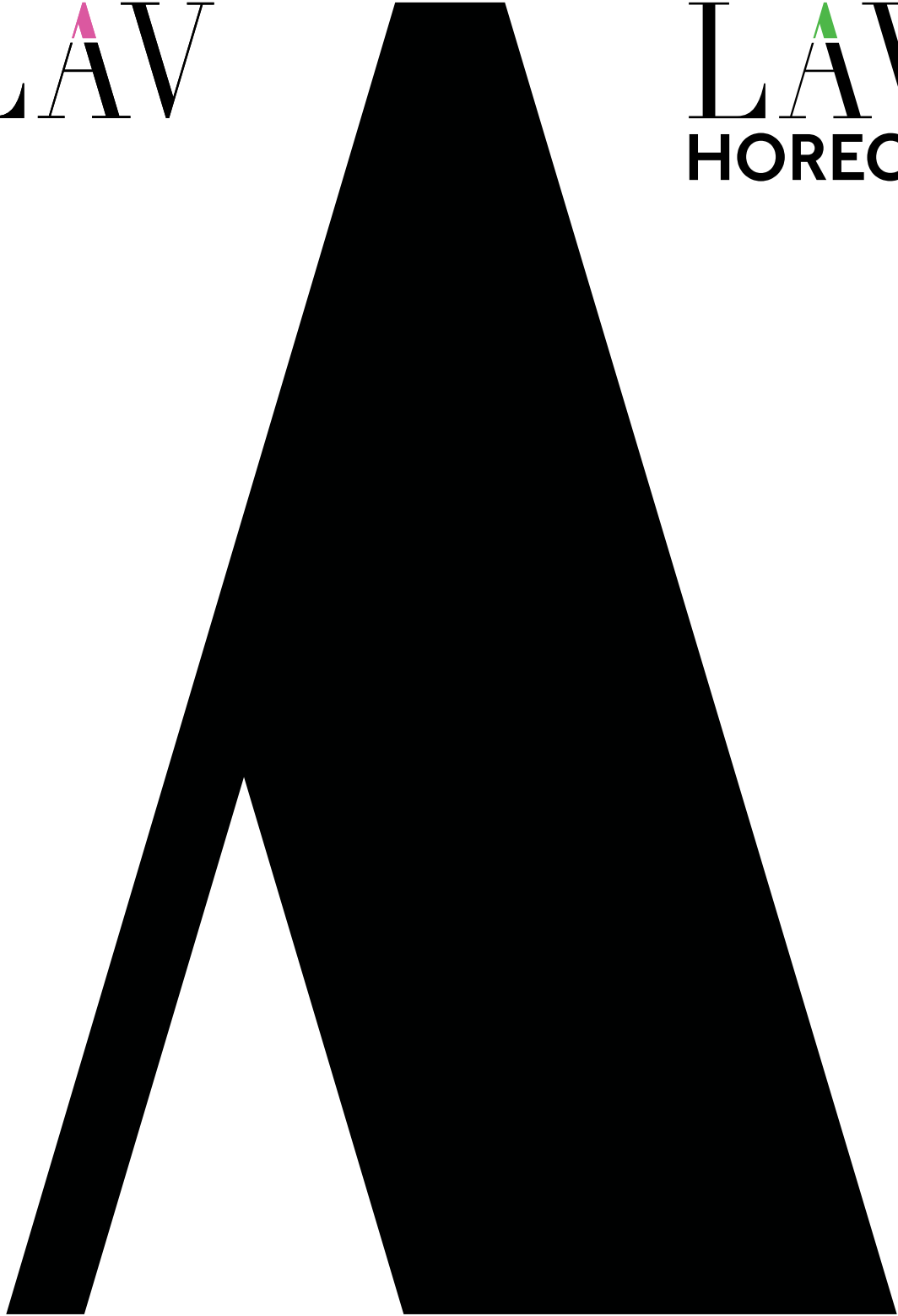


LAV

LAV  
HORECA



**SUSTAINABILITY  
REPORT 2024**



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# ABOUT OUR REPORT

We are pleased to share LAV & LAV HORECA's fifth sustainability report. Our sustainability reports demonstrate how we approach sustainability in terms of environmental, social and economic aspects and how we integrate it into our corporate processes. Our 2024 report includes our sustainability strategy, sustainability priorities, responses we have developed to risks and opportunities in this area, performance results we have achieved, future goals, and corporate engagements.

Our sustainability report covers all operations relating to LAV & LAV HORECA for the period between January 1-December 31, 2024. This report was prepared in accordance with the requirements of the GRI Standards. We also included the UN Sustainable Development Goals that we have contributed to in this report.

## *Our 2024 report consists of 4 main sections:*

In the chapter "Sustainability: Journey through Glass", we outline our sustainability strategy, the goals we have defined to achieve it, our priority issues, stakeholder relationships, the initiatives we support in the field of sustainability, and our contribution to Sustainable Development Goals (SDGs).

In the "BETTER PRODUCTS" section, we present LAV & LAV HORECA's approach to sustainable products, along with our efforts to ensure customer satisfaction. This section also includes information about our R&D, innovation and technology investments, and our digitalization journey.

In the "BETTER WORLD" section, we share a summary of the responsibilities we have undertaken to become a company preferred by all our stakeholders. This includes our employee development and employer branding efforts, occupational health and safety practices, in addition to our supply chain management structure.

In the "BETTER COMPANY" section, we share a summary of the responsibilities we have undertaken to become a company preferred by all our stakeholders. This includes our employee development and employer branding efforts, occupational health and safety practices, and our supply chain management structure.

We value stakeholder feedback as an essential input to improve both our sustainability reporting and overall performance.

You can share your questions, comments, and suggestions about this report with us at **info@lavhoreca.com**

# MESSAGE FROM CHAIRMAN OF THE BOARD

*Esteemed Stakeholders,*

As Gürok Group, we have been contributing to the development journey of our country since 1948 through our investments in manufacturing, tourism, and construction sectors. For over 75 years, we have been creating value for our country and presenting this value to global markets with pride. While pursuing financial success, we embrace business practices that also generate value for people and the planet. In today's world, where the global climate crisis is intensifying and natural resources are rapidly depleting, we view sustainability as a fundamental responsibility to future generations and place it at the core of our business strategy.

Our sustainable development strategy is shaped by three guiding principles: "Think Limitlessly for the Planet," "Act Boldly for the Society," and "Do Good for the People." We aim to increase our economic value while minimizing our environmental impact through this approach. We work to advance society through our support for education, culture, science, and social responsibility initiatives. Our investments are made with sustainability focus, and we are committed to leading the sustainable transformation.

In 2024, we strengthened our position in both local and global markets through advancements in production technologies, digitalization investments, and innovative product designs. Beyond financial success, we prioritize growth that is environmentally responsible, socially beneficial, and people centered. We integrate innovative and eco-friendly approaches in our product development processes. Our investments in energy efficiency, waste management, and circular economy practices are helping shape the world of tomorrow.

Through our inclusive and long-term efforts in gender equality, employee engagement and development, occupational health and safety, and social responsibility—along with our voluntary participation in international initiatives—we adopt responsible production not just as a goal, but as a part of our corporate culture. We work to extend the culture of sustainable and responsible production throughout our entire value chain, and we uphold our ethical business principles in every step we take. We ensure transparent and accountable governance, maintain effective communication with our stakeholders, and foster relationships based on trust. Together with our stakeholders, and for our stakeholders, we strive for excellence.

As we continue this sustainability journey together, we remain committed to building not only today, but also a better tomorrow. I sincerely thank all our stakeholders who contribute to our sustainability vision on behalf of Gürok Group.

*Sincerely,*

**Rıza GÜRAL**  
**GÜROK GROUP CHAIRMAN OF THE BOARD**



# MESSAGE FROM THE GENERAL MANAGER

*Dear Stakeholders,*

We are proud to present our fifth Sustainability Report, which transparently outlines how we manage our environmental, social, and economic responsibilities, what we have achieved, and how we are preparing for the future.

LAV & LAV HORECA's rise as one of the world's leading table glass manufacturers is not only the result of our economic success but also the outcome of our strong commitment to environmental and social responsibilities. This approach has enabled us to grow globally while remaining accountable to our planet and society. As a global brand exporting to more than 140 countries, we continue to increase our contribution to sustainable development.

We embrace sustainability not merely as a goal, but as a management philosophy integrated into all our business processes.

In 2024, global economic uncertainties, cybersecurity threats, artificial intelligence integration, climate risks, and climate-related regulations shaped business dynamics. At LAV & LAV HORECA, we addressed these challenges with agility, resilience, and responsibility. Through an integrated and transparent approach, we managed these risks effectively while maintaining our focus on sustainable growth and ensuring operational continuity.

We expanded our investments in energy efficiency and developed technology-based solutions to reduce carbon emissions, reintegrate waste into the circular system, and optimize water utilization. We completed the necessary infrastructure to ensure compliance with national and international regulations. In line with our "Journey Through Glass" strategy, we continue to embed sustainability into every aspect of our operations. Climate change risks are tracked at the highest level in our corporate risk map, and we manage our activities in accordance with international standards.

At every stage of our operations, we are guided by responsible production and consumption principles. Our commitment to resource efficiency, R&D, circular economy, and nature-friendly solutions is clearly reflected in our production processes. Through advanced technologies and digitalization efforts, we reduce carbon emissions at every stage. We use eco-friendly paints, consume less paint through electrostatic painting methods, and minimize production waste. Our digitalization projects help prevent paper waste. Over the past five years, we have achieved a 10% reduction in energy consumption.

We are the company that uses the least amount of water per glass produced in the world.

Carrying forward the momentum created in previous years, we took them even further in 2024. We used 4.4 glasses of water to produce one glass in 2022, and we have reduced this to 1.9 glasses in 2024. We significantly lowered our water consumption in glass production, reaching the industry's lowest usage level, with 2.53 m<sup>3</sup> per ton. This equates to saving enough water to fill approximately 142 Olympic-sized swimming pools annually. We maintained our focus on modern, functional, and elegant designs while ensuring sustainability.

In 2024, we earned the title of a design center with our practical and aesthetic designs and celebrated this achievement with multiple awards. Award-winning collections such as Helen/Istanbul Series and Tokyo Series represented our country at many international fairs. Inspired by nature, our collections successfully combine functionality and aesthetics, reflecting our sustainability philosophy.

Building on our expertise in glass products, we launched our LAV HORECA brand in 2024, featuring elegant and high-quality glass collections specially designed for the hospitality industry. With their durability, elegance, and craftsmanship, LAV HORECA products offer sophisticated and functional presentations for hospitality professionals.

Sustainability is not just an environmental issue but a comprehensive responsibility encompassing ethical, social, and economic values.

We remain committed to advancing social sustainability through gender equality, employee satisfaction, and occupational safety. We take concrete steps to ensure our sustainability approach is embraced by all employees and stakeholders. In 2024, we increased the ratio of women employees to 24%. Female representation reached 53% among white-collar staff and 46% at the senior management level. We are proud to be above the national average in this regard. We continue to set concrete goals for women's employment and leadership and maintain our commitments to gender equality as a signatory of the UN WEPs (Women's Empowerment Principles).

We prioritize enhancing our employees' competencies and satisfaction while ensuring occupational health and safety in all our processes. Through vocational excellence programs under Gürok Academy, we enhance both the quality of our work and the professional development of our people. Our occupational health and safety processes are aligned with international standards, and we manage OHS risks effectively, supporting awareness through training.

We evaluate our suppliers and implement development programs to improve ethical and social compliance across our supply chain and to promote a broader understanding of sustainability.

As LAV & LAV HORECA, we will continue to be an institution that reduces environmental impact, prioritizes social benefit, and manages governance processes transparently.

Shaped by the ethical values of Gürok Group and centered on people and the planet, our business model combines infinitely recyclable glass with high technology to generate not just products, but sustainable value. We will continue to uphold our commitment to sustainability in all our processes and demonstrate our progress with transparent and traceable indicators.

Together with our stakeholders, our contribution to a sustainable future will continue to grow with every step we take. I sincerely thank all our colleagues, business partners, and valued stakeholders who contribute to this journey. Together, we will continue to create value for a more livable world.

*Sincerely.*

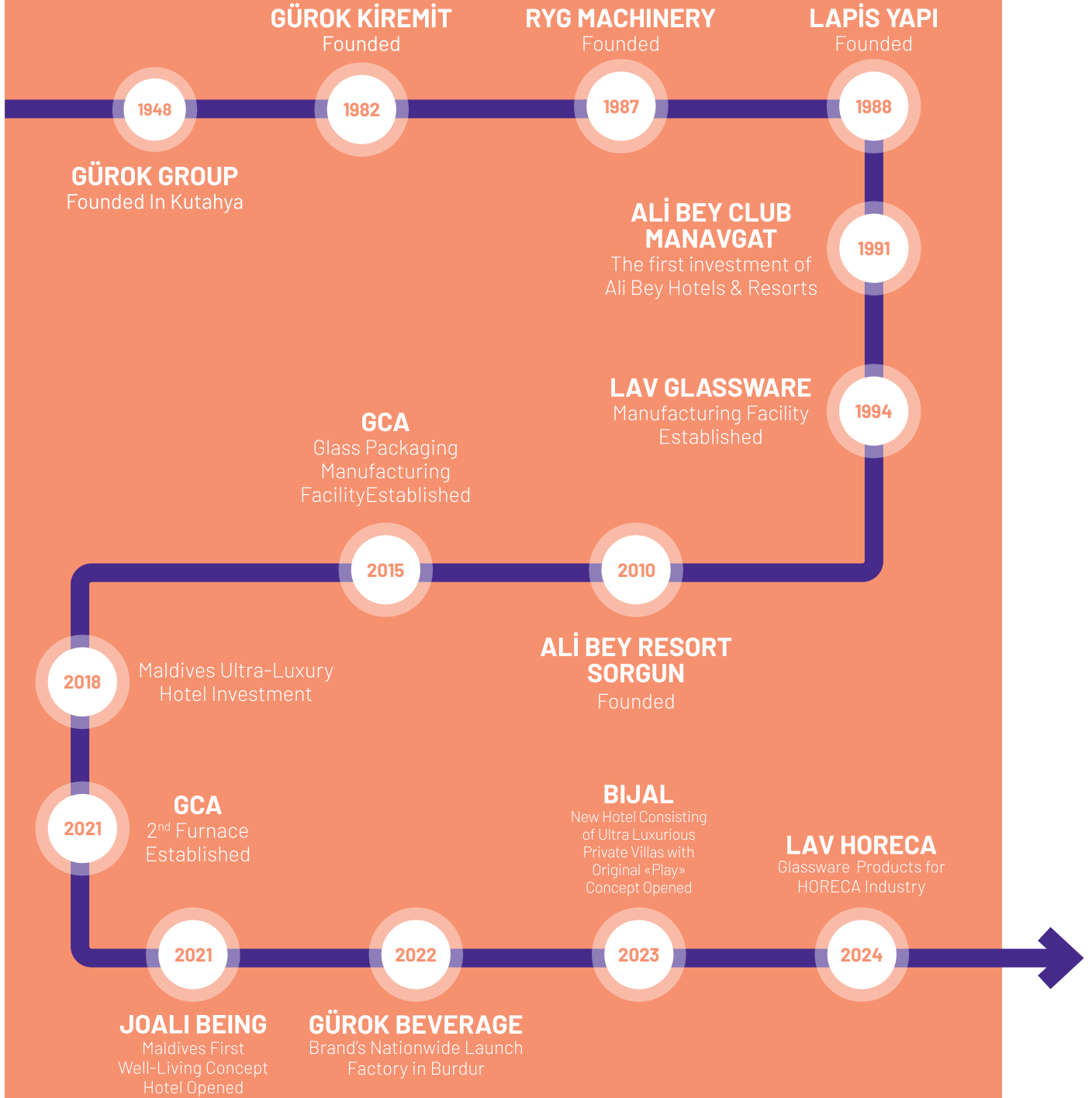
**GENERAL MANAGER**

# ABOUT GÜROK GROUP

As Gürok Group, we have carried out projects that add value to Türkiye in the industry, tourism, building and fast-moving consumer goods sectors in our journey that started in Kütahya in 1948. With our innovative approach and distinctive business model, we have become one of the largest private sector groups in Türkiye. Today, LAV, the world's 5th largest manufacturer of table glass, LAV HORECA, a strong player in the catering sector, GCA, the name of trust, innovation and quality in glass packaging, Ali Bey Hotels & Resorts, which has been operating in the tourism sector for about 35 years; We employ 5 thousand people in 3 continents and export our products to 140 countries with our resorts, JOALI Maldives and JOALI BEING, which operate in the ultra-luxury segment on two separate islands in the Maldives, BIJAL, the first villa hotel with original play concept in the Mediterranean, Gürok Kiremit with its patented coating technology, AVOYA, Türkiye's mineral water with the highest mineral and magnesium value, and Lapis Yapı, specializing in construction to help realize these projects. We represent our country in the international arena with our products and services that bring innovative firsts to every sector we are in.



# COMPANY TIMELINE



# ABOUT LAV & LAV HORECA

Founded in 1996 in Kütahya, LAV & LAV HORECA is the 5th largest table glass manufacturer in the world. We continue our activities in two production facilities on an open area of 300,000 m<sup>2</sup> and a closed area of 120,000 m<sup>2</sup>, and we produce 1.8 million pieces of glass per day. We believe that the key to maintaining pleasant relationships with our stakeholders is “profitability, agility, awareness and preferability”. We aim to be the most well-known and admired table glass brand in the target market, and we aim to add value to our users with new glass and digital services.

We have been continuing our sales and marketing activities at Lapis Han in Istanbul since 2014. We bring our products to our users with our 60 regional distributors in the country and approximately 56,000 sales points consisting of retail & hospitality markets throughout the country. Approximately 37% of our sales are overseas. We export our products to 105 countries of the world such as Spain, France, England, South Africa, Australia, USA. We continue our activities in two production facilities on an open area of 300,000 m<sup>2</sup> and a closed area of 120,000 m<sup>2</sup>, and we produce 1.8 million pieces of glass per day.

## OUR OBJECTIVE

To add joy to every moment of life whether at home or at a professional hospitality setting

## OUR VISION

To be a widely known and most admired glass brand in target markets with its profitable and agile structure

## OUR MISSION

Creating value for users with innovative glass products and digital services

## OUR FOCUS AREAS

Commercial Success and Growth	Customer Experience	Sustainability and Efficiency	Talent Management	Adding joy to every moment of life
Sustainability	Fairness	Customer Sensitivity	Innovation	Consciousness of being together

## REVENUE DISTRIBUTION

- **USA & Canada | 2.32%**
- **Europe | 24.69%**
- **Balkans and Central Asia | 12.96%**
- **Export Promotion | 4.35%**
- **Middle East, Africa, Far East, Australia | 15.6%**
- **Latin & South America | 26.06%**
- **Global Export Retail Sales: | 14%**

# US IN NUMBERS

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**1.8 Million** units/day production

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Exports to **105 countries**

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**304 partners** in foreign markets

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**260,000 retail outlets** worldwide

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**1,460** employees

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**4** head offices

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**56,000** domestic points of sale

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**100%** Türkiye brand awareness

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**89%** market penetration

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**69,969** hours of employee training

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**46.9** hours of training per employee

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**29%** female employees among new hires

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**FEMALE EXECUTIVES (%) 46.34%**

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**FEMALE WHITECOLLAR EMPLOYEES (%) 53%**

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**WASTE RECOVERED (TONS) 118.4**

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**ENERGY INTENSITY (GJ/TON) 98.9**

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**SCOPE 1 EMISSIONS (TON CO2E) 106,531**

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**SCOPE 2 EMISSIONS (TON CO2E) 27,597**

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**WATER INTENSITY (M3/TON) 2.53**

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# SUSTAINABILITY

## JOURNEY THROUGH GLASS

OUR SUSTAINABILITY APPROACH

SUSTAINABILITY SCORECARD

SUSTAINABILITY MANAGEMENT

INITIATIVES WE SUPPORT IN THE FIELD OF SUSTAINABLE DEVELOPMENT

GLOBAL SUSTAINABILITY TRENDS: RISKS AND OPPORTUNITIES

CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS

RELATIONS WITH OUR STAKEHOLDERS



# OUR SUSTAINABILITY APPROACH

As one of the leading players in the glass industry, we are fully aware that our responsibility goes far beyond traditional production goals. We aim to be a pioneer in environmental sustainability and to maximize our positive impact on society. Our Sustainability Strategy, shaped with this awareness, serves as a detailed roadmap that guides our operations and strategic decisions in a way that supports long-term ecological balance, a strong economic structure, and social welfare.

This strategy is grounded in our commitment to reduce carbon emissions in our glass production processes, optimize our raw material and energy usage, and foster a culture of innovation that prioritizes environmental sensitivity. By integrating sustainability into every aspect of our business — from supply chain management to new product development, from community engagement to corporate governance — we strive not only to meet but to exceed the expectations of our stakeholders. We aim to set an example for industry through initiatives such as increasing the use of recycled glass and investing in energy efficient furnace technologies.

At LAV & LAV HORECA, our purpose is not limited to minimizing our negative impacts; we also actively contribute to building a future. Together with our business partners, employees, and the communities we are part of, we are transforming today's achievements into a legacy of responsibility that will not jeopardize but enrich the resources of future generations. In 2024, with this unwavering commitment, we continued to add value to the environment and society by leveraging the sustainability potential inherent in glass to its fullest.

## MATERIALITY ANALYSIS

In 2023, we identified our material topics using the double materiality approach. Within this framework, we assessed both the financial impact of these material topics on the company and the degree to which the company influences these topics.

In 2024, through a series of workshops involving all our managers and the experts contributing to our ESG (Environmental, Social, and Governance) performance, we reassessed global sustainability trends, as well as our risks and opportunities. As a result of this comprehensive study, we decided to reaffirm the findings of the 2023 materiality analysis.

### SOURCES WE REFER TO WHEN DETERMINING OUR SUSTAINABILITY STRATEGY

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Corporate strategies and objectives
Stakeholder expectations
Global sustainability trends
UN Sustainable Development Goals
Corporate engagements
Corporate values and ethics
Risk and opportunity analysis

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## A JOURNEY THROUGH GLASS

We understand that today’s stakeholders are not only looking for high-quality products, but also for brands that reflect their own sustainability and responsibility values. In response to this demand, our sustainability strategy was developed with a focus on integrating environmentally conscious and ethical practices into every aspect of our business. From reducing carbon emissions and minimizing waste to responsible resource use and improved product life cycle management, we are committed to meeting—and exceeding—the expectations of a customer base that values sustainability.

For the 2020–2025 period, we named our sustainability strategy “Journey Through Glass”, which defines the key focus areas of our sustainability efforts. Within this framework, we have shaped our vision, values, corporate strategy, risks and opportunities, and the integration of sustainability into our business strategies.

Our sustainability efforts are focused on three strategic pillars: “Better Company,” “Better Products,” and “Better World.” For each of these areas, we have identified our material topics and the United Nations Sustainable Development Goals (SDGs) to which we contribute. We have also defined clear goals, commitments, and performance indicators for each pillar to track our progress.



# SUSTAINABILITY FOCUS AREAS

## BETTER PRODUCTS

- DIGITAL TRANSFORMATION
- SUSTAINABLE PRODUCTS
- R&D, TECHNOLOGY AND INNOVATION

## BETTER WORLD

- CLIMATE RISK MANAGEMENT
- ENERGY AND EMISSION MANAGEMENT
- WATER MANAGEMENT
- CIRCULAR ECONOMY
- GENDER EQUALITY
- CONTRIBUTION TO SOCIAL WELFARE

## BETTER COMPANY

- EMPLOYEE SKILLS DEVELOPMENT
- BUSINESS ETHICS AND COMPLIANCE
- OCCUPATIONAL HEALTH AND SAFETY
- EMPLOYER OF CHOICE
- SUSTAINABILITY IN THE SUPPLY CHAIN

# SUSTAINABILITY SCORECARD

Sustainability Scorecard is our corporate guideline that enables the measurement and improvement of sustainability performance. Through our Sustainability Scorecard, we monitor our sustainability performance. As part of our Corporate Scorecard, the Sustainability Scorecard is also one of the components of individual goals and the performance evaluation system. The Sustainability Scorecard includes key performance indicators (KPI) on material issues and our 2025 targets. In this way, we ensure that our performance in sustainability focus areas is reflected in the performance of all our employees and managers.

We are excited to embark on this journey with a vision to create value for our stakeholders and our planet.

Material Topic	KPIs	2020	2021	2022	2023	2024
Sustainable Products	Total number of products in the product range	4.870	5.295	5.405	5.372	5305
	Total number of points of sale (Türkiye)	44.500	44.500	44.500	56.000	56.000
	Brand awareness survey (%)	94	99	99	99	100
	Fines for product safety violations	0	0	0	0	0
	Number of product safety audits	9	10	6	4	10
	Product safety audit scores (%)	>Walmart FCCA Audit: 88.2 >FCCA Audit: 89.5 >Sainsbury's Technical Audit: 97 >Nestle GMP Audit: Compliant >Morrison's Technical Audit: 95 >BIM Technical Audit: 88 >A101 Technical Audit: 90 >Migros IFS Audit: B	>Walmart FCCA Audit: 99.2 (Kütahya Factory) >Walmart FCCA Audit: 88.2 (Organized Factory) >Carrefour Technical Audit: 90 >Sainsbury's Technical Audit: 96 >Nestle GMP Audit: Compliant >A101 Technical Audit: 86.6 >BIM Technical Audit: 88 >Migros IFS Audit: 95.51 >John Lewis Technical Audit: B-Satisfactory	>Sainsbury's Technical Audit: 85 >Walmart FCCA Audit: 99.3 >Nestle GMP Audit: Compliant	>Sainsbury's Technical Audit: 85 >Walmart FCCA Audit: 99.3 >A101 Technical Audit: 90 >Migros IFS Audit: 96	>Sainsbury's Technical Audit: 97 >Walmart FCCA Audit: 100 >A101 Technical Audit: 94.8 >Costco GMP General Hardlines Factory Assessment: 99.48 >Shaya (Starbucks) Supplier Audit: 99 >Saber Technical Audit: Pass >BV CPS General Hard Goods Capability & Capacity Audit: 98.08 >L-Founders Quality Audit: Pass >Migros IFS Audit: 94 >Türk Tuborg FSSC 22000 Food Security Audit: Pass

Material Topic	KPIs	2020	2021	2022	2023	2024
<b>Digitalization and Industry 4.0</b>	Number of security violations	0	0	0	0	0
<b>R&amp;D, Technology and Innovation</b>	University/industry R&D business number of units	3	3	3	2	2
	Number of registered designs	3	2	1	3	3
	Number of trademarks registered	4	4	4	0	7
<b>Circular Economy</b>	Raw material consumed (tons)	103	107	100	97,41	99
	Amount of hazardous waste (tons)	47,928	80,493	91,682	126,601	118,492
	Plastic recovery rate (%)	100	100	100	100	100
<b>Energy and Emission Management</b>	Energy intensity (energy consumption per ton of glass GJ/ton)	92,0	92,7	91,3	96,5	98,9
	Greenhouse gas emissions (scope 1-tCo2e)	-	106.917,13	107.579,75	101.230,07	106.531,81
	Greenhouse gas emissions (scope 2-tCo2e)		32.291,73	30.201,06	27.992,31	27.597,46
	Number of leaks/spills	0	0	0	0	0
<b>Gender Equality</b>	Employee turnover rate (%)	0,41	0,41	0,87	1,23	1,32
	Rate of female senior executives (%)	21,7	17,4	14,3	42,1	46,34
	Rate of entry-level female salaries to male salaries	1	1	1	1	1
	Rate of female salaries to male salaries at managerial level	1	1	1	1	1
<b>Water Management</b>	Water intensity (Water consumption per ton of glass m3/ton)	5,6	4,58	4,4	3,66	2,53
<b>Employer of Choice</b>	Training courses provided to employees (number of people)	1.396	1.515	1.554	1.532	1.663
	Number of employees given regular performance evaluation feedback	162	191	179	183	214

Material Topic	KPIs	2020	2021	2022	2023	2024
<b>Business Ethics and Compliance</b>	Business ethics training given to employees (number of people)	787	763	790	720	736
	Number of external audits received and external audit score	4 external audits >BSCIA >ICS 91 >SMETA 4 Pillar >TCCC: Pass	9 external audits >FCCA: 99.2 >ICS 90 >NESTLE GMP Audit: Compliant	3 external audits >Sainsbury's Technical Audit: 85 >Walmart FCCA: 99.3 >Nestle GMP Audit: Compliant	6 external audits >Inditex Ethics Audit: Pass >Kohl's Responsible Sourcing: Pass >LCW Social Compliance Audit: 97.5 >SMETA 4 Pillar >TCCC: pass >KIK Ethics Audit: 88	6 external audits (by independent third-party auditing firms) >Costco COC: Intermediate >Kohl's Responsible Sourcing: Green >ICS Social Compliance Audit: 99 >SMETA 4 Pillar >Amfori BSCI Kutahya Factory: A >Amfori BSCI Organized Factory: B
<b>Sustainability in the Supply Chain</b>	Total number of suppliers	1.382	1.382	1.382	1.383	921
	Number of suppliers audited	55	60	60	60	12

## SUSTAINABILITY MANAGEMENT

Sustainability is managed through a multi-stakeholder structure that is integrated into the corporate decision-making mechanisms. The highest authority in this area is the Sustainability Committee, chaired by the General Manager of LAV & LAV HORECA. The Committee meets every four months to monitor the status of goals and practices.

Its responsibilities include tracking competitors' and best practices in sustainability, updating targets when necessary, sharing relevant performance with stakeholders, and raising employee awareness on sustainability.

Our main guide in the field of sustainability is the Sustainability Policy. Through this policy and other accompanying corporate policies, our aim is to ensure that sustainability approach and priorities are integrated into all processes and are recognized across our entire stakeholder ecosystem.

You can access our Sustainability Policy, which outlines our approach and goals across all our priority areas, at [info@lavhoreca.com](mailto:info@lavhoreca.com).



# INITIATIVES WE SUPPORT IN THE FIELD OF SUSTAINABLE DEVELOPMENT

We believe that sustainable development can only be the result of a collective effort. We support local and global initiatives and work together to find the most rational solutions.

We follow developments and become part of the solution processes through our corporate memberships, which are aligned with our material issues.



The Business Social Compliance Initiative (BSCI) is a broad-based platform developed to monitor and evaluate the social compliance of supply chains. The BSCI Code of Conduct requires performance reporting on a wide range of topics, including legal compliance, non-discrimination, working conditions, occupational health and safety, the prohibition of child labor, the elimination of forced and compulsory labor, as well as environmental and safety issues.

Since 2012, we have been regularly subjected to independent audits within the scope of the BSCI system.

SEDEX is an audit system designed to help businesses improve the performance of their supply chains. It stores data on responsible business practices and enables this information to be shared with multiple customers.

SEDEX SMETA Audits are a methodology used to ensure ethical trade. These audits are based on the ETI Base Code, covering areas such as environment, health and safety, labor standards, and business ethics within the supply chain.

Since 2009, we have been working to promote SEDEX standards among our stakeholders.

The UN Women's Empowerment Principles (WEPs) is an initiative established to promote collective action for achieving gender equality in the workplace.

We signed the WEPs in 2015. Our goal is to develop projects both within and outside the organization to support the empowerment of women and to increase the proportion of female employees in our workforce.



BCSD Türkiye (Business Council for Sustainable Development Türkiye) is an initiative that collaborates with Türkiye's leading companies to enhance the business sector's awareness and impact on sustainable development in line with the UN Sustainable Development Goals (SDGs).

# GLOBAL SUSTAINABILITY TRENDS: RISKS AND OPPORTUNITIES

## *Combating Climate Change*

According to the World Economic Forum's Global Risks Report 2024, the failure to sufficiently mitigate the impacts of climate change, the increase in natural disasters, biodiversity loss, and environmental degradation continue to rank among the top five critical threats to our planet. Climate change triggers a complex chain of global risks, influencing economic pressures, disruptions in energy and food supply, rising living costs, and even countries' debt repayment capacities.

The United Nations Framework Convention on Climate Change (UNFCCC) COP29, held in Baku in November 2024, clearly emphasized the need to accelerate global efforts and improve performance in this area. According to the final declaration, the most urgent and fundamental need of the transformation economy is to ensure access to climate finance, as well as to enhance climate resilience and provide compensation for climate-related losses.

The COP29 decision text called on signatory countries to "transition away from fossil fuels in energy systems in a just, orderly, and equitable manner, accelerate actions within this critical decade (the 2020s), and thereby achieve net zero emissions by 2050." Türkiye, which has yet to publicly share its National Climate Action Plan or enact its Climate Law, has declared its intention to benefit from the Loss and Damage Fund.

## *How Do We Manage?*

We are fully aware of the global calls to action, particularly due to the energy-intensive nature of the glass industry. We continue to invest in enhancing energy efficiency throughout our production processes, while accelerating our R&D efforts to optimize natural gas consumption and explore alternative energy sources. We focus on minimizing energy consumption through our waste heat recovery systems and strengthen collaborations with national and international stakeholders to increase our glass recycling rates, contributing to the circular economy.

We are also taking measures to increase the resilience of our production facilities against physical climate risks and conducting proactive risk assessments to minimize potential disruptions in our supply chain. Closely monitoring developments in Türkiye's climate policies, we are preparing for compliance with potential new regulations. As not only a glass manufacturer but also a responsible corporate citizen, we remain committed to contributing to global efforts against the climate crisis. In this regard, we will continue to publicly share our environmental performance indicators in line with our principle of transparent reporting.

## *New Regulations and Risk Management*

The year 2024 marked a significant acceleration—and even materialization—of local regulations

in Türkiye concerning climate change mitigation and sustainability, in parallel with global regulatory developments. The Türkiye Sustainability Reporting Standards (TSRS) and the European Sustainability Reporting Standards (ESRS) came into force in 2024. Additionally, the European Union's Carbon Border Adjustment Mechanism (CBAM) began to be implemented for selected sectors. These key developments have significantly increased companies' obligations to manage and report on sustainability risks, particularly climate-related risks, more than ever before.

### ***How Do We Manage?***

The transformations driven by climate change, the emergence of new business models, and technological advancements such as artificial intelligence are exposing us to an ever-evolving risk environment and new regulations arising from these risks. As an organization, we are fully aware of the need to closely monitor this dynamic risk landscape and adopt proactive approaches in response.

In 2024, global and local dynamics remained at the core of our risk management agenda. While macroeconomic risks such as inflation and uncertain growth outlooks posed potential credit challenges, new and growing risk areas also emerged—such as compliance with new regulations (like TSRS and ESRS), increasing cyberattacks, the integration of AI into operational systems, and the constantly evolving nature of climate-related risks.

We aimed to manage these risks through a transparent and integrated approach, ensuring both our operational continuity and the protection of our sustainable growth objectives. In line with this, we accelerated our investments in reducing the energy intensity inherent in glass production and continued our R&D efforts in green technologies in 2024—helping us minimize our environmental impact while enhancing our operational resilience. As part of our 2024 activities, we completed the necessary infrastructure work and integrated data collection processes to comply with the requirements of the new sustainability reporting standards. Whether the glass industry will be included under the scope of the Carbon Border Adjustment Mechanism (CBAM) remains to be clarified in the coming period. We are closely monitoring the process and taking the necessary preparatory steps.

### ***Economic Instability and High Inflation***

In 2024, global inflation rates saw a significant decline because of tight monetary policies, continued normalization in supply chains, and a retreat in commodity prices.

Geopolitical developments are expected to be among the most influential factors affecting economies. The rising trend of protectionism in international trade is anticipated to complicate trade flows and exert upward pressure on global inflation. These expectations are negatively impacting global risk appetite and growth projections. In its latest report, the International Monetary Fund (IMF) highlighted the increase in global debt levels and projected that global economic growth will hover around 3% in the upcoming period.

The Turkish economy, while slowing down in 2024 due to tight monetary policies implemented to curb inflation, managed to achieve a more balanced growth composition. After growing by 5.1% in 2023,

the economy expanded by 3.2% in 2024. Tight monetary policy and macroprudential measures led to a slowdown in credit growth and private consumption expenditures. While this reduced the contribution of domestic demand to growth, it increased the share of net exports.

Given the continuation of tight policy stances in line with disinflation targets and ongoing uncertainties surrounding export market growth, Türkiye's economy is expected to grow below its potential in 2025.

## ***How Do We Manage?***

We have focused on enhancing our production efficiency, strengthening our sustainable practices, and maintaining our resilience against changing economic conditions by evaluating the dynamics of the glass industry within this macroeconomic framework in 2024. In the upcoming period, we will continue to closely monitor global and local economic developments and proactively update our strategies.

## ***Access to Talent***

One of the most critical components for creating a competitive advantage for organizations worldwide is access to talented employees and ensuring their retention within the organization. Demand for technically skilled professionals, particularly in the fields of artificial intelligence and big data, is steadily increasing. Individuals with such competencies are highly sought after across all industries.

Another essential aspect of technological transformation is improving the digital literacy of existing employees. The growing digitalization across all departments, integration of artificial intelligence, and the incorporation of big data processing systems into decision-making processes make it imperative for all employees to possess at least a basic level of knowledge in these areas.

These developments necessitate an increased focus on technology-related content in employee development programs.

## ***How Do We Manage?***

We are working to become an employer of choice for recent graduates by establishing partnerships with universities.

We design training plans aimed at enhancing employee competencies and initiate the development process during the orientation period. For each new hire, we prepare a personalized orientation program. Through the Gürok Academy "Personal Leadership Program," we deliver behavioral competency trainings. Throughout their careers, we support our employees with technical skill development programs, training sessions, technical visits, fairs, congresses, and seminars.

We plan on-the-job and internal training in line with the evolving employment profile. This approach enhances our company's flexibility and allows employees to develop competencies that meet new job requirements. When employees transition into horizontal or vertical roles, we initiate training processes to build the behavioral competencies required for their new positions.

Within the group, the Gürok Academy Directorate has been established, and the Gürok Academy online platform has been launched. Employees can view their scheduled training courses and track their participation through the SAP LMS module.

# OUR CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS

We embrace and support the United Nations Sustainable Development Goals (SDGs). We see our contributions to the SDGs as a fundamental part of our sustainable value creation process. Our activities contribute directly to 6 sustainable development goals.

**Quality Education:** We invest in the professional and personal development of our employees and prepare them for the future. We partner with universities. We contribute to children's access to education through our community investment in education.

**Gender Equality:** We believe that the economic and social empowerment of women will contribute to the well-being of the country. For this reason, we aim to increase the number of female employees, the proportion of female managers and the skills of women and girls through our corporate social responsibility projects.

**Clean Water and Sanitation:** Access to clean water is a major global environmental issue. We are therefore developing projects to reduce water consumption in our manufacturing processes and investing in new Technologies.

**Decent Work and Economic Growth:** We strive to be a safe employer for our employees, a reliable partner for our business associates and suppliers, and a brand that delivers high-quality products for our customers.

**Industry, Innovation and Infrastructure:** We invest in producing high value-added products with a low environmental impact. We engage in numerous collaborations in the fields of R&D and innovation. By manufacturing our own machinery, we gain a competitive advantage. We closely follow the requirements of Industry 4.0 and continue to digitalize our processes.

**Responsible Production and Consumption:** We are committed to producing better products using fewer resources without compromising on quality and safety. We share accurate information about our products, support the circular economy, and contribute to efforts aimed at increasing glass recycling. Additionally, we continuously seek ways to reduce our plastic consumption.

## OUR RELATIONSHIP WITH OUR STAKEHOLDERS

We strive to create a participatory, collaborative, learning and winning ecosystem. For this reason, we carry out numerous communication activities that enable two-way and transparent communication with our key stakeholders.

<b>Stakeholder</b>	<b>Key Expectations</b>	<b>Our Response</b>	<b>Communication Method</b>
<b>Employees</b>	A working environment that supports development, empowering employees with authority and responsibilities, and adopting hybrid working models.	We have defined policies and procedures for being a fair employer. It works to educate employees at every level, promote agile working models, and create a new generation of workplaces.	Satisfaction Surveys, Internal Magazine, Social Media
<b>Customers</b>	A company that meets their needs, with low environmental impact products.	We evaluate customer feedback and improve products accordingly.	Surveys, Website Feedback Section, Social Media, Trade Shows
<b>Suppliers</b>	Fair selection and evaluation process; fast and easy communication; corporate capacity development.	We manage its supplier pool with effective selection, evaluation, and development systems.	Face-to-Face Interviews, Fairs, E-mail, Factory Visits, Social Media
<b>Business Partners</b>	Mutually beneficial, trustworthy, long-term relationships; contribution to sectoral development and information sharing.	We aim to contribute to sectoral development and mutual value creation by aligning partnerships with strategic goals.	Joint Projects, Meetings, Bulletins, Social Media
<b>Shareholders</b>	Receiving information about LAV & LAV HORECA's development, quickly and clearly, and protecting shareholder rights.	We aim to provide timely and accurate information to shareholders with a sense of responsibility.	Board of Directors Meetings
<b>Public and Regulatory Institutions</b>	Full compliance with regulations; sharing opinions on new regulations.	We engage in continuous compliance and feedback activities on sectoral regulations.	Bulletins, Social Media
<b>Society</b>	Social responsibility in line with corporate values; contribution to local development; environmental and social awareness.	We act in harmony with the community, implement social responsibility projects, and develop local collaborations for the benefit of society.	Social Responsibility Projects, Bulletins, Social Media

# BETTER PRODUCTS

SUSTAINABLE PRODUCTS

STRONG COMMUNICATION WITH OUR CUSTOMERS

R&D, TECHNOLOGY AND INNOVATION

DIGITALIZATION AND INDUSTRY 4.0



Our mission is to create products that enrich lives and bring joy to our customers. To fulfill this mission, we invest in research and development without compromising on quality, embrace technological advancements, and prioritize reducing the environmental footprint of both our production processes and our products.

We work diligently at every stage of our production processes, utilizing the most advanced technologies to minimize the environmental impact of both our products and our production operations. With this awareness, we continue to implement projects aimed at increasing our energy efficiency and improving our glass recycling rates without slowing down.

## **SUSTAINABLE PRODUCTS**

### ***Quality and Trust Together***

As a producer of food contact products, quality and trust are the cornerstones of our operations. Our commitment to these values began with the ISO 9001 Quality Management System and gained momentum with the adoption of the EFQM Excellence Model in 2015 as a comprehensive management approach.

We recognize that our responsibility extends beyond our customers to all stakeholders. Guided by our environmental and social responsibilities, we are committed to building a sustainable future. In line with this, we implement eco-friendly production practices and continuously enhance our processes to deliver products of the highest quality.

### ***Product Quality and Safety***

- We are committed to ensuring the highest standards of product quality and safety. All our processes are aligned with rigorous international regulations, including the principles of the EU Council Directive (EC) 2023/2006.
- To guarantee durability and excellence in every detail, each product undergoes a comprehensive series of five quality control tests: hot control, cold control, tension tests, product inspection, and quality control. This multilayered approach ensures consistency and reliability across our entire product range.
- We continue to maintain our sensitivity to product safety by providing training to all new employees.

### ***Food Contact Compatibility***

As a manufacturer of food contact products, we take all necessary steps to verify the safety of materials such as plastics and silicone closures. These components are tested by independent, accredited laboratories in accordance with EU regulations, the REACH Directive, and ISO standards.

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## ***Supplier Quality and Safety Performance***

Product safety extends beyond our own facilities to include our supplier network. Through our Supplier Evaluation Plan, we monitor suppliers' ethical, social, and technical performance. All suppliers providing materials with direct impact on final products are subject to regular audits. In the reporting period, we conducted four product safety audits, none of which resulted in any penalties or non-compliance findings.

## ***Continuous Improvement and Independent Assessments***

Continuous development is a core principle. Our product safety and quality management systems are evaluated annually by third-party organizations arranged by our customers. Insights from these assessments, along with internal audits, are used to implement targeted improvements and uphold our standards of excellence.

## ***Food Contact Compatibility in Decor and Spray Paints***

To ensure the food contact safety of our products, we require documentation from our suppliers confirming that the decor and spray paints used are free from substances listed in Annex XVII of EU Regulation (EC) No. 1907/2006, and do not contain any Substances of Very High Concern (SVHC).

Additionally, we regularly conduct third-party laboratory tests, accredited by authorized institutions, to verify the compliance of our decorated and spray-painted products with food contact regulations.

## ***Quality Culture***

During the reporting period, 682 employees received quality training, and 920 employees received product safety training.

## Audits and Scores in 2024

In 2024, we successfully underwent multiple audits conducted by national and international stakeholders. The results demonstrate our commitment to high standards in quality, safety, and compliance:

- **Sainsbury's Technical Audit: 97**
- **Walmart FCCA Audit: 100**
- **A101 Technical Audit: 94.8**
- **Costco GMP General Hardlines Factory Assessment: 99.48**
- **Shaya (Starbucks) Supplier Audit: Passed**
- **Saber Technical Audit: 99**
- **BV CPS General Hard Goods Capability & Capacity Audit: Passed**
- **L-Founders Quality Audit: 98.08**
- **Migros IFS Audit: Passed**
- **Türk Tuborg FSSC 22000 Food Safety Audit: Passed**

## Plans and Their Application Areas

PLAN	APPLICATION AREA
<b>Infrastructure and Working Environment Plan</b>	Infrastructure and working environment
<b>Input Validation Plan</b>	Suitability and control of inputs to be used in products
<b>Identification and Traceability Plan</b>	Traceability
<b>Internal Audit Plan</b>	Monitoring the conformity of processes
<b>Management Review Plan</b>	Annual review of management systems and process management
<b>Recall Plan</b>	Determining what should be done in case of a situation that may threaten consumer health during the use of products
<b>Waste Plan</b>	Disposal of waste that may occur because of activities
<b>Production Phase Monitoring and Measurement Plan</b>	Determining which controls and which methods will be used in processes during the production phase
<b>Final Control Plan</b>	Final checks of packaged products
<b>Emergency Plan</b>	Emergency situations that may affect product safety, human health, and the functioning of processes
<b>Product Safety Defence Plan</b>	Product safety controls to be carried out in and around the facility

# LONG-LASTING PRODUCTS AND ENVIRONMENTALLY FRIENDLY STEPS

We continue to enhance our communication with customers, improve our products and services, and expand our sustainability initiatives to build a more sustainable future together with all our stakeholders. As part of our commitment to environmentally responsible production and innovative solutions, we are taking meaningful steps across various areas, from reducing food waste to investing in R&D. We prioritize the use of environmentally friendly paints in our production processes and work to reduce transportation-related emissions by optimizing product weights.

We also maintain a comprehensive inventory of the chemicals used in production and carefully monitor their use. Wherever possible, we opt for eco-friendly chemical alternatives to minimize our environmental impact.

## *Our Fight Against Food Waste*

To support the reduction of food waste, we offer a wide selection of storage containers designed to keep food fresh, safe, and preserved for longer periods. Our range includes portable storage solutions that enable easy transportation and safe consumption of meals, helping our customers store smart and waste less.

With our 'Helen'/'İstanbul' design, we were honored with the iF Design Award 2024 in the 'Tableware / Cookware' category, presented by iF DESIGN AWARD, the world's oldest independent design organization.

We develop our product portfolio with a focus on extending product life cycles and meeting timeless needs, while prioritizing human health and respect for nature.

Meeting More Needs with Fewer Products: "Tokyo" is a versatile product designed to meet preparation, serving, and storage needs all in one product.

Lightweight Storage Container: We provide solutions that make it easier for people to carry home-cooked meals with "Fresco/Kyoto", while also helping reduce the use of single-use packaging.

Storage Container Families: We are expanding our portfolio with more lidded storage containers to offer healthier food storage solutions.

Durable Products: Through tempering processes, we enhance the durability and strength of our products.

Organic Paint Usage: Each year, we increase the use of organic paints that are safe for human health.

Organic Plastic: We are exploring organic plastic alternatives for plastic components and have conducted trials using olive seeds as a raw material.

Stackable Products: To prevent storage issues caused by limited storage space, we design stackable products. In our Helen/İstanbul, Cozy/Cambridge, and Tokyo series, products can be stacked with lids for easy storage.

## ***Less Packaging Waste***

Through our Standard Pallet Arrangement Project implemented during the decor production process, we increased the number of products that can be placed on a single pallet. This optimization has reduced the consumption of pallets, stretch, nylon, and duralite. For online orders, we use recycled paper separators from scrap paper instead of plastic, and crop filing material from scrap packaging instead of plastic originated material.

## ***Efficient Painting & Energy Saving***

By using Infrared Lehr technology in our decor production process, we achieve significant natural gas savings.

## ***Alternatives to Single-Use Plastics***

To reduce the demand for disposable products, we encourage the consumption of homemade meals. We always prioritize the health and satisfaction of our customers, driven by our understanding of quality and trust. We continue to bring elegance and confidence to your tables with products you can use with peace of mind.

# **IN 2024;**

***With the Thermoplastic Curing/Fixing Lehr Flue Gas Project, we redirected waste hot gas back into the lehrs, resulting in an 8% reduction in energy consumption.***

***By replacing manual paint addition with a dosing system on conventional spray lines, we achieved 6% savings in paint usage.***

***By adopting offset printing on testliner paper, we reduced the need for white-coated chrome cardboard. This solution has been implemented for packaging and certain private label (PL) requirements.***

***We shipped the products to our private label customers on pallets with plastic dividers. This ensured that our products were shipped with minimal packaging waste.***

***With our efforts in 2023, we reduced our water usage by 43%, saving enough water to fill 142 Olympic-sized swimming pools each year.***

***Through the integration of a pressurized tank in the electrostatic line, we reduced the amount of paint prepared for testing by 83.3%, preventing waste from unused paint.***

***A continuous improvement project launched in 2024 led to an approximately 10% reduction in annual wooden duralite usage.***



## **STRONG COMMUNICATION WITH OUR CUSTOMERS**

We offer a wide range of 5,305 innovative products and embrace a customer-centric approach. We closely monitor emerging trends and consumer expectations, continuously improving our products and services to meet their evolving needs.

We ensure fast and effective communication by being accessible through multiple channels, providing prompt solutions to all inquiries and product-related issues. Customers can reach us via telephone, website, online portals, şikayetvar.com, and social media. All feedback and complaints are carefully reviewed by our Customer Complaints Board, which implements necessary corrective and preventive actions (CPA) to enhance customer experience.

### ***LAV & LAV HORECA at 56,000 Points of Sale***

Our products are available at 56,000 points of sale across Türkiye and 98,000 points of sale abroad. With this extensive distribution network, we ensure that our customers can easily access our products from the nearest sales point. In the USA, we operate a 16,000-square-foot warehouse, distributing through online, retail, and HORECA channels. In the coming year, we plan to collaborate with Rep groups for HORECA sales in 26 regions.

### ***41 Madison, New York***

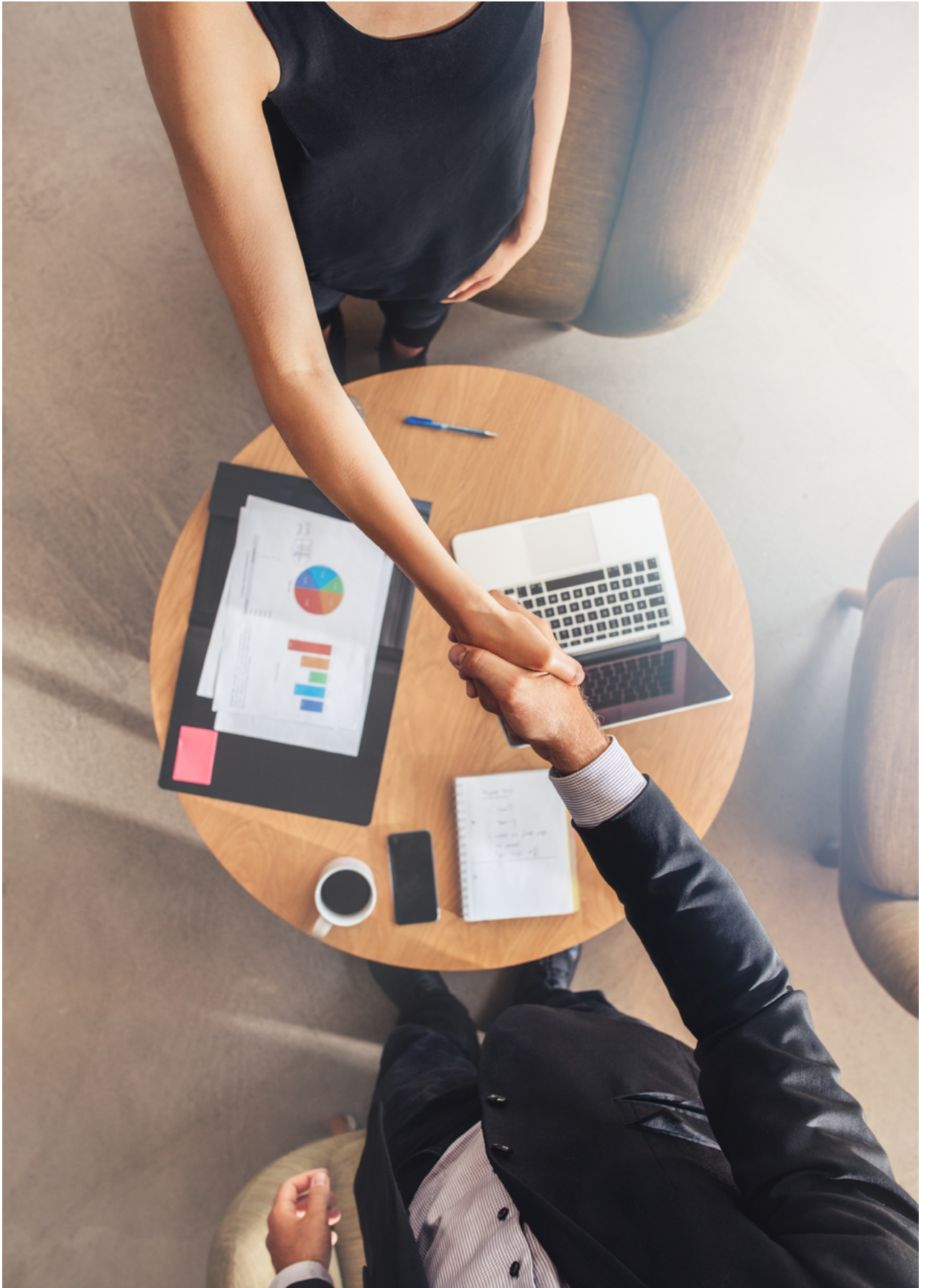
Through our showroom at 41 Madison, New York, we aim to bring a fresh perspective to the American market, enhance our brand perception, and maintain close communication with our customers to understand their needs and expectations. This approach enables us to ensure maximum customer satisfaction in the global marketplace.

### ***Customer Satisfaction-Focused Initiatives***

Customer satisfaction is our top priority. To evaluate how well we meet expectations, we conduct the Customer Satisfaction Survey (CSS) every two years. The results are shared with senior management and relevant departments, and the necessary improvement actions are taken accordingly.

We continuously refine our operations based on customer feedback regarding product quality, packaging, presentation, delivery, customer relations, communication, problem-solving, brand image, and loyalty.

We offer our products at 56,000 points of sale across Türkiye, 98,000 sales points abroad. With this broad distribution network, we ensure easy access for customers worldwide.



# BRAND COMMUNICATION PROJECTS



With over 30 years of expertise from Gürok Group in glass design and manufacturing, LAV HORECA continues to set industry standards by offering products that combine elegance, durability, and versatility for hospitality professionals. We are more than a glassware brand, we are trusted partners for hospitality professionals, transforming daily service moments into memorable guest experiences. We take pride in designing products that blend functionality, resilience, style, and sophistication.

Drawing on the experience of hotels within the Gürok Group, we understand the needs of the hospitality sector. With this dual role as both a service provider in the hospitality industry and a product supplier, LAV HORECA stands out as a unique brand in the industry.

In 2024, we introduced our new brand LAV HORECA, offering stylish and functional products in the hospitality sector.

## **Multi-Channel Strategy**

We actively enhance brand awareness through various channels, including trade fairs, events, social media, PR activities, sponsorships, and market research.

### **FAIRS ATTENDED IN 2024**

Ambiente 2024 – Frankfurt/ Almanya	<b>LAV</b>	<b>LAV HORECA</b>
The Inspired Home Show 2024 – Chicago/USA – LAV	<b>LAV</b>	
National Restaurant Association Show 2024	<b>LAV HORECA</b>	
LuxePack Monaco 2024 – Monaco	<b>LAV HORECA</b>	
EVSID - Turkish Houswares Show – İstanbul/Türkiye	<b>LAV</b>	
ZUCDER – 13. Uluslararası Üretici-Marka Buluşmaları Zirvesi – Antalya/Türkiye	<b>LAV HORECA</b>	
ZUCDER - 14. Uluslararası Üretici-Marka Buluşmaları Zirvesi – Antalya/Türkiye	<b>LAV HORECA</b>	

## **Events**

We organize special events as part of our brand communication activities on special days.

## **Social Media**

We carry out social media activities throughout the year and run special digital projects.

## **PR and Sponsorships**

For PR events, and sponsorship activities, we conduct news monitoring throughout the year and carry out PR events and advertorial activities at various times.

## **Market Research**

Within the scope of brand communication, we conduct market research such as availability studies, checkout exit research, focus groups, brand awareness, and image value studies. We carry out checkout exit, brand awareness, and image value studies throughout the year.

# LAV

At LAV, we don't just offer products, we deliver a lifestyle that adds color and joy to everyday life. In 2024, we launched a new brand communication campaign, "Dolu Dolu LAV, Hayat Dolu LAV" (Full of LAV, Full of Life), highlighting the importance of embracing life fully and appreciating its beauty.

LAV's energy extends beyond physical products; it reflects a lifestyle that inspires people to bring out their inner dynamism. Through our products, we celebrate life's moments, emphasizing how small yet meaningful touches can enrich everyday experiences.

We actively use social media platforms to connect with our customers and gather their insights. By closely monitoring feedback, we continuously enhance our products and services. This approach allows us to strengthen our brand-driven sustainability goals while improving customer experience.

Our "Full of LAV, Full of Life" campaign has achieved significant recognition.

At Kristal Elma, our commercial won three awards: Kristal Elma in Best Art Direction and Best Advertising Music, and Gümüş Elma in the Film Category.

Additionally, at the Felis Awards, we earned Craft Felis awards in the Production Design and Cinematography categories.

These achievements, driven by our growing digital visibility and data-driven communication strategy, have reinforced our strong position in the industry.

## ***LAV cntd.***

We also supported young talent by collaborating with students from Devlet Hatun Vocational and Technical Anatolian High School during the 'Game of Food – Gastro Antalya' competition in Antalya. The students showcased their creations using LAV products.

## R&D, TECHNOLOGY AND INNOVATION

Our approach to sustainability goes beyond the materials and processes we use in production. We focus on developing and implementing innovative solutions that we consider essential for building a sustainable future. R&D and innovation lie at the core of our sustainability journey.

Through regular innovation meetings and a company culture that encourages our employees' creative ideas, we develop new products and processes with sustainability in mind. We maintain a strong pool of technical expertise in machinery and glass technologies and actively follow technological advancements, aligning them with our sustainability objectives.

Through our work on alternative raw materials and formulations, we achieve lower environmental impact and competitive costs. We focus on developing lightweight, eco-friendly, innovative, and durable products while meticulously protecting our intellectual property rights. In 2024, 7 of our designs were registered.

Our investment in R&D and innovation not only help us reduce our environmental footprint but also enables us to deliver the highest quality products to our customers. In this way, we remain committed to playing a leading role in building a sustainable future.

In 2024, seven of our designs were registered.

## DIGITALIZATION AND INDUSTRY 4.0

We closely monitor emerging technologies, industry advancements, and cross-sector innovations, managing our digitalization and Industry 4.0 initiatives in line with our corporate digitalization strategy. We evaluate the risks and opportunities of Industry 4.0 transformation and work to seamlessly integrate technological advancements into our business processes.

Our Information Technologies Directorate, reporting directly to the Board of Directors, oversees these efforts. This includes the leadership of our General Manager and a dedicated Digitalization Committee.

We are committed to continuously enhancing our expertise in information technologies and elevating our digital maturity across the organization to remain agile and competitive in a rapidly evolving landscape.

### ***Advancing Toward a Digital Future with "Momentum"***

We aim not only for environmental sustainability but also for the sustainability of our processes, organizational structure, and technological infrastructure. In this context, "Momentum," our business transformation program initiated in 2023 in collaboration with the Gürok Group CTO and our General Manager, evolved into a robust framework by 2024, aligning our digital transformation with our sustainability strategy.

Aligned with the “Good Products” strategic focus area, the Momentum program, supported by the newly established Commercial Excellence Directorate, has become the driving force of our digitalization journey. This transformation reshapes not only our ways of working but also our organizational and governance structures, enhancing employee experience and customer satisfaction through digital solutions and embedding data-driven decision-making into our corporate culture.

### ***Creating Sustainable Value Through Digitalization***

We see digitalization not merely as the adoption of new technological tools but as a complete redesign of our business processes, increasing organizational efficiency and equipping our employees with digital competencies. Guided by our Digitalization Policy, we integrate Industry 4.0 applications, AI-powered decision-making systems, and advanced data analytics tools into the heart of our operations.

In particular, our AI-supported quotation system has eliminated manual workflows, allowing us to provide real-time, flexible, and accurate services to customers. With ERP system integration and a Salesforce-based transformation model, we have enhanced both process traceability and automation levels. Additionally, we implemented comprehensive training programs to enable our sales teams to utilize Salesforce for faster and more efficient sales operations. By activating fast-quoting processes, we built an agile commercial structure that responds to customer demands more quickly.

### ***Steps Toward the Future***

Looking ahead to 2025, we plan to expand our Commercial Excellence Team with data analysts to strengthen decision-making processes through deeper data insights. We prioritize not only digitalizing existing processes but also driving a cultural transformation. Guided by our “Transformation for the Future” vision, we actively involve employees in the digitalization journey and conduct training and awareness programs to foster a data-driven mindset across the organization.

In the coming period, we aim to advance this transformation with AI-powered personal assistant solutions, the “Customer 360” architecture to enhance customer experience, and data-driven management KPIs. While using technology as a strategic enabler, we remain committed to building a sustainable and innovative future.

We deliver training to our employees on information security and continue to digitalize business processes, ensuring that our services are fully integrated into digital platforms. To mitigate risks related to data security and privacy, which come hand in hand with digital Transformation, we implement robust protective measures, safeguarding the information of both our partners and customers. In 2024, we recorded no complaints related to data privacy breaches.



# BETTER WORLD

• CLIMATE RISK MANAGEMENT

ENERGY AND EMISSIONS MANAGEMENT

WATER MANAGEMENT

CIRCULAR ECONOMY

GENDER EQUALITY

SUPPORT TO SOCIAL WELFARE

We envision a cleaner, fairer and better world for everyone. We conduct our operations with a sense of responsibility to create a better world. We reduce our environmental impact, promote gender equality through various initiatives, and contribute to improving societal well-being through social responsibility projects.

## ***Climate Risk Management***

The glass industry is one of the sectors that is directly affected by climate change. Due to its high energy consumption and reliance on natural resources, industry is experiencing issues such as droughts and floods resulting from climate change, as well as rising energy costs. These issues impact production processes and reduce the industry’s competitiveness. Furthermore, stricter environmental regulations and evolving customer preferences are rendering a sustainability-driven transformation of the industry imperative.

## ***Challenges in the Production Process***

<b>Increasing Energy Costs</b>	Rising prices of fossil fuels used in production increase costs and reduce the sector’s competitiveness.
<b>Challenges in Raw Material Supply</b>	Natural disasters such as droughts and floods, which are caused by climate change can lead to problems in the supply of basic raw materials such as sand and soda ash.
<b>Declining Water Resources</b>	Glass production is a water-intensive process. Water scarcity can bring production to a standstill and increase production costs.
<b>Energy Intensity</b>	Glass production is an energy-intensive process that takes place at high temperatures. Rising temperatures due to climate change can complicate production processes and increase energy consumption.
<b>Effects on the Market and Demand Changes in Regulations</b>	Stricter environmental regulations introduced to combat climate change may affect the production processes and products of the sector.
<b>Changes in Customer Preferences</b>	Consumers with increased environmental awareness may demand glass products manufactured using more sustainable production methods.
<b>New Competitive Environments</b>	The emergence of competitors who are adapting to climate change and developing more sustainable production methods could lead to increased competition within the sector.
<b>Physical Risks Extreme Weather Events</b>	Extreme weather events such as hurricanes, floods, and heatwaves can damage production facilities and halt production.
<b>Rising Sea Levels</b>	Production facilities in coastal areas may be exposed to flood risk.

## **Financial Risks**

**Increased Insurance Costs:** As extreme weather events become more frequent, insurance costs may increase.

**Changes in Asset Values:** The value of facilities exposed to climate change risk may decrease. We take a proactive approach to managing climate risks. We monitor the potential impacts of climate change and assess environmental risks on our risk map.

In the Institutional Risk Inventory, we define risk descriptions with a '5 High' risk score as 'emerging risks.' Considering the current situation, we update and monitor the existing control points every year. Within the scope of the inventory, we have identified the risk of 'disruption in production due to the inability to meet water utilization requirements in production as a result of a decrease in water resources or external restrictions on water utilization and have determined the appropriate control points.

We conduct environmental dimension analysis studies based on processes which are updated annually. Additionally, within the scope of the Environmental Emergency Response Plan, we identify emergencies and plan actions to prevent them.

We closely follow current climate change regulations and developments around the world and in our country, advancing our work to combat climate change.

### **EMERGENCIES WITHIN THE FRAMEWORK OF THE ENVIRONMENTAL EMERGENCY RESPONSE PLAN**

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ACCIDENTAL DISCHARGE OF WASTE INTO WATER,

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ACCIDENTAL DISCHARGE OF WASTE INTO SOIL,

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CHEMICAL LEAKAGE,

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ACCIDENTAL DISCHARGE OF WASTEWATER INTO THE SOIL DUE TO OVERFLOWING  
OF THE TREATMENT PLANT,

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ACCIDENTAL DISCHARGE OF RAW MATERIALS INTO THE SOIL THROUGH DUSTING,

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HIGH EMISSION RELEASE

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CONTACT BETWEEN WASTE GENERATED DURING THE EPIDEMIC PERIOD AND  
PEOPLE AND SOIL

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DISCHARGE OF WASTEWATER TREATED DURING THE EPIDEMIC PERIOD WITHOUT  
DISINFECTION

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## WHAT DO WE DO?

**Glass Cullet Recycling:** The fact that glass is infinitely and 100% recyclable makes glass recovery one of the cornerstones of sustainability. Reusing glass cullet reduces environmental impact and increases production efficiency. We reintroduce glass cullet into the production process. This reduces our use of resources and saves energy.

**Solar Energy System (SPP):** In 2024, we commissioned our solar power plant to manage our energy consumption more sustainably. Thanks to this investment, we now meet a certain portion of our energy needs from renewable sources, thereby reducing our carbon emissions. This step enables us to diversify our energy supply and significantly reduce our environmental impact.

**Waste Management:** It is a fundamental responsibility for us to manage the waste generated during the production process without harming the environment. In this context, all our waste is collected by licensed companies and incorporated into recovery and recycling processes. Our temporary storage areas are managed in accordance with legal regulations.

**Management of Air Emissions and Ambient Air Quality:** We monitor and record all emissions sources at our facility in accordance with legal requirements. We carry out improvement works where necessary to ensure emissions remain within limit values. This approach to protecting air quality is important for both the environment and employee health.

**Water Use and Recycling:** We reuse water used in production through recycling systems, thus minimizing our water consumption. At the same time, we continue to develop new projects to promote the efficient use of water. This approach contributes to conserving water resources and reducing operational costs.

**Waste Heat Utilization:** We increase energy efficiency by utilizing the waste heat generated during production for various support processes. This practice ensures a more efficient use of energy resources while reducing our environmental impact. Waste heat recovery is an important part of our environmentally sensitive production approach.

**Energy Efficiency Projects:** We carry out various efficiency projects aimed at reducing energy consumption. In this context, we conduct optimization studies on production lines, prefer energy-efficient systems in equipment selection, and strive to expand automation systems.

**Greenhouse Gas and Carbon Footprint Calculations:** We regularly calculate annual greenhouse gas emissions at our facility and assess environmental impacts using measurable data. Additionally, we calculate the carbon footprint of our products, thereby continuing to work on the principle of continuous improvement by tracking our carbon emissions at the corporate level.

**Risk Management:** We develop risk management plans to increase resilience against climate change risks.

# WHAT ARE WE MONITORING?

## *Climate Change and the European Green Deal*

We are closely monitoring the European Green Deal as part of our efforts to combat climate change. We are constantly reviewing our production processes and implementing necessary improvements to comply with the targets set out in this agreement.

## *EU Carbon Border Adjustment Mechanism (CBAM)*

We are closely monitoring developments related to the CBAM, a trade mechanism aimed at reducing greenhouse gas emissions and preventing carbon leakage within the European Union. We are prioritizing efforts to provide transparent data on the carbon content of our products in accordance with the regulation. We are conducting carbon footprint calculation studies. To prepare for the obligations that this mechanism will impose, we are restructuring our internal processes in accordance with CBAM standards. In this regard, we support the Turkish phase of the Partnership for Market Readiness (PMR), which was established to support the Ministry of Environment, Urbanization, and Climate Change's efforts to reduce greenhouse gas emissions and to ensure the effective use of market-based emission reduction mechanisms. Every year, we carry out projects that include energy savings, alternative energy research, and alternative raw material research.

## *Emissions Trading System*

We have in-depth knowledge of global and national Emissions Trading Systems and are continuing to prepare for compliance in technical and administrative terms. This is one of the steps we are taking towards achieving our goal of low-carbon production.

## *Compliance with National Legislation*

We closely follow the laws, regulations, and circulars published in line with Türkiye's sustainability, environment, and climate policies, and update our internal practices in parallel with this legislation. We treat and implement environmental laws and regulations not as an obligation but as a responsibility.

### Water Efficiency Regulation

Under the Water Efficiency Regulation, we are conducting technical studies to reduce water consumption at our facility; in this regard, we are implementing measurement, analysis, and project development steps. Through this approach, we are directly contributing to the protection of water resources.

### Management of Industrial Emissions

Under the Management of Industrial Emissions Regulation, we monitor legal limit values for emission sources and minimize environmental risks. In this regard, we carry out continuous monitoring and reporting activities.

## **ENERGY AND EMISSIONS MANAGEMENT**

Enerji yoğun bir sektörde faaliyet gösteren bir firma olarak, enerji yönetiminiz öncelikli konularımız arasında yer alıyor. Enerji yoğun operasyonel süreçlerimizi sürdürülebilirlik odağında enerji verimliliği projeleri ile destekliyor ve yatırım planlarımızı bu doğrultuda gerçekleştiriyoruz.

As a company operating in an energy-intensive sector, effective energy management is one of our top priorities. We support our operational processes with energy efficiency projects that focus on sustainability, and we implement our investment plans accordingly.

The Energy Management Unit specializes in energy management and is responsible for this area. The unit is responsible for conducting measurements, tracking targets, ensuring compliance with regulations and implementing improvement initiatives.

**SCOPE 1 EMISSIONS (TON CO<sub>2</sub>E) 106,531**

**SCOPE 2 EMISSIONS (TON CO<sub>2</sub>E) 27,597**

Spot: As of December 2023, we have earned the ISO 50001 Energy Management System Certification, thereby documenting our competence in energy management.

### ***Our Carbon Footprint Study***

We started calculating and reporting our corporate carbon footprint in 2023 to determine greenhouse gas emissions from our production processes. We will use the study to determine and manage our climate change goals, manage climate-focused investments, and report greenhouse gas emission indicators in the Carbon Disclosure Project (CDP) and sustainability reports. Our calculations cover all of our company's direct and indirect activities within the scope of Scopes 1, 2 and 3 (GHG Protocol) and Categories 1, 2, 3, 4, 5 and 6 (ISO 14064-1). Scope 1 emissions include direct impacts from the company's fixed and mobile combustion activities; Scope 2 emissions include those from purchased electricity and other energy sources; and Scope 3 emissions include those from purchased raw materials, employee services, and business travel. In the glass production process, the most energy is used in the melting stage, where raw materials are melted at temperatures between 1,300 and 1,650 °C. We use natural gas as an energy source for this process.

We are conducting raw material replacement and efficiency studies to reduce energy consumption. We prioritize automation in production processes and carry out optimization studies. We regularly monitor, measure and carry out studies to reduce carbon emissions generated from production activities. When implementing our emission reduction actions, we utilize methods and technologies that support our industry.

### **WATER MANAGEMENT**

We recognize that the climate crisis is having an increasingly significant global impact every day, creating water stress worldwide by triggering extreme weather events such as droughts and floods. We recognize that effective water management is critical in the fight against climate change and consider it to be one of our key issues. We are working to reduce water consumption in our operations. We prioritize the sustainability of water, a fundamental resource in our production processes. We recycle and reuse all industrial wastewater generated during production. We have a domestic wastewater treatment plant with a capacity of 200 m<sup>3</sup> per day. In 2024, our water consumption was 45.1 m<sup>3</sup>. This was a decrease of 23.3% compared to the previous year.

Compared to the previous year, our environmental investments increased more than twofold in 2024.

# CIRCULAR ECONOMY

We envision a cleaner, fairer and better world for everyone. We are aware of our responsibility to create a better world and guide our operations accordingly. We reduce our environmental impact, promote gender equality through initiatives, and contribute to improving societal well-being through social responsibility projects.

We adopt the circular economy approach in our operations, based on the principles of reduction, reutilization and recycling, as opposed to the linear economy's take-make-dispose approach. In line with the circular economy model, which focuses on creating value sustainably through the efficient use of limited resources, we collect products that are deemed unsuitable at various stages of quality control and reuse them in the production process. Glass, our primary material, can be recycled infinitely and is used as a 'continuous material'. With this in mind, we are increasing the amount of recycled glass in production and developing projects that promote the efficient and sustainable use of resources.

In 2024, we achieved savings of 3.4% compared to the previous year by including plastic cap production, improving packaging processes, switching to alternative fuel for mold heating and reusing scrap to contribute to the circular economy.

## ***Productivity Improvement Projects***

In 2024, we implemented projects that improved time efficiency and productivity by reducing the resources used in our production processes. This resulted in a 0.7% reduction in production costs compared to the previous year.

## ***GENDER EQUALITY***

We believe that women's equal participation in all areas of life increases social welfare. We empower women in all areas of our work, including our internal operations and social responsibility initiatives.

We have been signatories to the UN Women's Empowerment Principles (UN WEPs) since 2015. We take our commitment to gender equality further by supporting initiatives that enable women to participate in the economy across all sectors and levels. Our goal is to be the employer of choice for women, which is why we manage remuneration, career opportunities and recruitment processes in accordance with the principle of diversity. Currently, women make up 53% of our white-collar employees and 46% of our senior managers. We are developing projects to increase the proportion of women in engineering roles. We are striving to become a 'mother-friendly' brand by encouraging our employees with babies to take their parental leave.

At LAV, we have also signed a protocol with the Kütahya Chamber of Commerce and Industry for the 'Women's Hand in Industry Project', which aims to increase female employment in the industrial sector and encourage women's participation in industry to achieve gender equality.

## ***CONTRIBUTION TO SOCIAL WELFARE***

We recognize our responsibility to society and strive to carry out projects that create social value. Our social responsibility projects are based on research studies and data. Since 2015, we have regularly conducted a "Social Perception Survey" (TMA).

# WHAT DID WE DO IN 2024 AS LAV?

## **We enjoyed salep and cookies to take a break from the cold winter days!**

As part of the "LAV Monthly Employee Events," we gathered for a "Salep and Cookies" event, attended by Grok Group Deputy Chairman Esin Gral Argat. While taking a short break from the day's hustle and bustle, we enjoyed pleasant conversations with our colleagues.

## **We Discussed the Future and Dreams of Young People at the Hacettepe Career Fair!**

On 7-8 March, as the Platinum Sponsor of the Hacettepe Career Fair, we at LAV came together with young talents. We answered their questions about their career goals, dreams, and job and internship opportunities at LAV.

## **We Hosted Students from Seyitmer Multi-Program Anatolian High School at Our LAV Ktahya Factory**

In February, 10th and 11th grade students from the electrical department of Seyitmer Multi Program Anatolian High School visited our LAV Ktahya Factory. The students had the opportunity to learn about the stages of glass production through a presentation by our LAV Manufacturing Engineers and were able to closely observe the production processes during a factory tour. At the end of the event, we answered the students' and teachers' questions in detail.

## **On 8 March, International Women's Day, We Supported Women's Labour.**

The gifts produced by female producers and women's cooperatives, which are supported by the Women's Labour Evaluation Foundation, reminded us of the significance of this day. On behalf of our female employees, we provided support to the Women's Labour Evaluation Foundation (KEDV), which carries out valuable work to empower women.

We would like to emphasise once again that women's presence in the workplace is not a "preference" for LAV, but an "indispensable element" on the path to success.

## **A Gift from LAV to Ktahya Mimar Sinan Middle School!**

We believe that supporting education is our responsibility. In line with this belief, we donated a sound system to the school.

As LAV, we are committed to continuing to contribute to education and support our children, who are the future.

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### **We Were One Heart in Exciting Volleyball Tournaments!**

From 29 May to 3 June 2024, we enjoyed playing thrilling matches with the volleyball team formed by our colleagues in the Inter-Institutional Volleyball Tournament organised by the Kütahya Provincial Directorate of Youth and Sports.

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### **We Celebrated Father's Day with Our Colleagues!**

This year, we celebrated with a lively and enjoyable gathering. Our colleagues expressed their appreciation for the gifts they received.

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### **Our colleagues successfully completed their electric pallet truck exams!**

Eighteen of our colleagues participated in the written and practical exams for the Electric Pallet Truck Exam, which was held at our LAV Kütahya Factory and conducted by a commission from the Kütahya Provincial Directorate of National Education. All eighteen of them passed the exams and earned their certificates.

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### **We Gathered at the Rhythm Workshop.**

LAV team participated in a Rhythm Workshop at the Kütahya Sanatorium Dance Academy, which was met with great interest. During this special event, we boosted our energy and synchronised with the rhythm of the music. By capturing harmonious rhythms together, we strengthened our team spirit.

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### **We Met with Our Dealers at Productive and Enjoyable Events on 7 and 10 October.**

The opening of our seven-week LAV Dealer Employee Training programme took place on the evening of 10 July at the GülPalas Hotel, where a dinner was organised for our dealer employees. Over the following weeks, the programme continued with OHS training sessions at the LAV Organize and LAV Kütahya factories, followed by field trips and training sessions on glass production.

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**We Took Our Place at the Sustainability Conference,  
Where We Were a Session Sponsor as Gürok Group.**

On Wednesday, September 25, 2024, we sponsored a session at the Sustainability Conference organised by the Sustainable Development Association, Boğaziçi University, and the Green Business Platform.

As a sponsor of the event, LAV General Manager Mr. Ümit Zor also took his place as a speaker, sharing valuable information with the participants. At this comprehensive conference, we discussed sustainability, which holds an important place in Gürok culture, in a session titled 'Green Transformation and Circularity Applications in the Value Chain'.

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**Thank you visit from Kütahya Vocational and Technical Anatolian High School  
to LAV Kütahya factory**

On Friday, 18 October 2024, Kütahya Vocational and Technical Anatolian High School Principal Hasan Kurt, Deputy Principal and Coordinator Hakan Aslan, and Machine Drafting Department Head Gökhan Gökoğlu met with LAV General Manager Ümit Zor as part of a thank you visit for the Rıza Güral Hydraulic-Pneumatic Laboratory, which we opened at Kütahya Vocational and Technical Anatolian High School last June.

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**Take Root in the Future with MOMENTUM and Embrace the World!**

The technological infrastructure of our "Momentum" transformation program, which we launched in June 2023 with a focus on our commercial operations, was put into operation as of September 2024.

As part of the MOMENTUM project, which is a significant step towards achieving our growth targets in the digitalization process, we are steadily progressing toward our goal of creating a faster and more dynamic work environment.

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**Working Hand in Hand with Young People for a Sustainable Future  
with Our Mentors and Mentees!**

As part of the University-Industry Cooperation project carried out in collaboration with Kütahya Dumlupınar University and the Kütahya Chamber of Commerce and Industry (KUTSO), the 2nd term certificate ceremony and 3rd term launch meeting of the "Mentee-Mentor" project were held.

As LAV, we participated in this special project with 32 mentors in 2022-2023 and 39 mentors in 2023-2024, and we continue to support it this year with 27 mentors.

Within the scope of the project, our mentors share their sectoral experiences with students while also providing important support for their career plans and personal development journeys.

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### **Overhead Crane Certification Exam Held at LAV Organized Factory**

In October, the Overhead Crane Certification Exam was held at our LAV Organized factory with the participation of our colleagues from the Glass Production, R&D, and Manufacturing Departments. Our colleagues who passed the exam were awarded their certificates.

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### **We Celebrated Republic Day with Enthusiasm**

The thermos sets featuring Atatürk's signature, specially prepared for the significance of the day, were well-received by our colleagues.

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### **Environmental Education for a Sustainable Future**

In October, we gained important insights into a sustainable future through the "Environmental Education" program delivered by our Lead Environmental Engineers at the LAV Organized and LAV Kütahya factories.

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### **We Hosted a Technical Visit from the DPÜ Career Centre to Our Factory.**

We hosted 20 students and faculty members from the Dumlupınar University Career Centre at our LAV Kütahya factory. Through the technical visit and subsequent presentations and Q&A sessions, which were aimed at guiding their careers, we helped them to achieve their goals.

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### **We Shared in the Excitement of the 'Game of Food Gastro Antalya' Competition with LAV & LAV HORECA!**

As the world's fifth largest tableware manufacturer, we brought the hospitality industry together with our new brand, LAV HORECA, which offers stylish, high-quality, functional products. We joined the students of Devlet Hatun Vocational and Technical Anatolian High School in their presentations at the 'Game of Food Gastro Antalya' competition, held in Antalya from 14–17 November. Our new brand, LAV HORECA, provided the hospitality industry with the stylish, high-quality, functional products it was seeking.

Eleven students from the Food and Beverage Services department at Devlet Hatun Girls' Vocational and Technical Anatolian High School participated in the competition across seven different categories. They prepared their delicious presentations using products from our LAV HORECA brand, and we were delighted to share the excitement experienced by both students and teachers.

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**While completing our first aid training, we successfully passed both the theoretical and practical exams.**

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**We Met at LAV Momentum Pizza Day.**

In December, our ambassadors gathered at our LAV Kütahya Factory in Istanbul for the Momentum event. After receiving information from our managers about the current status of the Momentum project, we enjoyed some motivational sharing about our project and served our participants pizzas to symbolise the diversity of ideas and sharing on this special day.

As we welcomed 2025 alongside our board of directors, managers and colleagues, our excitement doubled with the arrival of gift vouchers, a specially designed menu and enjoyable music.

On Tuesday 31 December 2025, we celebrated the arrival of the New Year at the LAV Organize and LAV Kütahya factories with our colleagues and managers, enjoying delicious food and prize draws. The special New Year's menu, which included hamburgers and fries as well as a surprise pumpkin dessert served during lunch, was very well received. We experienced the excitement of the New Year with various treats during the raffles.

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**WE ENJOYED FUN-FILLED MOMENTS AT OUR NEW YEAR'S DECORATION WORKSHOP!**

In December, we held a New Year's decoration workshop at the LAV Kütahya factory led by Nezrin Bakır, LAV's overseas markets decor design manager. It was both enjoyable and popular. As we created unique New Year-themed designs using our imagination and craftsmanship, we shared the excitement of the New Year together.

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**Voluntary Blood Donation from Our Colleagues!**

Our colleagues who wished to make a voluntary blood donation to the Turkish Red Crescent visited the Turkish Red Crescent blood donation stand at our LAV Kütahya factory on Monday, 2 September, and at our LAV Organize factory on Tuesday, 3 September, to make their donations.

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**Meaningful Event from LAV on 5 June World Environment Day!**

On 5 June World Environment Day, we met with our visitors at the booth we set up in Kütahya for a sustainable future.

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**We Supported Our Colleagues Through Difficult Times.**

We called colleagues on sick leave every week to check on their health. We sent flowers to those undergoing surgery to wish them a speedy recovery. This resulted in positive feedback regarding employee satisfaction.

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### **We Conducted Our Occupational Health Training.**

In January, we ran occupational health training sessions for our office-based colleagues. As well as learning about the rules we need to follow while working, we also gained important information about occupational diseases and how to maintain a healthy work environment.

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### **Visit from 4th Grade Students of Kütahya Özel Dostlar Education Institutions**

Fourth grade students and their teachers from Kütahya Özel Dostlar Education Institutions visited our LAV organized factory. During the first part of the visit, the students had the opportunity to observe the production process, watch a presentation prepared especially for them and ask questions.

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### **We Met Young Talents at the ODTÜ Career Fair On 18–19 March!**

As LAV, we met young talents at the ODTÜ Career Fair and discussed their dreams, career goals and future. We are happy to support young people as they take the first steps in their careers.

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### **Enjoyable Moments with LAV Gifts on 23 April, National Sovereignty and Children's Day!**

To celebrate the 104th year anniversary of 23 April National Sovereignty and Children's Day, a gift from Atatürk to the children of the world, we presented our colleagues with mug sets specially prepared for this day for our children.

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### **More Comfortable Work Areas with Our Environmental Improvement Projects**

We have successfully completed the environmental improvement process at our LAV Kütahya Factory with the asphalt work carried out in the outdoor areas.

These projects have made our work areas safer and more accessible and have strengthened the infrastructure that supports our production processes.

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### **We Met with Students from Bahattin Çini Special Education Vocational School in Kütahya!**

We continue our efforts to support education as part of our corporate social responsibility initiatives.

We visited the Bahattin Çini Special Education Vocational School with an organization that included LAV General Manager Ümit Zor, Factory Director Zaim Engin Mumcuoğlu, and our managers. While observing the production work in the workshops, we also exchanged views on internship and employment opportunities for students.

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### **We Held the Opening Ceremony of the Rıza Güral Hydraulic-Pneumatic Laboratory!**

We held the opening ceremony of the 'Rıza Güral Hydraulic-Pneumatic Laboratory' at Kütahya Vocational and Technical Anatolian High School, which we support with a Hydraulic-Pneumatic Experiment Set, on Wednesday, 5 June, with a large turnout. The Hydraulic-Pneumatic Experiment Set aims to provide students with basic training in automation processes using hydraulics and pneumatics in an experimental environment, and the working principles of the experiment set were conveyed to participants through practical demonstrations.

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### **We Had a Fun Picnic with Our 2023 2024 Vocational High School Interns, Master Instructors, and LAV Human Resources Team!**

We bid farewell to our students, who completed their internships in various departments under the guidance of master trainers through an intensive internship program, with a pleasant picnic organized at Enne Dam Nature Park on Wednesday, 12 June.

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### **A Fun Break from the Hot Weather!**

As part of our employee activities, we gathered with our colleagues at the LAV Kütahya Factory and LAV Factories on 23-24 July for ice cream and paper halva treats. This year, we also shared surveys prepared with QR codes with our colleagues during our events to gather their opinions.

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### **We Organized a Fun Picnic and Discussion Session with Our Managers for Our University and Project Interns**

On 26 August, we organized a specially designed picnic at Enne Nature Park for our project and university interns. During this event, the students had the opportunity to talk with LAV General Manager Ümit Zor and our managers, and they found answers to many questions about their careers and dreams.

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### **Visit to Our Factory from Bahattin Çini Special Education Vocational School**

Supporting the education of future generations and increasing youth employment are among our most important goals at LAV.

As part of our collaboration with Kütahya Bahattin Çini Special Education Vocational School, which holds the title of 'Ege Region Centre of Excellence,' two students have been employed at our LAV Kütahya Factory, and two students are currently completing their internships. As part of this initiative, the school principal and administrators visited our factory on 2 October 2024 and exchanged ideas with our managers.

# BETTER COMPANY

SKILL DEVELOPMENT  
EMPLOYEE ENGAGEMENT  
EMPLOYEE COMMUNICATION  
OCCUPATIONAL HEALTH AND SAFETY  
EMPLOYER OF CHOICE  
SUSTAINABILITY IN SUPPLY CHAIN  
BUSINESS ETHICS AND COMPLIANCE  
BUSINESS CONTINUITY  
OUR MANAGEMENT STRUCTURE



We strive to be a preferred workplace by offering our employees a safe, fair, inclusive, and peaceful working environment. We support our employees in every aspect and conduct our operations with a strong commitment to prioritizing their health and safety. We rapidly adapt to the innovations of the digitalizing world and aim to extend our sustainability approach across our entire value chain.

## SKILL DEVELOPMENT

We continuously increase our corporate quality by supporting employee development. Through training and development programs, we ensure that our employees continuously learn and improve themselves and their work.

We monitor the performance and development plans of our employees through the Performance Evaluation System. We create training plans according to the development needs identified in the Performance Evaluation System and the company's strategic goals.

We conduct performance evaluation interviews with our employees twice a year. We conduct interim evaluation interviews with the Grow Model and end-of-period interviews with the Coin method. In 2024, we provided feedback to 214 white-collar employees during the performance period.

As of 2023, we commissioned the SAP (SuccessFactors) 4 modules for monitoring, evaluating and improving the performance of our employees through target and competency-based evaluation. We integrated the recruitment, performance, training and career modules we use within SAP with our annual development plans. With this module, we offer a development-oriented employee experience environment where employees can realize their potential at the highest level.

With the SAP LMS module, where we manage the training and development needs of our employees, we have a tool where our employees and management teams can plan and track their development. With the integration of Enocta, the e-learning platform we have been using since 2022, our employees can track their training and development activities from a single platform. We plan trainings for our white and blue-collar employees through development programs within Gürok Academy. In this context, we plan training for all levels with programs titled Developing Leadership, Professional Excellence and Sustainability. We have "Manager's Leadership Journey" program for managers, "Inspiring & Strategic Leadership" program for managers and above, and "Personal Leadership" program for sub managers.

In 2024, we organized two comprehensive training programs to develop the leadership skills of our managers: the 'Manager Leadership Program' and the 'Strategic Leadership Program.' The Manager Leadership Program, which was attended by 40 managers, included training sessions on the following topics: 'Me as a Leader,' 'Leading a Team,' 'Personal Image Management and Professional Conduct,' 'Developing and Guiding a Team,' 'Strategic Holistic Approach,' and 'Sustainable Management for Leaders.' In the Strategic Leadership Program, which included 12 managers, in addition to these training sessions, the modules 'Strategic Vision in Sustainable Development' and 'Decision Base – Simulation' focused on developing strategic vision and decision-making skills.

In 2024, we also participated in the "Turquality Executive Development Program", which is an important training program for our company that wants to increase our brand power at the international level.

We carry out on-the-job practice processes for our blue-collar employees. At the end of the on-the-job training processes, we conducted on-the-job practice exams and status changes to evaluate the information they have learned and the skills they have gained. We participated in the "Mastery Compensation Program" with our blue-collar employees. We provided our blue-collar employees with

theoretical knowledge and practical skills, enabling seven of them to advance to a higher level in their professions and obtain mastery certificates in 2024.

In our recruitment process, we design a personalized orientation program lasting an average of 6 months based on competency-based evaluation processes. First day orientation, location (Kütahya and Istanbul) orientations, department orientation, rotation, behavioral and technical competencies development programs offer our employees both fun and developmental 6 months.

In 2023, we participated in the “Mentoring Project with 100 Mentees in the 100th Year of Our Republic” carried out by Kütahya Chamber of Commerce and Industry (KUTSO) and Kütahya Dumlupınar University (KDPÜ). In 2024, we took part in the 2nd term certificate ceremony and 3rd term launch meeting of the project. With the project, we contributed to qualified employment and supported an important social responsibility project with experience sharing.

#### **46.9 | Average training hours per employee**

**69,969 | In 2023, we provided a total of 69,969 person-hours of training to all employees.**

### ***Lean Programs and 5S Studies***

We organize Lean Training Programs within the scope of “Professional Excellence Major” within Gürok Academy. We conduct 5S studies in line with these programs designed with a focus on lean production and operational excellence.

Lean programs are designed for employees to learn and apply basic lean concepts and improve their competencies. In 2023, we started the “Lean Supply Chain Program” to plan an effective supply chain management. We run a “Lean Engineering Program” for engineers. For an efficient and safe working environment, we offer the “Lean Field Leadership” program to our blue-collar field leaders. We have made our model factory tours a part of these programs. With these tours, we offer participants the opportunity to observe production processes on site, learn best practices, and see lean production techniques.

Within the scope of our 5S efforts, we rapidly matured our audit process, which we launched with only our core team in the first quarter of 2023, thanks to comprehensive planning, continuous training and digital data collection infrastructure. Throughout 2024, we gradually strengthened our auditor staff, reaching 20 experienced auditors by the end of the year. In the same period, we increased the number of sites where we conducted regular audits every month to 50, starting with the areas we initially identified as pilot regions. We established multidimensional control points in both our headquarters and production lines in organized industrial zones, with a focus on occupational safety, waste management and 5S criteria. We also aimed to spread the culture of continuous improvement to the grassroots by organizing comprehensive 5S training for our audit team and field employees. By integrating audit findings into action plans with monthly reports, we both increased our operational efficiency and took concrete steps towards our sustainability goals. Thanks to this systematic approach, we have spread the culture of proactive problem detection and data-driven improvement cycle across our entire team.

## Employee Engagement

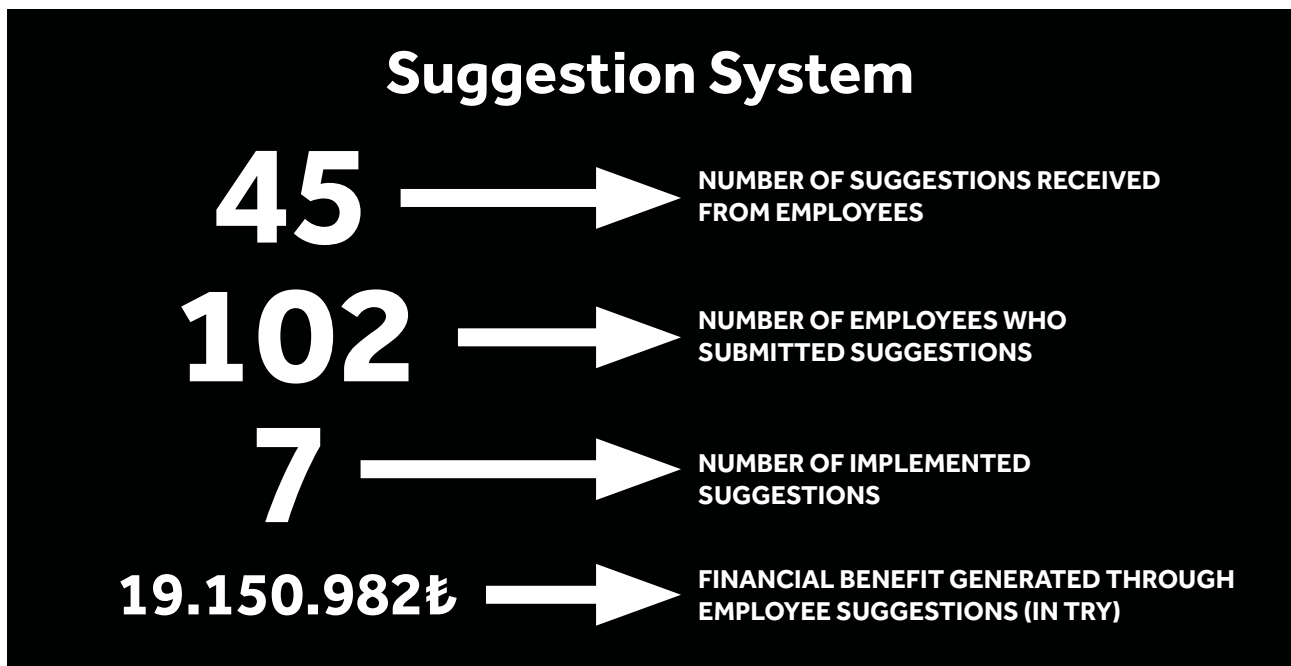
Employee satisfaction is one of the most critical factors influencing employee engagement. We measure and monitor employee satisfaction through surveys conducted every two years. Based on the results of these surveys, we create and implement annual action plans.

We believe that the benefits we offer to our employees contribute positively to employee engagement. Our blue-collar workers and technical personnel are entitled to monthly bonuses starting from their first day of employment. Non-technical employees become eligible for bonuses after completing their fourth month. Seniority bonuses are paid to employees who have worked for five years or multiples thereof. In addition, we offer continuity and duty bonuses. We provide holiday assistance twice a year and fuel assistance once a year. Special support packages are also in place for marriage, birth, and bereavement situations. During Ramadan, employees receive grocery cards. We also distribute work clothing and shoes twice a year, as well as personal hygiene kits and gift sets containing our glassware products.

White-collar employees receive annual performance bonuses and are provided with private health insurance. Employees in the sales departments are paid sales bonuses quarterly, and those who pass the TOEFL exam receive a monthly foreign language bonus. Other benefits include transportation and meal allowances, clothing support for employees attending fairs and exhibitions, and communication allowances or access to company phones, tablets, and vehicles, depending on position. White-collar employees are allowed to work remotely one day a week and also benefit from the Ramadan grocery card, hygiene kits, and glassware gift sets. To boost employee motivation and support active lifestyles, we organize an annual football tournament..

## Employee Communication

We believe that effective and accurate communication plays a vital role in ensuring organizational commitment. To support strong communication, we utilize various channels that enable our employees to stay in constant contact both with the company and with one another. Through these channels, employees can share their opinions and suggestions with company management and contribute valuable ideas to our organization. We manage employee communication in line with our Internal Communication Process Plan and Communication Policy. As part of our Suggestions, Complaints, and Feedback Procedure, employees can contact the Human Resources Department—either anonymously or by name—through communication boxes located throughout our factory premises and offices.



# OCCUPATIONAL HEALTH AND SAFETY

Occupational health and safety (OHS) is one of our top priorities, and we manage this area with the utmost diligence. With a “safety first” approach, we ensure a working environment where employee safety and health are protected. Our OHS rules are established and managed based on legal requirements and internationally recognized standards. We expect all subcontractor employees to comply with these same rules.

In effective OHS management, clearly identifying risks is of great importance. In compliance with legal timeframes, risk analyses are conducted by our Risk Assessment Team. Based on the results of these analyses, necessary improvements are implemented. The Risk Assessment Team consists of occupational safety specialists, workplace physicians, employee representatives, knowledgeable support personnel on risk issues, and employer representatives. “Near-miss boxes” are placed at various points throughout our factories, enabling employees to report potential hazards and risks. All employees are informed about these risks. We regularly organize training sessions to strengthen our OHS culture and raise awareness among employees about health and safety issues. In 2024, a total of 1,625 LAV employees received 23,816 person-hours of OHS training. We have an OHS Board that includes employee representatives and members, along with 12 OHS Committees. The OHS Board convenes once a month, unless in extraordinary situations.

We continuously monitor our employees’ working environments and assess potential physical, chemical, and biological risk factors they may encounter. Identified hazards and risks are addressed through ongoing improvements under our Corrective and Preventive Action System. Thanks to our meticulous and preventive approach to occupational health and safety, no incidents resulting in death or loss of limb occurred across our operations in 2024.

## ***23,816 person-hours***

***In 2024, 1,625 all employees received a total of 23,816 person-hours of Occupational Health and Safety (OHS) training.***

## ***Employer of Choice***

We act with the vision of being an employer preferred by qualified human resources. With our practices that ensure employee satisfaction and the support we provide for employee development, we establish long-lasting working relationships with our employees.

With Employer Brand efforts, we carefully manage the respectability and awareness of our brand. We work to be an institution preferred by new graduates by cooperating with universities. Ensuring that young talents remain permanently within the company for many years is among our primary goals. In this direction, we make plans both to attract potential candidates and to improve the working experience of our active employees.

We support the professional and personal development of our employees with training and development activities determined according to their needs. We support young talents, whom we see as potential employees, in their professional life. In events such as online and face-to-face career fairs, company introduction days, we listen to the needs of young talents and share our experiences. By establishing collaborations with universities, we conduct project-based internship programs during the summer months.

Students participating in the Project Internship Program can both experience professional life and have employment opportunities. We have gathered and branded our internship programs under the name InternStellar, and our new graduate programs under the name TalentStellar, under one roof. Throughout the year, we organize events for university and high school students.

With the events we arrange for our interns, we aim both to develop the social skills of our interns and to strengthen our internal company relationships. Through cultural trips, we support the increase of our interns' general cultural knowledge. By maintaining active communication with technical high schools, we support students' internship programs and on-the-job training. We provide career opportunities after graduation by ensuring their development in technical and social fields. Thanks to our technical high school visits and school projects, we provide support in technical skills (in the areas of pneumatic and hydraulic system setup).

We participate in university career fairs to communicate with young job candidates.

At the fairs, we introduce our company and share information about positions and internship processes. We support young people in their career journeys by conducting mini trainings about professional life (such as career planning, CV preparation, interview preparation) and interview simulations. We manage the necessary processes to place applicants into internship programs or suitable positions, and place appropriate candidates into relevant positions.

Trade fairs we attended in and universities whose careers fairs we attended. İKAF, Boğaziçi University, METU, ITU, YTU, Hacettepe University, EGEKAF, MARMARAKAF, Galatasaray University, Sabancı University, Istanbul University.



# SUSTAINABILITY IN SUPPLY CHAIN

We strive to spread our understanding of sustainability throughout our entire supply chain and to expand our sphere of influence. We prefer to work with suppliers who share a sensitivity to sustainability similar to ours. Our principles of working with suppliers fall within ethical procedures. We make supplier selection in accordance with the Supplier Selection and Evaluation Procedure. We monitor and report on the environmental, social, and economic performance of our approved suppliers monthly. We establish long-term relationships with our suppliers based on mutual trust, cooperation, and communication.

With our goal of ensuring uninterrupted supply, we make long-term purchasing decisions and adhere to these prices regardless of price fluctuations so as not to disadvantage our suppliers. Within the scope of the Supplier Selection and Evaluation Plan, prepared based on Quality and Product Safety standards, we conduct on-site audits for suppliers who provide materials that directly affect our product. We conduct evaluations at different intervals according to the scores obtained from the audits and carry out supplier development practices. We aim to raise the carbon footprint awareness of all our suppliers and improve their performance.

To strengthen sustainability in the supply chain, we aim to increase the number of alternative suppliers and reduce the number of imported inputs to support domestic production. We prioritize local suppliers to support local economic development.

In 2024, our local supplier ratio was 90%; we allocated 85% of our purchasing budget to local procurement. Together with our suppliers, we design new processes and products, embracing a mutual learning and winning approach.

The year 2024 was a period during which the impacts of resource management, logistics, financial, and economic developments experienced domestically and abroad became apparent on a global scale. With this process, sustainability-focused approaches in the ways companies manage their resources have come to the forefront even more. Accordingly, as in previous years, in 2024 we prioritized resource diversification to manage company resources more effectively and efficiently and to create a resilient structure for the future. By researching alternative supply sources domestically and abroad, we created a strategic roadmap at the beginning of the year.

Within the scope of the roadmap we determined, we initiated programs for meetings with potential business partners, fair visits, and resource evaluation studies, and we established the necessary infrastructure for systematic reporting of these processes. We see stakeholder expectations and sustainability in every field as an integral part of our commercial activities..

# BUSINESS ETHICS AND COMPLIANCE

The foundation of our business ethics approach and practices is the Business Ethics Rules Procedure. Our business ethics rules are prepared within the framework of local laws, international norms, and the Social Responsibility Policy. Our employees are expected to comply with ethical rules with awareness of their responsibilities.

The Ethics Committee's Code of Ethical Principles Guide aims to ensure that new employees are informed about the Ethical Principles from the very beginning, and for existing employees, to strengthen awareness of business ethics.

To inform our employees about their legal rights and unethical behaviors, we regularly organize Corporate Social Responsibility Training every year. We ensure that our employees know the course of action to follow when they encounter unethical situations. All employees can report their complaints to the Ethics Committee if they encounter a violation. Reports made to the Ethics Committee are only communicated to the Chair of the Ethics Committee, and in case of an investigation, confidentiality principles are strictly followed.

We aim to gradually disseminate our ethical understanding throughout our value chain. In line with this goal, Corporate Social Responsibility Assessment parameters are also included in our supplier selection and evaluation criteria. The results that our suppliers obtain within systems they are involved in, such as SMETA, BSCI, and ICS, are also among our evaluation criteria.

Human Rights and Social Compliance (CSR) are parts of our Management System and Ethical Principles. Both the establishment of a framework and how our employees should act in any ethical violation situations, and how they should report such situations are defined in our management systems. These issues are also within the scope of our “risk identification” process. As a result of risk assessment, a “preventive action” process is implemented for risks with risk scores at unacceptable levels. In the assessment, every process involving human labor is included. The evaluation of the compliance of our management system, which includes human rights issues, is carried out by independent third parties through external evaluation, considering SMETA 4 Pillar, Amfori BSCI, and ICS requirements. If there is any non-compliance, a “corrective action process” is implemented. Within the scope of gradual impact, we recommend our suppliers certify the compliance of their management systems according to Amfori BSCI, SEDEX (SMETA), or ICS requirements. Suppliers who have not obtained certification are included in our “social compliance audit” process established within our management system.

## **BUSINESS CONTINUITY**

To maintain our operations continuously and safely, we conduct emergency preparedness and business continuity activities and strengthen our operational reliability. We maintain readiness for emergencies through training and drills.

We organize emergency training that covers actions to be taken during emergencies and raise awareness among our employees on the subject. These training courses are included in the annual employee health and safety training content. We conduct emergency drills to be prepared for adverse situations that may arise from natural disasters such as earthquakes, floods, fires, and risks like power outages, and to minimize potential damage. Emergency drills are carried out once a year at all our campuses in accordance with the Emergency Plan. During emergency drills, we also support employees with informational training.

To ensure supply security and continuity for our customers, we continuously monitor production and downtime target indicators. When we detect any situation negatively affecting the targets, we take appropriate actions. Information systems are one of the most important elements in ensuring business continuity. We structure and manage information systems to support our strategic plans. We provide IT equipment to employees in line with their role definitions. To operate systems without interrupting our business processes, we create “disaster recovery” scenarios and take precautions against possible issues. We provide physical conditions for storing information that are not affected by environmental factors (climate control, fire suppression, uninterrupted power supply). We protect the locations where information is stored, the cables and systems used to transport data, from unauthorized interference, any damage, and power outages. We aim to ensure operational security and business continuity throughout our supply chain as well.

Within the scope of compliance with SCAN (Supplier Compliance Audit Network) audit program conforming to C-TPAT; we have established physical security controls for employees, visitors, incoming vehicles, and cargo. We designated the area where products are stocked as a sensitive zone and controlled entry and exit. We placed security cameras at various locations in our factory. For container and transport vehicle security, we conduct 7-point inspections and keep records. We use seals compliant with standards for container sailing. As part of the Threat Awareness Program, we regularly provide training to both new hires and current employees.

## OUR MANAGEMENT STRUCTURE

LAV & LAV HORECA are 100% locally funded family companies. There is one independent member serving on the Board of Directors. The company adopts a process-based management structure.

In the human resources process, the company receives support from the Human Resources Directorate within the Gürok Group, from the Finance Directorate in financial management during the Financial Affairs process, and from the IT Directorate in the Information Systems process. At LAV, there are 6 directorates—Factory (production), Global Sales, Türkiye Sales, Strategic Marketing, Technopark, and Planning & Purchasing and 7 departments reporting directly to the General Manager. Our departments consist of Human Resources, Financial Affairs, E-Commerce, Corporate Performance, Finished Goods Warehouses and Shipping, System Development and Improvement, and Commercial Excellence.

The institutionalization journey, which started in 1997 with ISO 9001 efforts, was enriched in 2013 with the Total Quality approach and accelerated in 2015 by adopting the EFQM Excellence Model as a management approach.

The excellence journey continues with the works under the “Volkan’19” change project. Within the scope of excellence efforts, in 2017, the process management approach was adopted to manage work with a process perspective, and all processes were redesigned.

### ***Performance Management***

Our corporate performance is monitored with the “Corporate Scorecard” and “Process Performance Indicators” and measured through the “Corporate Scorecard.”

Since 2008, we have been measuring our corporate performance with the Corporate Scorecard application. The Corporate Scorecard is prepared each year according to corporate priorities arising from strategic development efforts. Our Corporate Scorecard application was updated in 2015 to include all stakeholders and linked to employees’ individual performances.

Process Performance Indicators (KPIs) allow corporate performance to be monitored at the sub-process level. This data pool, which includes leading and lagging indicators, is reviewed annually to serve as a strategic input.

The “Strategy Input Plan” containing annual strategic management activities is published every September. The annual Strategy Workshop is held with the participation of managers

at director's level and above. In the workshop, opportunities (O) and threats (T) related to the external environment; strengths (S) and weaknesses (W) related to internal performance are identified. The strategic statements created are grouped to form strategies.

## **TURQUALITY**

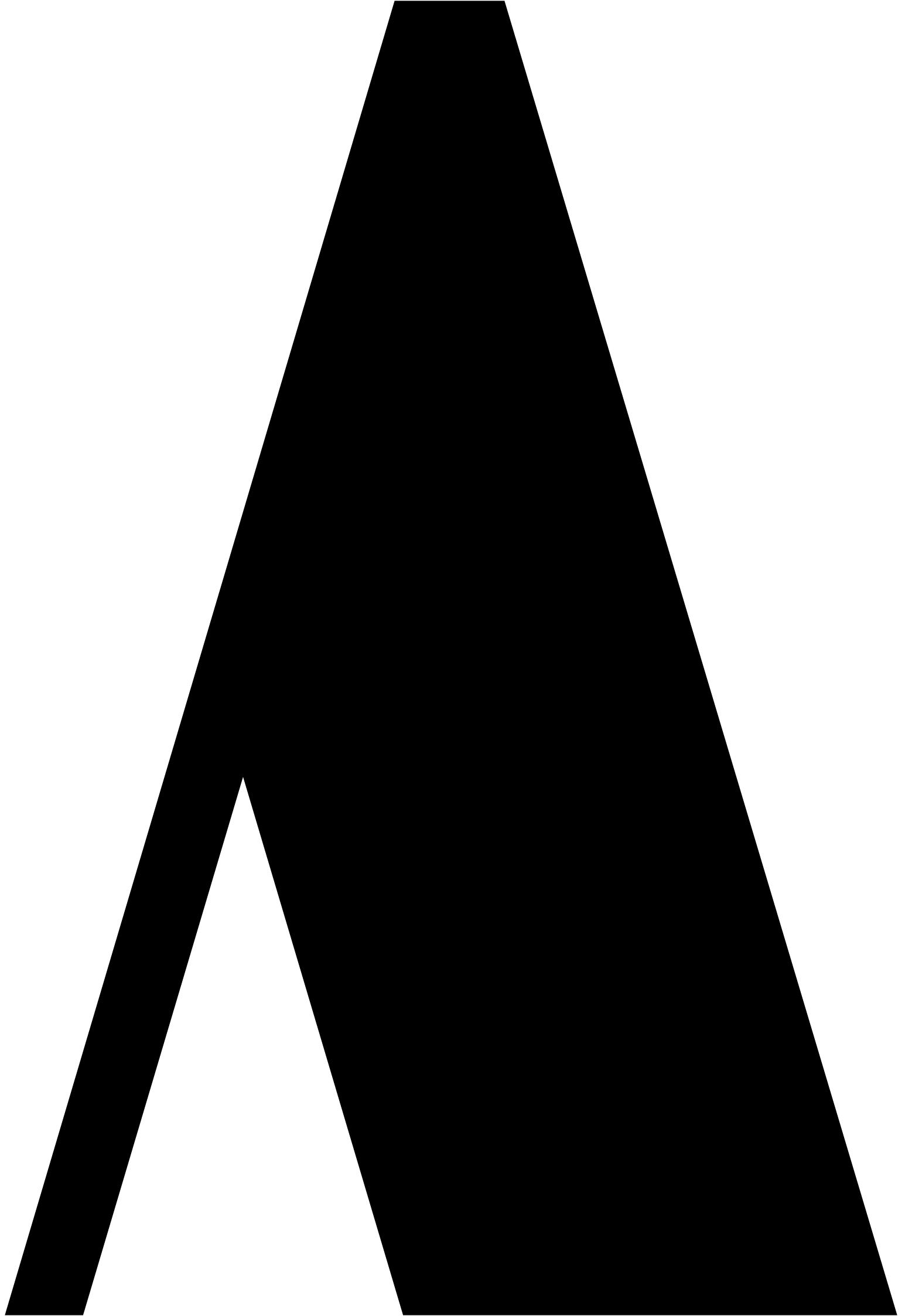
In 2024, we joined the Turquality program, one of the export support programs of the Ministry of Trade.

### **Risk Management**

We conduct our corporate risk management with a risk inventory that includes strategic, operational, financial, human resources, and digitalization topics. We evaluate topics according to their impact, risk, likelihood, and scores and keep track by identifying current control points regularly. We also evaluate issues such as digitalization, water management, and emergency management, which are our sustainability priorities, within this inventory. We are carrying out efforts to increase the risk culture in our company. Within our process risk management, we prepare risk and opportunity analyses for every sub-process and ensure that our Corporate Performance Directorate provides risk management awareness training to process owners. The management of process risks was digitalized in 2023 and is now monitored via a portal. We provide risk management training to our employees and managers on topics such as what risk is, how it is defined, how it is evaluated, what risk-based thinking is, and what opportunities are. Responsibilities, authorities, and job descriptions regarding sustainability risks and opportunities are included in our Sustainability Committee work instruction. According to the instruction, monitoring, managing, and auditing sustainability risks and opportunities is the responsibility of the Sustainability Committee. We inform our governance bodies and employees about sustainability risks and opportunities through our annual sustainability report and ecosystem analyses conducted within the scope of the annual Strategy Workshops.

We consider sustainability risks and opportunities in our company strategy and decisions. Within the scope of annual strategy determination, we identify opportunities and risks by considering global trends within the ecosystem module, match and transform them using the match transform methodology with our strengths and weaknesses and determine projects and targets to implement the main strategy in the strategy workshop. To ensure ownership of the determined strategic goals and projects, to link them with 5-year strategies, and to monitor them, we use the "Hoshin Kanri" method.

For the last two years, one of our focus areas within our Strategic Business Plan has been aligned with the UN Sustainable Development Goals. In this context, we set strategic goals in sustainability topics that we prioritized. We monitor the realization of these goals through the "GRI Activity Score" performance indicator targeted and reviewed every six months within the Corporate Scorecard. This performance indicator, which is part of the Corporate Scorecard, and the monthly monitored strategic business plan are also included in the system where we evaluate individual performances. Within our 2024-2029 strategic plan, we set long-term goals such as "Achieving at least 1% energy savings annually," and, regarding gender equality, "Increasing the number of female blue-collar employees by 10%."



# SUSTAINABILITY REPORT **2024**