as a pioneer in social matters and within an awareness of being a good citizen. We act in compliance with the Labor Law and ILO agreements to which the Republic of Türkiye is a party, and we ensure that our suppliers also comply with this legislation. To provide a suitable working environment for employees, we act in accordance with international conventions, particularly with the ILO conventions, and the regulations set forth in local legislation.



7.2. Diversity, Inclusiveness and Equal Opportunities

According to Kastamonu Entegre Code of Ethics and Working Principles, we approach our employees honestly and fairly.

Our code of ethics covers our policies to improve diversity and inclusion for our employees, and we take part in various related social responsibility projects. We consider it important to protect human rights and democracy and to maintain social prosperity and peace. Accordingly, we see it as our social responsibility to take part in social responsibility projects towards these goals.

We determine our remuneration policy based on the duties and responsibilities, experience and contributions of employees. We are committed to continuously reviewing wages and aligning them with market conditions to ensure that our employees receive fair and competitive remuneration. Based on this approach, we increase the motivation of our employees, encourage collaboration and support the success of our company. We adopt the principle of equal pay for equal work by providing equal opportunities to all

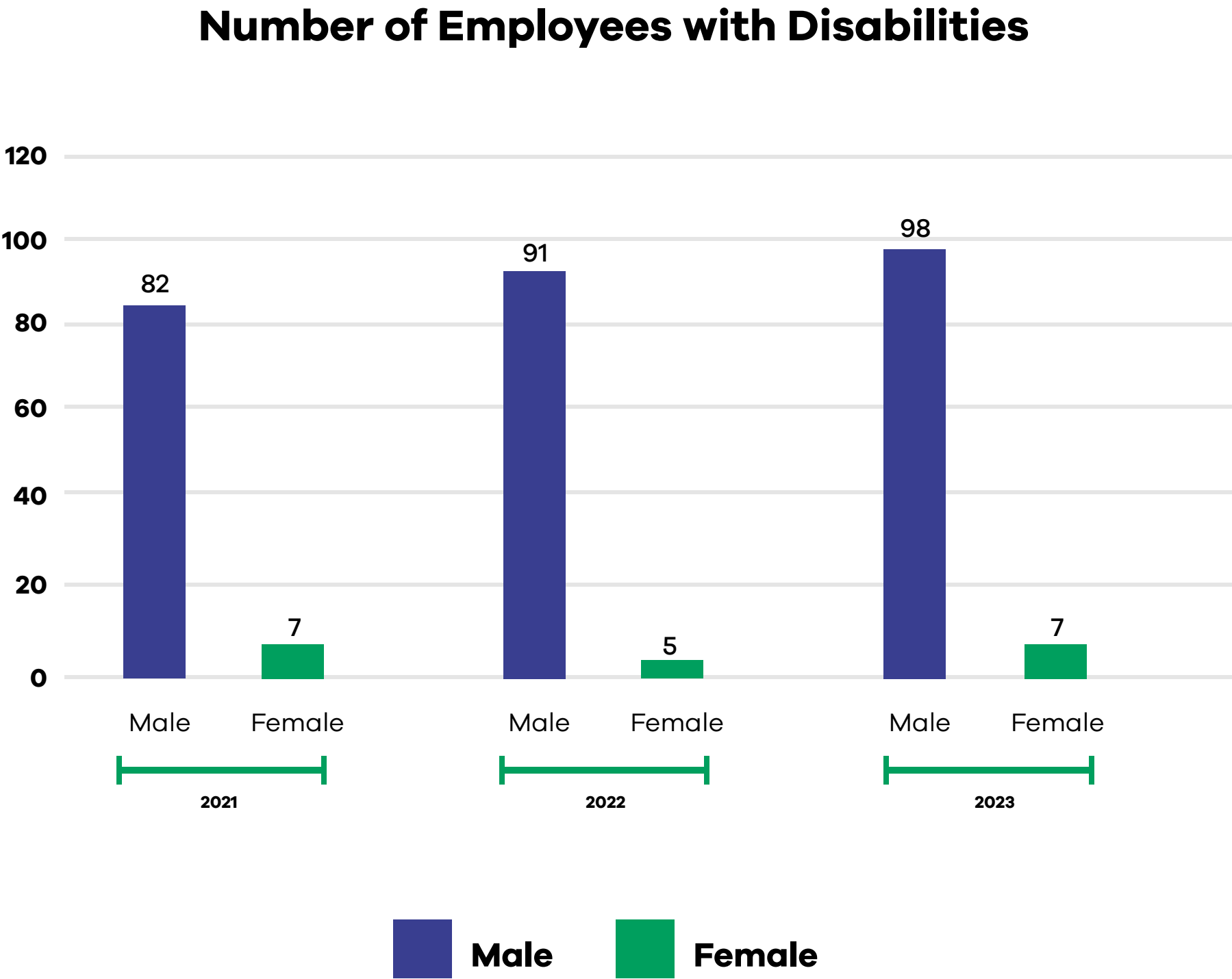
candidates with education, knowledge, skills, competence and experience in talent acquisition processes. We make sure that equivalent positions are in the same wage band and that the wage difference between employees doing the same job is based solely on seniority and performance. On our way to having a competent workforce, we aim to provide career development and learning opportunities for our employees in different locations.

We prioritize efforts to increase women's employment. In recent years, there has been a significant increase in the number of female employees in all our units. During the pandemic, we also provided our female employees who are pregnant and/or have young children with the opportunity to work from home.



7.2. Diversity, Inclusiveness and Equal Opportunities

We have practices in our headquarters building and production plants which cater to employees with disabilities. To ensure the transportation and hygienic comfort of our employees with disabilities within the building, we have special elevators, sinks and ramps for people with disabilities. We ensure that all our disabled colleagues work in positions suitable for their disabilities. In addition, we grant our employees who have a child with a disability report of 70% or more the right to use 10 days of administrative leave, regardless of whether their spouse is working or not. As the number of our employees increase, we strive to improve employment opportunities for people with disabilities, particularly in cooperation with the Employment Agency (İŞKUR), and we currently have a total of 105 employees with disabilities.



7.3. Employee Satisfaction



In order to increase the welfare and motivation of our employees, we offer various cash and in-kind benefits. As part of in-kind benefits, we provide cafeteria and transportation services to our employees. As part of our flexible working model, we also provide meal allowance and monthly Internet access support for teleworking days. We also provide work clothes to create a professional appearance and safe working environment, and for some positions, we allocate cell phones and company cars to meet communication needs. As for health, we continue to offer private health insurance to meet the needs of our employees and their families. Among the fringe benefits provided in cash, we offer payments such as assistance in major life events such as birth, death and marriage, support for basic needs such as fuel and holidays, travel allowances, duty indemnities and performance bonuses. In addition, our benefits include travel allowances, seniority incentive awards, graduate and relocation allowances. Education support is also available for the children of our employees. Through our benefit packages, we support our employees to maintain their work-life balance by enabling them to focus more on their work.

As part of our practice 'Let's Talk', we, as the human resources unit, meet our department-based employees at least twice a year and create action plans by analyzing the feedback we collect. In this process, we aim to increase the engagement of our employees by making them feel valued. Through site visits, we observe the daily activities and working environments of our colleagues. This allows us to identify the problems of our employees on the spot and find quick solutions.

Thanks to the 'Idea Platform' that we implement within the company, we aim to grow and develop together by encouraging innovative sharing among our employees. We maintain work-life balance by providing a flexible working model and wellness programs (Wellbees Platform). All these practices enable us to hear our employees.

As part of hybrid working models, we offer our employees at the headquarters the opportunity to work three days a week from the office and two days a week from home. Thus, we ensure that our employees can do their jobs more efficiently and simultaneously spend more time with their families. In terms of breastfeeding leave, we continue to support our mothers to exercise this right more effectively by offering them the possibility for collective use. We continue to apply all mandatory leaves pursuant to the Labor Law No. 4857. In addition, we provide free diapers every month to our employees with children aged 0-3 as well as disposable underpad support to employees who have sick relatives. We offer 3 days of administrative leave per year for different mandatory needs of our employees. As a company, we care about facilitating the education and working lives of our employees. Accordingly, we allow our employees who are having a master's degree to take 60 hours of leave per year. Through these practices, we attach importance to ensuring that our employees maintain a more balanced work and family life and contribute to our company's sustainability goals.

7.3. Employee Satisfaction



Instead of conducting annual employee satisfaction surveys, we prefer to conduct instant pulse surveys for in-house practices. We make improvements after receiving feedback from our employees regarding their experience and satisfaction.

We have 7 Social Activity Clubs for our employees at our headquarters and at all our factories in Türkiye. We have established our clubs according to the following categories based on the opinions of our employees and in line with their hobbies and interests.



We realize our activity plans in coordination with our club officers and depending on the annual budget. Thus, we strengthen the communication and synergy of employees outside of work and aim to increase their engagement and motivation. In addition, we realize all processes and communication related to the clubs through the digital platform called 'KEAS Social'.



7.4. Employee Development and Training

In line with our corporate principles and strategies, we support the development of our employees through programs that focus on the knowledge and competencies of the age. Through our continuous learning and development approach, we improve the professional knowledge and skills of our employees, support them in their personal and academic development and meet their development needs. We closely follow emerging next-generation educational technologies and methods, offering a rich learning environments for our employees. Through our collaborations with global brands specialized in their fields, we transform knowledge and experience into a personalized learning experience and support our employees in maximizing mutual benefits.

In terms of leadership development, as a company that develops its own leaders, we improve the people-oriented leadership styles and global business models of our middle and senior managers and ensure their participation in programs to further raise their awareness. We run these programs after lengthy preparations with Türkiye's most prestigious universities. We provide our managers with a new horizon through these carefully prepared programs, the content of which consists of different modules, including simulations compatible with new technologies.

Our corporate culture is based on continuous learning and development. To this end, we contribute to the strategic development of our leaders through the 'Leadership Development Program' designed in cooperation with Koç University. We are planning a development journey on sustainability with a program consisting of 14 modules in total, which we have launched for our Group Manager and other Managers. The program provides our leaders with an overview of the global economy and digital culture as well as a comprehensive understanding of the key changes taking place in the 21st century. In addition, there are

detailed trainings for our leaders on political trends and on strategic thinking, strategy development and implementation through 'Big Game: Strategic Business Management Simulation'. Topics such as strategic marketing and change management, new practices in human systems, and the things we miss as we live are also key components of the program. For our executives, we aim to equip them with the knowledge and skill set in finance, management and leadership in VUCA (Volatility, Uncertainty, Complexity, Ambiguity) conditions, coaching approach, principle-based interviewing and recruitment.

Through the 'Holistic Leadership Development' program we conduct as part of the 'Leadership School', we act on the principle of 'Get strength from data, generate results'. To this end, we implement a comprehensive program for our C-level managers to develop self-management, organizational management and other critical management skills to become more effective and successful leaders in a changing business world.

In line with our strategic goals, we act on the principles of 'Be responsible, instil confidence' and 'Become a guide, develop' to support our R&D team. In this context, we organized Executive Team Workshop, Big Team Workshop and One-on-One Coaching Sessions. While conducting all these workshops and coaching sessions, our aim is to create a language based on trust in team communication, identify team priorities, emphasize the importance of roles and responsibilities and create a working culture that supports different views towards common goals.



7.4. Employee Development and Training

We ensure that the candidate leaders within our company participate in the A New Leadership Development Program to gain knowledge, understanding and skills. As part of this program, our managers who are candidate leaders focus on developing leadership skills, effective communication methods, strategic thinking and planning, problem-solving techniques and innovation. These gains support the personal and professional development of our managers and contribute to the success of our company. We also aim to improve strategy, marketing, finance, accounting, decision-making and product management skills by simulating business scenarios with 'Capsim Business Simulation'. In addition, during the Vision Meetings we organize, our employees meet valuable experts and benefit from their competencies.

We ensure the adaptation of our employees recently appointed to managerial roles in terms of individual and team leadership. We have been participating in the TURQUALITY® program, which is designed on the basis of business administration master's programs organized by TİM for 5 years, since its establishment.

We interact with many companies specialized in their fields for the development journeys of not only our employees in Türkiye but also our employees abroad. We support the learning and development processes of our employees abroad through collaborations with specialized educational institutions.

Within the company, we design technical development programs such as 'Global Innovation School', 'Engineer Development School', 'First Level Manager Development' for sectoral, vocational and technical training needs. In addition, we participate in domestic and international vocational and technical trainings, seminars and congresses.



7.4. Employee Development and Training

As part of Technical Development Programs,

- We have programs to support the managerial development of our young engineers and operator A colleagues working at Kastamonu Entegre production plants. With the Operator A Development Program, we aim to strengthen their role and responsibility awareness by increasing their personal and professional awareness. Through the program, we encourage employees to communicate effectively with internal customers by improving their organizational influence, communication and relationship management skills. We enable them to see differences of opinion as an opportunity for development and support them to resolve conflicts positively by equipping them with effective conflict management and consensus building skills. While raising awareness on empathic listening and feedback, we also provide the necessary team management skills to build high-performance teams. Finally, we support employees' follow-up through effective work distribution and delegation skills.
- Through the young engineer development program, we aim to develop our employees working as shift engineers in our company in the following competency areas.
 - » Seeing the impact of work and outputs on the organization by increasing individual awareness and role responsibility, personally and professionally
 - » Developing skills to keep their intrinsic motivation high, such as sharing knowledge, skills and methods and leading relationships
 - » Developing effective relationships with colleagues, managed teams and internal customers by enhancing communication and relationship management skills
 - » Strengthening leadership skills by raising awareness on empathic listening and feedback
 - » Supporting the follow-up of participants' tasks by effectively distributing work within the team and developing delegation skills
 - » Adopting a holistic approach to strengthen improvement, problem solving and collaborative culture competencies

- Lean 6 Sigma is a data-driven methodology that we apply to improve and increase efficiency. With the 'Lean 6 Sigma Training Program', we aim to provide comprehensive knowledge and skills to reduce waste in processes, increase quality and improve customer satisfaction. In this training, we provided participants with competencies to increase company efficiency and quality standards by applying Lean 6 Sigma tools and techniques in business processes. They have also made significant contributions to strengthening our culture of process improvement across the company.

Training Programs	2021		2022		2023	
	Hours	Persons	Hours	Persons	Hours	Persons
Vocational Development - Technical Trainings	81,854	3,082	34,209	2,562	83,088	2,823
Sustainability Themed Trainings	1,214	654	434	340	956	1,837
Management Trainee - Leadership Training	315	33	8,083	103	429	97
Training Program for Senior Management	178	15	224	19	1,506	17



7.4. Employee Development and Training

Through the 'Global Innovation School Development Programs' we provide to our employees, we aim to increase their innovative thinking skills, improve business processes, provide competitive edge and transfer innovative ideas to the company. To this end, we increase the sustainable success of our company by creating projects that add value to society.

Within the scope of our 'TalenTree' program, we create an accelerated, sustainable training program for university students doing internships, consisting of various trainings on social, personal development and professional business life. While our interns benefit from this program, we also follow their development with mentors consisting of our experienced employees at the company. In the third internship program in 2023, we provided a 2-week training with the participation of different trainers. In addition, we included them in the digital development platform and enabled them to benefit from online trainings.

In the foreign language development program we offer in cooperation with an online language education platform, we provide our employees with the opportunity to learn a foreign language 24/7 for a year. We aim to improve foreign language skills through interactive activities offering a personalized learning experience in which they can converse at any time with native English-speaking instructors holding international education certificates. We also meet periodically during the 'Foreign Language Development Program Experience Sharing' meetings to listen and offer solutions to the problems that employees face about the foreign language platform and in their learning processes.

Based on our principle of 'We raise the bar and make a difference', we presented the 'KEAS Academy Digital Development Platform' to our employees with more than 7,000 updated trainings. On certain days of the week, we make audiobook recommendations under the title 'Your Digital Library is with You at All Times' as well as educational recommendations on the digital platform under the title 'Did You Get Your Daily Dose of Development?' In addition, there are 49 audiobooks available in the KEAS Digital Library within the Digital Development Platform.

We enriched the learning experience by utilizing different digital learning tools and platforms and making them accessible to our employees. The 'Wellbees Platform' created in this context, offers a comprehensive solution that supports our employees in healthy living, personal development and social interaction and includes a series of advantages designed exclusively for our employees. These advantages include the following:

- Providing free consultation with a psychologist through the call center
- Events, clubs and other activities that promote healthy living, such as 'Step-Water-Photo Challenges'
- Personal development opportunities supported by exclusive programs
- A wide knowledge pool including written, audio and video content



7.4. Employee Development and Training

This enables us to protect both the physical and mental health of our employees. In these days when the effects of stress, anxiety and fear continue, we organize webinars with expert psychologists and professionals in order to cope with emotions.

Under the motto 'Become a guide, develop', we have created a communication channel where we bring together all our employees with successful leaders who we think will set an example with their experiences in our company. In 2023, we organized webinars called 'KEAS Talks' and uploaded their video recordings to the 'Digital Development Platform' for our employees who could not attend.

Thanks to our training collaborations with Okan University, Bahçeşehir University, Özyeğin University, Sabancı University, Işık University, Kadir Has University, Bilgi University, Istanbul Commerce University and Koç University, we offer our employees at all levels the opportunity to develop their professional needs and competencies. We provide training and development support with special discounts for our employees and their first-degree relatives.

Under the heading of 'Trainings to Increase Sustainability Awareness' at KEAS Academy, we have created training content to prevent environmental problems with the contributions of our environment directorate to inform and guide all our employees. Training topics include Conserving Natural Balance, Forest Management and BEKRA trainings.

As Kastamonu Entegre, we aim to increase the awareness of our employees on sustainability and integrate the values within this framework into business processes. To this end, we have two specially prepared sustainability-themed trainings that cover all our employees. When designing these training contents, we aim not only to help our company achieve its goals, but also to remind us of our responsibilities for a better world globally.

We intend to adopt habits of efficient use of resources, reduce environmental impact and fulfill our social responsibility. Trainings on the subject are mandatory, and we aim to raise awareness among our employees on environmentally friendly practices, forest management and conservation of natural balance.

By the end of 2023, we completed the content work to launch the Sustainable Energy Management and Combating Climate Change Training next year. In addition, we also have submodules supporting sustainability within our TalenTree and Global Innovation School Development programs.

The training provided, in line with our employee education and sustainability approach, includes:

- The 'Training on How to be Environmentally Friendly' aims to teach not to waste resources and to use them more efficiently through environmentally friendly practices in daily life. By combining the principles of environmental friendliness and sustainability, we have embedded in education both the protection of natural resources and the ways to leave a livable world to future generations. As part of this training, topics such as what it means to be environmentally friendly and why it is important, the recycling, reuse and waste reduction methods, tips and practices to save energy at home and at work, ways to save water and sustainable use of water, and the selection and use of environmentally friendly products were discussed.

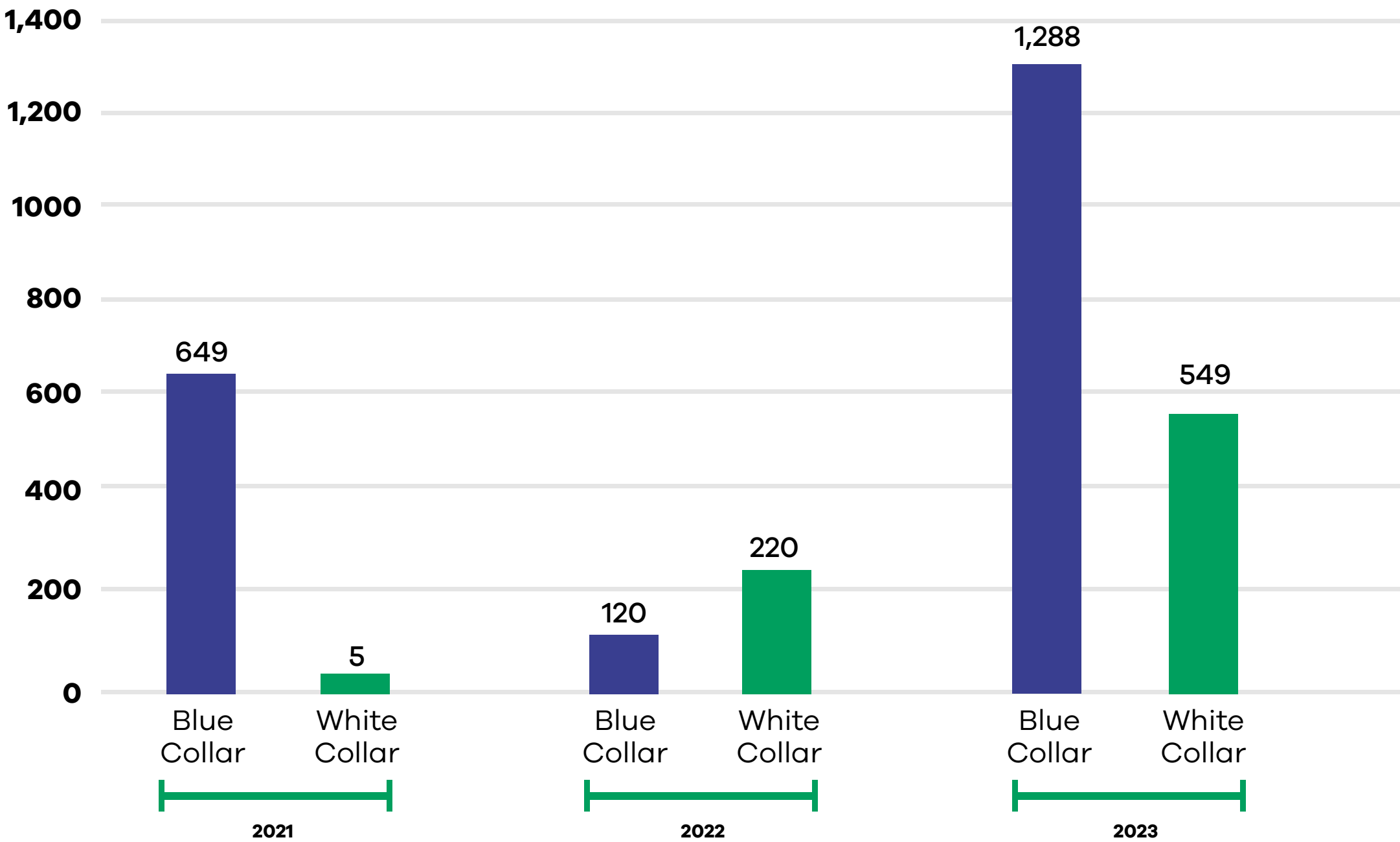
7.4. Employee Development and Training



- With the ‘Protecting the Natural Balance and Forest Management Training’, our employees were informed on how to help protect the natural balance by implementing sustainability practices at the workplace. The Conservation of Ecosystems and Forest Management training helped employees raise awareness on the effective use of natural resources, understand the impacts of deforestation and contribute to the company’s green policies. This has strengthened awareness of natural balance and environmental protection in the workplace and taken an important step towards a sustainable world and company. The content of this training includes the effects of natural balance on biodiversity, sustainable forest management techniques, erosion control and soil conservation methods, biodiversity conservation strategies at local and global level, and awareness raising activities with employee participation in efforts to maintain natural balance.

As an example of our good practices along with trainings, we work in cooperation with the Turkish Foundation for Combating Erosion, Reforestation and the Protection of Natural Habitats (TEMA) and continue to donate saplings on behalf of each new hire. In 2022, our Tarsus Production Facility employees took an active role in sustainable environmental efforts by participating in the sapling planting event organized by the Ministry of Agriculture and Forestry. In 2023, we celebrated World Environment Day hosted by our Gebze production facility with the contributions of our OHS and Environment unit. At our Kastamonu Production Facility, we implemented a wild fruit tree planting project to support the living conditions of living creatures in nature within the scope of our environmental sustainability projects. We continue to perform activities such as collecting waste batteries to contribute to nature and raise social awareness.

Number of Employees Receiving Sustainability Themed Trainings





7.5. Performance and Career Management

Integrated Talent Management is our process of finding, retaining, backing up and developing the employees we need in the short, medium and long term, taking into account the values and principles of our company. We designed our Integrated Talent Management process on the basis of 'Objectives and Development Management (OKR: Objectives and Key Results)' where we measure the performance of our employees, the 360-degree feedback process 'Discover Yourself', the 'Discover Potential' process where we identify their potential, and the actions of analyzing the data from this process, reviewing critical positions, position backup studies and talent management.

As part of the Development Center Practice, we provide feedback to our employees on their areas of development with the participation of their managers and directors, as well as the consultant who provides services on the subject. Moreover, in our practice called 'One-on-One Executive Coaching', our employees hold goal-setting meetings in the light of the feedback they receive from their coaches.

Through our Mentor & Mentee Program, we aim to contribute to the personal and professional development of young colleagues at the beginning of their careers (Mentee) and to strengthen the managerial skills of our managers through the guidance and sharing of experiences by our experienced managers (Mentor). A mentor and a mentee are selected from each directorate and are cross-matched.

We run the TalenTree Development and Internship Program for students studying in the relevant departments of universities to discover young talents and gain experience. We offer an environment where students can apply their theoretical knowledge in practice with our 5-week internship program that starts with the online education period.

In 2023, 8,714 students applied to our program; of these, we employed 28 students as 'TalenTree Interns' after completing the necessary inventory and interview processes. We provide interns with the opportunity to take part in real projects, participate in daily operations and receive mentoring support. During the program, we organize various trainings, leadership and experience sharing meetings and technical visits. Through this program, we offer students the opportunity to gain experience in the sector, get to know the professional business environment and take an important step in their career journey. In addition, interns have the opportunity to build a strong network by meeting professionals in the sector and be evaluated for potential positions in the company. In our 'Youth Voice' project, we reviewed the applications of our young employees together with our directors, selected one participant from each directorate and included them in our youth board. Participants were trained on topics such as Design Thinking, Agile, Creative Thinking Techniques and Effective Presentation Techniques. A sustainability project was prepared with the Agile working method and presented to the senior management.

Our new generation, OKR-based performance evaluation system, which we have implemented for the white-collar colleagues at our company, encourages an agile work culture by supporting new business models and ways of working. Thus, we dynamically manage the necessary changes by producing faster and more effective solutions to emerging needs. In 2022, we transformed our New Generation Goal and Development Management process DISCOVERY into a global structure and continued it under the name "DISCOVERY". In this process, we made the Discovery Digital Platform globally available with new updates. By expanding our current scope, we have included all our factories in Türkiye and primarily our Italian organization, followed by our Romanian and Bulgarian subsidiaries, in the DISCOVERY process.

7.5. Performance and Career Management

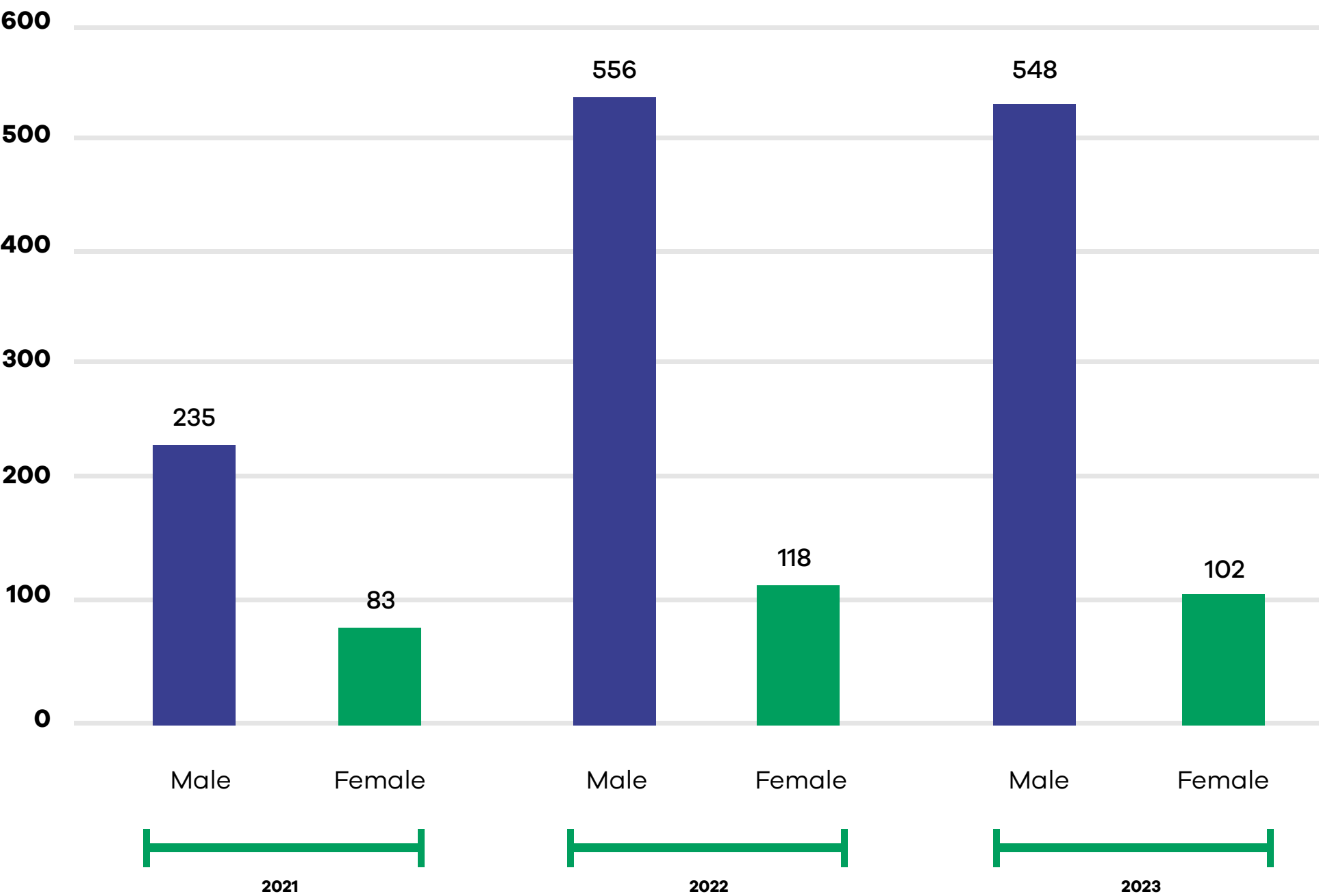


In line with Kastamonu Entegre principles and strategies, we harmonize the career development of our managers and employees with company goals. In addition, we offer a development-oriented mechanism that encourages the exchange of feedback, appreciation and acknowledgement both between managers and employees and all stakeholders within the company. Individual OKRs determined by our employees are delivered in a measurable, accessible and transparent manner. This transparency increases responsibility and accountability by making the OKRs of companies, groups and individuals visible. Through our Goal and Development Management process, we not only achieve our corporate strategies but also make sustainable success permanent by adding meaning to our employees' work. We also encourage behaviors favoring our corporate culture and values while achieving successful business results.

We implement the Blue-Collar Performance System for our blue-collar and gray-collar colleagues. In this system, we make a detailed evaluation to measure the performance of our colleagues using smart targets. The fact that the targets are measurable allows us to track their achievements with concrete data. In addition, through this process, we ensure that they both increase their quality standards and serve as a tool to achieve the relevant targets. Thanks to the system, we aim for development and success by supporting our colleagues to use their potential at the highest level.

Along with the performance system, we have started work to design the Blue-Collar Promotion System (MaYa), under which our blue-collar and gray-collar colleagues can draw their career paths and be promoted in a fair, transparent and open manner throughout their career.

Number of White-Collar Employees Receiving Regular Performance Reviews





7.6. Occupational Health and Safety

Within the framework of the Occupational Health and Safety (OHS) and Environmental Management System (EMS) that we implement at our head office and factories, the follow-up, provision and continuous updating of legal regulations and requirements are of great importance for the uninterrupted sustainability of our operations. While our OHS and Environment Directorate undertakes this responsibility at headquarters, our OHS and Environment Managers, Specialists and Engineers effectively manage the process at our factories.

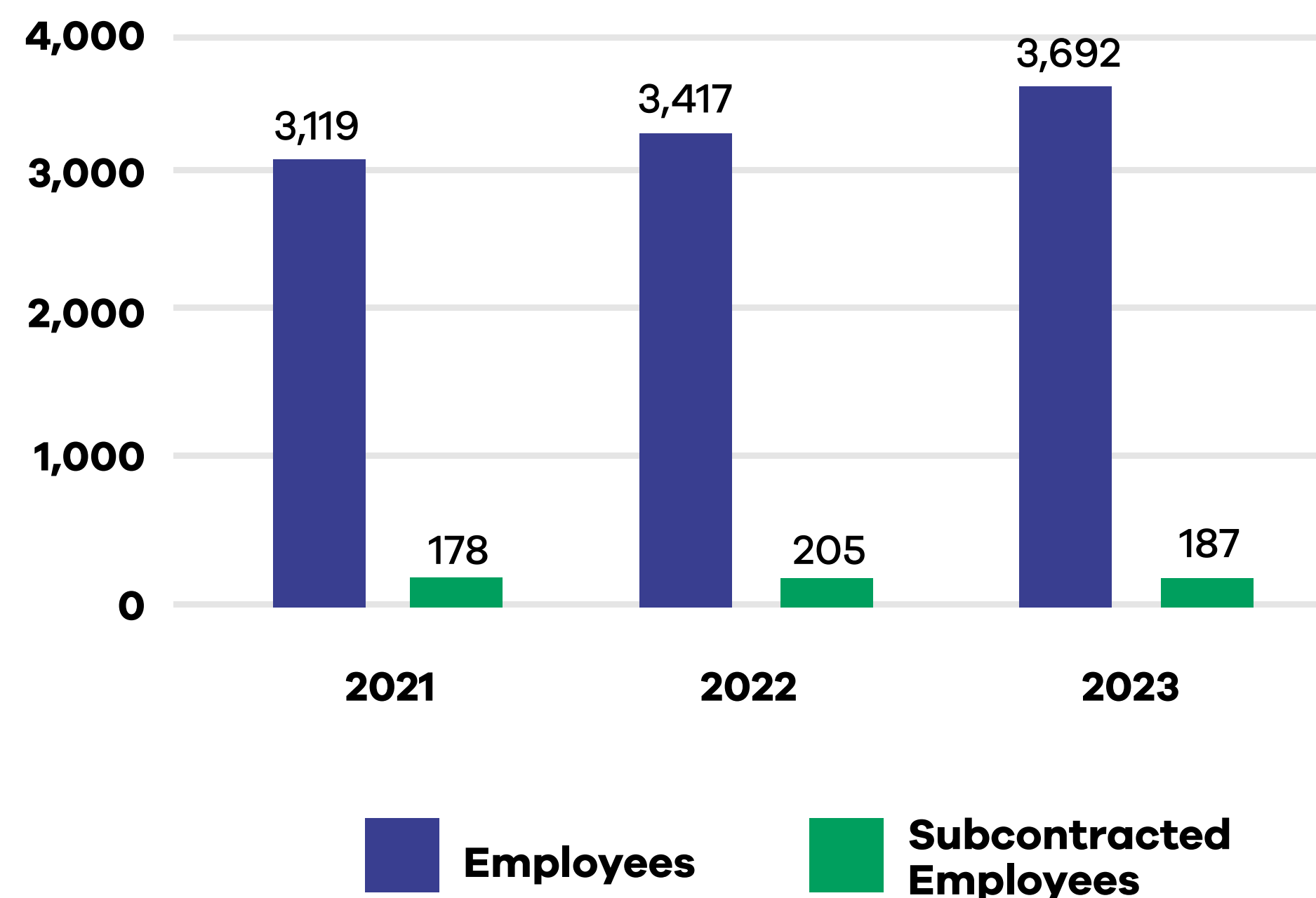
Legal regulations and requirements are considered as documents of external origin and managed systematically through our QDMS (Quality Documents Management System). Our OHS and Environment Directorate closely follows legal changes by conducting detailed research on the internet every three months to ensure that legislation is up to date, followed by swift action. These processes not only ensure our legal compliance but also enable us to further advance our occupational health and safety and environmental responsibilities. The safety of our employees, protection of the environment and sustainability of our business processes are among our primary responsibilities.

We also have an OHS Committee that coordinates and manages OHS practices. As of 2023, this committee has 28 members.

As Kastamonu Entegre, we deliver our occupational health and safety activities to raise occupational safety awareness, control risks, create a healthy and safe working environment, and create the necessary conditions to prevent occupational accidents and occupational diseases. All our employees are responsible for observing and continuously improving occupational health and safety conditions. The job descriptions and annual targets we have created accordingly include OHS-related responsibilities and activities. Since 2020, we have been ISO 45001:2018 Occupational Health and Safety Management System certified, and we implement all requirements of the standard and are audited annually by a third-party organization. In addition, we conduct internal audits with our certified and competent personnel. Together with subcontracted employees, a total of 3,879 employees working at our facilities are covered by the OHS Management System.



7.6. Occupational Health and Safety



Within the framework of our Occupational Health and Safety Policy, we observe practices such as working conditions, protective equipment and training to ensure a safe working environment where our employees can work in a healthy manner. To this end, we expect all our employees to comply with the following conditions.

- To know the OHS policies and procedures in effect,
- To adopt and implement health and safety solutions launched to improve working life in accordance with Kastamonu Entegre values, international standards and legislation,
- To be aware that safe behavior during service is an individual responsibility,
- To immediately inform their managers when there is a risk of conditions that pose a danger to human health and safety at work,
- To participate in the Occupational Health and Safety Training, which is regularly assigned to each employee on a mandatory basis.

As Kastamonu Entegre, we manage occupational safety under two main blocks, namely process safety and occupational health and safety. By focusing on people and safety culture, we implement practices that prevent major industrial accidents in process safety. In 2023, we implemented the 'Occupational Health and Safety Leadership Development Program' at all our facilities. To this end, we provide 'Behavior-Based Occupational Safety' trainings to our field employees at all our domestic facilities. We identify dangerous behaviors that cause occupational accidents and hazardous cases through observations in the field and prevent the dangerous case from occurring again by providing feedback to employees. We aim to prevent accidents by identifying and eliminating dangerous situations that occur during our activities. In addition, we continue to reward positive occupational safety behaviors at our company. We prepare checklists specific to each work unit and conduct field tours with our managers. Our OHS team's individual OKRs include proactive OHS targets such as closing OHS actions, conducting field tours and attending OHS trainings.



7.6. Occupational Health and Safety

Our OHS practices at Kastamonu Entegre are as follows:

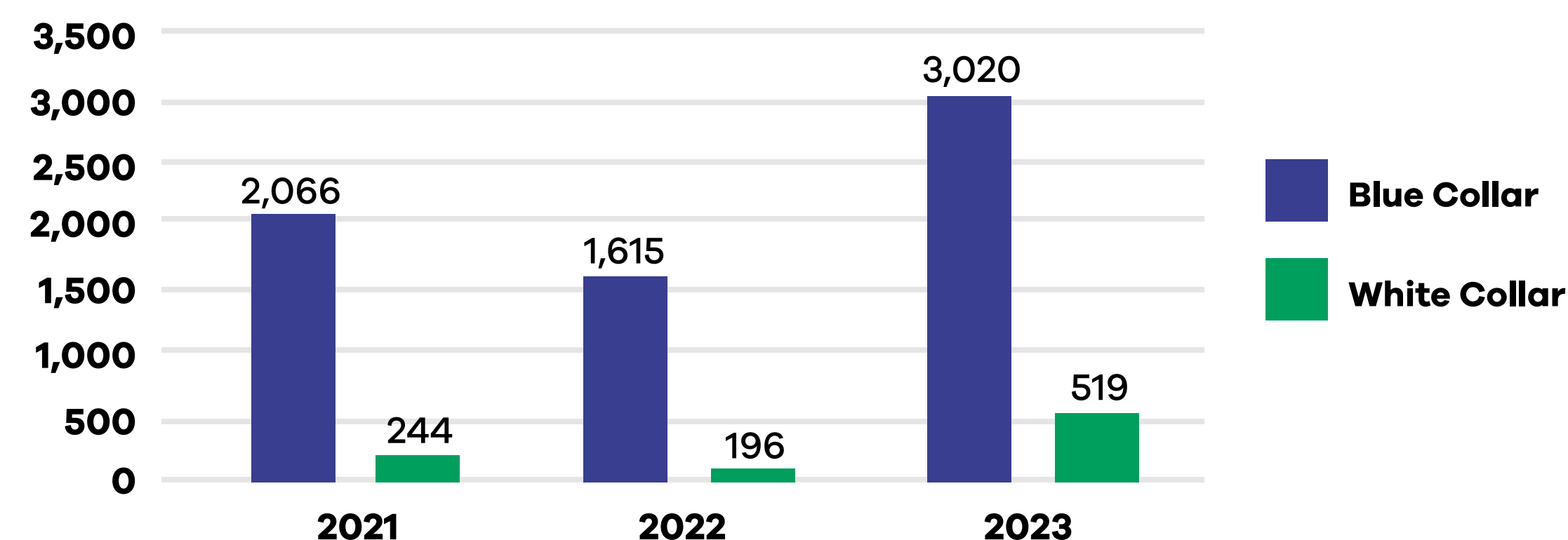
Accident Prevention

- In risk assessments, we conduct job hazard analyses in detail and ensure that risk assessments are up to date.
- We collect near miss risk notifications from our employees through notification cards and mobile OHS application and regularly reward suggestions.
- We try to disseminate measures by sharing group-wide announcements of major accidents and near misses together with the relevant visuals.
- To prevent accidents caused by forklifts, we tested at our Gebze and Italy plants and successfully implemented systems that detect pedestrians with image processing and artificial intelligence algorithms developed by domestic technology companies. We plan to roll out the practice in 2024.
- We conducted a hygiene assessment study on ergonomics designed by our workplace physicians. We are disseminating good practices as a result of the relevant analyses conducted.
- We conduct machinery safety analyses to prevent - independent of human error - the risks of accidents caused by machinery and equipment in our existing enterprises. As part of these analyses, we activate systems that stop machinery such as surface coating, paper laying machines, wedge robots and circular saws in case of danger.
- We ensure vehicle and pedestrian safety through traffic arrangements in places such as loading and personnel service areas.
- For our new investments, we integrated occupational health and safety requirements at the earliest stages of process redesign or machinery and plant renewal, thus preventing occupational accidents with loss of life through the projects carried out at our Kastamonu and Balıkesir factories.

Training and Competencies

- Regarding process safety, we organize trainings on process risk analysis and reliability-enhancing maintenance practices, particularly for our production and maintenance staff.
- While we continued the online training program in the OHS trainings of our field employees, we also reintroduced in-person training practices. Thus, we ensure that our employees can access trainings covering legal obligations from their mobile phones, tablets and business computers, and we create an interactive environment with hands-on training.
- We perform activities such as OHS theater to raise OHS awareness among our employees.
- We organize awareness trainings on disasters and emergencies.

Total Number of People Trained on OHS





7.6. Occupational Health and Safety

Contractor Management

- We run online checks of contractors' start of work documents as well as tools and equipment and accelerate the onboarding process.
- We provide support from the planning stage to the end of the work with our OHS personnel to create safe working conditions for the employees of the contractor company in the investment activities and maintenance works carried out in our facilities, and we also carry out training and inspection activities.

Legal Compliance

- We have completed the 2023 reviews through sector-specific legal compliance tables and are conducting the necessary checks to ensure full compliance with recently published regulations and standards.
- In addition to our wood-based panel plant investments, we successfully manage the Environmental Impact Assessment (EIA) permit processes for biomass and solar energy plants to obtain legal permits.
- Pursuant to BEKRA (Biocidal Active Substance and Product Registration and Tracking System) and REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) Regulations managed by the Republic of Türkiye Ministry of Environment, Urbanization and Climate Change, we update and fulfill the reporting obligations regarding the registration, evaluation, authorization and restriction processes of chemical substances.

Process Risk and Fire Safety Management

- As part of Process Safety Management, we carry out drills of the measures we take for early detection of fires and prevention of false alarms in accordance with the BEKRA Regulation. In this process, we aim to prevent the uncontrolled spread of hazardous chemicals and the associated risks of explosion and poisoning.

- In 2023, we continued to invest in fire detection and extinguishing systems in areas exhibiting a fire risk.
- At all our factories, we have made critical fire extinguishing systems available for testing without production downtime and applied live tests with these systems. We have completed the installation of insulation systems that will prevent the spread of fire in areas where there is a risk of explosion, and we have carried out relevant sustainable work.

We created the 'OHS Leadership Development Program', which aims to ensure that our Occupational Health and Safety culture has an impact on every aspect of our company in terms of perception, behavior and commitment within a 'people-oriented' approach. In addition, we adopt occupational health and safety as a value and aim to develop and adopt this culture within the organization by providing OHS trainings to our managers and field employees through the OHS Leadership School program in line with our principles of 'Be responsible, instil confidence' and 'Listen, succeed together'. Through the Behavior-Based OHS training, we aim to identify the occupational safety behavioral factors that are described as 'human error' in enterprises that implement the OHS Management System and have completed the instructions, procedures and basic training processes, preparing them for a sustainable change. With the OHS Culture Analysis conducted at all our locations, we aim to use the Hudson & Parker model and identify the aspects of our corporate culture that are strong and open to improvement. Through OHS Leadership Training, we intend to increase the OHS leadership competencies of our managers at all levels and provide them with the necessary tips to be role models.



7.6. Occupational Health and Safety

Through these programs, we also plan to reduce occupational health and safety losses, increase production and strengthen employee engagement in the long run. The content of the program varies according to the positions of our employees and the needs of the company.

OHS and Culture Analysis

We cover all our production plant employees. Using the 18-dimensional OHS Culture Maturity Scale, we conducted an OHS maturity test, system review, field observations and employee interviews. This effort provided measurement and evaluation data for our company's OHS culture journey.

OHS Leadership Training

We cover all production plant supervisors and above. We ensure that our managers become role models by increasing their OHS leadership competencies, and we combine our strategies with visible leadership methods to manage challenges. We also determine our OHS leadership strategies by updating information on legal rights and responsibilities.

Behavior-Based OHS Training with Drama Techniques

We offer this training for our sub-supervisor staff to identify and prepare to change safety behavior factors that are considered to be human errors.

General OHS Training

We provide distance trainings for our sub-supervisor employees in line with the procedures and principles specified in the legislation. We design training content specifically for the OHS hazards and risks at our company.

Thus, we reach all our employees through the content and roadmap of our OHS Leadership Development Program and secure the awareness we desire.

STAKEHOLDER RELATIONS



8.1. Stakeholder Dialogue

As Kastamonu Entegre, we believe that strong and continuous communication with our stakeholders plays a critical role in achieving our sustainability goals. Our stakeholders include all groups that affect and are affected by our operations and include our employees, customers, suppliers, shareholders, public institutions, non-governmental organisations, academia and local communities.

We build our relations with our stakeholders on the basis of mutual trust, transparency and open communication. We receive regular feedback from our stakeholders through various communication channels and platforms and use this feedback to improve our business processes and develop our sustainability strategies. In every region we operate, we aim to increase our interaction with our stakeholders and strengthen our collaborations by valuing their opinions.

This allows us to create solutions that can meet not only today’s needs but also those of the future. As Kastamonu Entegre, we are committed to continuously improving and strengthening the relationships we have established with our stakeholders in line with our sustainable growth goals.

Stakeholders	Communication Frequency	Communication Channel/Method
Employees	Intranet	Continuously
	Social Media	Continuously
	Announcements	Continuously
	KEAS Academy	Continuously
	Seniority Incentive Ceremony	Annual
	Global Quality Summit	Annual
	KEAS Blog	Continuously
	CEO Factory Visits	Continuously
	Idea Platform	Continuously
	Open Door	Continuously
	Discovery	Continuously
Customers	Dealer Order System	Continuously
	Social Media	Continuously
	Website	Continuously
	Customer Satisfaction Survey	Periodic
	Meetings	At certain intervals
	Announcement	At certain intervals
	KEAS Blog	Continuously
	Showroom Visits	At certain intervals
	Innovation-Driven Customer Meetings	At certain intervals
	Fairs	Continuously
	Customer Visits	Continuously
Business Partners (Suppliers, Subcontractors, Service Providers, Financial Institutions, Consulting Firms, etc.)	Supplier Entry System	Continuously
	Social Media	Continuously
	Websites	Continuously
	Meetings	At certain intervals
	Annual Report	Annual
	KEAS Blog	Continuously
	Architect Meetings	At certain intervals
	Stakeholder Visits	Continuously
Social Stakeholders	Social Media	Continuously
Governments, Universities and Academic Institutions, Local Authorities	Communication Activities	Continuously
	Website	Continuously
	Meetings	At certain intervals
	Audits	At certain intervals
	Annual Report	Annual
	Memberships	At certain intervals
	Forest Products Assembly of the Union of Chambers and Commodity Exchanges of Türkiye (TOBB)	At certain intervals
	Foreign Economic Relations Board (DEİK)	At certain intervals
	MDF and Chipboard Manufacturers Association (YOMSAD)	At certain intervals
	Turkish Exporters Assembly (TİM)	At certain intervals
	Chambers of Industry	At certain intervals
	KEAS Blog	Continuously
	Official Correspondence	Continuously

8.2. Customer and Dealer Satisfaction

As Kastamonu Entegre, we adopt a service approach that is constantly innovative and open to change by understanding the needs and expectations of our customers in the best way possible. To this end, we always intend to maximize our service quality and focus on increasing the satisfaction of our customers and dealers through digital solutions and technology-driven strategies.

While increasing customer satisfaction through the dealer portal, CRM applications and web-based technologies, we also maximized our digital maturity level. Thanks to the Kastamonu Entegre Portal (KEP), our customers can track their order and delivery processes transparently on a real-time basis, thus finding the opportunity to continuously improve their operational efficiency. We are also constantly updating and improving our systems to adapt to changing market requirements.

In 2017, we laid the foundations of the Microsoft Dynamics CRM infrastructure and created an effective Customer Complaint and Feedback Management System at our domestic and international locations. We automatically collect feedback and complaints from customers through different digital channels, quickly forward them to relevant units for action and meticulously follow the resolution processes.

Thanks to the Vehicle Reservation System (VRS), which we developed for our dealers to plan and monitor their post-shipment processes more efficiently, dealers can plan their vehicle and location plans on a common schedule in accordance with their needs. This system saves time and facilitates the follow-up of processes with reporting mechanisms.

To build a stronger bond with professionals in the field and support long-term business relationships, we develop special projects for master builders. Our loyalty program called 'Usta Eller' (Master Hands) was launched to serve the foregoing purpose. It is designed in accordance with the needs and expectations of master builders and attracts significant interest with the wide range of gifts it offers. The master builders working with our Floorpan brand collect points through the Usta Eller application by scanning the QR codes on the inside of the laminate flooring boxes or by entering the codes. The points collected can be converted into more than 5,000 gift options ranging from jigsaw machines to impact drills, smartphones to televisions, which will both facilitate the work lives of craftsmen and meet their personal needs.

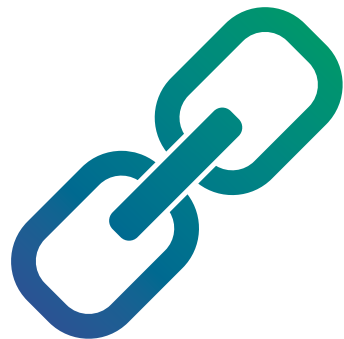
This program aims not only to strengthen our cooperation with craftsmen, but also to reinforce the trusting ties we have established with them in the long term. While adding value to our business partners, we care about improving their professional success and satisfaction, thus building their loyalty and engagement on a sustainable basis. The 'Usta Eller' program has stood out as an exemplary practice in the sector, serving the principle of mutual benefits and cooperation.

We do not limit our customer relations to complaint management. We also care about building strong ties through regular visits and continuous communication. During 2023, we conducted a total of 60 customer visits, and we aim to increase the number of visits to over 70 in 2024. Moreover, in 2023, we organized technical trainings on our value-added products for the sales teams of our Romanian and Bulgarian factories, improving their knowledge and raising awareness. By 2024, we plan to onboard the RF Tatarstan sales team into this training program.

Thanks to these innovative practices and our customer-oriented approach, we aim to keep both customer and dealer satisfaction at the highest level and to establish sustainable and strong relationships.



8.3. Responsible Supply Chain Management



As Kastamonu Entegre, we manage our procurement processes within a sustainability-oriented approach through our Global Procurement Directorate, and we proceed in adherence to the principles of transparency, efficiency and sustainability in our supply chain. In 2023, we launched the SAP ARIBA (e-procurement) project to digitalize our procurement processes and optimize our business processes. Thanks to this system, we carry out processes such as bid collection, tendering, evaluation and supplier performance management on digital platforms. This allows us to use our resources more efficiently in line with our sustainability principles.

In our supplier selection process, we conduct a rigorous evaluation according to the criteria we set under the headings of Occupational Health and Safety, Sustainability, Environment and Business Ethics. We comply with environmental and occupational safety standards by requiring FSC® certification for wood and raw paper supply and Material Safety Data Sheet (MSDS) for chemical products.

For services provided by contractor companies, we expect candidate companies to be competent enough to meet the requirements of Kastamonu Entegre Contractor’s Occupational Health and Safety Specifications. We perform a strict control and audit process based on criteria such as professional qualification certificates, OHS performance and risk assessments. In addition, we evaluate the activities of contractor companies within the scope of ISO 45001 Occupational Health and Safety Management System and ISO 14001 Environmental Management System, regularly monitoring them through annual internal and external audits.

We expect our suppliers to behave in accordance with the ‘Kastamonu Entegre Code of Ethics and Working Principles’ and ‘Kastamonu Entegre Social Compliance Policy’, and we encourage them to comply with responsible supply chain principles. We exchange information and continue cooperating with our suppliers to ensure that reasonable and adequate measures are taken regarding social compliance rules.

In 2023, we made greater progress with our digitalization steps and reinforced our supplier evaluation processes with automation. We continue OHS trainings and audit activities for our contractors without interruptions and improve our business processes and supplier relations in line with our sustainability goals. We also develop projects to increase domestic production through our support for local suppliers and continue to contribute to sustainable growth.

	2021		2022		2023	
	Local	International	Local	International	Local	International
Total number of suppliers	3,401	185	3,867	183	3,981	208
	3,586		4,050		4,189	
Ratio of local suppliers (%)	95%		96%		95%	
Ratio of local procurement in total procurement (%)	60%		63%		61%	

8.4. Social Investments

As Kastamonu Entegre, we adopt a universal vision to evaluate the needs of the society and the environment in every region we operate and deliver our social responsibility projects in line with our sustainable development goals. With our deeprooted history of over half a century and value-oriented approach, we do not limit ourselves to production activities but also undertake projects that will benefit society, the environment and the economy. Going beyond creating employment, we support local development through the social, cultural and educational opportunities we offer, contributing to a more livable and conscious world of the future.

Based on our social responsibility awareness, we carry out a wide range of projects in the fields of education, science, culture, arts, environment and industry, focusing on creating social value through these projects. In line with our corporate citizenship approach, we continue to deliver activities that touch different segments of society, and we are proud to fulfill our responsibility towards the ecosystem we are in.

Some of the projects we support on the basis of this vision are as follows:

Contribution to Education and Scientific Work

- Driven by our goal of supporting professional development, we sponsored the 2023 Board of Presidents In-Service Training Seminar of the Turkish Woodworking Federation. During this event, the future of the furniture and woodworking sector was discussed by the presidents and executives of 148 professional chambers.
- We contributed to the development of innovative collaborations by supporting the National Patent Fair and University- Industry Cooperation Congress organized by the University-Industry Cooperation Centers Platform (ÜSİMP).
- We attended the 'Material Talks' session organized by Istanbul Medipol University's Interior Architecture Club to contribute to sectoral information sharing.
- As a gold sponsor, we supported the online 'International Symposium on Non-Wood Forest Products' organized by Bartın Faculty of Forestry.

- As an official sponsor of TEGEP (TEGEP Education and Development Platform Association) Corporate Academy 2023 summit, we contributed to a major corporate training and development platform.
- Pursuant to the protocol signed between Terme District Directorate of National Education, our Samsun Plant and Terme Vocational and Technical Anatolian High School, we contributed to the development of vocational high school students in the 2022-2023 academic year and secured the qualified workforce much needed in the sector. To this end, our experts provided students with technical trainings, while we organized tours of our factory to allow them to observe the production processes. At the end of the semester, 6 students with projects selected from among the projects submitted by our students earned the right to do an internship at our Samsun Plant during the next academic year.
- We supported the drafting and publication of the book titled 'Climate Change: Its Effects and Management in Forest Ecosystems', edited by Prof. Sezgin Ayan, a member of the Faculty of Forestry at Kastamonu University. The book includes valuable insights from educators working at international universities.
- In Balıkesir, we started the construction of Kastamonu Entegre Special Education Primary and Secondary School to provide appropriate educational opportunities for children with special educational needs. The school will be designed to meet the needs of special children and will be equipped with modern educational materials. It will support children's development through special programs prepared by special educators and experts.



8.4. Social Investments

Supporting Culture and Arts

- We supported a valuable social responsibility project by contributing to the gala tour of the 'Sofia Opera and Ballet' organized by the Bulgarian-Turkish Chamber of Commerce and Industry to mark the 100th anniversary of the founding of the Republic of Türkiye. The proceeds of the event were donated to the earthquake region.
- We strengthened intercultural cooperation by supporting the 'Italy's National Day' events organized by the Italian Consulate in İstanbul and the Embassy of Italy in Ankara.

Environmental and Social Contribution

- On June 5, the World Environment Day, we aimed to raise environmental awareness by sponsoring 'A Clean World is Possible with You' event organized by Gebze Municipality.
- The mosque built under our sponsorship in Kastamonu Organized Industrial Zone contributed to the social needs of the region.
- Led by Kastamonu Entegre Social Responsibility Club and voluntarily participated by our employees, the 'Earthquake Region Solidarity Festival' was organized.



Supporting Future Designers and Young Talents

- During the 14th National Furniture Design Competition organized by the Central Anatolian Exporters Association (OAİB), the awards in the 'Furniture Designers of the Future' category were sponsored by our company.
- We encouraged the scientific and technological development of young people by supporting the German High School Kaiser Robotics Team's participation in the World Championship FIRST Robotics Competition (FRC).

Collaborations in Architecture and Design

- Located at our company's Headquarters, the KEAS Concept Studio hosted the Arkitera Awards 2023 ceremony organized to honor Türkiye's qualified projects in the field of architecture as well as the creative names behind these achievements.
- As Kastamonu Entegre, we sponsored the annual member meeting organized by the Furniture Manufacturers Association of Türkiye and attended by furniture brands from different cities of Türkiye.



Health and Social Responsibility

- We aimed to raise healthcare awareness by distributing the medical book on allergy written by Dr. Ali Coşkun, Chief Physician at Ünye Çakırtepe Hospital, free of charge at regions in need.

8.4. Social Investments

HAYAT GOOD LIFE CENTER

In an act of collaboration by and between Hayat Holding and Hacettepe University, a project called ‘Hayat Good Life Center’ was launched in the Samanköy region of Malatya, inside Türkiye’s largest container city providing shelter to approximately 20,000 earthquake survivors. This center aims to contribute to the medium and long-term rehabilitation of earthquake survivors.

Established on one decare of land, the center offers various services ranging from healthcare services to psychological support to rehabilitation programs to play and art therapies, all facilitated by experts from various faculties of Hacettepe University. In addition, there is a library housing 4,000 books, a computer room, a support unit for mothers and babies, a support unit for people over 65, an occupational therapy unit, play and art development units, a study room and two large laundry rooms.

Hayat Good Life Center offers services through various activities such as expressing emotions through artistic work such as painting and music, reading books, newborn care and nutrition, childhood vaccination, occupational therapy for children and the elderly, and psychological support. These activities take place six days a week, except Sundays, from 9:00 am to 6:00 pm, within the framework of daily and weekly programs tailored to different age groups. During trainings and workshops, strengthening the mental and cognitive skills of earthquake survivors is prioritized so that they can re-adapt to social life. There is also an outdoor playground designed for children in the center’s garden.



APPENDICES



Environmental Performance Indicators

Emission data	Unit	2021	2022	2023
Scope 1	tCO ₂ e	209,703	189,368	243,403
Scope 2	tCO ₂ e	136,988	152,377	164,673
Total	tCO ₂ e	346,690	342,104	408,076

Water Usage By Type	Unit	2021	2022	2023
Third-Party Water	m ³	1,155,923	1,370,649	1,741,315
Groundwater	m ³	796,076	733,224	636,962
Recycled Water/Recovered Water	m ³	112,173	145,466	234,005
Surface Water	m ³	303,221	219,485	272,195
Total	m ³	2,367,393	2,387,814	2,884,477

Waste Data	Unit	2021	2022	2023
02 01 04	kg	-	-	12,520
02 01 10	kg	-	696,480	-
02 03 04	kg	-	77,340	-
06 05 02	kg	1,360	20,000	3,000
06 06 01	kg	-	-	49,660
07 01 04	kg	35,780	-	-
07 06 04	kg	2,540	1,100	2,220
07 06 08	kg	-	17,080	-
08 01 11	kg	1,420	4,500	29,080
08 01 13	kg	21,060	66,080	11,860
08 03 17	kg	400	-	20
08 04 09	kg	323,920	822,545	1,457,460
08 04 10	kg	640,840	99,880	-
10 01 01	kg	8,255,740	6,848,920	1,465,600
12 01 12	kg	6,200	11,340	2,020
12 01 20	kg	5,080	26,060	49,720
13 01 01	kg	1,480	-	-
13 01 13	kg	113,140	87,810	180,550
13 02 08	kg	4,040	3,400	3,530
15 01 01	kg	149,213	234,900	660,880
15 01 02	kg	52,700	52,560	51,400
15 01 03	kg	92,480	55,970	4,080
15 01 06	kg	492,790	272,670	136,590
15 01 10	kg	222,620	253,840	261,920
15 02 02	kg	62,610	63,805	81,580

Waste Data	Unit	2021	2022	2023
16 01 03	kg	15,700	12,940	16,345
16 01 07	kg	2,320	3,180	2,560
16 02 13	kg	5,477	2,156	2,129
16 03 03	kg	46,370	41,277	57,987
16 03 05	kg	-	222,920	698,534
16 05 06	kg	10,190	9,267	10,787
16 06 01	kg	79,833	13,996	31,410
16 07 08	kg	-	-	1,550
16 08 02	kg	-	16,780	-
17 04 01	kg	-	9,620	1,860
17 04 05	kg	-	253,680	36,780
17 04 11	kg	40	460	-
18 01 03	kg	72	102	113
19 08 05	kg	-	90	-
19 08 10	kg	-	700	-
19 08 13	kg	16,200	52,920	72,140
20 01 01	kg	707,780	576,138	384,840
20 01 08	kg	304,800	88,600	204,830
20 01 21	kg	2,418	2,590	1,383
20 01 33	kg	34	22	10
20 01 34	kg	8	12	5
20 01 35	kg	570	380	1,070
20 01 39	kg	159,360	32,960	55,460
20 01 40	kg	556,820	336,260	1,112,620
20 03 07	kg	118,480	80,520	15,900

Waste Values	Unit	2021	2022	2023
Total Amount of Waste Recovered (Code R)	kg	12,183,079	11,374,806	7,155,880
Total Amount of Waste Disposed (Code D)	kg	328,806	99,044	16,123

Social Performance Indicators

	2021		2022		2023	
Total number of employees	Blue Collar	White Collar	Blue Collar	White Collar	Blue Collar	White Collar
	2,571	726	2,821	801	3,048	831
	3,297		3,622		3,879	
Number of white-collar employees	Male	Female	Male	Female	Male	Female
	590	136	649	152	671	160
	726		801		831	
Number of blue-collar employees	Male	Female	Male	Female	Male	Female
	2,544	27	2,794	27	3,025	23
	2,571		2,821		3,048	
Number of Foreign Employees	Male	Female	Male	Female	Male	Female
	3	1	2	1	2	2
	4		3		4	

	2021		2022		2023		
Average Years of Seniority by Employee Category		Male	Female	Male	Female	Male	Female
	Senior Managers	16.3	0	18.1	0	17.9	0
	Mid-Level Managers	10.9	8.5	11.5	9	12.9	9.7
	Experts and Officers	7.2	4.8	6.9	4.7	7.8	5.3
Demographic Breakdown of Senior Management		Male	Female	Male	Female	Male	Female
	Senior Managers	18	0	19	0	22	0
	Number of Turkish Managers	18	0	19	0	22	0
Number of persons in governing bodies and the Board of Directors		Male	Female	Male	Female	Male	Female
		5	0	5	0	5	0
		5		5		5	
Number of employees under the age of 30		Male	Female	Male	Female	Male	Female
		509	42	680	44	837	45
		551		724		882	
Number of employees between the ages of 30-50		Male	Female	Male	Female	Male	Female
		2,429	112	2,548	126	2,618	133
		2,541		2,674		2,751	
Number of employees over the age of 50		Male	Female	Male	Female	Male	Female
		209	6	237	9	241	9
		215		246		250	

	2021		2022		2023	
Number of employees by working hours	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time
	3,295	2	3,619	3	3,876	3
Number of employees by types of working	Indefinite contract	Fixed-term contract	Indefinite contract	Fixed-term contract	Indefinite contract	Fixed-term contract
	3,297	0	3,622	0	3,879	0
Number of employees with disabilities	Male	Female	Male	Female	Male	Female
	82	7	91	5	98	7
Ratio of employees with disabilities (%)	Male	Female	Male	Female	Male	Female
	2%	0.2%	3%	0.1%	3%	0.2%

Social Performance Indicators

		2021		2022		2023	
Number of employees on maternity/parental leave		Male	Female	Male	Female	Male	Female
		147	10	198	13	216	6
		157		211		222	
Number of employees returning to work after the end of maternity/parental leave		Male	Female	Male	Female	Male	Female
		147	10	198	13	216	6
		157		211		222	
Ratio of employees returning to work after the end of maternity/parental leave		100%		100%		100%	
Number of newly hired employees		Male	Female	Male	Female	Male	Female
	Hire - Gender Breakdown	439	20	465	27	482	18
	Total Hires	459		492		500	
	Under the age of 30	248	9	287	13	310	10
	Between the ages of 30-50	178	11	161	14	170	8
	Over the age of 50	13	0	17	0	2	0

		2021		2022		2023	
Number of employees who quit		Male	Female	Male	Female	Male	Female
	Resignee - Gender Breakdown	251	19	220	15	973	36
	Total Hires	270		235		1,009	
	Under the age of 30	54	8	63	1	167	4
	Between the ages of 30-50	148	10	116	14	577	24
	Over the age of 50	49	1	41	0	229	8
Employee turnover rate (%)		5.86%		4.94%		8.7%	
Average length of service for employees		Male	Female	Male	Female	Male	Female
		7.8	5.6	7.8	5.6	8.2	6.3
		7.7		7.7		8.1	
Number of employees with high school education or below (including BoD)		Male	Female	Male	Female	Male	Female
		2,130	31	2,298	31	2,449	35
		2,161		2,329		2,484	
Number of employees with a bachelor's degree (including BoD)		Male	Female	Male	Female	Male	Female
		837	96	950	103	1,041	102
		933		1,053		1,143	
Number of Employees with Post-Graduate Education (including BoD)		Male	Female	Male	Female	Male	Female
		167	36	195	45	206	46
		203		240		252	

Number of employees receiving regular performance reviews	2021		2022		2023	
White collar	Female	Male	Female	Male	Female	Male
	83	235	118	556	102	548
	318		674		650	
Production (blue collar)	-		2,399		2,575	

Social Performance Indicators

Vocational, Personal Development, Technical Trainings (Excluding Compulsory Trainings)	2021		2022		2023	
	Blue Collar	White Collar	Blue Collar	White Collar	Blue Collar	White Collar
Total Number of Persons Trained	1,106	518	2,230	661	2,561	887
	1,624		2,891		3,448	
Total training (hours)	9,312	4,870	22,469	41,361	62,262	41,005
	14,182		63,831		103,266	
Total Number of Persons Trained	Female	Male	Female	Male	Female	Male
	85	1,539	130	2,761	188	3,260
	1,624		2,891		3,448	
Total training (hours)	Female	Male	Female	Male	Female	Male
	587	13,595	5,722	58,109	6,248	97,018
	14,182		63,831		103,266	

Sustainability themed trainings	2021		2022		2023	
	Blue Collar	White Collar	Blue Collar	White Collar	Blue Collar	White Collar
Total Number of Persons Trained	649	5	120	220	1,288	549
	654		340		1,837	
Total training (hours)	1,209	5	185	249	5,283	4,274
	1,214		434		9,557	
Total Number of Persons Trained	Female	Male	Female	Male	Female	Male
	2	652	37	303	118	1,719
	654		340		1,837	
Total training (hours)	Female	Male	Female	Male	Female	Male
	2	1,211	51	383	911	8,646
	1,213		434		9,557	

** Interns are not included in the specified numbers.

Social Performance Indicators

OHS data on Kastamonu Entegre permanent employees	2021		2022		2023	
Total number of people trained on OHS	Blue Collar	White Collar	Blue Collar	White Collar	Blue Collar	White Collar
	2,066	244	1,615	196	3,020	519
	2,310		1,811		3,539	
Total OHS trainings (hours)	Blue Collar	White Collar	Blue Collar	White Collar	Blue Collar	White Collar
	27,674	4,360	25,424	2,734	64,565	9,803
	32,034		28,158		74,368	
Number of accidents	Employees	Subcontracted Employees	Employees	Subcontracted Employees	Employees	Subcontracted Employees
	80	0	66	0	77	0
	80		66		77	
Number of fatal accidents	Employees	Subcontracted Employees	Employees	Subcontracted Employees	Employees	Subcontracted Employees
	0	0	0	0	0	0
	0		0		0	
Number of work-related death cases	0		0		0	
Rate of days lost due to accidents	1,570		1,150		1,343	
Occupational Disease Rate	0		0		0	
Accident Frequency Rate*	11.4		8.6		9.3	
Accident Severity Rate*	0.22		0.5		0.16	

AFR= Number of accidents/(Number of employees * 45 hours/week * 50 weeks) * 1,000,000

ASR= Days lost due to accidents/(Number of employees * 45 hours/week * 50 weeks) * 1,000

Kastamonu Entegre OHS Committee data	2021	2022	2023
Number of OHS Committees	7	7	6
Total Number of Members in the Committee	92	92	28
Number of Employee Representatives on the Committee	32	32	28

	2021		2022		2023	
Employees covered by the OHS management system	Employees	Subcontracted Employees	Employees	Subcontracted Employees	Employees	Subcontracted Employees
	3,119	178	3,417	205	3,692	187
	3,297		3,622		3,879	
Employees Having OHS Coverage Following Internal Audit	Employees	Subcontracted Employees	Employees	Subcontracted Employees	Employees	Subcontracted Employees
	3,119	178	3,417	205	3,692	187
	3,297		3,622		3,879	
Employees Having OHS Coverage as Inspected or Certified by a Third Party	Employees	Subcontracted Employees	Employees	Subcontracted Employees	Employees	Subcontracted Employees
	3,119	178	3,417	205	3,692	187
	3,297		3,622		3,879	

GRI Content Index

GRI 1: Foundation 2021			
Kastamonu Entegre reported in compliance with GRI Standards for the period of 01 January - 31 December 2023.			
GRI 2: General Disclosures 2021			
GRI Standard	Disclosure	Page numbers, descriptions and/or URL	Exclusions
Corporate Profile, Corporate Governance and Risk Management			
GRI 2: General Disclosures 2021	2-1 Organizational details	About the Report, p. 3 About Kastamonu Entegre, p. 6-13	
	2-2 Entities included in the organization's sustainability reporting	About the Report, p. 3 Message from the Management, p. 4 Production Facilities, p. 10	
	2-3 Reporting period, frequency and contact point	About the Report, p. 3	
	2-4 Restatements of information	Environmental Performance Indicators, p. 80 Social Performance Indicators, p. 81	
	2-5 External assurance	No external assurance was received within the scope of the report.	
	2-6 Activities, value chain and other business relationships	About the Company, p. 6 Objectives and Strategic Priorities, p. 7 Products and Brands, p. 9 Production Facilities, p. 10 Milestones, p. 11 Memberships, p. 13 Corporate Policies, p. 15 Stakeholder Relations, p. 73-78	
	2-7 Employees	About the Company, p. 6 Employee Orientation, p. 51-71 Social Performance Indicators, p. 81	
	2-8 Workers who are not employees	Occupational Health and Safety, p. 67-71 Social Performance Indicators, p. 81	

GRI Standard	Disclosure	Page numbers, descriptions and/or URL	Exclusions
Corporate Profile, Corporate Governance and Risk Management			
GRI 2: General Disclosures 2021	2-9 Governance structure and composition	Production Facilities, p. 10 Milestones, p. 11 Organizational Structure, p. 15 Code of Ethics and Working Principles, p. 16-17 Sustainability Approach, p. 27	
	2-10 Nomination and selection of the highest governance body		Confidentiality Limitations In accordance with the privacy policies, Kastamonu Entegre does not share this information publicly.
	2-11 Chair of the highest governance body	Message from the Management, p. 4 Organizational Structure, p. 15 Code of Ethics and Working Principles, p. 16-17 Sustainability Approach, p. 27	
	2-12 Role of the highest governance body in overseeing the management of impacts	Message from the Management, p. 4 Organizational Structure, p. 15 Code of Ethics and Working Principles, p. 16-17 Sustainability Approach, p. 27	
	2-13 Delegation of responsibility for managing impacts	Corporate Policies, p. 15 Internal Audit and Risk Management, p. 18 Sustainability Approach, p. 27 Sustainability Policy, p. 28	
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Approach, p. 27	
	2-15 Conflicts of interest	Code of Ethics and Working Principles, p. 16-17 Human Resources Management, p. 51-54	
	2-16 Communication of critical concerns	Internal Audit and Risk Management, p. 18 During the reporting period, Kastamonu Entegre did not receive reports on any critical issues.	

GRI Content Index

GRI Standard	Disclosure	Page numbers, descriptions and/or URL	Exclusions
Corporate Profile, Corporate Governance and Risk Management			
GRI 2: General Disclosures 2021	2-17 Collective knowledge of the highest governance body	Organizational Structure, p. 15	
	2-18 Evaluation of the performance of the highest governance body		Confidentiality Limitation In accordance with the privacy policies, Kastamonu Entegre does not share this information publicly.
	2-19 Remuneration policies	Human Resources Management, p. 51-54 Diversity, Inclusiveness and Equal Opportunities, p. 55-56 Employee Satisfaction, p. 57-58	
	2-20 Process to determine remuneration	Human Resources Management, p. 51-54 Diversity, Inclusiveness and Equal Opportunities, p. 55-56 Employee Satisfaction, p. 57-58	
	2-21 Annual total compensation ratio		Confidentiality Limitations In accordance with the privacy policies, Kastamonu Entegre does not share this information publicly.
	2-22 Statement on sustainable development strategy	Sustainability Approach, p. 27 Sustainability Priorities, p. 29 United Nations Sustainable Development Goals and Kastamonu Entegre, p. 30-31 Energy Management, p. 37-40	
	2-23 Policy commitments	Corporate Policies, p. 15 Code of Ethics and Working Principles, p. 16-17 Sustainability Policy, p. 28 Environmental Management, p. 33-34	
	2-24 Embedding policy commitments	Corporate Policies, p. 15 Code of Ethics and Working Principles, p. 16-17 Sustainability Policy, p. 28	

GRI Standard	Disclosure	Page numbers, descriptions and/or URL	Exclusions
Corporate Profile, Corporate Governance and Risk Management			
GRI 2: General Disclosures 2021	2-25 Processes to remediate negative impacts	Code of Ethics and Working Principles, p. 16-17 Internal Audit and Risk Management, p. 18 Management Systems and Certificates, p. 23-25 Sustainability Approach, p. 27 Climate and Environmental Protection, p. 33-49 Diversity, Inclusiveness and Equal Opportunities, p. 55-56 Employee Satisfaction, p. 57-58 Occupational Health and Safety, p. 67-71 Stakeholder Relations, p. 73-78	
	2-26 Mechanisms for seeking advice and raising concerns	Code of Ethics and Working Principles, p. 16-17 Employee Satisfaction, p. 57-58 Customer and Dealer Satisfaction Approach, p. 74	
	2-27 Compliance with laws and regulations	Organizational Structure, p. 15 Code of Ethics and Working Principles, p. 16-17 Environmental Management, p. 33-34 Combating Climate Change and Emissions Management, p. 35-36 Waste Management, p. 47-49 Human Resources Management, p. 51-54 Occupational Health and Safety, p. 67-71	
	2-28 Membership associations	Memberships, p. 13	
	2-29 Approach to stakeholder engagement	Memberships, p. 13 Sustainability Priorities, p. 29 Stakeholder Relations, p. 73-78	
	2-30 Collective bargaining agreements	Kastamonu Entegre does not have any workforce working under collective bargaining agreements.	

GRI Content Index

GRI 3: Material Topics 2021			
GRI Standard	Disclosure	Page numbers, descriptions and/or URL	Exclusions
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Sustainability Priorities, p. 29	
	3-2 List of material topics	<p>Highly Material Topics:</p> <ul style="list-style-type: none">- Energy Management and Efficiency- Water Management- Combating Climate Change- Sustainable Raw Material and Material Procurement- Code of Ethics and Legal Compliance- Product and Service Quality- Biodiversity Conservation and Sustainable Forestry- Circular Economy and Waste Management- Occupational Health and Safety- Employee Rights and Development <p>Other material topics:</p> <ul style="list-style-type: none">- Sustainable Economic Performance and Access to Finance- Digital Transformation, Innovation and R&D Efforts- Customer and Dealer Satisfaction- Chemical Management- Environmentally Friendly Product Design and Life Cycle Management- Diversity and Equal Opportunity- Favorable Working Conditions in the Supply Chain- Social Investments- Support for Local Development	

GRI 3: Material Topics 2021			
GRI Standard	Disclosure	Page numbers, descriptions and/or URL	Exclusions
Energy Management and Efficiency			
GRI 3: Material Topics 2021	3-3 Management of material topics	<p>Message from the Management, p. 4</p> <p>Corporate Policies, p. 15</p> <p>Management Systems and Certificates, p. 23-25</p> <p>Sustainability Approach, p. 27</p> <p>Sustainability Policy, p. 28</p> <p>Environmental Management, p. 33-34</p> <p>Combating Climate Change and Emissions Management, p. 35-36</p> <p>Energy Management, p. 37-40</p> <p>Sustainable Forest Management, p. 43-44</p> <p>Waste Management, p. 47-49</p>	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Energy Consumption, p. 41	
	302-3 Energy intensity	Energy Intensities, p. 41	
	302-4 Reduction of energy consumption	<p>Message from the Management, p. 4</p> <p>Sustainability Policy, p. 28</p> <p>Combating Climate Change and Emissions Management, p. 35-36</p> <p>Energy Management, p. 37-40</p> <p>Energy Consumption, p. 41</p> <p>Energy Efficiency Efforts, p. 42</p>	
	302-5 Reductions in energy requirements of products and services	<p>Energy Management, p. 37-40</p> <p>Energy Efficiency Efforts, p. 42</p>	

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GRI 3: Material Topics 2021			
GRI Standard	Disclosure	Page numbers, descriptions and/or URL	Exclusions
Water Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Policy, p. 28 Environmental Management, p. 33-34 Water Management, p. 46	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water Management, p. 46	
	303-3 Water withdrawal	Water Management, p. 46 Environmental Performance Indicators, p. 80	
	303-5 Water consumption	Water Management, p. 46 Environmental Performance Indicators, p. 80	
Combating Climate Change			
GRI 3: Material Topics 2021	3-3 Management of material topics	Innovation and R&D, p. 19-20 Management Systems and Certificates, p. 23-25 Environmental Management, p. 33-34 Combating Climate Change and Emissions Management, p. 35-36	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Environmental Management, p. 33-34 Combating Climate Change and Emissions Management, p. 35-36 Environmental Performance Indicators, p. 80	
	305-2 Energy indirect (Scope 2) GHG emissions	Combating Climate Change and Emissions Management, p. 35-36 Environmental Performance Indicators, p. 80	
	305-5 Reduction of GHG emissions	Environmental Management, p. 33-34 Combating Climate Change and Emissions Management, p. 35-36 Materials Management and Use of Recycled Materials, p. 45 Waste Management, p. 47-49	

GRI 3: Material Topics 2021			
GRI Standard	Disclosure	Page numbers, descriptions and/or URL	Exclusions
Sustainable Raw Material and Material Procurement			
GRI 3: Material Topics 2021	3-3 Management of material topics	About the Company, p. 6 Objectives and Strategic Priorities, p. 7 Innovation and R&D, p. 19-20 Sustainability Approach, p. 27 Materials Management and Use of Recycled Materials, p. 45 Waste Management, p. 47-49 Responsible Supply Chain Management, p. 75	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Materials Management and Use of Recycled Materials, p. 45	
	301-2 Recycled input materials used	Energy Efficiency Efforts, p. 42 Sustainable Forest Management, p. 43-44 Materials Management and Use of Recycled Materials, p. 45	
	301-3 Reclaimed products and their packaging materials	Materials Management and Use of Recycled Materials, p. 45 Waste Management, p. 47-49	

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GRI 3: Material Topics 2021			
GRI Standard	Disclosure	Page numbers, descriptions and/or URL	Exclusions
Code of Ethics and Legal Compliance			
GRI 3: Material Topics 2021	3-3 Management of material topics	Organizational Structure, p. 15 Corporate Policies, p. 15 Code of Ethics and Working Principles, p. 16-17 Sustainability Policy, p. 28 Human Resources Management, p. 51-54 Diversity, Inclusiveness and Equal Opportunities, p. 55-56	
GRI 205: Anti-Corruption 2016	205-3 Confirmed incidents of corruption and actions taken	Code of Ethics and Working Principles, p. 16-17	
GRI 206: Anti-Competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There is no pending legal action regarding anti-competitive behaviors and activities.	
Product and Service Quality			
GRI 3: Material Topics 2021	3-3 Management of material topics	Message from the Management, p. 4 About the Company, p. 6 Objectives and Strategic Priorities, p. 7 Innovation and R&D, p. 19-20 Management Systems and Certificates, p. 23-25 Materials Management and Use of Recycled Materials, p. 45	

GRI 3: Material Topics 2021			
GRI Standard	Disclosure	Page numbers, descriptions and/or URL	Exclusions
Biodiversity Conservation and Sustainable Forestry			
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Policy, p. 28 Environmental Management, p. 33-34 Sustainable Forest Management, p. 43-44 Employee Development and Training, p. 59-64	
GRI 101: Biodiversity 2024	101-1 Policies to halt and reverse biodiversity loss	Corporate Policies, p. 15 Environmental Management, p. 33-34	
	101-2 Management of biodiversity impacts	Sustainable Forest Management, p. 43-44 Employee Development and Training, p. 59-64	
	101-8 Ecosystem Services	Sustainable Forest Management, p. 43-44	
GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products and services on biodiversity	Sustainable Forest Management, p. 43-44	

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GRI 3: Material Topics 2021			
GRI Standard	Disclosure	Page numbers, descriptions and/or URL	Exclusions
Circular Economy and Waste Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	Awards, p. 12 Innovation and R&D, p. 19-20 Environmental Management, p. 33-34 Sustainable Forest Management, p. 43-44 Waste Management, p. 47-49	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Combating Climate Change and Emissions Management, p. 35-36 Energy Management, p. 37-40 Waste Management, p. 47-49	
	306-2 Management of significant waste-related impacts	Combating Climate Change and Emissions Management, p. 35-36 Energy Management, p. 37-40 Sustainable Forest Management, p. 43-44 Materials Management and Use of Recycled Materials, p. 45 Waste Management, p. 47-49	
	306-3 Waste generated	Waste Management, p. 47-49 Environmental Performance Indicators, p. 80	
	306-4 Waste diverted from disposal	Waste Management, p. 47-49 Environmental Performance Indicators, p. 80	
	306-5 Waste directed to disposal	Waste Management, p. 47-49 Environmental Performance Indicators, p. 80	

GRI 3: Material Topics 2021			
GRI Standard	Disclosure	Page numbers, descriptions and/or URL	Exclusions
Occupational Health and Safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	Occupational Health and Safety, p. 67-71	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Management Systems and Certificates, p. 23-25 Occupational Health and Safety, p. 67-71	
	403-2 Types of injuries and accident frequency rates, occupational diseases, lost days and absenteeism, and total number of work-related fatalities	Social Performance Indicators, p. 81	
	403-3 Occupational health services	Occupational Health and Safety, p. 67-71	
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety, p. 67-71	
	403-5 Worker training on occupational health and safety	Social Performance Indicators, p. 81	
	403-6 Promotion of worker health	Occupational Health and Safety, p. 67-71	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety, p. 67-71	
	403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety, p. 67-71 Social Performance Indicators, p. 81	
	403-9 Work-related injuries	Social Performance Indicators, p. 81	
	403-10 Work-related ill health	Social Performance Indicators, p. 81	

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GRI 3: Material Topics 2021			
GRI Standard	Disclosure	Page numbers, descriptions and/or URL	Exclusions
Employee Rights and Development			
GRI 3: Material Topics 2021	3-3 Management of material topics	Message from the Management, p. 4 Objectives and Strategic Priorities, p. 7 Principles, p. 8 Code of Ethics and Working Principles, p. 16-17 Sustainability Approach, p. 27 Employee Orientation, p. 51-71	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Social Performance Indicators, p. 81	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human Resources Management, p. 51-54 Employee Satisfaction, p. 57-58	
	401-3 Parental leave	Social Performance Indicators, p. 81	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Employee Development and Training, p. 59-64 Social Performance Indicators, p. 81	
	404-2 Programs for upgrading employee skills and transition assistance programs	Employee Development and Training, p. 59-64	
	404-3 Percentage of employees receiving regular performance and career development reviews	Performance and Career Management, p. 65-66 Social Performance Indicators, p. 81	

GRI 3: Material Topics 2021			
GRI Standard	Disclosure	Page numbers, descriptions and/or URL	Exclusions
Sustainable Economic Performance and Access to Finance			
GRI 3: Material Topics 2021	3-3 Management of material topics	Message from the Management, p. 4 Objectives and Strategic Priorities, p. 7 Internal Audit and Risk Management, p. 18 Sustainability Approach, p. 27 Sustainability Policy, p. 28 Sustainable Forest Management, p. 43-44	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Message from the Management, p. 4 Waste Management, p. 47-49	
	201-2 Financial implications and other risks and opportunities due to climate change	Internal Audit and Risk Management, p. 18	
Digital Transformation, Innovation and R&D Efforts			
GRI 3: Material Topics 2021	3-3 Management of material topics	Innovation and R&D, p. 19-20 Digital Transformation and Technology, p. 21-22	
Customer and Dealer Satisfaction			
GRI 3: Material Topics 2021	3-3 Management of material topics	Objectives and Strategic Priorities, p. 7 Digital Transformation and Technology, p. 21-22 Stakeholder Dialogue, p. 73 Customer and Dealer Satisfaction, p. 74	

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GRI 3: Material Topics 2021			
GRI Standard	Disclosure	Page numbers, descriptions and/or URL	Exclusions
Chemical Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	Water Management, p. 46 Occupational Health and Safety, p. 67-71 Responsible Supply Chain Management, p. 75	
Environmentally Friendly Product Design and Life Cycle Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	Message from the Management, p. 4 Sustainability Approach, p. 27 Environmental Management, p. 33-34 Materials Management and Use of Recycled Materials, p. 45 Employee Development and Training, p. 59-64	
Diversity and Equal Opportunity			
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Approach, p. 27 Human Resources Management, p. 51-54 Diversity, Inclusiveness and Equal Opportunities, p. 55-56	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Diversity, Inclusiveness and Equal Opportunities, p. 55-56 Social Performance Indicators, p. 81	
	405-2 Ratio of basic salary and remuneration of women to men	Human Resources Management, p. 51-54 Diversity, Inclusiveness and Equal Opportunities, p. 55-56	
GRI 406: Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	There were no cases of discrimination during the reporting period.	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor and actions taken	Code of Ethics and Working Principles, p. 16-17 Human Resources Management, p. 51-54	

GRI 3: Material Topics 2021			
GRI Standard	Disclosure	Page numbers, descriptions and/or URL	Exclusions
Favorable Working Conditions in the Supply Chain			
GRI 3: Material Topics 2021	3-3 Management of material topics	Code of Ethics and Working Principles, p. 16-17 Human Resources Management, p. 51-54 Stakeholder Dialogue, p. 73 Responsible Supply Chain Management, p. 75	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Human Resources Management, p. 51-54 Responsible Supply Chain Management, p. 75	
	414-2 Negative social impacts in the supply chain and actions taken	Code of Ethics and Working Principles, p. 16-17 Responsible Supply Chain Management, p. 75	
Social Investments			
GRI 3: Material Topics 2021	3-3 Management of material topics	Message from the Management, p. 4 About the Company, p. 6 Objectives and Strategic Priorities, p. 7 Production Facilities, p. 10 Environmental Management, p. 33-34 Combating Climate Change and Emissions Management, p. 35-36 Energy Management, p. 37-40 Sustainable Forest Management, p. 43-44	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Message from the Management, p. 4 About the Company, p. 6 Objectives and Strategic Priorities, p. 7 Production Facilities, p. 10 Environmental Management, p. 33-34 Combating Climate Change and Emissions Management, p. 35-3 Energy Management, p. 37-40 Sustainable Forest Management, p. 43-44	
	203-2 Significant indirect economic impacts	Message from the Management, p. 4 About the Company, p. 6 Objectives and Strategic Priorities, p. 7 Production Facilities, p. 10 Environmental Management, p. 33-34 Combating Climate Change and Emissions Management, p. 35-36 Energy Management, p. 37-40 Sustainable Forest Management, p. 43-44	
Support for Local Development			
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainable Forest Management, p. 43-44 Responsible Supply Chain Management, p. 75	