baymak

BDR THERMEA GROUP

SUSTAINABILITY REPORT 2022

Our mission is to understand the world...

Contents

About Report

Baymak's business strategy emphasizes the systematic management of the social, economic, and environmental impacts arising from its operations as well as the financial value it creates. This means that the company is not only concerned with making a profit, but also with its impact on society, the economy and the environment.

To achieve this, Baymak has adopted policies that prioritize the management of social, economic, and environmental impacts. The company's sustainability priorities and the United Nations Sustainable Development Goals also guide its activities and performance results.

Baymak Sustainability Report 2022 provides details about the activities and performance results of the company from January 1, 2022, to December 31, 2022, as well as information about the projects started before the reporting period.

The report, which was prepared according to the "Basic" option of the GRI Standards that offer a framework for the organizations to report their sustainability performance, identifies the material topics according to the "content identification" principles of the GRI Standards and takes into account the "content index quality" principles when creating the data shared.

Our mission is to understand the world...

Management Message

As one of the market-leading brands of BDR Thermea Group, Baymak is moving confidently towards achieving its ESG objectives inspired by the UN Sustainable Development Goals.

It is our mission to bring a sustainable future closer with smart indoor climate solutions. We will achieve in the following ways;

- Pursuit of innovation and technology-oriented production models
- Improving gender equality by increasing the number of senior women across our business
- Focusing on supplier and employee safety
- Improving customer satisfaction
- Developing green procurement practices, and carbon reduction initiatives.

And while creating value for all our stakeholders is integral to everything we do, we focus on sustainable economic growth as we drive the energy transition.

As a leader in the HVAC (Heating, ventilation, and air conditioning) industry, we play an important role in this transformation process – supporting health and comfort by improving indoor air quality and contributing to promoting green technologies and innovation. We know that growth is linked to sustainability and that successful companies are the ones that prioritize people and society.

As a leader in the sector, sustainability means meeting the needs of our customers, ensuring continuity in production, observe inclusiveness, develop structures that are open to sharing and communication, and play our part in using resources efficiently.

In line with the strategy of the overall BDR Thermea Group, Baymak focuses on developing innovative solutions focused on alternative fuels and energy efficiency and carrying the technologies of the future to today. We continue to produce with a collective team spirit, and with the awareness of our responsibility to future generations.

In this report, we highlight our future commitments and environmental and social performance, as well as our transparent and responsible business conduct. We remain committed to being a model in our sector, as we work to shape a better, more sustainable future, creating value at every step.
Sincerely,

Bertrand Schmitt
CEO, BDR Thermea Group

Committee Message

Dear Stakeholders,

As Baymak, we are moving forward with confident steps to our environmental, social and governance goals within the scope of the strategies we have created based on the United Nations Sustainable Development Goals.

We have adopted numerous goals, especially the climate change mitigation, innovation and technology-oriented production models, gender equality, supplier and employee safety, customer satisfaction, responsible procurement practices, carbon reduction measures, as an integral part of our company policies.

While creating value for all our stakeholders in every step we take, we focus on contributing to inclusive and sustainable economic growth.

In addition to factors such as depleted resources, increased raw material prices, rising value of local production, changing consumer preferences, international policy tools such as the European Green Deal are redefining the definition of success and competition. With its ability to create an impact on many areas, HVAC (Heating, ventilation, and air conditioning) industry has an important role in that transformation process.

The proportion of the GHGs emitted from HVAC systems including heating ang cooling and ventilation globally; is considerable among other emission sources. Sustainable approaches are very important to reduce those emissions and make a contribution to the climate change mitigation. Those HVAC systems which consume less energy and cause less harm to the environment play a critical role in increasing energy efficiency and preserving natural resources. The other impact areas of the industry include improving health and comfort by increasing the indoor air quality, contributing to promoting innovation, raising public awareness by encouraging people and organizations to assume their environmental responsibilities.

We are among the leading players of the HVAC industry with the innovative and energy-efficient products we have been offering for 54 years. We see no future for growing without durability and sustainability and know that the leading companies of the 21st century will be the ones which prioritize the people, the society and the world.

We believe that the business world is a very important driving force by drawing attention to the fact that our world is causing alarm on this path that we have set out with the "Our Mission is to Understand the World" manifesto. We have created a business model based on social, environmental and governance criteria as well as a financial perspective for sustainable development by continuing to sign smart products and solutions aimed at both the current and future needs of our consumers.

Sustainability for us means meeting the needs of our customers; it involves creating an ecosystem in which we ensure continuity in production, observe inclusiveness, develop structures that are open to sharing and communication, and where we all do our part for the efficient use of resources.

While developing our impact on the environment in a positive way with our sustainability-oriented investments, we focus on innovative products focused on alternative fuels and energy efficiency and carry the technologies of the future to today.

We continue to produce with a collective team spirit with the awareness of our responsibility to future generations by putting digitalization and customer satisfaction at the center of our business.

For social sustainability, we implement policies that support the welfare and development of our employees. We strive for education and equal opportunities, and we are constantly improving health and safety standards. We aim to provide social contributions by carrying out projects in cooperation with local communities. In accordance with Baymak's innovative approach, we have entered into a cooperation with FinTech company to offer a new financing opportunity to our dealers, who facilitate supplier financing.

Together, we take on responsibility for creating a safer and more livable world.

This report we share with you reflects our future commitments and environmental and social performance as well as our transparent and responsible business conduct. Sustainability will always continue to guide us, not only being a part of our business strategy, but also the cornerstone of our culture.

We will continue to move forward with confident steps and be a model in our sector on this path that we have set out to shape a better future by creating more value at every step.

Sincerely,

Baymak Sustainability Committee

Developments in the World and in Our Country

In 2022, there were important developments globally with regard to climate change and sustainability, and the impact of climate change became much more apparent on the natural systems.

While heavy rains caused by climate change resulted in floods in many countries, some regions faced drought due to decreased water resources.

Heat waves led to an increase in forest fires in many countries and those fires caused a significant environmental damage and biodiversity loss. Heat waves also led to health problems and agricultural production losses. While the impact of the climate change increased gradually around the world, the awareness and mobility for sustainability as well, as environmental actions, increased as well.

However, again during the same period, important steps were taken towards reaching the climate goals around the world. Many countries gave weight to energy transformation and renewable energy investments while reinforcing their commitments for reducing carbon emissions.

In line with the Paris Agreement, policies and incentives were developed for reducing fossil fuel use and switching to sustainable energy resources. Additionally, nature conservation efforts such as preventing deforestation and preserving natural habitats also gained importance.

In 2022,

- EU Commission accepted the proposed Corporate Sustainability Reporting Directive,

- ISSB was established under IFRS Foundation in order to combine the sustainability reporting standards within a global framework and ensure integration with financial reporting,

- ISSB published two draft standards and submitted them to the public opinion.

In Türkiye, national policies and action plans were developed for climate change mitigation in 2022. In parallel, strategies were identified to reduce carbon emission. Efforts were made to comply with the international climate agreements. Extensive studies were conducted about energy efficiency.

Energy efficiency regulations were adopted to increase the energy performance of the buildings, and innovative solutions such as energy-efficient lighting systems were encouraged.

Energy efficiency projects were realized in the industry. There was a significant progress in the investments for renewable energy resources. There were particularly more investments in solar and wind power projects. New wind power plants and solar farms were deployed.

Türkiye imposed stricter regulations and controls for waste management. Important steps were taken to preserve the natural habitats and biodiversity.

Some important developments happened in Türkiye in 2022, including

- Capital Markets Board published the Guidelines on Green Debt Instruments, Sustainable Debt Instruments, Green Lease Certificates and Sustainable Lease Certificates on February 24, 2022.

- National Sustainable Development Coordination Board was established.

About Baymak

Started to operate in 1969, Baymak joined the BDR Thermea Group, one of the leading companies of Europe in the HVAC industry, in 2013, and now it produces energy-efficient HVAC devices in two production facilities of 60,000 m² in İstanbul. Offering services in the HVAC industry for more than 50 years, Baymak has nearly 600 employees.

Baymak has a widespread service network across Türkiye including 600+ dealers, 2,100+ sales points and 300+ authorized service points. It can quickly fulfill the needs of different markets with its high-quality product range and experienced service team. With its large product range, Baymak offers services globally from Argentina to Japan and exports products to more than 50 countries. For export, Baymak aims to create long-term partnerships in every market where the company carries on business. Thanks to its advanced technical expertise, it can adapt its products to the specific needs of the international markets.

The heating products offered by Baymak include condensing wall hung boilers, wall hung and floor hung, central heating boilers and floor type boilers, burners, panel radiators, aluminum radiators, towel radiators, room thermostats, valves, expansion tanks, etc.
For cooling, it has a large product range including wall type split air-conditioners, multi split air-conditioners, etc.

Thanks to its R&D team working in cooperation with BDR Thermea Group, Baymak develops renewable energy products with high-end European technology. It plays a leading role in the renewable energy industry with its products such as heat pumps, solar collectors, biomass boilers, photovoltaic systems, etc. Additionally, it also offers a large product range in water technologies including water heaters, electric storage water heaters, gas water heaters, circulation pumps, pool pumps, submersible pumps, etc. All these products are offered to Baymak's customers.

BDR Thermea was founded following the merger of Baxi Group, De Dietrich and Remeha Group, the giants of the HVAC (Heating, ventilation, and HVAC) industry, in 2009. Headquartered in Apeldoorn, the Netherlands, this group has nearly **6,800 employees** across the Europe. It has an annual turnover of **2,2 billion Euros**. It has a leading position in the UK, France, Germany, the Netherlands, Italy and Eastern Europe. It also has a strong presence in Türkiye, Russia, North America and China. BDR Thermea operates in **100 countries.**

BDR Group is the 3rd biggest group of companies in the HVAC industry in Europe. It has reputable and successful brands such as Baxi, De Dietrich, Remeha, Brötje, Chappee and Baymak. BDR Thermea aims to offer innovative and energy-efficient solutions by uniting the power of these brands. Adopted the mission of providing its customers with the best solutions in terms of energy efficiency, sustainability and comfort, BDR Thermea has an important role in the HVAC industry with technological innovations and the vision of leading the industry.

Baymak's Milestones

1969

Baymak was established.

The first burner was sold.

1970

Baymak started to produce its first products including floor type boilers, piston pump pressure boosters, water heaters, etc.

1990

The first wall hung boiler was sold.

1994

The first air-conditioner was sold.

1996

First export was made.

2002

Partnership with Baxi was established.

2004

Production capacity increased and **Baymak** moved to **Tuzla, Istanbul.**

2007

Second plant was built in Istanbul.

2008

The first wall hung boiler was produced.

2010

Condensing wall hung boiler production was started.

2013

Baymak became a **100% BDR Thermea Group** company.

It became the leader with its brand Lectus in the condensing wall hung boiler market.

2016

Baymak received **the first A.L.F.A Award** as **the best brand to manage customer satisfaction** in the HVAC industry.

2018

Baymak became **the fastest growing company of BDR Thermea Group.**

Baymak Academy was established.

2019

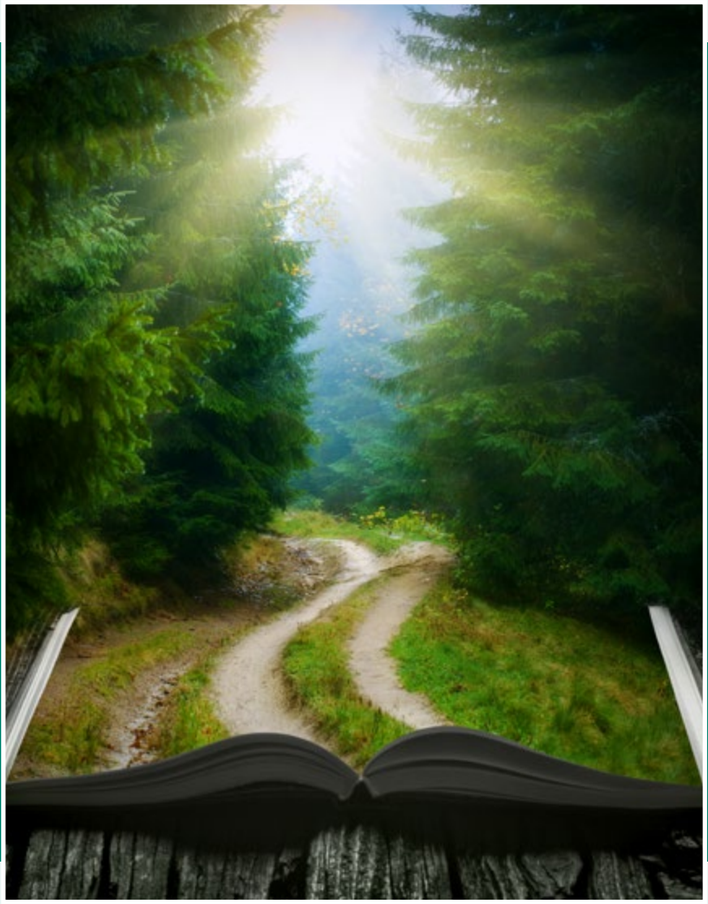
It participated in the Turquality program.

2021

Baymak **built the first Digital Transformation Office** of the HVAC industry.

Production of **Baymak Lunatec, the first hydrogen (20%) and natural gas operated wall hung boiler of Türkiye,** was started.

Baymak's Sustainability Journey



2010

Condensing (high efficiency) wall hung boiler production was started.

2013

Condensing (high efficiency) boiler production was started under the brand Lectus, and **it became the market leader.**

Heat pump was added to **our renewable energy product range.**

2014

ISO 14001 Environmental Management System Certificate was received.

ISO 45001 Occupational Health and Safety Management System Certificate was received.

2015

The first PPS covering the dealers, installers and their families was introduced in the HVAC industry.

2016

Baymak received **the first A.L.F.A Award as the best brand to manage customer satisfaction in the HVAC industry.**

Baymak received **the 1st prize in "Excellence Awards" for Lean Production among BDR Thermea Group companies.**

ISO 50001 Energy Management System Certificate was received.

ISO 10002 Customer Satisfaction Management System Certificate was received.

An incentive was granted **by the development agency for making use of the waste heat.**

2018

Baymak Academy was established.

2020

Baymak registered in the **Ecovadis system**, and started to manage the suppliers over that system.

Transition from R410 gas to R32 gas with a min. 3 times lower global warming potential started in our air-conditioners and heat pumps.

All factories started to use **the LED lighting system.**

2021

Production of Baymak Lunatec, the first hydrogen (20%) and natural gas operated wall hung boiler of Türkiye, was started.

Zero Waste Certificate was received.

Our plant started to use **IREC Certified power obtained 100% from renewable energy.**

A PV system of 86 kw was installed **on our plant's roof.**

We started to turn the organic waste generated in the plant's cafeteria into compost.

2022

It was entitled to receive the **"Green Office Diploma"** granted by the **WWF-Türkiye (World Wildlife Fund).**

LEED certification process was started.

PV capacity was increased to **216 kw.**

Baymak Sustainability Committee was established.

Awards & Certificates

2014 - 2016

ISO Management certificates were received.
ISO 14001 Environmental Management System Certificate was received. (2014)
ISO 45001 Occupational Health and Safety Management System Certificate was received. (2014)
ISO 50001 Energy Management System Certificate was received. (2016)
ISO 10002 Customer Satisfaction Management System Certificate was received. (2016)

2016

We have taken the first place for five consecutive years in the heating systems category of the **A.C.E. Awards** with our success regarding the contact speed, complaint resolution speed, resulting satisfaction and appreciation rates, and won the "**Diamond**" prize. In 2016, Baymak received **the first A.L.F.A Award as the best brand to manage customer satisfaction in the HVAC industry.**

2016

Baymak received the 1st prize in "**Excellence Awards**" for Lean Production among BDR Thermea Group companies.

2016

Efficiency increasing project award was granted by the development agency **for reducing the energy consumption by using the waste heat.**

2019

Baymak was awarded in the "**Children Videos**" and "**Brand Strategy**" categories in Muse Creative Awards which is sponsored by International Awards Associates (IAA).

2021

Zero Waste Certificate has been received.

2022

It was entitled to receive the "**Green Office Diploma**" granted by the WWF-Türkiye (World Wildlife Fund).

Corporate Strategy

Customer Orientation

Our core motivation is to serve our customers

One Team

Together, we are stronger

Sustainable Future

We prioritize shaping a better future

Baymak, which pioneers the energy transformation in the HVAC industry and determines its main values as Customer Focus, One Team and Sustainable Future in order to transform to adapt to the future and always stay up to date. The company is implementing its corporate strategy and environmental, social, and governance goals in line with these values. In pursuit of a sustainable future goal, in 2021, Baymak launched the Lunatec combi boiler, which operates on a mixture of hydrogen and natural gas, initiating a new era in the heating industry. The company also embarked on its environmental initiatives by participating in the "Green Office Certificate Program" and received the "Green Office Diploma" from WWF-Türkiye (World Wide Fund for Nature), in order to initiate the transformation at office scale. As a result of the distinctive efforts it made with the "customer orientation" and "one team" spirit, it won the "Gold" prize in the A.C.E. Awards, which is held by the website Şikayetvar and selects the winners based on customer assessments, in the heating systems category for the 5th time as the Best Brand To Manage Customer Experience. Baymak blazed a trail by building the in-house Digital Transformation Department as part of its continued digital transformation efforts aimed at offering better services, ensuring efficiency and becoming a more proactive company. Baymak is enhancing its digital infrastructure with new investments in the production process by incorporating artificial intelligence into business processes through the Manufacturing Execution System (MES) and the Symanto program. As a result, the company provides accurate responses to consumers' needs.

Environmental Social and Governance Goals

Environmental

- Reducing our Scope 1&2 emissions by 55% in 2030
- Balancing Baymak's corporate carbon footprint/participating in offset projects
- Reducing our Scope 3 emissions by 30% until 2035
- Establishing an active waste management system

Social

- Zero occupational accident.
- We aim to increase the representation of females to 25% of the total employees until 2025.
- Providing all employees with sustainability training in 2023.
- Ensuring that all selected suppliers participate in Ecovadis until 2025.

Governance

- Having ISO 14001, 45001, 50001,10002 and WWF Green Office certificates in effect.
- Receiving the Leed Certificate (as planned in 2022).

Sustainability
Management

Sustainability Management

At Baymak, sustainability matters are managed considering the opinions of all stakeholders, particularly the Board of Directors, our top governance organ, and its Sustainability Committee.

Consisting of 8 members, Baymak Sustainability Committee is responsible for creating the sustainability strategy based on the environmental, social and governance aspects set out by BDR Thermea Group, our parent company. There are seven working groups under **the Sustainability Committee including Environment, Energy, Occupational Health and Safety, Sustainable Human Resources and Inclusion, Green Transformation of Products, Sustainable Supply Chain, and Sustainable Finance.**

Our committee and the working groups analyze the current situation of our company. We work to improve sustainability performance while monitoring and controlling policies, goals, and practices. We regularly report the sustainability efforts made in line with our strategy to the Board of Directors.

We set tangible targets for 7 global goals determined in environmental, social and governance areas by BDR Thermea Group, and assess our performance quarterly. We conduct the current situation analysis according to our sustainability schedule and track our progress based on our annual targets and the specified key performance indicators.

For environmental sustainability, we report our energy consumption and carbon footprint, measure our impact, and take steps towards a more sustainable business model.

Baymak's Sustainability Governance Structure

	Material Topics	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	7 AFFORDABLE AND CLEAN ENERGY	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION
Very High Priority Issues	Business Ethics and Compliance with Laws[1]			■				
	Sustainable Economic Growth[2]							
	Efficient Use of Resources						■	■
	Health and Safety	■						
	Human Rights[3]							
	Honesty and Accountability[4]							
	Renewable Energy				■			■
	Product Quality and Safety	■					■	
	Responsible Water Management						■	■
	Decent Work and Income Sources[5]							
	Customer Satisfaction and Loyalty						■	
	Energy Efficiency				■			■
High Priority Issues	Risk and Crisis Management						■	■
	Circular Economy						■	
	Air Quality	■				■		■
	Risk-proof Business Model						■	
	Energy Efficient Products and Services				■		■	■
	Gender Equality			■				
	Strong Economic Performance[6]							
	Climate Goals							■
	Climate Change Mitigation							■
	Ethics and Integrity Management[7]			■				
	Operational Efficiency						■	
	Systematic Risk Management						■	
Priority Issues	Climate-related Physical Risks							■
	Digitalization[8]							
	R&D Investments[9]							
	Emission Reduction							■
	Product Life Cycle						■	
	Transition to Low Carbon Economy							■
	Biodiversity[10]							
	Data Security[11]							
	Responsible Investments				■		■	
	Brand Value[12]						■	
	Market Share						■	

Materiality Assessment

At Baymak, we consider the opinions, expectations and needs of all stakeholders when identifying our priorities. In this respect, we conducted an extensive and participative stakeholder analysis to specify the material topics for Baymak to focus on concerning sustainability.

Firstly, we analyzed the global and national trends through a literature review. We created a material topics pool by reviewing the global risks pointed out by the World Economic Forum, the industrial materiality maps prepared by the Sustainability Accounting Standards Board, and the Sustainable Development Goals.

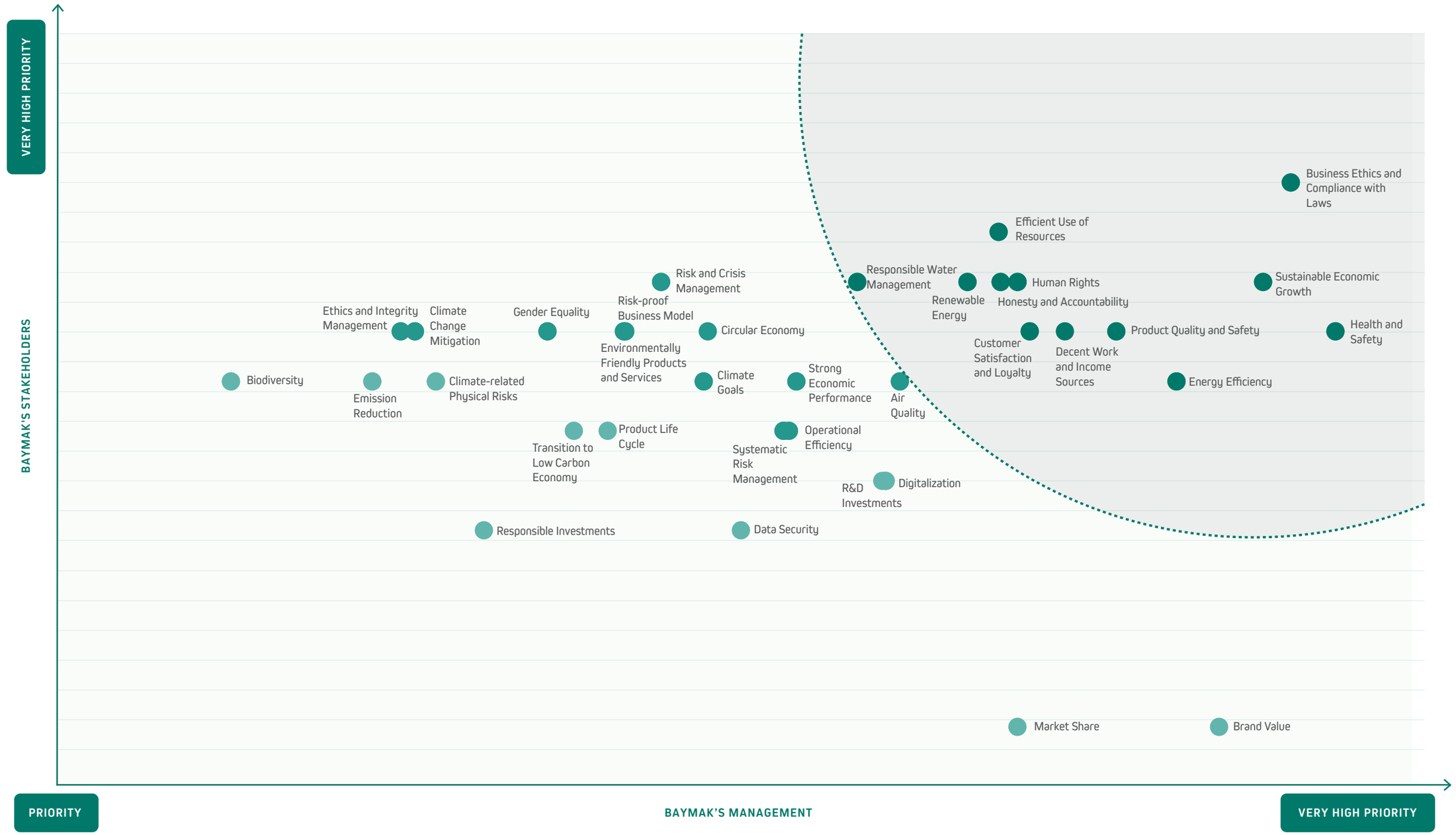
We received the opinions of various stakeholders including our employees, dealers, suppliers, authorized service, etc. through online surveys, and identified our priorities with a participatory approach.

During all those processes, we held sustainability awareness training sessions for our employees as well as sub and main dealers, encouraging them to assume a more active role in Baymak's sustainability journey.

While some of the issues that emerged as a result of our prioritization analysis and classified as very high priority, high priority and priority directly point to the 7 Sustainable Development Goals (SDGs) we determined, some of them are under the umbrella of goals other than the 7 SDGs. We are glad to share our results with you.

[1] SDG 16: Peace, Justice and Strong Institutions
[2] SDG 8: Decent Work and Economic Growth
[3] SDG 16: Peace, Justice and Strong Institutions
[4] SDG 16: Peace, Justice and Strong Institutions
[5] SDG 8: Decent Work and Economic Growth
[6] SDG 8: Decent Work and Economic Growth
[7] SDG 8: Decent Work and Economic Growth, SDG 16: Peace, Justice and Strong Institutions
[8] SDG 9: Industry Innovation and Infrastructure
[9] SDG 9: Industry Innovation and Infrastructure
[10] SKA 15: Life on Land
[11] SDG 16: Peace, Justice and Strong Institutions, SDG 9: Industry Innovation and Infrastructure
[12] SDG 8: Decent Work and Economic Growth

Baymak's Materiality Matrix



Stakeholder Dialog

Building a regular and two-way communication with our stakeholders to learn their expectations enables us to both improve our products and services and effectively manage our risks and opportunities. We consider sustainability as a matter which must be taken seriously by all stakeholders, so we are trying to do our best in this regard with the participation of our stakeholders from suppliers to end consumers.

Stakeholders	Communication Channel
Employees	Management meetings
	Training sessions
	Social activities
	Internal announcements
	e-NPS assessments
Customers - End Users	Digital Media
	Printed Media
	ADs (TV+Radio+Outdoor)
	Call Center
	Customer Satisfaction Survey
Dealers	Distributor Strategy Meetings
	Regional Dealers' Meetings
	Technical Training
	Dealer Visits by the Sales
	Force CRM Program
	Dealer Loyalty Program
	Announcements (mailing)
Supply Chain	Supplier Visits
	Ecovadis Training
	Supplier Audits
	Announcements (mailing)
Authorized Service	Authorized Service Meetings
	Technical Training
	Authorized Service Visits
	Service Automation Program
	Announcements (mailing)

Communication Method and Frequency

Biannually | Annually | Semiannually | Quarterly | Throughout the year / Continuously

Dealer Loyalty Program

baymaklife

"Baymaklife" is a special loyalty program for Baymak dealers which sell and commission Baymak products. Launched in **2020**, it has currently **5,029** members.

Our dealers not only hear about the product updates through this program, but also **earn PPS credits or gifts** by participating in the campaigns run throughout the year. Additionally, this portal allows us to measure the commissioning activities of the dealers.

PPS

We introduced the PPS for our business partners in 2015 to support their savings and investment habits. We aim to not only collaborate with our dealers and installers for our business operations, but also support them to guarantee their future. In this system which allows our dealers to open accounts also for their family members, more than 500 dealers have opened **2,500+ PPS accounts** since 2015.

We place great importance on ensuring the future security of women who are not actively involved in the business world, so we have encouraged and supported our business partners to open PPS accounts on behalf of their spouses. We are proud that **1/10 of our dealers** started an account also for their spouses. To date, we have made an **PPS contribution of 24 million TRY** to the IRS accounts of our installers and dealers as well as their spouses and family members.

Economic
Growth

Economic Growth

As Baymak, we aim to protect our leading position in the industry and sustain our strong growth performance. Thanks to our outstanding performance in 2022, we were able to increase our sales volume by approximately 46% compared to 2021. Based on our strong growth trend, we are aware of our responsibility. Accordingly, we aim to serve as a model for all stakeholders by developing sustainable business models and increasing our positive impact on society and industry.

Risk-proof Business Model

We build our business model on the risk management principles. Given the Covid-19 pandemic and its social and economic outcomes across the world, we saw that risk management is an essential requirement for companies.

Additionally, we recognize that we must be prepared for many problems including the climate crisis faced by the world as pointed out by the World Economic Forum (WEF)[13], and the associated extreme weather events, biodiversity loss, environmental damage, resource exploitation crisis, etc.

Baymak partners with Marsh Consulting firm to create such risk management systems to minimize the impact and possibility of the risks that may affect the company, and to regularly review their efficiency. We have a Crisis Management Committee in place which is intended to early detect the risks which may jeopardize the presence, development and continuity of the company and the value chain, and to take necessary measures against those risks and ensure risk management.

We assessed the risks in advance through the department-specific business recovery plans and identified the steps to be taken in any crisis event.

[13] Global Risks Report 2022

Operational Efficiency

We use innovative technologies and processes to optimize energy consumption and recover waste energy at its production facilities. We save energy and reduce environmental impact by working intensively on energy efficiency.

Given the risks we face and the industry we are operating in, operational efficiency is important for the sustainability of both our company and our world.

We follow up all innovations to ensure efficiency in production processes and continuously improve the sustainability performance and prioritize our R&D investments in our corporate strategy.

We increase our competitive power by fulfilling the new generation expectations and needs through efficiency increasing approaches in our processes. In this regard, we turn our Plant into a smart plant based on Industry 4.0. As a result, we increase the efficiency of our workforce on the production line and prevent errors and losses by means of smart equipment.

Robotic Laser Welding Machine for Wall Hung Boiler Body

1

Wall Hung Boiler Manufacturing Execution System (MES)

Through our Manufacturing Execution System, we are able to systematically monitor the critical components used in our wall hung boilers. Critical components on the lines are checked for presence/absence and accuracy/faults by means of the cameras installed on the stations dealing with critical operations. Thus, we prevent loss of time and inefficiency in operations. With the manufacturing execution system, we track the production time of each line per station and collect data from 14,000 points. Based on those data, we measure and analyze the performance of the operators, lines and stations, and take actions within the scope of continuous improvement. Additionally, we record each disruption on the lines, and conduct continuous improvement studies by analyzing the reasons. Those tracking efforts increased the efficiency by 2.5% on the wall hung boiler lines. With this system, we began digitally tracking OEE (Overall Equipment Effectiveness), FTG (first product success rate), and employee success rate.

2

Robotic Laser Welding Machine for Wall Hung Boiler Body

The assembly operation using manual spot welding in our sub-industry was replaced with Robotic laser welding method and included in Baymak's production. This enabled a 25% improvement in total in transportation and overall production costs. Additionally, the annual logistic activity for body transportation reduced from 79,688 km to 12,413 km, lowering the CO2 emission by 6 times, i.e. preventing 52 tons of CO2 emission.

Digitalization

With Robotic Process Automation (RPA), we convert non-value-added and time-consuming operational tasks to robotic applications.

We automate our processes by imitating human behavior in front of the computer (seeing the screen, using the mouse and keyboard, etc.).

Our employees focus on more value-added work, and thereby we achieve a service quality that will make our consumers happy.

3

Boiler Air Testing System

The boiler production using pressurized water previously now uses the air test system as a result of the new investment. This improved the operation times by 7%, and the costs by 1%. This improvement reduced the water needed for testing by 50%, saving 60 tons of water annually.

Boiler Air Testing System

4

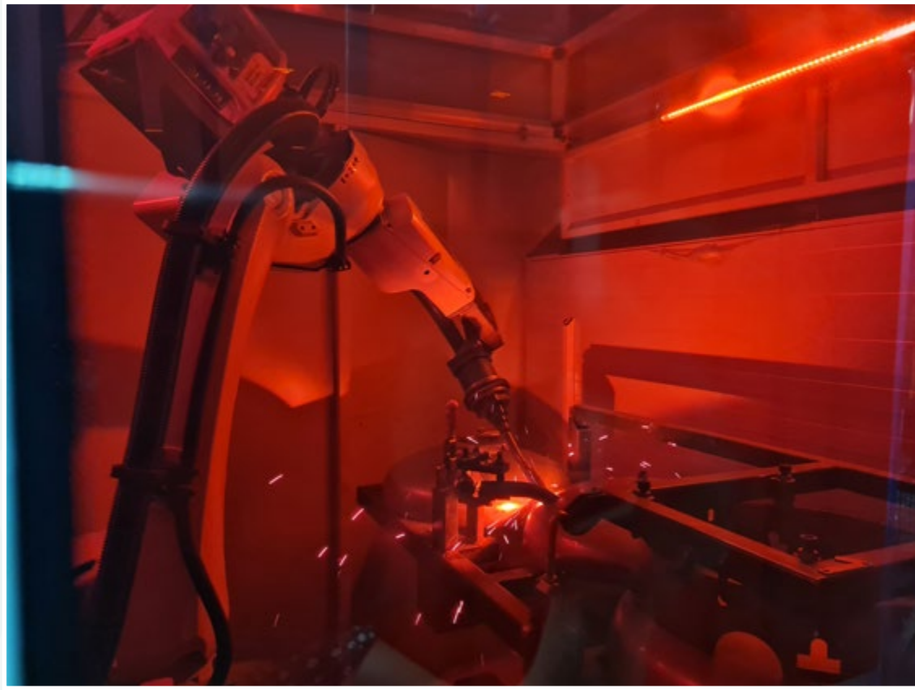
Automated Tunnel-Type Enamel Drying Oven

For boiler production, the enamel drying process performed manually in box-type ovens is now automated by an efficient, tunnel-type oven. This improved the operation times by 18%, and the costs by 0.5%.

5

Boiler Seal Welding Automation

The boiler assembly operation, previously conducted manually, has been transitioned to be carried out using an automation system specially designed for Baymak. With this implementation, it has resulted in a 39% improvement in operation times and a 4.3% cost improvement while enhancing welding quality.



Boiler and Water Heater Welding Robot

6

Boiler and Water Heater Welding Robot

A new technology paint robot has been put into operation for use in the paint shop's operation process. Thanks to this application, 1,750 minutes of machine maintenance and 10,500 minutes of labor loss have been prevented.

7

Paint Shop Robot

Put into use in 2022, the cutting-edge Paint Robot saved 1,750 min. For machinery maintenance, and 10,500 min. for labor time. Quality was improved with the recent technology, and the process was standardized by switching from manual to automatic.

8

Devices (Work Acceleration) for Efficiency and Quality Improvement

In 2022, the assembly, welding, and inspection fixtures provided ergonomics while reducing work durations and improving quality. With Low-Cost Semi Automation (LCSA) systems, the assembly processes of components are made more efficient.

Energy-Efficient Products and Services

The Baymak Heat Pump Family holds the highest efficiency rating, A+++, as certified by Eurovent, which validates performance ratings according to European and international standards.

Our range of heat pumps consolidates heating, cooling, and hot water usage into a single device, providing significant energy savings compared to other heat sources.

Heat pumps can source energy not only from the air but also from different environments like soil and water.

Furthermore, our products provide high efficiency, unlike traditional heating devices, thanks to the energy they acquire from the outdoor air. Since they don't consume fossil fuels, they don't emit gas, smoke, or odors, and therefore, they don't require a chimney. One of the advantages of these devices, which operate with electricity, is that their CO2 emissions are proportional to the emissions from electricity production supplied by the grid. If desired, this emission value can be further reduced, and even brought down to zero, with the support of PV systems. These systems transfer thermal energy from the air, soil, and water to our households, maintaining a comfortable temperature within our living spaces.

With the increasing adoption of heat pumps, we have accelerated our investments in boilers used in conjunction with these products.

Our new investment, which will increase our production capacity from 35,000 units to 185,000 units, is planned to minimize natural resource usage in production. Furthermore, in the newly developed heat pump tanks, the existing coil surfaces have been expanded to increase the amount of heat transfer and efficiency.

In 2020, a transition from using R410 gas to R32 gas was planned for all of our air conditioning and heat pump products, and finally, in 2022, the improvement process was completed by switching to the use of R32 gas, which has a three-times lower Global Warming Potential (GWP) ratio, in our split-type air conditioners."

The new member of the innovative and energy-efficient hydrophore family, the ESYBOX series, which is frequency-controlled, has been put into operation. With this product, especially in commercial buildings, high-capacity, quiet, and as efficient as possible hydrophores have been offered to meet the needs and preferences of customers.

With the PV panel selection portal integrated to our Baymak website, we can calculate our customers' current electricity consumption as well as the investment needs when they indicate the inclination of the roof where they plan to install the PV panels and the direction of the sunlight towards the panels.

Baymak, which invested in energy-efficient production line heavily, also offers solar collectors in its renewable energy products portfolio.

The next-generation tanks of solar collectors provide hygienic domestic hot water by allowing water to circulate in a stainless-steel coil. In addition to reducing health risks associated with solar energy storage, Baymak's solar energy storage systems are important for ensuring the safe and clean long-term use of the storage system.

Unlike traditional solar energy storage systems that use enamel in their production, these products use a new stainless flex pipe system. By reducing the use of energy-intensive enamel during production, we have reduced our emissions and chemical usage in our operations.

We continuously conduct R&D activities to develop energy-efficient products. With these products, we aim to reduce environmental impact by enabling more efficient use of resources.

In this context, when we look at the work we conducted in 2021, the Lunatec combi boiler, suitable for hydrogen fuel technology that can be used in Europe and Türkiye, was specially developed for fuels containing 20% hydrogen and 80% natural gas. By doing so, it's a significant step in preparing our products for the future of energy transformation. This technology is not only more energy-efficient compared to existing boilers, but it also represents our commitment to proactively shaping the future of energy with forward-thinking solutions.

Baymak highlights its commitment to energy-efficient solutions not only in its products but also in its production processes. The company supports a sustainable future with continuous efforts to increase energy efficiency and adheres to responsible production standards.

As Baymak, we shape our responsible production efforts by focusing on high-quality and reliability standards. In our production processes, we have efficient quality control and assurance mechanisms in place. Sustainable management and efficient utilization of natural resources, chemical management, clean production/eco-efficiency practices, and a more holistic approach to R&D activities are required. Within the scope of Baymak's responsible production efforts, the focus is on energy efficiency, repairability of products, and the implementation of processes that do not produce waste or pollution while ensuring the recycling of waste. With an emphasis on quality and reliability standards in the production process, the aim is to meet customer expectations at the highest level.

Baymak adopts the responsible production principles not only in its operations, but also in its supply chain management. The company conducts sustainable supply chain management and ethical practices in cooperation with its suppliers. This approach helps us minimize the social and environmental impacts throughout the supply chain and create a fair-trade environment

Baymak's responsible production efforts reflect the sustainability vision of the company. The company aims to conduct its activities in a sustainable manner considering the environmental, social and economic impacts.

Quality and Product Safety

At Baymak, we pay attention to the quality assurance and consumer safety throughout the life cycle of our products and check all processes from product design to material selection, performance assessment and production.

We take the International Product Safety Standards and Baymak criteria as basis for product safety. With the NPD (New Product Development) process applied in the design phase, risks are assessed at the beginning of the process through failure mode and effects analyses (FMEA).

In addition to the standards, the products designed are put to hardened cycling tests in our laboratories.

Our products undergo all safety tests prescribed by standards, and every product leaving our factory is subjected to 100% testing. Our products are certified according to international standards and hold CE, TSE, UL, and NSF certifications.

We check the product safety according to the standards by daily sampling. We share the improvement points detected in the production process directly with the relevant departments in daily meetings.

While conducting all quality processes according to ISO 9001 Quality Management System, we perform continuous improvements and audits to support our goals.

For our products operated on site, we analyze the data taken from the Service Automation System on the Product Safety Analysis Program (RIIS), and accordingly, take actions for the on-site quality issues in weekly meetings. Thus, we reduce the number of the parts returned, and contribute to lowering the amount of waste.

Within the scope of chemicals management for products, we observe the relevant legal regulations including **the Restriction of Hazardous Substances Directive (RoHS),** and **the Registration, Evaluation, Authorization** and **Restriction of Chemicals (REACH).**

The safety of our customers is a top priority for us. Therefore, if a product recall is necessary, we announce and take our actions as required by the local legislation.

For our products, we prioritize the quality processes as well as the customer satisfaction as an output of those processes.

Customer Experience

Putting the customer satisfaction in the center, Baymak carries out all activities in compliance with ISO 10002 Customer Satisfaction Management System. While carrying out our activities, we aim to ensure end-user and stakeholder satisfaction in accordance with applicable legislations and standards. We improve management systems in an integrated manner by making a difference in service through the new business models we develop, maintaining our market leader position in the sector where we're always present. We carefully review each feedback from our customers, and offer training through Baymak Academy in order to assess them correctly. Thus, we aim to have a qualified workforce, which our country lacks for, by creating an expert staff, and to lead the way for other entities.

We understand the needs of our customers and provide quick solutions through 24/7 Call Center support and broad service network. We aim to finalize the customer complaints as soon as possible by following them up systematically, and provide our customers with timely and correct information. During all those processes, we prioritize customer privacy, undertaking not to share their data with third parties without their approval. We adopt the continuous improvement approach by providing all necessary information and resources to reach our goals. Accordingly, we strive for reaching to an internationally competitive level for all processes.

In 2022, 12,540 customers took customer satisfaction surveys through phone calls or SMS, and the satisfaction rate was determined to be 8.2/10. Additionally, our satisfaction rate was determined to be 57.3% as a result of the customer experience surveys taken on şikayetvar.com. We adopt the continuous improvement approach by providing all necessary information and resources to reach our goals. Accordingly, we strive for reaching to an internationally competitive level for all processes.

> We are very pleased with your service. Your service, provided by Mr. Ömer, is in keeping with the level of quality expected from Baymak. Thank you.
>
> **S.D.**

> I would like to express my thanks to the authorized service. Gamze Hanım mentioned that despite it being an area they don't normally cover, she would do her best to assist us with such a high demand. Baymak truly lived up to its name, providing us with great support, and the service personnel promptly installed my air conditioner during this busy period.
>
> **O.Ö.**

> The person who came from the authorized service for the air conditioner installation was very attentive, and we are satisfied. He is truly skilled in his work, and we thank him.
>
> **H.Y.**

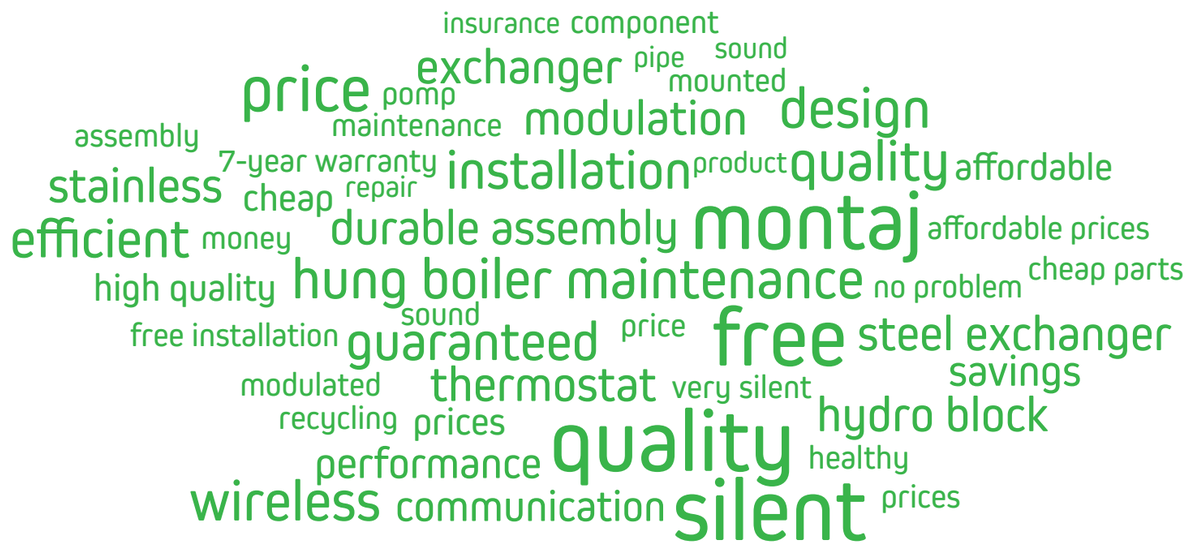
Symanto Program

It is an artificial intelligence technology and insight tool which Baymak uses to improve its customer experience. Symanto collects the data about Baymak on the social media, Internet, TV, radio, etc., analyze such data and identify the customer experiences/expectations. Based on those data, we assess the topics and take actions in the meetings held with the relevant departments every two weeks. We improve our products and services quickly by collecting and sharing those data. The following benefits are obtained with Symanto:

- Besides being able to analyze the user comments (external data) from several online channels including Google, Facebook, Twitter, Instagram, and blogs, it also records the transcripts of the calls received by the SSH unit (internal data). This allows Baymak to address its customers quickly.
- We aim to solve the product-specific problems, make improvements, and optimize the customer experience by daily analyzing the customer complaints, requests and feedbacks.
- Symanto is able to measure the comments made and keywords used on the Internet about Baymak's competitors in the wall hung boiler business. Thus, we access the customer satisfaction rates of our competitors.
- Symanto is able to reach various data including the regional service satisfaction, overall service satisfaction, product satisfaction rates, the most frequent keywords used in customer comments about the products, and general mention data.

symanto profiling ai

The positive keywords that were most frequently used about Baymak wall hung boilers and air-conditioners in 2022



Supply Chain

For the future business world, traceable supply processes play a critical role in terms of sustainability. We recognize the importance of the supply chain management for a sustainable business model, and our relations with the suppliers have a very important place in our business model. We conduct a quality and sustainability centered process with our suppliers, who have a great influence on our value chain. We support environmental, social and governance improvements of our suppliers, ensure a certain service standard for them through our assessments, and measure their performance on Ecovadis platform, making a contribution to our responsible supply chain mentality.

Supply Chain Management

We cooperate with our suppliers and create an added value in order to ensure the continuity of the products and parts supplied and to improve their environmental, social and ethical performance. We achieve sustainability in purchase operations through supplier audits, communication activities and supplier trainings. While carrying on our business, we are aware that our suppliers play a critical role in supporting Baymak's development and sustainability.

We pay attention to local supply both environmentally and in line with our responsibility against our society and aim to increase our local supply rate year by year. In 2022, we partnered with 322 suppliers including 207 local suppliers, reaching to a local supplier rate of 64%. Local suppliers made up nearly 48% of our budget allocated for supplying the materials used in production.

We care about local suppliers' development, so we help them increase quality while reducing the costs. In terms of procurement and quality, we ensure improvements through regular audits in order to enhance part/product quality, reduce operation times and increase efficiency. We audit all new suppliers from Quality, Environment and OHS aspects, and report the failures we detected in those companies.

We assume equal responsibility for the environmental, social and governance performance of our suppliers. To this end, we assess the current ESG state of our suppliers through our supply chain management platform and guide them to perform necessary improvements. In 2022, the number of the suppliers that we assess according to the environmental and social performance criteria based on the Supplier Code of Conduct reached to 43, increasing by 72% compared to 2021. We audit our critical suppliers generating a high turnover.

Among the suppliers audited, 7 of them were categorized as "supplier needing improvement", and we guided them for corrective activities.

Rate of the suppliers audited based on environmental and social criteria

2020	2021	2022
1,5%	7,6%	13,4%

While assessing our suppliers, we also provide them with development opportunities by offering trainings. We provided a 2-hour sustainability training to 50 suppliers in total.

We will support 63 local suppliers selected among those manufacturing for Baymak to be registered with the Ecovadis system until the end of 2025.

Supply chain improvement activities

Following the laser welding investment made in 2022, we started to weld the complete bodies purchased from suppliers at our premises. Thus, the bodies from the supplier occupy less space when transported in a disassembled state. Thus, we saved

65,000 km in transportation. Accordingly, we prevented

365 tons of CO_2 emission.

Turning to local suppliers has reduced the transportation distances. This helped save

51,700 km in transportation,

and **193 tons of Co_2** in emissions.

After starting to transport the parts in reusable plastic cases, we reduced the annual paper consumption by

60 tons.

Our localization efforts allowed an average

cost advantage of **64%** per part.

Minimizing Our Impact on the Environment

Environment and Energy Management

Baymak aims to leave a more livable and sustainable world to the future generations by adopting a sensitive approach towards the environment and energy resources.

While carrying on our activities and works, we attach great importance to environmental protection and energy efficiency. We take measures to minimize the environmental impacts and protect the natural resources by adopting the environmental consciousness and sustainability mentality at the utmost level.

We always review and improve our processes to prevent any environmental pollution arising from our operations as much as possible.

For reducing our carbon emission, we closely follow up the technologies to increase energy efficiency. We aiming to reduce the use of natural resources by using fewer raw materials in designing and manufacturing our products.

When supplying products and services, we prefer reusable and energy-efficient products considering the environmental impacts and energy performance.

We help our customers reduce energy consumption and adopt an energy-efficient lifestyle by offering energy-efficient products. It is important for Baymak to raise the awareness of all employees and stakeholders about environmental consciousness and efficient use of energy, and to encourage them in this regard.

We create awareness about energy saving and environmental protection by organizing internal training programs and consciousness activities.

*Units (MWh)	2020 (MWh)	2021 (MWh)	2022 (MWh)
Non-renewable resources			
Natural Gas	11,807	12,126	10,085
Diesel	2,194	2,120	2,415
Gasoline	0	20	640
Electricity	5,555	1,265	0
Renewable resources			
Electricity Purchased	0	3,588	4,594
Power generated and consumed from renewable resources	0	97	230
Total energy consumption	19,556	19,216	17,964

Water management

- We consume tap water at Baymak's production facility and offices. We aim to optimize our water management by tracking our water consumption periodically. We reduced our water consumption nearly by 16% in 2022 compared to the previous year.
- We aim to save 1,462 m^3 of water annually in our paint shop with Emma auto water fill/stop system which was designed in 2022.
- As part of the Green Office Program, we have taken various measures to use water resources more sustainably. We have transitioned from traditional faucets to sensor-operated faucets, modified toilet flush tanks to have 2 liter and 4 liter options for water usage, and reduced water pressure by adding aerators to faucet heads.
- We discharge the wastewater pursuant to İSKİ waste water discharge regulations and the relevant ministerial legislations. In this regard, we comply with the specified standards through by carrying out regular measurements before discharging the wastewater.

Water Consumption (m^3)

2020 63,338

2021 41,064

2022 34,570

Sustainability in Dining Hall

Sustainability in Stopover

Sustainability in Daily Life

Waste Sorting

Green Office and Environmental Management System

As part of the Green Office project we implemented, during the year 2022;

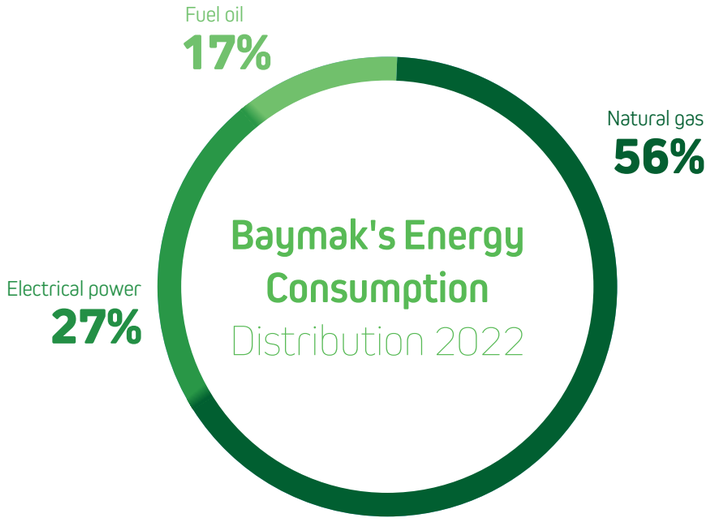
390 kg of glass waste recycled, preventing the emission of 11.7 kg of greenhouse gases.

159 kg of plastic recycled, resulting in 918 kWh of energy savings.

222 kg of paper waste recycled, preventing the emission of 39.29 kg of greenhouse gases and achieving 910.2 kWh of energy savings.

Being aware of our environmental responsibilities and with our mission of contributing to a sustainable future, we have been operating in accordance with ISO 14001 Environmental Management System standards since 2014.

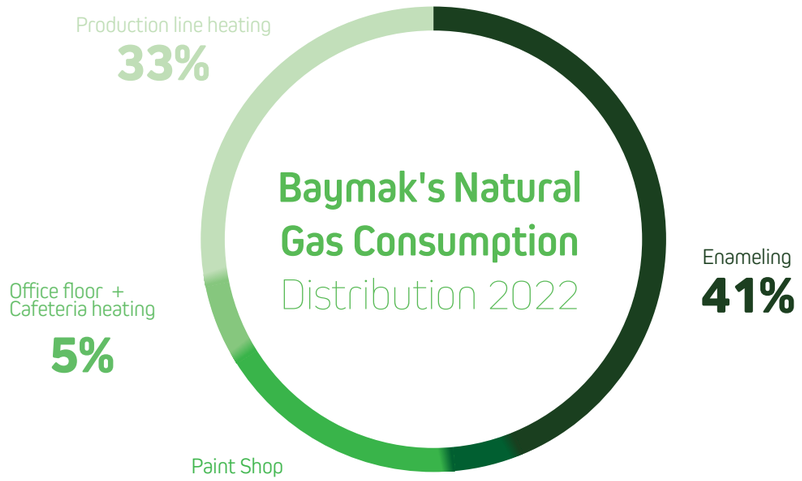
As Baymak, as of March 2021, we have been purchasing I-REC certified electricity to meet our electricity consumption from renewable sources.



With the photovoltaic solar power panels installed on our roof, we increased the amount of electrical power generated from renewable energy sources by increasing the capacity from 86 kW in 2021 to 216 kW in 2022. Thus, we supplied 5% of the electrical power consumed in 2022 from the PV system.

Thanks to all energy efficiency efforts made by Baymak, we purchased 258,841 kWh less electricity than 2022. Therefore, we saved 5.3% of the purchased electrical power.

With the energy efficiency efforts made, we saved 17% by decreasing our Natural Gas consumption by 2,041,171 kWh in 2022.



The areas with the highest natural gas consumption include enameling, heating and painting processes. We will continue to work for reducing the energy consumptions at those areas.

Energy Consumption per Product (MWh/product)

Product	2021	2022	Specific Energy Consumption Improvment
Water Heater	0.08160	0.07618	-6.64%
Central Heating Boiler	0.02060	0.01611	-21.80%
Wall Hung Boiler	0.43227	0.36674	-15.16%
Boiler	0.15827	0.15784	-0.27%
S. Collector	0.00392	0.00393	+0.24%
Pressure Booster	0.04221	0.04045	-4.17%

Following our efforts to reduce the energy consumption in our plant, the energy consumed per product reduced as well.

Baymak is committed to taking a leading role in energy transformation and leaving a clean environment for future generations. In line with this, we will continue to develop and implement energy-efficient solutions consistently.

Having an ISO 50001 Energy management system in place since 2016, Baymak tracks, measures and monitors its energy consumption, and identifies the steps to be taken for continuous improvement.

With the improvement made in 2022, we are able to monitor all Power consumption in our plant through WEB-view system, and track the rises and changes instantly.

We monthly monitor and record the natural gas consumption through the counters installed on the lines separately at each department.

The distribution of the energy consumed by Baymak for its activities in 2022 is given in the following table. The natural gas used for enameled tank production and heating constitute the highest energy consumption.

Our Efforts in Climate Change Mitigation

According to the latest report AR6'ya (the Sixth Assessment Report) of the IPCC (UN Intergovernmental Panel on Climate Change), our world continues to warm rapidly. Even in the scenarios aimed at reducing the emissions, our planet is anticipated to warm up at least by 1.5°C.[14]

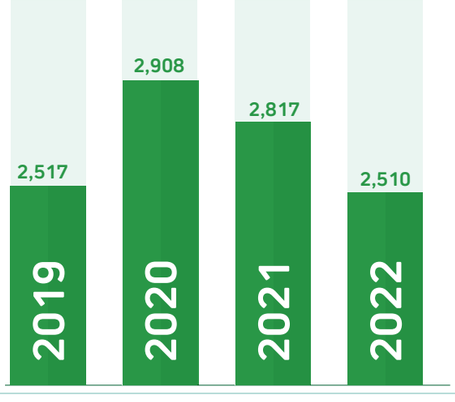
Reducing the greenhouse gas emissions is suggested to be the most important step in climate change mitigation.

Baymak always develops itself for reducing the use of natural resources. In this regard, we have been calculating and trying to reduce our energy consumption and greenhouse gas emissions with an operational control approach within the scope of ISO 50001 Energy Management System certificate since 2016.

We calculate and track our greenhouse gas emissions systematically through the Co2nnectorPro program purchased in 2022.

Scope 1 Greenhouse Gas Emissions (tCO_{2e})

We continue to reduce our Scope 1 emissions with the efficiency studies we carry out. In 2022, we managed to reduce our Scope 1 emissions by 11% by reducing our natural gas consumption in our administrative building and production facility by 307 tons compared to the previous year.



Scope 1&2 Carbon Footprint (tCO_{2e})

In line with its sustainability commitments, BDR Thermea Group aims to reduce Scope 1&2 emissions by 55% by 2030, based on 2019. As Baymak, we adopt this target and act within the scope of our commitment to reduce our Scope 1&2 greenhouse gas emissions by 55% by 2030. In this regard, we have reset our Scope 2 emissions as of 2022 by switching to the purchase of 100% renewable electrical energy (IREC certified) in 2021. We calculated our greenhouse gas intensity by proportioning our Scope 1&2 greenhouse gas emissions to the energy we consume, and we reduced our emission intensity by 22% compared to last year.

We also take into account Scope 3 emissions resulting from our indirect activities. We measure emissions from activities such as product use, supply chain, and waste management. As we are in the HVAC industry, a significant portion of our Scope 3 emissions is attributed to the use of sold products.

In this context, increasing the sales of heat pumps in the renewable energy product category in our product range is a priority for us in line with Turkey's climate change strategy. Additionally, we have initiated the production of combi boilers that run on 20% hydrogen to be prepared for Turkey's energy transformation. Furthermore, in collaboration with BDR Thermea Group, we are setting targets to reduce emissions resulting from product use through hybrid solutions by staying up to date with new technologies.

[14] IPCC AR6 Synthesis Report: Climate Change 2023

Waste Management and Circularity

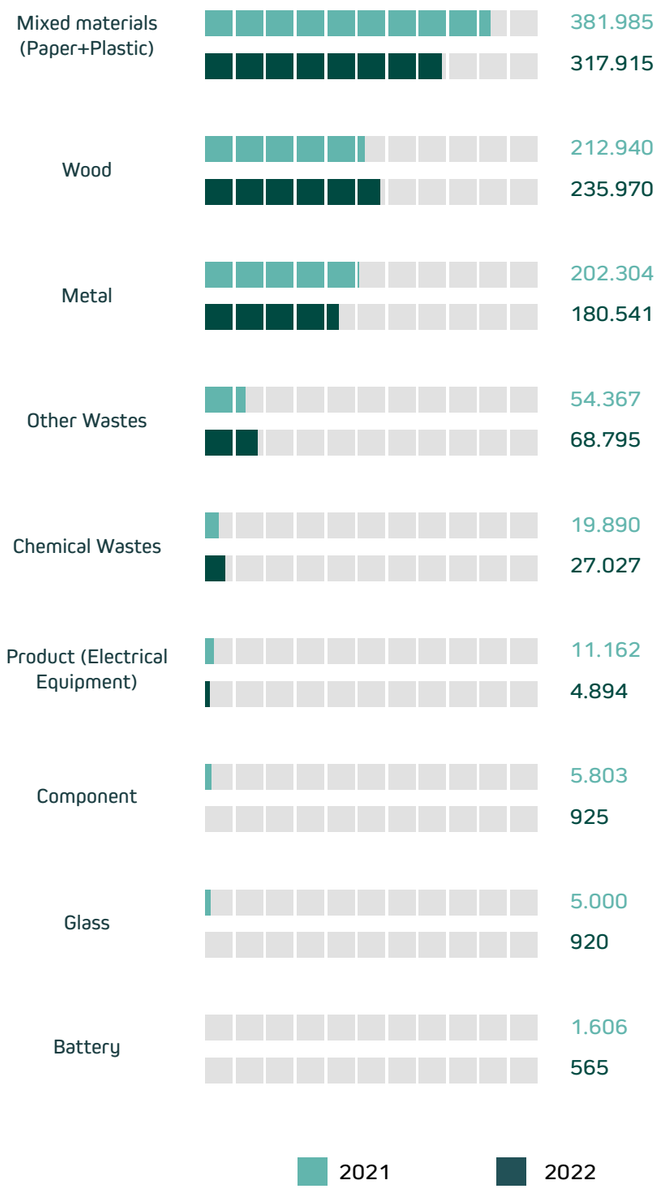
The increase in the global population as well as the economic growth increased the amount of raw materials used in the production industry, and the resulting waste. Recognizing the responsibilities of the business world to stop that increase, we perform our waste management activities within the scope of our waste management awareness and the relevant regulations. In this regard, we obtained the Zero Waste Management certificate in 2021.

The use of waste in the circular economy not only affects environmental pollution and raw material consumption but also creates numerous economic opportunities and employment. With this vision, Baymak continues to work by considering the benefits of utilizing the reusable waste back in the industry in terms of circular economy.

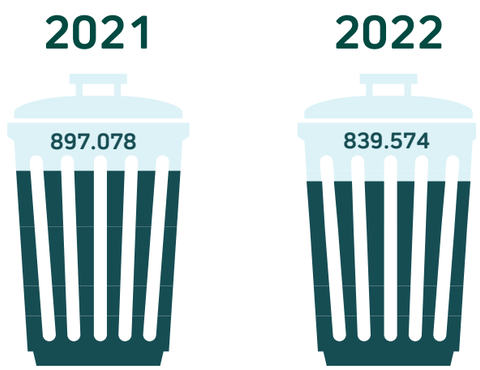
We adopt the zero-waste management in line with our corporate policy, and aim to minimize the waste amount by preventing waste formation through ecosensitive methods.

Moreover, we sort the wastes resulting from our processes at source, enabling them to be reused or recycled. Baymak recovers its waste by 89%. Thus, we make a contribution for protecting the natural resources and preventing the environmental pollution. We aim to support the cyclical economy by preventing delivery of the waste to the regular storage areas by means of reusing them in various areas.

Baymak - Wastes (kg)



Baymak's Waste Amount (kg)



Waste Management Projects

01

As part of the zero-waste approach, we removed the under-desk trash bins from our office floor and placed recycling bins in common areas. In doing so, we not only facilitated waste recycling but also reduced plastic consumption, stemming from the use of trash bags, by 85%

02

We switched to using recycled paper in our office, so we started purchasing recycled products.

03

We produce compost fertilizer from organic waste (such as vegetable and fruit peels) generated in the cafeteria. A portion of the compost is used as fertilizer in the factory garden, while the rest is provided to colleagues and local municipalities upon request. Any unserved cooked meals are shared with our animal friends around the factory premises. Thanks to these practices, we are able to repurpose 55% of our food waste.

04

We have configured the Ecofont option on the printers used in the company. As a result, we have reduced toner usage by 60%. Additionally, the use of recycled paper has led to lower ink consumption, further reducing toner usage through this initiative.

05

We stopped using plastic water bottles and paper cups at our office.

06

We reclaim waste paint in our production process using a sieve system, effectively reintegrating it into our production cycle. We reuse approximately 70% of the waste paint, resulting in a 33% cost advantage per m^2 of paint, without compromising on quality.

07

Instead of paper boxes, packaging and palettes, we started using plastic cases for the products from the supplier. As a result, we have prevented cardboard packaging waste from being generated.

Our Impact
on Stakeholders

Employees

Our employees are the most important stakeholders for our adaptation to the changing and developing world. Based on this fact, we place employee health, safety and development among top priority values of Baymak. We comply with the national and international standards so that we can provide them with a safe and convenient working environment accordingly. Focusing on employee rights as part of our management mentality, we play a leading role in the sector by trying to provide an equal, fair and inclusive working environment. As an indispensable part of sustainability, we act with equality in mind without discrimination based on religion, language, nationality and gender in anyway during onboarding and working lives of our employees and make efforts to reinforce this mentality. About 17% of our employees is female, while 83% is male, and we aim to increase the ratio of female employees year by year. We follow the relevant regulations about employment of disabled people, and disabled employees form 3% of all employees. Our innovation power and intellectual capital come from the society in which we operate. Accordingly, all our senior managers are selected from a pool of local employees.

Talent and Career Management

We recognize the importance of being a company that has well qualified employees and prioritizes education to be able to contribute to the social welfare. We consider employee development as the development of Baymak, and adopt a business model in which personal and professional expertise of employees are supported. We act upon the recognition that well equipped and creative employees are the most important resource to take our position in the sector to the next level and help us make a difference. The amount of investment for educational costs in 2022 reached up to 4 million TRY, and educational cost per employee has been 6,750 TRY. Also, we provided 5,035 hours of training for our employees in 2022, with 5.30 hours of training per employee. We founded Baymak Academy to be able to provide the training needed by our employees and other stakeholders and to boost our speed for adaptation to the world.

Employee Loyalty and Volunteering

We act upon the recognition that we can only achieve our goals via employees with high level of welfare and satisfaction. Accordingly, we continue our efforts to boost our employees' satisfaction and to become a preferred company for potential employees. As an employer, we provide various benefits for our employees. We provide private health insurance for the management team and field sales teams, and supplementary health insurance for our blue- and white-collar employees. In addition, as part of the benefits provided for full time employees, excluding part time employees, we provide fuel allowance, child allowance, holidays-related cash allowance, annual paid leave, marriage, birth and death related allowance, tuition allowance for blue collar employees, and new year and Ramadan related food benefits, which also includes white collar employees.

We don't make discrimination based on religion, language and gender in anyway, and prefer an equal pay for equal work mentality. Our wage policy is reviewed by Human Resources Directorate and Board, and employee wages are based on the independent Mercer Overall Wage Studies data. In 2022, the ratio of standard beginner level wage to the local minimum wage was set to 148%. In addition, we found that turnover rates in 2022 were 4.48% for female employees, and 3.91% for male employees.

We respect the freedom of solidarity and the right of work under fair conditions for our employees and support them in this sense. Accordingly, we pay attention for our employees to work in an environment in which they can unionize and are in solidarity. With unionization, we do our best to eliminate forced labor and child employment, comply with all the local regulations, gain awareness in terms of human rights, and increase employee welfare. In 2022, 282 employees work under collective labor agreement, and the ratio of employees under collective labor agreement is 54%.

		Female	Male	Total
Total Employees	White-collar	70	169	239
	Blue-collar	18	264	282

Suggestion System

We continue to create added value every year with the Suggestion System implemented in our company. After the suggestions received from the employees were evaluated and implemented by a **Suggestion commission in 2022**, we had a cost advantage of **3 million TRY** in terms of production.

Total Number of Suggestions **42**

Number of employees making suggestions **32**

Number of accepted suggestions **31**

Payment of 92K ₺ for **32** employees

Sustainability Training and Activities

We know that awareness raising activities and education are important for a sustainable future. In this context, we have been planning training on waste management, energy saving, electronic waste recycling, food waste prevention and compost fertilizer since 2021.

In addition, to raise the awareness of all our employees about sustainability, it was explained throughout the year what the sustainable development goals were and how Baymak could contribute to these goals.

We provided our employees with **1,654 hours of sustainability training** in total between 2021-2022

We held the "Baymak Solutions Workshop" where we discussed energy saving in production as well as waste management in order to reinforce our responsible production and consumption mentality. Various employees from foremen to quality engineers, production planning teams to sales force attended the workshop. While raising employee awareness in those topics enabled our company to implement its sustainability strategy more effectively, we took an important step towards creating a larger social and environmental impact.

Sustainability Training and Activities

We established the **"Baymak Garden Club"** to raise the awareness of **"growing your own produce"** and to show that it is possible to create a **"garden"** in an urban environment.

Our blue- and white-collar volunteer team transformed the idle land area. Working as a **"One Team"**, Garden Club members carry out the planting-harvesting process of vegetables, fruits and medicinal plants and the routine maintenance of the garden together.

Within this club, the traditional working environment is taken one step further while learning the tricks of growing seasonal fruits, vegetables and medicinal plants.

Baymak family walked **9,789.15 km as part of "Steps to Saplings"** project, and in turn, **we donated 1000 saplings.**

In September 2022, we launched the **"Steps to Saplings"** project to protect both our health and the environment. We recorded every step taken by our team members and converted the steps we accumulated into trees for a greener world.

Within the scope of this project, we walked a total of 9,789.15 km and donated 1,000 saplings. We prepared a surprise gift for the team that took the most steps on October 3, World Walking Day.

Diversity, Equality and Inclusion

Rate of Woman Executives

44%

Returning to Work and Employment after Maternity Leave Ratio by Gender	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Number of Employees Accepting Maternity Leave	3	40	3	27	2	22
The Ratio of Returning to Work and Continuing to Work for Employees Who Received Maternity Leave	100%		100%		100%	

Equal gender and opportunity are an important part of Baymak culture, and are listed among our priority issues. We adopt an egalitarian and inclusive approach while addressing professional and personal development of all our employees.

As Baymak, we make a commitment for protecting everyone's honor and integrity, and equal opportunity in all our employment practices, policies and procedures in line with the regulations of the country where we operate, within the framework of BDR Thermea Group Code of Conduct. In addition, all our operations are based on the BDR Thermea Group Global Diversity, Equality and Inclusion Policy to include group companies, any unit functioning under the roof of Baymak and temporary employees. With this policy, employees and potential employees know that they have a right to be treated honorably and thus we don't tolerate discrimination based on social gender, gender, sexual orientation, age, nationality, religion, belief, ethnic origin, disability, marital status, political preference, or social class.

Our Diversity, Equality and Inclusion approach helps us reinforce our goal of leading the energy transformation. Available to all our employees and strongly connected to our values, our policy helps establish an effective collaboration culture to support our customers via sustainable solutions. No discrimination incident was reported at our company in 2022.

We allow for people with varying believes, thoughts and opinions work in harmony by creating a supportive, positive and collaborative working environment and preventing conflicts. We believe that we can only maintain our leading position in the sector together, and build on the idea that social gender equality is one of the basic principles of sustainability. While we support women in business life, we take several steps to reinforce their presence in the society and adopt an approach to enable work-life balance.

Of our employees, 17% is female and 83% is male, and 44% of the employees at management level is female. As Baymak, we aim to increase the ratio of female employees to 25% in total number of employees by 2025. With equal pay for equal work mentality, we don't discriminate based on religion, language, nationality and gender for employee wages, and monitor performance via relevant indicators.

The ratio of wages for female employees to male employees at senior management level is set to be 1.07 while it is 0.87 for white collar employees.

On March 8, 2022, we held our social gender equality oriented special event on the International Women's Day with participation of over 200 employees. Our event had İstanbul Bilgi University academician Prof. Dr. Mrs. Itır Erhart, who has numerous studies and research about the social gender equality, as a guest. Widely attended by male and female employees, the event addressed the steps to be taken for ensuring social gender equality with a broad perspective. As Baymak Family, we continue to work for a shared future that can present equal terms for everyone by doing our part in terms of equal participation of women in every part of life.

We consider differences as a fortune for our company and believe that we can add value to our business model through employee diversity. We act upon this principle during recruitment processes and monitor relevant legal obligations. 3% of our employees are disabled people and we aim to increase this ratio.

Baymak Academy

We continue our efforts for creating a technically equipped and high satisfaction-oriented employee profile by considering not only today's needs but also things to come in future, by utilizing the power of training.

By adding new ones for both the sector and the society every passing day, we enable not only Baymak family but also all sector employees and future generations to have the top competencies, and provide services with an approach that focuses on human value.

In Baymak Academy, heating group contains hung boiler, condensing wall hung and floor hung boilers and cascade systems, from steel boiler to natural gas burner; water group contains domestic water and fire pressure boosters, circulating pumps, personal and central hot water preparation group, cooling devices, system auxiliary equipment, automation units and future products, and an advanced automation system that includes renewable energy.

Call center trainings, authorized service staff trainings, dealer and vendor channel trainings, plumber trainings, project and gas distribution companies' specific trainings as well as trainings developed in line with the curriculum for students at universities and technical, vocational schools are provided for free by Baymak Academy.

820 hours of training was provided by Baymak academy **in 2022** for plumbers, domestic and international dealers, engineers, authorized services, Baymak employees and non-organizational stakeholders, and **6,754 people** attended.

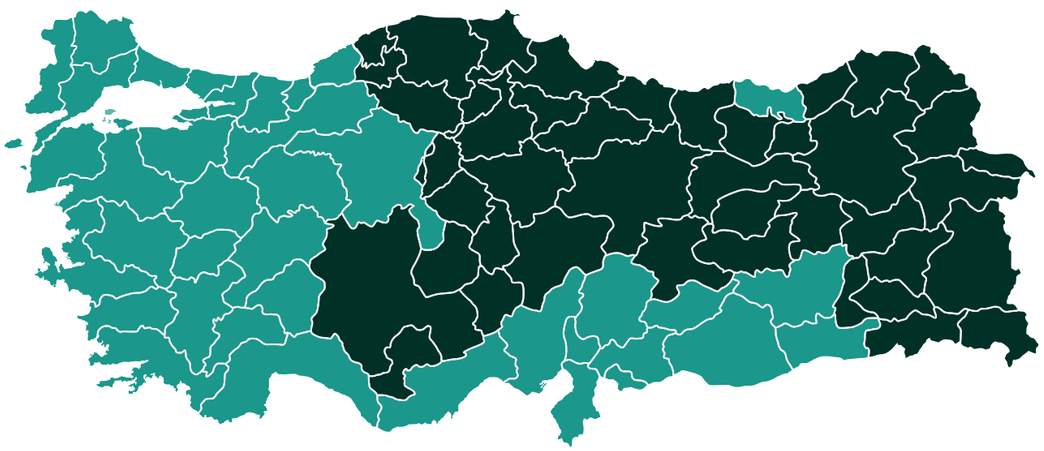
Heat Pump Training

In addition to the trainings provided every year for renewable energy, face-to-face private heat pump trainings were provided in the cities marked in green in the map below.

During these trainings, product training as well as plumbing and installation, capacity calculation, hybrid system installation, cascade and automation trainings were provided.

Our authorized services and dealers participated in these trainings. We had and continue to have our stakeholders, who will accompany us in leading the energy transformation, technically ready for this transformation.

We have taken a significant step towards training high-quality professionals for the renewable energy sector, with a focus on the HVAC industry. We have received feedback from everyone who participated in the training programs.



Children Have the Say in Energy

We initiated this project with the aim of raising awareness among our children, who are seen as the future leaders, about energy consumption and global resources as part of our efforts in climate change mitigation.

Our educational program includes basic concepts such as energy saving, efficient energy usage, alternative energy sources, sustainability, and accessibility.

In collaboration with Informal Eğitim - Çocuk Istanbul, we conducted energy-focused educational programs at the Santral Istanbul Energy Museum.

Students at state schools will be able to participate in the program free of charge throughout the education period. The primary aim of the program is to enhance children's awareness of energy resources. Interactive methods tailored to each age group and group activities are also integral parts of the program.

Occupational Health and Safety

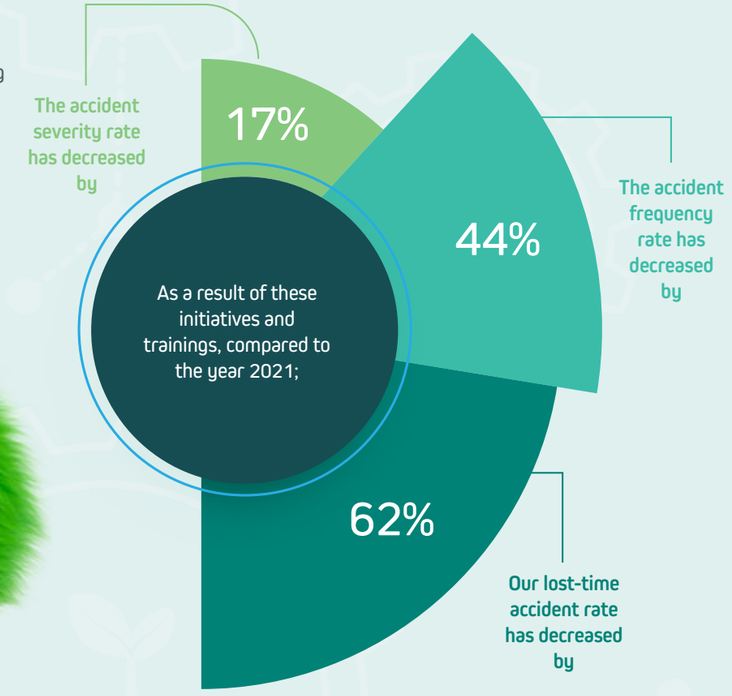
As Baymak, we consider occupational health and safety among the most fundamental priorities and carry out all activities with reference to the Occupational Health and Safety (OHS) Regulation. We aim to become an example in the sector with the safe working environment we create for our employees, and we conduct all our efforts in line with our Occupational Health and Safety Policy. It's our main principle to a healthy and safe working environment with our sensitivity towards human and environment. By following the latest technological developments in this respect, we determine existing and potential risks of emergencies and behaviors that can lead to occupational accidents and diseases and pay attention to take any type of precaution to eliminate them. We ensure that our stakeholders raise awareness by meeting our obligations for compliance within the context of Occupational Health and Safety and providing trainings for all employees. We aim to increase efficiency by taking necessary precautions with the goal of zero occupational accident and zero occupational disease. Also, we guarantee a sustainable and constant improvement oriented OHS management approach by providing all the necessary information and resources to achieve all the goals we set within the scope of occupational health and safety.

You can find our Occupational Health and Safety Policy here.

We hold OHS board meetings every other month to both meet our legal obligations and ensure participation of our employees in OHS processes, and include employee representatives in these meetings, enabling employees to convey their requests and complaints. Our employees become a part of risk assessment processes and action plans by participating in risk assessment teams. We create field inspection reports monthly and evaluate our regular actions via OHS review meetings. Thanks to near miss and emergency notification system, Group occupational accident notification system and HRWEB opinion and suggestion module, our employees monitor our processes closely and help us take quick actions. We aim to raise awareness of our employees via occupational trainings, operator trainings, task specific trainings, orientation, first and emergency response trainings in addition to mandatory OHS trainings. We increased the OHS budget by over 100% for 2022 than the budget for 2021. Total OHS training hours provided for blue- and white-collar employees reached 2,320 hours, and training hours per employee reached 4.45 hours. Total OHS training hours provided for senior management is 20 hours in 2022.

We implement practices to support employee health, and create a safer working environment in terms of employee health by making overall environment and personal exposure measurements based on parameters such as dust, noise, VOC, lighting in operating areas.

We perform all our activities in line with the ISO 45001 Occupational Health and Safety Management System and cover 100% of relevant management system activities and employees. We have a contractual requirement for the suppliers we collaborate to comply with our occupational health and safety policy, and monitor the performance through inspecting OHS requirements during purchase and supply processes. Our suppliers were provided with 551.7 hours of training in total about occupational health and safety in 2022.



Transparent Management
Structure

Transparent Management

We recognize the importance of primarily having a strong corporate structure and a transparent management mentality to be able to adapt to the developments in the world and maintain our leading position in the sector. We consolidate our future with a fair, transparent and accountable management approach. We determine our economic, social and environmental priorities in the areas where we have indirect and direct impact via contributions from our stakeholders. We set goals by identifying what we can improve through careful analysis of our current status. We center around United Nations Sustainable Development Goals, forming our intra-company strategies, and continue our sustainability journey with the support from our stakeholders.

Board of Directors Duties and Authorities

Our Board of Directors members are elected in line with the diversity policy and there is no separate board regarding independence. The candidates for the Board of Directors are determined based on the criteria of being senior executives, as in BDR Thermea Group. Both in BDR Thermea Group and other subsidiaries, these positions are selected and appointed by considering the membership of the Board of Directors. Our Board of Directors members and their competencies are as follows.

Management Structure Duties and Authorities

As a Group company operating under the roof of Baymak 100% BDR Thermea, our Board of Directors consists of 3 people and the Chairmanship of the Board of Directors is carried out by the CEO of BDR Thermea Group and the vice chairmanship is carried out by the CFO of BDR Thermea Group. Our other member works as a business controller at BDR Thermea Group.

Four directorates work together with the General Manager: The Operations Directorate, the Marketing and Sales Directorate, the Financial and Administrative Affairs Directorate, and the Human Resources Directorate. Each directorate has department managers based on their respective areas of expertise. 2 out of 3 members of the Board of Directors are female executives. The rate of female employees in Baymak senior management is 44%.

The company's Board of Directors meetings are held on dates to be determined by the Board of Directors, at the location of the legal headquarters of the company or at another place to be determined by the Board of Directors, as required by law. The Board of Directors meets with a majority of its total members and makes decisions based on the majority of those present at the meeting. Decisions of the Board of Directors can be made without a meeting if a written proposal from one of its members is signed and approved by the majority of the total members of the Board of Directors. Those who have the right to attend the Board of Directors meetings can also participate in these meetings electronically in accordance with Article 1527 of the Turkish Commercial Code.

In accordance with the provisions of the Communiqué on Assemblies to be Held Electronically in Commercial Companies Other than the General Assemblies of Joint Stock Companies, the company can establish an Electronic Meeting System that will allow beneficiaries to attend and vote in these meetings electronically, and it can also purchase services from systems created for this purpose.

In the meetings to be held, through the system established in accordance with this provision of the Articles of Association or through the system for which support services will be provided, it is ensured that the rights of the holders, as specified in the relevant legislation, are exercised within the framework of the notification provisions.

Bertrand **Schmitt**

Bertrand Schmitt, Baymak Board member who undertakes the role of CEO at BDR Thermea Group, has over 37 years of experience in the sector. He's a member of Mosa Tiles Audit Board since 2021, and a member of European Heating Industry Union Board since 2022.

Carolina **Wielinga**

Carolina Wielinga, Baymak Board member who undertakes the role of CFO at BDR Thermea Group, has over 30 years of experience in the sector. She serves as NX Filtration Audit Board President and Gasunie Audit Committee President.

Özlem **Özer**

Serving as Baymak Financial and Administrative Affairs Director, Mrs. Özer is an expert in financial reporting and budgeting. Serving as financial director at various organizations, Özer has over 30 years of experience.

Business Ethics and Compliance with Laws

As Baymak, we continue our operations by sticking to the ethical principles of BDR Thermea Group, with which we're 100% affiliated. We expect clarity and honesty from anyone working for the company in line with our ethical principles. Anyone acting on behalf of the company is required to both comply with BDR Thermea Group Code of Conduct and behave in accordance with the spirit of Rules. We believe that having internal policies and standards are required for efficient and accountable governance and management of our company. By accepting employment, we, all the staff, agree to comply with this Code of Conduct and all the current internal policies, standards and procedures.

Code of Conduct applies to both actions and behaviors of individual employees at work. As Baymak, we are free to defined rules at a higher standard than we're expected to comply with, provided that they are consistent with the basic values within the framework of BDR Thermea Group Code of Conduct and they maintain the worldwide reputation of BDR Thermea Group. "If you have any doubt, just ask." Acting upon this basic principle, we encourage our employees to contact relevant section managers and human resources unit regarding situations that will lead to dilemma, and support them to behave in compliance with ethical guidelines. Our employees can access the Code of Conduct, and Ethical Line, where they can report, information both through system and banners we placed on the walls of our company building. In addition, we always expect our employees to work in line with all the current laws and regulations.

We know that building a long term and smooth relationship with our business partners requires transparency, and take transparency and honesty as a principle while achieving our goals in line with our vision and mission. As the basis of our working procedure, we support free enterprise and fair market competition principle, and comply with current competition laws and regulations. Within the framework of our Code of Conduct, we don't allow our employees to accept gifts (including tickets for entertainment events) from suppliers or customers without informing the manager in charge. We also instruct them not to be involved in any process of giving or receiving gifts or payments that could be perceived as bribery.

We include many topics in our ethical rules, such as preserving privacy, maintaining a safe and healthy working environment, preventing gift acceptance and bribery, avoiding discrimination, complying with laws and regulations, preventing conflicts of interest, selecting reputable business partners, respecting the community and society, safeguarding and appropriately using assets, complying with fair competition laws, committing to product safety and quality, and adhering to company policies. We expect all our stakeholders, particularly our employees, to achieve full compliance with our ethical principles. We ask our business partners to sign an agreement for compliance with BDR Thermea Group Code of Conduct while selecting them, and pay attention not to have business relationship with parties that violate current laws and regulations including domestic, environmental and employment laws.

Our Code of Conduct requires our employees to comply with high standards of business and personal ethics while performing their duties and responsibilities. All our employees are responsible for reporting violations or suspected violations. No employee who reports violation of the rules in good faith would suffer from harassment, retaliation or negative employment consequences. As Baymak, we implement a notification procedure accordingly. Employee who suspects that Code of Conduct is violated can report such concerns to the person who can appropriately handle it, particularly the section manager. In case of emergency or sensitive situations when employees need secret advice, or if there are concerns that can't be handled by section manager, Group HR Manager, and where needed, Chairman of Supervisory Board can make contact privately or anonymously. Contact information for the relevant people is shared transparently, and we implement protective procedures so that reporting employee doesn't suffer from any negative action or career related disadvantage due to questioning a business case or business practice or reporting any suspected violation of Code of Conduct in good faith. Thus, we pay attention to maintain our reputation by promoting the culture of accountability, honesty, and transparency.

Corporate Memberships

Organization's Name		Status	
TÜSİAD	TÜSİAD - Turkish Industry and Business Association	Active	TÜSİAD SD² Program Working Group
			Next Generation Industry Working Group
			Environment and Climate Change Working Group
			Energy Working Group
			Competition Law Working Group
			Legal Affairs Working Group
			Green Agreement Working Group
dosider	DOSİDER - Natural Gas Devices Industry and Business Association	Active	Board Membership, Marketing Committee Membership, Technical Committee Membership
DEİK	DEİK - Foreign Economic Relations Board	Member	Georgian Business Council Membership
İSİB TURKISH HVAC-R	İSİB - Conditioning Industry Exporters Association	Member	
İSKİD	İSKİD - Conditioning Cooling A/C Manufacturers Association	Active	Marketing Commission, Split and Variable Coolant Flow A/C Commission, Heat Pump Commission
TOBB	TOBB - Union of Chambers and Commodity Exchanges of Türkiye	Active	Conditioning Assembly
	Istanbul Chamber of Industry	Member	
İSTANBUL TİCARET ODASI	Istanbul Chamber of Commerce	Member	

Risk and Crisis Management

As Baymak, we define short-, medium- and long-term goals and our strategies-related risks, and design our business model in the light of risks and opportunities. We use a risk management approach while extensively evaluating our activities and organization, and include all units in this process.
We compile all information on risks and expect them to be a guide for decision making mechanisms. As Baymak, we design Risk Management as a process established in the entire organizational mentality and used for defining strategies. Thanks to this process, we aim to create a model that not only defines strategies but also creates value.

Performance Indicators

Social Performance Indicators

Training Hours	2022
Total Training Hours	5,035
Training Hours per Employee	5.30

Occupational Health and Safety Training Hours	2022
Total Training Hours	2,320
Training Hours per Employee	4.45

Employees by Gender and Category	2022	
	Female	Male
White-collar	70	170
Blue-collar	18	266
Total	88	436

Rate of Employees Under Collective Labor Agreement

54%

Rate of Woman Executives

44%

Employee OHS Performance	2022	
	Female	Male
Number of Incidents	0	12
Number of Fatal Incidents	0	0
Number of Occupational Diseases	0	0
Specify the most frequent occupational disorders	0	0
Absence Due to Incident	0	59
Incident Rate (IR)[15]	0	8.80
Occupational Disease Rate (ODR)	0	0
Lost Day Rate (LDR)[16]	0	0.04
Absence Rate (AR)[17]	0	18.90

Number of Managerial Staff by Age Group and Gender	2022	
	Female	Male
<30	0	0
30-50	8	17
>50	1	5

Ratio of Returning to Work and Continuing to Work after Maternity Leave by Gender	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Number of Employees Accepting Maternity Leave	3	40	3	27	2	22
Number of Who Returned to Work after Maternity Leave	3	40	3	27	2	22
Total Number of Employees Who Returned to Work after Maternity Leave and Are Still at Work After Twelve Months from Returning to Work	3	40	3	27	2	22
The Ratio of Returning to Work and Continuing to Work for Employees Who Received Maternity Leave	100%		100%		100%	

Contractor OHS Performance	2022	
	Female	Male
Number of Incidents	4	1
Number of Fatal Incidents	0	0
Number of Occupational Diseases	0	0
Specify the most frequent occupational disorders	0	0
Absence Due to Incident	45	0
Incident Rate (IR)[18]	107	13.79
Occupational Disease Rate (ODR)	0	0
Lost Day Rate (LDR)[19]	1.21	0
Absence Rate (AR)[20]	14	0

Employee Turnover by Gender	2022	
	Female	Male
Gross	7.24%	7.10%
Net	4.78%	3.91%

Hours of Occupational Health and Safety Training for Suppliers	2022
Total Training Hours	551.7

[15] Incident Rate (IR) = (Number of Incidents * 1,000,000 / ((312 * 7.5 * Number of Employees) - (Lost Days Due to Incident * 7.5))
[16] Lost Day Rate (Incident Weight Rate) (LDR) = Lost Days Due to Incident * 1,000 / ((312 * 7.5 * Number of Employees) - (Lost Days Due to Incident * 7.5))
[17] Absence Rate (AR) = Total absent days * 100 / total number of days worked
[18] Incident Rate (IR) = (Number of Incidents * 1,000,000)/ ((312 * 7.5 * Number of Employees) - (Lost Days Due to Incident * 7.5))
[19] Lost Day Rate (Incident Weight Rate) (LDR) = Lost Days Due to Incident * 1,000 / ((312 * 7.5 * Number of Employees) - (Lost Days Due to Incident * 7.5))
[20] Absence Rate (AR) = Total absent days * 100 / total number of days worked

Environmental Performance Indicators

Energy Consumption	2020	2021	2022
Natural Gas (MWh)	11,807	12,126	10,085
Fuel-oil (MWh)-Diesel [24]	2,194	2,120	2,415
Fuel-oil (MWh)-Gasoline [24]	0	20	640
Electric (MWh) [24]	5,555	4,951	4,825
Total (MWh)	**19,556**	**19,216**	**17,965**
Specific energy use (MWh/turnover)	0.053	0.060	0.055

Renewable Energy Purchased	2020	2021	2022
Renewable energy purchased (kWh)	0	3,588,191	4,594,486

Renewable Energy Generated	2020	2021	2022
Solar (kWh)	0	97,306	230,224

Greenhouse Gas Emissions [24]	2020	2021	2022
Total Greenhouse Gas Emission (tons of Co_2e)	5,595.39	18,424,689.7	18,888,944.8
Scope 1 (tons of Co_2e)	3,090.08	2,817.01	2,510.30
Scope 2 (tons of Co_2e)	2,505.31	0	0
Scope 1+2 (tons of Co_2e)	5,595.39	2,817.01	2,510.30
Scope 1+2 Greenhouse Gas Intensity (tons of Co_2e/MWh)	1.007	0.699	0.546
Scope 3 (tons of Co_2e)	-[21]	18,421,872.64	18,886,434.52

Emissions[22]	2020	2021	2022
NOX (kg/hour)	0.753	0.753	1.41
SOX (kg/hour)	0.0152	0.0152	0
NOC (kg/hour)	0	0	0

Hazardous Waste	2020	2021	2022
Total hazardous waste (kg)	44,951	53,689	66,477
Waste Burning (Not for energy purposes) (kg)	3	10	10
Sent to sanitary/solid waste landfill (kg)	70	100	0
Other (kg)	44,878	53,579	66,472

Non-Hazardous Wastes	2020	2021	2022
Total non-hazardous waste (kg)	700,630.4	774,538.2	711,160
Reuse (at work site) (kg)	40,312.4	36,749.2	36,934
Reuse (delivered to 3rd persons) (kg)	85,279	99,810	135,200
Recycling (kg)	546,859	616,072	503,351
Composting (at worksite) (kg)	0	1000	4000
Sent to sanitary/solid waste landfill (kg)	28,180	20,907	31,615

Water Consumption	2020	2021	2022
Total (m^3)	63,338	41,064	34,570
Mains Water (m^3)	37,811	29,590	34,487
Groundwater (m^3)	25,527	11,474	83[23]

[21] 2020 Scope 3 emissions weren't calculated in detail.
[22] Companies subject to Industry Related Air Pollution Control Directive have emission measurements every other year. Thus, NOX and SOX emission values are the same values for 2020 and 2021.
[23] During the well water sampling study in 2022, 83 m^3 of water was consumed.
[24] Due to the difference in data tracking system, these data are different from the data in the annual report of our group company BDR Thermea published in 2022. It will proceed in parallel with the group in the upcoming years.

GRI
Content Index

GRI Contant Index

Baymak Makina Sanayi ve Ticaret A.Ş has reported for the period 01 January 2022 – 31 December 2022 in accordance with the GRI Standards.

Within the Content Index - Essential Service, the GRI Services team reviewed that the GRI Content Index is clearly presented and the references for disclosures GRI 2-1 to 2-5 and GRI 3-1 to 3-2 align with relevant sections in the report. This service was provided through the Turkish version of the report.

GRI Standard	Disclosures	Page Number, Reference and/or Direct Answers
GRI 1: FOUNDATION 2021		
GRI 2: GENERAL DISCLOSURES 2021		
GRI 2: General Disclosures 2021	2-1 Organizational details	About Report p.3 About Baymak p.7 Contact p.53
	2-2 Entities included in the organization's sustainability reporting	About Report p.3
	2-3 Reporting period, frequency and contact point	About Report p.3 Contact p.53
	2-4 Restatements of information	This report Baymak's first Sustainability Report.
	2-5 External assurance	No external audit was received within the scope of the data contained in this report.
	2-6 Activities, value chain and other business relationships	About Baymak p.7 Stakeholder Dialog p.16 Supply Chain p.25
	2-7 Employees	Employees p.32
	2-8 Workers who are not employees	Employees p.32 Social Performance Indicators p.43
	2-9 Governance structure and composition	Sustainability Management p.13 Transparent Management p.40
	2-10 Nomination and selection of the highest governance body	Transparent Management p.40
	2-11 Chair of the highest governance body	Management Message p.4 Transparent Management p.40
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability Management p.13 Transparent Management p.40
	2-13 Delegation of responsibility for managing impacts	Sustainability Management p.13 Transparent Management p.40
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Management p.13 Transparent Management p.40
	2-15 Conflicts of interest	Business Ethics and Compliance with Laws p.41

GRI Standard	Disclosures	Page Number, Reference and/or Direct Answers
GRI 1: FOUNDATION 2021		
GRI 2: GENERAL DISCLOSURES 2021		
GRI 2: General Disclosures 2021	2-16 Communication of critical concerns	Transparent Management p.40 Business Ethics and Compliance with Laws p.41
	2-17 Collective knowledge of the highest governance body	Transparent Management p.40
	2-18 Evaluation of the performance of the highest governance body	Transparent Management p.40
	2-19 Remuneration policies	Employee Loyalty and Volunteering p.32
	2-20 Process to determine remuneration	Employee Loyalty and Volunteering p.32
	2-21 Annual total compensation ratio	Employee Loyalty and Volunteering p.32
	2-22 Statement on sustainable development strategy	Management Message p.4 Corporate Strategy p.11 Sustainability Management p.13 Materiality Assessment p.14
	2-23 Policy commitments	Diversity, Equality and Inclusion p.35 Business Ethics and Compliance with Laws p.41 Occupational Health and Safety p.38
	2-24 Embedding policy commitments	Diversity, Equality and Inclusion p.35 Business Ethics and Compliance with Laws p.41 Occupational Health and Safety p.38
	2-25 Processes to remediate negative impacts	Customer Experience p. 24 Business Ethics and Compliance with Laws p.41
	2-26 Mechanisms for seeking advice and raising concerns	Business Ethics and Compliance with Laws p.41
	2-27 Compliance with laws and regulations	Business Ethics and Compliance with Laws p.41
	2-28 Membership associations	Corporate Memberships p.41
	2-29 Approach to stakeholder engagement	Stakeholder Dialog p.16
	2-30 Collective bargaining agreements	Employee Loyalty and Volunteering p.32 Social Performance Indicators p.43

GRI Standard	Disclosures	Page Number, Reference and/or Direct Answers
GRI 3: Material Topics 2021		
Material Topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15
	3-2 List of material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15
	3-3 Management of material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15
Business Ethics and Compliance with Laws		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15
	3-2 List of material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15
	3-3 Management of material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15 Business Ethics and Compliance with Laws p.41
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	Business Ethics and Compliance with Laws p.41
	205-2 Communication and training about anti-corruption policies and procedures	Business Ethics and Compliance with Laws p.41
GRI 206: Anti-Competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Business Ethics and Compliance with Laws p.41

GRI Standard	Disclosures	Page Number, Reference and/or Direct Answers
Sustainable Economic Growth		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15
	3-2 List of material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15
	3-3 Management of material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15 Our Economic Value Generated p.18
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Employee Loyalty and Volunteering p.32
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	PPS p.16 Social Performance Indicators p.43
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Supply Chain p.25 PPS p.16
Efficient Use of Resources		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15
	3-2 List of material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15
	3-3 Management of material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15 Supply Chain p.25
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Supply Chain Management p.25
	308-2 Negative environmental impacts in the supply chain and actions taken	Supply Chain Management p.25

GRI Standard	Disclosures	Page Number, Reference and/or Direct Answers
Health and Safety		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15
	3-2 List of material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15
	3-3 Management of material topics	Materiality Assessment: p.14 Occupational Health and Safety p.38
GRI 403: Occupational Health And Safety 2018	403-1 Occupational health and safety management system	Occupational Health and Safety p.38
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety p.38 Social Performance Indicators p.43
	403-3 Occupational health services	Occupational Health and Safety p.38
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety p.38
	403-5 Worker training on occupational health and safety	Occupational Health and Safety p.38 Social Performance Indicators p.43
	403-6 Promotion of worker health	Employee Loyalty and Volunteering p.32
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety p.38
	403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety p.38
	403-9 Work-related injuries	Social Performance Indicators p.43
	403-10 Work-related ill health	Social Performance Indicators p.43

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Human Rights		
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	3-3 Management of material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15 Employee Loyalty and Volunteering p.32 Business Ethics and Compliance with Laws p.41
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Employee Loyalty and Volunteering p.32 Business Ethics and Compliance with Laws p.41 Supply Chain p.25
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Employee Loyalty and Volunteering p.32 Business Ethics and Compliance with Laws p.41 Supply Chain p.25
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Employee Loyalty and Volunteering p.32 Business Ethics and Compliance with Laws p.41 Supply Chain p.25
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Baymak Academy p.36 Children Have the Say in Energy p.37
Product Quality and Safety		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15
	3-2 List of material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15
	3-3 Management of material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15 Quality and Product Safety p.23
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Quality and Product Safety p.23

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Responsible Water Management		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15
	3-2 List of material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15
	3-3 Management of material topics	Materiality Assessment: p.14 Water Management p.27
GRI 303: Water And Effluents 2018	303-1 Interactions with water as a shared resource	Water Management p.27
	303-2 Management of water discharge related impacts	Water Management p.27
	303-3 Water withdrawal	Water Management p.27
	303-4 Water discharge	Water Management p.27 Environmental Performance Indicators p.44
	303-5 Water consumption	Water Management p.27 Environmental Performance Idicators p.44

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Decent Work and Income Sources		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15
	3-2 List of material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15
	3-3 Management of material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15 Employees p.32 Diversity, Equality and Inclusion p.35
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Social Performance Indicators p.43
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Loyalty and Volunteering p.32
	401-3 Parental leave	Diversity, Equality and Inclusion p.35
GRI 404: Training And Education 2016	404-1 Average hours of training per year per employee	Talent and Career Management p.32
	404-2 Programs for upgrading employee skills and transition assistance programs	Talent and Career Management p.32 Sustainability Training and Activities p.33 Baymak Academy p.36
GRI 406: Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Diversity, Equality and Inclusion p.35
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Supply Chain Management p.25
	414-2 Negative social impacts in the supply chain and actions taken	Supply Chain Management p.25

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Customer Satisfaction and Loyalty		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15
	3-2 List of material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15
	3-3 Management of material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15 Customer Experience p.24 Corporate Strategy p.11
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer Experience p.24
Energy Efficiency		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15
	3-2 List of material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15
	3-3 Management of material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15 Environment and Energy Managements p.27-28
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Environment and Energy Managements p.27-28 Environmental Performance Indicators p.44
	302-2 Energy consumption outside of the organization	Environment and Energy Managements p.27-28 Environmental Performance Indicators p.44
	302-3 Energy intensity	Environment and Energy Managements p.27-28 Environmental Performance Indicators p.44
	302-4 Reduction of energy consumption	Environment and Energy Managements p.27-28 Environmental Performance Indicators p.44
	302-5 Reductions in energy requirements of products and services	Operational Efficiency p.19-20 Environment and Energy Managements p.27-28

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GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15
	3-2 List of material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15
	3-3 Management of material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15 Waste Management and Circularity p.30
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste Management and Circularity p.30
	306-2 Management of significant waste-related impacts	Waste Management and Circularity p.30
	306-3 Waste generated	Waste Management and Circularity p.30 Environmental Performance Indicators p.44
	306-4 Waste diverted from disposal	Waste Management and Circularity p.30 Environmental Performance Indicators p.44
	306-5 Waste directed to disposal	Waste Management and Circularity p.30 Environmental Performance Indicators p.44
Energy-Efficient Products and Services		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15
	3-2 List of material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15
	3-3 Management of material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15 Energy-Efficient Products and Services p.21
GRI 301: Materials 2016	301-2 Recycled input materials used	Waste Management and Circularity p.30

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Gender Equality		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15
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	3-3 Management of material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15 Diversity, Equality and Inclusion p.35
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Employees p.32 Diversity, Equality and Inclusion p.35 Management Structure Duties and Authorities p.40
	405-2 Ratio of basic salary and remuneration of women to men	Diversity, Equality and Inclusion p.35
Strong Economic Performance		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15
	3-2 List of material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15
	3-3 Management of material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15 Our Economic Value Generated p.18
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Our Economic Value Generated p.18
	201-3 Defined benefit plan obligations and other retirement plans	PPS p.16 Employee Loyalty and Volunteering p.32

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GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15
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	3-3 Management of material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15 Energy-Efficient Products and Services p.21 Climate Change Mitigation p.29
GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products and services on biodiversity	Energy-Efficient Products and Services p.21
Climate Change Mitigation		
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GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Climate Change Mitigation p.29 Environmental Performance Indicators p.44
	305-2 Energy indirect (Scope 2) GHG emissions	Climate Change Mitigation p.29 Environmental Performance Indicators p.44
	305-3 Other indirect (Scope 3) GHG emissions	Climate Change Mitigation p.29 Environmental Performance Indicators p.44
	305-4 GHG emissions intensity	Climate Change Mitigation p.29 Environmental Performance Indicators p.44
	305-5 Reduction of GHG emissions	Climate Change Mitigation p.29

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	3-3 Management of material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15 Business Ethics and Compliance with Laws p.41 Transparent Management p.40
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GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15
	3-2 List of material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15
	3-3 Management of material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15 Environment and Energy Management p.27-28
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GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15
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Ethics and Integrity Management		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15
	3-2 List of material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15
	3-3 Management of material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15 Business Ethics and Compliance with Laws p.41
Operational Efficiency		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15
	3-2 List of material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15
	3-3 Management of material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15 Operational Efficiency p.19-20
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GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Assessment: p.14 Baymak's Materiality Matrix p.15
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