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TORUN Group

Sustainability Report 2021

Progress Report on the Goals and Targets We Commit for a Sustainable World

CONTENTS

About The Report	3	03 OCCUPATIONAL HEALTH & SAFETY		07 CONTINUOUS DEVELOPMENT	
CEO's Letter	4	04 HUMAN RIGHTS & FAIR WORKING ENVIRONMENT		TORUN Academy	49
01 CORPORATE PROFILE		05 SUSTAINABILITY MANAGEMENT		Kolektif Future	50
TORUN at a Glance	6	Sustainability Strategy & Vision	31	08 DIGITAL TRANSFORMATION	
Group Companies and Certifications	7	Priority SDGs and Related Activities	32	Automation & Business Intelligence	52
TORUN Values	8	Production Sustainability	33	09 REFERENCES	
Financial Profile	9	Material Sustainability	34	UN Global Compact References	54
2021 Highlights	10	Environmental Approach	35	UN SDG References	55
02 CORPORATE GOVERNANCE		Energy Efficiency at TORUN	40		
Ethics and Anti-Corruption	12	06 INNOVATION MANAGEMENT			
Internal Audit and Corporate Risk Management	13	Research & Development	43		
Data Security	14	Innovation Management	44		
Product Safety and Customer Happiness	15	Design Center	47		
Supply Chain Management	16				
Stakeholder Relations	17				



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ABOUT THE REPORT

This report is the 4th Sustainability Report of TORUN Endüstri Yatırım AŞ (later referred to as TORUN Group) and its group companies.

With this report, it is presented to the opinions of its stakeholders in line with the strategy, policy, performance evaluations, transparency and accountability principles in the social, environmental, ethical and economic fields realized by the TORUN Group in 2021 within the scope of its sustainability performance.

Scope of The Report:

The information contained in this report covers the activities of TORUN Group between 1 January 2021 and 31 December 2021. While preparing the report, the sustainability standards of the UN Global Compact signed in 2019 were taken into account.

Access to the report by all stakeholders is a priority principle within the framework of transparency and accountability. Therefore, the report can be accessed at the address “www.torunmetal.com”.

TORUN Group reports its sustainability performance on an annual basis.



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

TORUN Endüstri Yatırım AŞ has been a signatory to the UN Global Compact since 2019. It also manages its sustainability activities in a way that will take as a basis and support the principles of this contract.

Read more on unglobalcompact.org

LETTER FROM CEO



Dear Stakeholders,

After a year of recession, uncertainties, and supply chain crises, 2021 has been a year of partial normalization as vaccination gained momentum worldwide. Despite the ongoing pandemic impacts and the supply chain crisis, we have seen a notable increase in our sales, continued our steady growth, and made new investments for TORUN Group.

As a company, we are committed to sustainability at every level and this year, we embraced our core value of "Caring" and we included it in every action we take, starting with our conscious and sustainable production targets. We educated our people on sustainable development goals and energy efficiency practices and increased the number of energy efficiency projects. We believe that our environment is an integral part of who we are and what we do, and our responsibility is to protect and preserve it.

In 2021, we made notable achievements in reducing our carbon footprint and ensuring that our operations are as environmentally friendly as possible. With that in mind, I'd like to share with you some of the investments we made and the initiatives we've taken:

- In 2021, we added magnesium to our capabilities with our investment in state-of-the-art high-pressure magnesium die casting equipment and a new production facility. This year, TORUN became the first company in Turkey to successfully cast a magnesium part. With the increase in our know-how and production capacity, we envision becoming an essential player in lightweight e-mobility solutions.

- We continued to grow in Europe, regularly increasing our market share and customer base. With two new facilities on the way, our production capacity will double in 2022 while we will be integrating the latest technologies and environmentally conscious production methods.

- We also prioritized projects in the fields of R&D, innovation and digital transformation. We made digital projects for production automation, SAP Business Intelligence modules integration, robotic process automation, cloud technologies and data analytics our priority in 2021.

At TORUN, we believe that our business is only as good as the world around us and that we must use our resources responsibly and efficiently. That's why we are committed to making sustainable development goals part of our strategies, operations, and culture and contributing to a sustainable world with all our stakeholders.

Sincere thanks to our valuable customers, suppliers, employees, and stakeholders.

Ömer Faruk Öz

TORUN Grup CEO

CORPORATE PROFILE

01



TORUN GROUP AT A GLANCE

TORUN started its journey in 2000, built around one goal: To become the most preferred strategic partner of major industrial brands while having the leading expert staff and the latest technological abilities. Since the beginning, we have been working passionately to provide the best quality and service for our partners worldwide.

We process brass, aluminium, magnesium and stainless steel as per customer requirements in our strategically selected locations to provide the best quality and service wherever you are.

Our mission as TORUN Group is to create value for our customers, employees, suppliers, community, environment and investors. We believe in universal values and ethics without prioritizing any language, religion or nation, and we place human at the core of our organization. In line with our commitment to UN Global Compact, we regard human and nature in every step we take.



GROUP COMPANIES and CERTIFICATIONS

**TORUN
INDUSTRY**

TORUN INDUSTRY provides central management and consultancy services to TORUN companies all over the world.

 Kocaeli, TURKEY

**TORUN
BRASS**

TORUN BRASS specializes in casting, forging and machining of custom-made brass parts.

 Kocaeli, TURKEY


**TORUN
DIE CASTING**

TORUN DIE CASTING specializes in aluminium and magnesium high-pressure die casting parts, especially for the automotive industry.

 Istanbul, TURKEY

**TORUN
METAL**

TORUN METAL is a company for localization of goods and warehouse management.

 Stuttgart, GERMANY

**TORUN &
SCHMIDT**

TORUN & SCHMIDT focuses on high volume turning part production from brass and aluminium.

 Uhersky Brod, CZECHIA


**TORUN
CZECH**

TORUN CZECH specializes in stainless steel CNC high precision turning per customer requirements.

 Cervenka, CZECHIA

**TORUN
ITALY**

TORUN ITALY is the warehouse/delivery hub of brass and stainless steel parts for TORUN's customers in Europe.

 Borgomanero, ITALY

CERTIFICATIONS



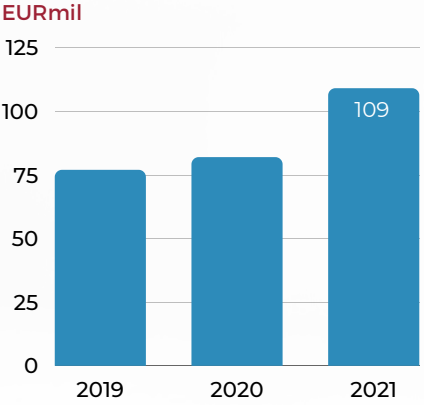
TORUN VALUES



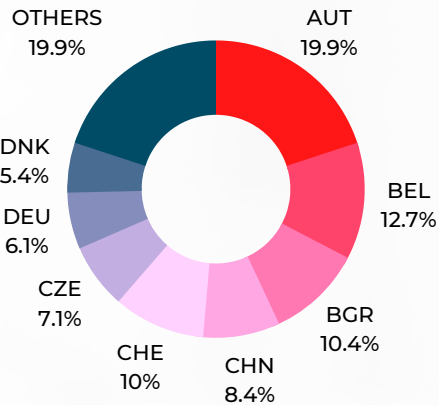
FINANCIAL PROFILE

TORUN BRASS

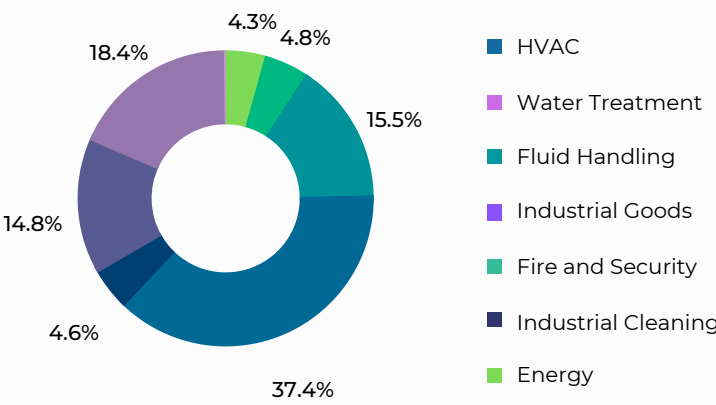
TOTAL SALES



SALES BY COUNTRIES

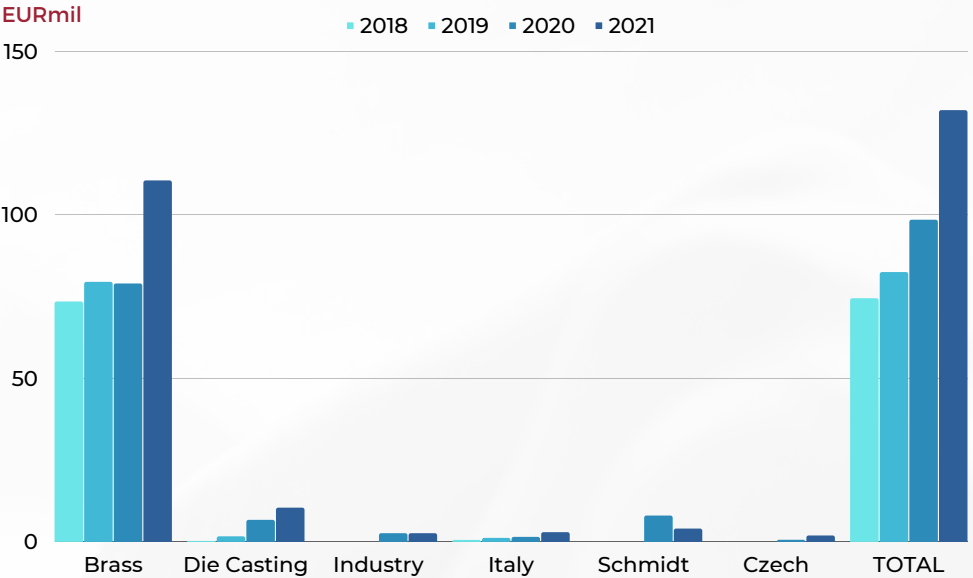


SALES BY SECTORS



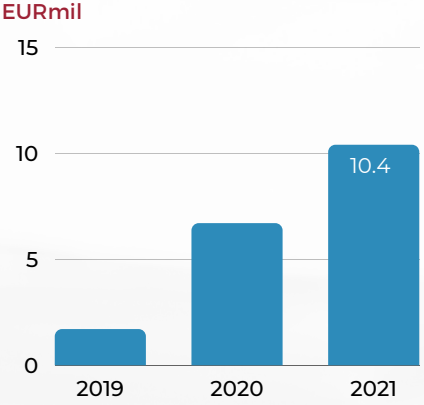
GROUP COMPANIES

TOTAL SALES SALES PER COMPANY

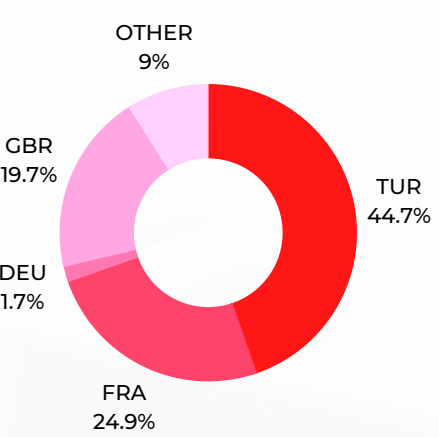


TORUN DIE CASTING

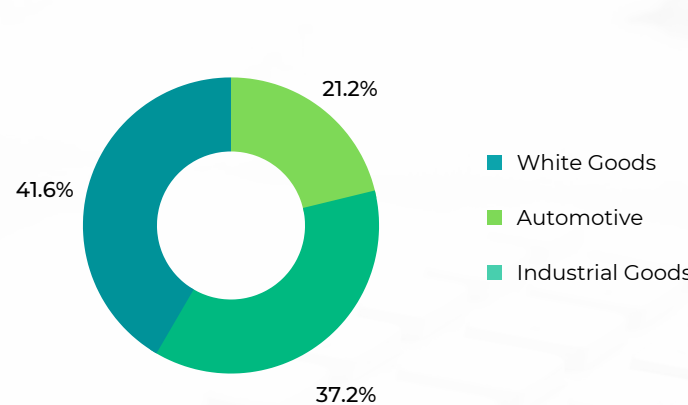
TOTAL SALES



SALES BY COUNTRIES



SALES BY SECTORS



2021 HIGHLIGHTS

€130M

Group Net Sales 2021

We made a total of € 130 Million worth of Sales in 2021, noted as an another record breaking year.

20% ↑

Sales Based Growth

Even with the negative impacts of the pandemic, we managed to grow 20% in terms of Total Sales.

432th

Turkey's Largest Industrial Enterprises

Rising by 35 places in the rankings, we were placed 432th in the Top 500 Largest Industrial Enterprises in Turkey List, known as İSO 500.



187th

Turkey's Top Exporters List

We are ranked 200th in Turkey's Top Exporters List, made by Turkish Exporters Assembly, with an 13 place rise.



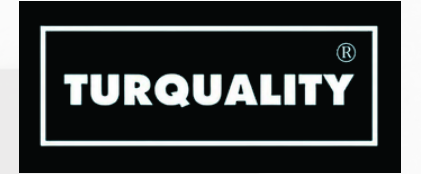
184th

Turkey's Top R&D Spenders List

In the list published every year by Turkishtime Magazine, TORUN R&D Center become 184th among the Top 250 Companies by R&D Expenditures, with its spending of 14 million Turkish Liras in 2021.



TORUN became the first company in Turkey to successfully cast a magnesium part. With our investment in state-of-the-art high-pressure magnesium die casting equipment and a new production facility, we envision becoming an essential player in lightweight e-mobility solutions.



After 4 years in brand support program, we applied for Turquality's highest level support program in order to boost our brand value globally.

CORPORATE GOVERNANCE

02



BUSINESS ETHICS and ANTI-CORRUPTION

We act with an ethical and transparent management approach in order to carry out our business successfully in the future as it is today and aim to disseminate our ethical values among our employees and transfer them to future generations.

As the TORUN Group, we adopt a business relationship approach that does not go beyond ethics and transparency. In this context, we accept the 10th principle of the United Nations Global Compact (UNGC), of which we are a signatory, titled anti-corruption, as an integral part of our business ethics and anti-corruption approach.

In our relevant rules and policies, the issues of acting in accordance with business ethics, protecting all kinds of company assets and information, preventing conflicts of interest, issues to be considered in establishing business partnerships, occupational health and safety, bribery and anti-corruption are discussed. In addition, there are mechanisms established for the notification of violations, disciplinary rules and sanctions to be applied in case of violations, and the process is followed sensitively.

Our TORUN Ethics Committee consists of 5 people, including the Chairman, the Deputy Chairman, two members and the rapporteur. Its primary duties include creating the "TORUN Governance Principles and Rules of Business Ethics" directive, making its revisions, keeping track of its up-to-dateness, and ensuring that the employees adopt and implement it. Our ethical principles that all managers and employees must comply with; covers occupational health and safety, environmental protection, product safety and quality, prohibition of political activity, security and confidentiality of intellectual rights, the confidentiality of personal data, prevention of unfair competition principles, prevention of corruption, abuse, bribery and similar unlawful and illegitimate acts.

In line with our values, we see it as our responsibility to contribute to acting with business ethics. In order to ensure that the ethical principles are put into practice, we inform our company employees at all levels about these principles and measure their level of knowledge every year. Furthermore, all Torun employees, suppliers, business partners, customers and stakeholders are obliged to report situations that do not comply with business ethics.



INTERNAL AUDIT & CORPORATE RISK MANAGEMENT

In 2019, the Group Internal Audit and Enterprise Risk Management Department was established, providing TORUN Strategy input and uncovering and monitoring corporate risks.

Working under the board of directors, the organization serves with a competency model that can meet the expectations of facility leaders within the scope of consultancy. Considering the stakeholder values, the TORUN family prioritizes providing a reasonable level of risk assurance. Risk analysis activities and internal audit processes are implemented periodically in this context.

Risks posed by processes, facilities and group structure, especially corporate values and corporate strategy, are evaluated by taking external and internal factors into account through comprehensive workshops and providing essential input to the board of directors and facilities in creating strategic road maps.

All these risks always turn into actions that serve our corporate strategy and consider our stakeholder and corporate values. While systematic improvements and simplification and digitization of processes have become the priority activities in our facilities, the internal audit team has accelerated the learning phase in creating remote, dynamic audit methods and more efficient risk assessment steps. The internal audit and corporate risk management team, which spread its activities to all facilities in 3 years, provided its development and learning in digitalization without delay. Although the internal audit function is an organization affiliated with the board of directors, it also creates an independent and sharing field of activity.

Carrying out internal audit and risk activities under one roof, including the company's corporate strategy, creates both awareness and synergy. It aims to provide the necessary reasonable assurance to the stakeholders, protect the tangible and intangible assets, resources and the environment of the TORUN family, benefit from investments with added value, minimize the losses arising from uncertainties, and provide the highest benefit from possible opportunities.

INTERNAL AUDIT

Within the scope of the periodic audit plan approved by the board of directors, audit activities are carried out in all facilities to create added value, taking into account the corporate strategy and the risks posed by the processes. The “risk-based approach” forms the basis of the process in the creation of the audit plan.

RISK MANAGEMENT

Risk management activities are carried out on the basis of corporate risk management principles and take place as a participatory process with a holistic and proactive approach. Increasing uncertainty makes effective risk management important. By increasing the use of digital tools, risk assessment activities are carried out throughout the facilities, which are fully participatory and add value to the corporate strategy.

CONSULTANCY

Group internal audit and corporate risk management team, taking into account the evaluations of the board of directors, system/process configuration, lean activities, stakeholder analysis, etc. It provides services to all facilities with its consultancy role in its issues.



DATA SECURITY

We commit to protecting the confidentiality, integrity and accessibility of the information belonging to our institution and all our stakeholders with a sustainable understanding. Accordingly, we take the necessary measures to ensure the business continuity of this information, provide the resources required to fulfill the current conditions of the ISO 27001 Information Security Management System, and carry out all our activities with this policy.

As TORUN Group, we keep the information of our customers and suppliers safe and continue to provide up-to-date information. Our infrastructure/superstructure and security-oriented services aim to protect this information.

STUDIES PERFORMED WITHIN THE SCOPE OF INFORMATION SECURITY:

- Updating the operating system and software.
- With the NAC (Network Access Controller) service, regular checks of computers that may be included in our network are carried out, thus preventing a foreign device from entering our network.
- Regular testing to ensure business continuity.
- It uses data center and cloud services to have a redundant structure system to avoid disrupting business continuity.
- Making accurate resource planning with annual capacity planning plans IT investments that will support the institution's development.
- Confidentiality agreements with our suppliers.
- Making a redundancy plan for our critical systems and servers and automatic backups performed in accordance with the plan.
- Taking necessary precautions for business continuity and disaster situations.
- Establishment of automatic warning systems in order to continuously monitor the sensors in the system rooms and take action in case of a warning.
- By performing a penetration test, security vulnerabilities that may occur in systems and applications are detected. Studies are carried out to eliminate the gaps by detecting them.
- Review of the roles and responsibilities of the Information Security team.

By establishing and maintaining a documented system of controls and management, we identify risks and take actions to reduce them. As an ISO 27001-certified company, we protect information from getting into unauthorized hands and ensure utmost security for data stored and shared information is always accurate.



- Review and update asset inventory.
- Carrying out Risk Analysis studies and updating the risks regularly.
- Improvement efforts aim to lower our acceptable risk value.
- Determination of Information Security targets and business plans compatible with the target. Information Security Awareness training.
- Regular review of SAP and File server authorizations that are critical to the organization.
- Internal Audit, SGS Certification Audit and continuous audits by Independent Audit Firms. Planning the improvement and correction works according to the audit results.
- The uninterrupted working status of the server, network and internet is monitored and recorded on a monthly basis.
- Regular review of user VPN access rights.
- Performing key port checks at certain periods.
- Periodic review of accounts in the Domain Controller and situations such as user additions that may occur as a result of leaks.
- Reducing the machine downtime in case of computer and software problems that may occur by taking the images of the computers on the benches.



PRODUCT SAFETY & CUSTOMER HAPPINESS

Thanks to our R&D and Design Centers, we move forward simultaneously with our customers at every stage of the process and offer end-to-end solutions. We meet all the needs of our customers from a single point with different raw materials and production processes. Thanks to our competent engineering team, we support our customers at every project stage, from design to prototyping, from material selection to process optimization. In addition, we clearly define our working limits with customer-specific specifications and demands. In this way, we produce products that comply fully with our customers' requests in all our locations and deliver them under the agreed delivery conditions.

Safe product for TORUN means all the products are shipped following all specifications and requirements; the internal structure of the material, alloy components, and the success conditions sought in life tests. In addition, we ensure the safety of products that are in the process of leaving TORUN locations and reaching customers through insurance agreements we make with our suppliers. The contracts that we signed with our partners and that cover all our commercial/technical/strategic relations are documents in which all conditions are declared and are kept in compliance with the confidentiality principles within TORUN.

In order to increase our operational excellence, we continue our process improvement investments. We prioritize investments in robotic automation by adhering to the Industry 4.0 structure in production activities.

We use the SAP S/4HANA as the ERP system. It is always our top priority to reduce risk, manage everything from a single system, and speed up the process by automating manual work.

We use the Salesforce CRM system in order to carry out our customer processes correctly, and we manage customer demands in the most accurate way from a single system.



SUPPLY CHAIN MANAGEMENT

STRATEGIC COLLABORATIONS AND SUPPLIER EVALUATION

As TORUN Group, we are working to establish strategic partnerships with our suppliers, improve our supply chain management, and incorporate different product and production processes. In this context, we have digitized this process, making it more straightforward and more effective, so that the selection and evaluation processes of our suppliers, which we will determine, are carried out systematically.

Supplier commissioning studies for all of our processes are carried out meticulously in accordance with established standards. Within the scope of the contract supply project, we have developed our supplier selection, evaluation and sampling processes for the suppliers that we will commission for forging and machining processes. In addition to the requirement that our suppliers who will start working with TORUN have ISO 9001:2015 certificate, we give priority to suppliers that also have other quality management system certificates.

In addition to the Quality Management Systems of the suppliers who will start working with TORUN companies for the first time, the following criteria are taken into consideration;

- Machinery and Equipment Infrastructure
- Human and Process Competence
- Financial Structure
- Risk management
- Ethical and Legal Issues
- Reference data are taken into account.

We implement our supplier development program within the framework of international standards. We have supplier evaluation and emergency plans within the scope of corporate risk management. We evaluate supplier performance evaluations twice a year, taking into account all processes of our suppliers based on their delivery, quality, integrated management system, technical support, communication and information security performances.

DIGITALIZATION IN PURCHASING

At TORUN Group, we support digitalization investments to create sustainable supply chain management. We are constantly working to produce new digitalization projects to improve direct, indirect and contract material supply. In this context, we improve the working conditions of our suppliers with whom we cooperate.

By using Robotic Process Automation applications in our purchasing processes, we automate our routine work and increase the effective use of our resources.

SOCIAL RESPONSIBILITY

We have developed the Responsible Purchasing Policy with our social responsibility awareness and integrated it into our contracts. We share the social and ethical responsibilities with all suppliers that provide goods and services to TORUN Group companies are expected to comply. The primary purpose of this developed policy is to create value for a sustainable future together with all our suppliers.

Our Responsible Purchasing Policy is designed to ensure that the way of doing business of the suppliers is compatible with Torun Group values and current legal rules, and it is mandatory to be complied with by all suppliers. It is a contractual obligation to accept and abide by the TORUN Group Responsible Purchasing Policy.



STAKEHOLDER RELATIONS

STAKEHOLDER COMMUNICATIONS

Communications with all TORUN stakeholders are carried out via various methods and mediums, from monthly board meetings to regularly updated website news and social media to yearly reports like sustainability reports and project presentations. As a Group, we care about identifying and meeting the expectations and needs of our stakeholders in order to reach the most accurate methods and mediums to include and inform our stakeholders in the process and take their feedback.

EMPLOYEES

PLATFORM	PURPOSE	FREQUENCY
EMPLOYEE SATISFACTION SURVEY	SETTING PRIORITIES AND IMPROVEMENT	ONCE A YEAR
BRAND PERCEPTION SURVEY	ACTIONS TO DETECT AND INTERNAL COMMUNICATION	ONCE IN TWO YEARS
SUSTAINABILITY REPORT	SUSTAINABILITY AWARENESS AND PERFORMANCE	ONCE A YEAR
TORUN BULLETIN	ANNOUNCEMENT OF IMPORTANT DEVELOPMENTS ABOUT THE COMPANY	EVERY TWO MONTHS
IN HOUSE TVs	INFORMATION SHARING	CONTINUOUS
TORUN IDEA FACTORY	INNOVATION NEWS	CONTINUOUS
SOCIAL MEDIA	COMPANY ANNOUNCEMENTS	CONTINUOUS
YEARLY VISION MEETING	EVALUATION OF THE PREVIOUS YEAR AND THE VISION OF THE NEXT YEAR	ONCE A YEAR

CUSTOMERS

PLATFORM	PURPOSE	FREQUENCY
CUSTOMER SATISFACTION SURVEY	SETTING PRIORITIES AND IMPROVEMENT	ONCE A YEAR
SUSTAINABILITY REPORT	SUSTAINABILITY AWARENESS AND PERFORMANCE	ONCE A YEAR
WEBSITE	COMPANY NEWS	CONTINUOUS
SOCIAL MEDIA	COMPANY ANNOUNCEMENTS	CONTINUOUS
E-MAIL NEWSLETTERS	RECENT NEWS AND DEVELOPMENTS	FOUR TIMES A YEAR
TRADE FAIRS & EXHIBITIONS	COMMUNICATION WITH EXISTING AND NEW CUSTOMERS	EVERY TWO YEARS

SUPPLIERS

PLATFORM	PURPOSE	FREQUENCY
SUSTAINABILITY REPORT	SUSTAINABILITY AWARENESS AND PERFORMANCE	ONCE A YEAR
WEBSITE	COMPANY NEWS	CONTINUOUS
SOCIAL MEDIA	COMPANY ANNOUNCEMENTS	CONTINUOUS
E-MAIL NEWSLETTERS	RECENT NEWS AND DEVELOPMENTS	FOUR TIMES A YEAR
TRADE FAIRS & EXHIBITIONS	COMMUNICATION WITH EXISTING AND NEW CUSTOMERS	EVERY TWO YEARS

SHAREHOLDERS

PLATFORM	PURPOSE	FREQUENCY
GENERAL ASSEMBLY & BOARD OF INVESTORS	EVALUATION OF ANNUAL RESULTS, DETERMINATION OF STRATEGIES	ONCE A YEAR
INTERNAL AUDIT AND CORPORATE RISK MEETINGS	INTERNAL AUDIT AND CORPORATE RISK PROCESS REPORT	FOUR TIMES A YEAR
EXECUTIVE BOARD MEETINGS	ACTIONS OF THE PREVIOUS MONTH AND RECEIVING SUGGESTIONS	MONTHLY
MANAGERIAL BOARD MEETINGS	ANNOUNCEMENT OF MONTHLY RESULTS	MONTHLY
E-MAILS / PHONE CALLS	INFORMATION SHARING	UPON REQUEST

PUBLIC

PLATFORM	PURPOSE	FREQUENCY
SUSTAINABILITY REPORT	SUSTAINABILITY AWARENESS AND PERFORMANCE	ONCE A YEAR
WEBSITE	COMPANY NEWS	CONTINUOUS
SOCIAL MEDIA	COMPANY ANNOUNCEMENTS	CONTINUOUS
JOINT PROJECTS WITH FOUNDATIONS AND ASSOCIATIONS	SOCIAL IMPACT	PROJECT BASED
UNIVERSITY - INDUSTRY COLLABORATIONS	JOINT R&D and INNOVATION	PROJECT BASED



**OCCUPATIONAL
HEALTH &
SAFETY**

03



OCCUPATIONAL HEALTH & SAFETY

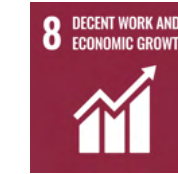
At TORUN Group, we adopt an understanding of sustainability in occupational health and safety and create a safe working environment by meeting all legal and other requirements related to OHS. We carry out our activities to establish a healthy and safe working environment, and we aim to achieve better day by day.

Occupational safety always comes before production, and we constantly support our employees with training so that all our employees understand this.

In 2021, the OHS League application was made within the scope of awareness studies and the continuity of the safe working environment was ensured by controlling the field applications. We will guarantee the sustainability of our safe working environment with field inspections, machinery safety inspections and equipment inspections that will be carried out systematically in 2022. In addition, we will organize an OHS Knowledge Contest to ensure that employees are included in the occupational health and safety culture. Within the scope of OHS Week, activities will be organized every year to keep those interested in the occupational health and safety culture of the employees alive.

We attach importance to Near Miss and Suggestion System practices in order to ensure more effective participation of our employees in the process. For this purpose, near-miss/hazard notifications were integrated with the “TORUN Idea Factory” application, and our employees were enabled to access and report via the paperwork application easily. With the transition to this ease of implementation, the number of near-miss/hazard notifications has dramatically increased compared to previous years. By adding the target of near/miss hazard notification to the performance indicators of our employees in 2022, it will be ensured that their interest in the subject is constantly alive. In addition, our employees will receive points for submitting safety suggestions and will be rewarded for their accumulated points.

As TORUN Group, we are aware of the importance of following national and international legislation with its growing and developing structure. With this awareness, we follow the legislation through various channels. With these follow-ups, we monitor the changes and carry out studies on the compliance of TORUN Group companies with the legislation.



TORUN BRASS

At the TORUN Brass facility, 17 hours of training were provided on health and safety throughout the year.

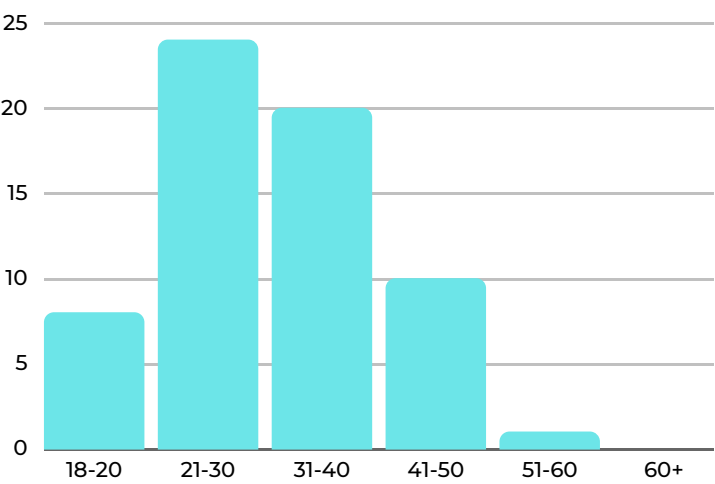
Employees who started to work during the year were given on-the-job health and safety training. In addition, subject-specific toolbox training was provided in small groups throughout the year. As a result, there were no fatal accidents or occupational diseases in TORUN Brass.

According to the 2021's statistics, it has been determined that our employees with 0-1 and 1-3 years of experience have more occupational accidents. In addition, the most common cause of accidents is behavior-related. With this data in hand, we will focus on behavior-oriented training this year, as we did last year. During the risk assessment renewal work in 2022, especially the behavior of the employees will be examined and these data will be used in the assessments. Thus, misbehaviors will be detected more easily and necessary work can be done to correct them.

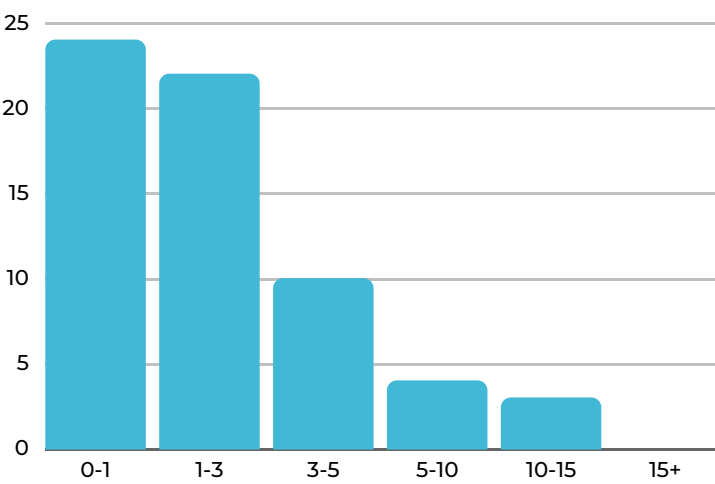
After the occupational accidents are experienced, accident analyzes are carried out with systematic and scientific methods with the trained accident analysis team. Especially after the accident analysis, we prepare an HSE Statement and share it with our employees to better understand the root causes. Detailed accident analyzes will continue in 2022.



NUMBER OF ACCIDENTS BASED ON AGE



NUMBER OF ACCIDENTS BASED ON EXPERIENCE



TARGET 11-8

11 COMMUNITIES AND LOCAL GOVERNMENTS

IMPLEMENT POLICIES FOR INCLUSION, RESOURCE EFFICIENCY AND DISASTER RISK REDUCTION

TARGET 8-8

8 DECENT WORK AND ECONOMIC GROWTH

PROTECT LABOUR RIGHTS AND PROMOTE SAFE WORKING ENVIRONMENTS

TARGET 3-0

3 UNIVERSAL HEALTH SERVICES

IMPROVE EARLY WARNING SYSTEMS FOR GLOBAL HEALTH RISKS

TORUN DIE CASTING

In the TORUN Die Casting facility, within the scope of occupational health and safety, OHS recruitment, OHS update, awareness-raising of aluminium and magnesium fires, first aid, toolbox and more training activities were carried out and approximately 2650 hours of training were provided to our employees. In particular, toolbox training is carried out regularly, determined according to the events and/or needs every week.

Within the scope of emergencies, our emergency plan and our teams were constantly updated, and new team members were given training on their duties. Our emergency plan will be prepared again in accordance with the renewed legislation and will be implemented in 2022. In order for our employees to be ready for emergencies, the emergency drill, which is held regularly every year, was carried out with the participation of 48 employees. The emergency drill to be held in 2022 is planned in 3 shifts according to the working order.

In order to contribute to the professional competence of our employees, the use of forklifts, cranes, man lift training has been provided through institutions authorized by the Vocational Qualifications Authority and the Ministry of National Education, and these competencies have been documented with the exams.

Risk assessment studies were updated with the participation of the team and employees. The risk assessment will be made again in 2022 with the increase in the number of employees and the commissioning of new machinery equipment in the inventory.

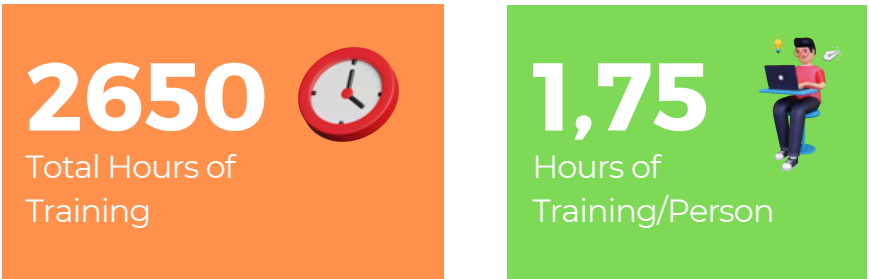
The risk assessment and emergency plan, which was prepared within the scope of the Covid-19 pandemic, which was effective worldwide in 2020, was updated in 2021 according to the current case situations, and all necessary precautions were taken for our employees to work in a healthy environment.

One of the works we do to provide a safer working environment for our employees is the periodic control of machinery and equipment. These annual controls were carried out in 2021. With the changes made within the scope of the work equipment regulation, the work equipment that has just been included in the scope of periodic control has also been included in the 2022 work plan.

Occupational hygiene environment measurements, another work we have done for a healthy and safe working environment, was renewed in 2021, with new processes, work equipment, etc. It has been evaluated and if necessary, its partial or complete renewal in 2022 has been put on the agenda. When the measurement results of 2021 were examined, it was seen that the noise measurement results were above the limit value, the necessary precautions were taken and the training on the use of ear protectors was renewed by informing the employees about this issue.

Within the scope of occupational health and safety legislation, we hold our OHS committee meetings, which are required to be held every 2 months, every week in order to carry out the work in a healthier and faster way. Meeting decisions are shared with our employees on the OHS information board.

In 2021, 11 work accidents were experienced mainly due to minor cuts. Root cause analyzes were made after work accidents, information about work accidents was shared with the employees on the OHS board, and employees were informed through single point training to prevent similar accidents from happening again.



RISK ASSESSMENT

At TORUN Brass, we create our risk assessment teams annually and keep our risk assessment studies up-to-date. Together with the teams formed, we carry out measures to identify and define actions for the identified risks.

In the OHS Risk assessment conducted in 2021, the risk assessment was updated, and most risks were brought under control by continuous monitoring. Matters that require action are followed up by the process responsible. In 2022, the risk assessment will be completely renewed. In order to enable our employees to participate in risk assessments, a "Risk Assessment Questionnaire" will be prepared and implemented.

The chemical risk assessment of our facility was carried out, the contact routes of employees with chemicals were determined and the precautions were determined. 171 chemicals were evaluated. Work continued with existing chemicals. If new chemicals are purchased in 2022, a re-evaluation will be made. In addition, a chemical management system will be established in order to monitor chemicals from the opening of the purchase requisition stage to the shipment to the warehouse, from use to reorder, and to follow-up of the expiry date.

For TORUN Brass's auxiliary facilities and machinery equipment to continue operating smoothly, we carry out periodic checks and measurements within an annual plan. Planned controls and measurements support our system regarding occupational health and safety. Measures are defined in line with control, inspection and measurement results and the continuity of our approach is ensured.

In 2021, we made our work in the field of OHS, our knowledge and records more systematic by obtaining ISO 45001 certificate. We will ensure the continuity of our document by continuing our systematic approach.

Due to the high noise level in our facility, we have audiogram tests performed every year and monitor the hearing health of our employees. In addition, we carry out a detailed health screening every two years and provide health advice to our employees under the leadership of our workplace doctor in line with the determinations. While determining the examinations to be made for health screening, in addition to the legislative requirements, the health risks that may occur due to the age of our employees and the chronic health profiles of our country are taken into account. We are aware of the necessity of monitoring the health process more systematically and the importance of healthy preventive medicine studies. In 2022, we will include a Health Officer colleague among us in order to meet the needs of our employees better.

For our field studies and observations, field observations are carried out on a weekly basis and we monitor the field situation and personnel awareness on OHS issues. By adding machinery safety inspections and equipment controls to these inspections in 2022, we will closely monitor the field, machinery, equipment and behavior issues.



As an ISO 45001 certified company, we take improving employee safety, reducing workplace risks and creating better, safer working conditions seriously.



**HUMAN RIGHTS
& FAIR WORK
ENVIRONMENT**

04



HUMAN RIGHTS

Our primary goals are to maintain the TORUN Group's ever-developing and growing structure at the global level, its sustainability performance, its goal of continuous improvement, and its structure in line with human rights principles as a global player in its field of activity.

OUR RESPONSIBILITIES TO OUR EMPLOYEES

We take measures to eliminate components, designs, defects or side effects that are harmful to human life and health or that may threaten human life during the production, use or disposal of products. We comply with the highest environmental and occupational health and safety standards to ensure the safe operation of our facilities and protect our environment, our employees, our customers, and the community members with whom we do business.

We are constantly striving to make occupational safety, health, and environmental issues an integral part of all our activities and meet the public's increasing expectations in these areas. We believe that all injuries, occupational diseases, and occupational or environmental accidents are preventable. Our goal is that these never happen. Therefore, we encourage our employees to attach importance to safe behaviour outside of work.

We evaluate the environmental impact of each new facility we plan to build. We design, build, operate and maintain all facilities and handling equipment that are safe for the local community and the environment and to the standards set by local legislation.

As a SEDEX certified company, we comply with the requirements within the scope of labour standards, environmental responsibilities, business ethics, health and safety.



At TORUN Group, we ensure that our employees' personal rights are fully and correctly used. We approach our employees honestly and fairly and commit to a non-discriminatory, safe, convenient and healthy working environment.

We make the necessary effort for the personal development of our employees, support them in volunteering for appropriate social and social activities with the awareness of social responsibility and observe the balance between business life and private life.

We accept the occupational safety and health of our employees as the main value. We carry out comprehensive and continuous training and regular audits in order to learn and correctly apply occupational safety laws.

We work in compliance with local and international environmental laws in all geographies where we operate. In particular, we actively take all the measures required by law regarding the release of substances into the air, soil or water. We make timely and full notification to the competent authorities in case of an accident related to releases or spills or in case of new information about chemicals that may pose a health threat.



FAIR WORKING ENVIRONMENT

We consider creating and maintaining a fair working environment for our employees as one of our top priorities. Within the framework of the fair working environment policy;

- Employee development, recognition of success and increasing loyalty are essential.
- Equality of opportunity is ensured; that is, no discrimination is made on the basis of age, race, creed, skin colour, gender, language, nationality, marital status, sexual orientation, seniority, political opinion, military status, actual or perceived disability or disability, religion or other legally protected characteristics.
- The principle of equal opportunity is applied in all employment terms and conditions such as, but not limited to, recruitment, placement, promotion, termination of employment, dismissal, recall, transfer, leave, wage and training.
- TORUN does not tolerate any sexual, physical, verbal or emotional abuse, abuse or threat in any way, and the necessary sanctions are applied within the scope of the Disciplinary Regulations.

As TORUN employees, we take care to protect the privacy and private information of our customers, employees and other relevant persons and organizations we work with.

We respect the private lives and personal spaces of our employees. Violation of the privacy rights of our employees at work or in environments where they are present for business purposes is against the law and ethical rules, and TORUN will not tolerate this offence in any way. The goal here is to enable our employees to work in an environment where their physical, sexual and emotional privacy rights are protected. The privacy rights of our employees regarding computer, e-mail and internet use are respected. On the other hand, electronic communication of our employees can be controlled in case of violation of the Code of Business Ethics.

At TORUN Group, we respect all employees' private and family lives.

FORCED OR COMPULSORY LABOR

We do not tolerate practices such as employing forced and compulsory labour, slavery, bonded labour or debt bondage, detention and abduction, confinement to the workplace, the use of prisoners' labour and services without the supervision of public authorities and forcibly employed by companies or left to their administration, jobs that punish freedom of thought and expression, forced overtime work, withholding, renting, non-payment of wages and incentivized borrowing of documents required for the job (financial or personal documents such as passports).

CHILD LABOUR

TORUN sees “Child Labor” as exploitation that is a violation of human rights and does not employ child labour.



DISCRIMINATION IN RECRUITMENT AND PLACEMENT

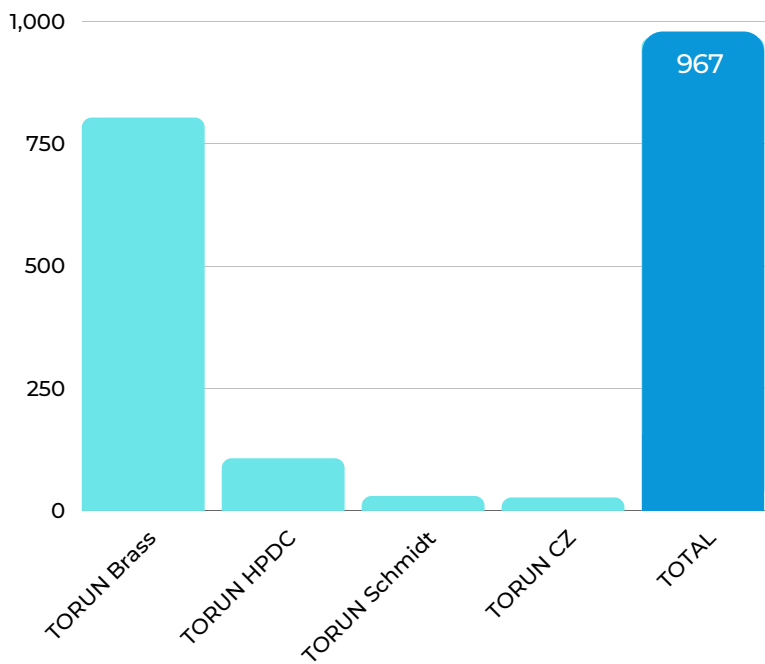
The selection and placement process is one of the processes we attach the most importance to, among other human resources processes. TORUN Group's Competency-Based Recruitment policy aims to recruit people with the competencies required by the position at the right time and the optimum cost, within the scope of the approved budget. In recruitment, an objective evaluation is based on the position's knowledge, skills, and experience criteria. As a result, equal opportunities are provided to all candidates with education, knowledge, skills, competence and experience in our recruitment processes; practices based on business performance and merit are carried out in terms of remuneration, fringe benefits and promotion.

Candidates who want to work within the TORUN Group can apply through recruitment sites (career portals) or direct applications. As a result of the preliminary evaluations made by the Human Resources department, interviews are held with the relevant department managers with the appropriate candidates, technical tests/evaluations are made according to the requirements of the position, and job offers are made to the candidates who are deemed suitable after the reference check. All candidates are treated equally, regardless of ethnic origin, religion, language, race, age, gender, sexual orientation, nationality, disability or cultural difference.

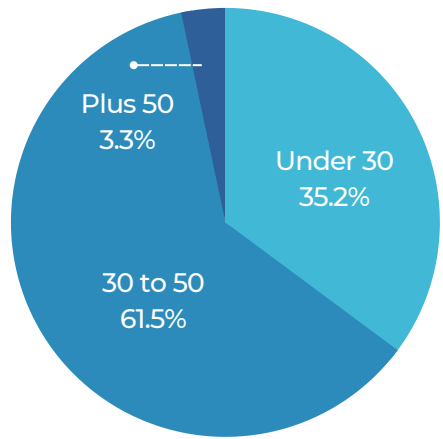
We adopt the principle of "right person for the right job, equal pay for equal work, rewarding based on success and equal opportunities for everyone" in all our human resources processes.

At TORUN Group, we support equal employment opportunities and empowerment of the female workforce in the industry. In this direction, our female personnel employment continues to increase every year. While 15,5% of our managerial staff consists of female personnel, increasing the number of women managers is among our targets for 2022.

TOTAL NUMBER OF EMPLOYEES PER COMPANY



EMPLOYEE BREAKDOWN BY AGE GROUPS



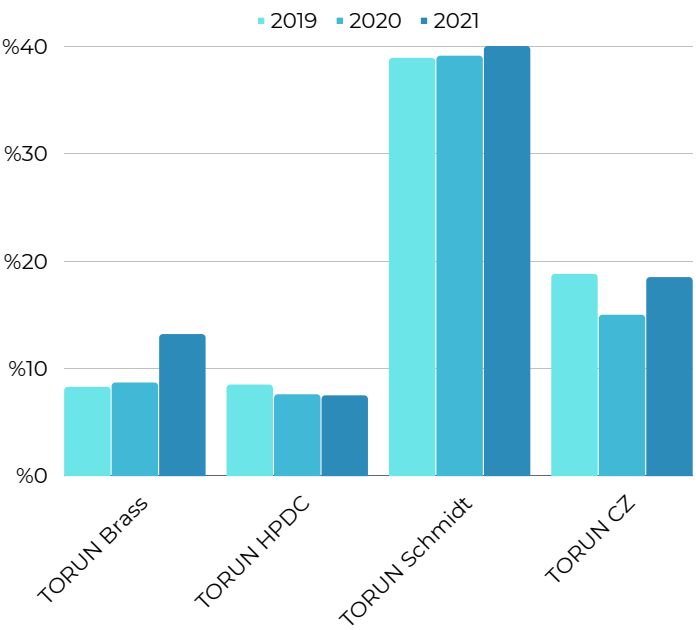
WOMAN TECHNICIAN DEVELOPMENT PROGRAM

As TORUN Metal, a company that cares about the female workforce in the industry and knows the value of contributing to it, the "Women Technician Training Program" was successfully completed in 2021.

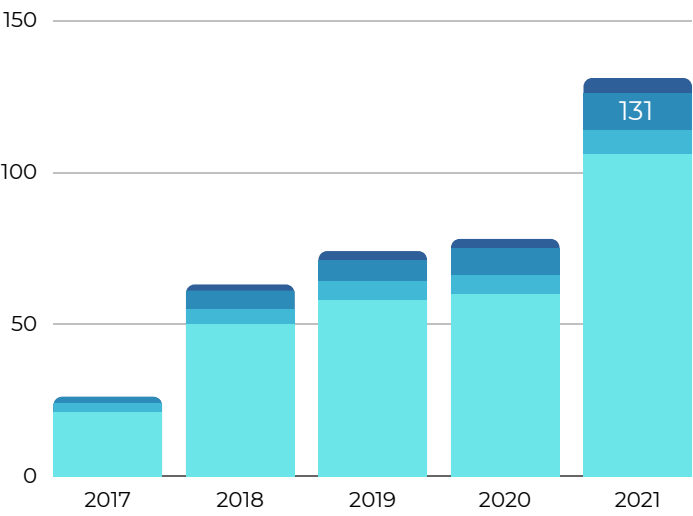
In the Process Quality Control department at TORUN Brass, our female employees with different competencies from different departments were included in the quality team and continued their careers as technicians as a result of receiving the necessary training; success is not only based on gender and education; once again proved that it is possible with the determination, will of the people and the opportunities given to the people.



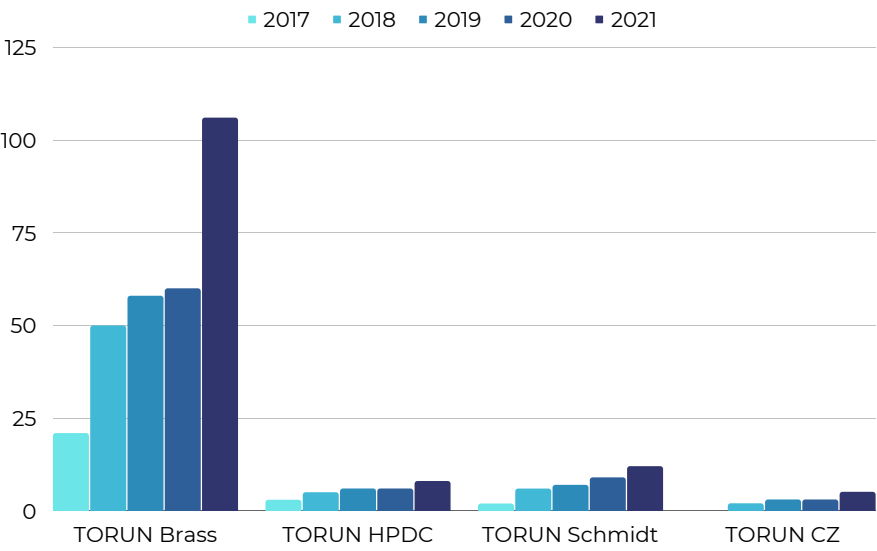
FEMALE STAFF RATIO PER COMPANY



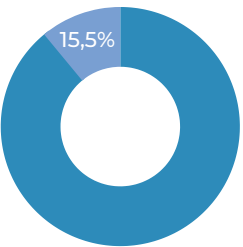
TOTAL NUMBER OF FEMALE STAFF



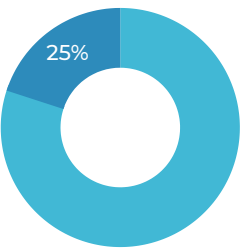
FEMALE STAFF NUMBER PER YEAR



FEMALE EXECUTIVE STAFF RATIO



WOMEN IN BOARD OF DIRECTORS



PERFORMANCE EVALUATION

Performance management system; measuring the success of employees with fair and standard methods, creating an effective communication process and providing feedback to people is one of the essential tools that allow their development.

TORUN Performance Management System is an evaluation system that will form an infrastructure for all other functions among human resources management functions. It is created to bring the employees' daily work lives in line with the corporate mission/vision and strategic goals. This system has been designed to evaluate our employees' performance fairly.

Within the scope of performance evaluation, we set business and development goals for our employees once a year at the beginning of the year, with the Performance Management System covering all our white-collar and blue-collar employees, and monitor their performance with evaluation processes based on objective criteria. In addition, we reward our employees with high performance in performance evaluation with a performance bonus.

CAREER MANAGEMENT

We approach career management with a different philosophy. Our basic approach is to never respond to the career development requests of our employees with a "no" answer. Instead, we adopt the philosophy of giving our employees the answer "how they can be" rather than "what they cannot be". For this reason, we have changed the current paradigms in career management with our Job Profiling and Career Management System. The Career Management System supports the development of the competency levels of all employees through transitions between different business areas within the company.

In addition, with the "Backup Management" system commissioned in 2019, an important step has been taken towards the sustainability of our company's critical positions and is being implemented effectively. The succession plan is reviewed and updated every year during the budget period with the participation of "Shareholders, CEO and Human Resources". With Succession Management, critical positions are determined, and backups that can carry out the task related to critical positions "by proxy and/or principally" are determined. If there is no such backup, recruitment planning is done.

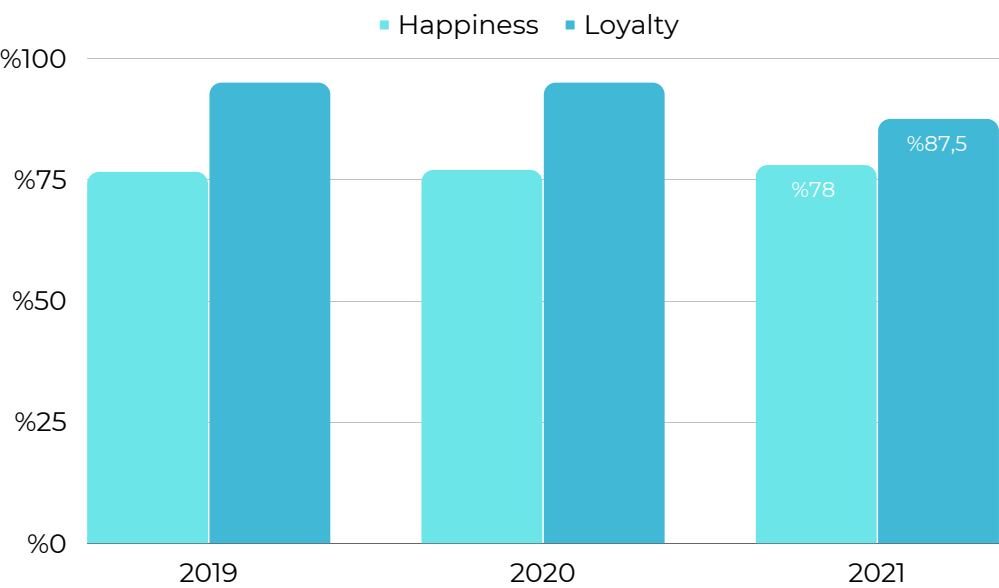
EMPLOYEE SATISFACTION SURVEY

We know that its employees' corporate commitment and continuity are the most needed elements to increase our quality and productivity and ensure economic growth. Therefore, every year, we measure the satisfaction and loyalty of our employees with the Employee Satisfaction Survey.

Our overall satisfaction rate for 2021 across TORUN companies was 78%. When we look at the results, we that corporate commitment exists and the employees contribute voluntarily and actively to our collective social and economic development. Necessary actions are taken to improve the areas with scores below the average in the survey.



SURVEY RESULTS



SUSTAINABILITY MANAGEMENT

05

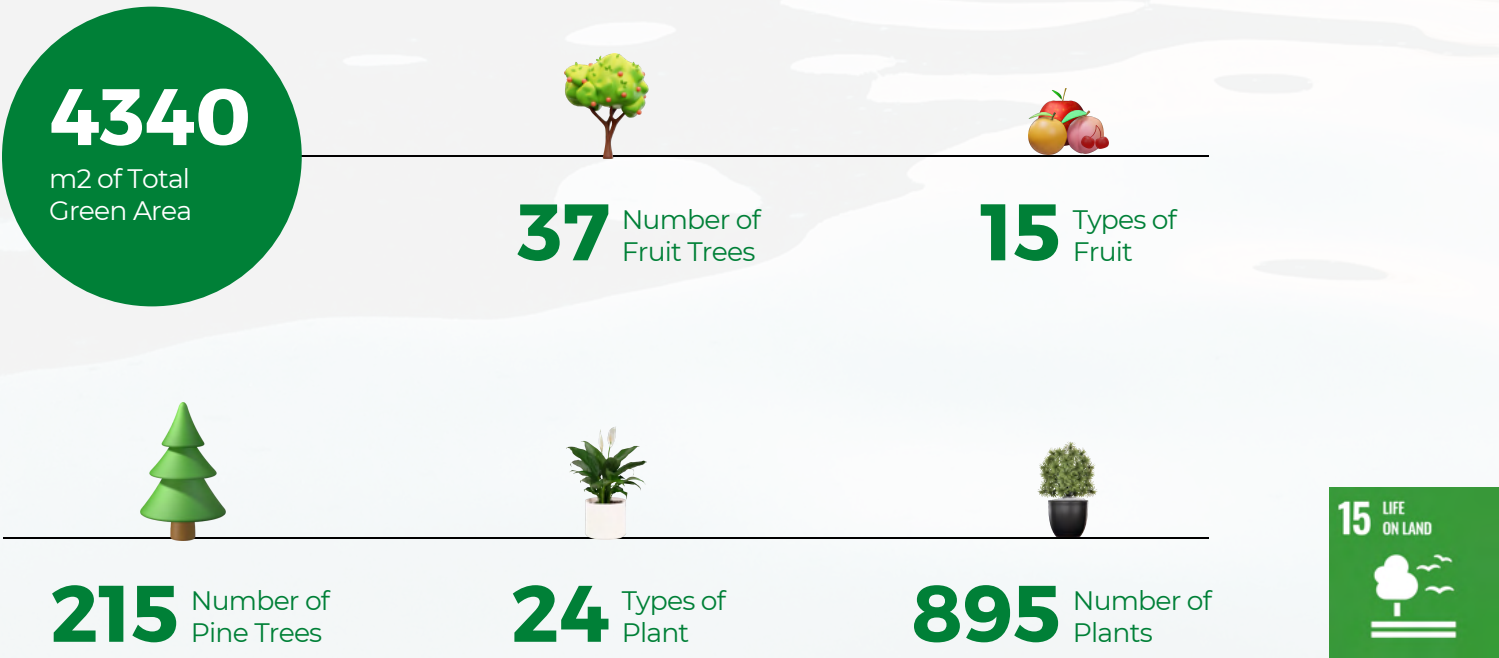
SUSTAINABILITY STRATEGY & VISION

As a company, we are committed to sustainability at every level. We believe our environment is an integral part of who we are and what we do, and our responsibility is to protect and preserve it. Therefore, while we ensure that internal policies support our energy-saving and environmental efforts, we are also committed to the requirements of the UN Global Compact's principles.

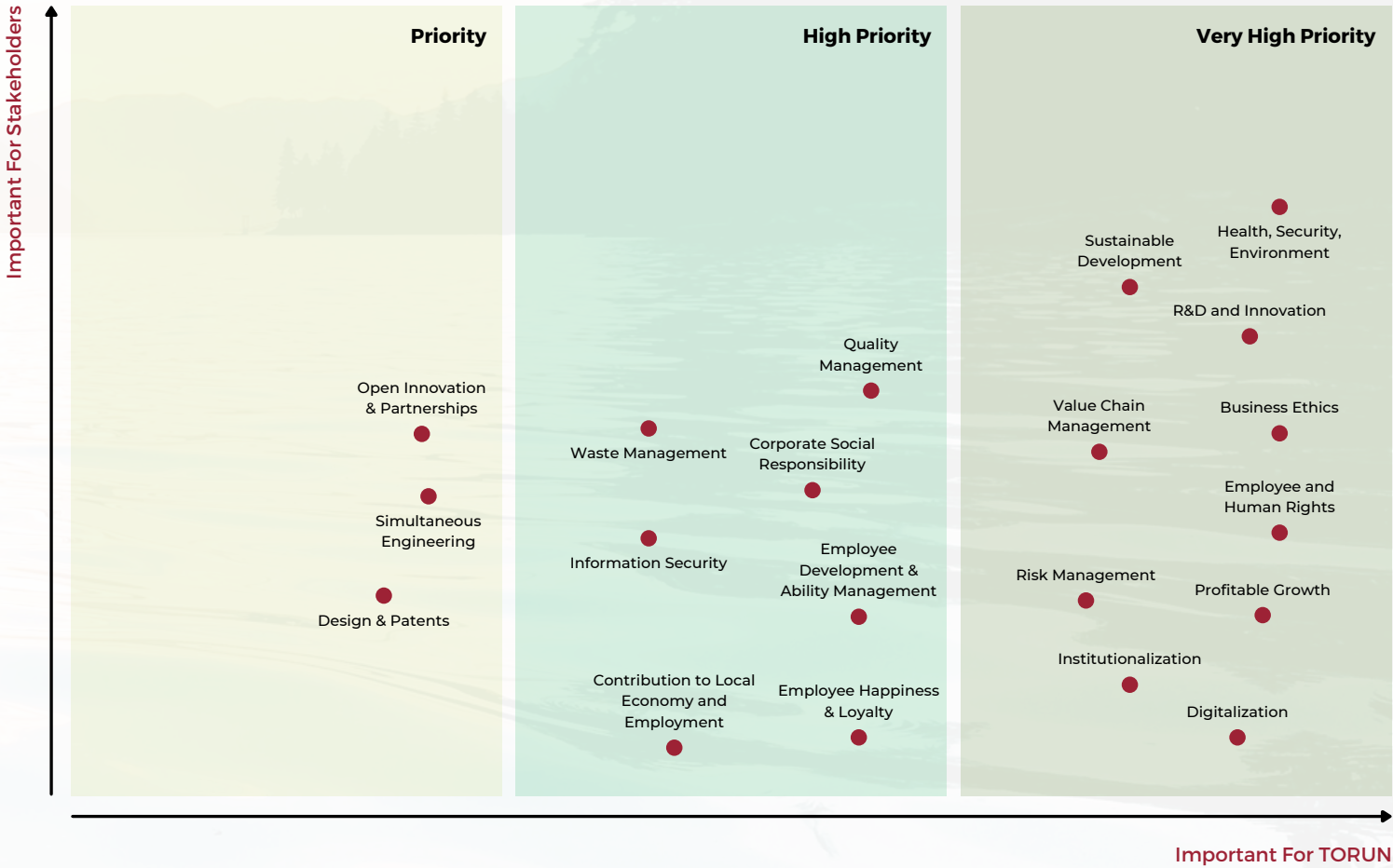
At TORUN, the Board of Directors defines the company's general sustainability strategy, and the Group's Management Team handles the day-to-day management and execution of the strategy. Our Board of Directors and Management Team are responsible for TORUN's sustainability efforts.

TORUN'S GREEN INVENTORY







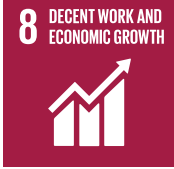



As TORUN, we believe contributing to the ecosystem starts with our own house. For this reason, we have allocated 4.340 m2 of our 33.000 m2 area to green areas and host a living space for thousands of birds and insects, including 895 plants and 252 trees on our campus.

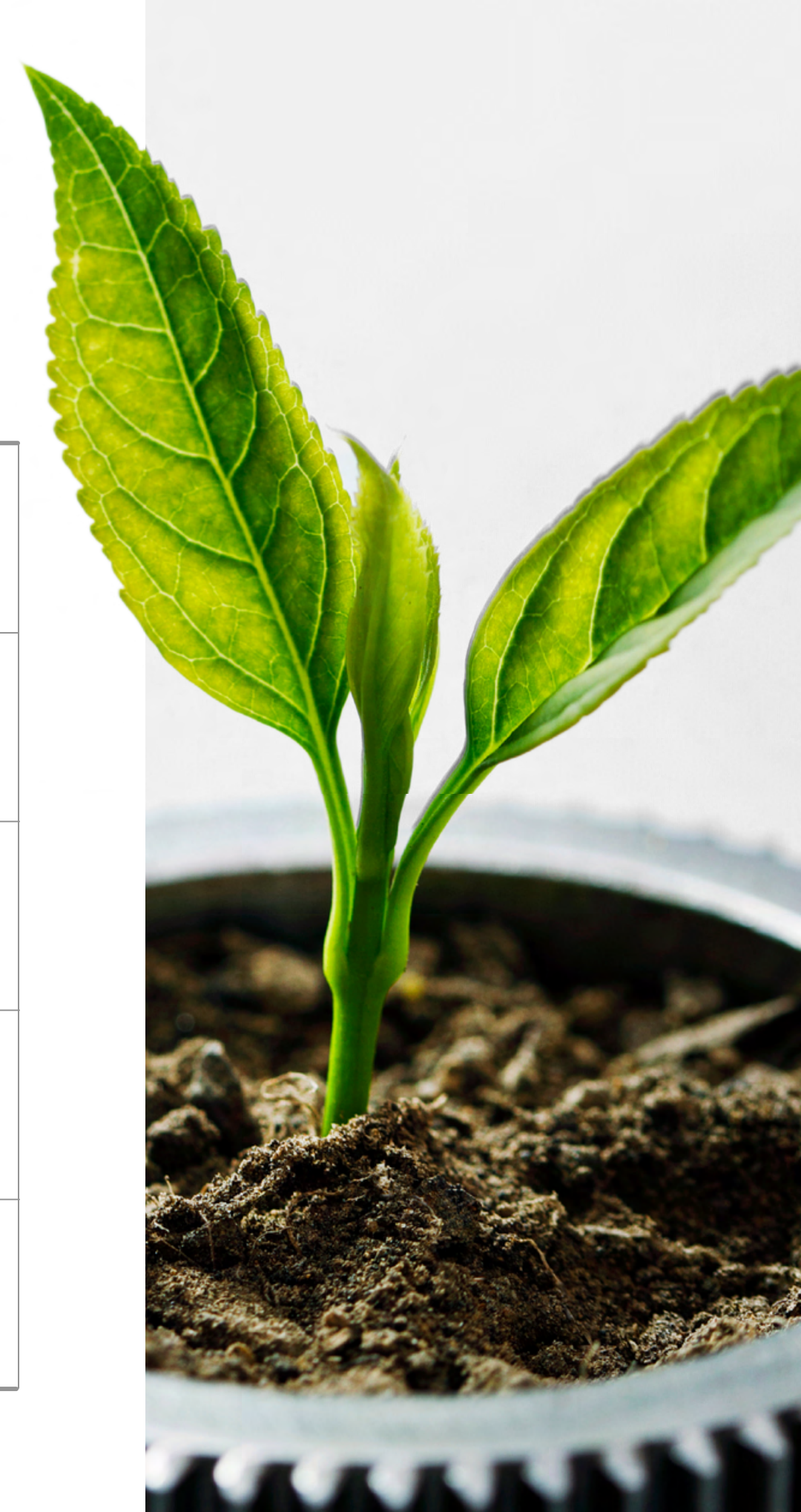


TORUN'S STRATEGIC PRIORITIZATION MATRIX



PRIORITY SDG & RELATED ACTIVITIES

Priority SDG	Activity / Project	Priority SDG	Activity / Project
	<ul style="list-style-type: none"> • Kolektif Future Children Academy • TORUN Academy Vocational Education • Kolektif Future Maker Lab 		<ul style="list-style-type: none"> • Above Market Salary • Inclusive Workplace • Projects Focused on Disabilities
	<ul style="list-style-type: none"> • Equal Opportunity Employment • Focus on Women's Empowerment • Support of women-owned startups 		<ul style="list-style-type: none"> • Environment Conscious Production • Measurement and Improvement Studies • Focus on Waste and Pollution Reducing
	<ul style="list-style-type: none"> • Energy-saving Sustainability Projects • Green Energy Focus & Solar Power Panels • ISO 50001 Certification 		<ul style="list-style-type: none"> • Focus on Recycling and Upcycling • Lead-Free Raw Material Usage • Focus on Manufacturing Efficiency
	<ul style="list-style-type: none"> • Vocational Development Educations • Innovation Academy • Digitalisation in Human Resources 		<ul style="list-style-type: none"> • Ethics Board and Law Abiding Procedures • Transparency on Reporting • Support on Local Educational Development
	<ul style="list-style-type: none"> • Design, R&D and Innovation Centers • Corporate Innovation Management System • Focus on Digital Transformation 		<ul style="list-style-type: none"> • Multi-Stakeholder Initiatives • Projects with Added Social Value • University and Academy Cooperations



PRODUCTION SUSTAINABILITY

For TORUN, sustainable production means and requires processes and systems that are:

- Non-polluting
- Conserving of energy and natural resources
- Economically viable
- A safe and healthy environment for workers and our community
- Socially rewarding and equal for all working people

We believe that if the production is sustainable, the environment, employees, communities, and organizations benefit. Moreover, these conditions can lead to more economically viable and productive enterprises in the long term and often in the short term. Therefore, TORUN Group's investments and production sustainability practices are aimed at market share growth, sustainability, maintenance and development in the light of the group strategy.

In 2021, activities for the general capacity increase had been carried out in all TORUN Group companies, especially prioritizing energy efficiency and technological innovations. Our production in Czechia is estimated to be doubled by 2023 when our new facilities are up and running. The new facilities will be an important milestone for our production sustainability vision since their infrastructure will have the latest energy-saving and efficiency technologies. With a total of 5 million Euros investment and 44 process improvement projects in 2021, we continued to improve our customer service level while declining scrap rates.

At TORUN, we use environmentally friendly metals such as brass, aluminium and magnesium which have almost +90% recycling capacity. In addition to using environmentally friendly materials, we also reduce our energy expenditure and waste by increasing our tool, material and production efficiency with our R&D studies. For example, some of our production equipment are prototyped and manufactured in 3D printers, which improves material usage by 50%.

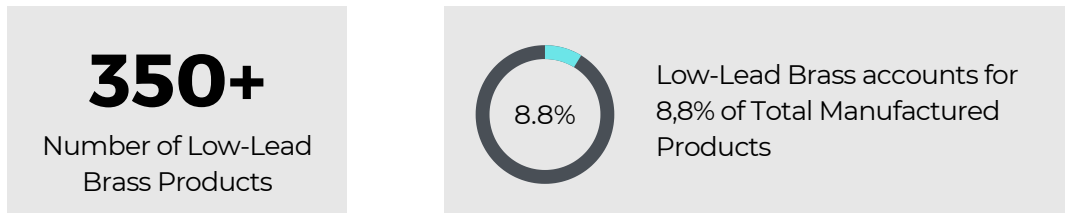
Another focus of TORUN for production sustainability is digital transformation and automatization. With projects like Digital Twin, Robotic Process Automation and Process Mining, we continue to take strong steps in terms of tools essential for the sustainability of our production.



SUSTAINABLE MATERIALS FOR SUSTAINABLE FUTURE

LEAD-FREE BRASS

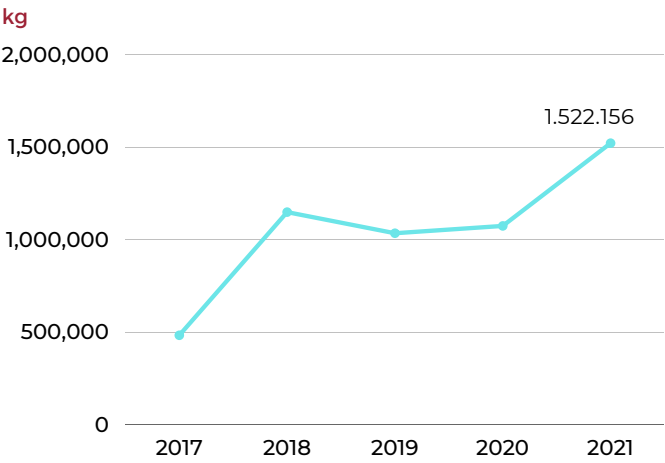
Regarding our sustainability targets and regulations in European Union and the USA, TORUN has been working on Lead-free brass components for more than 7 years and has made continuous improvements in this subject. We are a pioneer for lead-free brass, especially with our research and development studies in the forging and machinability of the material, and far ahead of the international requirements and standards. We are making the world more healthy with our components driven by sustainable targets.



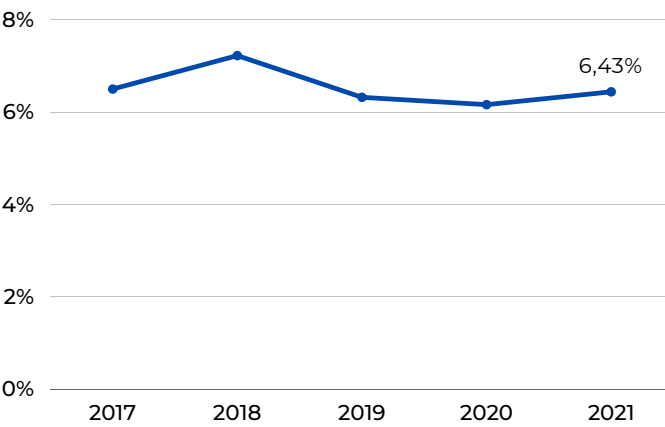
WHY PREFER LEAD-FREE BRASS?

- Lead-free brass contains less than 0,09% lead and has high-stress crack corrosion and high dezincification resistance.
- It is 100% recyclable and complies with the RoHS (Restriction of Hazardous Substances), ELV, and Tap water quality standards.
- Lead-Free Brass part demand has increased six times in the last five years and continues to grow.
- In general, brass alloys already have a high antibacterial effect, which could destroy bacteria in a few hours.
- Worldwide sales of Lead-Free Brass have increased rapidly with the tightening of U.S Lead regulations AB1953(2010.1) and S3874(2014.1). As a result, conventional copper alloys used in fixtures or components for drinking water are being smoothly replaced with lead-free brass to get high benefits on material properties.

LEAD-FREE BRASS UTILIZATION



LEAD-FREE BRASS RATIO TO TOTAL MATERIAL STOCK



ALUMINIUM

We are committed to working with our suppliers and customers in the use of sustainable resources. Known as the green metal, aluminium is one of the most environmentally friendly metals because of its sustainability. As the most recyclable industrial material, aluminium can be recycled infinitely to produce the same product. Recycling aluminium also saves 95% of the energy used in its production from raw materials. Not only does recycling aluminium reduce its environmental impact, but the metal's properties mean that it can often be used to replace more environmentally harmful materials.

MAGNESIUM

Due to its widespread natural occurrence and the way it is harvested and processed, magnesium is considered the most eco-friendly and sustainable metal in the world. Magnesium can be 100% recycled, and it dissolves naturally, leaving no trace. With a density about one-fourth of steel and two-thirds of aluminum, magnesium provides excellent opportunities for lightweight applications, especially in the transportation industry.



ENVIRONMENTAL APPROACH

TORUN Group companies have attached importance to environmental issues since their foundation. Our constantly growing and developing facilities also increase our environmental impact. We are aware of the effects of our growth and are aware of our responsibilities towards our environment.

We have emergency procedures in place to prevent and address accidents that affect the environment and human health. Furthermore, as TORUN Group companies, we ensure that necessary measures are taken and taken against all kinds of environmental problems, from a minor spillage we encounter in our facilities to severe issues such as the uncontrolled release of pollutants.

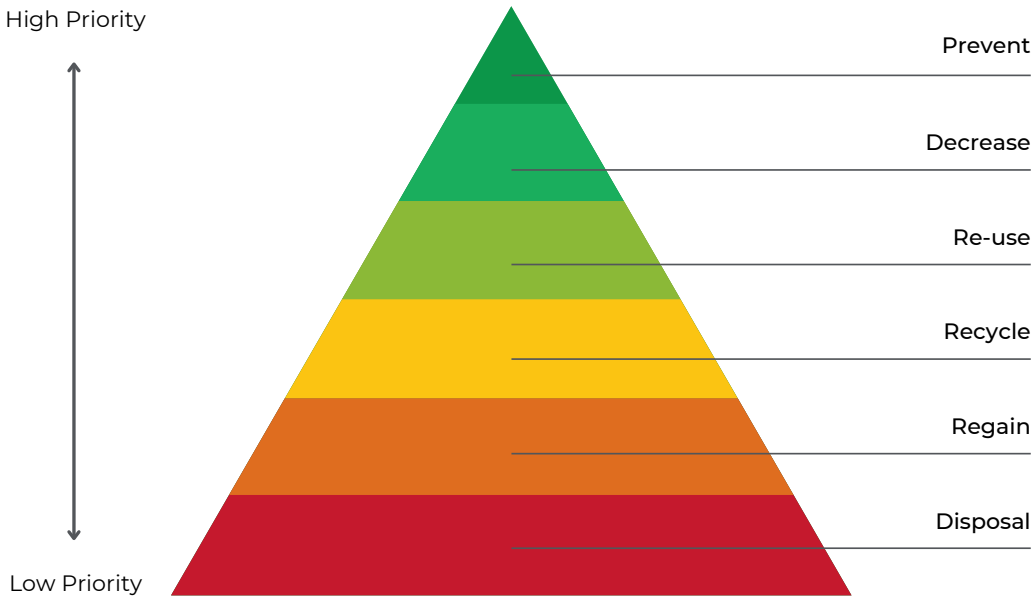
By conducting training to ensure our employees' conscious approach towards environmental problems, we convey environmental risks, possible issues, and precautions to be taken.

As TORUN Group companies, Our environmental management system is based on internationally accepted standards, especially the ISO 14001 Environmental Management System Standard. In addition, the internal and external audits support the reliability of the applications we carry out periodically.

We carry out studies to minimize the use of chemicals and other dangerous substances and ensure that they are stored safely.

As Group Companies, we are aware of the value of the raw materials used as a resource. Therefore, recovery is at the top of our resource management goals.

The rapid growth of TORUN also brings about an increase in the amount of waste. Therefore, requirements of waste management, avoiding waste generation and reuse are the issues we focus on. The waste generated in our facilities is classified correctly and managed in accordance with the waste management hierarchy.



As an ISO 14001 certified company, we commit to the standards related to environmental management to minimize our impact on the environment; comply with applicable laws, regulations, and other environmentally oriented requirements; and continually improve on the above.



EMISSIONS

TORUN BRASS

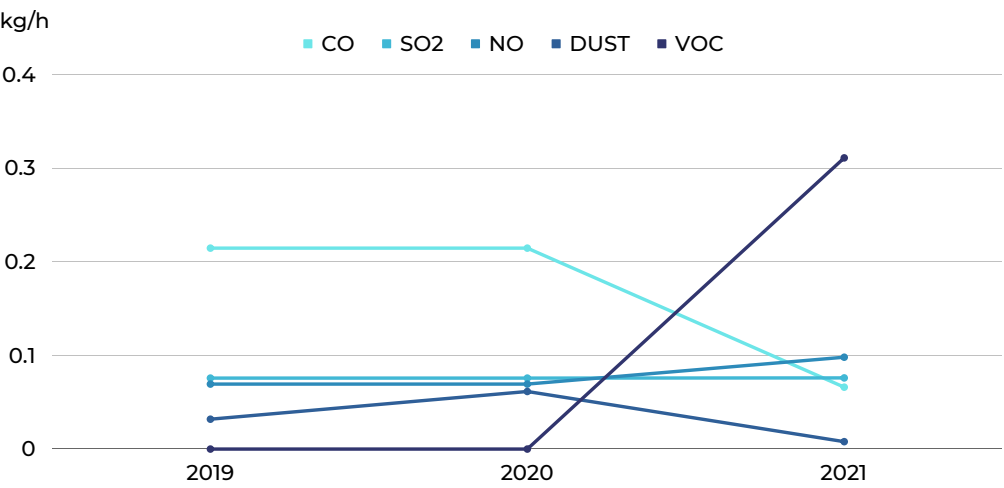
As TORUN Brass, we have 19 emission sources and various control measures have been taken for dust, combustion gases and VOC control in these sources. Our most crucial emission reduction measures are flue gas filter systems. Our emission values are reduced below the limit values by using electrostatic, active carbon and dust trap filters. In addition, fugitive emissions are prevented by continuous monitoring, and the system's smooth operation is monitored with regular filter cleaning.

We are aware of our responsibilities under the Green Deal. We will determine and calculate the carbon emissions of our activities in 2021 and prepare our carbon footprint report. We are aware of the importance of reducing our energy consumption in our ongoing activities and our energy investments will continue by taking these issues into account.

TORUN DIE CASTING

In TORUN Die Casting facility, we have a total of 12 emission sources, including five casting chimneys, one sandblasting chimney and the others connected to the melting unit. There is an electrostatic filter in the casting chimneys and a dust trap filter in the sandblasting and melting units. Thanks to the filters, the emission values remain well below the regulation limits. A new melting unit and two casting machines were added in 2021 and emission measurements were made for the newly added chimneys and it was reported that they remained within the limit values.

MASS FLOW COMPARISON PER YEAR
(TORUN BRASS)



	CO	SO2	NO	DUST	VOC
2019	0,2146	0,0758	0,0694	0,0319	0
2020	0,2146	0,0758	0,0694	0,0615	0
2021	0,0661	0,076	0,0981	0,0079	0,311

WASTE MANAGEMENT

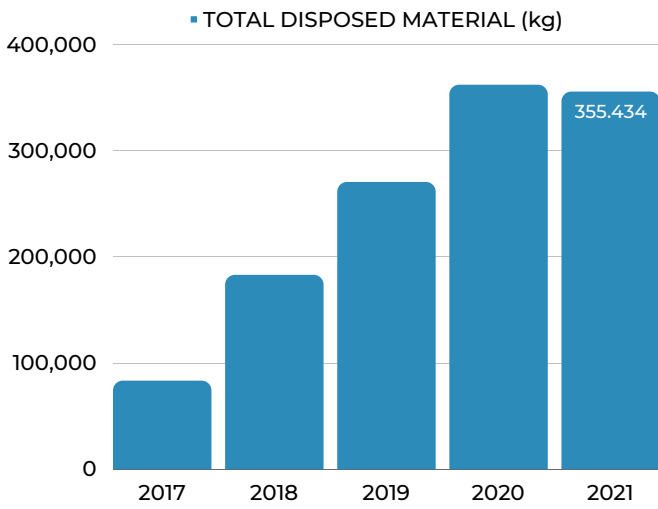
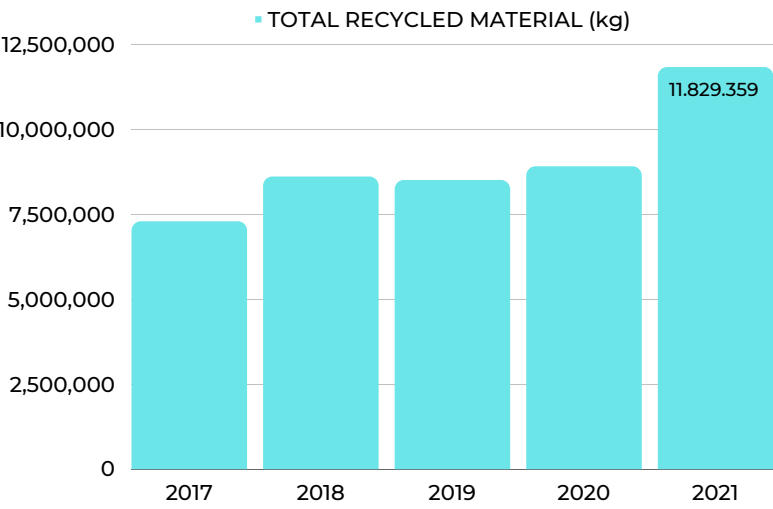
TORUN BRASS

A large amount of oil is used throughout our facility. After the oils are used, boron oil and hydraulic oil waste are formed. Boron oils are recovered within the facility and reused in production, thus reducing waste. Likewise, waste hydraulic oils are blended with clean oils and reused in production, thus preventing the formation of waste hydraulic oil.

In order to reduce waste in 2021, a project was carried out on contaminated waste and scrap pallets. While there was an increase in the amount of waste sent for recycling, there was a decrease in the amount of waste directed to disposal.

In addition, within the scope of the Zero Waste project, a system was established for the correct management of waste generated from offices, and the application for the Zero Waste Certification was made.

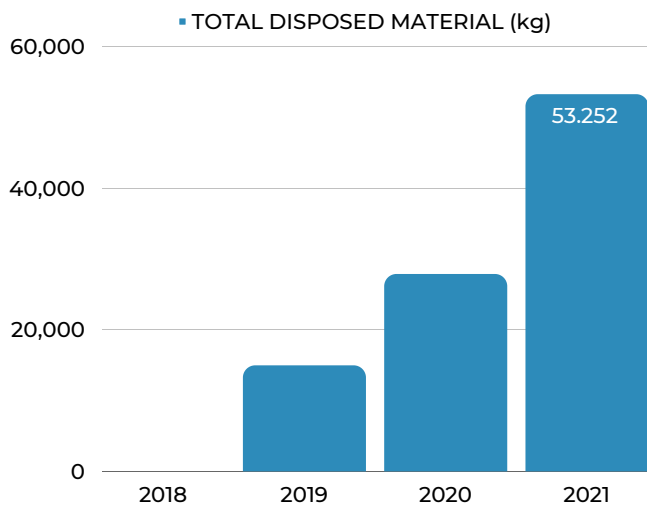
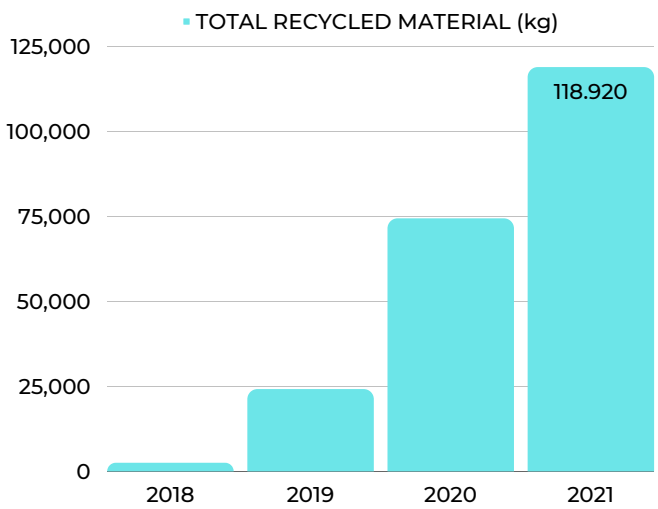
In 2021, a targeted idea competition was held, and a factory-wide study was carried out on the reduction of contaminated waste. In 2022, the "5S Study and Green Team" ideas, which are the output of the competition and aim to reduce the amount of contaminated waste in particular, will be combined and implemented.



TORUN DIE CASTING

With the growth of our TORUN Die Casting facility, there is an increase in the amount of waste. With the development of our production, contaminated wastes, furnace slag, oily burrs and sandblasting dust have become our primary wastes.

The oily waters resulting from the casting process in our production are given to the OSB channel after being treated at our in-house treatment facility. There is a continuous sampling device at the OSB duct connection. The OSB takes 24-hour samples in the desired periods/days with the constant sampling device and controls the wastewater output values. Due to the increase in production, a revision was made in the treatment plant and our channel connection permission was renewed.



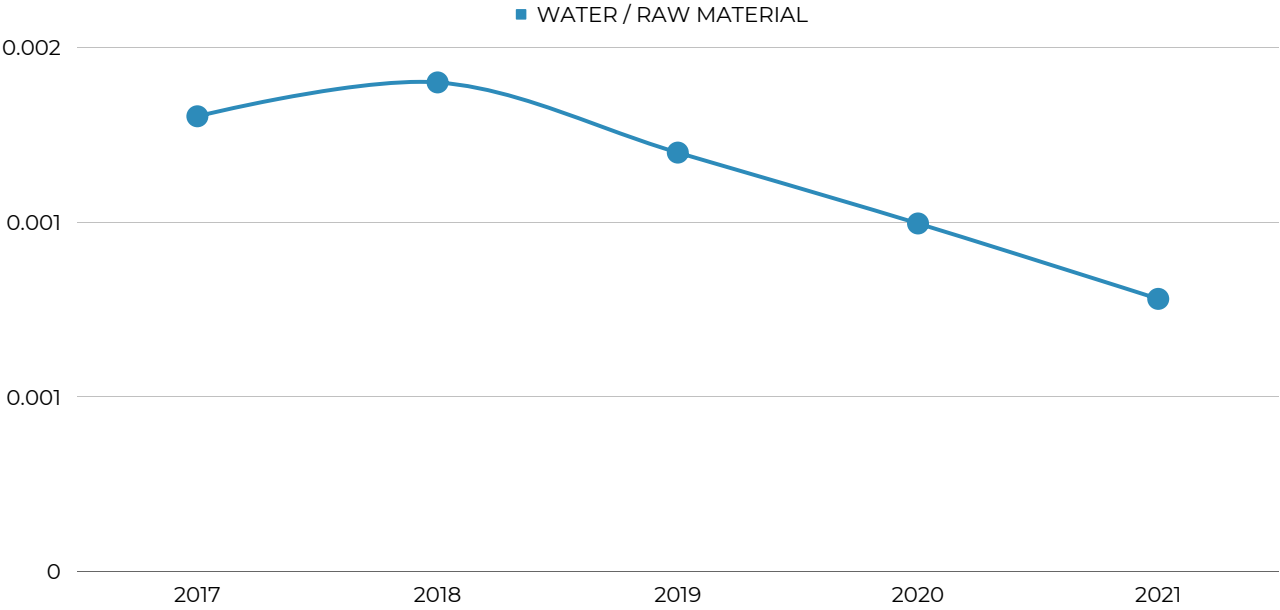
WATER & RAW MATERIAL CONSUMPTION

TORUN BRASS

CONSUMPTION PER YEAR

	2017	2018	2019	2020	2021
WATER (m3)	18,355	22,529	19,593	17,027	17,906
RAW MATERIAL (kg)	14,073	16,072	16,318	17,076	22,919

WATER / RAW MATERIAL CONSUMPTION RATE

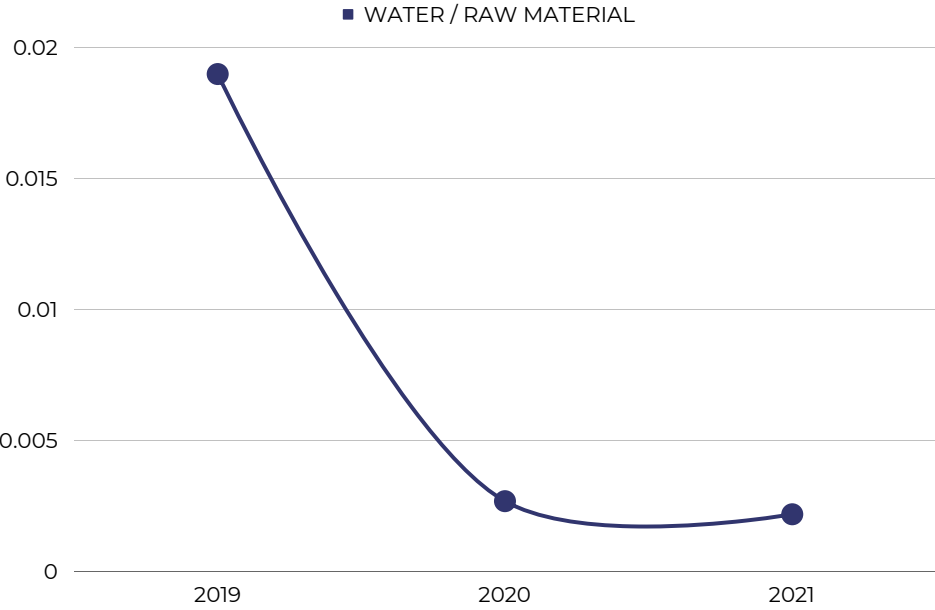


TORUN DIE CASTING

CONSUMPTION PER YEAR

	2019	2020	2021
WATER (m3)	8,321	7,138	6,720
RAW MATERIAL (kg)	425.5	2,651	3,035

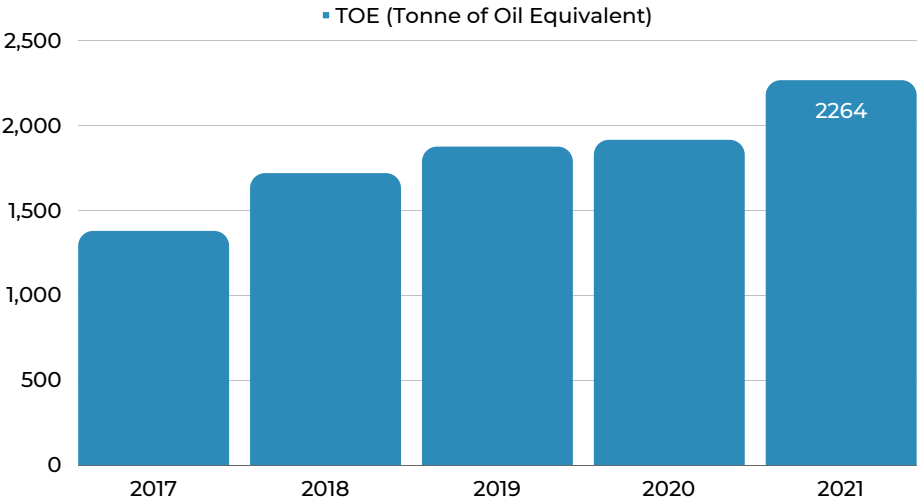
WATER / RAW MATERIAL CONSUMPTION RATE



ENERGY CONSUMPTION

TORUN BRASS

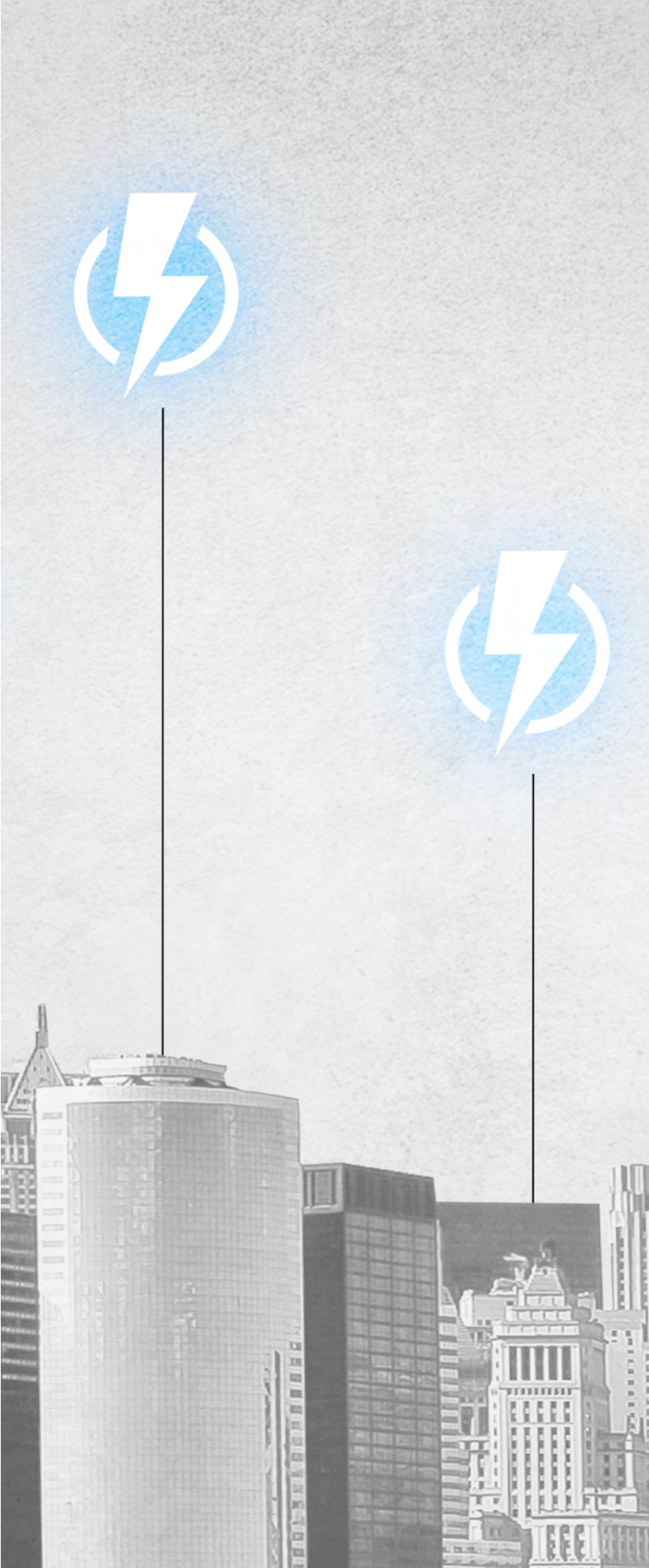
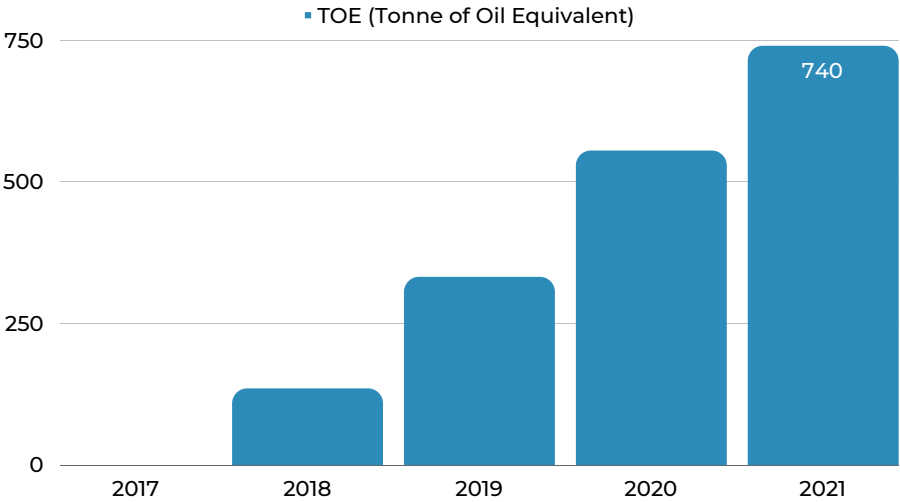
Our energy consumption is monitored as TOE (Tonne of Oil Equivalent) value. We systematized our energy management by obtaining ISO 50001 certificate in 2021.



As an ISO 50001 certified company, we are committed to addressing our impact, conserving resources and improving the bottom line through efficient energy management.

TORUN DIE CASTING

Our energy consumption is monitored as TOE (Tonne of Oil Equivalent) value, depending on electricity and natural gas consumption. Due to the added casting machines and increased production, electricity and natural gas consumption have increased, thus reflected in the TOE value.



ENERGY EFFICIENCY AT TORUN



As an ISO 50001 certified organisation based on continuous improvement for energy management, we emphasise improving ourselves to reach this goal by developing a system for more efficient use of energy. We continuously plan and execute projects to efficiently use our energy and find energy-saving solutions in all of our facilities.

ONLINE ENERGY MONITORING

In order to better understand our energy use and develop improvement projects, we established our "Online Energy Monitoring" system to collect data and started to analyze energy consumption points on a regional basis.

Thanks to this system;

- Continuous monitoring of consumption data before going to the field,
- Receive feedback by e-mail in case of a negative situation,
- Compensation tracking,
- Sending alarms by SMS and e-mail for control and maintenance activities,
- Instant monitoring of the field, more accessible analysis with visual reports,
- Determining how much and in what time period the energy is consumed at which point,
- Calculating the capacity of the existing system for new investments,
- Authorizing multiple users for different roles in energy monitoring,
- We have implemented efficiency-enhancing applications such as choosing the appropriate time zone for energy consumption in 3-stroke electricity meters.

ENERGY AWARENESS EDUCATIONS

By giving "Energy Awareness Trainings" to all our field employees in 2021, we increased our awareness of energy-saving not only in the field but also in our home life.



"LEAK HUNT" ACTIVITIES

We carry out activities to detect and prevent unnecessary consumption points by "Leak Hunt" on a periodic basis. Thanks to these activities made in 2021;



92,44

Tons of CO² release prevented



€15.660

Euro/Year energy waste prevented



30%

Compressor load after study

REDUCING BORON OIL CONSUMPTION

In 2021, we aimed to reduce the consumption of boron oil by 50% with in-depth analyses and improvements and to create an alternative to the existing oil brand. As the project scope, we experimented with four alternative brands, developed standardized testing and analysis procedures and tested them in production. In addition, daily machine-based checks and measurements of boron oil emission have increased our know-how of boron oil.

In addition:

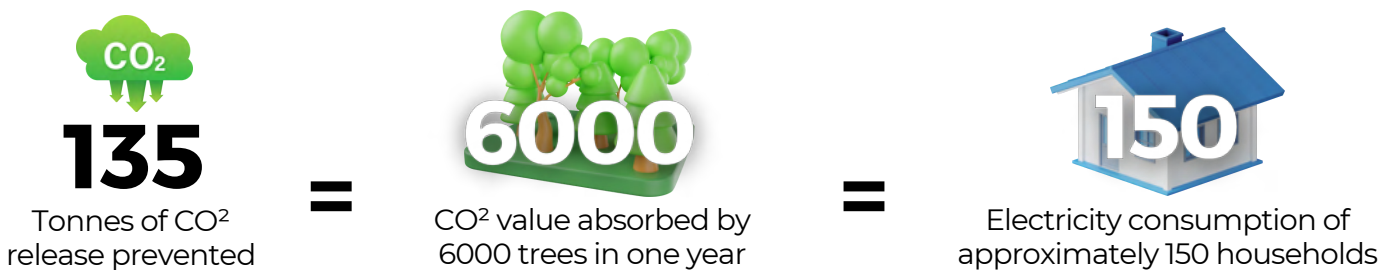
- A laboratory was set up for in house emission analysis.
- The personnel's awareness level has increased with the training held in the field of emission preparation.
- We improved and standardized our transfer machinery cleaning standard.

As a result, we managed to lower the consumption of boron oil by 60%, from 6 barrels to 2 barrels per week.

PNEUMATIC EQUIPMENT IMPROVEMENT PROJECT

With the project of improving the pneumatic equipment used in friction presses by using copper pipes, we have significantly reduced the carbon emission in our company, making a significant contribution to both nature and our business. Thanks to this improvement, our team prevented 135 tons of CO² emissions annually, which equals to:

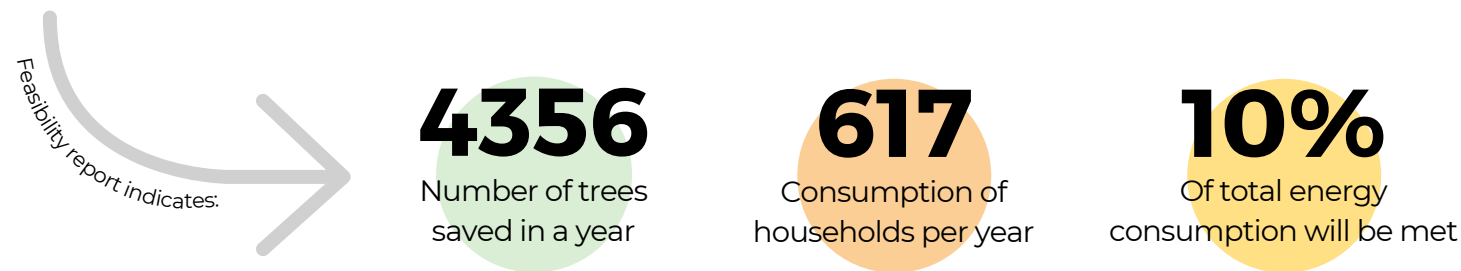
- Annual electricity consumption of approximately 150 households,
- The CO² value absorbed by 6000 trees in one year in nature.



SOLAR PANEL INSTALLATION PROJECT

Investment plans for solar panel installation on our Brass facility are made and approved. The planned project will start at the end of 2022, which will provide equivalent to %10 of the total energy consumption of TORUN Brass. With the feasibility studies we made, we predict:

- 3.812 solar panels will be installed on 18.000 m2 of roof area
- Approximately 2.468.817 kWh will be produced per year
- %10 of total energy consumption will be met through solar power
- 1.481 tonnes of CO² release will be prevented.



ENVIRONMENTALLY CONSCIOUS NEW FACILITIES

In 2022, we will start construction of our new production facilities in Czechia, TORUN Czech and TORUN Schmidt. In addition to expanding our production area and capabilities, the new facilities will be environmentally conscious and energy-efficient with the infrastructure for sustainable growth. Sustainable production with green energy use is our number one priority when we make a greenfield investment. Some of the sustainability-related features of the new facilities are:

- Heat recovery and reuse system
- Renewable energy resources
- Electric Car charging stations
- Solar Power Panels will generate an estimated 40% of the electricity spent for total production.

MAKING A SUSTAINABLE IMPACT

Whether on our social media channels or as part of an internal communication campaign, we emphasize our sustainability and energy efficiency initiatives to create awareness and locally spread best practices that people can use in their daily lives. We support our ongoing communication with updated awareness training for our employees. Also, we teach the same values to children thru our social initiative Kolektif Future.



INNOVATION MANAGEMENT

06



RESEARCH & DEVELOPMENT

TORUN R&D CENTER

TORUN R&D Center was established in December 2017 to carry out research and development activities using scientific-based approaches in the fields needed by the TORUN Group. Since its establishment, it has been carrying out R&D activities in forging, casting, machining, tool technologies, mold technologies and automation.

TORUN R&D center aims to carry out research and development activities related to raw materials and processes that have not yet been studied in the group's production facilities and to contribute to the training of qualified personnel in this regard.

FOCUS AREAS & PARTNERSHIPS

- At TORUN R&D Center, we work on joint projects and collaborations with many national and international universities such as Turkish-German University (Germany), Marmara University (Turkey), Kocaeli University (Turkey), Gebze Technical University (Turkey), Technical University Dortmund (Germany), Mondragon University (Spain) and Malaysia University of Science and Technology (Malaysia).
- As a brand that prioritizes developing and growing together, we carry out projects within the scope of university collaborations with TÜBİTAK Industry Doctorate Program and doctoral students within TORUN.
- We have business partnerships with leading companies in the sector.
- Since our establishment, we have successfully completed two TÜBİTAK TEYDEB 1501 research projects.
- We have completed a total of 22 projects in four years. These projects are focused on forging and machining processes of brass materials, machining processes of stainless steels, cutting tool technologies and additive manufacturing.

2021 ACTIVITIES AND PROJECTS

- Projects related to forging, machining, cutting tools and forging molds and equipment technologies, which are the research areas of TORUN R&D Center as of 2021, have been started.
- In order to contribute to the reduction of energy consumption in the world, research activities were carried out for the production of parts from light metals (Magnesium & Aluminium). As a result, the project on magnesium has started.
- Work has begun on products made of lead-free brass, which are recommended to be used in sanitary systems due to their contribution to healthy living. The project was initiated to bring the machinability performance of Lead-Free Brass Material to the machinability performance levels of Leaded Brass Material.
- Thanks to the projects with three-dimensional printers, functional components were produced with less natural resource consumption.
- Our two research projects have been funded by European Union.
- 4 R&D projects have been successfully completed. 7 R&D Projects were initiated.
- As Torun R&D center, we are also participating in an international conference and symposium. We have made 4 presentations at a well-recognized international conference this year. Three of them were also published in the conference journal. Besides, some of our work was also published in international and national scientific journals.



INNOVATION MANAGEMENT

At TORUN, we are working to drive innovations that will add value to our business, stakeholders and community, in every location we operate, with a sustainable innovation management system, under the guidance of our values and strategy. Our mission is to create value by focusing on product, process and organizational innovations and supporting and implementing innovative ideas from our stakeholders.

TORUN'S INNOVATION ECOSYSTEM

With our innovation-oriented solid staff, we extend innovation efforts to the entire value chain,

- By integrating with our project management system,
- Supporting with continuous investment, education, national and international cooperation,
- Including studies on intellectual property rights to transform them into projects that are first in their field and that make a difference.

This ecosystem includes Engineering, R&D Center, Design Center and Service and Process Development activities.

INNOVATION STRATEGY

- Establishing and implementing a sustainable, systematic and corporate innovation system that will enable all our stakeholders to share and implement their innovative ideas.
- Encouraging internal and external participants, making innovation a corporate culture and creating an innovation climate
- Increasing the innovation and technology adaptation competence of human resources
- To implement digitized and lean applications that will make processes faster, more agile, efficient and of high quality.
- To keep up with the global change by ensuring the adaptation of the technologies determined in the technology roadmap.
- To increase Torun's competitiveness and profitability by providing cost advantage with innovation projects.
- To meet the demands and needs of our customers in a fast, effective and innovative way by improving our customer integration skills.

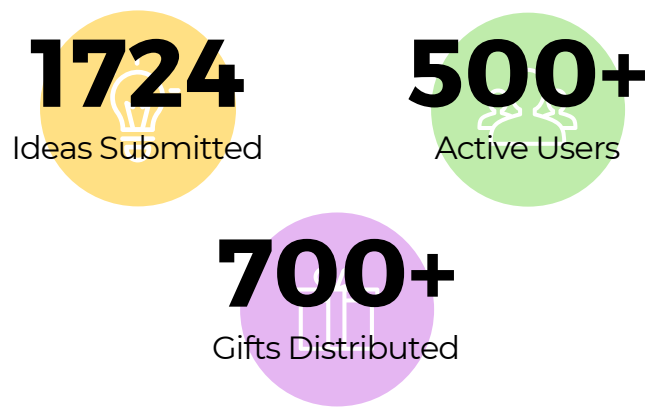
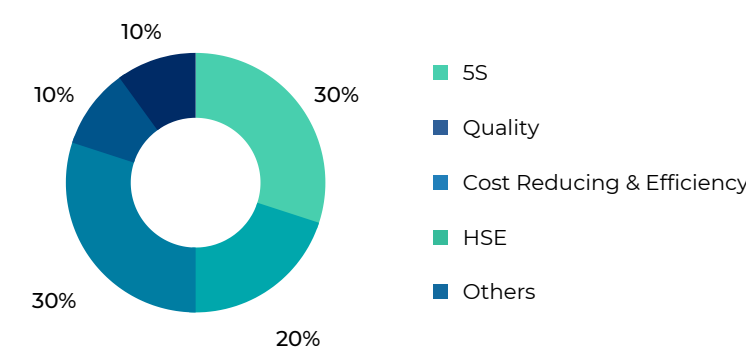


CORPORATE INNOVATION PROJECTS

TORUN IDEA FACTORY

We believe the best innovative ideas already exist within our employees and what we need is to give them an outlet where they can share their ideas and suggestions easily, wherever they are and whenever they want. This is how TORUN Idea Factory was born. The idea management system we developed in-house has been one of the most effective projects of 2021. With our platform, our employees can share their ideas which subject matter experts evaluate. Each idea is scored, and the idea owners can trade their scores for gifts easily and quickly. The success of the platform is seen in active user number, user loyalty and output numbers. In one year we got:

IDEAS SUBMITTED PER CATEGORY



TARGETED INNOVATION CALLS

To better canalize our efforts in innovation, we started targeted innovation calls on subjects we focus on. In 2021, two targeted calls were made on "reducing contaminated waste" and "robotic process automation applications".



TORUN INNOVATION CORNER

We don't just wait for ideas to be submitted digitally; we encourage people to share their ideas personally and help them execute their ideas at the innovation corner in our facility. Our colleagues have open hours where they meet with employees who want to expand on their ideas and better understand innovation and implementation. The innovation corner is a gathering space for people willing to put effort into changing things for the better.

INNOVATION ACADEMY APPLICATIONS STARTED

To raise awareness and form a team of "Innovation Ambassadors" which will spread our goals for innovation, we created "Innovation Academy" for our field employees. In this extensive program, they will be learning from quality management to design thinking, from entrepreneurship to presentation tactics. With this continuous program, we aim to create a corporate culture from the ground up. The program will be starting with 12 selected candidates and last 4 months.

1 IDEA 1 SAPLING

As a company affiliated with the UN Global Compact, we reflect our environmental responsibility in every project we undertake. In order to increase our awareness and impact, we collect the ideas of our employees on environmental sustainability through our corporate innovation management platform "TORUN Idea Factory" and donate a sapling to the TEMA Foundation for each idea.



OPEN INNOVATION

INNOVATION FOCUS AREAS

To better concentrate our efforts on Innovation, we are focused on three main fields and actively in contact with startups and the academy to develop and offer technologies which will benefit TORUN and the industry.

MATERIAL TECHNOLOGIES

- Additive Manufacturing
- Advanced Materials
- Coating Technologies
- Material Recycling and Upcycling

CORPORATE INTELLIGENCE

- Big Data & Data Science
- AI and Machine Learning
- ERP Systems
- PLC Systems
- Process Mining

INDUSTRY 4.0 & SMART FACTORIES

- Industrial IoT
- Digital Twin
- Image Processing
- Robotic Automation
- Software and System Integration

STUDENT SPONSORSHIPS

We believe that robotics competitions are an excellent way to encourage students to learn more about engineering and technology, and we're excited to be able to support them. In 2021, as a first for TORUN, we sponsored an independent First Robotics Competition (FRC) team, Sneaky Snakes, to help them achieve their dreams and compete in the global championship. We don't just help the high school and university teams financially; we also provide them with our manufacturing abilities and offer them internship and part-time working opportunities. In addition, our RnD center is always in contact with and helps university students with their needs in terms of mentorship and component support.

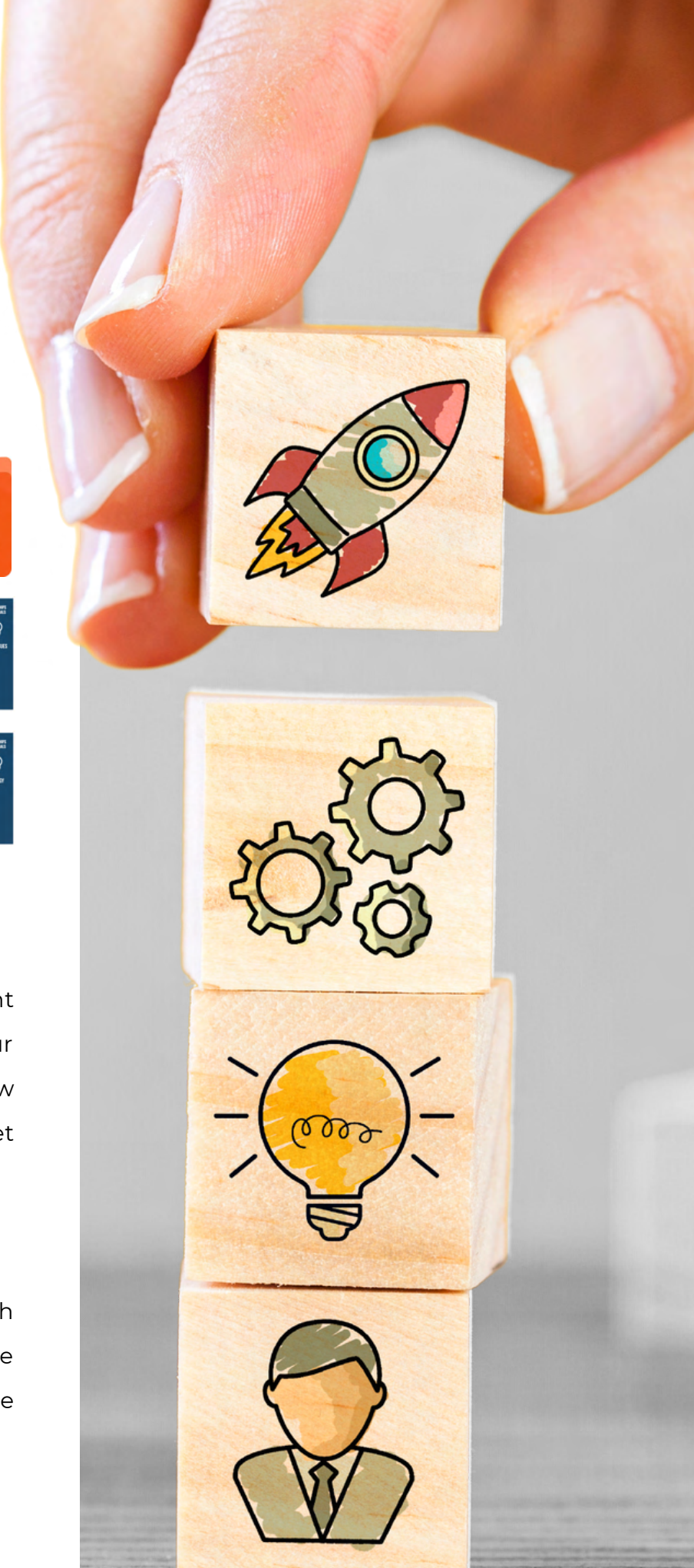
By 2022, we plan to increase the number of teams and students we support and create a strong bond between students and the industry.

STARTUP PARTNERSHIPS & INVESTMENTS

We started communicating and investigating possible partnership and investment opportunities to develop our open innovation framework and increase our collaboration with academia, startups, and investment funds. In order to support new initiatives, transfer the latest technology and invest in our priority areas, we target expanding our open innovation efforts in the year 2022.

COMMUNITY BUILDING

To create TORUN's corporate innovation framework, in 2020, we joined Turkish Exporters Assembly's consulting and development program tailored for corporate innovation, "InoSuit". In addition to our internal innovation studies, we are simultaneously working with academics, communities and companies.



DESIGN CENTER

TORUN DESIGN CENTER

TORUN Design Center's field of activity is the design of intermediate products used in taps, valves, valves and installations, especially in the battery, armature, installation sector, and for the production of these designs, special tool designs, fixtures, jaws and apparatus designs, process designs, new manufacturing methods, casting and carries out design activities on the development of forging mold designs.

In addition, with the design experience gained for many years, projects related to the design and development of not only intermediate products but also the final product were started in 2019. In this context, projects continue within the design center to develop tap and tap systems with 100% TORUN's original design for the companies that are leaders in the sector in the world.

2021 ACTIVITIES AND PROJECTS

- Collaborations with Marmara University, Kocaeli University, Gebze Technical University and many national and international universities are carried out.
- We have business partnerships with leading companies in the sector.
- We had our first inspection in 2021 and the Design Center was approved by the ministry to continue its activities.
- In 2021, 9 design projects were completed. Since its establishment, 18 projects have been completed.
- 2021 Patent and utility model training have been completed and research has begun in this area.
- 2 patent applications were filed.
- 2 design registration applications were made and the applications were approved.
- Two articles were written about design projects.



**CONTINUOUS
DEVELOPMENT**

07

TORUN ACADEMY

TORUN Academy was established to meet the learning and development needs of all stakeholders within and outside the Group, in accordance with universal values and ethical rules in a way that will create maximum value for them and their stakeholders and to develop the knowledge and skills to "create a behavioral change" by constantly learning and applying what has been learned.

Our vision is to be a leading corporate academy that guides the learning and development processes of all development-oriented professionals in a way that will enable them to foresee the future and realize the future they envision.

FEATURED PROJECTS IN 2021

- As the corporate academy of an international industrial organization, 10 interactive digital training courses have begun to be designed that will add value to the productivity of TORUN Group companies and all other industry organizations. All content planned, 5 of which are in 2021 and 5 in 2022, were transferred to our digital platform, and training programs that can measure performance, independent of time and space, were added to our LMS system.
- A total of 16 certificate programs were designed under the roof of 12 different schools. Our 12-day certificate program titles are briefly; School of Sales, HR, Management Organization and Governance, Leadership Skills Development, Management Skills Development, CRM and CEM, Marketing, International Marketing and Foreign Trade, SCM and Logistics, Technology - Engineering - Production Management, Quality Management, Lean Manufacturing and WCM, Advanced Accounting is Managerial Accounting, Financial Management and Personal Management Skills.

10
Digital and
Interactive Courses

16
Certificate
Programs

516
Total Number of
Classes in 2021

25,6
Training Hours
Per Person



KOLEKTİF FUTURE

DESIGNING OUR COLLECTIVE FUTURE TOGETHER

Quality education and a better future for our children are a priority for TORUN. We believe in collective growth, not only for our employees but also for our families and children. Thus, our social initiative Kolektif Future was born in 2019, where we contribute to our children's competencies fit for the 21st century and create awareness within the company thanks to the social responsibility projects created by our children.

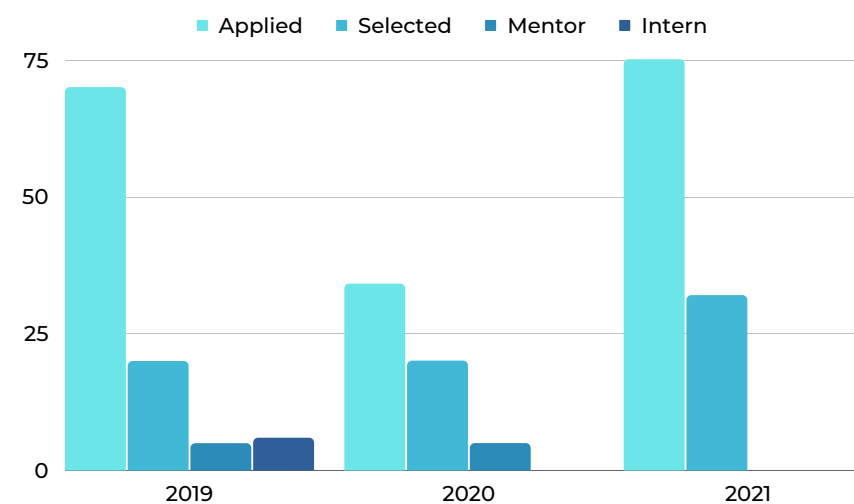
With this program, our children receive education on many subjects, including entrepreneurship, smart agriculture, social entrepreneurship, 17 global goals, software, gamification, renewable energy, and social responsibility. They learn how to turn their dreams into practical, concrete projects through this program.

At the end of each education year, the successful and willing students continue to support the program by becoming mentors to younger children and suitable candidates become interns in TORUN companies.

19
Number of
Courses

125
Total Hours of
Education/Person

NUMBER OF STUDENTS PER YEAR



KOLEKTİF FUTURE LAB

With the success of the Kolektif Future education program and witnessing the positive impact we had on our employees' children, we started the construction of a Maker Lab under Kolektif Future brand. In this lab, which will be open in 2022 to all TORUN employees and their families, we will provide our kids with hands-on learning workshops and ateliers like robotics, woodworking, 3d printing and more.



DIGITAL TRANSFORMATION

08



AUTOMATION & BUSINESS INTELLIGENCE

SAP MII DEVELOPMENT

We continually develop and improve the intelligence in the manufacturing field to better provide real-time analytics of our operations and use visualization tools and dashboards to monitor our key performance indicators (KPIs), especially with maintenance and quality. With SAP ERP and MII systems, we improve employee productivity and overall equipment effectiveness with manufacturing intelligence and visibility. We aim to become a highly adaptive manufacturer using real-time intelligence enabled by computer-integrated manufacturing, IIoT, M2M, statistical process control, predictive analytics, and storage of Big Data.

RPA TECHNOLOGIES

Thanks to RPA (Robotic Process Automation), we carry out our standard, repeatable and rule-based tasks through virtual robots, speeding up our processes and helping our employees find time for value-added projects. Some of the RPA projects we completed in 2021 are:

- Customer Order Creation Robot
- Export Invoice Generator Robot
- Monthly Customer-Supplier Currency Difference Notification Robot
- Quality Certificate Notifications Robot
- Business Plan Update Robot

SAP BW/4HANA

Our efforts to better control our data and have simplicity, clarity, modern interfaces and high performance are made possible with SAP BW/4HANA, which is a next-generation data warehouse and a business intelligence platform, implemented to allow us to consolidate data across the enterprise to get a consistent, agreed-upon view.

DIGITAL HR - BPM DEVELOPMENT

HR workflows, which our employees frequently need, have been transferred from paper to digital mediums with the BPM developments. With the improvements made, all our employees can easily access:

- Leave and duty requests,
- Advance requests,
- Employee Requests and Approvals,
- Overtime Requests and Approvals via mobile phone or computer.

PERFORMANCE MANAGEMENT SYSTEM

Our platform ensures the dissemination of the main performance targets of the institution to all personnel. Each employee can instantly follow the targets set at the beginning of the term through this platform. In addition, year-end performance evaluations and calibration are done automatically by the system.




REFERENCES

UN GLOBAL COMPACT REFERENCES

UN GLOBAL COMPACT PRINCIPLES	REFERENCES
1. HUMAN RIGHTS	
1.1 Businesses should support and respect the protection of internationally proclaimed human rights	Human Rights - p. 25
1.2 Make sure that they are not complicit in human rights abuses	Human Rights - p. 25
2. LABOUR	
2.1 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Fair Working Environment - p. 26
2.2 The elimination of all forms of forced and compulsory labour	Fair Working Environment - p. 26
2.3 The effective abolition of child labour	Fair Working Environment - p. 26
2.4 The elimination of discrimination in respect of employment and occupation	Fair Working Environment - p. 27
3. ENVIRONMENT	
3.1 Businesses should support a precautionary approach to environmental challenges	Sustainability Management - p. 31-42
3.2 Undertake initiatives to promote greater environmental responsibility	Sustainability Management - p. 31-42
3.3 Encourage the development and diffusion of environmentally friendly technologies	Sustainability Management - p. 31-42
4. ANTI-CORRUPTION	
4.1 Businesses should work against corruption in all its forms, including extortion and bribery	Business Ethics & Anti-Corruption - p. 12

UN SDG REFERENCES

UN SUSTAINABLE DEVELOPMENT GOALS		REFERENCES
1. NO POVERTY		p. 12, 16
2. ZERO HUNGER		p. 12, 16
3. GOOD HEALTH and WELL-BEING		p. 20, 23, 25, 29, 35
4. QUALITY EDUCATION		p. 49, 50
5. GENDER EQUALITY		p. 25, 26, 27
6. CLEAN WATER & SANITATION		p. 35
7. AFFORDABLE & CLEAN ENERGY		p. 33, 35, 40, 41
8. DECENT WORK and ECONOMIC GROWTH		p. 15, 16, 20, 23, 25, 26, 29, 35
9. INDUSTRY, INNOVATION and INFRASTRUCTURE		p. 33, 34, 35, 40, 41, 43, 44, 47, 52

UN SUSTAINABLE DEVELOPMENT GOALS		REFERENCES
10. REDUCED INEQUALITIES		p. 12, 25, 27
11. SUSTAINABLE CITIES and COMMUNITIES		p. 13, 20, 23, 25, 35
12. RESPONSIBLE PRODUCTION and CONSUMPTION		p. 13, 16, 25, 33, 34, 35, 40, 41, 52
13. CLIMATE ACTION		p. 35, 40, 41
14. LIFE BELOW WATER		p. 35
15. LIFE ON LAND		p. 31, 35
16. PEACE AND JUSTICE STRONG INSTITUTIONS		p. 12, 13, 25, 27, 29
17. PARTNERSHIPS FOR THE GOALS		p. 15, 16, 33, 43, 44, 47



TORUN



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