KOCAER STEEL

2024

SUSTAINABILITY REPORT

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#WeAreAt

every step that brings people and nature closer together.

About the Report

About the Report

As Kocaer Steel, since our establishment we have been operating with a management approach that prioritizes quality, innovation, and efficiency, while upholding transparency, ethical values, and accountability. We continuously develop and strengthen this approach, not only to create value today but also to ensure value generation for the future.

With our fourth Sustainability Report published this year, we share the environmental, social, and governance aspects of our operations, along with our corporate policies and performance results, in a holistic manner with our stakeholders.
We set our sustainability goals in alignment with the United Nations Sustainable Development Goals (SDGs), advancing in line with our green transition and net-zero vision.

Covering the period of January 1 – December 31, 2024, this report has been prepared in accordance with the GRI Standards. Unless otherwise stated, the data presented in the report is based on 2024 performance results.
We are pleased to share our 2024 Sustainability Report with our valued stakeholders.
For any feedback or suggestions regarding our sustainability efforts, you may contact us at: sustainability@kocaersteel.com

Message from the Chairman of the Board of Directors

Dear Stakeholders,
The 2024 fiscal year was completed under the shadow of political and economic developments that influenced both the Turkish and global economy. Conflicts in our nearby geography, protectionist customs policies implemented by the United States, and regulatory developments in the field of sustainability have further increased the importance of Environmental, Social, and Governance (ESG) issues for our Company. With our fourth Sustainability Report, we continue to transparently and accountably report our sustainability performance and initiatives in a measurable and traceable way to our stakeholders.

Our Sustainability Board, which was structured last year under the leadership of our General Manager, we gained the ability to monitor and implement our efforts more effectively under the ownership of senior management. Although our corporate policies, which shape our business practices and cover ESG topics, were only published last year, they were quickly adopted by both management and employees, becoming an integral part of our company culture. Witnessing the tangible results of the steps we have taken towards achieving our short, medium, and long-term sustainability goals that will carry Kocaer Steel into the future motivates us about the path ahead.

As part of our climate targets and our transition to a carbon-free economy, we succeeded in reducing both our consolidated greenhouse gas emissions and CO2 intensity per unit of production compared to last year. In terms of benefiting from alternative energy sources, since 2021 we have reached a total installed capacity of 9.2 MW through the solar power plants established on the roofs of our production facilities, generating clean energy. In the upcoming period, with the commissioning of our geothermal power plant currently under construction, we will significantly increase our renewable energy capacity, marking an important milestone toward achieving our 2030 emission targets.

As a company with strong competitiveness in exports, we are accelerating our compliance efforts with regulatory requirements in our target markets. In particular, to maintain our competitiveness in exports to EU countries, we are both taking the necessary steps within the CBAM framework and expanding our LCA and EPD studies across our product range. Thanks to these efforts, the share of our value-added products within our portfolio rose from 39% to 42% compared to last year, reflecting a significant increase.

The progress in our sustainability performance demonstrates that we are moving in alignment with both the expectations of Kocaer Steel and its stakeholders, as well as with the UN Sustainable Development Goals and the identified sustainability risks and opportunities.

A major milestone for our Company in the area of sustainability and compliance was the recent publication of our first TSRS 2 report. Within this framework, we reported our climate-related risks and opportunities, already defined in line with the TCFD and TNFD frameworks, according to the standards set by the Public Oversight Accounting and Auditing Standards Authority (KGK). With a holistic approach to sustainability governance that integrates not only climate but also the environment, people, and innovation, Kocaer Steel continues its efforts without leaving any stakeholder behind. With our fourth Sustainability Report, we take pride in sharing with you the results of the initiatives we launched in previous years, and we wish you an insightful and pleasant read.

Sincerely,
Hakan Kocaer
Chairman of the Board of Directors

Our long-standing experience in emission calculation and monitoring is now strengthened by science-based targets, enabling a transparent, accountable, and effective transformation journey in response to the climate crisis.

Message from the General Manager

Dear Stakeholders,
In our 65th year, as Kocaer Steel we continue to create sustainable value from the Aegean region of Turkey to more than 140 countries worldwide. With this fourth Sustainability Report, we share the reflections of the actions we have taken in the field of sustainability governance and the projects we have implemented for this purpose on our 2024 sustainability performance, in line with our principles of transparency, integrity, and accountability.

The year 2024 unfolded in a challenging environment characterized by high interest rates slowing down economies, protectionist trade policies fueling uncertainty, and conflicts between countries triggering market volatility. In such a high-risk and unpredictable context, our Company accelerated its work in the field of sustainability by adopting an effective risk management approach. In particular, during a period when sustainability and climate-related risks could significantly affect corporate financials, we published our first TSRS 2 report in addition to the sustainability reports we have issued annually since 2021. With this, we shared our awareness of the risks impacting our Company and explained how we aim to transform them into opportunities. Through scenario-based climate risk analyses conducted within the TCFD and TNFD frameworks, we declared our preparedness and awareness regarding risks that may affect our operations.

Sustainable practices are encouraged, such as the use of green hydrogen to reduce carbon intensity, the design of energy-efficient equipment in collaboration with our suppliers, and the transition to alternative fuels in product transportation.

Our journey, which began as a local steel producer in the Aegean region, has positioned us among the leading companies in Turkey's steel industry over more than 60 years. In 2024, we continued to deliver value to our stakeholders with our innovative and quality-driven brand approach, operating through three production facilities covering a total of 300,000 square meters in Aliağa, İzmir, with approximately 1,200 employees and an annual production capacity of 800,000 tons. Despite the challenging market conditions of 2024, we completed the fiscal year with consolidated revenue exceeding TRY billion 19.

Through our subsidiaries Kocaer Steel UK, Kocaer Steel Ireland, and other international representatives, we strengthened our export network and became the export champion of the Aegean region's steel industry for the seventh consecutive time. We measure our Scope 1, 2, and 3 emissions in line with the Greenhouse Gas Protocol and carry out our calculations in accordance with our SBTi targets. As a result of our R&D and product development activities, which we highly prioritize, the share of value-added products in our portfolio increased to 42 percent. With efficiency-enhancing projects implemented in our processes, we reduced carbon intensity per unit of production by approximately 6 percent, continuing our progress toward decarbonization goals.
To reach our decarbonization targets for 2030 and 2050, we accelerated our clean energy investments. The rooftop solar power plants at our production facilities reached a capacity of 9.2 MW, meeting a significant portion of our energy demand from renewable sources. With the geothermal power plant project initiated last year through our subsidiary Kocaer Energy, in which we hold a 99 percent share, we began drilling activities. In the coming years, we aim to complete this project to meet all our electricity needs in production from renewable sources, thereby further reducing the carbon intensity of our processes.
With the Sustainability Committee we established last year under the ownership of senior management, we manage Kocaer Steel's work in the field of ESG more effectively, ensuring collaboration and coordination with our stakeholders toward shared goals. By embedding our policies into company culture and ensuring their adoption by both management and employees, we have made sustainability an inseparable part of our corporate identity. We are pleased to present our sustainability efforts, goals, and performance in the Kocaer Steel 2024 Sustainability Report, prepared in line with GRI Standards and published consistently for the past four years, to the attention of our valued stakeholders.

Throughout 2024, a total of 67 projects were carried out under the themes of Innovation, R&D, Process Excellence, and Respect for People, of which 28 were successfully completed during the year.

Sincerely,

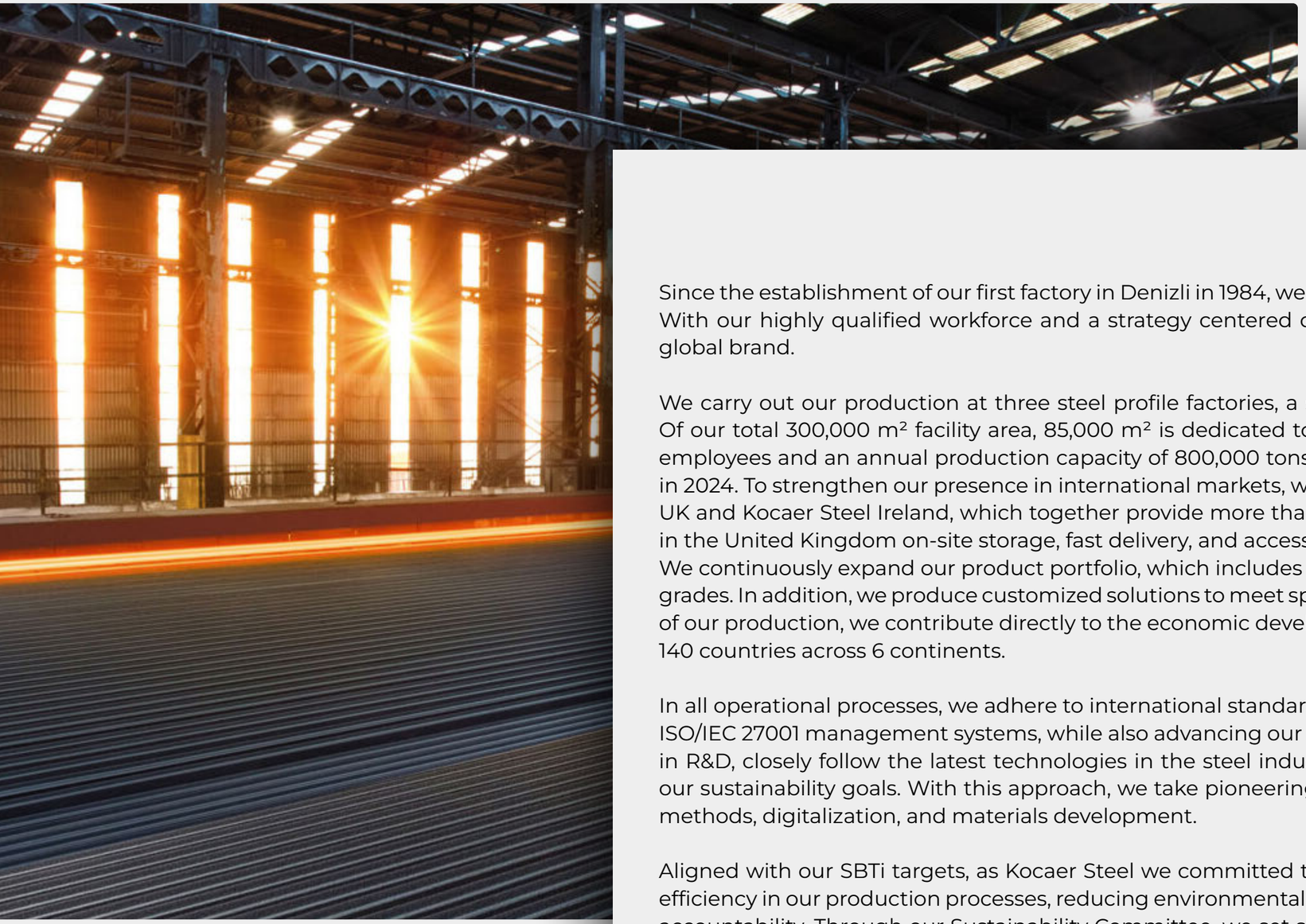
Mehmet ÇAKMUR
General Manager and
Deputy Chairman of the Board of Directors

About Kocaer Steel

01

From Production to the World

From energy to construction, from mining and tunneling to shipbuilding, and from agriculture to transportation, we leave our mark not only on today but also on the future with the products and services we provide across many sectors.



With more than 12,000 products produced in around 60 different chemical compositions and in various sizes, forms, and thicknesses, we continued to create added value for many sectors, including energy, construction, automotive, shipbuilding, agriculture, and mining.

About Us

Since the establishment of our first factory in Denizli in 1984, we have focused on creating an innovative and quality-driven brand. With our highly qualified workforce and a strategy centered on sustainable growth, we continue our investments today as a global brand.

We carry out our production at three steel profile factories, a steel service center, and a galvanization plant located in Aliağa. Of our total 300,000 m² facility area, 85,000 m² is dedicated to enclosed production sites. With a team of approximately 1,200 employees and an annual production capacity of 800,000 tons, we generated consolidated revenue exceeding TRY 19.2 billion in 2024. To strengthen our presence in international markets, we have operated since 2015 through our subsidiaries Kocaer Steel UK and Kocaer Steel Ireland, which together provide more than 20,000 m² of storage space. This enables us to offer customers in the United Kingdom on-site storage, fast delivery, and access to stocked products.
We continuously expand our product portfolio, which includes nearly 60 chemical compositions and more than 12,000 different grades. In addition, we produce customized solutions to meet special customer requirements. By exporting more than 75 percent of our production, we contribute directly to the economic development of our country. Our wide range of products reaches over 140 countries across 6 continents.

In all operational processes, we adhere to international standards. We implement ISO 9001, ISO 14001, ISO 45001, ISO 50001, and ISO/IEC 27001 management systems, while also advancing our digitalization initiatives. We maintain uninterrupted investments in R&D, closely follow the latest technologies in the steel industry, and consider R&D and innovation as key tools to achieving our sustainability goals. With this approach, we take pioneering steps in energy efficiency, environmentally friendly production methods, digitalization, and materials development.

Aligned with our SBTi targets, as Kocaer Steel we committed to achieving net zero emissions by 2050. We focus on increasing efficiency in our production processes, reducing environmental impacts, and managing all our operations with transparency and accountability. Through our Sustainability Committee, we set short, medium, and long-term goals in the areas of environment, social responsibility, and governance. Our objective is to reduce Scope 2 emissions to zero by 2030, and Scope 1 and Scope 3 emissions to zero by 2050.

To better manage our energy projects, we established Kocaer Energy, a subsidiary in which we hold a 99 percent stake, consolidating all renewable energy investments under this structure, with geothermal energy as a primary focus. Our goal is to supply all the electricity used in our production from renewable sources, ensuring our energy independence.
Through our green energy approach, we are moving toward carbon neutrality. The solar power plants installed at our three facilities in Aliağa in 2022 have a total installed capacity of 9,2 MW and prevent approximately 3,942 tons of CO_2e emissions annually.

These investments in carbon reduction also strengthen our preparedness for regulations such as the European Union's Carbon Border Adjustment Mechanism (CBAM), while reinforcing our sustainable production philosophy. We also plan our investments in compliance with international certification systems such as LEED, which validate environmental performance at the global level.

In waste management, we work toward a zero-waste target by properly segregating hazardous and non-hazardous waste, ensuring safe disposal or recycling at licensed facilities. Supported by environmental permits and licenses, these processes are kept under strict control. We regard organic waste from our production processes not only as waste but as a valuable resource. In this scope, we convert organic waste into compost and return it to use for agricultural purposes. Additionally, food-based organic waste with suitable properties is processed into animal feed, thereby preventing waste and contributing to the circular economy. Through these practices, our waste management approach combines environmental responsibility with the protection of natural resources.

As a result of our transformation efforts aligned with the European Green Deal, our KSM Facility became Europe's first and only steel profile hot-dip galvanization plant certified under the LEED v4 BD+C:NC GOLD standard, a milestone we are proud to have achieved.

We also believe that our responsibility to society extends beyond economic and financial contributions. We support local communities through social projects. With this purpose within the scope of our 2023 Sustainability Report, we provided assistance through partnerships with the Turkish Education Foundation (TEV) and the Foundation for Children with Leukemia (LÖSEV). With a donation of 150,000 TL to LÖSEV, we covered approximately three weeks of medical treatment for a child. Through the "Kocaer Steel Scholarship Fund" established with TEV, we supported the education of students from Istanbul University Faculty of Engineering and Ege University Faculty of Nursing. An additional donation of 150,000 TL covered annual scholarship expenses for three students.

Our planned steelmaking investment will use Electric Arc Furnace (EAF) technology to recycle steel scrap, producing our own billets and reinforcing our "green steel" vision.

Our History

1984
- The first production facility was established in Denizli, operating on 3,000 m².

1996
- Aliağa-1 (A1) Steel Profile Production Plant was established in İzmir Aliağa, with a capacity of 300,000 tons/year, on a total area of 32,500 m², including 21,000 m² enclosed.

2007
- Received ISO 9001 Quality Management Systems Certificate.

2008
- Aliağa-2 (A2) medium-section steel profile factory started operations with a capacity of 300,000 tons/year, located within 186,000 m² of total land, including 34,000 m² enclosed space.

2015
- Kocaer Steel UK was established in the United Kingdom.
- The industry's first R&D Center was founded with the approval of the Ministry of Industry and Technology.
- Received ISO 14001 Environmental Management and ISO 50001 Energy Management System certificates.

2016
- Joined the Ministry of Trade's Turquality program, a branding initiative for export support.

2017
- Aliağa-3 (A3) thin-section steel profile factory was commissioned with a capacity of 200,000 tons/year, on a total area of 41,000 m², including 18,000 m² enclosed.
- Achieved first place in Türkiye in the R&D category of the Ministry of Industry and Technology Productivity Project Awards.
- Received first place in the 2017 SAP Quality Awards Innovation Category with the SAP S4/HANA project.
- Received second place in the 2017 IDC Industry 4.0 Smart Manufacturing Category with the Digital Manufacturing System (MES) Project.

2018
- Awarded "Aegean's Largest Exporter" at the "Shining Stars of Export" awards in the steel sector for seven consecutive years (2018–2024) by the Aegean Exporters' Association.
- Received second place in Turkey in the Project Capacity category and third place in the A-Class R&D Centers category at the Ministry of Industry and Technology R&D Centers Summit.
- Received ISO/IEC 27001 Information Security and ISO 45001 Occupational Health and Safety Management System certificates.

2020
- Obtained Zero Waste Management System Certificate (TS/35/B2/15/18).

2021
- Implemented solar power plant investments across three Aliağa facilities, reaching 9.2 MW installed capacity and meeting approximately 33% of energy consumption.
- Received a credit rating of A from Japan Credit Rating (JCR).
- Conducted first carbon footprint analysis aligned with the 2050 global net-zero target, covering product, water, and corporate dimensions.

2022
- Completed IPO process on Borsa İstanbul (Ticker: KCAER).
- Published first Sustainability Report.
- Galvanization Plant received Turkey and Europe's first LEED v4 BD+C:NC Gold certification from the USGBC (U.S. Green Building Council).
- Commissioned Hot-Dip Galvanization Plant with an annual capacity of 100,000 tons.
- Selected as Innovation Leader Brand in the steel industry at the Turkey Innovation and Success Awards.
- Carbon footprint reports were verified according to GHG, ISO 14046 Water Footprint, and ISO 14064 Corporate Carbon Footprint standards.
- JCR upgraded credit rating from A to A+. With additional rooftop solar power investments at the Service Center and Galvanization Plant, total installed capacity reached 9.2 MW.

2023
- Established Kocaer Enerji (99% subsidiary) and initiated drilling operations in the Aydın Kuyucak geothermal license area.
- Signed the UN Global Compact (UNGC), a major corporate sustainability commitment.
- Restructured Internal Audit, Risk Management, and Internal Control functions under the Internal Audit Department reporting to the Board of Directors.
- Completed product carbon footprint calculations and reporting for 44 products under ISO 14067.
- Completed Environmental Product Declaration (EPD) process.
- Obtained International Renewable Energy Certificate (IREC).
- Established Energy and Water Working Groups to improve efficiency, monitor consumption, and develop sustainable resource management strategies.
- Launched Ensemble Process Management and RPA (Robotic Process Automation) projects to monitor, digitalize, and improve operational efficiency.

2024
- Updated Sustainability Strategy and established Sustainability Committee under the leadership of the General Manager.
- Initiated CDP (Carbon Disclosure Project) and SBTi (Science Based Targets initiative) processes.
- Began analysis processes aligned with TCFD (Task Force on Climate-related Financial Disclosures) and TNFD (Task Force on Nature-related Financial Disclosures).
- Started projects to develop AI-based digital solutions.
- Completed Phase 2 of SuccessFactors system to digitalize HR processes and provide employees digital access to personal and employment records.
- Joined ResponsibleSteel, the first global standard and certification initiative in the steel industry focusing on responsible sourcing, production, use, and recycling.
- Launched the "SAP Analytic Cloud Integration Project for Data Quality and Verification of CBAM Calculations" in August 2024.

2025
- Joined the Responsible Program, supported by the Ministry of Trade, for compliance with the European Green Deal.
- Implemented BEAM system under Maintenance Management.
- Began Phase 3 of SuccessFactors system to further digitalize HR processes.
- Decided to open Kocaer Steel R&D and Technology Branch at Manisa Technopark within Celal Bayar University Technology Development Zone.
- Created "Fikrim Var" Suggestion Points to make idea and improvement proposals more accessible, allowing employees to submit suggestions via QR code.
- Introduced QR-code system for Near Miss reporting, enabling employees to easily report incidents to enhance workplace safety.
- Launched digitalization efforts for the Machining Workshop Management System to improve tracking of requests and records.
- Initiated work on BES (In-Department Training System) to improve employee performance through on-the-job training.
- Launched the "From Spark to Mastery – Apprentices Wanted Project" and deployed FIORI software for Travel and Expense Management.
- Published TSRS 2-compliant Sustainability Report on the Public Disclosure Platform (KAP).
- Began SBTi validation process and continued target-setting work.
- Expanded CBAM reporting to quarterly submissions by factory and GTIP in addition to annual reports.
- Completed the "SAP Analytic Cloud Integration Project for Data Quality and Verification of CBAM Calculations" in January 2025.

Our Mission

Providing sustainable solutions to our stakeholders by adding value to steel.

Our Vision

Being the leading and preferred steel profile company worldwide.

Our Values

- Acting with honesty, transparency, ethics, and fairness
- Respecting and valuing people
- Being environmentally responsible
- Acting with principles and dedication
- Being customer-focused
- Encouraging participation and sharing
- Supporting teamwork

Kocaer in Numbers

65 years of experience

1200+ Employees

UK & Ireland Distribution Channel

Exporting to 6 continents

140+ countries

550+ million dollar turnover

Product range more than **12,000** in **60** different grades

100.000 Tons/Year Galvanization Factory

3 Hot Rolling Mill

180.000 Tons/Year Service Center

800.000 Tons/Year Capacity

9.2 MW MW Installed renewable energy capacity

YYS Certificate of Authorized Economic Operator (YYS)

First R&D Center in the Sector

SAP Integrated SAP Management for All Processes

Aegean Region Iron and Steel Export Champion (2018, 2019, 2020, 2021, 2022, 2023, 2024)

Turquality First company in its sector to be included in the program

Corporate Memberships, Commitments, Awards

Medya Takip Merkezi	NB Ekonomi Gazetesi (Yıllık Üyelik)	World Economic Forum	The World Bank	European Commissioni	ITC/Trade Map	Abrams	Easy Export Platform	SAP Ariba Business Network
EKAP (Electronic Public Procurement Platform)	Startup Watch	David Publishing Company	Science Direct	Springer	Scopus	Mendeley	ResearchGate	OpenLibrary	Elsevier
Tandfonline	IOPScience	Project Smart Explorer	Turkey Material Marketplace	Vanilla Steel	EUREKA	EUREKA Clusters	European Research Council	TUBİTAK-PRODİS	Turkish Artificial Intelligence Initiative "TRAI)
EU Funding & Tenders Portal	Steel Data	Steel Network Arabia - Sectoral Publishing Institution Membership	Metal Expert	THY Corporate Club	SteelOrbis	EİB -Aegean Exporters' Association	TÜYİD	TKYD	Matriks Software System
Turkish Constructional Steelwork Association	NetSec Network and Information Security Community	CIO GRUP - CIO TÜRKİYE	BThaber Weekly IT and Economy Newspaper	DEİK Foreign Economic Relations Board	Lebib Yalkın Publishing & Printing Inc.	Geothermal Energy Association			

Awards and Recognitions

Export Star (2024)

Awarded by the Aegean Exporters' Association in the Ferrous and Non-Ferrous Metals category, Kocaer Steel was recognized as the Export Champion in the steel sector.

Aegean Career Fair Certificate of Appreciation (2024)

Honored with a certificate of appreciation by universities in the Aegean Region for our participation in the 2023 Aegean Career Fair, hosted by Manisa Celal Bayar University.

ARC Awards GOLD (2024)

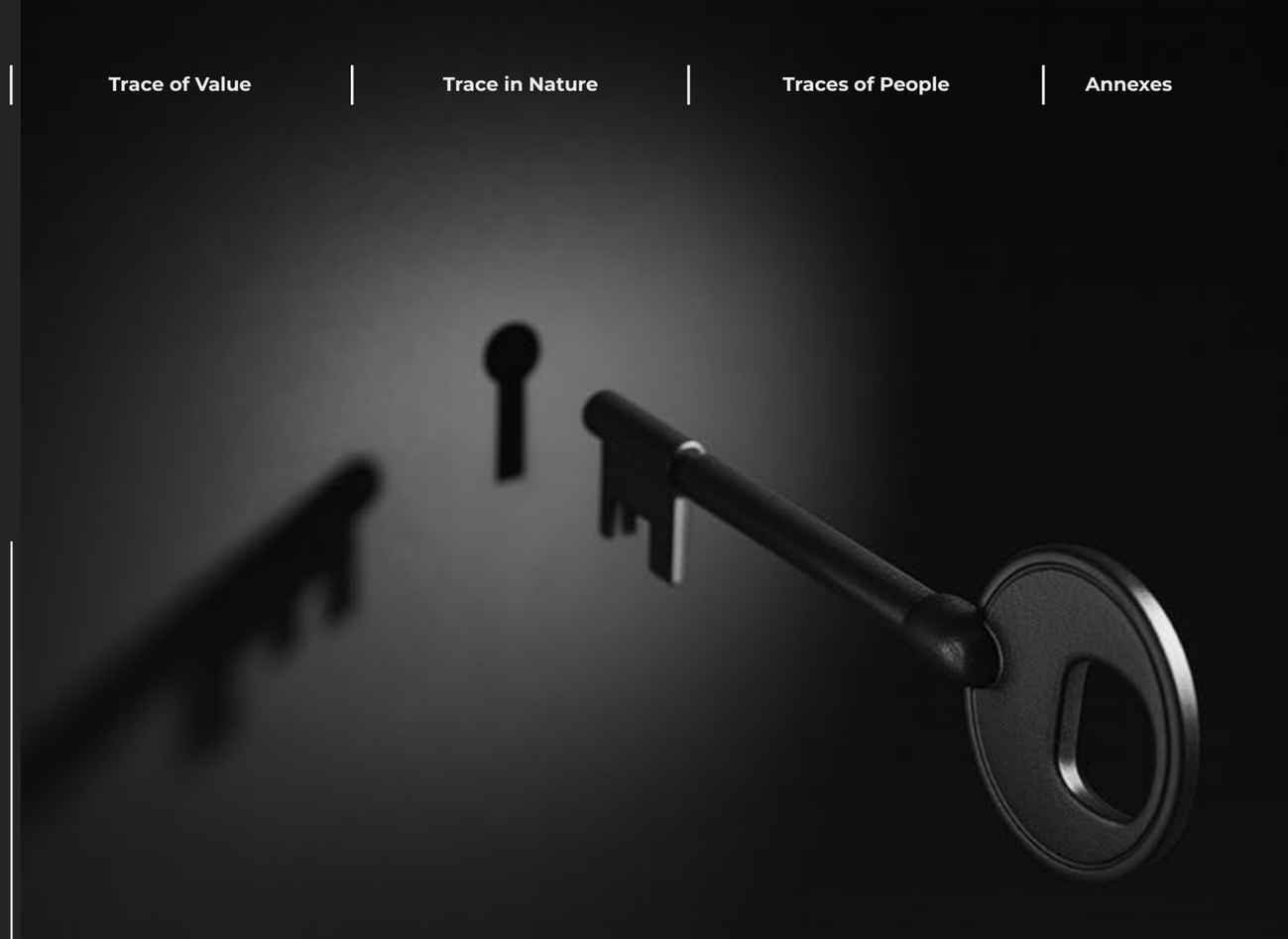
Our 2022 Sustainability Report received the Gold Award in the category Design/ Graphics: Sustainability Report: Americas & Europe at the ARC Awards 2024, organized by MerComm, Inc.

Turkish Sailing Federation Certificate of Appreciation (2024)

Received a certificate of appreciation for our contributions to the organization of the 2024 Regional Races of the Turkish Sailing Federation, supported by our corporate sailing team.

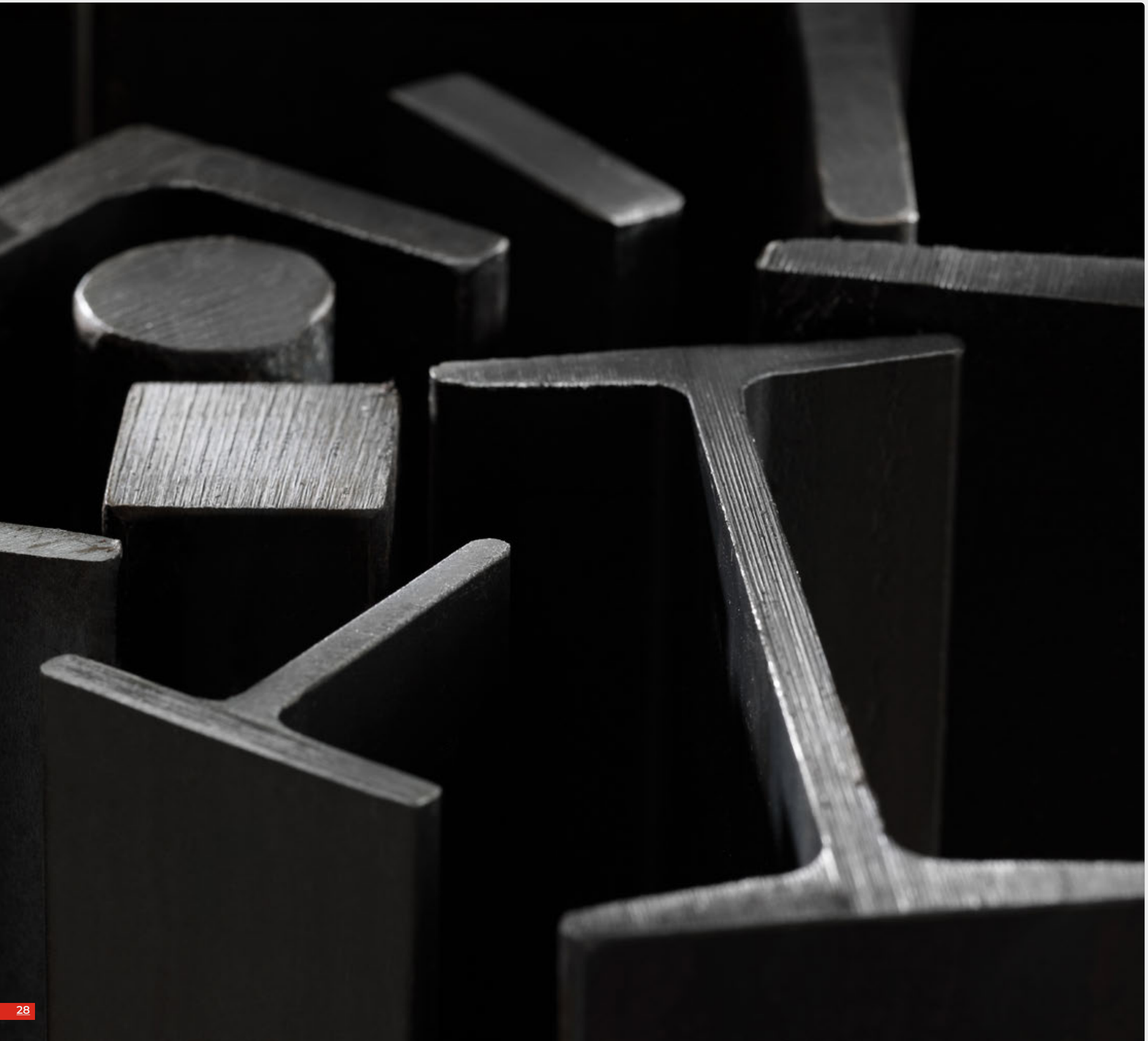
Corporate Governance

02



The Trace of Trust

At every step, we embody respect, trust, transparency, and fairness; through our corporate governance principles, we carry sustainable growth into the future.



Corporate Governance

In line with the corporate governance regulations of the Capital Markets Board, our governance approach is shaped within a consistent and fair framework based on the principles of transparency, traceability, and accountability.

Our corporate governance processes are continuously developed in accordance with global trends, evolving needs, and best practices. Within this scope, our processes are carried out in compliance with international standards, supported by ISO 9001 Quality Management System, ISO 14001 Environmental Management System, ISO 45001 Occupational Health and Safety Management System, ISO 50001 Energy Management System, and ISO 27001 Information Security Management System certifications.

Our Sustainability Board is directly responsible for setting, implementing, and monitoring our sustainability strategies, providing leadership to our governance processes. In defining our strategies, we take into account not only financial but also social and environmental impacts, responding to stakeholder expectations with a perspective that creates mutual value. In this context, our aim is to contribute to sustainable development and generate value through a corporate governance model based on high ethical standards.

Through investments in R&D and quality, we create added value for the communities in which we operate. Alongside relevant internal control mechanisms and audit structures, we proactively manage environmental, social, and governance (ESG) risks as well as climate-related risks, thereby strengthening effective decision-making processes across our value chain.

2.1 Organization and Corporate Structure

The highest decision-making body of our Company is the Board of Directors. The short, medium, and long-term strategic decisions of our institution are implemented with the approval of our Board. Each year, the Board reviews our strategic objectives and evaluates our performance on a quarterly and annual basis against pre-determined criteria. At the end of the year, efficiency and achievement reports are prepared to inform our shareholders.

Our Board of Directors consists of 8 members, including the Chairman, with 2 female members and 2 independent members. Shareholders holding Group A and Group B shares have the privilege of nominating members. Meetings of the Board are convened with the participation of at least 5 members. For a resolution to be adopted, at least 3 affirmative votes are required, and each Board member holds equal voting rights.
The preparation of meeting agendas, their communication to participants, and the dissemination of adopted resolutions to all stakeholders are the responsibility of the Chairman of the Board and the General Secretary of the Board. In 2024, 12 Board meetings were held, with an attendance rate of 93% among Board members.

Within our Board of Directors, four committees are active: the Corporate Governance Committee, the Early Risk Detection Committee, the Audit Committee, and the Nomination and Remuneration Committee. Our committees provide recommendations to decision-making mechanisms within their authority and responsibilities; however, the final decision and responsibility always rest with our Board of Directors.

Chairman of the Board

Hakan Kocaer

Honorary Chairman

İbrahim Kocaer

Deputy Chairman of the Board and General Manager

Mehmet Çakmur

Board Member

Dr. Yılmaz Argüden

Board Member

(Independent Member)

Dr. Fatma Füsun Akkal Bozok

Board Member

Mesut Uğur Yılmaz

Board Member

(Independent Member)

Tuğrul Fadıllıoğlu

Board Member

Ferda Besli

Board Member

(Independent Member)

Ayşe Selen Kocabaş

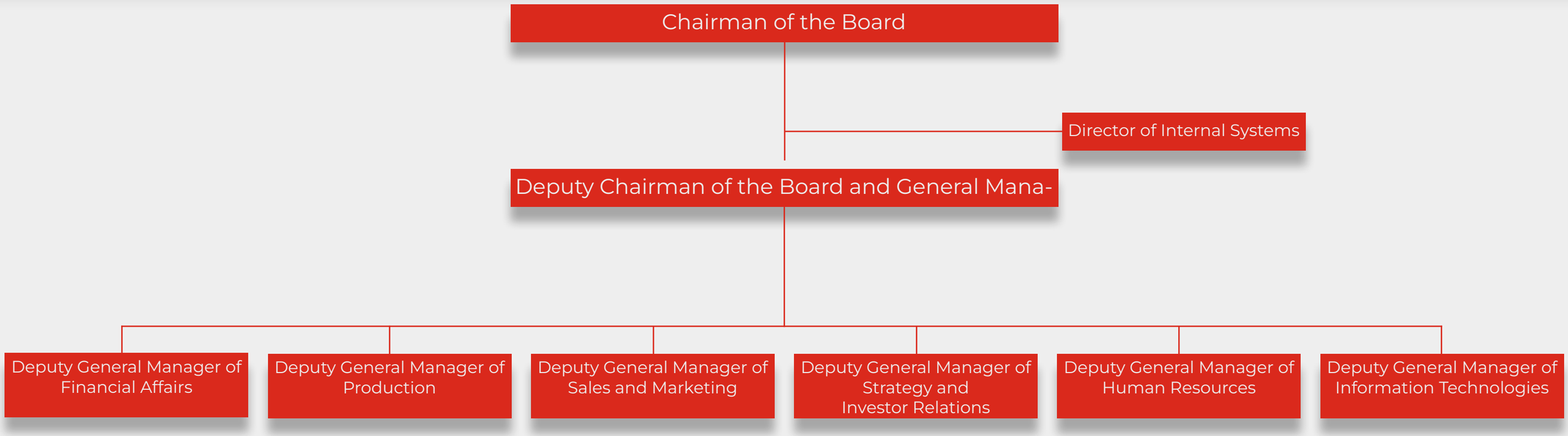
Through the committees established under our Board of Directors, we operate our governance system in an effective and holistic manner. In this context:

Our Corporate Governance Committee is responsible for ensuring that our company's governance processes comply with the principles of ethics, transparency, and accountability. It identifies areas of improvement, develops them, makes recommendations, and evaluates the impacts of decisions on our stakeholders. The committee consists of at least three members, including the Investor Relations Manager and two members of the Board of Directors, and convenes at least four times a year. The decisions of our committee are communicated to the Board of Directors. Our Corporate Governance Committee also undertakes the duties and responsibilities of the Nomination and Remuneration Committee.

Our Nomination and Remuneration Committee identifies suitable candidates for the Board of Directors and senior management and guides the selection and appointment processes. It is responsible for ensuring that candidates possess the knowledge, experience, and qualifications that will add value to the organization. It oversees the effectiveness of the performance-based remuneration system and develops recommendations regarding remuneration policies and practices for the General Manager and other executives.

Our Early Risk Detection Committee is responsible for identifying internal and external risks that may affect our company, developing strategies to mitigate the identified risks, and periodically reviewing our risk management systems. Our committee consists of three members, the majority of whom do not hold executive positions.

Our Audit Committee, on behalf of the Board of Directors, is responsible for auditing the effectiveness, efficiency, and adequacy of the internal control mechanisms within our company. Our committee consists of two independent members. The Audit Committee convenes at least four times a year and reports its decisions to the Board of Directors.



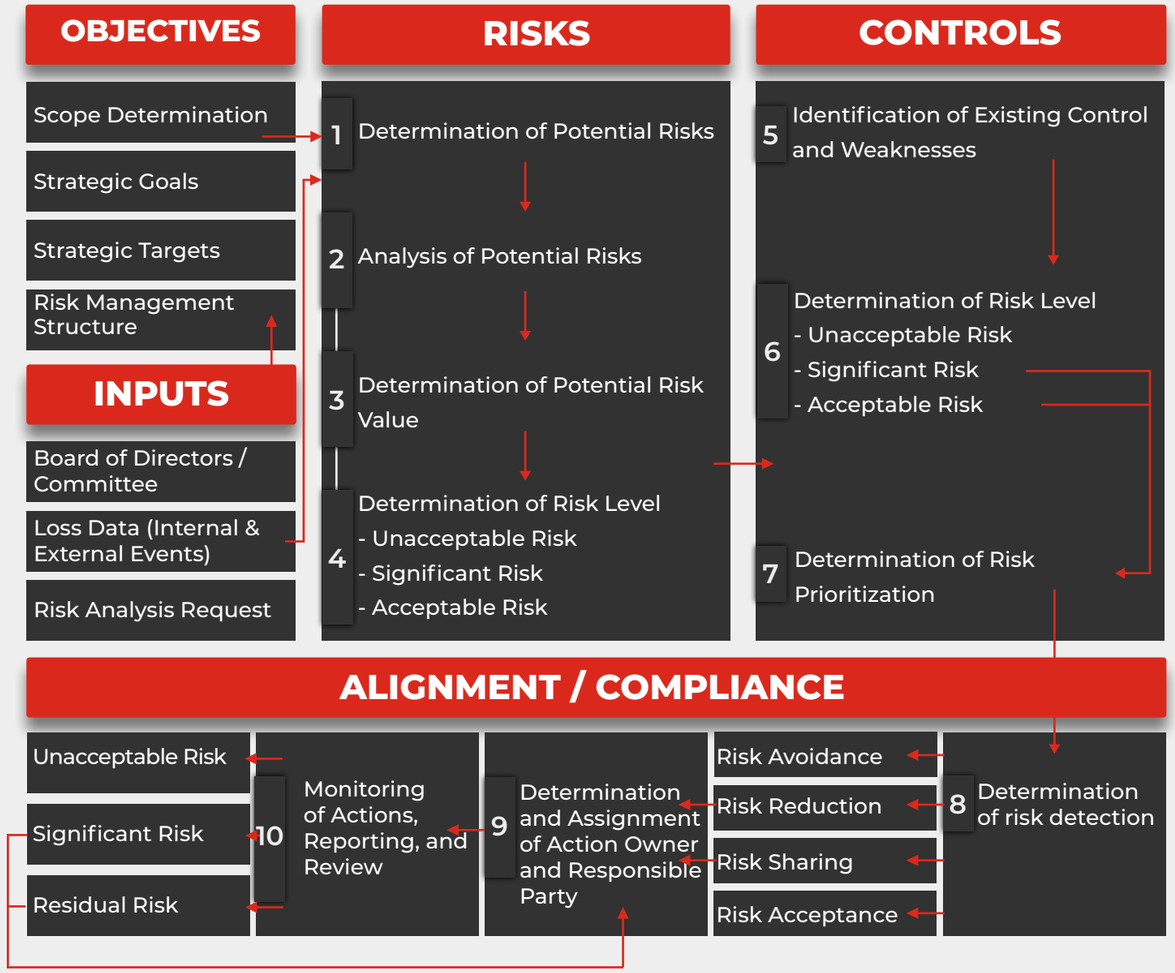
Our sustainability management is carried out by our Sustainability Board, which operates under the General Manager. The Committee is responsible for the determination, implementation, and reporting of environmental, social, and governance strategies. Comprising a total of 22 members, including representatives from different departments such as the Management Systems and Sustainability Department, the Committee convenes at least twice a year, and the decisions taken are put into effect with the approval of our General Manager.
In order to enhance the knowledge base of our Board of Directors in the field of sustainability, collaborations are established with external experts; thus, current sustainability trends and regulations are closely monitored, and our company strategies are determined more effectively.

2.2 Corporate Risk Management

Our corporate risk management approach, on the path to achieving our strategic goals, is built on a structure that anticipates uncertainties, minimizes risks, and evaluates opportunities in a way that creates sustainable value. Our risk management system is addressed not only with a focus on financial risks but also from a broad perspective that encompasses environmental, social, and governance factors.

Risks that may arise in our business processes are identified at an early stage, analyzed, and strategies are developed to mitigate their impacts. Our risk management processes are reviewed at regular intervals, under the guidance of our Board of Directors, in compliance with national and international standards. In this way, we are able to quickly adapt to changing market conditions and regulatory requirements, preserving the agile and resilient structure of our company.

Led by our Early Risk Detection Committee, this process involves evaluating potential risk scenarios, analyzing the likelihood and impact of risks, assessing the adequacy of existing controls, and determining the level of acceptability based on the degree of risk. Our action plans are shaped in line with these analyses, and the measures taken are continuously monitored and reported.
Our risks are grouped under six main categories: Strategic Risks, Reputational Risks, Compliance Risks, Financial Risks, Operational Risks, and Information Security Risks. For each category, specific processes are carried out for risk identification, evaluation, prioritization, and the creation of action plans. In addition, our sustainability-related and climate-related risks and opportunities are systematically analyzed, adopting an integrated risk assessment approach.



1 Strategic Risks

2 Reputational Risks

3 Financial Risks

4 Operational Risks

5 Compliance Risks

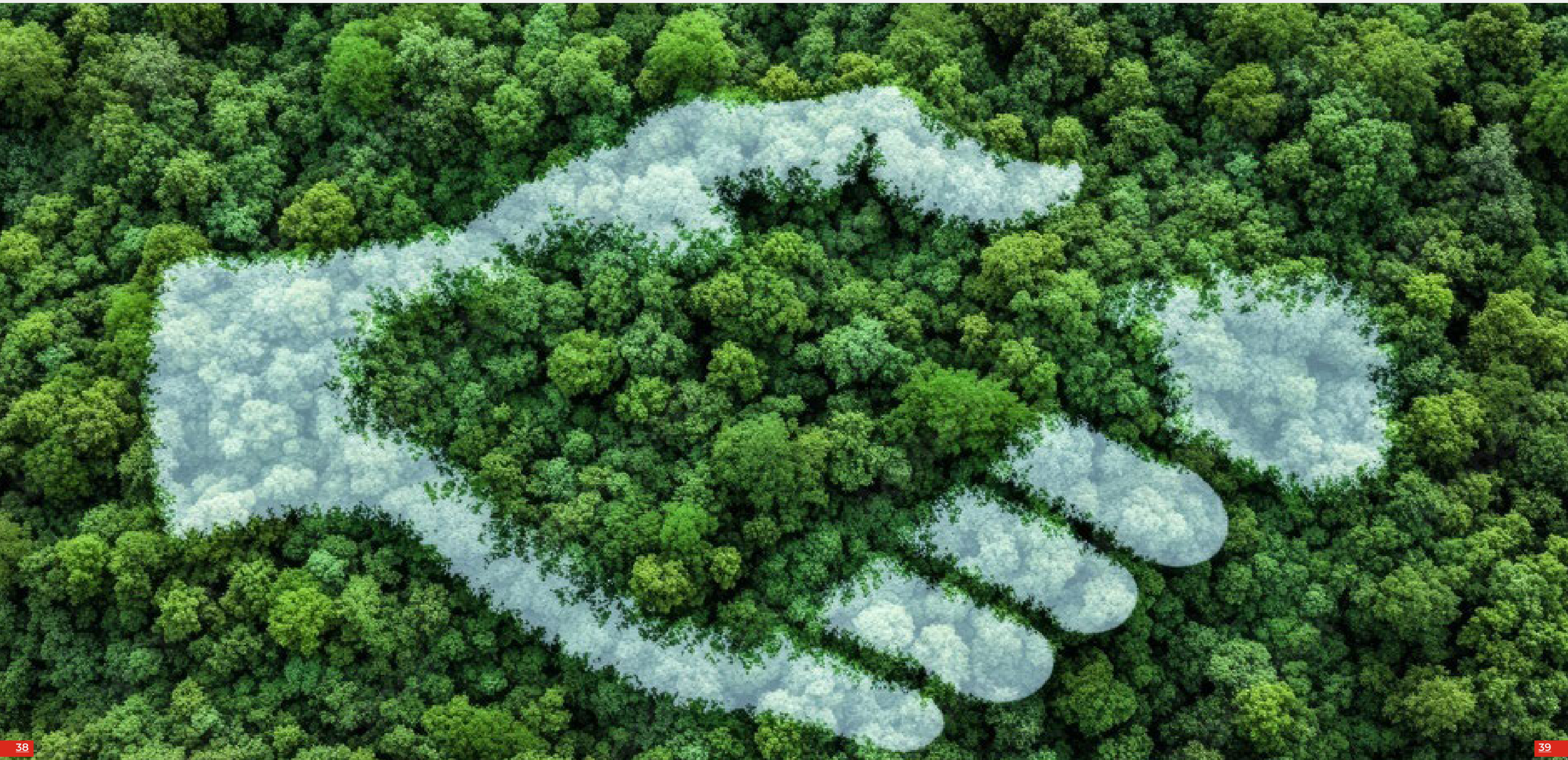
6 Information Security Risks

Working in coordination with our Internal Systems Department, our Internal Audit, Risk Management, and Information Security units comprehensively evaluate risks in areas such as sustainability, occupational health and safety, climate change, cybersecurity, and supply chain. Our Corporate Risk Management Framework, defined within our Corporate Risk and Opportunity Management Procedure specifically designed for each risk area, is structured to meet the requirements for prioritizing and managing risks across the organization under the Türkiye Sustainability Reporting Standards (TSRS).

In line with our Corporate Risk and Opportunity Management Procedure, the identified risks and the actions taken in response to them are regularly reported to our senior management. Within this process, the Internal Systems Department identifies potential risks, analyzes the likelihood of their occurrence and the possible level of impact, and assigns a rating for each risk. Risks are regularly reviewed and updated by taking into account existing control mechanisms and weaknesses in the system. Accordingly, the prioritization of risks is clarified.

2.3 Management of Climate-Related Risks

In order to better understand the short, medium, and long-term impacts of climate change on our operations and to manage these impacts effectively, we have structured our risk and opportunity analyses within the framework of the TSRS. Accordingly, in 2024, we initiated our efforts to identify Climate Change-Related Risks using the TCFD framework, based on 2023 data. The tables on page 89 - 98 summarize our climate-related risks and opportunities contained in that report.
Detailed information regarding our climate-related risks and opportunities, our strategic approach on this matter, and the actions taken are shared in our 2024 TSRS 2-Aligned Sustainability Report.



2.4 Internal Audit and Internal Control

Our internal audit processes cover risks related to operational errors and process weaknesses, unethical behavior, irregularities and corruption. Our audits are carried out within a framework that, in addition to financial risks, also addresses environmental and social risks.
The Internal Audit Unit, which is affiliated with our Internal Systems Department, operates directly under our Board of Directors. Our related unit carries out its activities within the scope of the Annual Audit Plan approved by our Audit Committee. In this context, risk-based process audits are carried out to cover Kocaer Steel and our subsidiaries. Our Internal Audit Unit identifies the risks detected during the audits. In order to eliminate the identified risks, or where this is not possible to reduce them, the relevant business and support departments prepare action plans with deadlines in accordance with our Corrective Action Procedure.
Audit results, together with the action plans determined with the owners of the findings, are regularly reported to senior management and at least 4 times a year to our Audit Committee. Audit results and action plans are monitored digitally through the QDMS software. Special investigations or fraud-focused studies are carried out in full compliance with legal regulations and are archived in a way that is accessible only to our Internal Audit Department and Audit Committee.
In 2024, internal audit work was carried out covering a total of 9 departments and processes, including Procurement and Warehouse, Administrative Affairs, HSE and Energy, Foreign Trade Operations, Human Resources, Finance, Accounting, Yağız Transportation and Logistics. Various findings were reached in all audits and action plans were created together with the relevant units in line with these findings. In this way, concrete steps are taken to improve our processes, reduce risks and strengthen our corporate governance standards.
With our internal control system, in addition to full compliance with regulations, we aim to increase the efficiency of our processes and secure our sustainable performance. Through this mechanism, our activities are carried out in line with the established policies, procedures, regulations and targets.
Our internal control activities are carried out in accordance with our Internal Control Procedure, under the supervision of the Audit Committee, and consist of at least one person in line with the structure and scope of our company’s activities.

Principles of Our Internal Control System:

- Control Environment and Culture
- Risk Identification and Assessment
- Information Systems
- Control Activities and Segregation of Duties

In 2024, four independent audit processes conducted on a quarterly basis were successfully completed, and no adverse findings were identified during the audits.

2.5 Business Ethics and Compliance

Our relationships with all our stakeholders are conducted on the basis of trust, and decision-making and behavioral patterns in line with business ethics are made an integral part of our corporate culture. Our Code of Ethics and Compliance approach is shaped within the framework of our Ethics Policy and Code of Business Ethics Guide. In 2024, a total of 599 hours of training were provided to 1,198 employees to increase awareness of business ethics and compliance.

In line with our principle of "zero tolerance" for any unethical demand, pressure or inappropriate behavior, we act accordingly.

It is the responsibility of our Ethics Board to ensure that all our employees act in accordance with our Cofe of Ethics Policy and Code of Business Ethics Guide, to inform employees, to investigate any violations of the rules as quickly as possible and to report the outcome. Our Board consists of 3 members, chaired by the Deputy General Manager of Human Resources. Our Company's Legal Counsel is a board member, and our Director of Internal Systems serves as the Secretary General.

All our stakeholders can report any suspicions or complaints regarding ethical violations through etik.kurul@kocaersteel.com in accordance with our Code of Ethics Policy and Code of Business Ethics Guide. All notifications received are evaluated by the Ethics Board while ensuring the confidentiality of our employees, and when a situation contrary to our ethical principles is identified, action is taken in line with our Disciplinary Regulation.

During the period, there were two cases of violation of ethical rules. These cases were evaluated by our Ethics Baord within the framework of our Disciplinary Regulation, and the necessary actions were taken. We ensure that our ethical principles and rules are valid not only within the company but also in all our business relations. It is expected that all our suppliers and business partners act in accordance with our ethical rules. In line with our principle of zero tolerance for any unethical demand, pressure or inappropriate behavior, we act accordingly. In our relations with all our stakeholders and customers, priority is given to confidentiality and the protection of personal data. In order to ensure the security of customer information, control mechanisms are designed to allow access to personal data only by authorized personnel.

2.5.1 Anti-Bribery and Anti-Corruption

Within the framework of our fundamental ethical value of integrity, the principle of Zero Tolerance is applied against bribery and corruption. Accordingly, our employees and business partners are expected to fully comply with anti-bribery regulations and to report any suspicious situations through the ethics hotline.

Through our Code of Business Ethics Guide and Anti-Bribery and Anti-Corruption Policy, full compliance with international standards and the regulations of the countries in which we operate is committed. The Board of Directors and our Directorate of Internal Systems are responsible for policy updates and monitoring of implementation.

Within the scope of our Donations and Sponsorship Policy and Code of Ethics Policy, any attempt to provide or receive money, gifts, meals, travel, hospitality, or other benefits for the purpose of gaining an advantage is strictly prohibited. In compliance with CMB (Capital Markets Board) and international regulations, gifts exceeding certain limits are rejected, and our donations and sponsorships are carried out only through processes that are transparent and in line with our policies.

In cases of suspected bribery or corruption, all our employees can report to etik.kurul@kocaersteel.com. As a result of the audits conducted by our Internal Audit Department, no violations related to bribery or corruption were identified in our company during the 2024 reporting period, and no public lawsuits were filed.

2.5.2 Combating Anti-Competitive Behavior

The principle of Zero Tolerance is applied against all forms of anti-competitive behavior, and it is committed that market activities are carried out within the framework of honesty and transparency. In this context, our Competition Policy, the Principles of Fair Competition and Protection of Intellectual Property, and the legislation in force within the scope of Competition Law are complied with, and our competitive activities are conducted in an ethical and fair environment.

No tolerance is shown for monopolization, collusion activities, unfair competition, or practices contrary to laws that may improperly and negatively affect market conditions. Accordingly, in situations where there is a possibility of anti-competitive behavior, our Legal Counsel or Ethics Board is consulted, and actions are taken in line with expert opinions.

During the 2024 reporting period, no violations occurred within the scope of our Competition Policy.

2.6 Information Security

As digitalization is one of our main focuses, information security has become a fundamental element of our strategy. We carry out our information security practices in line with the ISO/IEC 27001 Information Security Management System and in accordance with our Information Security Policy, establishing effective controls against information security risks that may threaten business continuity. In this context, in addition to our company data, the data of all our stakeholders are also protected with high security standards.

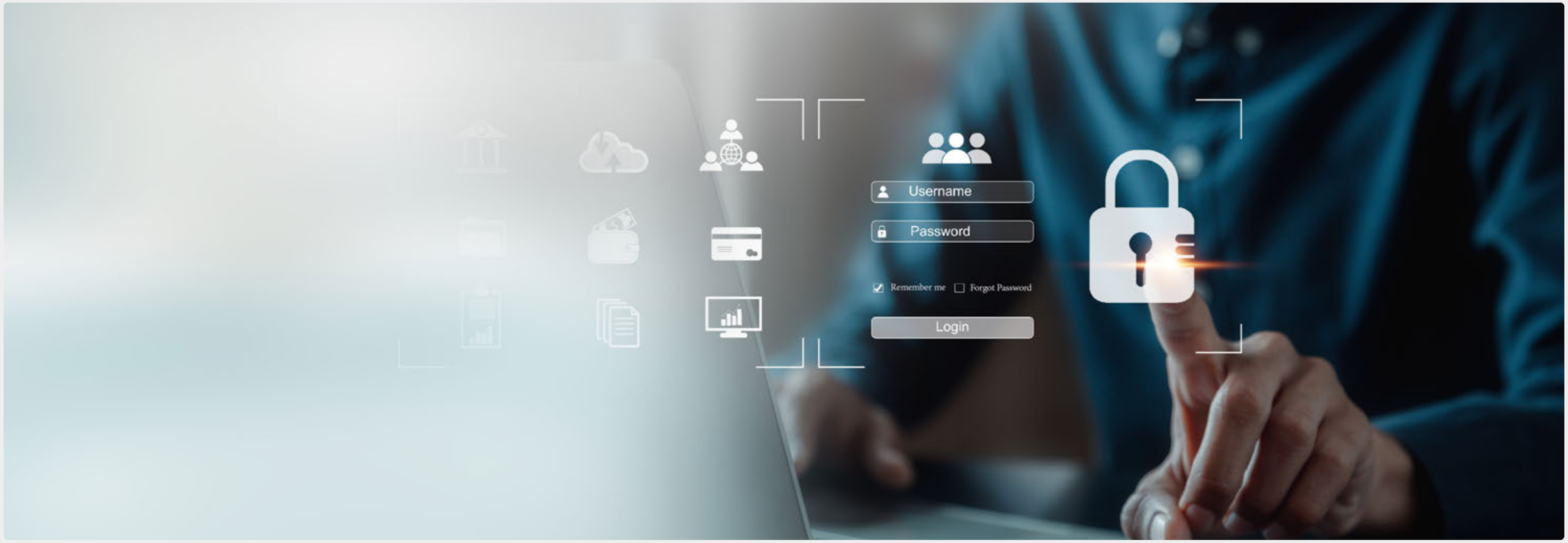
The risks within the scope of information security are managed in accordance with our risk management processes. By identifying potential threats in advance, risks are managed systematically. In the event of a possible violation being detected, our disciplinary process is immediately initiated and the necessary actions are taken.

By continuously keeping our information technology infrastructure up to date, we increase both our technological and operational resilience. Our system operates in a constant state of alert not only against internal threats but also against external cyber threats. Our software and hardware infrastructure is continuously improved in line with modern security standards. Regular penetration tests are carried out against cyber threats together with independent experts.

The confidentiality of all our stakeholders' data is protected within the framework of legal and ethical obligations. Within the scope of the Personal Data Protection Law (KVKK), all personal data are processed in line with the principles of explicit consent and limited retention periods.

In order to develop our information security culture, awareness programs covering all our employees are implemented, and open communication processes that will increase transparency and reliability within the company are established. To keep our employees' information security awareness and motivation continuously alive, information security trainings are organized every year.

In 2024, we provided a total of 867 hours of information security training to 785 of our employees. All our suppliers and business partners are expected to comply with our information security policies and practices.



2.7 Sustainable Supply Chain Management

Each link in our value chain is managed in line with our sustainable development goals. Our business relationships with suppliers are addressed through a holistic approach that, in addition to financial efficiency, also considers environmental, social and governance criteria.

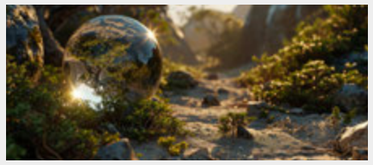
Within Kocaer Steel, all raw material and semi-finished product supplies are managed by our Production Planning and Quality Control units in accordance with technical criteria. These technical criteria are determined according to our Billet Supplier Selection and Evaluation Instruction, Logistics Procedure, Incoming Quality Control Instruction, and Raw Material Procurement and Supply Procedure.

All of our suppliers from whom we procure raw materials are classified as “critical suppliers” and are subject to a comprehensive performance evaluation twice a year.

With our Sustainable Supply Chain Management Policy, which we implemented in 2024, it is aimed to establish a transparent, accountable, and traceable structure in our supply chain. Within this scope, various sustainability criteria such as greenhouse gas emissions, occupational safety performance, and social impact are also taken into account in the evaluation of our suppliers. Performance measurement systems are established and awareness activities are carried out to ensure the development of our suppliers in sustainability-focused areas of activity. Accordingly, a mechanism has been established in which the performance of our suppliers in areas such as environmentally friendly production, occupational health and safety, human rights, and ethical business practices is regularly reviewed.

All our stakeholders are expected to fully comply with our ethical rules as well as with applicable environmental, labor, and human rights legislation. In particular, it is explicitly stated that they must adopt the principle of Zero Tolerance against forced labor, child labor, and unhealthy working conditions. In case of any non-compliance being identified, corrective action plans are requested from the relevant companies, and, where necessary, our business relationship is completely terminated.

2025	2030	2050
By 2025, we aim to include greenhouse gas emission performance and measurement-related items in our supplier evaluation system and to report the data we collect accordingly. Within the scope of CSDDD (Corporate Sustainability Due Diligence Directive), we aim to have our suppliers evaluated according to our Supplier Code of Conduct, which also includes ESG issues.	By 2030, we aim for the rate of suppliers evaluated for sustainability to reach 50% among our top 20 suppliers. By 2030, we aim to increase by 50% (based on 2023) the number of suppliers monitored/audited for their performance in environmental and social matters. By 2030, we aim to increase our green procurement rate by 50% (based on 2023). By 2030, we aim to increase the number of suppliers in local procurement by 20% (based on 2023).	By 2050, we aim to reduce our Scope 3 emissions by 100%.



Sustainability Strategy

03

Trace for the Future

We leave a footprint for tomorrow through the efficient use of resources, environmentally conscious technologies, and social responsibility projects. By placing sustainability at the core of our business, we invest in the future with our environmental, social, and governance responsibilities, and we strive to build a more livable tomorrow through low-carbon production technologies and environmentally friendly projects.

3.1 Our Sustainability Approach, Organization, and Strategy

3.1.1 Our Sustainability Approach

Within the scope of our sustainability strategy, we act with the principles of transparency, fairness, inclusiveness, innovation, and accountability; our way of doing business and our relationships with stakeholders are managed accordingly. With our sustainability strategy, the environmental and social impacts of our operations are managed responsibly. While meeting today's needs, our aim is to create a more livable world for future generations by also considering the future.

With the sustainability strategy we have shaped in line with our values and vision, as Kocaer Steel we develop policies that adapt to the requirements of the new era and adopt a business model that is prepared, agile, and resilient for both today's and tomorrow's scenarios. By taking the United Nations SDGs as a reference, our sustainability strategy is aligned with global goals. In our operations, natural resources and energy are used efficiently, and resource consumption and waste generation are minimized with a circular economy approach. While preparing for the coming years, it is aimed to continuously improve by reducing environmental impacts, strengthening social responsibility, and aligning our governance with sustainability principles.

With our carbon footprint reduction efforts, we are progressing decisively toward our goal of becoming Carbon Neutral by 2050. In this context, by 2030 we aim to source 100% of the electricity we consume from renewable sources. Our responsibility against the climate crisis is supported with environmentally friendly solutions, focusing on the development of decarbonized and circular business models. For more detailed information, please refer to section 3.3 Our Sustainability Goals.

With the circularity approach we adopt in our production processes, we carry out production using 95.7% recycled raw materials.

Once operational, Membrane Bioreactor (MBR) system wastewater treatment system is expected to reduce our water footprint by 250 m³/day.

3.1.2 Sustainability Organizational Structure

The Sustainability Board ensures the integration and coordination of the sustainability strategy across the company. It regularly monitors sustainability activities, identifies areas for improvement to enhance performance, and updates existing plans, thereby making continuous improvements. Our Sustainability Baord, chaired by the General Manager, includes 22 representatives from the Human Resources, Business Development and Investment Projects, Planning, Logistics, Procurement, Information Technologies, Internal Audit, Finance, Investor Relations, HSE and Energy, Financial Affairs, Quality Control, Production, and Sales units.

Our Board advances the company's performance in environmental, social, and governance areas and contributes to the sustainable growth of our company. In this context, it develops holistic strategies based on ESG principles, establishes collaborations with non-governmental organizations, carries out joint projects, and gains support from external stakeholders, thereby sustaining corporate development through these interactions. In line with this strategic approach, the Board also plays a role in updating policies in alignment with targets, monitors the impacts of practices, and ensures improvements by taking action when necessary. At the same time, our Sustainability Board carries out the necessary work to ensure full compliance with the Labor Law, Occupational Health and Safety regulations, and environmental legislation. It follows national and international best practices and provides recommendations to the Board of Directors on relevant issues.

In addition to the Sustainability Borad, the Management Systems and Sustainability Department also carries out sustainability activities and ensures coordination among related units. The Department supports the operational process in the implementation of the sustainability strategy and contributes to the proper progress of practices across the company. The Department consists of four people: two Sustainability Specialists, one Participation Systems and Organizational Development Manager, and one Unit Manager.

3.1.3 Our Sustainability Strategy

At Kocaer Steel, by closely monitoring changing global dynamics, our strategy developed in alignment with the UN SDGs strengthens our vision of long-term value creation.

In our sustainability journey, while we focused on environmental priorities such as combating climate change and optimizing natural resources in 2023, for 2024 the scope of our strategy was expanded in light of valuable feedback from our stakeholders. Accordingly, in our updated 2024 sustainability strategy, targets have been set ranging from the improvement of water management to ensuring gender equality in corporate governance.

Our sustainability strategy is structured around three integrated pillars: Environmental, Social, and Governance. On the environmental dimension, innovative solutions are being developed for the responsible use of natural resources and the reduction of our climate impact. On the social dimension, sustainable value is created for all our stakeholders by promoting a human-centered, inclusive, and equitable working environment. On the governance dimension, our corporate sustainability approach is further strengthened every day by placing transparency, accountability, and ethical principles at the center.

It is recognized that the lasting success of sustainability can only be achieved through its internalization across the entire organization. With this vision, the strategic roadmap we have established under the leadership of our Board of Directors and with the valuable contributions of all our employees is being followed with determination. We define our stakeholders as all individuals and institutions that interact with our activities and influence our company's performance through their decisions, and in every relationship we build with them, the philosophy of adding value to the future is adopted. The responsibility of continuously investing in our business, our sector, and our country is considered in all our business processes.

We address sustainability both from an operational and a risk management perspective, comply with international standards, and conduct risk–opportunity analyses, focusing on environmental issues, particularly the climate crisis.

Within the framework of our ESG risk management, TCFD and TNFD analyses were completed in 2024; the financial impacts of climate change were assessed under different scenarios and integrated into the strategy. With the TNFD approach, the impacts of risks such as biodiversity loss on business processes were analyzed.

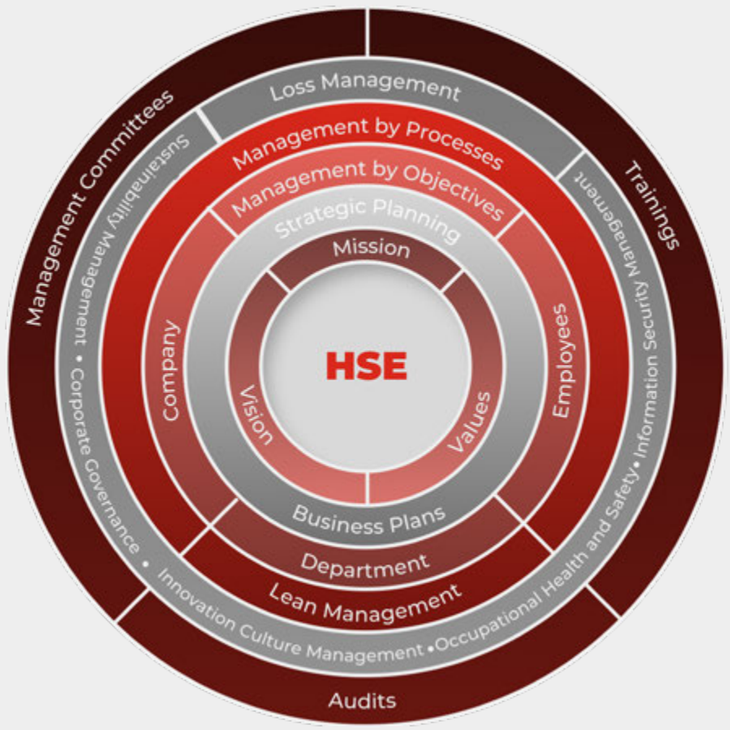
With our 24 MW installed capacity geothermal power plant, we aim to meet all our electricity consumption from renewable sources and prevent 103,872 tCO_2e emissions annually.

3.1.4 Kocaer Management and Excellence System (KMES)

Sustainable growth is prioritized and the creation of long-term value for all our stakeholders is targeted. With this vision, we have implemented the Kocaer Management and Excellence System (KYMS), which we designed specifically for Kocaer. KYMS offers a company-specific methodology for continuous improvement and development; at the same time, it is positioned as a strategic tool that increases our business efficiency and advances our sustainability management.

Within the system, many elements are implemented in an integrated way, such as strategy development, management with business plans and targets, lean production practices, digital transformation, process management, idea and project management, recognition–reward systems, and loss management covering 35 different types of losses. By closely following international best practices and integrating them with our company's internal dynamics and management approach, a human-centered, effective, and integrated management system is created.

Our business processes are improved with lean production and management tools, losses are reduced, and digital solutions are integrated into our operations. By adopting the process management approach across all disciplines, focus is placed on operational excellence. This holistic model is supported by regular audit mechanisms and the trainings we provide within Kocaer Academy. In this way, a strong and sustainable structure is being built, step by step progressing toward corporate excellence.



3.2 Stakeholder Engagement and Materiality Matrix

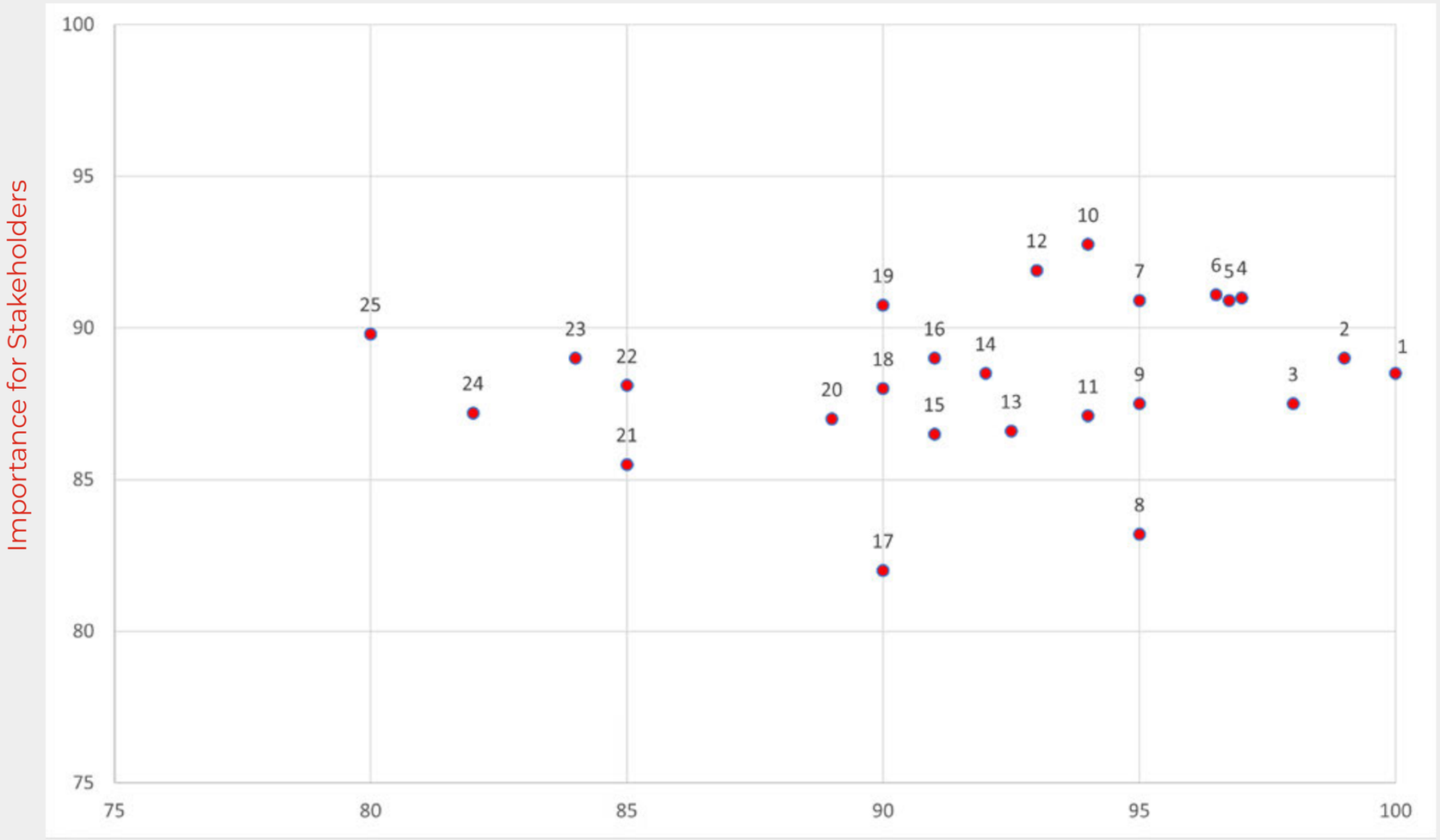
No prioritization has been made in the stakeholder ranking.

The expectations and suggestions of our stakeholders form the basis for shaping our sustainability strategy. In this context, analyses are carried out through surveys and online meetings conducted with our internal and external stakeholders to identify priority sustainability issues. In this way, direct and reliable feedback is obtained on which areas we should focus on when determining our strategic priorities. Our sustainability priorities are updated every two years, and the views of our stakeholders are regularly integrated into our strategic planning processes.

In 2024, as part of the process of developing our sustainability strategy, a study consisting of surveys and online interviews was carried out to gather the opinions of our internal and external stakeholders in order to identify priority issues. Within this scope, a total of 308 stakeholders were reached, of which 132 were from within the organization and 176 were external stakeholders, the majority being local stakeholders and the minority international stakeholders. The findings obtained were evaluated together with our company strategy, and 25 priority issues to guide our sustainability strategy were identified, and accordingly, our Materiality Matrix was created.

These identified priorities will be updated every two years, and together with the views of our stakeholders, they will be regularly integrated into our strategic planning processes.

Prioritization Matrix



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

3.3 Our Sustainability Goals

At Kocaer Steel, by prioritizing environmental responsibility, practices that contribute to society, ensure transparency, and promote sustainability are made an integral part of our way of doing business. With this understanding, goals aligned with the SDGs have been set as our guiding path. Below, you can find the key performance indicators (KPIs) we use to measure our sustainability performance and monitor our progress.

3.3.1 Strategy and Roadmap – Environment

Priority Topic	Time Horizon	Target	KPI	Action	SDG
Greenhouse Gas Emissions	Short/ Medium Term	Reduction of greenhouse gas emissions	• Reduce Scope 1 emissions by 100% by 2050, based on 2022 levels • Reduce Scope 2 emissions by 100% by 2030, based on 2022 levels • Reduce Scope 3 emissions by 100% by 2050, based on 2022 levels • Reduce carbon emissions per unit of production by 35% by 2030, based on 2022 levels • Reduce non-renewable energy consumption by 100% by 2030, based on 2022 levels • Increase alternative fuel usage by 20% by 2030, based on 2022 levels • Reduce energy consumption per unit of production (diesel, etc.) by 35% by 2030, based on 2022 levels	• Identify activities with the highest emissions and implement measures to reduce carbon emissions in these areas • Implementation of SBTi, CDP, TCFD, TNFD reporting • Development of recuperators or regenerative burners • Adoption and expansion of innovative rolling techniques in rolling processes instead of conventional methods (direct rolling, thermomechanical rolling, normalized rolling, ferritic rolling, direct quenching) • Development of techniques such as direct charging, hot charging • Integration of carbon capture, utilization, and storage (CCUS) technologies into the process •Implementation of applications to reduce greenhouse gas emissions in logistics (low-emission fuels, electric vehicles, etc.)	13 CLIMATE ACTION
Greenhouse Gas Emissions	Short/ Medium Term	Reduction of greenhouse gas emissions	• Reduce Scope 1 emissions by 100% by 2050, based on 2022 levels • Reduce Scope 2 emissions by 100% by 2030, based on 2022 levels • Reduce Scope 3 emissions by 100% by 2050, based on 2022 levels • Reduce carbon emissions per unit of production by 35% by 2030, based on 2022 levels • Reduce non-renewable energy consumption by 100% by 2030, based on 2022 levels • Increase alternative fuel usage by 20% by 2030, based on 2022 levels • Reduce energy consumption per unit of production (diesel, etc.) by 35% by 2030, based on 2022 levels	• • Energy efficiency in compressed air, HVAC systems, lighting, insulation, waste heat recovery, energy-efficient motors, and process optimization • Improvement of operational efficiency • LEED-certified new campuses • Purchase of green electricity certificates • Use of electric vehicles and electric forklifts • Use of green hydrogen where infrastructure allows • Collaboration with suppliers for energy-efficient equipment design • Transition to alternative fuels in product transportation • Increase recycled content in products • Investments in GES and JES renewable energy projects • Investment in permanent carbon removal projects for remaining emissions	13 CLIMATE ACTION
Greenhouse Gas Emissions	Medium Term	Renewable electricity supply	• Achieve 100% electricity supply from renewable sources by 2030	• Supply electricity from renewable sources through rooftop PV, geothermal, and land PV systems to be commissioned by 2030	13 CLIMATE ACTION

Priority Topic	Time Horizon	Target	KPI	Action	SDG
Efficient Use of Natural Resources	Medium Term	Expansion of rainwater harvesting systems	• Implement and expand rainwater harvesting systems in all factories/locations by 2030	• A1/A3 rainwater harvesting project: • At A3, system will provide fire line water, process water, tree irrigation, etc. • At A1, storage system will supply process water.	6 CLEAN WATER AND SANITATION
Efficient Use of Natural Resources	Efficient Use of Natural Resources	Reduction of chemical usage	• Reduce chemical usage by 2026	• In KSM manufacturing, 50% diluted boric oil is used on all presses; controlled via automatic dosing system, reducing boric oil by 60% and total chemical usage by 10% • Galvanizing bath (Clement G300) chemical usage to be reduced by 5%, total impact 3% • A3 batch painting tank project: 15% reduction in chemical usage for paint, total reduction 3%, cumulative 15%	6 CLEAN WATER AND SANITATION
Efficient Use of Natural Resources	Medium Term	Reduction of water consumption per source	• Reduce water consumption per source by 2030		6 CLEAN WATER AND SANITATION
Efficient Use of Natural Resources	Short Term	Reduction of water discharge	• Reduce water discharge by 17% by 2025, based on 2023 levels	• Greywater from usage (canteens, showers) will be reduced through projects such as showerhead replacement, lowering domestic wastewater discharge • Feed discharged wastewater back into production via advanced wastewater treatment plant (A2 project)	6 CLEAN WATER AND SANITATION
Efficient Use of Natural Resources	Short Term	Reduction of water usage per unit of production	• Reduce water usage per unit of production by 17% by 2025, based on 2023 levels	• Implement online monitoring system (ENERIFY) to track water reduction projects	6 CLEAN WATER AND SANITATION

Priority Topic	Time Horizon	Target	KPI	Action	SDG
Efficient Use of Natural Resources	Medium Term	Increase proportion of recycled water in processes	• Increase recycled water in processes by 15% by 2030, based on 2023 levels	• Rainwater harvesting projects (A1/A3), advanced wastewater treatment plant (A2), process water collection channels (e.g., U-profile).)	
Circular Economy	Short Term	Increase number of products with environmental product declarations	• Obtain environmental product declarations for 5 products by 2026		
Circular Economy	Short Term	Increase proportion of recyclable packaging materials	• Increase recyclable packaging materials by 5% by 2026, based on 2023 levels		
Circular Economy	Short Term	Increase number of products with eco-labels	• Recieve eco-label to 1 product by 2026		
Circular Economy	Short Term	Increase products undergoing life cycle analysis	• Increase products with life cycle analysis by 5 units by 2026, based on 2023 levels		
Circular Economy	Short Term	Increase amount of recovered waste	• Increase hazardous waste recovery by 10% by 2028, based on 2023 levels • Increase non-hazardous waste recovery by 10% by 2028, based on 2023 levels		

Priority Topic	Time Horizon	Target	KPI	Action	SDG
Circular Economy	Short Term	Reduce waste sent to intermediate storage	• Reduce household waste sent to intermediate storage by 15% by 2025, based on 2023 levels	• Increase compost machine capacity	
Circular Economy	Short Term	Increase reused/recycled waste ratio	• Increase reused/recycled waste ratio by 15% by 2025, based on 2023 levels		
Circular Economy	Short Term	Increase environmental training	• Increase environmental training hours (person*hour) by 20% by 2025, based on 2023 levels		
Circular Economy	Short Term	Increase investments to improve environmental performance	• Increase investment amounts for environmental performance by 15% by 2025, based on 2023 levels		
Biodiversity	Medium Term	Carry out studies for the protection of biological diversity		• Support at least 1 project related to biodiversity internally or externally by 2026 • Collaborate with international organizations active in biodiversity • By 2030, measure and manage biodiversity impacts of operations.	

3.3.2 Strategy and Roadmap – Social

Priority Topic	Time Horizon	Target	KPI	Action	SDG
Diversity and Equal Opportunity	Medium Term	Integration of Diversity, Equity, and Inclusion into Corporate Culture	·· Increase the proportion of white-collar female employees by 35% by 2025 and 50% by 2050, based on the 2022 baseline ·Increase the proportion of female senior and middle management employees by 30% by 2025 and 40% by 2050, based on the 2020 baseline	• Women's Empowerment in Manufacturing Project • Collaboration with Republic of Turkey Ministry of Industry and Technology, UNDP, TİSK ·*United Nations Development Program	5 GENDER EQUALITY
Diversity and Equal Opportunity	Short Term	Integration of Diversity, Equity, and Inclusion into Corporate Culture		• Incorporation of gender equality policy into HR recruitment processes • Provision of external training or consultancy for Women Leaders, coaching, and mentorship programs • Development of DEI (Diversity, Equity, and Inclusion) training content and delivery to all employees ·Inclusion of DEI training content in on the job training programs	5 GENDER EQUALITY
Working Conditions	Medium Term	Increasing the frequency of employee surveys within the company		• Revise employee survey content and conduct digital surveys annually by 2030, ensuring necessary actions are taken based on results	8 DECENT WORK AND ECONOMIC GROWTH 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Working Conditions	Medium Term	Enhancing employee well-being		• By 2030, establish agreements with third-party organizations to provide information and consultancy services for employees regarding psychological, financial, and legal personal issues (Kocaer Employee Support Line)	8 DECENT WORK AND ECONOMIC GROWTH 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Working Conditions	Short Term	Development of an employee feedback system		• Implement the Personnel Evaluation System by 2025	8 DECENT WORK AND ECONOMIC GROWTH 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Priority Topic	Time Horizon	Target	KPI	Action	SDG
Working Conditions	Short Term	Preparation of Human Rights Policy		• Prepare and publish the Human Rights Policy on the Kocaer website by 2025	
Working Conditions	Medium Term	Increasing digitalized OHS applications	Increasing digitalized OHS applications	• E-learning: personalized general occupational safety training online • Visitor OHS Information digital application	
Working Conditions	Medium Term	Reduction of accident severity and frequency rates	·By 2035, reduce accident frequency rate below 1 and accident severity rate below 50		
Working Conditions	Short Term	Increase in OHS training hours	·By 2025, increase OHS training hours (person*hour) by 90% compared to 2023	• E-learning: personalized general occupational safety training online • Visitor OHS Information	

Priority Topic	Time Horizon	Target	KPI	Action	SDG
Working Conditions	Short Term	Increasing events aimed at creating a safety culture	·By 2025, increase the number of safety culture events by 25% compared to 2023	• Role modeling by management and supervision of implementations • Active participation of all employees using defined practices and methods • Internalization of the safety culture, including: • Daily subcontractor on-the-job training • Performance measurement standards and KPIs • Accident investigation and reporting • Pre-shift inspections • Unsafe condition detection • Behavior-based safety • Kocaer A B C OHS Expertise Certification • HSE managerial audits • OHS Upper Committee • Risk Analysis	
Social Contribution	Short Term	Support for universities' social responsibility projects		Support for universities' social responsibility projects	
Social Contribution	Short Term	Preparation of MT program for new graduates	·Each year, include 20 new graduate students in the MT program	• Collaborate with local universities to advance the MT program (Communication Management, Problem-Solving Techniques, etc.)	

3.3.3 Strategy and Roadmap – Governance

Priority Topic	Time Horizon	Target	KPI	Action	SDG
Sustainable Supply Chain	Short Term	Preparation of Sustainable Procurement Policy		• By 2025, the Sustainable Procurement Policy will be prepared and published on the Kocaer website	
Sustainable Supply Chain	Short/Medium Term	Inclusion of Greenhouse Gas Emissions in Supplier Evaluations		• By 2025, items regarding supplier performance on greenhouse gas emissions and their measurement will be added to the supplier evaluation system, and reporting will be conducted based on the collected data	
Sustainable Supply Chain	Short Term	Sustainable Supply Chain		• Establishment of a Supplier Code of Conduct covering ESG issues within the scope of CSDDD, and evaluation of suppliers according to the established Supplier Code of Conduct. • Inclusion of Supplier Code of Conduct training in the mandatory 2025 training list and ensuring all employees receive the training. ·Signing of Non-Disclosure Agreements (NDA) with suppliers when providing data.	
Sustainable Supply Chain	Medium Term	Ensuring a Sustainable Supply Chain	·By 2030, the proportion of suppliers assessed for sustainability among the top 20 suppliers will reach 50%		

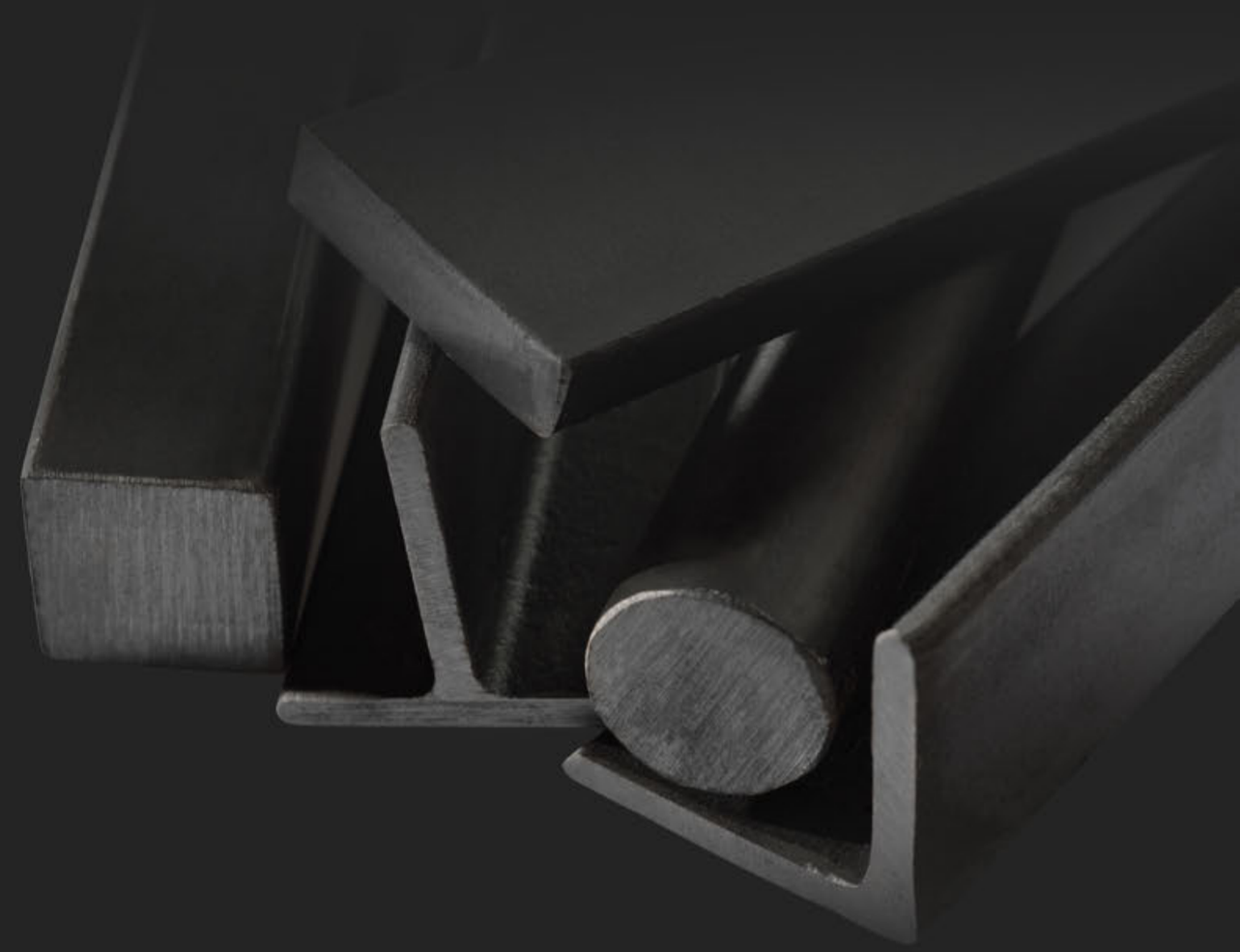
Priority Topic	Time Horizon	Target	KPI	Action	SDG
Sustainable Supply Chain	Medium Term	Increasing the number of suppliers monitored/audited on environmental and social issues	·By 2030, the number of suppliers audited/monitored for environmental and social performance will be increased by 50% compared to 2023		12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Sustainable Supply Chain	Medium Term	Increasing the Green Procurement Ratio	·By 2030, the green procurement ratio will be increased by 50% compared to 2023		12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Sustainable Supply Chain	Medium Term	Increasing the proportion of purchases from local suppliers	·By 2030, the proportion of purchases from local suppliers will be increased by 20% compared to 2023		8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Stakeholder Engagement	Short Term	Preparation of Stakeholder Engagement Policy		· Preparation and publication of the Stakeholder Engagement Policy on the Kocaer website · Conducting the Stakeholder Engagement exercise every two years	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Governance Structure	Short Term	Preparation of Sustainability Policy		· Preparation and publication of the Sustainability Policy on the Kocaer website · Establishment of a Sustainability/ESG Committee within Kocaer and alignment of working groups under the newly established committee	12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Priority Topic	Time Horizon	Target	KPI	Action	SDG
ESG Management and Management Commitment	Short Term	Assessment of ESG and Climate-Related Physical and Transition Risks		·By 2025, conduct TCFD (Task Force on Climate-related Financial Disclosures) reporting · By 2025, prepare and report a risk assessment including ESG risks and climate-related physical and transition risks	
ESG Management and Management Commitment	Short Term	Conducting Sustainability Maturity Assessments		· · Conduct detailed digital and sustainability maturity assessments (MEXT) ·Digital maturity assessment (SIRI) and sustainability maturity assessment (COSIRI)	
ESG Management and Management Commitment	Medium Term	Membership/Signatory to International Platforms		·By 2028, carry out preparatory work for S&P Corporate Sustainability Assesment ·By 2028, complete efforts to become a member of Responsible Steel	

(*) Our Strategic Terms

Term	Time Period
Short Term	0 – 5 years
Medium Term	6 – 15 years
Long Term	16 + years

Economic Performance



04

The Trace of Value

With our strong financial structure, we establish solid foundations and chart the course for the future through our sustainable growth objectives. Through our innovative investments, efficiency-oriented operations, and broad product portfolio, we shape not only today’s economy but also that of tomorrow.

4. Economic Performance

In 2024, due to global economic and geopolitical developments, the iron and steel sector experienced both uncertainties and transformation pressures. The continuation of the Russia–Ukraine war, rising energy costs in Europe, the slowdown in the Chinese economy, and the globally implemented tight monetary policies created significant external pressures. Uncertainties in global markets and fluctuations in commodity prices particularly increased raw material and energy costs, reducing predictability in production processes.

Among the key global trends affecting the sector are the green transition, CBAM, sustainable finance practices, and restrictive foreign trade measures. The main risks faced by the sector throughout 2024 included volatility in raw material prices, high energy costs, the obligation to comply with environmental regulations, demand fluctuations, rising taxation policies, and geopolitical developments. In this context, the United States' new customs tariffs and value-added tax regulations for semi-finished products directly affected the sector's international trade strategies.

Despite the challenging economic and trade conditions in 2024, we demonstrated strong operational performance thanks to our high value-added production capability, export-oriented growth strategy, and disciplined financial management. With more than 12,000 products produced in around 60 different chemical compositions and in various sizes, forms, and thicknesses, we continued to create added value for many sectors, including energy, construction, automotive, shipbuilding, agriculture, and mining. In 2024, our revenues amounted to TRY 19.2 billion.

With our export portfolio spanning 140 countries worldwide, 76% of our 2024 sales revenues were generated from international markets. With our subsidiaries Kocaer Steel UK and Kocaer Steel Ireland, we reinforced our presence in Europe, while feasibility studies to expand our sales and distribution network in Saudi Arabia, the United States, and Europe continued. In line with our sustainable growth objectives, we met 33% of our total electricity needs from renewable sources through our rooftop solar power plant with an installed capacity of 9.2 MWp, thereby both reducing energy costs and lowering carbon emissions. In addition, the share of sustainable finance in our total borrowings increased from 3.66% to 4.78%, raising the weight of green financing sources.

In 2024, our revenues amounted to

TRY 19.2 billion

Economic Value *

Item	Unit	2022	2023	2024
Economic Value Created (Revenues)	Mio TL	9.418,47	15.091,48	19.235,21

*The economic value amounts created for each year were taken from the independent audit reports of the relevant year.

Economic Value Distributed

Item	Unit	2022	2023	2024
Operating Expenses	Mio TL	1.384,78	1.291,49	1.810,73
Benefits Provided to Employees	Mio TL	366,48	512,73	1.096,84
Benefits Provided to the State	Mio TL	125,53	199,43	25,09
Benefits Provided to Capital Providers	Mio TL	151	200,74	157,08
Benefits Provided to Society	Mio TL	0,34	3,07	4,15
Total	**Mio TL**	**2.028,13**	**2.207,46**	**3.093,89**

Sustainable Finance

Item	Unit	2022	2023	2024
Average Financing Cost	%	12,9	25,47	9,24
Ratio of Sustainable Finance to Total Debt	%	3,06	3,66	4,78
Contribution of Sustainable Business Models to Total Sales	TL	25,06	31,95	48,58
Ratio of Financial Impacts of Sustainability Risks to Sustainability Investments	%	29	26	109,18

Government Assistance

Item	Unit	2022	2023	2024
Tax Reductions / Credits	Mio TL	9,30	17,20	36,50
Incentives	Mio TL	5,49	10,17	25,17
Financial Incentives	Mio TL	1,47	94,34	128,54

4.1 Our Investments

Our investment processes begin with project-specific feasibility analyses, where the applicability of the investment is evaluated based on environmental impacts and sustainability criteria. While the reports are prepared by the project owner, the coordination of the process is carried out by our Business Development and Investment Projects Directorate. Investment projects deemed suitable are placed on the agenda of the Investment Committee meetings, which are organized flexibly depending on need and application intensity, without adhering to a fixed schedule. Projects positively evaluated by the Committee are submitted to the Investment Approval Committee. Ultimately, the decision is made by the Board of Directors, and the implementation is regularly monitored by the Business Development and Investment Projects Directorate to ensure compliance with budget, targets, and time plans.

In all projects, sustainability impacts are taken into account, and evaluations are carried out in line with criteria determined under environmental, social, governance, and economic headings. During the measurement process, indicators such as energy efficiency, water usage, and greenhouse gas emissions are used to track the impact of projects with tangible data.

Investments are considered under two main groups: budgeted and non-budgeted. Budgeted investments are planned at the beginning of the year, while non-budgeted investments are introduced during the year with the approval of the Investment Committee according to emerging needs. In addition, investment projects are monitored in three main categories: Group 0, covering ideas at the proposal stage; Group 1, including projects approved in line with the strategic plan; and Group 2, comprising large-scale projects executed directly by the Board of Directors.

As a result of investments aimed at expanding our value-added product portfolio, the share of value-added products in the total portfolio increased from 39% in 2023 to 42% in 2024. This ratio further rose in 2025, reaching 47% as of June 2025. To strengthen our global presence, feasibility studies for the establishment of production facilities and service centers in different countries continue.

In this direction, the renovation of the A1 factory completed in 2024, the renovation projects carried out at the A2 factory completed the previous year, and the capacity expansion at our Steel Service Center played an important role. Our Kocaer Service Center capacity expansion project, launched in 2023, was successfully completed in March 2024. Within the scope of this strategic investment, the closed area of our service center was expanded, and a new machine park integration was carried out. With these implementations, our annual production capacity increased from 120,000 tons to 180,000 tons, achieving a remarkable 50% growth. Our new technological infrastructure has been equipped with machinery selections suitable for different manufacturing methods. This development has enriched our product and service diversity, enabling us to serve sectors we could not previously address. Operating at full capacity, our Service Center now provides customers with a wider range of faster and higher-quality services. This capacity expansion strengthens our competitiveness in the sector, allows us to respond to customer demands more effectively, and enables us to expand into new markets.

In our investment prioritization processes, sustainability-based impact areas such as energy efficiency, emission reduction, employee well-being, and corporate transparency are prioritized. In line with our Sustainability Strategy, renewable energy investments are among the priority areas. To support our energy investments, we increased the capital of Kocaer Enerji from TRY 300 million to TRY 600 million in 2024.

As of 2024, 33% of our electricity consumption is met by solar energy within the company, and it is targeted to increase this ratio to 100% in the medium term with the commissioning of our planned geothermal power plant (GPP) project.

To support our renewable energy investments, we increased the capital of Kocaer Enerji from TRY 300 million to TRY 600 million in 2024.

Our Geothermal Energy Investment

In line with our sustainability-focused investment approach, one of our priority projects initiated in 2023 and still ongoing is our Geothermal Power Plant (GPP) investment in Kuyucak, Aydın, carried out by our 99% subsidiary Kocaer Enerji. Within the scope of the project, magnetotelluric (MT) and seismic survey studies have been conducted. The first phase of the GPP investment, with an installed capacity of 24 MW, is ongoing, and based on drilling data, it is aimed to start production at the plant in the medium term.

The ORC (Organic Rankine Cycle) technology to be used at the plant is an environmentally friendly, near-zero emission system that enables electricity generation by passing naturally heated underground water through a steam turbine and then reinjecting the same resource underground without loss. In addition, it is planned to meet the plant's internal energy consumption with a hybrid ground-mounted solar power plant (SPP). As a result of the project, thanks to this infrastructure that will operate in integration with Kocaer Steel's rooftop solar systems, it is targeted to meet the company's entire electricity demand from our own resources and to generate revenue by offering surplus clean energy for sale. Approximately 20% of the energy produced will be used for internal consumption, while 80% will be allocated for commercial sales.

In addition to our renewable energy investments, we are also implementing various projects aimed at strengthening environmental sustainability in areas such as water and energy savings, waste management, and operational efficiency. Detailed information on these activities can be found in the "Environmental Performance" section of our sustainability report.

*Visual representation

4.2 Digitalization and Twin Transformation

By continuously developing our technological and production capabilities, the strategy of focusing on high value-added products has been maintained. Thanks to the capacity increase achieved at our Service Center, we have been able to provide our customers with faster, higher-quality, and more comprehensive services. 75% of our 2024 investment budget was allocated to digitalization and twin transformation projects. To ensure the sustainability of our technology-oriented growth strategy, our R&D and Innovation Unit, which is responsible for these investments, was strengthened with qualified human resources; in this context, our team grew from 26 to 30 people, achieving approximately 10% growth.

In our R&D activities, priority was given not only to increasing product diversity but also to developing innovative solutions with high profitability. Numerous projects were implemented in areas such as environmentally friendly production technologies, energy efficiency, digital transformation, and cost optimization. Robotic systems, predictive maintenance applications, AI-supported automation solutions, and advanced data analytics technologies were integrated into our production lines. In line with the five-year digitalization process, the aim is to increase efficiency and profitability in all business processes while minimizing operational losses.

Significant progress was also achieved in the field of intellectual and industrial property. Our R&D Center strengthened its capabilities by obtaining 5 patents, 6 designs, 1 utility model, and 16 trademark registrations. Throughout 2024, a total of 67 projects were carried out under the themes of Innovation, R&D, Process Excellence, and Respect for People, of which 28 were successfully completed during the year. Completed projects included new products and production methods, energy efficiency applications, machine designs, and efficiency improvements in production processes. All these efforts play an important role in achieving a more agile, competitive, and sustainable structure.

A1 Rolling Mill Revamp

In 2024, our A1 Rolling Mill Revamp Investment was completed at the A1 Factory. With this investment, it became possible to produce products up to 300 mm in size, thereby increasing the share of value-added products, optimizing capacity utilization, and ensuring energy efficiency. As a result, large-sized profiles that could not previously be produced were added to our portfolio, product diversity was expanded, and opportunities to access new sectors and markets were created. Within the scope of the project, the size changeover time was reduced to 75 minutes per piece, with a targeted 7% increase in productivity and 5% efficiency improvement in energy costs. These improvements both enhanced the overall efficiency of our production line and contributed to our sustainable growth objectives.

KSM Robotic Press Investment

In 2024, the KSM Robotic Press Project was implemented at our A2 factory and service center. The project was developed to increase capacity and improve production efficiency in areas where manually operated pressing processes were insufficient. To meet growing demand and increase production speed, especially for project-based drilling operations in the solar sector, we now perform these processes with CNC-controlled automatic systems.

Thanks to this transformation, production speed increased to 1.8 pieces per minute, while total production capacity reached 2,800 tons per month. With computer-controlled systems, processes have been standardized, cycle time has been shortened, and dependence on manual labor has been reduced, delivering significant results. In the coming period, it is aimed to expand similar automation solutions to other manual press systems.

Digital Transformation in HR

As part of the digitalization of human resources processes, the second phase of the SuccessFactors system, which provides employees with digital access to their personal information, was completed in 2024. The system strengthens the employee experience, making information access faster and more transparent. Work on the third phase is ongoing, aiming to increase efficiency in human resources processes and strengthen an integrated structure.

A1 Factory Finish Exit Measurement System

Our Finish Exit Measurement System Project at the A1 Factory was completed in 2024. With this project, it became possible to monitor product dimensions and surface defects instantly and in three dimensions, to manage quality standards with computer control, and to reduce the rate of nonconforming products. In this context, an annual reduction of 350 tons in nonconforming products, a monthly improvement of 187 minutes in process control time, and a theoretical gain of %0.5 tons are projected. With the completion of the project, traceability in our quality control processes was strengthened, downtime was reduced, and the technology of our production line was upgraded to the CNC (Computer Numerical Control) level, increasing our measurement and control precision.

ENSEMBLE Process Management System

In 2023, with the ENSEMBLE Process Management System, the necessary infrastructure was established for the preparation and monitoring of strategic plans, modeling of existing processes, and the definition and management of process performance indicators. In 2024, by defining the work steps of each department in detail, we began to use the system's process indicators module more effectively.

The priorities and focus areas defined in our strategic plan were matched with related processes, turning departmental activities into structures that directly contribute to top management goals rather than being seen only as daily tasks. In this way, we moved beyond merely defining processes, reaching a management structure that is measurable, monitorable, and improvable when necessary.

Advanced Treatment Technology

As part of the investment project we launched in 2024 to strengthen wastewater management at our A2 plant, we aim to increase the capacity of our existing wastewater treatment plant. The project is planned to be completed by the end of 2025.

The new system is designed using Membrane Bioreactor (MBR) technology, which stands out for its low energy consumption and greenhouse gas emissions. This system, which takes up less space than traditional systems, produces less sludge, and provides high-quality effluent, will save 90,000 m^3 of water annually. This amount is equivalent to approximately 36 Olympic-sized swimming pools of water.

Additionally, the reuse of treated water for garden irrigation and production processes will support circular water management. With the commissioning of the facility, we aim to reduce our daily water footprint by 250 m^3.

The project aims to improve our sustainability performance and provide long-term cost advantages. Similar investments are planned for our other factories in the coming period.

4.3 Product Responsibility and Customer Satisfaction

4.3.1 Product Responsibility

Providing our customers with reliable and high-quality products is one of our fundamental priorities. In this respect, our production processes are regularly reviewed, continuously improved by taking customer feedback into account, and aimed at creating value beyond expectations. In 2007, by implementing our Quality Management System (ISO 9001), we aligned our production activities with international standards.

Our development efforts in production are not limited to quality alone; they also include the objectives of improving environmental and social performance and using resources efficiently. Within this framework, we hold the following certifications: ISO 14001, ISO 45001, ISO 27001, and ISO 50001. In addition, in order to ensure that our product quality is recognized worldwide and to provide our customers with services at the highest standards, we also maintain various important national and international product certifications in our portfolio.

4.3.2 Customer Satisfaction

Customer satisfaction is an integral part of our corporate culture and the way we conduct business. In our communication with customers, we adopt a transparent and accountable approach. We consider providing quick responses in interactions as a top priority, and we continuously strive not only to meet but also to exceed customer expectations. This approach allows us to build long-term trust-based relationships and strengthen our reputable position in the sector.

Our customer-centric approach goes beyond service quality, encompassing the security and confidentiality of customer data. Through the coordinated efforts of our Information Technologies and Sales Departments, our data security standards are consistently maintained at the highest level.

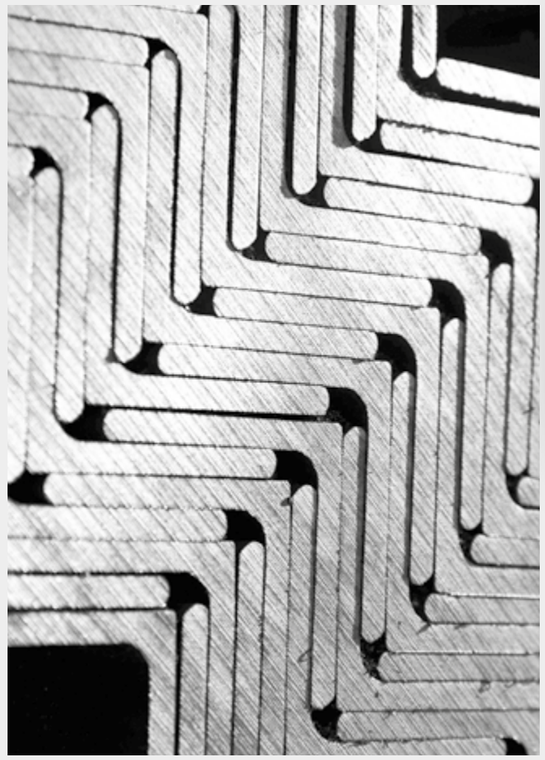
According to the results of the 2024 Customer Satisfaction Survey conducted by our Marketing and Export Department:

- 93% of our domestic customers and 87% of our international customers stated that they would recommend Kocaer Steel to others.
- In 2024, our domestic customer satisfaction rate increased compared to the previous year, reaching 88%, while our international customer satisfaction rate was 82%.

In line with our digitalization efforts, as of 2023, customer satisfaction surveys have been moved to digital platforms, making the monitoring of results and implementation of necessary actions faster and more effective. By sending customer satisfaction surveys at regular intervals, we systematically analyze feedback to continuously improve our service quality.

In addition to survey data, we follow customer expectations and evaluations from a holistic perspective through multiple sources such as annual customer meetings, market share analyses, sales performance reports, and customer complaint records.

In 2024, no confidentiality breaches regarding customer data occurred. To ensure data security, confidentiality agreements are signed with all our business partners. In addition, to further strengthen data security in communication processes, the “10-second rule” is applied, whereby emails accidentally sent can be recalled within 10 seconds of sending and corrected.



Kocaer B2B Project

In line with our customer-oriented digitalization strategy, the Kocaer B2B Project is being developed through the collaboration of our Information Technologies and Sales Departments. Through this platform, our customers will be able to access order status, production planning, account information, and delivery details instantly in digital form, managing their order processes transparently and seamlessly from start to finish. In this way, it is aimed to accelerate access to information, prevent communication-related delays, and increase process efficiency.
Within the scope of this project, an important step is also being taken toward the digitalization of our after-sales support services. By launching the Customer Support Platform, offer and order definitions are integrated into the systems. Thus, all customer services from pre-sales to after-sales will be managed through a single digital infrastructure. With this transformation, we aim to increase customer satisfaction, achieve 5% sales growth by opening a new digital sales channel, and secure a lasting competitive advantage in the area of digital customer experience by differentiating ourselves from competitors.

Customer and Product Segmentation Project

Our work on the Customer and Product Segmentation Project, carried out jointly by our Foreign Trade and IT Departments, is ongoing. Within the scope of the project, our customers are segmented according to their purchasing behaviors, and customized marketing strategies are developed for each segment. This approach will contribute to strengthening customer engagement, increasing satisfaction levels, and enhancing new customer acquisition. In this context, the project aims to increase customer satisfaction to 85%, the sales conversion rate to 15%, new customer acquisition to 20%, and product segmentation accuracy to 90%, while reducing the annual number of complaints by 30%.

4.4 Our Tax Approach

With a transparent, accountable, and honest approach at the core of our ethical values, our financial obligations are fulfilled in compliance with national and international tax legislation. Our Financial Affairs Department is responsible for managing tax processes, continuously monitoring legislative changes and implementing the necessary compliance measures on time. Our tax returns and provisional tax filings are subject to a comprehensive control mechanism. The documents prepared by our Accounting Directorate are reviewed by our Financial Control Department and then submitted for the sworn financial advisor's full certification audit. In addition, our financial statements are subject to an independent audit process. This multi-layered audit approach ensures the reliability and consistency of our tax practices. In the 2024 fiscal year, we paid approximately TRY 25 million in corporate tax, continuing our contribution to the economy and social development.

In the 2024 fiscal year, we paid approximately TRY 25 million in corporate tax, continuing our contribution to the economy and social development.

4.5 Contribution to the Local Economy

Contributing to the economic and social development of the region in which we operate is considered one of our primary responsibilities. Since 2021, all our employment has been provided from the local population, directly supporting regional employment. In this way, we contribute to improving the quality of life of our employees and strengthening the economic welfare of the region in which we are located. Similarly, in our supply chain, cooperation with local businesses is prioritized. As of 2024, 1,098 out of our 1,121 suppliers consist of local companies. The strong collaborations we have built with local suppliers both increase our operational efficiency and enable us to create sustainable and long-term value for the regional economy.

Our preference for working with local suppliers not only contributes to the regional economy but also reduces our environmental impacts. By managing our procurement processes on a regional scale, we reduce logistics-related carbon emissions, shorten transportation distances, and decrease energy consumption. In 2024, 98% of our procurements were made from local companies. With this approach, compared to import or long-distance procurement methods, we contributed to reducing transportation-related greenhouse gas emissions.

As of 2024, 1,098 out of our 1,121 suppliers consist of local companies.

Approximate Value of Payments to Suppliers

Item	Unit	2022	2023	2024
Import Amount	TL	991.311.067	2.345.630.600	7.174.336.792
Domestic Procurement Amount	TL	4.807.422.412	5.631.229.700	8.875.504.707
TOTAL	**TL**	**5.798.733.479**	**7.976.860.300**	**16.049.843.523**

Number of Suppliers

Item	Unit	2022	2023	2024
Number of Import Suppliers	Unit	14	23	23
Number of Domestic Suppliers	Unit	687	724	1098

Environmental Performance

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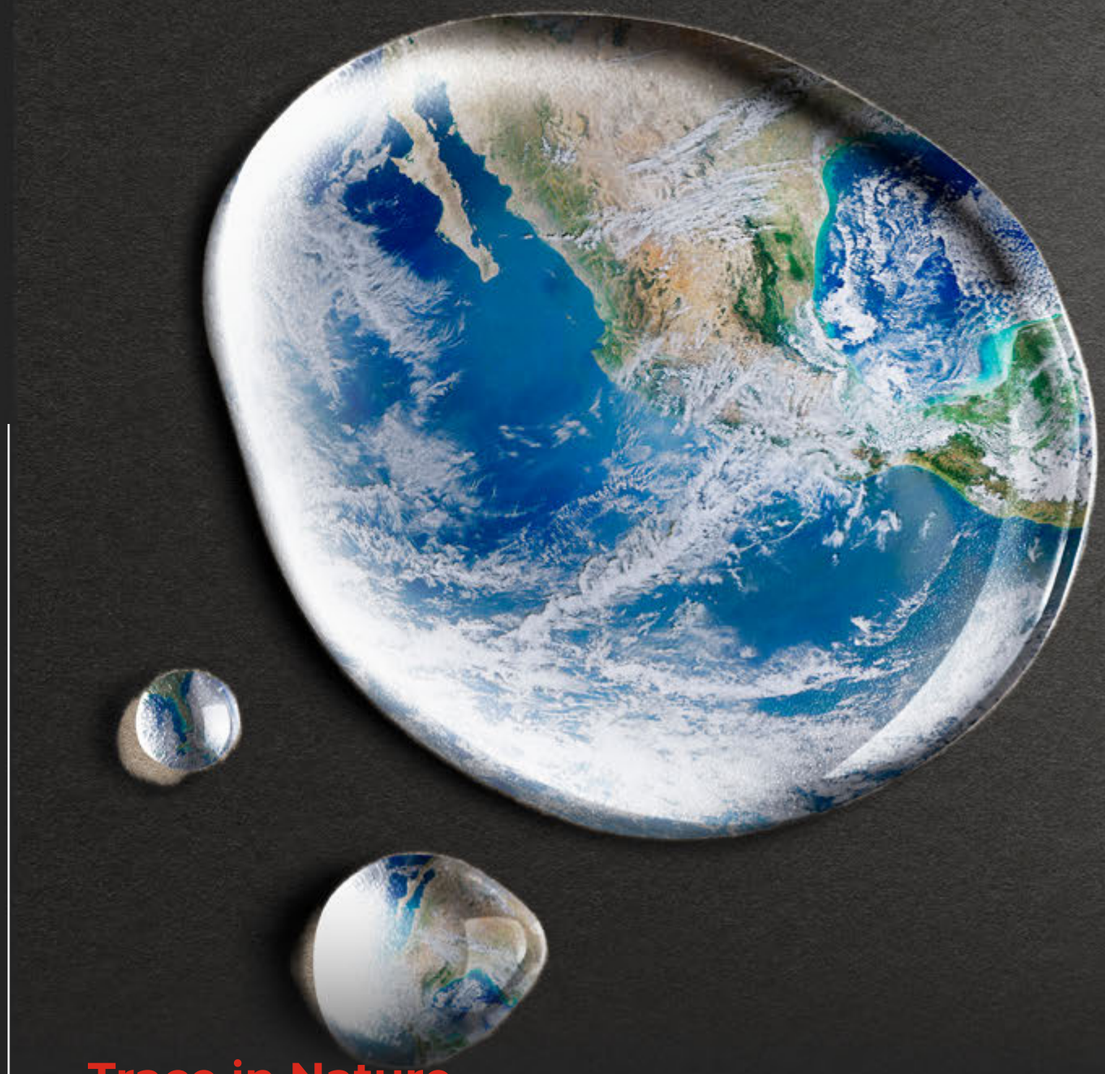


Trace in Nature

We consider our environmental responsibilities as an integral part of our business. Through the projects we implement in the areas of energy efficiency, waste management, and water conservation, we protect natural resources and work for a sustainable future without leaving a permanent trace in nature..

As of 2024, we have completed LCA studies for 5 product groups and EPD studies for another 5 product groups

Our EPD documents can be accessed via EPD Turkey and the IES (International EPD System) websites.

5.1 Our Environmental Approach

At Kocaer Steel, environmental sustainability is considered one of the fundamental elements of our business strategies. In every field in which we operate, our production processes are shaped with nature-friendly approaches, aiming to protect not only today's but also future resources. While managing environmental risks, projects focused on innovation, efficiency, and quality are developed, and alongside their economic benefits, their impacts on the environment are also taken into account.

Our environmental management activities are carried out within the framework of our Environmental Policy and Climate Change Mitigation Policy, in accordance with the ISO 14001 Environmental Management System standard. By reducing our environmental impacts through science-based approaches, we fulfill our responsibility to both our sector and the world. In combating climate change, we act with a scientific and proactive approach. Within the scope of our Climate Change Mitigation and Adaptation Policy, published in 2024, the impacts of climate-related risks are evaluated, root causes are identified, and their financial impacts are analyzed in line with the TCFD framework. At the same time, our impacts on natural assets are examined with an approach aligned with the TNFD methodology.

Through the Life Cycle Assessments (LCA) completed in 2023 and the Environmental Product Declarations (EPD) obtained for some of our product groups, we measure the environmental impacts of our products with internationally recognized methods and share them with our stakeholders. As of 2024, we have completed LCA studies for 5 product groups and EPD studies for another 5 product groups.

A holistic adaptation mechanism to climate change is being established throughout the company. In this context, in 2024, we participated for the first time in the CDP Climate Change Program, and based on our environmental management performance, we achieved a “C” score in the CDP 2024 assessment. Work continues to identify the necessary areas of improvement to raise our CDP score to higher levels in future reporting periods.

By supporting the transition to a circular economy throughout the factory, investments are made in waste recycling, efficient use of energy and the protection of natural resources. In this context, approximately TRY 2.7 million of environmental investments were made in 2024.

Environmental Investments (TL)

	2022	2023	2024
Total operating expenses of environmental activities	623.969	1.515.202	1.942.646
Total investments in environmental protection	38.814.846	191.395.047	732.552
TOTAL	39.438.815	192.910.249	2.675.198

	2021	2022	2023	2024
Revenue from climate-friendly energy production practices (TRY)	1.042.438,41	32.125.510,49	6.553.247,44	40.049.620,60

In 2023, our revenue of TRY 6.5 million increased approximately sixfold during the reporting period through our environmentally friendly energy investments, reaching TRY 40 million.

In 2023, our revenue of TRY 6.5 million increased approximately sixfold during the reporting period through our environmentally friendly energy investments, reaching TRY 40 million. This increase demonstrates the tangible financial return of our strategic investments in environmental sustainability. Raising the environmental awareness of our employees is considered an integral part of our environmental management approach. In this context, regular training programs are organized for our employees. In 2024, a total of 1,469.5 hours of training was provided to 963 employees.

Kocaer & Karaoklar Biodiversity Project

In environmental matters, we contribute to sustainability through projects implemented directly in the field, taking into account our local impacts. Within this scope, one of the projects we have launched is the Kocaer & Karaoklar Biodiversity Project, through which a nature-friendly and sustainable agriculture and ecosystem model has been established in Demirci, Manisa. Initiated with the aim of creating an environment resilient to the impacts of climate change, this project has brought together 10 different native plant species with the soil, created “green belt” areas, and established biological corridors through lavender plantations. Field observations, flora and fauna inventories, and soil analyses provided a holistic restoration approach, while the biogeographic location and topographic structure of the project area supported rich ecological diversity. The 60 animal species recorded and the planted native plants make significant contributions in terms of both habitat richness and ecosystem services.

Within the scope of the project, workshops were organized to protect water resources, and training and awareness-raising activities were conducted for the local community and children. A biological control seminar promoted natural methods instead of chemicals, supporting ecological balance through the release of beneficial species such as bumblebees and ladybugs into nature. At the same time, training provided to village schools aimed to instill biodiversity awareness in children, while painting and essay competitions encouraged their participation.

5.2 Energy and Greenhouse Gas Management

At Kocaer Steel, a holistic corporate-wide strategy is implemented to increase energy efficiency and reduce our greenhouse gas emissions. With the awareness that we operate in a world where natural resources are limited, we optimize energy management at every stage of our production processes and systematically reduce our carbon footprint in line with science-based targets.
We consider energy and carbon management not only as an operational requirement but also as a lever that enhances our competitiveness and concretizes our responsibility in combating climate change.

At Kocaer Steel, carbon footprint calculations are carried out at both product and corporate levels in order to comply with the requirements of the European Union Green Deal. Our carbon footprint studies are conducted in line with the ISO 14064-1:2018 standard; our calculations, covering six categories of direct and indirect emissions, are completed and verified.

With our ISO 14001 Environmental Management System and ISO 50001 Energy Management System certifications, our environmental operations are carried out in accordance with international standards.

Our carbon accounting is conducted within the scope of the CBAM mechanism, implemented by the European Union since the last quarter of 2023, and our commercial processes are shaped in compliance with this mechanism. In addition, under the Communiqué on Monitoring, Reporting and Verification (MRV) of Greenhouse Gas Emissions published by the Ministry of Environment, Urbanization and Climate Change, our MRV processes are legally and fully implemented each year.

The first and only LEED GOLD certified hot-dip galvanizing steel hollow section facility in Türkiye and Europe!

Unrenewable Direct Energy	Unit	2022	2023	2024
Gasoline	litre	50.003	54.486	145.392
Diesel / Motoring	litre	67.012	63.672	265.759
Natural Gas	Sm3	23.602.824	24.471.695	23.808.937
Unrenewable Indirect Energy	**Unit**	**2022**	**2023**	**2024**
Electricity	kWh	40.921.011	35.110.600	37.702.910
Solar Energy	kWh	6.508.053	11.058.600	11.107.000
Greenhouse Gas Emissions	**Unit**	**2022**	**2023**	**2024**
Scope 1	t CO_2e	44.519	48.791	47.721
Scope 2	t CO_2e	14.254	16.017	1.595.587
Scope 3	t CO_2e	886.742	1.064.912	909.785
Greenhouse Gas Concentration Per Product*	t CO_2e	1.776	1.631	1.535

At Kocaer Steel, our sustainability efforts are carried out with determination in line with our goal to take science-based and internationally aligned steps in combating climate change.

Within this framework, our carbon footprint has been calculated and our greenhouse gas (GHG) emissions have been monitored regularly since 2021. These efforts cover our parent company and all subsidiaries, and using 2022 as the base year, our Scope 1, Scope 2, and Scope 3 emissions were calculated in detail in accordance with the GHG Protocol, and independent verification processes have been completed. Based on this data, emission reduction targets were set for all scopes and subcategories, and a comprehensive roadmap was created to achieve these targets.

As of 2024, our SBTi application has been approved. Within this scope, our defined energy and carbon reduction targets are aligned with both short-term operational plans and our long-term sustainability strategies. Our commitments, covering both short-term and long-term net-zero emission reduction targets, were submitted through the SBTi platform in July 2025. The evaluation and approval process of these targets by SBTi is ongoing.

Our long-standing experience in emission calculation and monitoring is now strengthened by science-based targets, enabling a transparent, accountable, and effective transformation journey in response to the climate crisis.

Our Targets

- By 2030, we aim to reduce Scope 2 emissions by 100% and, by 2050, to reduce Scope 1 and 3 emissions by 100%, all based on the 2022 base year.
- We plan to reduce carbon emissions per unit of production by 35% by 2030, compared to 2022.
- By 2030, we aim to reduce our energy consumption from non-renewable sources by 100%, meeting our total energy demand from already installed and ongoing renewable energy sources.
- We aim to increase the use of alternative fuels by 20% by 2030 compared to 2022.

To increase energy efficiency and reduce GHG emissions, we implement various projects both in line with legal obligations and voluntarily. Within the framework of the Energy Efficiency Law, under our Efficiency Increasing Projects (VAP), we replace inefficient motors with high-efficiency IE4 motors, renew motors for rewinding with next-generation motors, and expand the use of LED fixtures in lighting systems. Additionally, we continue energy recovery initiatives by identifying heat losses on furnace surfaces. Furthermore, with the Cooling Tower Pump Revision Project initiated in 2024 at our A2 factory, we began improving our cooling system to enhance efficiency, renewing the system with energy-saving equipment.

In addition to these projects, our energy management processes are structured systematically at the corporate level, energy audits are conducted, and each facility has an energy manager. Regular energy efficiency training for factory employees raises awareness throughout the organization.

At Kocaer Steel, to reduce carbon intensity, sustainable practices such as the use of electric vehicles and forklifts, green hydrogen usage, energy-efficient equipment design with suppliers, and alternative fuels in product transportation are promoted.

With our solar power plant (GES) of 9.2 MW installed capacity, we achieve an annual reduction of approximately 3,942 tCO2e emissions. In addition, we continue our geothermal power plant (JES) investments with 24 MW installed capacity, for which we have obtained preliminary licenses. With the 24 MW JES, planned to be commissioned in 2026, we aim to meet all electricity consumption from renewable sources and prevent 103,872 tCO2e annual emissions.

5.3 Water Efficiency and Wastewater Management

At Kocaer Steel, we are fully aware of the critical importance of water for all forms of life. In line with our goals for ecosystem preservation, combating climate change, and sustainable production, the responsible management of water resources is treated as a fundamental part of our environmental strategy. All water and wastewater activities at our facilities are carried out under the coordination of our Mechanical Maintenance, HSE and Energy Units, prioritizing projects that ensure the circular use of every drop of water.

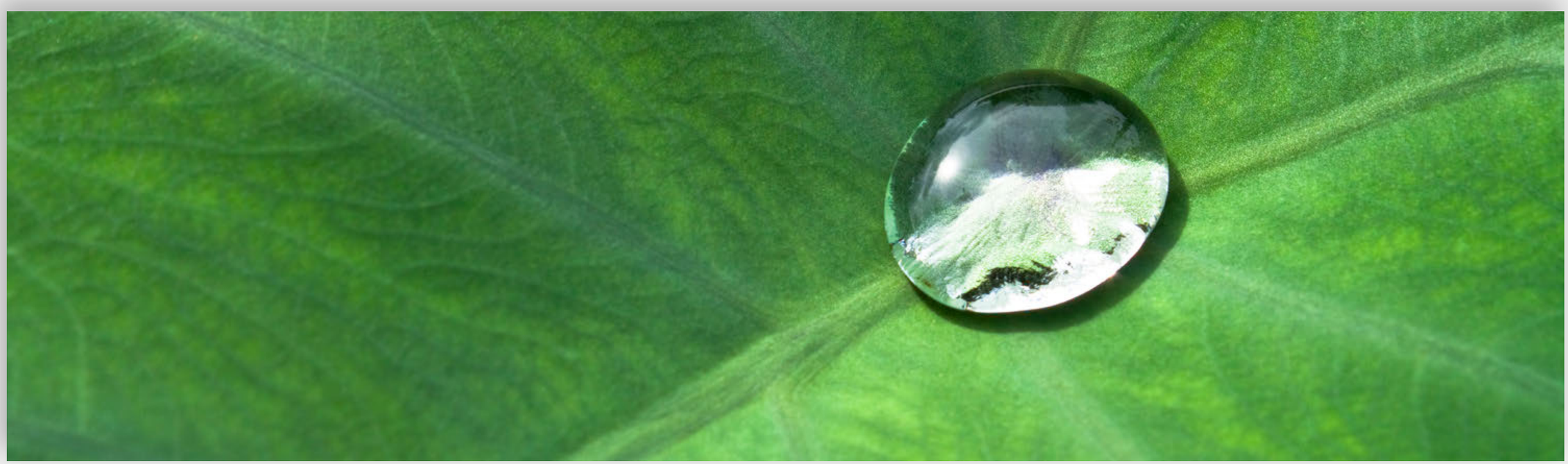
The majority of the water used in our production processes is sourced from underground resources. In this context, our Groundwater Usage Permits ensure that our consumption of well water remains within legal limits. To prevent potential declines in underground water levels, alternative sources and recovery systems are integrated into our operations.

The highest water consumption occurs in processes such as cooling mechanical equipment, enabling rollers to operate without breakage, and reducing the temperature of our final products. The water used for cooling purposes is supplied from wells and is recycled within our rolling systems, ensuring circular usage. Process water used in production is reused through recycling applications before being discharged into receiving environments.

To reduce dependence on natural water sources, we are actively developing projects for rainwater recovery. By 2030, it is targeted to implement and expand rainwater collection systems across all our factories and locations.

Domestic and industrial wastewater generated from production is treated at our biological wastewater treatment facilities in compliance with the Regulation on Water Pollution Control. Projection studies indicate that, due to an increasing workforce on our factory sites, we began upgrading the capacity of the wastewater treatment plant at Factory A2 in 2024. This project, planned to be completed by the end of 2025, will redesign the plant using a Membrane Bioreactor (MBR) system, selected for its low energy costs, reduced greenhouse gas emissions, and ability to reuse treated water for garden irrigation and in production processes. Once operational, this wastewater treatment system is expected to reduce our water footprint by 250 m^3/day. The project is planned to be implemented in our other factories in subsequent periods.

Additionally, within our Kocaer Energy subsidiary, we plan to commission a geothermal power plant by 2026. This plant will utilize an ORC (Organic Rankine Cycle) air-cooled geothermal system, aimed at preserving underground water and reducing natural resource consumption.



Water Footprint (m^3)

	2022	2023	2024
Water Consumption	210,42	328,158	310.575
Wastewater Discharge	41,3	60,013	60,013
Water Density Per Product (m^3 / ton product)	0.318	0.387	0.395

Total Water Volume Drawn (m^3)

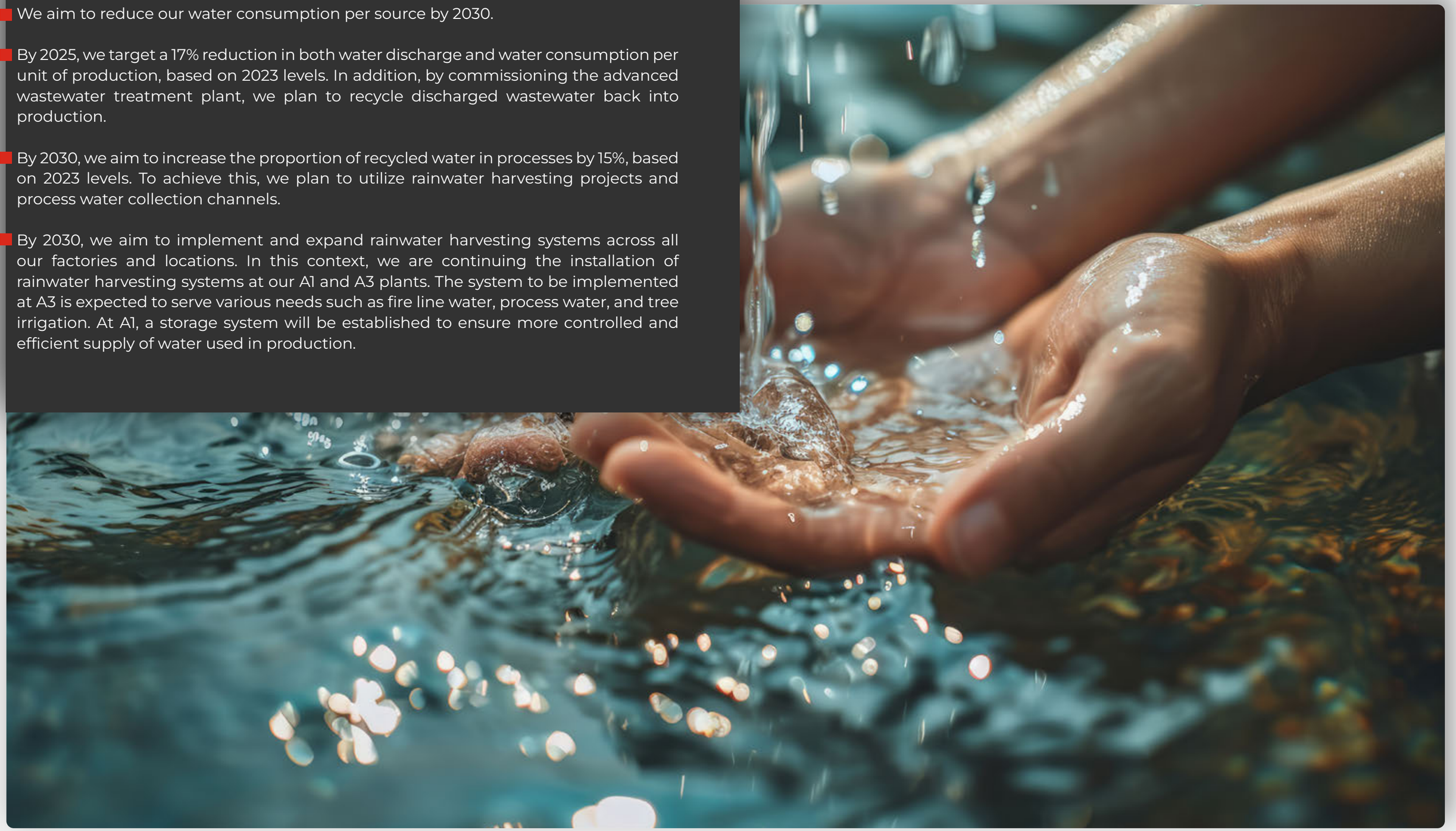
	2022	2023	2024
Groundwater	210.420,00	328,158	310.575,00
Rainwater	201.214,76	42.558,15	42.558,10
Third Party Waters (Mains Water vb.)	23.271	10.269,45	15.095

	2022	2023	2024
Waste Water Discharge (m^3)	41.300,00	60.013,30	60.013,00

Our Targets

As part of our sustainability strategy, the short and medium term targets we have set regarding water efficiency and wastewater management are as follows:

- We aim to reduce our water consumption per source by 2030.
- By 2025, we target a 17% reduction in both water discharge and water consumption per unit of production, based on 2023 levels. In addition, by commissioning the advanced wastewater treatment plant, we plan to recycle discharged wastewater back into production.
- By 2030, we aim to increase the proportion of recycled water in processes by 15%, based on 2023 levels. To achieve this, we plan to utilize rainwater harvesting projects and process water collection channels.
- By 2030, we aim to implement and expand rainwater harvesting systems across all our factories and locations. In this context, we are continuing the installation of rainwater harvesting systems at our A1 and A3 plants. The system to be implemented at A3 is expected to serve various needs such as fire line water, process water, and tree irrigation. At A1, a storage system will be established to ensure more controlled and efficient supply of water used in production.



5.4 Circularity and Waste Management

At Kocaer Steel, we adopt a circular economy approach focused on the efficient use of resources, aiming to minimize waste generation and reintegrate recovered materials back into our production processes whenever possible. In line with our sustainability strategy and the Zero Waste principle, we apply recycling and reuse practices across all stages, from raw materials to finished products, treating waste management not only as a legal obligation but also as an essential component of our environmental responsibility.

Our waste management processes are overseen by the HSE and Energy Unit and are conducted in compliance with national regulations, the ISO 14001 Environmental Management System, and our internal Management Policy. In this context, we obtained Basic Level Zero Waste Certificates for three of our facilities in 2021 and one facility in 2022. In the upcoming period, we aim to upgrade these certificates to Silver, Gold, and Platinum levels.

Our waste management approach is supported by employee awareness training. All personnel receive training on our Zero Waste policy upon joining the company. Additionally, annual environmental trainings and focused one-off sessions, where needed, raise awareness and ensure active participation in waste reduction initiatives.

We focus not only on separating waste but also on creating environmental and social value from it. Following the second half of 2023, our composting machine produced 320 kg of compost from 850 kg of food waste. Daily, approximately 6 kg of compost was generated using 9.5 kg of post-consumption and 5.5 kg of pre-consumption food waste. In 2024, the improved system produces 5 kg of compost from 15 kg of daily food waste, contributing to a reduction of approximately 5,475 kg of waste annually.

Our Targets

To further strengthen our circular economy approach, we have set concrete targets to reduce environmental impact and use resources more efficiently:

- By 2026, identify five product groups for environmental product declarations and increase the number of products undergoing life cycle analysis by five compared to 2023.
- By 2026, increase the proportion of recyclable packaging materials by 5% compared to 2023 and implement eco-labeling for at least one product.
- By 2025, increase the quantity of recovered hazardous waste by 10% compared to 2023 (current: 6.2%)
- By 2025, increase the quantity of recovered non-hazardous waste by 10% compared to 2023 (current: 168%).
- By 2025, reduce municipal waste sent to temporary storage by 15% compared to 2023.
- By 2026, reduce overall chemical usage.

From Soil to Plate, From Plate to Feed

“Through our “From Soil to Plate, From Plate to Feed” project, the compost is processed into pellets, producing 5 kg daily and approximately 1,825 kg of cat and dog food annually. These are distributed to stray animals in the Menemen area, preventing waste while promoting environmental responsibility. In the future, we aim to expand this project by collecting leftover food from our four factories and catering services to reach more animals.

Circularity is also applied in our production processes. Steel profiles are produced using 95.7% recycled billets. Our planned steelmaking investment will use Electric Arc Furnace (EAF) technology to recycle steel scrap, producing our own billets and reinforcing our “green steel” vision. Waste generated during operations is disposed of in compliance with national regulations and documented. In 2024, the results of these efforts will continue to serve as a reference for monitoring environmental performance and developing product-focused sustainability strategies.

In line with our goal to identify five product groups for environmental product declarations by 2026 and increase the number of products undergoing life cycle analysis by five compared to 2023, 2024 LCA and EPD studies will be conducted for the following: Structural Steel Profiles (BOF), Mining and Tunnel Excavation Steel Profiles (BOF), Structural Steel Profiles (EAF), Mining and Tunnel Excavation Steel Profiles (EAF), Galvanized Steel Profiles.

By Type		Unit	2022	2023	2024
Hazardous Wastes	Liquid Waste	Lt	1,032,720	1,420,860	1,222,540
	Contaminated Waste	Kg	60,1	51,56	58,36
	Waste Oil	Kg	1,96	7,42	31,34
	Electronic Waste	Kg	0	760	5,86
	Medical Waste	Kg	19	72	122
Non-Hazardous Wastes	Waste Paper	Kg	26	16,08	20,39
	Domestic Waste	Kg	190	263,478	375,807
	Wood Waste	Kg	0	0	450,24
	Plastic Waste	Kg	25,58	16,71	19,91
	Mixed Packaging	Kg	23,58	0	0
	Mixed Metal	Kg	16,38	37,5	20,78
	Metal Waste	Kg	10,372,790	15,482,600	25,128,190
	Waste Battery	Kg	60	23	36

Recycled Waste as Input (tons)

	2022	2023	2024
Mixed Metals	1.638	375	2.078
Sawdust	1,9	71.784	41.431
Scrap	10,356.41	14,398.94	24,693.10
TOTAL	12,272.79	15,154.28	25,128.19

Social Performance

06

Traces of People

We aim to maximize the well-being of our employees and our contribution to society. In line with the principles of diversity, equity, and inclusion, we provide a fair working environment while continuously investing in their personal and professional development.

6.1 Social Performance Management

As part of our strategic focus on social performance which we have identified as a strategic focus area, we support our employees by offering them an innovative, creative, and inclusive working environment. We believe that the true difference in business life is created by “people,” and therefore, we see providing our employees with a healthy, safe, and fair workplace as one of our corporate priorities. We ensure compliance with laws, regulations, and the highest occupational health and safety standards, support gender equality through our ethical management approach, and offer additional benefits for the development of our employees. With our strong institutional structure and deep-rooted culture, we view every employee as a talent, design processes that enable them to realize their potential, and create opportunities and environments for their continuous development. At Kocaer Steel, we regard our transparent, participatory, collaborative, and value-driven culture—one that embraces individual leadership, self-responsibility, and teamwork—as the key to company success.

Our goal is to create a fair, transparent, equal, and inclusive experience for our employees, customers, business partners, and all stakeholders. Within the framework of our Kocaer Steel Human Rights Policy, Human Resources Policy, Integrated Management System Manual, and Code of Ethics, we reinforce our commitments in this area and shape our practices in line with international standards and principles such as the UNGC and UN Women’s Empowerment Principles (WEPs), the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises.

All of our human resources management is carried out by our Human Resources Department, reporting directly to our General Manager. Our policies and procedures cover employee rights, compensation, performance management, and career development.

Occupational health and safety lie at the core of all our operations. Through regularly updated training programs, risk analyses, and emergency planning, we are building a safer working environment.

Beyond the workplace, we also contribute to regional development through social responsibility projects aimed at creating societal value. With these projects, we both increase our social impact and encourage community solidarity with the voluntary participation of our employees. In 2024, we reshaped our social performance management in line with this understanding. Implementing sustainable strategic human resources management systems, effectively managing risks and opportunities, and digitalizing HR systems are among our core human resources strategies.

6.2 Employee Satisfaction

As Kocaer Steel, we aim to maximize employee satisfaction. In this regard, we support our colleagues in advancing their career journeys by enhancing their competencies, providing technological infrastructures that enable easy access to information, and continuously improving modern management systems.

To measure and improve employee satisfaction and engagement, we conduct “Employee Opinion Surveys” at regular intervals. These surveys are a critical tool for collecting feedback on a wide range of topics, including working conditions, benefits, work-life balance, career development opportunities, and overall job satisfaction. In addition, the effectiveness of our Human Resources practices is evaluated through “Exit Interviews” with employees who voluntarily resign. The findings are reviewed by the Employee Feedback Action Team to identify areas of improvement and implement targeted initiatives. Employees are also able to share their opinions and suggestions through suggestion boxes. Survey results are carefully analyzed by the HR Department and Senior Management to develop strategies and improvement actions that address employee expectations.

To strengthen employee engagement and foster a sense of corporate belonging, we implement practices focused on individual development, digitalization, and process improvement. In 2024, the most notable initiatives included the “Young Engineers Development Program,” the “SuccessFactors” system, and the “Travel and Expense Management Digitalization Project.” Through the Young Engineers Development Program, we aim to systematically enhance the personal, professional, and managerial skills of our engineering staff, supporting young talents in contributing to our company in the long term.

As part of HR Process Digitalization, we completed Phase 2 of the SuccessFactors system, which enables employees to access their personal and employment records digitally, and Phase 3 is currently in progress. Under the Travel and Expense Management Digitalization Project, we launched a new system on the SAP Fiori platform in 2024 to digitalize travel advance and expense management processes. This system reduces manual workload, centralizes and streamlines approval flows, and establishes an integrated structure with HR systems. With user trainings and testing successfully completed, the system aims to increase both operational efficiency and data accuracy. In 2025, we

will continue enhancing the system based on user feedback.

RPA (Robotic Process Automation) applications are among the digitalization initiatives that strengthen the company's social performance. By systematically tracking employee certification validity, ensuring error-free and efficient training processes, eliminating manual data entry errors, and automating repetitive tasks across departments within minutes, RPA contributes to both employee well-being and workforce productivity. Particularly in labor-intensive areas such as quality control, HR, and planning, RPA saves time and enables employees to focus on tasks that require attention. As a result, these systems deliver tangible benefits in social sustainability areas such as work-life balance, digital literacy development, and efficiency. In line with the Sustainable Development Goals, we strengthen our human capital and act with corporate responsibility by expanding our digital inclusiveness.

To enhance employee satisfaction and add value to our workforce, we provide a range of benefits to our full-time employees. As of 2024, these benefits include maternity leave, fuel assistance, holiday allowances, educational support (at primary, secondary, and higher education levels), childcare assistance, maternity grants, marriage allowances, bereavement support, and footwear vouchers. In addition, core benefits such as healthcare services, retirement rights, life insurance, and disability/invalidity insurance are also provided. These benefits are regularly reviewed and updated according to employee needs.

In 2024, the employee satisfaction survey was deliberately postponed as part of our digitalization efforts to transition it to an online platform. Once implemented in the new system, survey results will be tracked more quickly, and necessary actions will be taken more effectively. The satisfaction survey is planned to be conducted in the fourth quarter of 2025.

As Kocaer Steel, we operate our business processes in compliance with regulations through a sound Internal Control Procedure, ensuring they are conducted in an orderly, efficient, and secure manner. We place great importance on creating a fair and transparent working environment for everyone. To prevent behaviors that conflict with internal regulations, laws, and workplace practices, a Disciplinary Procedure is in place. Within the framework of the Disciplinary Board's duties and responsibilities, the procedure clearly defines which sanctions apply under specific circumstances, thereby safeguarding order, safety, and fairness in the workplace. By defining disciplinary processes clearly and understandably through the Disciplinary Procedure, we take careful steps to ensure a peaceful and secure working environment.

To ensure decision-making and conduct are aligned with ethical principles, a Code of Business Ethics has been established. Employees are expected to learn, apply, and take responsibility in cases of violations of these rules. To raise awareness against unethical behavior, we have introduced an Ethics Hotline and a Misconduct Reporting Procedure, providing employees with a secure platform to raise concerns. We particularly expect managers to set an example in applying ethical standards and to take swift action when necessary.

All employees may report situations they believe to be unethical to the Ethics Committee by emailing etik.kurul@kocaersteel.com in accordance with our Internal Misconduct Reporting and Ethics Hotline Procedure. Reports submitted to this address are reviewed and assessed by Ethics Board members. In the event of an ethical violation, necessary actions are initiated within the framework of the Disciplinary Regulation.

Employment and Turnover (Türkiye)	Unit	2022	2023	2024
Newly Recruited-Total	Person	463	562	614
White - Collar	Person	20	66	79
Blue - Collar	Person	443	496	535
Employee Left – Total	Person	338	435	488
White - Collar	Person	22	38	42
Blue - Collar	Person	316	397	446
Total		801	997	1102

By Gender	Unit	2022	2023	2024
Male – Hired	Person	454	539	581
	Rate	98%	96%	95%
Male – Resigned	Person	329	425	475
	Rate	97%	98%	97%
Female – Hired	Person	9	23	33
	Rate	2%	4%	5%
Female – Resigned	Person	9	10	13
	Rate	3%	2%	3%
TOPLAM		801	997	1102

		2022		2023		2024	
Employees Using Maternity Leave		Female	Male	Female	Male	Female	Male
Employees eligible for maternity leave	Number	1	42	0	48	3	43
Employees on parental leave	Number	1	42	0	48	3	43
Employees returning to work after maternity leave ends	Number	1	42	0	48	2	43
Employees returning to work after maternity leave and working for at least 12 months afterwards	Number	1	41	0	42	0	9

By Age	Unit	2022	2023	2024
18 - 30 Years - Hired	Person	267	249	326
	Rate	58%	44%	53%
18 - 30 Years – Resigned	Person	181	168	233
	Rate	54%	39%	48%
31 - 40 Years - Hired	Person	110	123	146
	Rate	24%	22%	24%
31 - 40 Years - Resigned	Person	81	89	127
	Rate	24%	20%	26%
41 - 50 Years - Hired	Person	70	153	125
	Rate	15%	27%	20%
41 - 50 Years - Resigned	Person	56	132	108
	Rate	17%	30%	22%
51 - 60 Years - Hired	Person	16	37	16
	Rate	3%	7%	3%
51 - 60 Years - Resigned	Person	20	44	19
	Rate	6%	10%	4%
Over 60 - Hired	Person	0	0	1
	Rate	0%	0%	0%
Over 60 - Resigned	Person	0	2	1
	Rate	0%	0%	0%
Total		801	997	1102

6.3 Talent Management and Career Development

We consider supporting the technical, managerial, and personal development of our employees as an integral part of our sustainable success journey. In this context, we continued to invest steadily in training throughout 2024. To support the professional and personal growth of our employees, we implement training programs tailored to different levels and specific needs. From senior executives to blue-collar workers, we offer technical and behavioral training, while also delivering awareness programs aligned with current sectoral developments. Our training investments are planned in a balanced way according to employee profiles, ensuring the development of all workforce groups. We provide comprehensive training opportunities for both white- and blue-collar employees and include the employees of our business partners in this process as well.

Under the Kocaer Management and Excellence System (KYMS), we launched “Kocaer Academy” to implement development programs for all employee groups. Within this framework, we provide a wide range of training opportunities—from vocational qualifications to environmental awareness, from leadership to sustainability.

As part of our talent management and career development efforts, we offer comprehensive training programs designed to strengthen employees’ technical, managerial, and behavioral competencies. Within the Academy, we deliver technical skill-building trainings such as 5S, Kaizen, Autonomous Maintenance, and Sustainability, as well as programs focusing on leadership and behavioral competencies, including Business Ethics, Gender Equality Awareness, Time Management, and Meeting Techniques. New employees receive mandatory HR onboarding alongside Occupational Health and Safety (OHS) and Information Security Management System (ISMS) awareness trainings. Furthermore, to ensure compliance with legal regulations, we regularly provide mandatory trainings on Data Protection (KVKK), Private Security, ADR Dangerous Goods Safety, First Aid, Licensed Dangerous Goods Consultancy (TMGD), and Foreign Trade Legislation.

Role-specific vocational qualification trainings, such as manlift, forklift, and overhead crane operations, are also provided. In addition, to help employees adapt to sustainability, digitalization, and next-generation technologies, we actively support participation in technical and strategic trainings, seminars, and panels on carbon management, CBAM, digital product passports, artificial intelligence awareness, and energy efficiency.

By taking part in national and sectoral events such as the Sustainability Summit, Istanbul Carbon Summit, Energy Expo, and OHS Symposium, we encourage employees to closely follow industry developments, thereby reinforcing a culture of continuous learning and improvement within the company.

Through these training initiatives, we not only strengthen employees’ professional skills but also raise awareness on critical issues such as sustainability, ethics, safety, and human rights. We view training not merely as a tool for development, but as a strategic element that reinforces our corporate culture and enhances employee engagement. Each year, we further improve this approach, measuring its impact and implementing improvements. In 2024, we provided internship opportunities to a total of 80 students. Of these, 6 interns who successfully completed the program were employed to continue their careers at Kocaer Steel. We remain committed to supporting the development of young talent and integrating future professionals into our company.

All Trainings (By Type)	Unit	2022	2023	2024
Professional Development	Hour	9,493	22,593	13,427
Personal Development	Hour	195	283	1,542
OHS	Hour	21,739	29,222.5	20,037
Other (Ex: Leadership)	Hour	179	2.985	3.905
TOTAL	Hour	31,604	52,397.00	35,396.5

Environmental Trainings Provided To Employees	Unit	2022	2023	2024
Trainings	Hour	1.189	1.515	1.470
Training Recipients	Person	1.092	1.344	963

Training Investments (All Trainings)				
By Employee Category	**Unit**	**2022**	**2023**	**2024**
Senior Executives	Person*Hour	9.950	12.650	10.950
Senior Executives	Person	3.200	4.400	45
Mid-level Managers	Person*Hour	60.200	53.800	55.550
Mid-level Managers	Person	14.800	18.800	201
Other Professionals	Person*Hour	30,902.50	5.173.250	34,731.50
Other Professionals	Person	13,801.00	1.511.400	14,571
TOTAL		**31,604.00**	**5.239.700**	**35,396.50**
By Employment Type	**Unit**	**2022**	**2023**	**2024**
Blue-Collar	Person*Hour	26,158.5	45,712.00	25,282.50
Blue-Collar	Person	11,969	12,192.00	10,484
White-Collar	Person*Hour	4,598.5	5,841.00	8,720.00
White-Collar	Person	1,187	2,342.00	3,126
Subcontractor Employees	Person*Hour	8.470	84.400	1,394.00
Subcontractor Employees	Person	825	81.200	1,207
TOTAL		**31,604.00**	**52,397.00**	**35,396.50**
By Gender	**Unit**	**2022**	**2023**	**2024**
Male	Person*Hour	30,355.50	50,323.00	32,682.50
Male	Person	13,491.00	14,534.00	13,76
Female	Person*Hour	1,248.50	2,074.00	2,714.00
Female	Person	49.000	81.200	1,057
TOTAL		**31,604.00**	**52,397.00**	**35,396.50**

6.4 Diversity, Equity, and Inclusion

At Kocaer Steel, we provide equal opportunities to all employees in every human resources process, regardless of ethnic background, gender, color, race, nationality, economic status, or religious belief. Through our approach, which respects human rights and complies with legal regulations and standards, we protect our employees and support them in exercising these rights correctly and fully. Our priority “People” drives our efforts to promote gender equality, increase diversity and inclusion, prevent discrimination, and ensure equal opportunities across all areas. In this context, we conduct all activities in accordance with national legislation and international human rights standards, including ILO Conventions and OECD Guidelines. We extend this principle of respect for human rights to all stakeholders, including employees, suppliers, and business partners.

The number of our female employees increased by 40% compared to the previous year.

In line with our Code of Business Ethics and company policies, we do not engage in forced labor or child labor in any of our operations. We act in full compliance with all local, national, and international regulations and enforce a zero-tolerance policy against child labor, forced labor, mistreatment, and unregistered employment. We strictly oppose violence, harassment, and any form of discrimination in our workplace.

We respect employees' rights to organize and express themselves and foster a culture of participatory and respectful communication. Occupational health and safety is a top priority, and we continuously implement improvement-focused measures in line with legal requirements.

We base our practices on diversity, equity, and inclusion, conducting recruitment, promotion, compensation, and training processes on merit. This policy is central to initiatives aimed at increasing employee satisfaction. All applications regarding compensation and benefits are carried out in accordance with the "Compensation and Benefits Instruction" in the HR Handbook. Salary adjustments are made once or twice a year, considering inflation rates. We aim to support employees' financial as well as social well-being by categorizing salaries and entitlements into base salary, salary supplements (e.g., overtime payments), bonuses, and additional benefits and social allowances. These social benefits include maternity, bereavement, and marriage support, fuel assistance, educational support, holiday allowances, child benefits, and footwear vouchers. Annual salary adjustments are planned objectively, taking all these elements into account.

This holistic approach strengthens employees' commitment to the company while enhancing their satisfaction and motivation. Thus, the compensation process is not limited to financial considerations but operates as an inclusive system that safeguards employees' well-being and satisfaction. This structure also supports our goal of creating a diverse, equitable, and inclusive working environment.

As of 2024, we continue to improve workforce distribution across the company from a diversity and inclusion perspective. The total number of employees reached 1,149, with the proportion of female employees increasing from 5.1% to 6.4%. Employment of individuals with disabilities is handled with the same attention, maintaining a consistent 2% rate each year through inclusive recruitment processes.

Workforce		2022	2023	2024
Other Groups	Unit			
Foreign	Female	0	0	1
	Rate	0	0	
	Male	0	0	0
	Rate	0%	0%	0%
Disabled	Female	1	1	1
	Rate	3%	2%	1%
	Male	17	18	26
	Rate	2%	2%	2%
By Administration Category	Unit	2022	2023	2024
Senior Management	Female	1	1	1
	Rate	3%	2%	1%
	Male	5	6	6
	Rate	1%	1%	1%
Mid-Level	Female	5	10	12
	Rate	13%	19%	16%
	Male	14	30	36
	Rate	2%	3%	3%
Other	Female	7	41	60
	Rate	18%	79%	82%
	Male	36	932	1034
	Rate	4%	96%	96%
TOTAL		891	1020	1149

In 2024, we contributed to the “Model Development for Empowering Women in the Manufacturing Industry” project, conducted in collaboration with UNDP, TİSK, the Ministry of Industry and Technology, and the European Union. Through this project, we enhanced the competencies of our female employees and supported their increased participation in the future of manufacturing. Two female employees were employed as part of the project. Additionally, through training programs offered by MEXT for STEM graduates, we contributed to their technical and personal development in engineering and information technology. Training topics included, for engineering: business management, production floor experience, Industry 4.0, basic programming, and green transformation; and for IT: digital literacy, cybersecurity, and role-based technical training. These efforts strengthen women’s empowerment in the industrial sector and create a sustainable equality environment.

To reinforce a culture of gender equality, we organized a “Gender Equality Awareness Workshop.” Following this training, gender equality topics were integrated into orientation sustainability training starting in January. We aim to embed this approach as a cultural value across all teams, from production to management, including interns. While supporting the empowerment of women in the industrial sector, we continue to work toward building an inclusive and sustainable equality environment.

By Employment Type	Unit	2022	2023	2024
White-Collar – Women	Person	32	44	61
White-Collar – Male	Person	90	110	128
Blue-Collar – Female	Person	6	8	12
Blue-Collar – Male	Person	763	858	948
TOTAL		**891**	**1020**	**1149**

By Contract Type	Unit	2022	2023	2024
Indefinite Term – Female	Person	38	44	66
Indefinite Term – Male	Person	842	876	977
Fixed Term – Female	Person	0	8	7
Fixed Term – Male	Person	11	92	99
TOTAL		**891**	**1020**	**1149**

By Gender	Unit	2022	2023	2024
Male	Person	853	968	1076
	Rate	95,7	94,9	93,6
Female	Person	38	52	73
	Rate	4,3	5,1	6,4

By Age	Unit	2022	2023	2024
Between 18 - 30 Years	Female	9	12	28
	Rate	24%	23%	38%
	Male	244	266	335
	Rate	29%	27%	31%
Between 31 - 40 Years	Female	13	21	24
	Rate	34%	40%	33%
	Male	282	320	337
	Rate	33%	33%	31%
Between 41 - 50 Years	Female	13	14	15
	Rate	34%	27%	21%
	Male	263	304	321
	Rate	31%	31%	30%
Between 51 - 60 Years	Female	3	5	6
	Rate	8%	10%	8%
	Male	59	73	77
	Rate	7%	8%	7%
Over 60	Female	0	0	0
	Rate	0%	0%	0%
	Male	5	5	6
	Rate	1%	1%	1%

6.5 Occupational Health and Safety

At Kocaer Steel, safeguarding the health and safety of our employees is one of our top priorities, and we conduct all activities with this focus in mind. We develop and implement systems to prevent workplace accidents. Measures are taken to ensure safe working environments and to enhance employees' health and quality of life by providing the necessary information and resources. Within the scope of OHS practices that involve the participation of all employees, we provide regular training, manage risks effectively, and increase our capacity to respond to emergencies. Full compliance with legal requirements and other obligations is ensured, and our OHS management approach is integrated with quality, environmental, and energy management systems.

OHS activities are conducted under the leadership of our HSE and Energy Department, in accordance with our OHS policies. The compliance and effectiveness of our OHS practices are secured through the ISO 45001 Occupational Health and Safety Management System standard.

Following evaluations in 2024, our existing OHS Policy was reviewed to ensure alignment with the ISO 45001 standard. This policy enables us to fulfill our commitment to providing a safe and healthy working environment, covering our business processes, employees, and business partners. By applying this policy in our operations, we identify occupational health and safety risks and aim to implement an effective risk management process through established objectives and programs.
Throughout 2024, we launched various projects to prevent workplace accidents and strengthen a culture of safe working. To support a sustainable and effective management approach, we implemented the Upper Board System. To continuously improve workplace safety, we actively apply the Notified Safety Tour (HGT) audit system to identify areas for development. Additionally, to maintain orderly and safe working environments, we implemented an OHS-focused 5S audit system and established Lifting Equipment Control Stations to monitor the safe use of lifting machinery.

We continued to enhance employees' OHS awareness in 2024 through trainings on fire safety, emergency response, working at heights, and chemical handling. Over the course of the year, a total of 5,120 individuals, including 4,859 company employees and 261 subcontractors received 20,037 hours of OHS training. This year, our OHS trainings reached an even wider audience, creating a greater impact compared to previous years.

Occupational Health and Safety					
Work Accidents	**Group**	**Unit**	**2022**	**2023**	**2024**
Near-Miss	**Company**	**Number/Year**	69	53	58
	Sub-Employer	**Number/Year**	0	0	0
Number of Lost Day Accidents	**Company**	**Number/Year**	173	233	305
	Sub-Employer	**Number/Year**	0	0	0
Lost Workday	**Company**	**Number/Year**	2.600	3.910	5.097
	Sub-Employer	**Number/Year**	0	0	0
Number of Lost Dayless Accidents	**Company**	**Number/Year**	109	91	166
	Sub-Employer	**Number/Year**	0	0	0
Lost Time Injury Rate (Number of Accidents x 1.000.000 / Total Working Hours)	**Company**	**Rate**	141,82	152,6	198,9
	Sub-Employer	**Rate**	0	0	0
Death	**Company**	**Number/Year**	0	0	0
	Sub-Employer	**Number/Year**	0	0	0
Severity Rate (Lost Day x 1000 / Total Working Hours)	**Company**	**Rate**	1,31	1,84	2,15
	Sub-Employer	**Rate**	0	0	0
Occupational disease rate (ODR) (Occupational dieases x 1.000.000 / Working Hours)	**Company**	**Rate**	0	0	0
	Sub-Employer	**Rate**	0	0	0

Occupational Health and Safety Trainings			
	2022	**2023**	**2024**
Number of Company Employees	891	1.020	4.859
Number of Subcontractor Employees	675	621	261
Total Number of Participants	**1.566**	**1.641**	**5.120**
	2022	**2023**	**2024**
Company Employees (Person*Hour)	20.009,50	27.238,50	17.337,00
Subcontractor Employees (Person*Hour)	713	687	447
Total OHS Trainings (Person*Hour)	**20.722,50**	**27.926**	**17.784**
OHS Commities	**2022**	**2023**	**2024**
Number of OHS Commities Established	**4**	**4**	**4**
Total Number of Members in The Established OHS Commities	**24**	**24**	**24**
Number of Employee Representatives in Established OHS	**4**	**4**	**4**

6.6 Corporate Social Responsibility

As Kocaer Steel, we consider creating value for society as an integral part of our sustainability approach, and we are committed to implementing projects that have a positive impact on our communities. Through our social responsibility initiatives spanning education, environment, art, and healthcare, we contribute to societal well-being. These projects allow us to transform our social impact and continue producing and contributing toward a sustainable society.

6.6.1 Do Not Discard, Donate and Do Not Discard, Transform

In 2024, we participated in the “Do Not Discard, Donate” Project to bring environmentally harmful electronic waste into educational use. By July 2024, within the scope of the project conducted in collaboration with TEGV and TÜBİSAD in İzmir and Istanbul, our used electronic devices were recycled, and the revenue generated was directed to support quality education for children. The project aimed to support the education of 50 children. Additionally, as part of our April 23 National Sovereignty and Children’s Day activities, we organized creative competitions with the theme “Do Not Discard, Transform” to instill recycling awareness at an early age. Participants received coloring books and classic literature, demonstrating our commitment to environmental awareness.

Our electronic waste supports education.

6.6.2 Kocaer Social Life

To support employees’ social life, strengthen internal solidarity, and foster corporate belonging, we continued regular social club activities and special events throughout 2024. Interaction and collaboration among employees are encouraged through clubs such as Camping, Fishing, Cycling, Music, and Community Service Clubs. Key activities included participation in Marathon İzmir 2024, Kocaer Family Picnic, New Year Ball and Gift Draw, April 23 National Sovereignty and Children’s Day, International Women’s Day on March 8, and weekly Friday morning breakfasts. Additionally, service recognition ceremonies were held for employees completing 10, 15, 20, and 25 years of service, and community service club activities further supported social responsibility awareness.

In April 2025, through the National Surfer Rüya Uğurlu Sponsorship Support, we provided assistance to female athletes and aimed to empower young talents. Serving SDGs 5 and 17, this project is planned to establish a sustainable sponsorship model.

The International Women’s Day 2025 event in İzmir, Istanbul, and Denizli supported female employees’ empowerment and enhanced their visibility in the workforce through corporate communications and related activities.

6.6.3 Painting, Poetry, and Composition Competi-

In 2025, in collaboration with the Aliağa District Directorate of National Education, we organized a “Painting, Poetry, and Composition Competition” for middle and high school students as part of Occupational Health and Safety Week (May 5–10). The competition aimed to raise early awareness of occupational health and safety, contribute to social consciousness, and encourage research, critical thinking, and creative expression among students. Awards were presented to winners, and their works were publicly exhibited. This initiative reflects our strong connection with the local community and our commitment to supporting the development of future generations.

6.6.4 Red Crescent Blood Donation Projects

We continue to actively participate in blood and stem cell donation campaigns organized in collaboration with the Red Crescent, raising societal awareness. We also provide social support to families of deceased employees, including scholarships for their children, under the principle that “Anyone may need help one day.”

6.6.5 From Spark to Mastery

In 2025, we will launch a new project titled “FROM SPARK TO MASTERY – Apprentices Wanted!” This initiative, developed in cooperation with the Ministry of National Education and TOBB ALOSBİ Vocational and Technical Anatolian High School, addresses the increasing need for skilled mid-level workforce and aims to strengthen the company’s long-term talent structure. The project will implement a four-year vocational development program progressing from apprenticeship to mastery. Students will receive apprenticeship training for the first three years and journeyman training in the final year, benefiting from salary and insurance coverage, with successful participants graduating with a master certificate.

This company-specific model is designed to employ young professionals with field experience and strong technical skills, aligned with our corporate culture, ensuring knowledge transfer, strengthening employee engagement, and building a sustainable workforce. We view this project not merely as a training program, but as a strategic investment in our future.

Annexes

07

7.1 Environmental Performance Indicators

Environmental Investments (TL)

	2022	2023	2024
Total operating expenses of environmental activities	623.969	1.515.202	1.942.646
Total investments in environmental protection	38.814.846	191.395.047	732.552
TOTAL	39.438.815	192.910.249	2.675.198

	2021	2022	2023	2024
Revenue from climate-friendly energy production practices (TRY)	1.042.438,41	32.125.510,49	6.553.247,44	40.049.620,60

Unrenewable Direct Energy	Unit	2022	2023	2024
Gasoline	liter	50.003	54.486	145.392
Diesel / Motoring	liter	67.012	63.672	265.759
Natural Gas	S_{m^3}	23.602.824	24.471.695	23.808.937

Unrenewable Indirect Energy	Unit	2022	2023	2024
Electricity	kWh	40.921.011	35.110.600	37.702.910
Solar Energy	kWh	6.508.053	11.058.600	11.107.000

Greenhouse Gas Emissions	Unit	2022	2023	2024
Scope 1	t CO_2e	44.519	48.791	47.721
Scope 2	t CO_2e	14.254	16.017	1.595.587
Scope 3	t CO_2e	886.742	1.064.912	909.785
Greenhouse Gas Concentration Per Product*	t CO_2e	1.776	1.631	1.535

	2022	2023	2024
Water Consumption	210.420	328.158	310.575
Wastewater	41.300	60.013	60.013
Water Density Per Product (m3 / ton product)	0,318	0,387	0,395

Total Water Volume Drawn (m^3)

	2022	2023	2024
Groundwater	210.420,00	328.158,00	310.575,00
Rainwater	201.214,76	42.558,15	42.558,10
Third Party Waters (Mains Water vb.)	232,71	10.269,45	150,95

	2022	2023	2024
Waste Water Discharge (m^3)	41.300,00	60.013,30	60.013,00

By Type		Unit	2022	2023	2024
Hazardous Wastes	Liquid Waste	Lt	1.032.720	1.420.860	1.222.540
	Contaminated Waste	Kg	60.100	51.560	58.360
	Waste Oil	Kg	1.960	7420	31.340
	Electronic Waste	Kg	0	760	5.860
	Medical Waste	Kg	19	72	122
Non-Hazardous Wastes	Waste Paper	Kg	26.000	16.080	20.390
	Domestic Waste	Kg	190.000	263.478	375.807
	Wood Waste	Kg	0	0	450.240
	Plastic Waste	Kg	25.580	16.710	19.910
	Mixed Packaging	Kg	23.580	0	0
	Mixed Metal	Kg	16.380	37.500	20.780
	Metal Waste	Kg	10.372.790	15.482.600	25.128.190
	Waste Battery	Kg	60	23	36

Recycled Waste as Input (tons)

	2022	2023	2024
Mixed Metals	16,38	37,5	20,78
Sawdust	1.900	717,84	414,31
Scrap	10.356,41	14.398,94	24.693,10
Total	12.272,79	15.154,28	25.128,19

7.2 Social Performance Indicators

Employment and Turnover (Türkiye)	Unit	2022	2023	2024
Newly Recruited-Total	Person	463	562	614
White - Collar	Person	20	66	79
Blue - Collar	Person	443	496	535
Employee Left – Total	Person	338	435	488
White - Collar	Person	22	38	42
Blue - Collar	Person	316	397	446
Total		801	997	1102

By Gender	Unit	2022	2023	2024
Male – Hired	Person	454	539	581
	Rate	98%	96%	95%
Male – Resigned	Person	329	425	475
	Rate	97%	98%	97%
Female – Hired	Person	9	23	33
	Rate	2%	4%	5%
Female – Resigned	Person	9	10	13
	Rate	3%	2%	3%
TOPLAM		801	997	1102

By Age	Unit	2022	2023	2024
18 - 30 Years - Hired	Person	267	249	326
	Rate	58%	44%	53%
18 - 30 Years – Resigned	Person	181	168	233
	Rate	54%	39%	48%
31 - 40 Years - Hired	Person	110	123	146
	Rate	24%	22%	24%
31 - 40 Years - Resigned	Person	81	89	127
	Rate	24%	20%	26%
41 - 50 Years - Hired	Person	70	153	125
	Rate	15%	27%	20%
41 - 50 Years - Resigned	Person	56	132	108
	Rate	17%	30%	22%
51 - 60 Years - Hired	Person	16	37	16
	Rate	3%	7%	3%
51 - 60 Years - Resigned	Person	20	44	19
	Rate	6%	10%	4%
Over 60 - Hired	Person	0	0	1
	Rate	0%	0%	0%
Over 60 - Resigned	Person	0	2	1
	Rate	0%	0%	0%
Total		801	997	1102

Employees Using Maternity Leave	Unit	2022		2023		2024	
		Female	Male	Female	Male	Female	Male
Employees eligible for maternity leave	Number	1	42	0	48	3	43
Employees on parental leave	Number	1	42	0	48	3	43
Employees returning to work after maternity leave ends	Number	1	42	0	48	2	43
Employees returning to work after maternity leave and working for at least 12 months afterwards	Number	1	41	0	42	0	9

All Trainings (By Type)	Unit	2022	2023	2024
Professional Development	Hour	9.493	22.593	13.427
Personal Development	Hour	195	283	1.542
OHS	Hour	21.739	29.222,50	20.037
Other (Ex: Leadership)	Hour	179	298,5	390,5
Total	Hour	31.604	52.397,00	35.396,50

Environmental Trainings Provided To Employees	Unit	2022	2023	2024
Trainings	Hour	1.189,00	1.515,00	1.469,50
Training Recipients	Person	1.092,00	1.344,00	963

Training Investments (All Trainings)

By Employee Category		2022	2023	2024
Senior Executives	Person*Hour	99,5	126,5	109,5
Senior Executives	Person	32	44	45
Mid-level Managers	Person*Hour	602	538	555,5
Mid-level Managers	Person	148	188	201
Other Professionals	Person*Hour	30.902,50	51.732,50	34.731,50
Other Professionals	Person	13.801,00	15.114,00	14.571
TOTAL		**31.604,00**	**52.397,00**	**35.396,50**
By Employment Type	**Unit**	**2022**	**2023**	**2024**
Blue-Collar	Person*Hour	26.158,50	45.712,00	25.282,50
Blue-Collar	Person	11.969	12.192,00	10.484
White-Collar	Person*Hour	4.598,50	5.841,00	8.720,00
White-Collar	Person	1.187	2.342,00	3.126
Subcontractor Employees	Person*Hour	847	844	1.394,00
Subcontractor Employees	Person	825	812	1.207
TOTAL		**31.604,00**	**52.397,00**	**35.396,50**
By Gender	**Unit**	**2022**	**2023**	**2024**
Male	Person*Hour	30.355,50	50.323,00	32.682,50
Male	Person	13.491,00	14.534,00	13.760
Female	Person*Hour	1.248,50	2.074,00	2.714,00
Female	Person	490	812	1.057
TOTAL		**31.604,00**	**52.397,00**	**35.396,50**

Workforce		2022	2023	2024
Other Groups	Unit	0	0	0
Foreign	Female	0	0	1
	Rate	0%	0%	0%
	Male	0	0	0
	Rate	0%	0%	0%
Disabled	Female	1	1	1
	Rate	3%	2%	1%
	Male	17	18	26
	Rate	2%	2%	2%
By Administration Category	Unit	2022	2023	2024
Senior Management	Female	1	1	1
	Rate	3%	2%	1%
	Male	5	6	6
	Rate	1%	1%	1%
Mid-Level	Female	5	10	12
	Rate	13%	19%	16%
	Male	14	30	36
	Rate	2%	3%	3%
Other	Female	7	41	60
	Rate	18%	79%	82%
	Male	36	932	1034
	Rate	4%	96%	96%
TOTAL		891	1020	1149

By Employment Type	Unit	2022	2023	2024
White-Collar – Women	Person	32	44	61
White-Collar – Male	Person	90	110	128
Blue-Collar – Female	Person	6	8	12
Blue-Collar – Male	Person	763	858	948
TOTAL		**891**	**1020**	**1149**
By Contract Type	Unit	2022	2023	2024
Indefinite Term – Female	Person	38	44	66
Indefinite Term – Male	Person	842	876	977
Fixed Term – Female	Person	0	8	7
Fixed Term – Male	Person	11	92	99
TOTAL		**891**	**1020**	**1149**
By Gender	Unit	2022	2023	2024
Male	Person	853	968	1076
	Rate	95,7	94,9	93,6
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	Rate	4,3	5,1	6,4

By Age	Unit	2022	2023	2024
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	Rate	24%	23%	38%
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	Rate	34%	40%	33%
	Male	282	320	337
	Rate	33%	33%	31%
Between 41 - 50 Years	Female	13	14	15
	Rate	34%	27%	21%
	Male	263	304	321
	Rate	31%	31%	30%
Between 51 - 60 Years	Female	3	5	6
	Rate	8%	10%	8%
	Male	59	73	77
	Rate	7%	8%	7%
Over 60	Female	0	0	0
	Rate	0%	0%	0%
	Male	5	5	6
	Rate	1%	1%	1%

Occupational Health and Safety

Work Accidents	Group	Unit	2022	2023	2024
Near-Miss	Company	Number/Year	69	53	58
	Sub-Employer	Number/Year	0	0	0
Number of Lost Day Accidents	Company	Number/Year	173	233	305
	Sub-Employer	Number/Year	0	0	0
Lost Workday	Company	Number/Year	2.600	3.910	5.097
	Sub-Employer	Number/Year	0	0	0
Number of Lost Dayless Accidents	Company	Number/Year	109	91	166
	Sub-Employer	Number/Year	0	0	0
Lost Time Injury Rate (Number of Accidents x 1.000.000 / Total Working Hours)	Company	Rate	141,82	152,6	198,9
	Sub-Employer	Rate	0	0	0
Death	Company	Number/Year	0	0	0
	Sub-Employer	Number/Year	0	0	0
Severity Rate (Lost Day x 1000 / Total Working Hours)	Company	Rate	1,31	1,84	2,15
	Sub-Employer	Rate	0	0	0
Occupational disease rate (ODR) (Occupational dieases x 1.000.000 / Working Hours)	Company	Rate	0	0	0
	Sub-Employer	Rate	0	0	0

Occupational Health and Safety Trainings			
	2022	**2023**	**2024**
Number of Company Employees	891	1.020	4.859
Number of Subcontractor Employees	675	621	261
Total Number of Participants	**1.566**	**1.641**	**5.120**
	2022	**2023**	**2024**
Company Employees (Person*Hour)	20.009,50	27.238,50	17.337,00
Subcontractor Employees (Person*Hour)	713	687	447
Total OHS Trainings (Person*Hour)	**20.722,50**	**27.926**	**17.784**
OHS Commities	**2022**	**2023**	**2024**
Number of OHS Commities Established	**4**	**4**	**4**
Total Number of Members in The Established OHS Commities	**24**	**24**	**24**
Number of Employee Representatives in Established OHS Commities	**4**	**4**	**4**

7.3 Economic Performance Indicators

Economic Value *				
Item	**Unit**	**2022**	**2023**	**2024**
Economic Value Created (Revenues)	Mio TL	9.418,47	15.091,48	19.235,21

*The economic value amounts created for each year were taken from the independent audit reports of the relevant year.

Economic Value Distributed				
Item	**Unit**	**2022**	**2023**	**2024**
Operating Expenses	Mio TL	1.384,78	1.291,49	1.810,73
Benefits Provided to Employees	Mio TL	366,48	512,73	1.096,84
Benefits Provided to the State	Mio TL	125,53	199,43	25,09
Benefits Provided to Capital Providers	Mio TL	151	200,74	157,08
Benefits Provided to Society	Mio TL	0,34	3,07	4,15
Total	**Mio TL**	**2.028,13**	**2.207,46**	**3.093,89**

Government Assistance				
Item	**Unit**	**2022**	**2023**	**2024**
Tax Reductions / Credits	Mio TL	9,30	17,20	36,50
Incentives	Mio TL	5,49	10,17	25,17
Financial Incentives	Mio TL	1,47	94,34	128,54

Sustainable Finance

Item	Unit	2022	2023	2024
Average Financing Cost	%	12,9	25,47	9,24
Ratio of Sustainable Finance to Total Debt	%	3,06	3,66	4,78
Contribution of Sustainable Business Models to Total Sales	Mio TL	25,06	31,95	48,58
Ratio of Financial Impacts of Sustainability Risks to Sustainability Investments	%	29	26	109,18

Approximate Value of Payments to Suppliers

Item	Unit	2022	2023	2024
Import Amount	TL	991.311.067	2.345.630.600	7.174.336.792
Domestic Procurement Amount	TL	4.807.422.412	5.631.229.700	8.875.504.707
TOTAL	**TL**	**5.798.733.479**	**7.976.860.300**	**16.049.843.523**

Number of Suppliers

Item	Unit	2022	2023	2024
Number of Import Suppliers	Unit	14	23	23
Number of Domestic Suppliers	Unit	687	724	1098

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7.4 Climate-Related Risk and Opportunity Tables

Risk Category	Climate Risk (Chronic Physical)		
Risk Driver	Drought		
Risk Description	Changes in precipitation patterns leading to water stress and drought, resulting in water scarcity, which may affect production and increase related costs.		
Position in the Value Chain	Downstream Value Chain and Direct Operations		
Time Horizon	Short	Medium	Long
Term (Years)	0-5	6-15	16+
Impact Scale	1	2	2
Likelihood	1	2	3
Current Risk Rating	Low	Low	Medium
Risk Impacts	Operational Risks Drought, particularly in water-dependent production processes, may cause production interruptions, loss of efficiency, higher water costs, and adverse impacts on working conditions. In the steel sector, water shortages may lead to overheating of equipment, reduced process efficiency, and increased maintenance costs. Drought may also increase the risk of disruptions in the supply of water-dependent raw materials. Due to water scarcity, the production and supply of certain chemicals or auxiliary materials used in steel production may be hindered. This may raise input costs and disrupt the supply chain.		
Action Plan	• Infrastructure Control and Reporting (Identification of losses and leakages in the existing water infrastructure) • Calculation of Water Footprint per Ton • Increasing the Number of Water Measurement Points • Infrastructure Improvement (Identification of outdated water infrastructure and pipelines, planning and reporting of process improvements) • Water Conservation Investments • Water Discharge and Usage Targets (2025) (Replacing shower heads and commissioning of advanced wastewater treatment plant) • Process Water Recycling (2030) (Implementation of rainwater harvesting projects and use of process water collection channels)		

Risk Category	**Climate Risk (Transition Risk – Regulatory Risk)**		
Risk Driver	Emission Limits and Carbon Pricing		
Risk Description	Within the scope of carbon pricing mechanisms such as the Emissions Trading System (ETS) and carbon tax, and potential future carbon pricing regulations, fluctuations in CO_2 prices may lead to high financial expenses. In addition, under legislation and regulations, exported products may incur additional costs related to carbon pricing.		
Position in the Value Chain	Downstream Value Chain and Direct Operations		
Time Horizon	Short	Medium	Long
Term (Years)	0-5	6-15	16+
Impact Scale	1	2	2
Likelihood	1	3	3
Current Risk Rating	Low	Medium	Medium
Risk Impacts	Financial Risk Carbon pricing mechanisms such as the ETS and CBAM (Carbon Border Adjustment Mechanism) will increase costs for Kocaer Steel, as for all producers operating in the steel sector. Under a low-emission scenario, with decreasing sectoral emission limits, allocation prices in the Turkish ETS are expected to rise significantly towards Turkey's 2053 Net Zero target, and EU ETS allocation prices are expected to increase considerably towards the EU's 2050 Net Zero target.		
Action Plan	• Greenhouse Gas Reduction Roadmap • Energy Efficiency Projects and Carbon Credit Initiatives • Sustainable Campuses (LEED Certification) • Use of Green Tariff Electricity • Sustainable Product Policies (increasing recycled content ratio) • Renewable Energy Investments (Solar PV and Geothermal Power		

Risk Category	Climate Risk (Chronic Physical)		
Risk Driver	Increase in Average Air Temperatures		
Risk Description	With the rise in average air temperatures, cooling and maintenance costs may increase, and working conditions may be adversely affected.		
Position in the Value Chain	Direct Operations		
Time Horizon	Short	Medium	Long
Term (Years)	0-5	6-15	16+
Impact Scale	1	2	2
Likelihood	1	2	3
Current Risk Rating	Low	Low	Medium
Risk Impacts	**Raw Material Costs** Upward changes/fluctuations in raw material supply and other operational costs may lead to increased production costs. Rising temperatures may cause higher energy consumption and costs due to cooling needs and production process concerns. **Climate Control Costs** The increase in average air temperatures may lead to greater climate control requirements, resulting in higher equipment and energy costs associated with cooling. Rising temperatures and energy costs may negatively impact production efficiency in the long term. **Maintenance and Repair Costs** Higher air temperatures expose machinery and equipment in production facilities to more heat, accelerating wear and tear. Particularly in heat-sensitive systems, overheating risks increase failure frequency and require shorter maintenance intervals. This raises maintenance and repair costs while also increasing the risk of unplanned downtime, threatening operational continuity. **OHS - Employee Health** Rising average air temperatures create more challenging and unhealthy working conditions for employees in production facilities. Especially during summer, higher heat increases the risk of heat stress, which may cause occupational accidents, distraction, dehydration, and heat stroke.		
Action Plan	• Greenhouse Gas Reduction Roadmap • Energy Efficiency Projects and Carbon Credit Initiatives • Sustainable Campuses (LEED Certification) • Use of Green Tariff Electricity • Sustainable Product Policies (increasing recycled content ratio) • Renewable Energy Investments (Solar PV and Geothermal Power		

Risk Category	Climate Risk (Transition Risk – Market Risk)		
Risk Driver	Change in Customer Preferences		
Risk Description	The increase in demand for steel products produced with low-emission technology and the inability to meet this demand may result in a decrease in market share and/or profitability.		
Position in the Value Chain	Direct Operations and Downstream Value Chain		
Time Horizon	Short	Medium	Long
Term (Years)	0-5	6-15	16+
Impact Scale	1	3	3
Likelihood	1	2	2
Current Risk Rating	Low	Medium	Medium
Risk Impacts	Market Loss If the company cannot transition to low-emission production or adapts too slowly, it may lose customers who prefer to work with sustainable steel suppliers. Pressure on Profitability If low-emission products fail to provide a price advantage, there may be a loss of market share.		
Action Plan	Investments in sustainable and low-emission technologies such as solar (PV), geothermal, and hydrogen use, development of recuperator or regenerative burners, planning of innovative production techniques in rolling and ensuring compliance with these plans.		

Risk Category	Climate Risk (Transition Risk – Technological Risk)		
Risk Driver	New Technologies		
Risk Description	Due to constraints/limitations in the integration of new transitions into existing production processes (e.g., change, transformation, talent management), operational disruptions may occur and/or internal resources (human capital, engineering, etc.) may not be managed effectively.		
Position in the Value Chain	Direct Operations and Downstream Value Chain		
Time Horizon	Short	Medium	Long
Term (Years)	0-5	6-15	16+
Impact Scale	1	3	3
Likelihood	1	2	2
Current Risk Rating	Low	Medium	Medium
Risk Impacts	Financial Risk The company may experience temporary disruptions and capacity losses in production processes during the transformation process. Operational Risk Employees may need to be retrained to adapt to new technologies, potentially causing productivity losses and additional costs.		
Action Plan	• Identification of necessary competencies and relevant individuals to raise awareness of new technologies, and the preparation of training plans. • Ensuring horizontal integration of new technologies within the system / planning and reporting digital transformation management initiatives. • Providing and implementing continuous training and development programs through Kocaer Academy.		

Opportunity Category	**Climate (Transition – Financial)**		
Opportunity Element	Energy Transition		
Opportunity Definition	Energy efficiency and the transition to renewable energy carried out in the decarbonization process reduce operational costs, especially in energy-intensive sectors. Protection Against Cost Pressures and Sustaining Competitiveness The increase in energy costs and the stricter regulation of fossil fuels will create significant pressure on production processes. Through energy efficiency projects, the company is less affected by rising energy costs, ensures optimization in resource use, and strengthens its operational resilience. At the same time, these improvements provide the opportunity to benefit from energy efficiency support programs and financial incentives, making it possible to offset part of the costs. Investments aimed at increasing energy efficiency and reducing carbon emissions play an important role in the transition to a low-carbon economy. Within this scope, prominent practices include renewable energy projects integrated into international certification systems such as I-REC and Gold Standard, green hydrogen transition studies, oxygen enrichment technologies for reducing combustion-related emissions, robotic cleaning applications in solar energy systems, LED lighting conversions, and comprehensive energy monitoring		
Position in the Value Chain	Direct Operations		
Time Horizon	Short	Medium	Long
Term (Years)	0-5	6-15	16+
Impact Scale	1	3	4
Likelihood	2	3	5
Current Opportunity Score	Low	Medium	Very high
Potential Impacts of the Opportunity on Kocaer Steel	Kocaer Steel has already implemented many projects on energy efficiency and the transition to renewable energy. • Solar Power Plant (SPP) Investments • Geothermal Power Plant (GPP) Investments • Operational efficiency investments • Green hydrogen transition studies (Ongoing) • Oxygen enrichment for reducing combustion-related emissions (Ongoing) • Robotic cleaning of solar panels • LED lighting replacement project • Energy monitoring system With the projects realized and those planned, operational efficiency is being improved and cost savings are being achieved.		
Action Plan	Work related to this opportunity has already been initiated, and in the 2025 report, detailed information will be shared regarding the projects carried out and the actions taken.		

Opportunity Category	Climate (Transition – Financial)		
Opportunity Element	Water and Raw Material Efficiency		
Opportunity Definition	More efficient and effective use of water and natural resources directly reduces operational costs. Practices such as water recovery and the use of recycled raw materials help lower operational costs while also minimizing environmental impacts. This strategy, aligned with the principle of circularity, builds resilience against climate change-related risks and creates opportunities for long-term sustainable growth. In the steel industry, the use of scrap steel and the recycling of process waste offer an important opportunity for sustainable production by reducing primary raw material and energy consumption. Circular economy practices can both reduce resource dependency and facilitate compliance with regulations by contributing to the reduction of carbon footprint.		
Position in the Value Chain	Direct Operations and Upstream Value Chain		
Time Horizon	Short	Medium	Long
Term (Years)	0-5	6-15	16+
Impact Scale	1	3	4
Likelihood	2	3	5
Current Opportunity Score	Short	Medium	Vey high
Potential Impacts of the Opportunity on Kocaer Steel	Enhancing Operational Efficiency and Environmental Performance Investments in energy, water, and raw material efficiency increase the company's operational resilience against risks such as climate-change-driven resource scarcity and rising energy and water costs. Practices such as 100% recovery of cooling water and rainwater harvesting reduce external dependence on water and provide long-term cost advantages. The Rolling Pool Sand Filtration Project achieved 38% water savings, demonstrating the scalability of these practices. Reaching a 99% level in the use of recycled billets reduces raw material risks and strengthens the circular production approach. In addition, the billet scrap usage rate in steel plants supplying raw materials is at 93%. All these practices support environmental sustainability goals while also improving operational efficiency, reducing costs, and making the company more resilient to both regulations and market expectations.		
Action Plan	Work related to this opportunity has already been initiated. Detailed information on the projects carried out and actions taken will be shared in the 2025 report.		

Opportunity Category	**Climate (Transition – Reputation)**		
Opportunity Element	Reputation Enhancement through ESG Performance		
Opportunity Definition	Setting ESG targets and sharing ESG performance transparently and regularly strengthens companies' relationships with stakeholders, enhances corporate reputation, and reinforces investor confidence. This enables companies to access sustainable finance more easily and gain long-term competitive advantage.		
Position in the Value Chain	Direct Operations and Upstream Value Chain		
Time Horizon	Short	Medium	Long
Term (Years)	0-5	6-15	16+
Impact Scale	2	3	4
Likelihood	3	4	5
Current Opportunity Score	Medium	High	Very High
Potential Impacts of the Opportunity on Kocaer Steel	Brand Reputation and Investor Attractiveness In line with its vision of minimizing environmental impacts and contributing to social responsibility projects, Kocaer Steel shapes its strategies around these core principles. This sustainable approach positively transforms the company's brand perception, strengthens its reputation, and significantly increases its potential to attract environmentally and socially focused investors. Kocaer Steel's strategic stance not only fosters the image of an environmentally conscious business but also provides a solid foundation for stronger and healthier financial growth in the future.		
Action Plan	Work related to this opportunity has already been initiated. Detailed information on the projects carried out and actions taken will be shared in the 2025 report.		

Opportunity Element	Access to Climate and Sustainability Finance		
Opportunity Definition	As the world becomes increasingly environmentally conscious, companies that take environmental initiatives seriously and proactively respond to disclosure requirements in an accurate manner are increasingly preferred by investors. Such companies earn investor recognition, gain access to a broader range of financing sources, and secure more favorable capital-raising conditions. Climate change, in particular, poses growing concerns due to its potential to trigger other environmental issues—making this especially important for companies in high-emission industries such as steel production. By addressing climate change challenges at an early stage and communicating the company's efforts accurately to stakeholders, significant reputation gains can be expected. During 2021/2022, adaptation finance increased by 29% compared to previous years, reaching USD 63 billion. This rise demonstrates the commitment of public financial institutions to reducing the impacts of climate change. Notably, the Joint Multilateral Development Banks (MDB) Group set a target of USD 9 billion by 2025, but in 2021 alone, allocated USD 18 billion, double the target, to adaptation finance. This indicates that the public sector is increasingly taking responsibility and advancing rapidly in the fight against climate change. Adaptation finance instruments present important opportunities to achieve climate resilience and sustainability goals. Such investments not only mitigate environmental impacts but also improve financial performance. Under high-emission scenarios, demand for adaptation finance may increase, but so too will the challenges of building resilience, as the necessary adaptation investments will become larger in scale and more complex. In such cases, opportunities may be more limited, as increasing climate risks could negatively impact financial performance.		
Position in the Value Chain	Direct Operations and Upstream Value Chain		
Time Horizon	Short	Medium	Long
Term (Years)	0-5	6-15	16+
Impact Scale	2	3	4
Likelihood	3	4	5
Current Opportunity Score	Medium	High	Very High
Potential Impacts of the Opportunity on Kocaer Steel	Access to Sustainable Finance For Kocaer Steel, which operates in a high-emission sector such as steel production, gaining access to sustainable finance under climate change impacts represents a major opportunity. The company's initiatives in sustainable production and reducing environmental impacts can increase resilience against climate risks and attract investor interest. Financial institutions and development banks that focus on sustainability investments can provide significant resources to support Kocaer Steel's low-carbon transition projects. As a result, access to financing for climate adaptation investments can become easier, positioning the company as a sustainability leader in the sector. Sustainability Indices In a high-emission scenario, investors and individuals aiming to invest in companies with strong sustainability and climate risk management performance may increasingly prefer stock indices and tools based on these criteria. Enhancing and disclosing performance on sustainability and climate risk management can facilitate inclusion in such indices, thereby enabling access to a broader pool of financing sources.		
Action Plan	Efforts have been initiated to meet the criteria required for inclusion in sustainability indices. Detailed information on the projects carried		

Opportunity Category	**Climate (Transition – Market)**		
Opportunity Element	Changing Customer Preferences		
Opportunity Definition	Low-carbon steel production—through methods such as the use of recycled materials, processes powered by green hydrogen, or renewable energy—focuses on reducing emissions. This production model provides a competitive advantage, particularly in sectors with growing demand for low-carbon footprint products (e.g., automotive, construction, electronics), and facilitates access to export markets.		
Position in the Value Chain	Direct Operations and Downstream Value Chain		
Time Horizon	Short	Medium	Long
Term (Years)	0-5	6-15	16+
Impact Scale	2	3	4
Likelihood	2	4	5
Current Opportunity Score	Low	High	Very High
Potential Impacts of the Opportunity on Kocaer Steel	Expansion of Market Opportunities and Increased Competitiveness Carbon regulations and mechanisms such as border carbon taxes will play a significant role in global trade. Companies producing low-carbon steel will not only avoid additional costs imposed by such regulations but may also generate additional revenue within the ETS system. Furthermore, in the face of declining demand for carbon-intensive products, these companies can increase their market share.		
Action Plan	Work related to this opportunity has already been initiated. Detailed information on the projects carried out and actions taken will be shared in the 2025 report.		

7.5 GRI Content Index

Statement of Use	Kocaer Steel has reported the information cited in this GRI content index for the period 01.01.2024-31.12.2024 with reference to the GRI Standards.
GRI 1 Used	GRI 1: Foundation 2021
GRI 1 Sector Standards	There is no relevant industry standard.

GRI 1: Foundation 2021	Disclosure	Headings	Page Number
GRI 2: General Disclosures 2021	2-1 Organizational details	1. About Kocaer Steel	10
	2-2 Entities included in the organization's sustainability reporting	About the Report	5
	2-3 Reporting period, frequency and contact point	About the Report	5
	2-4 Restatements of information	No revised information	-
	2-5 External assurance	Our report has not undergone external audit.	-
	2-6 Activities, value chain and other business relationships	1. About Kocaer Steel	10
	2-7 Employees	6.4 Diversity, Equality and Inclusion	142
	2-8 Workers who are not employees	2.1 Organization and Corporate Structure	30
	2-9 Governance structure and composition	2.1 Organization and Corporate Structure	30
	2-10 Nomination and selection of the highest governance body	2.1 Organization and Corporate Structure	30
	2-11 Chair of the highest governance body	2.1 Organization and Corporate Structure	30
	2-12 Role of the highest governance body in overseeing the management of impacts	2.1 Organization and Corporate Structure	30
	2-13 Delegation of responsibility for managing impacts 2-14 Role of the highest governance body in sustainability reporting	3.1.2 Sustaianbility Organization Structure	55
	2-15 Conflicts of interest	2.5 Business Ethics and Compliance	42
	2-16 Communication of critical concerns	2.1 Organization and Corporate Structure	30

	2-17 Collective knowledge of the highest governance body	2.1 Organization and Corporate Structure	30
	2-18 Evaluation of the performance of the highest governance body	2.1 Organization and Corporate Structure	30
	2-19 Remuneration policies	6.4 Diversity, Equality and Inclusion	142
	2-20 Process to determine remuneration	6.4 Diversity, Equality and Inclusion	142
	2-21 Annual total compensation ratio	Confidentiality Restrictions This information is confidential and Kocaer Steel reserves the right not to disclose this information publicly. The necessity and scope of public disclosure of the information will be evaluated in accordance with the company's privacy policies.	-
	2-22 Statement on sustainable development strategy	3.1.3 Sustainability Strategy	56
	2-23 Policy commitments	2. Corporate Governance 5. Environmental Performance 6. Social Performance	26 104 128
	2-24 Embedding policy commitments	2. Corporate Governance 5. Environmental Performance 6. Social Performance	26 104 128
	2-25 Processes to remediate negative impacts	2. Corporate Governance 5. Environmental Performance 6. Social Performance	26 104 128
	2-26 Mechanisms for seeking advice and raising concerns	2.5 Business Ethics and Compliance	42
	2-27 Compliance with laws and regulations	2.5 Business Ethics and Compliance	42
	2-28 Membership associations	1.3.1 Corporate Memberships and Signatures	22
	2-29 Approach to stakeholder engagement	3.2 Stakeholder Engagement and Materiality Matrix	59
	2-30 Collective bargaining agreements	6.2 Employee Satisfaction	132

GRI 3: Material Topics 2021	3-1 Process to determine material topics	3.2 Stakeholder Engagement and Materiality Matrix	59
	3-2 List of material topics	3.2 Stakeholder Engagement and Materiality Matrix	59

Financial Performance	Disclosure	Headings	Page Number
GRI 3: Material Topics 2021	3-3 Management of material topics	3.2 Stakeholder Engagement and Materiality Matrix 2.3 Governance of Climate-Related Risks 4. Economic Performance 4. Investments 4.4 Our Tax Approach	59 38 84 90 102
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	4. Economic Performance	84
	201-2 Financial implications and other risks and opportunities due to climate change	2.3 Governance of Climate-Related Risks 4. Economic Performance	38 84
	201-4 Financial assistance received from government	4. Economic Performance	84
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	4. Investments	90
	203-2 Significant indirect economic impacts	4. Economic Performance	84
GRI 207: Tax 2022	207-1 Approach to tax	4.4 Our Tax Approach	102
	207-2 Tax governance, control, and risk management	4.4 Our Tax Approach	102
	207-3 Stakeholder engagement and management of concerns related to tax	4.4 Our Tax Approach	102

Contribution to the Local Economy			
GRI 3: Material Topics 2021	3-3 Management of material topics	3.2 Stakeholder Engagement and Materiality Matrix 4.5 Contribution to the Local Economy	59 103
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	4.5 Contribution to the Local Economy	103

Business Ethics and Corporate Policies			
GRI 3: Material Topics 2021	3-3 Management of material topics	3.2 Stakeholder Engagement and Materiality Matrix 2.5 Business Ethics and Compliance 2.5.2 Combating Anti-Competitive Behaviors	59 42 45
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	2.5 Business Ethics and Compliance	42
	205-2 Communication and training about anti-corruption policies and procedures	2.5 Business Ethics and Compliance	42
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.5.2 Combating Anti-Competitive Behaviors	45

Circular Economy			
GRI 3: Material Topics 2021	3-3 Management of material topics	3.2 Stakeholder Engagement and Materiality Matrix 5.4 Circularity and Waste Management	59 124
GRI 301: Materials 2016	301-2 Recycled input materials used	5.4 Circularity and Waste Management	124
	301-3 Reclaimed products and their packaging materials	5.4 Circularity and Waste Management	124
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	5.4 Circularity and Waste Management	124
	306-2 Management of significant waste-related impacts	5.4 Circularity and Waste Management	124
	306-3 Waste generated	5.4 Circularity and Waste Management	124
	306-4 Waste diverted from disposal	5.4 Circularity and Waste Management	124
	306-5 Waste directed to disposal	5.4 Circularity and Waste Management	124

Energy Management and Use of Renewable Energy			
GRI 3: Material Topics 2021	3-3 Management of material topics	3.2 Stakeholder Engagement and Materiality Matrix 5.2 Energy and Greenhouse Gas Management	59 112
GRI 302: Energy 2016	302-1 Energy consumption within the organization	5.2 Energy and Greenhouse Gas Management	112
	302-2 Energy consumption outside of the organization	5.2 Energy and Greenhouse Gas Management	112
	302-3 Energy intensity	5.2 Energy and Greenhouse Gas Management	112
	302-4 Reduction of energy consumption	5.2 Energy and Greenhouse Gas Management	112
	302-5 Reductions in energy requirements of products and services	5.2 Energy and Greenhouse Gas Management	112

Efficient Use of Natural Resources			
GRI 3: Material Topics 2021	3-3 Management of material topics	3.2 Stakeholder Engagement and Materiality Matrix 5.3 Water Efficiency and Waste Water Management	59 118
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	5.3 Water Efficiency and Waste Water Management	118
	303-2 Management of water discharge-related impacts	5.3 Water Efficiency and Waste Water Management	118
	303-3 Water withdrawal	5.3 Water Efficiency and Waste Water Management	118
	303-4 Water discharge	5.3 Water Efficiency and Waste Water Management	118
	303-5 Water consumption	5.3 Water Efficiency and Waste Water Management	118

Reducing Greenhouse Gas Emissions			
GRI 3: Material Topics 2021	3-3 Management of material topics	3.2 Stakeholder Engagement and Materiality Matrix 5.2 Energy and Greenhouse Gas Management	59 112
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	5.2 Energy and Greenhouse Gas Management	112
	305-2 Energy indirect (Scope 2) GHG emissions	5.2 Energy and Greenhouse Gas Management	112
	305-3 Other indirect (Scope 3) GHG emissions	5.2 Energy and Greenhouse Gas Management	112
	305-4 GHG emissions intensity	5.2 Energy and Greenhouse Gas Management	112
	305-5 Reduction of GHG emissions	5.2 Energy and Greenhouse Gas Management	112

Employee Wellbeing			
GRI 3: Material Topics 2021	3-3 Management of material topics	3.2 Stakeholder Engagement and Materiality Matrix 6.2 Employee Satisfaction 6.3 Talent Management and Career Development 6.4 Diversity, Equality and Inclusion	59 132 138 142
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	6.2 Employee Satisfaction	132
	401-3 Parental leave	6.2 Employee Satisfaction	132

Occupational Health and Safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	3.2 Stakeholder Engagement and Materiality Matrix 6.5 Occupational Health and Safety	59 148
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	6.5 Occupational Health and Safety	148
	403-2 Hazard identification, risk assessment, and incident investigation	6.5 Occupational Health and Safety	148
	403-3 Occupational health services	6.5 Occupational Health and Safety	148
	403-4 Worker participation, consultation, and communication on occupational health and safety	6.5 Occupational Health and Safety	148
	403-5 Worker training on occupational health and safety	6.5 Occupational Health and Safety	148
	403-6 Promotion of worker health	6.5 Occupational Health and Safety	148
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	6.5 Occupational Health and Safety	148
	403-8 Workers covered by an occupational health and safety management system	6.5 Occupational Health and Safety	148
	403-9 Work-related injuries	6.5 Occupational Health and Safety	148
	403-10 Work-related ill health	6.5 Occupational Health and Safety	148

Product Quality			
GRI 3: Material Topics 2021	3-3 Management of material topics	3.2 Stakeholder Engagement and Materiality Matrix 5.4 Circularity and Waste Management	59 124
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	5.4 Circularity and Waste Management	124
	417-2 Incidents of non-compliance concerning product and service information and labeling	No cases of non-compliance were identified during the reporting period.	-
	417-3 Incidents of non-compliance concerning marketing communications	No cases of non-compliance were identified during the reporting period.	-
Data Security			
GRI 3: Material Topics 2021	3-3 Management of material topics	3.2 Stakeholder Engagement and Materiality Matrix 2.6 Information Security	59 46
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.6 Information Security	46
Management of Environmental, Social and Governance (ESG) Risks			
GRI 3: Material Topics 2021	3-3 Management of material topics	3.2 Stakeholder Engagement and Materiality Matrix 2.2 Corporate Risk Management	59 36
Climate Change Risk Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	3.2 Stakeholder Engagement and Materiality Matrix 2.2 Corporate Risk Management 2.3 Governance of Climate-Related Risks 5.2 Energy and Greenhouse Gas Management	59 36 38 112
GRI 102: Climate Change 2025	102-1 Transition plan for climate change mitigation	2.3 Governance of Climate-Related Risks	38
	102-2 Climate change adaptation plan	2.3 Governance of Climate-Related Risks	38
	102-4 GHG emissions reduction targets and progress	5.2 Energy and Greenhouse Gas Management	112
	102-5 Scope 1 GHG emissions	5.2 Energy and Greenhouse Gas Management	112
	102-6 Scope 2 GHG emissions	5.2 Energy and Greenhouse Gas Management	112
	102-7 Scope 3 GHG emissions	5.2 Energy and Greenhouse Gas Management	112
	102-8 GHG emissions intensity	5.2 Energy and Greenhouse Gas Management	112

Raising Sustainability Awareness			
GRI 3: Material Topics 2021	3-3 Management of material topics	3.2 Stakeholder Engagement and Materiality Matrix 6.3 Talent Management and Career Development	59 138
Sustainability Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	3.2 Stakeholder Engagement and Materiality Matrix 3.1 Sustainability Approach, Strategy and Organization	59 52
Sharing Environmental Performance			
GRI 3: Material Topics 2021	3-3 Management of material topics	3.2 Stakeholder Engagement and Materiality Matrix 5. Environmental Performance	59 104
Prevention of Pollution			
GRI 3: Material Topics 2021	3-3 Management of material topics	3.2 Stakeholder Engagement and Materiality Matrix 5.3 Water Efficiency and Waste Water Management 5.4 Circularity and Waste Management	59 118 124
Waste Reduction			
GRI 3: Material Topics 2021	3-3 Management of material topics	3.2 Stakeholder Engagement and Materiality Matrix 5.4 Circularity and Waste Management	59 124
Protection of Biodiversity			
GRI 3: Material Topics 2021	3-3 Management of material topics	3.2 Stakeholder Engagement and Materiality Matrix 5.1 Environmental Approach	59 107
GRI 304: Biodiversity 2016	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	5.1 Environmental Approach	107
Digital Transformation			
GRI 3: Material Topics 2021	3-3 Management of material topics	3.2 Stakeholder Engagement and Materiality Matrix 4.2 Digitalization and Twin Transition	59 94
Sustainable Supply Chain			
GRI 3: Material Topics 2021	3-3 Management of material topics	3.2 Stakeholder Engagement and Materiality Matrix 2.7 Sustainable Supply Chain Management	59 48

Employee Development			
GRI 3: Material Topics 2021	3-3 Management of material topics	3.2 Stakeholder Engagement and Materiality Matrix 6.3 Talent Management and Career Development	59 138
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	6.3 Talent Management and Career Development	138
	404-2 Programs for upgrading employee skills and transition assistance programs	6.3 Talent Management and Career Development	138

Diversity and Equal Opportunity			
GRI 3: Material Topics 2021	3-3 Management of material topics	3.2 Stakeholder Engagement and Materiality Matrix 2.1 Organization and Corporate Structure 6.4 Diversity, Equality and Inclusion	59 30 142
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	2.1 Organization and Corporate Structure 6.4 Diversity, Equality and Inclusion	30 142
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	6.4 Diversity, Equality and Inclusion	142

Social Contribution			
GRI 3: Material Topics 2021	3-3 Management of material topics	3.2 Stakeholder Engagement and Materiality Matrix 5.4 Circularity and Waste Management 6.6 Social Responsibility	59 124 152
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	5.4 Circularity and Waste Management 6.6 Social Responsibility	124 152
	413-2 Operations with significant actual and potential negative impacts on local communities	There were no adverse effects during the reporting period.	-

Customer Satisfaction			
GRI 3: Material Topics 2021	3-3 Management of material topics	3.2 Stakeholder Engagement and Materiality Matrix 4.3 Product Liability and Customer Satisfaction	59 98
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	4.3 Product Liability and Customer Satisfaction	98

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