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**2022
SUSTAINABILITY
REPORT**



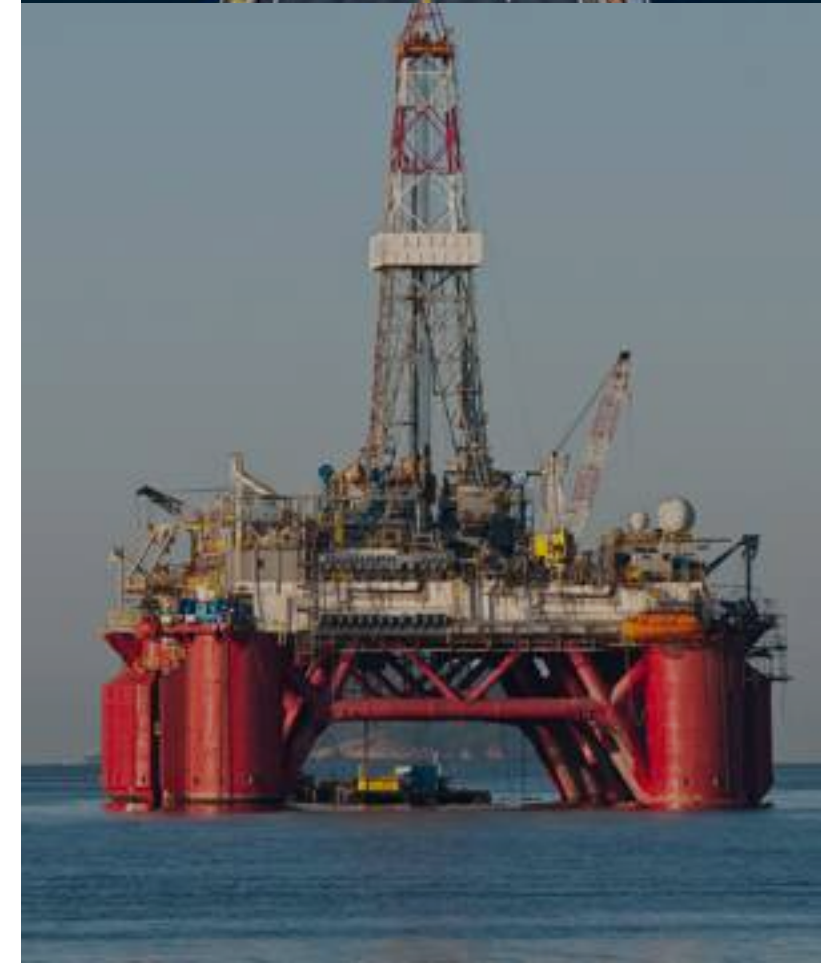
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the life



||| KOCAER



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ABOUT THE REPORT

We, as Kocaer Çelik Sanayi ve Ticaret A.Ş. (Kocaer Çelik), are pleased to share our sustainability approach and our efforts in this field with you, our valuable stakeholders, by presenting our 2022 Sustainability Report. In our Sustainability Report, which we have published for the second time in accordance with Global Reporting Initiative (GRI) standards, we address the details of our Company's sustainability strategy, governance and performance with a special focus on Environment, People and Innovation.

Since the day we were founded, we have been carrying out our activities with an ethical, transparent, traceable, accountable and responsible management approach. We hope that our Report, in which we explain our social, environmental and governance practices which we implemented between January 1, 2022 and December 31, 2022, will reinforce the strong sense of trust between us and our stakeholders and set an example in our sector.

Our Report is an Annual Progress Report prepared in accordance with the United Nations Global Compact (UNGC) Principles, of which we became a signatory in 2023, and has been prepared in compliance with GRI standards. You can see in the "GRI Content Index" table in the annexes in which sections the GRI standards are addressed in our Report.

The data included in the first sustainability report, which we have been sharing with the public annually since 2022, are data that have not been subjected to external audit.

Unless otherwise stated, the data in our Sustainability Report reflects the performance of Kocaer Çelik's operations in 2022. You can send an e-mail to sustainability@kocaersteel.com to convey your opinions and questions about our Report.

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MESSAGE FROM THE CHAIRMAN OF THE BOARD

Esteemed Stakeholders

We would like to share with you the progress we have made in our sustainability journey, our goals and commitments through our 2nd Sustainability Report prepared with the data of 2022. We continue our sustainable growth journey, which we started in 2022 with the motto “We are the ones standing behind life” and the pioneering route of innovations, with exciting breakthroughs.

We, as Kocaer Çelik, achieved an extremely strong growth with a 123% increase in our turnover in 2022. We significantly increased our sales revenues both at home and abroad. Today, our products are highly preferred by customers in 140 countries in 6 continents, and we are proud to have the opportunity to serve as a strong organisation that generates 77% of its turnover from its overseas operations.

As Kocaer Çelik, we completed our public offering process in 2022 as an important step for a sustainable future and to transfer our brand to the next generations by creating value



Hakan Kocaer
Chairman

As Kocaer Çelik, our public offering carried out in 2022 by taking an important step for a sustainable future and to hand over our brand to the next generations by creating value and difference, was recorded as the second largest public offering of 2022 with **1 billion 542 million TL**



and difference. The public offering, we have completed in Borsa Istanbul, is a reflection of our sustainable success story as Kocaer Çelik and our reliable, innovative and strong corporate structure. In this process, the planned share sales ratio was increased as a result of the intense demand for our Company's shares, and 4% additional sales were made. The public offering was recorded as one of the largest public offerings of 2022 (ranked 2nd) with TL 1 billion 542 million. With our strengthened management and capital structure, we aim to further increase our competitiveness with value-added products by continuing our investments in areas such as innovation, renewable energy and technological modernisation of our factories.

In 2022, we continued our investments uninterruptedly and we increased our capacity by improving our facilities. We aimed to support our value-added products and services by completing important projects such as our galvanising plant and steel service centre. Renovation and development efforts of our factories in Aliğa, Izmir are also ongoing. We are making our production and organisational processes more efficient with our investments in technology. We implement digital transformation projects such as robotic systems, mechatronic solutions, machine learning, artificial intelligence and big data in our production facilities. Furthermore, we continuously continue to invest in state-

of-the-art automation, cloud computing and IoT (Internet of Things). With these investments, we are able to monitor all our production and organisational processes instantly, eliminate risks, increase efficiency and develop sustainable production and services.

We consider continuously improving our environmental performance as one of our main goals in order to leave a cleaner and more liveable world to future generations. Sustainable Development Goal (SDG) 12: Based on Responsible Consumption and Production, we strive to increase our resource efficiency and reduce our environmental impact in order to fulfil our responsibility towards the environment. To this end, we regularly measure our environmental impact and make investments to minimise it. With the policies and processes we have designed, we aim to reduce our carbon and water footprint in the entire value chain, invest in environmentally friendly technologies, use efficient resources, reduce and recycle waste at every stage of the operational cycle.

With the investments we have made, we meet 33% of the power we need from renewable energy sources that we generate ourselves. Furthermore, we make our business processes more efficient and use resources more effectively with our sustainable digital transformation projects.



We are proud of our achievements in sustainability. Our galvanising plant was awarded LEED (Leadership in Energy and Environmental Design) Gold certification by the US Green Building Council (USGBC).

Our most valuable resource is our workforce of 924 employees. Providing our employees with a healthy and safe working environment and enabling them to develop their competences and careers is an issue we will not compromise on. We have a strong and wide sphere of influence in regions where we operate, and we contribute to the socioeconomic development of local communities by supporting regional development in these geographies. We also continue to contribute to the development of our local communities through our corporate social responsibility projects.

We enthusiastically continue our journey to become a brand that is becoming more and more recognised around the world day by day. We are pleased to share the Kocaer Çelik 2022 Sustainability Report, which describes the level we have reached within the scope of our sustainability goals. We would like to sincerely thank all our colleagues, suppliers, business partners for their efforts and contributions in this journey, and our customers who inspire us for a better world. Your trust and support is one of the cornerstones of Kocaer Çelik's sustainable growth.

We will continue to be one of the pioneers of the sector and maintain our competitive edge in the future as a company that derives its global competitiveness from its corporate strength, reliability and innovation capacity. We will continue to work for a sustainable future with a resolute progress in accordance with our commitments.

Best regards,



MESSAGE FROM CEO

Esteemed Stakeholders

As IFC said, “Few materials on this planet are as tough as steel. This precious alloy forms the backbone of modern society, supporting the buildings that house us, the vehicles that transport us and the machines that feed us. From steel mills around the world, the industry produces around 2 billion tonnes of steel a year, enough to build more than 24,000 Golden Gate Bridges or 30,000 Empire State Buildings.”

As Kocaer Çelik, we are aware of our responsibility to build a sustainable future. The steel industry has a critical importance for sustainable development and we shape our activities in line with this awareness. We continuously review and improve our way of doing business, products and services. Sustainability is at the centre of our activities and an integral part of our business strategy. In this context, I would like to share with you our achievements in 2022.



Orhan Timurhan
CEO

In order to shape the future of the steel industry, we develop innovative products and services, prioritise green projects and adopt environmentally friendly technologies. In this context, we take important steps in environmental sustainability areas such as energy efficiency, waste management and water saving.



First of all, we increased our investments for the sustainability of our businesses. We made significant efforts to develop renewable energy projects and new value-added products. These investments have enabled our Company to source a large portion of its energy needs from renewable sources and to reduce our environmental impact.

Innovation is one of the cornerstones of Kocaer Çelik's sustainable success. In order to shape the steel industry of the future, we develop innovative products and services, prioritise green projects and adopt environmentally friendly technologies. In this context, we take important steps in environmental sustainability areas such as energy efficiency, waste management and water saving. With these projects, we have increased our capacity to offer more competitive and environmentally friendly products in the market.

We have also strengthened our internal control system and endeavoured to increase transparency. We have continuously updated our internal audits and taken various measures to make our business processes more efficient. This has contributed to the creation of a trustworthy environment both inside and outside the Company.

Finally, we have focused not only on financial success, but also on the importance we attach to social responsibility projects. We are proud to contribute to our local communities through our social responsibility projects. Through these projects, we are happy to play an active role in contributing to our environment and society.

Our sustainability report in GRI (Global Reporting Initiative) standards aims to transparently share the Company's economic, environmental and social performance. This Report explains how we create value for our stakeholders, how we achieve our sustainability goals and our commitments to society.

We are proud to share with you the steps we have taken for a sustainable future. This Report will provide you with comprehensive information to evaluate our sustainability performance. We look forward to your comments and suggestions and thank you for your co-operation.

Best Regards,



**We create
added value
with our
product quality**



ABOUT KOCAER ÇELİK

ABOUT KOCAER ÇELİK

We are one of the largest steel producers in Turkey, create added value with our products and services in many sectors such as energy, solar energy, structure, construction, steel bridge, mine, tunnel, automotive, railway, shipbuilding and oil platforms.

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ABOUT US

In 1984, our Company started production at its first plant in Denizli, and today we are one of the leading steel producers in Turkey with our modern facilities in Aliağa, Izmir. We promote a collaborative, corporate, ethical, accountable and transparent business culture through our principles and practices. Since our establishment, we have been making progress by adding value to our customers, stakeholders and employees. We continue to increase our corporate growth and competitiveness by developing innovative products and services through our investments in innovation, technology, sustainable energy and quality management. By the end of 2022, our total assets reached TL 7.3 billion. As a global actor, our international sales are at the level of TL 7.2 billion. As one of the leading companies in the sector, we entered Borsa Istanbul in 2022 by completing one of the largest public offerings of the year and ranked second.

Today, as Kocaer Çelik, we are among the largest companies in the steel profile segment in Turkey. We create value with our products and services in many sectors such as energy, solar energy, building and construction, steel bridges, mining and tunnelling, automotive, railway, shipbuilding and oil platforms. We are a pioneer in the sector with our modern factories spread over a total area of 280,000 square metres in Aliağa, Izmir, nearly 1000 employees and a total annual production capacity of 800,000 tonnes. In addition to our three steel profile factories, we have a strong infrastructure with our 120,000 ton/year capacity service centre, which focuses on special steel profile products that are difficult and limited to produce in the world, our 100,000 ton/year capacity galvanising factory, which is one of the leading facilities in Europe and many countries in the world that performs steel profile manufacturing, service centre and galvanising coating processes in an integrated structure, and our renewable energy production facility (SPP).

We support our innovation, quality and efficiency-oriented business model with a reliable and strong corporate structure. Our main goal is to add value to our country and our employees in every step we take and in everything we do. Within this framework, we make investments that respect the environment and people and support sustainable growth. All our planned activities not only strengthen our corporate infrastructure, but also aim to increase the level of knowledge, competence and awareness of our employees. Innovation, efficiency and perfectionism are our priorities. Lean process management, occupational safety, employee and customer satisfaction are an integral part of our business model.

Between June and December 2021, our SPP facilities, which we installed in three of our factories, gradually started production. In December 2021, our SPP plants had a total annual energy generation capacity of 13 million kWh. By the end of July 2022, the rooftop SPPs of our service centre and galvanising plant were commissioned. As of early August 2022, our total SPP generation capacity increased by 2 million kWh/year to 15 million kWh/year.

R&D and innovation are at the centre of Kocaer Çelik's sustainability strategy. With our R&D centre and expert team, we closely follow up the latest technologies in the steel industry and develop innovative solutions. With our R&D and innovation projects, we focus on areas such as environmentally friendly production technologies, energy efficiency, digital transformation and material development. We aim to offer more efficient, sustainable and environmentally friendly solutions in steel production 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 way possible. Thanks to our 60 years of experience and our focus on new product development, we produce over 12,000 different products in qualities containing approximately 60 different chemical compositions.



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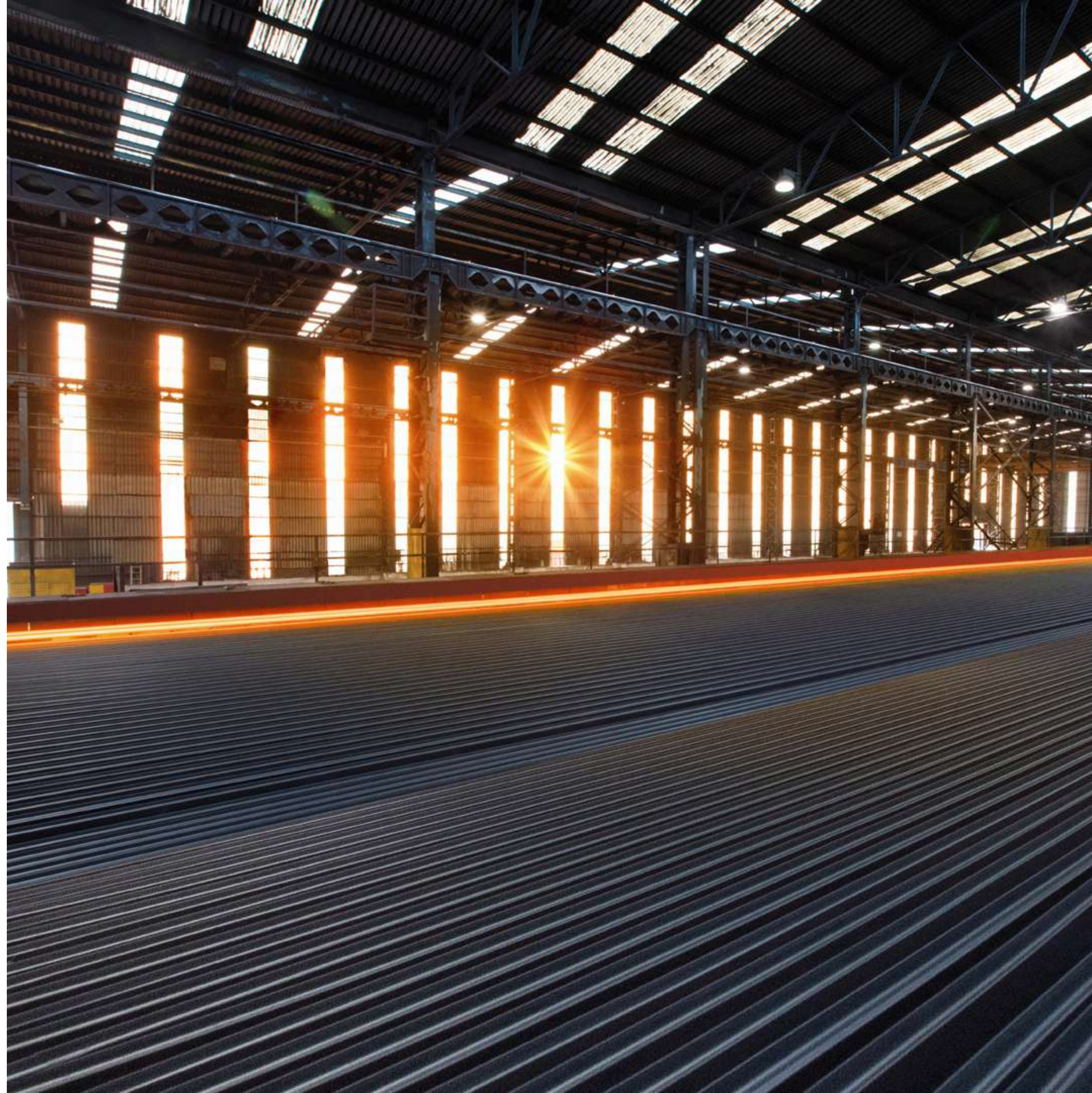
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Kocaer Steel UK, our subsidiary, has been carrying out sales, marketing and distribution operations since 2015. Kocaer Steel UK has a total of 20,000 m2 closed storage area in Cardiff and Warrenpoint (United Kingdom). This enables us to deliver products of different sizes and qualities to our customers in the UK with shorter delivery times. In this respect, we have a significant competitive advantage in the UK market. Kocaer Steel UK has more than 200 customers.

Export is an important part of Kocaer Steel's success story. Bringing our production power in Turkey together with the world markets, we export to 140 countries in total. Thus, we both increase our competitiveness in global markets and contribute to the Turkish economy. We are proud to be the 50th most exporting company in Turkey in 2022 and the largest exporter in the iron and steel sector in the Aegean Region for the last five years. We strive to continuously strengthen our reputation in global markets.

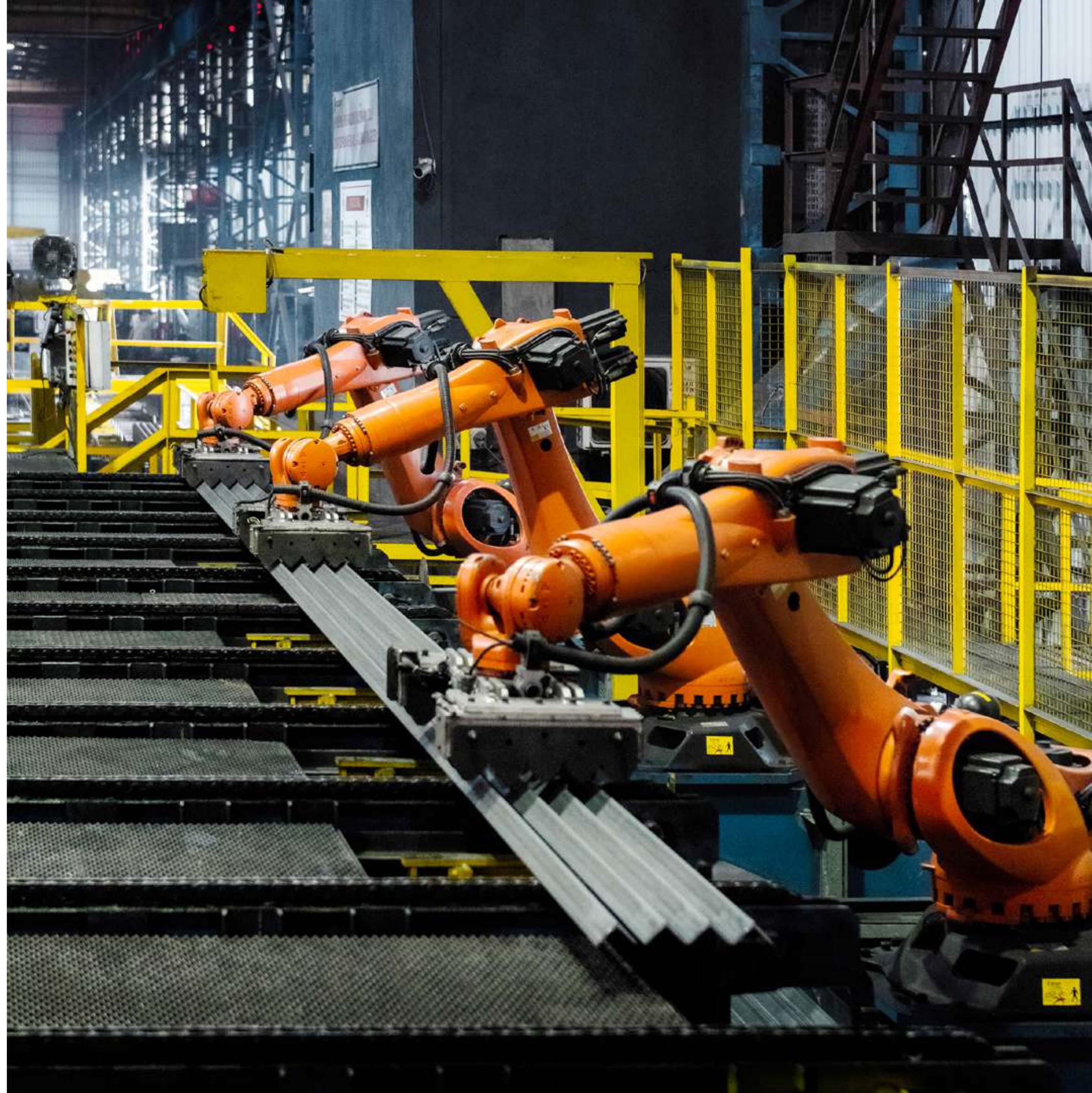
Our Company's sustainability mission addresses environmental, economic and social dimensions together. We aim to utilise natural resources effectively and efficiently, adopt environmentally friendly technologies and contribute to the welfare of society. We prioritise environmentally friendly production processes, conserving resources through energy efficiency and reducing carbon footprint. We apply the highest standards for the safety, health and well-being of our employees; we promote equality, diversity and inclusion, and invest in social responsibility projects in co-operation with local communities.



The elements that reinforce our success are reliability, transparency and traceability. We believe that our strong and reliable corporate structure will increase our competitive power and accelerate us on our sustainability journey. In this context, we are strengthening our governance structure and management systems. We also follow national and international standards and hold ISO 9001, ISO 14001, ISO/IEC 27001, ISO 50001 and ISO 45001 management systems certificates.

In 2023, we became a signatory of the United Nations Global Compact (UNGC), which includes fundamental commitments for corporate sustainability.

As Kocaer Çelik, we will continue to take steps towards the future with the inspiration we draw from our strong roots. While maintaining our competitive power in the sector, we will continue to be a pioneer in sustainability and innovation. We will continue to add value to our customers, offer opportunities to our employees and contribute to the society. We, as Kocaer Çelik, will move forward with determination to build a strong future.



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HISTORY

1984

- Our first plant established on an area of 3.000 m² in Denizli started production.

1996

- Aliğa-1 (A1) Plant, our thick section steel profile production plant with a capacity of 300,000 tonnes/year, was established in İzmir Aliğa on a total area of 32,500 m², including 21,000 m² of closed area.

2007

- We obtained ISO 9001 Management Systems Certificate.

2008

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

2015

- Kocaer Steel UK, which distributes iron and steel products with our warehouses in the United Kingdom, was established.
- We established the first R&D Centre of the sector with the approval of the Ministry of Industry and Technology. Our Service Centre started to operate.
- We obtained ISO 14001:2004 Environmental Management and ISO 50001:2011 Energy Management System certificates.

2016

- We were included in Turquality, the world's first and only state-sponsored branding programme by the Turkish Ministry of Trade.

2017

- Our Aliğa-3 (A3) Plant, which produces thin section steel profiles with a capacity of 200,000 tonnes/year on a total area of 41,000 m² with a closed area of 18,000 m² in Aliğa, İzmir, started its operations.
- We ranked first in Turkey in the R&D category of the "Efficiency Project Awards" organised by the Ministry of Industry and Technology.
- 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) Projecte, we were awarded the second prize in the 2017 IDC Industry 4.0 Smart Manufacturing category.

2018

- In 2018, 2019, 2020, 2021 and 2022, we received the Aegean Exporters Association's "Shining Stars of Export" awards five times in a row.
- We were awarded the second prize in Turkey in the category of "Project Capacity" and the third prize in Turkey in the category of "Class A R&D Centres" at the 2019 R&D Centres Summit of the Ministry of Industry and Technology.
- We received ISO/IEC 27001 Information Security Management System and ISO 450001 Occupational Health and Safety Management System certificates.

2019

- We were entitled to receive the TS/35/B2/15/18 Zero Waste Management System Certificate by establishing a Zero Waste Management System in accordance with the Zero Waste Directive published in the Official Gazette No. 30829.

2021

- Within the scope of reducing carbon footprint and green energy production strategies, we invested in solar energy systems with a total production capacity of 13 million kWh on the roofs of our three plants in Aliğa in order to meet 30% of our energy consumption from renewable sources.
- As a result of the assessment made by the credit rating agency JCR (Japan Credit Rating), our credit rating was determined as A.
- Within the scope of reducing our carbon footprint, we completed our solar energy systems (SPP) investments to meet approximately 30% of our energy consumption from renewable, clean sources.

2022

- We carried out our public offering and our shares started to be traded on Borsa Istanbul.
- We published our first sustainability report.
- Our galvanising plant received LEED v4 BD+C:NC Turkey's and Europe's first gold certificate from the US Green Building Council (USGBC), a first in the sector.
- The establishment of our Hot Dip Galvanising Plant with a capacity of 100,000 tonnes/year in Aliğa, İzmir was completed.
- We increased our Service Centre capacity to 120,000 tonnes/year and reached a total closed area of 11,000 m².
- We received the "Innovation Leader Brand" award at the Turkey Innovation and Success Awards in the Iron and Steel Industry.
- As a result of the assessment made by the credit rating organisation JCR (Japan Credit Rating), our credit rating was upgraded from A to A+.

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2023

- We became a signatory of the United Nations Global Compact (UNGC), which includes fundamental commitments for corporate sustainability.
- In the first quarter of 2023, in order to strengthen Internal Audit, Risk Management and Internal Control Activities, the organisational structure in this area was changed, the activities in this area were consolidated under the newly established Internal Systems Department and the team was strengthened by providing a senior staff.
- 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 44 products according to ISO 14067.
- We finalised our EPD process.
- IREC certificate was obtained.
- We had energy studies conducted for our facilities.
- We established our Energy and Water Committee.
- We started our Management with Ensemble Processes Project.

Kocaer Enerji A.Ş.
was established in 2023.
Feasibility studies for a
24 MW
geothermal energy facility
equivalent to
120 MW
of solar energy
in Aydın-Kuyucak
have started.



OUR MISSION

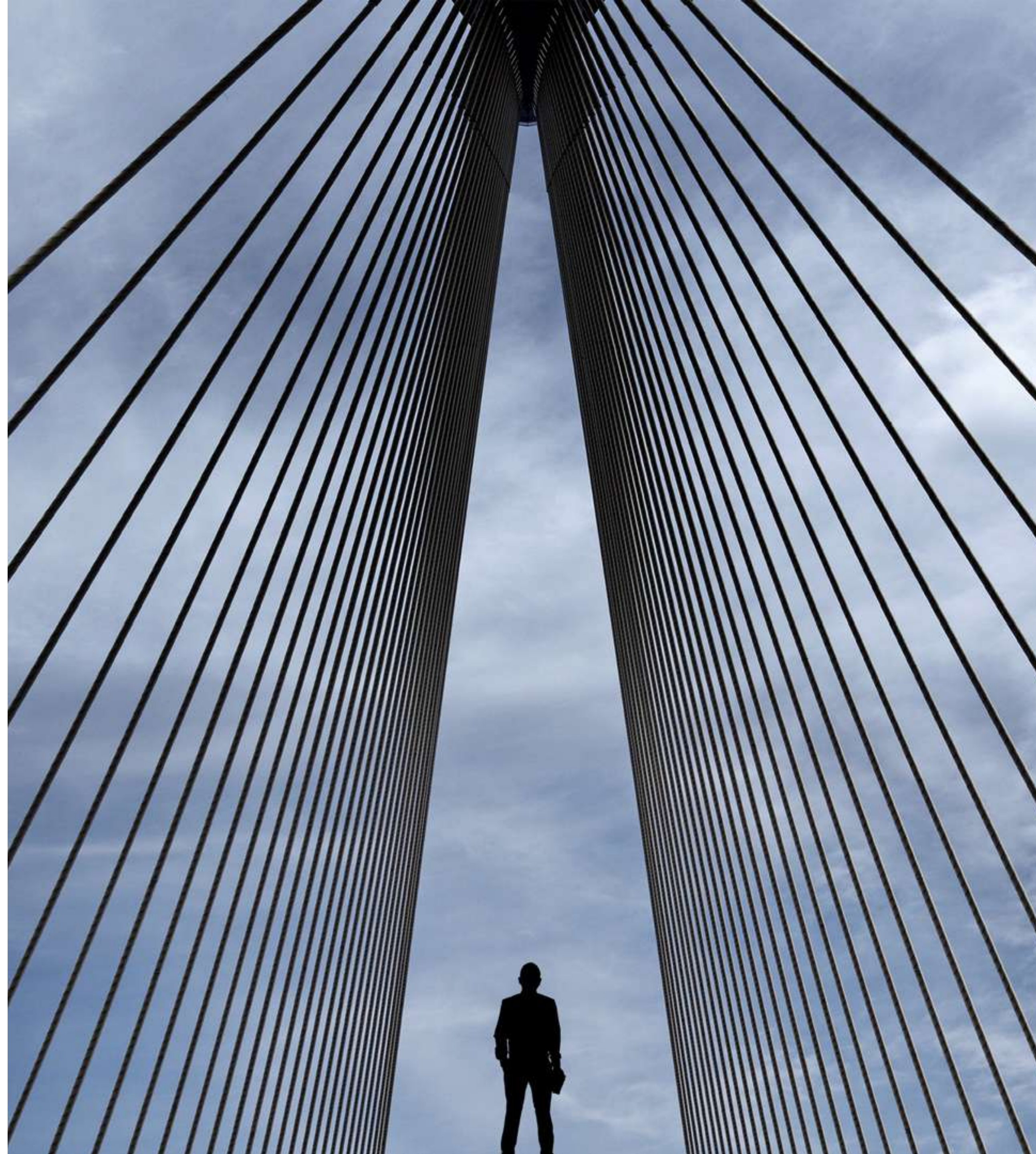
To increase our competitive power with our sustainable product and service quality and innovative structure by considering our stakeholders as a part of our organisation with social responsibility and environmental awareness.

OUR VISION

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

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 orientated,
- To be participatory and sharing,
- To support teamwork.



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 CAPACITY OF **800 THOUSAND** TONNES/YEAR

 AEGEAN REGION IRON AND STEEL **EXPORT CHAMPION** (2018-2019-2020-2021-2022)


 THE FIRST **GREENCHECK CERTIFIED** COMPANY IN THE IRON AND STEEL INDUSTRY

 **120 THOUSAND** TONNES/YEAR GALVANIZING PLANT

 **15 MILLION** KWH/YEAR INSTALLED RENEWABLE CAPACITY

 THE **FIRST LEED CERTIFIED** GALVANIZING PLANT IN EUROPE AND TURKEY IN ITS SECTOR

 **100 THOUSAND** TONNES/YEAR SERVICE CENTRE

 **1000+** EMPLOYEES

 **550+MILLION** US DOLLAR TURNOVER

 **3 STEEL PROFILE** PLANTS SERVICE CENTRE AND **GALVANIZING** PLANT

 **FIRST R&D CENTRE** IN ITS SECTOR











































 PRODUCT DIVERSITY WITH OVER **12,000 DIFFERENT PRODUCTS** IN **60** DIFFERENT QUALITIES

 EXPORTS TO **140 COUNTRIES** IN **6 CONTINENTS**

 **SAP MANAGEMENT INTEGRATED** WITH ALL PROCESSES

 THE FIRST COMPANY IN THE SECTOR INCLUDED IN THE **TURQUALITY** PROGRAMME

COLLABORATIONS AND CORPORATE MEMBERSHIPS

 Media Monitoring Centre - MTM	 SAP Ariba Business Network	 Mendeley	 Turkey Material Marketplace	 SKYD	 TKYD	 World Economic Forum
 EKAP (Electronic Public Procurement Platform)	 ResearchGate	 Vanilla Steel	 UNGC	 Metalexpert	 Matriks Software System	 World Bank
 Startup Watch	 OpenLibrary	 EUREKA	 Steeldata - Sectoral Database Membership	 Steelradar	 Corporate Treasury Managers Association of Turkey	 European Commission
 David Publishing Company	 Elsevier	 Steel Orbis - Sectoral Publication Organisation Membership	 Proemtia	 Netsec NetSec Network and Information Security Community	 ITC/Trade Map	 Science Direct
 Tandfonline	 European Research Council	 EIB - Aegean Exporters' Association	 CIO Group: CIO GROUP - CIO TURKEY	 Abrams	 Springer	 IOPScience
 TÜBİTAK-PRODİS	 THY Corporate Club	 TÜYİD	 Easy Export Platform	 Scopus	 Project Smart Explorer	 EcoVadis

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Kocaer Çelik won important awards with its achievements in various fields in 2022.

Iron and Steel Industry Innovation Leader Brand

We won the “Iron and Steel Industry Innovation Leader Brand” award at the 3rd Turkey Innovation and Achievement Awards.

Aegean’s Largest Exporter

Kocaer Çelik maintained its title as the export champion of the Aegean Region in 2018, 2019, 2020 and 2021 in 2022, and was awarded the “Aegean’s Largest Exporter” award in its sector at the Aegean Exporters’ Association, Shining Stars of Export Awards for five years consecutively.

One of the Biggest Public Offerings of the Year

On 30 June 2022, we carried out our public offering with a size of TL 1.54 billion, making it the second largest public offering of the year.

Efficiency Award

With the rooftop Solar Power Plant with a capacity of 15 kWh/year, which is the first investment of our strategy to meet all of the electrical energy we consume from renewable sources, we received the first prize in the Efficiency Awards in the “Factories Producing Their Own Energy” category.



First LEED Gold Certificate of the Sector in Europe

Commissioned in 2022, our galvanising plant was awarded a Gold Certificate by the US Green Building Council (USGBC) in accordance with LEED v4 BD+C:NC criteria for its environmentally friendly design and practices, making it the first and only steel profile hot-dip galvanising plant in Turkey and Europe to hold this certificate.





**We are here
to build a
sustainable
future**



SUSTAINABILITY STRATEGY



SUSTAINABILITY STRATEGY

We adopt a sustainability mission in which we address environmental, economic and social dimensions together, and we continue to work for a sustainable future by organising our actions in accordance with the circular economy model.



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SUSTAINABILITY APPROACH, STRATEGY AND ORGANIZATION

We act with an understanding of production that respects the environment and natural resources while improving our competitiveness in global markets, and with the awareness of our environmental and social responsibilities. In this context, we established our first sustainability strategy linked to the SDGs in 2021 and regularly renew our targets. As Kocaer Çelik, we carry out our sustainability-related activities in a manner integrated with the business strategy. With a focus on climate, people and innovation, the entire organisation, starting from the Kocaer Board of Directors, works towards achieving Kocaer's short-medium and long-term sustainability and decarbonisation goals.

We established our Sustainability Working Group in 2021 in order to effectively monitor the performance of our sustainability strategy in relation to our goals throughout our Company.

Our Working Group is responsible for determining sustainability strategies and policies in economic, managerial, social and environmental areas and integrating them into operations following management approval. It is also responsible for measuring sustainability performance and developing projects to improve this performance. Our Working Group is also responsible for disseminating the sustainability culture, raising awareness and integrating it into the corporate culture together with Kocaer Çelik values.

Our Working Group consists of managers and employees with sufficient experience and knowledge on sustainability. It is the duty of this group to ensure and monitor the implementation of all sustainability activities of Kocaer Çelik and to make changes in plans and programmes when necessary.

Our activities within the scope of environmental, social, economic and managerial responsibility are analysed under the headings of Management Responsibility and Continuous Improvement, Combating Climate Change and Environmental Responsibilities, and Investing in Human Resources and Social Responsibility.

ORGANIZATION OF SUSTAINABILITY MANAGEMENT

SENIOR MANAGEMENT OF

SUSTAINABILITY WORKING GROUP

Members

Deputy General Manager for
Budget and Financial Control
Deputy

Directorate General for
Human Resources

A1 Business Manager

A2 Business Manager

A3 Business Manager

Information Technologies
Manager

Logistics Manager

Operational Efficiency and
Business Development Manager

Planning Manager

Purchasing Manager

SEC and Energy Manager
Management Systems and
Sustainability Manager

Management Systems and
Sustainability Manager

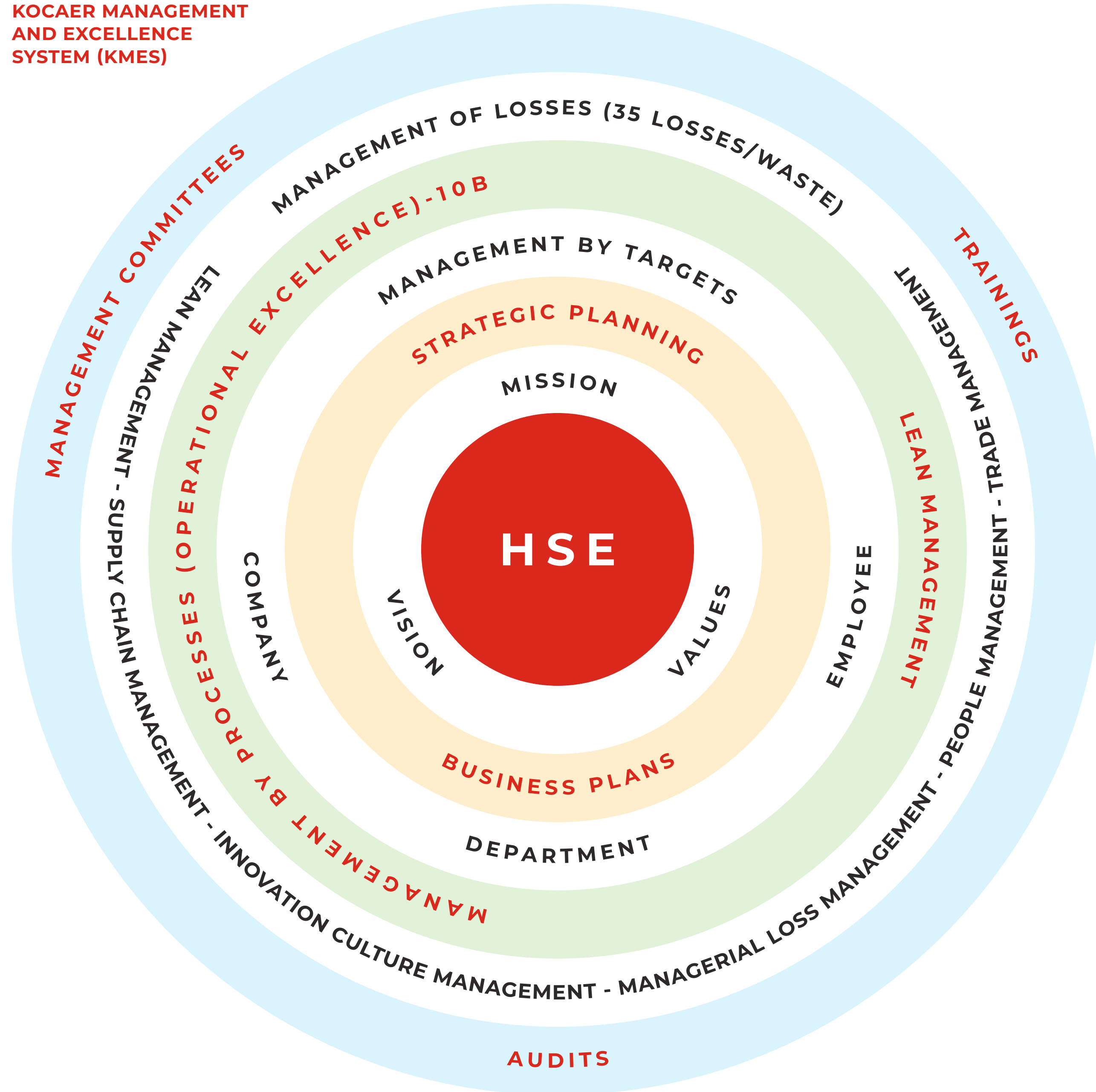
Lean Production Manager



We address our environmental, social, economic and managerial responsibility activities under the headings of Management Responsibility and Continuous Improvement, Combating Climate Change and Environmental Responsibilities, and Investing in Human Resources and Social Responsibility.



KOCAER MANAGEMENT AND EXCELLENCE SYSTEM (KMES)



Regarding Management Responsibility and Continuous Improvement, we adopt the responsibility of ensuring business continuity, continuously improving product and service quality, establishing ethical and transparent cooperation with all our stakeholders, ensuring customer satisfaction, complying with international standards, integrating risk and opportunity analyses into all processes. With our Management Responsibility and Continuous Development approach, we have created a management system focused on “effectiveness of human and business management” and operational excellence in line with our own internal dynamics and management philosophy by following the best practices on an international scale. Under the heading of Combating Climate Change and Environmental Responsibilities, we focus on the climate crisis, one of the biggest global problems.

As Kocaer Çelik, we are aware of our environmental responsibilities. We maintain our operations with a production approach that respects the environment and natural resources. With Total Productive Management (TPM), World Class Manufacturing (WCM) and Kocaer Management and Excellence System (KMES), which is a governance-oriented application we developed ourselves, we operationally prioritise operational excellence, building an employee brand, increasing customer loyalty and sustainability, and thus aim to carry our corporate level forward. In this context, we consider KMES as an important methodology that will further improve our Company’s sustainable profitability and health, safety and environment (HSE) management.

We aim to support local economic development and pioneer social, economic and technological progress through our activities within the scope of Investment in Human Resources and Social Responsibility. We aim to provide our employees, whom we regard as our most important and prioritised stakeholders, with a safe, healthy working environment where they can achieve their potential. With our people-orientated approach, we provide the necessary conditions for our employees to increase their competencies and develop. We prioritise making a difference with our social impact in the regions where we operate through the employment we create, our corporate quality standards, our investments in technology and R&D and competence development in this field, and our environmental and social sensitivity.



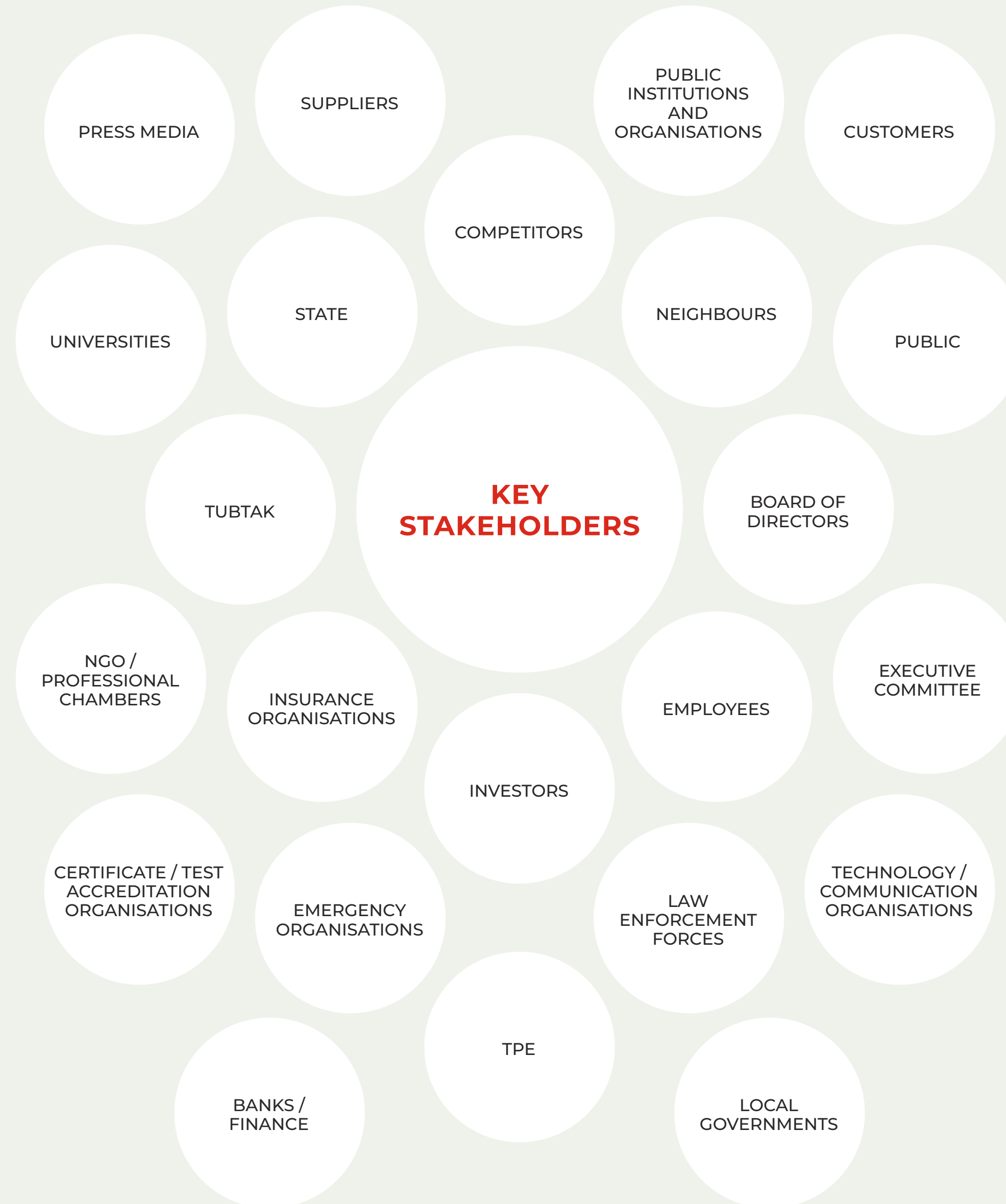
PRIORITISATION MATRIX AND STAKEHOLDER ENGAGEMENT

While creating, reviewing and renewing our sustainability strategy and targets, we take into account the opinions and expectations of our stakeholders and customers along with our corporate vision and values. We attach importance to identifying, prioritising and reporting the factors that have a significant impact on our stakeholders and the issues related to our own business.

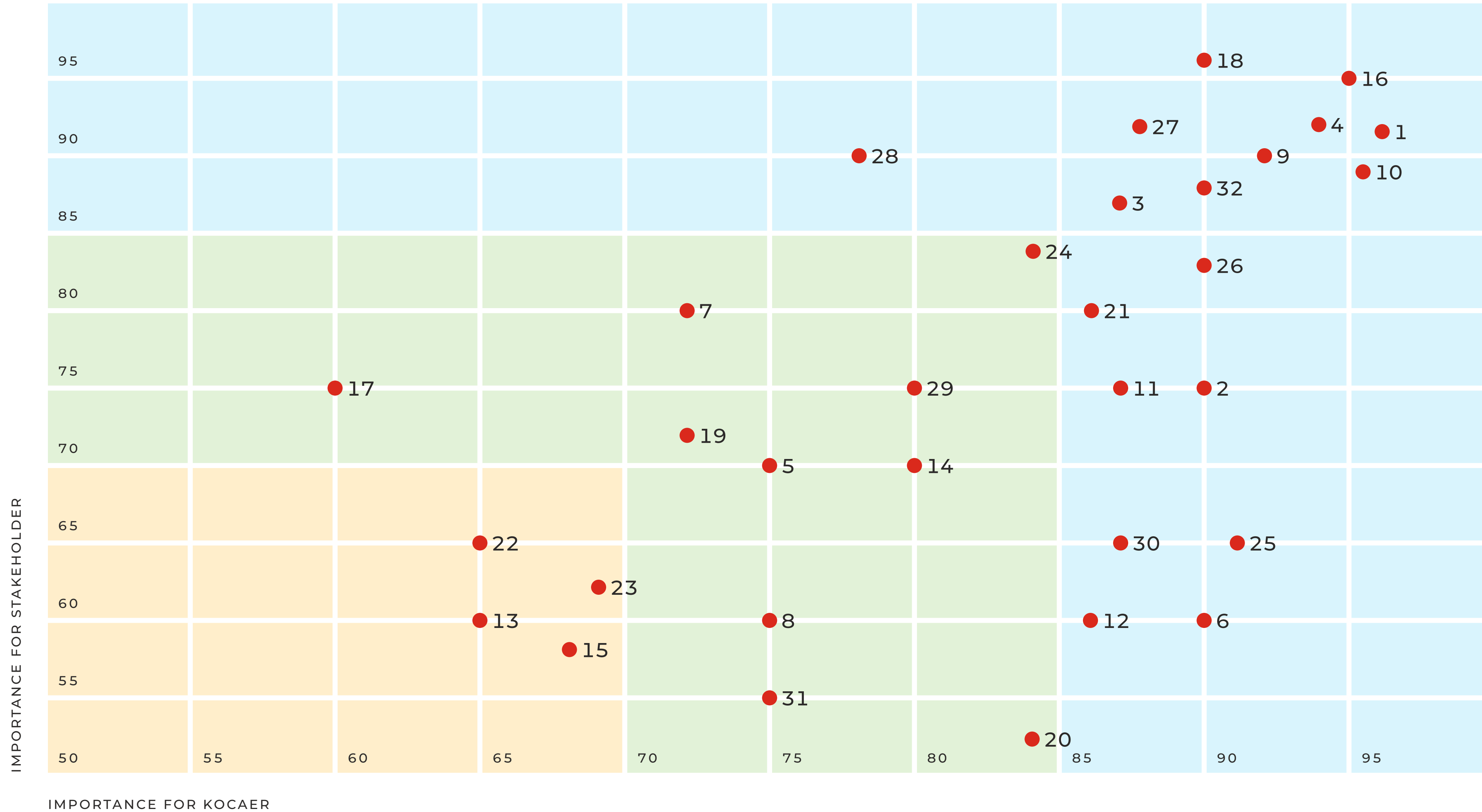
We aim to update our sustainability priorities every two years, review the impact factors and evaluate the contribution of each impact to our sustainability strategy. At the centre of our sustainability approach is the aim of disseminating a culture of sustainability and creating a net positive impact for all our stakeholders.

We published our first sustainability report in GRI standards in 2021 and identified our priority areas. In 2023, at the sustainability strategy workshop, we reviewed and updated our key stakeholders and created a “Stakeholder Map”.

We identified our material issues under 32 headings in the light of GRI Standards, UN Sustainable Development Goals (SDGs), ESG rating agencies, WEF - World Economic Forum Global Risks Report references. In order to identify areas of priority, we first analysed the impact of different stakeholder groups on our sustainability performance and created our list of priority stakeholder groups. Subsequently, through an online impact assessment survey conducted with a total of 1987 stakeholders from 9 different key stakeholder groups, we aimed to identify the issues that most affect our sustainability performance today and, in the future, and that should have the highest priority. We collected feedback from our employees as internal stakeholders and from our business partners, professional organisations, customers, non-governmental organisations, financial institutions and suppliers as external stakeholders through online surveys. We finalised the matrix of sustainability priorities by taking into account global and sectoral trends, assessing risks and opportunities through meetings held under the leadership of Sustainability Management.



SUSTAINABILITY PRIORITIES MATRIX



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CONNECTIONS WITH SDGS

Degree	Title of Subject	Relevant SDG
Very-High Priority	● 16 Product Quality	
	● 10 Traceability	
	● 1 Combating the Climate Crisis and Reducing Carbon Emissions	
	● 4 Water Management	
	● 9 Compliance with International Standards	
	● 18 Occupational Health and Safety	
	● 32 Financial Performance	
	● 27 Risk Analysis, Management and Compliance with Legislation	
	● 26 Business ethics and transparency	
	● 3 Renewable Energy Production and Green Energy Use	

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Degree	Title of Subject	Relevant SDG
Very-High Priority	● 21 Human Rights and Fair Working Conditions	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES, 16 PEACE AND JUSTICE STRONG INSTITUTIONS
	● 24 Talent and Career Management	4 QUALITY EDUCATION, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES, 17 PARTNERSHIPS FOR THE GOALS
	● 11 Resource Efficiency in Product Production	6 CLEAN WATER AND SANITATION, 9 INDUSTRY INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION
	● 2 Energy Efficiency	7 AFFORDABLE AND CLEAN ENERGY, 9 INDUSTRY INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION
	● 28 Supply Chain Management	3 GOOD HEALTH AND WELL-BEING, 4 QUALITY EDUCATION, 6 CLEAN WATER AND SANITATION, 8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 16 PEACE AND JUSTICE STRONG INSTITUTIONS, 17 PARTNERSHIPS FOR THE GOALS
	● 25 Corporate Management	8 DECENT WORK AND ECONOMIC GROWTH, 16 PEACE AND JUSTICE STRONG INSTITUTIONS, 17 PARTNERSHIPS FOR THE GOALS
	● 30 Partnerships for Purposes, Open Innovation	9 INDUSTRY INNOVATION AND INFRASTRUCTURE, 17 PARTNERSHIPS FOR THE GOALS
	● 12 Products Produced with Circular Economy Model and Life Cycle Assesment	9 INDUSTRY INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	● 6 Biodiversity	14 LIFE BELOW WATER, 15 LIFE ON LAND
	● 20 Equal Opportunity and Inclusion for Employees	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES, 16 PEACE AND JUSTICE STRONG INSTITUTIONS, 17 PARTNERSHIPS FOR THE GOALS

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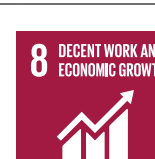









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→ CONNECTIONS WITH SDGS

Degree	Title of Subject	Relevant SDG
High Priority	● 14 Investing in Climate and Environment Friendly New Product and Service Solutions	   
	● 29 Information Security and Cyber Risk Management	 
	● 17 Product Safety and Chemical Management	  
	● 19 Employee Satisfaction, Loyalty and Welfare	  
	● 5 Waste Management and Zero Waste Approach	 
	● 7 Combating Deforestation	 
	● 8 R&D and Sustainability Technology and Innovation	 
	● 31 Digitalisation	 

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→ CONNECTIONS WITH SDGS

Degree	Title of Subject	Relevant SDG
Moderate-Level Priority	● 23 Impact-Oriented Social Programmes (Corporate Social Responsibility Projects)	
	● 22 Local Socioeconomic Development	
	● 13 Sustainable raw material use	
	● 15 Sustainable Packaging	

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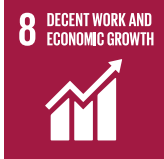






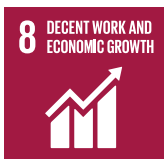

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SUSTAINABILITY TARGETS

In line with our governance approach, we aim to carry our Company further on its sustainability journey. In this context, we have set achievable and measurable targets for our Company.

Sustainability Approach	Definition of 2022 Target	2023 Targets	SDG
MANAGEMENT RESPONSIBILITY and CONTINUOUS DEVELOPMENT	Budget Allocated to Sustainability Studies Budget allocated to R&D R&D	<ul style="list-style-type: none"> - To index our sustainability performance (environmental-social-governance) by independent rating agencies in line with our principle of transparency by 2025 - Full harmonisation with the Integrated Reporting Framework by 2025 - Increasing R&D and Innovation Investments (new product, environment, OHS, digitalisation, etc.) - To expand our efforts on climate change risk areas 	 
COMBATING CLIMATE CHANGE AND ENVIRONMENTAL RESPONSIBILITIES	Zero Waste To reduce Greenhouse Gas Emissions within the Scope of Combating Climate Change To reduce carbon footprint Energy Efficiency To reduce water consumption and water conservation	<ul style="list-style-type: none"> - With the commissioning of the GPP, to meet all of the electrical energy we consume from renewable sources - To make our emissions carbon neutral by 2053 - To have a sustainable supply chain by 2035 (Sustainability Transformation Measurement for our Strategic Suppliers) - Full compliance with international frameworks by undertaking carbon capture projects and investments to reduce our emissions - To use the circular economy model, reducing our waste by 50% by 2035 and reaching zero waste point by 2053. - To recycle 50 per cent of the water used by 2035 and all of it by 2053. 	  
INVESTMENT IN HUMAN RESOURCE AND SOCIAL RESPONSIBILITY	Female Employment Rate	<ul style="list-style-type: none"> - To achieve the target of zero labour loss accident rate and zero risk by 2053 - To be the most preferred company by employees in our region (Employee loyalty rate / Employee satisfaction rate / Local Employment rate) - To increase the ratio of female white-collar employees by 30% by 2025. - To continuously increase the local socio-economic benefit, we create through our business model & social investments. - To become a signatory to the UN Global Compact Global Compact - Integration of the Sustainable Development Goals into the strategy and the continuation of activities in line with the 10 principles, reporting of activities - Commissioning of the Individual Performance System, which is a process of determining goals with a diffusionist approach, and an effective career planning programme in 2025 - To increase the Annual Training Duration per Employee 	   

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**We are ready
to represent
our country
in the world**



CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

We derive our strength from our reliable, transparent, traceable, accountable and ethical management structure that respects society and the environment. We are proud to represent our country in 140 countries in 6 continents as a dynamic, competitive, innovative, technology and R&D oriented reliable Turkish brand.



- > ORGANISATION AND CORPORATE STRUCTURE
- > OUR STRATEGY
- > CORPORATE RISK MANAGEMENT
- > INTERNAL AUDIT AND INTERNAL CONTROL
- > BUSINESS ETHICS AND COMPLIANCE
- > INFORMATION SECURITY
- > SUSTAINABLE SUPPLY CHAIN MANAGEMENT



We have below certificates:

ISO 9001
Quality Management

ISO 27001
Information

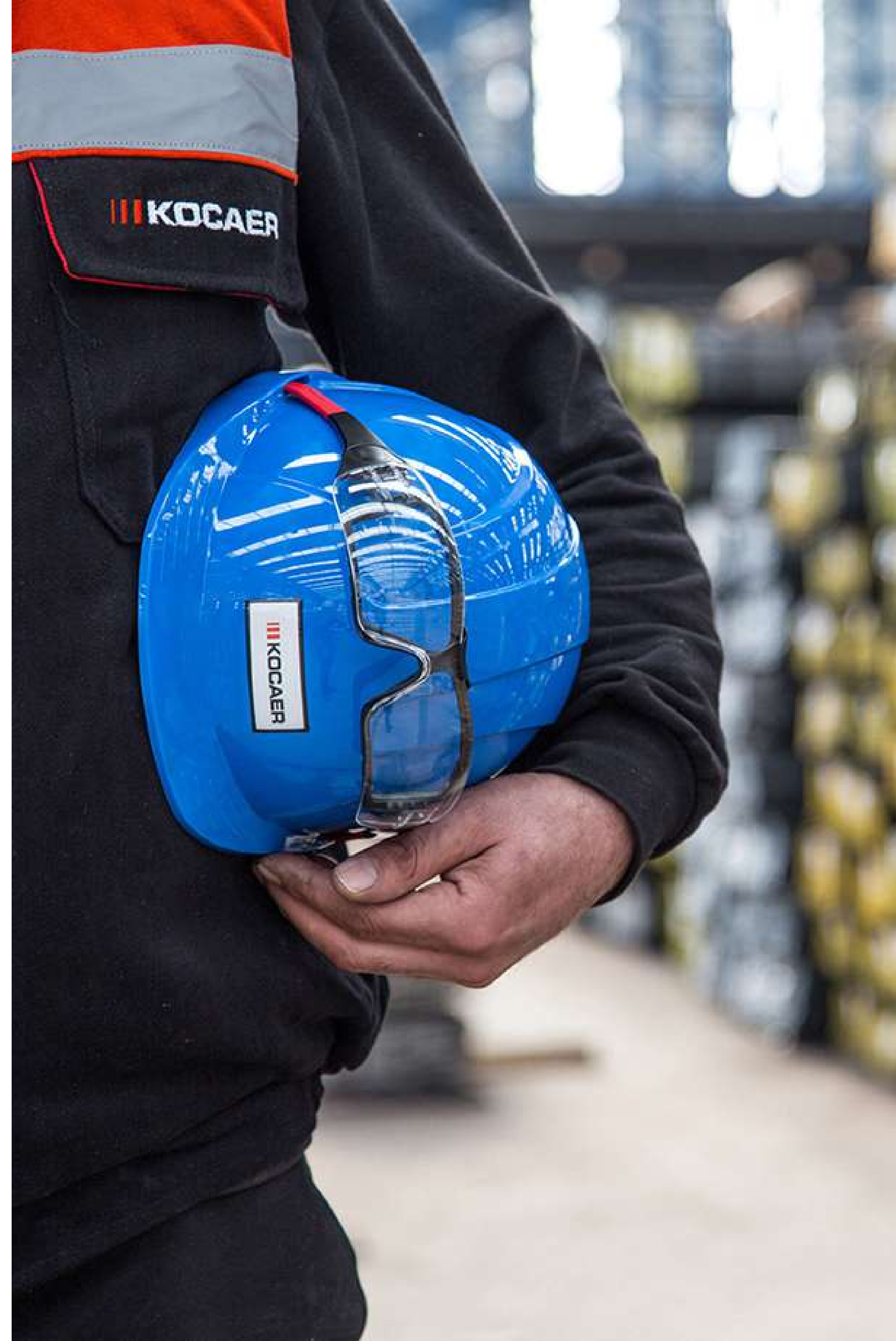
ISO 14001
Environmental

ISO 45001
OHS Management

50001
Energy Management

Our dynamic, competitive, innovative, technology and R&D-oriented organisation derives its strength and success from a reliable, transparent, traceable, accountable and ethical management structure that respects society and the environment. As Kocaer Çelik, we believe that the long-term interests of our Company depend on looking after the interests of the society, our shareholders, employees, customers, stakeholders and most importantly, future generations. In this context, our Board of Directors, which we have formed in accordance with the Corporate Governance Principles, aims to keep our competitive advantage at the highest level by balancing risks with growth and return.

As Kocaer Çelik, we support our corporate governance practices with our management systems. In this context, we hold ISO 9001 Quality Management System, ISO 27001 Information Security System, ISO 14001 Environmental Management System, ISO 45001 OHS Management System and 50001 Energy Management System certificates. All our end-to-end operations are carried out in line with our policy, strategy, values and stakeholder expectations. We continuously monitor our operations in terms of political, economic, social and environmental sustainability and strive to improve our performance to better levels.



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ORGANISATION AND CORPORATE STRUCTURE

BOARD OF DIRECTORS



İbrahim Kocaer
Honorary President



Hakan Kocaer
Chairman



Orhan Timurhan
Chairman



Ferda Besli
Board Member



Dr. Yılmaz Argüden
Board Member

İbrahim Kumsal
Board Member

There are four committees within the Board of Directors: Corporate Governance Committee, Early Detection of Risk Committee, Audit Committee, Nomination and Remuneration Committee.

ORGANIZATION CHART



Our Board of Directors consists of eight members, three of whom are independent. The Board convenes with at least five members and the votes of at least three members are required to take a decision. Each member has one voting right. Our Group A shareholders have the privilege to appoint the members of the Board of Directors. There are four committees within the Board of Directors: Corporate Governance Committee, Early Detection of Risk Committee, Audit Committee, Nomination and Remuneration Committee.

The Corporate Governance Committee also assumes the responsibilities of the Remuneration and Nomination Committee. Sustainability management is also included in the field of responsibility of our Corporate Governance Committee. This committee oversees conflicts of interest at all levels of our Company and analyses the Company's operations in terms of profitability and sustainability. The Corporate Governance Committee also determines sustainability activities and targets and submits them to the Board of Directors for approval.



OUR STRATEGY

Sustainable profitable and digital growth

Our strategy is based on the goal of “Sustainable Profitable and Digital Growth”. Accordingly, we have identified ten main orientations. Within the framework of the Balanced Scorecard discipline, all our units formulate their strategic targets and annual business plans in a way to support these main orientations. Our Company’s strategic targets and business plans are managed in accordance with four areas of influence: Finance, Customer, Process and Learning/Development. Following this process, strategic performance indicators are monitored by our Company management through digital and visual tools.

		Develop long-term collaborations with your strategic stakeholders, create customised solutions
Make a difference in product diversity and service quality compared to competitors	Focus on change management, digitalisation, innovation and effective cost management	Integrate Kocaer management and excellence system into all processes and genes
Create continuous added value for society and nature	Focus on developing competitive products, sectors and marketing global organisations with high added value	Become an employee brand and preferred company with the culture you will create
Internalise being managed by strategy, process and objectives	Stay one step ahead of the competition with new investments	Continuously increase brand value and awareness



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We create a five-year plan based on our strategic goals. These plans determine our annual business targets and trigger our corporate targets. Our departments are managed in this system, in a manner down to individual targets. We evaluate all our targets quarterly and take actions that support development by disseminating them within the Company. Our strategic annual business plans are included as targets in the individual performance evaluations of our department managers and these targets are reviewed through quarterly interim meetings.

In order to bring all our business processes closer to the level of operational excellence, we use the “Management by Processes” model that we have designed and developed ourselves. This model ensures the operational development and improvement of our processes with the approach of “10 Dimensions of Excellence”.

10 DIMENSIONS OF PROCESS EXCELLENCE

- 1 Identification and elimination of transactions that do not create added value in business processes and activities.
- 2 Identification and prevention of systemic processes open to user error. / Increasing the effectiveness of processes that are defined, but not executed correctly. / Transition from human to system.
- 3 Improvement of process performance and simplification by identifying new business models / new workflows.
- 4 Creation of structures that guide users, increase systemic efficiency and rapid decision-making with the KDS to be designed.
- 5 Designing new reports that are simple, easy to understand and increase the effectiveness of accurate and fast decision-making. Increasing the efficiency of existing reports. Transition to Dashboard / Cockpit structures.
- 6 Improving processes and ensuring sustainability by identifying chronic problems
- 7 Digitalisation solutions. Smart systems.
- 8 New KPIs to be determined in parallel with corporate targets.
- 9 Quick customer acquisition and added value created. Innovative solutions.
- 10 Major gains achieved as a result of improvements in processes.



Our Company's strategy determination processes involve a holistic approach. This approach takes into account economic expectations, trend changes, sector and market developments, environmental, social and regulatory factors in Turkey and the 140 countries in which we operate. In this process, we combine information from different disciplines with both our research and information from the field and finalise it with the evaluations of all our stakeholders (customers, suppliers, employees, etc.). In this context, we aim to achieve sustainable success by determining our strategies in a more comprehensive and effective manner.

GROWTH STRATEGY

Focusing on High-Margin Portfolio
Value-added products

Strengthening Overseas Distribution Channel

UK-like distribution and service centre investments

Increasing Vertical Integration

Organic and inorganic opportunities

Green Production and Energy Independence

100% production of self self-consumption in our own facilities

PERFORMANCE INDICATORS

Investments to Increase the Portfolio of Value-Added Products

42%
2022
VALUE ADDED
SHARE

75%
2026
VALUE ADDED
SHARE TARGET

High-margin different sized products to be added to the product portfolio with the renovation investments to be made in A1 and A2 factories

Green Energy Investments

33%
RATIO OF
ELECTRICITY
CONSUMPTION
COVERED
BY HOME

100%
TARGET FOR
THE RATIO OF
ELECTRICITY
CONSUMPTION
COVERED BY

**POTENTIAL
RESOURCES**
SPP, WPP, GPP



CORPORATE RISK MANAGEMENT

At Kocaer Çelik, we prioritise increasing the effectiveness of our risk management processes in order to effectively manage the uncertainties caused by global developments and to ensure sustainable growth by maintaining our global competitiveness.

We continue our activities based on corporate risk management principles with a holistic and foresighted approach. Accordingly, we closely monitor global developments and proactively identify factors that may affect our operations in light of an effective corporate risk management policy. We aim to integrate these factors into our corporate risk management process by managing them in accordance with our risk appetite and taking the necessary measures.

Our Early Detection of Risk Committee is responsible for identifying all possible threats that may affect the future of our Company in advance and managing risks by taking the necessary measures. In this context, the Committee is also responsible for identifying potential risks, formulating risk mitigation strategies and periodically reviewing risk management systems. The Committee's work is based on the document titled "Working Principles of the Early Detection of Risk Committee".

The Committee consists of at least three members and the majority of the members must not have any executive duty. The chairman of the Committee is elected among the independent members of the Board of Directors. In this context, the Committee convenes periodically, reports its activities and submits them to the Board of Directors. The Committee may seek independent expert opinions and consultancy when necessary, which shall be stated in its report.

Our corporate risk management is handled according to our Risk Management Framework defined in the Corporate Risk and Opportunity Management Procedure and Handbook. The framework is integrated with the strategic, managerial and operational processes of our Company and targets an approach that covers all elements in the field of risk management, and each employee is obliged to comply with this risk framework specific to their functions. The framework aims to include the processes related to risk management within the scope of QRM (Quality, Risk and Management) in order to ensure integrity, effectiveness and efficiency within our Company in accordance with quality and management systems.

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

Our Risk Management unit is responsible for ensuring that effective risk assessment and management is carried out in every unit of our Company in accordance with the standards set out in our Corporate Risk Management Framework. It also develops our corporate risk policies and procedures, analyses and monitors risks before implementing corporate strategies, reports, coordinates improvement processes and shares risk information across the group to benefit from experiences.

We group our corporate risks under 6 Risk Disciplines

Strategic Risks

Operational / Business Continuity Risks

Brand Risks

Financial Risks

Information Security Risks

External / Environmental Risks and Legal Compliance

We also evaluate corporate risks on process basis and address them through "Process Inventories". Our risk assessment results, in which risks are categorised according to their probability and impact, are recorded in the 'Kocaer Corporate Risk and Opportunities Table'. We observe these risks through Management Review Meetings and Corporate Risk Committee Meetings and update them when necessary. Thus, we take measures against the identified risks and implement remedial actions. In this context, we integrate our risk management practices into all our processes.



TARGETS

- Determining the Scope
- Strategic Objectives
- Strategic Targets
- Risk Management Structure

INPUTS

- Board of Directors / Executive Committee
- Lost Database (Internal and External Events)
- Willingness to Take Risk

RISKS (Corporate Risk Committee)

1. Identification of Potential Risks (What could happen? How could it happen?)
2. Analysing Possible Risks (Risk Probability and Risk Impact)
3. Determination of Probable Risk Value (Risk Probability and Risk Impact)
4. Determination of Risk Level

- Acceptable Risk
- Considerable Risk
- Unacceptable Risk

CONTROLS

5. Identification of Existing Controls and Vulnerabilities
6. Determination of Risk Level

- Acceptable Risk
- Considerable Risk
- Unacceptable Risk

7. Determination of Risk Prioritisation

COMPLIANCE

- Unacceptable Risk
- Considerable Risk
- Residual Risk

10.
After Action,
Redetermination of
Risk Rating

9.
Determination of
Action and
Appointment of
Responsible Person

- Avoid Risk
- Mitigate Risk
- Share Risk
- Accept Risk

8.
Determination of
Risk Assessment

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INTERNAL AUDIT AND INTERNAL CONTROL

In order to support our sustainable and profitable growth and to strengthen our corporate structure, our Internal Audit unit regularly carries out its activities within the framework of the Internal Audit Regulation in order to examine and evaluate the adequacy and effectiveness of control systems and to ensure that the principles adopted for the identification of internal/external risks are implemented throughout the organisation.

The Internal Audit Unit reports to the Board of Directors. The unit does not have any direct operational responsibility or authority over the operations it audits. The unit functions in accordance with the Internal Audit Plan approved by the Audit Committee and prepared annually in line with the risks identified within the framework of corporate risk management and corporate strategies and targets. Audit results are periodically reported to the Audit Committee.

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 AUDIT ACTIVITIES

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

As Kocaer Çelik, we establish the necessary mechanisms to ensure that our internal control activities are carried out in accordance with the management structure of our Company and that risks are managed effectively. Our internal control activities are carried out by the Internal Control Unit reporting to the Board of Directors under the supervision of the Audit Committee. The Unit carries out its activities within the framework of our Internal Control Procedure. 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. Control activities are an integral part of our daily activities.

OUR INTERNAL CONTROL SYSTEMS ARE BASED ON THE FOLLOWING PRICIPLES:

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

It is of great importance to ensure that our Company's operations comply with the legislation, corporate principles, internal policies, procedures, occupational health and safety requirements. We also take the necessary measures to ensure that information systems activities fully comply with the relevant regulations, that corporate assets are secured against loss and misuse, and that the information generated within the Company is reliable, complete, traceable, consistent and meets the needs. Reliability and integrity of accounting and financial reporting systems, timely and reliable accessibility of financial information, and reliable and accurate reporting to our stakeholders are among our main priorities. In addition, the implementation of the principle of separation of duties in all departments, the establishment and use of effective communication channels, and the realisation of continuous and effective monitoring activities constitute the focus of our internal control approach. In addition to our internal audit and control activities, our financials are audited by independent auditors every year.



BUSINESS ETHICS AND COMPLIANCE

As Kocaer Çelik, we aim full compliance with legal regulations. We provide our personnel with a physically and psychologically safe working environment, do not make any compromises on discrimination and fully respect their mutual rights.

We fully comply with the competition rules set by law and compete with our competitors without affecting market conditions. We keep our personnel away from conflicts of interest.

Accuracy and reliability of our records, information security, confidentiality of personal data is an issue we do not compromise and customer satisfaction is among our main priorities. We show the utmost care and sensitivity in all contacts with our customers, including communication processes.

We act with environmental awareness at every stage of our operations and strive to minimise our environmental impact by using our resources efficiently. Being aware of our social responsibilities, we pursue social benefit.

Our business ethics rules are announced in the Code of Business Ethics Guide. In addition, our Code of Ethics, Disciplinary and Ethics Procedure and Human Resources Handbook cover business ethics issues. [Our Code of Ethics](#) is available on our website.

Our Ethics Committee is responsible for the monitoring, effective operation and reporting of the implementation. In addition, the Board consists of five people in total, including one chairman, one general secretary, one deputy general manager/director and one manager each, elected by our General Manager.

As Kocaer Çelik, we take the necessary measures to create a healthy, safe and professional working environment. Our Company takes a firm stance against any kind of

discrimination or negative behaviour. Uninterrupted compliance with safety rules, especially in production facilities, is a high priority and the confidentiality of personal data is also sensitively protected. In addition, the use of e-mails or corporate computers for non-business purposes is strictly prohibited and it is the responsibility of all our employees to comply with information security policies.

Besides, gifts that can be given and received in our Company are categorised in three groups. Firstly, there are gifts of small value that do not require approval. Within the framework of the same business relations, gifts with a value not exceeding TL 250 are included in this group, but must not violate the law. The second category includes gifts that cannot be received or given under any circumstances. These include gifts that are illegal, damage the Company's reputation or their monetary equivalents. The third category is gifts that always require approval. For gifts with a total value exceeding TL 250, it is necessary to first inform the managers and then apply to the Ethics Committee.

Notifications regarding internal irregularities can be made directly via e-mail to etikhatti@kocaersteel.com. Investigations regarding the notifications are carried out within the framework of our Procedure for Notification of Internal Irregularities and Ethical Line. Notifications are only accessible by our Company's Internal Systems Director. For all notifications, the Internal Systems Department evaluates the consistency of the issue and the importance of the information and makes a final decision on detailed examination and investigation and taking measures. In 2022, no problematic situation regarding our Code of Ethics was identified within our Company.

In the event that a violation of our Code of Ethics is identified or notified, the flow specified in the "Disciplinary and Ethics Procedure" is followed for disciplinary action.

COMBATING ANTI-COMPETITIVE BEHAVIOURS

Maintaining our competitive power in global markets is one of the issues at the centre of our strategy. We endeavour to increase our competitiveness in accordance with the relevant legal regulations in the regions where we operate and in a way that does not negatively affect market conditions.

We act cautiously against products entering the country illegally and we consider it a responsibility to comply with international rules on foreign trade. We take care to be transparent in our relations with official authorities. In the light of these issues, we aim to contribute to our successfully structured reputation and values by strengthening our Company with our sustainable and ethical management approach.

We comply with competition rules. Our Company policy on compliance with competition rules is included in our Human Resources Handbook. In line with this management approach, we do not hesitate to seek an appropriate solution by applying to our Legal Counsellor's Office or Ethics Committee when suspicious situations arise.

ANTI CORRUPTION AND BRIBERY

Within the scope of our "zero tolerance" approach to bribery and corruption, we are committed to comply with the PACI Principles and all legal regulations regarding anti-corruption in the geographies where we operate.

The Anti-Bribery and Anti-Corruption Policy prepared by our Internal Systems Directorate includes our policies on this issue and what to do in suspicious situations. It is critical that our employees and business partners act in accordance with legal regulations and our policy.

Within the scope of our [Anti-Bribery and Anti-Corruption Policy](#), it is prohibited for our employees and business partners to offer, promise, grant or authorize, as well as solicit and accept, directly or indirectly, or through a third-party, an unfair advantage, money, gift, anything of value, financial advantage or other advantage, to or from a government official, to or from a private sector employee



(including a person working for or managing a private sector undertaking in any capacity) for the purpose of obtaining, retaining or directing business or securing any other improper advantage in the conduct of business. In this context, we interpret the scope of “financial and other advantages” broadly. Acceptance of various gifts and entertainment that may be misperceived or inappropriately influence the results of acquisitions or other transactions is prohibited throughout our Company. Such demands must be reported immediately to the relevant authorities. Expenditures must be accurately recorded and audited in accordance with corporate policies. Furthermore, approval must be obtained for gifts that exceed certain limits in accordance with the “four eyes” principle. Accordingly, our employees should review and comply with the guiding principles before obtaining the necessary approvals for gifts and entertainment.

When there is any doubt about any behaviour, our employees should evaluate the situation in terms of compliance with the Policy, compliance with moral values, legality, fairness, impacts and potential inconveniences. If these questions are answered negatively, the relevant activity should be avoided and authorised persons should be consulted when necessary. The path to be followed in doubtful situations is defined in our policy. All our employees, business partners and other stakeholders have the right to report any violations of anti-corruption laws or concerns about ethical issues, conflicts of interest, in accordance with confidentiality principles and without the risk of retaliation. Complaints through the Ethics Hotline are made anonymously and access to the “Company Ethics Hotline” can be provided via the e-mail address etikhatti@kocaersteel.com. Accordingly, in case of violation of anti-corruption laws or this policy, any evidence will be investigated and necessary disciplinary measures will be taken.

INFORMATION SECURITY

In line with our Company’s mission, we fulfil all legal, regulatory and contractual requirements, and manage all risks to protect our corporate reputation with a proactive approach. We improve our internal processes in order to optimise the competencies, awareness and motivation of our employees. In this context, we continuously improve the effectiveness of our management system and utilise all necessary resources to increase the comprehensiveness of the system. Furthermore, we provide the right responses and solutions to the needs and expectations of the relevant parties by ensuring the business continuity of our organisation. In addition, we manage security breaches and take necessary actions accordingly.

We take action to eliminate potential risks by defining and managing our Company’s corporate data and information. We ensure that our employees take maximum precautions against security measures by prohibiting the open storage of confidential documents and documents on the desk or sharing them through computer systems. Moreover, we keep the flow of information under control by prohibiting the provision of information on company-related issues to the press and media organs without the written authorisation of the Company.

Regarding business partners, subcontractors and employees, we take measures to ensure information security and confidentiality by determining and implementing contract terms that will ensure the continuity of corporate information confidentiality.

At Kocaer Çelik, we are aware of the critical importance of being prepared for the risks of cyber-attacks that arise with the digitalisation process. Based on this perspective, we have established our information security management structure that includes security and confidentiality controls in our information systems and services, and we have ISO 27001 Information Security Management System certificate. We categorise our data according to the values of confidentiality, integrity and accessibility and maintain our operations in compliance with ISO 27001 Information Security Management System standards. We take the necessary security measures to ensure the integrity and confidentiality of our data. We implement the necessary controls to detect and prevent data security breaches.

At the same time, we provide information security awareness training to all our employees and ensure that they are aware of data security and confidentiality issues. We also conduct continuous monitoring activities to detect and prevent cyber-attacks. In order to take precautions against cyber-attack potentials, we regularly conduct leakage tests through expert third-parties. We follow current technologies in information security and cyber defence and implement new projects in this field.



SUSTAINABLE SUPPLY CHAIN MANAGEMENT

With our supply chain approach, we address all processes starting from production to distribution and reaching the end consumer. In these processes, we cover important elements such as environmental sustainability, ethical business practices, social responsibility and economic development.

Our supply chain management approach focuses on preventing losses that may occur in machinery and equipment, labour force and quality, detecting errors at the source, producing solutions and developing cost-effective practices. For this purpose, we use the Kocaer Management and Excellence System (KMES) developed by us. We manage demand planning, raw material planning and procurement, short, medium and long term production planning, production management, quality assurance, warehousing, logistics, sales, after sales services and all financial processes integrated on SAP S/4 HANA system, starting from the process of preparing offers for our customers.

Within the scope of expectation and quality management, we maintain intensive communication with our suppliers through online and face-to-face meetings. Supplier and purchasing processes related to raw materials are managed according to our Raw Material Purchasing and Supply Procedure published by our Planning Unit. Since raw material purchases are of critical importance, the Billet Supplier Selection and Evaluation Instruction, Inlet Quality Control Instruction, Logistics Procedure and Billet Technical Specification are additionally applied in this regard. Technical specifications are prepared by our Quality Control team for purchases and a Supplier Evaluation Form is prepared for all our suppliers, including quality, OHS and environmental issues. All suppliers from whom raw

materials are purchased are “critical suppliers” and are subjected to performance evaluation twice a year. Our evaluation system based on weighted points is designed in accordance with the Billet Supplier Selection and Evaluation Instruction.

By adopting environmental sustainability, we aim to use natural resources efficiently, reduce waste and emissions, and prefer renewable energy sources. At the same time, we encourage environmentally compatible product design. Thus, while minimising environmental impacts at every stage of our supply chain, we seize opportunities to increase our economic efficiency and competitiveness. Our Billet Length Optimisation with Robotic Process Automation project, which we initiated to increase resource efficiency, was implemented at the end of 2022. Our Contract Management projects within the scope of process excellence were implemented in June 2023.

By adopting an approach based on cooperation and transparency, we come together with our stakeholders to ensure the sustainability of the supply chain. In this way, we support a business model that prioritises social and environmental benefits. As Kocaer Çelik, we take responsibility at every stage of our supply chain and place sustainability principles at the centre of our business culture. Thus, we continue to make positive contributions to the future of both our business and the environment.

In addition, in 2022, the Russia-Ukraine war and related sanctions led to delays in the supply of billet iron raw materials and price fluctuations. In order to minimise the effects of this situation and avoid delays in deliveries, we work with our approved suppliers, the majority of which are local.



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**We move forward
by growing
every day**



ECONOMIC PERFORMANCE



ECONOMIC PERFORMANCE

In 2022, we demonstrated a successful performance by significantly increasing our sales volume and profitability despite the global and local challenges in the iron and steel industry. In that sense, our successful strategic management and efficient operations are the key here to reach our goal of continuous development.



- > R&D AND INNOVATION
- > OUR TAX APPROACH
- > OUR INVESTMENTS
- > PRODUCT LIABILITY AND CUSTOMER SATISFACTION
- > CONTRIBUTION TO LOCAL ECONOMY



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In 2022, global supply constraints, rising global inflation and commodity prices, high energy costs and the impact of regional conflicts slowed the growth rate of the economy. In the coming years, in addition to cost increases at the global level, the sector will face additional costs with the introduction of the Border Carbon Adjustment Mechanism (CBAM). Furthermore, factors such as constraints in raw material supply, the use of green energy, and the need for investment in green and digital transformation will also shape the future of our industry.

In 2022, Kocaer Çelik demonstrated a successful performance by significantly increasing our sales volume and profitability despite the global and local challenges in the iron and steel industry. In 2022, we became the Aegean Region Iron and Steel Export Champion, as we have been every year since 2018. We believe that behind this success lies our strategic management, effective and efficient operations and our goal of continuous development.

In 2022, the total sales volume of our Company increased by 7.3% compared to the previous year and reached 533,238 tonnes. The share of our value-added products in total sales volume increased from 33.1% to 42%.

Our Company's adjusted EBITDA increased by 169% compared to 2021 and reached TL 1,579 million. EBITDA margin also increased from 13.9% to 16.8%.

Thanks to the sharp decline in financial expenses, increased sales revenues and profit margin, our total net profit for 2022 increased by 458% compared to the previous year; our net profit increased from TL 135.4 million to TL 755.7 million.

As of the end of 2022, our total assets amounted to TL 7.3 billion and our international sales as a global player totalled TL 7.2 billion.

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Economic Value Generated (TL)	2020	2021	2022
Economic Value Generated (Revenues)	1,929,739,794	3,168,902,545	9,232,634,451
Economic Value Distributed (TL)	2020	2021	2022
Operating expenses	203,179,989	428,466,668	1,255,780,130
Benefits provided to employees	66,992,901	97,747,849	215,049,477
Benefits provided to government	5,809,659	26,986,974	125,533,395
Benefits provided to capital providers			151,000,000
Benefits provided to society	58,677	749,846	341,635
Total	276,041,226	553,951,337	1,747,704,638
Sustainable Finance	2020	2021	2022
Average financing cost (TL)	15.00%	16.30%	12.90%
Sustainable financing/all debt ratio (US Dollars)		2.49%	3.06%
Contribution of sustainable business models to total sales (US Dollars)		0.59%	0.50%



R&D AND INNOVATION

We are an organisation that aims to continuously progress in the field of R&D and innovation, and focuses on developing high quality, innovative and sustainable new products in line with these goals, taking into account our increasing needs and the expectations of our stakeholders. We reinforce our competitive strength by increasing productivity with our continuous development approach. Having directed 83% of our investments in 2022 to R&D and innovation is an indication of our determination to shape the future of our Company. As a product of these investments and efforts, we launched various innovative products under six new product categories. Furthermore, within the scope of resource efficiency, our Billet Length Optimisation with Robotic Process Automation project was implemented at the end of 2022.

We have 19 projects completed since 2011 within the scope of TUBITAK's Technology and Innovation Support Programme (TEYDEB). One of them is not visible in the "Kocaeli" filter as it is a joint project within the scope of the 1509 programme abroad. Among these, there are many innovative projects ranging from efficient loading machines that reduce our carbon emissions and increase occupational safety to designs that aim to increase the quality and efficiency of various profiles by hot rolling method. Within the scope of our "Design and Development of Carrier Profiles for Tracking Systems in Solar Power Plants" project, which was completed in 2022, we succeeded in developing a new forming and cooling regime for the steel profile and providing the appropriate correlation and algorithm between the actual manufacturing conditions and the simulation model.

At the same time, we have patents on four different new products that we have developed as a result of our R&D studies since 2016, and the patent process for two new products is ongoing.

As a result of these efforts, we were deemed worthy of the "Innovation Leader Brand" award at the Turkey Innovation and Success Awards in the Iron and Steel Industry.

	2020	2021	2022
Ratio of R&D and Innovation investments to total investments (%)	97	98	83
	2020	2021	2022
Ratio of R&D expenditure to turnover (TL) (%)	0.83	0.06	0.12

We have 19 projects completed since 2011 within the scope of TUBITAK's Technology and Innovation Support Programme (TEYDEB).



OUR TAX APPROACH

We, as Kocaer Çelik, endeavour to manage our activities in accordance with ethical values and with a sense of social responsibility, based on the principles of transparency, accountability, responsibility and fairness. In order to achieve sustainable success, we formulate our tax strategy in line with the goals of our business units and our overall business strategy. Taking a fair and ethical approach to taxation is a principle that we emphasise as a company. We prefer companies with tax ethics when selecting suppliers.

We care about full compliance with tax regulations. When making decisions on tax matters and communicating with our stakeholders, we respect the relevant laws and carry out transactions in a fair manner. In this context, our tax management is based on the principles of consistency and transparency.

Our Financial Affairs Unit is responsible for following up changes in tax legislation and putting them into practice. We invest in appropriate staff resources, training and monitoring systems to improve the capacity of the Unit and proactively manage tax-related risks. We have also established a secure structure by defining our processes for the deputisation of tax-responsible positions.

Our financial statements are regularly audited by independent auditors. In 2022, we paid TL 125,533,395 of corporate tax.

OUR INVESTMENTS

The focus of our investments is to improve our processes based on technology and innovation, increase our production capacity and contribute to sustainability. In this way, we aim to minimise our environmental impact while increasing customer satisfaction by improving product quality. We prioritise environment, energy efficiency and waste management when determining our investment areas. At the same time, we also invest in making and improving our processes more efficient and transitioning to environmentally friendly technologies.

In this context, we received a loan support of US\$ 5 million from the Development and Investment Bank of Turkey (TKYB) in 2022 in line with the Sustainable Development Goals. Within the scope of this loan, we prepared an Environmental and Social Action Plan.

Starting from 2021, we aimed to create a stronger foundation to achieve our future growth targets by increasing our budget for investments by 50%. In 2022, we maintained this determination and invested a total of US\$ 21,638 million.

We obtained financing from the Industrial Development Bank of Turkey (TSKB) through financial leasing for the Rooftop Solar Power Generation Plant Project, which we initiated for the transition to renewable energy at our Aliğa-1, Aliğa-2 and Aliğa-3 plants.

In 2022, the ratio of meeting our electricity consumption with domestic production is 33%. With the renewable energy projects we have been investing in, we aim to meet 100% of our electricity consumption with home generation.

By increasing our investments, we will continue to remain a pioneer in the sector and work for a sustainable future, creating positive impacts for society and the environment as well as the economic sustainability of our Company.

In 2022, we maintained this determination and **INVESTED US\$ 21.638 million.**

With the renewable energy projects we invest in, we aim to meet **100% of our electricity consumption** with our own renewable energy generation.



PRODUCT LIABILITY AND CUSTOMER SATISFACTION

As Kocaer Çelik, we aim to provide solutions to the needs of our customers in the most appropriate way without compromising on quality. In order to ensure customer satisfaction and to keep our product liability at the highest level, our expert team regularly visits our customers and works in close co-operation with them. We fulfil quality control processes at every stage of our products in accordance with ISO 9001 Quality Management System requirements.

In order to improve our products, we evaluate customer opinions on product range, quality and need fulfilment through the Customer Satisfaction Survey, which we conduct annually through our Marketing and Export Unit. At the same time, in order to improve our business processes, we also receive feedback from our customers on the interest, relevance and return times of the services during and after the sales process. In the 13-question Customer Satisfaction Survey we conducted in 2022, we received positive feedback from 2,051 customers on the aforementioned issues.

We believe that this feedback is of great importance in terms of maintaining our business partnership. In addition, as Kocaer Çelik, we use the SAP Hybris system to communicate more effectively with our customers and thus ensure the transparency of our supply chain. The purpose of this system we have established as Kocaer is not only to increase the amount of product sales as in traditional B2B systems, but also to provide services that create value for our customers. With this system, we strengthen after-sales support processes to increase customer satisfaction and focus on minimising customer complaints. Cyber security and integration are of great importance in the infrastructure, so we use SAP's own products and third-party applications.



CONTRIBUTION TO LOCAL ECONOMY

We provide significant support to regional economic growth and employment through our activities. As a corporation, we are in strong cooperation with our suppliers, the vast majority of whom are local.

In 2022, we opened our doors to collaborations with a total of 242 new suppliers, 235 of which were local and seven were overseas, and increased our business volume to 701 suppliers in total.

A significant portion of our workforce is made up of local people. We contribute to increasing social welfare through the employment opportunities we create. At the same time, we support the social development of the region through education and social projects.

We will continue to work with determination to increase our contribution to the local economy and support social development. Because we believe that the success of businesses is meaningful to the extent that they contribute to the welfare of society.



	Unit	2020	2021	2022
Approximate value of payments to suppliers				
Volume of Imports	TL	236,196,657	416,815,864	991,311,067
Total of Domestic Purchases	TL	1,153,501,882	1,040,127,537	4,807,422,412
Total	TL	1,389,698,539	1,456,943,400	5,798,733,479
Number of Suppliers				
Number of Import Suppliers	Number	7	8	14
Number of Domestic Suppliers	Number	538	610	687
Total	Number	545	618	701



	2020		2021		2022	
	Domestic	Overseas	Domestic	Overseas	Domestic	Overseas
Suppliers						
By Country or Region	Marmara 148	4	Marmara 155	6	Marmara 184	11
	Mediterranean 7		Mediterranean 8		Mediterranean 12	
	Black Sea 2		Black Sea 3		Black Sea 2	
	Aegean 350		Aegean 410		Aegean 447	
	Central Anatolia 22		Central Anatolia 25		Central Anatolia 31	
	South-eastern Anatolia 1		South-eastern Anatolia 1		South-eastern Anatolia 1	
	Eastern Anatolia 1		Eastern Anatolia 3		Eastern Anatolia 3	
By Type (Transporter, Consultant, Wholesaler, etc.)	Car Rental 1	Material 1	Vehicle Purchase 1	Material 3	Vehicle Purchase 1	Material 5
	Concrete 2	Rolling press 1	Car Rental 1	Rolling press 1	Car Rental 1	Ingot 1
	Whetting 1	Ingot 1	Concrete 3	Ingot 1	Concrete 2	
	Natural gas 1		Zinc 1		Zinc 2	
	Electricity 2		Natural gas 1		Natural gas 1	
	Foodstuff 1		Electricity 1		Electricity 1	
	Service 74		Foodstuff 2		Foodstuff 2	
	Hydraulic, Pneumatic, Installation 8		Hydraulic, Pneumatic, Installation 10		Hydraulic, Pneumatic, Installation 6	
	Production 8		Service 82		Service 91	
	Construction 1		Production 8		Production 12	
	Cut Sheet Metal 2		Construction 5		Construction 5	
	Chemical 5		Cut Sheet Metal 2		Cut Sheet Metal 2	
	Ingot 1		Chemical 7		Chemical 8	
	Material 414		Ingot 1		Ingot 1	
	Rolling press 3		Material 470		Material 535	
	Diesel fuel 1		Diesel fuel 2		Rolling press 3	
	Bearing. Seal 4		Bearing. Seal 2		Diesel fuel 2	
			Rolling press 3		Bearing, Seal 3	

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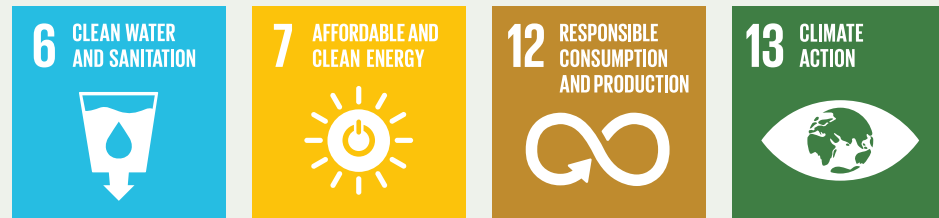
**We are here
to leave a
better world
for the future**



ENVIRONMENTAL PERFORMANCE

ENVIRONMENTAL PERFORMANCE

We attach great importance to operational efficiency and excellence in order to add value not only for today, but also for tomorrow. We prefer renewable energy sources and adopt environmentally friendly technologies by using natural resources effectively and efficiently.



- > ENVIRONMENTAL PERFORMANCE TARGETS AND MANAGEMENT
- > ENERGY AND GREENHOUSE GAS MANAGEMENT
- > WATER EFFICIENCY AND WASTE WATER MANAGEMENT
- > CIRCULAR ECONOMY AND WASTE MANAGEMENT
- > BIODIVERSITY



ENVIRONMENTAL PERFORMANCE TARGETS AND MANAGEMENT

ENVIRONMENTAL TARGETS

To meet all of the electrical energy we consume from renewable sources by 2025

To have a sustainable supply chain by 2035

To reduce our waste by 50% by 2035, to reach zero waste point by 2053

To recycle 50% of the water use used by 2035 and all of it by 2053

To be carbon neutral by 2053

To be fully compliant with international frameworks by investing in carbon capture projects to reduce our emissions

As stated in the 2023 Global Risks Report published by the World Economic Forum to identify short and long-term risks, the two risks that are likely to be the most severe in the next 10 years are failure to mitigate climate change and failure to adapt to climate change.

We, as Kocaer Çelik, are aware of the serious threat that changing climate conditions pose to our ecosystem. Our fight against climate change is part of our strategic focus. We design our actions in accordance with the circular economy model and work for a sustainable future. We implement an environmental management where we meet our energy needs from renewable energy sources, increase resource efficiency, minimise the amount of waste we generate and evaluate our potential development points to minimise our environmental impact.

We have ISO 14001 Environmental Management Systems Certificate in order to effectively manage our environmental performance and to comply with national and international standards.

We organise environmental training for our employees to raise environmental awareness, create environmental awareness and adopt the principle of sustainability. We carried out 736 hours of environmental training in 2020, 686 hours in 2021 and 1,189 hours in 2022.

We increased our environmental investments, which totalled TL 422,806 in 2020 and TL 4,339,956 in 2021, and made an environmental investment of TL 39,438,815 in 2022.

Thanks to our successful environmental management, we fully comply with environmental legislation. We have not been subjected to any non-compliance penalties.

LIFE CYCLE ASSESSMENT (LCA)

We conduct Life Cycle Assessment (LCA) to measure the environmental impact of our products. LCA provides a holistic view of the environmental footprint of our products, from the extraction of raw materials to production, distribution, use and final disposal.

We are in the process of having our LCAs verified and obtaining Environmental Product Declaration (EPD) certificates. EPDs are an essential element of LCA studies, providing transparent and standardised information on the environmental performance of our products.

EPDs support our commitment to transparency and enable our customers to make informed, sustainable choices. Our work is ongoing for Galvanised Steel Profiles, Structural Steel Profiles and Mine-Tunnel Profiles from our product categories and their verification and certification will be completed in 2023.

Environmental Investments	2020	2021	2022
Total operating costs of environmental activities (TL)	99,024	388,406	623,969
Total environmental protection investments (TL)	323,782	3,951,550.33	38,814,846
Total	422,806	4,339,956	39,438,815



ENERGY AND GREENHOUSE GAS MANAGEMENT

Managing energy and greenhouse gas emissions is a key element of our sustainability strategy. By adopting emissions and energy management as part of our corporate culture, we pave the way for a more sustainable and resilient future for everyone.

By proactively managing emissions, optimising energy use and promoting resource efficiency, we are working towards a greener and more sustainable future. Through these efforts, we contribute to the fight against climate change, reap economic benefits and build a positive reputation in our industry.

In our plants, direct and indirect emissions were calculated within the framework of the Carbon Footprint Calculation ISO 14064-1:2019 Standard and verified in accordance with the requirements of ISO 14064-3:2019 Standard.

As Kocaer Çelik, our electricity consumption was 38,684,000 kWh in 2020, 32,923,000 kWh in 2021 and 40,921,011 kWh in 2022. 9,509 MWh of our energy consumption in 2022 was met from the electricity we generated from our solar power plant, which started production in 2021.

Greenhouse Gas Emissions (t CO ₂ e)	2020	2021	2022
Scope 1	37,417	43,242	44,725
Scope 2	27,051	15,289	14,254
Scope 3	-	-	886,742
	2020	2021	2022
Greenhouse Gas Intensity per Product	0.154	0.135	0.110

Thanks to resource efficiency and emission reduction efforts, we have reduced greenhouse gas intensity per product by **28%** compared to 2020.



Although the electrical energy we use has increased over the years due to the increase in production, we have reduced the greenhouse gas intensity per product by 28% compared to 2020 thanks to our resource efficiency and emission reduction efforts. We aim to continue our efforts in this direction without slowing down.

After commissioning the SPP in our A1, A2 and A3 plants in 2021, we have reached a total capacity of 15 million kWh/year as of August 2022 with the installation of panels in the Service Centre and Galvanizing Plant. We have certified our A1, A2 and A3 Solar Power Plants with I-REC certificates. With the 9,102 MWh of electricity we have certified, 3,942 tCO₂e greenhouse gas emissions are reduced annually and we prevent the emission of greenhouse gas equal to the greenhouse gas emitted by raw material equivalent to 3,285 tonnes of steel billets. Our income from SPP was TL 3,945,649 in 2022.

In order to increase the energy we generate from renewable resources, we continue our feasibility studies for the installation of a Geothermal Power Plant (GPP) with a power of 24 MW.

As a result of our Geothermal Power Plant Phase 1 feasibility studies, our targeted annual net electricity generation will be 161,000,000 kW and we will prevent the generation of 80,500 tCO₂e greenhouse gas emissions per year. As Kocaer Çelik, we aim to transform into a structure that also realises energy sales by evaluating the electricity generation capacity we have reached with the investments we will make in the field of energy, especially renewable energy, in the national electricity distribution system. Following the realisation of the 24 MW capacity GPP investment, we aim to start the other phases of the investment to increase the capacity of electricity generation from geothermal resources according to MT and seismic study reports.

Losses may occur in the electricity generation of SPP panels in our plants due to ambient pollution. Panels need to be cleaned frequently to prevent generation losses. However, it is not possible to clean the panels located on high roofs by personnel. For this reason, we have designed the use of robotic systems for cleaning the panels. According to the results of the simulations we have carried out, we will be able to reach and even exceed this target by cleaning the SPP panels, which are expected to generate a total of 15 million kWh/year for our three plants.

One of the important steps we take to ensure environmental sustainability at Kocaer Çelik is energy efficiency. By prioritising energy efficient applications and resource optimisation in our production lines, we achieve cost savings and increased operational performance. We carry out Efficiency Improvement Projects ("EIP") in accordance with the Energy Efficiency Law. Energy audits are regularly conducted in our plants, and we have energy managers of the relevant production lines and an Energy Committee that convenes regularly. Our Energy Committee was established at the beginning of 2023 and carries out activities such as directing and disseminating services and studies on energy efficiency, training and certification activities related to energy efficiency, studies and projects, supporting projects and voluntary agreement practices, carbon management, increasing efficiency in the production, transmission, distribution, storage and consumption of energy, utilising waste heat, increasing efficiency in area lighting, and evaluating and researching the use of alternative fuels such as hydrogen.

Our galvanising plant has LEED v4 BD+C:NC GOLD certification, a global green building certificate. Our plant is the first and only steel profile hot-dip galvanising plant in Turkey and Europe awarded with this certificate.

We are proud to have received the Green Check Certificate in 2023 in order to transparently explain our environmental sensitivity and verify our sustainable practices.

We have ISO 50001 Energy Management System Standard in order to strategically address our energy management and continuously improve our energy performance

In 2022, our 'Energy Efficiency Increasing-LED Luminaire Replacement' project was implemented in two of our plants. As a result of the project, we reduced our annual energy savings by 1,301,348 kWh/year and CO₂ emissions by 563 tonnes/year. In the light of the positive results obtained from the project, we decided to implement the project in our other plant in 2023.

By regulating the natural gas consumption processes in the annealing furnaces in our A1 plant and with the help of automation, we ensured that natural gas production consumption was reduced and the carbon footprint was decreased. We have achieved savings by conducting trial studies especially during high downtimes. With this project, we achieved a total of 532,151 m³ of natural gas savings and a financial gain of US\$ 441,685 in 2022.



WATER EFFICIENCY AND WASTE WATER MANAGEMENT

We recognise the value of water resources, the source of life for our planet. With the sustainable practices we develop in co-operation with our stakeholders, we aim to protect and responsibly manage resources for future generations.

The water used for cooling purposes is treated in our recycling facilities and reused in the processes. Thus, we recycle 100% of the process water and minimise our impact on the environment by not discharging it into the receiving environment. We treat the domestic wastewater generated by the activities of our employees in our factories in our biological wastewater treatment plant and discharge it to the receiving environment. We discharge the water from our treatment plants in accordance with the limit values specified in the Water Pollution Control Regulation.

As Kocaer Çelik, we consumed 370,567 m³ of water in 2022. Due to the increase in our production volume and the commissioning of our Service Centre, our water consumption amount increased compared to 2021. Thanks to the recycling and efficiency projects we carry out, as well as the responsible water management we have adopted, we have reduced our water use per unit product and the amount of wastewater we generate.

In 2022, we reduced our blue water footprint and saved energy with the 'Rolling Pool Sand Filtration Project' we carried out at our A1 plant. In consequence of the project, our plant achieved a monthly water reduction of 38% and an annual water saving of 36,000 tonnes. Thanks to the selection of low-energy pumps in the project, 70,200 kWh/year energy savings were achieved, equivalent to 30 tonnes of greenhouse gas emission reduction per year, and a financial gain of TL 177,606 was achieved in 2022.

In our Rainwater Collection and Drip Irrigation Project carried out in our A2 plant, 55% of the total water requirement in plant irrigation and toilet reservoirs is met with rainwater harvesting. Based on the positive results obtained from the project, we aim to implement the drip irrigation system by the end of 2023 and rainwater collection systems in our other plants by the end of 2024.

We established our Water Committee in 2023 to evaluate the results of Blue, Green and Grey Water footprint calculations, take necessary actions and carry out water footprint reduction activities. Since 2020, we have been measuring and verifying our blue, green and grey water footprint in accordance with ISO 14046:2014 Standard. Our 2022 water footprint results can be found in the annex to this report.

	2021	2022
Water Consumption (m ³)	229,539	370,567
Waste Water Discharge (m ³)	87,878	41,300
Water consumption per unit of production	0.92	0.87



CIRCULAR ECONOMY AND WASTE MANAGEMENT

Sustainable waste management not only reduces pollution and health hazards, but also unlocks the potential for resource recovery, encouraging a more resilient and environmentally sound approach to consumption and production.

To avoid problems in the supply of raw materials due to the Earth's limited resources, the take-make-dispose system of the linear economy must be abandoned. The circular economy is based on the principle of re-incorporating waste back into production processes and thus using resources in a circular structure instead of the "use and discard" model. In this way, the consumption of natural resources is reduced, the impact of waste on the environment is minimised and long-term sustainability is ensured. Circularity is a strategy that plays a critical role in combating environmental problems and sustainability of economic growth. Accordingly, as Kocaer Çelik, we develop and implement projects to eliminate waste and pollution and increase circularity.

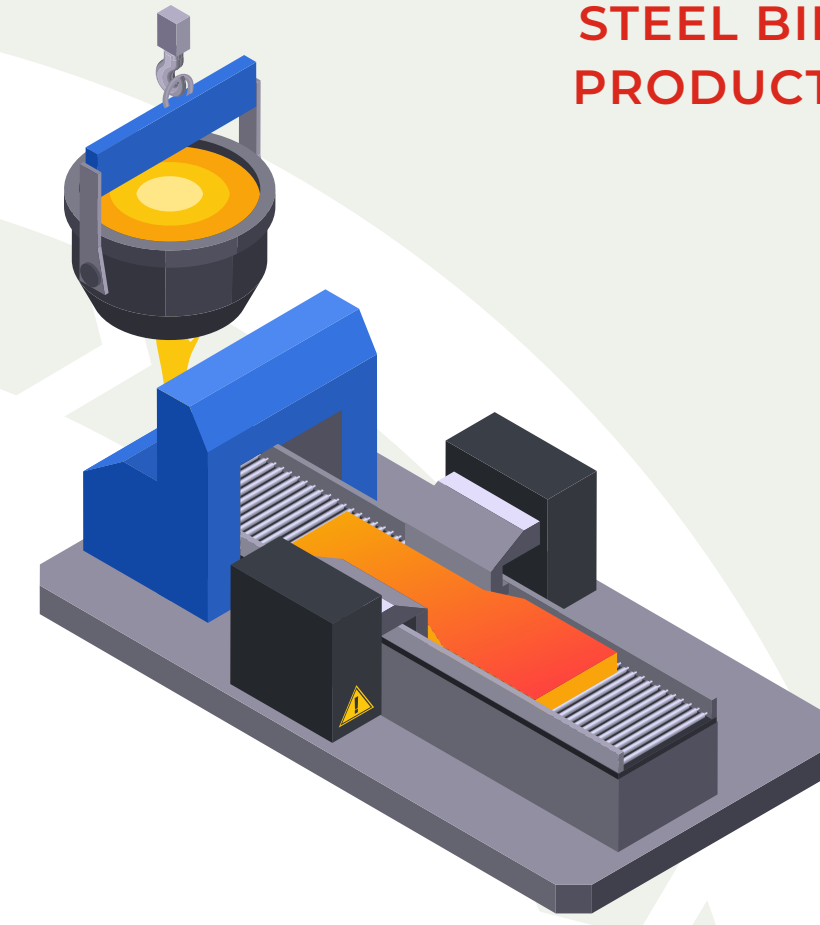
We joined the Circular Transition Indicators (CTI) programme in 2022 to evaluate and monitor the circularity performance of our Company.

CTI provides circularity measurement with a simple, objective and quantitative framework that can be applied to businesses. In this way, we, as Kocaer Çelik, are working to create a more sustainable future by measuring and understanding the transition process.

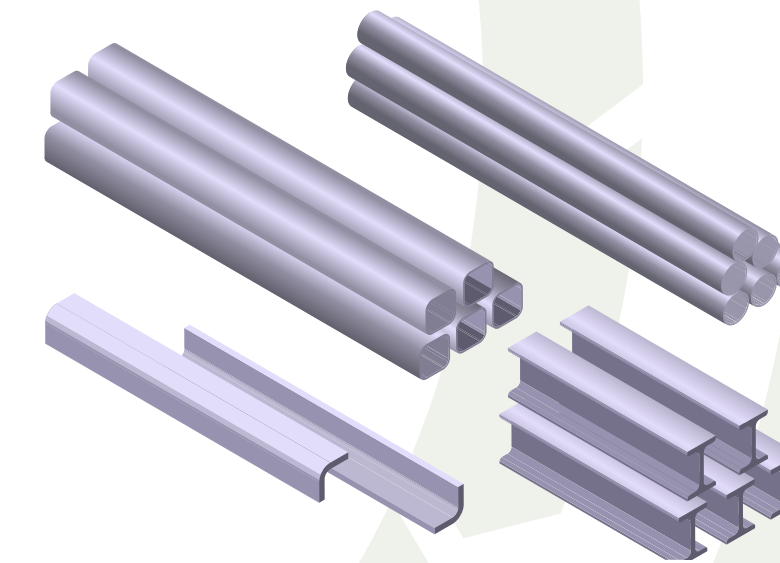
REUSE OF SCRAP STEEL AT THE END OF THEIR LIFE CYCLE



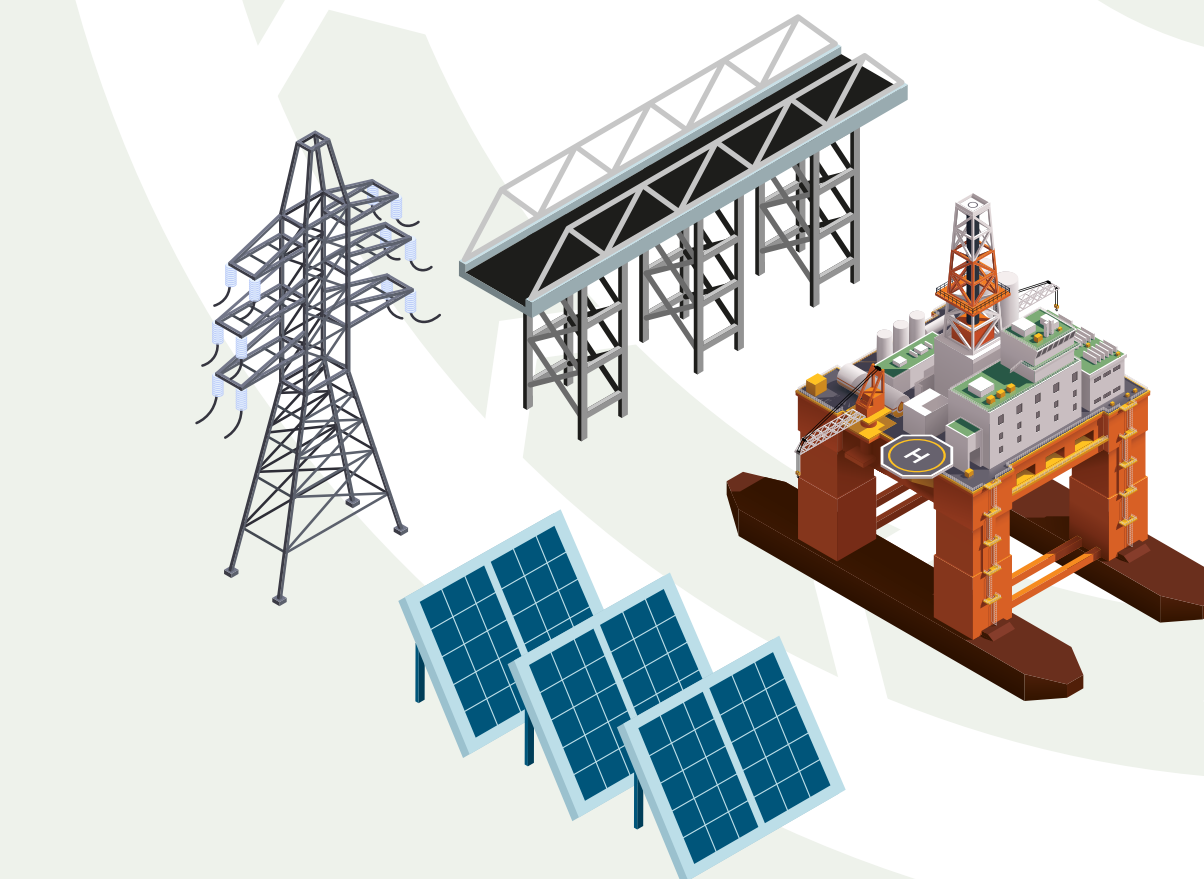
STEEL BILLET PRODUCTION



ROLLING



WASTE CREATED BY THE END USER
100% RECYCLABLE



USE

WASTE FROM ROLLING
100% RECYCLABLE



We use 99% recycled billet as raw material in our processes. The products resulting from the process are 100% recyclable with the right techniques. In addition, wood and plastic packaging waste generated in our plants is reused or recycled.

We have established our Waste Management Procedure in order to determine the principles of identification, classification, separation, storage and removal of all kinds of waste generated as a result of our operations. Our procedure covers the wastes generated from all our operations, starting from raw materials, including all stages of production and administrative offices.

In our plants, waste is separated and collected at the source. All our plants have a basic level Zero Waste Certificate. All of our plants have a waste minimisation target in order to level up in the Zero Waste Certificate. We dispose of our waste through licensed organisations authorised by the Republic of Turkey, Ministry of Environment, Urbanisation and Climate Change. Hazardous and non-hazardous wastes are collected separately at our plants. Hazardous waste is stored in temporary storage areas in accordance with the Waste Management Regulation and then delivered to licensed organisations.

In order to increase the environmental awareness of our employees and to prevent environmental accidents, we provide Environmental and Waste Management Training every year.

With the composting machine with a daily capacity of 25 litres, which we purchased in 2022 in order to recycle the food residues released in our plants, we ensure that food residues are not wasted and the plant soil in our plant is improved. In the later stage of the project, we plan to create a food source for our animal friends by producing cat food from the same machine.

Type of Recycled Packaging Waste		2020	2021	2022
Wooden Packaging (pcs)		577	1045	8930
Plastic Packaging (kg)		57	84	168
By Type		2020	2021	2022
Hazardous Waste (tonnes)		80	87	1,179
Non-hazardous Waste (tonnes)		13,312	27,408	16,751
Total Waste		13,392	27,495	17,930
By Type		2020	2021	2022
Contaminated Waste (kg)		25,120	21,680	44,560
Hazardous Waste	Waste Oil (tonnes)	1.52	0.74	1.74
	Waste Battery (kg)	-	70	60
Non-Hazardous Waste	Waste Paper (tonnes)	18	50	26
	Domestic Waste (tonnes)	227	195	190
	Waste Plastic (tonnes)	-	-	25
	Waste Steel (tonnes)	9,597	11,090	10,356



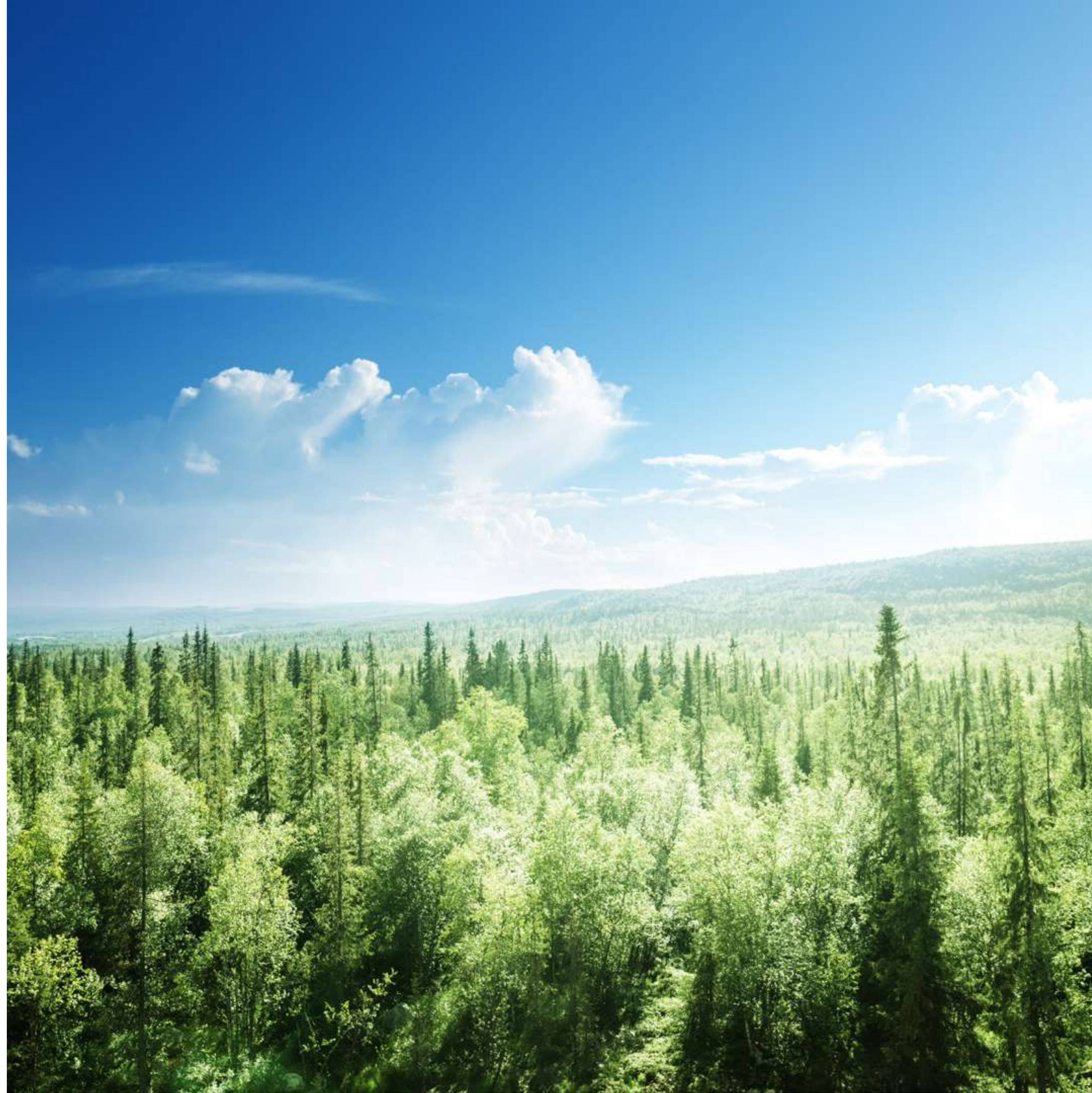
BIODIVERSITY

Biodiversity loss is a major threat to the delicate balance of ecosystems. The delicately balanced web of life is a complex structure made up of diverse species of plants, animals and microorganisms. When biodiversity declines, the balance and resilience of ecosystems is compromised, making them more susceptible to disturbances and environmental changes.

Many ecosystems, such as forests and oceans, function as important carbon sinks, absorbing greenhouse gases from the atmosphere. The destruction of these ecosystems leads to an increase in the level of carbon dioxide in the atmosphere and increases the effects of climate change.

As Kocaer Çelik, we do not only see the protection of biodiversity as a moral obligation; we also recognise that it is vital for the sustainability of life on earth. By protecting the diversity of life forms and habitats, we can maintain the resilience of ecosystems, increase food security, protect human health and mitigate the effects of climate change. Supporting efforts to conserve and restore biodiversity is critical to preserving our planet's natural heritage for future generations.

We develop new projects and carry out our activities with the awareness of preventing damage to biodiversity. As part of our afforestation efforts, we planted **2,200 trees** and reduced **166,764 kg** of carbon emissions annually. In 2022, we reduced **1,596 tCO₂e** greenhouse gas emissions equivalent to planting **66,500 trees** with our kaizen and project activities.



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**We are here
to contribute
social and
cultural
development**



SOCIAL PERFORMANCE



SOCIAL PERFORMANCE

We continue to create value for our employees and the society we live in with our people-oriented approach and the goal of continuously improving our social performance. In doing so, we are inspired by our employees, stakeholders and society.



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SOCIAL PERFORMANCE TARGETS AND MANAGEMENT

As Kocaer Çelik, we evaluate the success of our operations not only with our economic, environmental and management performance, but also with our contribution to the society, stakeholders and employees. With this awareness, we act with the aim of continuously improving our social performance and fulfilling our responsibility to the society, our stakeholders and our employees. When designing the business models of the future, we continue to create value for our employees and the society we live in with our people-oriented approach, which is one of our most important capital elements, and we always carry it forward. In doing so, we are inspired by our employees, stakeholders and society.

Our company strengthens our talents and experiences with our principles of diversity, equity, and inclusion, and we become more agile, more flexible and more innovative by drawing strength from our differences. In our corporate structure, all our employees feel happy and safe, and we are building the future of Kocaer Çelik together with our competent employees. We make all stakeholders and customers we touch and influence a part of our decision-making processes, create value for our society, employees and business partners in our sustainable value chain and all our activities, and support their development.

The health, safety and welfare of our employees is the main priority of our Company. In order to support their occupational safety and health as well as their personal and professional development, we organise training and

development programmes. We aim to prevent occupational accidents by applying the highest standards in occupational health and safety. At the same time, in order to increase our contribution to society, we actively participate in social responsibility projects and aim to contribute to the strengthening of social balance by carrying out projects in areas such as education, social and health.

As Kocaer Çelik, we adopt more challenging targets to improve our social performance and carry out qualified, competence-building and quantitative studies to achieve these targets. In this context, as a signatory of the UN Global Compact Global Compact (UNGC) in 2023, we will integrate the Sustainable Development Goals into our strategy and carry out activities in line with the 10 principles determined by the UNGC. In order to support our efforts in the field of social sustainability, we plan to include awareness-raising and competence-raising training within the scope of sustainability in the training programmes of our employees throughout the year, and we plan to increase their competencies through effective career planning programmes through the Individual Performance System we will establish. In doing so, we take transparency and accountability as the basic principle of our social performance management. In order to interact effectively with our internal and external stakeholders, we take their feedback into account and put the value we attach to people at every stage of our business.



EMPLOYEE SATISFACTION

As Kocaer Çelik, we emphasise the value we attach to employee satisfaction at every step. In this context, we attach importance to the participation and feedback of our employees. We aim for our employees to have a better experience in the working environment. For this purpose, we have been organising “Employee Opinion Surveys” every two years since 2020 and we create action plans according to the results. The results of the surveys contribute to the effective shaping of our internal policies and processes.

In addition to our Employee Opinion Survey, we carry out improvement activities by forming action teams for employee satisfaction based on the results of the Employee Resignation Surveys. Our action teams work in co-operation to identify our development areas according to the opinions of our employees and to develop effective solutions and policies. Thus, by focusing on the happiness and satisfaction of our employees, we sustainably maintain the values of respect, co-operation and continuous development in our corporate culture. Furthermore, we actively use suggestion boxes for our employees to communicate their needs, problems, suggestions and opinions, thus creating an environment that supports participation and sharing.



Number of Employment and Turnovers	2020	2021	2022
New hires - Total	30	264	463
White Collar	4	30	20
Blue Collar	26	234	443
Resigned - Total	90	172	338
White Collar	15	17	22
Blue Collar	75	155	316

Employment and Turnover by Gender	Unit	2020	2021	2022
Male - Employed	Person	29	251	454
	Rate	97%	95%	98%
Male - Resigned	Person	86	163	329
	Rate	96%	95%	97%
Female - Employed	Person	1	13	9
	Rate	3%	5%	2%
Female - Resigned	Person	4	9	9
	Rate	4%	5%	3%



We organise various scientific, social, cultural, artistic and sporting activities in order to strengthen social relations and support cooperation among our employees. Our employees discover new areas of interest by participating in the activities of various clubs such as Camping Club, Cycling Club, Angling Club and Nature and Travel Club. They also have the opportunity to participate in social responsibility projects and artistic activities in other clubs such as Community Service Club and Music Club.

As Kocaer, we are very happy to organise various special events to increase our employees' loyalty to the Company and to make their special moments meaningful. We come together to celebrate the New Year's Eve with the organisation of the Staff New Year's ball and gift draw and to make beautiful memories with our loved ones. We organise Service Honouring Ceremonies for our teammates who have been working in our Company for 10-15-20-25 years. We organise a meaningful ceremony to say goodbye to our valuable retired employees and express our gratitude to them. We also organise special events on International Women's Day to emphasise the importance of our female employees.

We emphasise the achievements of women and support their place in business life. We launched the Idea Management System (IMS) and the Appreciation Recognition System (TTS) to encourage a culture of innovation. The Idea Management System aims to enable our employees to communicate their innovative, remedial and preventive suggestions and to reinforce their sense of corporate belonging. In this system, our employees submit their suggestions to the Management Systems Department through suggestion boxes located at certain points in our factories. Suggestions that are deemed appropriate as a result of the preliminary evaluation are evaluated by the FYS committee and the Board, which includes the department managers of the relevant departments, and a final decision is taken accordingly. In this whole process, the employee who made the suggestion is given feedback about the situation.

The Appreciation Recognition System, on the other hand, periodically rewards the suggestions of our employees that are deemed suitable for implementation in the Idea Management System, their devoted efforts or their achievements in competitions held within the Company. This way, we encourage the continuous development of our employees.

Employment and Turnover by Age	Unit	2020	2021	2022
Aged 18 to 30 – Employed	Person	15	131	267
	Rate	50%	50%	58%
Aged 18 to 30 – Resigned	Person	42	63	181
	Rate	47%	37%	54%
Aged 31 to 40 – Employed	Person	7	82	110
	Rate	23%	31%	24%
Aged 31 to 40 – Resigned	Person	25	42	81
	Rate	28%	24%	24%
Aged 41 to 50 – Employed	Person	6	41	70
	Rate	20%	16%	15%
Aged 41 to 50 - Resigned	Person	16	38	56
	Rate	18%	22%	17%
Aged 51 to 60 – Employed	Person	2	9	16
	Rate	7%	3%	3%
Aged 51 to 60 – Resigned	Person	7	25	20
	Rate	8%	15%	6%
Aged above 60 – Employed	Person	0	1	0
	Rate	0%	0%	0%
Aged above 60 - Resigned	Person	0	4	0
	Rate	0%	2%	0%

	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Number of Employees Taking Maternity Leave						
Number of employees entitled to maternity leave	1	33	3	28	1	42
Number of employees on maternity leave	1	33	3	28	1	42
Employees who have returned to work after the end of maternity leave	1	33	2	28	1	42
Employees who have returned to work after maternity leave and worked for at least 12 months afterwards,	1	32	2	25	1	41



TALENT MANAGEMENT AND CAREER DEVELOPMENT

The culture of continuous learning and development, which is one of our corporate values, is vital for success and sustainability. This culture requires keeping knowledge and skills up-to-date, acquiring new skills and adapting to the changing business world. Through continuous learning and development, our employees become more confident, creative and better team players. By investing in the training of our employees, we not only support their individual development, but also increase the competitiveness of our Company. Therefore, we carefully plan and implement our training programmes by focusing on the needs and goals of our employees.

While addressing training and development activities as a priority, we aim to create training programmes for all our employees during their performance evaluations. In this context, we enable our employees to strengthen and develop their skills through various training such as vocational/technical training, mandatory training, orientation training and individual development training through the “Kocaer Academy” platform we established within the scope of Kocaer Management and Excellence System (KMES). We have a Blue Collar Effective Leader Development Programme (ELDP) in order to improve the individual, professional and managerial skills of our blue-collar personnel who manage teams. Through this programme, we both strengthen the competencies of our blue-collar employees and improve team performance by developing their leadership qualities.

In 2022, a total of approximately 31,604 hours of training was provided in Professional Development, Personal Development, OHS and other areas.

Training by Type (duration)	2020	2021	2022
Professional Development	3,299	6,099.5	9,492.5
Personal Development	3	125	194.5
OHS	14,126	15,644	21,738.5
Other (Leadership)	58	271	178.5
Total Training Hours	17,486	22,139.5	31,604

Total Training Hours	Unit	2020	2021	2022
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By Employee Category		2020	2021	2022
Senior Managers	Person×Hour	51	107	100
Senior Managers	Person	13	36	32
Mid-Level Managers	Person×Hour	519	350	602
Mid-Level Managers	Person	146	148	148
Other Employees	Person×Hour	16,917	21,683	30,903
Other Employees Person	Person	5,535	9,470	13,801
TOTAL		17,486	22,140	31,604

By Employment Type		2020	2021	2022
Blue Collar	Person×Hour	13,702	17,679	26,159
Blue Collar	Person	4,378	7,475	11,969
White Collar	Person×Hour	3,265	3,570	4,599
White Collar	Person	893	1,350	1,187
Subcontractor Employees	Person×Hour	520	891	847
Subcontractor Employees	Person	423	829	825
TOTAL		17,486	22,140	31,604

By Gender		2020	2021	2022
Male	Person×Hour	16,399	21,066	30,356
Male	Person	5,276	9,147	13,491
Female	Person×Hour	1,088	1,074	1,249
Female	Person	418	507	490
TOTAL		17,486	22,140	31,604



DIVERSITY, EQUITY, AND INCLUSION

Since our establishment, we, as Kocaer Çelik, have been protecting our culture, developing our corporate identity structure, adopting the principle of transparency and working for equal opportunities and inclusiveness in order to become a company that adopts and focuses on developing a people-oriented corporate culture. We aim to create constructive communication environments with mutual love and respect by establishing trust-based relationships in all our organisations.

We have a holistic and inclusive approach to the employee experience and aim to increase our employee loyalty by improving the employee experience for differentiated needs with the vision of empowering talent. With the principle of equality, we adopt a fair and impartial approach that is free from any kind of discrimination in our recruitment processes; we do not allow any characteristics such as gender, age, religion, socioeconomic status, ethnic origin to deprive our candidates and employees of the opportunities they deserve.

As Kocaer Çelik, we work with the goal of a world where gender equality is fully achieved and where women and men are equal and side by side under all circumstances. Implementing this goal in all our ways of doing business is one of our primary goals. We attach importance to ensuring that women have equal rights and opportunities for promotion and remuneration. Although we are a company operating in a sector that is considered to be predominantly dominated by male employees, we pay attention to the employment of women and the advancement of female employees on the career ladder.

We adopt a fair and egalitarian attitude in our remuneration policy. We carry out an objective evaluation process based on the qualifications, experience and contributions of our employees. We continue our efforts for a structure that does not take into account factors such as gender, age, religion, ethnic origin among wages, takes care to offer a fair and equitable wage arrangement, creates a fair environment within the organisation and rewards productivity and success. In accordance with our Human Resources Policy, we believe that processes such as communication, recruitment, promotion, performance and remuneration should be handled with a new perspective through a gender lens. We look at all our operations, decisions, plans and processes with gender equality.



Number of Employees by Employment Type	2020	2021	2022
White Collar - Female	25	30	32
White Collar - Male	82	91	90
Blue Collar - Female	6	6	6
Blue Collar - Male	561	639	763
Number of Employees by Contract Type	2020	2021	2022
Indefinite Term - Female	31	36	38
Indefinite Term - Male	643	724	842
Definite Term - Female	0	0	0
Definite Term - Male	0	6	11



OCCUPATIONAL HEALTH AND SAFETY

Our field of activity inherently involves high occupational health and safety risks. Our most important responsibility is to ensure the health and safety of our employees in our production sites. Within the framework of our Occupational Health and Safety Policy, in addition to full compliance with legal regulations, we also have ISO 45001:2018 Occupational Health and Safety Management System certification.

In order to fulfil our commitments regarding the health and safety of our employees, we provide detailed occupational health and safety training to every new employee. This training is carefully designed to help our employees recognise potential risks in the workplace, understand safe working procedures and ensure full compliance with our occupational health and safety policies. Furthermore, for any subcontractors and guests visiting our premises, we also provide Occupational Safety training on-site on arrival to ensure that they do not encounter any unfavourable situations during their stay at our premises.

We repeat the occupational health and safety training of our employees at regular intervals. This training is periodically updated to provide information about changes in the workplace, new safety procedures or equipment, and to ensure that our employees have access to up-to-date information. 21,738 hours of occupational health and safety training was provided in 2022.

Occupational Accidents	Group	Unit	2020	2021	2022
Near Miss	Company	Number/Year	26	15	69
	Subcontractor	Number/Year	0	0	0
Number of Lost Time Accidents	Company	Number/Year	146	109	173
	Subcontractor	Number/Year	0	0	0
Lost Day	Company	Number/Year	2,017	2,713	2,600
	Subcontractor	Number/Year	0	0	0
Number of Non-lost Time Accidents	Company	Number/Year	39	64	109
	Subcontractor	Number/Year	0	0	0
LTIR - Lost Time Injury Rate (Number of Accidents × 1,000,000) / Total Working Hours	Company	Rate	120.23	115.34	141.82
	Subcontractor	Rate	0.00	0.00	0.00
Death	Company	Number/Year	0	0	0
	Subcontractor	Number/Year	0	0	0
ASR - Accident Severity Rate (Lost Days × 1000) / Total Working Hours	Company	Rate	2.30	1.80	1.31
	Subcontractor	Rate	0.00	0.00	0.00
Occupational disease rate (ODR) Number of Occupational Diseases × 1,000,000 / NE	Company	Rate	0.00	0.00	0.00
	Subcontractor	Rate	0.00	0.00	0.00



We have Kocaer A, B, C Class Occupational Safety Specialist Certification Programme, which we have developed in accordance with our Kocaer Management and Excellence System. Within the scope of this programme, all our employees who receive the necessary training, pass the exams and meet the requirements specified in the Internal Regulation on Occupational Safety Specialist Certification can become Occupational Safety Specialist at different levels. Starting from C to A, competences in occupational safety are increased through various training and audit activities. Thus, we achieve significant reductions in occupational accidents, especially in our enterprises in hazardous and very hazardous classes.

As an important step to reduce occupational accidents, we have installed camera systems on the rear, side and upper parts of forklifts to prevent possible dangerous situations that may occur in blind spots. Camera systems detect any obstacles or approaching pedestrians in the environment during manoeuvring and warn the operator. This encourages operators to be more careful, to comply with safe driving rules and to recognise potential risks in advance.

In our facilities, we carry out Hazardous Material Safety Consultancy activities for the safe handling of hazardous materials. These activities ensure that the loading, unloading, filling, packaging and handling processes of hazardous materials arriving at our facilities are carried out safely under the guidance of our consultants.



SOCIAL RESPONSIBILITY

As Kocaer Çelik, we recognise the importance of social responsibility in the business world and strive to contribute to the society through various activities. As a people-oriented company, we are aware that we are responsible not only for making profit, but also for contributing to the welfare and development of the society.

In this context, we sponsored the cost of a one-day iftar at the iftar organisation organised by Menemen Municipality, and we provided support by donating food to those in need in the project carried out in cooperation with Aliğa District Governorship and Izmir Governorship during Ramadan.

On 6 February 2023, following the earthquake disaster that occurred in our country, our Company sent cash aid through AFAD and 30 living containers to meet the temporary shelter needs of earthquake victims. In addition, a campaign was organised among our employees and a part of this aid was sent to meet the daily personal needs of the Turkish Armed Forces personnel serving in the region, while the remaining amount was transferred to the earthquake victims through aid organisations.

As Kocaer Çelik, we provide support to the children of our deceased employees by offering scholarships for their education and by providing various social aids to the families of our employees we have lost in the past. This way, we stand by the families of our employees in these difficult times and meet their needs with our support.

As Kocaer Çelik Community Service Club, we have carried out activities to support Menemen Emiralem Sabahat Akşiray Education Centre on December 3, World Disability Day and April 2, World Autism Awareness Day. Within the scope of these events, we also opened the astroturf pitch and the indoor bus stop that we have furnished to the school. In the event we organised in cooperation with Kocaer Steel-Band Club, we aimed to raise awareness to understand and support the lives of children with autism.

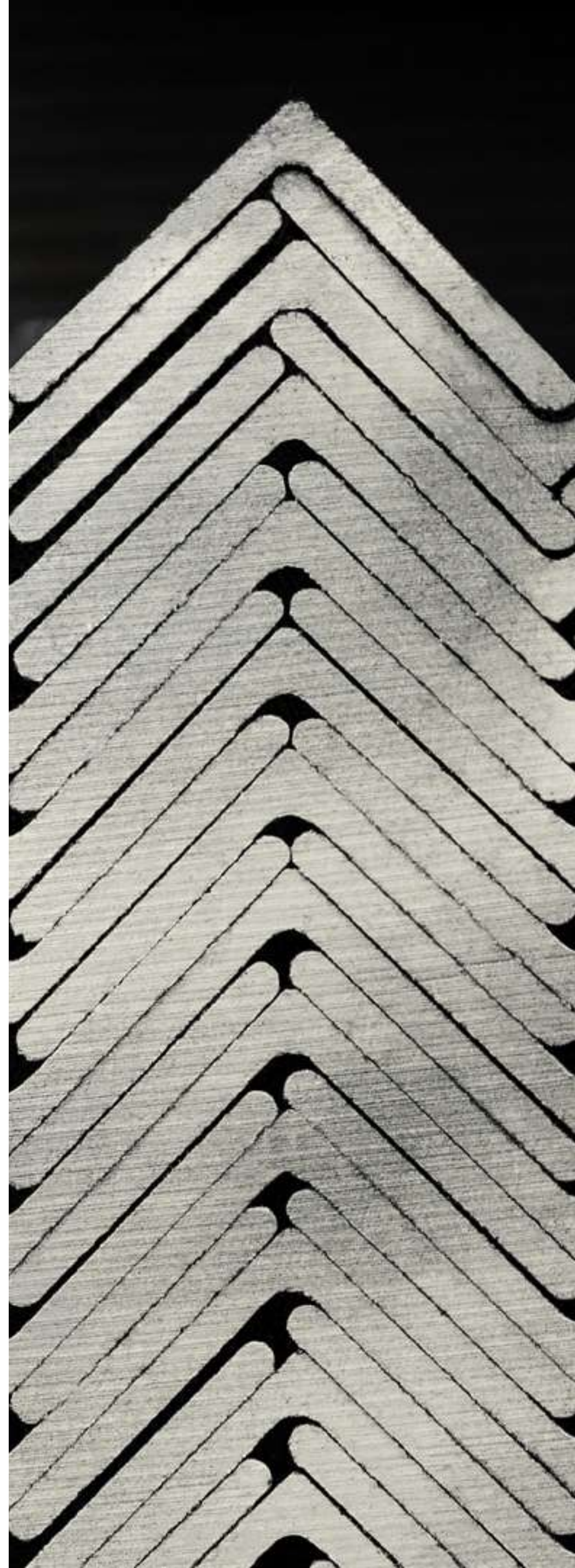
Under the leadership of our Community Service Club, we organised a blood donation campaign for the Red Crescent with the slogan "Blood - Life - Rhythm". Within the scope of the campaign, our volunteer donors participated in order to meet the Red Crescent's vital need for blood. Thus, we aimed to secure the blood stocks required to save the lives and improve the health of patients being treated in health institutions.

With these efforts, we endeavour to respond to the needs of society and build a sustainable future. We will continue our efforts to increase the social responsibility awareness of the society and to create a stronger society together. As Kocaer Çelik, we will continue to approach the needs of the society with sensitivity and fulfil our commitments for a sustainable future by undertaking more projects in the field of social responsibility.



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ENVIRONMENTAL PERFORMANCE INDICATORS

	Unit	2020	2021	2022
ENERGY				
Non-Renewable Direct Energy				
Gasoline	litre	3,165	29,878	50,003
Diesel	litre	66,180	52,300	67,012
Natural Gas	Sm ³	18,039,921	20,699,949	23,602,824
Non-Renewable Indirect Energy				
Electricity	kWh	38,684,000	32,923,000	40,921,011
EMISSION				
Greenhouse Gas Emissions				
Direct CO ₂ Emissions	t CO ₂ e	37,417	43,242	44,725
Indirect CO ₂ Emissions	t CO ₂ e	27,051	15,289	14,254
WASTE				
Waste Amount by Type				
Hazardous Waste	Ton	26.64	22.49	46.36
Non-hazardous Waste	Ton	9,842	11,335	10,597
WATER				
Total Volume of Water Drawn				
Underground Water	m ³	-	262,708.41	210,420.00
Rain Water	m ³	-	54,709.00	201,214.77
Third-Party Water (Mains Water etc.)	m ³	-	-	232.71
WATER				
Waste Water Discharge				
Third-Party Water (Sewerage, etc.)	m ³	-	87,878.00	41,300.00

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CERTIFICATES



Water Footprint Verification Statement

KOCAER ÇELİK SAN. VE TİC. A.Ş.
ALIAĞA BRANCH

ISO 14046:2014



Water Footprint Verification Statement

KOCAER ÇELİK SAN. VE TİC. A.Ş.
ALIAĞA 2 BRANCH

ISO 14046:2014



Water Footprint Verification Statement

KOCAER ÇELİK SAN. VE TİC. A.Ş.
ALIAĞA 3 BRANCH

ISO 14046:2014



Water Footprint Verification Statement

KOCAER ÇELİK SAN. VE TİC. A.Ş.
GALVANISING AND SERVICE
CENTRE PLANT BRANCH

ISO 14046:2014

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GHG Inventory Report Verification Statement

KOCAER ÇELİK SAN. VE TİC. A.Ş.

ISO 14064-1:2018



Green Check Certificate

KOCAER ÇELİK SAN. VE TİC. A.Ş.



Building Design and Construction: New Construction and Major Renovations

KOCAER ÇELİK SAN. VE TİC. A.Ş.
GALVANISING PLANT

GOLD



SOCIAL PERFORMANCE INDICATORS

NUMBERS OF EMPLOYEES

	Unit	2020	2021	2022
Employment and Turnover				
New hires - Total	Person	30	264	463
White Collar	Person	4	30	20
Blue Collar	Person	26	234	443
Resigned - Total	Person	90	172	338
White Collar	Person	15	17	22
Blue Collar	Person	75	155	316

Employment and Turnover by Gender

Male - Employed	Person	29	251	454
	Rate	%97	%95	%98
Male - Resigned	Person	86	163	329
	Rate	%96	%95	%97
Female - Employed	Person	1	13	9
	Rate	%3	%5	%2
Female - Resigned	Person	4	9	9
	Rate	%4	%5	%3

	Unit	2020	2021	2022
Employment and Turnover by Age				
Aged 18 to 30 - Employed Aged	Person	15	131	267
	Rate	50	%50	%58
18 to 30 - Resigned	Person	42	63	181
	Rate	%47	%37	%54
Aged 31 to 40 - Employed	Person	7	82	110
	Rate	%23	%31	%24
Aged 31 to 40 - Resigned	Person	25	42	81
	Rate	%28	%24	%24
Aged 41 to 50 - Employed	Person	6	41	70
	Rate	%20	%16	%15
Aged 41 to 50 - Resigned	Person	16	38	56
	Rate	%18	%22	%17
Aged 51 to 60 - Employed Aged	Person	2	9	16
	Rate	%7	%3	%3
51 to 60 - Resigned	Person	7	25	20
	Rate	%8	%15	%6
Aged above 60 - Employed Aged	Person	0	1	0
	Rate	%0	%0	%0
Above 60 - Resigned	Person	0	4	0
	Rate	%0	%2	%0

Employment and Turnover by Gender	Total	2020		2021		2022	
		Female	Male	Female	Male	Female	Male
Employees entitled to maternity leave	Number	1	33	3	28	1	42
Employees on maternity leave	Number	1	33	3	28	1	42
Employees who have returned to work after the end of maternity leave	Number	1	33	2	28	1	42
Employees who have returned to work after maternity leave and worked for at least 12 months afterwards	Number	1	32	2	25	1	41

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Talent Management and Career Development Training Hours

	Unit	2020	2021	2022
Training by Type				
Professional Development	Hours	3,299	6,099.5	9,492.5
Personal Development	Hours	3	125	194.5
OHS	Hours	14,126	15,644	21,738.5
Other (Leadership)	Hours	58	271	178.5
Total Training Hours	Hours	17,486	22,139.5	31,604

Total Training Hours

	Unit	2020	2021	2022
By Employee Category				
Senior Managers	Person×Hour	51	107	100
Senior Managers	Person	13	36	32
Mid-level Managers	Person×Hour	519	350	602
Mid-level Managers	Person	146	148	148
Other Employees	Person×Hour	16,917	21,683	30,903
Other Employees	Person	5,535	9,470	13,801
Total		17,486	22,140	31,604

By Employment Type

Blue Collar	Person×Hour	13,702	17,679	26,159
Blue Collar	Person	4,378	7,475	11,969
White Collar	Person×Hour	3,265	3,570	4,599
White Collar	Person	893	1,350	1,187
Subcontractor Employees	Person×Hour	520	891	847
Subcontractor Employees	Person	423	829	825
Total		17,486	22,140	31,604

By Gender

Male	Person×Hour	16,399	21,066	30,356
Male	Person	5,276	9,147	13,491
Female	Person×Hour	1,088	1,074	1,249
Female	Person	418	507	490
Total		17,486	22,140	31,604

Training List

	Training Hours
Information Training for Emergency Teams 206	206
Class C Occupational Safety Specialisation Training	1,734
Behaviour-Oriented Safety Management	93
Effective Leader Development Programme Training	32
Update-Covid-19 Pandemic Awareness Training	54
Update-Work Permit Procedure	368
Update-OHS Training	5,552
Update-OHS Internal Regulation and Disciplinary Regulation Training	370
Update-Fire and Emergency Training	369
On-the-Job-Emergency Training	484
On-the-Job-Work Permission Procedure Training	484
On-the-Job-OHS Training	7,809
On-the-Job-OHS Internal Regulation and Disciplinary Regulation	474
On-the-Job-Induction Occupational Safety Practical Training	945
On-the-Job-Fire Training	489
Subcontractor-OHS On-the-Job Training	710
Toolbox-Class D Fire Extinguisher Use Training	13.5
Toolbox-Post-Occupational Accidents Awareness Training	79
Toolbox-Important Considerations in PPE Use/Accident Prevention	57
Toolbox-Training on Points to be Considered in Bench/Shaft Replacement	16
Toolbox-Guiding (Signaller) Training	30
5S Training	207.5
ISMS Awareness Training	479
Energy Efficiency Mini MBA	8
Energy Efficiency Workshop	12



Training List	Training Hours
Energy Manager Training	320
Update-ISMS Awareness Training	375.5
Update-Environmental and Waste Management Training	488
Update-Energy Awareness Training	455
Update-Security Officer Training	110
Update-First Aid Training	208
Update-Management Systems Training	423
First Aid Basic Training	624
On-the-Job-Environmental and Waste Management Training	483
On-the-Job-Energy Awareness Training	482
On-the-Job-Management Systems and Policy	483
Kaizen (Continuous Improvement) Training	184.5
PDPL Awareness Training	211.5
KMES (Kocaer Management and Excellence System) Training	154
Sustainable Industry	4.5
Sustainable Finance Mini Mba Training	63
Sustainability Specialisation Training	25
Foreign Language Course (English - Beginner Level)	533
Foreign Language Course (English- Intermediate Level)	392.5
Foreign Language Course (English - Advanced Level)	150
YYS-Customs Penalties and Smuggling Training	96
YYS-Customs and Foreign Trade Legislation Training	128
YYS-Risk and Event Management in Supply Chain Training	152.5
On-the-Job Code of Business Ethics Training	178.5

Number of Employees by Gender					
	Unit	2020	2021	2022	
Number of Employees by Employment Type					
White Collar - Female	Person	25	30	32	
White Collar - Male	Person	82	91	90	
Blue Collar - Female	Person	6	6	6	
Blue Collar - Male	Person	561	639	763	
Number of Employees by Contract Type					
Indefinite Duration - Female	Person	31	36	38	
Indefinite Duration - Male	Person	643	724	842	
Definite Duration - Female	Person	0	0	0	
Definite Duration - Male	Person	0	6	11	

Number of Occupational Accidents					
	Grup	Unit	2020	2021	2022
Occupational Accidents					
Near Miss	Company	Number/Year	26	15	69
	Subcontractor	Number/Year	0	0	0
Number of Lost Time Accidents	Company	Number/Year	146	109	173
	Subcontractor	Number/Year	0	0	0
Lost Day	Company	Number/Year	2,017	2,713	2,600
	Subcontractor	Number/Year	0	0	0
Number of Non-lost Time Accidents	Company	Number/Year	39	64	109
	Subcontractor	Number/Year	0	0	0
AFR- Accident Frequency Rate (Lost Time Injury Rate) (Number of Accidents × 1.000.000) / Total Work Hours	Company	Rate	120.23	115.34	141.82
	Subcontractor	Rate	0.00	0.00	0.00
Death	Company	Number/Year	0	0	0
	Subcontractor	Number/Year	0	0	0
ASR - Accident Severity Rate (Severity Rate) (Lost Days × 1000) / Total Work Hours	Company	Rate	2.30	1.80	1.31
	Subcontractor	Rate	0.00	0.00	0.00
Occupational Disease Rate (ODR) Number of Occupational Diseases × 1.000.000 / WH	Company	Rate	0.00	0.00	0.00
	Subcontractor	Rate	0.00	0.00	0.00



ECONOMIC PERFORMANCE INDICATORS

Economic Values

	Unit	2020	2021	2022
Economic Value Created				
Economic Value Created (Income)	TL	1,929,739,794	3,168,902,545	9,232,634,451
Economic Value Distributed				
Operating Costs	TL	203,179,989	428,466,668	1,255,780,130
Employee Benefits	TL	66,992,901	97,747,849	215,049,477
Benefits to the State	TL	5,809,659	26,986,974	125,533,395
Benefits to Capital Providers	TL			151,000,000
Benefits to the Society	TL	58,677	749,846	341,635
Total	TL	276,041,226	553,951,337	1,747,704,638
Sustainable Financing				
Average cost of financing	TL	15.00%	16.30%	12.90%
Sustainable financing/all debt ratio	US \$		2.49%	3.06%
Contribution of sustainable business models to total sales	US \$		0.59%	0.50%

Number of Suppliers and Payments Made

	Unit	2020	2021	2022
Approximate value of payments to suppliers				
Volume of Imports	TL	236,196,657	416,815,864	991,311,067
Amount of Domestic Purchases	TL	1,153,501,882	1,040,127,537	4,807,422,412
Total	TL	1,389,698,539	1,456,943,400	5,798,733,479
Number of Suppliers				
Number of Import Suppliers	Number	7	8	14
Number of Domestic Suppliers	Number	538	610	687
Total	Number	545	618	701

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	2020		2021		2022	
	Domestic	Overseas	Domestic	Overseas	Domestic	Overseas
Suppliers						
By Country or Region	Marmara 148	4	Marmara 155	6	Marmara 184	11
	Mediterranean 7		Mediterranean 8		Mediterranean 12	
	Black Sea 2		Black Sea 3		Black Sea 2	
	Aegean 350		Aegean 410		Aegean 447	
	Central Anatolia 22		Central Anatolia 25		Central Anatolia 31	
	South-eastern Anatolia 1		South-eastern Anatolia 1		South-eastern Anatolia 1	
	Eastern Anatolia 1		Eastern Anatolia 3		Eastern Anatolia 3	
By Type (Transporter, Consultant, Wholesaler, etc.)	Car Rental 1	Material 1	Vehicle Purchase 1	Material 3	Vehicle Purchase 1	Material 5
	Concrete 2	Rolling press 1	Car Rental 1	Rolling press 1	Car Rental 1	Ingot 1
	Whetting 1	Ingot 1	Concrete 3	Ingot 1	Concrete 2	
	Natural gas 1		Zinc 1		Zinc 2	
	Electricity 2		Natural gas 1		Natural gas 1	
	Foodstuff 1		Electricity 1		Electricity 1	
	Service 74		Foodstuff 2		Foodstuff 2	
	Hydraulic, Pneumatic, Installation 8		Hydraulic, Pneumatic, Installation 10		Hydraulic, Pneumatic, Installation 6	
	Production 8		Service 82		Service 91	
	Construction 1		Production 8		Production 12	
	Cut Sheet Metal 2		Construction 5		Construction 5	
	Chemical 5		Cut Sheet Metal 2		Cut Sheet Metal 2	
	Ingot 1		Chemical 7		Chemical 8	
	Material 414		Ingot 1		Ingot 1	
	Rolling press 3		Material 470		Material 535	
	Diesel fuel 1		Diesel fuel 2		Rolling press 3	
	Bearing. Seal 4		Bearing. Seal 2		Diesel fuel 2	
			Rolling press 3		Bearing. Seal 3	

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CORPORATE MESSAGE

ABOUT KOCAER ÇELİK

SUSTAINABILITY STRATEGY

CORPORATE GOVERNANCE

ECONOMIC PERFORMANCE

ENVIRONMENTAL PERFORMANCE

SOCIAL PERFORMANCE

ANNEXES +





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Duration of the Company

Indefinite

LEGAL WARNING

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