

TOWARDS SUSTAINABLE TRANSFORMATION

SUSTAINABILITY REPORT



||| KOCAER

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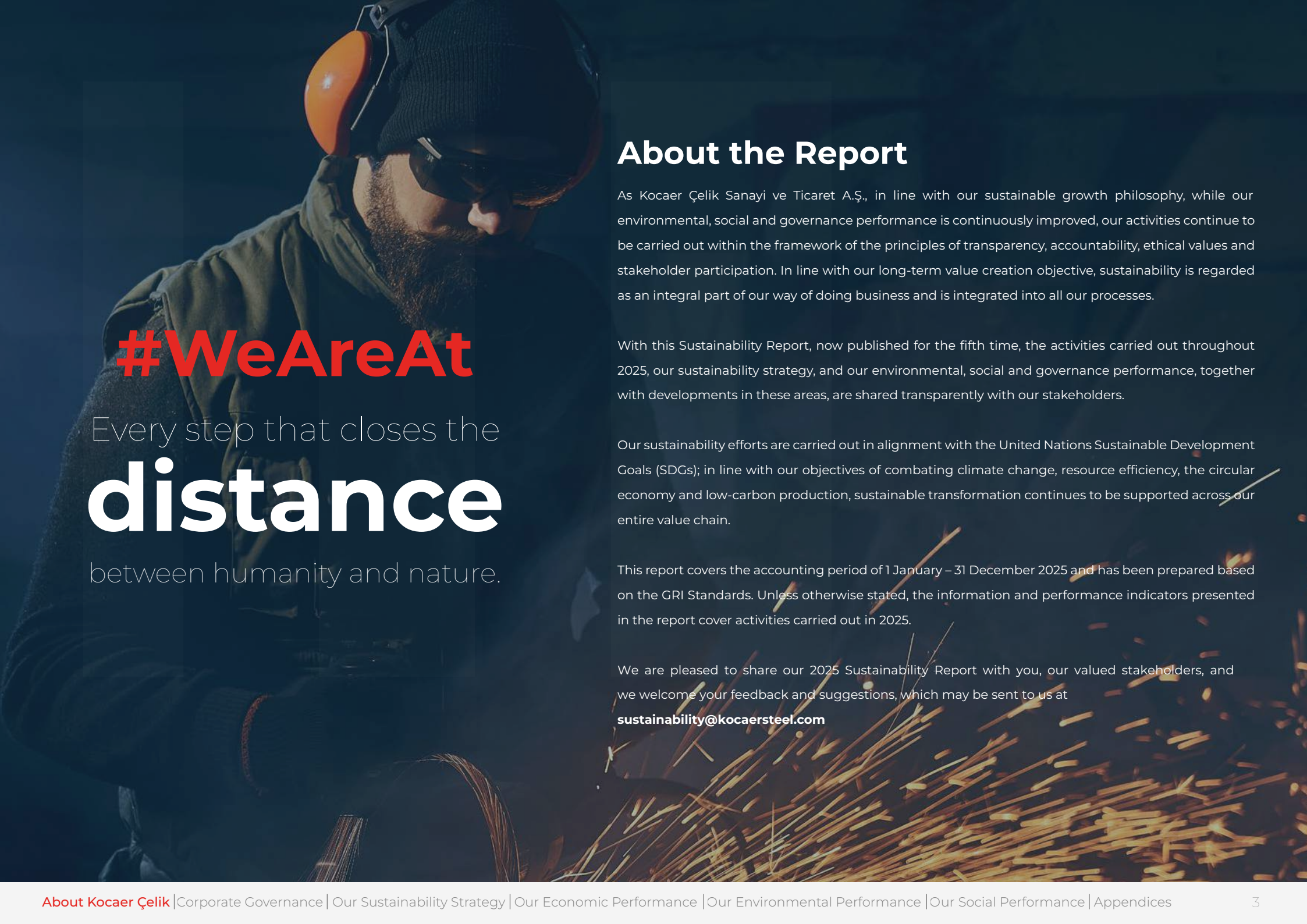
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#WeAreAt

Every step that closes the
distance
between humanity and nature.

About the Report

As Kocaer Çelik Sanayi ve Ticaret A.Ş., in line with our sustainable growth philosophy, while our environmental, social and governance performance is continuously improved, our activities continue to be carried out within the framework of the principles of transparency, accountability, ethical values and stakeholder participation. In line with our long-term value creation objective, sustainability is regarded as an integral part of our way of doing business and is integrated into all our processes.

With this Sustainability Report, now published for the fifth time, the activities carried out throughout 2025, our sustainability strategy, and our environmental, social and governance performance, together with developments in these areas, are shared transparently with our stakeholders.

Our sustainability efforts are carried out in alignment with the United Nations Sustainable Development Goals (SDGs); in line with our objectives of combating climate change, resource efficiency, the circular economy and low-carbon production, sustainable transformation continues to be supported across our entire value chain.

This report covers the accounting period of 1 January – 31 December 2025 and has been prepared based on the GRI Standards. Unless otherwise stated, the information and performance indicators presented in the report cover activities carried out in 2025.

We are pleased to share our 2025 Sustainability Report with you, our valued stakeholders, and we welcome your feedback and suggestions, which may be sent to us at sustainability@kocaersteel.com



Hakan Kocaer

Message from the Chairman of the Board

Dear Stakeholders,

In recent years, the business world has entered a new era shaped not only by economic indicators but also by climate change, resource use, geopolitical developments and shifting trade policies. 2025 was also a year in which the effects of this transformation were felt more clearly, and in which companies demonstrated their resilience and capacity to adapt to change.

As Kocaer Çelik, we viewed this process not merely as a period requiring adaptation to changing conditions, but as an important opportunity to prepare for the future. While resolutely continuing our investments in our production infrastructure, innovative technologies and sustainability-focused initiatives, we carried on our work without compromising our long-term value creation philosophy.

In 2025, we sustained our growth momentum by increasing our production by 26% and our total sales volume by 17.6% compared to the previous year. These results reflect our production structure's ability to adapt to changing global conditions, our value-added product strategy and our strong export network. By combining our engineering competence with our high value-added production approach, we continue to enhance our competitiveness in international markets.

We regard combating climate change and low-carbon production as core elements of Kocaer Çelik's sustainability approach. In this respect, we meet 33% of the electricity needs of our production facilities from renewable energy generated by rooftop solar power plants (SPP). As part of our objective to increase our renewable energy capacity, we continue the first-phase investment in our 24 MW geothermal power plant (GPP) being developed in Aydın Kuyucak through Kocaer Enerji A.Ş. With the commissioning of this plant, we aim to meet the entire electricity requirement for all our production activities – 20% from the electricity generated in the first phase of production combined with our existing rooftop solar plants – thereby reducing greenhouse gas emissions, while selling the remaining 80% of the clean energy generation capacity.

Our sustainability journey is not limited to energy investments alone. We approach our work in the areas of climate change, water management, resource efficiency, the circular economy and corporate governance in a holistic manner. The fact that our approach is recognized on international platforms is an important source of motivation for us. In 2025, we once again demonstrated our environmental performance on an international scale by achieving A- Leadership level in Water Security and B Management level in Climate Change in the CDP assessments.

At the same time, we continue to resolutely pursue our efforts to comply with evolving international regulations, most notably the European Union Carbon Border Adjustment Mechanism (CBAM). By enhancing our work in greenhouse gas management, carbon footprint calculations and sustainability reporting, we continue to build a robust management infrastructure capable of adapting to changing expectations.

We view sustainability not merely as an environmental responsibility, but as a core element of long-term value creation for our employees, customers, suppliers, investors, local communities and all our stakeholders. With this understanding, in addition to publishing our fifth GRI-compliant Sustainability Report, we continued to strengthen our principles of transparency and accountability by publishing our second report under the Türkiye Sustainability Reporting Standards (TSRS).

Behind the achievements we have attained to date lie the efforts of our employees, the contributions of our business partners, and the trust placed in us by our stakeholders. Going forward, we will continue to act with the same sense of responsibility, sustaining our investments that support sustainable growth and continuing to generate environmental, social and economic value.

I hope that this report contributes to sharing our progress on our sustainability journey transparently with all our stakeholders, and I would like to thank all our stakeholders who have accompanied us on this journey.



M. Şevket Erol

Message from the General Manager

Dear Stakeholders,

2025 was a period marked by continued cost pressures, fluctuating demand and intense competitive conditions in global markets. Throughout this process, as Kocaer Çelik, we continued our operations by further strengthening our operational agility, production capability and efficiency-focused management approach.

We regard the continuous improvement of our production processes and the strengthening of operational excellence among our core priorities. Throughout 2025, supported by our modernization investments in our production infrastructure, we continued to transform our processes into a more efficient, flexible and customer-focused structure. Through our lean production philosophy, process improvement practices and value-added production approach, we strengthened an operational structure that responds more quickly to changing customer expectations, uses resources more effectively and continuously improves its competitiveness.

We regard our digital transformation efforts as an integral part of our production processes. Throughout 2025, we supported more efficient, flexible and data-driven management of our production processes by developing our AI-supported production planning systems. In addition, we continued our efforts to increase the effectiveness of our operational processes by expanding the use of robotic process automation (RPA) applications.

Within the scope of our investments aimed at increasing resource efficiency, we significantly increased our water recovery capacity by commissioning our advanced wastewater treatment facility equipped with Membrane Bioreactor (MBR) technology. At the same time, we completed the installation of the Water Efficiency Management System at four of our production facilities, submitted the related applications to the Ministry, and initiated our ISO 46001 Water Efficiency Management System certification efforts.

We also continued our green transformation efforts under the **Responsible® Program** administered by the Ministry of Trade. The projects we developed under the Program were successfully evaluated, enabling us to benefit from government incentives for our green transformation investments. The Responsible® Program has made significant contributions to strengthening our sustainable production infrastructure, managing our transformation projects through a systematic approach, and developing our corporate sustainability capacity.

We believe that human capital lies at the foundation of sustainable success. With this understanding, we launched the **“From Spark to Mastery” Apprenticeship Program**, which gives priority to the children of our employees, and established our Education Unit within the TOBB ALOSBI Vocational and Technical Anatolian High School. In addition, through our **A-B-C Class Occupational Safety Specialist Certification Program**, we continued to strengthen our occupational health and safety culture while supporting the professional development of our employees.

As part of our efforts to develop our corporate reporting infrastructure, we published our GRI-compliant Sustainability Report as well as our second report under the Türkiye Sustainability Reporting Standards (TSRS). In doing so, we continued to share our sustainability performance with our stakeholders in a more comprehensive and transparent manner, in line with national and international reporting approaches.

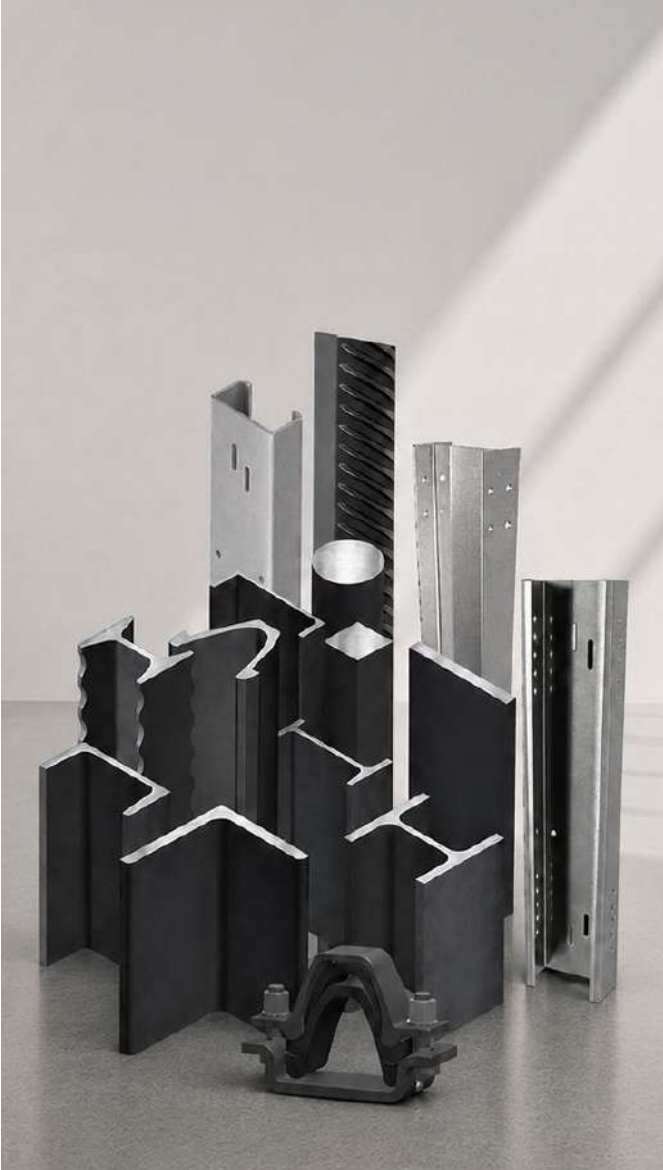
Through this report, we are pleased to share with our stakeholders, in a transparent manner, the work we carried out in the environmental, social and governance areas throughout 2025, the performance results we achieved, and our targets for the period ahead.

By keeping sustainability at the center of all our activities, we will continue to create long-term value together with our employees, customers, suppliers and all our other stakeholders.



THE FOUNDATIONS OF *Transformation*

Sustainability is not a destination,
but a journey of transformation.



ABOUT US

Kocaer Çelik Sanayi ve Ticaret A.Ş. is an industrial enterprise operating in the field of steel profile production, conducting its activities in national and international markets through a value-added production philosophy infrastructure and an export-oriented business model.

The Company carries out steel profile production, steel service center operations and hot-dip galvanizing processes within an integrated structure. Operating on a total area of **300,000 m²** (85,000 m² of enclosed space) located in Aliağa, İzmir, the Company conducts its production activities through its production campuses comprising three Steel Profile Plants with an annual capacity of **800,000 tons**, a Galvanizing Plant with a capacity of **100,000 tons**, and a Steel Service Center with a capacity of **180,000 tons**.

The product portfolio consists of high-strength, value-added steel profiles addressing the needs of various sectors, most notably power transmission lines, solar energy systems, mining, tunneling, shipbuilding, structural steel and the defense industry. With exports accounting for 77% of total sales, Kocaer Çelik delivers its products to more than 140 countries across 6 continents. Through Kocaer Çelik's subsidiary Kocaer Steel UK Limited, operating in the United Kingdom, the company maintains strong presence in international markets and manage our logistics and distribution operations.

Regarding R&D and innovation as core elements supporting its competitiveness, Kocaer Çelik became the first company in its product segment in Türkiye to be granted R&D Center status, in 2015. To date, 5 patents, 6 designs and 1 utility model have been registered within the R&D Center. In addition to product development activities, the R&D Center carries out projects aimed at the digitalization of production processes, increasing efficiency and improving resource utilization.

As part of digital transformation efforts, robotic process automation (RPA), AI-supported applications, data analytics and predictive maintenance technologies are utilized in production processes. Through these applications, the Company aims to increase operational efficiency, manage production processes more effectively, and support decision-making mechanisms with a data-driven approach.

Activities aimed at improving environmental performance are carried out within the framework of the ISO 14001 Environmental Management System and the ISO 50001 Energy Management System. The rooftop-type solar power plants (SPP) installed at the production facilities have a total installed capacity of 9.2 MW, contributing to meeting approximately 33% of electricity consumption from renewable sources.

Renewable energy investments are carried out through Kocaer Enerji A.Ş., a 99%-owned subsidiary. In this context, efforts continue to meet the energy used in production from renewable sources through the 24 MW Geothermal Power Plant (GPP) project being developed in Aydın Kuyucak.

Kocaer Çelik regards contributing to social development, in addition to creating economic value in the regions where it operates, as an integral part of its corporate responsibility. In addition to the "From Spark to Mastery" Project supporting vocational education, the Company has, in previous years, provided social benefit in the fields of education and health through social responsibility activities carried out with the Turkish Education Foundation (TEV) and the Foundation for Children with Leukemia (LÖSEV). In 2025, as an indicator of its transformation efforts in the field of sustainability, the Company was awarded the Responsible Trademark Usage Award under the Ministry of Trade's Responsible® Program.

With its innovative production philosophy, strong engineering infrastructure, sustainability-focused approach and experience in international markets, Kocaer Çelik continues to create long-term value for its stakeholders.

OUR HISTORY

1984

First production facility began operations in Denizli on a 3,000 m² site.

1996

In İzmir Aliğa, the Aliğa-1 (A1) Steel Profile Production Facility was established, with a total area of 32,500 m² (21,000 m² of which is enclosed) and an annual production capacity of 300,000 tons.

2007

The ISO 9001 Quality Management Systems Certificate was obtained.

2008

The Aliğa-2 (A2) medium-section steel profile production plant was commissioned, with 34,000 m² enclosed space within a total area of 186,000 m² and a production capacity of 300,000 tons/year.

2015

Kocaer Steel UK was established in the United Kingdom.

The sector's first R&D Center was established with the approval of the Ministry of Industry and Technology.

ISO 14001 Environmental Management and ISO 50001 Energy Management System certificates were obtained.

2016

Turquality, the branding program supported by the T.R. Ministry of Trade for export purposes, was joined.

2017

The Aliğa-3 (A3) thin-section steel profile production plant began production, with 18,000 m² enclosed space within a total area of 41,000 m² and a capacity of 200,000 tons/year.

Türkiye's first place was achieved in the R&D category of the T.R. Ministry of Industry and Technology's **Efficiency Project Awards**.

With the SAP S4/HANA project, first place was won in the innovation category of the 2017 **SAP Quality Awards**.

With the Digital Manufacturing System (MES) Project, second place was achieved in the 2017 **IDC Industry 4.0 Smart Manufacturing** category.

2018

In 2018, 2019, 2020, 2021, 2022, 2023 and 2024, the company was deemed worthy of winning the **Aegean's Largest Exporter** award in the sector for the 7th consecutive time at the Aegean Exporters' Association's **Rising Stars of Exports** awards.

2019

T.R. Ministry of Industry and Technology's **R&D Centers Summit**, second place in Türkiye was achieved in the project capacity category, and third place in Türkiye in the Class A R&D centers category.

ISO/IEC 27001 Information Security and ISO 45001 Occupational Health and Safety Management System certificates were obtained.

2020

The TS/35/B2/15/18 Zero Waste Management System Certificate was obtained.

2021

Our solar energy systems investment, with an installed capacity of 9.2 MW at 3 locations in Aliğa that will meet approximately 33% of our energy consumption, was put into operation.

As a result of the assessment conducted by the credit rating agency Japan Credit Rating (JCR), our credit rating was set at A.

Within the scope of the 2050 global zero carbon target, we had our carbon footprint analyzed for the first time in 2021. This three-dimensional analysis revealed our product, water and corporate carbon footprints.

2022

The initial public offering process on Borsa İstanbul was completed (KCAER).

Our first sustainability report was published.

Our galvanizing plant became entitled to receive Türkiye's and Europe's first LEED v4 BD+C:NC Gold certification from the USGBC (U.S. Green Building Council).

Our Hot-Dip Galvanizing Plant in Aliğa, with an annual capacity of 100,000 tons, was put into service.

We were selected as the Innovation Leader Brand in the iron and steel sector at the Türkiye Innovation and Success Awards.

Our 2022 Carbon Footprint reports were verified in accordance with both the GHG and ISO 14046 Water Footprint and ISO 14064 Corporate Carbon Footprint standards.

Our credit rating was upgraded from "A" to "A+" by JCR.

With our new SPP (rooftop solar power plant) investments on the roofs of the Service Center and Galvanizing Plant, total installed capacity rose to 9.2 MW.

2023

Kocaer Enerji, in which we hold a 99% stake, began drilling operations at the geothermal license area in Aydin Kuyucak.

The UNGC, an important corporate sustainability commitment for Kocaer, was signed.

Internal audit, risk management and internal control activities were restructured under the Internal Audit Department reporting to the Board of Directors.

Product carbon footprint calculations for 44 of our products were completed and reported in accordance with the ISO 14067 standard.

Our EPD (Environmental Product Declaration) process was completed.

IREC (International Renewable Energy Certificate) was obtained.

Our Energy and Water Working Groups were established to increase energy and water efficiency, monitor consumption, and develop sustainable resource management strategies.

Our Ensemble Process Management and RPA (Robotic Process Automation) projects were implemented to monitor and digitalize our operational processes and ensure efficiency.

2024

Our Sustainability Strategy was updated and our Sustainability Committee, chaired by our General Manager, was established.

Work began on CDP (Carbon Disclosure Project) and SBTi (Science Based Targets initiative) processes.

Analysis processes in line with the TCFD (Task Force on Climate-related Financial Disclosures) and TNFD (Task Force on Nature-related Financial Disclosures) frameworks were initiated.

Work began on developing artificial intelligence-based digital projects.

As part of the Digitalization of HR Processes, the 2nd phase of the SuccessFactors system, which provides our employees with digital access to their personal and employment information, was completed.

We became a member of ResponsibleSteel, the first global standard and certification initiative focused on responsible resource use, production, reuse and recycling in the steel industry; the **"SAP Analytic Cloud Integration Project for Data Quality and Verification of CBAM (SKDM) Calculations"** was launched as of August 2024.

2025

We joined the Responsible program, supported by the T.R. Ministry of Trade and prepared within the scope of compliance with the green deal.

Transition to the BEAM application was carried out within the scope of the Maintenance Management System.

As part of the Digitalization of HR Processes, work began on the 3rd phase of the SuccessFactors system, which provides our employees with digital access to their personal and employment information.

The Kocaer Çelik Sanayi ve Ticaret A.Ş. Manisa Teknokent R&D and Technology Branch within the Technopark of Manisa Celal Bayar University Technology Development Zone was decided to establish.

In order to make it faster and more accessible for our employees to share their ideas, improvement suggestions and Idea Management System applications, "I Have an Idea" notification points were established. By scanning the QR code located at the notification point, direct access to the suggestion system was provided via mobile phone.

In order to support our efforts to prevent potential accidents in our workplace and to create a safer, more secure and healthier working environment, a QR-coded system was introduced and announced to enable all our employees to easily submit their Near-Miss notifications.

Digitalization efforts were initiated with the Machining Workshop Management System to perfect the tracking of requests and records coming into the workshop.

Work began on the BES (In-Department Training System) training methodology to increase employees' work performance through on-the-job training in departments.

Within the scope of the "From Spark to Mastery" Project, theoretical and practical training classrooms were established at our factories in cooperation with the TOBB ALOSBI Vocational and Technical Anatolian High School.

The SAP Fiori software was put into operation within the scope of the Travel and Expense Management Digitalization Project.

Our TSRS 2 Compliant Sustainability Report was published on the KAP (Public Disclosure Platform).

Kocaer Çelik's SBTi validation has begun, and target-setting work continues.

In CBAM calculations, the quarterly reporting conducted specifically for all our factories and CN codes has been added to the annual calculations.

The "SAP Analytic Cloud Integration Project for Data Quality and Verification of CBAM Calculations" was completed as of January 2025.

2026

Kocaer Çelik's mission and vision were updated in line with the company's transformation goals and sustainable growth approach.

Work began on setting up the SuccessFactors-based Performance Management System in order to manage company, departmental and individual targets and competencies in a holistic, measurable and traceable structure.

As part of process improvement efforts, the business processes of units were analyzed, areas for development were identified, and improvement teams were established.

5S applications carried out in the Vehicle Maintenance Unit, the A2 Operation Site and the Machining Workshop were successfully completed.

Artificial intelligence-based digitalization efforts began to be integrated into company operations in cooperation with Manisa Celal Bayar University Technopark.

The Rolling Mill Shift Supervisors Development Program was launched to develop managerial competencies and leadership capacity in production processes.

In the CDP assessment, the Water Security score was raised from C to A-, reaching Leadership Level, while the Climate Change score was raised from C to B, reaching Management Level.

The company maintained its position as the only Turkish company in the sector whose 2030 and 2050 targets have been approved and remain valid under the Science Based Targets initiative (SBTi). In line with the Paris Agreement's goal of limiting the global temperature increase to 1.5°C, targets were set to reduce Scope 1 and 2 emissions by 42% and Scope 3 emissions by 51.6% per ton of steel by 2030. The low-carbon production vision was reinforced with a commitment to reduce Scope 1 and 2 emissions by 90% and Scope 3 emissions by 97% by 2050.

Brand usage rights were obtained in the Responsible® Program conducted by the T.R. Ministry of Trade within the scope of the Green Deal Compliance Project.

Our Mission

To add value to steel by providing sustainable solutions for our stakeholders.

Our Vision

Being the leading and preferred steel profile company worldwide.

Our Values



Being honest,
transparent, ethical
and fair



Loving and
respecting people



Being
environmentally
conscious



Being principled
and self-sacrificing



Being
customer-focused

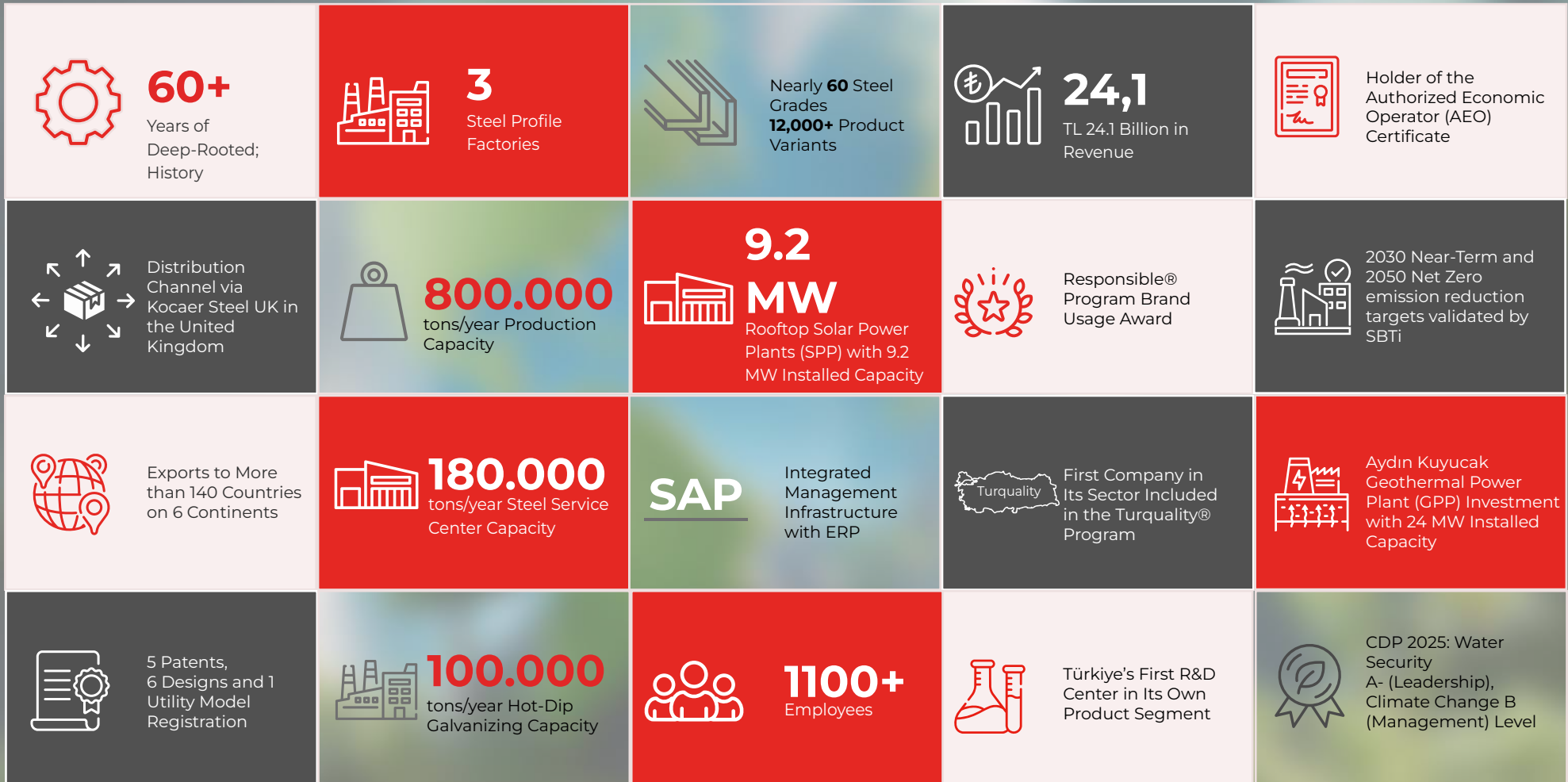


Being participatory
and collaborative

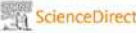


Supporting
teamwork

KOCAER ÇELİK IN FIGURES (2025)



CORPORATE MEMBERSHIPS AND SIGNATORIES

 SAP Ariba Business Network	 NetSec Network and Information Security Community	 CIO GRUP - CIO TÜRKİYE	 BThaber Weekly Information Technologies and Economics Newspaper	 OpenAI	 THY Corporate Club	 Lebib Yalkın Yayınları ve Basım İşleri A.Ş.	 Steel Exporters' Association	 JED (Geothermal Energy Association)
 immib	 EİB (Aegean Exporters' Association)	 EKAP (Electronic Public Procurement Platform)	 Kolay İhracat Platformu	 World Economic Forum	 World Bank	 European Commission	 ITC/Trade Map	 Metalexpert
 Abrams	 Startup Watch	 David Publishing Company	 Science Direct	 Springer	 Scopus	 Project Smart Explorer	 Türkiye Material Marketplace	 Steelorbis
 Vanilla Steel	 Mendeley	 ResearchGate	 OpenLibrary	 Elsevier	 Türkiye Artificial Intelligence Initiative (TRAI)	 Tandfonline	 IOPscience	 TÜYİD
 Steel Network Arabia-Sectoral Publication Membership	 EUREKA	 EUREKA Clusters	 European Research Council	 TÜBİTAK-PRODİS	 EU Funding & Tenders Portal	 Turkish Structural Steel Association	 Matriks Software System	 NB Ekonomi Gazetesi (Annual Membership)
 TKYD	 DEİK (Foreign Economic Relations Board)	 Steeldata	 Fintables	 Media Monitoring Center	 Primat			

AWARDS AND ACKNOWLEDGEMENTS

TECHNOLOGY AND INNOVATION AWARD

In light of the innovative projects we have carried out within the scope of industry-university cooperation, our smart production applications, and the engineering competencies of our R&D Center, we were deemed worthy of the "3rd Technology and Innovation Award" at the organization held by Manisa Celal Bayar University.

İZMİR UNIVERSITY OF ECONOMICS FACULTY OF BUSINESS CERTIFICATE OF APPRECIATION

We were honored with a Certificate of Appreciation by the İzmir University of Economics Faculty of Business for our contributions, as a corporate stakeholder, to the professional development and career preparation of young talents within the scope of the 2024-2025 Academic Year Applied Administrative Sciences Skills Development course.

LÖSEV CERTIFICATE OF APPRECIATION

In line with our understanding of social responsibility, we were honored with a Certificate of Appreciation for the corporate support and donations we provided to the Foundation for Children with Leukemia, Health and Education (LÖSEV).

MCBÜKAF CERTIFICATE OF APPRECIATION

We were honored with a Certificate of Appreciation for our participation in and contribution to the MCBÜ Career Fair 2026, held by Manisa Celal Bayar University under the theme "The Future Starts Here!"

METAL EXPO 2025 PLAQUE OF APPRECIATION

We participated in the Metal Expo 2025 fair, sharing information with sector stakeholders and contributing to the development of cooperation opportunities. We were honored with a Plaque of Appreciation by the organizing committee for our participation.

STEEL SUMMIT 2025 PLAQUE OF APPRECIATION

We were honored with a Plaque of Appreciation by the organization for our contributions to the sectoral information sharing and cooperation activities carried out within the scope of Steel Summit 2025.

INTERNATIONAL STEEL ROLLING SYMPOSIUM (ISRS) 2025 PLAQUE OF APPRECIATION

We were honored with a Plaque of Appreciation by the organization for our exhibition participation within the scope of the International Steel Rolling Symposium (ISRS) 2025.

10TH INTERNATIONAL IRON & STEEL SYMPOSIUM (EFRS 2026) PLAQUE OF APPRECIATION

We were honored with two separate Plaques of Appreciation by the organization for our contributions to the international symposium held within the scope of the 10th International Iron & Steel Symposium (EFRS 2026) and for our participation in the sectoral exhibition.

TURKISH EDUCATION FOUNDATION (TEV) FUNDRAISING ACHIEVEMENT

As Kocaer Steel Runners, we were recognized with an award for ranking fourth among the organizations that raised the highest amount of donations through our fundraising campaign in support of the Turkish Education Foundation (TEV), held as part of the Çeşme Marathon 2026.





MANAGING *Transformation*

Transformation is only possible through
strong governance.



Hakan Kocaer
Chairman of the Board



Mehmet Çakmur
Deputy Chairman of the Board



Uğur Yılmaz
Member



Ferda Besli
Member



Dr. Yılmaz Argüden
Member



Dr. Füsün Akkal Bozok
Independent Member



Tuğrul Fadılloğlu
Independent Member



Selen Kocabaş
Independent Member

2. Corporate Governance

Our governance approach, based on the principles of transparency, traceability and accountability, has been established within a consistent and fair framework in line with the corporate governance regulations of the Capital Markets Board.

Our corporate governance processes, supported by the 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 certificates, are continuously developed in light of global trends, changing needs and good practices, and are conducted in compliance with international standards.

Through our Sustainability Committee, an integral part of our corporate governance structure, the processes of determining, implementing and monitoring strategies for managing our economic, environmental and social footprint to global standards are coordinated. Under the guidance of our Committee, the evolving expectations of our stakeholders are integrated into our operational processes, building a future-ready and resilient business model. In line with a transparent and accountable management approach that supports sustainable development, value is created for all stakeholder groups while our corporate governance culture is strengthened further each day.

Thanks to our governance structure, supported by our engineering, technology, quality and continuous improvement efforts as well as our internal control and audit mechanisms, environmental, social and governance issues are integrated into our decision-making processes with a holistic approach.

2.1. Our Organization and Corporate Structure

Our company's highest decision-making body is our Board of Directors. Our company's short, medium and long-term strategic decisions are carried out with the approval of our Board of Directors. Our Board of Directors leads our company's approach to long-term value creation by evaluating our economic, environmental and social impacts with a holistic approach in line with our sustainable growth targets.

As of December 31, 2025, under the guidance of Mr. İbrahim Kocaer, the founder and Honorary Chairman of our Company, our Board of Directors consists of a total of eight members, including the Chairman. Following the Ordinary General Assembly held on April 21, 2025, with the appointment of Ms. Ayşe Selen Kocabaş as an independent Board Member, the number of independent members rose to three. Two female members serve on our Board of Directors, and our shareholders holding Group A and Group B shares have the privilege of nominating Board members within the scope of our articles of association. Our Board of Directors convenes with the participation of at least five members, and each member has an equal voting right. The votes of at least three members are required for decisions to be adopted.

The preparation of meeting agendas, their distribution to participants, and the communication of decisions taken to relevant parties are carried out in coordination between the Chairman of the Board of Directors and the Secretary General of the Board of Directors. Our Board of Directors held 12 meetings during 2025, with a meeting attendance rate of 93%.

Within our Board of Directors, **committees are active: the Committee for Early Detection of Risk, the Audit Committee, the Corporate Governance Committee, and the Nomination and Remuneration Committee.** Our committees provide recommendations to the Board of Directors within their respective duties and areas of responsibility; however, final decisions and responsibility always rest with our Board of Directors.

In this context;

Our Corporate Governance Committee oversees that our company's corporate governance practices are conducted in line with the principles of ethics, transparency, fairness and accountability. Our Committee is responsible for identifying areas for improvement, presenting proposals for the development of corporate governance practices, and evaluating the impact of decisions taken on stakeholders. It also provides recommendations to the Board of Directors by evaluating sustainability activities and targets.

The Committee consists of a total of three members: two members of the Board of Directors and the Deputy General Manager of the Investor Relations Department. The Corporate Governance Committee also fulfills the duties and responsibilities of the **Nomination and Remuneration Committee**. There was no change in the Committee's membership structure or working principles in 2025 compared to the 2024 reporting period.

Our Committee held 4 meetings in 2025.

Our Committee for Early Detection of Risk is responsible for identifying and assessing strategic, operational, financial, environmental and social risks that may affect our company, and for developing preventive measures against these risks. Our Committee supports the development of action plans for identified risks, ensures that implementation is monitored by relevant units, and reports the findings obtained to the Board of Directors. It also contributes to the evaluation of risks and opportunities in the environmental, social and governance areas within the scope of sustainability activities.

The Committee consists of three Board members, with the chair being an independent member. There was no change in the Committee's working principles in 2025 compared to the 2024 reporting period.

Our Committee held 6 meetings in 2025.

Our Audit Committee is responsible for evaluating, on behalf of the Board of Directors, the effectiveness, efficiency and adequacy of the internal control and audit systems within our company. In addition to financial reporting processes, our Committee contributes to the effective execution of reporting processes by supporting the accuracy and reliability of sustainability data.

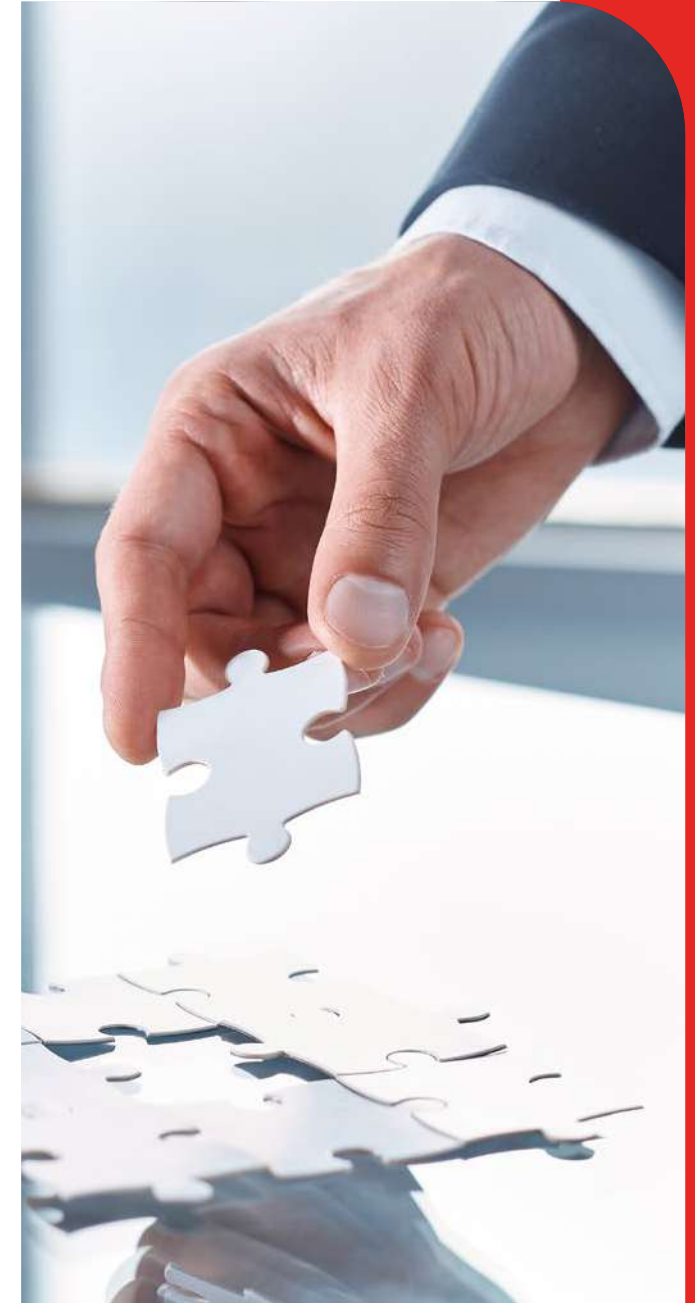
The Committee consists of two independent Board members in order to maintain an independent and impartial audit mechanism.

Our Committee held 4 meetings in 2025.

The execution of our company's environmental, social and governance processes is the responsibility of the Sustainability Committee, chaired by the General Manager. The processes of applying sustainability strategies to operations and tracking performance data are coordinated by this committee.

The Committee, formed with the participation of the Management Systems and Sustainability Department along with representatives from other operational units of the company, consists of a total of 22 members. The Sustainability Committee monitors changes in legislation and updates to international standards, working to align corporate strategies with these requirements.

Details regarding the Committee's organizational structure, job descriptions, authority limits and working principles are explained in the **"Our Sustainability Strategy"** section of the report.



2.2. Corporate Risk Management

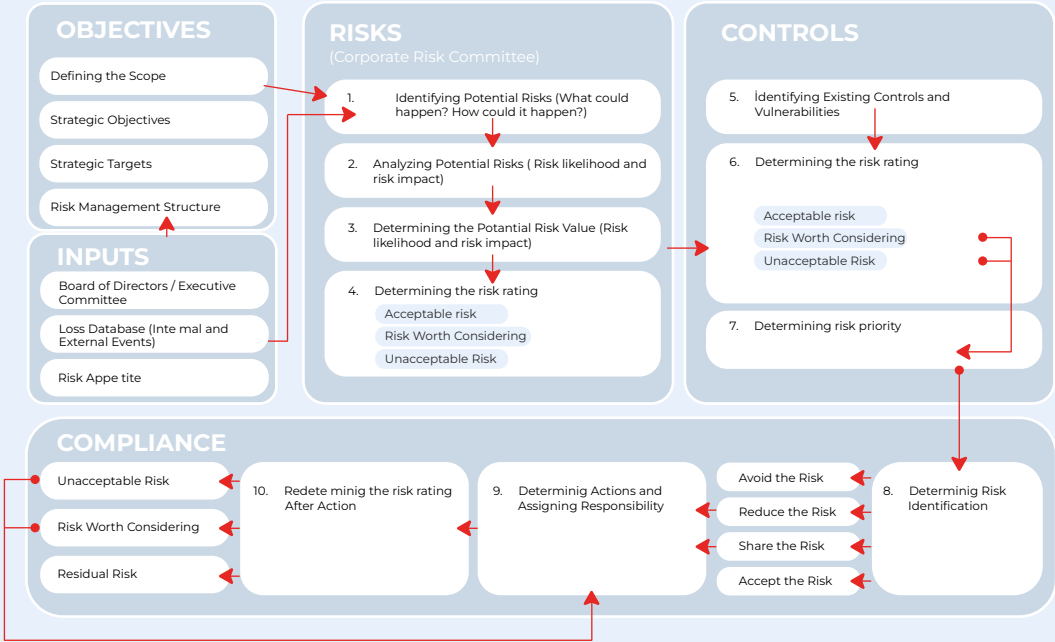
A holistic corporate risk management system covering environmental, social and governance issues, in addition to financial risks, is implemented to manage uncertainties that may be encountered in the process of achieving our strategic objectives. Risks in business processes are identified and analyzed at an early stage, and actions to mitigate their impacts are developed. Risk management processes are periodically reviewed in line with changing market conditions, legal regulations and international best practices.

Governance and Oversight Structure

The highest-level oversight and coordination of risk management processes is carried out by the **Committee for Early Detection of Risk**. In this context, the probability of the risks occurring along with their financial and operational impacts are analyzed, the effectiveness of existing control mechanisms is measured, and actions are determined according to risk levels. These developed actions are regularly monitored and reported to the Board of Directors.

The operational tracking of risk management within the company is carried out by the **Internal Audit, Risk Management and Information Security** units, operating under the coordination of the Internal Systems Department. These units address risks in critical areas such as sustainability, occupational health and safety, climate change, cybersecurity and supply chain with an integrated approach. The systematic execution of these processes is ensured by the **Corporate Risk and Opportunity Management Procedure** implemented within the company.

OUR KOCAER ÇELİK CORPORATE RISK MANAGEMENT PROCESS



Risk Categories and Sustainability Integration

Our corporate risks are classified and tracked under six main headings:

Strategic Risks	Financial Risks
Reputational Risks	Operational Risks
Compliance Risks	Information Security Risks

The effects of climate change and environmental, social and governance-driven risks and opportunities are considered an integral part of these six main categories and our overall risk management approach. The Corporate Risk Management Framework, defined in our Corporate Risk and Opportunity Management Procedure, sets out the fundamental approach to identifying, assessing, prioritizing, monitoring and managing risks across the organization. This framework is implemented in a manner that supports the risk management requirements under the Türkiye Sustainability Reporting Standards (TSRS).

Identified risks are periodically reviewed and updated, considering the adequacy of existing controls and changing external conditions. In line with the assessment results, actions aimed at mitigating risks are implemented, and developments regarding the processes are regularly reported to senior management.

2.3. Management of Climate Change-Related Risks

The short, medium and long-term effects of climate change on our activities are evaluated with a holistic approach; climate-related risks and opportunities are addressed as an integral part of decision-making processes. Within the scope of the climate governance approach established in this regard, the potential effects of climate change on our operations, value chain and business continuity are regularly analyzed; the output obtained from these analyses are integrated into strategies and risk management processes. Our TSRS 2 Compliant Sustainability Report, published for the second time in 2025, provides comprehensive coverage of climate-related risks and opportunities, governance structure, strategic approach and the work carried out in this context. The tables below present summary information on the main risks and opportunities related to climate change. Details of the Risk and Opportunity Tables are explained under the heading 7.4 Risk and Opportunity Tables.

2.4. Internal Audit and Internal Control

Internal audit processes are conducted to cover operational errors and process deficiencies as well as risks related to unethical behavior, irregularities and corruption. In audits, environmental and social risks are considered in addition to financial risks.

The Internal Audit Unit operates directly to our Board of Directors, and its activities are carried out within the scope of the Annual Audit Plan approved by the Audit Committee. In this context, risk-based process audits covering Kocaer Çelik and its subsidiaries are conducted. In line with the findings identified in the audits, action plans with deadlines are established by the relevant business and support units within the scope of the Corrective Action Procedure, aimed at eliminating risks or, where not possible, mitigating them. Audit results and the status of action plan implementation are reported regularly to senior management and at least four times a year to the Audit Committee. Findings and their related action plans are digitally tracked through our document management system, QDMS. Special investigations and fraud-focused studies are conducted within the framework of applicable legal regulations and are archived so as to be accessible only to the Internal Audit Unit and the Audit Committee.

During 2025, a total of 10 risk-based process audits were carried out, covering the processes of Information Technologies, Budget and Financial Control, Financing Expenses, Human Resources, Procurement, Maintenance and Repair, Yağız Nakliyat, Freight, Commission and Loading-Unloading Invoice Processes, Stock Management, and Scrap Management. In line with the findings identified in the audits, action plans were established together with the relevant units, and efforts were carried out to improve processes and mitigate risks.



The internal control system aims to ensure compliance with regulations as well as to increase process efficiency and secure sustainable performance. In this context, activities are supported to be carried out in line with established policies, procedures, regulations and objectives. Internal control activities are carried out under the oversight of the Audit Committee within the scope of the Internal Control Procedure and are maintained with an organizational structure appropriate to the company's activity structure and scope.

The Audit Committee evaluates the effectiveness of the company's internal control and internal audit systems, fulfills its oversight duty on behalf of the Board of Directors, and reports to the Board of Directors. In this context, the accuracy of data related to climate and nature impacts, as well as the reliability of financial and sustainability data, is evaluated. The Audit Committee, consisting of two independent Board members, held four meetings in 2025.

2.5. Business Ethics and Compliance

Commitment to ethical values at Kocaer Çelik is regarded as one of the fundamental elements of our corporate culture. All activities are carried out in line with the principles of integrity, impartiality, transparency, accountability and legal compliance; our employees, business partners and other stakeholders are also expected to adopt the same approach.

Our business ethics and compliance approach is implemented within the framework of our Code of Ethics Policy and our Business Ethics Guidelines. In order to spread the ethical culture throughout the company, regular awareness training is provided to our employees, and ethical principles and rules are integrated into all our business processes. **During 2025, a total of 195 hours of training was provided to 390 employees to raise awareness of business ethics and compliance.**

Oversight of compliance with ethical principles is carried out by our Ethics Committee. Our Committee consists of three members chaired by the Deputy General Manager of Employee and Organizational Development; our Legal Counsel serves as a Committee member, while our Internal Systems Director serves as Secretary General. The Committee ensures that our employees are informed about ethical rules, that ethics violation notifications are evaluated, that necessary investigations are conducted, and that the results are reported.

Situations considered by our employees and all our stakeholders to be contrary to ethical principles can be reported to our Ethics Committee securely and confidentially via etik.kurul@kocaersteel.com. All notifications received are evaluated within the framework of confidentiality and impartiality principles, and if a situation contrary to ethical principles is identified, the relevant processes are carried out in accordance with our Disciplinary Regulation.

No notifications regarding violations of ethical rules were received and no cases were identified during the 2025 reporting period.

While our business partners are expected to act in accordance with our ethical rules, the necessary control mechanisms are applied regarding confidentiality, personal data protection and information security.

2.5.1. Anti-Bribery and Anti-Corruption

Corporate integrity and fair working practices are recognized as fundamental elements of our operational excellence and the trust we provide to our stakeholders. **In this regard, a “Zero Tolerance” principle is adopted against all forms of bribery and corruption; this uncompromising stance is considered a requirement not only for our own organization, but for the entire ecosystem encompassing our suppliers and all business partners.**

Activities are carried out in accordance with our Anti-Bribery and Anti-Corruption Policy, shaped by global standards, and our Business Ethics Guidelines. In this context, any form of interest relationship that could give rise to an unfair advantage, privilege or benefit, such as cash payments, gifts, hospitality and travel offers, is strictly prohibited. All donations and contributions made in line with our understanding of social responsibility are managed through fully transparent and accountable processes, within the boundaries set by our corporate policies.

Any suspicious situation or possible violation of rights that could damage our ethical principles can be reported directly by our stakeholders to our Ethics Committee via etik.kurul@kocaersteel.com . All submitted notifications are handled with strict confidentiality, carefully reviewed, and immediately acted upon.

No confirmed report or case related to bribery or corruption was identified in our company's activities during the 2025 reporting period. Furthermore, there are no pending public prosecutions.

2.5.2. Combating Anti-Competitive Behavior

Commitment to fair competition principles is regarded as one of the fundamental elements of Kocaer Çelik's ethical business conduct approach. Activities are carried out in accordance with our Competition Policy, our Fair Competition and Intellectual Property Protection Principles, and the applicable legislation under Competition Law, with all business relationships based on the principles of integrity, transparency and fair competition.

A zero-tolerance approach is adopted against monopolization, cartelization, market sharing or other anti-competitive practices that could adversely affect market conditions. In situations that could pose a risk in terms of competition law, processes are carried out in line with the assessments of our Legal Counsel and our Ethics Committee; expert opinions are consulted where deemed necessary.

No violation was identified within the scope of our Competition Policy during the 2025 reporting period, and no administrative sanction or lawsuit related to competition law was encountered.

2.6. Information Security

With the accelerating pace of digital transformation efforts, information security continues to be one of the fundamental elements of our corporate governance approach. In order to protect the confidentiality, integrity and accessibility of our information assets, information security processes are carried out in line with the ISO/IEC 27001 Information Security Management System and our Information Security Policy; necessary control mechanisms are applied against risks that could affect business continuity. In this context, the protection of not only our company's data but also the information assets of all our stakeholders is among our priorities.

Information security risks are regularly assessed within the scope of our corporate risk management approach and managed in accordance with the relevant processes. While controls are applied for the early detection of potential threats, necessary investigations are carried out in situations that could constitute an information security breach, and appropriate corrective and preventive actions are implemented.

In order to increase the reliability of the information technology infrastructure, software and hardware systems are regularly updated; network security, access management and cybersecurity practices are continuously developed. The security of information systems is regularly assessed through periodic penetration tests and technical controls carried out by independent experts.

All activities related to the protection of personal data are carried out in accordance with Law No. 6698 on the Protection of Personal Data (KVKK) and related legislation; processes for the processing, storage and protection of personal data are managed within the framework of legal obligations.

Regular awareness activities are carried out for our employees in order to spread the information security culture throughout the organization. In addition to the mandatory training provided within orientation programs, training activities are carried out to increase our employees' knowledge levels on information security and personal data protection. During 2025, a total of 704 hours of information security training was provided to 704 employees.

2.7. Sustainable Value Chain and Supply Management

In line with our understanding of sustainable value creation, our supply chain is managed with a holistic approach that considers environmental, social and governance criteria in addition to quality, cost and delivery performance. Through long-term partnerships established with our suppliers, we aim to support our operational continuity, our sustainability targets and the value created for our stakeholders.

In line with our Sustainable Supply Chain Management Policy, the development of environmental, social and governance performance throughout our supply chain is supported. The sustainability performance of our suppliers is regularly evaluated; criteria such as greenhouse gas emissions, carbon footprint management, occupational health and safety practices, environmental performance, ethical business conduct and social responsibility are integrated into the assessment processes. At the same time, our suppliers' compliance with sustainable production practices, human rights, occupational health and safety, and ethical business conduct principles is regularly monitored, and their continuous development is supported.

Suppliers of critical importance for production continuity are subject to performance assessments twice a year, in accordance with established criteria.

In 2025, our existing supplier evaluation processes were reviewed, and the "New Raw Material – New Supplier Trial and Commissioning Procedure" was put into effect. This enabled the standardization of existing practices for the evaluation of new raw materials and new suppliers, increased the weight of sustainability criteria in the assessment processes, and supported decision-making mechanisms with a more systematic structure. Within the scope of the procedure, new suppliers are subject to a multi-disciplinary assessment process in terms of quality, technical suitability, reliability and sustainability criteria; suppliers found suitable following trial production runs and performance assessments are included in the approved supplier list.

In order to spread environmental, social and governance principles throughout the supply chain, a Supplier Code of Conduct has been established, also taking into account the expectations under the Corporate Sustainability Due Diligence Directive (CSDDD). All business partners within the supply chain are expected to act in accordance with the principles established regarding environmental protection, employee rights, human rights, occupational health and safety, business ethics and legal compliance. A zero-tolerance approach is adopted against forced labor, child labor, discrimination and unsafe working conditions, and expectations in these areas are communicated to suppliers through the Supplier Code of Conduct, relevant policies and contracts. Supplier evaluation processes are developed in line with these rules, aiming to address ESG criteria across the supply chain in a more systematic and traceable manner.

In the event that non-conformities are identified in assessments and audits conducted, corrective and preventive action plans are requested from the relevant suppliers, and the implementation of these actions is monitored. In the event that non-conformities are not remedied or are repeated, the business relationships conducted with the relevant suppliers are reassessed.





ROUTE TO *Transformation*

We define where we
want to go

3.1. Our Sustainability Approach, Organization and Strategy

3.1.1. Our Sustainability Approach

At Kocaer Çelik, sustainability is regarded as an integral part of our long-term value creation approach. Activities are managed in line with environmental, social and governance principles, aiming to achieve economic growth together with environmental responsibility and social benefit.

Our sustainability approach is built on the principles of transparency, accountability, ethical business conduct, inclusiveness and continuous improvement. Reducing environmental impacts in business processes, efficient use of natural resources, supporting employee development, and maintaining trust-based relationships with all stakeholders are among our fundamental priorities.

The United Nations Sustainable Development Goals (SDGs), the Paris Agreement targets and national sustainability priorities are taken as reference in shaping our strategic approach. In this context, combating climate change, expanding circular economy practices, increasing energy and water efficiency, strengthening a working environment that respects human rights, and developing strong governance practices constitute the fundamental focus areas of our sustainability efforts.

Combating climate change is among the fundamental priorities of our sustainability strategy. In this context, efforts to reduce greenhouse gas emissions are steadfastly pursued; in line with the targets validated by SBTi, achieving net zero emissions by 2050 is targeted. In order to support energy transition, it is aimed to meet all electricity consumption from renewable energy sources by 2030, while efforts are carried out to expand production and business models based on low-carbon and circular economy principles.

Sustainability performance is regularly monitored in line with international reporting standards, and the results obtained are integrated into strategic decision-making processes and evaluated with a continuous improvement approach.

For detailed information, please see the 3.4. Our Sustainability Targets section.



In line with our science-based goals, verified by SBTi, we aim to achieve net zero emissions by 2050 and create sustainable value through a low-carbon production approach.

3.1.2. Sustainability Organizational Structure

The governance of sustainability activities is carried out by the Sustainability Committee, which operates under the oversight of the Board of Directors and is chaired by the General Manager. The Committee ensures the implementation of the sustainability strategy across the company, the monitoring of performance, the evaluation of priority issues, and the tracking of progress toward sustainability targets.

Operating in accordance with the Sustainability Management Procedure in effect in 2025, the Committee is formed of 22 representatives from different functions across the company, including Human Resources, Financial Affairs, Information Technologies, Investor Relations, Internal Systems, Production, Planning, Logistics, Procurement, Quality Control, HSE and Energy Management, Sales, and operational units in particular. The Committee makes decisions regarding the implementation of the sustainability strategy, monitors performance, and directs activities by forming working groups on matters deemed necessary.

The Sustainability Committee is responsible for the strategic-level oversight of the company's environmental, social and governance performance, the evaluation of the implementation of the sustainability strategy, and the direction of the continuous improvement approach. The Committee regularly reviews policies and practices in line with sustainability targets, evaluates performance results, and makes decisions regarding priority improvement areas.

The Committee also oversees the alignment of the sustainability approach with the company's strategy and business processes, guiding strategic decision-making processes by evaluating national and international developments, regulatory expectations and good practices. Feedback obtained from stakeholders is also evaluated by the Committee in a manner that contributes to the development of the sustainability approach.

Necessary work is tracked to support compliance with applicable legal obligations, particularly the Labor Law, Occupational Health and Safety, and environmental legislation; assessments and recommendations are submitted to the Board of Directors on matters requiring attention.

The Management Systems and Sustainability Department, which provides operational-level support to the work of the Sustainability Committee, is responsible for the implementation of the sustainability strategy, the monitoring of ESG performance, the management of sustainability data, the execution of reporting processes, and ensuring coordination among relevant units. The Department tracks the implementation of sustainability policies and targets across the company, coordinates the monitoring of performance indicators, and carries out work related to the reporting of sustainability performance in line with international reporting standards.

As of 2025, the Department carries out its activities with an organizational structure of four people, led by a Manager, and comprising an Engagement Systems and Organizational Development Executive and two Sustainability Specialists.

3.1.3. Our Sustainability Strategy

At Kocaer Çelik, the sustainability strategy is regarded as one of the fundamental elements of the corporate governance approach that supports long-term value creation. In the process of establishing and developing the strategy, the dynamics of the sector in which we operate, stakeholder expectations, priority sustainability issues, global trends, climate- and nature-related risks and opportunities, and applicable national and international regulations are evaluated together. Accordingly, sustainability is not limited to the management of environmental and social impacts alone, but is integrated into all business processes, from investment decisions to operational processes, and from risk management to corporate governance.

Our strategy is structured around three complementary main pillars: **environmental, social and governance**. Under the Environmental Pillar, priority is given to combating climate change, energy transition, use of renewable energy, water management, circular economy practices, efficient use of natural resources, and biodiversity conservation. The social pillar focuses on employee health and safety, respect for human rights, employee development, equal opportunity, diversity and inclusion, and strengthening stakeholder engagement. Under the governance pillar, fundamental priorities include ethical business conduct, transparency, accountability, corporate governance principles, effective risk management, legal compliance and ensuring data reliability.

The implementation of the sustainability strategy is monitored through performance indicators determined in line with company policies and targets. Developments regarding strategic priorities are regularly evaluated by the Sustainability Committee; policies, targets and practices are reviewed in line with performance results, and necessary improvement efforts are planned. In this way, while the adaptation of the sustainability approach to changing conditions is supported, the aim is to strengthen the company's long-term resilience and competitiveness.

Climate change- and nature-related risks and opportunities are regarded as an integral part of corporate risk management processes. In this context, in line with the outputs obtained from the TCFD and TNFD analyses carried out, physical and transition risks as well as nature-related risks and opportunities are analyzed under different scenarios; the results are integrated into investment planning, business continuity, operational decision-making processes and climate adaptation efforts. Risk and opportunity assessments are regularly reviewed to support strategic decision-making processes.

In line with our climate targets, our commitments to reduce greenhouse gas emissions have been validated by the Science Based Targets initiative (SBTi). In this context, in line with the net zero emission target, efforts are carried out to increase energy efficiency, expand the use of renewable energy, improve resource efficiency, and support low-carbon production practices. At the same time, our sustainability strategy is implemented in line with the United Nations Sustainable Development Goals (SDGs), aiming to achieve economic growth together with environmental responsibility and social benefit.

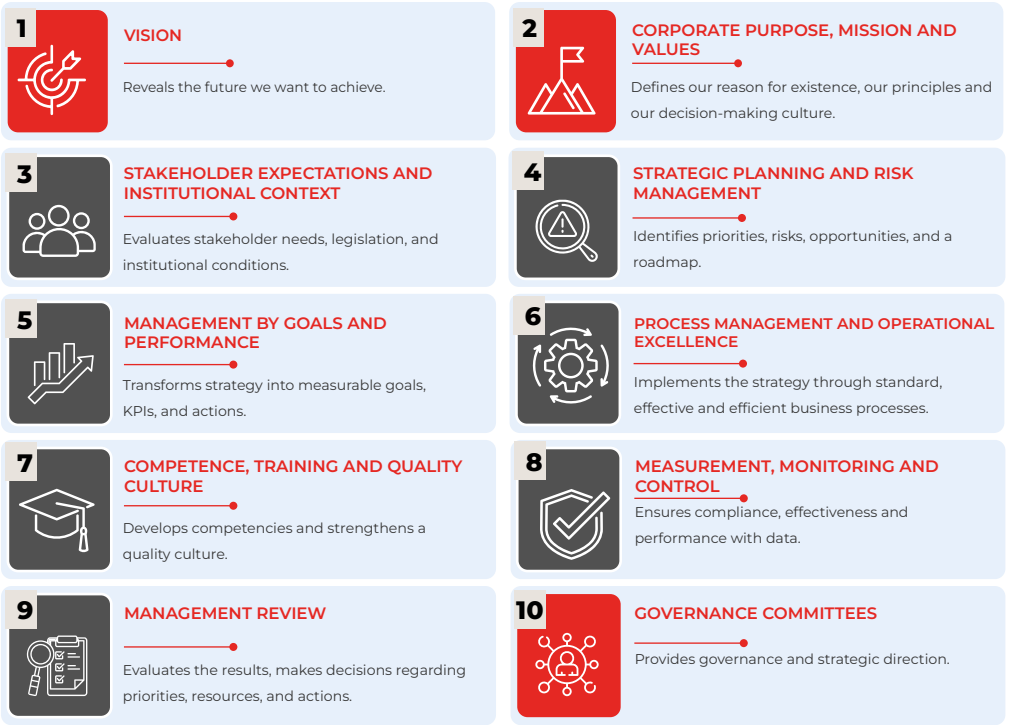
In order to develop sustainability performance, national and international reporting standards, regulatory developments and sectoral best practices are closely monitored; strategic priorities are regularly evaluated in line with feedback obtained from stakeholders, performance results and emerging new risks and opportunities. Through this approach, it is aimed to ensure that sustainability principles are adopted as an integral part of the corporate culture and to strengthen the capacity for long-term value creation.

3.2. Kocaer Management and Excellence System (KMES)

Kocaer approaches its sustainable growth approach not only in terms of financial results, but also together with the goals of operational efficiency, effective use of resources, continuous improvement and long-term value creation for stakeholders. **The Kocaer Management and Excellence System (KMES)**, developed in line with this approach, is the corporate management framework that ensures the company's strategic priorities are translated into business processes and that sustainability targets are integrated into daily operations.

KMES brings together, in a holistic structure, the processes of strategic planning, management by objectives, business plan development and performance monitoring, based on the company's mission, vision and values. Within the scope of the system, lean management, process management, digital transformation, idea and project management, recognition and appreciation practices, and audit mechanisms are addressed as mutually supporting elements.

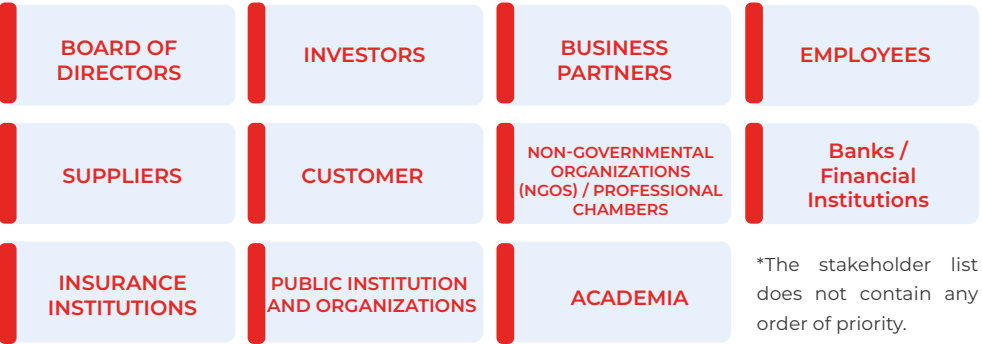
One of the system's fundamental objectives is to identify and systematically reduce areas of loss and inefficiency in business processes. In this context, lean production and lean management tools are utilized; the effectiveness of processes, resource use and operational performance are regularly evaluated. Through applications supported by digital solutions, it is aimed to make processes more traceable, measurable and manageable.



In order to ensure the effective implementation of KMES, employee participation in the process is encouraged; training and development activities are carried out to develop levels of knowledge, competency and awareness. This structure, which supports different units working towards common goals, contributes to the spread of a continuous improvement culture throughout the company.

Through KMES, Kocaer aims to bring operational excellence and sustainability management together under the same roof, and to create an organizational structure capable of adapting to changing conditions, learning and continuously developing. The outputs of the system are used to strengthen the company's strategic decision-making processes and its capacity for sustainable value creation.

3.3. Stakeholder Engagement and Prioritization Matrix
Our Key Stakeholders

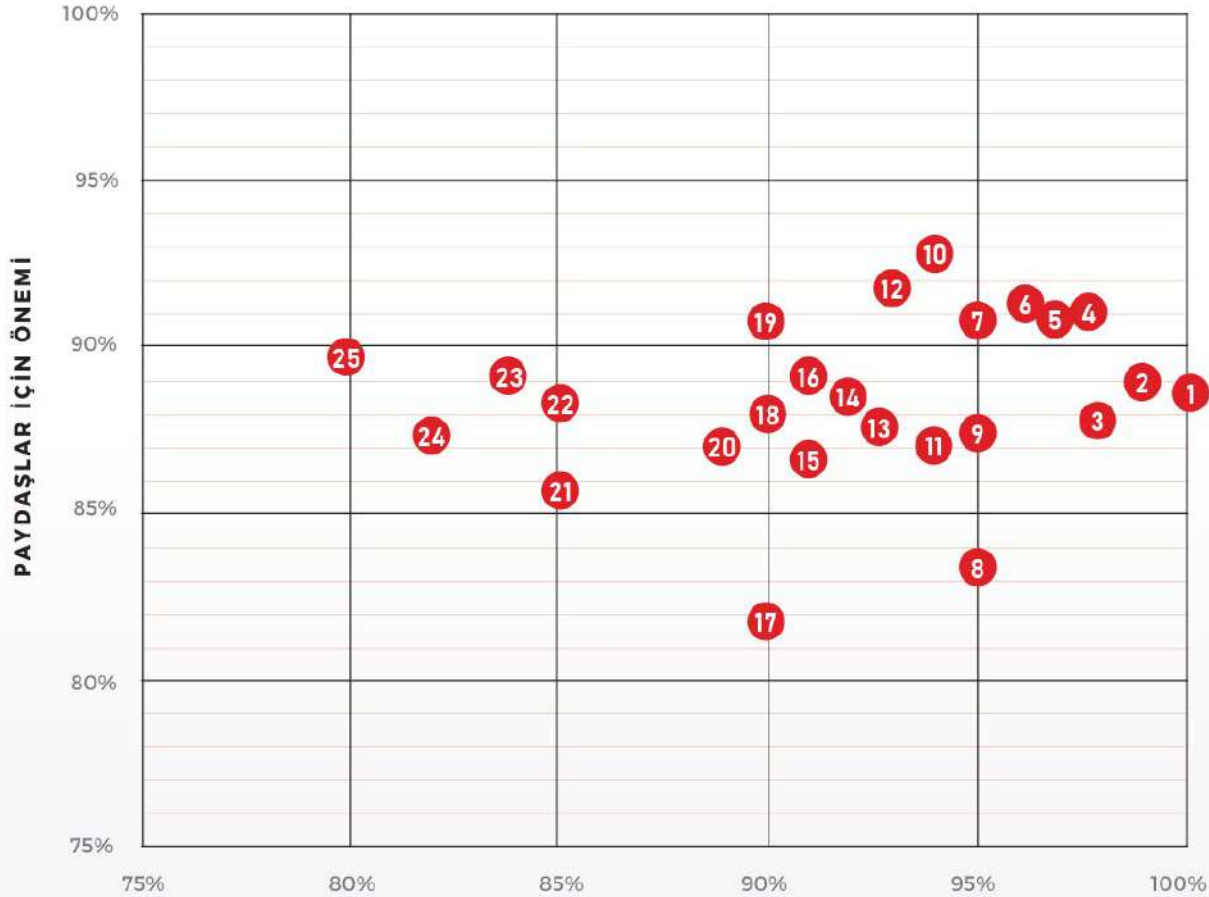


Stakeholder engagement is regarded as one of the fundamental input mechanisms in the development, implementation and review of our sustainability strategy. The expectations, opinions and priorities of our internal and external stakeholders are addressed and evaluated through surveys, meetings, online interviews, customer visits, supplier assessments and other communication channels. The feedback obtained is considered in the development of our sustainability strategy, the identification of priority sustainability issues, risk assessment activities and corporate decision-making processes.

In the comprehensive assessment carried out in 2024 for determining priority sustainability issues, the views of a total of 308 stakeholders were obtained, comprising 132 internal stakeholders and 176 external stakeholders; the results obtained were evaluated in line with company strategy, sectoral developments and stakeholder expectations, and priority sustainability issues were determined.

The priority sustainability issues identified continued in 2025 to guide the implementation of our sustainability strategy and our performance management processes. The prioritization exercise is updated every two years in line with stakeholder expectations, our business strategy and the changing sustainability agenda.

PRIORITY SUSTAINABILITY ISSUES REFERENCED IN 2025



1. Management of Environmental, Social and Governance Risks
2. Climate Change Risk Management
3. Raising Sustainability Awareness
4. Sustainability Management
5. Sustainable Supply Chain
6. Energy Management and Renewable Energy Use
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. Sharing of Environmental Performance
15. Pollution Prevention
16. Employee Wellbeing
17. Waste Reduction
18. Biodiversity Conservation
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

3.4. Our Sustainability Targets

Our sustainability targets are determined in line with our priority sustainability issues, our corporate strategy, stakeholder expectations, and our national and international sustainability commitments, in alignment with the United Nations Sustainable Development Goals (SDGs). Our greenhouse gas emission reduction targets for combating climate change have been integrated into corporate planning and decision-making processes in line with our short-term and net zero targets validated by the Science Based Targets initiative (SBTi), and our Greenhouse Gas Emission Targets have been updated accordingly.

Targets established in the environmental, social and governance areas are defined from a short, medium and long-term perspective, regularly monitored through established performance indicators (KPIs), and reviewed in line with the results obtained.

Actions for the implementation of our targets are carried out under the responsibility of the relevant business units; progress is evaluated by the Sustainability Committee, supporting the continuous improvement of sustainability performance.

Below are our main targets supporting our sustainability strategy, the performance indicators related to these targets, and the main actions for their implementation.



3.4.1. Strategy and Roadmap – Environment

PRIORITY TOPIC	TERM	TARGET	KPI	ACTION	SDG
Greenhouse Gas Emissions	Short/ Medium Term	Reduction of Scope 1 and Scope 2 greenhouse gas emissions	42% absolute reduction in Scope 1 and Scope 2 greenhouse gas emissions by 2030, compared to the 2022 base year	- Regularly measuring and verifying emission sources, and preparing reduction plans for high-emission activities - Expanding the use of compressed air, HVAC, lighting, insulation, waste heat recovery, energy-efficient motors, and process optimization applications - Developing recuperator and regenerative burner systems - Developing direct charging and hot charging applications - Implementing rooftop solar power plant (SPP), ground-mounted solar power plant (SPP), and Geothermal Power Plant (GPP) investments - Expanding the use of electric vehicles and forklifts - Assessing green hydrogen utilization opportunities in line with technical and economic feasibility	  
Greenhouse Gas Emissions	Short/ Medium Term	Reduction of Scope 3 greenhouse gas emission intensity	A 51.6% reduction in Scope 3 greenhouse gas emissions per ton of steel sold by 2030, compared to the 2022 base year	- Calculating and monitoring Scope 3 emission sources by category - Developing collaborations with suppliers on emission reduction and energy-efficient equipment design - Prioritizing low-carbon options in purchased goods and services - Increasing the recycled material content in products - Expanding the use of low-emission and alternative-fuel transport methods in product logistics - Optimizing logistics routes and transport capacities - Encouraging supply chain stakeholders to set climate targets	   
Greenhouse Gas Emissions	Long Term	Achieving reductions in Scope 1 and Scope 2 emissions aligned with the net-zero target	A 90% absolute reduction in Scope 1 and Scope 2 greenhouse gas emissions by 2050, compared to the 2022 base year	- Expanding the use of low-carbon and innovative technologies in production processes - Developing innovative production techniques such as direct rolling, thermomechanical rolling, normalized rolling, ferritic rolling, and direct quenching and tempering - Expanding renewable energy investments - Electrifying fossil-fuel-based processes and converting them to low-carbon fuels - Assessing the technical and economic feasibility of green hydrogen and carbon capture, utilization, and storage technologies	  
Greenhouse Gas Emissions	Long Term	Achieving reductions in Scope 3 emissions aligned with the net-zero target	A 97% absolute reduction in Scope 3 greenhouse gas emissions by 2050, compared to the 2022 base year	- Expanding the procurement of low-carbon raw materials and services - Encouraging suppliers to set science-based emission reduction targets - Transitioning to low-carbon logistics practices - Increasing product circularity and the ratio of recycled content - Monitoring emission reduction performance across the value chain - Assessing permanent carbon removal methods for residual emissions remaining after the reductions envisaged under the science-based targets have been achieved	  
Greenhouse Gas Emissions	Short/ Medium/ Long Term	Monitoring and transparently reporting science-based climate targets	- Monitoring annual progress toward SBTi targets on a Scope 1, Scope 2, and Scope 3 basis - Calculating and verifying the greenhouse gas inventory on an annual basis - Disclosing climate performance through relevant reporting platforms	- Tracking annual emission performance in line with SBTi targets - Continuing CDP Climate Change disclosures - Making climate disclosures in line with TCFD and TSRS 2 - Assessing nature-related risks, opportunities, dependencies, and impacts under TNFD	
Greenhouse Gas Emissions	Medium Term	Increasing the supply of electricity from renewable sources	Meeting 100% of electricity consumption from renewable energy sources by 2030	- Commissioning rooftop solar (SPP), Geothermal Power Plant (GPP), and ground-mounted solar (SPP) investments in line with the planned schedule - Regularly monitoring renewable energy generation and consumption - Utilizing traceable and reliable renewable energy certificates when needed	 

PRIORITY TOPIC	TERM	TARGET	KPI	ACTION	SDG
Energy Management	Medium Term	Reducing energy consumption and dependence on fossil fuels	• A 100% reduction in non-renewable energy consumption by 2030, compared to the 2022 base year • A 20% increase in alternative fuel use by 2030, compared to the 2022 base year • A 35% reduction in energy consumption per unit of production by 2030, compared to the 2022 base year	• Conducting energy audits and implementing efficiency-enhancing projects • Expanding energy-efficient motor, lighting, insulation, compressed air, and waste heat recovery projects • Monitoring energy performance in processes and auxiliary facilities through digital systems • Assessing low-carbon alternatives that could replace fossil fuels	  
Efficient Use of Natural Resources	Medium Term	Expanding rainwater harvesting systems	• Implementing and developing rainwater harvesting systems at all plants/locations by 2030	• A1/A3 rainwater harvesting project • Supplying the fire line, process water, tree irrigation, etc. through the system to be implemented at A3 • Feeding process water through the storage system to be implemented at A1	
Efficient Use of Natural Resources	Short Term	Reducing the rate of chemical use	• Reducing the rate of chemical use by 2026	• At KSC Manufacturing, 50% diluted boron oil is used in all presses. This usage will be brought under control through an automatic dosing spray system, achieving a 60% reduction specifically in boron oil and a 10% reduction across all chemicals used. • Through this project, chemical use in the galvanizing degreasing (Clement G300) tanks will decrease by 5%, with an overall combined effect of 3%. • Through the paint tank project for A3 batten painting, chemical use will be reduced by 15% specifically for the paint used, with an overall reduction contribution of 3% in total chemicals, resulting in a combined reduction of 15%.	
Efficient Use of Natural Resources	Medium Term	Reducing water use by source	• Reducing water use by source by 2030		
Efficient Use of Natural Resources	Short Term	Reducing the volume of water discharge	• A 17% reduction in the volume of water discharge by 2025, based on 2023	• Utility water is discharged as domestic wastewater. To reduce the volume of water discharge originating from utility water use (in the cafeteria and showers), a project (replacement of showerheads) will be carried out, resulting in a reduction in utility water use. This will, in turn, reduce the volume of domestic wastewater discharged. • Feeding discharged wastewater back into production through the commissioning of the advanced wastewater treatment plant (A2 project)	
Efficient Use of Natural Resources	Short Term	Reducing water use per unit of production	• A 17% reduction in water use per unit of production by 2025, based on 2023	• Commissioning an online monitoring system (ENERIFY) to track projects aimed at reducing the volume of water discharge	
Efficient Use of Natural Resources	Medium Term	Increasing the total rate of water recycled in processes	• A 15% increase in the total rate of water recycled in processes by 2030, based on 2023	• Rainwater harvesting project (A1/A3) • Feeding discharged wastewater back into production through the commissioning of the advanced wastewater treatment plant (A2 project)	

PRIORITY TOPIC	TERM	TARGET	KPI	ACTION	SDG
Circular Economy	Short Term	Increasing the number of products with an Environmental Product Declaration	· Obtaining Environmental Product Declarations for 5 products by 2026		
Circular Economy	Short Term	Increasing the rate of recyclable packaging material	· A 5% increase in the rate of recyclable packaging material by 2026, based on 2023		
Circular Economy	Short Term	Increasing the number of products with an eco-label	· Applying an eco-label to 1 product by 2026		
Circular Economy	Short Term	Increasing the rate of products that have undergone life cycle assessment	· Increasing the number of products that have undergone life cycle assessment by 5, by 2026, based on 2023		
Circular Economy	Short Term	Increasing the amount of recovered waste	· A 10% increase in the amount of recovered hazardous waste by 2028, based on 2023 · A 10% increase in the amount of recovered non-hazardous waste by 2028, based on 2023		
Circular Economy	Short Term	Reducing the amount of waste sent to intermediate storage	· A 15% increase in the amount of domestic waste sent to intermediate storage by 2025, based on 2023	· Increasing the capacity of the composting machine	
Circular Economy	Short Term	Increasing the rate of reused/recycled waste	· A 15% increase in the rate of reused/recycled waste by 2025, based on 2023		
Circular Economy	Short Term	Increasing environmental training	· A 20% increase in environmental training hours (person*hours) by 2025, based on 2023		
Circular Economy	Short Term	Increasing the amount of investments made to improve	· A 15% increase in the amount of investments made to improve environment-related performance by 2025, based on 2023		
Biodiversity	Medium Term	Carrying out efforts related to biodiversity conservation		· Supporting at least 1 biodiversity-related project developed within or outside the organization by 2026 · Collaborating with internationally active organizations on biodiversity · Measuring and managing biodiversity impacts by 2030 to determine the effects of operations on biodiversity	 

3.4.2. Strategy and Roadmap – Social

PRIORITY TOPIC	TERM	TARGET	KPI	ACTION	SDG
Diversity and Equal Opportunity	Medium Term	Integrating diversity, equity, and inclusion into the corporate culture	Increasing the ratio of white-collar female employees to 35% by 2025 and 50% by 2050, based on 2022 Increasing the ratio of female employees in senior and mid-level management positions to 30% by 2025 and 40% by 2050, based on 2020	Women's Empowerment in Manufacturing Project Republic of Türkiye Ministry of Industry and Technology, UNDP, TISK *United Nations Development Programme	
Diversity and Equal Opportunity	Short Term	Integrating diversity, equity, and inclusion into the corporate culture		•Incorporating the gender equality policy into human resources recruitment processes •Obtaining external training or consultancy for women's leadership, coaching, and mentoring programs •Determining the content of DEI (Diversity, Equity, and Inclusion) training and delivering it to all employees •Determining the content of DEI training and incorporating it into on-the-job training programs	 
Working Conditions	Medium Term	Increasing the frequency of employee opinion surveys conducted within the company		Revising the content of the employee opinion survey and, by 2030, conducting the survey digitally every year and taking the necessary actions based on its results	 
Working Conditions	Medium Term	Increasing employee well-being		By 2030, entering into agreements with third-party organizations that provide information and counseling to help employees resolve personal psychological, financial, and legal issues (Kocaer Employee Support Line)	 
Working Conditions	Short Term	Developing an employee feedback system		Commissioning the Personnel Evaluation System by 2025	
Working Conditions	Short Term	Preparing a Human Rights policy		Preparing the Human Rights policy and publishing it on the Kocaer website by 2025	
Working Conditions	Medium Term	Increasing digitalized OHS (Occupational Health and Safety)	A 50% increase in digitalized OHS practices by 2030, based on 2023	•Personalized general occupational safety training assigned via e-learning over the internet •Digital Visitor OHS Information application	

PRIORITY TOPIC	TERM	TARGET	KPI	ACTION	SDG
Working Conditions	Medium Term	Reducing the accident severity and accident frequency rates	Reducing the accident frequency rate to below 1 and the accident severity rate to below 50 by 2035		
Working Conditions	Short Term	Increasing OHS training hours	A 90% increase in OHS training hours (person*hours) by 2025, based on 2023	- Personalized general occupational safety training assigned via e-learning over the internet - Visitor OHS Information	
Working Conditions	Short Term	Increasing the number of activities carried out to build a safety culture	A 25% increase in the number of activities carried out to build a safety culture by 2025, based on 2023	- Management acting as role models and overseeing implementation - Ensuring the active participation of all employees through defined practices and methods - Internalizing the occupational safety culture - Daily on-the-job training for subcontractors - Performance measurement standards and KPIs - Accident Investigation and Reporting - Start-of-shift inspections - Unsafe Condition Hunting - Behavior-Based Safety - Kocaer A B C OHS Expertise Certification - Managerial HSE (Health, Safety and Environment) audit - OHS Senior Board - Risk Analysis	
Social Contribution	Short Term	Supporting universities' social responsibility projects		Supporting or sponsoring social responsibility projects carried out by university student clubs by 2030	
Social Contribution	Short Term	Preparing a Management Trainee (MT) program for new graduates	Including 20 new graduate students in the MT program every year	Advancing the MT program in cooperation with universities in the region (Communication Management, Problem-Solving Techniques, etc.)	

3.4.3. Strategy and Roadmap – Governance

PRIORITY TOPIC	TERM	TARGET	KPI	ACTION	SDG
Sustainable Supply Chain	Short Term	Preparing a Sustainable Procurement policy		·Preparing the Sustainable Procurement policy and publishing it on the Kocaer website by 2025	
Sustainable Supply Chain	Short/ Medium Term	Incorporating greenhouse gas emissions into supplier assessments		·By 2025, adding provisions on greenhouse gas emission performance and measurement to the supplier assessment system, and reporting based on the data collected	 
Sustainable Supply Chain	Short Term	Ensuring a sustainable supply chain		·Establishing a Supplier Code of Conduct that also incorporates ESG matters within the scope of the CSDDD, and evaluating suppliers against the established ·Supplier Code of Conduct Adding Supplier Code of Conduct training to the 2025 mandatory training list and ensuring that all employees complete the training ·Signing non-disclosure agreements (NDAs) with suppliers when providing data	 
Sustainable Supply Chain	Medium Term	Ensuring a sustainable supply chain	·By 2030, the ratio of suppliers subject to sustainability assessment reaching 50% among the 20 largest suppliers		   
Sustainable Supply Chain	Medium Term	Increasing the number of suppliers subject to audit / whose performance is monitored on environmental and social matters	·Increasing the number of suppliers subject to audit / whose performance is monitored on environmental and social matters by 50%, based on 2023 as the reference year, by 2030		
Sustainable Supply Chain	Medium Term	Increasing the green procurement ratio	·Increasing the green procurement ratio by 50%, based on 2023 as the reference year, by 2030		
Sustainable Supply Chain	Medium Term	Increasing the ratio of procurement from local suppliers	·Increasing the ratio of the number of suppliers from which local purchases are made by 20%, based on 2023 as the reference year, by 2030.		 

ÖNCELİKLİ KONU	VADE	HEDEF	KPI	AKSIYON	SKA
Stakeholder Engagement	Short Term	Preparing the Stakeholder Engagement policy		- Preparing the Stakeholder Engagement policy and publishing it on the Kocaer website - Conducting the Stakeholder Engagement exercise once every 2 years	
Governance Structure	Short Term	Preparing the Sustainability policy		- Preparing the Sustainability policy and publishing it on the Kocaer website - Establishing a Sustainability/ESG Committee within Kocaer and organizing the working groups to report to the newly established committee	
ESG Management and Management Commitment	Short Term	Assessing the physical and transition risks related to ESG risks and climate change		- Preparing Task Force on Climate-related Financial Disclosures (TCFD) reporting by 2025 - Preparing and reporting a risk assessment covering the physical and transition risks related to ESG risks and climate change by 2025	
ESG Management and Management Commitment	Short Term	Conducting Sustainability Maturity Assessments		- Conducting detailed digital and Sustainability Maturity Assessments (MEXT) - Digital maturity assessment (SIRI), Sustainability maturity assessment (COSIRI)	
ESG Management and Management Commitment	Medium Term	Becoming a member/signatory of international platforms		- Carrying out efforts for the S&P Corporate Sustainability Assessment by 2028 - Carrying out efforts to become a member of Responsible Steel by 2028	     

Our Strategic Terms

Term	Time Period
Short Term	0-5 years
Medium Term	6-15 years
Long Term	16 year



TRANSFORMATION *Into Value*

Our investments turn into
economic value.

4.OUR ECONOMIC PERFORMANCE

In line with the sustainable economic value creation approach, developments in global markets, sectoral transformation dynamics and stakeholder expectations are closely monitored, and financial and operational performance is addressed together with long-term growth targets. In this context, priority is given to strengthening production and sales performance, increasing the share of value-added products, preserving the company's position in international markets, and investments supporting the low-carbon transition. In 2025, despite the contraction in demand, price pressures and protectionist trade practices experienced in the global iron and steel sector, strong performance was demonstrated in production and sales volumes.

In 2025, total production volume increased by approximately 26% compared to the previous year, reaching 648,105 tons, while total sales volume increased by 17.6%, reaching 682,873 tons. As a result, historically the highest levels in production and sales volumes were recorded. The share of value-added products within total sales volume was 43%. In the same period, net sales decreased by 4% to a level of TL 24.1 billion, while adjusted EBITDA increased by 17% to TL 3.1 billion, and net profit for the period increased by 336% to TL 473.5 million.

Low-carbon transition and resilience against climate change are regarded as an integral part of the long-term economic value creation approach. Physical risks related to climate change, as well as transition risks arising from carbon regulations, emissions trading systems, technological transformation and increasing demand for low-emission products, are addressed by taking their financial and operational impacts into account. In this respect, efforts related to energy efficiency, emission reduction, the use of renewable energy, resource efficiency and low-carbon production technologies are incorporated into strategic planning and investment processes.

The value of aligned assets contributing to energy efficiency, emission reduction, the use of renewable energy and low-carbon production processes rose from approximately TL 227 million in 2024 to TL 259.5 million in 2025. The share of aligned assets within total tangible fixed assets increased from 2% to 2.1%.

Rooftop solar power plants with a total installed capacity of 9.2 MW have an annual renewable electricity generation capacity of approximately 15 million kWh. Through these plants, approximately 33% of total electricity consumption is met from renewable energy generated in-house. In order to ensure the continuity of renewable energy investments, drilling activities for the Kocaer GPP 1 investment, the first phase of which is planned as 24 MW, in the Kuyucak district of Aydın, have continued, and the Environmental Impact Assessment (EIA) process for the new project site has continued.

Economic Value We Created in 2025

Item	Unit	2023	2024	2025
*Economic Value Generated (Revenues)	Mio TL	15,091	19,235	24,112

*The amounts of economic value generated for each year have been taken from the Independent Audit Reports of the relevant year.

Economic Value Distributed

Item	Unit	2023	2024	2025
Operating expenses	Mio TL	1,291	1,811	2,529
Benefits provided to employees	Mio TL	513	1,097	1,595
Benefits provided to the government	Mio TL	199	25	103
Benefits provided to capital providers	Mio TL	151	201	157
Benefits provided to the community	Mio TL	3	4	0
Total	Mio TL	2,158	3,138	4,384

Sustainable Financing

Item	Unit	2023	2024	2025
Average cost of financing	%	25.47	9.24	9.88
Sustainable financing / total debt ratio	%	3.66	4.78	1.67
Contribution of sustainable business models to total sales	Mio TL	47	60	72
Ratio of the financial impact of sustainability risks to sustainability investments	%	26	109	5

Assistance Received from the Government

Item	Unit	2023	2024	2025
Tax reductions / credits	Mio TL	17.20	36.50	48.61
Incentives	Mio TL	10.17	25.17	0.00
Financial incentives	Mio TL	94.34	128.54	129.35



4.1. Our Investments

4.1.1. Science Based Targets initiative (SBTi) Approval and Target-Focused Projects

As of 2025, Kocaer Çelik continues its low-carbon production transformation in line with the short- and long-term net-zero targets approved by the Science Based Targets initiative (SBTi). Within the scope of the targets set based on 2022 as the base year, the company aims to reduce its Scope 1 and 2 greenhouse gas emissions by 42% and its Scope 3 emission intensity by 51.6% per ton of steel by 2030. Under its long-term net-zero commitments, a reduction of 90% in Scope 1 and 2 emissions and 97% in Scope 3 emissions is envisaged by 2050. In line with these targets, projects related to energy efficiency, the use of renewable energy, alternative fuel applications and low-carbon production technologies are being implemented. Furthermore, reducing carbon emission intensity per unit of production, gradually phasing out the use of non-renewable energy sources, and accelerating the transition to clean energy are among the fundamental priorities of the company's sustainable growth approach and low-carbon production vision.

4.1.2. Alternative Fuel Use in Vehicles and Forklifts

In line with its carbon intensity reduction targets, Kocaer Çelik continues its transformation efforts aimed at the use of alternative fuels in its vehicle and forklift fleets. In this context, the aim is to reduce fossil fuel consumption, increase energy efficiency, and expand the use of lower-emission technologies in operational processes.

As of 2025, technical assessment, infrastructure analysis and feasibility studies related to this initiative are ongoing, and implementation plans are being evaluated within the framework of a phased transition approach. In addition, transformation projects for the use of electric work machinery and autonomous electric vehicles (AGVs) are among the company's medium- and long-term investment plans.

With the implementation of the planned transformation projects, the aim is to reduce greenhouse gas emissions, use energy resources more efficiently, and strengthen the low-carbon operational structure. This approach supports the sustainable production vision set out by the company within the scope of its decarbonization roadmap and efforts to combat climate change.

4.1.3. Osmosis Capacity Increase Project

During 2025, investment efforts continued to increase the capacity of the osmosis system used in production processes. This investment aims to improve process water management, increase cooling performance, and support resource use efficiency in production processes.

Through the project;

- Increasing cooling efficiency,
- Supporting the continuity of quality in production processes,
- Improving water management performance,
- Increasing resource and process efficiency are aimed.

The investment efforts carried out are expected to contribute to strengthening operational performance and making the use of environmental resources more efficient by supporting the sustainable production approach.

4.1.4. Fire Detection and Suppression Systems Projects

During 2025, investment efforts for automatic fire detection and suppression systems were initiated across the facility, and the projects are planned to be completed within 2026. Within the scope of these investments, the aim is to strengthen the safety of the facility (A1, A2, KSC Galvanizing and KSC Manufacturing Facilities), reduce operational risks, and enhance emergency response capacity.

Within the scope of the projects;

- Developing early intervention capacity,
- Strengthening operational safety,
- Supporting employee occupational health and safety,
- Protecting facility infrastructure,
- Increasing emergency management capacity are aimed.

These investments are expected to contribute to increasing the company's operational resilience, supporting business continuity, and strengthening its adaptive capacity against climate-related physical risks.

4.1.5. A3 Discharge Line and Flood Management Project

During 2025, the discharge line renewal investment, carried out to improve infrastructure management and water discharge capacity, was completed. This investment aimed to strengthen water management infrastructure, support operational processes, and increase environmental risk management capacity.

Within the scope of the project;

- Strengthening controlled water discharge infrastructure,
 - Supporting operational continuity,
 - Increasing infrastructure resilience,
 - Improving environmental management processes
- was aimed.

The completed investment is expected to contribute to strengthening the company's climate change adaptation capacity, supporting sustainable infrastructure management, and improving environmental performance.

4.1.6. A2 Plant Cooling Tower Revision and Energy Efficiency Project

Within the scope of 2025, the cooling tower revision carried out at the A2 plant aimed to reduce the outlet temperature of rolling mill roll cooling water to the range of 28–32°C. In this respect, the aim was to reduce roll pass wear by controlling roll temperatures, extend equipment life, and increase production continuity. At the same time, the aim was to minimize environmental impacts by reducing energy consumption.

Field measurements taken after the investment was commissioned showed that the tower outlet water temperature dropped to levels of 24–25°C, exceeding the targeted performance values. Thanks to this improvement, roll pass life has been extended, and by reducing the need for pass grinding, an improvement in production continuity has been achieved.

In terms of energy performance, the project achieved annual energy savings of approximately 314,000 kWh and a 67.9% reduction in total energy consumption.

This energy saving indirectly contributes to the reduction of greenhouse gas emissions, demonstrating progress consistent with the company's decarbonization targets and climate change mitigation strategies. The project strengthens environmental sustainability performance through increased energy efficiency and optimized resource use and contributes to making operational processes more resilient against climate impacts.

4.1.7. A2 Plant MBR (Membrane Bioreactor) Wastewater Treatment Plant Project

At the A2 Plant, the MBR Biological Wastewater Treatment Plant Project, carried out under the responsibility of the Process and Energy Management Department, was initiated on November 1, 2024, and the project was completed on November 30, 2025.

The project was implemented to manage the increasing wastewater flow rate and pollution load associated with rising production capacity, to use water resources efficiently, and to recover treated water. In this context, the aim was to bring high COD, BOD and suspended solids values under control, reduce environmental risks, and develop recovery-oriented water management.



Through the project;

Achieving 98–99% removal performance in COD and BOD removal,
Achieving removal performance of over 99% in suspended solids removal,
Reusing 50–70% of treated water,
Keeping discharge values below regulatory limits,
Reducing facility-based water consumption by 20–30% were targeted.

Within the scope of the project, wastewater characterization along with flow rate and load analyses were carried out, and biological reactor, membrane, blower, pump and automation systems were installed. An online monitoring and reporting infrastructure was established via SCADA, performance tests were completed, and relevant personnel were trained. While flexible process design and equalization tanks were implemented to manage variable wastewater characteristics, automatic CIP systems were installed against the risk of membrane fouling, and the pre-treatment infrastructure was strengthened.

With the facility commissioned in 2025, approximately 250 m³ of wastewater per day is passed through advanced treatment processes and rendered reusable. Approximately 90,000 m³ of water is recovered annually; approximately 29% of total well water use, and approximately 64% specifically at the A2 Plant, has been substituted. In this way, pressure on water resources and the blue water footprint have been reduced, wastewater discharge has been minimized, and circular water use has been supported.

Going forward, the project plans to expand the use of treated water in cooling, washing and landscaping areas, and to carry out feasibility studies on energy efficiency and biogas integration. In addition, a roadmap is envisaged to be developed toward the zero liquid discharge (ZLD) target through the application of reverse osmosis.

4.2. Digitalization and Twin Transformation

4.2.1. ENSEMBLE Process Management System

Kocaer Çelik has moved its Process Management System, completed as of 2024, to Process Performance Management, an advanced stage on the ENSEMBLE platform. The integration between the currently and actively used Quality Document Management System (QDMS) and the ENSEMBLE software has been strengthened, thereby establishing a documentation infrastructure that supports the measurement of process performance.

As a result of the “Process Performance Indicators” determination efforts carried out in 2025 with the participation of all departments, a total of 647 indicators have been assigned to the relevant directorates on ENSEMBLE.

Determined within the framework of Kocaer Çelik’s strategic plan, the structure consists of 3 dimensions, 10 focus areas, the objectives of these focus areas, 46 main indicators serving these focus areas, and a total of 647 process performance indicators measuring the achievement status of these indicators. All determined indicators have been configured on ENSEMBLE in a way that supports the layer above them.

Process performance indicators are monitored on a monthly basis, evaluated in line with the targets set by the directorates, and regularly reported to the General Manager.

4.2.2. AI-Supported Production System

Kocaer Çelik continues to develop and expand its AI-Supported Production System projects as of 2025, with the aim of reducing operational complexities encountered in production planning processes and increasing flexibility against variable production conditions. In this context, the aim is to make production sequencing decisions faster, more consistent and data-driven, while increasing efficiency in resource use. Thanks to the intelligent algorithms developed, the optimal sequencing of products to be manufactured is generated, and dynamic adaptation to changing operational conditions is achieved.

With AI-based production planning solutions, the aim is to reduce the risks of human-induced errors that may occur in processes, effectively manage complexity in the production chain, and increase operational efficiency. These digital transformation applications are expected to contribute to strengthening production performance, optimizing resources, and supporting the company’s sustainable growth approach.

4.2.3. BEAM Maintenance Management System

In the BEAM application, the license for which was obtained in 2025 to digitalize maintenance processes and strengthen asset management infrastructure, the Maintenance Management and Asset Management modules were put into operation as of July 2025. Through this system, breakdown maintenance and periodic maintenance activities are tracked centrally, and maintenance management performance indicators such as maintenance duration, labor time, MTTR (Mean Time To Repair) and MTBF (Mean Time Between Failures) can be regularly monitored and reported.

Within the scope of the digital transformation efforts carried out, the aim is to support data-driven decision-making processes in maintenance operations, increase equipment performance, and strengthen operational continuity.

Conceptual design efforts have been completed and the implementation process has been initiated for the Material Management module, which is planned to be put into operation in the next phase of the project. With the commissioning of the module, the aim is to establish BEAM-SAP integration and manage material consumption transactions related to maintenance activities through the system. In this way, the aim is to make maintenance costs traceable in a holistic manner in terms of labor and materials, and to increase resource use efficiency.



4.2.4. Digital Data Management in CBAM Calculations

Within the scope of compliance efforts related to the European Union Carbon Border Adjustment Mechanism (CBAM), the digital infrastructure for calculating embedded emissions based on reliable, traceable and verifiable data has been strengthened. CBAM obligations are addressed not only in terms of regulatory compliance but also in terms of integrating emissions data with corporate systems, improving data quality, and developing carbon management processes.

In this regard, the “SAP Analytics Cloud Integration Project for the Data Quality and Verification of CBAM Calculations,” initiated in 2024, was completed in 2025. Within the scope of the project, production volume, energy consumption, raw material use and other related operational data were brought into an integrated structure on SAP Analytics Cloud. By using system-based data flows instead of manually collecting and consolidating data obtained from different units, calculation and reporting processes have been standardized, and data integrity, transparency and retrospective traceability have been strengthened.

By transferring CBAM calculation methodologies to a digital environment, calculations are now carried out in a standard and repeatable manner on a common platform. Data entry processes have been simplified, manual interventions and the risk of errors that may arise from them have been reduced, and the retrospective tracking of calculation steps has been facilitated. As a result, a control infrastructure has been established that supports the systematic and consistent creation of the data sets and supporting evidence needed for verification activities.

As a result of the integration, significant time savings have been achieved in CBAM calculation and reporting processes. The ability to analyze energy and production data in more detail by product, process and dimension has also improved the quality of data used in budget, cost and resource efficiency assessments.

The digital infrastructure established constitutes a scalable data source that can be used not only in CBAM reporting but also in product carbon footprint calculations, corporate sustainability reporting, greenhouse gas emissions management, carbon cost projections, and the development of low-carbon production strategies. Through this structure, the aim is to support different applications related to environmental performance with common, consistent and comparable data.

The data governance structure established within the scope of the project has also contributed to CBAM pre-verification efforts and the preparation of the Monitoring Methodology Documentation. By documenting the calculation methods, data flows and control mechanisms used in a detailed and verifiable manner, the corporate level of preparedness for the systematic presentation of information and documents that verification bodies may request has been increased.

Following the reporting period, the development of the infrastructure continues with the second-phase efforts initiated in 2026. In this context, work is underway on increasing traceability by HS code (GTİP) and product, preparing the data infrastructure for Digital Product Passport applications, developing analyses related to the EU Emissions Trading System, comparing the carbon performance of raw material suppliers, and creating product-based carbon cost scenarios. Through these efforts, the aim is to increase the capacity to adapt to changing carbon regulations, preserve data reliability, and support the low-carbon production transformation with measurable data.



4.3. Product Responsibility and Customer Satisfaction

4.3.1. Product Responsibility

Within the scope of the product responsibility approach, while the quality, reliability and technical suitability of products are ensured, the reduction of environmental and social impacts is also taken into consideration. Production and quality control processes are regularly assessed; customer feedback, technical requirements and sectoral developments are reflected in product and process improvement efforts.

Quality management efforts have been carried out in line with the ISO 9001 Quality Management System since 2007. National and international product standards and certification requirements are monitored to ensure that products meet the applicable technical requirements for different areas of use and markets. Product and process quality is monitored through production and quality control records, identified non-conformities, customer feedback and complaints, and improvement activities are carried out in line with identified needs.

Product responsibility is not limited to quality performance alone; reducing environmental impacts, protecting employee occupational health and safety, ensuring the security of information assets, and using energy resources efficiently are also considered among the fundamental components of the production approach. In this context, activities are supported by the ISO 14001, ISO 45001, ISO 27001 and ISO 50001 management systems, and the validity of the relevant certificates is maintained.

Engineering competencies are combined with customers' sectoral and project-based needs to develop products suitable for different usage conditions. The aim is for products used in various fields such as renewable energy, mining, shipbuilding and structural steel to meet the relevant technical requirements and demonstrate reliable performance throughout their service life. Feedback related to products is systematically evaluated, and the results obtained are incorporated into continuous improvement processes.

4.3.2. Customer Satisfaction

Customer satisfaction is regarded as one of the fundamental components of corporate culture and way of doing business. Communication with customers is based on the principles of transparency, reliability, accessibility and prompt response; in addition to meeting customer expectations, the aim is to develop long-term relationships based on mutual trust.

Customer satisfaction is regularly measured through surveys conducted under the coordination of the Marketing Department. In addition to survey results, customer visits, direct feedback, sales performance assessments, market analyses and customer complaints are considered together, and customer experience is monitored with a holistic approach. The findings obtained provide input for improving product and service quality and enhancing customer relations processes.

In the customer satisfaction survey conducted in 2025, the assessments of domestic and international customers were obtained regarding communication with the sales team, the support provided, product and sector knowledge, product quality and variety, product information materials, delivery performance, website content, and the overall collaboration experience.

In the customer satisfaction surveys conducted in 2025, product quality and the attentiveness, support and competence of the sales teams stood out as strong performance areas. The proportion of customers rating product quality as high or very high was 93.3% domestically and 88% internationally. The proportion of customers stating that deliveries were made on time or faster than expected was measured at 93% both domestically and internationally.



While customers' assessments of the overall collaboration experience maintained their positive trend, product variety and digital communication content were identified as areas open to improvement. In the brand awareness survey, the tendency to recommend working with Kocaer Çelik was 89% domestically and 99% internationally. The results obtained from the surveys are used as input in determining efforts and areas for improvement aimed at enhancing customer experience.

Within the scope of the survey, customers' opinions were also obtained regarding the products they would like to see in the product portfolio. Among the suggestions shared, HEA, HEB, IPE, NPU and NPI group profiles in various sizes, special quality round steels, UPE profiles, angle bars in various sizes, and project-based special product requirements stood out. The suggestions obtained provided input for the assessment processes aimed at developing the product portfolio.

Complaints submitted by customers are evaluated by the relevant units; the necessary corrective and improvement actions are defined via QDMS and monitored together with their responsible parties, target dates and completion status. Through this process, in addition to resolving complaints, the aim is to prevent the recurrence of similar situations and continuously improve customer experience.

Data security and privacy are also regarded as fundamental elements in preserving the customer experience. Access to customer data is restricted in line with duty and authority limits; access and confidentiality matters are assessed under the oversight of the senior managers of the relevant units. In 2025, no incidents of data loss or data breach violating customer privacy occurred, and no complaints were received in this regard from customers, external stakeholders, or regulatory bodies.

4.4. OUR TAX APPROACH

In tax practices, the principles of integrity, transparency and accountability are adopted as fundamental, and importance is attached to fulfilling financial obligations in compliance with national and international legislation. While the coordination of tax processes is provided by the Financial Affairs Department, developments in legislation are closely monitored, and necessary compliance efforts are carried out without delay.

A multi-stage control structure is applied in tax calculation and declaration processes. Tax returns and provisional tax filings prepared by the Accounting Directorate are submitted for review by the Financial Control Department. The relevant documents are then audited by a certified public accountant within the scope of full certification. The accuracy, consistency and reliability of financial and tax information are further supported by subjecting the financial statements to independent audit.

In fiscal year 2025, corporate tax payments of approximately TL 64.3 million were made, contributing to economic value creation and social development.

Through these efforts, the aim is to strengthen the continuity of customer relations, manage sales opportunities more effectively, support institutional memory, and make use of up-to-date customer data in decision-making processes.

Customer Relationship Management (CRM) Efforts

A Customer Relationship Management (CRM) system has been established to manage customer relations in a more holistic, traceable and data-driven structure. Efforts to develop the system continue through the collaboration of the Information Technologies and Sales departments.

Through the CRM system, customer visits are planned and recorded, customer interactions are monitored, and potential sales opportunities are systematically evaluated. The system is planned to be enhanced with new functions in line with the needs of the sales teams.

Approximate Value of Payments Made to Suppliers

Item	Unit	2023	2024	2025
Import Volume	TL	2,345,630,600	7,174,336,792	8,177,930,881
Domestic Purchasing Volume	TL	5,631,229,700	8,875,504,707	11,052,097,161
TOTAL	TL	7,976,860,300	16,049,843,523	19,230,028,042

Number of Suppliers

Item	Unit	2023	2024	2025
Number of Import Suppliers	Units	23	23	35
Number of Domestic Suppliers	Units	724	1098	925

4.5. CONTRIBUTION TO THE LOCAL ECONOMY

Contributing to the economic and social development of the region of operation is regarded as one of the priority responsibilities. Since 2021, all employment has been provided from among the local population, directly supporting regional employment. In this way, contributions are made to employees' quality of life, and the economic prosperity of the region of operation is strengthened.

Priority is also given to collaboration with local businesses within the supply chain. As of 2025, 925 of a total of 960 suppliers are domestic companies. Thus, 96% of total suppliers consist of domestic suppliers. The strong collaborations established with local suppliers' support both operational efficiency and the creation of sustainable, long-term value for the regional economy.

Prioritizing collaboration with local suppliers not only contributes to the regional economy but also supports the reduction of environmental impacts. Managing procurement processes on a regional scale contributes to reducing logistics-related carbon emissions, shortening transportation distances, and decreasing energy consumption.

In 2025, approximately TL 11,052 million of the total procurement expenditure of approximately TL 19,230 million was made up of purchases from domestic suppliers. Thus, 57% of total procurement expenditure consisted of payments made to domestic companies. Through the local procurement approach, a contribution has been made to reduce transportation-related greenhouse gas emissions compared to import or long-distance procurement methods.





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5.OUR ENVIRONMENTAL PERFORMANCE

5.1. Our Environmental Approach

At Kocaer Çelik, the concept of environmental responsibility is integrated into all business processes, from decision-making processes to production activities. Reducing the environmental impacts of operations and using natural resources with future generations in mind are among the fundamental priorities. In this regard, environmental risks are systematically assessed, and projects focusing on innovation, resource efficiency and quality are implemented by considering environmental and economic impacts together.

Environmental management activities are carried out in line with the Environmental Policy and the Climate Change Mitigation and Adaptation Policy, and in compliance with the ISO 14001 Environmental Management System standard. The ISO 50001 Energy Management System is applied for the systematic management of energy performance. Through a science-based and proactive approach, the aim is to reduce environmental impacts, increase resilience against the effects of climate change on operations, and support the low-carbon transition. In 2025, no administrative fines or sanctions were encountered due to non-compliance with environmental legislation.

TCFD and TNFD frameworks are addressed through an integrated approach to holistically assess climate- and nature-related risks and opportunities. Considering the impacts of the iron and steel sector on nature and climate, as well as its dependencies on these areas, the value chain is included in the scope of analysis in addition to operations. The first integrated TCFD–TNFD report was completed in 2024. With the second report prepared in 2025, the scope of analysis was expanded, and the methodological depth increased. Integrated reporting efforts are planned to continue with updates in 2026 as well.

Within the scope of efforts based on the LEAP (Locate–Evaluate–Assess–Prepare) approach recommended by the TNFD, nature- and climate-related risks and opportunities throughout operations and the value chain are assessed using quantitative and qualitative methods. The analysis conducted revealed the determining role of Scope 3 emissions within the total carbon footprint; accordingly, strengthening value chain collaborations has been identified as one of the priority areas.



The score in the CDP Climate Change Program was raised from C to B, reaching the Management level, while the score in the CDP Water Security Program was raised from C to A-, reaching the Leadership level.

Within the scope of physical risks, the potential impacts of floods, inundation and water stress on production continuity are assessed, and water recovery, rainwater harvesting and advanced treatment applications are utilized to manage these risks. Within the scope of transition risks, the possible effects of CBAM/SKDM, emissions trading system regulations, and increasing demand for low-emission products are analyzed.

Life Cycle Assessment (LCA) and Environmental Product Declaration (EPD) studies are utilized to measure the environmental impacts of products using internationally valid methods and to share them transparently with stakeholders. As of 2024, LCA studies completed for five product groups and the EPD documents for five product groups were verified and published on the International EPD System platform in 2025. These studies and documents remain valid until 2028. The EPD documents can be accessed via the EPD Türkiye and International EPD System platforms.

Environmental performance within the scope of CDP programs, in which participation was first made in 2024, was improved in 2025. The score in the CDP Climate Change Program was raised from C to B, reaching the Management level, while the score in the CDP Water Security Program was raised from C to A-, reaching the Leadership level. In line with the results obtained, areas for improvement are monitored, and efforts to bring environmental performance to more advanced levels continue.

In 2025, total expenditure of TL 27.5 million was made within the scope of environmental activities, consisting of approximately TL 4.1 million in operating expenses and TL 23.4 million in environmental protection investments. In the same period, revenue of approximately TL 42.3 million was generated from climate-friendly energy production applications. Increasing employees' environmental awareness is regarded as an integral part of the environmental management approach. In this respect, information on environmental and waste management topics is provided through onboarding training, annual environmental training, and single-point lessons organized as needed. During the 2023–2025 period, a total of 2,466 people received training on 29 different topics. The training covered subjects such as carbon management, CBAM/SKDM, the green transformation in the Turkish steel sector, the Industrial Emissions Regulation, and the Green Industry Certificate.

Environmental Investments (TL)			
	2023	2024	2025
Total operating expenses of environmental activities	1,515,202.00	1,942,646.46	4,073,864.10
Total environmental protection investments	191,395,047.00	732,551.94	23,419,023.88
Total	192,910,249.00	2,675,198.40	27,492,887.98
	2023	2024	2025
Revenue generated from climate-friendly energy production applications (TL)	6,553,247.44	40,049,620.60	42,274,090.00

5.1.1. Biodiversity Conservation

At Kocaer Çelik, processes related to biodiversity are managed in line with the Biodiversity Policy and sustainability strategy published in 2024. Within the scope of this policy, commitment is made to support the uniqueness and diversity of natural life, evaluating the biodiversity impacts in areas of operation, and developing action plans accordingly. In new projects and investments, the company prioritizes minimizing the impact on biodiversity, protecting endangered or threatened species, and incorporating biodiversity into decision-making processes.

In biodiversity conservation efforts, the assessment of the current ecological situation is fundamental; collaboration with relevant public institutions, scientists, local governments, and other stakeholders is prioritized. For large-scale investments that may pose significant environmental and social risks, IFC Performance Standards and EBRD Performance Requirements are considered in order to assess biodiversity risks.

As part of its sustainability strategy, the company aims to develop collaborations with internationally active organizations in the field of biodiversity and to determine, measure, and manage the biodiversity impacts of its activities by 2030. Furthermore, the goal of supporting at least one biodiversity project, developed internally or externally, by 2026 has been fulfilled with the implementation of the Kocaer & Karaoklar Biodiversity Project. In line with the 2030 target, work continues on measuring the biodiversity impacts in its areas of operation, developing field-based data, and regularly monitoring the results.

Kocaer & Karaoklar Biodiversity Project

In order to support environmental sustainability, field-based projects are carried out considering local needs and the environmental impacts of operations. In this context, the Kocaer & Karaoklar Biodiversity Project, implemented in the Demirci district of Manisa, aims to establish a nature-friendly, sustainable agriculture and ecosystem model.

Within the scope of the project, which aims to establish an ecosystem resilient to the effects of climate change, 10 different native plant species have been planted, green belt areas have been established, and biological corridors have been created through lavender planting. Land observations, flora and fauna inventories, and soil analyses have been evaluated together, adopting a holistic restoration approach. The biogeographic location and topographic characteristics of the project area have also been considered, with the aim of protecting and enhancing the ecological diversity of the region.

During field studies, 60 animal species were recorded. Through the identified species and the local plants that have been planted, contributions are being made to strengthening habitat diversity and ecosystem services. The spur-thighed tortoise (*Testudo graeca*), one of the species observed in the project area, is listed in the "Vulnerable" category of the IUCN Red List of Threatened Species.

As part of the social dimension of the project, workshops on the protection of water resources have been organized, and education and awareness-raising activities have been carried out for the local community and children. The biological pest control seminar held raised awareness of the use of natural methods instead of chemical applications in agricultural production. The release of beneficial species such as bumblebees and ladybugs into nature has supported biological pest control and contributed to the preservation of ecological balance.

Through the training sessions held at village schools, the aim was to increase children's knowledge and awareness of biodiversity. Drawing and composition competitions held encouraged children's active participation in environmental and biodiversity issues.

To ensure the continuity of the project, regular communication is maintained with farm officials, and current developments in the field are closely monitored. In the most recent assessments, it was observed that the saplings planted within the scope of the project continue to grow healthily. In line with the prepared monitoring plan, the development of the green belts, biological corridors, and local plant species established in the project area, as well as the presence of species and changes in habitat conditions in the area, are regularly monitored.

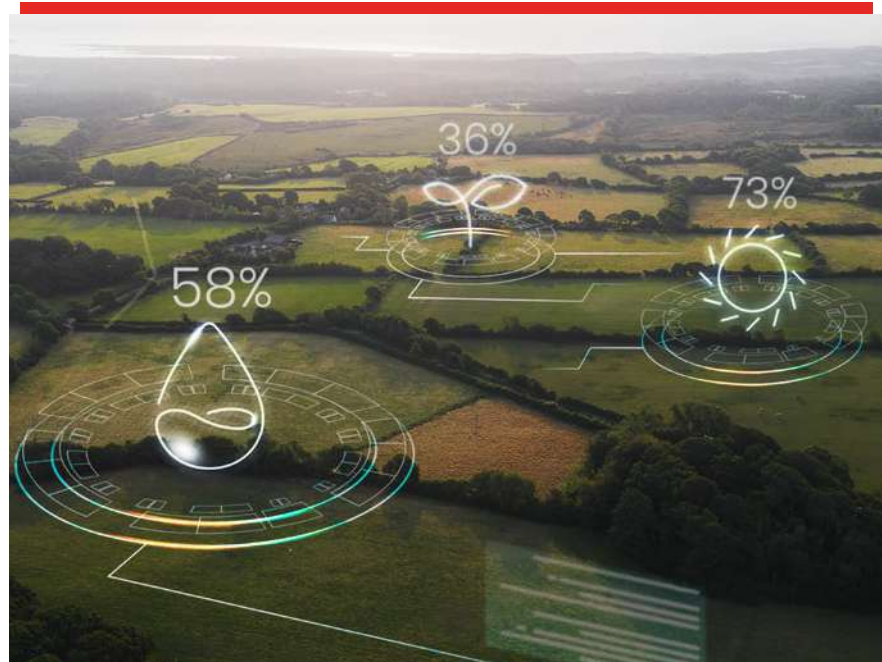
Based on the findings obtained, necessary maintenance and improvement efforts are carried out with the aim of protecting the species and habitats in the project area and ensuring the continuity of the practices.



5.2. Energy and Greenhouse Gas Management

A holistic management approach is implemented at the corporate scale to increase energy efficiency and reduce greenhouse gas emissions. Efforts are carried out at every stage of production processes to optimize energy consumption, to reduce the carbon footprint in line with science-based targets, and to expand the use of renewable energy. Energy and carbon management are regarded as a strategic element not only in terms of operational requirements but also in terms of preserving competitiveness, supporting the transition to a low-carbon economy, and fulfilling the responsibility of combating climate change.

Corporate- and product-level carbon footprint calculations are carried out to ensure compliance with the European Union Green Deal. Corporate carbon footprint studies are conducted in accordance with the ISO 14064-1:2018 standard and the GHG Protocol, with calculations performed across six categories covering direct and indirect emissions. The 2025 corporate carbon footprint calculations have been completed and verified by an accredited body.



The carbon footprint has been calculated regularly since 2021, and greenhouse gas emissions are monitored. In studies covering the parent company and its subsidiaries, 2022 is adopted as the base year in line with the science-based targets validated by SBTi, and Scope 1, Scope 2 and Scope 3 emissions are evaluated in detail. Based on the results obtained, the main emission sources are identified, and reduction efforts are carried out specifically for each scope and sub-category.

**The emissions calculations presented cover only the emissions arising from Kocaer Çelik's operations; emissions data from its subsidiaries are not included within the reporting scope.

Direct Energy	Unit	2023	2024	2025
Gasoline	liter	54,486	145,392	82,758
Diesel	liter	63,672	265,759	327,294
Natural Gas	Sm ³	24,471,695	23,808,937	28,406,691

Indirect Energy	Unit	2023	2024	2025
Purchased Electricity	kWh	35,110,600	37,702,910	32,369,374
Electricity Generated (Rooftop Solar Power Plant)	kWh	8,407,300	11,107,000	10,460,000

**Greenhouse Gas Emissions	Unit	2023	2024	2025
Scope 1	t CO ₂ e	48,791.30	47,720.69	56,829.70
Scope 2	t CO ₂ e	16,017.91	15,955.87	18,587.95
Scope 3	t CO ₂ e	1,064,912.00	909,784.92	1,344,136.40
Greenhouse Gas Intensity Per Product*	t CO ₂ e	1.63	1.49	1.87

*Calculated considering Scope 1, Scope 2 and Scope 3 emissions

* Calculated considering the total of Scope 1, Scope 2 and Scope 3 emissions. This indicator differs from the Scope 3 intensity target validated by SBTi. Progress tracking of the SBTi target is based on Scope 3 greenhouse gas emissions per ton of steel product produced.

In 2025, Scope 1 emissions amounted to 56,829.70 tCO₂e, Scope 2 emissions to 18,587.95 tCO₂e, and Scope 3 emissions to 1,344,136.40 tCO₂e. The distribution of emissions by scope and source category is monitored on a regular basis; efforts regarding energy efficiency, the use of renewable energy, the improvement of production processes, and the reduction of value-chain-related emissions are planned accordingly.

Following the application submitted to the Science Based Targets initiative (SBTi) in 2024, Kocaer Çelik's near-term and net-zero targets were validated by SBTi in 2025. In this context, Kocaer Çelik commits to:



•Reducing absolute Scope 1 and Scope 2 greenhouse gas emissions by 42% by 2030 compared to the 2022 base year,



•Reducing Scope 3 greenhouse gas emissions per ton of steel product produced by 51.6% by 2030 compared to the 2022 base year,



•Reducing absolute Scope 1 and Scope 2 greenhouse gas emissions by 90% by 2050 compared to the 2022 base year,



•Reducing Scope 3 greenhouse gas emissions per ton of steel product produced by 97% by 2050 compared to the 2022 base year,



•Achieving net-zero greenhouse gas emissions across the value chain by 2050.

Kocaer Çelik's corporate greenhouse gas emission reduction targets have been updated to align with the near-term and net-zero targets validated by SBTi, and it has been adopted that energy and carbon management efforts will be carried out in line with these targets. Scope 1 and Scope 2 performance is to be monitored based on absolute emissions, while Scope 3 performance is to be monitored based on emission intensity per ton of steel product produced.

In order to ensure progress toward the targets, efforts continue to develop energy efficiency applications, increase the use of renewable energy, transform production processes with low-carbon technologies, and reduce value-chain-related emissions. Performance benchmarking against SBTi targets will be carried out once the base year and reporting period data consistent with the target boundaries have been finalized.

Carbon calculations are also carried out within the scope of the Carbon Border Adjustment Mechanism, for which the European Union initiated a transition period in the last quarter of 2023. Efforts regarding the SAP-based data and reporting infrastructure continue to strengthen the alignment of commercial processes with CBAM requirements. In addition, the monitoring, reporting and verification processes carried out under the "Communiqué on the Monitoring and Reporting of Greenhouse Gas Emissions" are fulfilled every year.

In 2025, 32,369,374 kWh of grid electricity and 10,460,000 kWh of renewable electricity from rooftop solar power plant (SPP) systems were used. Total electricity consumption amounted to 42,829,374 kWh, with the share of renewable electricity in total electricity consumption reaching 24.42%. During the same period, 28,406,691 Sm³ of natural gas, 327,294 liters of diesel, and 82,758 liters of gasoline were consumed.

In order to increase energy efficiency, efforts are carried out such as replacing inefficient motors with high-efficiency motors, renewing motors requiring repair with next-generation motors, expanding the use of LED lighting, identifying heat losses on furnace surfaces, and evaluating waste heat recovery opportunities. Energy audits are prepared and energy managers are appointed at facilities to carry out energy management processes in a systematic manner. Energy efficiency training provided to employees is intended to increase awareness across the organization.

A revision was carried out on the closed-circuit cooling towers at the A2 Plant in 2025. The improvements achieved higher cooling efficiency with lower energy consumption, reduced the adverse effects of flow-rate reductions caused by diameter narrowing due to clogging, and improved process continuity.

As a result of the capacity increase and revision work carried out on the towers used for cooling rolling mill water, motor energy consumption over the same operating period was reduced from 165 kWh to 74 kWh. The improvement in cooling performance extended roll life and increased operational efficiency. The revisions carried out on the pump systems were aimed at extending roll and pass life, achieving water savings, and increasing system efficiency.

Permitting, engineering and project work continued in 2025 for the 24 MW installed-capacity Geothermal Power Plant (GPP) investment, for which a pre-license has been obtained, and the investment process is ongoing. Once the GPP is commissioned, it is intended that electricity consumption will be met from renewable sources and that approximately 103,872 tCO₂e of emissions will be avoided annually.

Commitment to Monitoring, Reporting and Transparency

In accordance with SBTi CNZS V2.0 Section 5.2 (Assessing Progress), Kocaer Çelik commits to conducting a comprehensive “End-of-cycle Assessment” at the end of each target cycle and subjecting these results to independent third-party verification.

While our company mobilizes all strategic levers to close emission gaps, it aims to already align with the principles of “Ongoing Emissions Responsibility” (Section 6), which will become mandatory after 2035. Kocaer Çelik aims not only to manage its own carbon footprint but also to lead the decarbonization of the energy and industrial systems in which it operates, thereby preserving its vision of being a Strategic Asset in the transition to the net-zero economy.

Kocaer Çelik and Its Affiliates: 2022-2025 SBTi Progress Report

a. Introduction and Reporting Scope

For Kocaer Çelik, managing emissions on the journey to net zero is not merely an environmental reporting standard, but a strategic risk-management discipline that determines the company's operational resilience and competitiveness in the global market. Prepared under the SBTi (Science Based Targets initiative) Corporate Net-Zero Standard V2.0 (CNZS V2.0) framework, this report analyzes our company's performance — as a “Category A” (Large-Scale Enterprise) entity — over the 2022-2025 period, using a transparent “best-efforts” approach.

This report covers the 2022-2025 reporting period for Kocaer Çelik and its affiliates (Kocaer Enerji, Kocaer UK, Yağız Nakliyat), presenting Scope 1 (direct), Scope 2 (energy indirect), and Scope 3 emission performance within the framework of corporate transparency principles.

Kocaer Çelik aims to integrate global decarbonization targets with its operational growth strategies. This report presents to stakeholders the progress made toward the 2050 net-zero vision, the structural constraints encountered, and the technological transformation roadmap.

b. Scope 1-2-3 Emission Performance Analysis

Emission trends over the 2022-2025 period have been analyzed in the context of our company's strategic growth and Asset Decarbonization Cycle.





Scope 1 (Direct) Emissions Performance Analysis

•Group Consolidated Scope 1 Emissions: From the 2022 base-year level of 45.509,60 tCO₂e, emissions increased by 26,80% to reach 57.703,72 tCO₂e in the 2025 reporting year. This temporary increase is a natural, timing-driven reflection of market-growth-driven capacity expansion in our steel rolling and support operations.

•Kocaer Çelik (Main Production): Our direct emissions increased by 27,06% compared to the base year, reaching 56.829,70 tCO₂e. This change was driven by increased equipment operating hours as part of our operational expansion. The fact that technologies such as green hydrogen — which would replace natural gas in the steel sector — have not yet reached commercial/infrastructural maturity at the global and local level (a structural constraint under SBTi CNZS V2.0) is transparently monitored within our strategic planning as a sectoral barrier limiting direct reductions in the short term.

Scope 2 (Indirect Energy) Emissions Performance Analysis

•Group Consolidated Scope 2 Emissions: From the 2022 base-year level of 14.288,98 tCO₂e, emissions rose by 30,55% to reach 18.653,99 tCO₂e in 2025.

•Kocaer Çelik (Main Production): Our indirect emissions from purchased electricity consumption rose by 30,40% as a result of operational growth, reaching 18.587,95 tCO₂e. To eliminate these emissions, a radical downward trend in our Scope 2 emissions is targeted through the supply of clean energy to the grid by our 120 MW hybrid SPP (Solar Power Plant) and GPP (Geothermal Power Plant) investments within Kocaer Enerji, whose ÇED (Environmental Impact Assessment) processes are progressing successfully.

Scope 3 (Value Chain Indirect Emissions) Performance Analysis

Total Scope 3 emissions, recorded at 918.173,51 tCO₂e in the 2022 base year, reached 1.422.178,80 tCO₂e in the 2025 reporting year. This 54,8% volumetric increase is a direct result of the growth in our production capacity. However, this growth has also brought with it our dependence on carbon-intensive inputs in the value chain and the expansion of our logistics network.

Emission Intensity Analysis: The temporary 8,8% increase in our Scope 3 emission intensity per unit of final product, from the 2022 base year to 2025 (in 2022, per tonne of steel product, 1,7245 tCO₂e, and in 2025, per tonne of steel product, 1,8763 tCO₂e) is a natural, timing-driven reflection of the high-volume capacity increases recorded during this period and the expansion of our global logistics distribution channels. This is not a regression that would pose a risk vis-à-vis the EU Carbon Border Adjustment Mechanism (CBAM) and sustainable-financing criteria; on the contrary, it is a strategic focus area that we actively manage through green procurement policies and low-carbon logistics partnerships across the value chain.

SBTi 2030 Target Alignment: Our committed emission-intensity reduction target of 51,6% for 2030 continues to be the main strategic anchor of our decarbonization roadmap. The temporary increase observed as of 2025 is part of our investment and preparation period on the way to this target. Levers such as the renewable electricity supply from Kocaer Enerji to be commissioned in the coming period, the introduction of green raw-material procurement criteria, and the high scrap-utilization rate in steel production form the basis of our strategic action plan, which will enable us to achieve, exactly on schedule, the 55,5% reduction momentum required for our 2030 targets.

c. Emission Reduction Actions and Strategic Roadmap

In accordance with the SBTi V2.0 implementation hierarchy, our activities are categorized as "Activity-level" and "Activity Pool-level."

c.1 Kocaer Çelik: Asset Decarbonization and Technical Review

Scope 1 (Direct Emissions):

•Short/Medium-Term Applications: Pilot studies for fuel switching (hydrogen) in heavy industrial equipment, and electrification-focused on-site operational research.

•Long-Term Research Areas: Asset Decarbonization Plan (CNZS-C10.2.c) framework: green hydrogen integration and aligning the retirement schedules of high-emission assets with science-based carbon budgets.

Scope 2 (Energy Indirect Emissions):

•Short/Medium-Term Applications: "Activity-level" actions aimed at increasing energy efficiency through waste-heat recovery projects.

•Long-Term Research Areas: Grid-integrated SPP (solar) and GPP (geothermal) investments involving "Activity Pool-level" interventions. In addition, with the aim of increasing transparency, "Scope 2 Hourly Matching" (CNZS-C32) participation in the system is intended.

Scope 3 (Value Chain Indirect Emissions) Emissions:

•Short/Medium-Term Applications: "Activity-level" actions such as introducing green raw-material procurement criteria to reduce the emission load in steel production processes, maintaining a high scrap-utilization rate in steel production, and achieving fuel-consumption control and route optimization via telematics systems within Yağız Nakliyat.

•Long-Term Research Areas: "Activity Pool-level" interventions that trigger systemic decarbonization across the grid and the value chain, via Kocaer Enerji's 120 MW GPP and 120 MW hybrid SPP investments — whose ÇED processes are progressing successfully and which are targeted for completion by 2030. Action plans aimed at achieving, exactly on schedule, the 55,5% reduction momentum required to reach the committed 51,6% emission-intensity reduction target for 2030, together with supplier green-procurement partnerships, are being pursued with determination

c.2 Kocaer Enerji: Renewable Energy and System Impact

•Short/Medium-Term Applications: Increasing operational efficiency at existing GPP (geothermal) facilities.

•Long-Term Research Areas: Supplying clean energy at the system level (Activity Pool) through hybrid SPP-GPP projects. These projects are the main lever of our strategy to minimize Scope 2 emissions by meeting the Group's total energy needs.

c.3 Yağız Nakliyat: Operational Efficiency and Logistics Transformation

•Short/Medium-Term Applications: Reducing operational emission intensity through fuel-consumption control and route optimization via telematics systems.

•Long-Term Research Areas: Technical feasibility studies of alternative fuel technologies for the heavy commercial vehicle fleet, as part of the transition to low-carbon logistics models.

Detailed Scope 3 Category Analysis (5% Threshold and Priority Emission Sources)

In accordance with the GHG Protocol and SBTi CNZS V2.0 criteria, in order to optimize resource allocation, a deeper analysis has been carried out on the "Significant Categories" that represent more than 67% of total emissions..

•Category 1: Purchased Goods and Services: This area, which constitutes more than 90% of the total Scope 3 inventory (2025: 1.308.759,00 tCO₂e), carries the main carbon load of steel production. Growth in the raw-material supply chain increases the importance of "Activity-level" interventions.

•Logistics and Fuel Impact (Categories 3, 4, and 9):

•Category 9 (Downstream Transportation): With the increase in global sales volume, emissions rose from 32.571,42 tCO₂e to 62.139,02 tCO₂e.

•Category 3 (Fuel- and Energy-Related Activities - Well-to-Tank): The "well-to-tank" emissions arising from the production and transport processes of the fuels used by Yağız Nakliyat's vehicle fleet constitute the hidden carbon load of our logistics operations. In accordance with SBTi CNZS-C5.6a, reporting these emissions on a "Well-to-Wake" (WTW) basis is part of our transparency standards.

Structural and Market-Driven Causes ("So What?" Analysis):

•Logistics Expansion and Structural Constraints: The increase in emissions from access to distant markets is largely related to the "structural constraints" arising from the fact that zero-emission heavy-vehicle and maritime-shipping technologies are not yet commercially ready at scale.

•Value Chain Transformation: The current increase is not merely volume growth; it also shows that we need a transformation in purchasing power that will push our suppliers toward low-carbon billet production.

•CBAM and Commercial Risk: Every unit increase in carbon intensity translates into a direct cost burden (carbon tax) when entering the EU market.

d. Emission Reduction Actions and the SBTi Net-Zero Mitigation Hierarchy

The SBTi Corporate Net-Zero Standard V2.0 requires actions to be classified under an "Implementation Hierarchy." Kocaer Çelik has placed this hierarchy at the center of its decarbonization strategy.

•Green Procurement (Activity-level Actions): In our upcoming steelworks project, maintaining a high scrap-utilization rate and applying low-carbon raw-material procurement criteria is the most direct (Activity-level) intervention made at the source of emissions. This is our fundamental lever for suppressing supply-chain emissions.

•Logistics Optimization (Activity-level Actions): Route optimization and fuel-efficiency efforts implemented within Yağız Nakliyat represent our operational control over Categories 4 and 9. This area will be scaled up to the extent that structural constraints (such as the lack of electric trucks, etc.) allow.

•Renewable Energy Synergy (Activity Pool-level Actions): The SPP (solar) and GPP (geothermal) investments carried out by Kocaer Enerji are a systemic contribution that lowers the overall carbon intensity of the value chain by supplying clean energy to shared energy systems (grid/activity pools). These investments are classified as "Activity Pool-level" actions under CNZS V2.0.

e. Monitoring, Reporting, and Transparency Commitment

Our 2025 emissions data serve as an important strategic compass for further optimizing our operational efficiency processes and accelerating our strategic raw-material transformation on the way to our 2030 decarbonization targets. In line with our sectoral leadership responsibility at the Category A level, we reaffirm our corporate transparency commitment with our independently accredited-audited (assured) data; we aim to offset the emission impacts brought about by volumetric growth with our operational-efficiency lever.

With full commitment to the "best-efforts" principle under the SBTi Net-Zero Standard (CNZS V2.0), we will resolutely increase our green-transition R&D efforts and technology investments in order to overcome the infrastructural and technological structural constraints in the steel sector. We are committed to sustaining our science-based net-zero roadmap as a long-term corporate value-creation lever across our entire value chain.

5.3. Water Efficiency and Wastewater Management

The responsible management of water resources is regarded as one of the fundamental elements of the environmental approach in terms of protecting ecosystems, adapting to climate change, and supporting production continuity. Water and wastewater management activities are carried out under the coordination of the Mechanical Maintenance and the Occupational Health, Safety and Environment (OHSE) and Energy Management units, with priority given to projects aimed at reducing water consumption, enabling the circular use of water, and developing alternative water sources.

The majority of the water required at the facilities is supplied from wells that holding Groundwater Usage Permits. Part of the water drawn is processed in a reverse osmosis system before being put into use. In production processes, water is used in various processes, primarily for cooling mechanical equipment and rolls and for lowering the temperature of the final product.

Cooling waters are collected via grated channels and, after undergoing physical sedimentation in sedimentation basins, are conveyed to cooling basins and towers. In the closed-loop system, water lost through evaporation is replenished with water supplied from the wells. Roll cooling waters, together with reverse osmosis and sand filter backwash waters, are collected in leak-proof recycling basins and reused in the process.

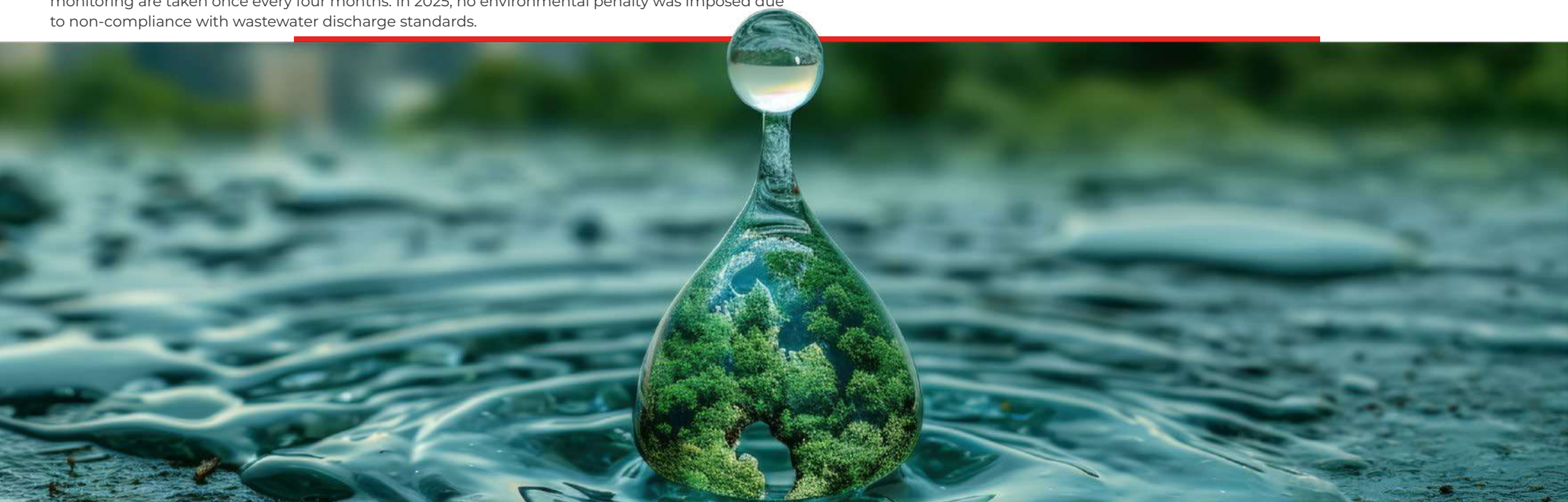
Domestic wastewater generated from personnel activities is treated at a biological wastewater treatment plant. Discharge standards are determined in accordance with the provisions of the Water Pollution Control Regulation relating to domestic wastewater, and samples for internal monitoring are taken once every four months. In 2025, no environmental penalty was imposed due to non-compliance with wastewater discharge standards.

In 2025, 309,899.12 m³ of groundwater, 35,385.05 m³ of rainwater, and 189.88 m³ of third-party water were used.

***Water intensity per product was reduced from 0.47 m³/ton to 0.41 m³/ton, an improvement of 14%.** Compared with 2023, groundwater withdrawal was reduced by 5% in 2025. Wastewater discharge volume was also reduced by 14% compared with 2023. Thus, progress was made toward the 2025 target of reducing water discharge and water use per unit of production by 17%, although the targeted reduction level was not fully achieved. This improvement was supported by leak detection studies and the commissioning of the MBR system in the second half of 2025.

Within the scope of the project carried out to increase the capacity of the biological wastewater treatment plant at the A2 Plant, the plant was redesigned using Membrane Bioreactor technology and commissioned in the second half of 2025. MBR technology was preferred due to its low energy consumption, low greenhouse gas emissions, and the ability to reuse treated water for garden irrigation and in processes. The applicability of the project at other plants is planned to be evaluated in future periods.

Efforts continue to expand rainwater harvesting systems to reduce dependence on water supplied from natural sources. Rainwater harvesting systems are in place at the A2 Plant and KSC, while projects for the A1 and A3 plants continue on a phased basis. The system planned for A3 is intended to be used for the fire line, process water, and landscape irrigation, while the storage system planned for A1 is intended to support process water needs.



Water Footprint (m³)			
	2023	2024	2025
Water Consumption	328,424.45	310,575.00	309,899.12
Wastewater Discharge	59,916.20	60,013.30	51,152.83
**Water Use Per Unit of Production (m³/ ton of product)	0.39	0.38	0.34

*Water intensity per product is calculated by dividing the total amount of well water drawn in the relevant year by the tonnage of production achieved in the same year.

**Water usage per unit of production is calculated by dividing the amount of well water drawn for production activities alone in the relevant year by the tonnage of production achieved in the same year.

Total Volume of Water Withdrawn (m³)			
	2023	2024	2025
Groundwater	328,424.45	310,575.00	309,899.12
Rainwater	27,773.23	36,132.02	35,385.05
Third-Party Water (Municipal Water, etc.)	10,269.45	150.95	189.88

	2023	2024	2025
Wastewater Discharge (m³)	59,916.20	60,013.30	51,152.83

Within the scope of the water management targets;

·Reducing water use by source by 2030,

·Reducing wastewater discharge volume and water use per unit of production by 17% by 2030 compared to the 2023 base year,

·Increasing the total ratio of water recycled in processes by 15% by 2030 compared to the 2023 base year,

·Implementing rainwater harvesting systems at all plants and locations by 2030 are targeted.

Efforts to increase the total ratio of water recycled in processes remained at the research and development stage in 2025, and no measurable progress was achieved on the target indicator. Nevertheless, the reuse of cooling waters in a closed loop continued, and the recovered water ratio was maintained at approximately 60%.

5.4. Circularity and Waste Management

Within the scope of the circular economy approach, which is based on the efficient use of resources, priority is given to preventing waste generation, separating generated waste at source, reusing it, and recovering it. Waste management is addressed not merely as a legal obligation but as a fundamental management area that ensures the reduction of environmental impacts and the development of resource efficiency.

Waste management processes are carried out under the coordination of the Occupational Health, Safety and Environment (OHSE) and Energy Management unit, in accordance with the relevant national legislation, the ISO 14001 Environmental Management System, the Management Policy, and the Waste Management Procedure. A Basic Level Zero Waste Certificate was obtained for three facilities in 2021 and for one facility in 2022. Data regarding the activities carried out under the Zero Waste Regulation and the packaging waste collected are recorded through the e-ÇBS Zero Waste Information System.



Waste generated as a result of operations is classified as recoverable, domestic, hazardous, medical, electronic, excavation, and contaminated waste. Waste is collected separately at source, labeled appropriately, and stored separately by type in temporary waste storage areas. Hazardous and contaminated waste is stored on appropriate equipment to prevent leakage and overflow risks.

Companies licensed by the Ministry are engaged for the transportation, recovery, and disposal of waste. Waybills, invoices, and license documents relating to the waste delivered are recorded, and the quantities sent are tracked through the Waste Tracking Form. Hazardous waste is stored in temporary storage areas in accordance with the legally required time limits, and waste that cannot be recovered is sent to licensed disposal facilities.

In 2025, a total of 39,394 tons of waste was generated, comprising 2,726 tons of hazardous waste and 36,668 tons of non-hazardous waste. Hazardous waste was directed toward energy recovery, while recyclable non-hazardous waste was directed toward recycling. Domestic waste was ensured to be transported by the municipality to a regular storage facility.

The amount of hazardous waste recovered increased from 1,837 tons in 2023 to 2,595 tons in 2025, an increase of 41.26%. This represents performance above the target of achieving a 10% increase by 2028. The amount of non-hazardous waste recovered decreased from 304 tons in 2023 to 284 tons in 2025, a decrease of 6.58%. As a result, no progress was achieved toward the 10% increase target for non-hazardous waste.

The amount of recyclable packaging increased from 32 tons in 2023 to 51 tons in 2025, an increase of 59.38%. Training was provided to strengthen source separation in the field, and the number of waste collection equipment units was increased.

Recycled and recyclable raw materials are utilized in order to support the circularity approach in production processes. In 2025, 47% of the billet procured consisted of products manufactured via the electric arc furnace route and 53% via the basic oxygen furnace route. The recoverability ratio of the structural steel, mining profile, and galvanized steel products manufactured was maintained at 95.7%.

In 2025, a total of 22,444.38 tons of material was assessed within the scope of the circular economy, comprising 20.1 tons of mixed metal, 165 tons of chips/shavings, and 22,259.28 tons of scrap. Within the scope of reused or recycled packaging, 82 kg of plastic packaging and 8,295 units of wooden packaging were recorded.

In addition, within the scope of efforts to bring organic waste into the circular economy, the practice of processing waste generated during meal preparation and consumption through composting continued.

“From Soil to Table From Table to Feed”

Within the scope of the “From Soil to Table, From Table to Feed” project, organic waste is processed and converted into feed for stray animals. In 2025, 3,600 kg of organic waste was assessed within this scope, an increase of 323.53% compared to 2023. [MO1.] Delivering the feed produced to the stray animals at the Menemen Life Area was intended [MO2.] to create environmental and social benefit together.





Within the scope of the circular economy targets;

•Increasing the amounts of hazardous and non-hazardous waste recovered by 10% by 2028 compared to the 2023 base year,

•Increasing the amount of recyclable packaging by 5% by 2026 compared to the 2023 base year,

•Reducing chemical use by 2026,

•Increasing the ratio of reused and recycled waste,

•Increasing the number of product groups with an environmental product declaration and life cycle analysis are targeted.

In order to reduce chemical use, it was planned to control boron oil use at KSC through an automatic dosing system, to reduce the amount of chemicals used in galvanizing degreasing baths, and to implement a paint kettle application at the A3 Plant. However, these projects were not put into practice in 2025. The target relating to the eco-label application was found not to be applicable under current conditions.

Waste by Type		Unit	2023	2024	2025
Hazardous Waste	Liquid Waste	L	1,420,380	1,222,540	1,692,300
	Contaminated Waste	kg	54,720	58,360	45,820
	Waste Oil	kg	35,740	31,340	21,180
	Electronic Waste	kg	-	5,860	-
	Medical Waste	kg	-	122	64
	Hazardous Waste	kg	-	590,000	966,700
Non-Hazardous Waste	Waste Paper	kg	16,080	20,390	25,681
	Domestic Waste	kg	263,478	375,807	400,210
	Wood Waste	kg	-	450,240	179,160
	Waste Plastic	kg	16,710	19,910	26,171
	Waste Metal	kg	17,834,240	25,128,190	22,424,284
	Waste Battery	kg	23	36	27
	Non-Hazardous Waste	kg	-	16,656,646	13,612,467

Amount of Waste Recycled as Input (tons)	2023	2024	2025
Mixed Metals	37.5	20.78	20.1
Chips/Shavings	717.84	414.31	165
Scrap	14,398.94	24,693.10	22,259.28
Total	15,154.28	25,128.19	22,444.38



Transformation with *Humanity*

People are at the heart of
transformation.



6. Our Social Performance

6.1. Our Social Performance Management

Our social performance approach is structured around building a working culture in which employees can realize their potential, feel safe and valued, and have equal access to development opportunities. In 2025, activities were carried out with an average of more than 1,100 employees, and human resources practices were implemented with the aim of improving employee experience, strengthening corporate competencies, and supporting sustainable employment.

The aim is to create a fair, transparent, equal, and inclusive experience for employees, customers, business partners, and other stakeholders. The approach in this area is shaped in line with the Human Rights Policy, the Human Resources Policy, the Integrated Management System Manual, and the Code of Business Ethics Guide. In order to clearly set out the corporate approach and commitments regarding human rights, it was targeted to prepare the Human Rights Policy by 2025 and publish it on Kocaer Çelik's corporate website. This target has been achieved with the preparation and public disclosure of the policy. In developing its practices, the company observes the United Nations Global Compact, the United Nations Women's Empowerment Principles, the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises.

Human resources processes are managed by the Employee and Organizational Development unit, reporting to the General Manager, under the leadership of the Deputy General Manager for Employee and Organizational Development. Matters relating to employee rights, remuneration, fringe benefits, performance management, training, talent management, and career development are addressed within the framework of the relevant policies, procedures, and instructions. The implementation of sustainable human resources management systems, the effective management of human-resource-related risks and opportunities, compliance with legal obligations, and the digitalization of human resources processes are among the key strategic priorities.

Occupational health and safety is regarded as one of the fundamental elements of all operations. Focus is placed on developing a safe working culture through risk analyses, field audits, employee participation, training, and emergency preparedness. The social performance approach is not limited to the workplace; social benefit is also supported through activities carried out in the fields of education, youth vocational development, gender equality, sports, volunteering, animal welfare, and regional development.



6.2. Employee Satisfaction and Engagement

Employee opinions are regarded as an important input in the development of human resources practices. Views regarding working conditions, fringe benefits, work-life balance, career opportunities, management practices, and overall employee experience are monitored periodically through the Employee Opinion Survey.

In addition, an Exit Survey is administered to employees who voluntarily leave the company, and employee feedback is also collected through suggestion boxes and direct communication channels. The results obtained are evaluated by the Human Resources unit and senior management, and improvement efforts are carried out in areas identified for development.

Preparations for administering the Employee Opinion Survey more effectively and traceably through the new digital infrastructure were completed in 2025, and the survey is planned to be conducted in the following period. During the reporting period, employee feedback continued to be collected through Exit Surveys, suggestion boxes, and direct communication channels. With the new system going into operation, it is intended that employee opinions will be tracked more regularly and that actions based on the results obtained will be managed more effectively.

Social, cultural and sporting events are organized to strengthen employee engagement and corporate belonging. Communication, solidarity, and team spirit among employees are supported through social clubs, special-day events, service recognition ceremonies, Friday breakfasts, and internal gatherings.

In order to support employees in leading a physically and socially active life, the MultiSport Program was made available to employees in 2025. Under the program, employees were provided with access, through a single card, to thousands of gyms and activity centers across Türkiye within the MultiSport network.

In addition to more than 700 gyms and activity centers in and around İzmir, access was also provided to affiliated facilities in İstanbul and Denizli. Through various sports and activity options such as fitness, swimming, pilates, yoga, dance, boxing, and tennis, the aim was to support employees' active lifestyle habits, social participation, and motivation. The flexible membership model allowed employees to use the program according to their individual needs.



6.3. Digitalization in Human Resources, Talent Management and Career Development

Digitalization efforts continued in 2025 in order to make human resources processes more accessible, traceable, and efficient. Recruitment, onboarding, and learning modules were activated on the SuccessFactors platform; process analyses, job descriptions, competency matrices, and the training catalogue were aligned with the system infrastructure. Within the scope of phased work, organizational changes were transferred into the system, and improvements were made in line with user feedback.

Significant infrastructure work was carried out toward the target of commissioning the Personnel Assessment System by the end of 2025. A system design was developed to associate company, departmental, and individual targets with employee responsibilities, core competencies, position-level-based critical competencies, and behavioral indicators. The setup and integration process for the full-scale rollout of the system has been carried forward to 2026, and work continues in line with the defined scope.

A digital infrastructure has been developed to carry out travel advance and expense management processes via SAP Fiori. The application aims to reduce manual processes, make approval workflows centralized and traceable, increase data accuracy, and establish a structure integrated with the human resources systems.

Through the Nexibee Document Tracking Project implemented in 2025, the tracking of the legal and professional documents required for employees' positions was moved to a digital environment. The documents that employees are required to hold in line with their duties, including those relating to the Vocational Qualifications Authority, the Ministry of National Education, Lifelong Learning, and emergency-response qualifications, were reviewed on a position-by-position basis.

The necessary revisions and system entries were completed, and integration between Nexibee and SuccessFactors was achieved. This has created a structure enabling the tracking of document validity periods, the systematic monitoring of renewal dates, and the planned execution of renewal work.

Efforts continued to use RPA applications for tracking certificate validity periods, carrying out training processes, performing data entries, and automating repetitive transactions. These applications, used particularly in high-workload areas such as quality control, human resources, and planning, have supported employees in allocating more of their time to work requiring analysis, decision-making, and expertise.

Employment and Turnover (Türkiye)	Unit	2023	2024	2025
New Hires - Total	Person	562	614	380
White Collar	Person	66	79	52
Blue Collar	Person	496	535	328
Departures - Total	Person	435	488	455
White Collar	Person	38	42	45
Blue Collar	Person	397	446	410
TOTAL		997	1102	835

By Gender	Unit	2023	2024	2025
Male - Hires	Person	539	581	362
	Ratio	96%	95%	95%
Male - Departures	Person	425	475	435
	Ratio	98%	97%	96%
Female - Hires	Person	23	33	18
	Ratio	4%	5%	5%
Female - Departures	Person	10	13	20
	Ratio	2%	3%	4%
TOTAL		997	1102	835

6.4. Employee Rights, Remuneration and Fringe Benefits

Remuneration practices are carried out in accordance with the Wage and Fringe Benefits Instruction contained in the Human Resources Manual. Entry-level wages are determined taking into account professional experience, the job value of the position, duties and responsibilities, and internal wage equity. Employee wages are evaluated within a holistic structure comprising base salary, wage supplements, overtime payments, bonuses and incentives, and fringe benefits and social assistance. Wage increases are made once or twice a year, in line with economic conditions and inflation developments.

In 2025, employees continued to be provided with heating assistance, holiday allowance, education assistance at the primary, secondary, and higher education levels, child assistance, birth assistance, marriage assistance, death assistance, and shoe vouchers. In addition, rights such as maternity/paternity leave, health services, retirement benefits, life insurance, and disability and incapacity insurance were provided. Fringe benefit amounts were updated in 2025 taking into account employee needs and economic conditions.

In 2025, all of the 2 female and 48 male employees entitled to parental leave benefited from this right. Of these, 1 female and 48 male employees returned to work after completing their leave. Whether employees returning from parental leave remain in employment for at least 12 months is tracked upon completion of the relevant measurement period.

The Disciplinary Procedure is applied in order to maintain working order, safety, and fair functioning. The duties and powers of the Disciplinary Board, as well as the processes and sanctions applicable in various situations, are clearly defined in this procedure. The Internal Control Procedure ensures that business processes are carried out in compliance with legislation, internal company regulations, and authorization structures.

The principles of conduct and decision-making approach expected of employees are set out in the Code of Business Ethics. Situations considered to be contrary to ethical principles can be reported to etik.kurul@kocaersteel.[MOI.1]com in accordance with the Procedure for Reporting Internal Irregularities and the Ethics Hotline. Reports are reviewed by the Ethics Board with due regard to confidentiality, and where a violation is identified, the necessary processes are initiated within the framework of the relevant procedures.

By Age	Unit	2023	2024	2025
Age 18-30 - Hires	Person	249	326	198
	Ratio	44%	53%	52%
Age 18-30 - Departures	Person	168	233	206
	Ratio	39%	48%	45%
Age 31-40 - Hires	Person	123	146	102
	Ratio	22%	24%	27%
Age 31-40 - Departures	Person	89	127	129
	Ratio	20%	26%	28%
Age 41-50 - Hires	Person	153	125	61
	Ratio	27%	20%	16%
Age 41-50 - Departures	Person	132	108	96
	Ratio	30%	22%	21%
Age 51-60 - Hires	Person	37	16	17
	Ratio	7%	3%	4%
Age 51-60 - Departures	Person	44	19	20
	Ratio	10%	4%	4%
Age Over 60 - Hires	Person	0	1	2
	Ratio	0%	0%	1%
Age Over 60 - Departures	Person	2	1	4
	Ratio	0%	0%	1%
TOTAL		997	1102	835

Employees Taking Parental Leave	Unit	2023		2024		2025	
		Female	Male	Female	Male	Female	Male
Employees entitled to parental leave	Number	0	48	3	43	2	48
Employees taking parental leave	Number	0	48	3	43	2	48
Employees returning to work after parental leave	Number	0	48	2	43	1	48
Employees returning to work after parental leave who remain employed for at least 12 more months	Number	0	42	0	9	0	5

6.5. Talent Management and Career Development

The development of employees' technical, managerial, and behavioral competencies is regarded as one of the fundamental elements of sustainable success. Training and development efforts are planned taking into account the needs of various roles, employee groups, and business processes. Through training covering all staff, from senior executives to blue-collar employees, the aim is to strengthen professional competence, leadership skills, and the capacity to adapt to the changing business world.

Under the umbrella of Kocaer Akademi, established within the scope of the Kocaer Management and Excellence System, training is offered on technical topics such as 5S, Kaizen, Autonomous Maintenance, and sustainability, as well as on behavioral and managerial topics such as business ethics, gender equality, time management, meeting techniques, and leadership.

Newly hired employees are provided with Human Resources onboarding orientation, together with occupational health and safety and Information Security Management System awareness training. Mandatory training within the scope of the Personal Data Protection Law (KVKK), private security, ADR, first aid, hazardous materials safety consultancy, and foreign trade legislation is carried out on a regular basis. Vocational training such as manlift, forklift, and overhead crane operator training is also provided in line with the qualifications required by the relevant duties.

In order to develop the professional and managerial competencies of engineers, training has been provided by the Deputy General Manager for Employee and Organizational Development. The training addressed topics such as the PDCA cycle, leadership, problem-solving, and the continuous improvement approach, with the aim of supporting employees' active participation in business processes and a development-oriented management approach.

In order to develop employees' competencies in low-carbon transformation, digitalization, and next-generation technologies, participation is supported in training, seminars, and events on current topics such as carbon management, the Carbon Border Adjustment Mechanism, digital product passports, artificial intelligence, and energy efficiency.

In 2025, a total of 48,390 person-hours of training were provided to employees. Of these, 16,653 hours were devoted to professional development, 704 hours to personal development, 30,385.5 hours to occupational health and safety, and 647.5 hours to leadership and other development areas.

Training on developing environmental awareness comprised a total of 1,814 participations and 2,170.5 person-hours of training. Training relating to corruption-related risks was completed by 1,137 employees, with a training completion rate of 100%. Training provided to interns and students under the Vocational Education Center (MESEM) program is also included in the training performance data.

Internship programs are carried out in order to support young people's professional development and to provide them with the opportunity to closely experience working life. In 2025, internship opportunities were provided to 107 students. Of the students who successfully completed the internship program, 6 were employed by the company. The number of students provided with internship opportunities increased by approximately 34% compared with the 80 students in 2024.

In 2025, participation was provided in career fairs organized by universities and vocational high schools in order to reach young talent, promote career and internship opportunities, and strengthen the employer brand.

6.5.1. Rolling Mill Shift Supervisor Development Program

In order to support employees' professional and managerial development, strengthen the internal talent pool, and train qualified candidates for shift supervisor roles, the Rolling Mill Shift Supervisor Development Program was launched in 2026. Eight employees were included in the program.

The program is designed as a five-stage development process comprising candidate selection, training modules, field applications, interim assessments, and a final assessment. Participants are trained in technical knowledge, quality, occupational health and safety, operations management, and leadership; theoretical training is supported by field-based practices such as shadowing, task assumption, and observation of shift flow. Through the program, the aim is to systematically support employees' career development and preparation for new responsibilities.



Participation was provided in the Ege Career Fair held at Manisa Celal Bayar University on 26-27 February 2025, where students and recent graduates were informed about career, internship, and recruitment opportunities. The one-on-one meetings held expanded the pool of potential candidates and strengthened university-industry communication.

Participation was provided in the Hamdi Başaran Vocational and Technical Anatolian High School Career Fair on 22-23 May 2025. Students receiving vocational and technical education were informed about the iron and steel sector, professional development, and internship opportunities, and direct communication was established for future internship and employment processes.

Participation was provided in the Yaşar University Career Fair on 28 May 2025, where career opportunities at Kocaer Çelik were introduced to students and graduate candidates from various disciplines. Preliminary interviews with qualified candidates supported talent acquisition processes.

The Kivılcımdan Ustalığa (From Spark to Mastery) Project was implemented in 2025 in cooperation with ALOSBi Vocational and Technical Anatolian High School, within the scope of the Vocational Training Center model. The project aims to reinforce students' theoretical knowledge gained at school through practical training in the workplace, to develop their professional competencies, and to contribute to the qualified workforce needs of the iron and steel sector.

Students in the program were placed in the Electrical Maintenance, Mechanical Maintenance, Operations (Smelting), Machining (CNC Turning), and Industrial Automation units. Students were given the opportunity to receive practical training by participating in real business and production processes under the guidance of master trainers and department heads. In this process, in addition to technical skills, experience is also gained in occupational health and safety culture, teamwork, and production discipline.

The project, which contributes to strengthening school-industry cooperation, aims to increase young people's professional development and employability. The project continues to be actively carried out in 2026, with 16 MESEM students continuing their training in the relevant units. Professional development training also includes training on occupational health and safety.

All Training (By Type)	Unit	2023	2024	2025
Professional Development	Hours	22,593.00	13,007.50	16,653.00
Personal Development	Hours	283.00	1,542.00	704.00
OHS	Hours	29,222.50	20,037.00	30,385.50
Other (e.g. Leadership)	Hours	298.50	390.50	647.50
Total Training Hours	Hours	52,397.00	34,977.00	48,390.00
Environment-related training provided to employees	Unit	2023	2024	2025
Training sessions	Hours	1,515.00	1,469.50	2,170.50
Trainees	Person	1,344.00	963	1,814

By Employment Type	Unit	2023	2024	2025
Blue Collar	Person*Hours	45,712.00	24,863.00	38,585.50
Blue Collar	Person	12,192.00	9,645	13,944
White Collar	Person*Hours	5,841.00	8,720.00	8,916.50
White Collar	Person	2,342.00	3,126	3,080
Subcontractor Employees	Person*Hours	844.00	1,394.00	888.00
Subcontractor Employees	Person	812	1,207	769
TOTAL		52,397.00	34,977.00	48,390.00

TRAINING INVESTMENTS (All Training)				
By Employee Category	Unit	2023	2024	2025
Senior Executives	Person*Hours	126.50	109.50	158.50
Senior Executives	Person	44.00	45	48
Mid-Level Managers	Person*Hours	538.00	555.50	503.50
Mid-Level Managers	Person	188.00	201	150
Other Employees	Person*Hours	51,732.50	34,312.00	47,728.00
Other Employees	Person	15,114.00	13,732	17,595
TOTAL		52,397.00	34,977.00	48,390.00

By Gender	Unit	2023	2024	2025
Male	Person*Hours	50,323.00	32,263.00	45,012.50
Male	Person	14,534.00	12,921	16,489
Female	Person*Hours	2,074.00	2,714.00	3,377.50
Female	Person	812	1,057	1,304
TOTAL		52,397.00	34,977.00	48,390.00

6.6. Diversity, Equity and Inclusion

Equal opportunities are provided to all employees without discrimination on the basis of ethnicity, gender, color, race, nationality, economic status, disability, age, or religious belief. Recruitment, remuneration, training, performance evaluation, career development, and promotion processes are carried out on the basis of merit and the competencies required by the role.

A zero-tolerance approach is adopted toward child labor, forced or compulsory labor, mistreatment, undeclared employment, violence, harassment, and discrimination. Employees' freedom of association and expression is respected, and the sharing of views in a safe and respectful environment is supported. Expectations regarding human rights are reflected not only in relationships with employees but also with suppliers and business partners.

As of the end of 2025, the company has a total of 1,113 employees, comprising 69 women and 1,044 men. Of the female employees, 59 hold white-collar positions and 10 hold blue-collar positions. The ratio of female employees was approximately 6.2%. In senior management, there were 1 female and 8 male employees, while in mid-level management there were 15 female and 53 male employees. The representation ratio of women in mid-level management reached approximately 22%.

It was targeted to increase the number of white-collar female employees by 35% by 2025, based on the 2022 base year. The number of white-collar female employees rose from 32 in 2022 to 59 in 2025, an increase of 84.4% compared with the base year. The target set for 2025 has thus been significantly exceeded. Efforts continue to sustain the progress achieved and to support women's participation in qualified employment.

WORKFORCE		2023	2024	2025
Other Groups	Unit			
Foreign	Female	0	1	1
	Ratio			
	Male	0	0	0
	Ratio			
Disabled	Female	1	1	2
	Ratio	2%	1%	3%
	Male	18	26	22
	Ratio	2%	2%	2%
By Management Category	Unit	2023	2024	2025
Senior Management	Female	1	1	1
	Ratio	2%	1%	1%
	Male	6	6	8
	Ratio	1%	1%	1%
Mid-Level	Female	10	12	15
	Ratio	19%	16%	22%
	Male	30	36	53
	Ratio	3%	3%	5%
Mid-Level	Female	41	60	54
	Ratio	79%	82%	78%
	Male	932	1034	982
	Ratio	96%	96%	94%
TOTAL		1020	1149	1113

It was targeted to increase the number of female employees in senior and mid-level management positions by 30% by 2025, based on the 2020 base year. As of the end of 2025, a total of 16 female employees held management positions, comprising 1 in senior management and 15 in mid-level management. As a result of the increase achieved compared with the base year, the 2025 target has been met. Practices continue in order to prepare female employees for managerial roles, develop their competencies, and support their access to career opportunities, and the 2050 target remains valid.

The employment of people with disabilities is regarded as one of the important elements of an inclusive working environment. As of the end of 2025, a total of 24 employees with disabilities were employed, comprising 2 women and 22 men.

Within the scope of the Project for Developing a Model for the Empowerment of Women in the Manufacturing Industry, supported in 2024 and carried out in cooperation with UNDP, TİSK, the T.R. Ministry of Industry and Technology, and the European Union, the technical and personal development of female employees was supported. Training provided by MEXT to female STEM graduates covered topics such as business management, production-floor experience, Industry 4.0, basic programming, green transformation, digital literacy, and cybersecurity. The two female employees employed within the scope of the project continued to serve in the Information Technology Department in 2025.

Following the Gender Equality Awareness Workshop held to disseminate a culture of gender equality across the organization, the topic of gender equality, which was included in sustainability onboarding training in 2024, was again conveyed to employees in all onboarding training in 2025. This aims to develop awareness of equality and inclusion among various employee groups, ranging from production to management and including interns.

By Gender	Unit	2023	2024	2025
Male	Person	968	1076	1044
	Ratio	94.9	93.6	93.8
Female	Person	52	73	69
	Ratio	5.1	6.4	6.2
By Age	Unit	2023	2024	2025
Ages 18-30	Female	12	28	22
	Ratio	23%	38%	32%
	Male	266	335	265
	Ratio	27%	31%	25%
Ages 31-40	Female	21	24	28
	Ratio	40%	33%	41%
	Male	320	337	327
	Ratio	33%	31%	31%
Ages 41-50	Female	14	15	13
	Ratio	27%	21%	19%
	Male	304	321	330
	Ratio	31%	30%	32%
Ages 51-60	Female	5	6	8
	Ratio	10%	8%	12%
	Male	73	77	110
	Ratio	8%	7%	11%
Over 60 Years Old	Female	-	-	-
	Ratio	-	-	-
	Male	5	6	10
	Ratio	1%	1%	1%
TOTAL		1020	1149	1113

By Type of Employment	Unit	2023	2024	2025
White Collar - Women	Person	44	61	59
White Collar - Men	Person	110	128	143
Blue Collar - Women	Person	8	12	10
Blue Collar - Men	Person	858	948	901
TOTAL		1020	1149	1113
By Type of Contract	Unit	2023	2024	2025
Indefinite Term - Female	Person	44	66	68
Indefinite Term - Male	Person	876	977	1043
Fixed Term - Female	Person	8	7	1
Fixed Term - Male	Person	92	99	1
TOTAL		1020	1149	1113

6.7. Occupational Health and Safety

Protecting the health and safety of employees and other people who may be affected by operations is regarded as one of the fundamental responsibilities. Systems are developed and the necessary human resources, technical infrastructure, and corporate resources are provided in order to prevent occupational accidents and make working environments safer.

Occupational health and safety activities are carried out under the coordination of the Occupational Health, Safety and Environment (OHSE) Department and in accordance with the OHS Policy. The conformity of the OHS management system is assured under the ISO 45001 Occupational Health and Safety Management System standard. The identification of risks, the development of control measures, field audits, employee participation in processes, training, and emergency preparedness constitute the fundamental components of the OHS management approach. A total of 24 members serve on four OHS committees, including four employee representatives.

Practices implemented in 2024 to prevent occupational accidents and strengthen a safe working culture were continued in 2025. Risks and areas for improvement in work areas were monitored through the Senior Board System, Announced Safety Tours, and OHS-focused 5S audits. In order to continuously improve occupational safety performance, 15 Announced Safety Tours were conducted in 2025. In addition, the use of the Lifting Equipment Control Stations, established to monitor the safe use of lifting equipment, continued.

It was targeted to increase the number of events held to disseminate a safety culture across the organization by 25% by 2025, based on the 2023 base year. Participation by employees and local stakeholders in the process was supported through OHS Week events, an OHS slogan competition for employees, a drawing, poetry and composition competition for students, Announced Safety Tours, OHS-focused 5S audits, and other awareness efforts. As a result of these efforts, the targeted increase in the number of events was achieved, and the 2025 target has been met.



OCCUPATIONAL HEALTH AND SAFETY

Workplace Accidents	Group	Unit	2023	2024	2025
Near Miss	Company	Number/Year	53	58	112
	Subcontractor	Number/Year	0	0	0
Lost Time Injury Count	Company	Number/Year	233	305	236
	Subcontractor	Number/Year	0	0	0
Lost Workday	Company	Number/Year	3,910	5,097	6,645
	Subcontractor	Number/Year	0	0	0
Non-Lost Time Injury Count	Company	Number/Year	91	166	134
	Subcontractor	Number/Year	0	0	0
Lost Time Injury Rate (Number of Accidents x 1,000,000) / Total Working Hours	Company	Ratio	152.60	198.90	181.20
	Subcontractor	Ratio	0,00	0,00	0,00
Death	Company	Number/Year	0	0	0
	Subcontractor	Number/Year	0	0	0
Severity Rate (Lost Time x 1000) / Total Working Hours	Company	Ratio	1.84	2.15	3.30
	Subcontractor	Ratio	0,00	0,00	0,00
Occupational Disease Rate (ODR) Number of Occupational Diseases x 1,000,000	Company	Ratio	0.00	0.00	0.00
	Subcontractor	Ratio	0.00	0.00	0.00

Within the scope of Occupational Health and Safety Week, a graffiti work was created on the cafeteria wall in order to increase OHS awareness in employees' common areas. Completed before OHS Week, the work featured the message “People First, Do Not Take Risks, Work Safely”, emphasizing the place of human health and a safe working culture among corporate priorities.

Through the power of visual communication, the work aims to keep OHS principles continuously visible in the daily working environment, strengthen employee awareness of safe behaviors, and support a shared safety culture.

In order to develop employees’ knowledge and awareness of OHS, a total of 36,021.5 person-hours of OHS training was provided in 2025 to company and subcontractor employees. Throughout the year, a total of 10,460 participations were recorded in the training provided, of which 9,691 related to company employees and 769 to subcontractor employees.

It was targeted to increase OHS training hours by 90% by 2025, based on the 2023 base year. OHS training hours rose from 27,925.5 person-hours in 2023 to 36,021.5 person-hours in 2025, an increase of approximately 29%. The increase in training hours was supported by the 10,460 training participations held throughout the year, contributing to the dissemination of a safe working culture. Efforts to develop the scope and frequency of training will continue.

In 2025, 112 near-miss reports were recorded. The number of accidents resulting in lost workdays decreased from 305 in 2024 to 236, while the number of accidents without lost workdays decreased from 166 to 134. The accident frequency rate decreased from 198.9 to 181.2. The results obtained are assessed within the OHS management system, and corrective and preventive actions are carried out in order to identify the root causes of accidents and prevent the recurrence of similar incidents. No fatal occupational accident or occupational disease was recorded during the reporting period.

OCCUPATIONAL HEALTH AND SAFETY TRAINING	2023	2024	2025
Number of Company Employees	1.020	4.859	9.691
Number of Subcontractor Employees	621	261	769
Total Number of Participants	1.641	5.120	10.460

OCCUPATIONAL HEALTH AND SAFETY TRAINING	2023	2024	2025
Company Employees (Person*Hours)	27.238,50	17.337,00	35.133,50
Subcontractor Employees (Person*Hours)	687	447	888
Total OHS Training (Person*Hours)	27.926	17.784	36.021,5

Occupational Safety and Health Committees	2023	2024	2025
Number of Established OHS Committees	4	4	4
Total Number of Members in Established OHS Committees	24	24	24
Number of Employee Representatives in Established OHS Committees	4	4	4

Kocaer Occupational Safety Specialist Certification Program

In order to strengthen the occupational health and safety culture, increase employees' field awareness, and systematically develop their technical competencies, the Kocaer Occupational Safety Specialist Certification Program was launched. Developed on the basis of the company's own occupational health and safety practices, the program is designed as a long-term development model that supports employees in applying the knowledge they acquire in the workplace and actively contributing to the dissemination of a safe working culture.

The program consists of three consecutive tiers: Class C, Class B, and Class A. At each level, employees' knowledge, awareness, and application competencies in occupational health and safety are aimed to be developed in a progressive manner. Employees who successfully complete a given level are granted the right to participate in the next-level certification program. The certificates issued under the program constitute Kocaer's own internal development and competency certificates.

The Class C Certification Program, which constitutes the first stage of the program, aims to bring employees to a common level of knowledge on basic occupational health and safety topics, to help them adopt safe working habits, and to enable them to correctly identify and manage hazards and risks in the field. The training, planned for a total of 20 hours, covers topics such as health and safety signage, department-specific occupational safety rules, physical and ergonomic risk factors, safe use of hand tools, labeling and lockout/tagout practices, work permits, emergency management, electrical hazards, manual handling and lifting, energy efficiency, and environmental and waste management.

The Class B Certification Program, open to employees who have qualified for the Class C certificate, focuses on more advanced knowledge and field applications. Also planned for a total of 20 hours, the program covers topics such as fire safety, use of personal protective equipment, One Point Lesson (OPL) execution, risk assessment and near-miss management, safe use of work equipment, the accident chain, safe work at height, safety of pressure vessels and cylinders, hazardous chemical management, Safety Data Sheets, risk management in maintenance and repair work, and labeling and lockout/tagout practices.

In 2025, 28 employees completed their training under the Kocaer Class C Occupational Safety Specialist Certification Program, and 25 employees who successfully passed the program's assessment process qualified to receive certificates.

The Class A Certification Program, which constitutes the final stage of the development model, aims to raise employees' technical knowledge as well as their occupational safety leadership, advanced risk management, and field application competencies to the highest level. The program content is intended to be updated in line with operational needs, field observations, and evolving occupational health and safety requirements.

Employees who meet the success criteria determined in the assessments held at the end of each stage are awarded an internal certificate for the relevant level. In order to encourage employee participation and continuous development, the certification model is supported by the Recognition and Appreciation System.

Through this comprehensive development model, the aim is to strengthen safe working behaviors, enable employees to participate more effectively in risk prevention, and disseminate good occupational health and safety practices across the organization. The program is intended not to be limited to training and certification alone, but to contribute to a sustainable safety culture through the transfer of acquired knowledge and skills into field practices.



6.8. Corporate Social Responsibility

Efforts are carried out in various areas, including education, sports, health, the environment, and animal welfare, with an approach based on creating long-term and inclusive value that is responsive to societal needs. Employee volunteering and cooperation established with stakeholders are regarded as fundamental elements of these efforts, which aim to strengthen positive impact in the regions where the company operates.



6.8.1. Support for Young Female Athletes

Sponsorship support for national surfer Rüya Uğurlu began in April 2025. This cooperation aims to support the development and visibility of young female athletes in sports and to contribute to the stronger representation of young talent on national and international platforms. The support, related to women's empowerment and the development of partnerships, is intended to be transformed into a long-term cooperation.

Rüya Uğurlu placed third in the IQFoil U19 Girls category at the IQFoil International Youth & Junior Championship held in Cadiz, Spain, on 9-13 March 2026. This achievement was one of the important post-reporting-period developments in the cooperation aimed at supporting the development of young female athletes.



6.8.2. 8 March International Working Women's Day

Social club activities and special-day events continued in 2025 in order to support employees' social lives, increase internal solidarity, and strengthen the sense of corporate belonging. Interaction and cooperation among employees were encouraged through the Camping, Angling, Cycling, Music, and Community Service Clubs.

Events held in İzmir, İstanbul, and Denizli for 8 March International Working Women's Day aimed to increase the visibility of female employees in working life and to develop internal awareness of gender equality. These events, which brought together employees from different locations, contributed to strengthening an inclusive corporate culture.



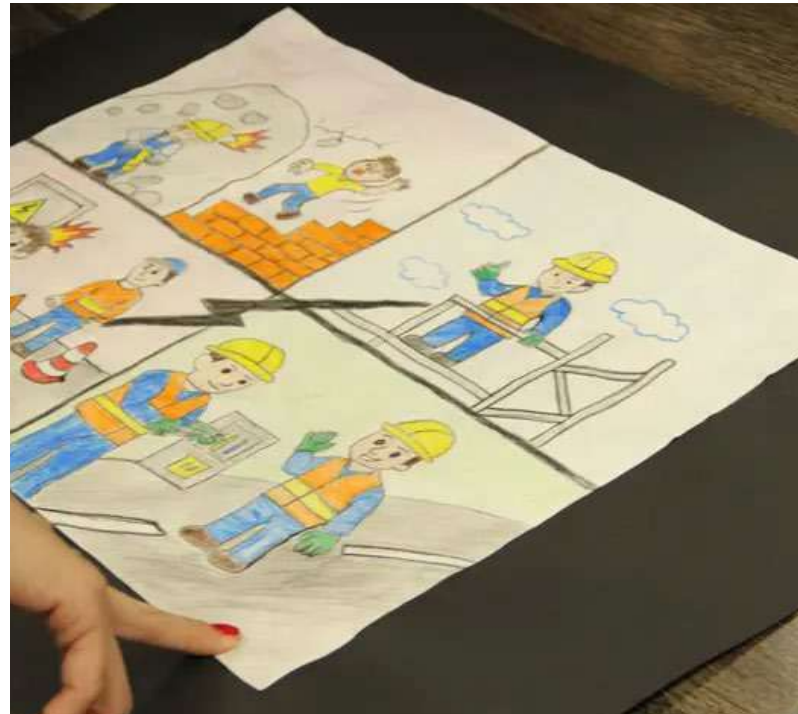
6.8.3. Occupational Health and Safety Themed Student Competition

Within the scope of Occupational Health and Safety Week held on 5-10 May, various events were organized to disseminate OHS culture among both employees and young people. A Drawing, Poetry and Composition Competition for middle and high school students was organized in cooperation with the Alağa District Directorate of National Education. The competition, in which students attending state schools across the district participated, supported students in researching OHS topics, expressing their thoughts in creative ways, and gaining awareness of occupational health and safety. Prizes were presented to the winning students, and their works were exhibited and shared with the public.

During the week, an OHS slogan competition was also organized across the organization in order to increase employees' active participation in and awareness of OHS culture. Participants' names were kept confidential, and prizes were awarded to the winning employees based on an evaluation conducted through votes cast by OHS Board members. The top five slogans were displayed prominently and visibly, together with the employees' names, in the field areas of the facilities. Through these practices, the aim was to disseminate OHS culture within the organization and society at large, strengthen employees' sense of corporate belonging, and make the safe working approach sustainable.

6.8.4. Turkish Red Crescent (Kızılay) Donation Campaigns

In 2025, a two-day blood and stem cell donation campaign was organized for employees in cooperation with the Turkish Red Crescent (Kızılay). Carried out on a voluntary basis, the campaign received a total of 67 applications; following eligibility assessments, 50 units of blood were donated, and samples were collected from 10 prospective stem cell donors. Through the campaign, employee awareness of the importance of blood and stem cell donation was increased, contributing to the support of public health.



6.8.5. Feed Support for Our Animal Friends

In order to make efficient use of resources and reduce food waste, suitable food waste generated during meal preparation and consumption processes was processed using feed production machines. The feed produced was delivered to animals at the Life Area in Menemen through the voluntary participation of employees. This contributed to the reuse of food waste while creating social benefits for the feeding of animals. This is described in the Circularity and Waste Management data section under the heading "From Soil to Table, From Table to Feed."

6.8.6. Running Together for Social Contribution

At the beginning of 2026, participation was provided in the Çeşme Half Marathon in order to support young people's educational journeys through the Kocaer Scholarship Fund, established in cooperation with the Turkish Education Foundation. With a team composed of blue- and white-collar employees, the aim was to contribute to equal opportunity in education, increase awareness of the scholarship fund, and support greater access to quality education for young people. This event, organized around a shared social purpose, strengthened team spirit, corporate belonging, and an inclusive corporate culture.





TRANSFORMATION

Continues

Because sustainability is a journey of
continuous transformation.

7.1. Environmental Performance Indicators

Environmental Investments (TL)	2023	2024	2025	
Total operating expenditures for environmental activities	1,515,202.00	1,942,646.46	4,073,864.10	
Total environmental protection investments	191,395,047.00	732,551.94	23,419,023.88	
Total	192,910,249.00	2,675,198.40	27,492,887.98	
Revenue generated from climate-friendly energy production practices (TL)	2023	2024	2025	
	6,553,247.44	40,049,620.60	42.274.090,00	
Direct Energy	Unit	2023	2024	2025
Gasoline	liters	54,486	145,392	82,758
Diesel/Gasoil	liters	63,672	265,759	327,294
Natural Gas	Sm³	24,471,695	23,808,937	28,406,691
Indirect Energy	Unit	2023	2024	2025
Purchased Electricity	kWh	35,110,600	37,702,910	32,369,374
Generated Electricity (Solar Power Plant)	kWh	8,407,300	11,107,000	10,460,000
Greenhouse Gas Emissions	Unit	2023	2024	2025
Scope 1	t CO _{2e}	48,791,30	47,720.69	56,829.70
Scope 2	t CO _{2e}	16,017,91	15,955.87	18,587.95
Scope 3	t CO _{2e}	1,064,912.00	909,784.92	1,344,136.40
*Greenhouse Gas Intensity per Product	t CO _{2e}	1.63	1.49	1.87

*Calculated taking into account Scope 1, Scope 2, and Scope 3 emissions.

Water Footprint (m³)	2023	2024	2025
Water Consumption	328,424.45	310,575.00	309,899.12
Wastewater Discharge	59,916.20	60,013.30	51,152.83
**Water Use per Unit of Production (m³ / tonnes of product)	0.39	0.38	0.34

**Water usage per unit of production is calculated by dividing the amount of well water drawn for production activities alone in the relevant year by the tonnage of production achieved in the same year.

Total Volume of Water Extracted (m³)	2023	2024	2025
Groundwater	328,424.45	310,575.00	309,899.12
Rainwater	27,773.23	36,132.02	35,385.05
Third-Party Water (Municipal Water Supply, etc.)	10,269.45	150.95	189.88

Wastewater Discharge (m³)	2023	2024	2025
	59,916.20	60,013.30	51,152.83

Waste by Type		Unit	2023	2024	2025
Hazardous Waste	Liquid Waste	L	1,420,380	1,222,540	1,692,300
	Contaminated Waste	kg	54,720	58,360	45,820
	Waste Oil	kg	35,740	31,340	21,180
	Electronic Waste	kg	-	5,860	-
	Medical Waste	kg	-	122	64
	Hazardous Waste	kg	-	590,000	966,700
Non-Hazardous Waste	Waste Paper	kg	16,080	20,390	25,681
	Domestic Waste	kg	263,478	375,807	400,210
	Wood Waste	kg	-	450,240	179,160
	Waste Plastic	kg	16,710	19,910	26,171
	Waste Metal	kg	17,834,240	25,128,190	22,424,284
	Waste Battery	kg	23	36	27
	Non-Hazardous Waste	kg	-	16,656,646	13,612,467

Amount of Waste Recycled as Input (tonnes)	2023	2024	2025
Mixed Metals	37.5	20.78	20.1
Chips/Shavings	717.84	414.31	165
Scrap	14,398.94	24,693.10	22,259.28
TOTAL	15,154.28	25,128.19	22,444.384

7.2. Social Performance Indicators

Employment and Turnover (Türkiye)	Unit	2023	2024	2025
New Hires - Total	Person	562	614	380
White Collar	Person	66	79	52
Blue Collar	Person	496	535	328
Departures - Total	Person	435	488	455
White Collar	Person	38	42	45
Blue Collar	Person	397	446	410
TOTAL		997	1102	835

By Gender	Unit	2023	2024	2025
Male - Hires	Person	539	581	362
	Ratio	96%	95%	95%
Male - Departures	Person	425	475	435
	Ratio	98%	97%	96%
Female - Hires	Person	23	33	18
	Ratio	4%	5%	5%
Female - Departures	Person	10	13	20
	Ratio	2%	3%	4%
TOTAL		997	1102	835

By Age	Unit	2023	2024	2025
Age 18-30 - Hires	Person	249	326	198
	Ratio	44%	53%	52%
Age 18-30 - Departures	Person	168	233	206
	Ratio	39%	48%	45%
Age 31-40 - Hires	Person	123	146	102
	Ratio	22%	24%	27%
Age 31-40 - Departures	Person	89	127	129
	Ratio	20%	26%	28%
Age 41-50 - Hires	Person	153	125	61
	Ratio	27%	20%	16%
Age 41-50 - Departures	Person	132	108	96
	Ratio	30%	22%	21%
Age 51-60 - Hires	Person	37	16	17
	Ratio	7%	3%	4%
Age 51-60 - Departures	Person	44	19	20
	Ratio	10%	4%	4%
Age Over 60 - Hires	Person	0	1	2
	Ratio	0%	0%	1%
Age Over 60 - Departures	Person	2	1	4
	Ratio	0%	0%	1%
TOTAL		997	1102	835

Employees Taking Parental Leave	Unit	2023		2024		2025	
		Female	Male	Female	Male	Female	Male
Employees entitled to parental leave	Number	0	48	3	43	2	48
Employees taking parental leave	Number	0	48	3	43	2	48
Employees returning to work after parental leave	Number	0	48	2	43	1	48
Employees returning to work after parental leave who remain employed for at least 12 more months	Number	0	42	0	9	0	5

All Training (By Type)	Unit	2023	2024	2025
Professional Development	Hours	22,593.00	13,007.50	16,653.00
Personal Development	Hours	283.00	1,542.00	704.00
OHS	Hours	29,222.50	20,037.00	30,385.50
Other (e.g. Leadership)	Hours	298.50	390.50	647.50
Total Training Hours	Hours	52,397.00	34,977.00	48,390.00

Environment-related training provided to employees	Unit	2023	2024	2025
Training sessions	Hours	1,515.00	1,469.50	2,170.50
Trainees	Person	1,344.00	963	1,814

TRAINING INVESTMENTS (All Training)		2023	2024	2025
By Employee Category	Unit			
Senior Executives	Person*Hours	126.50	109.50	158.50
Senior Executives	Person	44.00	45	48
Mid-Level Managers	Person*Hours	538.00	555.50	503.50
Mid-Level Managers	Person	188.00	201	150
Other Employees	Person*Hours	51,732.50	34,312.00	47,728.00
Other Employees	Person	15,114.00	13,732	17,595
TOTAL		52,397.00	34,977.00	48,390.00
By Employment Type	Unit	2023	2024	2025
Blue Collar	Person*Hours	45,712.00	24,863.00	38,585.50
Blue Collar	Person	12,192.00	9,645	13,944
White Collar	Person*Hours	5,841.00	8,720.00	8,916.50
White Collar	Person	2,342.00	3,126	3,080
Subcontractor Employees	Person*Hours	844.00	1,394.00	888.00
Subcontractor Employees	Person	812.00	1,207	769
TOTAL		52.397,00	34,977.00	48,390.00

By Gender	Unit	2023	2024	2025
Male	Person*Hours	50,323.00	32,263.00	45,012.50
Male	Person	14,534.00	12,921	16,489
Female	Person*Hours	2,074.00	2,714.00	3,377.50
Female	Person	812.00	1,057	1,304
TOTAL		52.397,00	34,977.00	48,390.00

WORKFORCE		2023	2024	2025
Other Groups	Unit			
Foreign	Female	0	1	1
	Ratio			
	Male	0	0	0
	Ratio			
Disabled	Female	1	1	2
	Ratio	2%	1%	3%
	Male	18	26	22
	Ratio	2%	2%	2%

By Management Category	Unit	2023	2024	2025
Senior Management	Female	1	1	1
	Ratio	2%	1%	1%
	Male	6	6	8
	Ratio	1%	1%	1%
Mid-Level	Female	10	12	15
	Ratio	19%	16%	22%
	Male	30	36	53
	Ratio	3%	3%	5%
Other	Female	41	60	54
	Ratio	79%	82%	78%
	Male	932	1034	982
	Ratio	96%	96%	96%
TOTAL		1020	1149	1113
By Type of Employment	Unit	2023	2024	2025
White Collar - Women	Person	44	61	59
White Collar - Men	Person	110	128	143
Blue Collar - Women	Person	8	12	10
Blue Collar - Men	Person	858	948	901
TOTAL		1020	1149	1113

By Type of Contract	Unit	2023	2024	2025
Indefinite Term - Female	Person	44	66	68
Indefinite Term - Male	Person	876	977	1043
Fixed Term - Female	Person	8	70	1
Fixed Term - Male	Person	92	99	1
TOTAL		1020	1149	1113

By Gender	Unit	2023	2024	2025
Male	Person	968	1076	1044
	Ratio	94.9%	93.6%	93.8%
Female	Person	52	73	69
	Ratio	5.1%	6.4%	6.2%

By Age	Unit	2023	2024	2025
Ages 18-30	Female	12	28	22
	Ratio	23%	38%	32%
	Male	266	335	265
	Ratio	27%	31%	25%
Ages 31-40	Female	21	24	28
	Ratio	40%	33%	41%
	Male	320	337	327
	Ratio	33%	31%	31%
Ages 41-50	Female	14	15	13
	Ratio	27%	21%	19%
	Male	304	321	320
	Ratio	31%	30%	32%
Ages 51-60	Female	5	6	8
	Ratio	10%	8%	12%
	Male	73	77	110
	Ratio	8%	7%	11%
Over 60 Years Old	Female	-	-	-
	Ratio	-	-	-
	Male	5	6	10
	Ratio	1%	1%	1%

Occupational Health and Safety

Workplace Accidents	Group	Unit	2023	2024	2025
Near Miss	Company	Number/Year	53	58	112
	Subcontractor	Number/Year	0	0	0
Lost Time Injury Count	Company	Number/Year	233	305	236
	Subcontractor	Number/Year	0	0	0
Lost Workday	Company	Number/Year	3,910	5,097	6,645
	Subcontractor	Number/Year	0	0	0
Non-Lost Time Injury Count	Company	Number/Year	91	166	134
	Subcontractor	Number/Year	0	0	0
Lost Time Injury Rate (Number of Accidents x 1,000,000) /Total Working Hours	Company	Ratio	152.60	198.90	181.20
	Subcontractor	Ratio	0.00	0.00	0.00
Death	Company	Number/Year	0	0	0
	Subcontractor	Number/Year	0	0	0
Severity Rate (Lost Time x 1000) / Total Working Hours	Company	Ratio	1.84	2.15	3.30
	Subcontractor	Ratio	0.00	0.00	0.00
Occupational Disease Rate (ODR) Number of Occupational Diseases x 1,000,000 / Number of Employees	Company	Ratio	0.00	0.00	0.00
	Subcontractor	Ratio	0.00	0.00	0.00

Occupational Health and Safety Training	2023	2024	2025
Number of Company Employees	1,020	4,859	9,691
Number of Subcontractor Employees	621	261	769
Total Number of Participants	1,641	5,120	10,460
Occupational Health and Safety Training	2023	2024	2025
Company Employees (Person*Hours)	27,238.50	17,337.00	35,133.50
Subcontractor Employees (Person*Hours)	687	447	888
Total OHS Training (Person*Hours)	27,926	17,784	36,021.5
Occupational Safety and Health Committees	2023	2024	2025
Number of Established OHS Committees	4	4	4
Total Number of Members in Established OHS Committees	24	24	24
Number of Employee Representatives in Established OHS Committees	4	4	4

7.3. Economic Performance Indicators

Economic Value We Created in 2025

Item	Unit	2023	2024	2025
*Economic Value Generated (Revenues)	Mio TL	15,091	19,235	24,112

*The amounts of economic value generated for each year have been taken from the Independent Audit Reports of the relevant year.

Economic Value Distributed

Item	Unit	2023	2024	2025
Operating expenses	Mio TL	1,291	1,811	2,529
Benefits provided to employees	Mio TL	513	1,097	1,595
Benefits provided to the government	Mio TL	199	25	103
Benefits provided to capital providers	Mio TL	151	201	157
Benefits provided to the community	Mio TL	3	4	0
TOTAL	Mio TL	2,158	3,138	4,384

Sustainable Financing

Item	Unit	2023	2024	2025
Average cost of financing	%	25.47	9.24	9.88
Sustainable financing / total debt ratio	%	3.66	4.78	1.67
Contribution of sustainable business models to total sales	TL	47	60	72
Ratio of the financial impact of sustainability risks to sustainability investments	%	26	109	7

Assistance Received from the Government

Item	Unit	2023	2024	2025
Tax reductions / credits	Mio TL	17.20	36.50	48.61
Incentives	Mio TL	10.17	25.17	0.00
Financial incentives	Mio TL	94.34	128.54	129.35

Approximate Value of Payments Made to Suppliers

Item	Unit	2023	2024	2025
Import Volume	TL	2,345,630,600	7,174,336,792	8,177,930,881
Domestic Purchasing Volume	TL	5,631,229,700	8,875,504,707	11,052,097,161
TOTAL	TL	7,976,860,300	16,049,843,523	19,230,028,042

Number of Suppliers

Item	Unit	2023	2024	2025
Number of Import Suppliers	Units	23	23	35
Number of Domestic Suppliers	Units	724	1.098	925

7.4. Risk and Opportunity Tables

Risk Category	Climate Risk (Chronic Physical)		
Risk Factor	Drought		
Risk Description	Changes in precipitation patterns leading to water stress and drought; production being affected and related expenses increasing due to water scarcity.		
Position in the Value Chain	Downstream Value Chain and Direct Operations		
Impact Time Horizon	Short-term	Medium-term	Long-term
Time Horizon (Years)	0-5	6-15	16+
Time Horizon Assessment (Years)	The relevant time horizons were determined in 2024.		
Impact Scale	1	2	2
Likelihood	1	2	3
Current Risk Score	Low	Low	Medium
Risk Impacts	Operational Risks Drought may cause production interruptions, productivity losses, increased water costs, and adverse effects on working conditions, particularly in water-dependent production processes. In the steel sector, water scarcity may lead to equipment overheating, reduced process efficiency, and increased maintenance costs. Drought may increase the risk of disruption in the supply of water-dependent raw materials. Due to water scarcity, the production and supply of certain chemicals or other auxiliary materials used in steel production may become more difficult. This may increase input costs and disrupt the supply process.		
Action Plan	2024 ✓ Infrastructure Control and Reporting (Identification of losses and leaks in the existing) ✓ Water Footprint Calculation per Ton ✓ Increasing the Number of Water Measurement Points ✓ Infrastructure Improvement (Identification of aging water infrastructure and water lines, ✓ Water Saving Investments ✓ Water Discharge and Use Targets (2025) (Replacement of shower heads and commissioning of the advanced wastewater treatment plant) ✓ Process Water Recycling (2030) (Use of rainwater harvesting projects and process water collection channels) 2025 ✓ Infrastructure Control and Reporting (Identification of losses and leaks in the existing water infrastructure) continues to be reported on a monthly basis. ✓ Water Footprint Calculation per Ton continues to be monitored and reported on a monthly basis. A 14% reduction in our Water Footprint was observed compared to 2024 ✓ Line revisions were carried out as part of infrastructure improvement. ✓ Smart meters were installed at all wells for water measurement points, and continuity of data monitoring was ensured. ✓ The Advanced Wastewater Treatment Plant (MBR) was commissioned as a Water Saving Investment. ✓ The Advanced Wastewater Treatment Plant (MBR) was commissioned for water discharge and use. ✓ For Process Water Recycling (2030), the use of rainwater harvesting projects and process water collection channels was commissioned at the A2, A1, and KSC plants. Work is ongoing for the A3 Plant. ✓ Work has begun on standardizing the water footprint data collection mechanism.		

Risk Category	Climate Risk (Transition Risk – Regulatory Risk)		
Risk Factor	Emission Limits and Carbon Pricing		
Risk Description	Volatility in CO2 prices under carbon pricing mechanisms such as the Emission Trading System (ETS) and carbon tax, as well as prospective carbon pricing legislation, resulting in exposure to high financial expenses; and the emergence of additional costs under carbon pricing regulations applicable to exported products within the		
Position in the Value Chain	Direct Operations and Downstream Value Chain		
Impact Time Horizon	Short-term	Medium-term	Long-term
Time Horizon (Years)	0-5	6-15	16+
Time Horizon Assessment (Years)	The relevant time horizons were determined in 2024.		
Impact Scale	1	2	2
Likelihood	1	3	3
Current Risk Score	Low	Medium	Medium
Risk Impacts	Financial Risk Carbon pricing mechanisms such as the Emission Trading System (ETS) and the Carbon Border Adjustment Mechanism (CBAM) will increase costs for Kocaer Çelik, as they will for all producer companies operating in the steel sector. Under a low-emission scenario, alongside decreasing sectoral emission limits, T-ETS allowance prices are expected to rise significantly as Türkiye moves toward its 2053 net-zero target, as are EU ETS allowance prices as the EU moves toward its 2050 Net Zero target.		
Action Plan	2024 ✓ Greenhouse Gas Reduction Roadmap ✓ Energy Efficiency Projects and Carbon Crediting ✓ Sustainable Campuses (LEED certification) ✓ Use of Green Tariff Electricity ✓ Sustainable Product Policies (Increasing the recycled content ratio) ✓ Renewable Energy Investments (Solar Power Plants and Geothermal Power Plants) 2025 ✓ The Greenhouse Gas Reduction Roadmap was created. The Kocaer Çelik Targets were approved by SBTi and published on the SBTi website in September ✓ Planning regarding Energy Efficiency Projects and Carbon Crediting is ongoing. ✓ Planning for Sustainable Campuses (LEED certification) is ongoing. ✓ Planning for the Use of Green Tariff Electricity is ongoing. ✓ As part of increasing the recycled content ratio, while feasibility studies for the Steel Mill Investment continue, an Environmental Impact Assessment (EIA) application has been submitted, and the related permitting processes are ongoing. ✓ Renewable Energy Investments (Solar Power Plants and Geothermal Power Plants) are ongoing.		

Risk Category	Climate Risk (Chronic Physical)		
Risk Factor	Increase in Average Air Temperatures		
Risk Description	An increase in cooling and maintenance and repair costs, along with adverse effects on working conditions, due to the rise in average air temperatures.		
Position in the Value Chain	Direct Operations		
Impact Time Horizon	Short-term	Medium-term	Long-term
Time Horizon (Years)	0-5	6-15	16+
Time Horizon Assessment (Years)	The relevant time horizons were determined in 2024.		
Impact Scale	1	2	2
Likelihood	1	2	3
Current Risk Score	Low	Low	Medium
Risk Impacts	Raw Material Costs Upward changes or fluctuations in raw material supply and other operational costs may lead to an increase in production costs. The cooling requirements arising from rising temperatures may increase energy consumption and consequently costs. Climate Control Costs Increased climate control requirements resulting from the rise in average air temperatures may lead to an increase in climate control-related equipment and energy costs. Rising temperatures and energy costs may adversely affect production efficiency over the long term. Maintenance and Repair Costs Rising air temperatures cause the machinery and equipment used in production facilities to be exposed to higher temperatures, which increases the rate of equipment wear. Particularly in heat-sensitive systems, the risk of overheating increases failure frequency and requires more frequent maintenance intervals. This increases the frequency and cost of maintenance and repair activities, while also raising the risk of unplanned downtime, which can threaten operational continuity. OHS – Employee Health Rising average air temperatures lead to more challenging and unhealthy working conditions for employees at production facilities. Particularly during the summer months, rising temperatures increase the risk of heat stress, which can lead to health problems such as workplace accidents, loss of concentration, fluid loss, and heat stroke.		
Action Plan	2024 ✓ Greenhouse Gas Reduction Roadmap ✓ Energy Efficiency Projects and Carbon Crediting ✓ Sustainable Campuses (LEED certification) ✓ Use of Green Tariff Electricity ✓ Sustainable Product Policies (Increasing the recycled content ratio) ✓ Renewable Energy Investments (Solar Power Plants and Geothermal Power Plants) 2025 ✓ The Greenhouse Gas Reduction Roadmap was created. The Kocaer Çelik Targets were approved by SBTi and published on the SBTi website in September ✓ Planning regarding Energy Efficiency Projects and Carbon Crediting is ongoing. ✓ Planning for Sustainable Campuses (LEED certification) is ongoing. ✓ Planning for the Use of Green Tariff Electricity is ongoing. ✓ As part of increasing the recycled content ratio, while feasibility studies for the Steel Mill Investment continue, an Environmental Impact Assessment (EIA) application has been submitted, and the related permitting processes are ongoing. ✓ Renewable Energy Investments (Solar Power Plants and Geothermal Power Plants) are ongoing.		

Risk Category	Climate Risk (Transition Risk – Market Risk)		
Risk Factor	Change in Customer Preferences		
Risk Description	A decline in market share and/or profitability due to increasing demand for steel products manufactured using low-emission technology and the inability to meet this demand.		
Position in the Value Chain	Direct Operations and Downstream Value Chain		
Impact Time Horizon	Short-term	Medium-term	Long-term
Time Horizon (Years)	0-5	6-15	16+
Time Horizon Assessment (Years)	The relevant time horizons were determined in 2024.		
Impact Scale	1	3	3
Likelihood	1	2	2
Current Risk Score	Low	Medium	Medium
Risk Impacts	Loss of Market Share If the Company fails to transition to low-emission production or adapts too slowly, it may lose customers seeking to work with sustainable steel suppliers. Pressure on Profitability If low-emission products fail to provide a price advantage, a loss of market share may occur.		
Action Plan	2024 ✓ Investments in sustainable, low-emission technologies such as solar power plants, geothermal power plants, and hydrogen use, the development of recuperator or regenerative burners, and the planning of and compliance with innovative production techniques in rolling. 2025 ✓ As of 2025, solar and geothermal power plant investments are continuing, and the transition to low-emission technologies is being pursued as a strategic priority. Feasibility studies for hydrogen use and recuperator and regenerative burner technologies have been expanded. Work has begun on planning and implementing innovative production techniques in rolling processes. Compared to the previous period, the pace of research into and integration of next-generation low-carbon technologies has accelerated.		

Risk Category	Climate Risk (Transition Risk – Technology Risk)		
Risk Factor	New Technologies		
Risk Description	Operational disruptions and/or ineffective management of internal resources (human capital, engineering, etc.) due to constraints or limitations encountered in integrating new transformations (change, transformation, talent management, etc.) into existing production processes.		
Position in the Value Chain	Direct Operations and Downstream Value Chain		
Impact Time Horizon	Short-term	Medium-term	Long-term
Time Horizon (Years)	0-5	6-15	16+
Time Horizon Assessment (Years)	The relevant time horizons were determined in 2024.		
Impact Scale	1	3	3
Likelihood	1	2	2
Current Risk Score	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, which may create productivity losses and costs.		
Action Plan	2024 ✓ Identifying the necessary competencies and relevant personnel to increase awareness of new technologies, and preparing training plans accordingly ✓ Ensuring horizontal integration within the system for new technologies / planning and reporting digital transformation management activities ✓ Providing and implementing continuous training and development programs through Kocaer Academy 2025 ✓ Work on the training module was launched with the SuccessFactors software. Module training was received to prepare competency based training plans. ✓ Activities related to ensuring horizontal integration within the system for new technologies and planning and reporting the work carried out under digital transformation management have continued in 2025. ✓ The provision and implementation of continuous training and development programs under Kocaer Academy continues, and digital platforms and the SuccessFactors software infrastructure were established in 2025		

Opportunity Category	Climate (Transition – Financial)		
Opportunity Element	Energy Transformation		
Opportunity Description	Energy efficiency and the transition to renewable energy, implemented as part of the decarbonization process, reduce operational costs, especially in energy-intensive sectors. Protection Against Cost Pressures and Maintaining Competitiveness Rising energy costs and increased regulation of fossil fuels will create significant pressure on production processes. Thanks to energy efficiency projects, companies are less affected by rising energy costs, optimize resource use, and increase operational resilience. At the same time, these improvements offer the opportunity to benefit from energy efficiency support programs and financial incentives, making it possible to offset some of the costs. Investments aimed at increasing energy efficiency and reducing carbon emissions play a significant role in the transition to a low-carbon economy. Prominent applications in this context include renewable energy projects integrated into international certification systems such as I-REC and Gold Standard, green hydrogen transition efforts, oxygen enrichment technologies to reduce combustion-related emissions, robotic cleaning applications in solar energy systems, LED lighting conversions, and comprehensive energy monitoring systems. Such applications contribute to reducing operational costs by optimizing energy consumption, while also enabling the reduction of environmental impact and faster achievement of sustainability goals. In the face of increasing regulatory pressure and climate risks, energy-efficiency-focused solutions help both fulfill environmental responsibility and create a long-term competitive advantage.		
Position in the Value Chain	Direct Operations		
Impact Time Horizon	Short-term	Medium-term	Long-term
Time Horizon (Years)	0-5	6-15	16+
Time Horizon Assessment (Years)	The relevant time horizons were determined in 2024.		
Impact Scale	1	3	3
Likelihood	1	2	2
Current Opportunity Score	Low	Medium	Very High
Potential Impacts of the Opportunity on Kocaer Çelik	Kocaer Çelik has already implemented and continues its work on many projects related to energy efficiency and the transition to renewable energy. Solar Power Plant Investments Geothermal Power Plant Investments (Ongoing) Operational Efficiency Investments Transition to Green Hydrogen (Ongoing) Oxygen Enrichment within the Scope of Reducing Combustion-Related Emissions (Ongoing) Robotic Cleaning of Solar Power Plant Panels LED Luminaire Replacement Project Energy Monitoring System With the projects that have been implemented and are planned, operational efficiency is increased and cost savings are achieved.		
Action Plan	2024 ✓ Efforts related to this opportunity have been initiated, and detailed information on the projects carried out and actions taken will be shared in the 2025 report.	2025 ✓ Solar Power Plant Investments: Feasibility, research, and evaluation studies for solar power plant investments continued throughout 2025. Studies on potential investment areas and technical feasibility analyses are ongoing. ✓ Geothermal Power Plant Investments (Ongoing): In 2025, new location sites were secured, and well drilling operations were carried out within the scope of geothermal power plant investments. Drilling operations for the Kocaer Geothermal Power Plant 1 and the EIA process for the new project site are ongoing. ✓ Operational Efficiency Investments: •Energy efficiency and process optimization have been achieved through revision works carried out in closed-circuit cooling towers. Higher cooling efficiency has been achieved with lower energy consumption. •As a result of revision and capacity increase works carried out in water towers, motor power consumption has been reduced from 165 kWh to 74 kWh, thus achieving operational efficiency and energy savings. •Revision and improvement works carried out in pump systems have extended roller and pass life, saved water, and increased system efficiency. ✓ Green Hydrogen Transition Studies (Ongoing): Studies on hydrogen use have been suspended due to the project being halted by the European Union project manager. However, sectoral developments and technological advancements continue to be closely monitored. ✓ Oxygen Enrichment Studies within the Scope of Reducing Combustion-Related Emissions (Ongoing): Due to the high amount of oxygen required, it has been decided to evaluate oxygen production together with the planned Steel Mill investment. The project will be reconsidered after the completion of the relevant investment. ✓ Robotic Cleaning of Solar Panels: The robotic cleaning system for solar panels has been commissioned and the project has been successfully completed. This work has supported the continuity of panel performance and operational efficiency. ✓ LED Luminaire Replacement Project: The LED luminaire conversion project carried out throughout the facility has been completed. The project aimed to reduce energy consumption and increase energy efficiency. ✓ Energy Monitoring System: Studies on the energy monitoring system, which aims to digitally track and analyze energy consumption, continued throughout 2025. Work is ongoing to improve the system infrastructure.	

Opportunity Category	Climate (Transition – Financial)		
Opportunity Element	Water and Raw Material Efficiency		
Opportunity Description	The more effective and efficient use of water and natural resources directly reduces operational costs. Practices such as water recovery and the use of recycled raw materials help reduce operational costs while minimizing environmental impacts. This strategy, aligned with the principle of circularity, builds resilience against climate-change-related risks and creates long-term sustainable growth opportunities. Specifically, within the steel sector, the use of scrap steel and the recovery of process waste offer a significant opportunity for sustainable production by reducing the		
Position in the Value Chain	Direct Operations and Upstream Value Chain		
Impact Time Horizon	Short-term	Medium-term	Long-term
Time Horizon (Years)	0-5	6-15	16+
Time Horizon Assessment (Years)	The relevant time horizons were determined in 2024.		
Impact Scale	1	3	4
Likelihood	2	3	5
Current Opportunity Score	Low	Medium	Very High
Potential Impacts of the Opportunity on Kocaer Çelik	Improved 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 recovering 100% of cooling water and rainwater harvesting reduce external dependency on water, providing a long-term cost advantage. The 38% water savings achieved through the Rolling Mill Pool Sand Filtration Project demonstrate the scalability of such practices, while the use of recycled billets reaching 99% reduces raw material risks and strengthens the circular production approach. In addition, the scrap billet usage rate at the steel mills supplying raw materials stands at 93%. All these practices support environmental sustainability goals while also increasing operational efficiency, lowering costs, and making the Company more resilient to both regulatory requirements and market expectations.		
Action Plan	2024 ✓ Efforts related to this opportunity have been initiated, and detailed information on the projects carried out and actions taken will be shared in the 2025 report. 2025 ✓ The A2 Plant Cooling Tower Revision and Energy Efficiency Project was completed. ✓ The A2 Plant MBR (Membrane Bioreactor) Wastewater Treatment Plant Project was completed. ✓ The A3 Discharge Line Investment was completed.		

Opportunity Category	Climate (Transition – Reputational)		
Opportunity Element	Reputational Gains from ESG Performance		
Opportunity Description	Setting ESG targets and transparently and regularly disclosing ESG performance strengthens companies' relationships with their stakeholders, enhances corporate reputation, and reinforces investor confidence. This enables companies to gain easier access to sustainable finance, achieving long-term competitive advantage.		
Position in the Value Chain	Direct Operations and Upstream Value Chain		
Impact Time Horizon	Short-term	Medium-term	Long-term
Time Horizon (Years)	0-5	6-15	16+
Time Horizon Assessment (Years)	The relevant time horizons were determined in 2024.		
Impact Scale	2	3	4
Likelihood	3	4	5
Current Opportunity Score	Medium	High	Very High
Potential Impacts of the Opportunity on Kocaer Çelik	Brand Reputation and Investor Appeal In line with its vision of minimizing environmental impacts and contributing to social responsibility projects, Kocaer Çelik 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 investors focused on environmental and social performance. This strategic stance of Kocaer Çelik not only creates an image of an environmentally conscious business but also provides a solid foundation for stronger and healthier financial growth in the future.		
Action Plan	2024 ✓ Efforts related to this opportunity have been initiated, and detailed information on the projects carried out and actions taken will be shared in the 2025 report. 2025 ✓ In order to strengthen its sustainability management approach, improve its ESG performance, and align with stakeholder expectations, Kocaer Çelik joined the Responsible® Program, administered by the Ministry of Trade of the Republic of Türkiye, as of 2025. Following the current-state analysis carried out under the program, the Company's areas for improvement in the environmental, social, and governance domains were assessed, and the implementation of ESG-focused transformation projects was initiated. Through the work carried out, the aim is to manage sustainability performance in a more systematic manner, strengthen ESG indicators, and enhance transparent reporting practices. These practices are expected to contribute to strengthening stakeholder relations, enhancing corporate reputation, supporting customer and investor confidence, and increasing competitiveness in domestic and international markets.		

Opportunity Category	Climate (Transition – Reputational)		
Opportunity Element	Access to Climate and Sustainability Finance		
Opportunity Description	As the world becomes increasingly environmentally friendly, companies that take environmental initiatives seriously and respond proactively and accurately to disclosure requirements are increasingly preferred by investors. Such companies can gain investor appreciation, create a wider range of financing sources, and make capital raising conditions more favorable. Climate change, in particular, is becoming a growing concern due to the risk of triggering other environmental problems. This is especially important for companies engaged in high-emission activities such as steel production. By addressing climate change issues early and communicating the company's efforts accurately to stakeholders, a high level of reputation can be expected. In the 2021/2022 period, adaptation finance reached USD 63 billion, a 29% increase compared to previous years. This increase demonstrates the efforts of public financial institutions to mitigate the impacts of climate change. In particular, the Joint Group of Multilateral Development Banks (MDB) allocated USD 18 billion to adaptation finance in 2021, double the target of USD 9 billion set for 2025. This situation demonstrates that the public sector is increasingly taking on responsibility and making rapid progress in combating climate change. Significant opportunities can be seized to achieve climate change adaptation and sustainability goals through the use of adaptation finance tools. Such investments can improve financial performance while reducing environmental impacts. In a high-emissions scenario, demand for adaptation finance may increase, but greater challenges will also arise in building resilience to climate change. Opportunities for companies may be more limited in this scenario, as increased climate risks can negatively impact financial performance, and the necessary investments for adaptation may become larger-scale and more complex.		
Position in the Value Chain	Direct Operations and Upstream Value Chain		
Impact Time Horizon	Short-term	Medium-term	Long-term
Time Horizon (Years)	0-5	6-15	16+
Time Horizon Assessment (Years)	The relevant time horizons were determined in 2024.		
Impact Scale	2	3	3
Likelihood	3	4	4
Current Opportunity Score	Medium	High	High
Potential Impacts of the Opportunity on Kocaer Çelik	Access to Sustainable Finance For Kocaer Çelik, operating in the steel production sector, a high-emission industry, access to sustainable finance under the impacts of climate change presents a significant opportunity. The company's efforts in sustainable production and reducing environmental impacts can attract investor interest by increasing its resilience to climate risks. Financial institutions and development banks that invest in sustainability can provide a significant source of funding for Kocaer Çelik's projects supporting its transition to low-carbon production. In this regard, the company's access to financing for climate adaptation investments can be facilitated, enabling it to become a leader in sustainability within the sector. Sustainability Indices In a high-emission scenario, investors and individuals aiming to invest in companies that manage sustainability and climate risks and have high resilience to climate risks may increasingly prefer stock market indices and instruments based on sustainability and climate risk management performance. Improving and reporting performance related to sustainability and climate risk management can provide access to more financing sources through inclusion in these indices.		
Action Plan	2024 ✓ Efforts related to this opportunity have been initiated, and detailed information on the projects carried out and actions taken will be shared in the 2025 report.	2025 ✓ Kocaer Çelik joined the Responsible® Program in 2025 to support low-carbon transformation and sustainability investments. Following a current situation analysis conducted within the framework of the program, action plans were created and implementation processes were initiated for projects developed in the areas of energy efficiency, resource management, low-carbon production, sustainable supply chain, and ESG management. Within this scope, the Company has begun to benefit from incentive and support mechanisms provided for sustainability and climate-focused projects. These efforts aim to facilitate access to green financing sources, increase sustainable investment capacity, and contribute to the financial support of climate-related transformation investments.	

Opportunity Category	Climate (Transition - Market)		
Opportunity Element	Change in Customer Preferences		
Opportunity Description	Low-carbon steel production focuses on reducing emissions through methods such as the use of recycled materials, green hydrogen, or processes powered by renewable energy. This production model provides a competitive advantage particularly in sectors where demand for products with a low carbon footprint is increasing (automotive, construction, electronics, etc.) and facilitates access to export markets.		
Position in the Value Chain	Direct Operations and Downstream Value Chain		
Impact Time Horizon	Short	Medium	Long
Time Horizon (Years)	0-5	6-15	16+
Time Horizon Assessment (Years)	The relevant time horizons were determined in 2024.		
Impact Scale	2	3	3
Likelihood	2	4	4
Current Opportunity Score	Low	High	High
Potential Impacts of the Opportunity on Kocaer Çelik	Increased Market Opportunities and Enhanced Competitiveness Carbon regulations and mechanisms such as border carbon taxes will play a role in global trade. Companies engaged in low-carbon steel production will not only avoid the additional costs created by such regulations but will also be able to generate additional revenue within the ETS system. Furthermore, they will be able to increase their market share in the face of declining demand for carbon-intensive products.		
Action Plan	2024 ✓ Efforts related to this opportunity have been initiated; detailed information on the projects carried out and actions taken will be shared in the 2025 report. CDP, SBTi, 2025 ✓ TCFD-TNFD Efforts: In order to ensure a holistic assessment of climate- and nature-related risks and opportunities, our organization addresses the Task Force on Climate- related Financial Disclosures (TCFD) and Taskforce on Nature-related Financial Disclosures (TNFD) frameworks through an integrated approach. Taking into account the impacts of the iron and steel sector on nature and climate, as well as its dependencies in these areas, the scope has been extended to cover our entire value chain in addition to our own operations; potential climate- and nature-related risks and opportunities have been assessed using a systematic methodology. The first integrated TCFD-TNFD report prepared within this scope was completed in 2024, and with the second report published in 2025, the scope of analysis was expanded and methodological depth increased. Integrated reporting efforts are planned to continue, with updates, in 2026 as well. ✓ CDP Disclosure: Kocaer Çelik made its first CDP disclosure in 2024 and has continued to submit CDP disclosures in 2025 as well. In 2025, our Water Security score was raised from C to A-, reaching Leadership level, while our Climate Change score was raised from C to B, reaching Management level. ✓ SBTi Efforts: By submitting its net-zero targets and establishing emission reduction commitments to the Science Based Targets initiative (SBTi), to which Kocaer Çelik applied in 2024, its Net-Zero and Near-Term targets were validated in 2025.		

Further details can be accessed in the relevant sections of our TSRS 2-Compliant 2025 Sustainability Report.

7.5. GRI Content Index

Statement of Use:	Kocaer Çelik has reported in accordance with the GRI Standards for the period 01.01.2025-31.12.2025.
GRI 1 used	GRI 1: Foundation 2021
GRI 1 sector standard(s)	No applicable sector standard.

GRI 1: Foundation 2021

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	2-4 Restatements of information	There is no restated information.	-
	2-5 External assurance	This report has not been subject to external assurance.	-
	2-6 Activities, value chain and other business relationships	1.About Kocaer Çelik	6
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GRI 401: Employment 2016	401-1 New employee hires and employee turnover	6.2 Employee Satisfaction	56
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	403-4 Worker participation, consultation, and communication on occupational health and safety	6.7 Occupational Health and Safety	63
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GRI 406: Non-discrimination 2016	406-1 Total number of incidents of discrimination and corrective actions taken	6.6 Diversity, Equity and Inclusion	61
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GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	5.4 Circularity and Waste Management 6.8 Corporate Social Responsibility	52-66
	413-2 Operations with significant actual or potential negative impacts on local communities	There is no information on negative impacts recorded during the reporting period.	-
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GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	5.4 Circularity and Waste Management	52
	417-2 Incidents of non-compliance concerning product and service information and labeling	No incidents of non-compliance were identified during the reporting period.	-
	417-3 Incidents of non-compliance concerning marketing communications	No incidents of non-compliance were identified during the reporting period.	-

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