ERCİYAS
Steel Pipe

# Carrying Life for Tomorrow

SUSTAINABILITY REPORT ***2024***

# Content

# About This Report

**The Sustainability Report for 2024 provides an in-depth analysis of our strategic framework, operational initiatives, and key performance indicators for the period from January 1, 2024 to December 31, 2024. This report is designed not only to present the activities of the preceding year transparently but also to delineate our roadmap for achieving future objectives in alignment with our sustainability vision.**

This report is structured in accordance with the Global Reporting Initiative (GRI) standards and the Türkiye Sustainability Reporting Standards (TSRS), demonstrating our alignment with the United Nations Sustainable Development Goals (SDGs). Adherence to these frameworks underscores our commitment to stakeholder accountability and reinforces our resolve to contribute to a sustainable future.

This report presents data about our manufacturing facilities located in Düzce and Mersin, as well as our central management office. The report also includes information regarding our investments in the Briza Wind and Erciyas Hyperloop companies.

Erciyas Steel Pipe prioritizes the perspectives of all stakeholders in its endeavor to improve sustainability performance and objectives. We invite you to share any inquiries, suggestions, or feedback related to this report by contacting us at surdurulebilirlik@erciyas.com.

With a commitment to collaborative efforts toward a more sustainable future, we hereby proudly present our Sustainability Report for 2024.

# Message from the CEO
# KAMİL EMRE ERCİYAS

Dear Stakeholders, climate action is becoming increasingly pivotal for achieving environmental sustainability and bolstering economic resilience. While the European Union has initiated a comprehensive legal framework, notably through the Carbon Border Adjustment Mechanism, to mitigate emissions, concurrently, the escalating demands for sustainability within the marketplace are pressuring businesses to adopt more rigorous and effective sustainable policies. In this context, we at Erciyas Steel Pipe have strategically realigned our sustainability objectives for 2024 to ensure compliance with the evolving regulatory landscape and to satisfy growing expectations.

The Sustainable Development Report 2024, released by the United Nations Sustainable Development Solutions Network (UNSDSN), has positioned Türkiye in 72nd place among 167 countries. This recognition reflects our national pride, as Türkiye, a developing market and a strategic business partner, demonstrates adaptability to both global and regional trends in sustainability.

**This year, we are also pleased to announce our advancement in the Fortune 500 list, where our company has achieved 263rd place overall and secured 83rd place in exports.**

**According to the list published by the Turkish Steel Exporters' Association (ÇİB) in 2024, titled "The Export Leaders of 2023", we have attained top ranking in both the Spiral Welded Pipe and Large Scale Export Increase categories. Additionally, we proudly secured 4th position in "The Most Innovative 50 Companies" list conducted by Fast Company Türkiye, evaluating key players in the technology sector, further underscoring our commitment to innovation.**


As Erciyas Holding, we have assumed a proactive role in advancing our sustainable objectives on global platforms. In collaboration with a delegation from the Turkish Industry and Business Association (TÜSİAD), we participated in the UN Climate Change Conference COP29 held in Baku. During this event, we contributed as speakers in the TÜSİAD panel titled "Accelerating the Clean Energy Transition," conducted at the Turkish pavilion. Our involvement in such initiatives increasingly reinforces our company's commitment to sustainability.

Türkiye is making significant progress toward achieving energy independence through strategic investments in renewable energy and energy efficiency. Briza Wind, operating under the auspices of Erciyas Steel Pipe, is playing a vital role in reducing reliance on foreign energy sources while enhancing the utilization of renewable energy.

The year 2024 has presented numerous challenges related to the climate crisis. According to data from Copernicus, the global average temperature surpassed the mean recorded during the period from 1991 to 2020 by 0.72°C, reaching an unprecedented high. Furthermore, economic losses attributable to natural disasters exceeded 258 billion dollars. These facts underscore the critical importance of effective climate risk management and the implementation of sustainability strategies. In response to these challenges, we have initiated measures to enhance our sustainability objectives, thereby minimizing environmental risks and bolstering our resilience.

**The proportion of female employees at our Istanbul headquarters reached 57%, while the aggregate percentage of white-collar female employees across all locations increased to 31%. We made substantial progress in the sustainable management of water resources and waste management practices.**

# Message from the CEO
# KAMİL EMRE ERCİYAS

**As of this year, we have strengthened our risk management through the implementation of the Türkiye Sustainability Reporting Standards (TSRS), which have been developed in alignment with the recommendations set forth by the Task Force on Climate-Related Financial Disclosures (TCFD).**

The TSRS serves as a guiding framework for achieving our sustainability objectives while ensuring the integration of climate-related risks and opportunities into our strategic planning. In this context, while we enhance the resilience of our operations by evaluating both physical and transitional risks, we simultaneously prioritize the opportunities presented by the transition to a low-carbon economy. We are actively pursuing innovative solutions to mitigate the impacts of climate change on our production, supply chain, and energy processes. On the other hand, we seek to diversify our business model by leveraging the potential opportunities within carbon markets.

Since our inception, we have facilitated the transportation of water to urban areas through extensive projects spanning hundreds of kilometers over the past 35 years. We have provided access to energy via natural gas pipelines that traverse mountainous regions, and we have contributed to the expansion of global trade volumes through our involvement in port development projects. Our joint mission has always been to "carry life," and we are committed to advancing this mission toward a sustainable future.

In 2024, we achieved significant improvements in our sustainability objectives. Notably, we increased the employment rate of women within the organization in 2024. The proportion of female employees at our Istanbul headquarters reached 57%, while the aggregate percentage of white-collar female employees across all locations increased to 31%. We made substantial progress in the sustainable management of water resources and waste management practices. Despite an increase in our production quantities, we successfully maintained our carbon emissions at the same level as the previous year. To sustain this achievement, we aim to reduce Scope 1 and 2 emissions by 50% by the year 2030, using 2022 as the baseline year.

By centering our business model on sustainability and innovation, we continue to develop products and services that yield environmental and societal advantages. In this regard, we are honored to participate in the Hyperloop project, which consumes ten times less energy than conventional air travel, contributing to the sustainable future of Türkiye. Hyperloop epitomizes the future of sustainable transportation. Proposed by Elon Musk in 2013, this initiative aspires to establish a high-speed transportation system that operates with zero carbon emissions, powered by renewable energy sources.

With the advancement of the industry, we strategically direct our nationwide technological investments to enhance efficiency by incorporating current advanced technologies into our production processes. These investments not only bolster local economies but also promote employment, thereby fostering regional development. In alignment with our objective of contributing to the national economy, we engage with local suppliers at a rate of 97% and prioritize local production. This approach significantly supports our aim to diminish dependency on foreign sources.

We extend our gratitude to all our stakeholders who accompany us on this challenging journey and who contribute to a sustainable future through their support. Together, we shall persist in our efforts with determination to create a more habitable and sustainable future.

# 1.0

# About The Company

# ABOUT
# Erciyas Steel Pipe

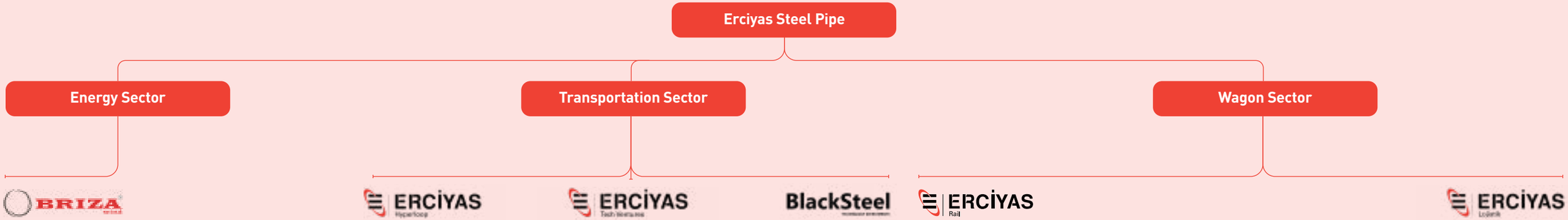
**Erciyas Steel Pipe, established in 1989 as a frontrunner in the steel pipe manufacturing sector in Türkiye, operates from its headquarters in Istanbul, complemented by manufacturing facilities in Düzce and Mersin.**

Our production at international standards is categorized into four primary product groups: oil and natural gas pipes, water pipes, piling pipes, and both internal and external coatings. These products serve a wide array of applications globally, ranging from high-pressure oil and natural gas pipelines to water distribution projects. With our diverse product offerings and unwavering commitment to international quality standards, we position ourselves as a reliable brand in the global steel pipe sector. With complete ownership of the Briza Wind Company and a 20% stake in both Erciyas Rail and Erciyas Logistics, we are committed to making significant investments in the energy and transportation sectors. Our objective is to elevate industrial standards and establish ourselves as a global brand through our innovative products and services. In 2024, we initiated a new restructuring aimed at expanding R&D and production activities in relation to the Hyperloop concept and technology. Consequently, as Erciyas Steel Pipe, we have founded "Erciyas Hyperloop Technology" in partnership with our group company, RC Industry Transportation Vehicles.

At our manufacturing facilities located in Düzce and Mersin, we are dedicated to the principles of sustainability and continuous improvement, employing approximately 500 individuals. By exporting a significant portion of our production, we have established a presence in more than 90 international markets, primarily including Canada, Mexico, Germany, Romania, the UK, and Italy. This expansion has strengthened our position in the global arena. Erciyas Steel Pipe aspires to emerge as a leading brand in the global pipe sector by providing innovative solutions and products of superior quality. In line with our commitment to customer satisfaction and a sustainability-focused approach, we strive to maintain our reputation as a globally recognized and preferred brand. As we advance, we remain dedicated to enhancing our leadership role in the steel pipe sector and consolidating our prominent position within the global market.

With the largest Spiral Welded Steel Pipes (HSAW) production capacity in Europe, Türkiye, and the Middle East, our company integrates its entire production process under one roof. This facility boasts an impressive **annual production capacity of 600,000 tons**, reinforcing its dominant position in the production and exportation of HSAW (Spiral Welded Steel Pipes) within the Turkish market.

# Subsidiaries and Affiliates




## BRIZA

100% Shareholding

In conjunction with our innovative and environmentally sustainable power production policies, we actively pursue the development of new projects that harness technological advancements in the field of wind energy.

Briza Wind Co. was established to operate within the energy sector, focusing on the development of leading initiatives in renewable energy.

Following our acquisition of the power generation license for the Kavaklı Wind Power Plant (WPP), which has an installed capacity of 52.8 MW and comprises 16 turbines, and was established in 2013 in Balıkesir, we successfully completed and commissioned this project in 2014. Furthermore, in 2019, we commissioned a solar power plant with a capacity of 1.4 MW, thereby transforming our facility into a hybrid power plant.

## ERCİYAS Hyperloop

55% Shareholding

In alignment with the Hyperloop concept and technology, we have undertaken the development of a new configuration for the manufacturing and R&D activities concerning next-generation pipe/tube systems, as well as all dynamic components within these tubes. Consequently, in 2024, Erciyas Steel Pipe and Erciyas Hyperloop Technology Company were established in partnership with RC Industry Transportation Vehicles, an entity with extensive experience and know-how in wagon production 2024.

## ERCİYAS Tech Ventures Inc.

55% Shareholding

Erciyas Tech Ventures Inc., in which Erciyas Steel Pipe possesses a 55% ownership, has formed a new partnership with Çimtaş Advanced Technology Solutions Inc.., with both entities holding a 50% share. The resultant entity, Blacksteel Technology Investments, is dedicated to advancing the technological progress of our country through strategic high-technology investments.

## BlackSteel

27.5% Shareholding

## ERCİYAS Rail

20% Shareholding

Erciyas Rail was established in 2004, following the demerger from Erciyas Wagon, with the primary objective of engaging in wagon manufacturing, maintenance, and repair, and the provision of spare parts, and railway equipment. Erciyas Rail operates manufacturing facilities located in Hendek and Sivas.

## ERCİYAS Lojistik

20% Shareholding

Erciyas Logistics was established in 2004 with the objective of managing the manage logistics and warehousing processes associated with railway wagons through the construction of repair, maintenance, and installation facilities, thereby supporting the production and transportation operations, offering logistics services in the railway transportation.

Through this reconfiguration, we seek to deliver more effective, efficient, and integrated solutions in railway transportation, and to provide a comprehensive range of services, including production, maintenance, repair, logistics management, and transportation.

# Milestones

## 1989
- Erciyas Industry was established
- Initiated its operations in Izmit

## 1994-1999
- Headquarters relocated to Istanbul and export commenced.
- Erciyas Foreign Trade was established, and a factory with an annual capacity of 120,000 MTon capacity was constructed in Düzce.
- Secured a contract for tap water distribution from the Istanbul Water and Sewerage Administration (ISKI) in Kağıthane.

## 2000-2001
- The world's first and largest diameter spiral tube was produced.
- Entered the Algerian market.

## 2008-2009
- Attained the distinction of being the 25th largest exporter in Türkiye
- Annual production capacity increased to 300,000 MTon
- Production of the Tamanrasset Salah Drinking Water Project commenced

## 2010-2012
- Ranked among Türkiye's top 100 companies
- Received the designation of second fastest-growing company in the FORTUNE 500
- Annual production capacity increased to 450.000 MTon

## 2013-2014
- Briza Wind was established and a wind power plant with a capacity of 52.8 MW was commissioned in Balıkesir

## 2017
- Hyperloop Tubes was developed in collaboration with Hyperloop Transportation Technologies, marking the commencement of efforts to create Hyperloop Ecosystem

## 2019-2021
- Erciyas Wagon Company was established
- Award for the TurkStream Project tender was secured

## 2022-2023
- The merger of Erciyas Steel Pipe and Özbal Steel Pipe companies
- An agreement was executed with Hyperloop Transportation Technologies to establish a partnership as a supplier and investor
- Annual capacity increased up to 600.000 MTon

## 2024
- The Demerger of Erciyas Wagon and the formation of Erciyas Rail and Erciyas Logistics Companies
- Formation of Erciyas Hyperloop Technology Co., to develop Hyperloop projects
- Establishment of Erciyas Tech Ventures Inc., Co.
- Establishment of Blacksteel Technological Investments with Çimtaş Advanced Technological Solutions Inc., a subsidiary of Enka Group, for further investments in technology

# THE APPROACH of Erciyas Steel Pipe


## OUR VISION

We are committed to establishing ourselves as a leader in advancing a sustainable future and providing innovative products and services that generate sustainable value for the environment and our stakeholders, ultimately enhancing the quality of life for individuals.

## OUR MISION

Our goal is to establish global standards in our industry, with a strong emphasis on innovation and sustainability in our products and services, which embody the fundamental elements of human existence.

## OUR VALUES

We operate with a profound sense of **Responsibility**. We conduct all our activities with the commitment to fulfilling our environmental, social, and economic responsibilities.

Our approach to all our business processes is characterized by an **Innovative and Creative** perspective. We are committed to the continuous development of new ideas and strive to meet our customers' demands in the most innovative manner possible.

Our operations are centered on the principles of **Efficiency and Sustainability.** We strive to optimize the use of our resources to produce sustainable solutions, thereby creating value.

We adopt a **Customer-Driven** approach, placing a paramount emphasis on our customers' needs and expectations. Our commitment is to consistently deliver high-quality services.

Our value chain is built upon the foundations of **Clarity and Integrity.** We uphold transparency and integrity in all our business relationships.

We demonstrate a **Consistent and Predictable** approach. By maintaining consistency, reliability, and predictability in our operations, we aim to foster strong relationships with our stakeholders.

# Memberships and Collaborations

At Erciyas Steel Pipe, we have established robust collaborations and memberships with leading foundations and associations within the sector, both internationally and locally. This strategic approach has strengthened our position as a leader in the global market. Through our memberships and partnerships, we actively monitor industrial developments and integrate expertise with local knowledge to cultivate innovative solutions.

## GLOBAL

- CIIM-Confederation of Italian Entrepreneurs Worldwide
- DEIK USA – Foreign Economic Relations Board
- DEIK IRAQ - Foreign Economic Relations Board
- DEIK MOROCCO - Foreign Economic Relations Board/Morocco
- ENDEAVOR – Global Community of High-Impact Entrepreneurs
- IPLOCA - International Pipe Line & Offshore Contractors Association
- Materials Market Place
- SteelOrbis

## LOCAL

- Düzce Chamber of Commerce
- İstanbul Chamber of Commerce
- Kayseri Association for Solidarity
- Mersin Chamber of Commerce

## NATIONAL

- German-Turkish Chamber of Commerce and Industry
- ÇEBİD – Steel Pipe Exporters' Association
- ÇETAM/MATİL – Steel Testing and Research Center
- ÇİB- Steel Exporters' Association
- DEİK – Foreign Economic Relations Board
- KIYED – Corporate Relations Management Association
- Kırmızı Çocuklar Association
- Koruncuk/Turkish Foundation for Children in Need of Protection
- SPD – Water Policies Association
- TEGV – Education Volunteers Foundation of Türkiye
- TİM -Turkish Exporters Assembly
- TÜBİTAK-Scientific and Technological Research Council of Türkiye
- TÜSİAD – Turkish Industry and Business Association
- TYKD – Corporate Governance Association of Türkiye
- Yanındayız Association

## AWARDS

- 4th ranking in the "Most Innovative Company" by Fast Company Turkey journal
- First rank in the "Spiral Welded Pipe and Large Scale Export Increase" categories in the Export Leaders of 2023 by CIB (Steel Exporters' Association)
- 263rd rank in Fortune 500 list, and 83rd rank in exports

# Erciyas Steel Pipe in Numbers

Erciyas Steel Pipe operates under the umbrella of Erciyas Holding, and its manufacturing operations are situated in Türkiye, with an established presence across more than 90 international markets, primarily including Canada, Mexico, Germany, Romania, the United Kingdom, and Italy.

This expansion has strengthened our position on the global stage, highlighting our effectiveness in international trade. Erciyas Steel Pipe has distinguished itself as a globally recognized and preferred brand, renowned for its superior quality and customer-centric approach.

- Export Countries
- Export & Import tCountries
- Import Countries

- Sales in 6 Continents
- 2 Manufacturing Facilities
- 152.000 m² Production Site
- 480+ Employees
- 90+Country Markets
- 4 Types of Product Ranges
- Production Capacity of 600M ton per year
- 7.249.248.079 TL Turnover in 2024

# Our Economic Performance

Our organization integrates sustainability objectives across all facets of operations, with a committed focus on enhancing financial outcomes that align with these principles, thereby establishing a solid foundation for strategic growth. The financial results attained during the previous period unequivocally indicate our capacity for short-term profitability and our potential to generate long-term value. Our economic metrics demonstrate the efficiency of our operations, the effective allocation of resources, and our dedication to a sustainable business model.

| Financial Indicators | 2023 | 2024 | Change |
|---|---|---|---|
| Revenue (Million TL) | 8.263 | 7.249 | -12% |
| EBIDTA (Million TL) | 1.111 | 779 | -30% |
| Gross Profit (Million TL) | 1.460 | 1.296 | -11% |
| Export Sales (Million TL) | 6.815 | 3.913 | -43% |
| Domestic Sales (Million TL) | 1.447 | 3.336 | 131% |

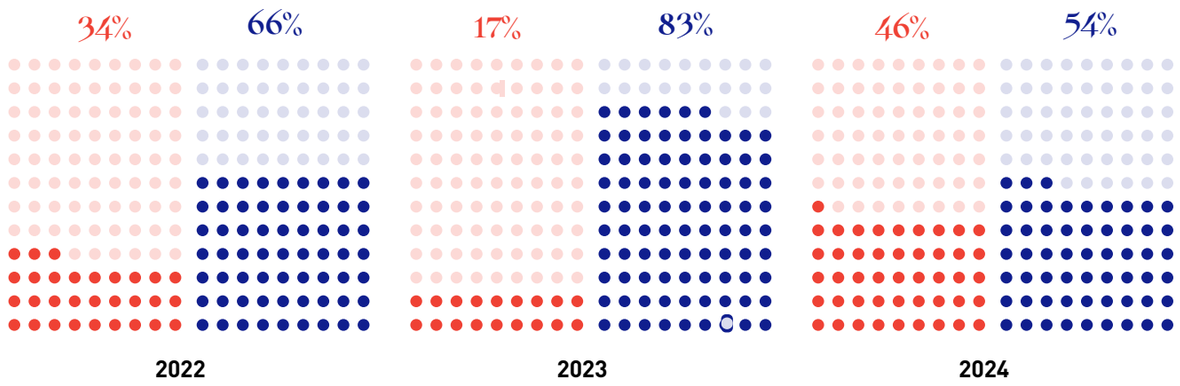
As of 2024, transportation and export expenditures, which constitute a significant portion of our marketing, sales, and distribution costs, account for 79% of total expenses. This elevated percentage is primarily attributed to the delivery of large-dimension, high-tonnage pipe exports to remote international markets in 2024.

Our sales revenue has reached 7.2 billion TL in 2024, underscoring our company's strong market presence. The distribution of sales tonnage indicates that gas and piling pipes represented approximately 56% of total sales, while water pipe sales accounted for 44%. This distribution reinforces our prominent position within the sector and supports our growth-oriented strategic initiatives.

## 7.2 billion TL

Our sales revenue has reached 7.2 billion TL in 2024

**Domestic and Foreign Sales**



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# Corporate Governance



# Our Governance Approach

## Our corporate governance approach is anchored in the principles of transparency, accountability, customer centricity, and innovation, as aligned with our organization's mission and vision.

We are developing a corporate structure that is strengthened by these principles, and we outline our short-, medium-, and long-term objectives within this context, ensuring adherence to our fiduciary responsibilities to stakeholders. In our pursuit of consolidating leadership within the industry, we are committed to minimizing our environmental impact while simultaneously fostering market growth.

### INNOVATIVE TECHNOLOGIES & PRODUCTION EFFICIENCY

In the production of steel pipes, our foremost priorities are quality, efficiency, and customer satisfaction. We strive to enhance our operational efficiency by investing in innovative technologies throughout our production processes to make our production lines more environmentally sustainable and to bolster our competitive edge. Furthermore, we regard cost savings through long-term supplier contracts and bulk purchasing agreements as a key objective, which will facilitate the optimization of expenses within the steel raw material supply chain.

### GROWTH IN THE INTERNATIONAL MARKET

Engagement with foreign markets presents a substantial opportunity for our organization. To capitalize on this potential, we intend to develop customized solutions that address the specific needs of our clients while also expanding our product offerings. Thus, we aspire to enhance our company's market share and achieve growth on a global scale.

### ENVIRONMENTAL SUSTAINABILITY

Environmental sustainability is integral to our corporate strategy. To mitigate the impacts of raw materials utilized in steel pipe production and the energy resources consumed, we are committed to investing in more efficient production technologies and diversifying the energy sources employed during our manufacturing processes. Furthermore, we embrace recycling and recovery principles throughout our production operations in alignment with the adoption of the circular economy model.

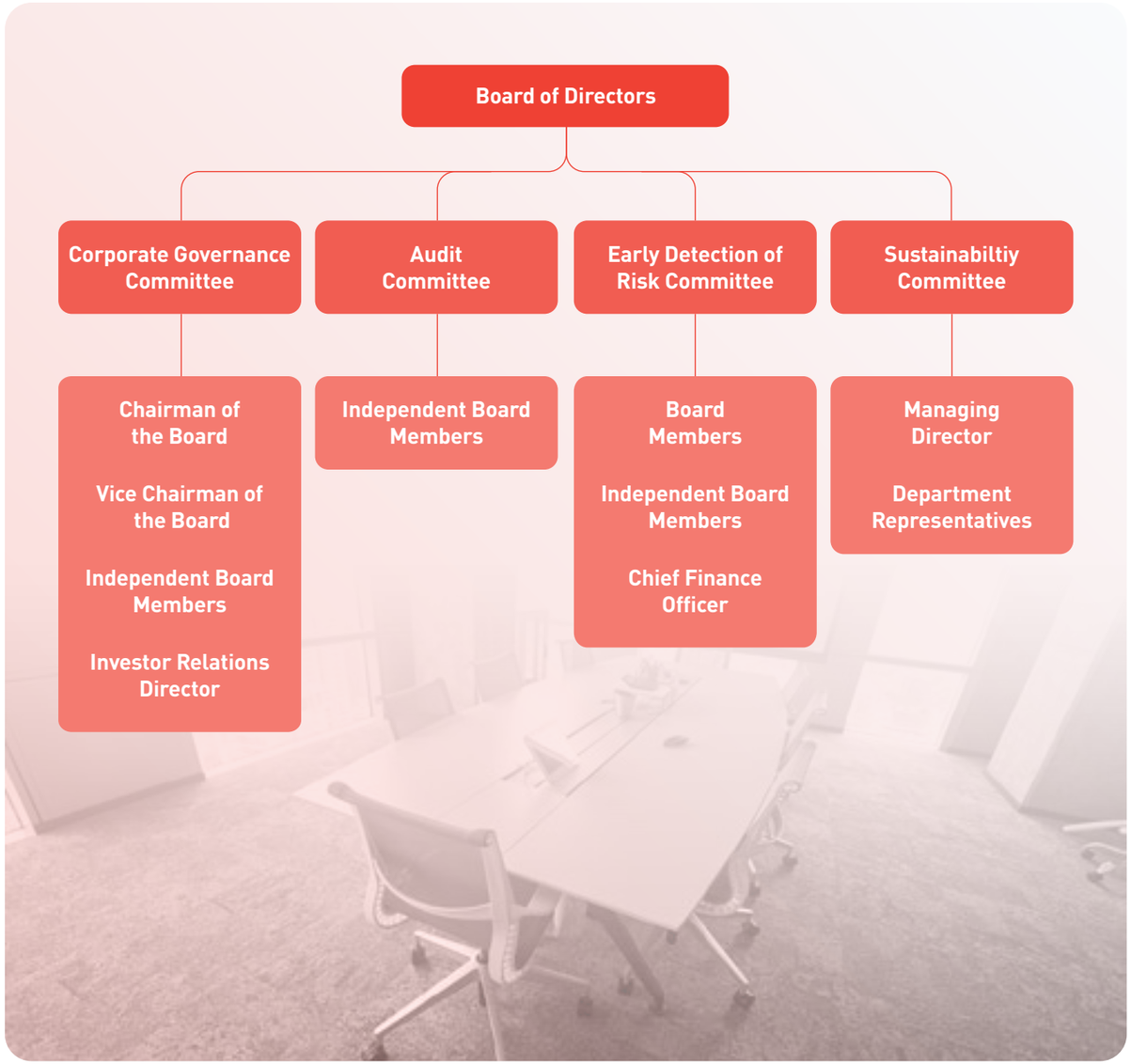
### EMPLOYEE SATISFACTION AND CORPORATE CULTURE

Our organization is dedicated to fostering talent development, ensuring safe working conditions, and promoting an equitable environment. We strive to enhance our corporate culture through the principles of transparency and engagement, thereby reinforcing the sense of value among our employees while cultivating closer relationships with all our stakeholders.

# Our Governance Structure

## Erciyas Steel Pipe is committed to advancing the company's sustainable growth and development objectives through the establishment of committees operating under the auspices of the Board of Directors in alignment with corporate governance principles.

These committees have been formed in accordance with the principles outlined in Communique No. II-17.1 on Corporate Governance as issued by the Capital Markets Board, facilitating a more effective execution of the roles and responsibilities of the Board of Directors.



## Corporate Governance Committee

The Corporate Governance Committee plays an active role in monitoring, implementing, and fostering adherence to corporate governance principles. This Committee undertakes initiatives to cultivate a corporate governance culture throughout the organization in alignment with the principles established by the Capital Markets Board. In addition to organizing developmental activities aimed at ensuring that employees comprehend and adopt corporate governance principles, the Committee also supervises the operations of the investor relations department on a regular basis. The Committee subsequently presents the outcomes of these activities, along with its recommendations, to the Board of Directors, thereby contributing to the organization's pursuit of a more transparent and effective governance framework.

## Audit Committee

The Audit Committee is responsible for ensuring the effective functioning of the company's accounting and financial reporting systems in compliance with legal regulations, overseeing the independent auditing processes, and evaluating the effectiveness of internal control systems. In the course of monitoring the disclosure of the company's financial information to the public, this Committee also observes the activities of independent auditing firms at every stage and provides recommendations to the Board of Directors when deemed necessary. In this regard, the activities of the Audit Committee are essential in promoting the accuracy and transparency of our organization's financial and operational processes.

## Early Detection of Risk Committee

The Early Detection of Risk Committee is established to facilitate the early detection, assessment, and management of existing and emerging risks that may jeopardize the viability, growth, or continuity of the organization. This Committee actively engages in the early detection, classification, and mitigation of risks within the framework of Corporate Risk Management systematics, as well as the implementation of essential mechanisms. The Committee is also responsible for the annual reporting of risks addressed across all organizational units, which includes the consolidation and assessment of these reports. The integration of risk management and internal control systems within the corporate structure further enhances the establishment of a sustainable management approach.

### Committees

**Number of Meetings Held in 2024**

| | |
|---|---|
| **Corporate Management Committee** | 5 |
| **Early Detection of Risk Committee** | 6 |
| **Audit Committee** | 5 |

**This Committee actively engages in the early detection, classification, and mitigation of risks within the framework of Corporate Risk Management systematics, as well as the implementation of essential mechanisms.**

# Compliance with Ethical Principles

**To uphold effective communication with our stakeholders, partners, employees, and suppliers, we adhere strictly to the principles of transparency and integrity as outlined in our Codes of Conduct established by our Ethics Committee.**

This Committee conducts the Personal Conflict of Interest and Personal Notification Form processes on a semi-annual basis, publishes the Declaration of Conformity with the Code of Conduct and the Working Principles at the conclusion of each year, and conducts a thorough examination of the results.

We have established regular monitoring and reporting systems to promote adherence to ethical principles throughout the organization. To enhance accountability, ensure compliance with legal regulations, and implement our business models in a healthier and fairer manner, we encourage all employees to adhere to the established ethical guidelines, and we conduct regular assessments of this adherence.

Employees and stakeholders are invited to contact us via etik@erciyas.com should they observe any violations of ethical standards or encounter behaviors that do not align with our ethical principles.

In 2024, significant initiatives were undertaken in collaboration with the Human Resources and Internal Auditing departments to establish an Ethical Hotline in alignment with our principles of ethics and transparency. Comprehensive training sessions were organized to enhance awareness of ethical standards among our employees and stakeholders. Additionally, periodic retraining sessions were scheduled, complementing the initial induction training. Training calendars were developed, processes were finalized, and training materials were made accessible to all employees.

In addition, our ethics procedures have been thoroughly reviewed and enhanced, leading to the development of comprehensive instructional manuals. These materials will be made available to all employees upon the activation of the Ethics Hotline. Our organization is committed to fostering a fair, transparent, and reliable business culture facilitated by the collaborative efforts of the Human Resources and Internal Auditing departments. Through this initiative, we strive to strengthen our corporate structure in alignment with our sustainability objectives.

# Combating Corruption and Anti-Competitive Behavior

## Erciyas Steel Pipe places a high priority on combating unethical practices, including corruption, bribery, influence peddling, and misconduct.

Our organization adopts a professional approach centered on transparency while systematically addressing risks associated with corruption through comprehensive risk management strategies. This includes thorough oversight of critical domains such as corporate gifts and entertainment, donations and aid disbursements, public procurements, and potential conflicts of interest. Furthermore, our organization is committed to actively undertaking measures to prevent such behaviors within our operations.

We conduct awareness-raising activities to ensure that our employees and stakeholders adhere to the rules of the "Combating Bribery and Corruption Policy." We diligently avoid any actions that contradict the values of our corporation, including bribery, corruption, and misconduct, and we actively support international initiatives aimed at the eradication of such offenses, maintaining a high level of discipline.

**We do not endorse, either directly or indirectly, any political entities in Türkiye or in any other countries where we operate, and we strictly comply with laws pertaining to money laundering, competition, and all relevant regulations.**

Moreover, our employees are prohibited from utilizing company resources for personal gain or engaging in any activities that may compromise their impartiality, thus preventing conflicts of interest. Erciyas Steel Pipe operates in full accordance with anti-money laundering laws and regulations and undertakes initiatives and activities to raise awareness about actions that undermine competition and promote monopolization.

To mitigate and manage potential conflicts of interest, we highlight that our employees are prohibited from utilizing company resources, as well as their titles, authorities, or influence, for personal gain. We are committed to ensuring that our employees refrain from any business relationships that could result in actual or perceived conflicts of interest or that may compromise their judgment or decision-making.

Employees who suspect they are facing a conflict of interest or who find themselves in such a situation are required to formally inform their superiors in writing. Superiors must then report the matter to the Ethics Committee. In instances where employees are unable to report to their supervisors, they are expected to communicate directly with the Ethics Committee. This process is designed to ensure the effective management of conflicts of interest.

**During the reporting period, four internal audits were conducted, focusing on potential corruption risks. No instances of anti-competitive behavior, monopolization, or other antitrust incidents were identified.**

# Transparency and Internal Audit

## Our company is committed to the effective implementation of internal auditing and control processes guided by the principles of transparency and accountability across all operations.

The keystones of our corporate governance framework are comprised of our accounting system's functionality, the public disclosure of financial information, the management of independent auditing processes, and the continual enhancement of internal control systems. In this regard, we meticulously oversee each phase, from the selection of independent auditing firms to the execution of auditing processes in compliance with contractual stipulations.

## We strictly uphold the principle of independence throughout the auditing processes, systematically assess the findings, and promptly undertake necessary actions to ensure the accuracy and integrity of our financial statements.

Our in-house auditing activities are conducted in coordination with independent auditing processes and other business departments. Auditing plans and reports undergo regular review, and any required actions are implemented to address elements that may impede internal auditing efforts. In this regard, we embrace a philosophy of continuous improvement to enhance the effectiveness of our internal control and auditing system.

In accordance with our transparency policy, we disclose our financial reports at the end of each quarterly fiscal period, following a thorough review by our board of directors and relevant committees. Additionally, the outcomes of the independent auditing process are disclosed alongside our responsibility declarations, in conjunction with our annual and interim financial statements that are also made publicly available.

The Internal Auditing Department reports directly to the Board of Directors, thereby enhancing the accountability of organizational processes while, at the same time, continuously expanding the scope and effectiveness of audits by incorporating the insights and recommendations of the Independent Auditing Committee. The primary objective of audits extends beyond merely assessing the effectiveness of existing controls; they also seek to formulate proactive solutions aimed at preventing unethical behavior. This holistic approach bolsters our corporate governance principles while playing a pivotal role in achieving the organization's sustainability and risk management objectives.

## In 2024, the internal auditing activities driven by risk assessments were successfully completely in accordance with global internal auditing standards.

Our Internal Auditing department evaluated the internal control mechanisms of the organization and conducted thorough audits pertaining to financial, operational, and process-related risks. During these audits, the effectiveness of policies aimed at combatting bribery and corruption was assessed, and recommendations were formulated to mitigate risks in this area. Our organization is committed to fostering a transparent and reliable business environment grounded in ethical values.

In 2024, initiatives to establish an Ethics Hotline were implemented in collaboration with the Human Resources Department, alongside a review of Erciyas Steel Pipe's procedures to optimize processes. The "Reborn Project," focused on the development of digital systems within the organization company, was also executed in coordination with the IT Department.

## Throughout the year 2024, comprehensive internal audits were conducted across the Human Resources, Production Quality Planning, Accounting, Finance, and Sales departments, and the findings of these audits were documented and reported. The Independent Audit Committee convened a total of five meetings throughout the year, significantly enhancing the effectiveness of operational processes.

# Corporate Risk Management

## Our organization embraces a philosophy of effective corporate risk management to enhance operational efficiency and meet our legal obligations. We systematically define, assess, and manage both internal and external risks.

The fundamental steps of our risk management process encompass the accurate identification of risks, evaluation of probabilities and impacts, and determination of risk capacity. In pursuit of our strategic objectives, we explicitly define acceptable risk levels and implement measures to mitigate, transfer, or entirely eliminate identified risks. Furthermore, we conduct regular monitoring of all risks via the Risk Portfolio, enabling early detection of potential threats and assessment of the effectiveness of measures adopted through continuous monitoring and improving processes.

## Early Detection and Management of Risks Committee

To ensure the early detection and effective management of risks, Erciyas Steel Pipe has established the Early Detection and Management of Risks Committee. This committee is tasked with identifying both current and potential risk factors that may jeopardize the viability, growth, or continuity of the organization within the framework of a corporate risk management systematics, conducting early diagnosis, and monitoring and implementing necessary risk management principles. Among its responsibilities, the committee delineates the principles for risk management in alignment with the company's appetite, ensures the integration of these principles into decision-making mechanisms, and provides recommendations to the Board of Directors.

## Furthermore, the Committee's fundamental duty encompasses the early detection of strategic, operational, and financial risks, the reporting of such risks to the Board of Directors, and the development of measures to mitigate these risks effectively.

## Objectives of Corporate Risk Management

**1. Enhancing Resilience:** The organization's ability to sustain its operations in the medium and long term hinges on the prediction of complex and interrelated risks that could jeopardize our strategies and objectives and its capability to respond effectively to such risks. Through Corporate Risk Management, we are positioned to anticipate such risks, bolster our resilience, and prepare effectively for any potential threats.

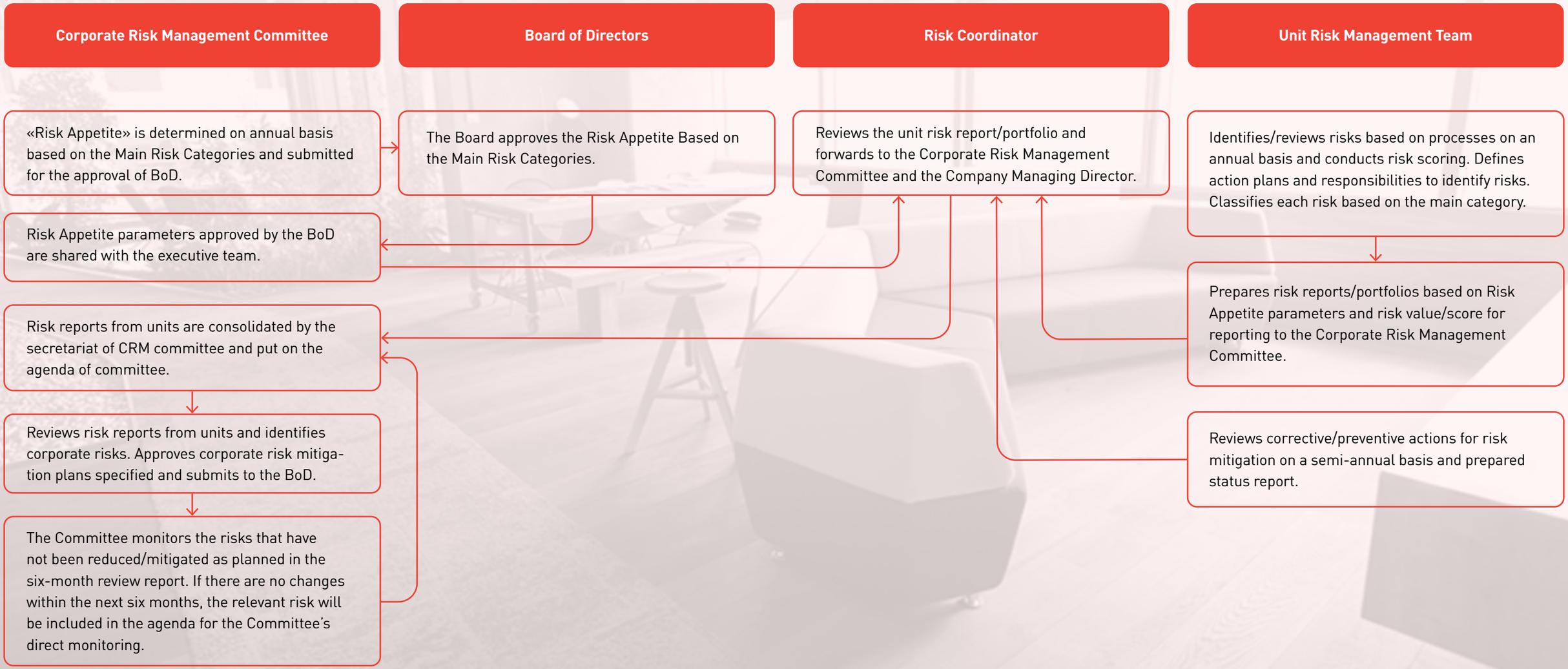
**2. Establishing A Shared Language with Stakeholders:** To effectively communicate corporate risks to our stakeholders, it is essential to establish a shared language. We define and assess our risks based on their potential impacts on our strategies and business objectives.

**3. Optimizing In-House Resource Allocation:** By acquiring trustworthy information regarding risks, management can accurately assess the need for general resources. This enables us to optimize resource allocation, ensuring the most efficient distribution of resources to achieve our strategic goals and enhance organizational efficiency.

**4. Monitoring ESG Opportunities:** We evaluate the implications of Environmental, Social, and Governance (ESG) risks and track relevant trends in this domain. By identifying both potential risks and opportunities, we can derive strategic advantages in the ESG landscape.

## In alignment with these objectives, our focus is on the ongoing enhancement of corporate risk management, and we aspire not only to effectively mitigate risks but also to identify and leverage potential opportunities that may arise from those risks.

# Risk Management Flowchart



# Our Risks and Actions

Erciyas Steel Pipe has conducted a comprehensive risk analysis, meticulously developed in accordance with the most current and credible sustainability standards within the industry and informed by international reports. This analysis utilized criteria established by globally recognized sustainability and investment analysis institutions, including the Sustainability Accounting Standards Board (SASB) and MSCI. Consequently, the potential risks associated with the company's operations in the environmental, social, and governance domains have been evaluated objectively, adhering to the framework of international best practices.

## Department-Based Analysis

To enhance the scope of our risk analysis, comparative evaluations were conducted with similar companies within the industry. These evaluations not only support our strategic decision-making processes but also foster a more proactive and effective implementation of our strategies. A comprehensive risk assessment study was undertaken, encompassing the departments of Sales, Sustainability, Information Technologies, Internal Audit, Finance, and Production. In total, 60 risks were analyzed, with 32 critical risks defined as priorities by the team. Risks that were jointly identified by a minimum of five distinct departments were included in the evaluation. Consequently, critical risks that have implications across various business departments were prioritized, with risk ratings established on a scale from 0 to 6, reflecting the input from six departments.

## Value Chain-Based Analysis

The value chain encompasses several steps, including raw material supply, production process, quality control, logistics, storage, sales and marketing, customer relations, R&D, finance, and compliance with legal regulations. Each of these steps was evaluated separately within the context of risk analysis. Risks associated with each stage were rigorously analyzed, facilitating a comprehensive assessment. This method allows for more detailed identification and mitigation of risks at each stage of the value chain, thereby enhancing the overall risk analysis process.

## Financial-Based Analysis

Each risk is meticulously addressed at every step of the value chain, with a comprehensive evaluation of the financial impacts associated with these risks. Throughout this analysis process, the financial repercussions of each risk on specific stages of the value chain are examined in detail. This approach allows for the modeling of the potential impacts of each risk on long-term financial performance while also elucidating their contributions to the financial structures and sustainability of the organization. This holistic methodology facilitates the optimization of risk management, thereby enhancing and safeguarding financial performance.

# Risk Definition Cards

| Risk Domain: | Average Risk: | Risk Domain: | Relevant Value Chain Step: | Definition: |
|---|---|---|---|---|
| **ECONOMY** | 5.6/6 | • Economic stagnation and inflation<br>• Liquidity risk<br>• Foreign exchange risk<br>• Political and economic instability | • Raw Material Supply<br>• Production Process<br>• Quality Control<br>• Logistics<br>• Storage<br>• Sales and Marketing<br>• Customer Relations<br>• Finance and Law | Risks associated with the economy represent the most critical category of risk, with an average rating of 5.6. Factors such as economic stagnation and inflation can negatively affect our cash flow and profitability. Additionally, escalating costs associated with raw materials and operations may threaten the financial sustainability of our organization. Liquidity risk presents challenges in effectively managing financial obligations in a timely manner, while fluctuation risks in foreign exchange rates can result in increased import costs, thereby disrupting our supply chain. Furthermore, political and economic instability, regulatory changes, customs duties, and uncertainties regarding market access can further complicate our business processes. |
| **SOCIETY** | 5.5/6 | • International armed conflict<br>• Insufficient economic opportunities | • Logistics | Social risks comprise factors that may significantly influence our sustainability objectives. These risks have been evaluated with an average score of 5.5, signifying an important risk category. International armed conflicts and insufficient economic opportunities can considerably affect our logistics processes. Conflicts often lead to disruptions and heightened security risks within our supply chain, while insufficient economic opportunities may have detrimental effects on local communities. Such conditions can restrict the available workforce and customer resources, thereby threatening our operational efficiency. |
| **NATURAL DISASTER** | 5.5/6 | • Earthquake<br>• Fire | • Logistics<br>• Storage<br>• Production Process | Natural disasters present significant risks that directly affect logistics and storage processes, in particular. The risk assessment score of 5.5 clearly indicates that this issue constitutes a serious threat. Events such as earthquakes and fire can lead to disruptions within our supply chain, resulting in both product losses and operational interruptions. Damages to storage facilities or disruptions in logistical processes can severely impact the operational effectiveness of our organization, consequently leading to increased costs. Such incidents may present formidable challenges in sustaining the continuity of our business operations. |

# Risk Definition Cards

| Risk Domain: | Average Risk: | Risk Domain: | Relevant Value Chain Step: | Definition: |
|---|---|---|---|---|
| **SUPPLY CHAIN** | 5/6 | • Supply chain environmental compliance<br>• Supply chain social compliance | • Raw Material Supply<br>• Logistics<br>• Sales and Marketing<br>• Customer Relations | Risks associated with the supply chain encompass critical factors that may hinder our ability to meet sustainability objectives. These risks are averaged at a score of 5, indicating a medium-level threat. Environmental compliance mandates that suppliers adopt environmentally sensitive practices within their operations, while social compliance involves strict oversight regarding labor standards, human rights, and ethical considerations. Failure to address these risks may result in legal noncompliance throughout the supply chain, as well as a deterioration of reputation and customer dissatisfaction. |
| **REGULATIONS AND COMPLIANCE** | 5/6 | • Reporting standards and regulations<br>• Export quotas/bans<br>• Legal conflicts<br>• Legal restrictions and taxes | • Raw Material Supply<br>• Logistics<br>• Sales and Marketing<br>• Customer Relations<br>• Finance and Law | Risks associated with regulations and compliance encompass significant legal and regulatory factors that may directly influence organizational activities. The risk average of 5 indicates that these risks are of medium importance and necessitate meticulous management. Noncompliance with reporting standards and regulations may result in severe penalties or reputational damage. Furthermore, export quotas and bans can pose challenges to our logistical processes, thereby restricting international business operations. In addition, legal disputes may complicate the financial and legal transactions of our organization, potentially leading to disruptions throughout the supply chain and sales and marketing processes. |
| **TECHNOLOGY** | 4.5/6 | • Current innovations and advancing technology<br>• Digital capability<br>• Cyber insecurity<br>• Inability to adapt to technological developments | • Raw Material Supply<br>• Quality Control<br>• Storage | Risks associated with technology present significant challenges that the organization may face during the digital transformation process and in our efforts to adapt to technological advancements. An average risk rating of 4.5 suggests that these risks pose a medium-level threat; however, they can be effectively managed. Current innovations and the continuous evolution of technology may directly impact competitiveness, while the failure to embrace technological advancements can result in diminished competitive advantages and a decline in market position. Additionally, a lack of digital capability may lead to operational inefficiencies, while cyber insecurity poses a considerable threat to data and system integrity. Potential cyberattacks may result in data loss or reputational damage. The inability to adapt to technological developments may hinder the organization's ability to keep pace with the industry changes, ultimately causing missed market opportunities. |

# Risk Definition Cards

| Risk Domain: | Average Risk: | Risk Domain: | Relevant Value Chain Step: | Definition: |
|---|---|---|---|---|
| **GOVERNANCE** | 4.1/6 | • Governance requirements<br>• Transparency and monitorability<br>• Occupational accidents<br>• Customer satisfaction<br>• Product Quality | • Quality Control<br>• Storage<br>• Sales and Marketing<br>• Customer Relations<br>• Finance and Law | The average value of risks associated with governance is rated at 4.1., indicating that these risks present a low to medium level of threat that can be minimized through appropriate management practices. Instances of non-compliance may not only lead to legal repercussions but also compromise the reputation of the organization. Ensuring transparency and monitorability necessitates that our activities remain open and accountable; otherwise, a loss of confidence may occur. Occupational accidents represent significant risks to employees' health and safety, which can lead to operational interruptions. Negative outcomes related to customer satisfaction and product quality may result in customer attrition and a decline in sales. |
| **ENVIRONMENT** | 3.8/6 | • Emission management<br>• Energy management<br>• Clean energy opportunities<br>• Shortage of natural resources<br>• Waste management | • Raw Material Supply<br>• Production Process<br>• Logistics<br>• Sales and Marketing | Risks associated with environmental factors encompass the ecological consequences of organizational activities and their capacity to align with sustainability objectives. An average risk rating of 3.8 suggests that these risks are within a manageable range; however, ongoing monitoring and strategic intervention are essential. Deficiencies in emission management can lead to non-compliance with environmental regulations and loss of reputation. Inadequate energy management may result in increased operational costs and adverse environmental consequences. Shortages of natural resources and challenges in waste management can disrupt supply chains, production processes, and logistical operations. |
| **EMPLOYEE** | 3.8/6 | • Decline in skill levels<br>• Employee management<br>• Employee rights<br>• Labor management | • Raw Material Supply<br>• Production Process<br>• Quality Control<br>• Logistics<br>• Sales and Marketing<br>• Customer Relations<br>• R&D<br>• Finance and Law | The average risk associated with employees is assessed at 3.8, which signifies that these risks present a medium-level threat but remain manageable. A decline in skill levels may diminish labor efficiency and adversely impact the organization's competitiveness. Moreover, low employee satisfaction can lead to decreased motivation and loyalty, resulting in diminished performance. To safeguard employee rights, the organization should comply with legal regulations and adhere to ethical standards. Any violation in this domain may result in legal disputes and a loss of reputation. Challenges in labor management may negatively affect overall efficiency. |

# Risks Concentrated on Value Chain Steps and Expected Financial Implications

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Raw Material Supply** | Social Compliance in Supply Chain | Legal Restrictions and Taxes | Environmental Compliance in Supply Chain | Political and Economic Instability | Current Innovations and Advancing Technology | Labor Management | Emission Management | Liquidity Risk |
| **Production Process** | Employee Satisfaction | Energy Management | Emission Management | Occupational Accidents | Liquidity Risk | Labor Management | Loss of Talent | Waste Management |
| **Quality Control** | Adaptation to Technological Developments | Customer Satisfaction | Product Quality | Loss of Talent | Liquidity Risk | | | |
| **Logistics** | International Armed Conflict | Emission Management | Environmental Compliance in Supply Chain | Earthquake | Labor Management | Liquidity Risk | Reporting Standards and Regulations | Political and Economic Instability |
| **Storage** | Adaptation to Technological Developments | Transparency and Monitorability | Political and Economic Instability | Earthquake | Fire | | | |
| **Sales and Marketing** | Product Quality | Human Rights | Employee Satisfaction | Energy Management | Labor Management | Legal Restrictions and Taxes | Environmental Compliance in Supply Chain | Export Quotas |
| **Customer Relations** | Governance | Labor Management | Liquidity Risk | Transparency and Monitorability | Social Compliance in Supply Chain | Environmental Compliance in Supply Chain | Product Quality | Legal Restrictions and Taxes |
| **R&D** | Loss of Talent | | | | | | | |
| **Finance and Law** | Legal Restrictions and Taxes | Economic Stagnation and Inflation | Governance | Transparency and Monitorability | Political and Economic Instability | Liquidity Risk | Fluctuation Risk of Exchange | Employee Satisfaction |

**0-1 Million $** **1-5 Million $** **5-10 Million $** **10-20 Million $** **> 20 Million $**

# 3.0

# Sustainability Strategy



# Our Sustainability Strategy

**In our business processes, we embrace a holistic approach that integrates environmental, social, and economic responsibilities. With the objective of fostering a sustainable future, we develop innovative and effective solutions that harmonize these three dimensions at every phase of our activities.**

To achieve our sustainability targets effectively, we adopt a comprehensive and interdisciplinary perspective. In this direction, our sustainability committee plays a crucial role in implementing our strategic priorities by organizing our activities around three key areas. The committee convenes regularly to review our current targets and policies, thereby guiding our long-term strategies.

## Monitoring Short- and Long-Term Targets

We conduct regular reviews of our short- and long-term sustainability targets and assess our progress in achieving these objectives with a detailed approach. As we analyze the outcomes of projects planned for completion by 2024, we continuously update our strategies to align with our 2030 objectives.

## Integrated Working Structure

We regularly monitor the activities of our working groups, which are essential components of the sustainability committee.

- Environmental Impact Group: This group develops and implements specific projects focused on carbon reduction, energy efficiency, water, and waste management.
- Social Development Group: This group supports social responsibility projects targeting local communities while also promoting the welfare and occupational health of employees.
- Compatibility with Technology Group: This group carries out initiatives to integrate digitalization and technological innovations into our sustainability strategies.

## Establishing an Ethos of Environment and Sustainability

We implement training programs for our employees, suppliers, and other stakeholders to embed sustainability as an inevitable element of our corporate culture. We review these training sessions on a routine basis and update their content in response to feedback received. Through our training programs, we aim to enhance environmental awareness and broaden the dissemination of our sustainability principles.

## Developing a Corporate Infrastructure

We continuously evaluate the software infrastructures used to improve the efficiency of carbon management and digitalization processes. We implement ongoing updates to existing infrastructures to improve the precision and efficiency of carbon footprint calculations while integrating these infrastructures into new technologies, thus facilitating greater transparency and effectiveness in our reporting processes.

## Committee

**Number of Meetings Held in 2024**

| | |
|---|---|
| **Sustainability Management Committee** | 7 |
| **Environmental Impact Working Group** | 4 |
| **Social Development Working Group** | 6 |
| **Compatibility with Technology Group** | 8 |
| **EU Carbon Border Adjustment Mechanism Preparation Committee** | 7 |

# Our Sustainability Governance

**Erciyas Steel Pipe has structured a comprehensive governance model to effectively achieve its sustainability objectives for the management of environmental, social, and economic values through a cohesive approach. Central to this framework are two fundamental structures that define our sustainability strategy and direct its implementation: the Sustainability Committee and the Working Groups.**

The Sustainability Committee is responsible for formulating the sustainability plans, objectives, projects, and investments of our organization and submitting them for the approval of the Board of Directors. The committee conducts regular meetings six times a year, once every two months. During these meetings, we evaluate the risks and opportunities associated with sustainability, make strategic decisions, and oversee the implementation of those decisions. We consistently monitor and report on the progress of key performance indicators aligned with our sustainability objectives. Furthermore, we establish Working Groups focused on various aspects of the company and coordinate the activities of these groups. We review and approve the action plans, projects, and objectives submitted by the Working Groups and develop initiatives aimed at enhancing awareness of sustainability. Upon completion of these processes, we present the annual Sustainability Progress Report to the Board of Directors.

The Sustainability Working Groups operate within the focus areas defined by the Sustainability Committee and execute initiatives aimed at enhancing our sustainability performance. Through these groups, we formulate action plans designed to achieve the sustainability Key Performance Indicators (KPIs) for the organization within their respective domains and monitor the implementation of these plans. The Working Groups convene regularly on a monthly basis to evaluate the progress of various projects and provide reports to the Sustainability Committee once every two months. Additionally, we conduct a comprehensive assessment of our sustainability performance, with progress reports on the six-month action plans issued twice a year.

As Erciyas Steel Pipe, we diligently implement these sustainability policies in accordance with the aforementioned structure. We remain committed to disciplined efforts to realize our long-term objectives, which aim to preserve and enhance our environmental, social, and economic values for the future.

**The Sustainability Working Groups operate within the focus areas defined by the Sustainability Committee and execute initiatives aimed at enhancing our sustainability performance.**

# Governance Structure

| Committee | Working Groups | Members of the Working Group | | | Focus Areas | Relevant SDGs |
|---|---|---|---|---|---|---|
| | | HQ | Mersin | Düzce | | |
| Sustainability Committee | Environmental Impact Working Group | • Purchasing Engineer<br>• Marketing and Business Development Specialist | • Quality Assurance Manager<br>• Environmental Engineer<br>• Mechanic Maintenance Supervisor<br>• Electric Maintenance Supervisor<br>• Production Supervisor | • Integrated Management Systems Supervisor<br>• Electric & Mechanic Maintenance Supervisor<br>• Production Manager | • To prioritize energy efficiency projects<br>• To leverage renewable energy resources<br>• To minimize greenhouse gas emissions and establish a roadmap for decarbonization<br>• To effectively manage water-related risks<br>• To promote efficient waste management and circular economy practices |  |
| | Social Development Working Group | • Human Resources Manager<br>• Purchasing Manager<br>• Sales Expert<br>• Specialist Law Manager | • Human Resources Specialist<br>• OHS Specialist<br>• Purchasing Engineer<br>• Production Supervisor | • OHS Manager<br>• Human Resources Specialist<br>• Purchasing Specialist<br>• Production Supervisor | • To promote a participatory work environment focused on equity and inclusivity<br>• To establish a fair system for our employees based on equal opportunities<br>• To demonstrate industry leadership in occupational health and safety practices<br>• To enhance employee satisfaction<br>• To strengthen local collaborations and contribute to employment opportunities<br>• To encourage the development of suppliers with a focus on environmental and social considerations<br>• Customer satisfaction |  |
| | Technological Adaptation Working Group | • Purchasing Director<br>• IT Director<br>• IT – Information Technologies Executive | • Factory Manager<br>• Quality Control Manager<br>• IT Executive<br>• Electric Maintenance Supervisor | • Factory Manager<br>• Production Manager<br>• Quality Manager<br>• Design Center Manager IT Executive<br>• Mechanic & Electric Maintenance Supervisor<br>• Production Supervisor | • To digitalize our business models<br>• To integrate innovation as a core component of our business model for sustainable and efficient production processes. |  |

# Stakeholder Analysis

As Erciyas Steel Pipe, we have conducted a thorough analysis of our stakeholders to enhance the effectiveness of our sustainability strategies and to foster a more inclusive decision-making process.

## Stakeholder Identification:

In the initial phase of the stakeholder analysis process, we identified seven primary groups: financial communities, governmental and public utilities, suppliers, customers, media and press, society, and employees. These groups are directly or indirectly influenced by our organizational activities. We subsequently established 63 sub-stakeholder groups under these categories, which were classified based on their impacts on our sustainability targets and expectations.

## Analysis and Assessment:

Feedback obtained from stakeholders is systematically analyzed in alignment with their levels of interaction, needs, and expectations. This analysis involves the evaluation of opportunities that stakeholders may present to our organization, as well as the potential risks that could arise. Each stakeholder is categorized based on level of importance, and the identified importance topics are assessed in relation to stakeholders. Subjects deemed to hold critical importance are prioritized according to stakeholder opinions, and those subjects with strategic importance are identified.

| | **Impact Level** | Very High Impact | High Impact | Medium Impact | Low Impact | Very Low Impact |
|---|---|---|---|---|---|---|
| **Importance Level** | | 5 | 4 | 3 | 2 | 1 |
| Very high importance | 5 | First Degree Stakeholder | First Degree Stakeholder | Second Degree Stakeholder | Second Degree Stakeholder | Third Degree Stakeholder |
| High Importance | 4 | First Degree Stakeholder | Second Degree Stakeholder | Second Degree Stakeholder | Third Degree Stakeholder | Fourth Degree Stakeholder |
| Medium Importance | 3 | Second Degree Stakeholder | Second Degree Stakeholder | Third Degree Stakeholder | Third Degree Stakeholder | Fourth Degree Stakeholder |
| Low Importance | 2 | Second Degree Stakeholder | Third Degree Stakeholder | Third Degree Stakeholder | Fourth Degree Stakeholder | Fourth Degree Stakeholder |
| Very Low Importance | 1 | Third Degree Stakeholder | Fourth Degree Stakeholder | Fourth Degree Stakeholder | Fourth Degree Stakeholder | Fourth Degree Stakeholder |

## Establishment of Feedback Mechanisms:

To facilitate effective communication with stakeholders, a comprehensive multichannel feedback process has been designed. Regular interactions with stakeholders are conducted through surveys, face-to-face discussions, meetings, digital platforms, social media, and local events. During the preparation of the Sustainability Report, surveys were distributed to stakeholders to gather strategic insights, leading to the development of the materiality matrix.

**To enhance stakeholder satisfaction, a donation was made to the Tuvana Foundation for the Education of Children Willing to Read (TOÇEV) for each stakeholder completing our survey.**

## Integration into Strategic Decisions:

Stakeholder feedback is effectively utilized in the development of our sustainability strategies and decision-making processes. These analyses not only assist in fulfilling our social responsibilities but also foster mutually beneficial collaborations and create joint values with our stakeholders.

# Stakeholder Analysis

| Stakeholder Group | Importance Degree | Change Impact | Comm. Methods | Comm. Frequency | Stakeholder Expectations | Stakeholder Management |
|---|---|---|---|---|---|---|
| Employees | ●●●●● | ●●●●○ | Internal communication, email, surveys, meetings | Everyday | Job Security, Equitable Compensation, Equal Opportunities, Healthy Working Conditions | We provide equitable compensation, ongoing training programs, and opportunities for career advancement to enhance employee satisfaction. We strengthen internal communication through employee suggestion systems and feedback mechanisms. |
| Investors | ●●●●● | ●●●●● | Investor meetings, annual reports, bulletins | Once in three months | Sustainable Growth, Ethic Investments, Continuity of Financial Performance | We enhance investor confidence through transparent financial reporting, regular engagement with investors, and sustainable growth strategies. Additionally, we implement risk management practices that focus on the creation of long-term value. |
| Subsidiaries and Affiliates | ●●●●● | ●●●●● | Meetings, alliance reports, email | Once in a week | Good Cooperation, Mutual Benefit, and Sustainable Supply Chain | We strengthen operational synergy among our group companies and cultivate efficient business processes and collaborative projects. We reinforce coordination in alignment with our strategic objectives. |
| Suppliers | ●●●●○ | ●●●●○ | Meetings, agreements, supplier reports | Once in a week | Ongoing Business Relations, Fair Trade, Sustainable Production Processes | We uphold the standards of quality, sustainability, and timely delivery through effective supply chain management. We ensure operational efficiency through long-term partnerships and digital supply processes. |
| Customers | ●●●●● | ●●●●● | Mail, telephone | Once in a month | Environmentally Friendly, Ethical Production, Quality Product and Transparency | We prioritize customer satisfaction and provide high-quality products and tailor-made solutions. |

# Stakeholder Analysis

| Stakeholder Group | Importance Degree | Change Impact | Comm. Methods | Comm. Frequency | Stakeholder Expectations | Stakeholder Management |
|---|---|---|---|---|---|---|
| NGOs | ●●●●● | ●●○○○ | Meetings, social media, cooperation projects | When required | Environmentally Friendly Practices, Social Benefit, Transparency and Reporting | We collaborate with NGOs on sustainability, environmental, and social responsibility projects to enhance our social impact. |
| Universities | ●●●○○ | ●●○○○ | Research projects, cooperation protocol, seminars | When required | Research and Innovation, Contribution to Environmentally Friendly Projects, Cooperation Opportunities | We engage in collaborative initiatives with universities in R&D and innovation projects and invest in new technologies and talented human resources. |
| Local Community | ●●●○○ | ●○○○○ | Local meetings, events, surveys | When required | Social Responsibility Projects, Mitigation of Environmental Impacts, Job Opportunities | We implement social responsibility initiatives to support social development and contribute to regional economic development through job creation. |
| Financial Communities | ●●●●○ | ●●●●● | Face-to-Face Meetings, Phone Conversations, Email | Once in a week | Financial Sustainability, Ethic and Sustainable Investments, Compliance with Reporting Standards | We establish robust relationships with banks, investment funds, and financial institutions to cultivate sustainable financing models. We remain committed to the principles of risk management and financial transparency. |
| Media and Press | ●●●●○ | ●○○○○ | Press releases, media meetings, social media | When required | Disclosure about Transparency, Environmental and Social Responsibility Projects | We implement dynamic media communication to enhance corporate reputation and provide accurate public disclosures. We foster industry development through the dissemination of transparent and credible information. |

# Materiality Analysis

**At Erciyas Steel Pipe, we have conducted a comprehensive materiality analysis to enhance the effectiveness of our sustainability strategies and to adequately address stakeholder expectations.**

This initiative aligns with the global sustainability standards while incorporating best practices from the industry and analyses of our competitors. In this context, we aim to ensure the validity of our sustainability strategies not only at the local level but also on a global scale, thereby strengthening our organization's competitive position within the industry.

The materiality analysis for 2024 has successfully aligned the sustainability strategies of Erciyas Steel Pipe with global standards, thereby reinforcing its competitive position within the industry. The findings from this analysis have provided essential strategic directions necessary for not only evaluating actions aimed at mitigating environmental and social impacts but also for effectively capitalizing on opportunities within the value chain.  The Materiality Analysis has received approval from the Board of Directors.

01

## SECTOR AND COMPETITOR ANALYSIS

A thorough evaluation of global and local best practices has been conducted to assess the current status and performance of Erciyas Steel Pipe. An examination of the sustainability strategies employed by industry competitors has facilitated the identification of key areas that could potentially yield competitive advantages.

02

## DIALOGUE WITH STAKEHOLDERS

Through comprehensive consultations with over 150 internal and external stakeholders, the priorities centered around environmental, social, and governance (ESG) criteria have been thoroughly assessed. This process utilized a range of methodologies, including feedbacks from surveys, interviews, workshops, and digital platforms. In this way, a precise roadmap has been developed about the sustainability priorities of stakeholders.

03

## MATERIALITY ANALYSIS IN THE VALUE CHAIN

The potential risks and opportunities that the organization may encounter within its value chain were systematically examined through the workshops that engaged relevant units. These initiatives helped identify strategic priorities designed to mitigate environmental impacts and enhance social benefits.

04

## DEVELOPMENT OF A MATERIALITY MATRIX

The materiality matrix has been developed by assessing various topics related to environmental, social, and governance factors based on their influence on corporate operations and the priorities of stakeholders. This matrix serves as a fundamental instrument that directs our sustainability strategies.

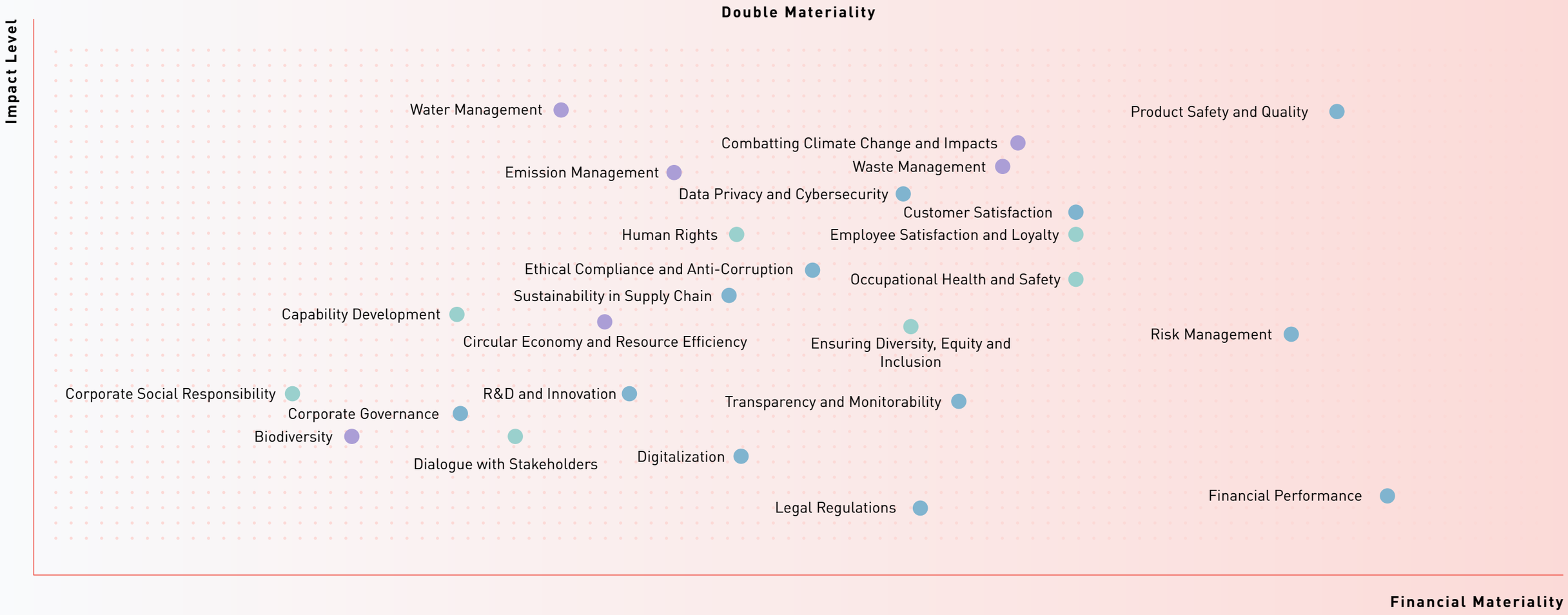
05

## MATERIALITY ANALYSIS ASSESSMENT

The materiality analysis revealed several pivotal sustainability topics: combating climate change, reducing carbon emission , promoting circular economy practices, ensuring occupational health and safety, enhancing supply chain sustainability, and fostering social contribution.

Stakeholder Engagement-Based Strategic Updates: In response to stakeholder feedback, we have refined our sustainability strategies and subsequently updated our action plans.

# Materiality Analysis



# Materiality Analysis

| Focus Areas | Materiality Subjects | Value Chain Steps | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Production Process | Quality Control | Raw Material Supply | Finance and Law | Logistics | Storage | R&D | Customer Relations | Sales and Marketing |
| Environment | Waste management | ● | | ● | | | ● | | | |
| | Bio-diversity | ● | | | | | | | | |
| | Circular Economy and Resource Efficiency | ● | | | | | | | | |
| | Emission Management | ● | | ● | | ● | | | | ● |
| | Climate Change | ● | ● | ● | | ● | | | | ● |
| | Water Management | ● | | | | | | | | |
| Social | Employee Satisfaction and Loyalty | ● | ● | ● | ● | ● | | ● | ● | ● |
| | Diversity, Equity, Inclusion | ● | ● | | ● | ● | ● | ● | ● | ● |
| | Human Rights | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| | Occupational Health and Safety | ● | ● | ● | | | ● | ● | ● | ● |
| | Corporate Social Responsibility | | | | ● | | | | ● | ● |
| | Dialog with Stakeholders | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| | Capability Development | ● | ● | | ● | ● | ● | ● | ● | ● |

*As the number of multiplication signs increases, the importance of the corresponding subject within the value chain also increases.

● Very High Impact ● High Impact ● Medium Impact ● Low Impact ● Very Low Impact

# Materiality Analysis

| Focus Areas | Materiality Subjects | Value Chain Steps | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Production Process | Quality Control | Raw Material Supply | Finance and Law | Logistics | Storage | R&D | Customer Relations | Sales and Marketing |
| Governance | R&D and Innovation | ● | ● | | | | | ● | | |
| | Digitalization | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| | Ethical Compliance and Corruption | ● | ● | ● | ● | ● | | | ● | ● |
| | Financial Performance | ● | ● | ● | ● | ● | | ● | ● | ● |
| | Corporate Governance | ● | ● | ● | ● | | | | ● | ● |
| | Customer Satisfaction | ● | ● | ● | ● | ● | ● | | ● | ● |
| | Risk Management | ● | ● | ● | ● | ● | ● | | ● | ● |
| | Transparency and Monitorability | ● | ● | ● | ● | ● | ● | | ● | ● |
| | Sustainability within the Supply Chain | ● | ● | ● | | ● | | | | |
| | Product Safety and Quality | ● | ● | ● | | ● | | | ● | ● |
| | Data Privacy and Cybersecurity | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| | Legal Regulations | ● | ● | ● | ● | ● | ● | ● | ● | |

*As the number of multiplication signs increases, the importance of the corresponding subject within the value chain also increases.

● Very High Impact ● High Impact ● Medium Impact ● Low Impact ● Very Low Impact

# Management of Climate Risks

## Analysis Across the Value Chain and Its Financial Implications

At Erciyas Steel Pipe, we adopt a proactive approach to the risks and opportunities associated with climate change. To foster a sustainable business model, our strategic planning prioritizes both physical risks – such as natural disasters and extreme weather events - and transition risks arising from the adaptation to new climate policies and regulations. In this framework, we integrate sustainability and risk management, ensuring alignment with environmental considerations while striving to secure our financial achievements.

**The primary objective of our sustainability strategy is to identify climate-related risks across the entire value chain and to assess the financial implications of these risks to ensure the long-term viability of the organization.**

In alignment with this strategy, we conduct comprehensive analyses of both physical risks and transitional risks associated with climate change, project the implications of these risks, and make strategic decisions based on the insights gained. Furthermore, to foster a more adaptable and resilient structure against potential climate-related risks, we develop innovative solutions within our operational processes and implement continuous improvement strategies aimed at achieving sustainability goals.

A comprehensive risk pool has been established to effectively manage climate-related risks and mitigate their impacts on corporate operations activities. This risk pool is informed by robust data sourced from reputable global entities. An in-depth analysis of potential climate risks using insights garnered from the WEF Global Risk Report, MSCI, SASB, and other international studies has been conducted. The identified risks are classified into two primary categories: physical risks and transition risks. A detailed risk map has also been developed, incorporating the likelihood and potential severity of each identified risk. This map serves as a critical instrument for prioritizing risks and integrating them into the company's strategic planning process.

To enhance the management of climate-related risks, a Climate Risk Identification Workshop was convened, bringing together directors and experts from various departments. This session aimed to correlate physical and transition climate risks with specific stages of the value chain, establishing a risk rating system for each step based on criteria such as impact, probability, and severity.

## Physical Risks

Physical risks arise from the direct consequences of climate change, encompassing factors such as increased temperatures, extreme weather events, and rising sea levels. These risks can materially affect the organization's operations, supply chain dynamics, and infrastructure. A thorough analysis of these risks is conducted, focusing on their implications for corporate activities, and necessary measures are taken to mitigate their adverse effects.

## Transition Risks

Transition risks arise from the implementation of new policies, regulations, and tax frameworks designed to combat climate change. These risks necessitate adaptation strategies that align with regulatory requirements and the harmonization of existing business models. In particular, transition risks pertain to energy efficiency, limitations on carbon emissions, and the shift toward environmentally friendly technologies. Our organization is developing harmonization strategies to effectively manage these risks, while also implementing measures to address climate change and ensure compliance with industrial regulations.

Each department undertook a thorough identification of risks relevant to their areas of accountability, conducting detailed evaluations of potential impacts and formulating action plans tailored to assessed risk levels. In a similar manner, the workshop facilitated an examination of climate-related opportunities, aligning these with the value chain steps to pinpoint strategic opportunities.

The likelihood, frequency, severity, and risk score are the key components in our risk assessment and are essential for effectively defining, analyzing, and managing risks. Likelihood quantifies the probability of a risk event occurring. Frequency measures the historical occurrence rate of that risk within a defined time frame. Severity represents the potential impact magnitude should the risk materialize. The risk score, derived from the mathematical product of likelihood, frequency, and severity, serves to quantify the overall significance level of a risk. The term refers to the specific timeframe for managing or mitigating risks, categorized into short-term, medium-term, or long-term strategies.

# Management of Climate Risks

**Short-Term:** This category encompasses targets and measures anticipated to be realized within a timeframe of zero to two years. It includes solutions that can be implemented rapidly, emergency response initiatives, and operational upgrades.

**Medium-Term:** This category refers to processes that are scheduled for completion within two to seven years. It encompasses corporate transformation projects, technology investments, and the execution of sustainability strategies.

**Long-Term:** This category addresses initiatives that extend beyond a seven-year horizon. It includes substantial infrastructure investments, net-zero carbon emission objectives, and sectoral transformation projects.

| LIKELIHOOD | |
|---|---|
| 10 | Almost certain |
| 8 | Highly likely |
| 6 | Rare but Possible |
| 3 | Quite unlikely |
| 1 | Very Unlikely |
| 0,1 | Practically impossible |

| FREQUENCY | | |
|---|---|---|
| 10 | Almost continuously, | Every day |
| 8 | Frequently | Once or more per month |
| 6 | Occasional | Once in six months |
| 3 | Rare | Once or more per year |
| 1 | Quite rare | Once in three year |
| 0,1 | Very rare | >3 years |

| SEVERITY | |
|---|---|
| 100 | Risk of endangering the organization |
| 40 | Continuous or non-remedial impacts |
| 15 | Limited or short-term reversible impact |
| 7 | Minor or easily remedial impact |
| 3 | No measurable impact on the organization |
| 1 | Near miss (no impact on the organization) |

| RISK RATING | DEFINITION | RISK RATING CONSEQUENCE |
|---|---|---|
| 400<R | | Intolerable severe risk requires instant measures; otherwise, it may require shutdown. |
| 200<R<400 | Very High | Major risk; requires short-term remedy |
| 70<R<200 | High | Significant risk; requires long-term remedy |
| 20<R<70 | Medium | Minor risk; requires supervision |
| R<20 | Low | Insignificant risk; acceptable |

# Climate Risk Cards

| **Risk Category:** Transition Risk | **Risk Category:** Transition Risk | **Risk Category:** Transition Risk | **Risk Category:** Transition Risk | **Risk Category:** Transition Risk |
|---|---|---|---|---|
| **Risk:** Carbon Tax | **Risk:** Sustainable Product Demands | **Risk:** Low-Carbon Production System | **Risk:** Sustainable Financing | **Risk:** Increase in Energy Costs |
| **Term:** Short-Term | **Term:** Long-Term | **Term:** Medium-Term | **Term:** Medium-Term | **Term:** Long-Term |
| **Probability:** 8,14 | **Probability:** 2 | **Probability:** 3,5 | **Probability:** 4,2 | **Probability:** 3,2 |
| **Frequency:** 6,87 | **Frequency:** 3 | **Frequency:** 4,2 | **Frequency**: 5,3 | **Frequency:** 4,5 |
| **Severity:** 27 | **Severity:** 31,3 | **Severity:** 4,75 | **Severity:** 8,01 | **Severity:** 4,53 |
| **Risk Score:** 1510 | **Risk Score:** 188 | **Risk Score:** 70 | **Risk Score:** 179 | **Risk Score:** 65 |
| **Description:**<br>Carbon taxes imposed by governments for the reduction of carbon footprint may lead to increased production costs, thereby adversely impacting competitiveness. Could impose a significant financial burden on organizations operating within carbon-intensive industries. | **Description:**<br>As the demand for environmentally friendly and sustainable products continues to increase, the development process for these products may incur additional costs, necessitate new supply chain requirements, and require adherence to technical compliance protocols. Ongoing investment in innovation is likely essential to secure a competitive advantage within the market. | **Description:**<br>The necessity for a technological transformation aimed at reducing carbon footprint may require the substitution of current manufacturing processes along with large-scale capital investments. During the transition process, loss of competitive positioning and various operational challenges are likely to occur. | **Description:**<br>Specific criteria and regulations for green financing and sustainable investments are becoming increasingly important. Organizations must meet certain ESG (Environmental, Social, and Governance) standards in order to access sustainable financing resources, which might result in additional operational and managerial obligations. | **Description:**<br>Restrictions on the use of fossil fuels and the transition to renewable energy may result in fluctuations in energy prices and increases in operational costs. Elevated energy expenses may escalate production costs, which could ultimately impact overall profitability. |
| **Relevant Significance Topics:**<br>Emission Management<br>Climate Change<br>Legal Regulations<br>Sustainability in Supply Chain<br>Financial Performance<br>Risk Management | **Relevant Significance Topics:**<br>Circular Economy and Resource Efficiency<br>R&D and Innovation<br>Product Safety and Quality<br>Customer Satisfaction<br>Risk Management | **Relevant Significance Topics:**<br>Emission Management<br>R&D and Innovation<br>Legal Regulations<br>Sustainability in Supply Chain Sustainability<br>Financial Performance<br>Risk Management | **Relevant Significance Topics:**<br>Financial Performance<br>Corporate Governance<br>Transparency and Monitorability<br>Dialogue with Stakeholders<br>Risk Management | **Relevant Significance Topics:**<br>Emission Management<br>Climate Change<br>Financial Performance<br>Risk Management |
| **Risk Management:** To Control the Risk | **Risk Management:** To Control the Risk | **Risk Management:** To Control the Risk | **Risk Management:** To Control the Risk | **Risk Management:** To Control the Risk |

# Climate Risk Cards

| | | | | |
|---|---|---|---|---|
| **Risk Category:** Transition Risk | **Risk Category:** Transition Risk | **Risk Category:** Physical Risk | **Risk Category:** Physical Risk | **Risk Category:** Physical Risk |
| **Risk:** R&D Investments | **Risk:** High Initial Investments | **Risk:** Severe Rainfall and Flood | **Risk:** Extreme Weather Events | **Risk:** Earthquake |
| **Term:** Long-Term | **Term:** Long-Term | **Term:** Long-Term | **Term:** Long-Term | **Term:** Short-Term |
| **Probability:** 2,5 | **Probability:** 5,5 | **Probability:** 3,2 | **Probability:** 3,2 | **Probability:** 9,2 |
| **Frequency:** 2,8 | **Frequency:** 1,55 | **Frequency:** 0,95 | **Frequency:** 2,47 | **Frequency:** 0,35 |
| **Severity:** 2,4 | **Severity:** 19,6 | **Severity:** 20,2 | **Severity:** 6,7 | **Severity:** 42 |
| **Risk Score:** 17 | **Risk Score:** 167 | **Risk Score:** 61 | **Risk Score:** 53 | **Risk Score:** 136 |
| **Description:**<br>R&D investments are increasingly becoming essential for the development of processes aimed at combatting climate change and promoting sustainable production. Nonetheless, such investments may involve significant costs and may entail extended ROI times, potentially leading to financial risks. | **Description:**<br>The transition to low-carbon manufacturing systems, along with investments in sustainable technologies, may necessitate substantially high initial capital expenditures. This could impose short-term challenges to cash flow and extend the timeframe required to realize ROI. | **Description:**<br>The increasing frequency of rainfall and the rising incidence of floods pose significant risks to manufacturing facilities, logistics processes, and the overall supply chain. Such events may jeopardize operational continuity and financial stability. | **Description:**<br>Weather events such as severe storms, floods, droughts, or extreme heat may adversely affect manufacturing facilities, supply chains, and logistics processes. These events may lead to operational disruptions and increased costs. | **Description:**<br>An earthquake can result in damage to a building, endangering the safety of employees and guests, and the closure of a business. There may be a loss of customers and significant costs to reopen. There may also be legal liabilities and compensation claims. |
| **Relevant Significant Topics:**<br>R&D and Innovation<br>Corporate Governance<br>Financial Performance<br>Risk Management | **Relevant Significant Topics:**<br>Corporate Governance<br>Financial Performance<br>Risk Management | **Relevant Significant Topics:**<br>Climate Change<br>Occupational Health and Safety<br>Risk Management | **Relevant Significant Topics:**<br>Climate Change<br>Occupational Health and Safety<br>Biodiversity<br>Risk Management | **Relevant Significant Topics:**<br>Financial Performance<br>Corporate Governance<br>Transparency and Monitorability Legal Regulations<br>Risk Management |
| **Risk Management:** To Control the Risk | **Risk Management:** To Control the Risk | **Risk Management:** To Share the Risk | **Risk Management:** To Share the Risk | **Risk Management:** To Control the Risk |

# Climate Risk Cards

| **Risk Category:** Physical Risk | **Risk Category:** Physical Risk | **Risk Category:** Physical Risk | **Risk Category:** Physical Risk | **Risk Category:** Physical Risk |
|---|---|---|---|---|
| **Risk:** Heatwaves | **Risk:** Water Stress and Pollution | **Risk:** Forest Fires | **Risk:** Average Temperature Increase | **Risk:** Strong Winds |
| **Term:** Long-Term | **Term:** Long-Term | **Term:** Medium-Term | **Term:** Long-Term | **Term:** Long-Term |
| **Probability:** 2 | **Probability:** 1 | **Probability:** 3,5 | **Probability:** 1,4 | **Probability:** 2 |
| **Frequency:** 1,55 | **Frequency:** 0,55 | **Frequency:** 2,8 | **Frequency:** 2 | **Frequency:** 3 |
| **Severity:** 4,5 | **Severity:** 21,5 | **Severity:** 2,9 | **Severity:** 2,5 | **Severity:** 5,5 |
| **Risk Score:** 14 | **Risk Score:** 12 | **Risk Score:** 29 | **Risk Score:** 7 | **Risk Score:** 34 |
| **Description:**<br>Extreme heatwaves pose significant risks to employee health and safety, diminish labor productivity, and may disrupt manufacturing processes. As power consumption increases, operational costs concurrently rise, and there is an increased risk of damage to infrastructure and machinery systems due to overheating. | **Description:**<br>The reduction of water sources and increase in pollution present significant risks for sectors that rely on water in their manufacturing processes. Water scarcity has the potential to elevate costs and constrain production capabilities, while contaminated water resources may impede compliance with regulatory standards and heighten environmental obligations. | **Description:**<br>Due to the rising temperatures and drought conditions, the frequency and severity of forest fires is increasing. These events can result in significant disruptions to supply chains, damage to manufacturing facilities, and deteriorating air quality. In addition, the consequences may include heightened carbon footprint, which in turn increase both environmental and financial risks. | **Description:**<br>The increase in global temperatures may lead to heightened power consumption and elevated cooling costs, which may adversely diminish employee efficiency. In the long term, changes to ecosystems and increased pressure on water resources could complicate manufacturing processes and threaten the operational sustainability of enterprises. | **Description:**<br>Severe storms and extreme wind events have the potential to inflict damage to energy infrastructure, disrupt production processes, and interrupt logistics operations. These occurrences can lead to delays within the supply chain, ultimately resulting in increased costs. |
| **Relevant Significant Topics:**<br>Climate Change<br>Occupational Health and Safety<br>Biodiversity<br>Risk Management | **Relevant Significant Topics:**<br>Climate Change<br>Occupational Health and Safety<br>Water Management<br>Risk Management | **Relevant Significant Topics:**<br>Climate Change<br>Occupational Health and Safety<br>Biodiversity<br>Risk Management | **Relevant Significant Topics:**<br>Climate Change<br>Occupational Health and Safety<br>Biodiversity<br>Risk Management | **Relevant Significant Topics:**<br>Climate Change<br>Occupational Health and Safety<br>Risk Management |
| **Risk Management:** To Avoid Risk | **Risk Management:** To Avoid Risk | **Risk Management:** To Admit Risk | **Risk Management:** To Admit Risk | **Risk Management:** To Admit Risk |

# Value Chain-Based Financing Modelling

## Climate-Related Physical Risks Concentrated on Value Chain Steps

- 0-1 Million $
- 1-5 Million $
- 5-10 Million $
- 10-20 Million $
- > 20 Million $

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Raw Material Supply** | Sea Level Rise | Landslide | Wildfire | Heatwaves | Severe Winds | Severe Rainfall and Flood | | |
| **Production Process** | Sea Level Rise | Landslide | Severe Rainfall and Flood | Wildfire | Severe Winds | Heatwaves | Earthquake | |
| **Quality Control** | Sea Level Rise | Landslide | Severe Rainfall and Flood | Wildfire | Heatwaves | Severe Winds | Earthquake | |
| **Logistics** | Sea Level Rise | Landslide | Severe Rainfall and Flood | Wildfire | Heatwaves | Severe Winds | Extreme Weather | |
| **Storage** | Sea Level Rise | Landslide | Wildfire | Heatwaves | Severe Winds | Severe Rainfall and Flood | | |
| **Sales and Marketing** | Earthquake | Wildfire | Extreme Weather | | | | | |
| **Customer Relations** | Earthquake | Wildfire | Extreme Weather | | | | | |
| **R&D** | | | | | | | | |
| **Finance and Legal** | Sea Level Rise | Landslide | Severe Rainfall and Flood | Wildfire | Heatwaves | Severe Winds | Water Stress and Scarcity | Extreme Weather |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Mersin Factory** | Earthquake | | | | | | | |
| **Düzce Factory** | Earthquake | | | | | | | |

# Value Chain-Based Financing Modelling

## Climate-Related Physical Risks Concentrated on Value Chain Steps

- 0-1 Million $
- 1-5 Million $
- 5-10 Million $
- 10-20 Million $
- > 20 Million $

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Raw Material Supply** | Low-Carbon Production Systems | Green Certificates | Sustainable Product Demand | Sustainable Financing | Carbon Tax | | | |
| **Production Process** | R&D Investment | Sustainable Financing | Low-Carbon Production Systems | Increased Power Costs | | | | |
| **Quality Control** | Sustainable Product Demand | Low-Carbon Production Systems | | | | | | |
| **Logistics** | Carbon Tax | | | | | | | |
| **Storage** | | | | | | | | |
| **Sales and Marketing** | Increase in Energy Costs | Carbon Tax | Green Certificates | Sustainable Product Demand | | | | |
| **Customer Relations** | Carbon Tax | | | | | | | |
| **R&D** | High Initial Investment | | | | | | | |
| **Finance and Legal** | Low-Carbon Production Systems | Green Certificates | Sustainable Product Demand | ETS (Emission Trading System) | Carbon Tax | Sustainable Financing | High Initial Investment | Increase in Energy Costs |

| | | |
|---|---|---|
| **Mersin Factory** | Sustainable Financing | Increase in Energy Costs |
| **Düzce Factory** | Sustainable Financing | Increase in Energy Costs |

# Department-Based Analysis

| | Finance | Factory Management | Human Resources | Logistics | Purchasing | Management-Strategy | Information Technologies | Sales and Marketing |
|---|---|---|---|---|---|---|---|---|
| **Raw Material Supply** | Supply Chain Environmental Compliance<br>Earthquake<br>Political and Economic Instability<br>Fire | Supply Chain Environmental Compliance<br>F/X Fluctuation Risk | Heavy Rainfall and Flood<br>Sustainable Financing<br>Sustainable Product Demand | Supply Chain Environmental Compliance | Low-Carbon Production System<br>Carbon Tax<br>Regulatory Risks<br>Supply Chain Environmental Compliance<br>Liquidity Risk | Regulatory Risks<br>Labor Management | Supply Chain Environmental Compliance<br>Liquidity Risk | Earthquake<br>F/X Fluctuation Risk<br>Liquidity Risk |
| **Production Process** | Earthquake<br>Political and Economic Instability<br>Fire<br>Loss of Talent | Increased Power Costs<br>Heatwaves<br>Sustainable Financing<br>Emission Management<br>Employee Satisfaction<br>Earthquake<br>Labor Management | Low-Carbon Production System<br>Regulatory Risks<br>Increased Energy Costs<br>Sustainable Financing<br>Employee Satisfaction | Waste Management<br>Natural Resource Scarcity<br>Energy Management | Liquidity Risk | R&D Investments<br>Low-Carbon Production Process<br>Emission Management<br>Occupational Accidents<br>Labor Management<br>Inability to Adapt to Technological Advancements<br>Loss of Talent | Energy Management<br>Supply Chain Environmental Compliance<br>Employee Satisfaction<br>Earthquake | Energy Management<br>Current Innovations and Advancing Technology<br>Transparency and Monitorability |
| **Quality Control** | | | Loss of Talent | | Liquidity Risk | | Product Quality | |
| **Logistics** | Earthquake | | | Extreme Weather<br>Emission Management<br>Carbon Tax<br>Supply Chain Environmental Compliance<br>Earthquake<br>Labor Management<br>Reporting Standards and Regulations | Liquidity Risk | | | Supply Chain Environmental Compliance |
| **Depolama** | Earthquake<br>Political and Economic Instability<br>Fire | | Heavy Rainfall and Flood | Transparency and Monitorability | | | | |

indicate climate-related risks  indicate non-climate-related risks

# Department-Based Analysis

| | Finance | Factory Management | Human Resources | Logistics | Purchasing | Management-Strategy | Information Technologies | Sales and Marketing |
|---|---|---|---|---|---|---|---|---|
| **Sales and Marketing** | | | | Export quotas/bans | Increased Power Costs<br>Carbon Tax | Carbon Tax<br>Sustainable Product Demand<br>Regulatory Risks<br>Labor Management<br>Loss of Talent | Emission Management<br>Economic Stagnation and Inflation<br>Export Quotas/Bans<br>Inability to Adapt to Technological Advancements | Natural Resource Scarcity<br>Supply Chain Environmental Compliance<br>Employee Rights<br>Employee Satisfaction<br>Economic Stagnation and Inflation<br>Export quotas/bans<br>Labor Management<br>Customer Satisfaction<br>Product Quality |
| **Customer Relations** | | | | | Carbon Tax<br>Regulatory Risks | R&D Investments<br>Low-Carbon Production Process<br>Emission Management<br>Occupational Accidents<br>Labor Management<br>Inability to Adapt to Technological Advancements<br>Loss of Talent | Transparency and Monitorability<br>Product Quality | Employee Satisfaction |
| **R&D** | Loss of Talent | | | | | | | |
| **Finance and Legal** | R&D Investments<br>Extreme Weather Biodiversity<br>Low-Carbon Production System<br>Regulatory Risks<br>Carbon Tax<br>Average Temperature Increase<br>Heavy Rainfall and Flood<br>Heatwaves<br>Sustainable Financing<br>Sustainable Product Demand<br>Economic Stagnation and Inflation<br>F/X Fluctuation Risk | | Carbon Tax<br>Employee Satisfaction | | | High Inception Investment<br>Transparency and Monitorability | Transparency and Monitorability<br>Cyber Insecurity | Occupational Accidents |

indicate climate-related risks  indicate non-climate-related risks

# Reporting and Management

Our organization employs a multifaceted approach to managing climate-related risks. These strategies are implemented under the oversight of the corporate risk management committee, utilizing one or more of the methodologies that will channel our organization's response to identified risks. The first strategy, termed "the strategy to admit risk/risk admission," focuses on recognizing risks that are deemed unlikely or of minimal consequence. In these instances, no proactive measures are enacted; however, these risks are subject to regular monitoring. The second strategy, known as the strategy to avoid risk/risk aversion, involves steering clear of hazardous technologies or methods and instead opting for safer, more sustainable alternatives. The third strategy, known as risk sharing", focuses on distributing risks through contractual agreements with stakeholders such as customers, suppliers, or insurance entities. Lastly, the strategy to control/mitigate risks seeks to prevent risks from materializing by employing control measures aimed at minimizing their potential impacts. Following a comprehensive risk assessment, the organization delineates necessary action steps and continuously monitors their implementation. This includes routine evaluations of risk probabilities and their impacts, as well as the effectiveness of control measures, making adjustments as needed. Erciyas Steel Pipe is committed to formulating strategies that facilitate ongoing reviews of both internal and external factors to reduce risks and alleviate their consequences.

Our organization is committed to regularly reporting on climate-related risks and monitoring and managing these processes with transparency. These reports will be presented to the Sustainability Committee, which will subsequently define strategic directions. Climate-Related Risk Reports analyze the impacts of both physical and transition risks on the company's entire value chain, thereby guiding the identification of strategic decisions needed to address such risks. The scope of these reports extends beyond merely analyzing risks; they also cover the financial implications associated with these risks. Financial Impact Assessments will be provided to indicate potential financial losses, effects on net income, and necessary investment requirements, all in alignment with the organization's financial strategies to ensure comprehensive integration. Decisions approved by the Sustainability Committee will be implemented operationally in conjunction with the organization's overarching business strategies. Ultimately, these reports are designed to monitor the evolution of climate-related risks over time and to define the company's strategic orientations with precision.

## Our Actions Against Transition Risks

We develop an active strategy to address transition risk and expedite our transformation processes towards sustainability. We aim to reduce carbon emissions by investing in low-carbon production processes. We prioritize production systems that enhance energy efficiency and take decisive actions for the transition to clean energy through our renewable energy company, Briza. We maintain vigilant oversight of regulatory frameworks, including carbon pricing mechanisms, to accelerate our alignment with compliance processes. We continuously monitor our greenhouse gas emissions and establish and pursue targeted reduction goals. Additionally, we embed sustainability criteria throughout our supply chain to mitigate our environmental impact and expand our low-carbon product offerings through strategic investments in R&D and innovation. We actively explore green financing opportunities, ensuring alignment with our sustainability policies in collaboration with our finance department.

## Our Actions Against Physical Risks

We adopt a proactive approach to mitigate physical risks. We diligently implement workforce security protocols to minimize the impacts of extreme weather events, including heat waves or other climate-related phenomena. We strive to optimize water usage in response to water stress and pollution risks, thereby fulfilling our environmental responsibilities. We aim to reduce water consumption by establishing a water recovery system throughout our product lifecycle. We optimize our cooling systems to address the challenges posed by rising global temperatures while strengthening our workplace regulations to safeguard employee productivity. We are also actively developing initiatives aimed at increasing the structural resilience of our facilities against severe winds and storms and creating alternative transportation and supply networks to ensure continuity in the event of disruptions in logistics processes. We conduct comprehensive risk assessments to minimize the potential impacts of climate change and disaster risks on our operations.

# Our Value Creation Process

| INPUTS | | OUTPUTS | VALUE |
|---|---|---|---|
| **Intellectual Capital** | Interaction with Stakeholders<br>**19.2 million TL** R&D and Innovation Investment<br>Training Programs with **1767** attendees<br>Erciyas Hyperloop Technology Inc. | **1** Patent Application Result after R&D Initiatives<br>**2** Projects produced in R&D/Design<br>**2** Times of Training Hours | We are at the forefront of technological developments within the sector, having allocated an investment of 19.2 million TL towards R&D and innovation. In 2023, we submitted one patent application and successfully completed two R&D and design projects. Additionally, 1,767 of our employees participated in training sessions, resulting in a twofold increase in training hours. Through strategic partnerships and ongoing training programs, we fortify our intellectual capital while fostering sustainable growth. |
| **Natural Capital** | Wind and Solar Power Investments<br>**52,8 MW** Wind Power Plant<br>**1,1 MW** Solar Power Plant<br>Waste Recovery Efforts<br>**996 Hours** of Environment Themed Training | **112,600 Tons** $CO_2$ Carbon Credit Verification<br>**8%** Decrease in Power Usage<br>**80%** Waste Recovery<br>**7297 tons** Scope 1+2 Emission Volume<br>**43.254 m³** Water Consumption and Waste Water Management<br>**9.700 tons** of Waste Volume Management | We are undertaking significant measures to safeguard and effectively manage our natural capital, demonstrating our ongoing commitment to achieving our sustainability objectives. In 2024, we successfully reduced our energy consumption by 8% in comparison to 2023. Through our investments in renewable energy with Briza Company, we aim to mitigate our environmental impact by establishing a 52.8 MW wind power plant and a 1.1 MW solar power plant. Our Scope 1 and Scope 2 emissions totaled 7,201 tons of $CO_2$, during which we verified a carbon credit of 112,600 tons of $CO_2$. Furthermore, we attained an impressive waste recovery rate of 80%. By providing environmental-themed training sessions totaling 996 hours, we strive to enhance awareness among our employees and further advance our sustainability goals. |
| **Social Capital** | **487** Employees<br>Activities Focused on Diversity, Equity, Inclusion<br>Internal Promotion Mechanisms<br>Voluntariness Efforts | **57%** of Women Employed at Headquarters<br>**24%** of Women Employed in Executive Positions<br>**20%** White-Collar Employees<br>**80%** Blue-Collar Employees | We aim to cultivate a robust and diversified workforce. As of 2024, we employ a total of 487 individuals, comprising 20% in white-collar positions and 80% in blue-collar roles. Additionally, the proportion of female employees within our organization has increased to 57%, and women hold 24% of executive positions. These figures are indicative of our commitment to fostering diversity and advancing gender equality in the workplace. |
| **Produced Capital** | **2** Manufacturing Facilities<br>Operations in **90 Countries**<br>Hyperloop<br>Local Supply Initiatives | **514** Active Suppliers<br>**97%** Local Raw Material Supplier Rate<br>**152,000 m²** Production Space<br>**600,000 tons** of Production Capacity per year | We are dedicated to enhancing our production infrastructure to achieve our growth objectives. We operate two manufacturing facilities and prioritize investments in renewable energy through our subsidiary, Briza. On a global scale, we operate in 90 countries, underscoring our robust presence in the international market. In addition, we maintain a comprehensive supply chain comprising 514 active suppliers, with 97% of raw material suppliers sourced locally, thereby contributing to regional economies and promoting sustainable resource allocation. Our production capabilities are supported by a facility spanning 152,000 square meters, with an annual production capacity of 600,000 tons. This formidable infrastructure enables us to meet global demands effectively. To optimize the management of R&D and production processes for structural components and moving parts utilizing the next-generation pipe/tube systems, we have established Erciyas Hyperloop Technology in partnership with Erciyas Steel Pipe and our group company, RC Industry Transportation, which specializes in wagon production. |
| **Human Capital** | Occupational Health and Safety Initiatives<br>**9972 Hours** of OHS Training<br>Talent Management Projects<br>**82 Suggestions** from Employees<br>**9972 Hours** of OHS Training | **20.4 Hours** of OHS Training per Employee<br>**20,000 Hours** of Professional and Talent Development Training Sessions<br>**41 Hours** of Training per Employee<br>**45** Suggestions Received and Accepted from Employees | We are committed to establishing a robust workforce by prioritizing the health, safety, and development of our employees. We have delivered a total of 9,972 hours of occupational health and safety (OHS) training, which equates to an average of 20.4 hours of training per employee. This initiative aims to ensure a safe working environment for all personnel. In addition, we are fostering a workplace that empowers each individual to realize their full potential through initiatives centered on equality, diversity, and inclusion. Through our talent management projects, we provide approximately 20,000 hours of talent development training, thereby supporting the growth of our employees. Additionally, we offer an average of 41 hours of training per employee to facilitate their personal and professional development. The receipt of 82 suggestions from employees underscores their commitment to contributing to our company, thereby further strengthening our human capital. |

# 4.0

# Environment



# Our Environmental Performance

| Focus Areas | Description of the Goal | Performance Indicator | Realization | | | Targets | | Progress |
|---|---|---|---|---|---|---|---|---|
| | | | 2022 | 2023 | 2024 | 2024 Target | 2030 Target | |
| Energy Efficiency | Prioritization of energy efficiency project | Annual power consumption concentration ((kWh/ production(tons)) | 50,40 | 41,20 | 45,25 | **48,75** | **12,5%** reduction compared to 2022 | Completed |
| Combating the Climate Crisis | Reduction of greenhouse gas emissions and identification of decarbonization roadmap | Scope 1 & Scope 2 emission concentration (Tons of $CO_2$/production) | 0,052 | 0,052 | 0,052 | **0,046** | **50%** of reduction compared to 2022 | -12% |
| Responsible Water Consumption | Effective management of water risks | Total water consumption concentration ($m^3$/ production (tons)) | 0,41 | 0,24 | 0,31 | **0,33** | **40%** of reduction compared to 2022 | Completed |
| Waste Management and Circular Economy | Promotion of effective waste management and circular economy practices | Waste recovery rate (tons/ tons (%)) | 76% | 85% | 80% | **86%** | **20%** of increase compared to 2022 | -7,5% |

# Energy and Emissions Management

ErcAs Erciyas Steel Pipe, we acknowledge our obligation to operate within sectors that have considerable implications for emissions and energy consumption. Accordingly, we are committed to minimizing our environmental footprint and fostering a sustainable future.

Our primary objective is to minimize the environmental impacts associated with the production of our steel pipes. To provide a transparent overview of the environmental performance of our products, we have developed an Environmental Product Declaration (EPD), which has been validated by an independent third-party organization. This declaration comprehensively details the energy consumption, water usage, carbon footprint, waste management, and other environmental impacts throughout the lifecycle of our steel pipes, from production to utilization. The EPD indicates that we have succeeded in reducing our environmental impacts by implementing energy-efficient practices, increasing the proportion of recycled materials, and employing sustainable production techniques during our manufacturing processes. Through these efforts, we are dedicated to advancing both sectoral and global sustainability goals by surpassing the environmental standards prevalent within our industry.

To effectively manage our greenhouse gas emissions and combat climate change, we regularly report our Scope 1 and Scope 2 emissions, using 2022 as the baseline year. We are developing strategies aimed at minimizing our energy consumption and carbon footprint, all within a framework that emphasizes transparency and accountability.

We continue to observe positive incomes from our initiatives and strategies aimed at enhancing energy efficiency. In 2022, our total power consumption was 11,375,430 kWh. In 2023, this figure increased by 36% to reach 15,461,734 kWh, corresponding with the escalation in production volume. The black pipes, which are manufactured in various dimensions and thicknesses depending on the customer demand and the intended application, are transported to the coating area, where they are coated with different materials. As a result, the power consumption per ton may fluctuate based on the diversity of production and coating processes within a given year. In 2023, we effectively managed our power consumption despite the rise in production volume. Although there was an overall increase in total power consumption, both the power consumption per unit of production and the power consumption across each production area demonstrate significant improvements. **Specifically, the power consumption per production space decreased from 5.01 kWh/m² in 2022 to 4.24 kWh/m² in 2023, reflecting a 15.4% enhancement. Furthermore, in 2024, our power consumption declined by 8% compared to 2023, resulting in a reduction from 15,461,734 kWh to 14,322,450 kWh.**

**Energy Consumptions**

| Years | 2022 | 2023 | 2024 | Unit |
|---|---|---|---|---|
| Annual Power Consumption | 11.375.430 | 15.461.734 | 14.322.450 | kWh |
| Power Consumption Concentration | 108 | 104 | 102 | kWh /production (tons)-black pipe |
| Power Consumption Concentration | 5,01 | 4,24 | 4,66 | kWh / production and coating area ($m^2$) |
| Power Consumption Concentration | 50,4 | 42,1 | 45,2 | kWh / production and coating area (tons) |

# Energy and Emissions Management

In 2022, our annual natural gas consumption was recorded at 282,211 sm³, which increased to 499,677 sm³' in 2023. This increase reflects the growth and operational requirements associated with heightened production volumes.

However, in 2024, we achieved a significant milestone by reducing natural gas consumption by 33%, decreasing it from 499,677 sm³ to 333,999 sm³.

Additionally, a noteworthy advancement was observed in the natural gas consumption concentration, expressed as kilowatt-hours per production square meter (kWh/production m²). This metric, which stood at 0.14 kWh/production m² in 2023, was reduced by 21% in 2024, resulting in a value of 0.11 kWh/production m². This decrease signifies a reduction in natural gas consumption per production and demonstrates enhanced efficiency in energy utilization.

In 2023, Scope 1 emissions experienced an increase, reaching 1,243 tons; however, a downward trend was observed in 2024, with emissions decreasing to 966 tons per year. Scope 2 emissions increased to 6,481 tons in 2023, compared to 4,588 tons in 2022. Nevertheless, a slight improvement was noted in 2024 as these emissions decreased to 6,331 tons.

**Natural Gas Consumptions**

| Years | 2022 | 2023 | 2024 | Unit |
|---|---|---|---|---|
| Annual Natural Gas Consumption | 282.211 | 499.677 | 333.999 | sm³ |
| Natural Gas Consumption Concentration | 0,12 | 0,14 | 0,11 | kWh / coating + production (m²) |

**Emission Volumes (tons $CO_2e$)**

| Years | 2022 | 2023 | 2024 |
|---|---|---|---|
| Scope 1 | 749 | 1.243 | 966 |
| Scope 2 | 4.588 | 6.481 | 6.331 |
| Scope 3 | 115.174 | 168.164 | 368.369 |

**Emission Concentrations**

| Years | 2022 | 2023 | 2024 |
|---|---|---|---|
| Scope 1 and Scope 2 (per ton of production) | 0,052 | 0,052 | 0,052 |
| Scope 1, Scope 2, and Scope 3 (per ton of production) | 1,15 | 1,18 | 2,68 |

A significant increase was recorded in Scope 3 emissions. In 2022, Scope 3 emissions amounted to 115,714 tons of $CO_2e$, increasing to 168,164 tons in 2023 and further rising to 368,369 tons of $CO_2e$ in 2024. This dramatic escalation can be attributed to a shift in the data sources utilized for calculations. Previously, emission factors were derived from sources such as IPCC, Defra, and IDEMAT. This year, however, specific data emission data was obtained directly from our suppliers. While this approach enables a more realistic and comprehensive evaluation of our carbon footprint, we remain committed to reflecting our sustainability performance with a strong emphasis on transparency and accountability.

The emission concentrations for Scope 1 and Scope 2 per ton of production have remained consistent throughout 2022-2023-2024, recorded at 0.052 tons of $CO_2e$ per ton of production.

Conversely, the emission concentration derived from the cumulative calculations of Scope 1, Scope 2, and Scope 3 increased from 1.15 tons of $CO_2e$ per ton of production in 2022 to 2.68 tons of $CO_2e$ per ton of production in 2024. This rise is mainly attributable to the expanded calculations of Scope 3 emissions.

# Renewable Energy Practices - Briza

**In line with our commitment to sustainable energy, we remain dedicated to advancing our investments in renewable energy through Briza, a wholly-owned subsidiary.**

Briza, established in Istanbul, operates within the energy sector and has demonstrated consistent growth in renewable energy production. With an installed capacity comprising 16 turbines totaling 52.8 MW, Briza significantly contributes to Türkiye's wind power generation capacity.

**While the average capacity factor for installed wind power plants was calculated at 33.5% in 2021, 35.2% in 2022, and 32.2% for 2023 in Türkiye, Briza achieved capacity factors of 42.5%, 42.7%, and 38.1%, respectively for the specified years.**

These ratios underscore Briza's performance well above the national average. In 2024, the capacity factor of Briza was recorded at 41.6%, while the average capacity factor for Türkiye remained at 32.7% during the same period. This superior performance has enabled Briza to rank among the top ten companies in its region based on capacity factor.

Briza is broadening its initiatives beyond wind power to encompass solar energy. The company's current operational projects include:

- Balıkesir Wind Power Plant: This facility has an installed capacity of 52.8 MW and generates approximately 177 GWh of energy per year.
- Balıkesir Solar Power Plant: This facility has an installed capacity of 1.1 MW and produces around 1.610 MWh per year.

These renewable energy investments by Briza align with the sustainable production vision of Erciyas Steel Pipe and are crucial for mitigating our carbon footprint. Moving forward, we are committed to enhancing our contributions to environmentally friendly energy generation through continued investments in both wind and solar power.

**In 2014, Briza obtained the Gold Standard certification, enabling the creation of carbon offset credits. The verification processes of these carbon credits are rigorously monitored and conducted annually.**

Carbon credits represent the units utilized for reporting emission reductions corresponding to each ton of $CO_2$ mitigated by an operation that reduces its greenhouse gas emissions. Briza is recognized for possessing one of the most reputable and distinguished certification programs globally for carbon offset projects, as evidenced by its acquisition of the Gold Standard certification during this crediting process. This certification assures that energy efficiency and renewable energy initiatives result in a quantifiable reduction of $CO_2$ emissions while simultaneously providing economic and social benefits to local communities.

## Briza Carbon Credit Verification

Projected amount of $CO_2$ in tons

**2022 (Documented)**
115.811

**2023 (Documented)**
94.392

**2024 (Projected)**
114.000

At Erciyas Steel Pipe, we are committed to promoting environmental sustainability through a carbon emission-offsetting solution provided by Briza.


* Note: For the average calculation in Türkiye for the year 2024, the data for December have not yet been published by the Energy Market Regulatory Authority (EMRA), and therefore, the analysis is based on the data collected over the preceding 11 months.

# Circular Economy and Resource Efficiency

**One of the keystones of a sustainable production mindset is the adoption of the circular economy model aimed at minimizing waste generation through optimal resource utilization. In this framework, our core objectives focus on the optimization of raw material usage across our production processes, active prevention of waste generation, and the minimization of resource consumption.**

As part of our circular economy strategy, we address waste generation in alignment with the principles of "Prevention-Optimization-Recovery" while adhering to the 5R framework: Refuse, Reduce, Reuse, Rot, and Recycle. We channel metal-based wastes, including iron and metal shavings, chips, and at-source wastes generated during production, into recycling processes for recovery, and thus, we ensure the reintroduction of raw material back to the production process. In a similar manner, we facilitate the delivery of waste plastics and plastic packaging materials to recycling companies, employing a sustainable approach to mitigate the waste of plastic sources.

In addition, we employ appropriate disposal methods for the destruction of organic solvents, waste paints, varnishes containing hazardous substances, and packaging that retains residues of hazardous materials, thereby preventing potential harm to the environment. Furthermore, we prioritize the minimization of environmental risks through the regular disposal of contaminated filtering materials, cleaning cloths, and protective equipment.

We assess electronic waste, including cables, brass, accumulators, and similar materials, from the perspective of their plastic, metal, and lead components, directing them toward recycling initiatives. This practice helps us contribute to the conservation of natural resources. We also process other hazardous wastes, such as hydraulic oil, through suitable methods that facilitate recycling, thereby reducing the consumption of petroleum-based materials. Through these systematic waste management practices, we at Erciyas Steel Pipe reinforce our commitment to a sustainable production cycle. By operating with a focus on waste reduction and resource reallocation across all our processes, we continue to make significant contributions to the circular economy.

## Waste Management Approach

| | |
|---|---|
| **Refuse** | Our objective is to eliminate the factors that contribute to waste generation prior to initiating the production phase. By refusing non-sustainable consumption and production models, we prioritize this principle within our supply chain. We adopt a responsible approach to production by implementing methods that minimize environmental impacts at every stage, from material selection to production processes. |
| **Reduce** | We prioritize the minimization of raw materials and energy consumption through the optimization of resource utilization. By implementing production lines that exhibit high energy efficiency and employing smart production technologies, we effectively reduce both costs and our carbon footprint. |
| **Reuse** | By reusing the by-products and waste materials generated during production processes, we decrease the demand for new materials and enhance the effectiveness of the circular economy model in waste management. The reuse of resources not only enhances our sustainable production but also improves operational efficiency, thereby providing a competitive cost advantage. |
| **Rot**<br>**Biodegradable Waste Management** | We facilitate the natural sorting of organic waste, thereby reintegrating it into the biological cycle. |
| **Recycle** | We convert waste materials back into raw sources through both physical and chemical processes. While we consider recycling as a final option, our primary objective is to minimize waste generation from the outset. |

# Circular Economy Practices in Product Lifecycle

# Waste Management

Our hazardous waste volume decreased by

7%

## Our primary focus in waste management is to minimize waste generation at its source and optimize our recycling processes.

We meticulously categorize all waste produced in our manufacturing operations to enhance the potential for both reuse and recycling. This strategy aims to decrease raw material consumption, mitigate our environmental impact, and contribute to the preservation of natural resources.

We address our waste management in a holistic manner, implementing best practices in full compliance with all relevant legal regulations. Notably, our facilities in Düzce and Mersin adhere to the Zero Waste Regulation published in the Official Gazette, which has enabled us to attain the Zero Waste Certificate. Furthermore, we have successfully implemented the ISO 14001 Waste Management System in our Düzce and Mersin factories, receiving certification from TÜV SÜD.

**Waste Management (kg)**

| Years | 2022 | 2023 | 2024 |
|---|---|---|---|
| Production-Based Hazardous Waste | 122.077 | 213.010 | 198.000 |
| Production-Based Non-Hazardous Waste | 5.089.910 | 7.602.849 | 9.429.834 |
| Waste to Sanitary Landfill | 365.520 | 435.000 | 1.712.500 |
| Waste Recovery Rate (%) | 76 | 85 | 80 |

As of 2024, Erciyas Steel Pipe has made considerable advancements in minimizing our environmental impacts and achieving our sustainable production goals. Through our ongoing initiatives to enhance waste management within our production processes, we have successfully reduced the quantity of waste generated by 7% on a year-on-year basis, resulting in a total of 198,000 kilograms.

In 2024, on the other hand, we recorded a 24% increase in the generation of manufacturing-based non-hazardous waste. This rise can be primarily attributed to the heightened demand for concrete solutions in drinking water transmission systems. This particular model is favored due to its minimal environmental and human health impacts. By adopting this approach, we have effectively mitigated our environmental footprint, notably by decreasing the volume of hazardous produced compared to previous manufacturing methods.

# Upcycling with Wastespresso

**We have established a partnership with Wastespresso to jointly manage and recycle coffee waste. This partnership enables us to adopt a circular economy approach, contributing to the reuse of waste materials while minimizing environmental impact.**

In 2023, Wastepresso successfully incorporated 198.5 kg of coffee waste into raw material production, preventing approximately 210 kg of $CO_2e$ emissions from being released into the atmosphere. In 2024, at the Headquarters of Erciyas Holding/Erciyas Steel Pipe, a total of 144.83 kg of coffee waste was upcycled, resulting in the production of 337.94 kilograms of alternative raw materials.

Moreover, in 2024, following the implementation of micro waste management strategies by Wastepresso, the repurposing of 144.83 kg of coffee waste generated by Erciyas Steel Pipe led to the prevention of an additional 146.62 kg of $CO_2e$ greenhouse gas emissions from being released into the atmosphere.

The reduction in carbon footprint corresponds to the environmental impact equivalent to the following activities:

**62.75 liters**
Consumption of 62.75 liters of gasoline

**54.4 litre**
Consumption of 54.4 liters of diesel

**73.16 kg**
Consumption of 73.16 kg of coal

**26,742.29 kez**
Charging mobile devices 26,742.29 times

**320.96 KWh**
Consumption of 320.96 KWh of electricity

The reduction of **146.62 kg of $CO_2e$** is equivalent to several environmental impacts, such as:

**593.82 m²**
Reforestation covering an area of 593.82 m²

**2.49 seedlings,**
Carbon sequestration contributed by 2.49 seedlings, which would mature into 10-year-old trees

**6.3**
Recycling of household waste, approximating 6.3 large-sized trash bags

**8.65**
Annual carbon emissions mitigated by retrofitting 8.65 incandescent light bulbs with LED equivalents.

Erciyas Steel Pipe is committed to advancing this sustainable transformation project over the coming years, aiming to contribute to the circular economy, enhance resource efficiency, and reduce our carbon footprint.

# Sustainability Projects in Cooperation with Tarsus University: Fashion Show and Handicraft Exhibition

## Erciyas Steel Pipe has undertaken another notable initiative toward fostering a sustainable future! In collaboration with Tarsus University, this exclusive project aims to raise awareness of sustainability among the academic framework and students.

With the collaboration of the Fashion Design and Child Development departments, environmentally friendly waste materials have been creatively repurposed to foster a recycling mindset. In this initiative, waste materials generated by the Mersin Branch of Erciyas Steel Pipe were delivered to faculty members of the respective departments and donated for utilization in student projects.

Students from the Fashion Design department, under the guidance of Lecturer Özge Beyaz, focused on the creative reinterpretation of waste materials to design innovative garments. Students from the Child Development department, led by Lecturer Bağdagül Sarıtaş, utilized these repurposed materials to craft a variety of handicrafts. This collaborative effort culminated in an exhibition, accompanied by a fashion show themed around “Street Fashion,” showcasing sustainable artistic works.

The event commenced with a tour of the exhibition, followed by speeches from distinguished speakers, including Prof. Dr. Osman Murat Özkendir, Vice-Chancellor of Tarsus University, Bağdagül Sarıdaş, a Lecturer in the Child Development Department, and Merve Doğan, an Environmental Engineer representing the Mersin Branch of Erciyas Steel Pipe. The highlight of the day culminated in an engaging fashion show.

Through this initiative, we aimed to raise awareness about sustainable environmental practices while fostering the creative potential of students. Erciyas Steel Pipe will remain dedicated to contributing positively to both our ecosystem and the future.

# Water Management

The water consumption data for Erciyas Steel Pipe illustrates not only the measures we have implemented to reduce water usage in our production processes but also the tangible steps we have undertaken to mitigate our environmental impacts. As part of our commitment to enhancing water efficiency, we have adopted various sustainability practices that encompass the recovery and reuse of water throughout our production processes, as well as the effective management of wastewater. These measures are designed to ensure more effective water utilization. Consequently, we can optimize water consumption, thereby contributing to the preservation of natural water resources while enhancing our operational efficiency.

We have developed a series of systems to effectively manage the control and recovery of water consumption at every stage, from the procurement of raw materials to the delivery of the final product to the customer across our production processes. In this context, we are continually engaged in initiatives aimed at recovering and repurposing water at various stages of production.

- **Strip Lamination:** We strive to minimize water losses and recover water during the processes by implementing systems designed to optimize water consumption.
- **Hydrostatic Testing:** We prevent water waste by facilitating the reuse of water throughout the production processes.
- **Ultrasonic Control:** We undertake necessary improvements to ensure the reuse of water utilized during testing processes while maintaining its quality.

The above applications enable us to both minimize the water footprint of our production processes and promote a circular economy approach, ensuring the most efficient utilization of water resources.

In 2022, our total water consumption amounted to 43,233 $m^3$. In 2023, this figure decreased by 16%, reaching 35,917 $m^3$.

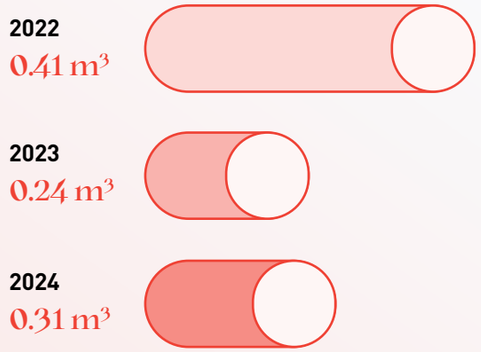
While water consumption per unit of production was 0.41 $m^3$ per ton in 2022, we successfully reduced this figure by 39.0% to 0.24 $m^3$ per ton in 2023. Although our overall water consumption exhibited a trend similar to that of 2022, the concentration of water consumption decreased by 24%, from 0.41 in 2022 to 0.31.

This reduction is mainly attributed to enhancements in water consumption management, the implementation of water efficiency initiatives, and optimizations in production processes.

**Water Consumptions ($m^3$)**

| Years | 2022 | 2023 | 2024 |
|---|---|---|---|
| Municipal Water | 7.702 | 10.875 | 15.426 |
| Underground Water | 35.531 | 25.042 | 27.828 |
| Total Water Consumption | 43.233 | 35.917 | 43.254 |

## Water Consumption Concentration ($m^3$/production(ton))



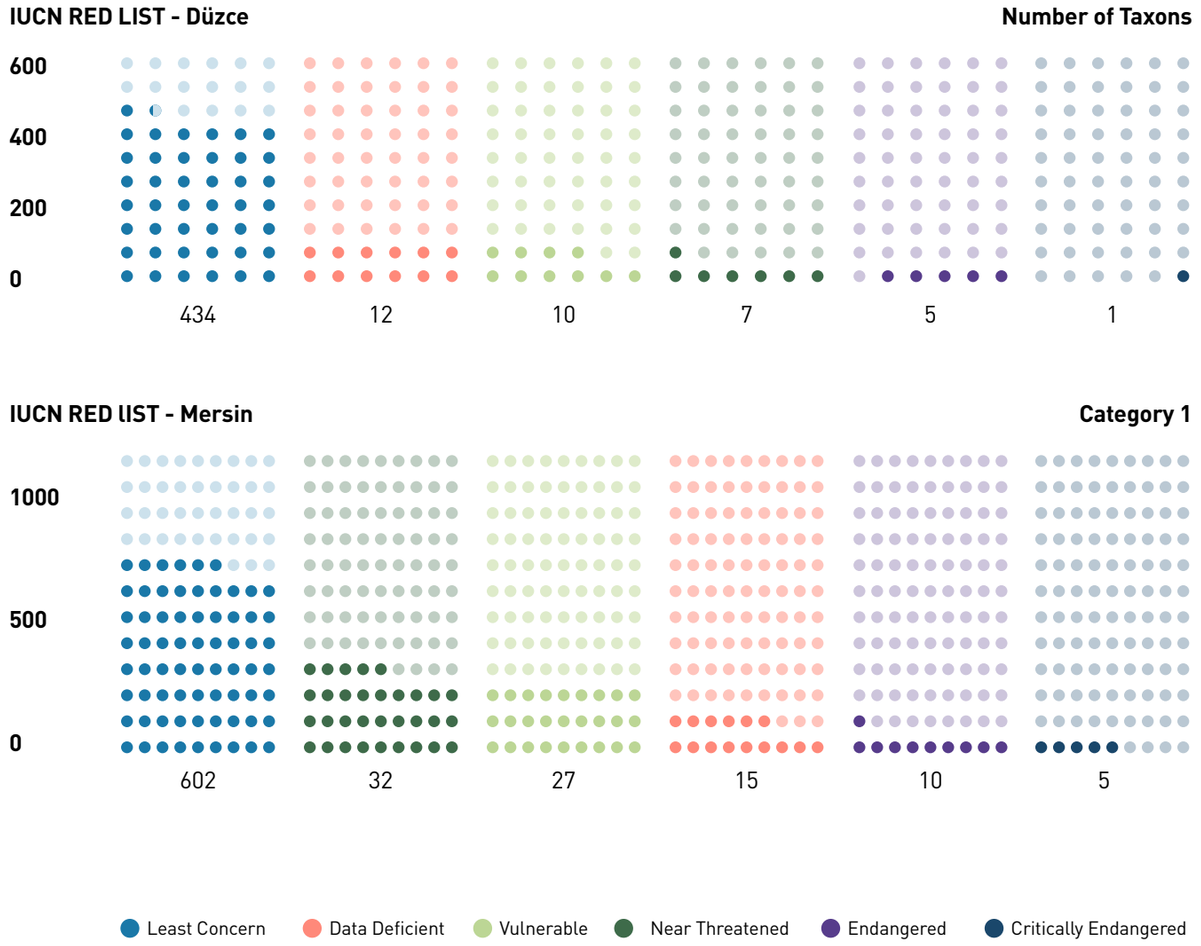

# Biodiversity

**Biodiversity refers to the variety of living organisms within nature and the sustainability of ecosystems. Given humanity's reliance on natural resources, it is crucial to safeguard biodiversity for both environmental and economic reasons.**

Healthy ecosystems provide vital functions, including clean air, food security, and the mitigation of climate change. However, anthropogenic activities, such as industrialization, deforestation, habitat destruction, and pollution, pose significant threats to biodiversity and disrupt ecosystem balance.

Erciyas Steel Pipe is committed to fulfilling its corporate responsibility by safeguarding biodiversity and promoting sustainable environmental policies. In alignment with this commitment, we strive to utilize natural resources efficiently, develop ecosystem-friendly projects, and minimize our environmental impact. We diligently monitor biodiversity data at our production sites in Düzce and Mersin, assessing the impacts of our operations on local ecosystems while prioritizing sustainability. In accordance with the Noah's Ark National Biological Diversity Database steered by the Ministry of Agriculture and Forestry of Türkiye, we share biodiversity data relevant to the regions where our manufacturing facilities are located and actively contribute to scientific research about ecosystems.

The International Union for Conservation of Nature's (IUCN) Red List plays a crucial role in identifying the species at risk of extinction and establishing global protection priorities. Data from this source indicates that there are 10 vulnerable species and seven nearly threatened species in Düzce, where our manufacturing facility is located. In Mersin, the figures are significantly higher, with 32 species classified as near threatened, 27 as vulnerable, 10 as endangered, and five as critically endangered. This information suggests that Mersin is at a greater risk in terms of biodiversity. Although the number of threatened species is lower in Düzce, the high production volume in this region may exert considerable pressure on the local ecosystem. We assess the impact of our operations on ecosystems within the framework of the ISO 14001 Environmental Management System and implement sustainability-focused improvements In waste management, water usage, and energy efficiency. Core elements of our commitment to biodiversity conservation include reducing hazardous waste, optimizing production processes to align with low-carbon emission targets, and fostering collaboration with local governments, non-go-vernmental organizations, and academic institutions to preserve natural habitats.



# I-BAT and Biodiversity Assessment

The Integrated Biodiversity Assessment Tool (I-BAT) is a comprehensive platform designed to provide national data that supports global-scale protection planning and reporting.

This tool offers essential information regarding the protection of species, threatened habitats, and significant sites for biodiversity with the data derived from reliable sources such as the IUCN Red List of Threatened Species, the World Database on Protected Areas (WDPA), and the World Database of Key Biodiversity Areas (WDKBA).

The I-BAT Country Profiles provide in-depth analysis on a range of topics, including threatened species, threat elements, the extent of protected areas, and the distribution of key biodiversity areas* by offering extensive information on protected sites, critical ecosystems, and existing species to facilitate informed decision-making processes.

Our organization has conducted thorough assessments by utilizing I-BAT data in our production locations in Düzce and Mersin. The areas housing our factories have been plotted on the I-BAT map, confirming that no special species, protected areas, or key biodiversity areas have been identified in these locations. In this direction, we remain dedicated to minimizing the environmental impact of our operations while fostering a sustainable production mindset that emphasizes our commitment to the protection of natural ecosystems.

*Key Biodiversity Areas (KBAs) include sites contributing significantly to the global persistence of biodiversity in terrestrial, freshwater, and marine ecosystems. These sites are identified through established global processes by employing a set of scientific criteria recognized internationally by local stakeholders. The areas marked in pink on the map denote these key biodiversity areas.


Düzce Factory


Mersin Factory

# 5.0

# Social



# Our Social Performance

| Focus Areas | Description of the Goal | Performance Indicator | Realization | | | Targets | | Progress (2024) |
|---|---|---|---|---|---|---|---|---|
| | | | 2022 | 2023 | 2024 | 2024 Target | 2030 Target | |
| Diversity, Equity, Inclusion | Consolidation of a participatory workplace based on equity and inclusion | Number of suggestions accepted | 69 | 70 | 82 | **85** | **50%** increase compared to 2022 | -4% |
| | | Number of female white-collar staff (%) | 30% | 30% | 31% | **35%** | Maintain the ratio of female employees at a level not lower than **50 %** | -13% |
| Education and Development | Creation of a fair system based on equal opportunities with our employees | Training hour per person (hour/person) | 21 | 21 | 41 | **22** | **50%** increase compared to 2022 | Complete |
| Occupational Health and Safety | Leading the industry in occupational health and safety practices | Accident weight ratio | 0,64 | 0,54 | 0,74 | **0,54** | **30%** decrease compared to 2022 | -47% |
| | | Accident frequency ratio (%) | 29,36 | 49,84 | 33,59 | **30** | **30%** decrease compared to 2022 | -12% |

# Our Human Rights Approach

Erciyas Steel Pipe adheres to the principle of upholding human rights in all interactions with stakeholders and positions universal human rights at the core of its business processes. Our Human Resources Policy serves as a guiding framework to prevent unethical conduct and to promote a fair and respectful environment throughout all operational activities.

Our commitment to human rights is underpinned by our Human Resources Policy, relevant legislation, internal regulations, corporate values, and our code of conduct. Within this framework, our human rights policy encompasses the following key areas:

**Through the ongoing enhancement of human resources processes that foster the personal development, performance, and success of our employees, we remain dedicated to our objective of becoming a preferred employer within the labor market.**

## Non-Discrimination and Equal Opportunities

At Erciyas Steel Pipe, we are committed to fostering an environment that prioritizes equal opportunities and inclusion, free from any form of discrimination based on religion, language, race, ethnicity, gender, age, political opinion, or sexual orientation. Our organization is founded on the principle of meritocracy, and strive to create a workplace where every individual feels valued and appreciated.

## Employee Satisfaction and Engagement

We place a strong emphasis on the satisfaction, motivation, and loyalty of our employees, implementing human resource practices that align with the demands of the current era.

## Transparency and Clarity

We are committed to fostering a fair and reliable working relationship grounded in a philosophy of transparent and open communication management.

## Safe and Healthy Working Environment

We are committed to providing a safe, healthy, and peaceful working environment that fosters operational efficiency workplace. Erciyas Steel Pipe adheres to and upholds all occupational health and safety legislations across its operations.

## Continuous Development

We advocate for an agile organizational structure that enables responsiveness to the rapidly evolving world while promoting continuous development.

## Social Responsibility and Sustainability

We demonstrate respect for the environment, nature, and all living beings, adopt sustainable approaches, and make meaningful contributions to society.

# Diversity, Equity, and Inclusion

**By embracing diversity, equity, and inclusion as our core values, we seek to ensure that every employee feels acknowledged and valued within their work environment.**

At Erciyas Steel Pipe, we firmly believe that diversity and inclusion enhance the integration of various perspectives, thereby increasing our capacity for innovation and guiding us toward a more equitable future. We recognize that providing equal opportunities is the key to establishing a fair platform for all employees, and we extend equal opportunities to all employees without any form of discrimination based on gender, religion, language, race, ethnicity, age, political opinions, or sexual orientation. In this direction, we implement our compensation and promotion processes according to the established procedures disseminated within the company, thereby fostering a workplace where each individual is evaluated under uniform conditions.

We acknowledge the inclusion of women in the workforce is a fundamental component of social development. We are dedicated to enhancing the contribution of female employees across all positions, including both white-collar and blue-collar. In pursuit of this objective, we adopt proactive measures within our recruitment processes and professional development programs to empower women to advance within the organization and the wider business community.

**In 2024, the proportion of women executives within the overall executive staff increased to 24.4%.**

This figure serves as a significant indicator of our determination to promote diversity and equal opportunities.

## March 8 International Women's Day

On March 8, which is recognized as International Women's Day, Erciyas Holding commemorated the contributions of female workers. Through a series of day-long events that highlighted their importance, we enhanced the significance of this special occasion with thoughtful gifts and surprises. We remain dedicated to supporting the empowerment of women in the business at all times.


# Employee Satisfaction and Loyalty

We place a high value on the insights and recommendations of our employees, actively listening to their perspectives to better understand their expectations and needs. In this regard, we consistently evaluate the employee experience through surveys and feedback mechanisms, which enables us to enhance our business processes with a focus on continuous improvement.

In alignment with our goal to "optimize resource utilization," we adhere to the principle that "those who carry out the work have the greatest understanding of it." To support this mindset, we have established the Personal Suggestion System, which harnesses the knowledge, skills, and experiences of our employees, encouraging them to propose practical solutions that can improve our organizational processes.

In the realm of performance management, we evaluate our employees based on measurable targets and establish equitable reward and compensation systems. We endorse union membership within our facilities and emphasize the significance of union processes, remaining committed to upholding the rights of our employees. In this context, our blue-collar workforce is affiliated with the United Metalworkers' Union, having formally signed a collective bargaining agreement on February 14, 2024. This agreement is set to remain in effect until December 31, 2025.

To enable our employees to balance their business and private lives, we offer them annual paid leaves, compassionate leaves, marriage leaves, maternal leaves, birth leaves, and breastfeeding leaves. We are committed to conducting continuous improvements to make our employees feel safe at the workplace, get the best of social benefits, and make long-term care plans at our organization, thus raising their happiness and work satisfaction.

We observed a 19% increase in the volume of employee suggestions submitted through the suggestion system compared to 2023.

**Suggestion System**

| Years | 2022 | 2023 | 2024 |
|---|---|---|---|
| Number of suggestions from employees | 69 | 70 | 82 |
| Number of suggestions received from employees and accepted | 51 | 43 | 45 |
| Number of suggestions that have been realized | 12 | 13 | 19 |

This enhancement indicates that our workforce has become increasingly engaged in contributing to the organizational development process.

As of 2024, the realization rate of incoming suggestions has risen by 5% year-on-year, reaching a total of 23%.

This improvement underscores our commitment not only to consider employee suggestions but also to implement them through tangible actions, thereby fostering continuous process enhancement within the organization.

The significant increase in employee turnover rates can be attributed to the implementation of the Law on Retirement Age Victims (EYT). This legislation pertains to individuals who are unable to reach the specified retirement age despite meeting the necessary criteria concerning premium payment days and the insurance period required for retirement eligibility. Consequently, employees in this situation have opted to exercise their rights to retirement and have subsequently departed from their positions. Our organization remains committed to minimizing employee turnover through various initiatives aimed at enhancing the working environment and providing professional development opportunities. Notably, in 2024, we observed a reduction in employee turnover rate by 5% on a year-on-year basis.

Our organization places significant emphasis on supporting our in achieving a balanced personal and professional life.

**All employees who take parental leave consistently return to work after their leave ends.**

Two female employees who took parental leave in 2023 resumed their roles in 2024. In 2024, only one employee is currently on parental leave. We are dedicated to effectively managing the return-to-work processes of our employees and facilitating their career progression without interruption.

## Parental Leave

**2022**
13%

**2023**
34%

**2024**
29%

**Notably, in 2024, we observed a reduction in employee turnover rate by 5% on a year-on-year basis.**

**5%**


**Parental Leave**

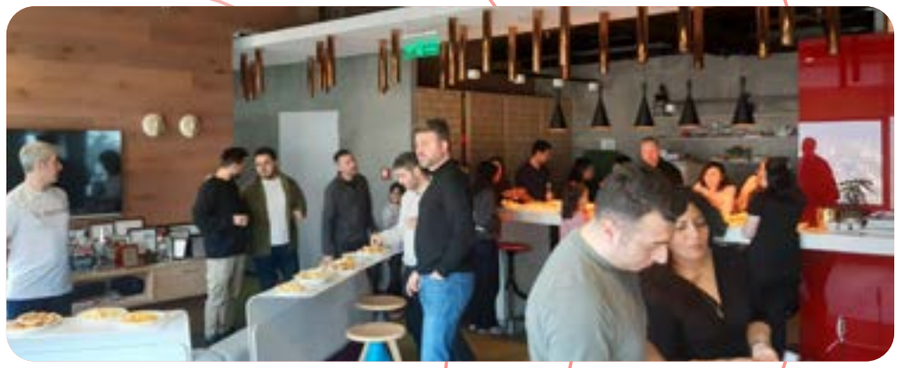
| Years | 2022 | 2023 | 2024 |
|---|---|---|---|
| Employees on parental leave - women | 1 | 2 | 1 |
| Employees on parental leave – men | 9 | 13 | 0 |
| Employees that returned to work after parental leave ended – women | 1 | 0 | 2 |
| Employees that returned to work after parental leave ended - men | 10 | 13 | 0 |

## Erciyas Table Football Tournament

The Erciyas Table Tournament was organized to strengthen team cohesion and foster interpersonal relationships among participants. The event facilitated engaging interactions and moments of enjoyment for employees and attendees. At the end of the tournament, awards were presented to the winning teams, thereby ensuring a successful and satisfying experience for all involved.


## Birthday Celebrations (Happy Hour Event)

At Erciyas Holding, we prioritize recognizing and celebrating the milestones of our employees. Each month, we host birthday celebrations featuring cake-cutting ceremonies to honor the birthdays of our colleagues, thus reinforcing team spirit.



## 46th Istanbul Marathon

During the 46th Istanbul Marathon, we participated in the initiative running for good with The Education Volunteers Foundation of Türkiye (TEGV)! Our steps were dedicated to contributing to the future of children and promoting equality in education.

# Talent Development

We strive for excellence not only in our products but also in our workforce. To support this objective, we provide a comprehensive training and development program designed to empower our employees to reach their full potential while fostering the ongoing evolution of their professional skills.

Annually, we offer various training opportunities, along with the necessary tools and resources to facilitate career advancement, thereby contributing to our company's success in sustainability.

Our training and development processes are designed to uncover individual talents and facilitate the continuous improvement of our workforce. Within this framework, we aim to enhance both personal and professional satisfaction among our employees while offering a variety of opportunities, including professional certifications, awareness-raising training sessions, and partnerships. Our objective is to foster a working environment where employees can fully realize their potential, receive ongoing support for development, and contribute to the future achievements of the company.

The number of training sessions and the total duration of training provided annually is on the rise. The increase in attendance and training hours from 2022 to 2024 underscores our commitment to the professional development of our employees. In 2022, the total hours dedicated to employee training amounted to 9,014 hours. This figure rose to 9,671 hours in 2023. By 2024, training hours had surged by 108% compared to 2023, reaching a total of 20,139 hours. This significant escalation serves as a testament to our ongoing constant efforts to enhance employee training programs and reflects our heightened investment in training initiatives aligned with our expanded organizational capacity.

In conjunction with the increase in training hours, we also increased the average training hours allocated to our employees. In the years 2022 and 2023, each employee received an average of 21 hours of training, while in 2024, this figure elevated by 95% to 41 hours.

We have reaffirmed our commitment to developing competencies within our organization by systematically increasing the number of our employees holding professional education and competency certifications by the year 2022. Furthermore, by increasing the number of employees holding professional competency certificates, we also reinforced our mission to establish a qualified workforce. The increase in total training hours signifies that the competencies of our employees have been consolidated in alignment with the overall achievements of the organization.

By 2024, training hours had surged by 108% compared to 2023, reaching a total of 20,139 hours.

**Training Sessions**

| Years | 2022 | 2023 | 2024 |
|---|---|---|---|
| Total Hours of Training | 9014 | 9671 | 20139 |
| Hours of Training per Employee | 21 | 21 | 41 |
| Hours of Environmental Training per Employee | 370 | 874 | 996 |
| Number of Employees with Professional Education and Competency | 117 | 141 | 151 |

# Occupational Health and Safety

Our initiatives regarding Occupational Health and Safety (OHS) are implemented under the oversight of the Occupational Safety and Environment Management unit and are supported by the ISO 45001 OHS Management System, certified by TUV SUD. In this context, we are dedicated to embracing a continuous improvement and development approach to ensure the safety and health of our employees. This commitment is reflected in our OHS policy, which aligns with both national and international regulations. In this context,

- We provide our employees with regular Occupational Health and Safety (OHS) training sessions and orientation programs to cultivate a robust safety culture.
- We conduct frequent on-site inspections and risk analyses aimed at promoting a secure working environment.
- We embrace the philosophy of continuous improvement through the implementation of the 5S methodology within our production processes. This approach yields numerous benefits, including the establishment of order in the workplace, the sorting and removal of unnecessary items, the enhancement of employee efficiency, and the creation of secure workplaces.

In 2024, employees received a total of 9,972 hours of OHS training. This represents a substantial increase of 129% in 2024 from the 4,355 hours recorded in 2022. A notable increase is also evident in our implementation of OHS policies, as well as in the number of employees participating in training programs. Our OHS training sessions engaged 35 individuals in 2021, 458 individuals in 2022, 1,721 individuals in 2023, and increased to 1,885 individuals in 2024. Furthermore, there has been a marked improvement in OHS training hours per employee. In 2024, the occupational safety training hours allocated to each employee increased by approximately 2.5% compared to 2023.

In 2024, the accident frequency rate experienced a decline of 33% in comparison to 2023. Concurrently, the number of lost days due to occupational accidents decreased by 28% during the same period on a year-on-year basis. These reductions serve as tangible indicators of the effectiveness of the safety measures implemented within our organization.

The data highlights the success of our initiatives to cultivate a robust occupational safety culture. In our Occupational Health and Safety (OHS) processes, we integrate continuous improvement strategies alongside legal compliance, risk management, awareness-raising, education, and inspections. Our overarching objective is to provide a safe workplace for our employees while promoting the OHS culture throughout the organization.

**Education Time**

| Years | 2022 | 2023 | 2024 |
|---|---|---|---|
| Total Hours of OHS Training to Employees | 4.355 | 9.037 | 9.972 |
| Total Number of Employees Participating in OHS Training | 458 | 1721 | 1885 |

We organized a competition aimed at employees and their families in conjunction with the "4-10 May, Occupational Health and Safety Week" as a part of our efforts to enhance awareness regarding OHS. The competition invited participants to create poems, paintings, or slogans that emphasize the significance of OHS in the workplace. Employees and their families were encouraged to participate, with prizes awarded to the top three entries. The innovative works produced during this competition were subsequently published throughout the organization.

# 6.0

# Governance



# Our Governance Performance

| Focus Areas | Description of the Goal | Performance Indicator | Realization | | | Targets | | Progress |
|---|---|---|---|---|---|---|---|---|
| | | | 2022 | 2023 | 2024 | 2024 Target | 2030 Target | |
| Sustainable Supply Chain | Progress in conjunction with our suppliers on environmental and social subjects | Percentage of raw material and auxiliary product suppliers designated to execute supplier code of conduct under the framework of Environment, Society, and Corporate Governance (%) | 0% | 45% | 45% | 55% | To ensure that all suppliers (100%) of raw materials and auxiliary materials sign the supplier code of conduct | -10% |
| | | Percentage of suppliers that were screened for Corporate Social Responsibility(%) | 0% | 26% | 100% | 35% | To implement the Corporate Social Responsibility (CSR) screening for all suppliers (100%) throughout the year | Completed |
| Customer Satisfaction | Increasing customer satisfaction | Customer Satisfaction Ratio (%) | 96% | 93% | 96% | 95% | To guarantee 100% customer satisfaction | Completed |
| Contribution to Social Development | Strengthening cooperation with local communities and contributing to employment | Number of organizations engaged in collaborative efforts under social responsibility initiatives | 0 | 5 | 7 | 5 | To increase the number of partner organizations engaged in social responsibility initiatives by 10% compared to the previous year. | Completed |
| Digitalization | Digitalizing our business models | Proportion of Digitalization or Automatization in Operational Processes (%) | - | 71% | 76% | 75% | To elevate the digitalization or automation ratio of operational processes to 90% | Completed |
| Innovation | Integrating innovation into our business model for sustainable and efficient production | Number of improvements and developments focused on the production process | 90 | 110 | 88 | 110 | To achieve an 80% advancement in the improvement and development ratio of production processes compared to 2022 | -20% |
| | | Number of R&D/Design projects produced per year | 2 | 2 | 2 | 2 | To produce at least 2 R&D/Design projects | Completed |

# Supply Chain Management

We incorporate sustainable supply chain practices as fundamental components of our value chain and direct our initiatives toward the continuous improvement of these practices. In this context, we regard all of our suppliers as essential partners in our sustainability journey. Our commitment is to foster a robust supply chain where sustainability risks are effectively managed, supported by a framework of mutual trust and effective communication.

Erciyas Steel Pipe is dedicated to implementing significant initiatives In supply chain sustainability.

## Local Suppliers

The proportion of our local suppliers constitutes **97%** of our total suppliers. This underscores our commitment to a responsible purchasing process and our efforts to prioritize local sourcing.

## Use of Locally Supplied Raw materials

Our company sources **100%** of its raw materials from local suppliers.

## Supplier Code of Conduct

**45%** of our suppliers have signed the Supplier of Code of Conduct.

## Corporate Social Responsibility (CSR) Screening

In 2024, the percentage of our suppliers that have undergone Corporate Social Responsibility (CSR) screening has increased significantly from **26%** in 2023 to **100%**.

## Sustainable Supply Training

All members of our purchasing teams who are involved in the supply process have received training in sustainability.

## Audits and Improvements

In 2024, the number of suppliers that attended capacity-building initiatives, including corrective actions related to sustainability, increased to **54%**.

**Supplier Management**

| Years | 2023 | 2024 |
|---|---|---|
| The Percentage of Suppliers Covered by the Supplier Management Corporate Social Responsibility (CSR) Screening (%) | 26% | 100% |
| The Percentage of the Audited Suppliers Involved in Corrective Actions and Capacity-Building Initiatives in Sustainability (%) | 53% | 54% |
| The Percentage of Raw Material and Auxiliary Material Suppliers Expected to Sign the Supplier Code of Conduct on Environment, Social, and Corporate Governance (%) | 45% | 45% |

# Customer Satisfaction

**In adopting a customer-centric approach, we strive to address the continuously evolving demands and expectations of our clientele. Our objective is to enhance our quality in collaboration with our customers while simultaneously bolstering our competitive edge.**

Erciyas Steel Pipe places a high priority on the satisfaction of both customers and employees within the framework of a robust quality management system, which governs all operations conducted at our Düzce and Mersin facilities. We are dedicated to consistently delivering products that comply with relevant standards, technical specifications, and specific customer requirements across all processes. We diligently assess customer feedback, aiming to advance our successes in partnership with our clients.

## Customer Satisfaction Rate

**96%**

## Regular Customer Engagement

We facilitate regular customer visits to enhance customer satisfaction and foster enduring relationships with our business partners. These engagements allow us to gain direct insights into our customers' needs and expectations while also identifying potential issues encountered in on-site processes and enable us to provide prompt and effective solutions.

## Effective Communication

We actively gather opinions and suggestions from our stakeholders through consistent communication channels, including telephone, email, and meetings. To address customer complaints effectively and efficiently, we have implemented a complaint management system. Each notification is diligently monitored and thoroughly reported by our Quality Assurance Department. In this context, we successfully executed improvements and developments across 88 production processes.

## Customer Satisfaction Surveys

By conducting customer satisfaction surveys, we assess the opinions and suggestions our customers. In this regard, we are committed to enhancing our product quality and fostering long-term relationships with our customers.

## Number of Customer Complaints

| | |
|---|---|
| 2022 | 5 |
| 2023 | 3 |
| 2024 | 1 |

In 2024, the number of customer complaints experienced an 80% reduction in comparison to 2022, largely attributable to the proactive measures implemented, process optimizations, and enhancements in customer service. This significant achievement reflects our strategic initiatives, which include the fortification of quality control processes, the minimization of error margins within production procedures, and the expedited response to customer inquiries and needs.

## Erciyas Steel Pipe Attended the Tube & Wire 2024 Düsseldorf!

**Date:** April 15-19, 2024
**Venue:** Messe Düsseldorf, Düsseldorf, Germany

By participating in this significant exhibition held from April 15 and 19, 2024, we engaged in productive discussions with our global business partners and visitors. Through the promotion of our organization's latest technologies and solutions in the steel pipe sector, we were afforded the opportunity to further strengthen our collaborations.

The Business Development, Logistics and Quality teams from our organization actively participated in the trade show, presenting innovative solutions that align with the latest industry trends. Attendance at this event, which plays a critical role in shaping the future of global steel pipe market, is of significant importance to us.

Erciyas Steel Pipe is committed to leading the latest developments in the sector and providing the most sustainable solutions available.

## Proudly Participated in the Global Water & Infrastructure Expo 2024!

**Date:** September 24-26, 2024
**Venue:** Riyadh International Convention and Exhibition Center, Riyadh, Saudi Arabia

Erciyas Steel Pipe participated in this significant event held in Riyadh City, Saudi Arabia, aimed at showcasing innovative solutions within the global steel pipe sector and closely monitoring advancements in the industry. Throughout the exhibition, we established robust business connections through productive discussions with our business partners and visitors from around the world.

The Sales and Business Development teams from our organization attended the event, presenting in detail the contributions made by our steel pipe solutions to large-scale infrastructure projects. We were immensely pleased to have been part of this valuable platform, which plays a pivotal role in shaping the future of the water and infrastructure sectors.

# Digitalization

**In pursuit of our objectives for sustainable growth and operational efficiency, we strategically prioritize digital transformation. We conduct an annual review of all our processes, including production, purchasing, supply chain management, and quality management, and allocate resources toward digitalization.**

The initiatives undertaken by our organization, within the framework of the Digital Development Roadmap, signify substantial advancements both at our production facilities and corporate headquarters. In this regard, the year 2024 has emerged as a pivotal year for the transformation of Erciyas Steel Pipe's digital processes.

## SIRI Digital Maturity Assessment and Roadmap

In 2024, a comprehensive digital maturity assessment and review was conducted at our headquarters and the Düzce factory utilizing the Smart Industry Readiness Index (SIRI) methodology, which is recognized by the World Economic Forum (WEF). This assessment culminated in the development of a digital roadmap informed by the findings of the SIRI Assessment Report. The initiatives outlined in this roadmap were subsequently incorporated into our IT Master Plan, thereby facilitating ongoing digital development initiatives.

Identified Areas for Improvement Following Digital Assessment

- Communication and Cooperation with Internal and External Stakeholders
- Digitalization of Data in Production
- Digitalization of Supply Chain and Sales Process
- Making Data Meaningful and a Decision Support System
- Digitalization of Business Intelligence in Production (Utilization of Digitalized Data in Production)


We are committed to enhancing our operational efficiency while simultaneously reducing our environmental impact through digitalization initiatives aimed at transforming our business models. In 2024, the automation ratio of our operational processes **increased from 71% to 76%** on a year-on-year basis. Additionally, we achieved a **50% increase in digital transformation projects and improvements compared to the previous year, 2023.**

Within the United Nations' Enterprise Resource Planning (ERP) system, a number of updates have been implemented to enhance the efficiency of business processes and align them with current operational requirements. In this context:

- Monitoring reports have been strengthened, thereby facilitating quicker access to critical information regarding production processes.
- Addressing functions have been integrated into the Storage Management Module, which has resulted in improved inventory management and expedited access to products.
- Production Work Orders have been made more user-friendly, and the Hand Terminal Application has been updated to reduce the margin of error.
- Quality assurance and purchasing processes have undergone significant restructuring.
- A substantial volume of supplier invoices is now processed automatically by the system, thanks to the implementation of robotic process automation.

In the second half of 2024, we transitioned from traditional IT servers to a cloud-based system to establish a more efficient and sustainable framework for our IT infrastructure. This transformation has not only facilitated the mitigation of our carbon footprint but has also enhanced our operational efficiency. Cloud-based solutions provide a means to reduce environmental impacts while delivering a more flexible and scalable infrastructure, thereby enabling the development of a more sustainable business model.

# Ongoing Digital Transformation Projects

## Digital Planning Transition Process and Commissioning of the MRP System:

The Manufacturing Resource Planning (MRP) system is being implemented to enhance our Supply Chain Management by providing more accurate estimations and improving the productivity of our production processes through the digitalization of production planning. This system aims to ensure the sustainability of each step in the production process while minimizing costs associated with production errors.

## Digitalization of the Calibration Process:

The calibration processes, which are essential for ensuring that production machinery and equipment function correctly and efficiently, will be digitalized. This transformation will ensure the accuracy and continuity of calibrations in a more expedient and effective manner, thereby preventing potential interruptions in production activities.

## Digitalization of Certificate and Contract Processes:

All certificate and contract processes within the organization will be transitioned to digital platforms, ensuring faster, more transparent, and reliable management. This digitalization will facilitate workflow efficiency and reduce the likelihood of errors in document management.

## Performance Monitoring System and Digital Transition of HR Initiatives:

Our performance management system will be systematically monitored through a digital platform, enabling comprehensive tracking of employee performance assessments, feedback, and professional development. Moreover, our Human Resources processes will undergo digital transformation, which will allow us to address employee needs with improved efficiency and accuracy.

# Data Privacy and Information Security

**Erciyas Steel Pipe has established a comprehensive information security management system to ensure the protection of data concerning all stakeholders, implement measures against potential cyber threats, and ensure full compliance with applicable legal regulations.**

In an industry characterized by high precision, such as steel pipe production, the safeguarding of data related to customers, suppliers, and employees is of paramount importance. Consequently, the protection and confidentiality of personal data are among the fundamental priorities of our organization. In this regard, we are dedicated to upholding the principle of transparency throughout our data processing and storage activities and are committed to taking all necessary measures to prevent any compromise of our stakeholders' data.

In conjunction with advancements in technology, cyber-security threats are also evolving at an accelerated pace. Erciyas Steel Pipe safeguards its digital infrastructure through continuous monitoring of cyber threats, implementation of early warning systems, and robust firewalls. Additionally, we have established a comprehensive crisis management plan designed to facilitate prompt response to potential security breaches. This plan outlines the necessary actions for rapid intervention and effective crisis management in the event of data breaches.

We collect personal data solely for legitimate processing purposes, thereby ensuring the effective operation of our activities and the security of our stakeholders. We categorize personal data as confidential and restrict access exclusively to authorized personnel. Moreover, we retain personal data only for the duration necessary in accordance with our Personal Data Retention and Destruction Policy, and we ensure secure destruction in compliance with applicable legal regulations. We are committed to maintaining a transparent, reliable, and sustainable approach to data management, thereby providing our employees and stakeholders with a secure working environment.

We execute all processes with meticulous attention to detail in order to ensure information security, safeguard data, and protect against any unauthorized access. We establish confidentiality agreements for the data shared with our suppliers and business partners, and we prohibit the disclosure of any information without prior written consent. We diligently manage our accounting and financial reporting processes to guarantee the accuracy and transparency of our information. All accounting records are maintained in accordance with relevant legislation, accounting standards, and legal regulations, ensuring the accuracy and integrity of this information.

We periodically review and revise our information in accordance with the ISO 27001 Information Security Management System. We conduct simulations for exceptional scenarios and provide training for our employees to enhance their awareness in this regard.

# Product Quality and Security

**We conduct rigorous quality control measures throughout the entire process of steel pipe production and supply chain management, adhering to international quality standards such as ISO 9001:2015 Quality Management System.**

## Raw Material Quality

Prior to commencing the production process, we subject the raw materials to strict quality control tests and procure them exclusively from approved suppliers. This approach ensures the high durability and dependability of the final product.

## Production Process

We implement rigorous quality control measures at each stage of steel pipe production, utilizing state-of-the-art equipment and contemporary manufacturing processes. Our quality control procedures encompass all critical parameters, including dimensional accuracy, surface quality, material concentration, and resistance. Through the deployment of advanced software and equipment, we ensure that quality is maintained consistently throughout our production processes.

## Advanced Level Tests and Certification

Our products undergo rigorous physical and chemical evaluations prior to each order. The resistance of steel pipes to pressure, impact, temperature, and corrosion is validated by internationally recognized certifications. Consequently, these assessments confirm that our products exhibit a high degree of reliability and resilience, ensuring compliance with stringent industrial standards.

## Environmental Product Declaration (EPD)

We prioritize environmental sustainability in the production of high-quality steel pipes and place significant emphasis on minimizing the environmental impact of our products. In this regard, we have obtained independently verified Environmental Product Declaration (EPD) certificates, which transparently disclose the environmental performance and reliability of our offerings.

## Accredited Laboratories

Our laboratories, situated in Mersin and Düzce, have received formal accreditation from the Turkish Accreditation Agency (TÜRKAK) in accordance with the TSE ISO EN 17025 Standard. This accreditation validates the international credibility of the tests conducted in our facilities, which encompass both destructive and non-destructive testing, as well as coating evaluations. Consequently, we are equipped to effectively meet the quality expectations of our clients, both locally and internationally. Furthermore, we provide quality measurement support to other industrial organizations within our region through our accredited laboratories. This service enhances our capacity to satisfy the demand for reliable and high-quality products in both domestic and global markets.

### Management System Certifications

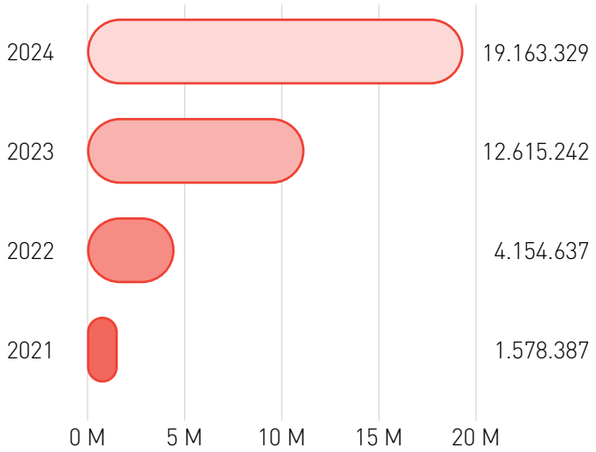
- API SPEC. Q1/API SPEC. 5L
- ISO 9001:2015 / TÜV SÜD
- TS EN ISO 17025:2017 / TÜRKAK
- ISO 14001:2015 / TÜV SÜD
- ISO 45001:2018 / TÜV SÜD
- ISO 27001:2022 / INTERSTART
- EN ISO 3138:2019 / TUV AUSTRIA
- EN ISO 3824-2 / TUV AUSTRIA

### Product Compatibility Certifications

- EN 10219-1 / TUV AUSTRIA
- EN 10224 / TUV AUSTRIA
- EN 1090-1/2/ INTERTEK
- TS 5139 / TSE
- TS EN 10217-1 / TSE
- TS EN 10289 / TSE
- TS EN 10298 / TSE
- TS 5139/TSE
- ASME B31.12/TUV AUSTRIA
- CSA Z245.20/SZUTEST
- AWWA C205 / TUV NORD
- AWWA C210 / TUV NORD
- AWWA C222 / SZUTEST
- 2014/68/EU / TUV AUSTRIA
- ASTM A 252 / TUV AVUSTRIA
- DIN 30670 / TUV NORD
- DIN 30678 / SZUTEST
- EN 10339 / TUV NORD
- EN 10301/SZUTEST
- API RP 5L2/SZUTEST
- EN ISO 21809-1 / TUV AVUSTRIA
- EN ISO 21809-2 / TUV AVUSTRIA
- NFA 49 710 / TUV AVUSTRIA
- AS 4020/SZUTEST

# R&D and Innovation

## R& Investments (in TL)




In addition to the emphasis we place on quality production and customer satisfaction, we also consider our R&D activities to be of paramount importance for sustainability and innovation. In this regard, we have steadily increased our R&D investments each year with the objective of enhancing value within the sector and reinforcing our leadership position. With a commitment to continuous development, we aim to undertake a minimum of two R&D/Design projects annually.

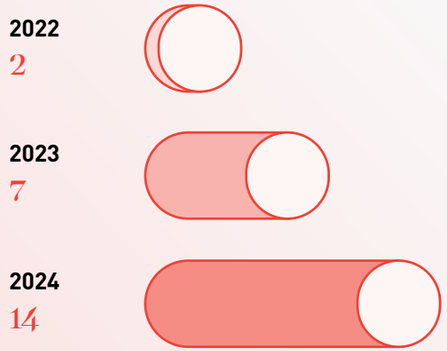
Erciyas Steel Pipe is dedicated to enhancing its investments in research and development (R&D), with a strong emphasis on continuous improvement and innovation. The data regarding R&D expenditures from 2021 to 2024 clearly reflects our organization's commitment to developing innovative solutions, enhancing competitiveness, and ensuring sustainable growth.

**In 2021, our R&D expenditure amounted to 1,578,387 TL. This figure saw a remarkable increase of 2.6 times, reaching 4,154,637 TL in 2022. Furthermore, in 2023, the investment experienced a threefold rise on a year-on-year basis, escalating to 12,615,242 TL. For the year 2024, the projected expenditure has been estimated at 19,163,329 TL. These figures distinctly illustrate our organization's steadfast dedication to R&D and technological investment, affirming that our growth strategies are fundamentally centered around innovation.**

The growth in our R&D investments is not solely confined to enhancing existing production processes and expanding our product portfolio; it also underscores our commitment to the development of new business models, advanced engineering solutions, and sustainable technologies. These strategic investments empower our organization to differentiate itself in competitive markets, strengthen its leading position within the industry, and establish itself as a formidable player in the international arena.

We are dedicated to taking an active role in sectoral and academic events to advance our objectives of innovation and sustainable growth. In this context, our participation in events was limited to two in 2022; however, this engagement significantly increased to seven events in 2023 and further to fourteen in 2024. This notable rise underscores our organization's resolve to remain attuned to sector developments, acquire new technologies, and foster business partnerships. Furthermore, it is evident that investments in R&D not only enhance product development and production processes but are also strategically designed to integrate Erciyas Steel pipe into the global innovation ecosystem.

### Number of attendances at national/international fairs and scientific events such as symposiums and congresses.




| 2024 R&D Initiatives | Starting Date | Ending Date |
|---|---|---|
| Investigating the manufacturability of a large-diameter Hyperloop pipe | 01.01.2024 | 01.12.2024 |
| Investigating the applicability of spirally welded steel pipes (SAWH) for hydrogen transportation | 16.07.2024 | 31.12.2024 |

# HYPERLOOP: A New Mode of Transportation

## Investment in the Future with Hyperloop

The cornerstone of our innovation-driven investments is the Hyperloop Project, which is anticipated to revolutionize the travel and transportation sectors in the future. This advanced technological concept was introduced to the public through a vision document authored by Elon Musk, the Chief Executive Officer of Tesla and SpaceX, in 2013. Characterized as a "Fifth Mode of Transport," Hyperloop represents a groundbreaking transportation system designed to facilitate the movement of both cargo and passengers at speeds of up to 1,200 kilometers per hour within frictionless, full-vacuum tubes.

## Establishment of the Erciyas Hyperloop Technology Inc.

We have established the Erciyas Hyperloop Technology Industry Incorporation in collaboration with Erciyas Steel Pipe and RC Industry Transportation, a specialized subsidiary within our group that focuses on wagon production. This initiative aims to enhance the management of research and development, as well as the production processes associated with next-generation pipe and tube systems, structural components, and moving parts essential for realizing the Hyperloop concept.
Through this newly formed entity, we seek to accelerate investments in high-speed transportation technologies and take a leading role in Türkiye's development of innovative transportation systems. Our primary objective is to actively contribute to this transformative project within global transportation technologies and to elevate our expertise in steel pipe production and engineering to an international standard.

## Strategic Alliance with the Hyperloop Development Program

We have formalized an "Agreement for Program Entry and Contribution" with the Hyperloop Development Program, an initiative designed to enhance the Hyperloop ecosystem. Through this agreement, we intend to provide strategic support for the development of the Hyperloop concept and to expedite its commercialization. Within the framework of this agreement, Erciyas Holding commits to the following:

- Providing essential financial contributions for R&D initiatives;
- Supporting expenditures related to equipment and personnel;
- Contributing to sponsorships, conference participation, and sectoral collaborations; and
- Offering service support for the development of steel pipes intended for Hyperloop testing lines and prototypes.

# Our Hyperloop Activities in 2024

1

We attended the Consumer Electronics Show (CES) 2026, which took place in Las Vegas from January 8 to January 18, 2024. During this event, we had the opportunity to experience the "Vegasloop," a project developed by the Boring Company, which is owned by Elon Musk. Furthermore, we facilitated bilateral discussions at the Özmen Center for Entrepreneurship in Reno, Nevada, situated within the University of Nevada. Additionally, we presented our initiatives related to Hyperloop technology and conducted a visit to the Tesla Gigafactory.

2

On February 22, 2024, we participated in a panel discussion focused on the theme of "Hyperloop" at the Hello Tomorrow Türkiye Deep Tech Event, which took place at Dasdas in Istanbul. Following the panel, Erciyas Holding formalized its commitment by signing an "Agreement on Program Entry and Contribution" with the Hyperloop Development Program, designed to support the contributors dedicated to advancing the Hyperloop concept and to facilitate the development of the concept.

3

We conducted an evaluation regarding the establishment of a new entity and organizational structure aimed at facilitating R&D and the production activities associated with next-generation pipes and tubes, structural components, and all dynamic elements required for the Hyperloop concept and technology. Consequently, "Erciyas Hyperloop Technology Industry Inc.." was founded on February 29, 2024, in collaboration with "Erciyas Steel Pipe Industry Inc.." and "RC Industry Transportation Vehicles Inc.," both of which possess extensive knowledge and experience in the manufacturing of wagons.

4

Erciyas Steel Pipe and Erciyas Hyperloop participated in the "Tube Düsseldorf" exhibition, which took place from April 15 to April 19, 2024. This event provided a platform for engagement with both steel and tube manufacturers as well as industry stakeholders involved in the Hyperloop ecosystem.

5

We participated as a speaker and jury member, at the invitation of the organizing committee, in the Global Hyperloop Competition and Conference, held at Toronto Metropolitan University from May 22 to May 26, 2024, and featured the participation of nine universities.

6

We participated as a sponsor, mentor, speaker, and jury member at the European Hyperloop Week, which was convened in Zürich, Switzerland, from July 15 to July 21, 2024. Additionally, we conducted an educational visit to CERN in Geneva.

7

We exhibited in the 3rd Hyperloop Development Competition held at Tübitak Gebze from August 13 to August 17, 2024, where we provided mentorship support for the event that featured 16 university teams.

8

On September 9, 2024, we visited the 420-meter Hyperloop Testing Line at the European Hyperloop Center in Veendam, Groningen, the Netherlands. During this visit, we engaged with members of the Hyperloop Development Program, of which we are proud participants.

9

On September 10, 20224, we participated in the Hyperloop Conference held in Blue City, Rotterdam. During the event, we engaged in discussions regarding potential cooperative opportunities with stakeholders in the Hyperloop sector.

10

On September 16, 2024, we participated in the "Hyperloop Meeting" convened in Brussels, Belgium, by the Benelux Union, the European Commission, and the Ministry of Infrastructure of the Netherlands. This gathering involved discussions with representatives from the European Union.

# Our Hyperloop Activities in 2024

## 11

On September 17, 2024, we participated in the "Hyperloop Technology Day" event hosted by Swisspod Technologies in collaboration with EPFL-Lausanne University. During the event, we engaged in discussions regarding potential cooperation opportunities with Swisspod's Chief Executive Officer, Denis Tudor, and investor Felix Porche.

## 12

We participated in the Innotrans 2024 transportation and technology expo, held in Berlin from September 24 to 27, 2024. During this event, we engaged in discussions with representatives from the Hyperloop company, including the President of the Hyperloop Development Program. Our conversations centered on the Hyperloop initiative, which has been designated by the European Commission Presidency as a mode of sustainable transportation for the future.

## 13

On October 1, 2024, Erciyas Tech Ventures Inc., in which Erciyas Steel Pipe Industry Inc. holds a 55% ownership stake, formed a new partnership named Blacksteel Tech Ventures Inc. This collaboration is established on an equal 50-50 basis with Çimtaş Steel Manufacturing Assembly and Installation Inc., a subsidiary of ENKA Construction and Industry Inc. The objective of this entity is to contribute to the technological advancement of our nation through strategic investments in advanced technologies.

## 14

On October 30, 2024, we participated in the Cooperation Summit entitled "R&D Initiatives within the Rail Systems Sector," which was organized by the Anatolian Rail Transportation Systems Cluster (ARUS) and the Transport, Maritime Affairs, and Communications Research Center (UDHAM) at OSTIM, Organized Industrial Zone in Ankara. During this event, we delivered a presentation on "Hyperloop Technology and Conceptual Developments in Türkiye." Following this presentation, we engaged in discussions regarding potential collaboration opportunities with industrial stakeholders who expressed interest in acquiring further information.

## 15

We delivered a presentation entitled "A New Way of Sustainable Transportation: Hyperloop in Logistics" at the 15th Bosphorus Summit Logistics Panel. This event was organized at the Four Seasons Hotel and emphasized the theme "Building Bridges Towards the Future: Peace, Technology, and Sustainability," facilitated by the International Cooperation Platform (UIP) from November 6 to 8, 2024.

## 16

We participated in the COP-29 United Nations Climate Change Conference of the Parties held in Baku, Azerbaijan, from November 14 to November 16. Kamil Emre Erciyas, the Chief Executive Officer of Erciyas Holding, presented strategies for reducing carbon emissions, including the Hyperloop concept, during the panel discussion titled "Accelerating the Clean Energy Transition," organized by TÜSİAD. Furthermore, we engaged in discussions concerning railway and Hyperloop logistics with representatives from both the United States and Azerbaijan.

## 17

We were honored to attend, at the invitation of the organizational committee, the Congress hosted by the Welding Technology and Non-Destructive Testing Research Center (KATAMER) under the auspices of Middle East Technical University (METU) on December 19 and 20, 2024. This conference brought together representatives from defense industry companies, subcontractors, sector professionals, and students. During the event, we presented on the topic of "A New Mode of Transportation: Hyperloop-Serial Production of Large-Diameter Pipes."

# 7.0

# Annexes

# GRI Index

| GRI STANDARDS | DESCRIPTION | CORRESPONDING PART |
|---|---|---|
| GRI 2: General Disclosures | 2-1 Organizational Details | About Erciyas Steel Pipe |
| | 2-2 Entities included in the Organization's Sustainability Reporting | About This Report |
| | 2-3 Reporting Period, Frequency, and Contact Point | About This Report |
| | 2-5 External Assurance | N/A |
| | 2-6 Activities, Value Chain, and Other Business Relationships | About Erciyas Steep Pipe<br>Subsidiaries and Affiliates<br>Risks Concentrated on Value Chain Steps and Expected Financial Implications |
| | 2-7 Employees | Social Performance Indicators |
| | 2-8 Workers Who Are Not Employees | Social Performance Indicators |
| | 2-9 Governance Structure and Composition | Corporate Governance |
| | 2-10 Nomination and Selection of the Highest Governance Body | Annual Report (2024 December) |
| | 2-11 Chair of the Highest Governance Body | Our Governance Approach<br>Our Governance Structure |
| | 2-12 Role of the Highest Governance Body in Overseeing the Management of Impacts | Our Governance Approach<br>Our Governance Structure |

# GRI Index

| | | |
|---|---|---|
| **GRI 2: General Disclosures** | 2-13 Delegation of Responsibility for Managing Impacts | Our Governance Approach<br>Our Governance Structure |
| | 2-14 Role of the Highest Governance Body in Sustainability Reporting | Materiality Analysis |
| | 2-15 Conflicts of Interest | Compliance with Ethical Principles<br>Combatting Corruption and Anti-Competitive Behaviors |
| | 2-16 Communication of Critical Concerns | Stakeholder Analysis |
| | 2-17 Collective Knowledge of the Highest Governance Body | Annual Report (2024 December) |
| | 2-18 Evaluation of the Performance of the Highest Governance Body | Our Governance Approach<br>Transparency and Internal Audit |
| | 2-19 Remuneration Policies | Transparency and Internal Audit |
| | 2-20 Process to Determine Remuneration | Transparency and Internal Audit |
| | 2-23 Policy Commitments | Our Policies |
| | 2-24 Embedding Policy Commitments | Our Policies |
| | 2-25 Process to Remediate Negative Impacts | Organizational Structure<br>Integrated Risk Management |
| | 2-26 Mechanisms for Seeking Advice and Raising Concerns | Compliance with Ethical Principles |

# GRI Index

| | | |
|---|---|---|
| **GRI 2: General Disclosures** | 2-27 Compliance with Laws and Regulations | Compliance with Ethical Principles<br>Transparency and Internal Audit |
| | 2-28 Membership Associations | Memberships and Collaborations |
| | 2-29 Approach to Stakeholder Engagement | Stakeholder Analysis<br>Materiality Analysis |
| | 2-30 Collective Bargaining Agreements | Social Performance Indicators |
| **GRI 3: Materials Topics 2021** | 3-1 Process to Determine Material Topics | Stakeholder Analysis |
| | 3-2 List of Material Topics | Materiality Analysis |
| **GRI 201: Economic Performance 2016** | 3-3 Management of Priority Topics | Our Economic Performance |
| | 201-1 Direct Economic Value Generated and Distributed | Our Economic Performance |
| | 201-2 Financial Implications and Other Risks and Opportunities Due to Climate Change | Management of Climate Risks |
| | 201-4 Financial Assistance Received from Government | Annual Report (2024 December) |
| **GRI 202: Market Presence 2016** | 3-3 Management of Priority Topics | About Erciyas Steel Pipe<br>Erciyas Steel Pipe in Numbers |
| | | N/A |

# GRI Index

| | | |
|---|---|---|
| **GRI 203: Indirect Economic Impacts 2016** | 3-3 Management of Priority Topics | Our Economic Performance |
| | 203-1 Infrastructure Investments and Services Supported | Annual Report (2024 December) |
| | 3-3 Management of Priority Topics | Combatting Corruption and Anti-Competitive Behaviors |
| **GRI 204: Procurement Practices 2016** | 205-1 Operations Assessed For Risks Related to Corruption | Combatting Corruption and Anti-Competitive Behaviors |
| | 3-3 Management of Priority Topics | Combatting Corruption and Anti-Competitive Behaviors |
| **GRI 205: Anti-Corruption 2016** | 3-3 Management of Priority Topics | Combatting Corruption and Anti-Competitive Behaviors |
| | 205-1 Operations Assessed For Risks Related to Corruption | Combatting Corruption and Anti-Competitive Behaviors |
| | 205-2 Communication and Training About Anti-Corruption Policies and Procedures | N/A |
| | 205-3 Confirmed Incidents of Corruption and Actions Taken | Combatting Corruption and Anti-Competitive Behaviors |
| **GRI 206: Anti-Competitive Behavior 2016** | 3-3 Management of Priority Topics | Compliance with Ethical Principles<br>Combatting Corruption and Anti-Competitive Behaviors |
| | 206-1 Legal Actions for Anti-Competitive Behavior, Anti-Trust, and Monopoly Practices | Combatting Corruption and Anti-Competitive Behaviors |
| **GRI 207: Tax 2019** | 3-3 Management of Priority Topics | Transparency and Internal Audit |
| | 207-1 Approach to Tax | Transparency and Internal Audit |
| | 207-2 Tax Governance, Control, and Risk Management | Transparency and Internal Audit |

# GRI Index

| | | |
|---|---|---|
| **GRI 207: Tax 2019** | 207-3 Stakeholder Engagement and Management of Concerns Related to Tax | Transparency and Internal Audit |
| | 207-4 Country-by-Country Reporting | Annual Report (2024 December) |
| **GRI 301: Materials 2016** | 3-3 Management of Priority Topics | Waste Management |
| | 301-1 Materials Used by Weight or Volume | Environmental Performance Indicators |
| | 301-2 Recycled Input Materials Used | Waste Management |
| | 301-3 Reclaimed Products and Their Packaging Materials | Waste Management<br>Circular Economy and Resource Efficiency<br>Environmental Performance Indicators |
| **GRI 302: Energy 2016** | 3-3 Management of Priority Topics | Management of Energy and Emissions |
| | 302-1 Energy Consumption within the Organization | Management of Energy and Emissions<br>Environmental Performance Indicators |
| | 302-2 Energy Consumption Outside of the Organization | Environmental Performance Indicators |
| | 302-5 Reductions in Energy Requirements of Products and Services | Management of Energy and Emissions<br>Environmental Performance Indicators |
| | 302-4 Reduction of Energy Consumption | Management of Energy and Emissions |
| | 302-5 Reductions in Energy Requirements of Products and Services | Management of Energy and Emissions<br>Environmental Performance Indicators |

# GRI Index

| | | |
|---|---|---|
| **GRI 303: Water and Effluents 2018** | 3-3 Management of Priority Topics | Water Management |
| | 303-1 Interactions with Water As a Shared Resource | Water Management<br>Environmental Performance Indicators |
| | 303-3 Water Withdrawal | Water Management<br>Environmental Performance Indicators |
| | 303-4 Water Discharge | Environmental Performance Indicators |
| | 303-5 Water Consumption | Water Management<br>Environmental Performance Indicators |
| **GRI 305: Emissions 2016** | 3-3 Management of Priority Topics | Management of Energy and Emissions |
| | 305-1 Direct (Scope 1) GHG Emissions | Management of Energy and Emissions<br>Environmental Performance Indicators |
| | 305-2 Energy Indirect (Scope 2) GHG Emissions | Management of Energy and Emissions<br>Environmental Performance Indicators |
| | 305-3 Other Indirect (Scope 3) GHG Emissions | Management of Energy and Emissions<br>Environmental Performance Indicators |
| | 305-4 GHG Emissions Intensity | Management of Energy and Emissions<br>Environmental Performance Indicators |
| | 305-5 Reduction of GHG Emissions | Management of Energy and Emissions<br>Environmental Performance Indicators |

# GRI Index

| | | |
|---|---|---|
| **GRI 306: Waste 2020** | 3-3 Management of Priority Topics | Waste Management<br>Circular Economy and Resource Efficiency<br>Environmental Performance Indicators |
| | 306-1 Waste Generation and Significant Waste-Related Impacts | Waste Management<br>Circular Economy and Resource Efficiency<br>Environmental Performance Indicators |
| | 306-2 Management of Significant Waste-Related Impacts | Waste Management<br>Circular Economy and Resource Efficiency<br>Environmental Performance Indicators |
| | 306-3 Waste Generated | Waste Management<br>Circular Economy and Resource Efficiency<br>Environmental Performance Indicators |
| | 306-4 Waste Diverted From Disposal | Waste Management<br>Circular Economy and Resource Efficiency<br>Environmental Performance Indicators |
| | 306-5 Waste Directed to Disposal | Waste Management<br>Circular Economy and Resource Efficiency<br>Environmental Performance Indicators |
| **GRI 308: Supplier Environmental Assessment 2016** | 3-3 Management of Priority Topics | Supply Chain Management |
| | 308-1 New Suppliers That Were Screened Using Environmental Criteria | Supply Chain Management |

# GRI Index

| | | |
|---|---|---|
| **GRI 308: Supplier Environmental Assessment 2016** | 308-2 Negative Environmental Impacts in the Supply Chain and Actions Taken | Waste Management<br>Circular Economy and Resource Efficiency<br>Environmental Performance Indicators |
| **GRI 401: Employment 2016** | 3-3 Management of Priority Topics | Ensuring Diversity, Gender and Opportunity Equality |
| | 401-1 New Employee Hires and Employee Turnover | Customer Satisfaction and Loyalty<br>Social Performance Indicators |
| | 401-2 Benefits Provided to Full-Time Employees That Are Not Provided to Temporary or Part-Time Employees | Customer Satisfaction and Loyalty |
| | 401-3 Parental Leave | Customer Satisfaction and Loyalty<br>Social Performance Indicators |
| **GRI 402: Labor/Management Relations 2016** | 3-3 Management of Priority Topics | Ensuring Diversity, Gender and Opportunity Equality |
| | 402-1 Minimum Notice Periods Regarding Operational Changes | Ensuring Diversity, Gender and Opportunity Equality |

# GRI Index

| | | |
|---|---|---|
| **GRI 403: Occupational Health and Safety 2018** | 3-3 Management of Priority Topics | Occupational Health and Safety |
| | 403-1 Occupational Health and Safety Management System | Occupational Health and Safety |
| | 403-2 Hazard Identification, Risk Assessment, and Incident Investigation | Occupational Health and Safety |
| | 403-3 Occupational Health Services | Occupational Health and Safety |
| | 403-4 Worker Participation, Consultation, and Communication on Occupational Health and Safety | Occupational Health and Safety<br>Social Performance Indicators |
| | 403-5 Worker Training on Occupational Health and Safety | Occupational Health and Safety<br>Social Performance Indicators |
| | 403-6 Promotion of Worker Health | Occupational Health and Safety |
| | 403-7 Prevention and Mitigation of Occupational Health and Safety Impacts Directly Linked By Business Relationships | Occupational Health and Safety |
| | 403-8 Workers Covered by an Occupational Health and Safety Management System | Occupational Health and Safety |
| | 403-9 Work-Related Injuries | Occupational Health and Safety<br>Social Performance Indicators |
| | 403-10 Work-Related Ill Health | Occupational Health and Safety<br>Social Performance Indicators |

# GRI Index

| | | |
|---|---|---|
| **404: Training and Education** | 3-3 Management of Priority Topics | Talent Development |
| | 404-1 Average Hours of Training per Year per Employee | Occupational Health and Safety<br>Social Performance Indicators |
| | 404-2 Programs for Upgrading Employee Skills and Transition Assistance Programs | Talent Development |
| | 404-3 Percentage of Employees Receiving Regular Performance and Career Development Reviews | Social Performance Indicators |
| **405: Diversity and Equal Opportunity** | 3-3 Management of Priority Topics | Diversity, Equity, and Inclusion |
| | 405-1 Diversity of Governance Bodies and Employees | Social Performance Indicators |
| | 405-2 Ratio of Basic Salary and Remuneration of Women to Men | Our Social Responsibility Policy |
| **406: Non-Discrimination** | 3-3 Management of Priority Topics | Human Rights |
| | 406-1 Incidents of Discrimination and Corrective Actions Taken | None were observed during the reporting period. |
| **407: Freedom of Association and Collective Bargaining** | 3-3 Management of Priority Topics | Customer Satisfaction and Loyalty<br>Compliance with Ethical Principles |
| | 407-1 Operations and Suppliers in Which the Right to Freedom of Association and Collective Bargaining May be At Risk | None were observed during the reporting period. |
| **408: Child Labor 2026** | 3-3 Management of Priority Topics | Human Rights |
| | 408-1 Operations and Suppliers At Significant Risk for Incidents of Child Labor | None were observed during the reporting period. |

# GRI Index

| | | |
|---|---|---|
| **409: Forced or Compulsory Labor 2016** | 3-3 Management of Priority Topics | Our Human Rights Policy<br>Compliance with Ethical Principles |
| | 409-1 Operations and Suppliers at Significant Risk for Incidents of Forced or Compulsory Labor | None were observed during the reporting period. |
| **414: Supplier Social Assessment 2016** | 3-3 Management of Priority Topics | Supply Chain Management |
| | 414-1 New Suppliers That Were Screened Using Social Criteria | Social Performance Indicators |
| | 414-2 Negative Social Impacts in the Supply Chain and Actions Taken | Supply Chain Management<br>Our Value Creation Process |
| **415: Public Policy 2016** | 3-3 Management of Priority Topics | Combatting Corruption and Anti-Competitive Behaviors |
| | 415-1 Political Contributions | Combatting Corruption and Anti-Competitive Behaviors |
| **417: Marketing and Labelling 2016** | 3-3 Management of Priority Topics | Product Quality and Safety |
| | 417-1 Requirements for Product and Service Information and Labeling | Product Quality and Safety |
| | 417-2 Incidents of Non-Compliance Concerning Product and Service Information and Labeling | None were observed during the reporting period. |
| | 417-3 Incidents of Non-Compliance Concerning Marketing Communications | None were observed during the reporting period. |
| **418: Customer Privacy 2016** | 3-3 Management of Priority Topics | Data Privacy and Information Security |
| | 418-1 Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data | None were observed during the reporting period. |

# TSRS Index

## TSRS 1

| | Standard Article Code | Corresponding Part |
|---|---|---|
| Governance | 27-a) The governance entity or entities (which may include a board, committee, or an equivalent body responsible for senior management) or individual(s) responsible for the oversight of climate-related risks and opportunities. The Organization specifically defines the aforementioned entity or entities or individual(s). | Our Risks and Actions<br>Management of Climate Risks<br>Our Sustainability Governance |
| | 27-b) The role of management in governance processes, controls, and procedures employed to monitor, manage, and audit climate-related risks and opportunities: | Our Risks and Actions<br>Management of Climate Risks<br>Our Sustainability Governance |
| Strategy | 29a, 30a, 33a) Climate-related risks and opportunities that are reasonably anticipated to impact the financial capability of the organization in the future | Sustainability Strategy |
| | 29b, 30b, 33b) The existing and anticipated impacts of climate-related risks and opportunities on the business model and value chain of the organization | Our Risks and Actions |
| | 29d, 34a, 34b) The projected impacts of climate-related risks and opportunities on the organization's financial position, financial performance, and cash flows for the applicable reporting period and their implications for the organization's financial position, financial performance, and cash flows in the short, medium and long-term provided to consider how these climate-related risks and opportunities have been incorporated into the financial planning of the organization | Our Risks and Actions<br>Management of Climate Risks |
| Risk Management | 44a-ii) Whether and how the organization employs climate-related scenario analysis to identify climate-related risks<br>44a-iii) How the organization evaluates the quality, likelihood, and significance of the impacts associated with such risks | Our Risks and Actions<br>Management of Climate Risks<br>Our Sustainability Governance |
| | 44c) The manner and extent to which the processes for defining, assessing, prioritizing, and monitoring climate-related risks and opportunities are integrated into the overall risk management process of the organization and the manner and extent to which the organization communicates these elements to the overall risk management process | Our Risks and Actions<br>Management of Climate Risks<br>Our Sustainability Governance |
| Metrics and Objectives | 46b-i) Risks or opportunities of the organization in regard to sustainability<br>46b-ii) The organization's performance regarding these sustainability-related risks and opportunities, including the specific objectives established by the organization and the progress toward these objectives in accordance with applicable legislation | Our Risks and Actions<br>Management of Climate Risks<br>Our Sustainability Governance<br>Environment Section Cover Page<br>Social Section Cover Page<br>Governance Section Cover Page |

# TSRS 2

| | Standard Article Code | Corresponding Part |
|---|---|---|
| Governance | 6-a) The governance entity or entities (which may include a board, committee, or an equivalent body responsible for senior management) or individual(s) responsible for the oversight of climate-related risks and opportunities. The Organization specifically defines the aforementioned entity or entities or individual(s). | Our Risks and Actions<br>Management of Climate Risks<br>Our Sustainability Governance |
| | 6-b) The role of management in governance processes, controls, and procedures employed to monitor, manage, and audit climate-related risks and opportunities: | Our Risks and Actions<br>Management of Climate Risks<br>Our Sustainability Governance |
| Strategy | 9a, 10a, 13a) Climate-related risks and opportunities that are reasonably anticipated to impact the financial capability of the organization in the future | Sustainability Strategy |
| | 9b, 10b, 13b) The existing and anticipated impacts of climate-related risks and opportunities on the business model and value chain of the organization | Our Risks and Actions |
| | 9d, 15a, 16a) The projected impacts of climate-related risks and opportunities on the organization's financial position, financial performance, and cash flows for the applicable reporting period and their implications for the organization's financial position, financial performance, and cash flows in the short, medium and long-term provided to consider how these climate-related risks and opportunities have been incorporated into the financial planning of the organization | Our Risks and Actions<br>Management of Climate Risks |
| | 14a) Information about how the organization responds to or plans to respond to climate-related risks and opportunities in its strategy and decision-making mechanism, including how the organization intends to meet its climate-related objectives as well as those mandated by the legislation. | Our Risks and Actions<br>Management of Climate Risks<br>Our Sustainability Governance |
| Risk Management | 25a-ii) Whether and how the organization employs climate-related scenario analysis to identify climate-related risks<br>25a-iii) How the organization evaluates the quality, likelihood, and significance of the impacts associated with such risks | Our Risks and Actions<br>Management of Climate Risks<br>Our Sustainability Governance |
| | 25b) Whether and how the organization employs climate-related scenario analysis to identify climate-related opportunities | Our Risks and Actions<br>Management of Climate Risks<br>Our Sustainability Governance |
| | 25c) The manner and extent to which the processes for defining, assessing, prioritizing, and monitoring climate-related risks and opportunities are integrated into the overall risk management process of the organization and the manner and extent to which the organization communicates these elements to the overall risk management process | Our Risks and Actions<br>Management of Climate Risks<br>Our Sustainability Governance |
| Metrics and Objectives | 29a-i) Discloses its total gross greenhouse gas emissions (Scope1, 2, and 3), expressed in metric tons of $CO_2$ equivalent produced during the reporting period | Management of Energy and Emissions<br>Environmental Performance Indicators |
| | 29a-ii) measures greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2004) unless a different measurement method is dictated by an authorized body or the stock exchange on which the organization is listed.<br>29a-iii) Discloses the methodology employed to measure greenhouse gas emissions.<br>29a-v) Discloses Scope 2 greenhouse gas emissions based on geographic location for Scope 2 greenhouse emissions declared and provides information regarding the contractual instruments required to enhance users' understanding of the organization's Scope 2 greenhouse gas emissions.<br>29a-vi) Discloses information about Scope 3 greenhouse gas emissions | Environmental Performance Indicators<br>Preparation of Data |

# TRSR-2 Annex Volume 9 Iron and Steel Manufacturers

| Subject | Metrics | Corresponding Part |
|---|---|---|
| Greenhouse Gas Emissions | Gross total Scope 1 emissions | Management of Energy and Emissions<br>Environmental Performance Indicators |
| Energy Management | 1*- The organization discloses the total energy consumption in gigajoules (GJ). | Management of Energy and Emissions<br>Environmental Performance Indicators |
| | 2- The organization discloses the percentage of energy consumed and sourced from the mains power supply. | Management of Energy and Emissions<br>Environmental Performance Indicators |
| | 3- The organization discloses the percentage of renewable energy in relation to energy consumed. | Management of Energy and Emissions<br>Environmental Performance Indicators |
| Water Management | 1- The organization discloses the total volume of water extracted from all sources, measured in thousands of cubic meters. | Water Management<br>Environmental Performance Indicators |
| | 3- The organization discloses the quantity of water consumed in its operations, measured in in thousands of cubic meters. | Water Management<br>Environmental Performance Indicators |

*The total energy consumption is denoted in Kwh.

# Environmental Performance Metrics

| PRODUCTION | 2022 | 2023 | 2024 |
|---|---|---|---|
| Total Annual Production of Black Pipe in Tons-net | 105.200 | 149.368 | 139.976 |
| Coating $m^2$-net | 1.275.857 | 2.256.197 | 1.825.666 |
| Production $m^2$-net | 992.877 | 1.386.219 | 1.250.652 |
| Processed Total $m^2$-net | 2.268.734 | 3.642.416 | 3.076.318 |

| ENERGY MANAGEMENT | 2022 | 2023 | 2024 |
|---|---|---|---|
| Annual Power Consumption (Kwh) Mersin+Düzce | 11.375.430 | 15.461.734 | 14.322.450 |
| Power Consumption Concentration (Kwh) per ton of production – Black Pipe | 108 | 104 | 102 |
| Annual Power Consumption (Kwh) per coating + production ($m^2$) | 5,01 | 4,24 | 4,66 |
| Annual Power Consumption (Kwh) per production and coating (tons) | 50,40 | 41,20 | 45,25 |
| Annual Natural Gas Consumption (Sm3) | 282.211 | 499.677 | 333.999 |
| Annual Natural Gas Consumption (Kwh) per coating +production($m^2$) | 0,12 | 0,14 | 0,11 |
| Diesel Consumption-Generator | 430 | 586 | 695 |
| Vehicle -Fuel (Mwh) in Total | 61.487 | 104.902 | 75.596 |
| Diesel - Company Vehicles (Cars, Forklifts, Trailers, etc.) | 52.109 | 89.765 | 103.032 |
| Gasoline-Company Vehicles (Cars-Forklifts-Trailers) | 7.085 | 12.704 | 10.710 |
| LPG – Company Vehicles (Trucks, Forklifts, Trailers, Tractors etc.) | 2.293 | 2.433 | 1.536 |
| Realized Energy Efficiency Projects | 1 | 1 | 2 |
| Number of Improvements for the Reduction of Energy Expenses | 14 | 12 | 11 |
| Realized Energy Saving (Kwh) | 366.180 | 73.318 | 77.011 |

# Environmental Performance Metrics

| EMISSIONs MANAGEMENT | 2022 | 2023 | 2024 |
|---|---|---|---|
| Scope 1 Greenhouse Gas Emissions (Tons of $CO_2$) | 749 | 1.243 | 965,87 |
| Scope 2 Greenhouse Gas Emissions (Tons of $CO_2$) | 4.588 | 6.481 | 6330,78 |
| Scope 3 Greenhouse Gas Emissions (Tons of $CO_2$) | 115.174 | 168.164 | 368.369,46 |
| Scope 1 and Scope 2 Emissions per Production in Tons | 0,052 | 0,052 | 0,052 |
| Total Emissions | 121.617 | 175.888 | 375.666.01 |
| Total Emissions per Production in Tons | 1,11 | 1,07 | 2,68 |

| WATER MANAGEMENT | 2022 | 2023 | 2024 |
|---|---|---|---|
| Water Consumption ($m^3$)- Municipal Water | 7.702 | 10.875 | 15.426 |
| Water Consumption ($m^3$)- Underground Water | 35.531 | 25.042 | 27.828 |
| Total Water Consumption | 43.233 | 35.917 | 43.254 |
| Total Water Consumption (Tons) per Production in Tons | 0,41 | 0,24 | 0,31 |
| Total Water Consumption (Tons) per Coating + Production ($M^2$) | 0,02 | 0,01 | 0,01 |
| Effluent Discharge Point | 1 | 1 | 2 |

| WASTE MANAGEMENT | 2022 | 2023 | 2024 |
|---|---|---|---|
| Production-Based Waste Amount (Kg) – Total Hazardous Waste | 122.077 | 213.010 | 198.000 |
| Production-Based Waste Amount (Kg) – Total Non-Hazardous Waste | 5.089.910 | 7.602.849 | 9.429.834 |
| Outbound to Sanitary Landfill / Solid Waste Storage (Kg) | 365.520 | 435 | 1.712.500 |
| Waste Recovery Rate (%) | 76 | 85 | 80 |

# Social Performance Metrics

| NUMBER OF EMPLOYEES BY GENDER | 2022 | 2023 | 2024 |
|---|---|---|---|
| Number of Employees - Woman | 26 | 26 | 29 |
| Number of Employees – Man | 405 | 445 | 458 |
| Total Number of Employees | 431 | 471 | 487 |
| Number of Employees (Hourly Paid) -Man | 345 | 385 | 392 |
| Number of Employees (Hourly Paid) -Woman | 0 | 0 | 0 |
| Total Number of Employees (Hourly Paid) | 345 | 385 | 392 |
| Number of Employees (Monthly Paid) -Man | 60 | 64 | 71 |
| Number of Employees (Monthly Paid) -Woman | 26 | 26 | 24 |
| Total Number of Employees (Monthly Paid) | 86 | 86 | 95 |
| Employees under Collective Bargaining Agreement (CBA) | 326 | 372 | 380 |

| DISTRIBUTION OF EXECUTIVES BY GENDER AND AGE | 2022 | 2023 | 2024 |
|---|---|---|---|
| Executive-Over 50 Years Old – Woman | 2 | 1 | 4 |
| Executive-Over 50 Years Old – Man | 9 | 3 | 19 |
| Executive-30-50 Years Old – Man | 12 | 9 | 7 |
| Executive-30-50 Years Old – Woman | 27 | 22 | 7 |
| Executive-under 30 Years Old – Woman | 0 | 0 | 0 |
| Executive-under 30 Years Old – Man | 0 | 0 | 1 |
| Total Number of Executives | 50 | 35 | 45 |

# Social Performance Metrics

| DISTRIBUTION OF NEWLY HIRED EMPLOYEES BY GENDER AND AGE | 2022 | 2023 | 2024 |
|---|---|---|---|
| Newly Hired Employee – At and Over 50 Years Old – Man | 46 | 54 | 5 |
| Newly Hired Employee – At and Over 50 Years Old – Woman | 0 | 0 | 1 |
| Newly Hired Employee – 30-50 Years Old – Man | 46 | 72 | 60 |
| Newly Hired Employee – 30-50 Years Old – Woman | 5 | 1 | 2 |
| Newly Hired Employee – Under 30 Years Old – Woman | 4 | 3 | 3 |
| Newly Hired Employee – Under 30 Years Old – Man | 63 | 86 | 24 |
| Total Number of Newly Hired Employees | 128 | 169 | 95 |

| DISTRIBUTION OF RESIGNING EMPLOYEES BY GENDER AND AGE | 2022 | 2023 | 2024 |
|---|---|---|---|
| Resigning Employee – At and Over 50 Years Old – Woman | 0 | 0 | 1 |
| Resigning Employee – At and Over 50 Years Old – Man | 4 | 18 | 4 |
| Resigning Employee – 30-50 Years Old – Woman | 5 | 3 | 5 |
| Resigning Employee – 30-50 Years Old – Man | 56 | 75 | 61 |
| Resigning Employee – under 30 Years Old – Woman | 0 | 1 | 1 |
| Resigning Employee – under 30 Years Old – Man | 28 | 51 | 42 |
| Total Number of Resigning Employees | 82 | 148 | 114 |
| Number of Employees with Temporary  Employment | 20 | 23 | 1 |
| Number of Part-Time Employees | 0 | 0 | 0 |

# Social Performance Metrics

| PERCENTAGE OF PARENTAL LEAVES | 2022 | 2023 | 2024 |
|---|---|---|---|
| Employees on Parental Leave – Woman | 1 | 2 | 1 |
| Employees on Parental Leave – Men | 9 | 13 | 0 |
| Employees Returning from Parental Leave – Woman | 1 | 0 | 2 |
| Employees Returning from Parental Leave – Man | 10 | 13 | 0 |

| OTHERS | 2022 | 2023 | 2024 |
|---|---|---|---|
| Employee Turnover Rate (%) | 13% | 34% | 29% |
| Number of Complaints from Employees on Working Conditions | 0 | 0 | 0 |
| Number of Participatory Events Organized | 9 | 12 | 14 |

| SUGGESTION SYSTEM | 2022 | 2023 | 2024 |
|---|---|---|---|
| Number of Suggestions Received from Employees | 69 | 70 | 82 |
| Number of Suggestions Received From Employees and Accepted | 51 | 43 | 45 |
| Number of Suggestions Realized | 12 | 13 | 19 |

# Social Performance Metrics

| TRAINING SESSIONS | 2022 | 2023 | 2024 |
|---|---|---|---|
| Employee Training – Number of Attendees-(Monthly Paid) | 120 | 114 | 140 |
| Employee Training – Number of Attendees-(Hourly Paid) | 706 | 1666 | 1627 |
| Employee Training – Number of Attendees-Woman | 35 | 46 | 16 |
| Employee Training – Number of Attendees-Man | 791 | 1734 | 744 |
| Employee Training – Total Hours – White-Collar-Woman | 220 | 268 | 118 |
| Employee Training – Total Hours – White-Collar-Man | 1007 | 933 | 694 |
| Employee Training – Total Hours – Blue-Collar-Man | 7270 | 8486 | 19445 |
| Employee Training – Total Hours – | 9014 | 9671 | 20139 |
| Number of Employees with Professional Certification and Certificate of Competency | 117 | 141 | 151 |
| Training per Individual in Hours | 21 | 21 | 41 |
| Proportion of Professional Development in Training | - | 14% | 10% |
| Proportion of OHS in Training | 61% | 41% | 50% |

# Social Performance Metrics

| OCCUPATIONAL HEALTH AND SAFETY | 2022 | 2023 | 2024 |
|---|---|---|---|
| Lost Time (Occupational Accident + Disease), (Hours) | 31581 | 38333 | 27484 |
| Lost Time Due to Occupational Accident (Day) | 613 | 2474 | 699 |
| Accident Weight Ratio | 8,51 | 0,54 | 0,74 |
| Accident Frequency Ratio | 29 | 49,84 | 33,59 |
| Occupational Disease Ratio (ODR) | 0 | 0 | 0 |
| Number of Fatal Accidents | 1 | 0 | 0 |
| Total Hours of OHS Training Provided to Employees | 4355 | 9037 | 9972 |
| Total Number of Employees Attended OHS Training | 458 | 1721 | 1885 |
| Hours of Occupational Safety Training per Employee | 20 | 20 | 20,48 |
| Total Number of Members in Established OHS Committees | 17 | 24 | 24 |
| Number of Representatives in Established OHS Committees | 2 | 4 | 4 |
| Percentage of Employees Securing Additional/Private/Complementary Insurance | 100% | 100% | 100% |

# Governance Performance Metrics

| PUBLIC RELATIONS | 2022 | 2023 | 2024 |
|---|---|---|---|
| Number of Cooperated Organizations | 0 | 5 | 7 |
| Amount of Donations and Sponsorship (TL) | 410.428 | 1.401.844 | 2.146.277 |
| Number of Corporate Memberships (Committees, Associations, Chambers, etc.) | 16 | 18 | 24 |
| Customer Satisfaction Ratio | 96% | 93% | 96% |

| SUPPLIER MANAGEMENT | 2022 | 2023 | 2024 |
|---|---|---|---|
| Number of Active Suppliers | 542 | 539 | 514 |
| Supplier Cost Ratio – Domestic Purchasing – Unit Rates | 96% | 97% | 97% |
| Supplier Cost Ratio – Foreign Purchasing – Unit Rates | 4% | 3% | 3% |
| Amount of Locally Sourced Raw Materials (%) | 97,5 | 87,5 | 100% |
| Percentage of Targeted Suppliers That Sign Supplier Code of Conduct (raw materials and auxiliary materials) | 0 | 45% | 45% |
| Percentage of Suppliers Covered by A Corporate Social Responsibility (CSR) Screening | 0 | 26% | 100% |
| Percentage of All Purchasers (Purchasing Team) Trained in Sustainable Supply | 0 | 100% | 100% |
| Percentage of Audit Suppliers in Target That Are Involved in Corrective Actions or Capacity-Building in Sustainability (raw materials and auxiliary materials) | 0 | 53% | 54% |

| R&D/DESIGN/INNOVATION | 2022 | 2023 | 2024 |
|---|---|---|---|
| Total R&D Expenditures (TL) | 4.154.637 | 12.615.242 | 19.163.330 |
| Total Number of Registered Patents from the Establishment of R&D or Design Center Up to Today | - | 1 | - |
| Number of Annually Generated Projects as R&D or Design | 2 | 2 | 2 |
| Number of attendances to national/international exhibitions, symposiums of scientific significance, and congresses | 2 | 7 | 14 |

# Governance Performance Metrics

| OPERATIONAL EFFICIENCY | 2022 | 2023 | 2024 |
|---|---|---|---|
| Number of Improvements/Developments- Toward Production Process | 90 | 110 | 88 |
| Number of Customer Complaints | 5 | 3 | 1 |

| DIGITALIZATION | 2022 | 2023 | 2024 |
|---|---|---|---|
| Automatization Percentage of Operational Processes (%) | - | 71% | 76% |
| Digital Transformation Projects Realized – Improvements | 1 | 8 | 12 |
| Total Number of Digital Solutions – New Module | 25 | 30 | 3 |
| Compliance with the Digital Transformation Roadmap with 2026-year-end target | - | 17% | 33% |

# Reporting Guide

| | INDICATOR | SCOPE |
|---|---|---|
| Social Indicators | **Occupational Health and Safety** | |
| | Lost Time (Job + Disease), (Hour) | Represents the amount of time lost due to occupational accidents and diseases affecting employees during the reporting period. |
| | Lost Time Due to Occupational Accident | Represents the amount of time lost due to occupational accidents that the employees suffered during their work-related activities during the reporting period. |
| | Accident Weight Ratio | Represents the ratio of lost time attributable to accidents that occurred during the reporting period to the total working hours multiplied by a coefficient of 1000. |
| | Accident Frequency Ratio | Represents the ratio of the total number of accidents that occurred in the workplace during the reporting period to the total working hours multiplied by 1 million. |
| | Occupational Disease Ratio (OCR) | Represents the ratio of repeated accidents due to the workplace or the job during the reporting period to the total number of employees. |
| | Number of Fatal Accidents | Represents the number of fatal accidents suffered by employees during the reporting period. |
| | **Employees** | |
| | Total Number of Employees | Represents the average number of employees during the reporting period. |
| | Ratio of Women Employees (%) | Represents the ratio of women employees to the total number of employees during the reporting period. |
| | Ratio of Women Executives (%) | Represents the ratio of women executives to the total number of executives during the reporting period. |
| | Newly Hired Employees | Represents the number of employees hired and reported by the company to Social Security Insurance under a Statement of Employment during the reporting period. |

# Reporting Guide

| | INDICATOR | SCOPE |
|---|---|---|
| **Social Indicators** | Resigned Employees | Represents the number of employees reported to the Social Security Insurance by the company under the Statement of Termination of Employment during the reporting period. |
| | Total Employee Turnover Rate (%) | Represents the ratio of job leavers who voluntarily left the organization to the total number of employees during the reporting period. |
| | Percentage of Employees on Parental Leave | Represents the number of employees who have taken maternity/parental leave during the reporting period in accordance with the Regulation on Part-Time Working After Maternity Leave or Unpaid Leave and the Labor Act No. 4857. |
| | Number of Employees Returning from Parental Leave | Represents the number of employees who have returned to work after taking maternity/parental leave during the reporting period in accordance with the Regulation on Part-Time Working After Maternity Leave/Parental Leave and the Labor Act No. 4857. |
| | **Training Sessions** | |
| | Hours of Training Provided to Employees | Represents the total hours of training attended by the company employees during the reporting period. |
| | OHS Training Hours | Represents the total hours of OHS training attended by the company employees during the reporting period. |
| | Hours of Training Per Individual | Represents the ratio of total training hours to the number of employees who attended the training during the reporting period. |
| | Hours of OHS Training per Individual | Represents the ratio of total OHS training hours to the number of employees who attended the training during the reporting period. |
| **Environmental Indicators** | **Resource Utilization** | |
| | Total Energy Consumption (kWh) | Represents the total energy consumed by the company during the reporting period. |
| | Power Consumption (kWh) | Represents the amount of electricity purchased by the company for its operations during the reporting period. |

# Reporting Guide

| | INDICATOR | SCOPE |
|---|---|---|
| **Environmental Indicators** | Natural Gas Consumption (m3) | Represents the amount of natural gas purchased by the company for use in relevant operations during the reporting period. |
| | Total Vehicle Fuel – Diesel (liters) | Represents the amount of diesel purchased by the company for use in relevant operations during the reporting period. |
| | Total Vehicle Fuel -Gasoline (liters) | Represents the amount of gasoline purchased by the company for use in relevant operations during the reporting period. |
| | **Water Consumption** | |
| | Water Consumption- Municipal Water (m3) | Represents the amount of municipal water extracted in the relevant locations by the company during the reporting period. |
| | Water Consumption-Underground Water (Well) (m3) | Represent the amount of well water extracted in the relevant locations by the company during the reporting period. |
| | Total Water Consumption (m3) | Represents the amount of municipal, underground, and rainwater used in the relevant locations by the company during the reporting period. |
| | **Waste Amounts** | |
| | Total Waste Amount (tons) | Represents the total amount of waste/hazardous waste/non-hazardous waste generated by the company and monitored by the TABS (Waste Declaration System) available in the portal of the Ministry of Environment, Urbanization, and Climate Change of the Republic of Türkiye (Integrated Environmental Information System) during the reporting period. |
| | Total Hazardous Waste (tons) | Represents the total amount of waste/hazardous waste/non-hazardous waste generated by the company and monitored by the TABS (Waste Declaration System) available in the portal of the Ministry of Environment, Urbanization, and Climate Change of the Republic of Türkiye (Integrated Environmental Information System) during the reporting period. |

# Reporting Guide

| | INDICATOR | SCOPE |
|---|---|---|
| Environmental Indicators | Total Non-Hazardous Waste (tons) | Represents the total amount of waste/hazardous waste/non-hazardous waste generated by the company and monitored by the TABS (Waste Declaration System) available in the portal of the Ministry of Environment, Urbanization, and Climate Change of the Republic of Türkiye (Integrated Environmental Information System) during the reporting period. |
| | Amount of Waste Outbound to Sanitary Landfill/Solid Waste Storage (tons) | Represents the total amount of waste/hazardous waste/non-hazardous waste generated by the company and monitored by the TABS (Waste Declaration System) available in the portal of the Ministry of Environment, Urbanization, and Climate Change of the Republic of Türkiye (Integrated Environmental Information System) during the reporting period. |
| | Waste Recovery Ratio (%) | Represents the quantity of company-generated wastes that have been recycled and made available for reuse during the reporting period. |
| | **Investments** | |
| | Environmental-Focused Expenditures (million TL) | Represents the amount of environment-focused awareness-raising expenditures during the reporting period. |
| | **Scope 1, 2, and 3 Emissions** | |
| | Scope 1 Emissions (tons of $CO_2$) | Represents the amount of emissions associated with stationary combustion, mobile combustion, and coolant gases emitted by the company during the reporting period. |
| | Scope 2 Emissions (tons of $CO_2$) | Represents the amount of emissions associated with power consumption of the company during the reporting period. |
| | Scope 3 Emissions (tons of $CO_2$) | Represents the total amount of emissions generated indirectly by the company during the reporting period. |

# Preparation of Data

## Social Indicators

**1. Occupational Health and Safety**
Incidents and occupational accidents that have been recorded during the reporting period, including fatal cases and reported cases of occupational diseases, were reviewed. The total number of accidents reflects the aggregate of occupational accidents derived from the chart listed in the SSI notifications. There were no reported cases of occupational disease or fatalities during the specified period.

The following definitions and formulas are employed in the calculation of Occupational Health and Safety indicators.

- The Occupational Disease Ratio (ODR) is calculated using the following formula:
- Occupational Disease Ratio (ODR): (Number of Occupational Diseases / Total Number of Employees) X 1,000

**2. Employees**
The term "Total Number of Employees" refers to the complete count of individuals currently employed by the company as of the end of the reporting period and are identified based on the information included in the human resources systems of the company as of December 31, 2023.

The following formulas indicate the calculation of employee distribution indicators:

- Ratio of Women Employees = Number of Women Employees / Total Number of Employees
- Ratio of Women Executives = Number of Women Executives / Total Number of Executives
- Return to Work Ratio After Parental Leave = Number of Employees Who Took Parental Leave / Number of Employees Who Returned to Work After Parental Leave.
- Turnover Ratio of Job Leavers = Number of Job Leavers / Total Number of Employees

**3. Eğitimler**
Refers to the training data outlined in accordance with the information recorded within the human resources system as of December 31, 2023, during the reporting period.

- Hours of Training per Individual = Total Hours of Training / Average Number of Employees During the Reporting Period
- Hours of OHS Training Per Individual = Total Hours of OHS Training /Average Number of Employees During the Reporting Period

## Environmental Indicators

**1. Energy Consumption**
In the context of energy consumption data, key fuel sources such as electricity, natural gas, diesel, and gasoline are documented. Power consumption data is obtained from meter readings and invoices provided by utility companies. Diesel consumption is calculated based on invoices from service providers for vehicles and generators owned by the organization. Similarly, gasoline consumption is determined from invoices provided by service providers for company-owned vehicles.

The following published conversion factors are employed in the calculation of the company's energy consumption:

- Electricity is billed in kilowatt-hours (kWh); consequently, a conversion factor of 1 kWh = 0.001 MWh has been applied. Natural gas is invoiced in cubic meters ($m^3$).
- Therefore, the consumption is initially converted to kilojoules (kJ) using the conversion factor of 8250 kcal/$m^3$ multiplied by 4.186 kJ/kcal, and this resultant value is subsequently divided by 0.0036 to convert it to megawatt-hours (mWh). Finally, a conversion factor of 1 standard cubic meter ($sm^3$) = 0.009593 mWh is utilized.

**2. Greenhouse Gas Emissions**
Represents the calculations conducted in accordance with the corporate greenhouse gas emission calculation methodology specified in ISO 14064-1:2019, Quantification and Reporting of Greenhouse Gas Emissions, for greenhouse gas emissions in the company's corporate inventories during the reporting period. The preparation of this report took into account various aspects, including organizational and operational boundaries, essential topics that must be incorporated into the quantification process, emission factors and their internationally recognized sources, as well as conversion coefficients included within this methodology.

The emission factors utilized in these quantifications were derived from sources deemed valid by the ISO 14064-1:2019 standard, as referenced above. These sources include:

These sources include:

o Emission factors specifically provided for various fuel types and quantification tools for international emission

# Preparation of Data

factors, as submitted in the annexes of the IPCC Fifth and Sixth Assessment Reports

o Emission factors that are updated on an annual basis, as published by the Department for Environment, Food and Rural Affairs (DEFRA).

o Emission factors and calculation methodologies that are revised annually by the Environmental Protection Agency (EPA)

Additionally, this report incorporates the global warming potentials outlined in the IPCC Climate Change Sixth Assessment Report, as detailed in the table below.

| Chemical Formula | Global Warming Potential |
|---|---|
| $CO_2$ | 1 |
| $CH_4$ | 27,9 |
| $N_2O$ | 273 |

Scope 1 – Direct Greenhouse Emissions: Fuels used in factories and buildings, emergency generators using gasoline, company vehicles and coolant gases

Scope 2 – Indirect Emissions from the Generation of Energy: Electricity consumption

Scope 3 – Other Indirect Greenhouse Emissions;

Category-1 Purchased Goods and Services

Category-2 Capital Goods

Category-3 Fuel and Energy-Related Activities

Category-4 Upstream Transportation and Distribution

Category-5 Waste Generated in Operations

Category-6 Business Travel

Category-7 Employee Commuting

Category-9 Downstream Transportation and Distribution

Category-12 End-of-Life Treatment of Sold Products

**Scope 3 Sub-Categories**

| | | |
|---|---|---|
| Category 1 Purchased Goods and Services | Tons | DEFRA 2024 – Material use<br>Literature Research<br>Producer-Based Embedded Emissions (CBAM) |
| Category 2 Capital Goods | $ - units | EPA - Supply Chain |
| Category 3 Fuel and Energy-Related Activities | liter - m3 - kg | DEFRA 2024 - WTT Fuels |
| Category 4 Upstream Transportation and Distribution | ton.km | DEFRA 2024 - Freighting goods |
| Category 5 Waste Generated in Operations | Ton | DEFRA 2024 - Water Treatment<br>DEFRA 2024 - Waste Disposal |
| Category 6 Business Travel | Passenger .km – overnight stay | DEFRA 2024 - Business Travel - Air |
| Category 7 Employee Commuting/Transport | km – liters | DEFRA 2024 - Business Travel - Land |
| Category 9 Downstream Transportation and Distribution | tons.km | DEFRA 2024 - Freighting goods |
| Category 12 End-of-life Treatment of Sold Products | ton | DEFRA 2024 - Waste Disposal |

**3. Water Usage**

The water extraction data encompasses municipal water, rainwater, and groundwater. This data is sourced from metering devices and invoices provided by service suppliers, in addition to internal metering instruments. Production figures are derived from the established scorecard metrics.

- Water Consumption Concentration = Total Water Consumption per production in tons.
- Water Consumption Concentration = Total Water Consumption per Coating + Production in $m^2$

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# SUSTAINABILITY REPORT ***2024***

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