

“Life is
Positive,
Carbon
Neutral”

2023

SUSTAINABILITY REPORT

About the Report

We, as Kocaer Çelik Sanayi ve Ticaret A.Ş. (Kocaer Çelik) have been carrying out our activities driven by an ethical, transparent, accountable and responsible management approach with a special and strong focus on innovation, quality and productivity since the very first day we have been established. In our Sustainability Report, which was published for the third time this year, you can find the details of the activities that we carry out, areas of responsibility, Our company's corporate and sustainability strategy, governance and performance.

We are pleased to share with you, our valued stakeholders, our Sustainability Report for 2023 covering the period from 1 January 2023 to 31 December 2023, which was prepared in accordance with the Global Reporting Initiative (GRI) standards.

Our report is in the nature of an Annual Progress Report prepared in accordance with the United Nations Global Compact (UNGC) Principles, which we became a signatory in 2023, and was prepared in accordance with the GRI standards. You can see in which sections of our report, the GRI standards are addressed in the "GRI Content Index" table, which is attached to this report as Annex 7.4. Content Index – Essentials Service was performed on the Turkish version of the report.

Unless otherwise stated, the data included in our sustainability report reflects the performance of Kocaer Çelik's operations in 2023.

You can send an email to sustainability@kocaersteel.com to share your opinion and questions about our report with us.

“

We, as Kocaer Çelik, which is among one of the largest steel producers in Türkiye, have been creating added value with our products and services in many sectors such as energy, building, construction, steel bridge, mining, tunnel, automotive, railway, shipbuilding and oil platforms.

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This year, for the first time we carried out a Double Materiality analysis to assess the financial impact of the priority issues for our company in addition to their environmental and social impacts.

Message from the Chairman



Our Esteemed Stakeholders,

For Our company 2023 has been a year in which we have taken important steps in the field of sustainability. Our 3rd Sustainability Report, prepared using 2023 data and which we are proud to share with you covers our action plans, targets and commitments on sustainability based on our Sustainability Strategy and Sustainability Policy.

In this context, we hope that the information contained in our report will be inspiring to all of our stakeholders and we aim to emphasize the concrete steps that we have been taking to reach our sustainability goals and the successes that we have achieved.

We have also established our Sustainability Board under the chairmanship of our General Manager to comprehensively monitor sustainability issues at the management level. Under the aegis of this Board, we have completed our work on a great many policies within the scope

of Our sustainability policy. Our policies that have been put in place now were published on our website in an open and transparent manner after being approved by our Board of Directors.

Our goal of contributing to the sustainable development of our country by creating long-term value for all of our stakeholders and employees forms the basis of our sustainability strategy. In this regard, we have set our sustainability goals and targets in line with the United Nations' (UN) Sustainable Development Goals (SDGs).

We have been expanding our work on the journey towards green transition and net zero within the scope of the United Nations' Sustainable Development Goals and Paris Agreement's goal of limiting global warming to 1,5 °C.

SGD 13: Within the scope of the Climate Action plan, we continue to carry on our renewable energy and energy efficiency projects. As a result of the improvement efforts and investments that we have been making since 2012, in our production processes we reduced our electricity consumption by 16 kWh per ton, and our natural gas consumption by 7 sm³ per ton, respectively.

One of the main components of our sustainable growth and contribution to the country's economy is our rapid adaptation to innovation and new technologies. Thanks to our business model based on continuous innovation and our new products that raise the bar of quality to an unprecedented high we increase our competitiveness and global market share and support SDG 9: Industry, Innovation and Infrastructure. In this context,

in 2023, we have invested 5.8 Million TL in R&D and Innovation.

SDG:12: Within the scope of Responsible Consumption and Production against climate change and in line with our environmental policies we aim to minimize our environmental impact on our entire value chain while continuing our production operations and activities. In this context, we have designed and developed and invested in a great many projects such as renewable energy, water and energy savings, waste management and efficiency projects. In particular, through our Geothermal Energy Power Plant (GEPP) investment project we aim to prevent 103,872 tons of CO₂ emissions on an annual basis.

We believe that becoming a worldwide brand is possible with happy team members. We consider it our duty to open up and create space for our team members and all of our stakeholders in our value chain to make them happier, have better conditions and for their sustainable development. With our approach based on inclusivity, diversity and equality, we strive to strengthen our human resources and make a difference, in this way.

As Kocaer Çelik, we are committed to turning our sustainability goals and targets into action, creating value for sustainable development, and continuously improving our environmental, social and governance performance. We have the pride of bringing our sustainability report to the public's attention, in this context and invite our shareholders to join us for this valuable journey.

Best regards,

Hakan Kocaer
Chairman of the Board of Directors



Our installed solar power plant (SPP) capacity, which was 6,508 MWh in 2022, to 11,058 MWh level in 2023.

Message from the Management

Esteemed Stakeholders,

Leveraging on a vast experience of more than 60 years, as one of the leading companies operating in the steel profile segment of iron and steel industry, we export to a total of 140 countries today. With our sales revenue exceeding USD 500 million and exports exceeding approximately USD 400 million, we have stood out as the export champion in the iron and steel sectors in the Aegean Region for the last 5 years.

In 2023, we ranked 112th in the “Türkiye’s Largest Industrial Enterprises” list of the İstanbul Chamber of Industry for 2023, and ranked in 71st place in the general export list among “Türkiye’s Top 1000 Exporters” research organized by Türkiye Exporters Assembly and ranked in 7th place in the top steel exporters list, respectively.

In line with our sustainability vision, we as Kocaer Çelik took important steps in 2023. Through our R&D and Innovation

activities and capabilities, we develop sustainable and low-carbon products, reduce our environmental impact by switching to renewable energy sources and increase efficiency by digitizing our business processes. We monitor and comprehensively manage our production process, from procurement and receipt of raw materials to the delivery of the final product with the ERP system that we use in all of our operations.

In line with the goal of limiting global warming to 1,5 °C as set by the United Nations Sustainable Development Goals and Paris Climate Agreement, we are expanding the scope of our activities that we carry on in our journey towards green transition and carbon neutrality. As Kocaer Çelik, we aim to meet our total electricity energy consumption from renewable sources by 2030, and to become Carbon Neutral by 2050.

Thanks to the sustainable investments that we have made we managed to reduce our emissions by approximately

8% in 2023 compared to 2022. This year, we have taken important steps to reduce our environmental impact by meeting approximately 33 % of our consumption with electric energy generated from our renewable sources. By adopting the principles of circular economy across our entire organization we have designed and developed projects on water efficiency in our processes.

For the sake of maintaining strong ties with society, we carry out social responsibility projects on a regular basis every year and thus we take the opportunity to the lives of thousands of people. In this context, as we did for our 2022 sustainability report, we will work with the Foundation for Children with Leukemia (LÖSEV) and Turkish Education Foundation (TEV) also for our 2023 sustainability report and make donations for each sustainability report downloaded from our website. We made donations for both NGOs through the work we did for our 2022 sustainability report. We aim to continue this work also in this year and to pave the path to make more contributions to these NGOs. Meanwhile, our sustainability report for 2022 was also awarded the GOLD award in “Design/ Graphics: Sustainability Report: Americas & Europe category.

Through our sustainability report in accordance with GRI (Global Reporting

As Kocaer Çelik, we aim to meet our total electricity energy consumption from renewable sources by 2030, and to become Carbon Neutral by 2050.

Initiative) standards, we aim to share Our social and economic performance, our sustainability goals and how we will achieve these goals, and our contributions and commitments to society in an open and transparent way.

In Kocaer Çelik’s Sustainability Report for 2023, we are proud to share with you the progress we have made in our sustainability journey and our sustainability goals.

We will continue our work and efforts for a sustainable future by moving forward with determination in line with our commitments.

We would like to sincerely thank all of our colleagues, suppliers, business partners who contributed to this report, and our dear customers who have always inspiring us for a better future.

The Board of Directors of Kocaer Çelik



1. About Kocaer Çelik

“ We, as Kocaer Çelik, which is among one of the largest steel producers in Türkiye, have been creating added value with our products and services in many sectors such as energy, building, construction, steel bridge, mining, tunnel, automotive, railway, shipbuilding, and oil platforms. ”



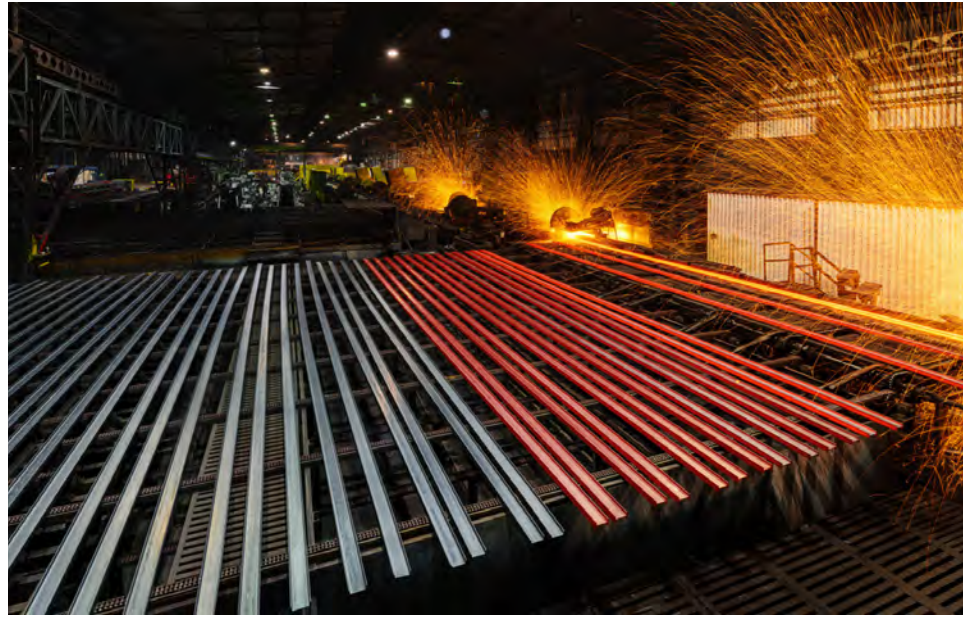
1.1 About Us

Starting production in 1984 at its first plant in Denizli under the tradename “Kocaer Çelik”, with our over 60 years of experience, qualified workforce, and sustainable growth strategy, we operate as a successful Turkish brand on the global stage. As Kocaer Çelik, we are committed to adding value to the country’s economy and our employees, and we implement our investments without compromising our innovative, quality-oriented, environmentally friendly and perfectionist approach. Currently, we continue our production with our 3 steel profile plants, steel service center and galvanizing plant in Aliağa.

Operating among the largest companies in the steel profile segment of the Iron and Steel industry, we offer high quality steel products for sectors such as energy, building, construction, steel bridges, mines, tunnels, automotive, railways, shipbuilding, and oil platforms. Operating in the steel profile segment of the iron and steel industry, Kocaer Çelik has been the export champion in the iron and steel sector in the Aegean Region for the last six years, with sales revenue exceeding 550 million US Dollars and exports of nearly 400 million US Dollars. In 2023, we ranked 112th in Turkey’s Top 500 Industrial Enterprises ranking, 71st in the 2023 Turkish Exporters Assembly Top 1000 Exporters survey, and 7th in the steel industry.

Reliability, transparency, and traceability are the keystones of our success. We believe that our strong and solid corporate structure will increase our competitiveness and carry us forward in our sustainability journey.





In this respect, we constantly update our governance structure and management systems and integrate sustainability into our governance systems. To this end, in 2024, we have created new policies, procedures, action plans and performance indicators (KPIs) for Our company with our Sustainable Management Systems and Strategy studies. In addition, we closely follow national and international standards and hold the following ISO and IEC (International Organization for Standardization/International Electrotechnical Commission) management certificates, that are recognized and accepted worldwide: ISO 9001, ISO 14001, ISO 45001, ISO 50001 and ISO/IEC 27001.

With our innovative solutions and strong R&D investments, we strengthen our position in the sector and strive for continuous improvement. With our wide range of products, we produce 60

different qualities, various types, sizes and thicknesses of products. We export more than 75% of our production to 81 countries in 6 continents and operate in a total area of 280,000 m², including 85,000 m² of closed space.

In 2023, with our approximately 1,000 employees, 3 steel profile factories with a capacity of 800,000 tons/year, steel service center and galvanizing plant, we exported to 81 different countries and earned approximately 15.1 billion TL revenue.

R&D and innovation activities are the main tools in achieving our sustainability goals. Our R&D center and expert colleagues produce innovative solutions by following state-of-the-art technologies in the steel industry. Our R&D and innovation projects focus on areas such as environmentally friendly production technologies, energy efficiency, digital transformation, and material development.

We aim to provide more efficient, sustainable, and environmentally friendly solutions in steelmaking processes. At the same time, we continue our efforts to continuously expand our product portfolio, meet industrial demands and respond to the needs of our customers in the best possible way. Thanks to our 60 years of experience and focus on new product development, we produce over 12,000 different products in qualities containing approximately 60 different chemical compositions.

In line with the 2053 Net Zero journey of Turkey, we are also carrying out environmentally friendly projects with the awareness of our responsibility. In this context, as part of our country's total carbon emission reduction target, we place a particular importance on ensuring that all stages of our investments and production are environmentally friendly and highly efficient in this long-term journey, and we adopt transparency as our basic principle in all our processes.

In 2023, with our approximately **1,000** employees, 3 steel profile factories with a capacity of **800,000 tons/year**, steel service center and galvanizing plant, we exported to **more than 140 different countries** and earned approximately **15,1 billion TL revenue**.



At the same time, within the scope of our sustainability strategies created by our Sustainability Board, we have set ourselves many short, medium, and long-term goals in the fields of environmental, social and governance. In this context, we aim to zero out our scope 2 emissions by 2030 and our scope 1 and 3 emissions by 2050. In this process, we invested in renewable energy sources and established rooftop solar energy facilities with a capacity of 15 million kWh/year, which meet 33% of the electricity we consume in our A1, A2 and A3 plants. Moreover, we continue our drilling works for a 24 MW geothermal power plant investment, equivalent to approximately 120 MW of solar energy, in Aydın Kuyucak, where we initiated surveys in 2023. To undertake these activities, the company established a new corporate structure called Kocaer Enerji, which is 99% owned by Kocaer Çelik and is dedicated to renewable energy, primarily geothermal energy. With this new structure, Kocaer Çelik plans to meet 100% of its energy needs from renewable sources and aims to create a structure to sell the excess capacity of electricity produced from renewable sources. In line with the green energy, sustainable production, and consumption strategy, Kocaer Çelik aims to become carbon neutral and achieve energy independence, providing a significant advantage in international competition.

In 2022, we certify our Rooftop Solar Energy systems developed in our Aliğa-1, Aliğa-2 and Aliğa 3 facilities with I-REC certificates by receiving funds from the Industrial

Thanks to our **60 years of experience** and focus on new product development, we produce over **12,000 different products** in qualities containing approximately 60 different chemical compositions.

Development Bank of Turkey (TSKB), and we prevent 3,942 tons of CO₂e emissions per year with 9,102 MWh of electrical energy production.

Our subsidiaries Kocaer Steel UK and Kocaer Steel Ireland have been selling, marketing, and distributing our iron and steel products in the UK and Ireland since 2015 and continue these activities in their closed warehouses with a total area of over 20,000 m². In this way, we are able to deliver products of different sizes and qualities to our customers in the UK with shorter lead times.

As Kocaer Çelik, we are dedicated to work for a sustainable world and reinforce our leadership in the sector with our commitments for the future and innovative projects. In this context, in 2023, we became a signatory of the United Nations Global Compact (UNGC), which includes basic commitments for corporate sustainability, and we regularly submit our progress report every year.





1.2 Our History

1984

- Our first plant established on an area of 3.000 m² in Denizli started production under the tradename "Kocaer Çelik".

1996

- Aliğa-1 (A1) Plant, a thick section steel production plant with a capacity of 300.000 tons/year was established in Aliğa İzmir on a total area of 32.500 m² including 21.000 m² of closed area.

2007

- We obtained ISO 9001 Quality Management System Certificate.

2008

- We established Aliğa-2 (A2) Plant, our medium section steel profile production factory with a capacity of 300,000 tons/year, in a total area of 186,000 m², including a closed area of 34,000 m² in Aliğa, İzmir.

2015

- Our company, Kocaer Steel UK, which distributes iron and steel products through our warehouses in the United Kingdom, was established.
- With the approval of the Ministry of Industry and Technology, we established the first R&D Center of the sector. Our Service Center has been put into operation.
- We obtained ISO 14001 Environmental Management and ISO 50001 Energy Management System certificates.

2016

- We were included in Turquality, the world's first and only state-supported branding program by the Ministry of Trade of the Republic of Turkey.

2017

- Our Aliğa-3 (A3) Factory, which is a thin section steel profile production with a capacity of 200,000 tons/year on a total area of 41,000 m² with a closed area of 18,000 m² in Aliğa, İzmir, became operational.
- We won the first place in Turkey in the R&D category of the Ministry of Industry and Technology "Productivity Project Awards".
- With the SAP S4/HANA project, we received the first prize in the innovation category of the 2017 SAP Quality Awards.
- With the MES (Digital Manufacturing System) Project, we were awarded the second prize in the 2017 IDC Industry 4.0 Smart Manufacturing category.

2018

- In 2018, 2019, 2020, 2021, 2022 and 2023, we received the Aegean Largest Exporter award 6 times in a row at the Aegean Exporters' Associations "Shining Stars of Export" awards.
- At the 2019 Ministry of Industry and Technology R&D Centers Summit, we were awarded the second place in Turkey in the "Project Capacity" category and the third place in Turkey in the "Class A R&D Centers" category.
- The Company obtained ISO/IEC 27001 Information Security Management System and ISO 45001 Occupational Health and Safety Management System certificates.

2020

- By establishing a Zero Waste Management System in accordance with the Zero Waste Regulation which was published in the Official Gazette No. 30829, we were entitled to receive the TS/35/B2/15/18 Zero Waste Management System Certificate for our A2 plant.

2021

- Within the scope of reducing the carbon footprint and green energy production strategies, we invested in solar energy systems with a total annual production capacity of 13 million kWh on the roofs of our 3 plants in Aliğa in order to meet approximately 33% of our energy consumption from renewable sources.
- As a result of the assessments, the credit rating agency JCR (Japan Credit Rating), affirmed our credit note at A.
- Within the scope of reducing the carbon footprint, we completed our solar energy systems (SPP) investments to meet approximately 33% of our energy consumption from renewable, clean sources.



2022

- We made our public offering and our shares started to be traded on the İstanbul stock exchange
- We published our first sustainability report.
- As a first in the industry, our galvanizing plant was awarded the LEED v4 BD+C:NC Gold certificate in Turkey and Europe by the American Green Building Association (USGBC).
- The installation of our Hot Dip Galvanizing Plant with a capacity of 100,000 tons/year in Aliağa, Izmir was completed. We increased our Service Center capacity to 120,000 tons/year and reached a total closed area of 11,000 m².
- We received the "Innovation Leader Brand" award at the Turkey Innovation and Achievement Awards in the Iron and Steel Industry.
- As a result of the assessments, the credit rating agency JCR (Japan Credit Rating), raised our credit rating from A to A+.
- The rooftop SPP, which had an energy production capacity of 13 million kWh/year in December 2021, reached a total of 15 million kWh/year as of the end of July 2022, with the commissioning of our service center and galvanizing plant.

2023

- We have started drilling operations for the first phase of our geothermal license area belonging to Kocaer Energy company in which we have a 99% participation, in Horsunlu - Ortakçı Village in Kuyucak District of Aydın province.
- We became a signatory of the United Nations Global Compact (UNDP), one of the basic documents of corporate sustainability.
- In the first quarter of 2023, in order to strengthen the Internal Audit, Risk Management and Internal Control Activities, the organizational structure in this area was changed, the activities in this area were consolidated under the newly established Internal Audit Department, and the team was reinforced by providing a high level of employment.
- Our water footprint according to ISO 14046 and our corporate carbon footprint according to ISO 14064 were calculated and verified. We calculated the carbon footprint of our 44 products according to ISO 14067.
- With the commissioning of the roofs of the KSM Facility, we increased our installed renewable energy capacity from 9.2 million kWh to 15 million kWh/year.
- We have finalized our EPD (Environmental Product Declaration) process.
- We obtained the I-REC (International Renewable Energy Certificate)
- We had the energy audit of our facilities done.

- We established the Energy and Water Working Groups
- We initiated the Management Project with Ensemble Processes.
- We implemented our RPA (Robotic Process Automation) project.

2024

- We carried out our Sustainability Strategy study.
- Within the scope of our Sustainable Management System study, we published many new policies.
- We established our Sustainability Board under the chairmanship of our General Manager.
- We started to work to actively participate in CDP (Carbon Disclosure Project) and SBTi (Science Based Targets Initiative)
- We started to work within the scope of TCFD (Climate-Related Financial Disclosures) - - TNFD (Nature-related Financial Disclosures) and integrated into our risk processes.
- We developed projects for our artificial intelligence studies.



1.3 Our Mission, Our Vision and Our Values

OUR MISSION

To be an innovative, strong, reliable, respectable, environmentally, and human sensitive leading company in the sector with superior product and service quality.

OUR VISION

To increase our competitive power with our sustainable product and service quality and innovative structure by considering our stakeholders as a part of our organization with social responsibility and environmental awareness.

OUR VALUES

- To be honest, transparent, ethical and fair,
- To love and respect people,
- To be sensitive to the environment,
- To be principled and self-sacrificing,
- To be customer oriented,
- To be participatory and sharing,
- To support teamwork.





1.4 Kocaer 2023 in Figures



60
Years of
Experience

500+
Million USD
Turnover

Export to 140+
Countries in
6
Continents

Capacity of
800,000
Tons/year

12,000+
Product Range in
60 Different Grades

First
R&D Center
in the Sector

Aegean Region
Iran and Steel Export
Champion
(2018-2019-2020-2021-2022-2023)

Integrated
SAP
Management in All
Processes

Galvanizing Plant with a
Capacity of
100,000
Tons/year

Service Center with a
Capacity of
180,000
Tons/year*

The First Company in the
Sector Included in the
Turquality
Program

Certificate of
Authorized Economic
Operator
AEO

3
Hot Steel Rolling Mill, service
center and galvanizing plant

15
Million kWh/year
Installed Renewable
Energy Capacity

1,000+
Employees

**UK Distribution
Channel**

*Service Center capacity increase was realized in March 2024.



1.5 Corporate Memberships, Signatures and Awards

Corporate Memberships and Signatures

 <p>Medya Takip Merkezi Media Monitoring Center (MTM)</p>	 <p>NB Economic Journal (Yearly Subscription)</p>	 <p>World Economic Forum</p>	 <p>The World Bank</p>	 <p>European Commission</p>	 <p>ITC / Trade Map</p>	 <p>Abrams</p>	 <p>Easy Export Platform</p>	 <p>SAP Ariba Business Network</p>	
 <p>EKAP (Electronic Public Procurement Platform)</p>	 <p>Startup Watch</p>	 <p>David Publishing Company</p>	 <p>Science Direct</p>	 <p>Springer</p>	 <p>Scopus</p>	 <p>Mendeley</p>	 <p>ResearchGate</p>	 <p>OpenLibrary</p>	 <p>Elsevier</p>
 <p>Tandfonline</p>	 <p>IOPscience</p>	 <p>Project Smart Explorer</p>	 <p>Turkey Material Marketplace</p>	 <p>Vanilla Steel</p>	 <p>EUREKA</p>	 <p>EUREKA Clusters</p>	 <p>European Research Council</p>	 <p>TUBİTAK-PRODİS</p>	 <p>The Turkish Artificial Intelligence Initiative</p>
 <p>EU Funding & Tenders Portal</p>	 <p>Steeldata - Sectoral Database Membership</p>	 <p>Steel Network Arabia - Sectoral Broadcasting Organization Membership</p>	 <p>Sectoral Broadcasting Organization Membership</p>	 <p>THY Corporate Club - Membership Program</p>	 <p>Steelorbis</p>	 <p>EİB (Aegean Exporters' Association)</p>	 <p>TUYİD (Investor Relations Society)</p>	 <p>TKYD (Corporate Governance Association of Turkey)</p>	 <p>Matriks Software System</p>
 <p>Corporate Treasury Managers' Association</p>	 <p>NetSec Network and Data Security Society</p>	 <p>CIO Group : CIO GRUP - CIO TÜRKİYE</p>	 <p>BThaber - Weekly Information Technologies and Economy Magazine</p>	 <p>Ecovadis</p>	 <p>United Nations Global Compact Türkiye</p>	 <p>TAİDER (Family Business Association)</p>	 <p>ResponsibleSteel</p>	 <p>Steel Foreign Trade Association</p>	



Awards and Acknowledgments

In 2023, we won various awards for the works we carried out and the events we attended.

SHINING STAR OF EXPORT AWARD

As Kocaer Çelik, we have been awarded the “Star of Export” award in 2023 with the title of “Export Champion in the Iron and Steel Industry”, which we were deemed worthy of in 2018, 2019, 2020, 2021 and 2022 in the “Ferrous and Non-Ferrous Metals Category” at the Stars of Export 2023 Awards organized by the Aegean Exporters’ Associations, and we have received the award for 6 years in a row.



TOP 10 COMPANIES CREATING THE MOST EMPLOYMENT OPPORTUNITIES IN THE REGION AWARD

In 2023, we were entitled to receive the “10 Companies Creating the Most Employment Opportunities in the Region Award” at the “Business World Meets Menemen” event organized by the Menemen Municipality.



CONTRIBUTION TO R&D AND INNOVATION AWARD

As Kocaer Çelik, we were deemed worthy of the “Contribution to R&D and Innovation Award” at the “Manisa Celal Bayar University R&D and Innovation Congress” organized by Manisa Celal Bayar University with our R&D and Innovation studies carried out in 2023.



CERTIFICATE OF APPRECIATION BY AEGEAN REGION UNIVERSITIES

We obtained the “Aegean Career Fair Certificate of Appreciation” for our participation in the “Aegean Career Fair” event organized by Pamukkale University in 2023.



TURKISH SAILING FEDERATION ACKNOWLEDGEMENT FOR SUPPORT TO REGIONAL RACES

As Kocaer Çelik, we were entitled to receive the “Turkish Sailing Federation Regional Races Support Certificate of Appreciation” for supporting the sailing races held in our region by the “Turkish Sailing Federation” in 2024 with the sailing team we have established within our organization.



TEV AND LÖSEV SUPPORT ACKNOWLEDGMENTS

According to the number of downloads of our 2022 Sustainability Report, which was published in 2023, we received certificates of appreciation from both NGOs based on the donations we made to TEV and LÖSEV.



ARC AWARDS 2024

Our 2022 Sustainability Report was awarded the GOLD award in the “Design/Graphics: Sustainability Report: Americas & Europe” category at the ARC Awards 2024. ARC Awards has been one of the most prestigious corporate reporting platforms in the world since 1987, symbolizing the standard of excellence in annual reporting and corporate communication. This award is an indication of the international recognition of our creative and effective approach to sustainability communication.

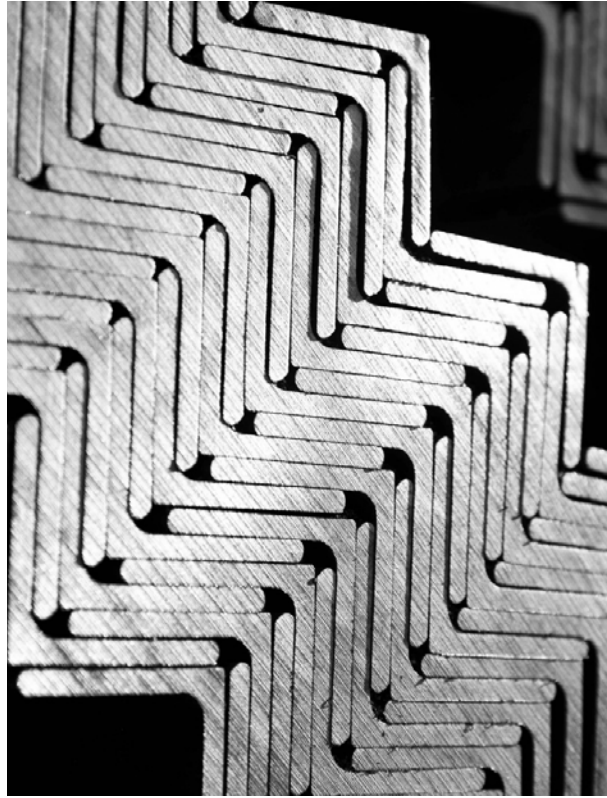




2.

Corporate Governance

“ As Kocaer Çelik, we aim for sustainable growth with our corporate governance approach formed by a respectful, reliable, transparent, traceable, accountable, and fair structure. ”



As Kocaer Çelik, we consider our understanding of corporate governance as the foundation stone that supports the sustainable growth and long-term success of Our company. We aim to establish trust-based relationships with all our stakeholders by creating a reliable, transparent, traceable, accountable, and fair structure that respects society and the environment. A strong corporate governance structure plays a critical role in fulfilling Our responsibilities to its internal and external stakeholders. Thanks to the effective work of our Board of Directors, independent audits, and our commitment to our code of ethics,

we continuously improve our business processes. In this context, we aim to maximize our corporate governance practices by complying with international standards.

With our investments in R&D and quality, we both develop innovative products and create added value for the society we live in. With our investments in R&D and quality, we both develop innovative products and create added value for the society we live in.

As Kocaer Çelik, we support our corporate governance practices with our management systems. In this context, we have ISO 9001 Quality Management System, ISO 14001 Environmental Management System, ISO 45001 OHS Management System, ISO 50001 Energy Management System, and ISO 27001 Information Security Management System certificates. In this regard, we constantly evaluate our activities in terms of governance and work to take our performance to higher levels. While determining our strategies and values, we act with an end-to-end approach in accordance with stakeholder expectations with our high-quality products that meet customer requirements.





2.1. Organization and Corporate Structure

Our Board of Directors consists of 8 members, 3 of whom are independent, and is the highest level of governance structure that approves Our sustainable development strategy. Our short, medium and long-term investments and strategies are subject to the approval of the Board of Directors and are managed by the Board of Directors.

Our Board of Directors convenes its meetings with the attendance of at least 5 members and the affirmative votes of at least 3 members are required to adopt a resolution or to take a decision. Each member of the Board of Directors has one voting right. It is the responsibility of the Chairman and Secretary General of the Board of Directors to prepare the meeting agenda and share it with the attendees in advance, and to communicate the resolutions adopted, decisions taken at the relevant meeting and follow-up notes to all stakeholders. In 2023, 12 Board of Directors meetings were held, and an average attendance rate of 88 % was achieved in these meetings.

Our Board of Directors sets our strategic targets on an annual basis and prepares

productivity and achievement reports at the end of each year and presents them to our shareholders. Our Board of Directors evaluates Our company's performance according to the set criteria on a quarterly basis each year, and compares the operational and financial results achieved at the end of the year with the targets and presents its performance evaluation and opinion on the operational and financial results to the information of our shareholders.

Our Board of Directors collaborates with external experts with the purpose to increase its knowledge in the field of sustainability. Thanks to these collaborations, our board of directors can better follow up and stay up to date with the current sustainability trends and regulations and determine Our strategies.

The Group A and Group B shareholders have the privilege to nominate

candidates for seats on the Board of Directors.

There are four committees within the Board of Directors that oversee more specific matters: Corporate Governance Committee, Early Risk Detection Committee, Audit Committee, Nominations and Remuneration Committee. These committees make recommendations to decision making mechanisms within the scope of their

Chairman of the Board of
Directors
Hakan Kocaer

Honorary President
İbrahim Kocaer

Deputy Chairman of the Board of
Directors and General Manager
Mehmet Çakmur*

Member of the
Board of
Directors
**Dr. Yılmaz
Argüden**

Member of the
Board of Directors
(Independent Member)
**Dr.Fatma Füsün
Akkal Bozok**

Member of
the Board of
Directors
**Uğur
Yılmaz**

Member of the
Board of Directors
(Independent Member)
**Tuğrul
Fadilloğlu**

Member of
the Board of
Directors
**Ferda
Besli**

* Our General Manager left the Company in September 2024. Mehmet Çakmur was appointed in his stead as the Deputy Chairman of the Board of Directors and General Manager in September 2024.



powers and responsibilities. However, the final decision and responsibility always rests with the Board of Directors. Our Corporate Governance Committee is responsible for defining, identifying, developing, and making suggestions for our improvement areas and assessing and monitoring the impact of resolutions and decisions on our stakeholders with the purpose to ensure that Our company sets an example in corporate governance matters and is one of the most trusted companies by all of our stakeholders.

Our Corporate Governance Committee consists of at least 3 members, including at least two members from our Board of Directors and one member from the Investor Relations. Our Committee meets at least 4 times a year and reports its decisions to our Board of Directors. Meantime, the Corporate Governance Committee also assumes the responsibilities of our Nominations and Remuneration Committee.

Our Early Risk Detection Committee is responsible for identifying potential risks that may affect Our company, designing, developing and formulating strategies to mitigate risks and periodically reviewing our risk management systems. Our committee consists of at least three members; however, it is mandatory that the majority of the members on the committee must not have any executive duties.

Our Audit Committee is authorized on behalf of the Board of Directors to audit the effectiveness, efficiency and adequacy of Our company's internal

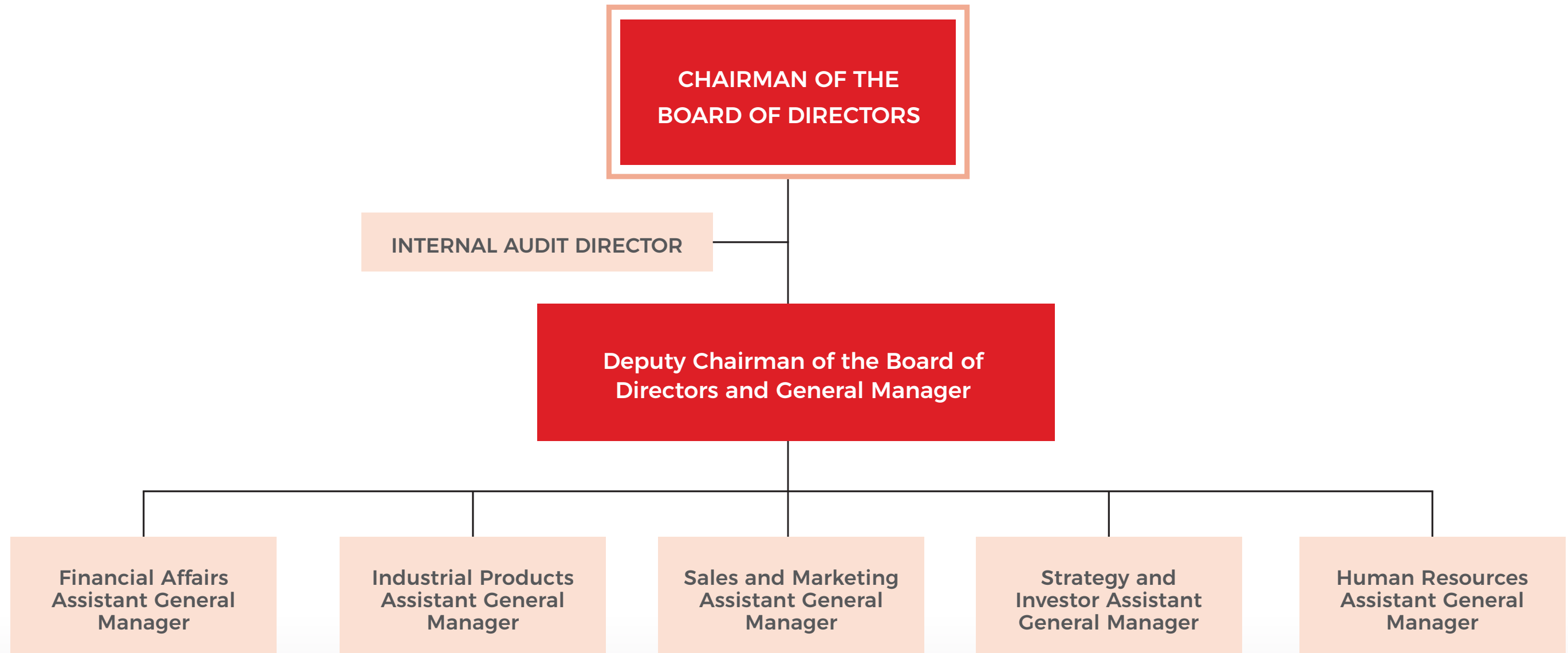
systems. Our Committee consists of at least two members, however in the case where there are more than two members, the majority of the members on the committee must be Board Members who do not have executive duties. Our Audit Committee meets at least four times a year, at least once every three months and presents its decisions to the Board of Directors.

Our Corporate Governance Committee also assumes the duties and

responsibilities of the Nominations and Remuneration Committee. Our sustainability management is included in the scope of duty and jurisdiction of our Sustainability Board. The Sustainability Board directly reports to the General Manager of Our company. The Sustainability Board consists of 11 members including our General Manager, and meets at least two times a year, and the decisions taken at these meetings enter into force following the approval of our General Manager.

The auditing of Our sustainability, risk management and compliance performance and its announcement and disclosure in accordance with and within the framework of the principles of transparency, traceability and accountability are under the supervision of the Board of Directors. In this respect, the effective operation of the Board of Directors and strict adherence to the corporate governance principles make significant contributions to the long-term success of the Company and to the creation of value for its shareholders.







2.2. Corporate Risk Management

As Kocaer Çelik, we implement a comprehensive risk management system in order to early detect, analyze and minimize the impact of the risks arising from global developments that we may encounter in our business processes. Through this system, we aim to ensure the sustainable growth and long-term success of Our company by understanding, identifying and covering the Financial, Operational, Strategic, Reputation, Compliance, Information security risks We review and update our risk management policies on a regular basis under the guidance of our board of directors and in accordance with the international standards. By this means, we increase the core strengths and resilience of Our company by taking a proactive approach to changing market conditions and emerging risks.

We continuously implement our risk management processes, improve them in line with the good practices, and evaluate our risks on a regular basis. We conduct our reviews for our high-risk activities, operations and processes in more frequent intervals. We carefully consider critical risks in our decision-making processes.

Our Early Risk Detection Committee is responsible for early detection of

risks that may endanger the existence, development and continuity of Our company, taking all necessary measures regarding the identified risks and managing risks. Our committee works and carries out its activities in accordance with the Working Principles of the Early Risk Detection Committee.

Our committee consists of at least three members, the majority of whom are non-executive members. The chairman of our committee is elected from among the independent members of the board of directors. In this context, our Committee meets four times a year and reports its work and submits it to our Board of Directors. Our committee may seek independent expert opinions, receive consultancy when necessary and provide explanation about these matters in its report.

Our corporate risk management is handled in accordance with our Risk Management Framework defined in our Corporate Risk and Opportunity Management Procedure. The Risk Management Framework aims to incorporate the processes regarding the risk management within the scope of CRM (Corporate Risk Management) with the purpose to ensure integrity, effectiveness and efficiency across Our company in

compliance with management systems. The framework is reviewed by our Risk Management unit when necessary and updated with the approval of the Early Risk Detection Committee depending on the changes in the risk environment and risk profile and innovations in risk management practices.

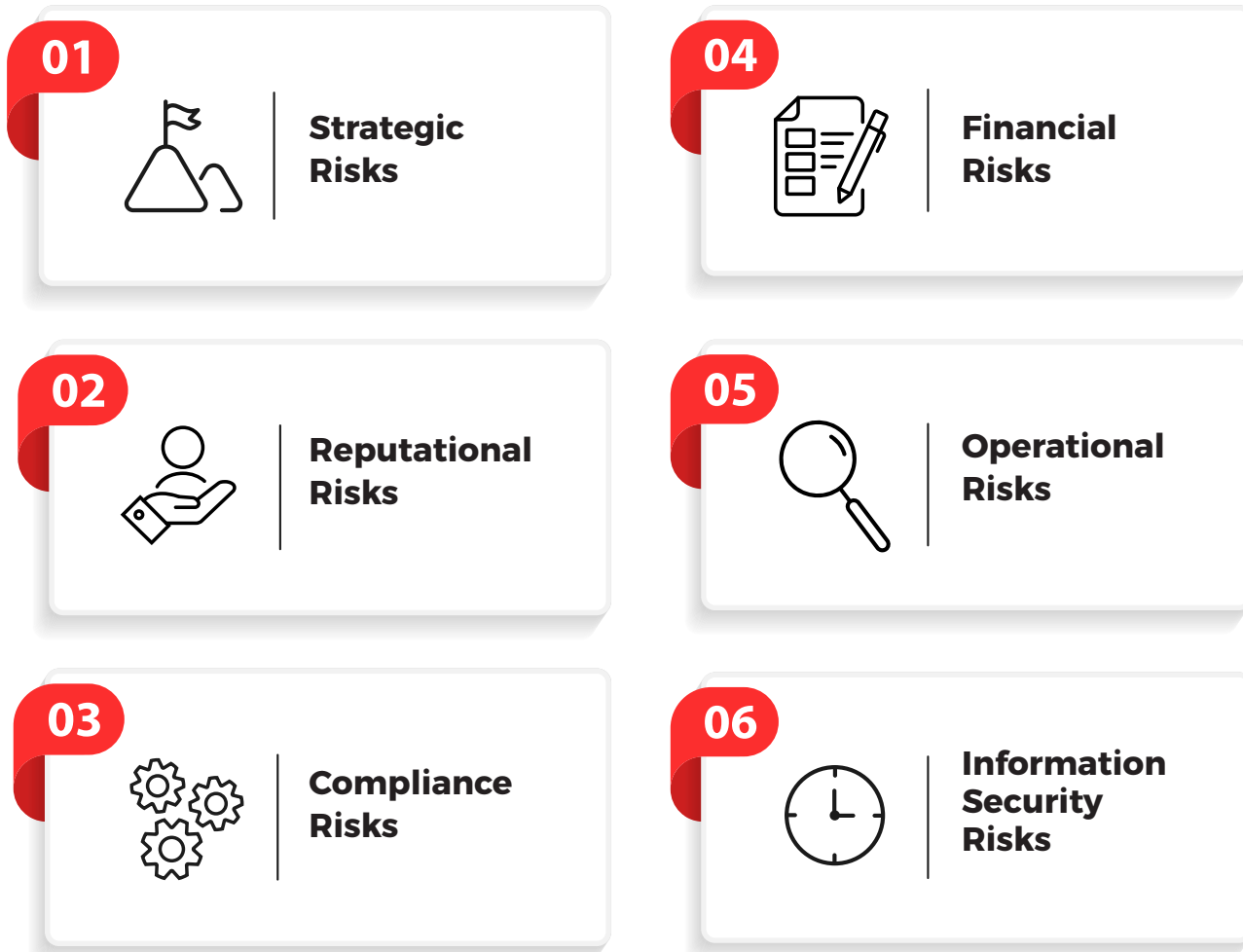
We continue to carry out our risk management processes in compliance with our Corporate Risk and Opportunity Management Procedure. Our risk management process is completed by reporting the identified risks and actions taken to our senior management. This reporting provides information to our senior management to evaluate our risk management performance and make strategic decisions, when required. The Information Security Committee and the Corporate Risk Committee evaluate the risk assessments and improvement actions in their respective areas on a periodic basis and report them to the senior management.

Risk management in Our company is the common responsibility of all of our employees, starting from our senior management, and is integrated with strategic, managerial and operational processes.





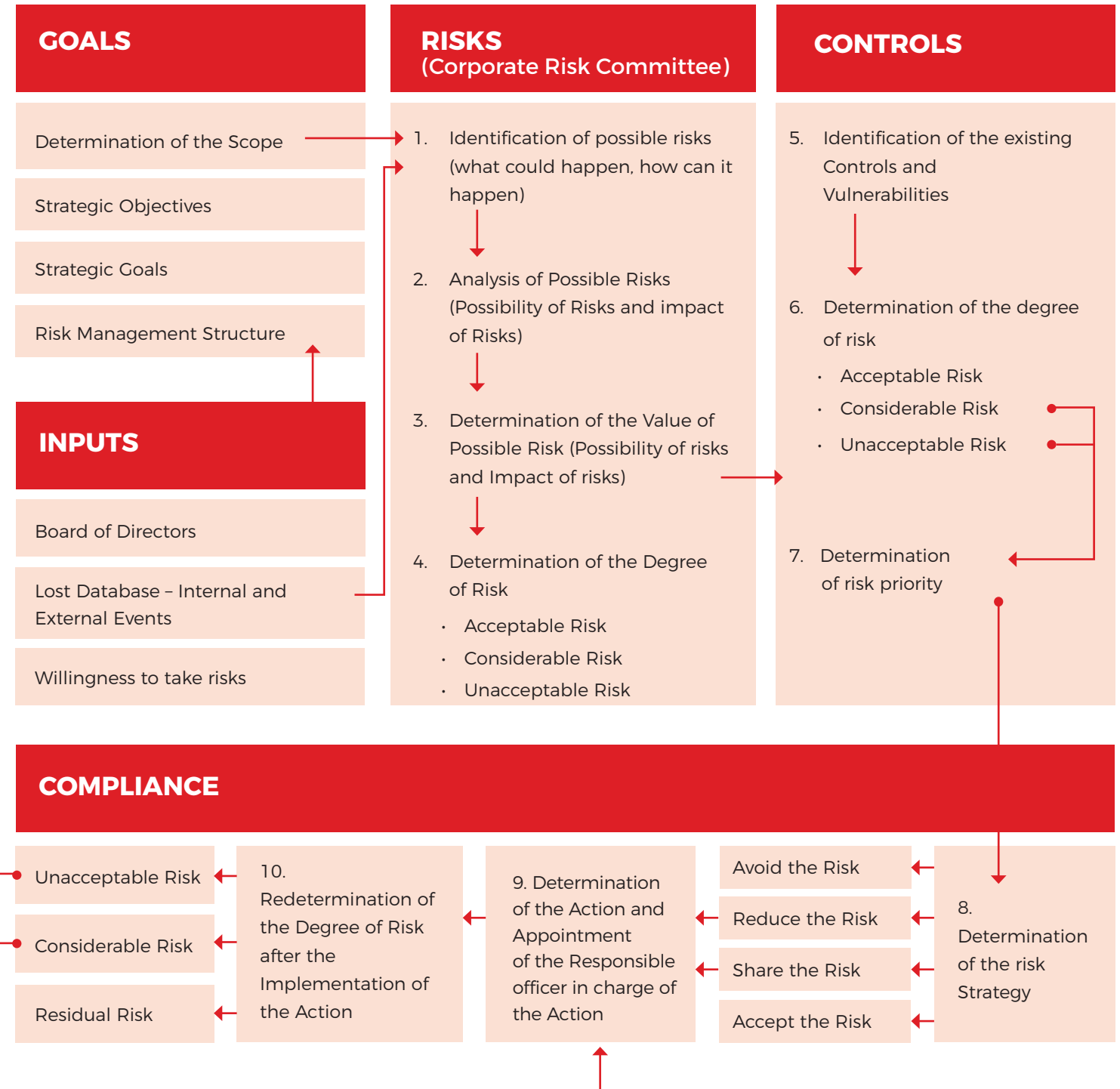
We group our corporate risks under **6 Risk Disciplines**



In 2023, our Internal Audit Department reviewed the risks of all main processes of Our company in a more detailed manner, taking a more nuanced approach, and under the supervision and guidance of our Early Risk Detection Committee defined strategic risks such as Natural Disaster, Fire and Climate Change Risks, Occupational Health and Safety Risks, Cyber Security and Information

Security Risks, Economic and Political Risks, Supply Chain Risks, Exchange Rate, Parity, Interest and Liquidity Risks, Business Continuity Risks, Receivables Management Risks, Risks of Non-Compliance with Ethical Business Culture and ESG Risks, and created action plans to eliminate these risks and ensured their follow-up.

Kocaer Çelik Corporate Risk Management Process





Management of Risks and Opportunities in the Field of Environmental, Social and Governance (ESG)

According to the survey on Risks and Opportunities for 2023, the most important risk related to sustainability was determined as acute and chronic changes in weather conditions due to climate change. Changes in weather conditions pose the risk of increasing commodity prices, global inflation, and supply shortages. In order to minimize the impact of risk on our operations, we have diversified the sources of supply for all our products geographically and geopolitically and evaluated alternative logistics solutions.

In the survey, we evaluated our risks in the transition to a low-carbon economy, especially the European Union's (EU) Carbon Border Adjustment Mechanism (CBAM) and related regulations. In the light of developments related to CBAM, we established our [Sustainable Supply Chain Management Policy](#) in 2024 and started to collect data on greenhouse gas emissions from our suppliers in 2023. Furthermore, in the last quarter of 2023, we submitted our first report under CBAM.

We have started to work within the framework of TCFD (Task Force on Climate-Related Financial Disclosures) and TNFD (Task Force on Nature-Related Financial Disclosures) and we will submit our first report in 2024.

As of 2025, we will develop our sustainability reports in accordance with TSRS 1 and 2 standards, including the TSRS (Turkish Sustainability Reporting Standards) published by the Public Oversight Accounting and Auditing Standards Authority (KGGK) in January 2024.

According to the surveys on social risks, risks related to ethical and human rights violations in the value chain have come to the fore. As such, we became a member of the United Nations Global Compact (UNGC) and revised our [Human Rights Policy](#) and [Human Resources Policy](#) in the context of sustainability.

In order to prevent ethical and human rights risks in our value chain, we updated our [Code of Ethics Policy](#) and started risk assessments related to the ethical and human rights due diligence process to identify risks.





2.3. Internal Audit and Internal Control

Our Internal Audit Department takes a disciplined and systematic approach to achieve our sustainable growth targets within the framework of our Internal Audit Regulation and to identify internal/external risks in all our operational processes, and to evaluate and improve the effectiveness of our risk management, internal control, and governance processes.

The Internal Audit Unit reports to the Board of Directors. The audits are conducted under the supervision of our Audit Committee, following the audit plan approved by our Audit Committee. We conduct our audits in accordance with the requirements of legal regulations, ethical principles, company policies, procedures, and our certificates. The findings determined by our Internal Audit Department are reported to our Audit Committee and Board of Directors. As a result of the audits conducted, action plans and deadlines for the elimination of the risk or risks are requested from the audited units regarding the findings determined in accordance with our Corrective and Preventive Action procedure, and the confirmation and assurance of these action plans for the complete elimination of the risk is given by our Internal Audit unit. Our Internal Audit unit reports these

findings to our Audit Committee and Senior Management, together with the action plans that are agreed upon. In addition, data associated with private investigations or studies examining misconduct focused acts are stored in a secure manner that is only accessible by the members of the Internal Audit and Board Audit Committee.

We follow the findings that we obtained as a result of our internal audit and internal control activities and the action plans determined for these findings through the company's integrated document management portal QDMS.

In 2023, we conducted 20 internal audits and planned improvement actions regarding the audit findings.

In addition to process risks and opportunities, we also evaluate social issues such as compliance with ethical rules, adherence to corporate governance principles and processes such as anti-bribery and corruption, employee rights, occupational health and safety, and environmental issues. Furthermore, in all audits we also examine the risks of error, fraud, irregularities, and corruption. Our Audit Committee consists of at least two members. In case there are more than two members, the majority of the

Committee members must be members of the Board of Directors who do not have executive duties. The Committee regularly reports its activities, findings, and recommendations to the Board of Directors. The Committee convenes at least four times a year, at least once every three months, and submits the decisions taken to the Board of Directors by recording the results of the meetings.

Our Basic Principles in the Conduct of Internal Audit Activities:

- Independence and Objectivity
- Integrity and Confidentiality
- Qualification
- Maximum Professional Care and Attention

As Kocaer Çelik, we have established an internal control system to create and coordinate a healthy control environment in Our company and to ensure that the activities are carried out in a regular, effective, and efficient manner in accordance with the management strategy and policies and the provisions of the relevant applicable legislation, and that the accounts and records are kept

in a proper manner and to maintain information security. Our Internal Control activities are carried out in accordance with our Internal Control Procedure based on the principles of effectiveness and efficiency, scope, and independence. The activities are carried out under the supervision of the Audit Committee reporting to the Board of Directors. In line with these principles, our internal control team consists of at least one person in a number compatible with the activities of the Company.

Principles of Our Internal Control System:

- Control Environment and Culture
- Risk Recognition and Assessment
- Information Processing Systems
- Control activities and Separation of Duties

In 2023, we underwent a total of 4 independent audits at 3-month intervals. No negative findings were detected in these audits.



2.4. Business Ethics and Compliance

As Kocaer Çelik, we consider our business ethics and compliance efforts as one of the supporting pillars of Our company culture. We implement a strong ethical management system in order to maintain high ethical standards in all our business processes and to fully comply with legal regulations and international norms. In line with the principles of transparency, integrity, and responsibility, we aim to gain and maintain the trust of our employees and stakeholders. Our [Code of Ethics Policy](#) and [Business Ethics Guidelines](#) are regularly reviewed and meticulously implemented at every level of Our company. In this way, we aim to create a sustainable business model and achieve long-term success by acting in accordance with business ethics and laws. In 2023, we provided a total of 242.5 hours of training to a total of 485 employees within the scope of business ethics and compliance trainings.

It is the responsibility of our Ethics Committee to ensure that our employees act in accordance with the "Code of Business Ethics", to take an attitude that will contribute to the change of culture or its continuity, to guide and inform our employees about the content of

the duties of the Ethics Committee, to investigate the issue immediately and as quickly as possible in case of notification of violation of the rules and to inform and report the associated results. The Board consists of 3 members. The chairman of the board is the Deputy General Manager of Human Resources. Our Legal Counsel is a member of the board, and our Internal Audit Director undertakes the role of General Secretary. All of our employees may notify all ethical violations or misconduct directly via e-mail to etikhat@kocaersteel.com in accordance with our Internal Irregularities Notification and Ethics Line Procedure.

All notifications sent via the e-mail address are evaluated and examined by the members of the Ethics Committee. In the event of a violation of our Code of Ethics is identified or notified, necessary

disciplinary action is taken in accordance with the Disciplinary Code and Procedure. In 2023, no situation contrary to our code of ethics was detected across the company.

The Code of Business Ethics Guide to enforce national and international good practices, guides all our business activities and stakeholder interactions. We fulfill our responsibilities and goals within the scope of our Code of Business Ethics and expect the same care and diligence from all our suppliers and business partners. Our Code of Ethics is available on Kocaer Çelik website.

As Kocaer Çelik, we act in compliance with the applicable laws and international law rules while carrying out all our domestic and international activities, and we work in cooperation

with all public institutions and organizations and accordingly we present all kinds of information, documents, and notifications requested from us in a timely and understandable manner. To provide the service we offer with all our business lines on time and under the promised conditions is one of our main principles.

Another basic principle of Our company is to comply with integrity and ethical values in our relations with our suppliers and customers. We do not take personal advantage of our business transactions with our suppliers and customers, and we do not use corporate information and our positions for our own benefit. We expect our suppliers to act in accordance with environmental and social criteria under all circumstances.





Combating Anti-Competitive Behaviors

As Kocaer Çelik, we carry out our activities within the framework of the principles of honesty and fair competition. We proceed with a zero-tolerance policy against all kinds of behavior and conduct that may be seen to distort, restrict or prevent competition. Protecting fair competition at arm' length (market) conditions is of paramount importance both for the sustainability of our industry and for the protection of the interests of all of our stakeholders. In this context, we continue to stay competitive in an ethical and fair environment by acting in accordance with the principles of Fair Competition and Protection of Intellectual Property and the current legislation within the scope of Competition Law, together with our [Competition Policy](#).

We do not tolerate activities such as monopolization or grouping as well as unfair competition and illegal activities that may unduly disrupt market mechanisms and dynamics. In line with this management approach, in cases where unfair business practices or behaviors that distort, restrict or prevent fair competition or suspicious situations arise we apply to and consult with our Legal Counsel or Ethics Committee and generate appropriate solutions.

In 2023, there were no violations that fall within the scope of Prohibition of Competition through transactions made between the members of the Board of Directors and the Company or on behalf of someone else.

Kocaer Çelik declares that it strictly adheres to anti-bribery regulations and principles and commits full compliance with anti-corruption and anti-bribery laws, regulations and international standards in its [Anti-Bribery and Anti-Corruption Policy](#). The policy also aims to provide a guide to help identifying and preventing possible cases of bribery and corruption. With the approval of the Board of Directors, the Internal Audit Director is responsible for updating the policy, when necessary.

In accordance with our [Donation and Aid Policy](#) and [Code of Ethics Policy](#), Kocaer Çelik employees cannot give or offer gifts, entertainment, meals, travel or anything of value with the purpose to gain an improper advantage in business relations, to inappropriately influence the other party's decision, etc. Meanwhile, donations and aids may be made or granted within the principles specified in the Capital Markets Law (CPL) and regulations.

According to our Business Ethics Rules included in our [Business Ethics Guidelines](#), gifts that can be accepted, received and given or offered in Our company are categorized in three groups. First, there are gifts of small value that

do not require approval. Gifts with a value not exceeding USD 100 and those that are accepted, received, given or offered within the framework of business relationships in a way that does not violate the law are included in this group. The second category includes gifts that cannot be accepted, received, given or offered under any circumstances. These include gifts (or their equivalents in cash) that are illegal, damage the Company's reputation, credibility or brand. The third category includes gifts that always require approval. For gifts exceeding a total value of USD 100, it is necessary to first inform the immediate managers and then apply to and consult with the Ethics Committee.

As with ethical violations in other areas, suspicion of bribery and corruption can also be reported to Kocaer Çelik's Ethics Board.

As a result of the audits carried out by our Internal Audit Department during the reporting period, no nonconformities or irregularities related to bribery and corruption were detected and there were no public lawsuits.

Anti-Corruption & Anti -Bribery

As Kocaer Çelik, we promote and support our "Zero Tolerance" approach towards bribery and corruption, in the fight against bribery and corruption, which is one of our core ethical values with our [Anti-Corruption and Anti- Bribery Policy](#) in addition to our Business Ethics Guidelines. In this context, we are committed to full compliance with anti-corruption laws and international standards in every country in which we operate.

Our Anti-Corruption Policy and Anti-Bribery Policy includes what to do in suspicious situations, activities transactions involving illegal practices including bribery and corruption. In these processes, it is critical and extremely important for our employees and business partners to fully comply with all relevant legal regulations and our policies.



In 2023, we provided a total of 1166 hours of training to 928 employees within the scope of information security.

2.5. Information Security

As Kocaer Çelik, we aim to provide a sustainable business environment within the framework of the principles of reliability and transparency by integrating our information security policies into all operational processes of Our company. Information security is of great importance in terms of protecting Our reputation and increasing its competitiveness. Accordingly, we implement a comprehensive information security management to ensure the confidentiality, integrity, and accessibility of our information assets.

We organize regular trainings and awareness programs in order to increase the competencies of our employees in information security. In 2023, we provided a total of 1166 hours of training to 928 employees within the scope of information security. In this way, we aim to keep the awareness and motivation of our employees about information security at the highest level. We protect Our reputation by systematically managing information security risks. We take

proactive measures against possible security threats by improving our risk management processes continuously. In case of any violation of policy, we initiate the disciplinary process and related legal actions.

As an indication of the importance we attach to information security, we received ISO 27001 Information Security Management System certificate. This international certificate authenticates our compliance with information security standards and our effective governance and commitment to ensuring the confidentiality, integrity, and accessibility of our information assets. With this certificate, we record and protect the personal information of Kocaer Çelik's employees, customers, suppliers, and other business partners according to the rules determined by national and international regulations. Additionally, we demonstrate that we offer a reliable and safe business environment to all our stakeholders.

Furthermore, we carry out continuous monitoring activities in order to detect and prevent cyber-attacks. We regularly conduct leakage tests by third-party companies to take proactive measures against cyber threats. We closely follow the latest technologies in information security and cyber defense and continuously increase our security level by developing new projects in this field.

As Kocaer Çelik, we aim to both protect Our reputation and gain the trust of our stakeholders by keeping our information security policies at the highest standards. The importance we attach to information security reinforces our understanding of transparency and reliability in our business processes and forms the basis of our sustainable success. Together with all our employees and business partners, we continue to work for a safer and more sustainable future by fully complying with our information security policies. Please see our Information Security Policy [here](#).





2.6. Sustainable Supply Chain Management



As Kocaer Çelik, we evaluate our products and operations from a holistic life cycle perspective in order to best manage the impacts we make on our value chain. With this approach, together with all our stakeholders in the supply chain, we adopt environmentally friendly, socially friendly, and economically sustainable practices. We strive to ensure that our understanding of business ethics and service quality goals are clearly understood and integrated at all stages

of our business processes. In this respect, we are committed to fully complying with the principles of sustainability in the process starting from our suppliers and going towards our final products.

In 2024, we will establish our Sustainable Supply Chain Management Policy, which will include continuously reviewing and evaluating the environmental performance, occupational health and safety standards, human rights and working conditions of our suppliers. In this context, we will consider criteria such as financial performance, experience, and technical competence as well as sustainability performances in the selection of suppliers. Thus, we will base our relations with our suppliers on the principles of responsible and sustainable business and support Our company to achieve its sustainability goals with our policy.

We request environmental data such as annual greenhouse gas emissions, waste amounts and water footprint from our suppliers and develop our sustainability strategies in line with these data. Within the scope of social sustainability, we expect our suppliers not to employ child labor, to avoid practices such as forced



labor, and to provide a healthy and safe work environment for their employees. Within the framework of our business ethics and compliance policies, we require our suppliers to comply with all relevant laws and regulations, to be sensitive to the issue of anti-bribery and

corruption, and to report any violation in this regard. By adopting the principles of continuous improvement and innovation in our supply chain, we both increase the sustainability of our supply chain and improve our overall business performance.



Our supplier and procurement processes related to raw materials are managed according to our Raw Material Purchasing and Procurement Procedure published by our Production Planning unit, as well as the Logistics Procedure, Billet Supplier Selection and Evaluation Instruction, Input Quality Control Instruction and Billet Technical Specification.

For the purchases, technical specifications were developed by our Quality Control team, and we prepared a Supplier Evaluation Form for all our suppliers, which includes quality, occupational health, and safety (OHS) and environmental issues. All suppliers

from whom we supply raw materials are classified as “critical suppliers” and are subject to performance evaluation twice a year. This evaluation system is based on weighted points and is designed in accordance with the Billet Supplier Selection and Evaluation Instruction.

Within the scope of our Sustainable Supply Chain Management Policy, our KPIs that we have determined for our suppliers in the strategy study are as follows:

2025	2030	2050
<p>By 2025, we aim to add items related to greenhouse gas emission performance and measurement to our supplier evaluation system and to report according to the collected data.</p> <p>Under CSDDD (Corporate Sustainability Duty Diligence Directive), we aim to evaluate our suppliers according to this document by developing our “Supplier Code of Conduct” including ESG issues.</p>	<p>By 2030, we aim to have 50% of our suppliers evaluated for sustainability among the top 20 suppliers.</p> <p>By 2030, we aim to increase the number of suppliers audited/monitored on environmental and social issues by 50% using 2023 as a base.</p>	<p>We aim to reduce our scope 3 emissions by 100% by 2050.</p>
	<p>By 2030, we aim to increase our green purchasing rate by 50% using 2023 as a base.</p>	
	<p>By 2030, we aim to increase the number of suppliers purchasing locally by 20% using 2023 as a base.</p>	



3.

Sustainability Strategy

“ As Kocaer Çelik, we put sustainability at the center of our business strategy and invest in the future by fulfilling our environmental, social and governance responsibilities. We aim for a sustainable world with efficient use of resources, low-carbon production technologies and environmentally friendly projects. ”



3.1. Sustainability Approach, Strategy and Organization

As Kocaer Çelik, we are working to continuously improve and expand our sustainability management, which we handle with a transparent, fair, inclusive, and innovative governance approach in the industry and region where we operate. For this reason, we attach importance to the adoption of the understanding of sustainability in our entire organizational structure, starting with our Board of Directors, which is our highest governance body, with a focus on climate, people, and innovation.

By restructuring the Sustainability Work Group, which we established in 2021, we formed the Sustainability Board in 2024 in order to monitor and develop our sustainability strategy and performance more effectively.

It is among the responsibilities of our Sustainability Board to ensure and monitor the implementation of all sustainability efforts of Kocaer Çelik, and to make changes in plans and programs when necessary. In addition, our Board closely follows good practices and cooperates with non-governmental organizations working on sustainability in Türkiye and around the world in order to increase the effectiveness of our sustainability efforts.

Our Sustainability Board consists of a total of 22 members under the chairmanship of our General Manager. These members include a representative from each of the Human Resources, Business Development and Investment Projects, Planning, Logistics, Purchasing, Information Technologies, Internal Audit, Finance, Investor Relations, HSE and Energy, Financial Affairs, Quality Control, Production and Sales Departments.





In this respect, our Sustainability Board is responsible for developing strategies in compliance with the targets set by the SDGs in order to improve its environmental, social and governance performance in line with the United Nations (UN) Sustainable Development Goals (SDGs) and to ensure the sustainable growth of the company. Moreover, our Board follows global good practice and makes recommendations to the Board of Directors when necessary for ensuring full compliance with the Labor Law, Occupational Health and Safety regulations, environmental legislation.

Our Management Systems and Sustainability Department is responsible for carrying out Our sustainability activities and ensuring coordination between units. Our Management Systems and Sustainability Department consists of 3 experts in the field of sustainability including one manager.

Starting from 2021, we renewed and expanded the scope of our sustainability strategy which was prepared in compliance with the United Nations (UN) Sustainable Development Goals (SDGs) in 2024 in line with the priorities identified in the stakeholder engagement workshop and Our company strategy.

In 2023, our focus was on combating climate change, reducing our environmental footprint and optimizing our use of natural resources, as well as developing studies and strategies that bring people and supply chain management to the forefront. In this

context, we continue our efforts to transition to renewable energy sources such as solar energy and green hydrogen. In addition, with the practices we developed on sustainable supply chain management, we encouraged and continue to encourage not only our own operations but also all our stakeholders in our value chain.

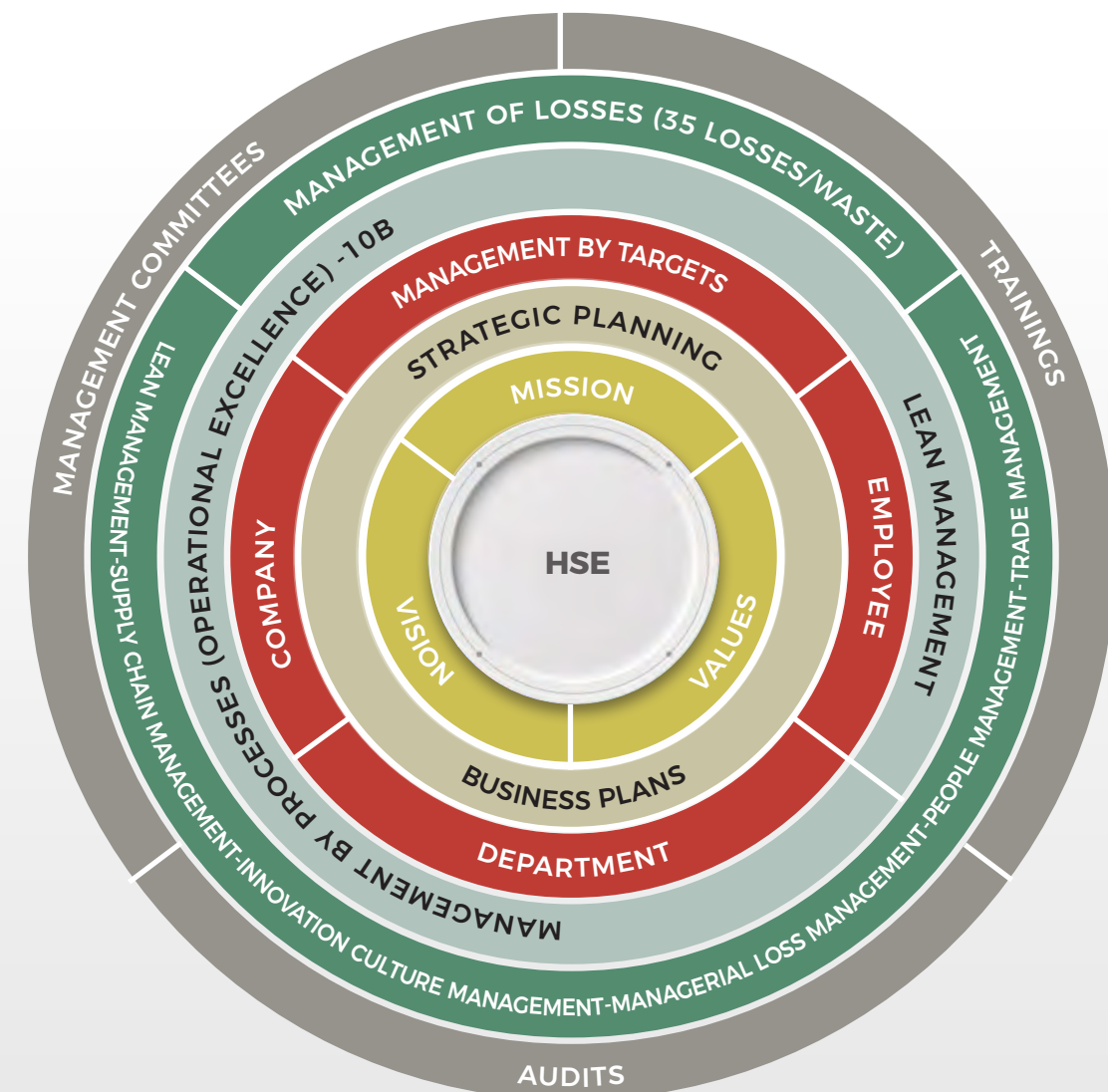
It is our management responsibility to comply with international standards and integrate risk-opportunity analyses into our processes. In this context, we focus on the climate and biodiversity crisis, which is one of the global problems, and act with the awareness of our environmental responsibilities. As part of our process of managing our ESG risks, we continue to perform TCFD (Task Force on Climate-related Financial Disclosures) and TNFD (Task Force on Nature-related Financial Disclosures) analyses that we started to work on in 2024. With the completion of these analyses, we aim to ensure that risks and opportunities are managed in a more comprehensive manner.

As Kocaer Çelik, the “Kocaer Management and Excellence System (KYMS)”, which we commissioned in 2021 in line with the aim of sustainable growth and creating value for all our stakeholders is a continuous improvement and development methodology designed by us. KYMS covers important concepts such as strategy development, management with business plans, management with objectives, lean production practices, digital transformation studies, management with processes, idea

management system, project management system, appreciation recognition system and 35 loss management. This model, supported by various committees, audits and trainings within the Kocaer Academy, enables us to approach excellence step by step. We consider KYMS as an important methodology that will take Our business efficiency and sustainability management

to a higher level. With this understanding, by following international best practices and in line with our internal dynamics and management philosophy, we have created a management system that focuses on operational excellence with “the effectiveness of people and business management”.

KOCAER Management and Excellence System (KYMS)

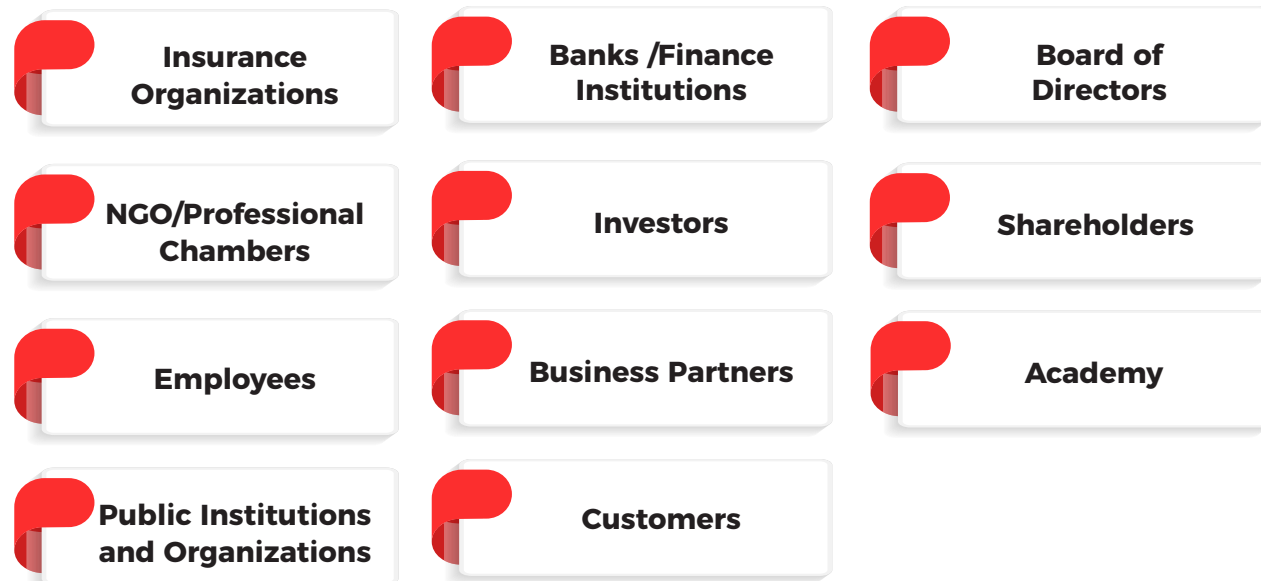




3.2. Stakeholder Engagement and Materiality Matrix

*It is as follows (without making any prioritization).

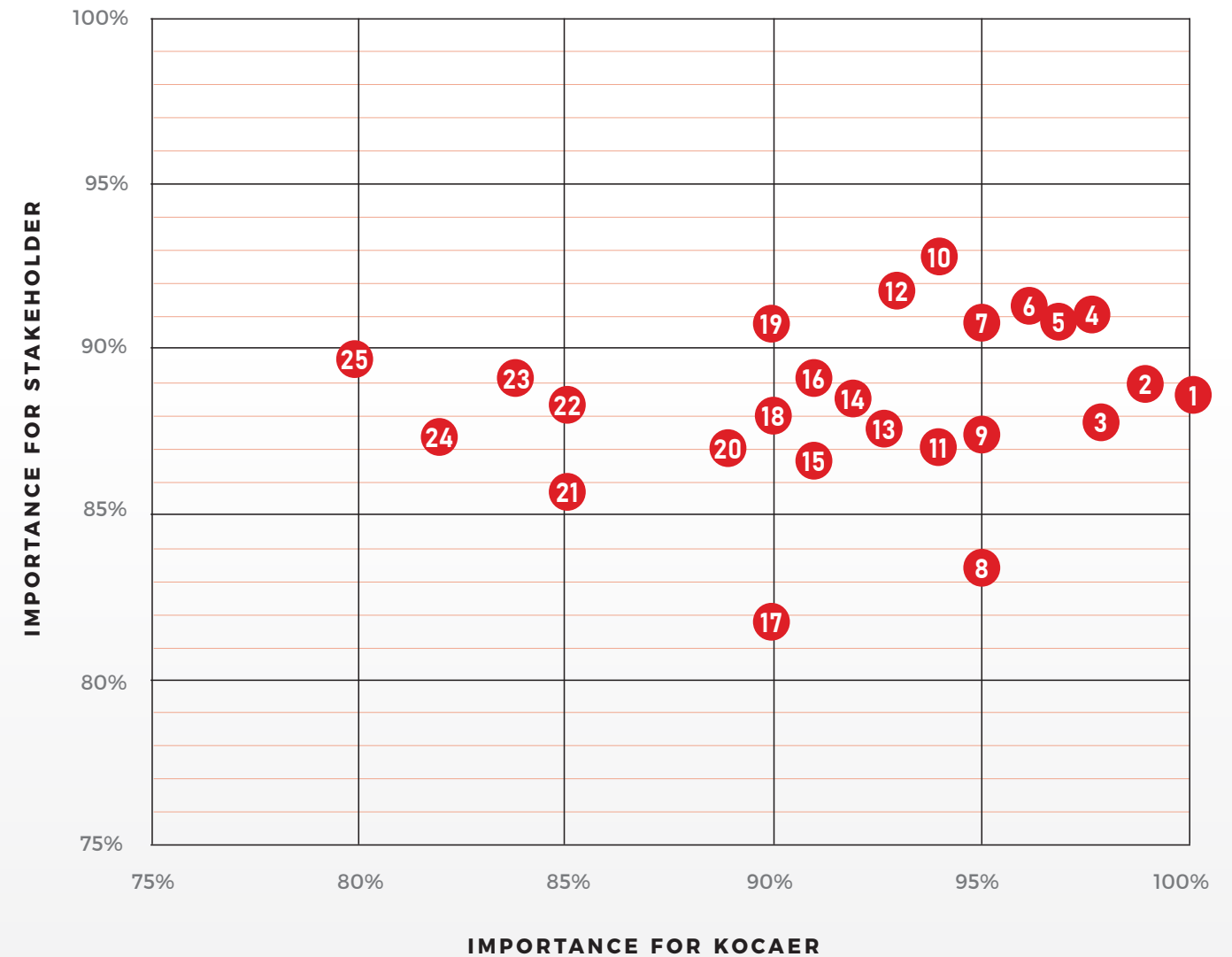
Our Key Stakeholders



Within the framework of this collaboration with our stakeholders, we take into consideration the opinions and expectations of our stakeholders also in developing our sustainability strategies. We update our priorities in the field of sustainability on a biennial basis. In 2024, as part of developing our sustainability strategy, we carried out a study with the purpose to receive the opinions of our internal and external stakeholders in determining our priority issues. Through surveys and online interviews, we take the opinions of our stakeholders on the

topics that they want us to prioritize in our sustainability strategy as Kocaer Çelik. As a result of the study, we reached a total of 308 stakeholders consisting of 132 internal and 176 external parties. Of the 308 stakeholders participated in our survey, 302 are domestic and 6 are foreign stakeholders.

By evaluating Our strategy and stakeholder engagement results, we developed and build our Materiality Matrix by identifying 25 key issues that will guide our sustainability strategy.



- | | |
|---|--|
| 1. Management of Environmental, Social and Governance (ESG) Risks | 13. Social Contribution |
| 2. Climate Change Risk Management | 14. Sharing Environmental Performance |
| 3. Raising Sustainability Awareness | 15. Prevention of Pollution |
| 4. Sustainability Management | 16. Employee Wellbeing |
| 5. Sustainable Supply Chain | 17. Waste Reduction |
| 6. Energy Management and Use of Renewable Energy | 18. Protection of Biodiversity |
| 7. Efficient Use of Natural Resources | 19. Product Quality |
| 8. Circular Economy | 20. Customer Satisfaction |
| 9. Diversity and Equal Opportunity | 21. Contribution to the Local Economy |
| 10. Reducing Greenhouse Gas Emissions | 22. Financial Performance |
| 11. Employee Development | 23. Digital Transformation |
| 12. Occupational Health and Safety | 24. Business Ethics and Corporate Policies |
| | 25. Data Security |



3.3. Sustainability Goals

For a sustainable future, as Kocaer Çelik, we consider making our business processes more environmentally friendly, providing social benefits and corporate transparency as a part of our corporate culture. In this context, we have set targets in line with the United Nations Sustainable Development Goals.





In the table below, you can find the key performance indicators (KPIs) we have identified to measure our sustainability performance, and monitor and track our progress

STRATEGY AND ROADMAP - ENVIRONMENT

Priority Issue	Maturity	Target	KPI - Action Plans	SDG
Greenhouse Gas Emissions	Short/ Medium Term	Reducing greenhouse gas emissions	<ul style="list-style-type: none"> Reducing Scope 1 emissions by 100% by 2050 compared to 2022 Reducing Scope 2 emissions by 100% by 2030 compared to 2022 Reducing scope 3 emissions by 100% by 2050 compared to 2022 Reducing carbon emissions per production by 35% by 2030 compared to 2022 Reducing non-renewable energy consumption by 100% by 2030 by taking year 2022 as a basis Increasing the use of alternative fuels by 20% by 2030 compared to 2022 Reducing energy consumption per unit of production (diesel, etc.) by 35% by 2030 compared to 2022 	
	Medium Term	Renewable electricity supply	<ul style="list-style-type: none"> By 2030, 100% electricity supply from renewable energy sources 	



STRATEGY AND ROADMAP - ENVIRONMENT

Priority Issue	Maturity	Target	KPI - Action Plans	SDG
Efficient Use Of Natural Resources	Medium Term	Expansion of rainwater harvesting systems	<ul style="list-style-type: none"> Implementation and development of rainwater harvesting systems in all factories/locations by 2030 	
	Short Term	Reduction of the rate of chemical use	<ul style="list-style-type: none"> Reducing the rate chemical utilization by 2026 	
	Medium Term	Reducing the amount of water use on a resource basis	<ul style="list-style-type: none"> Reducing water use by source by 2030 	
	Short Term	Reducing the amount of water discharge	<ul style="list-style-type: none"> Reducing the amount of water discharge by 17% by 2025 compared to 2023 	
	Short Term	Reducing the amount of water per unit of production	<ul style="list-style-type: none"> Reducing water use per unit of production by 17% by 2025 compared to 2023 	



Priority Issue	Maturity	Target	KPI - Action Plans	SDG
Circular Economy	Medium Term	Increasing the proportion of total water recycled in processes	<ul style="list-style-type: none"> Increasing the proportion of total water recycled in the process by 15% by 2030 compared to 2023 	
	Short Term	Increasing the number of products with environmental product declarations	<ul style="list-style-type: none"> Obtaining environmental product declarations for 5 products by 2026 	
	Short Term	Increasing the proportion of recyclable packaging material	<ul style="list-style-type: none"> Increasing the proportion of recyclable packaging material by 5% by 2026 compared to 2023 	
	Short Term	Increasing the number of products with eco labels	<ul style="list-style-type: none"> Obtaining the right to use eco label for 1 product by 2026 	
	Short Term	Increasing the proportion of products that undergo life cycle analysis	<ul style="list-style-type: none"> Increasing the proportion of products that undergo the life cycle analysis by 5 by 2026 compared to 2023 	
	Short Term	Increasing the amount of waste recovered	<ul style="list-style-type: none"> Increasing the amount of hazardous waste recovered by 10% by 2028 compared to 2023 Increasing the amount of non-hazardous waste recovered by 10% by 2028 compared to 2023 	



Priority Issue	Maturity	Target	KPI - Action Plans	SDG
Circular Economy	Short Term	Reducing the amount of waste sent to interim storage	<ul style="list-style-type: none"> Increasing the amount of domestic waste sent to interim storage by 15% by 2025 compared to 2023 	
	Short Term	Increasing the proportion of reused/recycled waste	<ul style="list-style-type: none"> Increasing the proportion of reused/recycled waste by 15% by 2025 compared to 2023 	
	Short Term	Increasing environmental trainings	<ul style="list-style-type: none"> Increasing environmental training hours (person/hour) by 20% by 2025 compared to 2023 	
	Short Term	Increasing the amount of investments made to improve environmental performance	<ul style="list-style-type: none"> Increasing the amount of investments made to improve environmental performance by 15% by 2025 compared to 2023 	
Biodiversity	Medium Term	Carrying out studies on the protection of biodiversity	<ul style="list-style-type: none"> Until 2026, supporting at least 1 project developed in-house or outside the institution related to biodiversity Cooperation with international organizations on biodiversity Measuring and managing biodiversity impacts to determine the impacts of activities on biodiversity by 2030 	



STRATEGY AND ROADMAP - SOCIAL

Priority Issue	Maturity	Target	KPI - Action Plans	SDG
Diversity and Equal Opportunity	Medium Term	Integrating diversity, equality, and inclusion into corporate culture	<ul style="list-style-type: none"> Increasing the number of white-collar female employees by 35% by 2025 and 50% by 2050, compared to 2022 Increasing the proportion of female employees who are senior and mid-level managers by 30% by 2025 and 40% by 2050, compared to 2020 	
	Short Term	Integrating diversity, equity, and inclusion into corporate culture	<ul style="list-style-type: none"> Incorporating gender equality policy in human resources recruitment processes Receiving external training or consultancy for Women Leader, coaching, mentoring programs Determining the content of DEI (Diversity, Equity, and Inclusion) training and giving it to all employees Determining the training content of DEI training and including it on-the-job trainings 	
Working Conditions	Medium Term	Increasing the frequency of employee opinion surveys conducted within the company		
	Medium Term	Improving employee well-being		
	Short Term	Development of employee feedback system		
	Short Term	Preparation of Human Rights policy	<ul style="list-style-type: none"> Preparation and publication of the Human Rights policy until 2025 on the Kocaer website 	



Priority Issue	Maturity	Target	KPI - Action Plans	SDG
Working Conditions	Medium Term	Increasing digitized OHS practices	<ul style="list-style-type: none"> Increasing digitalized OHS practices by 50% by 2030 compared to 2023 	
	Medium Term	Reduction of accident severity and accident frequency rate	<ul style="list-style-type: none"> Reducing the accident frequency rate to less than 1 and decreasing the accident severity ratio to less than 50 by 2035 	
	Medium Term	Increasing OHS training hours	<ul style="list-style-type: none"> Increasing OHS training hours (person/hour) by 90% by 2025 compared to 2023 	
	Short Term	Increasing the number of activities carried out to create a safety culture	<ul style="list-style-type: none"> Increasing the number of events carried out to create a safety culture by 25% by 2025 compared to 2023 	
Social Contribution	Short Term	Supporting the social responsibility projects of universities	<ul style="list-style-type: none"> Supporting or sponsoring social responsibility projects carried out by student clubs of universities until 2030 	
	Short Term	To support newly graduated students within the scope of the MT program every year	<ul style="list-style-type: none"> Inclusion of 5 newly graduated students in the MT program every year 	



STRATEGY AND ROADMAP - GOVERNANCE

Priority Issue	Maturity	Target	KPI - Action Plans	SDG
Sustainable Supply Chain	Short Term	Development of Sustainable Procurement policy	<ul style="list-style-type: none"> Preparation of the Sustainable Procurement policy and its publication on the Kocaer website until 2025 	
	Short/ Medium Term	Inclusion of greenhouse gas emissions in supplier assessments	<ul style="list-style-type: none"> Adding items on the measurement of greenhouse gas emission performance to the supplier evaluation system and reporting with the collected data by 2025 	
	Short Term	Ensuring a sustainable supply chain	<ul style="list-style-type: none"> Establishing a Supplier Code of Conduct, including ESG issues, within the scope of CSDDD and evaluating suppliers according to the established Supplier Code of Conduct Adding Supplier Code of Conduct training to the 2025 mandatory training list and ensuring that all employees receive this training Signing non-disclosure agreements (NDAs) with the supplier when providing data 	
	Medium Term	Ensuring a sustainable supply chain	<ul style="list-style-type: none"> By 2030, increasing the proportion of suppliers with sustainability assessments to 50% among the top 20 suppliers 	



Priority Issue	Maturity	Target	KPI - Action Plans	SDG
Sustainable Supply Chain	Medium Term	Increasing the number of suppliers audited/whose performance is monitored on environmental and social issues	<ul style="list-style-type: none"> By 2030, increasing the number of suppliers audited/whose performance is monitored on environmental and social issues by 50% compared to 2023 	
	Medium Term	Increasing the rate of green procurement	<ul style="list-style-type: none"> Increasing the Green procurement rate by 50% by 2030 compared to 2023 	
	Medium Term	Increasing the rate of purchasing from new suppliers	<ul style="list-style-type: none"> Increasing the rate of local purchases by 20% by 2030 compared to 2023 	
Stakeholder Engagement	Short Term	Preparation of Stakeholder Engagement policy	<ul style="list-style-type: none"> Preparation of the Stakeholder Engagement policy and publication on the Kocaer website Carrying out Stakeholder engagement work once in every 2 years 	
Governance Structure	Short Term	Preparation of Stakeholder Engagement policy	<ul style="list-style-type: none"> Preparation of the Sustainability policy and publication on the Kocaer website Establishment of a Sustainability/ESG Committee within Kocaer and organization of working groups under the newly established committee 	



Priority Issue	Maturity	Target	KPI - Action Plans	SDG
ESG Management and Management's Commitment	Short Term	Assessment of ESG risks and physical and transition risks related to climate change	<ul style="list-style-type: none"> Task Force on Climate-related Financial Disclosures (TCFD) reporting by 2025 Prepare and report a risk assessment by 2025 that includes ESG risks and physical and transitional risks related to climate change 	
	Short Term	Conducting Sustainability Maturity Assessments		
	Medium Term	Becoming a member/signatory of International Platforms	<ul style="list-style-type: none"> Carrying work on the S&P Corporate Sustainability Assessment by 2028 Carrying out studies to become a member of Responsible Steel by 2028 	



4. Economic Performance

“ As Kocaer Çelik, we maintain our leading position in our industry with our strong financial structure and sustainable growth targets. We ensure sustainable growth with our innovative investments, efficiency-oriented operations and wide range of products. ”



We opened our doors to collaborations with a total of 242 new suppliers, 235 of which were local and 7 of which were overseas, increasing our business volume to 701 suppliers in total.

As Kocaer Çelik, we maintain our leading position in our industry with our strong financial structure and sustainable growth targets. We ensure sustainable growth with our innovative investments, efficiency-oriented operations and wide range of products.

As Kocaer Çelik, we take various strategic steps to ensure the long-term sustainability of our activities, to create value for all of our stakeholders and to strengthen our position in our industry. In doing so, we act with the awareness that our economic performance forms the basis of our sustainability and emphasize transparency and accountability in our processes.

In 2023, global and local inflation, geopolitical crises and the difficulties in supplying raw materials in the supply chain, delays and fluctuations in prices caused by these adverse developments referred to above, the great earthquake happened in our country in February 2023, the decline in demand caused by the developments in the Middle East have

led to a slowdown in the rate of economic growth and price instability. Despite all these difficulties, thanks to the efforts we have made and the strategies we have developed to increase our operational efficiency and control our costs, we achieved a total revenue of approximately 15.1 Billion TL in 2023 by exporting to 81 different countries with only a slight decline compared to the previous year which we achieved 17.6 Billion TL in 2022 by exporting to 81 different countries in 2023, which was approximately 17.6 Billion TL. However, in 2023 the total economic value distributed, consisting of operating expenses and employee benefits, amounted to 2.1 Billion TL.

In 2023, the European Union (EU) launched the Carbon Border Adjustment Mechanism (CBAM) for 6 sectors (cement, iron and steel, aluminum, fertilizer, hydrogen and electricity). Within the scope of this application, iron and steel exporters in Turkey will have to face additional costs and shrinking profit margins if they do not reduce their carbon emissions by 2026. As Kocaer Çelik, all of

our products are subject to CBAM, and in this context, we prepared and submitted our first CBAM report for the 4th quarter of 2023.

As Kocaer Çelik, in 2023, our sustainable financing cost was at 25.47%, which showed a significant increase compared to 2022. In the same period, our sustainable financing ratio to the Company's total financial debt increased to 3.66%, compared to 3.06% in 2022.

The contribution of our sustainable business model to our total sales is reported to be at 0.62% in 2023, which approximately amounts 32 million TL. We continue our efforts to consistently increase our share in this area. In addition, the ratio of the financial impacts of sustainability risks to our sustainability investments reached 26 % in 2023, showing a significant improvement from its level in 2021.



**Economic Value Generated**

	Unit	2021	2022	2023
Economic Value Generated (Revenues)	TL	3,168,902,545	17,588,426,966	15,091,480,796

Economic Value Distributed

Operating Expenses	TL	428,466,668	1,384,783,772	1,291,490,324
Employee Benefits	TL	97,747,849	366,475,266	512,728,455
Benefits to the State	TL	26,986,974	125,533,395	199,432,753
Benefits to the Capital Providers	TL		151,000,000	100,000,000
Benefits to the Society	TL	749,846	341,635	3,072,636
Total	TL	553,951,337	2,028,134,068	2,106,724,168

Sustainable Financing

Average Financing Cost	%	16.30%	12.90%	25.47%
Sustainable Financing/all debt ratio	%	2.49	3.06	3.66
Use of sustainable financing options (green bonds, Eurobonds, green loans etc..)	TL	25,905,506	43,083,828	47,385,375
Contribution of sustainable business models to total sales	TL	888,325	25,063,717	31,947,513
The ratio of financial impacts of sustainability risks to sustainability investments	%	148	29	26

Data for 2022 and 2023 are presented according to the inflation adjusted financial statements within the scope of TAS 29 -Inflation Accounting Standard.

Financial Aid received from the State

	Unit	2021	2022	2023
Tax Deductions/Credits	TL	4,733,560	9,300,246	17,198,148
Incentives	TL	7,499,611	5,494,816	10,173,291
Financial Investments	TL	1,839,030	1,467,725	94,344,151

In 2023, we increased our investment budget, which was 231 Million TL in 2022, reaching approximately 273 Million TL.

4.1. Investments

As Kocaer Çelik, we evaluate, prioritize and monitor all of our investment and innovation projects in a single center. In this context, we collect all topics, including ESG (Environmental, Social and Governance), under this structure. In the field of innovations and investments, we design and develop innovative solutions for environmental sustainability and make considerable investments in this field. Our work and activities in this field include topics such as transition to renewable energy, increasing energy efficiency, reducing greenhouse gas emissions, waste management and recycling.

In addition to all these, we aim to increase our social impact positively through our investments and business developments in the social field. We carry out projects on workforce diversity and inclusion, respect for human rights, improvement of health and safety standards, and transparency and accountability in interaction with the society. Within the scope of governance innovations and investments, we work to increase transparency, strengthen ethical standards and establish better communication with stakeholders.

In our company, all investment and innovation projects are evaluated,

prioritized, approved and monitored in a single center.

All suggestions are subject to preliminary evaluation by the "Idea Management System Committee" consisting of different department managers according to the criteria determined within the scope of the "Idea Management System". At this stage, feasibility report studies are initiated for the suggestions/ proposals accepted within the scope of the investment as a result of the preliminary evaluation. Within the scope of the feasibility report, all investments, together with project management processes and systematics, are evaluated through many technical, economic, financial and risk-based tools, and return on investment studies are carried out. Our investments are carried out with the approval of our General Manager and Board of Directors, under the management and supervision of our Business Development and Investment Projects Department.

With the renovation investments that we made in our A2 factory in 2023, we put into use the high-margin and added value products, that are included within the scope of new products for A2 factory. In the meantime, we have optimized

our processes including energy saving and environmental improvements upon commissioning a modernized plant with higher capacity utilization. In our A1 factory, we have completed all the planning and projecting stages for the new mill renovation investment within the scope of producing new value-added product groups at the beginning of 2024 and at the same time increasing production efficiency. In this context, at the beginning of 2024, a new rolling mill line will be commissioned, and the value-added product portfolio will be expanded.

For increasing the capacity of Kocaer Service Center, the closed area of the service center was increased, and investments were made in the new machinery park, and the 120,000 tons/year capacity of the Service Center was increased to 180,000 tons/year. At the same time, by selecting machines compatible with new manufacturing methods for the equipment park, the variety of manufacturing services has been increased and we started to provide service to new products and industries.

Within the scope of the Geothermal Power Plant investment project of Kocaer Energy, a 99% subsidiary of Kocaer Çelik, magnetotelluric (MT) and seismic surveys were completed in the GPP license area. According to the results of these surveys, drilling works for a power plant with a power of 24MW are ongoing under the first phase of the GPP power plant investment. The most important feature of the power plant is that it is designed

*Service Center capacity increase was realized in March 2024.



as an environmentally friendly facility with drilling applications using the latest technologies and dual cycle technology in plant energy production activities and a field solar power plant that will meet its own internal energy consumption.

We have carried out various projects and studies intended to increase environmental sustainability with our renewable energy investments, water and energy saving, waste management and efficiency projects. Detailed information about these works is included in the Environmental Performance section of our sustainability report.



4.2. R&D and Innovation

As Kocaer Çelik, we place great importance to our R&D and Innovation studies in order to develop innovative solutions and maintain our competitive advantage. In this respect, the ratio of our R&D and Innovation investments to our total investments was 85% in 2023. In addition, we increased the number of employees in our R&D and Innovation department increased by approximately 30% compared to 2022 and thus the number of our employees working in the R&D and innovation department reached 26.

We integrate technological innovations and innovative approaches into our business processes in order to adapt to the continuously developing and changing industry dynamics, to meet the expectations of our customers and to achieve our sustainability goals. Our R&D investments cover a wide range from energy efficiency to environmental

sustainability, from improving production processes to digital transformation. In this context, with the projects that we have successfully completed and planned we support Our vision for the future and sustainable growth targets. In 2023, as a result

of the renovation investment in our A2 factory for new value-added products and new product studies in our other factories, we commissioned and commercialized new products both on a factory basis and within our product portfolio. At the same

time, we are waiting for the registration certificate of our body profile utility model application for wind turbines that we have applied for as a utility model.

The ratio of our R&D and Innovation investments to our total investments was 76% in 2023.





Ratio of R&D and Innovation investments to Total Investments

Unit	2021	2022	2023
%	98%	83%	76%

Number of R&D Employees

Unit	2021	2022	2023
Person	21	18	26

We continue to work on alternative fuel sources within the scope of reducing emissions from combustion and zeroing them in our strategic plans. In this context, we carry out R&D studies on the usability, supply, storage, efficiency, and cost focuses of alternative fuels, as well as project studies with stakeholders with possible cooperation potential.

With our Image Processing Based Algorithm in Lifting and Transport Equipment project, we aimed to reduce the number of occupational accidents and the number of days lost due to accidents resulting from the use of forklifts as lifting and transportation equipment in the working environment. We have implemented warning, action, and preventive systems for both employees and the equipment by means of cameras installed on our work equipment, audible and illuminated warning equipment and cameras that detect dangerous situations. After 2 work accidents involving forklifts in 2022, there were no work accidents in the following years thanks to this implementation. With the Ensemble Process Management

System, which we continue to work on in 2024, we are developing the necessary infrastructure for the preparation and follow-up of strategic plans, modeling of existing processes, establishing, and managing process performance indicators.

With our undergoing Success Factor project, we intend to build an infrastructure that combines human resources, personnel and personal rights management, training, development and competencies and individual performance evaluation systems. In this context, all our employees will be able to access their labor and personal rights over the mobile application and system, while they will be able to receive training and make their evaluations through the training portal, as well as see the department targets and individual performance targets related to the strategies and the results of the bonus system.

Our project, that will ensure fast and effective management of procurement processes by integrating them into

the SAP Fiori base, will enable that the mechanism of the orders is transferred to the mobile environment regardless of the location within the framework of the determined positions and authorizations in the procurement processes that are currently ongoing in the computer environment on SAP. In addition, with this project, we are planning to implement an electronic approval and management process for the company's travel and expense expenses in line with the rules and conditions to be determined by the Human Resources and Finance Departments. These regulations enable us to increase the transparency and auditability of our business processes, as well as to have a positive impact in terms of ESG criteria. Moreover, electronic transactions reduce our paper use and environmental footprint.

Our OEE (Overall Equipment Effectiveness) Calculation Systematics project includes the commissioning of the OEE systematics used in our rolling mills in KSM manufacturing and galvanizing plants. As of the end of 2023, the downtime system is activated in the manufacturing factory, and we receive information about how many minutes and why the equipment stopped with the shift closing report. With these downtime reports, we enable the losses in our equipment to be analyzed more effectively, and as a result of these analyzes, we create a roadmap for improvements to be made in our equipment or processes. With these efforts, we increase the efficiency of our factory operations and increase our operational efficiency in terms of ESG

criteria by providing strategic data for the continuous improvement of our processes.

Within the scope of our sustainability expenditure Tracking System, we ensure the follow-up of our expenses that fall under the scope of sustainability with the system developed in the light of the TSRS 1 reference, and we create a sustainability label in SAT/SAS and PROJECTS to clarify the budget allocated to sustainability. With reference to the EU Taxonomy, examples include circular economy studies, mitigating the effects of climate change, keeping pollution under control, carbon-related studies, water footprint, governance, human health and safety, talent management and development, innovation and digital transformation, protection and restoration of biodiversity and ecosystems, R&D and P&D development. In this context, with the sustainability label, all expenses evaluated under the scope of sustainability in the system are kept under control and reported. According to the study executed on our SAP system, our sustainability-related purchasing rate in 2023 is 2.37%.

Through the artificial intelligence projects that we have started to work on in the second half of 2024, we aim to install a system that can find the most ideal sequence of production process for the products to be produced by our factories within the framework of certain standards and instant solutions to possible changes. The main production sequence that we carry out with the current method is a critical process, and in case of the occurrence of the determined constraints that will impact the planning process, all



interconnected processes are affected, and many different scenarios arise in this context. With this project, we aim to use the most ideal solution tools by systematizing our plan development process and eliminating human error and capacity, focusing on customer satisfaction and profitability together with production and entire supply chain efficiency.

As of 2024, we are planning to run our Contract Management System over a separate package program, the M Files program, and to digitize all stages. With this system that we will implement, we intend to gather the contracts such as purchase and sale of materials/services, consultancy, leasing, etc., which are

concluded with external stakeholders on a common platform, to ensure the traceability of all approval and revision processes by forwarding them from this platform, and to perform legal assessments on this platform.

In A1 and A2 plants, we implement cameras and laser measurement systems to increase quality control, production tolerances and production efficiency. Currently, we work with a system based on human factors and mechanical measurements to monitor product dimensions, tolerances, and material surface structure at the beginning and during the production process. With the implementation of our project, we will ensure that all dimensions, tolerances,

and surface quality of our products, together with the measuring devices, can be monitored live depending on the standard of the customer or the region where the product will be shipped, and at the same time, and that feedback is received from the production line.

We will transfer all our maintenance activities (incidental maintenance, planned maintenance, etc.) to the online environment with the application called BEAM, which aims to increase the efficiency of our maintenance processes, which we will implement together with a stakeholder. In case of a failure, we will be able to monitor our maintenance management KPIs such as MTTR (Mean time to repair), MTBF (Mean time

between failures), maintenance costs, etc., over the panels with the work orders that will flow through the application.

In 2023, with our Server Park Renewal project, we updated our old technologies and end-of-life hardware with new chipset hardware and software. In addition to modernizing our infrastructure using hyperconverged technology under the HPE Greenlake contract, we also implemented support services such as 24/7 support and on-site intervention within 4 hours. With this update, we made our capacity management flexible and significantly improved system resources and increased our total RAM capacity by 50% and our storage capacity by 110%.



4.3. Product Liability and Customer Satisfaction

As Kocaer Çelik, we, in line with our customer-oriented working principle, place a special emphasis on providing high quality and reliable products to our customers, always staying in touch with them in all of our processes in a transparent and accountable way, responding to their demands as quickly as possible and on customer satisfaction. In this context, we continuously improve our production processes and services by considering customer feedback, and aim to exceed the expectations of our customers by offering innovative solutions. Thanks to our customer satisfaction-oriented approach, we establish long-term business partnerships and strengthen our position in the sector. In this regard, we continuously improve our production processes and services by carefully listening to and paying a special attention to customers' feedbacks, and aim to exceed the expectations of our customers by offering them innovative solutions.

In order to keep and run our production processes at global standards and to maintain our high-quality production, we established our Quality Management System by achieving our ISO 9001 certification in 2018. While improving our production processes, we are also working to increase our environmental and social performance and resource efficiency. In this context, we have ISO 14001, ISO 45001, ISO 27001 and ISO 50001 certifications, in place.



TS EN 10056-1



RA 3585845 A R2



RA 3585846 A R2



RA 3585848 A R3



RA 3585849 A R2



TS EN 10058



TS EN ISO 1461



RA 3585890 A R3



RA 3585891 A R2



RA 3783881 A R2



RA 3783883 A R2



TS-910



TS-912



RA 3981529 A R2



RA 4185720 A



RA 4185721 A



RA 4185722 A



In addition to our ISO certifications we also have various important national and international product certifications, in place, to certify the quality of our products at an international level and to provide high standards of service to our customers. We use a variety of methods to continuously measure and improve customer satisfaction. We closely monitor our customers' opinions, satisfaction and complaints about us through a range of specific tools such as customer satisfaction surveys, customer feedbacks, customer meetings, market share analysis, customer complaints and sales reports that are organized on an annual basis.

The scores of our customer satisfaction survey carried out in 2023 through our Marketing and Export Department show that our satisfaction rate is 85.28% in the country and 82% abroad, respectively. These high satisfaction rates demonstrate our success in meeting our customers' expectations.

Access to customer data and privacy issues are meticulously reviewed and evaluated by our Information Technology and Sales Departments. In 2023, there had been no event or incident which would materially affect customer satisfaction and that breached confidentiality. In this context, we successfully fulfilled our commitment to protecting customer privacy also in 2023.

In 2023, we have implemented many important actions and brought important projects into life in order to increase customer satisfaction and improve our processes. These include "Automatic Sending of Shipment Mails", "Sending Customer Satisfaction Surveys as a Link" and "Kocaer Çelik B2B Project".

With the Automatic Delivery of Shipment Emails, we saved time by ensuring that emails are sent automatically to our customers over the system. Among the challenges encountered was that emails

sent to customers were stuck at the firewall. However, we have resolved this issue by notifying customers and having them to add the relevant email addresses to their safelist. In this way, we saved 45 minutes of time per day.

By bringing the project of "Sending Customer Satisfaction Surveys as a Link" into life at the end of 2023, we aimed to prevent paper waste and allow easy access in the digital environment. Thanks to these projects, we saved 15 days a year and 100 % paper.





Our B2B Project will run from November 2023 to August 2024 and aims to accelerate pre-sales and post-sales services to customers and increase customer satisfaction. Through this project, we aim to improve online sales techniques, speed up customer services, save time and improve process tracking. In the project, we worked on and performed the correct

determination, transfer and application procedures of the description of offer and order processes, and ensured that customer order statuses, production dates, credit-current account data, and other details can be viewed transparently and instantly. In this way, we increased our customer satisfaction by preventing the loss of time via e-mail

4.4. Our Tax Approach

As Kocaer Çelik, we fulfill our tax obligations in line with our principles of transparency, accountability and honesty. Our tax approach aims to fully comply with local and international tax legislation and to fulfill our responsibilities towards society and our stakeholders by adhering to ethical standards. In this context, we plan, design and implement our tax strategies in a way that supports sustainable growth and economic development. Accountability and transparency are our top-prior values in tax management.

In Our company, tax management is under the responsibility of the Financial Affairs Department. Our Financial Affairs Department is responsible for following up the amendments in the tax legislation, ensuring full compliance

with the applicable tax laws, regulations and legislation and implementing the amendments. Tax returns for provisional tax payments are prepared by our Accounting Department and checked by our Financial Control Department and subsequently undergo a full certification audit by the certified public accounting firm engaged by Our company. In this context, our tax management is based on the principles of consistency and transparency.

We receive tax consultancy and tax audit services on a quarterly basis. Furthermore, our financial statements are audited by independent auditors on regular basis. In this regard, we paid corporate tax amounting approximately to 201 Million TL in 2023.

4.5. Contribution to the Local Economy

We aim to increase our contribution to the local economy and support sustainable development in the region in which we operate. By promoting and encouraging local employment, we contribute to the regional workforce and prioritize local suppliers in our supply chain.

Since 2021, we have been employing and building 100% of our workforce from local people, demonstrating our contribution to the local economy.

In 2023, we have significantly increased our number of local suppliers and purchasing volume compared to the previous year. As of the end of 2023, 724 of our 747 suppliers consist of local businesses. In the meantime, we have increased our direct contribution to the local economy by increasing the volume of procurement from local suppliers to the level of 5,631,229,700 TL.

Approximate Amount of Payment to Suppliers

	Unit	2021	2022	2023
Total amount of imports	TL	416,815,864	991,311,067	2,345,630,600
Domestic Purchase Amount	TL	1,040,127,537	4,807,422,412	5,631,229,700
TOTAL	TL	1,456,943,400	5,798,733,479	7,976,860,300
Number of International Suppliers	Number	8	14	23
Number of Local Suppliers	Number	610	687	724

Number of Suppliers	Ratio	Cost of Supply	Ratio
Purchasing from abroad (Import)	3%	Purchasing from abroad (Import)	29%
Local Purchasing	97%	Local Purchasing	71%



5. Environmental Performance

“ As Kocaer Çelik, we take various strategic steps to ensure the long-term sustainability of our activities, to create value for all our stakeholders and to reinforce our position in our industry. ”



5.1. Environmental Approach

We consider not only the economic but also the environmental dimensions of the projects we implement with a focus on innovation, quality, and efficiency. In this respect, we are aware of the fact that the planet we live in is a home not only for us humans but also for other living creatures, and we develop projects that support healthy ecosystems and innovative solutions for environmental sustainability. In this context, we carry out studies in the fields of transition to renewable energy, increasing energy efficiency, reducing greenhouse gas emissions, and effective water and waste management.

As we stated in our [Climate Change Mitigation and Adaptation Policy](#) prepared in 2024, we define our risks and identify root and sub-root causes in accordance with the Taskforce on Climate-Related Financial Disclosures (TCFD) to increase the resilience of Our company against the impacts of climate change. After evaluating the effects and probabilities of the identified risks, we will define additional actions to our existing controls to reduce such risks. Additionally, in parallel with this study, we started our work in accordance with the Taskforce on Nature-Related Financial Disclosures (TNFD) Methodology while determining

our environmental risks. Furthermore, we are preparing to submit the Carbon Disclosure Project (CDP) report in 2024.

In 2023, we completed the studies on Life Cycle Analysis (LCA) and evaluated our environmental impacts in detail, and based on this, we received our Environmental Product Declaration (EPD) documents. We have verified this declaration by an independent third party and documented the environmental performance of our products in a transparent and reliable manner. This step represents the significant progress towards achieving our sustainability goals.

As part of our efforts to comply with the EU Green Deal, we designed the Kocaer Service Center (KSM) Facility to minimize the environmental impacts and turned it into a green building, and accordingly we received the LEED (Leadership in Energy and Environmental Design) GOLD certificate in 2022. Our KSM Plant is the first and only LEED v4 BD+C:NC GOLD certified steel profile hot-dip galvanizing factory in Turkey and Europe.

In addition, in 2023, we managed to obtain the Green Check Certificate at the GOLD

level which was developed in cooperation with the Sustainability Academy and Bureau Veritas, to verify and encourage the green commitments and achievements of businesses in sustainable business practices.

As Kocaer Çelik, we continue to make our environmental investments. In 2023, we made a total of 192,910,249 TL of environmental investment. The amounts of environmental investments we have made in the last 3 years are given in the table below.



As Kocaer Çelik, we became the first and only company in the Iron and Steel industry having a Green Check Certificate.

Environmental Investments (TL)

	2021	2022	2023
Total operating expenses of environmental activities	388,406	623,969	1,515,202
Total investments in environmental protection	3,951,550	38,814,846	191,395,047
Total	4,339,956	39,438,815	192,910,249

Together with the investments we made, we earned a total of TL 6,553,247 from our environment friendly energy production practices in 2023.

In addition to the foregoing, we provide training to our employees in order to raise awareness of environmental issues within the company. In 2023, we provided a total of 1056 hours of environment and energy awareness renewal trainings, including 1 hour of zero waste, waste management and climate change, 1 hour of energy awareness training, to a total of 528 employees for 4 factories.

In accordance with the ISO 14001 Environmental Management System standard, we continuously monitor our environmental impact and make improvements. In this direction, we both review current practices and try to minimize their impact on the environment with innovative solutions. We fully comply with the relevant environmental, international, and local regulations in our operations. As a result, we are pleased to share that we did not incur any penalty for non-compliance with environmental legislation in 2023.

Please find our [Environmental Policy](#), which was renewed in 2024 and prepared with a sustainability perspective below.



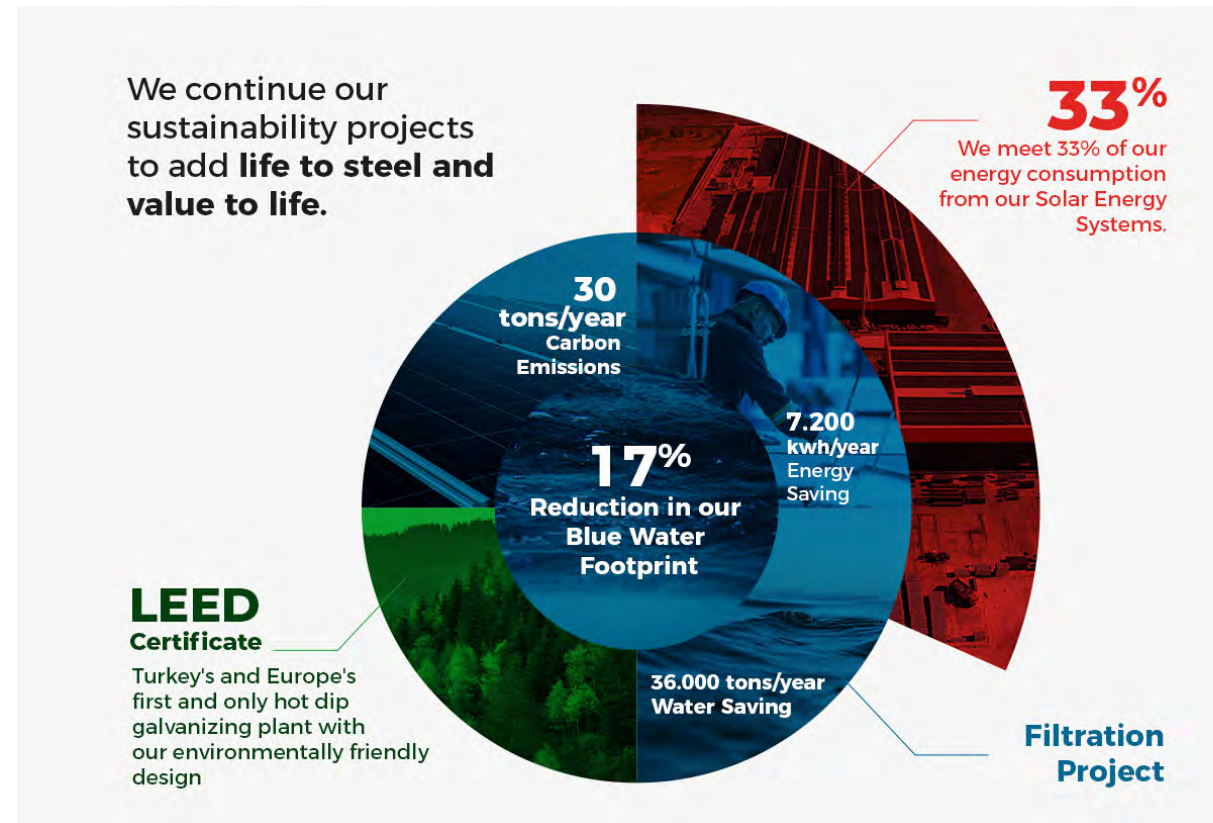


5.2. Energy and Greenhouse Gas Management

As Kocaer Çelik, we are aware that natural resources should be consumed responsibly. In this respect, as we operate in a carbon-intensive sector, energy and greenhouse gas management, which is carried out through HSE and our Energy Department is one of the most important pillars of our sustainability strategy.

We manage our energy activities in compliance with international and local standards. Accordingly, we obtained the ISO 50001 Energy Management System Certificate in 2015.

In order to continuously improve our energy efficiency performance, we monitor and record our energy consumption. The energy consumption and renewable energy source data for the last 3 years are given below.



In 2023, we calculated and verified our Corporate Carbon Footprint within the framework of the ISO 14064-1 standard. Also, ISO 14067 Product Carbon Footprint Calculation and Verification studies for 2023 are ongoing. You can find our greenhouse gas emissions in the last three years, including 2023, in the table below. Additionally, in Q4 2023, we submitted our first report within the scope of CBAM.

Direct Energy				
	Birim	2021	2022	2023
Gasoline	liter	29,878	50,003	54,486
Diesel	liter	52,300	67,012	63,672
Natural Gas	Sm ³	20,699,949	23,602,824	24,471,695
Indirect Energy				
Purchased Electricity	kWh	32,923,000	40,921,011	35,110,600
Generated Electricity (SPP)	kWh	-	6,508,053	11,058,600

Greenhouse Gas Emissions (tCO ₂ e)			
	2021	2022	2023
Scope 1	28,941	44,519	48,791
Scope 2	6,003	14,254	16,018
Scope 3	539,584	886,742	1,064,912
Greenhouse Gas Concentration Per Product *	1.176	1.776	1.631

*Calculated by considering scope 1, scope 2 and scope 3 emissions.



As Kocaer Çelik, our application to the Science Based Targets Initiative (SBTi) to present our targets for a net zero future and to establish our emission reduction commitments was accepted in 2024.

Within the scope of our goals set in our sustainability strategy, we continue our efforts to reduce our environmental impacts comprehensively. In this context, we identified our medium and long-term goals.

In line with these goals and within the scope of our commitment accepted by the 2024 SBTi, we are developing projects, investing in technologies, and accelerating our integration process to reduce our energy consumption, increase our efficiency and reduce our greenhouse gas emissions.

We implement applications for the development of direct charging and hot charging techniques, integration of carbon capture, utilization and storage technologies into our processes, and the reduction of greenhouse gas emissions on our logistics routes (low-emission fuels, electric vehicles, etc.). In terms of energy efficiency, we continue to work on compressed air, HVAC systems, lighting, insulation, waste heat recovery, energy efficient motors and process optimization.

We promote sustainable practices such as the use of electric vehicles and forklifts, use of green hydrogen in facilities with suitable infrastructure, design of energy-efficient equipment with suppliers, and the transition of alternative fuels in product transportation. Also, we reduce our environmental impact by increasing the recycled material content in our products and by investing in SPP and GPP renewable energy. We are investing in projects that will reduce our remaining emissions and we plan to supply all of our energy consumption from renewable sources with the GPP to become operational in 2026.



We provide awareness-raising trainings in order to ensure that all our units work in harmony and holistically and that all our employees are equally sensitive about energy and greenhouse gas management, which is of paramount importance for Our company.

Within the scope of energy and greenhouse gas management, we are investing in SPP with an installed capacity of 9.4 MW and GPP with an installed capacity of 24 MW, for which we received the preliminary license certificate. With the GPP project that we will implement in the coming years, we aim to generate 200 million kWh of electrical energy per year and to prevent the emission of 103,872 tons of CO₂e per year.



We aim to reduce our Scope 2 emissions by 2030 and our Scope 1 and Scope 3 emissions by 100% by 2050



We plan to reduce our carbon emissions per production by 35% by 2030.



We aim to reduce our energy consumption from non-renewable sources by 100% by 2030 and thus, to meet all of our energy consumption from our renewable energy sources which are already installed, and associated works are ongoing.



We aim to increase our use of alternative fuels by 20% by 2030 compared to 2022.



By 2030, we aim to reduce our energy consumption per unit of production by 35% compared to 2022.



In the operation of the GPP, we aim to provide all energy production and consumption from renewable sources in a hybrid manner by establishing a SPP facility against the power plant's own internal electricity consumption. In addition, in order to protect groundwater and reduce the consumption of natural resources, we are planning to install the GPP as ORC (Organic Rankine Cycle) type air-cooled.

We certified the installed SPPs with I-REC certificates. With the 9.2 MWh electrical energy production we have certified, we prevented 3,942 tons of CO₂e emissions per year. In addition, we prevent 205,938 kg of carbon emissions per year by creating a carbon sink with 2,730 trees we planted.

Also, pursuant to the energy efficiency law we carry out the project (VAP) of replacing our inefficient motors with efficient (IE4) motors. In this context, we replace the winding motors with efficient motors.

By replacing lighting fixtures with LED fixtures in our A1 plant in 2023 and A2 plant in 2022, we prevented a total of approximately 900 tons of greenhouse gas emissions with an average energy savings of nearly 1 million kWh per year per operation. Considering the efficiency of this application on the energy side and its benefits on lighting, we decided to implement the same practice in our A3 factory in 2024.

With the A1 Plant Pool Sand Filtration project that we initiated in 2022, we started to use a 3.5 kW pool pump



instead of the 37 kW currently used well pump. In this way, we achieved an annual carbon emission reduction of 30 tons, and energy savings of 234 kWh per day and 70,200 kWh per year.

In 2023, we made renovation investments in our A2 plant. With such renovation work, the production of new products was commissioned, and we increased the production per shift by shortening the product size changing time and providing efficiency in capacity utilization. At the

same time, we developed processes that are approximately 5% energy efficient with the efficient motors and equipment used. In our A2 plant, we targeted to save electricity consumption by switching to efficient and start-stop operable new generation motors and to motors with higher energy efficiency class, together with replacing motors in the preparation bench and EFF motor replacements carried out on the benches that are called the preparation group in the production line where hot billet iron is initially and roughly shaped.

With our Energy Monitoring System, which is planned to be commissioned in 2024, we aim to establish a centripetal system for monitoring energy consumption, instant monitoring, and comparable reporting from a single point in all our operations and businesses. With this study, thanks to our instantly monitored energy data, the system will provide solutions in decision/support systems, alarms, efficiency analysis, costs, and historical data.



5.3. Water Efficiency and Wastewater Management

As Kocaer Çelik, we are aware of the critical role that water, which is the source of life for all living things, plays for our ecosystem. For this reason, we pay attention to the efficient use of water while continuing our activities and ensure that the wastewater resulting from our operations is managed effectively. Ensuring water safety is as important to us as it is to our world. Factors such as decrease in water reserves, water scarcity, decrease in well water levels, increase in well water conductivity and salinity rates can lead to operating problems and cause additional investment and equipment expenses.

We manage our water and wastewater activities through our Mechanical Maintenance and HSE (Health Safety and Environment) and Energy units. We supply water from the wells where we have a Groundwater Use Certificate in our facility for purposes such as cooling

the mechanical equipment used in rolling other than human use in our facilities, operating the rollers without breaking, and reducing the temperature of the rolled steel billets.

We have a biological wastewater treatment plant for domestic wastewater arising from the activities of our company. After treating our wastewater in our wastewater treatment plant, we discharge it to the receiving environment in accordance with the Water Pollution Control Regulation.

We calculate and verify our water footprint to record and track our water consumption. We report and verify our water footprint calculation within the framework of ISO 14046 standard.



Water Footprint (m³)

	2021	2022	2023
Water Consumption	261,434	210,420	328,158
Wastewater discharge	87,879	41,300	60,013
Water density per product	0.355	0.318	0.387

Total Water Volume Drawn (m³)

	2021	2022	2023
Groundwater	261,434.00	210,420.00	328,158.00
Rainwater	54,710.07	201,214.76	42,558.15
Third Party Waters (Mains Water etc.)	1,274.41	232.71	10,269.45

Waste Water Discharge (m³)

	2021	2022	2023
Third Party Waters (Sewage, etc.)	87,878.58	41,300.00	60,013.30
Water consumption (m ³)	261,434.00	210,420.00	328,158.00
Water use per unit of production (m ³ / ton product)	0.36	0.32	0.39



We collect the roller cooling waters, reverse osmosis and sand filter backwash waters formed in our enterprise in sealed recycling ponds and use them in the process by making continuous recycling. We had our technical report, which we received from Dokuz Eylül University, Department of Environmental Engineering, regarding the reusability of these waters in the process, approved by the Provincial Directorate of Environment and Urbanization.

Our short- and medium-term objectives determined as a result of our strategy study within the scope of our water management are:

- We aim to reduce our water use on a resource basis by 2030.
- As of 2025, we aim to reduce our water discharge amount and water use per unit of production by 17%, taking 2023 as the base year. To achieve this goal, we will carry out projects such as changing shower heads. In addition, by commissioning the advanced wastewater treatment plant, we will reintroduce the discharged wastewater into production.
- We will establish an online monitoring system (ENERIFY) to monitor the amount of wastewater discharge.
- We plan to increase our total water recycled in the process by 15% by 2030, taking 2023 as the base year. To achieve this goal, we will use rainwater collection projects and process water collection channels.

- By 2030, we plan to implement and develop rainwater collection systems in all our factories and locations. In this context, we will install rainwater collection systems within the scope of our projects carried out in our A1 and A3 factories. The system we will build in A3 will be used for various needs such as fire line, process water and tree irrigation. In A1, we will establish a storage system and ensure that the process water is fed.

With the A1 Plant Pool Sand Filtration Project, which we launched in 2022, we started to use pool water in our processes again with the installation of an environmentally friendly water supply unit that will restore the water accumulated in the rolling pool to the system to meet the water problem caused by the scale stripping process by reducing the daily amount of wastewater to zero and to use the water source economically. Within the scope of the project, we saved 36,000 tons (38%) of water per year.

By completing our Water Saving Project with the Use of New Generation Nozzles in 2023, we have saved 2800 m³/month in the use of water for cooling purposes on the cooling platform.





5.4. Circularity and Waste Management

We integrate the circular economy approach into our way of doing business in order to make efficient use of the limited resources in our ecosystem. We carry out our operations in a way that does not harm the environment with the principle of Zero Waste.

Our waste management is managed by our HSE (Health safety and environment) and Energy unit. Our waste management system has been

designed in accordance with the relevant national legislation, ISO 14001 Environmental Management System and our Environmental Policy. In this context, we have received the Basic Level Zero Waste Certificate for all our facilities, 3 in 2021 and 1 in 2022. In the coming period, we aim to turn our Basic Level Zero Waste Certificate into Silver, Gold and Platinum Level Zero Waste Certificate.

We set our goals to reduce our environmental impacts and use our resources more efficiently as follows:

- By 2026, we aim to identify 5 products to be declared as environmental products.
- By 2026, we plan to increase the proportion of recyclable packaging materials by 5% based on 2023. As of the same year, we will increase the number of products with eco-labels to 1.
- By 2026, we aim to increase the rate of products undergoing life cycle analysis by 5 compared to 2023.
- By 2028, we plan to increase the amount of hazardous waste recovered

by 10% compared to 2023 and increase the amount of non-hazardous waste recovered by 10%.

- By 2025, we aim to reduce the amount of domestic waste sent to intermediate storage by 15% compared to 2023.
- By 2026, we aim to reduce our rate of chemical use.

Within the scope of our waste management system, we remove and record the wastes generated as a result of our operations in accordance with national legislation. You can access the table of our waste data for the last 3 years below.



Total Waste					
By Type	Unit	2021	2022	2023	
Hazardous Wastes	Liquid Waste	Lt	1,000	1,032,720	1,420,860
	Contaminated Waste	Kg	24,340	60,100	51,560
	Waste Oil	Kg	740	1,960	7,420
Non-Hazardous Wastes	Waste paper	Kg	47,920	26,000	16,080
	Domestic waste	Kg	195,000	190,000	263,478
	Plastic Waste	Kg	-	25,580	16,710
	Mixed packaging	Kg	47,920	23,580	-
	Mixed metal	Kg	640	16,380	37,500
	Metal Waste	Kg	11,091,070	10,372,790	15,482,600
	Waste Battery	Kg	-	60	23

In 2023, we implemented our RPA (Robotic Process Automation) project in order to reduce our waste rate, which is currently 5.52% (2.859 tons). With our RPA project, we aim at the minimum wastage rate in the log sizes used in production. As a result of our tests, we achieved an improvement of 0.23% in our A1 factory and 0.18% in our A2 factory.

In 2024, we aim to earn approximately 700 tons of waste in our product sizes that can use robots.

As Kocaer Çelik, the products we produce can be reused in our processes without any loss in their structure. The recoverability rate of our products is 95.7%.

Waste Recycled as Input (tons)

	2021	2022	2023
Mixed Metals	0.64	16.38	37.5
Sawdust	481.4	1,900	717.8
Scrap	11,090	10,356.41	14,398.9
Total	11,572.04	12,272.79	15,154.3



We aimed to obtain compost (organic fertilizer) at the end of the 24-hour period by processing the domestic wastes (pre- and post-meal wastes, garden and plant wastes, etc.) generated in our factories in a compost machine. In this context, we obtained 2,740 Liters of compost annually by using 9,125 Liters of organic waste with a 25 lt/day capacity compost machine. Thus, we transformed organic wastes and used them as plant manure in landscaping



areas. In 2024, we aim to turn some of our organic waste into suitable foods for cats and dogs.

In KSM Manufacturing, 50% diluted boron oil used in processes will be controlled by automatic dosage spraying system, and in this way, we will reduce our use of boron oil by 60% and our general chemical use by 10%. We envisage reducing the amount of chemicals used in galvanized degreasing pools by 5% and reducing our total amount of chemicals by 3%. Within the scope of A3 bator llama dyeing project, we will reduce the chemical ratio in the amount of dye used in all our dye operations by 15% and reduce the total chemical use by 15%.

We started Life Cycle Analysis (LCA) studies to examine the environmental effects of our products. In 2023, we completed the Life Cycle Analysis (LCA) studies for our Galvanized Steel Profile, Structural Steel Profiles, Mine-Tunnel Profiles products and created and verified an Environmental Product Declaration (EPD).

In the project we carried out under the name of From Industry to Art, within the scope of environmental protection, recycling, and respect for people and nature, an aesthetically appealing, functional and environmentally sustainable work of art was created by Yaşar University Industrial Design students using approximately 650 kg of metal waste in our factory with the Taider Project. We exhibit the resulting work in the R&D building of our A1 factory.



6. Social Performance

“ As Kocaer Çelik, we aim to keep the welfare of our employees and our contribution to society at the highest level. We continuously invest in the personal and professional development of our employees while ensuring a fair working environment in line with the principles of diversity, equality and inclusion. ”



6.1. Our Social Performance Management

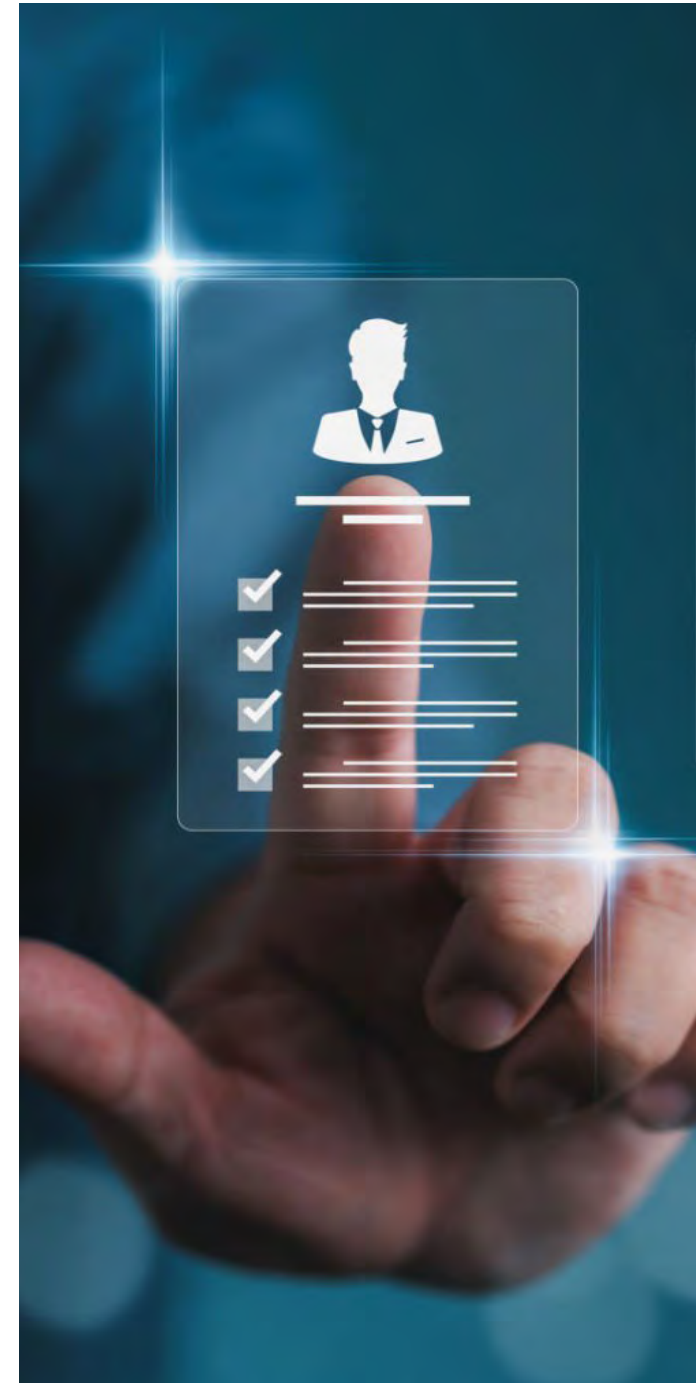
Fulfilling our social responsibilities and adding value to society is an integral part of our business strategies. Our social performance management is built on improving the well-being of our employees, promoting workforce diversity and inclusion, investing in social responsibility projects in collaboration with local communities. While implementing the highest standards for the safety, health and development of our employees, we aim to contribute to the geography we are in with social projects. In this context, we continue our activities with various programs and initiatives to continuously improve our social performance.

Our human resources strategy is carried out by our Human Resources unit working under the supervision of our senior management under the responsibility of our General Manager. We manage the rights and working conditions of our employees with our Integrated Management System Handbook and Human Resources Policy. Our [Human Resources Policy](#) and affiliated procedures approved by our General Manager regulate processes such as employee rights, remuneration, performance management and career development. We protect and manage the rights of our employees in accordance with existing legal regulations

and employment contracts. Our company policies adopt the principles of respect for human rights and compliance with international standards; therefore, we consider the protection of human rights as a priority goal.

Wages and benefits of our employees are defined in our Wage Policy Guidelines, which aim to build a transparent, fair and competitive remuneration system. We adopt a wage system in which the importance of the job and the education of individuals are taken into account. We also fully respect employees' right to collective bargaining and freedom of association.

The health and safety of our employees is one of the top priorities for us. Under the leadership of our HSE and Energy Department, we aim to make our working environments safer and prevent occupational accidents by continuously improving our Occupational Health and Safety (OHS) management systems and policies. To ensure the safety of our employees, we organize trainings, conduct risk assessments and create emergency plans. Within the framework of our OHS Policy, in addition to full compliance with legal regulations, we also have ISO 45001:2018 Occupational Health and Safety Management System certificate.



It is our priority to provide a fair, safe and non-discriminatory working environment for all our employees and business partners in our supply chain. In this context, we protect the rights of our employees and our entire value chain with our Human Rights policy in accordance with the 10 principles of the Global Compact (UNGC), which we signed in 2023, and other universal standards such as the Basic International Labor Organization (ILO), Economic Development and Cooperation Organization (OECD), and social values.

Thanks to the stakeholder engagement survey we conducted in 2023, we comprehensively evaluated the priorities set for our company by our various stakeholders. This survey provided an important feedback mechanism for our company to achieve its sustainability goals and to be more sensitive to social expectations. The views of our stakeholders guided our strategic decision-making processes and helped us reshape the priorities we set to improve our environmental, social and governance performance. In this context, we demonstrate the value we give to people by interacting with and receiving feedback from our internal and external stakeholders in every strategic decision we make. Cati sunt aspita vid expla



6.2. Employee Satisfaction



Kocaer Çelik 2023 Family Picnic

As Kocaer Çelik, we see the satisfaction and motivation of our employees as the basis of our company's success. We develop various programs and applications in order to increase the motivation and commitment of our employees and to increase their happiness and efficiency in business life. With a cooperative management approach, we take into account the opinions and suggestions of our employees, regularly improve our business processes and environment and support their professional development. We aim to make the

efficiency and success of our company sustainable with the fringe benefits, career development opportunities and social activities we offer to increase employee satisfaction.

In order to continuously measure and improve the satisfaction and commitment of our employees, we have been organizing a "Employee Opinion Survey" every two years since 2020. This questionnaire is an important tool for gathering the opinions and suggestions of our employees on

the business environment, management, career development, benefits and general satisfaction. The survey results are evaluated by our Human Resources department to help us better understand the expectations and needs of our employees, while also allowing us to identify the strengths and developmental aspects of our company. In line with the feedback obtained, we create and implement various action plans to improve the business environment, strengthen communication and increase employee

In July 2023, in order to increase the motivation, unity and solidarity of our employees, we organized a Family Picnic event where they participated with their family members.

satisfaction. This process encourages the participation of our employees and makes significant contributions to the success and sustainable growth of our company.

At the same time, we evaluate the results of the "Termination Surveys" conducted for our employees who leave the job voluntarily and carry out improvement studies in areas that need to be improved.

Our Idea Management System (FYS) is a system that aims to promote a culture of innovation within the company, enabling our employees to communicate their developer, preventive and innovative suggestions about our processes and working environments. We moved our existing Idea Management System from a process carried out through Excel files to the online Idea Management System platform. Ideas from our fields were recorded on excel in the previous process



and those that were found applicable as a result of the committee evaluation were forwarded to the relevant departments by e-mail or one-on-one meetings. With our system, which we plan to commission in 2024, ideas from our sites will be entered directly on the screens on the portal and evaluated by the committee here. Ideas considered feasible by the Committee will be automatically assigned to the relevant department heads, department heads and relevant persons and a deadline will be given. With this new system, we aim to manage our business processes more efficiently and effectively by increasing the number of Kaizen and projects.

With our Appreciation Recognition System (TTS), we reward the suggestions of our employees to our Idea Management System that will provide added value to our company, their selfless efforts and their success in our competitions organized within the company in quarterly periods. In this way, we constantly keep the motivation of our employees high and strengthen the sense of belonging within the company.

As Kocaer Çelik, we carry out various club activities, activities and projects in scientific, social, cultural, artistic and sports fields in order to strengthen social relations between our employees, to develop tolerance, solidarity and cooperation, to increase the company belonging of our employees and to create new interests. For our employees in our company, we have various sports clubs such as camping, cycling, angling, nature and sightseeing clubs. In addition, in order to support our employees in social and cultural

areas, we organize events and clubs such as community service club, music club, staff Christmas ball and gift draw, International Women's Day event, Kocaer family picnic event, Kocaer academy trainers' day event and breakfast event.

In December 2023, we organized a carbon-neutral new year party with our employees with the slogan "Life is Positive, Carbon Neutral". The carbon footprint of the event was offset using Gold Standard certified carbon credits.

Within the scope of 8 March International Women's Day, gifts were selected for our employees from the Foundation for the Evaluation of Women's Labor, which works to support women's efforts to improve their lives and strengthen their leadership in local development in order to improve their rights and working conditions and distributed to all our women employees.

By organizing a Service Honouring ceremony for our employees of 10-15-20-25 years, we reward the added value they provide to Kocaer and increase their motivation to work. At the same time, we organize a Service Honouring ceremony for our retired employees and thank them for all their contributions to Kocaer during their working processes.

In addition, within the scope of the digitalization of human resources processes, our Phase 1 studies of the Success Factor application have been completed and our Phase 2 studies continue. We aim to complete our Success Factor application

study in the first half of 2025. We aim to increase efficiency in human resources processes by ensuring that they can access their personal and personal information in a digital environment. Within the scope of the renovation of the dressing and changing

rooms of the personnel, the areas in our factory were renovated, and the personnel transportation services were replaced with high-model vehicles and offered to the service of our personnel in the first quarter of 2023.

Employment and Transfer (Turkey)

	Unit	2021	2022	2023
Newly recruited	Persons	264	463	562
White-collar	Persons	30	20	66
Blue-collar	Persons	234	443	496
Left the job - Total	Persons	172	338	435
White-collar	Persons	17	22	38
Blue-collar	Persons	155	316	397
TOTAL	Persons	436	801	997

By Gender

	Unit	2021	2022	2023
Male - Hired	Persons	251	454	539
	Rate	95%	98%	96%
Male - Left the job	Persons	163	329	425
	Rate	95%	97%	98%
Female - Hired	Persons	13	9	23
	Rate	5%	2%	4%
Female - Left the job	Persons	9	9	10
	Rate	5%	3%	2%
TOTAL		436	801	997



By Age

	Unit	2021	2022	2023
18 - 30 Years - Hired	Persons	131	267	249
	Rate	50%	58%	44%
18 - 30 Years - Left the job	Persons	63	181	168
	Rate	37%	54%	39%
31 - 40 Years - Hired	Persons	82	110	123
	Rate	31%	24%	22%
31 - 40 Years - Left the job	Persons	42	81	89
	Rate	24%	24%	20%
41 - 50 Years - Hired	Persons	41	70	153
	Rate	16%	15%	27%
41 - 50 Years - Left the job	Persons	38	56	132
	Rate	22%	17%	30%
51 - 60 Years - Hired	Persons	9	16	37
	Rate	3%	3%	7%
51 - 60 Years - Left the job	Persons	25	20	44
	Rate	15%	6%	10%
Over 60 - Hired	Persons	1		0
	Rate	0%	0%	0%
Over 60 - Left the job	Persons	4		2
	Rate	2%	0%	0%
TOTAL		436	801	997

Employees Using Maternity Leave

		2021		2022		2023	
	Total	Female	Male	Female	Male	Female	Male
Employees eligible for maternity leave	Number	3	28	1	42	0	48
Employees on parental leave	Number	3	28	1	42	0	48
Employees returning to work after maternity leave ends	Number	2	28	1	42	0	48
Returning to work after maternity leave and working for at least 12 months afterwards	Number	2	25	1	41	0	42



6.3. Talent and Career Development

As Kocaer Çelik, we implement comprehensive and strategic talent management programs in order to ensure that our employees use their potential at the highest level. With the training and development opportunities we offer in the field of career development, we strive to increase the competencies of our employees with planning in accordance with their needs and goals.

We carry out all our training processes with the “Kocaer Academy” established within our own organization within the scope of Kocaer Management and Excellence System (KYMS). In the performance evaluation process of our employees, we create various training programs such as vocational/technical trainings, compulsory trainings, orientation trainings and individual development trainings by considering their needs and goals. In addition to the vocational and technical training needs determined by Human Resources on a position basis, we also plan various trainings in line with the requests from the departments. Each of our employees, in cooperation with the unit manager, creates their individual goals that will contribute to the company goals. We create goals in a way that supports the career paths and professional development of our employees. Our goal is to ensure that our employees adapt to the changing business world by focusing on their goals

and needs, develop new talents and skills, and become more confident and creative. With this process, we aim to increase the overall performance and competitiveness of our company by supporting the continuous development of our employees.

With the Blue Collar and Engineer Effective Leader Development Program (ELGP), which we started in 2022 and continued with a budget of 992.200 TL in 2023, we aim to improve the individual, professional and managerial skills of our blue collar and engineer personnel who manage teams.

Together with KYMS, we provide our employees with vocational, technical, compulsory trainings, orientation trainings and personal development trainings in various fields such as first aid training, on-the-job and toolbox trainings, sustainability expertise training, foreign language training and trainings on working conditions, internal auditor trainings on ISO certificates and artificial intelligence trainings. In addition, there are Engineer Program and Shift Supervisor Programs within the scope of the «Effective Leader Development Program».

In 2023, a total of 52,397 hours of training were given as 22,593 hours of Professional Development, 283 hours of Personal Development, 29,222.5 hours of OHS and 298.5 hours of other trainings.

All Trainings (By Type)

	Unit	2021	2022	2023
Professional Development	Hour	6,100	9,493	22,593.00
Personal Development	Hour	125	195	283.00
OHS (Employee + Subcontractor + Intern)	Hour	15,644	21,739	29,222.50
Other (Ex: Leadership)	Hour	271	179	298.50
TOTAL	Hour	22,140	31,604	52,397.00

Training Investments (All Trainings)

By Employee Category	Unit	2021	2022	2023
Senior Executives	Person*hour	107.00	99.50	126.50
Senior Executives	Persons	36.00	32.00	44.00
Middle managers	Person*hour	352.00	602.00	538.00
Middle managers	Persons	149.00	148.00	188.00
Other professionals	Person*hour	21,680.50	30,902.50	51,732.50
Other professionals	Persons	9,469.00	13,801.00	15,114.00
TOTAL		22,139.50	31,604.00	52,397.00

By Employment Type	Unit	2021	2022	2023
Blue-collar	Person*hour	17,679.0	26,158.5	45,712.00
Blue-collar	Persons	7,475	11,969	12,192.00
White-Collar	Person*hour	3,569.5	4,598.5	5,841.00
White-Collar	Persons	1,350	1,187	2,342.00
Subcontractor Employees	Person*hour	891.0	847.0	844.00
Subcontractor Employees	Persons	829	825	812.00
TOTAL		22,139.50	31,604.00	52,397.00

By Gender	Unit	2021	2022	2023
Male	Person*hour	21,065.50	30,355.50	50,323.00
Male	Persons	9,147.00	13,491.00	14,534.00
Female	Person*hour	1,074.00	1,248.50	2,074.00
Female	Persons	507.00	490.00	812.00
TOTAL		22,139.50	31,604.00	52,397.00



6.4. Diversity, Equity & Inclusion

Diversity, equality and inclusion form the basis of our Human Rights and Human Resources Policy. We value the differences of our employees and aim to create a working environment where every individual feels safe, equal and respected. Accordingly, we adopt the principle of equality, diversity and inclusion in all our practices, from our recruitment processes to career development opportunities, and we absolutely do not tolerate actions against discrimination.

Our Pricing Policy is structured to support our principles of diversity, equity and inclusion. As Kocaer Çelik, we ensure that all our employees are paid fairly and competitively in accordance with the

principle of equal pay for equal work. Our Pricing Policy, which has a performance-based, transparent and egalitarian structure, aims to fairly reward the contributions and competencies of our employees. In this context, we continue our efforts to create a working environment where every individual has equal opportunities and there is no discrimination.

As Kocaer Çelik, we continue to work in line with our goal to increase our white-collar female employee number by 35% by 2025 and our goal to increase our female employee rate as a senior/middle manager by 30% by 2025 and 50% by 2050.

By Employment Type	Unit	2021	2022	2023
White Collar - Women	Persons	30	32	44
White Collar - Male	Persons	91	90	110
Blue Collar - Women	Persons	6	6	8
Blue Collar - Male	Persons	639	763	858
TOTAL		766	891	1020
By Contract Type	Unit	2021	2022	2023
Indefinite Term - Female	Person*hour	36	38	44
Indefinite Term - Male	Persons	724	842	876
Fixed Term - Female	Person*hour	0	0	8
Fixed Term - Male	Persons	6	11	92
TOTAL		766	891	1020
By Gender	Unit	2021	2022	2023
Male	Persons	730	853	968
	Rate	95.3	95.7	94.9
Female	Persons	36	38	52
	Rate	4.7	4.3	5.1
TOTAL		766	891	1020





By Age	Unit	2021	2022	2023
Between 18-30 years	Female	10	9	12
	Rate	28%	24%	23%
	Male	180	244	266
	Rate	25%	29%	27%
Between 31 and 40 years	Female	16	13	21
	Rate	44%	34%	40%
	Male	270	282	320
	Rate	37%	33%	33%
Between 41 and 50 years	Female	9	13	14
	Rate	25%	34%	27%
	Male	226	263	304
	Rate	31%	31%	31%
Between 51 and 60 years	Female	1	3	5
	Rate	3%	8%	10%
	Male	49	59	73
	Rate	7%	7%	8%
60 and up.	Female			
	Rate			
	Male	5	5	5
	Rate	1%	1%	1%
TOTAL		766	891	1,020

WORKFORCE				
Other Groups	Unit	2021	2022	2023
Disabled	Female	1	1	1
	Rate	3%	3%	2%
	Male	11	17	18
	Rate	2%	2%	2%
By Administration Category	Unit	2021	2022	2023
Senior Management	Female		1	1
	Rate		17%	14%
	Male	6	5	6
	Rate	100%	83%	86%
Total		6	6	7
Middle Level	Female	3	5	6
	Rate	20%	26%	29%
	Male	12	14	15
	Rate	80%	74%	71%
Total		15	19	21
Other	Female	12	7	9
	Rate	25%	16%	20%
	Male	36	36	36
	Rate	75%	84%	80%
Total		48	43	45
Genel Toplam		69	68	73



6.5. Occupational Health and Safety

As Kocaer Çelik, the health and safety of our employees is one of the top priorities for us. By continuously improving our occupational health and safety (OHS) management systems, we aim to make our working environments safer and prevent occupational accidents. In this direction, we apply the highest standards such as ISO 45001 Occupational Health and Safety Management System in the field of OHS and carry out various preventive measures and improvement studies to ensure the safety of our employees. Our [OHS Policy](#), which is integrated into our [Management Policy](#), aims to ensure that all our employees work in a safe environment, to minimize risks and to spread the occupational health and safety culture throughout the company. We continuously increase the OHS awareness of our employees by conducting regular trainings, inspections and emergency drills to protect the health and safety of our employees.

Within the scope of our managerial HSE culture, we have commissioned our cross-inspection system in compliance with our OHS policy and ISO 45001 Occupational Health and Safety Management System standard in our factories by our teams consisting of our OHS experts and department managers. Thanks to our cross-inspection system, 104 corrective

action decisions and 260 OHS Board decisions were taken in 2023 to ensure the continuity of safe and healthy working environments.

We carry out OHS controls of all kinds of new chemicals within our factory boundaries regardless of whether they are used in production or not. By listing all the chemicals used, we classify them according to EC and CAS numbers, health risks, areas of use, number of people affected, characteristics of storage areas, storage quantities and chemical properties. We strictly fulfil our obligations under the KKDİK Regulation (Registration, Evaluation, Authorization and Restriction of Chemicals).

Occupational Health and Safety Board (OHS Board) is present in all our factories. We make and implement various decisions within the scope of OHS by holding monthly regular meetings through our OHS Boards. In this context, we provide continuous improvements through regular inspections and risk assessment studies in our factories. Our monthly general audits are carried out without interruption and reported to our OHS Board. By preparing annual work plans and evaluation reports, we record and monitor all the work done throughout the year.

By recording all occupational accidents, we carry out the necessary root cause analysis. We take decisions for improvement studies by addressing the occupational accidents, hazards and risks experienced in our daily ASAKAI meetings and put them into practice.

We take preventive actions to prevent the recurrence of accidents, near misses and good practices in all our locations by ensuring that they are shared with OHS experts and key managers. These processes are supported by our OHS portal and QDMS system. At the same time, under the title of OHS in all our locations, we have suggestion boxes where all our employees can submit their suggestions and findings about OHS and other issues in writing.

We prepare monthly HSE reports on occupational accidents and share and follow them to all our company managers via e-mail and through the internal document system. By implementing the Unsafe Situation and Behaviour Notification system with our Behaviour-Oriented Occupational Health and Safety approach, we examine safe and unsafe behaviours according to OHS principles and carry out studies to adopt and permanentize the unsafe behaviours we detect by transforming them into safe behaviours.

The Internal Regulation on Occupational Health and Safety, which includes written rules specific to field practices, has been shared with all our employees, and in this context, we apply our Work Permit procedure in all our work processes within the scope of the regulation. We observe the working areas and forms of Subcontractors, contractors, sub-employers, service providers who come to our factory within the scope of our Environmental, Occupational Health and Safety Rules Procedure and provide our controls regarding the documents defined in the procedure. With our HSE Identity Card application, we can instantly check and determine which documents and trainings our subcontractor employees who come to work for a long time have while they are in our field.

In our A1 factory, we ensured the integration of automatic fire detection systems and aerosol fire extinguishing system. Thus, in the event of a possible fire in the electrical rooms, we can detect the fire without the personnel in charge and intervene in the process faster by activating the automatic extinguishing system.

We continuously carry out checks on the work equipment of our subcontractor employees who come to work in our factories, and we constantly work to minimize our occupational accident



Occupational Health and Safety Trainings

	2021	2022	2023
Number of Company employees	766	891	1,020
Number of Subcontractor Employees	707	675	621
Total No. of Participants	1,473	1,566	1,641
Company Employees (Person*Hour)	14,301.00	20,009.50	27,238.50
Subcontractor Employees (Person*Hour)	759.00	713	687
Total OHS Trainings (Person*Hour)	15,060.00	20,722.50	27,926
Number of OHS Committees Established	3	4	4
Total Number of Members in the Established OHS Committees	18	24	24
Number of Employee Representatives in Established OHS Committees	3	4	4

risk with our label design that shows the competence of our employees within the scope of occupational safety. By completing our integration with the Occupational Health and Safety Information Management System (İBYS) of the Ministry of Labor, we monitor all our HSE processes through software.

By rewarding our personnel who make near miss accident notifications within the scope of our TTS system, we ensure that all near misses are reported by our employees, and we collect near miss notifications in boxes at near miss stations. We implement proactive approaches to prevent larger

accidents by examining all our near misses by our OHS Board.

In line with the circular published by the Ministry of National Education in 2024, we carried out our works to get 28 people to obtain a master teaching certificate in our enterprise. In this process, we cooperate with Heydar Aliyev Vocational and Technical Anatolian High School in Aliğa and ensure that there is at least one master teacher in each department. Thus, we aim to maximize occupational health and safety standards by supporting the professional development of our employees.



Occupational Health and Safety

Work Accidents			2021	2022	2023
Near-Miss	Company	No./year	15	69	53
	Sub-employer	No./year	0	0	0
Number of Lost Day Accidents	Company	No./year	109	173	233
	Sub-employer	No./year	0	0	0
Lost workday	Company	No./year	2,713	2,600	3,910
	Sub-employer	No./year	0	0	0
Number of Lost Dayless Accidents	Company	No./year	64	109	91
	Sub-employer	No./year	0	0	0
KSO - Accident Frequency Rate (Lost Time Injury Rate) (Number of Accidents x 1,000) / Total Working Hours	Company	Rate	115.34	141.82	152.60
	Sub-employer	Rate	0,00	0,00	0,00
Death	Company	No./year	0	0	0
	Sub-employer	No./year	0	0	0
KAO- Accident Severity Rate Severity Rate (Lost Day x 1000) / Total Working Hours	Company	Rate	1.80	1.31	1.84
	Sub-employer	Rate	0.00	0.00	0.00
Occupational disease rate (ODR) Number of Occupational Diseases x 1,000,000 / WH	Company	Rate	0.00	0.00	0.00
	Sub-employer	Rate	0.00	0.00	0.00

While all our employees are given orientation training within the scope of OHS at their first employment, we give an information card to our guests who come to our locations, explaining the rules to be followed at the security entrance. At the same time, short films explaining occupational safety practices with all our employees are periodically shared with them during the lunch break in order to keep our OHS culture alive.

Our OHS trainings play a key role in creating a corporate culture. With OHS trainings, we ensure that our OHS policy is adopted by all our employees and improve the competence of our employees in terms of the standards they are subject to. With our Training Tracking System, we monitor the completion of OHS training modules, which are goal-oriented and legally mandatory, by all our employees and record the training data in the system. In 2023, we provided 27,926 hours of OHS training to our employees.



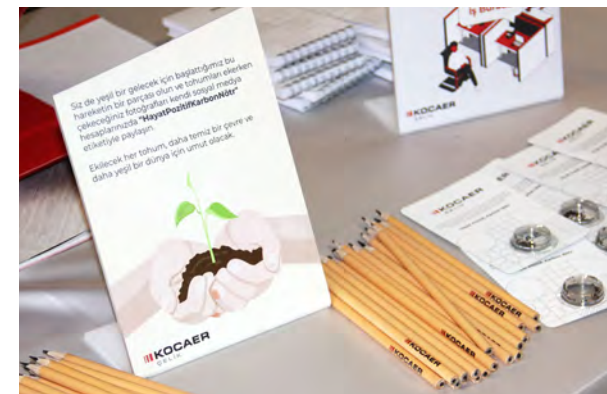


6.6. Social Responsibility

As Kocaer Çelik, we carry out various social responsibility projects in order to add value to society, to create a positive impact in our environment and to contribute to sustainable development. We aim to increase the welfare of the society with the projects we carry out in different fields such as education, health, environment and culture-art. We are constantly developing new projects to develop solutions for their needs and promote social responsibility awareness by collaborating with local communities. As a people-oriented company, we continue to increase our contribution to society day by day with social responsibility activities that our employees voluntarily participate in and support.

In this context, we carry out projects for special education centres in order to support training centres. On December 3, World Disability Day and April 2, World Autism Awareness Day, we organized events in support of Menemen Emiralem Sabahat Akşiray Training Centre and brought sports fields to the school.

We showed our support by sponsoring the “I am aware of the risk; I am in favour of early diagnosis” conference organized by Celal Bayar University students. In addition, we became the main sponsor of the “V. University-Industry Cooperation, R&D



Innovation Congress” on December 13-14, 2023, at Celal Bayar University. With the “From Industry to Art” project, we carried out various studies with the students of Yaşar University Industrial Design Department. Within the scope of the project, an aesthetically attractive, functional and environmentally sustainable artwork was created by the students using metal wastes in our factory.

We are working with a doctoral student in the doctoral thesis titled “Traceability as a Sustainability Approach in the Production Sector in Turkey” conducted under the Department of Environmental Engineering at Dokuz Eylül University. The aim of the doctoral dissertation is to measure and evaluate the environmental performance of products placed on the market, thus creating a grading and labelling system that will affect the decision-making phase of end-users. Within the scope of this study, as Kocaer, we support our student by sharing data such as emission values, waste values, chemical consumption values, energy consumption of the product determined in the thesis. In this process, our HSE and Energy, Management Systems and Sustainability, Human Resources, Purchasing and Production Departments actively support. We foresee the completion of the thesis study in 2025.



We contributed to securing blood stocks in order to save patients' lives and improve their health by organizing blood donation campaigns for the Red Crescent through our Community Service Club. In addition to cash aid, we also sent living containers to the affected areas and organised campaigns to meet the personal needs of our personnel.

Our cooperation with non-governmental organizations (NGOs) also continues. Working with LÖSEV and TEV for our 2022 sustainability report, we made donations for each of our sustainability reports downloaded through our Kocaer website. In 2023, we made donations to both NGOs for our 2022 sustainability report. We aim to carry out this study, which we carried out in 2022, in 2023. Within the scope of our cooperation with TEV, we opened a scholarship fund called "KOCAER ÇELİK SUPPORT FUND FOR QUALIFIED EDUCATION".

We joined the "Don't Throw Away, Donate" Project in 2024, which was launched

in 2017 with the cooperation of the Education Volunteers Foundation of Turkey (TEGV) and the Informatics Industrialists Association (TÜBİSAD) and aims to recycle environmentally harmful electronic waste and bring it into the economy and support sustainable environmental policies, by this way, we will send our electronic waste to recycling companies and the economic value obtained as a result of recycling will be donated to TEGV in order to support the qualified education of our children.

In the April 23 event held in 2024, we targeted the children of all our employees and prepared special projects according to age groups under the title of "Don't Throw Away, Transform" for kindergarten, primary school and secondary school students. We gave awards to the first 3 participants from each category and presented all participants with colouring books suitable for their age groups and books to be selected from 100 Fundamentals of Literature. We asked them to make dolls or toy cars for the kindergarten age group with the materials they had at home. For

the primary school age group, we prepared drafts for Johannes Vermeer's "Girl with a Pearl Earring" and Osman Hamdi Bey's "Turtle Tamer" and aimed to reflect the children's imagination. For the secondary school age group, we wanted to make planets or a historical/touristic region of Izmir province with waste and recyclable materials.

Our Kocaer Çelik Runner Running Group participated in the Marathon Izmir 2024 held in Izmir, drew attention to forest fires within the scope of the "Forest Fires Education and Awareness Project Before They Burn" in cooperation with Tema Foundation and collected donations in order to increase the awareness of young people in this regard. In addition, we organized a theatre event to support the social adaptation skills of children with special needs by exhibiting the play "Cinderella" with the students at Sabahat Akşiray Special Education Practice School on World Disability Day.

As Kocaer, we support the children of our deceased employees by providing

scholarships and social benefits to their families.

Within the scope of our internship programs, a total of 145 interns were recruited in 2021-2023 and 6 interns became full-time employees and joined Kocaer Çelik.

Within the scope of the "Model Development Project for Women's Empowerment in the Manufacturing Industry" initiated by the United Nations Development Program (UNDP), we aim to create a repeatable model by focusing on the empowerment of women in the manufacturing industry in harmony with the jobs of the future by increasing their competencies and regaining their competencies.

As Kocaer Çelik, we strengthen our social responsibility awareness with such projects that touch all segments of the society and continue our efforts to contribute to the welfare of the society.



7.

Annexes



7.1. Environmental Performance Indicators

ENVIRONMENTAL INVESTMENTS

Environmental Investments (TL)			
	2021	2022	2023
Total operating expenses of environmental activities	388,406	623,969	1,515,202
Total investments in environmental protection	3,951,550	38,814,846	191,395,047
Total	4,339,956	39,438,815	192,910,249

ENERGY CONSUMPTION

Unrenewable Direct Energy				
	Birim	2021	2022	2023
Gasoline	liter	29,878	50,003	54,486
Diesel / Motorin	liter	52,300	67,012	63,672
Natural Gas	Sm ³	20,699,949	23,602,824	24,471,695

Unrenewable Indirect Energy				
	Birim	2021	2022	2023
Electricity	kWh	32,923,000	40,921,011	35,110,600

Energy Supplied from Renewable Energy Sources				
	Birim	2021	2022	2023
Solar Energy	kWh	-	6,508,053	11,058,600

Greenhouse Gas Emissions (tCO₂e)

	2021	2022	2023
Scope 1	28,941	44,519	48,791
Scope 2	6,003	14,254	16,018
Scope 3	539,584	886,742	1,064,912
Greenhouse Gas Concentration Per Product *	1.176	1.776	1.631

Water Footprint (m³)

	2021	2022	2023
Water Consumption	261,434	210,420	328,158
Wastewater discharge	87,879	41,300	60,013
Water density per product	0.355	0.318	0.387

Total Water Volume Drawn (m³)

	2021	2022	2023
Groundwater	261,434.00	210,420.00	328,158.00
Rainwater	54,710.07	201,214.76	42,558.15
Third Party Waters (Mains Water etc.)	1,274.41	232.71	10,269.45

Waste Water Discharge (m³)

	2021	2022	2023
Third Party Waters (Sewage, etc.)	87,878.58	41,300.00	60,013.30
Water consumption (m ³)	261,434.00	210,420.00	328,158.00
Water use per unit of production (m ³ / ton product)	0.36	0.32	0.39



7.2. Social Performance Indicators

Total Waste					
By Type		Unit	2021	2022	2023
Hazardous Wastes	Liquid Waste	Lt	1,000	1,032,720	1,420,860
	Contaminated Waste	Kg	24,340	60,100	51,560
	Waste Oil	Kg	740	1,960	7,420
Non-Hazardous Wastes	Waste Paper	Kg	47,920	26,000	16,080
	Domestic Waste	Kg	195,000	190,000	263,478
	Plastic Waste	Kg	-	25,580	16,710
	Mixed Packaging	Kg	47,920	23,580	-
	Mixed Metal	Kg	640	16,380	37,500
	Metal Waste	Kg	11,091,070	10,372,790	15,482,600
	Waste Battery	Kg	-	60	23

Waste Recycled as Input (tons)			
	2021	2022	2023
Mixed Metals	0.64	16.38	37.5
Sawdust	481.4	1,900	717.8
Scrap	11,090	10,356.41	14,398.9
TOTAL	11,572.04	12,272.79	15,154.3

OCCUPATIONAL HEALTH AND SAFETY

Work Accidents			2021	2022	2023
Near-Miss	Company	No./year	15	69	53
	Sub-Employer	No./year	0	0	0
Number of Lost Day Accidents	Company	No./year	109	173	233
	Sub-Employer	No./year	0	0	0
Lost Workday	Company	No./year	2,713	2,600	3,910
	Sub-Employer	No./year	0	0	0
Number of Lost Dayless Accidents	Company	No./year	64	109	91
	Sub-Employer	No./year	0	0	0
KSO - Accident Frequency Rate (Lost Time Injury Rate) (Number of Accidents x 1,000) / Total Working Hours	Company	Rate	115.34	141.82	152.60
	Sub-Employer	Rate	0.00	0.00	0.00
Death	Company	No./year	0	0	0
	Sub-Employer	No./year	0	0	0
KAO- Accident Severity Rate Severity Rate (Lost Day x 1000) / Total Working Hours	Company	Rate	1.80	1.31	1.84
	Sub-Employer	Rate	0.00	0.00	0.00
Occupational disease rate (ODR) Number of Occupational Diseases x 1,000,000 / WH	Company	Rate	0.00	0.00	0.00
	Sub-Employer	Rate	0.00	0.00	0.00



Occupational Health and Safety Trainings

	2021	2022	2023
Number of Company employees	766	891	1,020
Number of Subcontractor Employees	707	675	621
Total No. of Participants	1,473	1,566	1,641
Company Employees (Person*Hour)	14,301.00	20,009.50	27,238.50
Subcontractor Employees (Person*Hour)	759.00	713	687
Total OHS Trainings (Person*Hour)	15,060.00	20,722.50	27,926

OHS Commities

	2021	2022	2023
Number of OHS Committees Established	3	4	4
Total Number of Members in the Established OHS Committees	18	24	24
Number of Employee Representatives in Established OHS Committees	3	4	4

Number of Employees

By Employment Type	Unit	2021	2022	2023
White Collar - Women	Persons	30	32	44
White Collar - Male	Persons	91	90	110
Blue Collar - Women	Persons	6	6	8
Blue Collar - Male	Persons	639	763	858
TOTAL		766	891	1,020
By Contract Type	Unit	2021	2022	2023
Indefinite Term - Female	Persons	36	38	44
Indefinite Term - Male	Persons	724	842	876
Fixed Term - Female	Persons	0	0	8
Fixed Term - Male	Persons	6	11	92
TOTAL		766	891	1,020

By Gender	Unit	2021	2022	2023
Male	Persons	730	853	968
	Rate	95.3	95.7	94.9
Female	Persons	36	38	52
	Rate	4.7	4.3	5.1
TOTAL		766	891	1020
By Age	Unit	2021	2022	2023
Between 18-30 years	Female	10	9	12
	Rate	28%	24%	23%
	Male	180	244	266
	Rate	25%	29%	27%
Between 31 and 40 years	Female	16	13	21
	Rate	44%	34%	40%
	Male	270	282	320
	Rate	37%	33%	33%
Between 41 and 50 years	Female	9	13	14
	Rate	25%	34%	27%
	Male	226	263	304
	Rate	31%	31%	31%
Between 51 and 60 years	Female	1	3	5
	Rate	3%	8%	10%
	Male	49	59	73
	Rate	7%	7%	8%
60 and up.	Female			
	Rate			
	Male	5	5	5
	Rate	1%	1%	1%
TOTAL		766	891	1,020



WORKFORCE				
Other Groups	Unit	2021	2022	2023
Disabled	Female	1	1	1
	Rate	3%	3%	2%
	Male	11	17	18
	Rate	2%	2%	2%
By Administration Category	Unit	2021	2022	2023
Senior Management	Female		1	1
	Rate		17%	14%
	Male	6	5	6
	Rate	100%	83%	86%
Total		6	6	7
Middle Level	Female	3	5	6
	Rate	20%	26%	29%
	Male	12	14	15
	Rate	80%	74%	71%
Total		15	19	21
Other	Female	12	7	9
	Rate	25%	16%	20%
	Male	36	36	36
	Rate	75%	84%	80%
Total		48	43	45
Genel Toplam		69	68	73

Employment and Transfer (Turkey)				
	Unit	2021	2022	2023
Newly recruited	Persons	264	463	562
White-collar	Persons	30	20	66
Blue-collar	Persons	234	443	496
Left the job - Total	Persons	172	338	435
White-collar	Persons	17	22	38
Blue-collar	Persons	155	316	397
TOTAL	Persons	436	801	997

By Gender				
	Unit	2021	2022	2023
Male - Hired	Persons	251	454	539
	Rate	95%	98%	96%
Male - Left the job	Persons	163	329	425
	Rate	95%	97%	98%
Female - Hired	Persons	13	9	23
	Rate	5%	2%	4%
Female - Left the job	Persons	9	9	10
	Rate	5%	3%	2%
TOTAL		436	801	997



By Age

	Unit	2021	2022	2023
18 - 30 Years - Hired	Persons	131	267	249
	Rate	50%	58%	44%
18 - 30 Years - Left the job	Persons	63	181	168
	Rate	37%	54%	39%
31 - 40 Years - Hired	Persons	82	110	123
	Rate	31%	24%	22%
31 - 40 Years - Left the job	Persons	42	81	89
	Rate	24%	24%	20%
41 - 50 Years - Hired	Persons	41	70	153
	Rate	16%	15%	27%
41 - 50 Years - Left the job	Persons	38	56	132
	Rate	22%	17%	30%
51 - 60 Years - Hired	Persons	9	16	37
	Rate	3%	3%	7%
51 - 60 Years - Left the job	Persons	25	20	44
	Rate	15%	6%	10%
Over 60 - Hired	Persons	1		0
	Rate	0%	0%	0%
Over 60 - Left the job	Persons	4		2
	Rate	2%	0%	0%
TOTAL		436	801	997

Employees Using Maternity Leave

		2021		2022		2023	
	Total	Female	Male	Female	Male	Female	Male
Employees eligible for maternity leave	Number	3	28	1	42	0	48
Employees on parental leave	Number	3	28	1	42	0	48
Employees returning to work after maternity leave ends	Number	2	28	1	42	0	48
Returning to work after maternity leave and working for at least 12 months afterwards	Number	2	25	1	41	0	42

TOTAL TRAINING HOURS

TRAINING INVESTMENTS (All Trainings)

By Employee Category	Unit	2021	2022	2023
Senior Executives	Person*hour	107.00	99.50	126.50
Senior Executives	Persons	36.00	32.00	44.00
Middle managers	Person*hour	352.00	602.00	538.00
Middle managers	Persons	149.00	148.00	188.00
Other professionals	Person*hour	21,680.50	30,902.50	51,732.50
Other professionals	Persons	9,469.00	13,801.00	15,114.00
TOTAL		22,139.50	31,604.00	52,397.00
By Employment Type	Unit	2021	2022	2023
Blue-collar	Person*hour	17,679.0	26,158.5	45,712.00
Blue-collar	Persons	7,475	11,969	12,192.00
White-Collar	Person*hour	3,569.5	4,598.5	5,841.00
White-Collar	Persons	1,350	1,187	2,342.00
Subcontractor Employees	Person*hour	891.0	847.0	844.00
Subcontractor Employees	Persons	829	825	812.00
TOTAL		22,139.50	31,604.00	52,397.00



By Gender	Unit	2021	2022	2023
Male	Person*hour	21,065.50	30,355.50	50,323.00
Male	Persons	9,147.00	13,491.00	14,534.00
Female	Person*hour	1,074.00	1,248.50	2,074.00
Female	Persons	507.00	490.00	812.00
TOTAL		22,139.50	31,604.00	52,397.00

All Trainings (By Type)

	Unit	2021	2022	2023
Professional Development	Hour	6,100	9,493	22,593.00
Personal Development	Hour	125	195	283.00
OHS (Employee + Subcontractor + Intern)	Hour	15,644	21,739	29,222.50
Other (Ex: Leadership)	Hour	271	179	298.50
TOTAL	Hour	22,140	31,604	52,397.00

Environmental Trainings Provided To Employees

	Unit	2021	2022	2023
Trainings	Hour	686.00	1,189.00	1,515.00
Training Recipients	Persons	693.00	1,092.00	1,344.00

All Trainings (By Type)

	Unit	2021	2022	2023
Number of people who completed trainings on corruption-related risks	Persons	599	832	928
Percentage of those who successfully completed this training	Rate	100	100	100

Number of University Collaborations

Name of Collaborations	Unit	2021	2022	2023
Manisa Celal Bayar University		1	0	0
Dokuz Eylül University		0	0	1
Yaşar University				1



7.3. Economic Performance Indicators

ECONOMIC VALUES

Economic Value Generated				
	Unit	2021	2022	2023
Economic Value Generated (Revenues)	TL	3,168,902,545	17,588,426,966	15,091,480,796
Economic Value Distributed				
Operating Expenses	TL	428,466,668	1,384,783,772	1,291,490,324
Employee Benefits	TL	97,747,849	366,475,266	512,728,455
Benefits to the State	TL	26,986,974	125,533,395	199,432,753
Benefits to the Capital Providers	TL		151,000,000	100,000,000
Benefits to the Society	TL	749,846	341,635	3,072,636
Total	TL	553,951,337	2,028,134,068	2,106,724,168
Sustainable Financing				
Average Financing Cost	%	16.30%	12.90%	25.47%
Sustainable Financing/all debt ratio	%	2.49	3.06	3.66
Use of sustainable financing options (green bonds, Eurobonds, green loans etc..)	TL	25,905,506	43,083,828	47,385,375
Contribution of sustainable business models to total sales	TL	888,325	25,063,717	31,947,513
The ratio of financial impacts of sustainability risks to sustainability investments	%	148	29	26

Data for 2022 and 2023 are presented according to the inflation adjusted financial statements within the scope of TAS 29 -Inflation Accounting Standard

Financial Aid Received From The State

	Unit	2021	2022	2023
Tax Deductions/Credits	TL	4,733,560	9,300,246	17,198,148
Incentives	TL	7,499,611	5,494,816	10,173,291
Financial Investments	TL	1,839,030	1,467,725	94,344,151

Approximate Value of Payments to Suppliers

	Unit	2021	2022	2023
Total amount of imports	TL	416,815,864	991,311,067	2,345,630,600
Domestic Purchase Amount	TL	1,040,127,537	4,807,422,412	5,631,229,700
TOTAL	TL	1,456,943,400	5,798,733,479	7,976,860,300
Number of International Suppliers	Number	8	14	23
Number of Local Suppliers	Number	610	687	724



2021									2022			2023		
Suppliers	Domestic	International	Suppliers	Domestic	International	Suppliers	Domestic	International						
By Country or Region	605	6	By Country or Region	681	8	By Country or Region	720	18						
By Type (Billet Iron, Trader, Transporter, Consultant, Wholesaler, etc.)	Vehicle Purchase: 1 Vehicle Rental 1 Concrete: 3 Zinc: 1 Natural gas: 1 Electricity: 1 Food 2 Hydraulics, Pneumatics, Plumbing: 10 Service: 82 Manufacturing: 8 Construction 5 Cut Sheet 2 Chemical: 7 Material: 470 Diesel 2 Bearing, Seal: 2 Roller: 3 Billet Iron: 1	Material: 3 Roller: 1 Billet Iron: 2	By Type (Billet Iron, Trader, Transporter, Consultant, Wholesaler, etc.)	Vehicle Purchase: 1 Car Rental:1 Concrete: 2 Zinc: 2 Natural Gas:1 Electricity:1 Food:2 Hydraulic, Pneumatic, Plumbing:6 Service:91 Manufacturing: 12 Construction: 5 Cut Sheet Metal:2 Chemical:8 Material:535 Roller:3 Diesel:2 Bearing, Seal: 3 Billet Iron: 1	Material: 5 Billet Iron: 2	By Type (Billet Iron, Trader, Transporter, Consultant, Wholesaler, etc.)	Vehicle Rental :1 Concrete : 2 Zinc: 2 Natural gas : 1 Electricity : 19 Electricity Supply : 3 Service:82 Manufacturing: 8 Construction 4 Source: 2 Cut Sheet 3 Chemical: 13 Material: 552 Roller:3 Diesel:3 Bearing:20 Billet Iron: 1	Zinc:2 Electricity: 1 Service: 1 Material: 9 Roller:2 Billet Iron 2						

Suppliers Audited Based on Environmental and/or Social Criteria

	2021	2022	2023
Number of Suppliers Audited for Environmental Criteria	1	2	0
Number of suppliers started to work with in the reporting period and audited in terms of environmental criteria	0	2	0
Audit Criteria	1	7	0
Number of suppliers whose audits were unsuccessful	0	0	0
Number of suppliers whose negative environmental impact was identified and disengaged	0	0	0
Number of Suppliers Audited for Social Criteria	1	2	0
Number of suppliers started to work with in the reporting period and audited in terms of social criteria	0	2	0
Audit Criteria/Standards	1	10	0
Number of suppliers whose audits were unsuccessful	0	0	0
Number of suppliers whose negative social impact was identified and disengaged	0	0	0

IMPORTANT CHANGES RELATED TO SUPPLIERS

2021			
Significant change compared to 2021 regarding suppliers	Number of suppliers whose business relationship was severed	Reason for discontinuation of relationship	Number of new suppliers to work with
International	0	0	3
Domestic	0	0	221



2022

Significant change compared to 2022 regarding suppliers	Number of suppliers whose business relationship was severed	Reason for discontinuation of relationship	Number of new suppliers to work with
International	0	0	7
Domestic	0	0	235

2023

Significant change compared to 2023 regarding suppliers	Number of suppliers whose business relationship was severed	Reason for discontinuation of relationship	Number of new suppliers to work with
International	7	Raw materials originating from Russia	17
Domestic	0	0	201

DOMESTIC AND FOREIGN PROCUREMENT RATES AND NUMBER OF SUPPLIERS

2021

Number of Suppliers	Rate	Supply Cost	Rate
Foreign Purchases (Imports)	%1	Foreign Purchases (Imports)	%29
Domestic Purchases	%99	Domestic Purchases	%71

2022

Number of Suppliers	Rate	Supply Cost	Rate
Foreign Purchases (Imports)	%2	Foreign Purchases (Imports)	%17
Domestic Purchases	%98	Domestic Purchases	%83

2023

Number of Suppliers	Rate	Supply Cost	Rate
Foreign Purchases (Imports)	%3	Foreign Purchases (Imports)	%29
Domestic Purchases	%97	Domestic Purchases	%71

Number of Patent Applications

	Unit	2021	2022	2023
Patent	No.	1	0	0
Useful Model	No.	0	0	1
Number of Industrial Design Applications	No.	3	0	0

Ratio of R&D Expenditure to Revenue

	Unit	2021	2022	2023
Ratio to Revenue in TL	TL	%0.06	%0.12	%0.04

Number of R&D employees

	Unit	2021	2022	2023
	Person	21	18	26

Number of Projects with Robot Automation

	Unit	2021	2022	2023
	No.	0	1	2

Cost Benefit from Processes Improved through R&D / Innovation / Digitalization

	Unit	2021	2022	2023
Before-After Kaizen Returns	\$/year	278,413	1,570,238	2,836,448
Project Return	\$/year	346,000	587,710	1,031,344
YÜDA (New Product Commissioning) Project Return	\$/year	8,000,000	6,750,000	4,100,526

Ratio of R&D and Innovation Investments to Total Investments

	Unit	2021	2022	2023
	%	98%	83%	76%



7.4. GRI Content Index

For the Content Index - Essentials Service, GRI Services reviewed that the GRI content index has been presented in a way consistent with the requirements for reporting in accordance with the GRI Standards, and that the information in the index is clearly presented and accessible to the stakeholders.



Content Index - Essentials Service was performed on the Turkish version of the report.

Statement of use	Kocaer Çelik has reported the information cited in this GRI content index for the period 01.01.2023-31.12.2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021
GRI 1 Sector Standard	-

GRI 1: FOUNDATION 2021

	Disclosure	Headings	Page
GRI 2: General Disclosures 2021	2-1 Organizational details	1.1 About Us	12
	2-2 Entities included in the organization's sustainability reporting	1.1 About Us	12
	2-3 Reporting period, frequency and contact point	1.1 About Us	12
	2-4 Restatements of information	1.4. Kocaer 2023 in Figures	26
	2-5 External assurance	Our report has not undergone external audit.	-
	2-6 Activities, value chain and other business relationships	2.6 Sustainable Supply Chain Management	56
	2-7 Employees	6.4 Diversity, Equality and Inclusion	140
	2-8 Workers who are not employees	6.4 Diversity, Equality and Inclusion	140
	2-9 Governance structure and composition	2.1 Organization and Corporate Structure	36
	2-10 Nomination and selection of the highest governance body	2.1 Organization and Corporate Structure	36
	2-11 Chair of the highest governance body	2.1 Organization and Corporate Structure	36
	2-12 Role of the highest governance body in overseeing the management of impacts	2.1 Organization and Corporate Structure	36
	2-13 Delegation of responsibility for managing impacts	3.1. Sustainability Approach, Strategy and Organization	63

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	2-16 Communication of critical concerns	2.4 Business Ethics and Compliance	50
	2-17 Collective knowledge of the highest governance body	2.1 Organization and Corporate Structure	36
	2-18 Evaluation of the performance of the highest governance body	2.1 Organization and Corporate Structure	36
	2-19 Remuneration policies	6.4 Diversity, Equality and Inclusion	140
	2-20 Process to determine remuneration	2.1 Organization and Corporate Structure	36
	2-21 Annual total compensation ratio	Confidentiality Restrictions This information is confidential and Kocaer Çelik reserves the right not to disclose this information publicly. The necessity and scope of public disclosure of the information will be evaluated in accordance with the company's privacy policies.	-
	2-22 Statement on sustainable development strategy	3.1 Sustainability Approach, Strategy and Organization	62
	2-23 Policy commitments	1.1 About Us	12
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	2-25 Processes to remediate negative impacts	7.1 Social Performance Management	130
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MATERIAL TOPICS

GRI 3: Material Topics 2021	3-1 Process to determine material topics	3.2 Stakeholder Engagement and Materiality Matrix	66
	3-2 List of material topics	3.2 Stakeholder Engagement and Materiality Matrix	66

Financial Performance

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GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	4. Economic Performance	88
	201-2 Financial implications and other risks and opportunities due to climate change	4. Economic Performance	88
	201-4 Financial assistance received from government	4. Economic Performance	88
GRI 203: Dolaylı Ekonomik Etkiler 2016	203-1 Infrastructure investments and services supported	4.1 Investments	94
	203-2 Significant indirect economic impacts	4.1 Investments	94
GRI 207: Tax 2019	207-1 Approach to tax	4.4 Our Tax Approach	106
	207-2 Tax governance, control, and risk management	4.4 Our Tax Approach	106
	207-3 Stakeholder engagement and management of concerns related to tax	4.4 Our Tax Approach	106

Contribution to the Local Economy

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GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	4.5 Contribution to the Local Economy	107

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GRI 205: Anti- corruption 2016	205-1 Operations assessed for risks related to corruption	2.4 Business Ethics and Compliance	50
	205-2 Communication and training about anti-corruption policies and procedures	2.4 Business Ethics and Compliance	50

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GRI 301: Materials 2016	301-2 Recycled input materials used	5.4. Circularity and Waste Management	124
	301-3 Reclaimed products and their packaging materials	5.4. Circularity and Waste Management	124
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	5.4. Circularity and Waste Management	124
	306-2 Management of significant waste-related impacts	5.4. Circularity and Waste Management	124
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GRI 302: Energy 2016	302-1 Energy consumption within the organization	5.2 Energy and Greenhouse Gas Management	114
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GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	5.2 Energy and Greenhouse Gas Management	114
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	404-2 Programs for upgrading employee skills and transition assistance programs	6.3 Talent Management and Career Development	138
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